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(Securities Code: 4543)  
June 1, 2022

**To Our Shareholders:**

Shinjiro Sato  
President and CEO  
TERUMO CORPORATION  
44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo,  
Japan

**NOTICE OF CONVOCATION OF  
THE 107TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially notified of the 107th Annual General Meeting of Shareholders of Terumo Corporation (the “Company”) to be held as described below.

In light of measures to prevent the spread of the novel coronavirus (COVID-19) infection and your risk of infection, we kindly ask our shareholders to refrain from attending this General Meeting of Shareholders on the day of the meeting and exercise voting rights in advance in writing (by mail) or electronically (via the Internet), if possible. Regarding the exercise of voting rights at this General Meeting of Shareholders, please review the attached Reference Documents for the Annual General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Tuesday, June 21, 2022.

Any changes regarding the operation of the General Meeting of Shareholders will be posted on the Company's website. In addition, on the day of the meeting, as way of infection prevention measures, seats will be placed to ensure as much space as possible in between shareholders. As such, the number of seats available may be reduced and admission may be refused. We thank you in advance for your understanding.

**Exercise of voting rights electronically (via the Internet)**

Please access the website for exercising voting rights designated by the Company, and follow the on-screen guidance. Please vote for or against each of the proposals by the voting deadline indicated above.

Voting website: <https://evote.tr.mufig.jp/>

**Exercise of voting rights in writing (by mail)**

Please indicate whether you are for or against each of the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us.

**Disclosure on the Internet**

The following are posted on the Company's website in accordance with law and Article 15 of the Company's Articles of Incorporation and thus are not included in the documents attached to this notice of convocation. The following are subject to audits by the Accounting Auditor or the Audit/Supervisory Committee.

- 1) Matters concerning Stock Acquisition Rights Issued by the Company
- 2) Basic Policies regarding the Company's Control
- 3) Consolidated Statements of Changes in Equity
- 4) Notes to Consolidated Financial Statements
- 5) Non-consolidated Statements of Changes in Equity
- 6) Notes to Non-consolidated Financial Statements

**1. Date and Time:** Wednesday, June 22, 2022, at 2:00 p.m. (The reception desk opens at 1:00 p.m.)

**2. Place:** Fuji Banquet Room, 2nd floor, Meiji Kinenkan  
2-2-23 Moto-Akasaka, Minato-ku, Tokyo

**3. Meeting Agenda:**

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Audit/Supervisory Committee for the 107th Term (from April 1, 2021, to March 31, 2022)
  2. Non-consolidated Financial Statements for the 107th Term (from April 1, 2021, to March 31, 2022)

**Matters to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendments to the Articles of Incorporation  
**Proposal 3:** Election of 8 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)  
**Proposal 4:** Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member

**4. Exercise of voting rights:** If you exercise your voting rights both in writing on the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet will be valid. In addition, if you exercise your voting rights multiple times via the Internet, only the last vote will be valid.

- In light of measures to prevent the spread of the infection and your risk of infection, we kindly ask our shareholders to refrain from attending this General Meeting of Shareholders on the day of the meeting, if possible. At the venue, as way of infection prevention measures, seats will be placed to ensure as much space as possible between shareholders. As such, the number of seats available may be reduced and admission may be refused. Prevention measures against the spread of infection at the venue are posted on the Company's website in Japanese. Shareholders will not be admitted if they do not cooperate with this request.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please note that no one other than the shareholders with voting rights, such as an agent or an accompanying person, is permitted to enter the venue even if such a person brings a Voting Rights Exercise Form with him/her.
- If any revisions are made to the Reference Documents for the Annual General Meeting of Shareholders, Business Report, Non-consolidated Financial Reports, or Consolidated Financial Reports, they will be posted on the Company's website in Japanese.
- Please note that we will be in light clothing at the meeting.

The Company's website: [https://www.terumo.co.jp/investors/stocks/shareholders\\_meeting/](https://www.terumo.co.jp/investors/stocks/shareholders_meeting/)

# **Reference Documents for the Annual General Meeting of Shareholders**

## **Proposals and References**

### **Proposal 1: Appropriation of Surplus**

It is proposed that the surplus be appropriated as follows:

#### **Matters concerning year-end dividends**

The Company considers the distribution of an appropriate amount of profit to shareholders to be one of the principal responsibilities of management and pays dividends in accordance with a policy of stably and steadily increasing dividends with a target payout ratio of 30% over the medium- to long-term.

Accordingly, it is proposed that a year-end dividend of 18 yen per share be paid out as described below. As a result, the annual dividends for the year, including the interim dividend of 16 yen, will amount to 34 yen per share, an increase of 5 yen from the previous fiscal year. (\*)

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof  
18 yen per share of common stock of the Company  
Total amount of dividends: 13,613,869,152 yen
- (3) Effective date of dividends from surplus  
Thursday, June 23, 2022

**Proposal 2: Partial Amendments to the Articles of Incorporation**

1. Reason for proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

- (1) Article 15, Paragraph 1 of the proposed amendments stipulates that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) Article 15, Paragraph 2 of the proposed amendments establishes a provision to limit the scope of matters to be included in the paper copy to be provided to shareholders who request it.
- (3) The provisions concerning disclosure on the Internet and deemed provision of reference documents for general meetings of shareholders (Article 15 of the current Articles of Incorporation) will no longer be necessary, and will therefore be deleted.
- (4) Supplementary provisions shall be established concerning the effective date, etc. in line with the new establishment and deletion above.

2. Details of amendments

The details of the amendments are as follows:

(The amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
<p><u>(Disclosure of Reference Material for General Meetings of Shareholders on the Internet and the Deemed Provision of Such Material)</u>  <u>Article 15 Where the Company has, upon convening a general meeting of shareholders, disclosed information pertaining to the matters to be stated or indicated in reference material for the general meeting of shareholders, business reports, financial documents, and consolidated financial documents, by using the Internet in accordance with Ordinances of the Ministry of Justice, the Company shall be deemed to have provided such material for shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures for Electronic Provision, Etc.)</u>  <u>Article 15 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u>  <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>(Newly established)</p>	<p><u>(Supplementary Provisions)</u></p> <p><u>Article 2 The deletion of Article 15 (Disclosure of Reference Material for General Meetings of Shareholders on the Internet and the Deemed Provision of Such Material) of the current Articles of Incorporation and the proposed establishment of Article 15 (Measures for Electronic Provision, Etc.) following the amendments shall become effective as of the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) (hereinafter, “the Enactment Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months of the Enactment Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Enactment Date or the lapse of three months from the date of the general meeting of shareholders described in the preceding paragraph, whichever is later.</u></p>

**Proposal 3: Election of 8 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)**

The terms of office of all of the 8 directors (excluding directors who serve as Audit/Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. The election of 8 directors (excluding directors who serve as Audit/Supervisory Committee Members) is proposed.

The opinion of the Audit/Supervisory Committee on the selection of directors is outlined below.

Regarding selection of directors who are not Audit/Supervisory Committee Members, the Nomination Committee deliberated on whether each candidate is suitable for the position of director based on attributes, such as knowledge, experience, achievements, and capability, and two outside directors who serve as Audit/Supervisory Committee Members participated in the deliberation. Based on the results of deliberation by the Nomination Committee, the Audit/Supervisory Committee discussed and concluded that each of the candidates is suitable for the position of director.

The candidates for directors (excluding directors who serve as Audit/Supervisory Committee Members) are as indicated below.

No.	Name	Attribute	Current positions and responsibilities at the Company	Number of years in office	Ratio of attendance at the Board of Directors' meetings
1	Toshiaki Takagi	Reappointed	Chairman of the Board	12	12/12
2	Shinjiro Sato	Reappointed	President and CEO	8	12/12
3	Shoji Hatano	Reappointed	Director and Group Senior Managing Executive Officer/ Responsible for Corporate Affairs, Legal and Compliance Dept., Corporate Value Promotion Division, and Japan Sales Division	6	12/12
4	Kyo Nishikawa	Reappointed	Director and Group Managing Executive Officer/ Chief Human Resources Officer (CHRO)/ Responsible for Human Resources Division, IT Planning Dept., Asia Pacific Region and India, and Terumo Medical Pranex	3	12/12
5	Kazunori Hirose	Newly appointed	Group Managing Executive Officer/ Chief Manufacturing Officer (CMO)/ Responsible for Quality, Post-Market Surveillance and Vigilance Dept. Division, Regulatory Affairs and Clinical Development Division, Operations Division, and Intellectual Property Dept.	—	—
6	Yukiko Kuroda	Reappointed Outside Independent	Outside Director	4	12/12
7	Hidenori Nishi	Reappointed Outside Independent	Outside Director	2	12/12
8	Keiya Ozawa	Reappointed Outside Independent	Outside Director	1	9/9

Notes:

- The number of shares of the Company held by each candidate for director shown on the following pages includes shares held through the Terumo Director Shareholding Association. The number of shares of the Company held indicated is as of April 30, 2022.

- 2 The number of years in office denotes the number of years since each candidate assumed the office of Director of the Company until the conclusion of this Annual General Meeting of Shareholders.
- 3 Ms. Yukiko Kuroda, Mr. Hidenori Nishi, and Mr. Keiya Ozawa are candidates for outside directors.
- 4 The Company appointed Ms. Yukiko Kuroda, Mr. Hidenori Nishi, and Mr. Keiya Ozawa as independent directors/auditors as defined by the Tokyo Stock Exchange and submitted notifications of their appointment to the Exchange. If their reelection is approved, the Company intends to continue their appointment as independent directors/auditors.
- 5 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Ms. Yukiko Kuroda, Mr. Hidenori Nishi, and Mr. Keiya Ozawa to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the aforementioned law. If their reelection is approved, the Company intends to renew the liability limitation contracts with them. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- 6 The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers any damages that may result from Directors being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. (However, those that fall under the disclaimer stipulated in the insurance contract are excluded.) The insurance premiums are fully borne by the Company. If the election of each candidate is approved as proposed, each of them will be insured under aforementioned insurance contract.
- 7 No material conflict of interest exists between the Company and any of the candidates for director.
- 8 “Ratio of attendance at the Board of Directors’ meetings” above for Mr. Keiya Ozawa refers to the meetings he attended after he assumed office on June 22, 2021.
- 9 The Company has made a certain amount of scholarship donations to Jichi Medical University, where Mr. Keiya Ozawa works as a professor emeritus and visiting professor, but this bears no relevance to his responsibilities at the university. He does not participate directly in the operations of the university; therefore, we have determined that he is able to execute his professional duties properly as an outside director with independence.
- 10 Ms. Yukiko Kuroda is scheduled to assume the office of Independent Director of Obayashi Corporation at the conclusion of the company’s 118th Ordinary General Meeting of Shareholders, which will be held on June 23, 2022.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Toshiaki Takagi (March 24, 1958)	<p>April 1981    Joined the Company</p> <p>April 2004    Factory Manager of Ashitaka Factory</p> <p>April 2008    Factory Manager of Ashitaka Factory and Suruga Factory</p> <p>June 2008    Executive Officer</p> <p>June 2009    General Manager of R&amp;D Headquarters</p> <p>June 2010    Director and Senior Executive Officer</p> <p>June 2013    Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept.</p> <p>April 2015    Responsible for Terumo Call Center</p> <p>July 2015    Chief Quality Officer (CQO)</p> <p>April 2016    Director and Managing Executive Officer</p> <p>April 2017    Responsible for Production Dept. and Procurement Dept.</p> <p>April 2018    Director and Senior Managing Executive Officer Responsible for Intellectual Property Dept. and Terumo Medical Pranex</p> <p>April 2020    Responsible for Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept., CIO Office, and IT Planning Dept.</p> <p>April 2021    Responsible for R&amp;D Promotion Dept.</p> <p>April 2022    Chairman of the Board (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Toshiaki Takagi previously served in positions including Chief Quality Officer (CQO) and was responsible for Production Dept. of the Company. Since 2022, he has been serving as Chairman of the Board of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, he is appropriately overseeing the Company's management by convening and conducting meetings of the Board of Directors as the chairperson thereof and is contributing to the enhancement of the Terumo brand through external activities. Through these roles, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	39,249
2	Shinjiro Sato (July 19, 1960)	<p>April 1984    Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)</p> <p>February 1999    Joined Arthur Andersen Business Consulting (currently PwC Japan Group)</p> <p>June 2004    Joined the Company</p> <p>June 2010    Executive Officer, General Manager of Strategic Planning Dept.</p> <p>October 2011    Group President of Cardiac and Vascular Business Group</p> <p>June 2012    Senior Executive Officer</p> <p>June 2014    Director and Senior Executive Officer</p> <p>April 2015    Director and Managing Executive Officer</p> <p>April 2017    President and CEO (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Shinjiro Sato previously served in positions including General Manager of Strategic Planning Dept. and as President of Cardiac and Vascular Company. Since 2017 he has been serving as President and CEO of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, he is promoting the Company's management and business operations and is leading improvement of the Terumo Group's performance worldwide. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	61,470



No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Shoji Hatano (July 27, 1959)	<p>April 1983      Joined the Company</p> <p>June 2009      Executive Officer General Manager of Secretarial Office, General Manager of Corporate Communication Dept.</p> <p>October 2011    General Manager of Strategic Planning Dept.</p> <p>June 2012      Senior Executive Officer General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.</p> <p>April 2015      Managing Executive Officer</p> <p>April 2016      President, General Hospital Company (currently Medical Care Solutions Company)</p> <p>June 2016      Director and Managing Executive Officer</p> <p>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.</p> <p>April 2022      Director and Group Senior Managing Executive Officer, Corporate Value Promotion Division, and Japan Sales Dept. (present)</p>	21,764
<p>■ Reasons for selection of the candidate for director</p> <p>Mr. Shoji Hatano previously served in positions including General Manager of Corporate Communication Dept., Strategic Planning Dept. and President of General Hospital Company (currently Medical Care Solutions Company) of the Company. Since 2022, he has been serving as Director and Group Senior Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, in business operations he is promoting initiatives such as further enhancement of the global management foundation and raising corporate value. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
4	Kyo Nishikawa (June 1, 1959)	<p>April 1982    Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2002    Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2008    General Manager, Hong Kong Branch</p> <p>April 2010    Executive Officer</p> <p>June 2010    Executive Officer of the Company</p> <p>                  General Manager, International Business Division</p> <p>March 2012    Regional Representative, Eastern Europe, Russia, Middle East and Africa</p> <p>                  Managing Director and BOD Chairman, Terumo Europe N.V.</p> <p>April 2018    Senior Executive Officer, Chief Human Resources Officer (CHRO) (present)</p> <p>                  Responsible for Human Resources Dept., and Human Resources Development Dept.</p> <p>June 2019    Director and Senior Executive Officer</p> <p>April 2020    India and Asia Pacific Region (present)</p> <p>                  Responsible for Global Human Resources Dept., and Diversity Promotion Dept.</p> <p>April 2021    Director and Managing Executive Officer, IT Planning Dept. (present)</p> <p>April 2022    Director and Group Managing Executive Officer, Human Resources Division and Terumo Medical Pranex (present)</p> <p>■    Reasons for selection of the candidate for director  Mr. Kyo Nishikawa previously served in positions including General Manager of International Business Division of the Company and Managing Director and BOD Chairman of Terumo Europe N.V. Since 2022, he has been serving as Director and Group Managing Executive Officer and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as the Chief Human Resources Officer (CHRO), in business operations he is further promoting the global human resources strategy. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	16,302

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Kazunori Hirose (January 11, 1964) <Newly appointed>	<p>April 1986    Joined the Company</p> <p>January 2013    Factory Manager of Kofu Higashi Factory</p> <p>April 2014    Vice President, Operations Division, General Hospital Products Business, General Hospital Company</p> <p>April 2016    Executive Officer</p> <p>April 2017    General Manager of Operations Division, General Hospital Company</p> <p>April 2018    General Manager of S&amp;OP Promotion Dept., General Hospital Company</p> <p>January 2019    General Manager of Production Dept.</p> <p>April 2019    Senior Executive Officer, Chief Manufacturing Officer (CMO) (present), and Responsible for Supply Chain Management Dept.</p> <p>April 2020    Responsible for Procurement Dept.</p> <p>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)</p>	9,853
<p>■ Reasons for selection of the candidate for director</p> <p>Mr. Kazunori Hirose previously served in positions including Chief Manufacturing Officer (CMO) and General Manager of Production Dept. Since 2022, he has been serving as Group Managing Executive Officer and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, in business operations he is contributing to enhancement of the global production and quality assurance system. Through fair and precise management oversight as a director, he is expected to lead further development of the Terumo Group. Therefore, the Company proposes his election for the position of director.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
6	<p data-bbox="204 651 384 741">Yukiko Kuroda (September 24, 1963)</p> <p data-bbox="180 775 408 864">&lt;Candidate for outside/independent director&gt;</p>	<p data-bbox="432 371 1286 730">           April 1986      Joined Sony Corporation (currently Sony Group Corporation)            January 1991    President, People Focus Consulting            June 2010       Outside Audit &amp; 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 of the Company (present)                                  Outside Director, Seven Bank, Ltd. (present)         </p> <p data-bbox="424 741 1469 1151">           ■ Reasons for selection of the candidate for outside director and an overview of expected duties, etc.            Ms. Yukiko Kuroda has a wealth of experience as a corporate manager and insight cultivated through long years of consulting experience for human resources and organizations on a global basis. The Company proposes her election for the position of outside director because the Company wishes her to utilize her experience and insight in the management and supervision of the Company. For these reasons, the Company deems that Ms. Kuroda will duly execute her duties as an outside director. If her election is approved, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, selection of exclusive candidates for the Company, decisions on the executive remuneration, and participation of deliberation of related matters to corporate governance from an independent standpoint will be expected.         </p>	594
7	<p data-bbox="193 1458 395 1525">Hidenori Nishi (January 6, 1951)</p> <p data-bbox="180 1559 408 1648">&lt;Candidate for outside/independent director&gt;</p>	<p data-bbox="432 1162 1286 1559">           April 1975      Joined Kagome Co., Ltd.            June 2000       Director, Kagome Co., Ltd.            June 2005       Director &amp; Managing Executive Officer, Kagome Co., Ltd.            June 2008       Director &amp; Senior Managing Executive Officer, Kagome Co., Ltd.            April 2009       President &amp; Representative Director, Kagome Co., Ltd.            January 2014    Chairman of the Board of Directors &amp; Representative Director, Kagome Co., Ltd.            June 2014       Outside Director, NAGASE &amp; 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 of the Company (present)         </p> <p data-bbox="424 1559 1469 1942">           ■ Reasons for selection of the candidate for outside director and an overview of expected duties, etc.            Mr. Hidenori Nishi has a wealth of experience as a corporate manager and insight cultivated through long years of marketing and overseas business experience. The Company proposes his election for the position of outside director because the Company wishes him to continue to utilize his experience and insight in the management and supervision of the Company. For these reasons, the Company deems that Mr. Nishi will duly execute his duties as an outside director. If his election is approved, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, selection of exclusive candidates for the Company, decisions on the executive remuneration, and participation of deliberation of related matters to corporate governance from an independent standpoint will be expected.         </p>	1,020

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
8	Keiya Ozawa (February 23, 1953)  <Candidate for outside/independent director>	<p>March 1977 Graduated from School of Medicine, Faculty of Medicine, The University of Tokyo</p> <p>March 1985 Studied at the National Institutes of Health (NIH), the United States (Fogarty Fellow: until 1987)</p> <p>September 1990 Associate Professor, The Institute of Medical Science, The University of Tokyo</p> <p>November 1994 Professor, Blood Medical Research Division, Jichi Medical University</p> <p>February 1998 Senior Professor, Division of Hematology, Jichi Medical University</p> <p>April 1998 Professor, Division of Genetic Therapeutics, Center for Molecular Medicine, Jichi Medical University</p> <p>December 2012 Chairperson, Hematopoietic Stem Cell Transplantation Committee, Diseases Control Working Group, Ministry of Health, Labour and Welfare (present)</p> <p>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</p> <p>April 2018 Visiting Professor, Division of Immuno-Gene &amp; Cell Therapy, Jichi Medical University (present) Professor Emeritus and Visiting Professor, Jichi Medical University (present) Program Supervisor, Japan Agency for Medical Research and Development (present)</p> <p>June 2018 Program Officer, Japan Agency for Medical Research and Development (present)</p> <p>October 2018 Senior Advisor, Genetic Therapeutics Center, Jichi Medical University (present)</p> <p>June 2021 Outside Director of the Company (present)</p>	222
<p>■ Reasons for selection of the candidate for outside director, and an overview of expected duties, etc.</p> <p>Mr. Keiya Ozawa has expertise on gene therapy, cell therapy and research achievements in hematology. He also has abundant experience which was cultivated by being involved in the business execution of the organization as Hospital Director of IMSUT Hospital and Director of Center for Gene and Cell Therapy, The Institute of Medical Science, The University of Tokyo. The Company proposes his election for the position of outside director because the Company wishes him to continue to utilize his experience and insight in the management and supervision of the Company. For these reasons, the Company deems that Mr. Ozawa will duly execute his duties as an outside director. If his election is approved, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, selection of exclusive candidates for the Company, decisions on the executive remuneration, and participation of deliberation of related matters to corporate governance from an independent standpoint will be expected.</p>			

**(Reference) Skill Matrix of Directors after the General Meeting of Shareholders**

		Internal Directors					Independent Directors					
		Takagi	Sato	Hatano	Nishikawa	Hirose	Shibazaki	Kuroda	Nishi	Ozawa	Nakamura	Uno
Director experience value	Healthcare industry experience	●	●	●	●	●	●			●		
	Financial experience/knowledge		●	●	●			●			●	
	Sales marketing experience		●	●	●			●	●			
	Technology/development/regulatory affairs	●				●				●		
	Business responsibility experience	●	●	●	●		●	●	●			
	Experience as CEO of a listed company		●						●			
	Government/industry response	●		●			●		●	●		
	Risk management	●	●			●	●		●	●	●	●
	New business development experience		●	●					●			
	Experience outside Japan		●	●	●	●	●	●	●	●		●
Environment, Safety and Quality	●		●		●							
Director experience	Status of posts at other companies							●	●		●	●
	Timing of appointment as director	06/2010	06/2014	06/2016	06/2019	06/2022	06/2021	06/2018	06/2020	06/2021	06/2019	06/2019
Diversity	Age	64	61	62	63	58	60	58	71	69	65	59
	Sex	Male	Male	Male	Male	Male	Male	Female	Male	Male	Male	Male

**Proposal 4: Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member**

In order to ensure that the number of incumbent directors who serve as Audit/Supervisory Committee Member does not fall short of that required by laws and regulations, the Company requests the approval of shareholders for the election of 1 substitute director who serves as an Audit/Supervisory Committee Member.

The Audit/Supervisory Committee has already given consent to the submission of this proposal.

The candidate for substitute director who serves as an Audit/Supervisory Committee Member is as indicated below.

Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
<p>Koichi Sakaguchi (September 10, 1950)</p> <p>&lt;Candidate for substitute outside director who serves as an Audit/Supervisory Committee Member&gt;</p>	<p>April 1979 Admitted to the bar in Japan Joined Tamiya &amp; Tsutsumi Law Office</p> <p>April 1985 Established Sakaguchi &amp; Takanaka Law Office (changed its name to Legal Plaza Law Office in April 1998)</p> <p>September 2000 Judge, Tokyo District Court</p> <p>April 2006 Judge (Department Manager), Mito District Court</p> <p>August 2012 Judge (General Manager), Kawagoe Branch, Saitama District/Family Court (Chief Judge)</p> <p>September 2013 Director, Akita District/Family Court</p> <p>November 2015 Registered as attorney-at-law Joined KATO Sogo Law Office (currently Ginga Law Office) (present)</p> <p>June 2016 External Corporate Auditor, Morinaga &amp; Co., Ltd. (present)</p> <p>■ Reasons for selection of the candidate for substitute outside director who serves as an Audit/Supervisory Committee Member and an overview of expected duties, etc. The Company proposes election of Mr. Koichi Sakaguchi for the position of substitute outside director who serves as an Audit/Supervisory Committee Member as the Company wishes him to utilize the legal knowledge he has gained, in the course of his lengthy career as a lawyer and a judge, in the management and supervision of the Company. For these reasons, the Company deems that Mr. Sakaguchi will duly execute his duties as an outside director who serves as an Audit/Supervisory Committee Member.</p>	<p>—</p>

Notes:

- 1 Mr. Koichi Sakaguchi is a candidate for substitute outside director.
- 2 If Mr. Koichi Sakaguchi assumes the office of an outside director who serves as an Audit/Supervisory Committee Member, the Company intends to appoint him as an independent director/auditor as defined by the Tokyo Stock Exchange and submit notification of his appointment to the Exchange.
- 3 If Mr. Sakaguchi assumes the office of an outside director who serves as an Audit/Supervisory Committee Member, the Company intends to conclude a contract with him to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of said Act. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- 4 The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers any damages that may result from Directors being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. (However, those that fall under the disclaimer stipulated in the insurance contract are excluded.) The insurance premiums are fully borne by the Company. If Mr. Koichi Sakaguchi assumes the office of an outside director who serves as an Audit/Supervisory Committee Member, he will be insured under aforementioned insurance contract.
- 5 No material conflict of interest exists between the Company and Mr. Koichi Sakaguchi.

## **Business Report**

(From April 1, 2021, to March 31, 2022)

### **1. Overview of the Group**

#### **(1) Business Progress and Results**

Regarding revenue for the year under review, reduced demand in the cardiac and vascular area due to the spread of COVID-19 infections recovered, and the area performed well overseas, including in the United States and Europe. In Japan, although recovery in demand was slow in the cardiac and vascular area, the Company captured new medical demand, such as for supplying syringes for COVID-19 vaccines, and the business remained firm. Powered also by the weak yen, revenue for the year under review was 703.3 billion yen, an increase of 14.6% year on year.

Operating profit increased 17.9% year on year to 116.0 billion yen due to an increase in revenue mainly for the Cardiac and Vascular Company and suppression in selling, general and administrative expenses, despite the effects of cost increases due to steep price rises in production and transportation expenses becoming apparent from the second quarter onward. Profit for the year attributable to owners of the parent increased 14.9% year on year to 88.8 billion yen.

In Fiscal 2021, the Company promoted “Demonstrating overall ability and brand power,” “Optimization of global organization and operations,” “Promoting digitization and business model transformation,” “Strengthening human resource management,” and “Deepening core technologies that are to become strengths” as key elements based on the themes mentioned in the medium- to long-term growth strategy.

Under these circumstances, the Japan Sales Dept. was launched to promote “Demonstrating overall ability and brand power” in Japan. Medical settings in Japan have faced many challenges such as the pursuit of medical safety and medical economics, including in infection control measures against COVID-19. The Japan Sales Dept. is driving cross-business projects to make full use of the connections each Company has with practitioners in order to resolve these challenges. These efforts also led to the adoption of pump systems by new customers and expansion in the Cardiac and Vascular Company’s adopted products.

As for “Optimization of global organization and operations,” Terumo continues to work on improving the supply problem that occurred at the Ashitaka Factory in Fiscal 2018. This year, the Company continued to work on enhancing operations to boost supply capacity, such as by expanding the Vietnam Factory and introducing IT systems. In this way, we made efforts to optimize our operations and improve revenue while striving to strengthen the production system to achieve high quality and a stable supply. Furthermore, the Blood and Cell Technologies Company completed construction of a new factory in Costa Rica, where products with a high market share will be produced more efficiently.

Regarding “Promoting digitization and business model transformation,” the Company facilitated several strategic partnerships in the area of diabetes. We have been jointly developing an Automated Insulin Delivery (AID) system with Diabeloop SA. in France since 2020. This project has now developed into a partnership, under which the AID system is planned to be deployed not only Japan but also Europe and other parts of the world. In addition, at medical institutions in Europe, we have launched the deployment of a system to manage the blood glucose and insulin dosage data of patients by linking with a system of a U.S. company, Glooko, Inc. We aim to improve this linking method into a method in which patients can share data with healthcare professionals anytime, anywhere using their smartphones.

With regards to “Strengthening human resource management,” the Company carried out its first Global Leadership Development Program for Executives. Along with the training program, we are promoting the ideas of Growth Mindset and Diversity Equity & Inclusion (DE&I)\* with an aim to enable individual associates’ further growth through the shared opportunity of working at Terumo.

\*The Company created its “DE&I Philosophy” in March 2022.



As for “Deepening core technologies that are to become strengths,” Marketing Divisions of each Company are working together with the R&D Division to produce positive results. For example, the Blood and Cell Technologies Company’s core technologies, such as the collection and separation of blood components, have facilitated the Company’s entry into the source plasma collection market.

## Assets and Income

(Millions of yen, unless otherwise stated)

	104th term Fiscal 2018 From April 1, 2018 to March 31, 2019	105th term Fiscal 2019 From April 1, 2019 to March 31, 2020	106th term Fiscal 2020 From April 1, 2020 to March 31, 2021	107th term Fiscal 2021 From April 1, 2021 to March 31, 2022
Revenue	599,481	628,897	613,842	703,303
Operating profit	106,637	110,611	98,386	115,960
Profit before tax	102,709	106,466	97,060	114,501
Profit for the year	79,287	85,037	77,200	88,813
Profit for the year attributable to owners of the parent	79,470	85,211	77,268	88,813
Basic earnings per share (yen)	108.70	113.96	102.33	117.45
Total equity	698,113	754,883	856,662	1,012,313
Total assets	1,120,790	1,241,355	1,351,192	1,473,693
ROE (Return on equity attributable to owners of the parent) (%)	12.7	11.7	9.6	9.5
ROA (Return on assets) (%)	7.2	7.2	6.0	6.3

(Reference) Adjusted operating profit 106th term 115,927 million yen 107th term 134,441 million yen

Notes:

- 1 Basic earnings per share is calculated based on the average number of shares outstanding during the period less treasury stock.
- 2 The Company conducted a two-for-one stock split for its common stock, effective April 1, 2019. "Basic earnings per share" was calculated on the assumption that the stock split had been carried out at the beginning of the 104th term.
- 3 ROE is calculated as follows.  
Profit for the year attributable to owners of the parent / equity attributable to owners of the parent (term average) x 100
- 4 ROA is calculated as follows.  
Profit for the year attributable to owners of the parent / total assets (term average)

## Sales by Geographic Segment

(Millions of yen)

Item	106th term Fiscal 2020 From April 1, 2020 to March 31, 2021		107th term Fiscal 2021 From April 1, 2021 to March 31, 2022		Change
	Amount	Ratio (%)	Amount	Ratio (%)	(%)
Japan	201,758	32.9	206,143	29.3	2.2
Europe	120,389	19.6	140,417	20.0	16.6
Americas	180,798	29.5	220,400	31.3	21.9
China	45,525	7.4	59,350	8.4	30.4
Asia & Others	65,371	10.6	76,991	10.9	17.8
Total	613,842	100.0	703,303	100.0	14.6

## Cardiac and Vascular Company

Overseas, all businesses remained steady, particularly in the United States and Europe. In particular, a powerful recovery was seen in demand in the TIS (Intervention) business and the Neurovascular business. In Japan, although recovery in demand was slow due to the spread of COVID-19 infections, revenue increased driven by carotid artery stents in the Neurovascular business.

As a result, revenue in the Cardiac and Vascular Company totaled 397.1 billion yen, an increase of 20.9% year on year.

### Main products

Sub-segments	Main products
Interventional Systems (TIS)	Angiographic guidewires, Angiographic catheters, Introducer sheaths, Vascular closure devices, PTCA balloon catheters, Coronary stents, Self-expanding peripheral stents, IVUS, Imaging catheters and others
Neurovascular	Coils, stents, and intrasaccular devices for treating brain aneurysm, Aspiration catheters and stent retrievers for treating ischemic stroke and others
Cardiovascular	Oxygenators, Heart lung machine and others
Vascular Graft	Artificial vascular grafts, Stent grafts

## Medical Care Solutions Company

Demand recovered for items such as syringes and infusion-related products, mainly in the principal market of Japan. In addition, infusion and syringe pumps and the B2B business with pharmaceutical companies in the Pharmaceutical Solutions business (former Alliance business) grew globally.

As a result, revenue in the Medical Care Solutions Company was 185.3 billion yen, an increase of 5.6% year on year.

From Fiscal 2022, the “General Hospital Company” has changed its name to the “Medical Care Solutions Company.” In accordance with the start of 5-Year Growth Strategy “GS26,” we will advance reorganization and the penetration of new brands towards the Company’s continuous growth.

### Main products

Item	Main products
Hospital Care Solutions	Syringes, Infusion pumps, Syringe pumps, I.V. sets, I.V. solutions, Peritoneal dialysis, Pain management products, Nutrition, Adhesion barriers and others
Life Care Solutions	Blood glucose monitoring systems, Pen needle, Insulin patch pumps, Blood pressure monitors, Digital thermometers and others
Pharmaceutical Solutions	Contract manufacturing of prefilled syringes, Drug kit administration devices (Prefillable syringes, Needles) and others

## Blood and Cell Technologies Company

Overseas, demand recovered for whole blood collection, products related to automated blood processing, and therapeutic apheresis systems mainly in Europe and North America. In China, the Company posted robust growth of close to 30% mainly for blood component collection systems for blood centers. In Japan, sales of blood center products declined slightly due to the slowdown in demand for blood bags.

As a result, revenue in the Blood and Cell Technologies Company increased 10.1% year on year to 120.6 billion yen.

### Main products

Item	Main products
Blood and Cell Technologies	Blood bags, Component collection systems, Automated blood processing systems, Pathogen reduction systems, Centrifugal apheresis systems, Cell expansion systems and others

## Research and Development Results

### Cardiac and Vascular Company

Regarding the TIS business, Ultimaster Nagomi drug-eluting stent was released in Japan. The Company expanded to a more user-friendly product lineup while inheriting the basic design of past products. Specifically, the product lineup contains a size with the largest expansion limit in Japan that can also be used on large-diameter lesions, such as where veins diverge, and with a length of 50 mm, it allows for treatment of long lesions with one stent. We also plan to expand our sales area starting in Fiscal 2022.

Regarding the Neurovascular business, in the United States we released the FRED X flow diverter for brain aneurysm treatments. The surface of the stent is coated with an independently developed nanopolymer, which is expected to reduce the risk of complications. Sales have also begun in Europe, and the Company plans to expand the sales area further.

Regarding the Vascular Graft business, RelayPro, a stent graft for thoracic aortic conditions, was adapted for descending thoracic aortic aneurysms in the United States and Japan. Easy access to blood vessels and simple operation can be expected by storing the stent graft and narrowing the diameter of the delivery system (sheath) that transports intravascularly. The Company also plans to pursue adaptations to other than descending thoracic aortic aneurysms in the future.

### Medical Care Solutions Company

Regarding the Hospital Care Solutions Division, a new model of infusion pump, the “Terufusion Infusion Pump Type 18,” was released in Japan. The product maintains previous ease of use, improves visibility and portability, and adds a short-range wireless communication function. The company plans to expand it overseas starting in Fiscal 2022 as an entry model that can be used in all medical settings and will aim to sell approximately 10,000 units globally in the future.

Regarding the Life Care Solutions Division, the continuous glucose monitor Dexcom G6 CGM system was released in Japan. Dedicated monitors were necessary to receive measurements in past products, but measurements can be read and managed on a smartphone application with this product. In addition, measurements can be shared with up to ten people using the application, so the product can also be used by medical institutions for purposes such as remote diagnosis. The product is developed and manufactured by DexCom, Inc. (United States), and Terumo entered a partnership with the company and obtained exclusive sales rights for the continuous glucose monitor in Japan in 2018.

Regarding the Pharmaceutical Solutions Division, Kyowa Kirin Co., Ltd. announced that they applied for approval to manufacture and sell a product using an automated drug delivery device under joint development with the Company to decrease the incidence of febrile neutropenia in patients receiving cancer chemotherapy. As the device delivers drugs automatically, using it on the day of cancer chemotherapy makes it unnecessary to go to the hospital for administration the next day. This is expected to lead to a reduction in the burden on patients of going to the hospital and the burden on healthcare professionals in performing their work.

### Blood and Cell Technologies Company

Regarding therapeutic apheresis and cell collection related products, the Company concluded a joint sales partnership in Europe with Immunocom, Inc. (United States) for cancer immunotherapy. It is expected that combining their “LW-02 Column” adsorption column with Terumo’s Spectra Optia centrifugal apheresis system will improve immunity by decreasing cytokines (a type of protein) arising from patients’ cancer cells that suppress immunity. In the future, we will verify the clinical effects of cancer immunotherapy using Spectra Optia and LW-02 Column on patients with triple-negative breast cancer.

The Company newly began working with CSL Plasma (United States) on raw material plasma collection. In addition, the “Rika” raw material plasma collection system developed by Terumo for this collaborative work gained the 510(k), a certification from Food and Drug Administration (FDA). Rika reduces blood collection time to an average of under 35 minutes, and it has a structure in which the amount of blood circulating outside the body is under 200 mL. It is therefore expected to reduce the burden on both donors undergoing collection and healthcare professionals responsible for collection work. In the future, we will offer CSL Plasma comprehensive solutions including IT platforms and onsite support, in addition to Rika, to contribute to the entire ecosystem of raw material plasma collection.

## **R&D Division**

The R&D Division, which promotes group-wide collaboration across companies and businesses, is working on external investment and open innovation initiatives (collaboration with external parties) to acquire essential technologies, in addition to the formulation of internally developed strategic portfolios and the deepening and expanding application of core technologies that will become the source of our competitive advantage. In Fiscal 2021, the Company prepared the introduction of the Center of Excellence (CoE, a core division in continuous cross-organizational initiatives) stated in GS26. Specifically, Terumo's CoE will cover the five technological areas of mechanisms design; processing technology; material, drug, regeneration, and organism sensing; digital; and evaluation.

In addition, regarding digital transformation (DX), the DX Promotion Department launched in April 2021 is collecting information related to DX carried out by each Company and the Operations Division and promoting both "DX for business creation" and "DX for operation," such as by encouraging the cooperation of these divisions. The One Terumo DX Consortium was launched in Fiscal 2021, began building an in-Company network, and coordinated with the Human Resources Development Dept. in training digital human resources to start the Terumo DX College training program.



## (2) Issues to be Addressed

Medical treatment is undergoing significant change. As a consequence of worldwide population ageing and improved standards of living, changes in disease patterns have occurred, including an increase in chronic illnesses such as diabetes. This increase in chronic illnesses has changed “medical timelines,” such as patient management on a long-term time basis. A shift toward biopharmaceuticals, cell and gene therapy, and regenerative medicine as well as the development of digital and AI technology have also brought about changes in “technology supporting medical treatment.” All of these changes are issues Terumo must grapple with in earnest, and the Company formulated GS26 to resolve them.

### The New 5-Year Growth Strategy “GS26”

#### 1) A Vision for the Medium to Long Term

Terumo has made GS26 as its 5-year growth strategy for the next 10 years and beyond and upholds its vision as “From Devices to Solutions.” In particular, in this strategy, the Company will work on the 3 “Ds.”

The first is Delivery, indicating functions and their underlying technologies for biological access and delivery, which are strengths of the Company, such as catheters supporting the “radial approach (TRI)” that is a driver of growth in the Cardiac and Vascular Company. These technologies are also our greatest asset in the future development of new solutions.

The second is Digital, which has become indispensable in the medical equipment area, including improving efficiency using data and digital technology used in the optimization of diagnosis and treatment. A specific example is “Digital Patient Journey” solutions, such as developing applications to offer to diabetes patients.

Finally, Deviceuticals is a coined word signifying a combination of “Device” and “Pharmaceuticals,” something for which Terumo strives. Terumo’s devices aim to provide added value in the use and production of pharmaceuticals. The raw plasma area into which the Blood and Cell Technologies Company has newly entered is also one example of this.

#### 2) Points of the 5-Year Growth Strategy

The image aimed for by GS26 for 5 years in the future is indicated specifically below.

Growth (Sales growth rate)	A view toward 1 trillion yen in sales from continuous growth in the range of the high single digits
Profitability (Operating profit ratio*)	Over 20% * before adjustment
Return on invested capital (ROIC)	Over 10% ROE staying over 10%

Company-wide profit improvement	Striving for a result of 2% improvement through overall optimized projects crossing the barriers of business units and localities
Sustainability management	As a management commitment, setting specific goals on the two pillars of ESG and CSV to work on

### 3) Growth Strategies by Company

#### **Cardiac and Vascular Company**

The Company's vision for its 5-year growth strategy is "Together with our customers, we strive to create the next standard of patient care and drive the evolution of medicine on the front line." The Company will take the following three actions as a strategy to achieve this.

##### **(i) Expand therapeutic business with new product launches**

The Company will expand pipelines by releasing new products for diseases of cerebral blood vessels, the aorta, and peripheral arteries as well as the cancer treatment segment to achieve great growth in large markets. At the same time, we will offer solutions for personalized treatment using digital technology.

##### **(ii) Drive radial access adoption across disease areas**

The Company will expand the radial access (an intervention technique to approach from the artery on the wrist that is less invasive), formerly implemented mainly for the blood vessels of the heart, to other blood vessels throughout the whole body, including peripheral arteries, and cerebral blood vessels. At the same time, we will suggest patients' optimal treatment plans to doctors by clarifying the advantages of the radial access, based on big data from accumulated treatment results.

##### **(iii) Evolution of operational capabilities**

Through global, optimal local production throughout all the businesses of the Cardiac and Vascular Company, we will construct a production increase system equipped for an expansion in demand, striving to cut costs at the same time. In addition, we will optimize production through DX. This will not only shift to high value-added products but improve profitability

#### **Medical Care Solutions Company**

The Company's vision for its 5-year growth strategy is "We provide patient centered solutions that integrate our unique technologies, contributing to the advancement of high quality, innovative medical care." The Company will implement the following four strategies to achieve this.

##### **(i) Hospital Care Solutions**

The Company will provide value including medical devices, data management, and medical safety in hospitals and optimization of hospital management. For example, we will contribute to management of records and vital signs and prevention of erroneous administration of drugs by linking drug dosage information to systems in hospital departments. In addition, we will not limit ourselves simply to product sales for infection control solutions but analyze onsite use and make suggestions for further improvement.

##### **(ii) Life Care Solutions**

We will create data and monitoring structures to support personalized treatment for patients with chronic diseases. In the area of diabetes, we will analyze systems that manage blood sugar measurement and insulin dosage along with information including diet, exercise, and medication to create structures that support optimal guidance and treatment for patients according to doctors. Furthermore, we will provide an AID system from which minute adjustments in glucose concentration can be expected by linking insulin pumps with continuous blood sugar measuring instruments using a dosage algorithm.

##### **(iii) Pharmaceutical Solutions**

We will propose solutions combining unique devices and services that optimize drug value for pharmaceutical companies. We will gradually step up from solutions that contribute to drug safety and efficiency, aiming to improve drug effectiveness with patch pumps and intradermal dosage devices. In addition, we will strive to expand into the areas of the central nervous system, the circulatory system, and cancer through development of devices focused on the effectiveness of oligonucleotide therapy and gene therapy.

##### **(iv) Overseas Business Solutions**

We will expand sales of high-performance drug dosage systems in Southeast Asia and vein access products using BtoB in North America. In the area of diabetes, we will gradually expand sales of insulin pumps in Europe and build a foundation to expand business in China, which is becoming a huge market. In addition, we will globally develop the plastic prefillable syringe PLAJEX, a strength of the Company, in business with

pharmaceutical companies.

### **Blood and Cell Technologies Company**

The Company's vision for its 5-year growth strategy is "Provide compelling and accessible innovations globally that unlock the power of blood and cells to improve patient outcomes and serve unmet medical needs." The Company will implement the following four strategies to achieve this.

#### **(i) Blood and Beyond (Development Beginning with Blood)**

The Company aims to start a raw plasma collection systems that contributes to optimization of blood-collection work in the United States and expand it into markets outside of the United States. In the area of cell processing, we will expand our focus area to approach patients undergoing cell treatment and the entire cell treatment process. In the area of blood treatment, we will expand into selective plasma exchange treatment and contribute to therapies for patients for whom this treatment is effective.

#### **(ii) Equipment and Beyond (Development Beginning with Equipment)**

The Company will support work optimization for customers, including blood centers, by making use of strengths such as automation of the whole-blood-formulation process, services, and software. In addition, we will strive to introduce a digital ecosystem that will develop along with technologies and their supplementary services in the newly entered raw plasma market.

#### **(iii) Regional Development**

We will expand our product portfolios in regions of remarkable growth such as China, South and Central America, and Africa to offer more composite solutions.

#### **(iv) Operational Excellence**

We will strive for construction of a flexible global supply system and improved cultural penetration. In addition, we will aim to raise the level of our marketing activities and provide more sophisticated services.

## **4) Corporate Strategy**

### **(i) Innovation**

We have set long-term goals to strive for regarding three directions for solution development.

Regarding Delivery, in response to the penetration rate of minimally invasive therapy stalling at 60%, we will aspire for a world with 100% minimally invasive therapy through high value-added biological access and delivery for advanced medical care.

Regarding Digital, we will strive for a 100% treatment adherence rate utilizing digital, with awareness of the issue that continuing treatment for chronic disease is difficult as a main reason hindering long-term improvement in patient QOL.

In addition, regarding Deviceuticals, we will accelerate the evolution of combination products through innovation in delivery technology, with awareness of the issue that there are few pharmaceutical and device combination products as a reason drug effectiveness cannot improve.

We will drive future growth with these long-term solutions to challenges and by creating medium-term innovation and synergy in each Company.

### **(ii) Digital transformation (DX)**

We will enhance the DX features within the Company and make considerations in accordance with specific topics such as data analysis, remote monitoring, and robotics. At the same time, we will achieve this at a speed not to be defeated by other companies by actively exploring opportunities for M&As and partnerships.

### **(iii) Human resource**

We will specify important skills for achieving our medium-term vision, and by obtaining and enhancing them, place the right people in the right places globally. In addition, in order to promote transformation, we believe it is critical that individual associates possess the mindset to grow by taking on new challenges, called a "Growth Mindset," and will promote this.

### **(iv) Improvement of Company-Wide Revenue**

We will strive for global optimization by focusing on the four areas of production, procurement, logistics, and standard management functions. Through collaboration within the Group, we will build a solid foundation

to support future growth and improve corporate value.

**(v) Production**

We will commit ourselves to optimizing global production by strengthening our trilateral production system in Costa Rica, Japan, and Vietnam. In addition, we will not only optimize costs but drive production innovation through global development of our expertise in automation, labor saving, and digitization obtained in individual factories.

**(vi) CSV/ESG**

We will commit not only to our financial goals but also to sustainability management. We organized the two categories of CSV (creating shared value for society) and ESG (environment, society, and governance). Each company has established specific themes regarding the three important areas of “Spreading medical technologies and services and improving access to healthcare,” “Providing healthcare that is closely aligned with the life of each individual,” and “Co-creating a sustainable healthcare system” in CSV.

In Fiscal 2022, the first year of the GS26, the three companies will work to create value utilizing their respective strengths while simultaneously working to improve the quality and efficiency of corporate functions, striving to achieve results forecasts.

**Forecast of Consolidated Results**

(Millions of yen)

	Fiscal year ended March 31, 2022 Results	Fiscal year ending March 31, 2023 Forecast	Change	Change (%)
Revenue	703,303	775,000	71,696	10.2
Adjusted operating profit	134,441	151,000	16,558	12.3
Adjusted operating profit ratio	19.1%	19.5%	-	-
Operating profit	115,960	132,000	16,039	13.8
Operating profit ratio	16.5%	17.0%	-	-
Profit for the year attributable to owners of the parent	88,813	100,000	11,186	12.6

Actual rate for fiscal year ended March 31, 2022: USD 1 = JPY 112, EUR 1 = JPY 131

Assumed rate for fiscal year ending March 31, 2023: USD 1 = JPY 125, EUR 1 = JPY 135

Note: The information disclosed by the Company contains forecasts of financial performance and other forward-looking statements.

Such statements are based on information currently available to the Company and certain assumptions deemed reasonable and do not represent the Company’s assurance as to their realization. It should be noted that actual results may differ from these forecasts due to various factors, which include, but are not limited to, changes in economic conditions surrounding the Company’s business fields, foreign currency exchange rate fluctuations, and the state of competition.

### (3) Principal Business

The Group manufactures and sells medical products and equipment, including pharmaceuticals, regenerative medicine, various disposable medical devices, and medical systems. Principal products are listed on Pages 20-22.

### (4) Capital Investment

Capital investment in the fiscal year ended March 31, 2022, amounted to 69.2 billion yen on a construction basis. Principal items are as follows:

- 1) Main facilities construction completed  
Terumo Corporation: Syringe equipment for vaccines in Kofu Higashi Factory
- 2) Main facilities under construction  
Terumo BCT, Inc.: Production equipment related to raw material plasma collection, etc.

### (5) Financing

Not applicable.

### (6) Principal Lenders (as of March 31, 2022)

Lender	Outstanding borrowings (Billions of yen)
MUFG Bank, Ltd.	75.2
Mizuho Bank, Ltd.	72.9
Syndicated loan*	48.0

\*The syndicated loan is managed by Mizuho Bank, Ltd., and MUFG Bank, Ltd.

### (7) Employees (as of March 31, 2022)

#### 1) The Group

Number of employees*	Increase from the previous fiscal year-end
28,294	1,812

\*The above number of employees represents the number of full-time employees and does not include the number of persons on loan from the Group to outside the Group, dispatched workers, etc.

#### 2) The Company

Number of employees <sup>1</sup>	Increase from the previous fiscal year-end	Average age <sup>2</sup>	Average service years <sup>2</sup>
5,377	130	40.9	16.9

Notes:

- 1 The above number of employees represents the number of full-time employees and does not include the number of persons on loan from the Company to outside the Company, dispatched workers, etc.
- 2 In calculating the average age and the average service years, only the permanent employees of the Company were taken into account.

**(8) Principal Offices, Factories and Significant Subsidiaries (as of March 31, 2022)****1) Terumo Corporation**

Head Office	44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo
Tokyo Office	Shinjuku-ku, Tokyo
R&D Center	Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture
Factories	Fujinomiya Factory (Fujinomiya-shi, Shizuoka Prefecture) Ashitaka Factory (Fujinomiya-shi, Shizuoka Prefecture) Kofu Factory (Showa-cho, Nakakoma-gun, Yamanashi Prefecture) ME Center (Nagaizumi-cho, Suntou-gun, Shizuoka Prefecture)
Sales Offices in Japan	Branch Offices Sapporo, Tohoku, Niigata, Utsunomiya, Matsumoto, Saitama, Higashi-Kanto, Tokyo, Tama, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, Kagoshima, Okinawa

**2) Significant Subsidiaries**

Company name	Location	Capital	The Company's percentage of equity participation (%)	Principal business
Terumo Europe N.V.	Belgium	EUR 295,600 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company and Medical Care Solutions Company
Terumo Americas Holding, Inc.	United States	USD 3,855,592 thousand	100	Supervision of subsidiaries in the Americas
Terumo Medical Corporation	United States	USD 272,016 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company and Medical Care Solutions Company
MicroVention, Inc.	United States	USD 589,598 thousand	100	Manufacturing and sales of products for Cardiac and Vascular Company
Terumo BCT Holding Corporation	United States	USD 1,352,360 thousand	100	Supervision of subsidiaries under Terumo BCT Group
Terumo BCT, Inc.	United States	USD 951,863 thousand	100	Manufacturing and sales of products for Blood and Cell Technologies Company
Terumo BCT Europe N.V.	Belgium	EUR 126,319 thousand	100	Manufacturing and sales of products for Blood and Cell Technologies Company
Terumo (China) Holding Co., Ltd.	China	CNY 1,820,493 thousand	100	Supervision of subsidiaries in China
Terumo Asia Holdings Pte. Ltd.	Singapore	SGD 30,127 thousand	100	Supervision of sales subsidiaries in Asia (other than China)

Note: The Company's percentage of equity participation includes indirect ownership by subsidiaries.

**(9) Other Significant Matters concerning the Group's Current Situation**  
Not applicable.

## 2. Overview of the Company

### (1) Status of Shares (as of March 31, 2022)

<b>1) Number of Shares Authorized</b>	3,038,000,000 shares
<b>2) Number of Shares Issued</b>	759,521,040 shares
<b>3) Number of Shareholders</b>	53,755
<b>4) Major Shareholders (10 largest shareholders)</b>	

Shareholder name	Number of shares held	Percentage of shares held
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	169,778	22.5
Custody Bank of Japan, Ltd. (Trust Account)	71,653	9.5
The Dai-ichi Life Insurance Company, Limited	33,615	4.4
Meiji Yasuda Life Insurance Company	24,422	3.2
Mizuho Bank, Ltd.	15,736	2.1
TERUMO LIFE SCIENCE FOUNDATION	14,720	2.0
STATE STREET BANK AND TRUST COMPANY 505223	12,969	1.7
STATE STREET BANK AND TRUST COMPANY 505001	11,865	1.6
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	11,712	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	10,833	1.4

#### Notes:

- Treasury stock (3,194,976 shares) is excluded from the calculation of the percentage of shares held.
- Of the number of shares held by The Dai-ichi Life Insurance Company, Limited, 6,000 thousand shares are shares concerning retirement benefit trust contributed by The Dai-ichi Life Insurance Company. (The shareholder of record is "Custody Bank of Japan, Ltd. as trustee for The Dai-ichi Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." The Dai-ichi Life Insurance Company, Limited is authorized to give directions concerning exercise of the voting rights for these shares.)
- Of the number of shares held by Mizuho Bank, Ltd., 13,036 thousand shares are shares concerning retirement benefit trust contributed by Mizuho Bank. (The shareholder of record is "Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." Mizuho Bank, Ltd. is authorized to give directions concerning exercise of the voting rights for these shares.)



**5) Status of shares granted to officers of the Company in consideration of the performance of duties during the fiscal year ended March 31, 2022**

Details of the stock remuneration granted during the fiscal year ended March 31, 2022 are as follows.

Category	Number of shares	Number of eligible beneficiaries
Directors (excluding Directors who serve as Audit/Supervisory Committee Members and Outside Directors)	26,475 shares	5
Outside Directors (excluding Directors who serve as Audit/Supervisory Committee Members)	-	-
Directors who serve as Audit/Supervisory Committee Members	-	-

**6) Other significant matters pertaining to the Company's shares**

The Company has resolved to repurchase and cancel treasury shares as follows in order to expand returns for shareholders and improve capital efficiency.

**(i) Resolution to repurchase treasury shares (resolution of the Board of Directors' meeting on May 12, 2022)**

Type of shares to be repurchased	Common shares of the Company
Total number of shares to be repurchased	Up to 15,000,000 shares (1.98% of total shares outstanding, excluding treasury stock)
Total amount of repurchase	Up to 50.0 billion yen
Period of repurchase	From May 13, 2022 to December 30, 2022
Method of repurchase	Market purchase on the Tokyo Stock Exchange

**(ii) Cancellation of treasury shares (resolution of the Board of Directors' meeting on May 12, 2022)**

Type of shares to be cancelled	Common shares of the Company
Total number of shares to be cancelled	All shares to be repurchased in (i) above
Scheduled date of cancellation	January 13, 2023

**(2) Matters concerning Stock Acquisition Rights Issued by the Company**

\*As mentioned on Page 1 on the Convocation Notice, the full text of this item is posted on the Company's website.

### (3) Company Directors

#### 1) Directors (as of March 31, 2022)

Position at the Company	Name	Responsibilities and significant concurrent positions
Chairman of the Board	Takayoshi Mimura	
President and CEO	Shinjiro Sato	
Director and Senior Managing Executive Officer	Toshiaki Takagi	Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Production Dept., Supply Chain Management Dept., Terumo Medical Pranex, Intellectual Property Dept., and R&D Promotion Dept.
Director and Managing Executive Officer	Shoji Hatano	Responsible for Corporate Affairs Dept., Legal and Compliance Dept., 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.
Director and Managing Executive Officer	Kyo Nishikawa	Chief Human Resources Officer (CHRO) Responsible for Human Resources Dept., IT Planning Dept., India and Asia Pacific Region, Global Human Resources Dept., Human Resources Development Dept., and Diversity Promotion Dept.
Outside Director	Yukiko Kuroda	Founder and Director, People Focus Consulting Outside Director, Seven Bank, Ltd.
Outside Director	Hidenori Nishi	Outside Director, FUJI OIL HOLDINGS INC.
Outside Director	Keiya Ozawa	Professor Emeritus and Visiting Professor, Jichi Medical University Senior Advisor, Genetic Therapeutics Center, Jichi Medical University Chairperson, Hematopoietic Stem Cell Transplantation Committee, Diseases Control Working Group, Ministry of Health, Labour and Welfare Program Supervisor, Japan Agency for Medical Research and Development Program Officer, Japan Agency for Medical Research and Development
Director (Full-time Audit/Supervisory Committee Member)	Takanori Shibazaki	
Outside Director (Audit/Supervisory Committee Member)	Masaichi Nakamura	Representative, Masaichi Nakamura CPA Office External Corporate Auditor, Sumitomo Heavy Industries, Ltd. Outside Director (Audit and Supervisory Committee Member), SCSK Corporation
Outside Director (Audit/Supervisory Committee Member)	Soichiro Uno	Partner, Nagashima Ohno & Tsunematsu External Audit & Supervisory Board Member, Softbank Group Corp. Outside Director (Audit & Supervisory Committee Member), Dream Incubator Inc.

Notes:

- 1 No material conflict of interest exists between the Company and the aforementioned corporations where Outside Directors Ms. Yukiko Kuroda, Mr. Hidenori Nishi, Mr. Keiya Ozawa, Mr. Masaichi Nakamura, and Mr. Soichiro Uno concurrently hold positions.

- 2 The Company has submitted notifications to the Tokyo Stock Exchange of the appointment of Outside Directors Ms. Yukiko Kuroda, Mr. Hidenori Nishi, Mr. Keiya Ozawa, and Mr. Masaichi Nakamura as independent directors/auditors as defined by the Tokyo Stock Exchange.
- 3 Outside Director Mr. Soichiro Uno satisfies the criteria for serving as an independent director/auditor as defined by the Tokyo Stock Exchange. However, in accordance with the rule of the firm that he serves, the Company has not submitted notification of the appointment of him as an independent director/auditor.
- 4 Outside Director Mr. Masaichi Nakamura is a certified public accountant and has considerable financial and accounting knowledge.
- 5 The Company has concluded a liability limitation contract with each of its non-executive directors and outside directors with regard to his/her liability under Article 423, Paragraph 1 of the Companies Act, in accordance with the provision of Article 427, Paragraph 1 of the aforementioned law. The maximum amount of liability under the contract shall be the amount prescribed in Article 425, Paragraph 1 of the Companies Act for either a non-executive director or an outside director.
- 6 The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure Directors and Executive Officers, etc. of the Company. The insurance covers any damages that may result from Directors being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. (However, those that fall under the disclaimer stipulated in the insurance contract are excluded.) The insurance premiums are fully borne by the Company.

## 2) Policies for determining the content of Remuneration to Directors, etc.

To date, at the Board of Directors meetings, the Company has been resolving and deliberating on matters equivalent to the decision policy regarding the content of individual remuneration for directors, and stipulates them in the Terumo Corporate Governance Guidelines, which are disclosed externally.

In addition, the Board of Directors will discuss individual remuneration, etc. of directors for the current fiscal year. The method of determining the content of remuneration, etc. and the content of the determined remuneration, etc. are consistent with the decision policy, and it has been confirmed that the report from the Remuneration Committee is respected, and we judge that it is in line with the decision policy.

For the content of the decision policy regarding the content of individual remuneration for directors, please refer to “(11) Determination policy on individual remuneration for Directors” in “2. Corporate Governance Structure” described in Terumo Corporate Governance Guidelines on Page 44 on the Convocation Notice.

Note:

Sales revenue, operating profit and EPS are used as company-wide factors used to calculate Performance-linked remuneration, etc. (bonus) with an aim to enhance the motivation of directors to achieve sustainable growth and annual performance targets as well as to improve their shareholder’s viewpoint and strive for sustainable profits. Furthermore, regarding the performance factors for each director’s business operations, sales revenue and adjusted operating profit of the department(s) as well as goals that are set individually are used (as of March 31, 2022).

(Millions of yen)		
	Beginning-of-period forecast	Performance
Revenue	670,000~680,000	703,300
Operating profit	107,000~113,000	116,000
EPS	3-year moving average growth rate (10-year average) 8.5%	3-year moving average growth rate compared with the previous year 2.7%

### 3) Remuneration to Directors

Category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Number of eligible directors (Persons)
		Basic remuneration	Performance-linked remuneration, etc. (bonuses)	Non-monetary remuneration, etc. (restricted stock)	
Directors (excluding Audit/Supervisory Committee Members) (of which outside officers)	528 (47)	279 (47)	132 (-)	116 (-)	9 (4)
Directors who serve as Audit/Supervisory Committee Members (of which outside officers)	73 (31)	73 (31)	-	-	4 (2)
Total (of which outside officers)	602 (78)	353 (78)	132 (-)	116 (-)	13 (6)

Notes:

- 1 The above includes two directors (including Audit/Supervisory Committee Members) who retired at the conclusion of the 106th Annual General Meeting of Shareholders of the Company held on June 22, 2021.
- 2 The remuneration for directors (excluding Audit/Supervisory Committee Members) of the Company was resolved at the following General Meetings of Shareholders as below.
  - 1) Fixed remuneration, Performance-based bonuses and Stock options as stock-based remuneration: Within 700 million yen per year (at the 104th Annual General Meeting of Shareholders held on June 21, 2019; applicable to eight directors, of whom three were outside directors, at the time of approval)
  - 2) Restricted Stock: Within 200 million yen per year (at the 104th Annual General Meeting of Shareholders held on June 21, 2019, applicable to five directors at the time of approval)
- 3 The remuneration for directors who serve as Audit/Supervisory Committee Members of the Company was resolved at the following General Meeting of Shareholders as below.  
The remuneration for directors who serve as Audit/Supervisory Committee Members: Within 100 million yen per year (at the 100th Annual General Meeting of Shareholders held on June 24, 2015; applicable to three directors, of whom two were outside directors, at the time of approval)

### 4) Whether full-time Audit/Supervisory Committee Members are appointed or not and reasons therefor

The Company has appointed Mr. Takanori Shibazaki as a full-time Audit/Supervisory Committee Member in order to strengthen audit and supervisory functions of the Audit/Supervisory Committee and to enable information gathering from directors (excluding Audit/Supervisory Committee Members), sharing of information at important internal meetings, and sufficient collaboration between the Audit/Supervisory Committee and the Internal Audit Office, the Legal and Compliance Department, and the Internal Control Department.

## 5) Outside Directors

Principal activities in the fiscal year ended March 31, 2022

Name	Position	Main activities and Outside Director and an overview of expected duties, etc.
Yukiko Kuroda	Outside Director	Attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2022; provided opinions, based mainly on her wealth of experience in management and consulting on human resources and organizations, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as the Chair of the Remuneration Committee, the Chair of the Corporate Governance Committee, and a member of the Nomination Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters.
Hidenori Nishi	Outside Director	Attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2022; provided opinions, based mainly on his wealth of experience in management, overseas operations and marketing, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as the Chair of the Nomination Committee and a member of each of the Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters.
Keiya Ozawa	Outside Director	Attended 9 out of 9 meetings of the Board of Directors held since taking office on June 22, 2021; provided opinions from the perspective of his expertise as a doctor and abundant experience cultivated by being involved in business execution as director of a center at a university hospital, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters.

Name	Position	Main activities and Outside Director and an overview of expected duties, etc.
Masaichi Nakamura	Outside Director (Audit/Supervisory Committee Member)	<p>Attended 12 out of 12 meetings of the Board of Directors and 13 out of 13 meetings of the Audit/Supervisory Committee held in the fiscal year ended March 31, 2022; Regarding the Board of Directors, he provided opinions based mainly on his expert knowledge and deep insight as a certified public accountant and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters. Regarding the Audit/Supervisory Committee, based mainly on his wealth of experience and wide range of insights as a certified public accountant, he expresses his opinions from the perspective of ensuring the legality and validity of decision-making regarding the execution of our business as well as monitoring and supervising management.</p>
Soichiro Uno	Outside Director (Audit/Supervisory Committee Member)	<p>Attended 12 out of 12 meetings of the Board of Directors and 13 out of 13 meetings of the Audit/Supervisory Committee held in the fiscal year ended March 31, 2022; Regarding the Board of Directors, he provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters. Regarding the Audit/Supervisory Committee, based mainly on his wealth of experience and wide range of insights as a lawyer, he expresses his opinions from the perspective of ensuring the legality and validity of decision-making regarding the execution of our business as well as monitoring and supervising management.</p>

Attendance at committees

Name	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Yukiko Kuroda Hidenori Nishi Masaichi Nakamura Soichiro Uno	5/5	4/4	9/9
Keiya Ozawa	5/5	3/3	7/7

\* Attendance at advisory committees above for Mr. Keiya Ozawa refers to the meetings he attended after he assumed office on June 22, 2021.

#### **(4) Accounting Auditor**

##### **1) Accounting Auditor's Name**

KPMG AZSA LLC

##### **2) Remuneration etc.**

The Company and its subsidiaries paid the remuneration etc. indicated below to the Accounting Auditor. Regarding the amount of remuneration etc. in i) in the following table, the Audit/Supervisory Committee evaluate the performance status of the accounting audit for the fiscal year ended March 31, 2021, and as a result of checking the audit plan for the fiscal year ended March 31, 2022 and appropriateness of the estimated amount of remuneration, remuneration etc. for the accounting auditor, we judged that it was a reasonable level to maintain and improve audit quality, and thus gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

	Amount paid (millions of yen)
i) Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2022	122
ii) Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	130

Notes:

- 1 Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Law are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2022.
- 2 KPMG AZSA LLC is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") and all the Company's significant subsidiaries are audited by other member firms affiliated with KPMG International.

##### **3) Non-audit Services**

Not applicable.

##### **4) Policy regarding Determination of Dismissal or Non-reappointment of the Accounting Auditor**

In the event that any of the items of Article 340, Paragraph 1, of the Companies Act is deemed to fit the Accounting Auditor, the Audit/Supervisory Committee may dismiss the Accounting Auditor, as necessary, provided all the Audit/Supervisory Committee Members consent to such dismissal.

Regarding reappointment of the Accounting Auditor, the Audit/Supervisory Committee performs comprehensive evaluation of the Accounting Auditor's eligibility, independence, the status of audit quality control, the status of performance of duties, etc. every year. If the Audit/Supervisory Committee judges that the Accounting Auditor should not be reappointed, the committee determines the content of a proposal concerning non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.



## (5) Corporate Governance

Aspiring to continue to be an enterprise earning the trust of society, the Company has established the “Terumo Corporate Governance Guidelines” stated below by the resolution of the Board of Directors.

### Terumo Corporate Governance Guidelines

#### 1. General Provisions

##### (1) Basic Stance on Corporate Governance

- Terumo’s Group mission is “Contributing to Society through Healthcare.” Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners, and communities.
- To guide it in the accomplishment of its Group mission, Terumo has articulated the Core Values, which represent the values and beliefs on which all Terumo associates worldwide should base their actions, as follows:
  - Respect – Appreciative of others
  - Integrity – Guided by our mission
  - Care – Empathetic to patients
  - Quality – Committed to excellence
  - Creativity – Striving for innovation
- Based on its Group mission and the Core Values, Terumo has established these guidelines, which are intended to promote timely decision making while helping maintain transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by exercising accountability toward its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Japan’s Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of “a highly motivating and challenging workplace with open and candid communication,” because Terumo believes a culture of this nature is essential to effective corporate governance.

##### (2) Establishment, Revision and Abolition of the Guidelines

The Corporate Governance Committee shall be responsible for drafting and preparing the initial draft of the Guidelines and for proposing subsequent major revisions to or the abolition of the Guidelines. Adoption, major revision, and abolition of the Guidelines shall be decided by resolution of the Board of Directors.

#### 2. Corporate Governance Structure

##### (1) Organizational Design

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

- [1] Strengthen audit and supervisory functions  
The members of the Audit and Supervisory Committee shall have voting rights in meetings of the Board of Directors.
- [2] Enhance transparency and objectivity in management  
By increasing the proportion of independent directors on the Board, transparency and objectivity in decision making will be enhanced at the Board level by reflecting opinions of the independent directors, which represent the perspective of shareholders and other stakeholders.
- [3] Expedite decision-making process  
By promoting the appropriate delegation of the Board’s authority to directors, group executive officers and/or executive officers, Terumo will further expedite its decision-making process and business development through a shift toward a monitoring-based approach for the Board.

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

##### (2) Board of Directors

###### [1] Roles

- The Board shall strive for optimal decision-making regarding basic management policies with the goal of

maximizing corporate value.

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

[2] Members

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

(3) Audit and Supervisory Committee

[1] Roles

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

- Attend, provide objective and fair opinions and exercise voting rights at Board of Directors meetings
- Attend other important Terumo Group meetings and provide objective and fair opinions
- Prepare audit reports
- Establish and revise audit policies, methods for investigating and reviewing the Company's operations and assets, and other matters related to exercising the authority of the Audit/Supervisory Committee

[2] Members

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

(4) Nomination Committee

[1] Roles

The Nomination Committee shall, as an advisory body to the Board of Directors, deliberate on the matters concerning successors to the president and chairman of Terumo Corporation, which is one of the most important corporate governance duties of the Board, as well as the matters concerning the appointment and dismissal of directors and group executive officers. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(5) Remuneration Committee

[1] Roles

The Remuneration Committee shall, as an advisory body to the Board of Directors, deliberate on the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, matters related to the remuneration for Audit and Supervisory Board members shall not violate the provisions of Article 361 of the Companies Act.

- Matters concerning the remuneration for directors, group executive officers and executive officers (Policy for determining remuneration amount or calculation method thereof)
- Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.

- Independent directors shall account for the majority of Committee members.
- At least one of the representative directors shall be a member of the Committee.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(6) Corporate Governance Committee

[1] Roles

The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.

- Basic matters concerning Corporate Governance
- Important matters concerning the establishment, design, and operation of the corporate governance system
- Other important matters which are highly relevant to corporate governance such as an improvement of corporate system in the fields of the environment and society and efforts to enhance sustainability
- Other matters that the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- At least one of the representative directors shall be a member of the Committee.
- The chair shall be elected from among Committee members who are independent directors by mutual vote of Committee members. However, if the chair is unable to act, one of the other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

(7) Internal Control Committee

[1] Roles

Positioned under the Board of Directors, the Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy."

[2] Members

- The Committee shall be comprised of directors who also serve as group executive officers or executive officers, Internal Control Department managers and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the president and representative director.

(8) Risk Management Committee

[1] Roles

Positioned under the Board of Directors, the Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis, and prioritization across the entire organization.

[2] Members

- The Committee shall be comprised of directors who also serve as group executive officers or executive officers, Internal Control Department managers and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the president and representative director.

(9) Selection/Dismissal of Directors

[1] Selection Policy

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

Candidates for directors shall be selected in accordance with internal regulations, which stipulate the eligibility criteria, including the following:

[Internal directors]

- To have management judgement capacities and management oversight capacities from stakeholders' standpoint

- To have excellent personality, great insight, and high ethical standards
- To have attained sufficient business results or achievements

[Independent directors]

- To be able to contribute to the improvement of corporate governance and management of the Company, and to be able to offer his/her opinions without reserve
- To have extensive experiences in management, international business, the practice of medicine or other specific areas of expertise
- To consider the diversity of independent directors and their backgrounds as far as possible, and their expertise, gender and other characteristics as appropriate

[Independent directors who serve as Audit and Supervisory Committee members]

- To have experience of playing leading roles in the fields of law or accounting with at least one candidate coming from each such field

[2] Selection/Dismissal Procedure

The Nomination Committee shall discuss and propose potential candidates for directors and the appropriateness of each director's reappointment, and present the results of these discussions to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates. If any situation arises which causes a serious concern about the performance of a director's duties, the Committee may immediately propose to the Board of Directors that necessary steps should be taken even during one's term of office.

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

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

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

(10) Selection and Cultivation of Successors to the President

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

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

(11) Determination policy on individual remuneration for Directors

[1] Basic policy and composition

To provide appropriate motivation to enhance corporate value over the medium- to long -term, the remuneration for executive directors shall be determined focusing on (a) appropriate risk-taking by the management and (b) the same profit awareness as shareholders.

To achieve the objective described in (a) above, we set an appropriate balance between fixed remuneration and performance-linked remuneration (bonuses).

To achieve the objective described in (b) above, restricted stocks have been adopted.

Remuneration of other non-executive directors shall be composed only of fixed remuneration.

[2] Remuneration Structure and Components

1) Target Proportions

Remuneration for executive directors shall consist of fixed remuneration, bonuses (standard amount), and restricted stock, the target percentages of which shall be 50%, 30%, and 20% of total combined remuneration, respectively. For higher ranked directors (CEO is the top), the ratios of bonuses and restricted stock to the total amount of remuneration are higher.

2) Remuneration Categories

- Fixed remuneration

To motivate directors to steadily perform their professional duties according to their responsibilities, monthly fixed remuneration is paid. The amount of fixed remuneration is determined according to each director's role and position.

- Performance-linked remuneration (bonuses)  
Annual bonuses are a form of remuneration aimed at motivating directors to achieve sustainable growth and annual performance; therefore, purpose-aligned evaluation factors are adopted. Evaluation factors consist of Companywide factors and the performance factors for each director’s business operations. Annual bonuses are paid to executive directors on certain date and the amounts of bonuses are calculated by multiplying (a) the evaluation index determined based on above evaluation factors by (b) the standard bonus amount set for each position.
- Restricted stock  
For executive directors to share benefits and risks of stock price movements with shareholders and further enhance their desire to contribute to rises in stock prices and the improvement of corporate value, restricted stock is adopted. Restricted stock is allotted to executive directors annually on certain date. Under the concept “sharing awareness of profits with shareholders over the long term,” directors may not transfer to a third-party or otherwise dispose of restricted stock allotted to them for 30 years (or until their retirement from the position of director if earlier). Furthermore, if directors commit fraud or violate laws during their term as director, all or part of their allotted stock will be acquired by the Company without consideration.

[3] Determining Procedure

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

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

- Fixed remuneration: Within the remuneration limit approved at the General Meeting of Shareholders, remuneration for directors, excluding members of the Audit and Supervisory Committee, shall be decided by resolution of the Board of Directors, and remuneration for Audit and Supervisory Committee members shall be decided through discussions among the Audit and Supervisory Committee members.
- Bonuses, restricted stock: Amounts of bonuses and restricted stock are decided by resolution of the Board of Directors, within the director remuneration limit mentioned above, after taking business results, the business environment, and other factors for each year into consideration.

(12) Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations, and duties as a director.

- Internal directors  
At the time of appointment, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director with acquiring the requisite knowledge. After the appointment, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.
- Independent directors  
Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo’s business, organization, and operations necessary to fulfill his or her duties as a director. External training sessions and other sources of information shall be made available if additional knowledge is required or updating is necessary.

(13) Board Evaluation

For the purpose of further improving effectiveness of the Board, the Board of Directors shall conduct the self-evaluation of board effectiveness every year by survey sheets and other means with the involvement of outside experts and disclose a summary of the results.

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

(1) Securing Shareholders’ Rights

In the light of the importance of the shareholders’ rights, Terumo shall not take any action intended to jeopardize the exercise of shareholders’ rights.

- Terumo will strive to ensure that shareholders are allowed to exercise their minority rights under the Companies Act in an efficient manner. This shall include their (a) rights to review the shareholder register and the minutes of the Board of Directors meetings; (b) rights to propose at the General Meeting of Shareholders; and (c) rights to demand an injunction or file a derivative action against directors’ illegal conduct. Terumo shall include the procedures for exercising such rights in its Stock Holding Rules.
- The Board of Directors shall review the agenda of the General Meeting of Shareholders after the conclusion of such

meeting. When a considerable number of votes were cast against an agenda item, even if it was finally approved, the Board of Directors shall analyze the reasons for the opposition and why so many opposing votes were cast. The Board shall discuss how to react, including how Terumo may engage in a dialogue with the shareholders. If a dialogue with shareholders occurs, the details of the dialogue shall be reported to the Board of Directors.

- The Board of Directors may make a decision about a capital policy, which may cause a change of control or significant dilution of the value of shares owned by the current shareholders, only after careful analysis of its necessity and rationale. The Board's analysis shall be based on the understanding that such policy could harm the interests of the current shareholders. The Board shall promptly disclose any such decision it makes and explain clearly to the shareholders and other investors. The disclosure shall include an appropriate explanation of the action and the reasons for it. The Board shall consider the matter from the viewpoint of the Company's stakeholders and, to the extent possible, place the highest weight on the opinions and views of the independent directors.

## (2) General Meeting of Shareholders

Terumo recognizes that the General Meeting of Shareholders is the Company's highest decision-making forum and affords an opportunity to have a constructive dialogue with its shareholders. Accordingly, Terumo shall provide its shareholders with an adequate environment, from the viewpoint of the shareholders, to facilitate the exercise of their rights at the General Meeting of Shareholders.

- The date of the General Meeting of Shareholders should be established on a day, that is not a peak day and morning hours should be avoided so that as many shareholders as possible may attend the meeting.
- A notice of the meeting shall be disseminated approximately three (3) weeks prior to the date of a General Meeting of Shareholders. Contents of a notice of the meeting shall be published on the TD net and the Company's website after the Board of Directors has established the date of the meeting and before the notice of the meeting is disseminated. Any other information which may be reasonably necessary to assist the shareholders in the exercise of their voting and other rights at the meeting shall be properly provided.
- Terumo shall strive to provide an environment that facilitates the exercise of voting rights, which shall include an electronic voting platform for the electronic exercise of the voting rights. In addition, Terumo shall provide an English-language translation of the notice of the meeting to ensure equality of access to information about the meeting among Japanese shareholders and international shareholders alike.

## (3) Basic Strategy for Capital Policy

Terumo strives to enhance corporate value by pursuing investment opportunities aimed at delivering return in excess of capital cost.

Terumo seeks to improve its asset efficiency through the enhancement of business operations and optimize its capital structure taking financial soundness into consideration, and in addition to revenue growth and profit margin improvement, we aim to improve its return on invested capital (ROIC) and return on shareholders' equity (ROE).

Terumo strives for the stable and sustainable improvement of returns for its shareholders.

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

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

## (5) Function as Asset Owner of Corporate Pension Fund

Fund management of Terumo's corporate pension is carried out by Terumo Corporation Pension Fund, a separate corporation.

Terumo consistently assigns personnel from accounting, finance, and human resources departments with specialized expertise in asset management to Terumo Corporation Pension Fund to increase its asset management capabilities and ensure it can deliver its expected function as an asset manager. Moreover, the formulation of investment policies and operational results are monitored through discussion by the Asset Management Committee to enhance asset management activities and guarantee the soundness of these activities.

Terumo also has a system that enables senior managers of majority labor unions to participate in decision-making processes regarding investment policies, etc., from the viewpoint of protecting beneficiaries. We eliminate arbitrariness and manage conflicts of interest between the beneficiaries of the corporate pension and the Company by delegating the selection of individual investees and exercise of our voting rights to individual investment agencies.

(6) Related Party Transactions

To not damage the interests of Terumo and its common shareholders, nor to raise such concern regarding transactions between Terumo and its directors or the third parties they represent, Terumo shall establish a framework as follows.

- Transactions with a risk of conflict of interest  
Any transaction between Terumo and one or more of its directors that may involve an actual or potential conflict of interest shall be reviewed and approved by the Board of Directors in accordance with the Companies Act. This procedure is detailed in the Board regulation. In addition, Terumo reviews on an annual basis if there exists any transaction between Terumo and one or more of its director or a party related to one or more directors (including an affiliate company of the director or the director's related party).
- Transactions with third parties  
The Board of Directors established the Terumo Group Code of Conduct, which all Terumo Group associates are required to follow, The Code demands fairness and transparency in all transactions between Terumo and third parties, including customers, suppliers and shareholders. Violations of these principles should be addressed by Company management through the relevant lines of reporting. Terumo's whistleblower system shall be available to report violations that cannot be addressed through the relevant lines of reporting.

**4. Collaboration with Stakeholders Other than Shareholders**

(1) Code of Conduct

Terumo has established and implemented the "Terumo Group Code of Conduct" by resolution of the Board of Directors. The Code of Conduct includes fundamental principles that articulate Terumo's corporate values, including appropriate collaboration with stakeholders, respect for their values and sound business ethics.

The Legal and Compliance Department shall perform systematic follow-up to embed the Code of Conduct within the Terumo Group and help all associates throughout the world comply with the Code.

The Board of Directors shall require that the Code of Conduct be reviewed and revised as necessary to ensure that it remains up to date and applicable to the current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors.

(2) Sustainability

The Terumo Group aims to achieve both a sustainable society and the Group's sustainable growth. Considering the importance of sustainability, Terumo has established and implemented the "Terumo Group Sustainability Policy" by resolution of the Board of Directors.

(3) Entrenchment of Diversity as a Part of the Corporate Culture

At the Terumo Group, we strive to promote respect for each individual and each different culture. Associates are not allowed to discriminate on the basis of race, nationality, gender, religion, or disability, and violations of human rights of any kind are not permitted. Terumo believes that the diversity of its associates is a powerful engine that will drive its current and future growth. By striving to accept a wide range of differing values and promoting mutual recognition of diversity, Terumo aims to be a place where differing ideas and knowledge can intermingle and thereby generate new value. Having established its Diversity Promotion Department, Terumo works to develop its corporate environment, corporate culture, and awareness so that diverse associates are able to demonstrate their full potential. Under the leadership of top management, Terumo actively promotes the appointment of female and international associates, including at the management level.

(4) Whistle-Blowing System (Compliance Hotline)

Terumo has established a program designed to encourage its associates to raise issues and report concerns about potential violations of laws, regulations and the Terumo Group Code of Conduct. The program features a compliance hotline and other methods of communication and dialogue designed for the early detection and appropriate resolution of the issues raised. Terumo Group associates and external legal professionals with appropriate expertise shall be appointed to monitor and coordinate activities intended to address any items disclosed by a whistle-blower. Terumo shall take appropriate measures to ensure the anonymity of whistle-blowers and shall follow a no-retaliation policy with respect to whistle-blowers. Reports of whistle-blowing activities shall be submitted to the Internal Control Committee, the Board of Directors, and the Audit/Supervisory Committee on a regular basis or as needed. Issues raised through whistle-blowers that could have broad applicability within the Terumo Group shall be shared with other relevant locations, departments, and/or business units, as the case may be. Terumo will strive to implement appropriate measures to prevent the recurrence of the violations and to enhance the awareness of compliance matters within the Terumo Group. Terumo endeavors to expand the whistle-blowing system and its operation because it considers such a system to be an important tool for reducing violations of law and policy, thereby contributing to Terumo's sustainable growth.

## **5. Appropriate Disclosure**

### **(1) Disclosure Policy**

Terumo is committed to disclosing information to its shareholders, investors, customers and others in accordance with the requirements set out in the Financial Instruments and Exchange Law and the Timely Disclosure Rules of the Tokyo Stock Exchange based on the principles of transparency, fairness, and consistency. Terumo also endeavors to disclose, in a timely and proactively manner, any appropriate information that may help foster a better understanding of the Company.

### **(2) Dialogue Policy**

Terumo will strive to engage in constructive dialogue with its shareholders and other investors. Terumo will further enhance its transparency and work to develop and maintain the trust of its stakeholders through information disclosure and dialogue. Terumo's policy on disclosure and dialogue with shareholders and other investors is included in the IR Policy found on the Company's website.

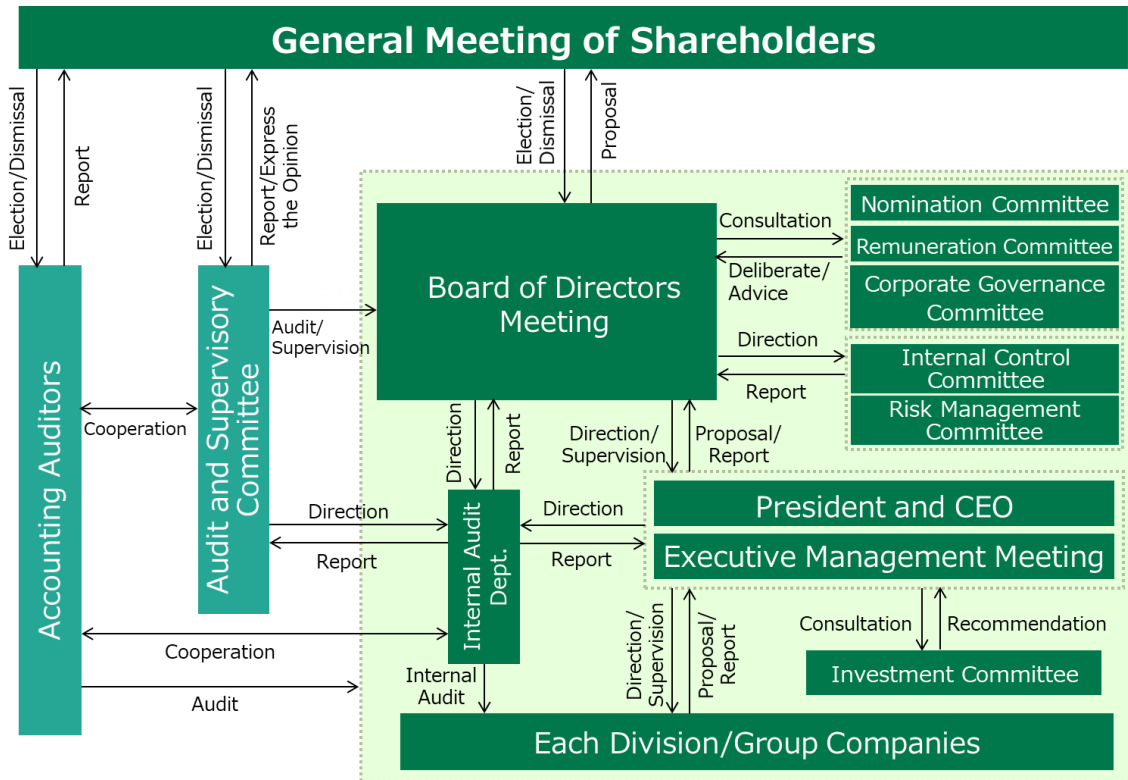
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[Appendix 1]

<Corporate Governance Structure>

- ◆ Audit and Supervisory Committee members are directors and have voting rights in meetings of the Board of Directors.  
The majority of Audit and Supervisory Committee is comprised of independent directors.
- ◆ The Audit and Supervisory Committee audits and supervises the directors and the Board of Directors.



[Appendix 2]

## Director Independence Standards

If any of the following criteria apply, a person shall not qualify as an independent director (an external director with no risk of conflicting interests with general shareholders) of Terumo Corporation and shall be excluded from the candidates for positions as such.

(1) Terumo Group officials

[1] Executive directors, executive officers, Audit and Supervisory Committee members, auditors, and other employees (collectively referred to as the "executive directors, etc." hereinafter) of the Company or any of its direct or indirect subsidiaries (collectively referred to as the "Group" hereinafter).

[2] Persons who have executive directors, etc. of the Terumo Group at any point in the past ten (10) years.

(2) Shareholders

[1] Holders of large numbers of shares of Terumo stock (owning ten percent (10%) or more of voting rights; the same shall apply hereinafter.)

[2] When the shareholder referenced in [1] above is a corporate or institutional shareholder, the executive directors, etc. of said company, its parent company, and key subsidiaries (collectively referred to as the "company, etc." hereinafter.)

[3] Executive directors, etc. of the companies or other legal entities in which Terumo Corporation or one of its subsidiaries is currently a major shareholder

(3) Business partners

Executive directors, etc. of the companies, etc. to which any of the following criteria apply:

[1] A company, etc. to which the Terumo Group is the major client (two percent (2%) or more of the annual consolidated revenue of the company, etc. is attributable to the Terumo Group)

[2] A major client of the Terumo Group (two percent (2%) or more of the annual consolidated revenue of the Terumo Group is attributable to the client)

[3] Organizations (for example, foundations, public interest associations, non-profit corporations, etc.) that received donations or subsidies from the Terumo Group exceed a certain amount (average of ¥10 million per year over the past three (3) business years or thirty percent (30%) of total annual expenses of said organization, whichever is larger in amount)

(4) Parties related to personnel exchange

Executive directors, etc. of the companies, etc. which have accepted directors (regardless of whether full-time or part-time) from the Terumo Group

[Appendix 2]

(5) Major lenders

Executive directors, etc. of the companies, etc. that are financial institutions and lenders to the Terumo Group to which the balance of debts exceeds two percent (2%) of the Terumo Group's consolidated total assets.

(6) Outside experts, etc.

A person to whom any of the following apply:

- [1] Presently the accounting auditor, certified public accountant who is an accounting advisor, or partners or employees of the auditing firms for the Terumo Group
- [2] The Terumo Group's accounting auditor, certified public accountant who was an accounting advisor, or partners or employees of the auditing firms and were engaged in auditing the Terumo Group on-site
- [3] Lawyers, certified public accountants, tax accountants, or other consultants that are not otherwise covered under either [1] or [2] above and have received from the Terumo Group on average of ¥10 million or more in cash or other property benefits per year over the past three (3) business years in addition to the executive remuneration
- [4] Law firms, auditing firms, tax accountant corporations, consulting firms or other professional advisory firms that are not otherwise covered under either [1] or [2] above, and partners, associates, or employees of the firms for which the Terumo Group is their major client (i.e., where the average of two percent (2%) or more of the consolidated total sales in the past three (3) years are attributable to the Terumo Group)

(7) Relatives

Relatives (referred to as a spouse, relatives within second degree, or relatives living together) who apply to one of the criteria set forth in [1] - [6] above

(8) Past implications

A person covered under [2] above at any time during the past five (5) years or covered under any of [3] - [6] above in the past three (3) years

(9) Others

Any other person not otherwise covered under any of [1] - [8] above, who due to other circumstances, may have an actual conflict of interest

## Terumo IR Policy

### 1. Basic Policy

To earn trust widely, Terumo is committed to disclosing information to shareholders, investors, and other stakeholders on the basis of transparency, fairness, and continuity. Terumo will strive to disclose information in compliance with the Financial Instruments and Exchange Act and the Timely Disclosure Rules adopted by the Tokyo Stock Exchange and to make timely and proactive efforts to disclose such information as Terumo considers useful for understanding the Company. Terumo will strive to engage in constructive dialogue with shareholders and other investors. Through information disclosure and dialogue with its shareholders and other investors, Terumo will further enhance its transparency as a company and strive to earn and maintain the trust of its stakeholders.

### 2. Information Disclosure Method

Terumo will use the Timely Disclosure Network System (TD net) of the Tokyo Stock Exchange, press releases, and postings on its website to disclose information in a manner designed to reach a wide range of stakeholders in a timely and appropriate manner.

### 3. Forward-Looking Statements

Among the information that Terumo discloses, forecasts of financial performance and future projections contain potential risks and uncertainty because they are forecasts based on projections made by Terumo using the limited information available at the time of disclosure. Accordingly, it should be noted that actual results may differ from such forecasts and projections due to a variety of factors. Factors affecting actual results may include, but are not limited to, changes in economic conditions pertaining to Terumo, fluctuations in foreign exchange rates, and the state of competition.

### 4. Policy for Dialogue with Shareholders and Other Investors

- [1] Appointment of a member of management or a director to be responsible for supervising the 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 the 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 the 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, Corporate Communication Department, the Strategic Planning Department, the Secretarial Office, 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.

[Appendix 3]

[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.

## **(6) Systems to Ensure the Appropriateness of Operations**

The Company has established the “Internal Control System Design Basic Policy” stated below by the resolution of the Board of Directors.

<b>Internal Control System Design Basic Policy</b>
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### **1. System to ensure that the duties of Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation**

- 1) Set forth in the “Terumo Group Code of Conduct” that correct behavior, requiring compliance to laws and ordinances, industry codes, internal rules, and acting according to a high sense of ethics, is indispensable for the practice of the corporate mission; and build a system to perform continuous training and education of directors, executive officers and employees of Terumo Corporation (hereafter “the Company”), and all other equivalent personnel in the group (hereafter “Group Employees”) regarding this Code of Conduct.
- 2) Establish the “Group Internal Control System Policy”, and as the entity responsible for enacting the group Internal Control System, establish the Internal Control Committee, which is chaired by the President and Representative Director. That committee shall build a system to deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit and Supervisory Committee or Audit and Supervisory Committee members selected by the Audit and Supervisory Committee (hereafter “Selected Audit and Supervisory Committee members”).
- 3) In accordance with the provisions of the Financial Instruments and Exchange Act, build a system to ensure the reliability of financial reporting.
- 4) Based on the “Group Internal Control System Policy” and build a system to, in the event that significant compliance violations, etc. occur, create a response team under the direction of the Internal Control Committee Chair, which, in addition to responding and resolving the occurrence, shall report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

### **2. System for retention and management of information related to director performance of duties**

- 1) Establish the “Group Document Management Policy” and build a system to record and retain, as documents or electronic media, information related to director performance of duties, according to document type and importance.
- 2) Establish the “Document Management Standard Manual: Handling Manual for minutes of important meetings,” and build a system to retain the minutes of important official meeting bodies of the Company.
- 3) The Directors and Audit and Supervisory Committee or Selected Audit and Supervisory Committee members (hereafter “Audit and Supervisory Committee etc.”), shall build a system in which this documentation can be viewed at any time.

### **3. Risk management regulations and other systems**

- 1) Establish the “Group Risk Management Policy,” and, as the entity responsible for enacting the Group-wide risk management system, establish a Risk Management Committee, chaired by the President and Representative Director to build a system to report regularly regarding the status of these activities to the Board of Directors and Selected Audit and Supervisory Committee members.

- 2) Build a system for the departments from which business, quality, product safety, disasters, and environment etc.-related risk originate to perform proactive management; and for departments with expertise regarding those risk categories to support and control these risk management activities, taking into account the prioritization of risks which have critical impact on corporate management.

#### **4. System for ensuring efficient director performance of duties**

- 1) Toward achievement of the Mid- to Long-term Growth Strategy and annual plans approved by the Board of Directors, the Executive Management Meeting, Market Product Strategy Meeting, and other specialized bodies composed of the directors and executive officers shall be enacted to build a system in which support, leadership, and oversight is provided to business departments for prompt, appropriate, and efficient performance of duties.
- 2) Establish the “Group Policy on Corporate Authorization System” to build a system to promptly and efficiently perform corporate decision-making.
- 3) Establish the “Group Department Job Description Policy” and other several regulations to provide for the policies of organizational operations and roles of departments performing duties.

#### **5. System for ensuring appropriate work within a group composed of the Company and its subsidiaries.**

- 1) Establish the “Group Companies Management Policy” and other several regulations, to build a system that brings about consistency in the entire group regarding business strategy, allocation of resources, coordination of business fields, risk management, and compliance, while providing support for each group company to voluntarily promote healthy management as a member of the Terumo Group.
- 2) Build a system for risk management at each group company, based on the “Group Risk Management Policy”.
- 3) Based on the “Group Policy on Corporate Authorization System,” build a system in which decision-making is performed at each group company by the approving entity appropriate to the importance of the matter, and which requires that matters of particular importance are approved by the Company or discussed in the Executive Management Meeting or Board of Directors meeting of the Company.
- 4) Establish the “Terumo Group Code of Conduct” as the common group code of conduct, and build a system to disseminate and perform continuous training regarding it to each group company.
- 5) Establish the “Group Policy of Group Policy Management” to build a system for each relevant department to institute group policy regarding important group-wide themes, and disseminate them to each group company.
- 6) Support, promote, and monitor the status of enactment of compliance systems throughout the entire group.
- 7) Build an internal reporting system for when Group Employees become aware of compliance violations etc., in which employees can make reports outside their usual line of authority and are assured that they will not be treated disadvantageously.

#### **6. Internal audit system**

- 1) The Internal Audit Department shall report directly to the President and Representative Director, and conduct and report regarding audits according to the direction of the President. Simultaneously, a system shall be built for reporting to the Board of Directors and Selected Audit and Supervisory Committee members.

- 2) Build a group internal audit system in which the internal audit departments of each region and important subsidiary, and the Internal Audit Department of the headquarters, coordinate.
- 3) Build a system to audit the operational status and effectiveness of the provisions of preceding items 1 through 5, report and make suggestions regarding the results thereof and issues for improvement to the Internal Control Committee or Risk Management Committee, and also confirm the completion of improvements regarding these issues.

**7. Items regarding employees who assist the duties of the Audit and Supervisory Committee**

The Audit and Supervisory Committee Office, consisting of dedicated employees (hereafter “Dedicated Employees”) shall be established as an organization to assist the Audit and Supervisory Committee.

**8. Items related to independence of Dedicated Employees belonging to the Audit and Supervisory Committee Office from directors who are not Audit and Supervisory Committee members**

Selection, performance evaluation, salary, placement, and discipline of Dedicated Employees shall require the prior consent of the Audit and Supervisory Committee. In the selection of Dedicated Employees, candidates' experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit and supervisory functions.

**9. Items for ensuring the effectiveness of direction given from the Audit and Supervisory Committee to Dedicated Employees**

Dedicated Employees shall perform their duties according to the direction and mandates of the Audit and Supervisory Committee etc., and shall not receive direction or mandates from directors who are not Audit and Supervisory Committee members, or any other Group Employees.

**10. System for Group Employees and those receiving reports from such employees (hereafter jointly referred to as “Reporting Personnel”) to report to the Audit and Supervisory Committee**

- 1) In addition to legal items, Reporting Personnel shall make timely and appropriate reports to the Audit and Supervisory Committee etc. according to the “Group Policy on Reports by Directors, Executive Officers and Employees to Audit and Supervisory Committee”
- 2) The Audit and Supervisory Committee etc. shall regularly receive reports on the operation status of, and content of incidents reported under, the internal reporting system established at each group company, and shall give direction and advice as appropriate.

**11. System for ensuring that Reporting Personnel are not treated disadvantageously by reason of making reports**

- 1) In the event that a report has been made by a Group Employees, whether directly or indirectly, to the Audit and Supervisory Committee etc., any human resources-related or other type of disadvantageous treatment by reason of the person having made a report shall be prohibited, and this prohibition shall be thoroughly disseminated to all Group Employees.
- 2) The Audit and Supervisory Committee or its members may require from directors disclosure and explanation of the reasons regarding the placement, performance evaluation, or discipline, etc. of a reporting person.



**12. Items regarding policy for prepayment or reimbursement procedures for expenses related to performing Audit and Supervisory Committee duties, and processing of expenses or liabilities relating to performance of other duties**

- 1) The Audit and Supervisory Committee etc. may invoice the Company for expenses related to performance of their duties, as established by laws and ordinances.
- 2) The Audit and Supervisory Committee etc. may obtain the services of external experts when such are deemed necessary to the performance of their duties. Further, the expenses associated with obtaining these services shall be applicable under 1) above.

**13. System for ensuring that other audits of the Audit and Supervisory Committee are performed effectively**

- 1) The Representative Director shall regularly hold meetings to exchange opinions with Audit and Supervisory Committee.
- 2) Selected Audit and Supervisory Committee members may attend important meetings such as Executive Management Meeting.
- 3) In addition to regular reporting meetings with internal audit departments and with external auditors, the Audit and Supervisory Committee etc. shall hold meetings as necessary with these departments or bodies.

End

## **(7) Status of Operation of Systems to Ensure the Appropriateness of Operations**

The overview of the status of operation of systems to ensure the appropriateness of operations during this fiscal year is stated below.

### **1. System to ensure that the duties by Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation.**

The Company carried out training and education of Group Employees regarding the “Code of Conduct for the Terumo Group”. At quarterly meetings of the Internal Control Committee, important policies related to compliance were deliberated. The Company conducted a compliance questionnaire to all employees in Japan, and confirmed the degree of penetration of the measures. The Company also carried out training and education of Group Employees to achieve thorough understanding regarding the important regulation and standard such as “Group Anti-Corruption and Anti-Bribery Policy”. In addition, the Company used e-learning to thoroughly disseminate the established and revised regulations. In order to enhance a system to ensure the reliability of financial reporting, self-assessment is conducted by the relevant departments. The whistle-blowing system was established as an inside window and an outside window consisting a legal adviser and an outside receptionist, and receive reports widely. Audit and Supervisory Committee member was also as a window for the director’s compliance matters.

### **2. System for retention and management of information related to director performance of duties**

Based on "Group Document Management Policy," the Company is striving to communicate the rules for document storage throughout the Group. Based on “Document Management Standard Manual: Handling Manual for minutes of important meetings”, the Company is retaining and managing minutes of important meetings appropriately.

### **3. Risk Management Regulations and system**

Based on the “Group Risk Management Regulation” and “Group Risk Management Guideline”, the company plans for efficiency and standardization of risk evaluation and correspondence. The Risk Management Committee (2 times) discussed risk mitigation and reduction. Risk management training of the workshop form which had improvement of the risk sensitivity of the associate for its object is being performed online.

### **4. System for ensuring efficient director performance of duties**

The Company ensures efficient performance of duties by directors through meetings of the Board of Directors (12 times), the Executive Management Meeting (17 times), and the Market Product Strategy Meeting (6 times). The Company make decisions rapidly based on the “Group Policy on Corporate Authorization System”.

### **5. System for ensuring appropriate work within a group composed of the Company, its parent company and its subsidiaries**

The reporting system has been established in accordance with the “Group Company Management Policy” and “Group Department Job Description Policy”. The status of operation is monitored. Based on “Group Policy of Group Policy Management”, the Company reviews and maintains observance matters applying to the group.

### **6. System to assist the Company’s Audit and Supervisory Committee with its duties and matters concerning reporting**

The Company has put in place a system to assist the Audit and Supervisory Committee with its duties, including the establishment of the Audit and Supervisory Committee Office, which is independent from directors. Audit and Supervisory

Committee Members share the reports made pursuant to the “Group Policy on Reports by Directors, Executive Officers and Employees to Audit and Supervisory Committee,” the “Audit and Supervisory Committee Regulations,” and the whistle-blowing system. The Company has thoroughly communicated to all Group employees that any person who makes internal reports shall not receive any detrimental treatment through the training and education on the “Code of Conduct for the Terumo Group”.

**(8) Basic Policies regarding the Company’s Control**

\* As stated on Page 1 of this notice of convocation, the Company’s Basic Policies regarding the Company’s Control are posted on the Company’s website.

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**Remarks**

Amounts and numbers of shares stated in this business report are rounded down to the nearest unit, while basic earnings per share, amounts indicated in billions of yen, and percentage figures are rounded to the nearest unit.

## Consolidated Financial Statements

### Consolidated Statement of Financial Position

Fiscal Year 2021 (As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	205,251	Trade and other payables	81,545
Trade and other receivables	135,998	Bonds and borrowings	1,121
Other current financial assets	63	Other current financial liabilities	7,228
Inventories	198,536	Current tax liabilities	14,104
Income taxes receivable	778	Provisions	499
Other current assets	18,086	Other current liabilities	73,222
<b>Total current assets</b>	<b>558,713</b>	<b>Total current liabilities</b>	<b>177,721</b>
<b>Non-current assets</b>		<b>Non-current liabilities</b>	
Property, plant and equipment	333,864	Bonds and borrowings	224,875
Goodwill and intangible assets	514,801	Other non-current financial liabilities	30,297
Investments accounted for using the equity method	4,133	Deferred tax liabilities	12,746
Other non-current financial assets	25,937	Defined benefit liabilities	5,811
Deferred tax assets	20,198	Provisions	113
Other non-current assets	16,043	Other non-current liabilities	9,813
<b>Total non-current assets</b>	<b>914,979</b>	<b>Total non-current liabilities</b>	<b>283,658</b>
		<b>Total liabilities</b>	<b>461,379</b>
		<b>EQUITY</b>	
		Share capital	38,716
		Capital surplus	51,921
		Treasury shares	(6,229)
		Retained earnings	846,978
		Other components of equity	80,926
		Total equity attributable to owners of the parent	1,012,313
		<b>Total equity</b>	<b>1,012,313</b>
<b>Total assets</b>	<b>1,473,693</b>	<b>Total liabilities and equity</b>	<b>1,473,693</b>

## Consolidated Statement of Profit or Loss

Fiscal Year 2021 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account item	Amount
Revenue	703,303
Cost of sales	333,962
<b>Gross profit</b>	<b>369,341</b>
Selling, general and administrative expenses	250,891
Other income	2,500
Other expenses	4,990
<b>Operating profit</b>	<b>115,960</b>
Finance income	1,062
Finance costs	2,961
Share of profit (loss) of investments accounted for using the equity method	440
<b>Profit before tax</b>	<b>114,501</b>
Income tax expenses	25,687
<b>Profit for the year</b>	<b>88,813</b>
<b>Attributable to:</b>	
Owners of the parent	88,813
<b>Total profit for the year</b>	<b>88,813</b>

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

Fiscal Year 2021 (As of March 31, 2022)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>347,708</b>	<b>Current liabilities</b>	<b>296,368</b>
Cash and deposits	98,290	Notes payable-trade	912
Notes receivable-trade	129	Accounts payable-trade	40,850
Accounts receivable-trade	108,135	Electronically recorded obligations-operating	10,976
Merchandise and finished goods	44,097	Short-term loans payable	205,933
Work in process	7,731	Lease obligations	140
Raw materials and supplies	16,795	Accounts payable-other	15,250
Prepaid expenses	2,961	Accrued expenses	3,243
Short-term loans receivable	58,749	Income taxes payable	7,754
Other	11,349	Deposits received	231
Allowance for doubtful accounts	(532)	Provision for bonuses	5,506
<b>Noncurrent assets</b>	<b>935,009</b>	Provision for directors' bonuses	132
Property, plant and equipment	99,980	Notes and accounts payable-facilities	4,472
Buildings	35,781	Other	963
Structures	1,538	<b>Noncurrent liabilities</b>	<b>220,937</b>
Machinery and equipment	23,701	Bonds payable	30,000
Vehicles	87	Long-term loans payable	189,858
Tools, furniture and fixtures	8,996	Lease obligations	196
Land	18,398	Long-term guarantee deposited	436
Lease assets	337	Provision for directors' retirement benefits	3
Construction in progress	11,138	Other	442
Intangible assets	27,115	<b>Total liabilities</b>	<b>517,306</b>
Leasehold right	768	<b>(Net assets)</b>	
Software	25,946	<b>Shareholders' equity</b>	<b>762,127</b>
Goodwill	21	Capital stock	38,716
Customer relationships	44	Capital surplus	52,198
Other	334	Legal capital surplus	52,103
Investments and other assets	807,913	Other capital surplus	94
Investment securities	8,324	Retained earnings	677,441
Stocks of subsidiaries and affiliates	674,710	Legal retained earnings	3,297
Investments in capital of subsidiaries and affiliates	21,675	Other retained earnings	674,144
Long-term loans receivable from subsidiaries and affiliates	79,474	Reserve for reduction entry	458
Long-term prepaid expenses	3,429	General reserve	82,900
Deferred tax assets	9,887	Retained earnings brought forward	590,786
Other	10,411	Treasury shares	(6,229)
		<b>Valuation and translation adjustments</b>	<b>2,577</b>
		Valuation difference on available-for-sale securities	2,577
		<b>Subscription rights to shares</b>	<b>707</b>
<b>Total assets</b>	<b>1,282,718</b>	<b>Total net assets</b>	<b>765,412</b>
		<b>Total liabilities and net assets</b>	<b>1,282,718</b>

## Non-consolidated Statements of Income

Fiscal Year 2021 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>341,364</b>
<b>Cost of sales</b>		<b>197,997</b>
<b>Gross profit</b>		<b>143,366</b>
<b>Selling, general and administrative expenses</b>		<b>83,937</b>
<b>Operating income</b>		<b>59,429</b>
<b>Non-operating income</b>		<b>21,300</b>
Interest income	1,305	
Dividends income	16,451	
Royalty income	2,834	
Foreign exchange gains	184	
Other	524	
<b>Non-operating expenses</b>		<b>1,347</b>
Interest expenses	1,273	
Other	74	
<b>Ordinary income</b>		<b>79,382</b>
<b>Extraordinary income</b>		<b>11</b>
Gain on sales of noncurrent assets	11	
<b>Extraordinary loss</b>		<b>544</b>
Loss on disposal of noncurrent assets	284	
Loss on valuation of investment securities	260	
<b>Income before income taxes</b>		<b>78,849</b>
<b>Income taxes</b>		<b>16,057</b>
Income taxes-current	14,046	
Income taxes-deferred	2,010	
<b>Profit</b>		<b>62,791</b>