To Our Shareholders:

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

NOTICE OF CONVOCATION OF
THE 105TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially notified of the 105th Annual General Meeting of Shareholders of Terumo Corporation (the “Company”) to be held as described below.

We have decided to hold this meeting with appropriate infection prevention measures in place in order to prevent the spread of the novel coronavirus (COVID-19) infection. However, 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 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 Wednesday, June 24, 2020.

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.

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.mufg.jp/

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

The Company’s website: https://www.terumo.co.jp/
1. **Date and Time:** Thursday, June 25, 2020, 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 105th Term (from April 1, 2019, to March 31, 2020)
   2. Non-consolidated Financial Statements for the 105th Term (from April 1, 2019, to March 31, 2020)

   **Matters to be resolved:**
   - **Proposal 1:** Appropriation of Surplus
   - **Proposal 2:** Election of 8 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)
   - **Proposal 3:** 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. Please see page 7 of the Japanese version of this document for measures to prevent the spread of infection.
- 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 at https://www.terumo.co.jp/
- Please note that we will be in light clothing at the 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 14 yen per share be paid out as described below. As a result, the annual dividends for the year, including the interim dividend of 14 yen, will amount to 28 yen per share, an increase of 1 yen from the previous year. (*)

* In consideration of the two-for-one stock split on April 1, 2019, the annual dividends for the previous year will be 27 yen per share.

(1) Type of dividend property
  Cash

(2) Allocation of dividend property and total amount thereof
  14 yen per share of common stock of the Company
  Total amount of dividends: 10,531,977,554 yen

(3) Effective date of dividends from surplus
  Friday, June 26, 2020
Proposal 2:  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.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Attribute</th>
<th>Current positions and responsibilities at the Company</th>
<th>Number of years in office</th>
<th>Ratio of attendance at the Board of Directors’ meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Takayoshi Mimura</td>
<td>Reappointed</td>
<td>Chairman of the Board</td>
<td>17</td>
<td>13/13</td>
</tr>
<tr>
<td>2</td>
<td>Shinjiro Sato</td>
<td>Reappointed</td>
<td>President and CEO</td>
<td>6</td>
<td>13/13</td>
</tr>
<tr>
<td>3</td>
<td>Toshiaki Takagi</td>
<td>Reappointed</td>
<td>Director and Senior Managing Executive Officer/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., CIO Office, IT Planning Dept., Terumo Medical Pranex, and Intellectual Property Dept.</td>
<td>10</td>
<td>13/13</td>
</tr>
<tr>
<td>4</td>
<td>Shoji Hatano</td>
<td>Reappointed</td>
<td>Director and Managing Executive Officer/Responsible for Corporate Affairs, Legal and Compliance Dept., Japanese Sales Management Dept., Call Center, Procurement Dept., Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., and Environmental Management Dept.</td>
<td>4</td>
<td>13/13</td>
</tr>
<tr>
<td>5</td>
<td>Kyo Nishikawa</td>
<td>Reappointed</td>
<td>Director and Senior Executive Officer/Chief Human Resources Officer (CHRO)/ Responsible for Human Resources Dept., India and Asia Pacific Region, Global Human Resources Dept., Human Resources Development Dept., and Diversity Promotion Dept.</td>
<td>1</td>
<td>10/10</td>
</tr>
<tr>
<td>6</td>
<td>Ryuzo Ueda</td>
<td>Outside Independent</td>
<td>Outside Director</td>
<td>5</td>
<td>12/13</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Attribute</td>
<td>Current positions and responsibilities at the Company</td>
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</tr>
<tr>
<td>7</td>
<td>Yukiko Kuroda</td>
<td>Reappointed Outside Independent</td>
<td>Outside Director</td>
<td>2</td>
<td>13/13</td>
</tr>
<tr>
<td>8</td>
<td>Hidenori Nishi</td>
<td>Newly appointed Outside Independent</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Notes:
1. 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, 2020.
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. The Company appointed Dr. Ryuzo Ueda and Ms. Yukiko Kuroda 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. Furthermore, with regards to Mr. Hidenori Nishi, if his election is approved as proposed, he will be registered as an independent director/auditor with the Exchange.
4. In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Dr. Ryuzo Ueda and Ms. Yukiko Kuroda 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. Furthermore, with regards to Mr. Hidenori Nishi, if his election is approved as proposed, the Company intends to enter into the liability limitation contract with him.
5. No material conflict of interest exists between the Company and any of the candidates for director.
6. “Ratio of attendance at the Board of Directors’ meetings” above for Mr. Kyo Nishikawa refers to the meetings he attended after he assumed office on June 21, 2019.
7. Mr. Hidenori Nishi is an Outside Director of NAGASE & CO., LTD., but he is scheduled to retire at the conclusion of the company’s Annual General Meeting of Shareholders, which will be held in late June 2020.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
</table>
| 1   | Takayoshi Mimura (June 18, 1953) | April 1977 Joined the Company  
June 2002 Executive Officer  
June 2003 Director and Executive Officer  
June 2004 Director and Senior Executive Officer  
June 2007 Director and Managing Executive Officer  
April 2008 Group President of General Hospital Business Group  
Responsible for Domestic Sales Dept.  
June 2009 Regional Representative, China and Asia  
April 2010 Regional Representative, China  
June 2010 Director and Senior Managing Executive Officer  
August 2011 President and CEO, Terumo (China) Holding Co., Ltd.  
December 2011 Regional Representative, China  
April 2014 Responsible for Terumo Call Center  
April 2017 Chairman of the Board (present) | 51,472 |

**Reasons for selection of the candidate for director**

- Mr. Takayoshi Mimura previously served in positions including Group President of General Hospital Business Group and Regional Representative, China. Since 2017 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.

February 1999 Joined Arthur Andersen Business Consulting (currently PwC Japan Group)  
June 2004 Joined the Company  
June 2010 Executive Officer, General Manager of Strategic Planning Dept.  
October 2011 Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company)  
June 2012 Senior Executive Officer  
June 2014 Director and Senior Executive Officer  
April 2015 Director and Managing Executive Officer  
April 2017 President and CEO (present) | 38,480 |

**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.
<table>
<thead>
<tr>
<th>No.</th>
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<th>Number of shares of the Company held</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Toshiaki Takagi</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(March 24, 1958)</td>
<td>April 1981 Joined the Company</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>April 2004 Factory Manager of Ashitaka Factory</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>April 2008 Factory Manager of Ashitaka Factory and Suruga Factory</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>June 2008 Executive Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2009 General Manager of R&amp;D Headquarters</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2010 Director and Senior Executive Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., (present) and Environmental Management Dept.</td>
<td>31,337</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2015 Responsible for Terumo Call Center</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>July 2015 Chief Quality Officer (CQO)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2016 Director and Managing Executive Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2017 Responsible for Production Dept. (present) and Procurement Dept.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2018 Director and Senior Managing Executive Officer (present) Responsible for Intellectual Property Dept. and Terumo Medical Pranex (present)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2020 Responsible for Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept., CIO Office, and IT Planning Dept. (present)</td>
<td></td>
</tr>
</tbody>
</table>

### Reasons for selection of the candidate for director

Mr. Toshiaki Takagi previously served in positions including Factory Manager, General Manager of R&D Headquarters, and Chief Quality Officer (CQO) of the Company. Since 2018, he has been serving as Director and 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 contributing to enhancement of the global production and quality assurance system. 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.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
</table>
| 4   | Shoji Hatano (July 27, 1959) | April 1983: Joined the Company  
June 2009: Executive Officer, General Manager of Secretarial Office, General Manager of Corporate Communication Dept.  
October 2011: General Manager of Strategic Planning Dept.  
June 2012: Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.  
April 2015: Managing Executive Officer  
July 2015: Vice President, General Hospital Company (concurrent position)  
January 2016: Senior Vice President, General Hospital Company  
April 2016: President, General Hospital Company  
June 2016: Director and Managing Executive Officer (present)  
January 2017: Division President, Hospital Systems Division, General Hospital Company  
April 2020: Responsible for Corporate Affairs Dept., Legal and Compliance Department, Japanese Sales Management Dept., Call Center, Procurement Dept., Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., and Environmental Management Dept. (present) | 15,741 |

**Reasons for selection of the candidate for director**

Mr. Shoji Hatano previously served in positions including General Manager of Corporate Communication Dept., Strategic Planning Dept. and President of General Hospital Company of the Company. Since 2016 he has been serving as Director and 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.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Kyo Nishikawa (June 1, 1959)</td>
<td>April 1982: Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)&lt;br&gt;April 2002: Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)&lt;br&gt;April 2008: General Manager, Hong Kong Branch&lt;br&gt;April 2010: Executive Officer&lt;br&gt;June 2010: Executive Officer of the Company&lt;br&gt;General Manager, International Business Division&lt;br&gt;March 2012: Regional Representative, Eastern Europe, Russia, Middle East and Africa&lt;br&gt;Managing Director and BOD Chairman, Terumo Europe N.V.&lt;br&gt;April 2018: Senior Executive Officer&lt;br&gt;Chief Human Resources Officer (CHRO)&lt;br&gt;Responsible for Human Resources Dept., and Human Resources Development Dept. (present)&lt;br&gt;June 2019: Director and Senior Executive Officer (present)&lt;br&gt;April 2020: Responsible for India and Asia Pacific Region, Global Human Resources Dept., and Diversity Promotion Dept. (present)</td>
<td>10,950</td>
</tr>
</tbody>
</table>

Reasons for selection of the candidate for director

Mr. Kyo Nishikawa previously served in positions including General Manager, International Business Division and Regional Representative, Eastern Europe, Russia, Middle East and Africa of the Company. Since 2019, he has been serving as Director and Senior 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 lead further development of the Terumo Group. Therefore, the Company proposes his election for the position of director.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
</table>
| 6   | Ryuzo Ueda (September 20, 1944) | April 1969 Clinical Fellow, Nagoya University School of Medicine  
September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York  
September 1980 Senior Research Staff, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute  
April 1988 Chief, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute  
September 1995 Professor, Second Department of Internal Medicine, Nagoya City University Medical School  
April 2003 President, Nagoya City University Hospital  
April 2008 Director-General, Nagoya City Hospital Bureau  
April 2010 Professor Emeritus, Nagoya City University (present)  
Senior Advisor to the Board, Nagoya City University  
Adjunct Professor, Nagoya City University Graduate School of Medical Sciences  
May 2011 Director, Health and Medical Care Promotion  
July 2011 Director, Foundation for Promotion of Cancer Research (present)  
April 2012 Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine (present)  
January 2013 Councilor, Aichi Medical University  
June 2015 Outside Director of the Company (present)  
November 2015 External Director, Japanese Foundation for Cancer Research (present)  
May 2016 Visiting Professor, Nagoya City University (present)  
June 2018 Board Chairman, Research Foundation for Oriental Medicine (present)  
November 2018 Designated Professor, Nagoya University Graduate School of Medicine (present) | 3,509 |

**Reasons for selection of the candidate for outside director**

Dr. Ryuzo Ueda has expert knowledge, as attested by his research achievements in the field of cancer treatment, and a wealth of experience gained through the execution of his duties in positions including the President of the Nagoya City University Hospital and the Director-General of the Nagoya City Hospital Bureau. The Company proposes his election for the position of outside director because the Company wishes him to utilize his knowledge and experience in the management and supervision of the Company. For these reasons, the Company deems that Dr. Ueda will duly execute his duties as an outside director.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
</table>
| 7   | Yukiko Kuroda (September 24, 1963) | **<Candidate for outside/independent director>**  
April 1986 | Joined Sony Corporation  
January 1991 | President, People Focus Consulting  
June 2010 | Outside Audit & Supervisory Board Member, Astellas Pharma Inc.  
March 2011 | Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation) (present)  
April 2012 | Founder and Director, People Focus Consulting (present)  
June 2013 | External Director, Marubeni Corporation  
June 2015 | Outside Director, Mitsui Chemicals, Inc. (present)  
June 2018 | Outside Director of the Company (present)  
           | Outside Director, Seven Bank, Ltd. (present) | 309 |

**Reasons for selection of the candidate for outside director**  
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.

| 8   | Hidenori Nishi (January 6, 1951) | **<Newly appointed>**  
**<Candidate for outside/independent director>**  
April 1975 | Joined Kagome Co., Ltd.  
June 2000 | Director, Kagome Co., Ltd.  
June 2005 | Director & Managing Executive Officer, Kagome Co., Ltd.  
June 2008 | Director & Senior Managing Executive Officer, Kagome Co., Ltd.  
April 2009 | President & Representative Director, Kagome Co., Ltd.  
January 2014 | Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd.  
June 2014 | Outside Director, NAGASE & CO., LTD. (present)  
March 2016 | Chairman of the Board of Directors, Kagome Co., Ltd.  
June 2019 | Outside Director, FUJI OIL HOLDINGS INC. (present) |

**Reasons for selection of the candidate for outside director**  
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 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.
Proposal 3: 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.

<table>
<thead>
<tr>
<th>Name (Date of birth)</th>
<th>Career summary, positions and responsibilities at the Company, and significant concurrent positions</th>
<th>Number of shares of the Company held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koichi Sakaguchi (September 10, 1950)</td>
<td>April 1979 Admitted to the bar in Japan September 2000 Judge, Tokyo District Court April 2006 Judge (Department Manager), Mito District Court August 2012 Judge (General Manager), Kawagoe Branch, Saitama District/Family Court (Chief Judge) September 2013 Director, Akita District/Family Court November 2015 Registered as attorney-at-law Joined KATO Sogo Law Office (currently Ginga Law Office) (present) June 2016 Substitute Outside Director (Audit/Supervisory Committee Member) of the Company (present) External Corporate Auditor, Morinaga &amp; Co., Ltd. (present)</td>
<td>-</td>
</tr>
</tbody>
</table>

Reasons for selection of the candidate for substitute outside director who serves as an Audit/Supervisory Committee Member

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 improving the audit system 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.

Notes:
1. If Mr. 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.
2. 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.
3. No material conflict of interest exists between the Company and Mr. Koichi Sakaguchi.
(Reference) Director Independence Standards

If any of the following applies, the Company cannot recognize the candidate as an independent outside director (referred to as an external director with no risk of conflicting interests with general shareholders), and the candidate will be excluded from the scope of election.

(1) Terumo Group officials

[1] Executive directors, executive officers, Audit/Supervisory Committee members, 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 were executive directors, etc. in 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 major client of the Terumo Group (where two percent (2%) or more of annual consolidated sales of the Terumo Group are attributable to the client).

[2] The Terumo Group is the major client (where the Terumo Group paid two percent (2%) or more of the annual consolidated revenue).

[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 JPY 10M per year in 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 full-time or part-time) from the Terumo Group.

(5) Major lenders

Executive directors, etc. of the companies, etc. that are financial institutions that are lenders to the Terumo Group if 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 JPY 10 million or more in cash or other property benefits per year over the past three (3) years in addition to the executive compensation

[4] Law firms, audit 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


(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.
1. Overview of the Group

(1) Business Progress and Results

Terumo Group is striving to achieve sustainable growth based on its Mid- to Long-term Growth Strategy that was announced in December 2016 and covers five years starting from fiscal 2017. The environment surrounding healthcare is undergoing major changes, such as the transformation of conventional healthcare through digital technology, in addition to an increasing global pressure to curb healthcare costs. Under such conditions, in fiscal 2019, Terumo set three key objectives, “Increase, advance, and optimize global operational capabilities,” “Aggressively adopt new technologies and solutions,” and “Take specific actions to advance regional strategies.”

As for actions in “Increase, advance, and optimize global operational capabilities” domestically, in order to expand its alliance business with pharmaceutical companies, a production facility for pre-filled syringes at Terumo Yamaguchi D&D Corp., in which an investment of about 7.0 billion yen was made in fiscal 2018, was completed, and the Company decided to invest another approximately 2.0 billion yen in fiscal 2019. Overseas, in order to expand alliance business and production facilities of the TIS (Intervention) business, a decision was made for an investment of EUR 26 million in Terumo Europe N.V. (Belgium). At the factories in Vietnam, in addition to making a decision to invest about 15.0 billion yen over the next 5 years in order to further strengthen the production system for intervention products of the TIS business, we are also working on expanding the production capacity of the Blood and Cell Technologies Company. Furthermore, the Chief Manufacturing Officer (CMO) position was established in hopes of facilitating labor saving, cost reductions, and the automation of production across the boundaries of businesses and regions. In terms of the regulatory affairs, we strive to strengthen quality systems in preparation for the adoption of new regulation in Europe, Medical Device Regulation (EU-MDR).

In “Aggressively adopt new technologies and solutions” with regards to TIS business, joint research for percutaneous coronary intervention utilizing artificial intelligence (AI) has begun with Kikuna Memorial Hospital. Through this research, AI technology to improve the quality and efficiency of percutaneous coronary intervention will be developed with the aim of practical implementation around 2023. In the Hospital Systems business, Terumo launched Fentanyl injection, a narcotic analgesic, and Fentanyl Citrate Tape for 1 Day Use, a strong opioid analgesic with transdermal delivery. We aim for further contribution to pain management via enhancing our product lineup. Furthermore, in the Blood and Cell Technologies Company, the new software for Trima Accel, a component collection system, has been released to numerous countries around the world. We expect to expand the scope of blood donors and improve blood collection efficiency by providing a feature that calculates the adequate blood volume to be collected based on donor’s blood volume and automatically makes necessary adjustment.

In terms of “Take specific actions to advance regional strategies,” unique strategies are being developed in the U.S. and China. The Company selectively expanded its product portfolio of therapeutic devices in the large U.S. market. In the TIS business, exclusive sales rights were acquired from Orchestra BioMed, Inc. for sirolimus-eluting balloons, which are utilized in percutaneous coronary intervention. Clinical trials will be initiated from 2020, and within several years, the Company is aiming to acquire manufacturing and marketing approval in the U.S., ahead of other companies. In the Vascular Graft business, the Company acquired Aortica Corp., which possesses software technology to design custom-made stent grafts. The Company will work to contribute to individualized medical solutions adequate for each patient with thoracic aortic aneurysm, in addition to the broad range of aortic treatment solutions already in possession.

In China, where significant market growth is expected, we are promoting local strategy considering regional characteristics. Essen Technology (Beijing) Co., Ltd., an enterprise specialized in drug-eluting stents (DES) which was acquired in Fiscal 2018, had a promising start. Going forward, we will accelerate growth in the Chinese market by expanding the lineup of intervention products made in China.

Revenue for the year under review was 628.9 billion yen, an increase of 4.9% year on year, reflecting favorable performance of the TIS, Neurovascular and Alliance businesses, although the Company was
affected by the Japanese government’s revision of NHI reimbursement prices in the second half of the year and also by the spread of COVID-19 infections mainly in China in the fourth quarter. Operating profit increased 3.7% year on year to 110.6 billion yen due to an increase in gross profit, despite an increase in selling, general and administrative expense, especially research and development expenses. Profit for the year attributable to owners of the parent increased 7.2% year on year to 85.2 billion yen because of the positive impact of changes in profit composition by regions with different tax rates.
## Assets and Income

(Millions of yen, unless otherwise stated)

<table>
<thead>
<tr>
<th></th>
<th>102nd term Fiscal 2016 From April 1, 2016 to March 31, 2017</th>
<th>103rd term Fiscal 2017 From April 1, 2017 to March 31, 2018</th>
<th>104th term Fiscal 2018 From April 1, 2018 to March 31, 2019</th>
<th>105th term Fiscal 2019 From April 1, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>514,164</td>
<td>587,775</td>
<td>599,481</td>
<td>628,897</td>
</tr>
<tr>
<td>Operating profit</td>
<td>87,777</td>
<td>108,552</td>
<td>106,637</td>
<td>110,611</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>74,881</td>
<td>106,630</td>
<td>102,709</td>
<td>106,466</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>54,891</td>
<td>91,201</td>
<td>79,287</td>
<td>85,037</td>
</tr>
<tr>
<td>Profit for the year attributable to owners of the parent</td>
<td>55,003</td>
<td>91,295</td>
<td>79,470</td>
<td>85,211</td>
</tr>
<tr>
<td>Basic earnings per share (yen)</td>
<td>76.15</td>
<td>129.56</td>
<td>108.70</td>
<td>113.96</td>
</tr>
<tr>
<td>Total equity</td>
<td>491,522</td>
<td>550,435</td>
<td>698,113</td>
<td>754,883</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,022,262</td>
<td>1,081,045</td>
<td>1,120,790</td>
<td>1,241,355</td>
</tr>
<tr>
<td>ROE (Return on equity attributable to owners of the parent) (%)</td>
<td>11.1</td>
<td>17.5</td>
<td>12.7</td>
<td>11.7</td>
</tr>
<tr>
<td>ROA (Return on assets) (%)</td>
<td>5.8</td>
<td>8.7</td>
<td>7.2</td>
<td>7.2</td>
</tr>
</tbody>
</table>

(Reference) Adjusted operating profit 122,128 million yen 754,883 million yen

Notes:
1. The Company has adopted IFRS from the 103rd term. For the 102nd term, converted figures based on IFRS are shown.
2. Net income per share and basic earnings per share are calculated based on the average number of shares outstanding during the period less treasury stock.
3. The Company conducted a two-for-one stock split for its common stock, effective April 1, 2019. “Net income per share/Basic earnings per share” was calculated on the assumption that the stock split had been carried out at the beginning of the 102nd term.
4. 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
5. ROA is calculated as follows.
   Profit for the year attributable to owners of the parent + total assets (term average)
6. Provisional accounting treatment concerning business combination was finalized during the 104th term, and the finalized treatment was reflected in relevant figures of the 103rd term based on IFRS.
Sales by Geographic Segment

<table>
<thead>
<tr>
<th>Item</th>
<th>104th term Fiscal 2018</th>
<th>105th term Fiscal 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From April 1, 2018 to March 31, 2019</td>
<td>From April 1, 2019 to March 31, 2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>Ratio (%)</td>
<td>Amount</td>
</tr>
<tr>
<td>Japan</td>
<td>188,468</td>
<td>31.4</td>
<td>196,339</td>
</tr>
<tr>
<td>Europe</td>
<td>120,368</td>
<td>20.1</td>
<td>121,128</td>
</tr>
<tr>
<td>Americas</td>
<td>175,646</td>
<td>29.3</td>
<td>191,388</td>
</tr>
<tr>
<td>Asia &amp; Others</td>
<td>114,998</td>
<td>19.2</td>
<td>120,040</td>
</tr>
<tr>
<td>Total</td>
<td>599,481</td>
<td>100.0</td>
<td>628,897</td>
</tr>
</tbody>
</table>
Cardiac and Vascular Company

In Japan, the imaging domain in the TIS business and products for the treatment of acute ischemic stroke in the Neurovascular business performed well. Overseas, although there was a slowdown mainly in the TIS business in China due to the spread of COVID-19 infections in the fourth quarter, WEB, the intrasaccular aneurysm treatment device in the Neurovascular business, propelled sales.

As a result, revenue in the Cardiac and Vascular Company totaled 350.6 billion yen, an increase of 6.7% year on year.

Principal products

<table>
<thead>
<tr>
<th>Item</th>
<th>Principal products</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIS (Intervention) business</td>
<td>Guide wires for angiography, angiographic catheters, introducer sheath, vascular closure devices, PTCA balloon catheters, coronary artery stents, stents used in the treatment of peripheral artery disease, intravascular ultrasound system, intravascular ultrasound catheter, etc.</td>
</tr>
<tr>
<td>Neurovascular business</td>
<td>Coils and stents for the treatment of cerebral aneurysms, aspiration catheters and clot retrievers for treating ischemic stroke, etc.</td>
</tr>
<tr>
<td>Cardiovascular business</td>
<td>Oxygenators, heart-lung machines, etc.</td>
</tr>
<tr>
<td>Vascular Graft business</td>
<td>Vascular grafts, stent grafts</td>
</tr>
</tbody>
</table>
General Hospital Company

The Hospital Systems business enjoyed favorable results for AdSpray, the adhesion barrier and Fentanyl injection, the narcotic analgesic launched in Japan in September 2019, and demand for hand sanitizers and thermometers increased due to the spread of COVID-19 infections in the fourth quarter. In addition, the alliance business with pharmaceutical manufacturers expanded steadily.

As a result, revenue in the General Hospital Company was 171.0 billion yen, an increase of 3.1% year on year.

Principal products

<table>
<thead>
<tr>
<th>Item</th>
<th>Principal products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Systems business</td>
<td>Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, analgesics, nutrients, adhesion barrier, blood glucose monitoring systems, digital blood pressure monitors, digital thermometers, etc.</td>
</tr>
<tr>
<td>Alliance business</td>
<td>Contract manufacturing of prefilled syringe products, products for pharmaceutical companies (prefillable syringes, needles for pharma packaging business, etc.)</td>
</tr>
</tbody>
</table>
Blood and Cell Technologies Company

Despite the negative impact of exchange rates in Europe and emerging countries, sales were strong globally due to the introduction of new software for automated blood component collection systems.

As a result, revenue in the Blood and Cell Technologies Company increased 2.1% year on year to 107.2 billion yen.

Note:
As of May 1, 2020, “Blood Management Company” was renamed as “Blood and Cell Technologies Company.” The purpose of the name change is to further clarify a wide variety of business areas covered by the Company, ranging from businesses for blood centers focusing on blood component collection systems and blood bags for whole blood collection to therapeutic apheresis for leukemia and autoimmune diseases and technologies for cell therapy such as cell collection, treatment, and culturing. Going forward, we will strive to accelerate further growth based on advanced technologies for handling blood and cells.

Principal products

<table>
<thead>
<tr>
<th>Item</th>
<th>Principal products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blood and Cell Technologies</td>
<td>Blood bags, automated blood component collection system, automated blood component processing system, pathogen reduction technology system, centrifugal apheresis system, cell expansion system, etc.</td>
</tr>
</tbody>
</table>
Research and Development

Cardiac and Vascular Company
The Company began the sales of Misago, stent for the treatment of peripheral artery disease, with long specifications which can reach from the arteries in the wrist to lesions in the leg newly added, from October 2019 in the U.S. Compared with the insertion technique from the groin, an approach method from wrist such as this can be expected to yield a shorter hospital stay and a reduced risk of postoperative bleeding from the postoperative catheter insertion point. Regarding therapeutic areas for acute ischemic stroke, sales began from September 2019 in Japan for the “SOFIAFLOW Plus” aspiration catheter for blood clots. Furthermore, in cerebral aneurysm treatments, WEB intrasaccular aneurysm treatment device which is a new option for wide neck bifurcation aneurysms started full-scale distribution from April 2019 in the U.S. and is scheduled to begin sales in Japan during fiscal 2020. Additionally, the FRED flow diverter began sales in January 2020 in the U.S. and April 2020 in Japan. We will continue our product development that will lead less invasive medical treatments.

General Hospital Company
Terumo enriched its lineup of infusion pumps and syringe pumps used at ICUs and for hospitalization that can be linked to hospital IT system, while promoting projects in collaboration with medical institutions and IT-related companies to enhance safety and security at medical sites and realize efficient medical treatment through digitalization. In December 2019, Asahi Kasei Pharma Corporation launched Teribone™ 28.2㎍ subcutaneous autoinjector, the osteoporosis medication pre-filled into PLAJEX, a plastic pre-fillable syringe developed by Terumo. As the importance should be placed on safety handling in cases of at-home self-injection, PLAJEX’s sturdy plastic material and design that ensures the stability of the filled fluid are favorably recognized and adopted in the product. Moving forward, Terumo will strive to expand its scope of contract manufacturing and development to meet the needs of pharmaceutical companies, working to deliver superior medical care.

Blood and Cell Technologies Company
FINIA, equipment that supports the fill and finish operations serving as the final process of cell preparation, has expanded its reach to various countries such as the U.S., Europe and Japan. In recent years, cell therapy, a treatment that utilizes cell activities to treat intractable diseases by growing and processing harvested cells, has been a field showing much growth as a new treatment method. FINIA fully automates the process from the mixing of cells and drugs to dividing and filling bags with the necessary amount of completed pharmaceutical product. As research and development and practical applications of cell therapy accelerate and there are challenges in mass production and quality control of cell preparation, Terumo will improve workers’ operational efficiency by utilizing its proprietary fully-automated technology.

Furthermore, as this equipment enables reliable and convenient data management for operational records via a dedicated application, it also contributes to improving quality control.

Other
The Corporate R&D Center has been promoting across-the-board alliances beyond the borders of companies and businesses from a medium- to long-term perspective to create innovation toward the solution of healthcare challenges with a significant social impact. As an approach to activities, in addition to the formulation of internally developed strategic portfolios and the deepening and expanding application of core technologies that become source of our competitive advantage, the Company is promoting external investment and open innovation initiatives (collaboration with external parties) to acquire essential technologies. As part of these initiatives, we decided to invest in two U.S.-based venture capital funds up to a maximum of USD 25 million for each. By working in collaboration with the operations teams of both funds well-versed in business strategies and laws and regulations related to medical devices, and through Terumo’s direct investment in startups, we are acquiring new technologies in line with business strategies and enhancing Terumo’s capabilities to identify innovative ideas. Additionally, we will reinforce our in-house development base located on the U.S. West Coast (Terumo Bay Area Innovation Lab), and accelerate innovation by promoting collaboration between business and development.
(2) Issues to be Addressed

In fiscal 2020, it is expected that businesses will be affected by the spread of COVID-19 infections. It is necessary to pay attention to a decline in production capacity utilization and delays in research and development, as well as to a temporary decline in demand. Under such circumstances, we will strive to respond flexibly and swiftly to ever-changing conditions while maintaining sound profitability and liquidity of funds. We will also continue to make active contributions to medical institutions and healthcare professionals facing COVID-19 infections.

Medtech market in Japan is expected to continue growing owing to the growing population of the elderly and a resulting increase in chronic disease. Meanwhile, amid mounting financial pressure from ballooning healthcare expenditure, the emphasis in healthcare is increasingly shifting to value and efficiency. Overseas, as a result of industry consolidation through acquisitions, etc., mega-competitors are emerging and a trend toward concentration and oligopoly is imminent. In view of such business environments, the Group has been proceeding with its 5-year Mid- to Long-term Growth Strategy starting from fiscal 2017 announced in December 2016. With the mid- to long-term vision “Being a Global Corporation with Unique Excellence,” Terumo strives to earn the trust of medical settings globally as a top brand, and to secure that trust with the total quality of products, services, and supply.

We have set forth three basic strategies, i.e. “Win in selected strategic markets,” “Offer comprehensive value in Japan,” and “Accelerate innovation.” In the global market, Terumo will focus on growing segments and segments where Terumo has a competitive advantage, such as intervention, neurovascular, alliances, and therapeutic apheresis, and in Japan, the Company will focus on providing products and services as a leading medical device manufacturer that contributes to the enhancement of patients’ quality of life and improve efficiency of healthcare. Terumo will reinforce internal development capabilities to support future growth while promoting collaboration with external parties, and in doing so it will strive to create innovation with value and contribute to solving healthcare challenges with significant social impact.

The Cardiac and Vascular Company aims to be recognized as a top brand in the cardiac and vascular business field by people engaged in the medical profession across the world. In order to achieve this goal, we will continue to provide high-quality new products to medical settings and proceed with providing solutions including enhancement of medical economics in hospitals and supporting personalized healthcare, aiming for growth beyond the scope of individual product base. We also aim to be among the top three companies in each market we enter and earn the trust of our customers across the world in our total quality.

As COVID-19 infections are causing a significant impact on the entire global society, the General Hospital Company will further expand the measures against infections that we have been working on for many years. Additionally, we will strive to expand our business globally through provision of new value that meets the needs of people engaged in the medical profession, including improvement of the quality and efficiency of medical practices by digitalization in the medication administration, contribution to the enhancement of patients’ quality of life (QOL) by expansion and popularization of product lines for the cancer and diabetes treatment, and safety and simplicity in the alliance business.

The Blood and Cell Technologies Company will promote expansion into new therapeutic areas, creating innovation, and diversification. There is still room for our efforts in contributing to unmet medical needs, such as the use of automated blood component collection systems in the convalescent plasma treatment for COVID-19 infections. We will work on diversification through collaboration with cell therapy developers and academic research institutes, including further expanding the application of therapeutic apheresis.
Furthermore, in cooperation with governments and non-governmental organizations (NGOs), we aim for sustainable growth by pursuing innovations that are accessible even in emerging countries, through efforts such as contributing to the development of medical infrastructure in African countries using data and evidence.

For fiscal 2020, we started with our earnings forecast undecided due to impacts from the spread of COVID-19 infections. However, with each of our three companies proceeding with activities to achieve their respective visions based on the corporate-wide growth strategy, Terumo will realize sustainable and profitable growth over the medium to long term.
(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 19-21.

(4) **Capital Investment**
Capital investment in the fiscal year ended March 31, 2020, amounted to 89.2 billion yen on a construction basis. Principal items are as follows:
1) Main facilities construction completed
   Terumo Yamaguchi Corporation: a new building (Building No. 3), Ashitaka Factory: Production facilities for medical devices
2) Main facilities under construction
   Terumo Vietnam Co., Ltd.: a new building (3rd Building)

(5) **Financing**
Not applicable.

(6) **Principal Lenders (as of March 31, 2020)**

<table>
<thead>
<tr>
<th>Lender</th>
<th>Outstanding borrowings (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>72.0</td>
</tr>
<tr>
<td>MUFG Bank, Ltd.</td>
<td>56.7</td>
</tr>
<tr>
<td>Syndicated loan*</td>
<td>59.9</td>
</tr>
</tbody>
</table>

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

(7) **Employees (as of March 31, 2020)**

1) **The Group**

<table>
<thead>
<tr>
<th>Number of employees*</th>
<th>Increase from the previous fiscal year-end</th>
</tr>
</thead>
<tbody>
<tr>
<td>26,438</td>
<td>1,060</td>
</tr>
</tbody>
</table>

*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**

<table>
<thead>
<tr>
<th>Number of employees¹</th>
<th>Increase from the previous fiscal year-end</th>
<th>Average age²</th>
<th>Average service years²</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,087</td>
<td>179</td>
<td>41.4</td>
<td>17.8</td>
</tr>
</tbody>
</table>

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, 2020)

1) Terumo Corporation

<table>
<thead>
<tr>
<th>Head Office</th>
<th>44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Office</td>
<td>Shinjuku-ku, Tokyo</td>
</tr>
<tr>
<td>R&amp;D Center</td>
<td>Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture</td>
</tr>
</tbody>
</table>

**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)

**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

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Capital</th>
<th>The Company’s percentage of equity participation (%)</th>
<th>Principal business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terumo Europe N.V.</td>
<td>Belgium</td>
<td>EUR 288,664 thousand</td>
<td>100</td>
<td>Manufacturing and sales of products for Cardiac and Vascular Company and General Hospital Company</td>
</tr>
<tr>
<td>Terumo Americas Holding, Inc.</td>
<td>United States</td>
<td>USD 3,855,592 thousand</td>
<td>100</td>
<td>Supervision of subsidiaries in the Americas</td>
</tr>
<tr>
<td>Terumo Medical Corporation</td>
<td>United States</td>
<td>USD 272,016 thousand</td>
<td>100</td>
<td>Manufacturing and sales of products for Cardiac and Vascular Company and General Hospital Company</td>
</tr>
<tr>
<td>MicroVention, Inc.</td>
<td>United States</td>
<td>USD 589,598 thousand</td>
<td>100</td>
<td>Manufacturing and sales of products for Cardiac and Vascular Company</td>
</tr>
<tr>
<td>Terumo BCT Holding Corporation</td>
<td>United States</td>
<td>USD 1,352,360 thousand</td>
<td>100</td>
<td>Supervision of subsidiaries under Terumo BCT Group</td>
</tr>
<tr>
<td>Terumo BCT, Inc.</td>
<td>United States</td>
<td>USD 951,863 thousand</td>
<td>100</td>
<td>Manufacturing and sales of products for Blood and Cell Technologies Company</td>
</tr>
<tr>
<td>Terumo (China) Holding Co., Ltd.</td>
<td>China</td>
<td>CNY 1,820,493 thousand</td>
<td>100</td>
<td>Supervision of subsidiaries in China</td>
</tr>
<tr>
<td>Terumo Asia Holdings Pte. Ltd.</td>
<td>Singapore</td>
<td>SGD 30,127 thousand</td>
<td>100</td>
<td>Supervision of sales subsidiaries in Asia (other than China)</td>
</tr>
</tbody>
</table>

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, 2020)

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Number of shares held</th>
<th>Percentage of shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>114,778</td>
<td>15.3</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>68,010</td>
<td>9.0</td>
</tr>
<tr>
<td>The Dai-ichi Life Insurance Company, Limited</td>
<td>40,519</td>
<td>5.4</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>27,136</td>
<td>3.6</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY 505223</td>
<td>19,440</td>
<td>2.6</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>15,736</td>
<td>2.1</td>
</tr>
<tr>
<td>TERUMO LIFE SCIENCE FOUNDATION</td>
<td>14,720</td>
<td>2.0</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 385632</td>
<td>13,034</td>
<td>1.7</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd. (Securities Investment Trust Account)</td>
<td>11,893</td>
<td>1.6</td>
</tr>
<tr>
<td>Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</td>
<td>11,579</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Notes:
1. Treasury stock (7,236,929 shares) is excluded from the calculation of the percentage of shares held.
2. 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 “Trust & Custody Services Bank, 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.)
3. 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 “Trust & Custody Services Bank, 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.)
4. The Company conducted a two-for-one stock split of its common stock, effective April 1, 2019.

(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, 2020)

<table>
<thead>
<tr>
<th>Position at the Company</th>
<th>Name</th>
<th>Responsibilities and significant concurrent positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board</td>
<td>Takayoshi Mimura</td>
<td></td>
</tr>
<tr>
<td>President and CEO</td>
<td>Shinjiro Sato</td>
<td></td>
</tr>
<tr>
<td>Director and Senior Managing Executive Officer</td>
<td>Toshiaki Takagi</td>
<td>Chief Quality Officer (CQO) Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Environmental Management Dept., Production Dept., Procurement Dept., Intellectual Property Dept. and Terumo Medical Pranex</td>
</tr>
<tr>
<td>Director and Managing Executive Officer</td>
<td>Shoji Hatano</td>
<td>President, General Hospital Company Division President, Hospital Systems Division, General Hospital Company</td>
</tr>
<tr>
<td>Director and Senior Executive Officer</td>
<td>Kyo Nishikawa</td>
<td>Chief Human Resources Officer (CHRO) Responsible for Human Resources Dept. and Human Resources Development Dept.</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Ikuo Mori</td>
<td>Visiting Professor, Professor Emeritus, Nagoya City University Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine Director, Foundation for Promotion of Cancer Research External Director, Japanese Foundation for Cancer Research Board Chairman, Research Foundation for Oriental Medicine Designated Professor, Nagoya University Graduate School of Medicine</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Ryuzo Ueda</td>
<td>Founder and Director, People Focus Consulting Outside Director, CAC Holdings Corporation Outside Director, Mitsui Chemicals, Inc. Outside Director, Seven Bank, Ltd.</td>
</tr>
<tr>
<td>Director (Full-time Audit/Supervisory Committee Member)</td>
<td>Yoshihiro Kimura</td>
<td></td>
</tr>
<tr>
<td>Outside Director (Audit/Supervisory Committee Member)</td>
<td>Masaichi Nakamura</td>
<td>Representative, Masaichi Nakamura CPA Office External Corporate Auditor, Sumitomo Heavy Industries, Ltd. Outside Director (Audit and Supervisory Committee Member), SCSK Corporation</td>
</tr>
<tr>
<td>Outside Director (Audit/Supervisory Committee Member)</td>
<td>Soichiro Uno</td>
<td>Partner, Nagashima Ohno &amp; Tsunematsu Audit &amp; Supervisory Board Member, Softbank Group Corp. Outside Director (Audit &amp; Supervisory Committee Member), Dream Incubator Inc.</td>
</tr>
</tbody>
</table>

Notes:

1. No material conflict of interest exists between the Company and the aforementioned corporations where Outside Directors Dr. Ryuzo Ueda, Ms. Yukiko Kuroda, 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 Mr. Ikuo Mori, Dr. Ryuzo Ueda, Ms. Yukiko Kuroda 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 Director Mr. Yoshihiro Kimura has experienced accounting operations in the accounting-related divisions of the Company and has considerable financial and accounting knowledge.
5 Outside Director Mr. Masaichi Nakamura is a certified public accountant and has considerable financial and accounting knowledge.

2) Outline of the liability limitation contracts
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.

3) Remuneration to Directors

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of persons</th>
<th>Amount paid (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding Audit/Supervisory Committee Members)</td>
<td>9</td>
<td>558</td>
</tr>
<tr>
<td>Directors (Audit/Supervisory Committee Members)</td>
<td>5</td>
<td>72</td>
</tr>
<tr>
<td>Total (of which outside officers)</td>
<td>14 (7)</td>
<td>630 (76)</td>
</tr>
</tbody>
</table>

Notes:
1 The above includes one director (excluding Audit/Supervisory Committee Member) and two directors (Audit/Supervisory Committee Members) who left their posts at the conclusion of the 104th Annual General Meeting of Shareholders of the Company held on June 21, 2019.
2 The above includes restricted stock remuneration allotted to directors (excluding outside directors, Audit/Supervisory Committee Members, and non-executive directors) amounting to 112 million yen.
3 The 104th Annual General Meeting of Shareholders of the Company held on June 21, 2019 resolved the executive remuneration of the Company as follows.

1) Fixed remuneration, Performance-based bonuses and Stock options as stock-based remuneration: Within 700 million yen per year
2) Restricted Stock: Within 200 million yen per year

4) Whether full-time Audit/Supervisory Committee Members are appointed or not and reasons therefor
The Company has appointed Mr. Yoshihiro Kimura 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, 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ikuo Mori</td>
<td>Outside Director</td>
<td>Attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2020; provided opinions, as necessary, based mainly on his wealth of experience in management.</td>
</tr>
<tr>
<td>Ryozo Ueda</td>
<td>Outside Director</td>
<td>Attended 12 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2020; provided opinions, as necessary, based mainly on his expert medical knowledge and experience in hospital management.</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Main activities</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Yukiko Kuroda</td>
<td>Outside Director</td>
<td>Attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2020; provided opinions, as necessary, based mainly on her wealth of experience in management and consulting on human resources and organizations.</td>
</tr>
<tr>
<td>Masaichi Nakamura</td>
<td>Outside Director (Audit/Supervisory Committee Member)</td>
<td>Attended 10 out of 10 meetings of the Board of Directors and 8 out of 9 meetings of the Audit/Supervisory Committee held since taking office on June 21, 2019, in the fiscal year ended March 31, 2020; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a certified public accountant.</td>
</tr>
<tr>
<td>Soichiro Uno</td>
<td>Outside Director (Audit/Supervisory Committee Member)</td>
<td>Attended 10 out of 10 meetings of the Board of Directors and 9 out of 9 meetings of the Audit/Supervisory Committee held since taking office on June 21, 2019, in the fiscal year ended March 31, 2020; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer.</td>
</tr>
</tbody>
</table>

(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 conducted necessary review of the Accounting Auditor’s audit plan, evaluation and analysis of audit results for the fiscal year ended March 31, 2020, the status of performance of duties of accounting audit, and appropriateness of the basis of calculation of the estimated amount of remuneration, judged them appropriate and thus gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

<table>
<thead>
<tr>
<th>Amount paid (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2020</td>
</tr>
<tr>
<td>ii) Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor</td>
</tr>
</tbody>
</table>

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, 2020.
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, 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.
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) Basic stance on the 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 achieve its group mission, Terumo articulated the Core Values which are the values and beliefs that all Terumo associates globally have to own for their action, 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 this Guidelines for Corporate Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.
   • Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
   • Informed by 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.
   * To express the meaning of colleagues working together at Terumo, employees shall be referred to as “associates”.

(2) Establishment, revision and abolition of the Guidelines
   The Corporate Governance Committee shall be responsible for drafting and preparing the initial draft of this Guidelines and for proposing subsequent major revisions or 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 an Audit/Supervisory Committee” to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.
   [1] Strengthen audit and supervisory functions
      The members of the Audit/Supervisory Committee shall have voting rights in the 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 reflecting opinions of the independent directors which representing the perspective of shareholders and other stakeholders.
   [3] Expedite decision-making process
      By promoting the appropriate delegation of the Board’s authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.
      Additionally, in order to enhance objectivity and management transparency, the Nomination Committee, Remuneration Committee, Corporate Governance Committee, Internal Control Committee and Risk Management Committee will be voluntarily established.

(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 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.

- The Board shall consist of no more than 15 persons, excluding the Audit/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/Supervisory Committee

[1] Roles
The Audit/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/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 and provide objective and fair opinions at other important Terumo Group meetings.
- 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.

- The Audit/Supervisory Committee shall consist of no more than five (5) directors.
- Terumo shall have independent directors represent a majority of Committee membership.
- The member of the Audit/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 executive officers. The deliberations of the Committee shall be reported to the Board of Directors as appropriate.

- 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 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/Supervisory Board members shall not violate the provisions of Article 361 of the Companies Act.
- Matters concerning the remuneration for directors 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.

- 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 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 field of environment and society and efforts to enhance sustainability.
- 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.

- 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 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
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.”

- The Committee shall be comprised of Terumo Corporation’s Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels Chairpersons, Internal Control Department Managers, and external legal counsels.
- Audit/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
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.

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department Managers, and designated person from the chair.
- Audit/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 achieve 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 the 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 achievement.

[Independent directors]
• To be able to contribute to the improvement of corporate governance and management of the company, and 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/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 discussion 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 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 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 report a “Next Generation Executives Development Plan” targeting several persons with the potential to become next generation 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) Executive Remuneration
[1] Basic policy and composition
To provide appropriate motivation to enhance mid-to long-term corporate value, the remuneration for executive directors and executive officers 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 paragraph (a) above, we set an appropriate balance between fixed remuneration and performance-linked remuneration (bonus).
In order to achieve the objective described in paragraph (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 and restricted stock, the target percentages of which shall be 50%, 30% and 20% of total combined remuneration, respectively. For higher ranked director (CEO is the top), ratio of bonuses and restricted stock on total amount of remuneration are higher.

2) Each remuneration
• Fixed remuneration
In order to motivate directors to steadily perform professional duties according to each responsibility, monthly fixed remuneration is paid. The amount of fixed remuneration is determined corresponding to each director’s role and position.
• Performance-linked remuneration (bonus)
Annual bonus is a remuneration aimed at motivating directors to achieve sustainable growth and annual performance; therefore, purpose-aligned evaluation factors are adopted. Evaluation factors consist of company-
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 to the interests of the current shareholders. The Board shall promptly disclose any such decision it makes and explain clearly to the shareholders and 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 meeting shall be disseminated approximately three (3) weeks prior to the date of a General Meeting of Shareholders. Contents of a notice of 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 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 environment 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 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 raise its ROE and increase its EPS by improving its asset efficiency through the enhancement of business operations and by optimizing its capital structure, while paying due attention to financial soundness of Terumo’s balance sheet.
Terumo strives for 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 each 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 the Terumo Corporation Pension Fund, a separate corporation.
Terumo assigns appropriate staff with expertise in asset management from the Accounting, Finance and Human Resources Departments to the Terumo Corporation Pension Fund in order to ensure the soundness of asset management through formulation of investment policies and monitoring of operational results. These actions are reported and discussed at the Asset Management Committee.
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 conflict 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
In order not to damage the interests of Terumo and its common shareholders, nor to raise such concern in the transaction between Terumo and its directors or their third parties, Terumo shall establish a framework as follows.

- Transactions with a risk of conflict of interest
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 its 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 Code of Conduct is strictly followed by Terumo associates. In order to embed the Code of Conduct within the Terumo Group, digital signboards shall be installed within the office premises with information about the Code. Additionally, the Legal and Compliance Department shall follow up from time to time as planned to make sure that all associates within the Terumo Group 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 then current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors.

   (2) **Sustainability**

   Terumo strives to develop and deliver high-quality, market leading products and services using cutting edge development plans that are based on its group mission. Terumo believes that delivery of high quality medical devices and services that satisfy this concept will lead to the advancement of healthcare and the enhancement of patients’ quality of life. In these ways, Terumo will be able to contribute to the sustainability of society. Terumo also believes that delivery of such products and services will make Terumo more competitive and allow it to expand its revenue and profit, thereby contributing to Terumo’s sustainable growth.

   To contribute to building a sustainable society, a society on which Terumo’s continuous growth relies, Terumo will actively address challenges such as the protection of human rights, the protection of human safety and welfare, the eradication of corruption, the reduction of environmental impacts and the conservation of biodiversity. In doing so Terumo will act as a good corporate citizen and follow the appropriate international framework, including the United Nations Global Compact, ISO14001 and ISO45001 so that Terumo may live up to the trust and the expectations of regional societies and other stakeholders, and continue its business operations.

   Compliance is essential to the sustainability of Terumo’s business. The Legal and Compliance Department shall manage the Terumo Group’s compliance system as a part of Terumo’s overall internal control system. The Risk Management Committee shall direct Terumo’s efforts to evaluate the potential risks regarding the sustainability of the Company’s business and the Board of Directors shall develop and operate a risk management system to address such risks.

   (3) **Securing 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 where 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 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 reported 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 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 stockholders, 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 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 investors is included in the “IR Policy” found on the Company’s website.

   End
<Corporate Governance Structure>

- Audit/Supervisory Committee members are directors, and have voting rights in the BOD meeting. The majority of Audit/Supervisory Committee is constituted by independent directors.
- Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the BOD.
**Director Independence Standards**

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

1. **Terumo Group officials**
   - (1) Executive directors, executive officers, Audit/Supervisory Committee members, 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 were executive directors, etc. in 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 major client of the Terumo Group (where two percent (2%) or more of annual consolidated revenue of the Terumo Group are attributable to the client).
   - (2) The Terumo Group is the major client (where the Terumo Group paid two percent (2%) or more of the annual consolidate sales).
   - (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 JPY 10M per year in 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 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 that are lenders to the Terumo Group if 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 JPY 10 million or more in cash or other property benefits per year over the past three (3) years in addition to the executive remuneration

[4] Law firms, audit 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


(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.
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 investors. Through information disclosure and dialogues with its shareholders and investors, Terumo will further enhance its transparency as a company and strive to 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 Company’s 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 surrounding Terumo, fluctuations of foreign exchange rates, and the state of competition.

4. Policy for Dialogue with Shareholders and Investors
[1] Appointing a member of management or a director who is 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 the 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 providing 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 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 consider matters of disclosure. The Disclosure Subcommittee shall be comprised of the department heads of the 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
In order to deepen the 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 in order to provide such information in a timely and appropriate manner to as many shareholders and investors as possible.

[4]  Measures for appropriate and effective feedback
Evaluation and opinions acquired through meetings with shareholders, investors and analysts are compiled periodically and shared with the management team. In addition, the President or officer supervising the dialogue with the shareholders shall report to the Board of Directors on their visits to overseas institutional investors to ensure that they have 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, officer supervising the dialogue, the department head and staff of the disclosing division will conduct Terumo’s dialogues with its investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising the dialogue, the department head or staff of the disclosing division will attend such meeting. By securing multiple participants in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of its information.

Terumo establishes a silent period to prevent the leakage of any material information about the Company’s actual 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 actual financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year and 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.

Internal Control System Design Basic Policy

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) Carry out continuous training and education of directors, executive officers, employees, and all other equivalent personnel in the Group (hereafter “Group employees”) regarding the “Terumo Group Code of Conduct” in order to ensure penetration and thorough understanding that compliance to laws and ordinances and practice of corporate ethics (hereafter "compliance") is the foundation of the corporation's existence and business activities.
   2) The Internal Control Committee, which is responsible for enacting the Internal control system within the Group in accordance with the Board of Directors, shall 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/Supervisory Committee or Audit/Supervisory Committee members selected by the Audit/Supervisory Committee (hereafter “Selected Audit/Supervisory Committee members”).
   3) The Chief Legal Officer (hereafter “CLO”) shall be the primary entity implementing the compliance system across the Group, and under the leadership of the CLO, promote a variety of measures by creating related rules, performing training and education, collecting employee oaths, and coordinating with compliance officers to quickly discover and ascertain problems.
   4) In accordance with the provisions of the Financial Instruments and Exchange Act, in order to ensure the reliability of financial reporting, make efforts to establish a system to ensure the effectiveness of internal control of the Group, and regularly assess its effectiveness.
   5) Build and operate a whistle-blowing system in which Group employees can, upon discovering compliance violations, etc., can report problems out of their usual line of authority. As a point of contact for whistle-blowing, provide the internal window and the outside window (corporate lawyer and outside receptionist), an Audit/Supervisory Committee Member has been designated as a point of contact for whistle-blowing in the event that any compliance violations, etc., by the Company’s directors are found, and have the assurance that employees making reports will not be treated disadvantageously. Further, the divisions operating the whistle-blowing system shall report on its status to the Audit/Supervisory Committee or Selected Audit/Supervisory Committee members (hereafter “Audit/Supervisory Committee and so on”) as necessary.
   6) In the event that significant compliance violations, etc. occur, a handling team shall be immediately created under the direction of the Chairman of Internal Control Committee, and that team shall, in addition to handling and resolving the occurrence, report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures. In the event that in handling it is recognized that there has been a violation of “Employment Rules” by a Group Employee, discipline shall be strictly rendered in accordance with related disciplinary procedures.
   7) The Internal Audit Department shall audit to confirm the operation and effectiveness of the above activities, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

2. System for managing information (preservation, reading, security, disclosure, and etc.) related to director performance of duties.
1) In accordance with the “Terumo Group Document Management Standard”, information related to director performance of duties shall be recorded and saved in documents or electronic media (hereafter “Documentation”).

2) The period that records must be kept shall be the period established by the Document Management Standard, according to Documentation type and importance.

3) Board of Directors, and the Audit/Supervisory Committee and so on shall be able to view the Documentation at all times.

4) For information security and protection of personal information, confidential work information and personal information shall be appropriately and safely stored and managed under the direction of the Chief Information Officer (hereafter “CIO”) and in accordance with the “Terumo Group Global Security Policy”, “Personal Information Protection Standard,” and other related regulations.

5) The Disclosure panel of the Internal Control Committee, which is responsible for the Group's legal and timely information disclosure procedures, shall promote timely and appropriate information disclosure, and in accordance with the “Terumo Group Social Media Policy”, confidential work information shall be provided appropriately.

6) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report or make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

3. Risk Management Regulations and system

1) Established by decision of the Board of Directors, the Risk Management Committee is chaired by the President and Representative Director, and promotes the establishment of a risk management system throughout the Group based on the “Risk Management Regulations” set forth by the Board of Directors.

2) In addition to the previous item 1), the expert department dealing with separate risks categories including business, quality, product safety, disasters, and environment etc., shall perform enlightenment training and education in accordance with their respective regulations and manuals, etc.

3) The Risk Management Committee shall, taking into account the priority of risks which have serious effect on Group management, deliberate and determine a Risk management policy consisting of such items as preventive measures, continuous enlightenment training and education, and emergency handling of occurrences.

4) The Internal Control Department shall regularly or appropriately ascertain and identify risks related to the Group, analyze and evaluate those risks for their likelihood of occurrence and level impact, and then report and make proposals to the Risk Management Committee.

5) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Risk Management Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

4. System for ensuring efficient director performance of duties

1) In order to increase the Group's corporate value and benefit to shareholders, the Executive Management Meeting, Market Product Strategy Meeting, and other deliberated or specialized bodies composed of the directors and executive officers shall offer support, leadership, and oversight to business departments for efficient and rapid performance of duties toward achievement of the Mid- to Long-term Growth Strategy and annual plans approved by the Board of Directors.
2) Make decisions rapidly and efficiently based on the “Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System,” which clarify company decision-making.

3) Based on the “Department Job Description Regulations”, and other several regulations, execution for the duties systematically and effectively of Group company.

4) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

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

1) Group companies shall report execution of duties in accordance with “Terumo Group Company Management Regulations” and other several regulations, in a timely and appropriate manner.

2) The Internal Control Department shall provide leadership and support to Group companies in building risk management systems, in accordance with the Risk management policy established by the Risk Management Committee.

3) Group companies shall perform decision-making according to importance as prescribed by the “Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System”.

4) The CLO shall, in accordance with the “Terumo Group Code of Conduct” and related regulations, closely coordinate with the compliance officers of Group companies to promote compliance enlightenment training and education.

5) Based on the “Policy of Group Management Policy” regulations, shall be managed and disseminated to each group company.

6) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established by the above clauses, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant areas are completed.

6. Items relating to directors and employees who assist with the duties of the Audit/Supervisory Committee

1) The Audit/Supervisory Committee Office, consisting of two or more dedicated employees (hereafter "dedicated employees") shall be established as an organization to assist the Audit/Supervisory Committee.

2) The Board of Directors may assign Director with Special Assignment (Audit/Supervision) from among directors who are not Audit/Supervisory Committee members, who will have the duty to assist the Audit/Supervisory Committee in audits and supervision.

7. Items related to independence of a Director with Special Assignment (Audit/Supervision) and dedicated employees from directors who are not Audit/Supervisory Committee members

1) Submitting a proposal for election of a Director with Special Assignment (Audit/Supervision) to Shareholders meeting, shall require the prior approval of the Audit/Supervisory Committee. In the election of a Director with Special Assignment (Audit/Supervision), candidates' experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit/supervisory functions.

2) Selection, performance evaluation, salary, placement, and discipline of dedicated employees shall require the prior approval of the Audit/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/supervisory functions.

8. Items for ensuring the effectiveness of direction given from the Audit/Supervisory Committee to a Director with Special Assignment (Audit/Supervision) and Dedicated employees

Director with Special Assignment (Audit/Supervision) and dedicated employees shall perform their duties according to the direction and mandates of the Audit/Supervisory Committee and so on, and shall not receive direction or mandates from directors who are not Audit/Supervisory Committee members, or any other Group employees.

9. System for Group employees (hereafter “reporting personnel,” and this includes those receiving reports as well) to report to the Audit/Supervisory Committee

1) In addition to legal items, reporting personnel shall make timely and appropriate reports to the Audit/Supervisory Committee and so on according to the “Regulations on Reports by Directors, Executive Officers and Employees to Audit/Supervisory Committee”.

2) The Audit/Supervisory Committee and so on shall regularly receive reports on the operation status of, and content of incidents reported under, the internal reporting system established at the Group companies, and shall give direction and advice as appropriate.

10. System for ensuring that reporting personnel do not receive disadvantageous treatment by reason of making reports

1) Group employees, in the event that a report has been made to the Audit/Supervisory Committee and so on, shall prohibit any human resources-related or other type of detrimental treatment of the reporting person by reason of the person having made a report, and directors and employees shall thoroughly communicate this prohibition to all Group employees.

2) The Audit/Supervisory Committee and so on may require from directors disclosure and explanation of the reasons regarding the placement, performance evaluation, or discipline, etc. of a reporting person.

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

1) The Audit/Supervisory Committee and so on may invoice the Group for expenses related to performance of their duties, as established by laws and ordinances.

2) The Audit/Supervisory Committee and so on 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.

12. System for ensuring that other audits of the Audit/Supervisory Committee are performed effectively

1) The Representative Director shall regularly hold meetings to exchange opinions with Audit/Supervisory Committee.

2) Selected Audit/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/Supervisory Committee and so on shall hold meetings as necessary with these departments or bodies.
(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 fiscal 2019 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 “Terumo Group Code of Conduct”. At quarterly meetings of the Internal Control Committee, important policies related to compliance were deliberated. The Chief Legal Officer (CLO) is working to improve compliance systems through coordination with Compliance Officers of Group companies and reports the status of responses to serious issues to the Internal Control Committee. 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/Supervisory Committee member was also as a window for the director’s compliance matters.

2. System for managing information (preservation, reading, security, disclosure, etc.) related to Terumo director performance of duties.

Based on “Group Document Management Policy,” the Company is striving to communicate the rules for document storage throughout the Group. The Company is implementing appropriate management of confidential work information and personal information in accordance with the “Group Information Security Policy” and the “Personal Information Protection Standard.” The Disclosure panel of the Internal Control Committee reviews information subject to legal and timely information disclosure. Based on “Group Social Media Policy” and “Group Guidelines on the Use of Social Media”, the company manages the outside sending information appropriately.

3. Risk Management Regulations and system

Based on the “Group Risk Management Policy” 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.

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 (13 times), the Executive Management Meeting (16 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 Companies 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/Supervisory Committee with its duties and matters concerning reporting

The Company has put in place a system to assist the Audit/Supervisory Committee with its duties, including the establishment of the Audit/Supervisory Committee Office, which is independent from directors. Audit/Supervisory Committee Members
share the reports made pursuant to the “Group Policy on Reports by Directors, Executive Officers and Employees to Audit/Supervisory Committee,” the “Audit/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 “Terumo Group Code of Conduct”.

(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.

Remarks
Amounts and numbers of shares stated in this business report are rounded down to the nearest unit, while net income per share/basic earnings per share, amounts indicated in billions of yen, and percentage figures are rounded to the nearest unit.
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<th>Account item</th>
<th>Amount</th>
<th>Account item</th>
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<td><strong>LIABILITIES</strong></td>
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<td>Provisions</td>
<td>92</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>4,517</td>
<td>Other non-current liabilities</td>
<td>8,043</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>780,748</td>
<td><strong>Total non-current liabilities</strong></td>
<td>274,626</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,241,355</td>
<td><strong>Total liabilities</strong></td>
<td>486,472</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td><strong>Total liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>38,716</td>
<td><strong>Total liabilities and equity</strong></td>
<td>1,241,355</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>51,858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(14,103)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>705,765</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other components of equity</td>
<td>(27,423)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity attributable to the owners of the parent</td>
<td>754,813</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>69</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>754,883</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Consolidated Statements of Profit or Loss

**Fiscal Year 2019 (From April 1, 2019 to March 31, 2020)**

(Millions of yen)

<table>
<thead>
<tr>
<th>Account item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>628,897</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>284,964</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>343,932</strong></td>
</tr>
<tr>
<td>Selling, general and administrative expense</td>
<td>235,144</td>
</tr>
<tr>
<td>Other income</td>
<td>4,737</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,914</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>110,611</strong></td>
</tr>
<tr>
<td>Finance income</td>
<td>1,671</td>
</tr>
<tr>
<td>Finance costs</td>
<td>5,371</td>
</tr>
<tr>
<td>Share of the profit (loss) of investments accounted for using the equity method</td>
<td>(445)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>106,466</strong></td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>21,428</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td><strong>85,037</strong></td>
</tr>
</tbody>
</table>

**Attributable to:**

- Owners of the parent 85,211
- Non-controlling interests (173)

**Total profit for the year** 85,037
## Non-consolidated Financial Statements

### Non-consolidated Balance Sheet
**Fiscal Year 2019 (As of March 31, 2020)**

<table>
<thead>
<tr>
<th>Account item</th>
<th>Amount</th>
<th>Account item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td>Notes payable-trade</td>
<td>1,110</td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>93,912</td>
<td>Accounts payable-trade</td>
<td>40,736</td>
</tr>
<tr>
<td>Notes receivable-trade</td>
<td>422</td>
<td>Electronically recorded obligations-operating</td>
<td>11,281</td>
</tr>
<tr>
<td>Accounts receivable-trade</td>
<td>90,364</td>
<td>Short-term loans payable</td>
<td>163,491</td>
</tr>
<tr>
<td>Merchandise and finished goods</td>
<td>41,283</td>
<td>Current portion of bonds</td>
<td>10,000</td>
</tr>
<tr>
<td>Work in process</td>
<td>5,764</td>
<td>Lease obligations</td>
<td>117</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>12,812</td>
<td>Accounts payable-other</td>
<td>15,299</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,846</td>
<td>Accrued expenses</td>
<td>3,309</td>
</tr>
<tr>
<td>Short-term loans receivable</td>
<td>52,667</td>
<td>Income taxes payable</td>
<td>6,798</td>
</tr>
<tr>
<td>Other</td>
<td>11,851</td>
<td>Deposits received</td>
<td>255</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(493)</td>
<td>Provision for bonuses</td>
<td>5,322</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td></td>
<td>Provision for directors’ bonuses</td>
<td>169</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>97,705</td>
<td>Notes and accounts payable-facilities</td>
<td>7,325</td>
</tr>
<tr>
<td>Buildings</td>
<td>37,562</td>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>Structures</td>
<td>1,448</td>
<td><strong>Total liabilities</strong></td>
<td>463,065</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>20,725</td>
<td>Bonds payable</td>
<td>40,000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>69</td>
<td>Convertible bond-type bonds with subscription rights to shares</td>
<td>7,400</td>
</tr>
<tr>
<td>Tools, furniture and fixtures</td>
<td>9,571</td>
<td>Long-term loans payable</td>
<td>149,498</td>
</tr>
<tr>
<td>Land</td>
<td>18,235</td>
<td>Lease obligations</td>
<td>244</td>
</tr>
<tr>
<td>Lease assets</td>
<td>361</td>
<td>Long-term guarantee deposited</td>
<td>378</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>9,731</td>
<td>Provision for directors’ retirement benefits</td>
<td>3</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>21,283</td>
<td>Other</td>
<td>316</td>
</tr>
<tr>
<td>Leasehold right</td>
<td>874</td>
<td><strong>Total liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>20,302</td>
<td><strong>Noncurrent liabilities</strong></td>
<td>197,841</td>
</tr>
<tr>
<td>Goodwill</td>
<td>24</td>
<td>Bonds payable</td>
<td>40,000</td>
</tr>
<tr>
<td>Customer relationships</td>
<td>62</td>
<td>Convertible bond-type bonds with subscription rights to shares</td>
<td>7,400</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>Long-term loans payable</td>
<td>149,498</td>
</tr>
<tr>
<td>Investments and other assets</td>
<td>719,800</td>
<td>Lease obligations</td>
<td>244</td>
</tr>
<tr>
<td>Investment securities</td>
<td>8,088</td>
<td>Long-term guarantee deposited</td>
<td>378</td>
</tr>
<tr>
<td>Stocks of subsidiaries and affiliates</td>
<td>624,902</td>
<td>Provision for directors’ retirement benefits</td>
<td>3</td>
</tr>
<tr>
<td>Investments in capital of subsidiaries and affiliates</td>
<td>21,675</td>
<td>Other retained earnings</td>
<td>603,930</td>
</tr>
<tr>
<td>Long-term loans receivable from subsidiaries and affiliates</td>
<td>42,437</td>
<td>Reserve for reduction entry</td>
<td>525</td>
</tr>
<tr>
<td>Long-term prepaid expenses</td>
<td>3,258</td>
<td>General reserve</td>
<td>82,900</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>11,408</td>
<td>Retained earnings brought forward</td>
<td>520,505</td>
</tr>
<tr>
<td>Other</td>
<td>8,029</td>
<td>Treasury stock</td>
<td>(14,103)</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td><strong>Valuation and translation adjustments</strong></td>
<td>2,465</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,150,221</td>
<td>Valuation difference on available-for-sale securities</td>
<td>2,465</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td></td>
<td>Subscription rights to shares</td>
<td>745</td>
</tr>
<tr>
<td><strong>Account item</strong></td>
<td><strong>Amount</strong></td>
<td><strong>Account item</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td><strong>(Net assets)</strong></td>
<td><strong>683,945</strong></td>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>38,716</td>
<td><strong>Capital surplus</strong></td>
<td>52,103</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>38,716</td>
<td><strong>Legal capital surplus</strong></td>
<td>52,103</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>607,228</td>
<td><strong>Legal retained earnings</strong></td>
<td>3,297</td>
</tr>
<tr>
<td><strong>Other retained earnings</strong></td>
<td>603,930</td>
<td><strong>Total net assets</strong></td>
<td>687,156</td>
</tr>
</tbody>
</table>

---

53
Non-consolidated Statements of Income  
Fiscal Year 2019 (From April 1, 2019 to March 31, 2020)  
(Millions of yen)

<table>
<thead>
<tr>
<th>Account item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>319,021</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>179,919</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>139,102</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>83,175</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>55,927</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td>28,670</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,959</td>
</tr>
<tr>
<td>Dividends income</td>
<td>23,992</td>
</tr>
<tr>
<td>Royalty income</td>
<td>2,312</td>
</tr>
<tr>
<td>Other</td>
<td>406</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td>4,477</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>2,521</td>
</tr>
<tr>
<td>Sales discounts</td>
<td>454</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>1,387</td>
</tr>
<tr>
<td>Other</td>
<td>113</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>80,120</td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td>68</td>
</tr>
<tr>
<td>Gain on sales of noncurrent assets</td>
<td>66</td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>1</td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td>223</td>
</tr>
<tr>
<td>Loss on disposal of noncurrent assets</td>
<td>223</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>79,965</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>14,683</td>
</tr>
<tr>
<td>Income taxes-current</td>
<td>13,959</td>
</tr>
<tr>
<td>Income taxes-deferred</td>
<td>723</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>65,282</td>
</tr>
</tbody>
</table>