

Notice Regarding Disposal of Treasury Shares as Restricted Stock Remuneration

TOKYO, JAPAN – July 11, 2024 – Terumo Corporation (TSE: 4543) hereby announces that, at the meeting of its Board of Directors as of today, it decided to dispose its treasury shares as Restricted Stock remuneration (hereinafter “**Disposal of Treasury Shares**” or “**Disposal**”) as follows.

1. Overview of the Disposal of Treasury Stock

(1) Date of disposal	August 2, 2024
(2) Class and number of shares to be disposed	Common shares of Terumo Corporation: 82,019 shares
(3) Disposal value	¥ 2,820.5 per share
(4) Total disposal value	¥ 231,334,590
(5) Recipients of disposed shares	Directors (*1) : 5 persons, 44,155 shares Executive Officers (*2) : 14 persons, 28,834 shares Terumo Fellows : 2 persons, 2,918 shares Terumo employees : 16 persons, 6,112 shares (*1) excluding Independent Directors and Directors who serve as Audit and Supervisory Committee Members (*2) including Group Executive Officers and Executive Officers collectively (the same shall apply hereinafter)
(6) Other	We submit the Extraordinary Report for Disposal of Treasury Shares, in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Conditions for Introduction of the Plan

The Company, at the meeting of its Board of Directors as of today, decided to deliver monetary remuneration claims to (a) 5 Company’s Directors who reside in Japan (excluding Independent Directors and Directors who serve as Audit and Supervisory Committee Members; hereinafter “**Eligible Directors**”) (b) 14 Executive Officers and 2 Terumo Fellows and (c) 16 Terumo employees who reside in Japan (hereinafter “**Recipients of disposed shares**”) as restricted stock compensation during one year (from the 109th to the 110th Annual General Meeting of Shareholders for (a), from April 1, 2024 to March 31, 2025 for (b), from August 2, 2024 to August 1, 2025 for (c)) in total of 231,334,590 yen, and also decided to allocate 82,019 common shares. Each Recipients of disposed shares will receive Restricted Stock by making an in-kind contribution of all the monetary remuneration claims. Amount of monetary remuneration claims to each Recipients of disposed shares has been determined considering his/her business performance, contribution to the Company and other related factors comprehensively. Furthermore, the issuance or Disposal of common shares under the Restricted Stock remuneration plan (hereinafter “**Plan**”) shall be subject to a restricted stock allotment agreement (the “**Allotment Agreement**”) to be entered into by and between Recipients of disposed shares and the Company, as outlined in “**Overview of the Allotment Agreement**” below.

The Company, at the meeting of its Board of Directors held on May 9, 2019, decided to introduce the Plan so that the Eligible Directors will share benefits and risks of stock price movement with shareholders and further enhance their desire to contribute to rises in stock prices and improvement of enterprise value.

Thereafter, at the 104th Annual General Meeting of Shareholders held on June 21, 2019, it was approved that (a) the maximum total amount of the monetary remuneration claims of Eligible Directors for Restricted Stocks shall be 200 million yen per year, (b) the maximum number of Restricted Stock to be allotted to Eligible Directors shall be 100,000 shares (*3) per business year, (c) the period during which Eligible Directors may not transfer to a third-party or otherwise dispose of allotted Restricted Stock shall be thirty years and other terms and conditions. (*3) It is changed to 200,000 shares according to the share split with an effective date of April 1, 2024.

3. Overview of the Allotment Agreement

(1) Transfer Restriction Period

August 2, 2024 to August 1, 2025 (hereinafter the “**Transfer Restriction Period**”).

Recipients of disposed shares to whom Restricted Stock is allotted may not transfer to a third-party, create a pledge or mortgage by transfer on, make an advancement, make a bequest, or otherwise dispose of Restricted Stock allotted to them (hereinafter “**Allotted Stock**”) during the Transfer Restriction Period.

(2) Acquisition of Restricted Stock without compensation

If a Recipient of disposed shares who receives an allotment of Restricted Stock resigns from the position of Director of the Company (for Executive Officer, Terumo Fellow and Terumo employee, resigns from the position as of August 2, 2024) before the day of the first annual shareholders’ meeting of the Company (for Executive Officer and Terumo Fellow, before the last day of an appropriate fiscal year, and for Terumo employee, before July 31, 2025) after the start of the Transfer Restriction Period, all of his or her Allotted Stock will automatically be acquired by the Company without consideration except in the case that the Company’s Board of Directors deems that the reason for the resignation is valid.

The Company will automatically acquire all Allotted Stock without consideration if the transfer restriction on the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period based on the terms provided in (3) “Lifting of transfer restriction” below.

(3) Lifting of transfer restriction

On the condition that Recipient of disposed shares to whom the Restricted Stocks were allotted has continuously held the position of Director of the Company (for Executive Officer, Terumo Fellow and Terumo employee, has continuously held the position as of August 2, 2024) for the period commencing from the first date of the Transfer Restriction Period and ending on the date of the Annual Shareholders’ Meeting to be held immediately following such first date (for Executive Officer and Terumo Fellow, ending on the last day of an appropriate fiscal year, and for Terumo employee, ending on August 1, 2025), the transfer restriction on all of his or her Allotted Stock will be lifted by the Company when the Transfer Restriction Period expires.

However, if the Recipient of disposed shares resigns from the position of Director of the Company (for Executive Officer, Terumo Fellow and Terumo employee, resigns from any and all position of the Company including Director, Executive Officer, Advisor, Fellow, employee) before the expiration of the Transfer Restriction Period for reasons deemed valid by the Company’s Board of Directors, transfer restriction on Allotted Stock will be lifted.

In this case, the number of shares of the Eligible Directors whose transfer restrictions are lifted shall be calculated by multiplying (a) the number resulting when number of months from July, 2024 to the month in which such Eligible Director resigns from the position of Director of the Company is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

The number of shares of Executive Officer and Terumo Fellow whose transfer restrictions are lifted shall be calculated by multiplying (a) the number resulting when number of months from April, 2024 to the month in which such Executive Officer or Terumo Fellow resigns from the position as of August 2, 2024 is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

The number of shares of Terumo employee whose transfer restrictions are lifted shall be calculated

by multiplying (a) the number resulting when number of months from August, 2024 to the month in which such Terumo employee resigns from the position as of August 2, 2024 is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

(4) Management of shares

The Allotted Shares shall be managed in dedicated accounts at SMBC Nikko Securities Inc. opened by each Recipients of disposed shares to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the Transfer Restriction Period.

(5) Treatment during reorganization, etc.

If an agenda item regarding a merger agreement in which the Company is the disappearing company, or a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary of another company, or other matters concerning reorganization, etc. have been approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if approval for the said reorganization, etc. at the Company's General Meeting of Shareholders is not required) during the Transfer Restriction Period, the relevant transfer restrictions will be lifted, based on the resolution of the Board of Directors, upon the time immediately before the preceding business day of the effective date of the reorganization, etc. on the number of Allotted Stock calculated as follows.

The number of shares of the Eligible Directors whose transfer restrictions are lifted shall be calculated by multiplying (a) the number resulting when number of months from July, 2024 to the month in which the Company's General Meeting of Shareholders or Board of Directors make such approval is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

The number of shares of Executive Officer and Terumo Fellow whose transfer restrictions are lifted shall be calculated by multiplying (a) the number resulting when number of months from April, 2024 to the month in which the Company's General Meeting of Shareholders or Board of Directors make such approval is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

The number of shares of Terumo employees whose transfer restrictions are lifted shall be calculated by multiplying (a) the number resulting when number of months from August, 2024 to the month in which the Company's General Meeting of Shareholders or Board of Directors make such approval is divided by 12 (if that number exceeds 1, then make it 1) by (b) the number of Allotted Stock held at the time of resignation (provided, however, fractional shares less than one share will be dropped from the number of shares obtained by the calculation).

In this case, the Company will automatically acquire all Allotted Stock without consideration if the transfer restriction on the Allotted Stock has not been lifted as of the preceding business day of the effective date of the reorganization, etc.

4. Basis of Calculation and Specific Details of the Payment Amount

To eliminate any arbitrariness in the disposal value, the closing price for common shares of the Company on July 10, 2024 (the business day immediately preceding the date of resolution by the Board of Directors) on the Prime Market Section of the Tokyo Stock Exchange of ¥2,820.5 is used as the disposal value. This value is deemed to be rational and not particularly favorable because it is the market share price on the day immediately preceding the date of resolution by the Board of Directors.