Electronic provision of information starts on: May 29, 2025

To Our Shareholders:

The 110th Annual General Meeting of Shareholders
Other Matters Subject to the Electronic Provision Measures
(Matters for Which Document Delivery is Omitted)

Terumo Corporation

(Securities Code: 4543)

Business Report

(From April 1, 2024, to March 31, 2025)

1. Overview of the Group

(1) Business Progress and Results

In order to achieve the goals set out in the 5-Year Growth Strategy “GS26” announced in December 2021, the Group has adopted the medium- to long-term vision of “From Devices to Solutions” to address various challenges such as living with chronic diseases in an aging society, improving patients’ quality of life (QOL), and the advancement of personalized medicine. The Group is shifting its focus from product-centric to customer-centric, and is promoting management aimed at becoming a company that can provide comprehensive solutions to customers’ challenges.

The fiscal year ended March 31, 2025 was the third year of “GS26.” Medical demand continued to expand globally, and growth of our main businesses accelerated, especially in the Americas. As a result, revenue for the year under review increased by 12.4% year on year to 1,036.2 billion yen, helped by the weak yen serving as a tailwind. Although the macroeconomic environment remained uncertain due to persistently high raw material prices and other factors, we implemented profit improvement measures centered on product price increases and production efficiency enhancements. As a result, operating profit increased by 12.5% year on year to 157.7 billion yen. Profit for the year attributable to owners of the parent increased by 10.0% year on year to 117.0 billion yen.

Cardiac and Vascular Company expanded sales in both vascular access products and therapeutic products, as the number of cases of intravascular treatment increased globally. By business segment, Terumo Neuro business and Terumo Aortic business marked the highest growth rates (effective April 1, 2025, Neurovascular business and Vascular Graft business were renamed Terumo Neuro business and Terumo Aortic business, respectively). As a result, Cardiac and Vascular Company revenue increased by 12.4% over the previous fiscal year to 624.4 billion yen. Within the Medical Care Solutions Company, growth was driven by the Hospital Care Solutions business which implemented a domestic pricing policy, and Pharmaceutical Solutions business, an alliance business with pharmaceutical companies. As a result, Medical Care Solutions Company revenue increased by 6.9% over the previous fiscal year to 211.2 billion yen. As for the Blood and Cell Technologies Company, Global Blood Solutions business (effective April 1, 2025, disclosure segment was revised from Blood Centers business) made a significant contribution to revenue growth, driven by the accelerated expansion of Plasma Innovation business, and strong sales in blood collection-related and other core businesses. As a result, Blood and Cell Technologies Company revenue increased by 19.0% over the previous fiscal year to 200.3 billion yen.

On profit improvement, the company-wide profit improvement initiative is showing good progress. During the fiscal year under review, the Group accelerated its cost reduction and operational improvement efforts on a global basis, including cost reduction through continued shift of production to Costa Rica, and implementation of measures to improve and streamline operations at the Ashitaka Factory, the Group’s main production facility. The Group will continue to aim for company-wide sales expansion while also striving to improve profit margins.

■ Assets and Income

(Millions of yen, unless otherwise stated)

	107th term Fiscal 2021 From April 1, 2021, to March 31, 2022	108th term Fiscal 2022 From April 1, 2022, to March 31, 2023	109th term Fiscal 2023 From April 1, 2023, to March 31, 2024	110th term Fiscal 2024 From April 1, 2024, to March 31, 2025
Revenue	703,303	820,209	921,863	1,036,171
Operating profit	115,960	117,332	140,096	157,668
Profit before tax	114,501	116,137	140,829	154,574
Profit for the year	88,813	89,325	106,374	116,978
Profit for the year attributable to owners of the parent	88,813	89,325	106,374	116,978
Basic earnings per share (yen)	58.72	59.50	71.50	79.01
Total equity	1,012,313	1,111,063	1,327,090	1,368,535
Total assets	1,473,693	1,602,225	1,831,402	1,828,393
ROE (Return on equity attributable to owners of the parent) (%)	9.5	8.4	8.7	8.7
ROIC (Return on invested capital) (%)	7.4	6.8	7.1	7.5

(Reference) Adjusted operating profit 109th term 156,785 million yen 110th term 203,445 million yen

Notes:

1 Basic earnings per share is calculated based on the average number of shares outstanding during the period less treasury shares.

2 The Company conducted a 2-for-1 share split of its common shares effective April 1, 2024. Basic earnings per share is calculated assuming the share split was conducted at the beginning of the 107th term.

3 ROE is calculated as follows.
Profit for the year attributable to owners of the parent / equity attributable to owners of the parent (simple average balance between the beginning and ending dates of the fiscal year)

4 ROIC is calculated as follows.
Net operating profit after tax / (interest-bearing debt + total equity) (simple average balance between the beginning and ending dates of the fiscal year)

5 Adjusted operating profit factors out amortization expense for intangible assets recognized in acquisitions and non-recurring profit or loss from operating profit.

Sales by Geographic Segment

(Millions of yen)

Item	109th term Fiscal 2023 From April 1, 2023, to March 31, 2024		110th term Fiscal 2024 From April 1, 2024, to March 31, 2025		Change
	Amount	Ratio (%)	Amount	Ratio (%)	(%)
Americas	327,982	35.6	395,653	38.2	20.6
Japan	211,121	22.9	217,206	21.0	2.9
Europe	191,498	20.8	218,287	21.1	14.0
China	79,412	8.6	84,968	8.2	7.0
Asia & Others	111,847	12.1	120,054	11.6	7.3
Total	921,863	100.0	1,036,171	100.0	12.4

Cardiac and Vascular Company

Overseas, all businesses, especially Terumo Interventional Systems business (renamed from Interventional Systems business effective April 1, 2025) and Terumo Neuro business, achieved growth, resulting in a 13.6% increase in revenue from the previous fiscal year. In Japan, sales in Terumo Neuro business and Terumo Aortic business remained strong. However, Terumo Interventional Systems business sales declined impacted partly by the downward revision of NHI reimbursement prices, resulting in an only slight year on year increase of 0.6%.

As a result, Cardiac and Vascular Company revenue increased by 12.4% over the previous fiscal year to 624.4 billion yen.

Main products

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

Medical Care Solutions Company

In the Company's primary market of Japan, thanks to the pricing policy and continued robust demand, revenue of Hospital Care Solutions business increased by 3.8% over the previous fiscal year. Overseas, revenue increased by 15.5% from the previous fiscal year, driven by increased sales in the Americas.

As a result, Medical Care Solutions Company revenue increased by 6.9% over the previous fiscal year to 211.2 billion yen.

Main products

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

Blood and Cell Technologies Company

Overseas, revenue increased by 20.3% year on year, driven by the robust performance of Global Blood Solutions achieved mainly through accelerated expansion of Plasma Innovation business in North America, and increased sales in blood collection-related businesses in Europe and US. Sales in Japan also increased by 2.0% year on year, helped by increased sales of blood component collection-related products.

As a result, Blood and Cell Technologies Company revenue increased by 19.0% over the previous fiscal year to 200.3 billion yen.

Main products

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

■ Research and Development Results

Cardiac and Vascular Company

In the Terumo Interventional Systems business, we obtained MDR approval for expanded indications for drug-eluting coronary stents Ultimaster Nagomi and Ultimaster Tansei. This MDR approval expands the indications to include patients at high risk of bleeding complications, who account for approximately 45% of those undergoing percutaneous coronary intervention (PCI), and includes those eligible for a shortened dual antiplatelet therapy (DAPT) duration of 1 month. This expanded indication marks an important milestone in addressing a key clinical challenge and suggests that Ultimaster may offer a safer alternative to long-term drug therapy in 1-month DAPT for patients at high risk of bleeding complications.

In the Terumo Aortic business, Group company Vascutek Ltd. was awarded the UK King’s Awards for Enterprise. The awards are granted to UK companies that have made outstanding achievements in the fields of Innovation, International Trade and Sustainable Development. Vascutek Ltd. received the award in the Innovation category. In certain countries and regions, such as in Europe where permitted by law, the Company also provides custom-made products, adjusted in size or shape under the direction of healthcare professionals, for complex lesions that are difficult to treat with currently available products. On this occasion, Vascutek Ltd.’s custom-made product services were highly recognized, which led to the receipt of the award. These services enable the manufacture of custom-made products based on patient case information and CT images stored in the cloud, and also allow for the creation of a three-dimensional model of the patient’s aorta using a 3D printer. This allows healthcare professionals to use the 3D models to confirm whether the custom-made products fit the affected area and to conduct preoperative training, enabling thorough preparation for treating complex lesions.

Medical Care Solutions Company

In the Hospital Care Solutions business, the Company launched “Ratchetta,” a portable body composition analyzer for medical use. The device is a body composition analyzer (body composition monitor) capable of measuring key parameters for managing patients before, during, and after surgery (perioperative period). Understanding a patient’s muscle mass and body water content during the perioperative period helps assess nutritional status and supports appropriate nutritional interventions tailored to each patient, such as enteral nutrition or intravenous infusion. In addition, sarcopenia, a condition with reduced muscle mass and function, can increase the risk of postoperative complications and lower the continuation rate of chemotherapy. In medical settings, there is a growing need for tools that allow for simple and accurate measurement of body composition to properly assess patients’ nutritional status and support treatment decisions. “Ratchetta” is compact and lightweight, making it easy for healthcare professionals to carry and use in a variety of situations and with different patients. In addition, by downloading and using the accompanying data management PC software, users can easily store data on a computer, which is expected to be useful in outpatient nutritional guidance and other applications.

In the Pharmaceutical Solutions business, Maruishi Pharmaceutical Co., Ltd. launched a prefilled syringe formulation “Sugammadex Intravenous Solution Syringe ‘Maruishi’” that the Company jointly developed with them. This product is a neuromuscular blockade reversal agent administered to facilitate recovery from muscle relaxation induced by anesthesia, and is used during surgeries involving general anesthesia. Prefilled syringe formulation, is a type of formulation where the medication is preloaded into the syringe prior to shipment, which enables rapid administration in medical settings and also helps reduce the risk of medication errors. Leveraging its proprietary technologies cultivated through the development of prefillable syringes, Terumo is engaged in the development of devices that combine material technologies suited to specific drugs, as well as joint initiatives with pharmaceutical companies to design and produce combination products that integrate pharmaceuticals and medical devices.

Blood and Cell Technologies Company

The Company announced funding support for a new clinical trial, ARCAD trial, related to treatment of acute chest syndrome (ACS) for patients with sickle cell disease (SCD). The trial aims to confirm that the benefits from early treatment of ACS using automated red blood cell exchange versus manual exchange will translate to a faster resolution of ACS and reduced adverse events during hospitalization for these extremely vulnerable patients. Speeding ACS treatment could have significant potential benefits of reducing morbidity and mortality in adult patients with SCD and reduced costs for hospital stays. It could help make automated red blood cell exchange part of the standard of care for severe ACS. SCD is a genetic blood disorder that causes misshapen red blood cells to get stuck in the blood vessels, leading to severe pain episodes from vaso-occlusions and other serious complications. It can progress quickly and requires prompt treatment. Red blood cell exchange, which replaces damaged cells with healthy ones, can be done using manual or automated exchange. Manual red blood cell exchange is time consuming, while automated red blood cell exchange enables quicker and consistent treatment.

The Company made a joint announcement with FUJIFILM Irvine Scientific of a strategic collaboration to help accelerate T-cell expansion by combining Terumo BCT's Quantum Flex, cell expansion system, with FUJIFILM's system. By using systems that work together, this collaboration aims to reduce the barriers in T-cell expansion. Cell therapy developers often face significant challenges scaling their manufacturing processes, requiring extensive investment in developing their own methods for T-cell expansion. Terumo BCT's protocols, tested with FUJIFILM's commercially available, chemically defined GMP-compliant media, help reduce challenges associated with T-cell expansion such as time, cost and complexity of creating in-house processes. This collaboration is expected to promote process standardization, reduce risks in therapy development through integrated, proven solutions, and offer a viable path forward for scaling up T-cell expansion.

R&D Division

To ensure that research and development are aligned with our business strategy, the Company strives to visualize the overall picture of Group-wide R&D and to build an optimal portfolio and growth pipeline. In the Corporate R&D which is responsible for medium- to long-term research and development, we implemented organizational changes to accelerate the creation of new domains and shifted resource allocation toward larger-scale research themes. We also opened Discovery and TEchnology Center of Terumo (D-TECT), a new R&D center in California, U.S. The center will enable us to create a foothold in the large U.S. market, to facilitate collaboration with local medical institutions, and to pursue research activities while keeping abreast of developments in academia and startups. Through this, we aim to further accelerate global expansion of our Corporate R&D activities. Further, we established "Terumo Ventures," a Corporate Venture Capital (CVC) organization in the U.S. to accelerate innovation creation through strengthened collaboration with medtech start-ups. We have set an investment budget of USD 75 million for the next 5 years, and have started investing primarily in the fields of cardiovascular disease treatment, chronic disease treatment, and digital technologies.

On digital transformation (DX), we are clarifying its role as a key driver of innovation and, as with R&D, shifting resources toward large-scale initiatives and promoting global expansion of our activities. In addition to establishing a U.S. DX site to shift our DX activities to the U.S., the most advanced market, and identifying digital health startups, we are promoting in-house AI development for strategic products. We are integrating our digital human resources, which were dispersed within our headquarters, and striving to strengthen our capabilities in the areas of AI (including generative AI), cloud, security, and connectivity.

(2) Issues to be Addressed

Guided by its corporate mission of “Contributing to Society through Healthcare,” the Company has been striving to promote the progress of healthcare and enhance safety as a leader in the Japanese medical devices industry, while at the same time endeavoring to enhance corporate value and advance shareholders’ common interests.

Healthcare is undergoing significant transformation. As a result of global aging and rising living standards, we are witnessing a shift in the structure of diseases, including an increase in chronic conditions. This rise in chronic diseases is altering the timeline of medical care, such as the requirement for longer-term patient management. In addition, the advancement of biopharmaceuticals, cell and gene therapies, as well as digital and AI technologies, is bringing about changes in the technologies that support healthcare. Each of these changes represents a critical issue that our Group must earnestly address. We are striving toward the achievement of our 5-Year Growth Strategy “GS26” to help solve these issues. In addition, the Company will promote sustainability management throughout the Company based on the specific CSV/ESG activity themes and KPIs set forth in “GS26.”

(Reference) Terumo’s Sustainability Management

At Terumo, we position the creation of social value (CSV) through the resolution of healthcare challenges as the most important theme of our sustainability management. Furthermore, we have set our sustainability priorities related to ESG as the foundation to support the promotion of CSV and are working towards achieving them while promoting CSV. In addition to resolving healthcare challenges, we will also work to solve social and environmental challenges surrounding healthcare and contribute to the realization of a sustainable and healthy society.

Sustainability Management Practice in the 5-Year Growth Strategy “GS26”

Under our five-year growth strategy GS26 started from Fiscal 2022, we have set specific initiatives and key performance indicators (KPIs) for CSV and ESG and are promoting them throughout the company. The progress is monitored by the Sustainability Committee and reported regularly to the Executive Management Meeting and the Board of Directors. Furthermore, we introduced in Fiscal 2023 Future Corporate Value Targets as performance evaluation factors for executive directors, group executive officers, and executive officers to appropriately reflect their contribution to these initiatives in their performance evaluation and compensation. We will continue to enhance our long-term corporate value by practicing sustainability management.

		Sustainability priorities	GS26 CSV/ESG themes and KPIs (examples)*
CSV	Social value creation	**Resolving healthcare challenges** • Providing healthcare that is closely aligned with the life of each individual • Co-creating a sustainable healthcare system • Spreading medical technologies and services and improving access to healthcare	• Further adoption of the radial access procedures • Deliver perioperative solution that supports early patient recovery • Bring life-saving technology to previously unreachable patients
ESG	Foundation supporting social value creation	**Pursuing Total Quality**	• Critical findings from regulatory authorities: zero • Critical market shortages: zero • Transactions with critical deviations from Terumo’s Supplier Guidelines: zero
		Promoting active participation of associates	• Ratio of female managers: 13% by Fiscal 2026 in Japan* *Scope: Terumo Corporation
		Reducing the environmental impact	• CO_2 emissions*: 50.4% reduction by Fiscal 2030 compared to Fiscal 2018 • Achieving carbon neutrality* by Fiscal 2040 *Scope 1+2
		Contributing to society and local communities	
		Lives and human rights of associates/business partners	• Fatal and serious work-related accidents: zero
		Promoting compliance	• Violations of laws/regulations with significant impact on Terumo Group management: zero
	Governance	Corporate governance and risk management	• Evaluation of the effectiveness of the Board of Directors: conduct annually

*Note: The listed CSV/ESG themes and KPIs are only partial and not exhaustive.

■ **Forecast of Consolidated Results**

(Millions of yen)

	Fiscal year ended March 31, 2025 Results	Fiscal year ending March 31, 2026 Forecast	Change	Change (%)
Revenue	1,036,171	1,050,000	13,828	1.3
Adjusted operating profit	203,445	214,000	10,554	5.2
Adjusted operating profit ratio (%)	19.6	20.4	—	—
Operating profit	157,668	194,000	36,331	23.0
Operating profit ratio (%)	15.2	18.5	—	—
Profit for the year attributable to owners of the parent	116,978	143,000	26,021	22.2

Actual rate for fiscal year ended March 31, 2025: USD 1 = JPY 153, EUR 1 = JPY 164

Assumed rate for fiscal year ending March 31, 2026: USD 1 = JPY 140, EUR 1 = JPY 160

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

(3) Principal Business

The Group manufactures and sells medical products and equipment, including pharmaceuticals, various disposable medical devices, and medical systems. Main products are listed on pages 5-7.

(4) Principal Lenders (as of March 31, 2025)

Lender	Outstanding borrowings (Billions of yen)
MUFG Bank, Ltd.	27.5
Mizuho Bank, Ltd.	27.5
Syndicated loan*	30.0

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

(5) Employees (as of March 31, 2025)

1) The Group

Number of employees*	Change from the previous fiscal year-end
30,689	+98

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

2) The Company

Number of employees[1]	Change from the previous fiscal year-end	**Average age[2]**	**Average service years[2]**
5,633	+79	40.3	15.7

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.

(6) Principal Offices and Factories (as of March 31, 2025)

■ Terumo Corporation

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

(7) Other Significant Matters concerning the Group's Current Situation

Not applicable.

2. Overview of the Company

(1) Status of Shares (as of March 31, 2025)

1) Number of Shares Authorized 5,900,000,000 shares
2) Number of Shares Issued 1,480,559,680 shares
3) Number of Shareholders 52,778
4) Major Shareholders (10 largest shareholders)

Shareholder name	Number of shares held	Percentage of shareholding
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	329,203	22.3
Custody Bank of Japan, Ltd. (Trust Account)	136,542	9.3
The Dai-ichi Life Insurance Company, Limited	60,327	4.1
Meiji Yasuda Life Insurance Company	48,844	3.3
STATE STREET BANK AND TRUST COMPANY 505001	46,406	3.1
TERUMO LIFE SCIENCE FOUNDATION	29,440	2.0
STATE STREET BANK AND TRUST COMPANY 505103	27,072	1.8
STATE STREET BANK WEST CLIENT – TREATY 505234	27,072	1.8
GOVERNMENT OF NORWAY	23,912	1.6
STATE STREET BANK AND TRUST COMPANY 505223	23,626	1.6

Notes:
1 Treasury shares (5,608,213 shares) are 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, 12,000 thousand shares are shares concerning retirement benefit trust contributed by The Dai-ichi Life Insurance Company. (The shareholder of record is “Custody Bank of Japan, Ltd. as trustee for The Dai-ichi Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.” The Dai-ichi Life Insurance Company, Limited is authorized to give directions concerning exercise of the voting rights for these shares.)

5) Status of Shares Granted to Officers of the Company in Consideration of the Performance of Duties during the Fiscal Year Ended March 31, 2025

Details of the stock remuneration granted during the fiscal year ended March 31, 2025 are as follows.

Category	Number of shares	Number of eligible beneficiaries
Directors (excluding Directors who serve as Audit and Supervisory Committee Members and Outside Directors)	44,155 shares	5
Outside Directors (excluding Directors who serve as Audit and Supervisory Committee Members)	–	–
Directors who serve as Audit and Supervisory Committee Members	–	–

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

1) Overview of Stock Acquisition Rights Held by the Company's Directors as of March 31, 2025

	Date of resolution of issuance	Issue price of stock acquisition rights	Exercise price	Period for exercise of stock acquisition rights	Number of holders	Number of stock acquisition rights	Types and number of shares to be issued upon exercise of stock acquisition rights
Second issue of stock acquisition rights	August 6, 2014	577 yen	1 yen	From August 28, 2014, to August 27, 2044	1 director*[1]	335	2,680 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	335	2,680 ordinary shares
Third issue of stock acquisition rights	August 7, 2015	702 yen	1 yen	From August 26, 2015, to August 25, 2045	2 directors*[1]	1,100	8,800 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	338	2,704 ordinary shares
Fourth issue of stock acquisition rights A-Type	August 4, 2016	1,021 yen	1 yen	From August 26, 2016, to August 25, 2046	1 director*[1]	1,038	8,304 ordinary shares
Fourth issue of stock acquisition rights B-Type	August 4, 2016	995 yen	1 yen	From August 26, 2016, to August 25, 2046	3 directors*[1]	1,268	10,144 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	355	2,840 ordinary shares
Fifth issue of stock acquisition rights A-Type	August 3, 2017	976 yen	1 yen	From August 25, 2017, to August 24, 2047	1 director*[1]	1,062	8,496 ordinary shares
Fifth issue of stock acquisition rights B-Type	August 3, 2017	959 yen	1 yen	From August 25, 2017, to August 24, 2047	3 directors*[1]	1,286	10,288 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	566	4,528 ordinary shares
Sixth issue of stock acquisition rights A-Type	August 8, 2018	1,467 yen	1 yen	From August 30, 2018, to August 29, 2048	1 director*[1]	1,054	8,432 ordinary shares
Sixth issue of stock acquisition rights B-Type	August 8, 2018	1,451 yen	1 yen	From August 30, 2018, to August 29, 2048	4 directors*[1]	1,672	13,376 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	396	3,168 ordinary shares
Seventh issue of stock acquisition rights	July 11, 2019	1,531 yen	1 yen	From August 2, 2019, to August 1, 2049	1 director*[1]	260	2,080 ordinary shares
					1 director who serves as an Audit and Supervisory Committee Member*[2]	400	3,200 ordinary shares
Eighth issue of stock	July 15, 2020	1,971 yen	1 yen	From August 6, 2020, to August 5, 2050	1 director*[1]	215	1,720 ordinary shares

	Date of resolution of issuance	Issue price of stock acquisition rights	Exercise price	Period for exercise of stock acquisition rights	Number of holders	Number of stock acquisition rights	Types and number of shares to be issued upon exercise of stock acquisition rights
acquisition rights					1 director who serves as an Audit and Supervisory Committee Member*2	332	2,656 ordinary shares
Ninth issue of stock acquisition rights	July 14, 2021	2,086 yen	1 yen	From August 4, 2021, to August 3, 2051	1 director*1	192	1,536 ordinary shares
Tenth issue of stock acquisition rights	June 22, 2022	2,077 yen	1 yen	From July 16, 2022, to July 15, 2052	1 director*1	375	3,000 ordinary shares

Notes: 1 Excluding outside directors and non-executive directors.
2 Stock acquisition rights held by directors who serve as Audit and Supervisory Committee Members were granted to them while they were employees of the Company.

2) Overview of Stock Acquisition Rights Granted to the Company's Employees, Etc.

	Date of resolution of issuance	Issue price of stock acquisition rights	Exercise price	Period for exercise of stock acquisition rights	Number of holders	Number of stock acquisition rights	Types and number of shares to be issued upon exercise of stock acquisition rights
12th issue of stock acquisition rights	July 11, 2024	2,300 yen	1 yen	From August 3, 2024, to August 2, 2054	14 Group Executive Officers and fellows	4,048	32,384 ordinary shares

(3) Company Directors

1) Outline of the liability limitation contracts

The Company has concluded a liability limitation contract with its non-executive 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 minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.

2) Outline of the content of directors and officers liability insurance contracts

The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure group executive officers and executive officers, etc., including directors of the Company. The insurance covers any damages that may result from the insured being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. (However, those that fall under the disclaimer stipulated in the insurance contract are excluded.) The insurance premiums are fully borne by the Company.

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

The Company has appointed Mr. Takanori Shibazaki as a full-time Audit and Supervisory Committee Member in order to strengthen audit and supervisory functions of the Audit and Supervisory Committee and to enable information gathering from directors (excluding Audit and Supervisory Committee Members), sharing of information at important internal meetings, and sufficient collaboration between the Audit and Supervisory Committee and the Internal Control Division which plays an important role in internal control activities.

4) Outside Directors

Principal activities in the fiscal year ended March 31, 2025

Name	Position	Main activities as Outside Director and an overview of expected duties, etc.
Hidenori Nishi	Outside Director	Attended 14 out of 14 meetings of the Board of Directors held in the fiscal year ended March 31, 2025; provided opinions, based mainly on his wealth of experience in management, overseas operations and marketing, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, attended meetings as shown in the table below as the Chair of the Nomination Committee and a member of each of the Remuneration Committee and Corporate Governance Committee, and contributed to the supervisory function of such committees on the Company's deliberation process of selection of candidates for directors, determination of executive remuneration, and corporate governance-related matters, from an objective and neutral standpoint.
Keiya Ozawa	Outside Director	Attended 14 out of 14 meetings of the Board of Directors held in the fiscal year ended March 31, 2025; provided opinions from the perspective of his expertise as a doctor and abundant experience cultivated by being involved in business execution as director of a center at a university hospital, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as the Chair of the Remuneration Committee, and a member of the both the Corporate Governance Committee and the Nomination Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters.
Mari Kogiso	Outside Director	Attended 11 out of 11 meetings of the Board of Directors held since she assumed office on June 26, 2024; provided opinions mainly from the perspective of her wealth of experience cultivated through her career in the financial industry on a global basis and from leading initiatives on DE&I and ESG, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, attended meetings as shown in the table below as the Chair of the Corporate Governance Committee, and a member of both the Nomination Committee and the Remuneration Committee, and contributed to the supervisory function of such committees on the Company's deliberation process of selection of candidates for directors, determination of executive remuneration, and corporate governance-related matters, from an objective and neutral standpoint.

Name	Position	Main activities as Outside Director and an overview of expected duties, etc.
Masaichi Nakamura	Outside Director (Audit and Supervisory Committee Member)	Attended 14 out of 14 meetings of the Board of Directors and 12 out of 12 meetings of the Audit and Supervisory Committee held in the fiscal year ended March 31, 2025; Regarding the Board of Directors, he provided opinions based mainly on his expert knowledge and deep insight as a certified public accountant and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters. Regarding the Audit and Supervisory Committee, he chaired the Committee, and based mainly on his wealth of experience and wide range of insights as a certified public accountant, he expressed his opinions from the perspective of ensuring the legality and validity of decision-making regarding the execution of our business as well as monitoring and supervising management.
Soichiro Uno	Outside Director (Audit and Supervisory Committee Member)	Attended 14 out of 14 meetings of the Board of Directors and 12 out of 12 meetings of the Audit and Supervisory Committee held in the fiscal year ended March 31, 2025; Regarding the Board of Directors, he provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer, and performed appropriate duties in fair and precise management oversight and decision-making on the Board of Directors. Furthermore, as a member of each of the Nomination Committee, Remuneration Committee and Corporate Governance Committee, from an objective and neutral standpoint, attended as follows; selection of candidates for directors of the Company, meetings for decisions such as executive remuneration, and contributed to the supervisory function in the process of deliberating corporate governance-related matters. Regarding the Audit and Supervisory Committee, based mainly on his wealth of experience and wide range of insights as a lawyer, he expresses his opinions from the perspective of ensuring the legality and validity of decision-making regarding the execution of our business as well as monitoring and supervising management.

Attendance at committees

Name	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Hidenori Nishi Keiya Ozawa Masaichi Nakamura Soichiro Uno	6/6	6/6	7/7
Mari Kogiso	6/6	3/3	6/6

* The number of meetings attended by Ms. Mari Kogiso refers only to the number of meetings held after she assumed office on June 26, 2024.

(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 and Supervisory Committee evaluated the performance status of the accounting audit for the fiscal year ended March 31, 2025, and as a result of checking the audit plan and appropriateness of the estimated amount of remuneration etc. for the Accounting Auditor of the same fiscal year, we judged that it was a reasonable level to maintain and improve audit quality, and thus gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

	Amount paid (Millions of yen)
i) Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2025	159
ii) Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	203

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 Act 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, 2025.

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 With regard to remuneration etc. for the Accounting Auditor, the Company paid additional remuneration of 2 million yen for services provided in the previous fiscal year, in addition to the amount indicated above.

3) Non-audit Services

The non-audit services entrusted by the Company include the preparation of a comfort letter.

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 and Supervisory Committee may dismiss the Accounting Auditor, as necessary, provided all the Audit and Supervisory Committee Members consent to such dismissal.

Regarding reappointment of the Accounting Auditor, the Audit and 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 and Supervisory Committee judges that the Accounting Auditor should not be reappointed, the committee determines the content of a proposal concerning non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

(5) Corporate Governance

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

Terumo Corporate Governance Guidelines

1. General Provisions

(1) Basic Stance on Corporate Governance

- Terumo's Group Mission is "Contributing to Society through Healthcare." Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners, and communities.
- Terumo has established "Our Promise," which indicates the direction we will be pursuing to realize our Group Mission.
  Our Promise:
  "Everything starts from our unwavering commitment to patients.
  Listening sincerely to their needs and understanding deeply their hopes and aspirations, we boldly pursue innovative ways to help enhance the lives of patients around the world."
- Terumo has also set out its Core Values, which represent the values and beliefs on which all Terumo associates worldwide should base their actions, which are as follows:
  Respect – Appreciative of others
  Integrity – Guided by our mission
  Care – Empathetic to patients
  Quality – Committed to excellence
  Creativity – Striving for innovation
- Terumo has established these guidelines based on its Group Mission, Our Promise, and the Core Values. These guidelines are intended to promote timely decision making while helping maintain transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by exercising accountability toward its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Japan's Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

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

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

2. Corporate Governance Structure

(1) Organizational Design

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

[1] Strengthen audit and supervisory functions

The members of the Audit and Supervisory Committee shall have voting rights in meetings of the Board of Directors.

[2] Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision making will be enhanced at the Board level by reflecting opinions of the independent directors, which represent the perspective of shareholders and other stakeholders.

[3] Expedite decision-making process

By promoting the appropriate delegation of the Board's authority to group executive officers and executive officers, Terumo will further expedite its decision-making process and business development through a shift toward a monitoring-based approach for the Board.

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

(2) Board of Directors

[1] Roles

- The Board shall strive for optimal decision-making regarding basic management policies with the goal of maximizing corporate value.
- To expedite decision making processes, the Board may delegate certain duties or responsibilities, which are executed based on basic management policies decided by group executive officers and 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 Chief Executive Officer's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

[2] Members

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

(3) Audit and Supervisory Committee

[1] Roles

The Audit and Supervisory Committee shall audit and supervise the execution of duties by directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. Its activities include the following:

- Attend, provide opinions and exercise voting rights at Board of Directors meetings

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

To fulfill its audit and supervisory duties, the Audit and Supervisory Committee works together with the Representative Directors, the Internal Audit Department, and the External Financial Auditor. The Audit and Supervisory Committee utilizes the internal control system to provide instructions to the group internal control departments and receives reports from the operational departments on both a regular and an as-needed basis.

[2] Members

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

(4) Nomination Committee

[1] Roles

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

[2] Members

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

(5) Remuneration Committee

[1] Roles

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

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

[2] Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors shall account for the majority of Committee members.
- At least one of the representative directors shall be a member of the Committee.

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

(6) Corporate Governance Committee

[1] Roles

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

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

[2] Members

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

(7) Internal Control Committee

[1] Roles

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

[2] Members

- The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company etc.).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the Chief Executive Officer.

(8) Risk Management Committee

[1] Roles

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

[2] Members

- The Committee shall be comprised of directors who also serves as a group executive officer or executive officer, Chief Legal Officer, general manager of Internal Audit Department and Internal Control Department, and persons designated by Chairperson (general managers of Internal Control Departments and related departments, executive officers responsible for such departments, and expert/intellectual of outside company etc.).
- Audit and Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the Chief Executive Officer.

(9) Selection/Dismissal of Directors

[1] Selection Policy

In selecting candidates for directors, Terumo considers the ideal composition of the Board of Directors and ensures that the knowledge and experience of each director broadly encompasses the elements necessary for supervising and making management decisions. Terumo also takes into account diversity, including candidates with different backgrounds, areas of expertise, and gender. Candidates for directors shall be selected in accordance with internal regulations, which stipulate the eligibility criteria, including the following:

[Internal directors]

- To have management judgement capacities and management oversight capacities from stakeholders' standpoint
- To have excellent personality, great insight, and high ethical standards
- To have attained sufficient business results or achievements

[Independent directors]

- To meet the requirements for candidates of independent directors as defined by Terumo
- To be able to contribute to the improvement of corporate governance and supervision of the Company's management, and to be able to offer his/her opinions without reserve
- To have extensive experiences in management, international business, the practice of medicine or other specific areas of expertise

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

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

[2] Selection/Dismissal Procedure

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

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

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

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

(10) Selection and Cultivation of Successors to the Chief Executive Officer

The Board of Directors has established the Nomination Committee as an organization overseeing the process of selecting and cultivating successors to the Chief Executive Officer in recognition of the fact

that the selection of successors to the Chief Executive Officer is one of the most important duties for the Board of Directors, and the Committee's activities are monitored by the Board of Directors. The process of selection and cultivation of successors to the Chief Executive Officer is clearly stated in internal regulations.
With regard to selecting a successor to the Chief Executive Officer, the Chief Executive Officer 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 Chief Executive Officer shall also submit a "Next-Generation Executives' Development Plan" naming several persons with the potential to become future executives to the Nomination Committee within a specified period of time, and shall thereafter continue to report on the status of these candidates' cultivation to the Committee as appropriate.

(11) Policy on determination of individual remuneration for executive directors, group executive officers and executive officers

[1] Basic remuneration policy

To provide appropriate motivation to enhance corporate value over the mid- to long-term, while taking appropriate risks, the remuneration for executive directors, group executive officers and executive officers shall be determined with an appropriate balance of fixed remuneration, performance-linked remuneration (bonuses), and restricted stock (Stock-based Compensation Stock Options for those living overseas. The same shall apply hereafter).
Remuneration for non-executive directors shall consist only of fixed remuneration.
In order to acquire and retain management talent, which is essential for accelerating our sustainable growth and realizing corporate philosophy, levels of remuneration shall be set at an upper middle level in relation to market benchmark companies for each job grade and position, based on remuneration database from an external consulting firm. Remuneration levels for group executive officers and executive officers of foreign nationalities shall be set based on the same policy above according to market benchmarks of applicable countries.

[2] Categories of remuneration and associated policies

1) Target Proportions

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

2) Policy for each remuneration category

- Fixed remuneration
  To motivate executive directors, group executive officers and executive officers to steadily perform their professional duties according to their responsibilities, monthly fixed remuneration shall be paid. The amount of fixed remuneration is determined according to position based on the job grade of each group executive officer and executive officer. An allowance shall be added in the event a group executive officer and executive officer concurrently serves as executive director.
- Performance-linked remuneration (bonuses)
  Annual bonuses are a form of remuneration aimed at motivating executive directors, group executive officers and executive officers to achieve sustainable growth and annual performance; therefore, purpose-aligned evaluation factors are adopted. Evaluation factors consist of Companywide financial indicators, (for all of executive directors, group executive officers and executive officers), financial performance indicators for each business/regional

operations (for executive directors, group executive officers and executive officers responsible), and Future Corporate Value Targets which are non-financial indicators to be set by each executive director, group executive officer and executive officer. Annual bonuses shall be paid on a certain date and the amounts of bonuses are calculated by multiplying (a) the evaluation index determined based on above evaluation factors by (b) the standard bonus amount set for each position.

- Restricted stock
  In order to further align the interests of executive directors, group executive officers and executive officers with the interests of Terumo's shareholders and further enhance their desire to contribute to rises in stock prices and the improvement of corporate value by fulfilling expected roles and responsibilities, remuneration is offered in the form of restricted stock. Restricted stock shall be allotted annually on a certain date. Under the concept "sharing awareness of profits with shareholders over the long term," executive directors, group executive officers and executive officers may not transfer to a third-party or otherwise dispose of restricted stock allotted to them for 30 years (or until their retirement from the position of director, group executive officer and executive officer etc. if earlier). Furthermore, if directors, group executive officers and executive officers commit fraud or violate laws during their term, all or part of their allotted stock will be acquired by the Company without consideration.

[3] Procedure for determining remuneration

The Remuneration Committee, as an advisory body to the Board of Directors, deliberates on the followings in light of information that includes market remuneration databases and information on changes in trends in comparable standards over multiple years provided by an external research consulting firm. Independent directors shall account for the majority of Remuneration Committee members and the chair shall be elected from among the Committee members who are independent directors. The Board of Directors makes resolutions of them based on the deliberation of the Remuneration Committee.

(a) Amount of fixed remuneration for independent directors (excluding Audit and Supervisory Committee members)
(b) Amount of fixed remuneration, performance-linked remuneration (bonuses: standard amount) and restricted stocks for internal directors (excluding Audit and Supervisory Committee members), group executive officers and executive officers by position
(c) Basic design of the remuneration system

Remuneration for Audit and Supervisory Committee members shall be decided through discussions among the Audit and Supervisory Committee members by referring to trends of market remuneration databases provided by an external research consulting firm.
Remuneration for directors (including Audit and Supervisory Committee members) shall be determined within the remuneration limit of fixed remuneration, bonuses and restricted stocks, approved at the General Meeting of Shareholders.

(12) Training Policy

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

- Internal directors
  At the time of appointment, briefings by the Legal and Compliance Division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director with acquiring the requisite knowledge. After the appointment, relevant resources and

opportunities for external training sessions shall be provided as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

- Independent directors
  At the time of appointment, briefings by the Legal and Compliance Division shall be arranged to provide each independent director with the requisite knowledge of his or her obligations as an independent director, and briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo's business, organization, and operations necessary to fulfill his or her duties as an independent director. External training sessions and other sources of information shall be made available if additional knowledge is required or updating is necessary.

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

3. Securing Shareholders' Rights and Equality

(1) Securing Shareholders' Rights
In the light of the importance of the shareholders' rights, Terumo shall not take any action intended to jeopardize the exercise of shareholders' rights.

- Terumo will strive to ensure that shareholders are allowed to exercise their minority rights under the Companies Act in an efficient manner. This shall include their (a) rights to review the shareholder register and the minutes of the Board of Directors meetings; (b) rights to propose at the General Meeting of Shareholders; and (c) rights to demand an injunction or file a derivative action against directors' illegal conduct. Terumo shall include the procedures for exercising such rights in its Stock Holding Rules.
- The Board of Directors shall review the agenda of the General Meeting of Shareholders after the conclusion of such meeting. When a considerable number of votes were cast against an agenda item, even if it was finally approved, the Board of Directors shall analyze the reasons for the opposition and why so many opposing votes were cast. The Board shall discuss how to react, including how Terumo may engage in a dialogue with the shareholders. If a dialogue with shareholders occurs, the details of the dialogue shall be reported to the Board of Directors.
- The Board of Directors may make a decision about a capital policy, which may cause a change of control or significant dilution of the value of shares owned by the current shareholders, only after careful analysis of its necessity and rationale. The Board's analysis shall be based on the understanding that such policy could harm the interests of the current shareholders. The Board shall promptly disclose any such decision it makes and explain clearly to the shareholders and other investors. The disclosure shall include an appropriate explanation of the action and the reasons for it. The Board shall consider the matter from the viewpoint of the Company's stakeholders and, to the extent possible, place the highest weight on the opinions and views of the independent directors.

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

- The date of the General Meeting of Shareholders should be established on a day, that is not a peak day and morning hours should be avoided so that as many shareholders as possible may attend the meeting.

- In order to ensure that shareholders have sufficient time to review proposals for the general meeting of shareholders and can appropriately exercise their voting rights, we will strive to begin electronic provision measures for general meetings of shareholders, as stipulated by the Companies Act, as early as possible before the statutory deadline. Additionally, we will make efforts to send notices of convocation for general meetings of shareholders at an early stage.
- Terumo shall strive to provide an environment that facilitates the exercise of voting rights, which shall include an electronic voting platform for the electronic exercise of the voting rights. In addition, Terumo shall provide an English-language translation of the notice of the meeting to ensure equality of access to information about the meeting among Japanese shareholders and international shareholders alike.

(3) Basic Strategy for Capital Policy

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

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

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

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

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

(5) Function as Asset Owner of Corporate Pension Fund

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

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

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

(6) Related Party Transactions

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

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

4. Collaboration with Stakeholders Other than Shareholders

(1) Code of Conduct

Terumo has established and implemented the "Terumo Group Code of Conduct" by resolution of the Board of Directors. The Code of Conduct includes fundamental principles that articulate Terumo's corporate values, including appropriate collaboration with stakeholders, respect for their values and sound business ethics.
The Legal and Compliance Division performs systematic follow-up to embed the Code of Conduct across the Terumo Group and help all associates throughout the world comply with the Code.
The Board of Directors requires that the Code of Conduct be reviewed and revised as necessary to ensure that it remains up to date and applicable to the current environment. Any revisions shall be reviewed and approved by resolution of the Board of Directors, etc.

(2) Sustainability

The Terumo Group aims to achieve both a sustainable society and the Group's sustainable growth. Considering the importance of sustainability, Terumo has established and implemented the "Terumo Group Sustainability Policy" by resolution of the Board of Directors.
The Sustainability Committee, as a subcommittee of the Executive Management Meeting, formulates policies and plans for Terumo's sustainability management, monitors the status of activities, and reports to the Executive Management Meeting and the Board of Directors. The committee also investigates external sustainability trends, reports and makes recommendations to the Executive Management Meeting and the Board of Directors, and reflects the findings in the policies and plans for Terumo's sustainability management.

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

At the Terumo Group, we strive to promote respect for each individual and each different culture. We do not discriminate on the basis of race, nationality, gender, religion, or disability, and respect human rights. 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 DE&I Promotion Department, Terumo works to develop its corporate environment, corporate culture, and awareness so that diverse associates are able to demonstrate their full potential. Under the leadership of top management, Terumo actively promotes the appointment of diverse associates such as female and international associates, including at the management level.

(4) Whistle-Blowing System (Compliance Helpline)
Terumo has established a helpline program designed for early detection and appropriate resolution of issues and concerns about potential violations of laws, regulations and the Terumo Code of Conduct. In addition to designated Terumo Associates, external qualified legal professionals and helpline service vendors are designated as point of contact for such reports. A web address for reporting is published on the Company website, so that business partners may file reports. Terumo ensures the anonymity of reporters and follows a no-retaliation policy to protect reporters. The status of operation of the helpline program is reported to the Internal Control Committee and the Audit and Supervisory Committee member on both a regular and an as-needed basis. Issues raised through the helpline that could have broad applicability within the Terumo Group are shared with other relevant locations, departments, and/or business units, as the case may be. Terumo strives to implement appropriate measures to prevent the recurrence of the violations and to enhance awareness of compliance throughout the Terumo Group. Terumo strives to enhance trust in the helpline program because this program is an important tool for reducing violations of laws and policies, thereby contributing to Terumo's sustainable growth.

5. Appropriate Disclosure

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

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

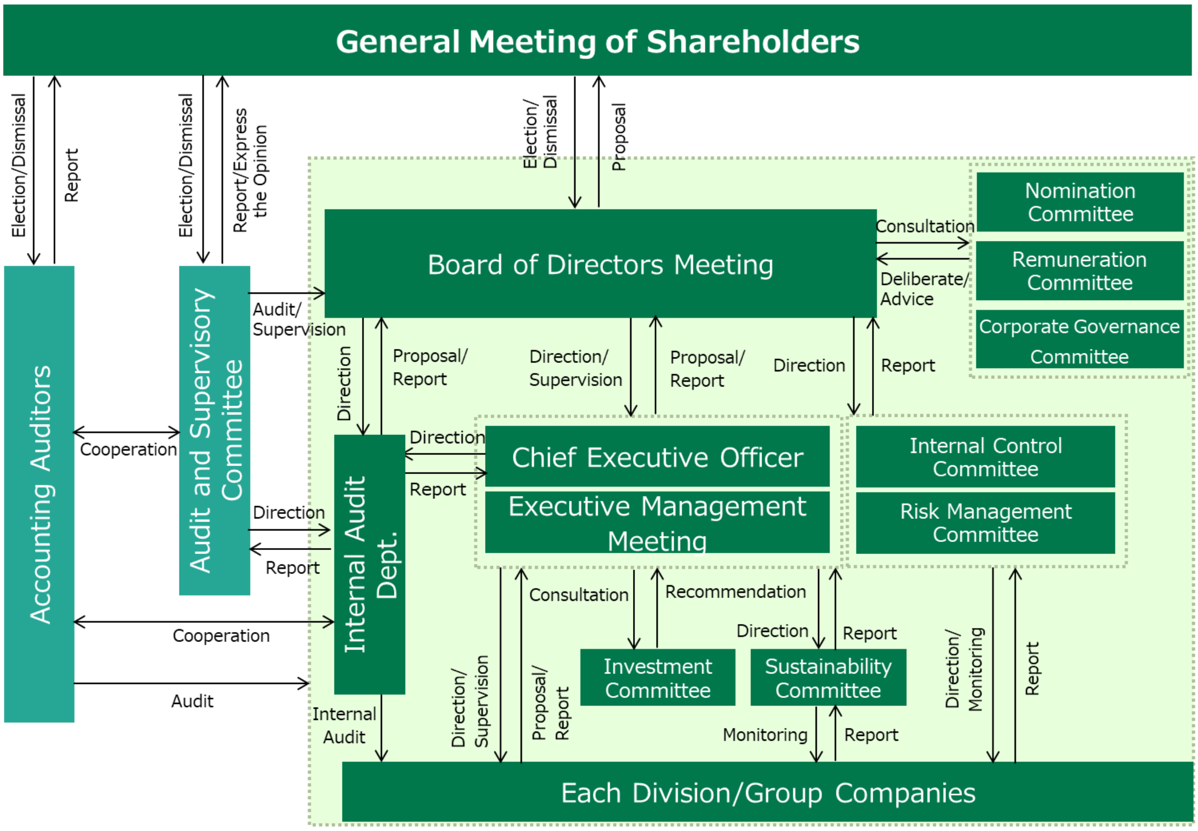
End

[Appendix 1]

<Corporate Governance Structure>

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

◆ The Audit and Supervisory Committee audits and supervises the directors and the Board of Directors.



[Appendix 2]

Director Independence Standards

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

(1) Terumo Group officials

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

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

(2) Shareholders

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

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

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

(3) Business partners

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

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

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

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

(4) Parties related to personnel exchange

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

(5) Major lenders

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

(6) Outside experts, etc.

A person to whom any of the following apply:

[1] Presently the accounting auditor, certified public accountant who is an accounting advisor, or partners or employees of the auditing firms for the Terumo Group

[2] The Terumo Group's accounting auditor, certified public accountant who was an accounting advisor, or partners or employees of the auditing firms and were engaged in auditing the Terumo Group on-site

[3] Lawyers, certified public accountants, tax accountants, or other consultants that are not otherwise covered under either [1] or [2] above and have received from the Terumo Group on average of ¥10 million or more in cash or other property benefits per year over the past three (3) business years in addition to the executive remuneration

[4] Law firms, auditing firms, tax accountant corporations, consulting firms or other professional advisory firms that are not otherwise covered under either [1] or [2] above, and partners, associates, or employees of the firms for which the Terumo Group is their major client (i.e., where the average of two percent (2%) or more of the consolidated total sales in the past three (3) years are attributable to the Terumo Group)

(7) Relatives

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

(8) Past implications

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

(9) Others

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

[Appendix 3]

Terumo IR Policy

1. Basic Policy

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

2. Information Disclosure Method

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

3. Forward-Looking Statements

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

4. Policy for Dialogue with Shareholders and Other Investors

[1] Appointment of a member of management or a director to be responsible for supervising the overall dialogue with shareholders

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

[2] Measures to ensure positive cooperation between internal departments with the aim of supporting the dialogue

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

[3] Enhancement of measures to promote opportunities for dialogue aside from individual meetings

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

[4] Measures for appropriate and effective feedback

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

[5] Measures to control insider information when engaging in dialogue

As a general rule, the Chief Executive Officer, the officer supervising dialogue, and the department head and staff of the disclosing division will conduct dialogue with investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising dialogue or the department head or staff of the disclosing division will attend such meeting. By having multiple participants engage in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of information.

Terumo observes a silent period to prevent the leakage of any material information about the Company's financial performance and to ensure fairness. In principle, the silent period shall begin four (4) weeks prior to the date of the expected announcement of the Company's financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year or the quarterly announcements take place. During this period, Terumo refrains from commenting on its financial performance or answering questions in relation to such performance.

(6) Systems to Ensure the Appropriateness of Operations

The Company's Board of Directors has resolved the following "Internal Control System Design Basic Policy."

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) Set forth in the "Terumo Group Code of Conduct" that correct behavior, requiring compliance to laws and ordinances, industry codes, internal rules, and acting according to a high sense of ethics, is indispensable for the practice of the Group Mission; and build a system to perform continuous training and education of Directors, Group Executive Officers, Executive Officers and Employees of Terumo Corporation (hereafter "the Company"), and all other equivalent personnel in the group (hereafter "Group Employees") regarding this Code of Conduct.

2) Establish the "Group Internal Control System Policy", and as the entity responsible for enacting the Group Internal Control System, establish the Internal Control Committee, which is chaired by the Chief Executive Officer. That committee shall build a system to deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit and Supervisory Committee or Audit and Supervisory Committee members selected by the Audit and Supervisory Committee (hereafter "Selected Audit and Supervisory Committee members").

3) In accordance with the provisions of the Financial Instruments and Exchange Act, build a system to ensure the reliability of financial reporting.

4) Based on the "Group Internal Control System Policy" and build a system to, in the event that significant compliance violations, etc. occur, create a response team under the direction of the Internal Control Committee Chair, which, in addition to responding and resolving the occurrence, shall report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

2. System for retention and management of information related to Director performance of duties

1) Establish the "Group Document Management Policy" and build a system to record and retain, as documents or electronic media, information related to Director performance of duties, according to document type and importance.

2) Establish the "Document Management Standard Manual: Handling Manual for minutes of important meetings," and build a system to retain the minutes of important official meeting bodies of the Company.

3) The Directors and Audit and Supervisory Committee or Selected Audit and Supervisory Committee members (hereafter "Audit and Supervisory Committee etc.") shall build a system in which this documentation can be viewed at any time.

3. Risk management regulations and other systems

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

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

4. System for ensuring efficient Director performance of duties

1) Toward achievement of the Mid- to Long-term Growth Strategy and annual plans approved by the Board of Directors, the Executive Management Meeting composed of the Directors and Group Executive Officers, the Sustainability Committee to monitor the progress of initiatives on important sustainability action themes, the Solution Review Meeting to improve the quality of strategies on important themes, etc., shall be enacted to build a system in which support, leadership, and oversight is provided to business departments for prompt, appropriate, and efficient performance of duties.
2) Establish the "Group Policy on Corporate Authorization System" to build a system to promptly and efficiently perform corporate decision-making.
3) Establish the "Group Department Job Description Policy" and other several regulations to provide for the policies of organizational operations and roles of departments performing duties.

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

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

6. Internal audit system

1) The Internal Audit Department shall conduct audits under the direction of the Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee, and report to each of them.
2) Build a group internal audit system in which the internal audit departments of each region and important subsidiary, and the Internal Audit Department of the headquarters, coordinate.
3) Build a system to audit the operational status and effectiveness of the provisions of preceding items 1 through 5, report and make suggestions regarding the results thereof and issues for improvement to the Internal Control Committee, and also confirm the completion of improvements regarding these issues.

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

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

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

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

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

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

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

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

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

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

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

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

2) The Audit and Supervisory Committee etc. may obtain the services of external experts when such are deemed necessary to the performance of their duties. Further, the expenses associated with obtaining these services shall be applicable under 1) above.

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

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

2) Selected Audit and Supervisory Committee members may attend important meetings such as Executive Management Meeting.

3) In addition to regular reporting meetings with internal audit departments and with external auditors, the Audit and Supervisory Committee etc. shall hold meetings as necessary with these departments or bodies.

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

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

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

The Company carried out training and education of Group Employees regarding the "Code of Conduct for the Terumo Group." At quarterly meetings of the Internal Control Committee (4 times), important policies related to compliance were deliberated. The Company also carried out training and education of Group Employees to achieve thorough understanding regarding the important regulation and standard such as "Group Anti-Corruption and Anti-Bribery Policy." In addition, the Company used e-learning to thoroughly disseminate the established and revised regulations. In order to enhance a system to ensure the reliability of financial reporting, self-assessment is conducted by the relevant departments. The whistle-blowing system consists of internal contact points within the company as well as external contact points through an outside legal advisor and an independent third-party organization, enabling the receipt of a wide range of reports. Audit and Supervisory Committee members also serve as the contact for the Director's compliance matters.

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

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

3. Rules and other systems related to management of risk (risk of loss)

Based on the "Group Risk Management Regulation" and "Group Risk Management Guideline," the Company plans for efficiency and standardization of risk evaluation and correspondence. The Risk Management Committee (held twice a year) discussed risk mitigation and reduction. The Company also conducts workshop-based risk management training aimed at enhancing associates' risk sensitivity.

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 (14 times), the Executive Management Meeting (32 times), the Sustainability Committee (2 times), and the Solution Review Meeting (7 times). The Company makes decisions rapidly based on the "Group Policy on Corporate Authorization System."

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

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

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

The Company has put in place a system to assist the Audit and Supervisory Committee with its duties, including the establishment of the Audit and Supervisory Committee Office, which is independent of Directors. Audit and Supervisory Committee Members share the reports made pursuant to the "Group Policy on Reports by Directors, Group Executive Officers, Executive Officers and Employees to Audit and Supervisory Committee," the "Audit and Supervisory Committee Regulations," and the whistle-blowing system. The Company has thoroughly communicated to all Group Employees that any person who makes internal reports shall not receive any detrimental treatment through the training and education on the "Terumo Group Code of Conduct."

(8) Basic Policies Regarding the Company's Control

The Company has established the Basic Policies regarding the Company's Control stated below.

(1) Basic Policy Regarding Persons Who Control Decisions on the Company's Financial and Business Policies

The Company does not reject the notion that the transfer of managerial control may vitalize business and the economy. However, in the event of any attempt to make a large-scale purchase of shares, in principle it should be left to the judgment of the Company's shareholders whether such a purchase is to be accepted. At the same time, the Company acknowledges that the prudent judgment of shareholders is essential for determining the impact of such large-scale purchase of shares and related proposals that have a bearing on corporate value and shareholders' common interests, considering the business, business plans, past investment behavior, and other information concerning the purchaser. Accordingly, the Company considers that necessary and sufficient information, opinions, proposals, etc. should be provided to the Company's shareholders by both the large-scale purchaser and the Company's Board of Directors, as well as necessary and sufficient time to review such information.

In accordance with this basic policy, the Board of Directors of the Company will take measures deemed to be appropriate against those who intend to conduct a large-scale purchase, etc. to the extent permissible under the Financial Instruments and Exchange Act, Companies Act, other laws and regulations and the Company's Articles of Incorporation, including requesting the provision of necessary and sufficient information for shareholders to properly judge the necessity of large-scale purchases, etc. and disclosing information in a timely and appropriate manner, in order to secure the Company's corporate value and the common interests of the shareholders.

(2) Measures to Realize the Business Policies

i) Measures to enhance the Company's corporate value and advance shareholders' common interests

a. Corporate mission and basic approach for management

Since its foundation in 1921, guided by the corporate mission of "Contributing to Society through Healthcare," the Company has been striving to promote the progress of healthcare and enhance safety as a leader in the Japanese medical devices industry, while at the same time endeavoring to enhance corporate value and advance shareholders' common interests. As a result of management true to the founding spirit, the Company has established the brand and business foundation in Japan and abroad and supplies high-quality medical devices to customers in over 160 countries around the world.

b. Concrete initiatives

Today, the environment surrounding healthcare is undergoing major changes, including policies placing increasing downward pressure on healthcare expenditure around the world and growing societal demands to improve patients' quality of life (QOL) as our societies age. The COVID-19 pandemic has further accelerated such changes and the Company believes the business segments in which Terumo operates will continue to offer opportunities for growth. For example, intravascular intervention is no longer limited to the arteries of the heart and reduced burden on patients as well as improvements in medical economics are sought in intravascular treatment of the entire body, including in peripheral arterial disease, through less invasive catheter treatment approaching the lesioned part from the artery on the wrist (TRI). Furthermore, in the blood and cell management business, in addition to blood transfusion, demands for cell and gene therapy, therapeutic apheresis, and treatment using plasma derivatives are growing. Furthermore, in medical settings, in addition to needs for medical safety, measures against hospital-acquired infection, control of medical expenses, and optimized treatments for individual patients living with chronic diseases, the need for dosage devices taking into consideration drug dosage safety and ease of use are increasing. Aiming to seize such opportunities and thus continue contributing to society through healthcare as stated in our corporate philosophy, Terumo is working to achieve sustainable and profitable growth and create new value without being caught up in existing frameworks, contributing to patients in medical settings.

ii) The Company's social mission

As a leading enterprise in the field of medical devices, the Company has established relationships of trust with medical professionals over the long term and contributed to society through healthcare. The Company believes that the fulfillment of its social responsibility hinges on ensuring the stable supply of excellent products and services of high quality and working to create innovation for various social issues related to healthcare from the viewpoints of patients and healthcare professionals in order to contribute to their resolution. In accordance with this policy, the Company continues its effort to fulfill a vital role in global healthcare systems through supply of products and quality assurance that ensure safety and reliability in the healthcare field.

In the event of an attempt to purchase the Company's shares that is inimical to the stable supply and/or quality of the Company's products, people's health may be seriously affected and their lives may be placed in jeopardy. Through stable management of the Company over the long term to ensure such an eventuality never arises, the Company maintains and enhances the confidence of society and healthcare professionals in the Company while contributing to corporate value and advancing shareholders' common interests.

iii) Strengthening of corporate governance

Measures concerning corporate governance are stated on Pages 22-37.

(3) The Company's Board of Directors' View Concerning the Concrete Initiatives and the Reason Thereof

The sound implementation of the growth strategy for realizing the Company's long-term goal described in (2) above leads to securing and enhancing the Company's corporate value and advancing shareholders' common interests, and is in accordance with the Company's basic policies.

Remarks

Amounts and numbers of shares stated in this business report are rounded down to the nearest unit, while basic earnings per share, amounts indicated in billions of yen, and percentage figures are rounded to the nearest unit. Therefore, percentages may not sum to 100%.

Consolidated Financial Statements and Non-consolidated Financial Statements

Consolidated Statement of Financial Position

Fiscal Year 2024 (As of March 31, 2025)

(Millions of yen)

Account item	Amount	Account item	Amount
ASSETS		**LIABILITIES**	
Current assets		**Current liabilities**	
Cash and cash equivalents	221,872	Trade and other payables	91,029
Trade and other receivables	176,854	Bonds and borrowings	15,000
Other current financial assets	388	Other current financial liabilities	7,834
Inventories	294,385	Current tax liabilities	23,836
Income taxes receivable	3,218	Provisions	242
Other current assets	26,776	Other current liabilities	103,022
Total current assets	**723,496**	**Total current liabilities**	**240,965**
Non-current assets		**Non-current liabilities**	
Property, plant and equipment	431,078	Bonds and borrowings	159,838
Goodwill and intangible assets	545,243	Other non-current financial liabilities	32,401
Investments accounted for using the equity method	1,927	Deferred tax liabilities	5,835
Other non-current financial assets	40,925	Defined benefit liabilities	6,388
Deferred tax assets	31,077	Provisions	617
Other non-current assets	54,645	Other non-current liabilities	13,809
Total non-current assets	**1,104,897**	**Total non-current liabilities**	**218,891**
		Total liabilities	**459,857**
		EQUITY	
		Share capital	38,716
		Capital surplus	51,725
		Treasury shares	(14,866)
		Retained earnings	1,016,160
		Other components of equity	276,800
		Total equity attributable to owners of the parent	1,368,535
		Total equity	**1,368,535**
Total assets	**1,828,393**	**Total liabilities and equity**	**1,828,393**

Consolidated Statement of Profit or Loss

Fiscal Year 2024 (From April 1, 2024, to March 31, 2025)

(Millions of yen)

Account item	Amount
Revenue	1,036,171
Cost of sales	475,501
Gross profit	**560,670**
Selling, general and administrative expenses	381,648
Other income	6,592
Other expenses	27,944
Operating profit	**157,668**
Finance income	3,624
Finance costs	6,247
Share of profit (loss) of investments accounted for using the equity method	(470)
Profit before tax	**154,574**
Income tax expenses	37,595
Profit for the year	**116,978**
Attributable to:	
Owners of the parent	116,978
Total profit for the year	**116,978**

Consolidated Statements of Changes in Equity

Fiscal Year 2024 (From April 1, 2024, to March 31, 2025)

(Millions of yen)

	Equity attributable to the owners of the parent						Total equity
	Share capital	Capital surplus	Treasury stock	Retained earnings	Other components of equity	Total	
Balance at April 1, 2024	38,716	51,752	(12,436)	954,679	294,379	1,327,090	1,327,090
Profit for the year	–	–	–	116,978	–	116,978	116,978
Other comprehensive income	–	–	–	–	(10,176)	(10,176)	(10,176)
Total comprehensive income	–	–	–	116,978	(10,176)	106,802	106,802
Acquisition of treasury stock	–	(32)	(30,003)	–	–	(30,036)	(30,036)
Disposal of treasury stock	–	(256)	532	–	(276)	0	0
Cancellation of treasury stock	–	(26,872)	26,872	–	–	–	–
Dividends	–	–	–	(35,626)	–	(35,626)	(35,626)
Transfer from retained earnings to capital surplus	–	27,069	–	(27,069)	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	7,199	(7,199)	–	–
Share-based payments	–	65	168	–	72	306	306
Total transaction with owners of the Company	–	(27)	(2,429)	(55,497)	(7,402)	(65,356)	(65,356)
Balance at March 31, 2025	38,716	51,725	(14,866)	1,016,160	276,800	1,368,535	1,368,535

Notes to Consolidated Financial Statements

1. Basis for Preparation of Consolidated Financial Statements

(1) Standards for preparation of consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with the specified International Financial Reporting Standards (hereinafter referred to as "IFRS"), pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. Some of the disclosure items required under IFRS for the consolidated financial statements have been omitted, based on the provisions of the latter part of the same paragraph.

(2) Scope of consolidation

- Number of consolidated subsidiaries: 99
- Names of principal consolidated subsidiaries:

  Terumo Europe N.V.
  Terumo Americas Holding, Inc.
  Terumo Medical Corporation
  MicroVention, Inc.
  Terumo BCT Holding Corporation
  Terumo BCT, Inc.
  Terumo BCT Europe N.V.
  Terumo Asia Holdings Pte. Ltd.
  Terumo (China) Holdings Co., Ltd.
  Terumo Medical Shanghai Co., Ltd.

(3) Application of the equity method

- Number of affiliates to which the equity method is applied: 4
- Names of principal affiliates to which the equity method is applied:

  Wego Terumo (Weihai) Medical Products Co., Ltd.
  Shanghai Angiocare Medical Technology Co., LTD.

(4) Accounting standards

1) Standards and methods for valuation of financial assets and financial liabilities

i) Recognition and measurement of financial assets

a. Initial recognition and measurement

The Group classifies financial assets into financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. This classification is determined on initial recognition.

All financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition, except for the financial assets measured at fair value through profit or loss. However, the trade receivables that do not contain a significant financing component are measured at the transaction price on initial recognition.

Trade and other receivables are initially recognized when the transaction occurs. Other financial assets other than trade and other receivables are initially recognized when the Group becomes a contractual party to the contract provisions of the financial instrument.

The Group classifies its financial assets as those measured at amortized cost if both of the following conditions are met:

- the financial assets are held within a business model with an objective of collecting contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets not classified as those measured at amortized cost are measured at fair value.

If the financial asset measured at fair value is an equity instrument, the Group irrevocably designates each equity instrument on an instrument-by-instrument basis as either measured at fair value through profit or loss or at fair value through other comprehensive income at initial recognition and applies the designation consistently.

Financial assets other than those measured at amortized cost or equity instruments measured at fair value through other comprehensive income as mentioned above, are classified as measured at fair value through profit or loss.

b. Subsequent measurement

After initial recognition, financial assets are subsequently measured according to the following classifications:

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value

Financial assets measured at fair value are measured at fair value.

The changes in fair value of those financial assets are recognized in the profit or loss.

However, as for equity securities designated as the financial assets measured at fair value through other comprehensive income, the changes in fair value are recognized in other comprehensive income.

Dividends that arise from equity instruments measured at fair value through other comprehensive income are recognized as “finance income” through profit or loss unless the dividend represents a recovery of part of the cost of the investment.

ii) Impairment of financial assets

As for the financial assets measured at amortized cost, a loss allowance provision is recognized based on the expected credit losses.

The Group evaluates whether the credit risk on a financial asset has significantly increased since initial recognition at the end of the reporting period. If the credit risk on a financial asset has not significantly increased since initial recognition, a loss allowance provision is measured at an amount equal to the 12-month expected credit losses. If the credit risk on a financial asset has significantly increased since initial recognition, a loss allowance provision is measured at an amount equal to the lifetime expected credit losses.

The Group judges whether or not there is any significant increase in credit risk of a company based on changes in the default risk. The Group determines the risk based on the following:

- Significant changes in credit rating by external credit rating organization
- Information on past due payment

The loss allowance provision for trade and other receivables is measured at an amount equal to the lifetime expected credit losses.

The expected credit loss on a financial instrument is measured at the present value of the differences between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The loss allowance provision for expected credit losses on a financial asset is recognized in profit or loss. The reversal of loss allowance provision for expected credit losses is recognized in profit or loss.

iii) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire.

iv) Recognition and measurement of financial liabilities

a. Initial recognition and measurement

The Group, on initial recognition, classifies financial liabilities into financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss. Financial liabilities are initially recognized when the Group becomes a party to the contract. At initial recognition, financial liabilities measured at fair value through profit or loss are recognized at their fair value and those measured at amortized cost are recognized at their fair value less transaction costs that are directly attributable to the issue of the financial liabilities.

b. Subsequent measurement

After initial recognition, financial liabilities are subsequently measured as follows according to their classification:

(i) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization under the effective interest method and gains or losses arising from derecognition of the financial liability are recognized in profit or loss.

(ii) Financial liabilities measured at fair value through profit or loss

The net gains or losses arising from the financial liabilities measured at fair value through profit or loss, including interest expenses, are recognized in profit or loss.

v) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or have expired.

vi) Derivatives and hedge accounting

The Group uses derivatives to hedge foreign exchange risk and interest rate risk. Derivatives mainly consist of forward exchange contracts, interest rate swaps, and cross-currency interest rate swaps. These derivatives are initially measured at the fair value when the derivative contracts are entered into. Subsequently, the derivatives are remeasured at the fair value and the changes are generally recognized in profit or loss.

The Group designates certain derivatives as cash flow hedges to hedge against the exposure to variability in cash flows that is attributable to the risk of foreign currency exchange rates and interest rate fluctuations, or a highly probable forecasted transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationships to which hedge accounting is applied, between hedging instruments and hedged items, along with the risk management objectives and strategies. The documentation includes the hedging instrument, the hedged item, the nature of the risk being hedged, and how to assess whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the risks to be hedged. The Group measures these hedge effectiveness periodically. Specifically, when a hedging relationship meets all of the following hedge effective requirements, the hedge relationship is assessed as highly effective:

- there is an economic relationship between the hedged item and the hedging instrument resulting in an offset;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group adjusts the hedge ratio of the hedging relationships in the hedge accounting so that it meets the qualifying criteria again. The Group discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria.

The hedges that meet the requirements for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument that is designated as a cash flow hedge, is recognized in other comprehensive income. The ineffective portion is recognized in profit or loss.

The Group uses interest rate currency swap for hedging. The Group designates the portion excluding the currency basis spread portion as the hedging instrument and recognizes any changes in the fair value of the currency basis spread portion through other comprehensive income in owner’s equity.

The cumulative cash flow hedge reserve recognized previously in the other comprehensive income of equity for the hedging gain or loss and the cost of hedging are reclassified to profit or loss in the same period when the hedged forecast cash flows affect profit or loss.

Hedge accounting is discontinued prospectively if the hedge no longer meets the criteria for hedge accounting due to the expiration or sale of the hedge instrument. If the future cash flow is still expected to occur, the accumulated gains or losses recognized in other comprehensive income continue to be recognized in other comprehensive income. If the forecasted transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

2) Basis and method of valuation for inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined mainly by using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of conversion include the allocated fixed and variable manufacturing overhead.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment is measured using the cost model and stated at costs less accumulated depreciation and impairment losses.

Costs include costs directly attributable to the acquisition of property, plant and equipment; the initial estimated costs related to removing the asset and restoring the site.

If a significant part of an item of property, plant and equipment has a different useful life from the useful life of another part of that same item, the parts are accounted for separately.

Subsequent cost incurred after acquisition is included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Repair and maintenance of an asset are recognized as expenses during the financial period in which they are incurred.

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of property, plant and equipment are recognized as profit or loss at the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the time of derecognition. Gains or losses arising from derecognition of property, plant and equipment are recorded in “Other income” or “Other expenses” of the consolidated statement of profit or loss.

ii) Depreciation

Property, plant and equipment other than land and construction in progress is depreciated mainly using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated.

The estimated useful lives of property, plant and equipment are as follows.

- Buildings and structures 3-60 years
- Machinery and vehicles 4-15 years
- Tools, furniture and fixtures 2-20 years

The depreciation methods, useful lives, and residual values of property, plant and equipment are reviewed at the end of each fiscal year. Changes in depreciation methods, useful lives, and residual values are applied prospectively as changes of accounting estimates.

4) Goodwill and intangible assets

i) Goodwill

Goodwill is recognized as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquisition, and the fair value of the Group’s previously held equity interest in the acquisition over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized and is tested for impairment annually and whenever there is an indication that it may be impaired. Impairment losses on goodwill is recognized in profit or loss and is not reversed in subsequent periods. Goodwill is stated at cost determined at the acquisition date, less any accumulated impairment losses.

ii) Intangible assets

a. Recognition and measurement

The Group recognizes intangible assets using the cost model. Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Expenditures on research activities are recognized as profit or loss when incurred. Expenditures on development activities which can be demonstrated to have met the following conditions are recognized as an asset. Where expenditures on development activities do not meet the following conditions, the expenditures are recognized in profit or loss in the period in which it is incurred.

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, expenditures on development activities that are capitalized as an asset are measured at cost less accumulated amortization and impairment losses.

b. Amortization

After initial recognition, other than intangible assets with indefinite useful lives, intangible assets are stated at cost less accumulated amortization and impairment losses.

Intangible assets are amortized from the date when the intangible asset becomes available for use. The intangible assets, other than intangible assets with indefinite useful lives and those not yet available for use, are amortized on a straight-line basis over their estimated useful lives.

The estimated useful lives of major intangible assets are as follows:

- Development costs mainly 20 years
- Software 5-10 years
- Customer relationships mainly 20 years
- Technologies 10-20 years

Useful lives, amortization methods, and residual values are reviewed at the end of each reporting period. Changes in depreciation methods, useful lives, and residual values are applied prospectively as changes of accounting estimates.

5) Leases

i) Leases as a lessee

The Group assesses whether a contract is a lease or contains a lease when entering into a contract. If a contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration, it is determined to be a lease or contains a lease.

As a lessee, the Group measures right-of-use assets at cost and lease liabilities at the present value of total future lease payments at the beginning of the lease term. The cost of right-of-use assets is initially measured by adjusting the initially measured amount of lease liabilities for initial direct costs and prepaid lease payments, etc. On the consolidated statement of financial position, right-of-use assets are included in property, plant and equipment while lease liabilities are included in other current financial liabilities. After recognizing right-of-use assets and lease liabilities, the Group records depreciation of right-of-use assets and interest expenses for lease liabilities.

The Group estimates the lease term of right-of-use assets by adding to the non-cancelable lease term the period that it is reasonably certain that the extension option will be exercised or the termination option will not be exercised. The discount rate applied to lease liabilities for said right-of-use assets is the incremental borrowing rate of the lessee. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or the lease term.

However, the Group does not recognize right-of-use assets or lease liabilities for leases with a lease term of 12 months or less and for leases with low-value underlying assets, and recognizes lease payments related to these leases as expenses on a straight-line basis over the lease term or any other standard basis.

ii) Leases as a lessor

The Group classifies leases as either operating leases or finance leases. A lease is classified as a finance lease when substantially all the risks and rewards incidental to ownership of the underlying asset are transferred. If substantially all the risks and rewards incidental to ownership are not transferred, the lease is classified as an operating lease. The classification of a lease as either a finance lease or an operating lease is based on the substance of the transaction rather than the form of the contract.

For contracts that contain a lease component along with one or more additional lease components or non-lease components, the consideration in the contract is allocated by applying IFRS 15 *Revenue from Contracts with Customers*.

- Operating leases

Revenue from operating leases is presented in "10) Revenue – ii) Revenue from operating leases as lessor."

6) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is any indication that non-financial assets (excluding inventories and deferred tax assets) may be impaired. If any indication exists, the recoverable amount of the asset or the cash-generating unit (CGU) to which the asset belongs is estimated. Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment when there is any indication of impairment, and at a certain time in a fiscal year, regardless of whether there is any indication of impairment. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to CGUs or group of CGUs expected to obtain synergies from the business combination.

The recoverable amount is the higher of fair value less costs of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

Impairment losses are recognized in the consolidated statements of profit or loss when the carrying amount of assets, a CGU, or group of CGUs is greater than the expected recoverable amount.

An impairment loss is recognized immediately in profit or loss. The carrying amount of the CGU or group of CGUs is reduced. In a CGU or a group of CGUs, goodwill is reduced first; then other assets are reduced pro rata.

Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods. For assets other than goodwill, a reversal of an impairment loss is recognized, to the extent that the reversal does not exceed the carrying amount that would have been determined had no impairment loss been recognized, net of depreciation and amortization.

7) Non-current assets held for sale

If the carrying amount of non-current asset (or disposal group) will be recovered principally through a sale transaction rather than through continuing use, the Group classifies such asset (or disposal group) as held for sale. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. The asset (or disposal group) is classified as held for sale only when these conditions are met, and management is committed to a plan to sell the asset (or disposal group), which is expected to be completed, in principle, within one year. Assets that meet the criteria and classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation and amortization on such assets cease.

8) Standards of accounting for principal allowances and provisions

Provisions are recognized when the Group has legal or constructive obligations due to past events, it is probable that outflows of economic benefits will be required to settle the obligations, and reliable estimates of the obligation can be made. To determine the amount of a provision, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability. Unwinding of the discount over time is recognized in finance cost.

Asset retirement obligation

The Group has recognized a provision for asset retirement obligation, which are recognized and measured by estimating asset retirement obligations individually and specifically taking into account the status of each property based on expected usable years, determined in light of past records of restoration and useful lives of inside fixtures in offices and other places, in preparation for obligations for restoration of rental offices, buildings and stores and removal of harmful materials related to non-current assets.

9) Employee benefits

i) Post-retirement benefits

a. Defined contribution plan

The contribution obligation of the defined contribution plan is recognized as an expense when employees render the related service. The prepayment of the contribution amount is recognized as an asset to the extent that the contribution amount is returned or the future payment amount decreases.

b. Defined benefit plan

The defined benefit plan is a retirement benefit plan other than the defined contribution plan.
Assets or liabilities recognized in the consolidated statement of financial position related to the defined benefit pension plan are calculated by deducting the fair value of the plan assets from the present value of the defined benefit liabilities as of the end of the reporting period. Defined benefit plan obligations are calculated every year using the projected unit credit increase method.
The discount rate is calculated based on the market yield of the high quality corporate bonds on the reporting date, which generally has the same maturity as the Group’s defined benefit liabilities and is of the same currency as the expected payment.
Past service cost is recognized in profit or loss when incurred.

The Group recognizes remeasurement of the net defined benefit liabilities (assets) in other comprehensive income when remeasurements occur and immediately reclassified from other capital components to retained earnings.

ii) Short-term employee benefits
Short-term employee benefits are recognized as an expense on an undiscounted basis at the time when employees render the related service. Bonus and paid annual leave accruals are recognized as a liability in the amount estimated to be paid under these plans, when the Group has legal or constructive obligations to pay for the services rendered by employees in the past and reliable estimates of the obligation can be made.

10) Revenue

i) Revenue from contracts with customers
For contracts with customers excluding interest and dividend income based on IFRS 9 *Financial Instruments*, the Group recognizes revenue by applying the following five-step model in accordance with IFRS 15 *Revenue from Contracts with Customers*:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation
The Group is primarily engaged in manufacture and sales of medical devices and medical supplies. For the sales of these products, our performance obligation is to deliver products to the customer based on our contract with the customer.
Because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products.
Revenue is measured at the consideration promised in a contract with a customer less discounts, rebates, returned products and other items. If the consideration in a contract with a customer includes variable consideration, the variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
The Group collects consideration in contracts for product sales based on contracts with customers mainly from one month to six months from when products are delivered to customers, and receives it within one year or less. Therefore, the contracts do not contain a significant financing component.

ii) Revenue from operating leases as lessor
Revenue from operating leases is recognized over the lease term.

11) Foreign currency translation

i) Functional currency and presentation currency
The separate financial statements of each group company are prepared in their functional currency. The consolidated financial statements are prepared in the Company’s functional currency, Japanese yen, which is also its presentation currency.

ii) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of each group companies at the spot exchange rate at the date of transactions or at the foreign exchange rate that approximates the spot exchange rate at the date of the translation.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items measured at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured. Exchange differences arising from foreign currency translation are recognized in profit or loss, except for exchange differences arising from financial assets measured through other comprehensive income and cash flow hedges that are recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at the spot exchange rate at the date of transactions or at the foreign exchange rate that approximates the spot exchange rate at the date of the translation.

iii) Foreign operations

The assets and liabilities of the Group's foreign operations are translated into Japanese yen at the exchange rate at the end of each reporting period. Income and expenses are translated into Japanese yen at the average exchange rate for the period unless the exchange rate fluctuates significantly during the period. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in the other comprehensive income, and subsequently transferred to profit and loss during the period in which foreign operations are disposed.

2. Changes in Accounting Standards

The Group has applied the following accounting standard from the fiscal year ended March 31, 2025. The standard has no significant impact on the consolidated financial statements as of March 31, 2025.

Standard	Standard name	Outline of the new standard and revision
IAS 1	*Presentation of Financial Statements*	Clarification of requirements for classifying liabilities as current or non-current Amendment of requirement to disclose information about non-current liabilities with covenants

3. Notes to Revenue Recognition

(1) Breakdown of revenue

The Group mainly comprises three reportable segments: “Cardiac and Vascular Company,” “Medical Care Solutions Company,” and “Blood and Cell Technologies Company.” As the reportable segments of the Group are reviewed regularly by the Board of Directors to make decisions about allocation of management resources and assess the performance of the business, proceeds from these three reportable segments are presented as revenue. In addition, revenue is classified by country or region based on customer’s location. The breakdown of revenue by geographic areas and reportable segments is as follows:

(Millions of yen)

	Cardiac and Vascular Company	Medical Care Solutions Company	Blood and Cell Technologies Company	Total	Adjustments	Amount recorded on consolidated financial statements
Americas	279,437	17,787	98,428	395,653	–	395,653
Japan	53,985	150,111	12,811	216,908	298	217,206
Europe	158,226	14,983	45,078	218,287	–	218,287
China	69,746	4,413	10,809	84,968	–	84,968
Asia and others	62,962	23,939	33,152	120,054	–	120,054
Total	624,357	211,235	200,280	1,035,873	298	1,036,171
Revenue recognized from contracts with customers	624,357	210,813	196,421	1,031,592	298	1,031,890
Revenue recognized from other sources(Note)	–	421	3,859	4,281	–	4,281

(Note) Revenue recognized from other sources is lease revenue in accordance with IFRS 16.

“Cardiac and Vascular Company” sells products in the fields of Terumo Interventional Systems, Terumo Neuro, Terumo Cardiovascular, and Terumo Aortic.
“Medical Care Solutions Company” sells products related to Hospital Care Solutions, Life Care Solutions, and Pharmaceutical Solutions.
“Blood and Cell Technologies Company” sells products related to Blood and Cell Technologies.
“Adjustments” includes mainly proceeds from outward temporary staffing to external customers that are not attributable to reportable segments.

(2) Contract assets and contract liabilities

Contract assets and contract liabilities from contracts with customers are as follows:

(Millions of yen)

	As of April 1, 2024	As of March 31, 2025
Contract assets	1,839	2,231
Contract liabilities	4,529	5,946

The contract assets primarily relate to the Group’s rights to consideration for performance obligation transferred but not billed at the reporting date. In particular, some Group subsidiaries provide some maintenance services and sell consumable goods, etc. The income related to the maintenance services is recognized throughout the contract period, but portions that are unbilled as of the reporting date are considered contract assets as rights to consideration for performance obligations. The contract assets are transferred to receivables when the rights for the payments become unconditional.

The contract liabilities primarily relate to the consideration received from customers in advance of delivery of products or provision of maintenance services. Contract liabilities are recorded when payments are received from customers, and the contract liabilities are reclassified to revenue when the Group satisfies a performance obligation based on the contract, such as said delivery of products. The amount of revenue recognized during the fiscal year ended March 31, 2025 that was included in the contract liability balance as of April 1, 2024 was immaterial.

Furthermore, the amount of revenue recognized during the fiscal year ended March 31, 2025 from performance obligations satisfied in the previous period was immaterial.

(3) Transaction price allocated to the remaining performance obligations

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant individual transaction with expected contractual terms exceeding one year. In addition, there is no significant consideration from contracts with customers that is not included in transaction prices.

(4) Assets recognized related to the costs of obtaining or fulfilling contracts with customers

The amount of assets recognized related to the costs of obtaining or fulfilling contracts with customers during the fiscal year ended March 31, 2025 was immaterial. In addition, if the amortization period of the assets that the Group otherwise would have recognized is one year or less, the Group uses the practical expedient of recognizing the incremental costs of obtaining the contract as an expense when incurred.

4. Accounting Estimates

With respect to preparation of consolidated financial statements in accordance with IFRS, as well as the Group's application of accounting standards, judgments, estimates, and assumptions that affect the amount of assets, liabilities, income and expenses are made by the management. These estimates and their underlying assumptions are made upon experience and available information and are based on the best judgment of the management in consideration of various factors considered to be rational in the fiscal year-end. However, due to their nature, figures based on these estimates and assumptions may differ from actual results. In addition, estimates and assumptions will continue to be reviewed. With respect to changes in accounting estimates, changes to estimates will be recognized within the accounting period and in the affected future accounting period.

With respect to judgments made by management that have a significant impact on the amount of consolidated financial statements and estimates with risks leading to significant revisions to the book value of assets and liabilities in the following fiscal year, the underlying assumptions are as follows.

Furthermore, with respect to future earnings forecasts, in the environment, where medical demand will continue to rise and supply chain disruption risks will ease, while raw material prices will remain elevated and tariff policies in the United States remain fluid, we are factoring in the improvement in productivity at our plants, cost reduction measures, and other measures appropriate to the market environment in performing accounting estimates such as impairment test of goodwill.

(1) Valuation of inventories

Although inventories are measured at cost, if the net realizable value at the fiscal year-end is falling lower than cost, it will be measured by relevant net realizable value. In principle, the differences between the cost and net realizable value are recognized as cost of sales. In addition, with respect to inventories unrelated to the business cycle process, the net realizable value, etc. is calculated to reflect future demand and market trends. Loss can occur if the market environment is worse than expected and the net realizable value drops significantly.

The amount of inventories stated on the consolidated statement of financial position as of March 31, 2025 is 294,385 million yen.

(2) Estimate of useful lives and residual values of non-current assets

Property, plant and equipment is depreciated based on estimated useful lives, which is the expected period of future economic benefits associated with the asset. If property, plant and equipment becomes obsolete in the future or is reused for other purposes, estimated useful lives may become shorter, and depreciation may increase. Details on useful lives of property, plant and equipment are stated in "1. Basis for Preparation of Consolidated Financial Statements (4) Accounting standards 3) Property, plant and equipment." With respect to residual value, excluding those for which the sale value (after deducting disposal costs) can be estimated when useful lives arrive, is set to zero or a memorandum price.

Furthermore, with respect to intangible assets, excluding those with indefinite useful lives or not yet available for use, they are amortized depending on estimated useful lives which is the expected period for future economic benefits associated with the asset. Depreciation costs have a risk that increases as the estimated useful lives change due to external factors such as changes in the business environment. Details for useful lives are stated in "1. Basis for Preparation of Consolidated Financial Statements (4) Accounting standards 4) Goodwill and intangible assets."

The amounts of property, plant and equipment and intangible assets stated on the consolidated statement of financial position as of March 31, 2025 are 431,078 million yen and 252,023 million yen, respectively.

(3) Estimate of the recoverable amount at the impairment test

Non-financial assets (excluding inventories and deferred tax assets) are tested for impairment when there is any indication that the recoverable amount is lower than the carrying amount. Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment when there is any indication of impairment, and at a certain time in a fiscal year.

Important factors which trigger impairment tests being conducted include significant deterioration in actual operating results compared to past results or forecasts, significant changes in the use of acquired assets, changes in overall strategies, and significant deterioration in industry and economic trends.

Goodwill is allocated to CGUs or group of CGUs identified based on the type of business and is tested for impairment when there is any indication of impairment, and at a certain time in a fiscal year.

In calculating the recoverable amount with respect to an impairment test, certain assumptions are made with respect to useful lives of the asset, future cash flows and discount rates that reflect the risks specific to the asset and long-term growth rates. These assumptions are determined by management's best estimates and judgments but may be affected by the consequences of uncertain future fluctuations in economic conditions. When a review is needed, it can have a significant impact on the amount recognized in consolidated financial statements from the following fiscal year onwards. The calculation method for the recoverable amount is stated in "1. Basis for Preparation of Consolidated Financial Statements (4) Accounting standards 6) Impairment of non-financial assets."

The amounts of property, plant and equipment, goodwill, and intangible assets stated on the consolidated statement of financial position as of March 31, 2025 are 431,078 million yen and 545,243 million yen, respectively. Furthermore, the amount of impairment loss recorded in the consolidated statement of profit or loss for the fiscal year ended March 31, 2025 is 22,461 million yen. Details are stated in "6. Notes to the Consolidated Statement of Profit or Loss."

(4) Measurement of defined benefit obligations

The Group has multiple retirement benefit plans, including a defined benefit plan.

The present value of the defined benefit liabilities and related service cost is calculated based on actuarial assumptions. Actuarial assumptions require estimates and judgments about variables such as discount rate and net interest.

Actuarial assumptions are determined by management's best estimates and judgments but may be affected by uncertain future fluctuations in economic conditions and need to be reviewed. They may have a significant impact on the amount recognized in the consolidated financial statements from the following fiscal year onwards.

The amounts of retirement benefit assets and liabilities stated on the consolidated statement of financial position as of March 31, 2025 are 51,520 million yen and 6,388 million yen, respectively. Furthermore, retirement benefit assets are included in "Other non-current assets" in the Consolidated Statement of Financial Position.

(5) Estimate of share-based payments

The Group has a share-based compensation system. Estimates of share-based compensation costs related to stock options granted to officers are based on the optional fair value determined by the Black-Scholes-Merton Option Pricing Model (hereinafter, referred to as "Black-Scholes Model"). The Black-Scholes Model involves various assumptions that require a high degree of judgment, such as expected volatility on the option grant date, expected remaining life of share options and fair value of the share on the option grant date. Estimates of expected volatility are based on the past volatility of similar listed reference

companies. Estimates of expected remaining life of share options are based on forecasts of future share price fluctuations and forecast exercise patterns of option holders.
The amount of subscription rights to shares stated on the consolidated statement of financial position as of March 31, 2025 is 460 million yen. Furthermore, subscription rights to shares are included in "Other components of equity" in the Consolidated Statement of Financial Position.

(6) Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that there is a high possibility that taxable income will be generated that can be used for deducted temporary differences in the future. With respect to recognition of deferred tax assets, in determining the possibility of taxable income, we estimate and calculate the period and amount of taxable income that can be earned in the future based on the business plan.
The period and amount of taxable income may be affected by uncertain future fluctuations in economic conditions, and if the actual period and amount differ from the estimate, it may have a significant impact on the amount recognized in the consolidated financial statements from the following fiscal year onwards.
The amount of deferred tax assets stated on the consolidated statement of financial position as of March 31, 2025 is 31,077 million yen.

(7) Fair value of financial instruments

The Group uses valuation techniques that utilize non-observable inputs in the market when valuing the fair value of financial instruments. Fair value calculated by valuation techniques, including non-observable inputs, is premised on assumptions such as appropriate basis rates and selection of computational models to be adopted. Non-observable inputs can be affected by uncertain future changes in economic conditions that may have a significant impact on future consolidated financial statements.
The amounts of financial assets and financial liabilities stated on the consolidated statement of financial position as of March 31, 2025 are 19,740 million yen and 592 million yen, respectively.

5. Notes to the Consolidated Statement of Financial Position

(1) Loss allowance provision deducted directly from assets

Trade and other receivables	2,563 million yen

(2) Accumulated depreciation on property, plant and equipment 546,288 million yen

6. Notes to the Consolidated Statement of Profit or Loss

(1) Impairment of non-financial assets

During the fiscal year ended March 31, 2025, impairment losses of 22,461 million yen were recorded as follows:

1) Termination of certain development project in the Terumo Interventional Systems division in the Americas
An impairment loss of ¥6,211 million was recorded due to the decision to terminate further development of a certain project in the Cardiac and Vascular Company. The recoverable amount was measured based on the value in use, and the value was determined to be zero. The breakdown of the impairment loss is ¥5,007 million for capitalized development costs, ¥609 million for construction in progress and ¥593 million for goodwill. The impairment loss is included in "Other expenses" in the Consolidated Statement of Profit or Loss.

2) Termination of certain business in the Terumo Interventional Systems division in Europe
An impairment loss of ¥5,290 million was recorded due to the decision to terminate certain business in the Cardiac and Vascular Company. The recoverable amount was measured based on the value in use, and the value was determined to be zero. The main breakdown of the impairment loss is ¥3,124 million for goodwill, ¥1,406 million for other intangible assets and ¥543 million for software. The impairment loss is included in "Other expenses" in the Consolidated Statement of Profit or Loss

3) Termination of new contract manufacturing project with pharmaceutical company
An impairment loss of ¥2,486 million for manufacturing facilities was recorded due to the decision to terminate the new contract manufacturing project with a pharmaceutical company in the Blood and Cell Technologies Company. The recoverable amount was measured based on the value in use, and the value was determined to be zero. The impairment loss recorded mainly in construction in progress is included in “Other expenses” in the Consolidated Statement of Profit or Loss.

4) Deterioration of profitability in the Terumo Interventional Systems division in China
An impairment loss of ¥1,882 million was recorded due to the deterioration of profitability in certain business in the Cardiac and Vascular Company. The recoverable amount was measured based on the value in use, reflecting past experience and external information, and calculated by discounting the estimated future cash flows based on the business plan for the next nine years approved by management, considering sales forecasts and market share. The cash flow forecast period exceeds five years. The business plan is created by aggregating individual product sales plans, which consider current market size and competitive landscape. Therefore, the Group evaluates that the cash flow forecast is reliable and accurately projected over a long-term period based on past experience. The discount rate used for the impairment test was 10.7%. The breakdown of the impairment loss is 1,882 million yen for goodwill. The impairment losses is included in “Other expenses” in the Consolidated Statement of Profit or Loss.

5) Closure of certain plant in the Terumo Interventional Systems division in Europe
An impairment loss of ¥1,545 million was recorded due to the decision to close a certain plant in the Cardiac and Vascular Company. The recoverable amount was measured based on the value in use, and the value was determined to be zero. The main breakdown of the impairment loss is ¥891 million for machinery and equipment and ¥627 million for construction in progress. The impairment loss is included in "Other expenses" in the Consolidated Statement of Profit or Loss.

6) Termination of certain development project in the Terumo Cardiovascular division in the Americas
An impairment loss of ¥1,244 million was recorded due to the decision to terminate further development of a certain project in the Cardiac and Vascular Company. The recoverable amount was measured based on the value in use, and the value was determined to be zero. The impairment loss for capitalized development costs is included in “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

7. Notes to the Consolidated Statements of Changes in Equity

(1) Total number of shares issued

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Ordinary share	745,348	745,348	10,137	1,480,559
Total	745,348	745,348	10,137	1,480,559

(Reason for the change)

Increase due to the share split: 745,348 thousand shares

Decrease due to cancellation of treasury stock: 10,137 thousand shares

(2) Number of treasury shares

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Ordinary share	2,965	13,105	10,462	5,608
Total	2,965	13,105	10,462	5,608

(Reason for the change)

Increase due to the share split: 2,965 thousand shares

Increase due to the purchase of shares of less than one unit of stock: 1 thousand shares

Increase due to the acquisition of restricted stock without consideration: 1 thousand shares

Increase due to the acquisition resolved at the board of directors meeting: 10,137 thousand shares

Decrease due to exercise of stock options: 242 thousand shares

Decrease due to disposal of shares as restricted stock compensation: 82 thousand shares

Decrease due to cancellation of treasury stock: 10,137 thousand shares

(3) Dividends from retained earnings

1) Payment of dividends

Resolution	Class of shares	Total dividends paid (Millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2024	Ordinary share	16,332	22	March 31, 2024	June 27, 2024
Meeting of the Board of Directors held on November 7, 2024	Ordinary share	19,294	13	September 30, 2024	December 3, 2024
Total		35,626			

(Note) The Company has carried out a 2-for-1 share split effective April 1, 2024. For the "dividends per share" with a record date prior to March 31, 2024, the actual dividend amount before the share split is shown.

2) Dividends whose record date is in the current fiscal 2024 but whose effective date is in the next fiscal year

At the Annual General Meeting of Shareholders to be held on June 24, 2025, the following resolutions are expected to be made.

Resolution	Class of shares	Total dividends paid (Millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders to be held on June 24, 2025	Ordinary share	19,174	13	March 31, 2025	June 25, 2025

The source of dividends will be retained earnings.

(4) Matters concerning stock acquisition rights as of March 31, 2025 (excluding those for which the first date of the exercise period has not arrived yet)

	Class of shares to be issued upon exercise of stock acquisition rights	Number of shares to be issued upon exercise of stock acquisition rights
First issue of stock acquisition rights	Ordinary share	12,856 shares
Second issue of stock acquisition rights	Ordinary share	31,704 shares
Third issue of stock acquisition rights	Ordinary share	37,752 shares
Fourth issue of stock acquisition rights	Ordinary share	32,648 shares
Fifth issue of stock acquisition rights	Ordinary share	40,592 shares
Sixth issue of stock acquisition rights	Ordinary share	41,296 shares
Seventh issue of stock acquisition rights	Ordinary share	11,520 shares
Eighth issue of stock acquisition rights	Ordinary share	12,976 shares

Ninth issue of stock acquisition rights	Ordinary share	10,752 shares
Tenth issue of stock acquisition rights	Ordinary share	31,864 shares
11th issue of stock acquisition rights	Ordinary share	35,848 shares
12th issue of stock acquisition rights	Ordinary share	30,240 shares

(Note) The number of shares to be issued upon exercise of stock acquisition rights shows the figures after the 2-for-1 share splits of April 1, 2019, and April 1, 2024.

8. Notes to Financial Instruments

(1) Overview of financial instruments

1) Capital management

The Group's capital management policy is to maximize corporate value by pursuing growth opportunities which are greater than cost of capital, increasing asset efficiency through improvement of business operations, and building a financially sound, optimal capital structure.

The Group monitors financial indicators to maintain an optimal capital structure. The Group monitors credit ratings for financial soundness and flexibility of capital, and the rate of return on invested capital (ROIC) and the return on equity attributable to owners of the parent company (ROE) for capital efficiency.

2) Financial risk management

The Group is exposed to a variety of financial risks, such as credit risk, liquidity risk, market risks (currency risk, interest rate risk, and price risk) in its operations. The Group manages its risks to reduce these financial risks. The basic policy of risk management covers the risks associated with business operations and restricts speculative transactions.

3) Credit risk management

Credit risk is the risk of financial loss due to counterparties' inability to fulfill their obligations.

The Group regularly monitors the conditions of its major customers, and manages the due date and balance of trade receivables by customers according to the Group's internal policy for credit management, for the purpose of identifying recoverability concerns due to deterioration of a customer's financial situation at an early stage and revising and improving the protection of trade receivables. As a result, there are no material past due trade receivables. In regard to derivative transactions, the Group only deals with highly creditworthy financial institutions, and therefore the credit risk is considered to be low.

The Group is not exposed to excessive credit risk associated with specific customers that require exceptional management.

The Group's maximum exposures to credit risk are the carrying amount of the financial assets in the Consolidated Statement of Financial Position.

Trade receivables are categorized according to customers' credit risk features, and loss allowance for trade receivables is measured based on the historical credit loss ratio and expected future economic conditions for each category based on a simplified approach.

4) Liquidity risk management

Liquidity risk is the risk of facing difficulties in fulfilling obligations related to financial liabilities settled by cash or other financial assets. The Group procures necessary funds through bank borrowings and corporate bonds; however, these liabilities are exposed to liquidity risk of failure in making

payments on due dates due to the deterioration of funding environment or other factors.
The Group creates and revises the procurement of funding schedule based on the annual business plan, understands and consolidates the liquidity on hand and the status of the interest-bearing debt, and reports to the Board of Directors on a timely basis. The Group monitors the ongoing forecast for funding demand and maintains sufficient unused portion of the contractual borrowing facilities.

5) Market risk management

The Group is exposed to market risks related to foreign currency exchange risk associated with the foreign currency-denominated transactions, the interest rate risk associated with raising funds, and the market price risk associated with the listed stocks held by the Group.

(1) Currency risk

The Group is exposed to currency risk that arises from import and export transactions and overseas transactions denominated in foreign currencies. Currency risk arises from forecast transactions such as future sales, financing and repayment, or assets and liabilities that have been already recognized. The Group continuously monitors foreign exchange rates to manage such risks.
The Group has entered into foreign currency forward contracts to hedge the currency risks arising from forecast transactions such as future sales, financial assets and financial liabilities denominated in foreign currency transactions. In addition, the Group manages risks related to future cash flows arising from foreign currency-denominated borrowings through measures such as locking in cash flows by entering into cross-currency interest rate swap contracts with the same maturity as the redemption date of the underlying debt principal.
We are exposed to cash flow fluctuation risks arising from the impact of fluctuation of exchange rates on receivables and liabilities denominated in foreign currencies. However, we aim to mitigate the impact of the risk through the offset effect of foreign currency forward contracts.

(2) Interest rate risk

Interest rate risk is the risk arising from the changes in market interest rates affecting changes in the fair value or future cash flows of financial instruments. The Group's exposure to interest rate risk is mainly related to liabilities, such as bonds and borrowings, and receivables, such as interest-bearing deposits. The Group secures financing from financial institutions and through capital markets, and is therefore exposed to the risk of fluctuation of future cash flows resulting from the risk of interest rate fluctuation.
As a means to stabilize cash flow, we raise funds at fixed interest rates to mitigate increases in future interest payments due to rising interest rates, and use interest rate swap transactions and other measures to reduce the risk of fluctuations in interest payments.

(3) Price risk of equity securities

The price risk of equity instruments is the risk arising from changes in market prices affecting the changes in fair value or future cash flows of financial instruments (excluding changes arising from interest rate risk and currency risk).
The Group is exposed to price risk arising from the equity instruments it holds. Shares with market prices, which are not for trading purpose, are classified as financial assets measured at fair value through other comprehensive income.
To manage price risk arising from such equity instruments, the Group makes basic policies in relation to the investment in such equity instruments that shall be complied with within the Group. In

addition, it is obligated to report to and obtain approval from the Board of Directors on a timely basis regarding significant investments in equity instruments. The Group reviews the economic rationality and purpose of equity instruments held by the Group from a mid-to-long term perspective and, in addition, significant equity instruments are regularly reviewed by the Board of Directors.

(2) Fair value measurements of financial instruments

1) Classification of fair value hierarchy

Fair value is classified into the following three levels based on the observability and significance of the inputs used in the measurement.

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using the observable inputs which fail to meet level 1, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

2) Fair value of financial assets and financial liabilities measured at fair value on a recurring basis

(1) Fair value hierarchy

The financial assets and financial liabilities measured at fair value in the Consolidated Statement of Financial Position by each level of the fair value hierarchy are as follows:

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives	–	55	–	55
Shares	–	–	2,612	2,612
Other	–	7,849	3,562	11,412
Financial assets measured at fair value through other comprehensive income				
Shares	6,064	–	5,819	11,884
Other	–	–	7,744	7,744
Total	6,064	7,905	19,740	33,709
Financial liabilities				
Other financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	–	10	–	10
Contingent considerations	–	–	592	592
Total	–	10	592	603

Transfers of financial instruments between levels of the fair value hierarchy are assessed at each reporting date. There were no significant transfers between Level 1 and Level 2 for the fiscal year ended March 31, 2025.

(2) Valuation techniques for fair value measurement of financial assets and financial liabilities

(a) Shares

The fair value of listed stocks is measured at the quoted market prices on stock exchanges and is categorized into Level 1. The fair value of unlisted stocks is measured using available data such as earnings forecast of the investee and applying evaluation methods based on discounted future cash flows, etc. Therefore, these are categorized into Level 3.

(b) Derivatives

The fair value of foreign currency forward contracts is measured at the present value calculated using the forward exchange rate at the end of the reporting period. The fair value of cross-currency interest rate swaps is measured based on observable market data such as interest rate. Therefore, foreign currency forward contracts and cross-currency interest rate swaps are categorized as Level 2.

(c) Contingent consideration

Contingent consideration arising from business combinations is measured based on the expected cash flow method, and its fair value is calculated based on the periods and the expected payments corresponding to the achievement of milestones, probability of occurrence and time value of money. Contingent consideration is categorized as Level 3 as it is measured using a valuation technique which includes unobservable inputs.

(3) Movements in financial assets and financial liabilities classified as Level 3

Movements in financial assets classified as Level 3 from the beginning to the end of the fiscal year ended March 31, 2025 are as follows:

	(Millions of yen)
Beginning balance	12,635
Total gains or losses	
Profit or loss (Note)	36
Other comprehensive income	(1,560)
Additions	8,639
Sales	(10)
Ending balance	19,740
Changes in unrealized profit or loss recorded in “Profit or loss” for assets held at the end of the reporting period (Note)	36

(Note) Profit or loss is presented in “Finance income” in the Consolidated Statement of Profit or Loss.

Movements in financial liabilities classified as Level 3 from the beginning to the end of the fiscal year ended March 31, 2025 are as follows:

	(Millions of yen)
Beginning balance	1,474
Settlements	(250)
Changes in fair value (Note 2)	(628)
Exchange differences on translation of foreign operations	(2)
Ending balance	592
Changes in unrealized profit or loss recorded in “Profit or loss” for liabilities held at the end of the reporting period (Note 3)	11

(Note 1) Financial liabilities are contingent consideration arising from business combinations.

(Note 2) Changes are included in “Other income,” “Other expenses,” “Finance income,” and “Finance costs” in the Consolidated Statement of Profit or Loss.

(Note 3) Changes are included in “Finance costs” in the Consolidated Statement of Profit or Loss.

3) Financial assets and financial liabilities that are not measured at fair value on a recurring basis

(1) Fair value and carrying amounts

The carrying amounts and fair values of the financial instruments for the fiscal year ended March 31, 2025 are described below. Carrying amounts shown below do not include financial instruments for which the carrying amounts reasonably approximate to their fair values.

(Millions of yen)

	Carrying amount	Fair value
Bonds	89,855	88,623
Long-term loans borrowings	84,983	84,062

(Note) The above table includes current portion of long-term loans payable.

(2) Fair value measurements of financial instruments

The valuation techniques for fair value measurement for the financial instruments described above are as follows:

(a) Long-term borrowings

The fair value of long-term borrowings with floating interest rates reflecting short-term interest rates, is measured at book value, considering the carrying amounts approximate to the fair value, as the Company’s credit conditions have not changed significantly after the execution of the borrowings. The fair value of long-term borrowings with fixed interest rates is measured at the present value of the total amount of principal and interest for the remaining borrowing period, using an interest rate that would be applied for new borrowings.

(b) Bonds

The fair value of bonds is measured using quoted market prices.

9. Notes to Per Share Information

(1) Equity attributable to owners of the parent per share: 927.85 yen

(2) Basic earnings per share: 79.01 yen

10. Notes to Material Subsequent Events

The Group has reached an agreement with WuXi Biologics to acquire WuXi Biologics’ drug product (DP) plant located in Leverkusen, Germany for 150 million Euro (about 24.6 billion yen). The purchase agreement was signed on May 14, 2025, and we aim to complete the acquisition in the fiscal year ending March 31, 2026.

The Group develops containers such as prefilled syringes and drug delivery devices using materials suitable for pharmaceuticals. The Group also engages in the CDMO business for combination products of pharmaceuticals and medical devices, leveraging advanced manufacturing technologies. The Group positions the globalization of the CDMO business as one of its future growth strategies.
The Group aims to expand production capacity and strengthen its global responsiveness by utilizing the newly acquired DP plant as its first overseas CDMO production base. This will accelerate the global expansion of the CDMO business.

Overview of the DP plant to be acquired from WuXi Biologics

Location: Leverkusen, North Rhine-Westphalia, Germany

Site area of the plant: 13,000 m^2

Description of business: CDMO business for vial products (as of May 2025)

Non-consolidated Balance Sheet

Fiscal Year 2024 (As of March 31, 2025)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		**(Liabilities)**	
Current assets	393,941	**Current liabilities**	**386,836**
Cash and deposits	69,757	Notes payable-trade	156
Notes receivable-trade	100	Accounts payable-trade	56,446
Accounts receivable-trade	122,802	Electronically recorded obligations-operating	7,424
Merchandise and finished goods	59,949	Short-term loans payable	256,220
Work in process	15,433	Current portion of long-term loans payable	15,000
Raw materials and supplies	18,534	Lease obligations	34
Prepaid expenses	4,402	Accounts payable-other	15,648
Short-term loans receivable	81,171	Accrued expenses	2,883
Other	22,294	Income taxes payable	12,954
Allowance for doubtful accounts	(504)	Deposits received	273
Noncurrent assets	1,025,779	Provision for bonuses	7,942
Property, plant and equipment	124,045	Provision for directors' bonuses	163
Buildings	32,973	Notes and accounts payable-facilities	8,778
Structures	1,612	Other	2,908
Machinery and equipment	19,284	**Noncurrent liabilities**	**162,881**
Vehicles	60	Bonds payable	90,000
Tools, furniture and fixtures	6,975	Long-term loans payable	70,000
Land	18,686	Lease obligations	28
Lease assets	63	Long-term guarantee deposited	512
Construction in progress	44,390	Asset retirement obligation	482
Intangible assets	30,004	Other	1,858
Leasehold right	768	**Total liabilities**	**549,718**
Software	28,765	**(Net assets)**	
Goodwill	17	**Shareholders' equity**	**865,762**
Customer relationships	16	Capital stock	38,716
Other	436	Capital surplus	52,103
Investments and other assets	871,729	Legal capital surplus	52,103
Investment securities	11,531	Retained earnings	789,808
Stocks of subsidiaries and affiliates	688,315	Legal retained earnings	3,297
Investments in capital of subsidiaries and affiliates	21,675	Other retained earnings	786,510
Long-term loans receivable from subsidiaries and affiliates	117,554	Reserve for reduction entry	656
Long-term prepaid expenses	3,011	General reserve	82,900
Deferred tax assets	9,062	Retained earnings brought forward	702,953
Other	20,577	Treasury shares	(14,866)
		Valuation and translation adjustments	**3,780**
		Valuation difference on available-for-sale securities	3,780
		Subscription rights to shares	**460**
		Total net assets	**870,003**
Total assets	**1,419,721**	**Total liabilities and net assets**	**1,419,721**

Non-consolidated Statements of Income

Fiscal Year 2024 (From April 1, 2024, to March 31, 2025)

(Millions of yen)

Account item	Amount	
Net sales		**428,735**
Cost of sales		**241,470**
Gross profit		**187,265**
Selling, general and administrative expenses		**97,871**
Operating income		**89,394**
Non-operating income		**76,779**
Interest income	11,942	
Dividends income	58,810	
Royalty income	4,370	
Other	1,655	
Non-operating expenses		**18,360**
Interest expenses	16,356	
Foreign exchange losses	1,592	
Other	410	
Ordinary income		**147,813**
Extraordinary income		**3,415**
Gain on sales of noncurrent assets	5	
Gain on sales of investment securities	3,410	
Extraordinary loss		**2,917**
Impairment losses	2,650	
Loss on disposal of noncurrent assets	267	
Income before income taxes		**148,311**
Income taxes		**26,044**
Income taxes-current	25,746	
Income taxes-deferred	297	
Profit		**122,266**

Non-consolidated Statements of Changes in Equity

Fiscal Year 2024 (From April 1, 2024, to March 31, 2025)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for reduction entry	Reserve for special depreciation	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	38,716	52,103	–	52,103	3,297	412	82,900	643,628	730,238
Changes of items during the period									
Dividends from surplus								(35,626)	(35,626)
Profit								122,266	122,266
Acquisition of treasury stock									
Disposal of treasury stock			(196)	(196)					
Cancellation of treasury stock			(26,872)	(26,872)					
Provision of reserve for reduction entry						244		(244)	
Transfer from retained earnings to capital surplus			27,069	27,069				(27,069)	(27,069)
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	–	–	–	244	–	59,325	59,570
Balance at the end of current period	38,716	52,103	–	52,103	3,297	656	82,900	702,953	789,808

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(12,436)	808,621	4,557	4,557	664	813,843
Changes of items during the period						
Dividends from surplus		(35,626)				(35,626)
Profit		122,266				122,266
Acquisition of treasury stock	(30,006)	(30,006)				(30,006)
Disposal of treasury stock	704	507				507
Cancellation of treasury stock	26,872					
Provision of reserve for reduction entry						
Transfer from retained earnings to capital surplus						
Net changes of items other than shareholders' equity			(777)	(777)	(203)	(981)
Total changes of items during the period	(2,429)	57,140	(777)	(777)	(203)	56,159
Balance at the end of current period	(14,866)	865,762	3,780	3,780	460	870,003

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Standards and methods for valuation of assets

1) Securities

Stocks of subsidiaries and affiliates

Stated at cost using the moving-average method

Available-for-sale securities

- Securities other than shares, etc. that do not have a market price
  Stated at market value based on the quoted market price, etc., at fiscal year-end
  (Valuation difference is reported as a separate component of net assets. The cost of sales is calculated using the moving-average method.)
- Shares, etc. that do not have a market price
  Stated at cost using the moving-average method

2) Derivatives

Stated at fair value

3) Inventories

Inventories held for sale in the ordinary course of business

Principally, stated at cost using the weighted-average method

(Balance sheet amounts are calculated by writing down their net realizable value when there is evidence of deterioration in value.)

(2) Depreciation method for non-current assets

1) Property, plant and equipment (excluding lease assets)

The straight-line method is applied.

Principal useful lives are as follows:

Buildings:	3-50 years
Machinery and equipment:	4-15 years

2) Intangible assets (excluding lease assets)

The straight-line method is applied.

However, computer software for internal use is amortized by the straight-line method over the estimated internal useful life (5-10 years).

Goodwill is amortized by the straight-line method over 20 years based on the estimated period for each acquired business during which the excess earning power is maintained.

Customer relationship is amortized by the straight-line method over the estimated useful life (10 years).

3) Lease assets

Finance leases that do not transfer the ownership of the leased assets to the lessee

The straight-line method with no residual value is applied, regarding the lease term as the useful life.

(3) Standards of accounting for allowances and provisions

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided to cover possible losses on notes and accounts receivable. The Company records an estimated irrecoverable amount based on the historical write-off rate for ordinary receivables and based on assessment of recoverability of individual receivables for specific doubtful accounts.

2) Provision for bonuses

The Company provides reserve for payment of bonuses to employees based on the amount of estimated employees' bonuses at the fiscal year-end.

3) Provision for directors' bonuses

Reserve for payment of bonuses to directors is provided based on the amount of estimated directors' bonuses at the fiscal year-end.

4) Provision for retirement benefits

The Company provides reserve for employees' retirement benefits based on the projected benefit obligation and plan assets at fair value at the fiscal year-end.

Prior service cost is charged to income by the straight-line method over certain periods (10 years) within the average remaining service period of employees expected to receive benefits, commencing with the following fiscal year.

Actuarial gains and losses are charged to income by the straight-line method over certain periods (10 years) within the average remaining service period of employees expected to receive benefits, commencing with the following fiscal year.

On the non-consolidated balance sheet, the amount of pension assets exceeded the projected benefit obligations net of unrecognized actuarial gains and losses and unrecognized prior service costs. The exceeded amount is included in "other" in "investment and other assets" as prepaid pension expenses.

(4) Standards of accounting for recording revenue and expenses

The Company recognizes revenue from contracts with customers based on the following five-step approach when control of a promised good or service is transferred to a customer or as it is transferred in an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods and services.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company is primarily engaged in manufacture and sales of medical devices and medical supplies. For the sales of these products, our performance obligation is to deliver products to the customer based on our contract with the customer.

Because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products.

(5) Other significant matters for preparation of non-consolidated financial statements

(Significant hedge accounting)

i) Method of hedge accounting

The Company principally adopts the deferral method of hedge accounting. Interest rate and currency swaps that meet certain criteria are accounted for by the integrated accounting treatment (designated treatment and special accounting treatment).

ii) Hedging instruments and hedged items

Hedging instruments:	Forward exchange contracts and interest rate and currency swaps
Hedged items:	Monetary assets and liabilities denominated in foreign currencies, forecast transactions denominated in foreign currencies, long-term loans payable, loans payable denominated in foreign currencies

iii) Hedging policy

Based on the Company's policy of managing risks according to risk types, the Company hedges risks arising from changes in foreign currency exchange rates and interest rates.

iv) Method of assessment of hedge effectiveness

The Company assesses hedge effectiveness by comparing the cumulative changes in cash flows from hedged items or changes in fair value of hedged items and corresponding changes in hedging instruments every half year.

With respect to interest rate and currency swaps that meet the criteria for accounting by the integrated accounting treatment, assessment of hedge effectiveness is omitted.

2. Revenue Recognition

Useful information in understanding revenue from contracts with customers is omitted as the same details are presented in "1. Basis for Preparation of Consolidated Financial Statements (4) Accounting standards 10) Revenue" in the notes to consolidated financial statements.

3. Accounting Estimates

(1) Valuation of inventories

1) Amounts stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Merchandise and finished goods	59,949 million yen
Work in process	15,433 million yen
Raw materials and supplies	18,534 million yen

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (1) Valuation of inventories," in notes to consolidated financial statements.

(2) Estimate of useful lives and residual values of non-current assets

1) Amounts stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Property, plant and equipment	124,045 million yen
Intangible assets	30,004 million yen

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (2) Estimate of useful lives and residual values of non-current assets" in notes to consolidated financial statements.

(3) Impairment of property, plant and equipment

1) Amounts stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Impairment losses 2,650 million yen

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (3) Estimate of the recoverable amount at the impairment test" in notes to consolidated financial statements.

(4) Measurement of provision for retirement benefits

1) The amount stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Prepaid pension expenses 18,210 million yen

Furthermore, prepaid pension expenses are included in "Other" in "Investments and other assets" in the non-consolidated financial statements.

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (4) Measurement of defined benefit obligations" in notes to consolidated financial statements.

(5) Estimate of share-based payments

1) The amount stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Subscription rights to shares 460 million yen

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (5) Estimate of share-based payments" in notes to consolidated financial statements.

(6) Recoverability of deferred tax assets

1) The amount stated on the non-consolidated financial statements for the fiscal year ended March 31, 2025

Deferred tax assets 9,062 million yen

2) Other information that contributes to the users understanding of non-consolidated financial statements regarding the content of accounting estimates

Information regarding the impact on significant accounting estimates measurement methods, underlying assumptions and non-consolidated financial statements for the following fiscal year is stated in "4. Accounting Estimates (6) Recoverability of deferred tax assets" in notes to consolidated financial statements.

4. Notes to the Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: 261,123 million yen

(2) Monetary receivables and monetary obligations to subsidiaries and affiliates (excluding items shown by category)

Short-term monetary receivables:	172,651 million yen
Short-term monetary obligations:	296,292 million yen

5. Notes to the Non-consolidated Statements of Income

(1) Amount of transactions with subsidiaries and affiliates

Amount of business transactions	
Sales:	224,011 million yen
Purchase:	99,659 million yen
Other:	7,259 million yen
Amount of transactions other than business transactions:	89,844 million yen

6. Notes to the Non-consolidated Statements of Changes in Equity

(1) Number of treasury stock

(Thousand shares)

	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Ordinary share	2,965	13,105	10,462	5,608
Total	2,965	13,105	10,462	5,608

(Reason for the change)

The breakdown of the change in the number of shares is as follows:

Increase due to the share split:	2,965 thousand shares
Increase due to the purchase of shares of less than one unit:	1 thousand shares
Increase due to the acquisition of restricted stock without consideration:	1 thousand shares
Increase due to the acquisition resolved at the board of directors meeting:	10,137 thousand shares
Decrease due to exercise of stock options:	242 thousand shares
Decrease due to disposal for restricted stock remuneration:	82 thousand shares
Decrease due to cancellation of treasury stock:	10,137 thousand shares

7. Notes to Deferred Tax Accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major cause

	(Millions of yen)
Deferred tax assets	
Research and development expenses	1,807
Provision for bonuses	2,432
Accounts payable-other and accrued expenses	1,815
Loss on valuation of investment securities	256
Shares of subsidiaries and associates	2,457
Loss on valuation of inventories	1,417
Impairment losses	830
Other	1,949
Subtotal deferred tax assets	12,966
Valuation allowance related to total deductible temporary differences	(7)
Subtotal valuation allowance	(7)
Total deferred tax assets	12,959
Deferred tax liabilities	
Gain on contribution of securities to retirement benefit trust	(1,163)
Cost difference	(283)
Valuation difference on available-for-sale securities	(1,717)
Reserve for advanced depreciation	(300)
Prepaid pension expenses	(279)
Other	(151)
Total deferred tax liabilities	(3,896)
Net deferred tax assets	9,062

(2) Breakdown of major causes for the significant difference between the effective statutory tax rate and the actual effective tax rate after application of deferred tax accounting

	(%)
Effective statutory tax rate	30.6
(Adjustment)	
Permanent differences-expenses (entertainment expenses etc.)	0.1
Permanent differences-income (dividend income etc.)	(11.8)
Tax credit for research and development	(4.5)
Controlled foreign company taxation	1.7
Global Minimum Tax	1.3
Other	0.2
Actual effective tax rate after application of deferred tax accounting	17.6

(3) Change in the tax rate for corporate income taxes and other taxes

With the enactment of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the “Special Defense Corporate Tax” will be imposed starting from the business year commencing on or after April 1, 2026. Accordingly, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities will change from 30.6% to 31.5% for temporary differences expected to be reversed in the business year starting on or after April 1, 2026. As a result of this tax rate change, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by 2 million yen, income taxes-deferred decreased by 47 million yen, and the valuation difference on available-for-sale securities decreased by 49 million yen, respectively.

8. Notes concerning Related Party Transactions

(1) Subsidiaries

(Millions of yen)

Type	Company name	Ownership of voting rights	Relationship with the related party	Transactions	Transaction amount	Account	Balance at the end of the fiscal year
Subsidiary	Terumo Europe N.V.	100% directly owned by the Company	Interlocking directorate Sales of the Company's products Borrowing	Sales of the Company's products	64,368	Accounts receivable-trade	32,347
				Borrowing of funds	8,336	Short-term loans payable	20,262
				Repayment of funds	18,828		
Subsidiary	Terumo Medical Corporation	100% indirectly owned by the Company	Interlocking directorate Sales of the Company's products	Sales of the Company's products	55,765	Accounts receivable-trade	14,866
Subsidiary	Terumo Americas Holding, Inc.	100% directly owned by the Company	Interlocking directorate Lending	Lending of funds	3,913	Short-term loans receivable	5,651
				Collection of funds	7,061	Long-term loans receivable from subsidiaries and affiliates	48,773
Subsidiary	Terumo BCT Holding Corporation	100% indirectly owned by the Company	Interlocking directorate Lending	Lending of funds	3,929	Short-term loans receivable	22,428
				Collection of funds	7,483	Long-term loans receivable from subsidiaries and affiliates	59,808
Subsidiary	Terumo Yamaguchi Corporation	100% directly owned by the Company	Interlocking directorate Lending	Lending of funds	201,000	Short-term loans receivable	48,400
				Collection of funds	207,100		
Subsidiary	Terumo Capital Management Pte. Ltd.	100% directly owned by the Company	Interlocking directorate Borrowing	Repayment of funds	17,666	Short-term loans payable	167,067
				Payment of interest	10,955	–	–
Subsidiary	Terumo Global Reinsurance, Inc.	100% directly owned by the Company	Interlocking directorate Borrowing	Borrowing of funds	41,040	Short-term loans payable	41,040
				Repayment of funds	38,690		
				Payment of interest	1,925	–	–

(Notes) Terms of transactions and the policy for determining the terms of transactions

1. Transaction prices and other terms of transactions with subsidiaries and affiliates are determined through negotiations with the Company.
2. Transaction amounts do not include foreign currency translation gains or losses. Year-end balances include foreign currency translation gains or losses.
3. Interest rates of loans payable are determined reasonably, taking into consideration market interest rates.
4. Interest rates of loans receivable are determined reasonably, taking into consideration market interest rates.

9. Notes to Per Share Information

(1) Net assets per share: 589.54 yen

(2) Net income per share: 82.58 yen

10. Notes to Material Subsequent Events

Not applicable.