

The background of the cover features a perspective view of a tunnel formed by a grid of light green squares that recede into the distance. A dark green rectangular box is positioned on the right side of the cover, containing the text "TERUMO CORPORATION Annual Report 2018".

TERUMO CORPORATION
Annual Report 2018

Corporate Mission

Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Five Statements

Open Management

We maintain a fundamental policy of open management, work to secure and return to our benefactors a suitable profit, and strive to develop our business on a global basis as befits a leading company in the industry.

Enhanced Value

We emphasize the importance of scientific thinking, creativity, and time appropriation, and respond in depth to customer needs by creating valued products and services.

Safety and Reliability

We pride ourselves on our commitment to the development of technologies and quality assurance systems that ensure safe, reliable products.

Respect for Our Associates

We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our slogan, "Associate Spirit," as we prepare to meet the challenges of the future.

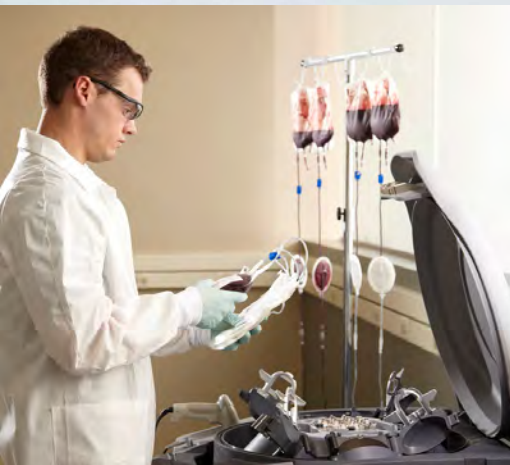
Corporate Citizenship

We conduct our business activities in a fair and equitable manner and act responsibly toward the environment as we fulfill our responsibilities as a good corporate citizen.

Global Vision

Innovating at the Speed of Life

As society changes constantly and science and technology advance, we remain focused on lives, and on rapidly bringing new value to medical settings.



Strategy

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Editorial Policy

Terumo prepares communication tools to provide stakeholders with straightforward reporting on the business activities it is pursuing in fulfillment of its corporate mission—“Contributing to Society through Healthcare”—and to promote communication with society. Annual reports provide information on our primary business activities and results with a focus on explanations of our Mid- to Long-term Growth Strategy. In addition, since fiscal 2016, we have also published sustainability reports (available in Japanese and English, PDF only) to provide information on how we are helping to build a sustainable society by lowering our environmental impact and contributing to society.

Coverage

Report coverage includes to the extent possible those elements of the global Terumo Group falling within the scope of consolidated earnings statements.

Coverage, however, differs in certain instances.

Adoption of International Financial Reporting Standards

Beginning with its financial results announcement for fiscal 2017, the Company has adopted International Financial Reporting Standards (IFRS) with the goal of making its financial information more easily comparable to that of companies around the world and to improve management accuracy and strengthen corporate governance through the global application of uniform rules. Figures for fiscal 2016 have been restated based on IFRS standards.

Message from the President and CEO



As a global corporation with unique excellence, Terumo will strive to enhance its Total Quality with the aim of making greater contributions to medical settings around the world.

Shinjiro Sato

President and CEO

Mid- to Long-term Vision and Targets of Mid- to Long-term Growth Strategy

Terumo defines its mid- to long-term vision as “being a global corporation with unique excellence.”

This vision has two meanings. The first is to “become a top brand trusted in medical settings all over the world,” while the second is to “ensure that trust with Total Quality.” By “Total Quality,” we refer collectively to quality with regard to products, supply, and services. As such, our vision for Terumo is for the Company to be driven by a commitment to manufacturing and quality, which are strengths commonly associated with Japanese companies, to make even greater contributions to medical settings around the world.

Meanwhile, the Mid- to Long-term Growth Strategy, which covers the five-year period spanning from fiscal 2017 to fiscal 2021, targets the continuation of strong growth coupled with improved profitability. Specific targets include achieving high-single-digit revenue growth, realizing profit*¹ growth that outpaces revenue growth, and maintaining an adjusted return on equity (ROE)*² of 10% or greater.

Mid- to Long-term Vision

Being a Global Corporation with Unique Excellence

Earn the trust of medical settings globally as a **top brand**

Ensure world-class trust with **Total Quality** (quality of products, supply, and services)

Management Indicators in Mid- to Long-term Growth Strategy

Growth	Profitability	Efficiency
Achieve revenue growth that outpaces market growth (high-single-digit revenue growth)	Realize profit* ¹ growth that outpaces revenue growth	Maintain an adjusted ROE* ² of 10% or greater

Assumed exchange rate: USD=¥105, EUR=¥115

*¹ Operating profit excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions

*² ROE excluding exchange differences on translation of foreign operations pertaining to assets associated with acquisitions included in total net assets

Review of Fiscal 2017

In fiscal 2017, revenue was up 14.3% year on year, to ¥587.8 billion; adjusted operating profit rose 19.4%, to ¥124.9 billion; and ROE was 17.5%, much higher than the targeted level of 10%. This strong performance was due in part to the benefits of acquisitions. Moreover, the figures for revenue and all profit items represented record highs. I therefore feel confident in saying that we got off to an incredibly good start in the first year of the Mid- to Long-term Growth Strategy.

Our progress in integrating the three businesses acquired outside of Japan in fiscal 2016 went even smoother than we had anticipated. This integration was advanced together with overseas Group companies with the aim of developing the optimal organizational structures and operating procedures. Through past acquisitions, we had already acquired the level of organizational capabilities and expertise required to perform mergers and acquisitions outside of Japan. These recent acquisitions, however, enabled us to gain an ability to coordinate integration measures between Group companies outside of Japan. This new ability will be a powerful asset in future overseas acquisitions.

Three Key Initiatives of the Mid- to Long-term Growth Strategy

Three key initiatives have been defined for the implementation of the Mid- to Long-term Growth Strategy: strengthening global operations, accelerating strategic development, and leveraging the comprehensive strengths of the Terumo Group.

1. Strengthening Global Operations

Including the vascular closure device factory in Puerto Rico and the stent graft factory in Florida of the United States acquired in fiscal 2016, the Terumo Group's production system consists of 30 factories located across the globe. In addition, 68% of our revenue comes from overseas while 52% of production is conducted outside of Japan, and these ratios are expected to increase going forward. A glance at the market shows a trend toward reducing healthcare expenditures around the world. This trend is intensifying competition, and the ongoing improvement of quality, cost competitiveness, and timely supply capabilities is now more important than ever.

In light of this situation, the Terumo Group is endeavoring to manufacture its products in optimal locations. A global perspective is being taken in this process, which is being carried out based on a comprehensive evaluation of the production costs of specific factories, the levels of their quality systems, and the industry policies of the countries in which they are based. At the same time, we are consolidating advanced production technologies at our principal manufacturing facilities in Japan, the United States, and Europe, which are equipped with development functions. We are also shifting labor-intensive production procedures to Asia and Latin America to boost our cost competitiveness. Furthermore, we are examining the possibility of adopting a local production for local consumption approach based on the trend toward domestically made products in China, India, and other countries with massive growth potential. In accordance with these policies, we approved plans in fiscal 2017 to construct a new building at Terumo Yamaguchi Corporation, which manufactures guidewires; augment production facilities at the headquarters of Vascutek Ltd. in the United Kingdom; and expand the Costa Rica factory of MicroVention, Inc. In fiscal 2018 and beyond, we will proceed with the optimization of production locations while also conducting the necessary investments for increasing production levels or relocating specific manufacturing operations in a timely manner.

2. Accelerating Strategic Development

We are proactive in conducting the necessary investments for boosting internal development capabilities to ensure that we can continue our timely development of products offering value for the fiercely competitive global market.

The Terumo Group is promoting research and development for enhancing the product pipelines of specific companies and businesses based on a short- to medium-term perspective while stepping up cross-business and cross-division coordination at the corporate level from a long-term perspective. The Corporate R&D Center was established in April 2017 as an organization tasked with supporting these efforts. With this organization in place, we are moving ahead with ambitious development projects with an eye to the future of healthcare with the goal of creating the technologies and products that will underpin the sustainable growth of Terumo. In addition, the role of the Chief Technology Officer (CTO) was refined in conjunction with the establishment of this new organization. The CTO now focuses on promoting coordination and collaboration and facilitating synergies between the R&D divisions of Group companies. I feel that these efforts are contributing to increased exchanges and cooperation between engineers at different companies, and I anticipate that this will be highly conducive to the creation of meaningful innovations.

One example of our synergies from cross-business coordination is the MicroVention Worldwide Innovation Center set up in September 2017 in southern California in the United States. Functioning as a corporate division of MicroVention, Inc., this center will conduct development of neurovascular intervention products. The center will also apply the technologies accumulated through such product development activities to accelerate the development of therapeutic devices for the peripheral intervention field. In this manner, the center will expand our lineup of therapeutic devices for the United States and other global markets.

Meanwhile, there may be a need to obtain new technologies through acquisitions in fields where there are high unmet medical needs as competition is intense and swift development is needed in these fields. WEB, a new type of aneurysm embolization device, and the Relay Thoracic Stent-Graft System, which we incorporated into our lineup through acquisitions conducted in fiscal 2016, are both examples of this approach. These products are expected to provide the benefits of shorter treatment times, improved treatment effectiveness, and reduced complications. These are also incredibly important strategic products for facilitating our efforts to become the leading brand in their respective fields. We will therefore work to quickly integrate these products into the Terumo Group's development systems so that we can utilize our internal development capabilities to realize rapid launches and expand the regions in which these products are sold.

3. Leveraging the Comprehensive Strengths of the Terumo Group

As the Terumo Group's organization spreads across the globe, we will need to foster an increased sense of unity as a group that exceeds the boundaries of businesses and regions. We will go about fostering this sense of unity by encouraging cross-organizational coordination in development as well as in functional departments, sales, the cultivation and promotion of human resources, and various other areas.

Adept leadership and teamwork among senior management will be crucial to realizing frameworks for global coordination. It was for this reason that we held the Global Leadership Meeting in fiscal 2017.





Terumo business leaders from around the world gathered at this conference, which took place in Japan, where our corporate headquarters reside, and discussions were held on matters such as important management challenges faced by the Group.

In addition, we have recently implemented frameworks for periodic meetings between the leaders of functional departments at Group companies, thereby clarifying the leadership role to be fulfilled by our headquarters. The ability to tackle common challenges faced in specialized fields, such as accounting and finance, production, quality, and procurement, in a manner that blurs business and region lines is a major step forward in Terumo's global management efforts.

We are also engaged in new undertakings in terms of human resources. As of March 31, 2018, nearly 80% of the Terumo Group's 23,319 associates were associates working outside of Japan. As our organization is now undeniably global, it is crucial that we not only position

Japanese associates to workplaces overseas, but also provide a diverse range of workplaces for locally hired overseas associates so that we can appoint talented individuals to critical positions. Looking to better utilize global talent, in 2018 we appointed four overseas associates to important leadership positions responsible for overseeing businesses, regions, and functions. Furthermore, we appointed a fifth Terumo Fellow*³ in 2018 among the U.S. associates working at MicroVention, Inc., who has created significant results in the development of coils for treating intracerebral aneurysms and microbeads technologies for treating liver cancer. In addition, a Chief Human Resources Officer (CHRO) was appointed at Terumo's headquarters to oversee and promote such human resources initiatives on a global basis. The CHRO will lead the heads of human resources divisions in an effort to address global human resources issues while also bearing responsibility for the evaluation, development, discovery, and recruitment of global management personnel. Through these human resources initiatives, we will seek to realize greater levels of diversity in order to become a truly competitive organization.

Leveraging the comprehensive strengths of the Terumo Group will also be crucial to the Group's growth in the Japanese market. Over the past several years, we have unfortunately been in a state of low revenue growth in our domestic operations in light of the maturing Japanese market. However, as we approach an age in which people in Japan commonly live to be 100, new needs are emerging in medical settings on a daily basis. If we are able to fully leverage the brand power, diverse product lineup, robust organizational foundation, and strong ties with customers Terumo has cultivated to date, we will surely find sufficient room to provide value by utilizing these assets to address emerging needs in the medical field. This belief has inspired us to kick off a project for boosting our capacity to grow in the Japanese market. This project has been dubbed "SCRUM 2018." As part of this project, we are working to construct frameworks for cross-business coordination encompassing sales offices throughout the nation. In addition, we are enhancing the support that can be provided through corporate functions to facilitate such efforts as the quick introduction of products approved overseas into the Japanese market. Terumo has also assembled project teams focused on specific diseases, such as cancer and heart failure, as well as surgery, and we have initiated an integrated approach toward medical institutions through these teams.

*³ Associates appointed as Terumo Fellows possess superior expertise and practical experience in the fields of technology, research, and clinical development and make outstanding contributions to medical settings throughout the world.

Capital Expenditures and R&D Expenses

Terumo conducts the necessary investments for enhancing global operations and accelerating strategic development in a timely manner in order to maximize the benefits of these investments.

Over the five-year period that began with fiscal 2017, we plan to conduct capital expenditures totaling up to ¥250.0 billion primarily for augmenting production capabilities, and we anticipate a record high for capital expenditures of around ¥60.0 billion*⁴ in fiscal 2018. As for R&D expenses, I foresee a need to raise expenses beyond the current level to accommodate the increase in therapeutic device pipelines in the neurovascular intervention and peripheral intervention fields and our plans to deploy such products on a global scale. Accordingly, we project R&D expenses of approximately ¥47.5 billion,*⁴ or roughly 8% of revenue,*⁴ which will both be record highs.

*⁴ Forecast announced on May 9, 2018

Shareholder Returns

Under the Mid- to Long-term Growth Strategy, we will conduct capital expenditures, acquisitions, and other growth investments while delivering appropriate returns to shareholders. Having adopted International Financial Reporting Standards (IFRS), Terumo will continue to steadily increase dividend payments, targeting a medium- to long-term dividend payout ratio of 30%. In fiscal 2017, we decided to pay dividends of ¥50 per share, an increase of ¥8 per share over the previous fiscal year. The dividend payout ratio has temporarily dropped to a low level, but this is a result of the transition to IFRS as well as the one-time decrease in corporate taxes following the tax reform in the United States. We will continue to steadily increase dividend payments going forward, thereby also raising the dividend payout ratio.

To Our Stakeholders

In fiscal 2021, the final year of the Mid- to Long-term Growth Strategy, Terumo will celebrate the 100th anniversary of its founding. Based on its corporate mission of “Contributing to Society through Healthcare,” Terumo will seek to heighten its Total Quality with regard to aspects of its operations including products, supply, and services, as it aspires to become a top brand trusted in medical settings all over the world. I would like to ask our stakeholders for their ongoing support and understanding as we move forward on this quest.

September 2018



President and CEO

Mid- to Long-term Growth Strategy: Targets and Fiscal 2017 Performance by Company

Cardiac and Vascular Company

Realizing minimally invasive treatments through endovascular interventions for various parts of the body and in cardiovascular surgery



Main Products

Terumo Interventional Systems (TIS) Division

Angiographic guidewires, angiographic catheters, introducer sheaths, vascular closure devices, PTCA balloon catheters, coronary stents, stents for peripheral artery disease, intravascular ultrasound system, and other products

Neurovascular Division

Coils and stents used to treat cerebral aneurysms, and other products

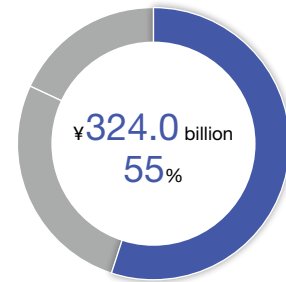
CV Systems Division

Oxygenators, heart-lung machines, and other products

Vascular Graft Division

Vascular grafts, stent grafts

Revenue by Company/
Percentage of Revenue (FY2017)



General Hospital Company

Through unique technologies and services, improving safety and efficiency in medical settings while contributing to patient quality of life and better drug delivery



Main Products

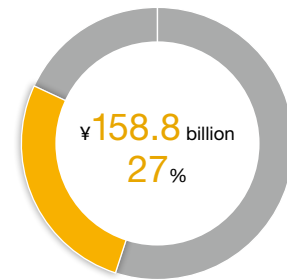
Hospital Systems Division

Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, analgesics, nutrients, adhesion barriers, blood glucose monitoring systems, digital blood pressure monitors, digital thermometers, and other products

Alliance Division

Contract manufacturing of prefilled syringes, products for pharmaceutical companies (prefillable syringes, needles for pharmaceutical packaging business), and other products

Revenue by Company/
Percentage of Revenue (FY2017)



Blood Management Company (Terumo BCT)

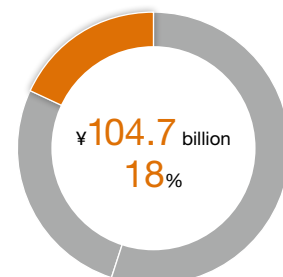
The Blood Management Company drives customer value and enhances patient outcomes through blood component, therapeutic apheresis, and cellular technologies



Main Products

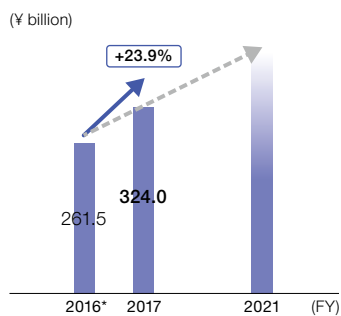
Blood bags, automated blood collection system, automated blood component processing system, pathogen reduction technology system, centrifugal apheresis system, cell expansion system, and other products

Revenue by Company/
Percentage of Revenue (FY2017)



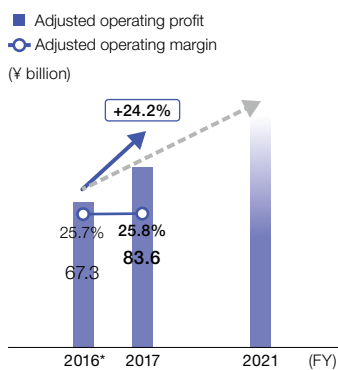
Mid- to Long-term Growth Strategy: Targets and Fiscal 2017 Performance

Revenue



* Figures for fiscal 2016 have been recalculated using IFRS.

Adjusted Operating Profit/ Adjusted Operating Margin



Revenue

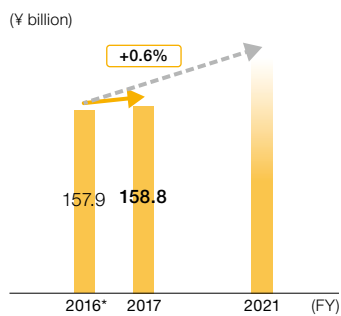
- **Targets of Mid- to Long-term Strategy**
Realize growth that drives Groupwide growth; near double-digit growth
- **Fiscal 2017 Performance**
+23.9% (YoY)

Adjusted Operating Profit

- **Targets of Mid- to Long-term Strategy**
Achieve profit growth that outpaces revenue growth; double-digit growth
Maintain adjusted operating margin of 25% or above
- **Fiscal 2017 Performance**
+24.2% (YoY)
Adjusted operating margin: 25.8%

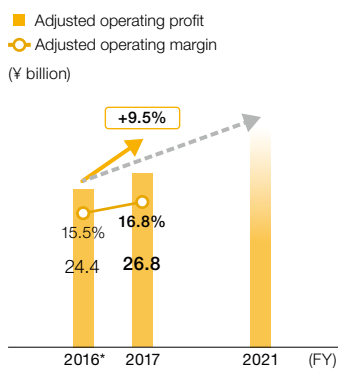
Mid- to Long-term Growth Strategy: Targets and Fiscal 2017 Performance

Revenue



* Figures for fiscal 2016 have been recalculated using IFRS.

Adjusted Operating Profit/ Adjusted Operating Margin



Revenue

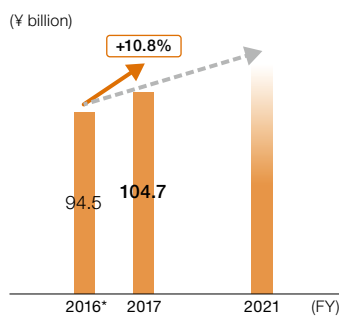
- **Targets of Mid- to Long-term Strategy**
Shift gears to enhance revenue; mid-single-digit growth
- **Fiscal 2017 Performance**
+0.6% (YoY)

Adjusted Operating Profit

- **Targets of Mid- to Long-term Strategy**
Achieve profit growth that outpaces revenue growth through continuous cost and profit management; high-single-digit growth
Improve adjusted operating margin 2 to 3 percentage points
- **Fiscal 2017 Performance**
+9.5% (YoY)
Adjusted operating margin: +1.3 pts (YoY)

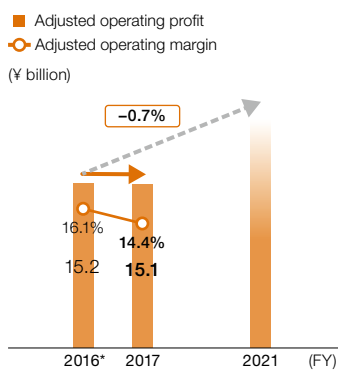
Mid- to Long-term Growth Strategy: Targets and Fiscal 2017 Performance

Revenue



* Figures for fiscal 2016 have been recalculated using IFRS.

Adjusted Operating Profit/ Adjusted Operating Margin



Revenue

- **Targets of Mid- to Long-term Strategy**
Return to growth; mid-single-digit growth
- **Fiscal 2017 Performance**
+10.8% (YoY)

Adjusted Operating Profit

- **Targets of Mid- to Long-term Strategy**
Achieve profit growth that outpaces revenue growth; high-single-digit growth
- **Fiscal 2017 Performance**
-0.7% (YoY)

Cardiac and Vascular Company



We will continue to achieve robust growth by strengthening operational capabilities, honing the advantages of each business, and creating synergies.

Hikaru Samejima

Managing Executive Officer
President, Cardiac and Vascular Company

Fiscal 2017 Highlights

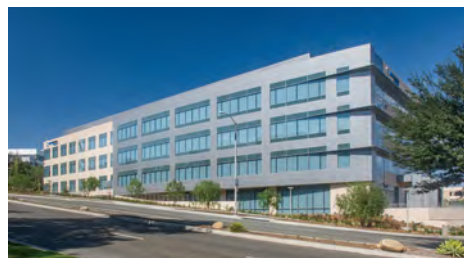
The integration of three overseas businesses acquired in fiscal 2016 proceeded even more smoothly than expected. Also, existing businesses performed steadily, and all businesses in the Cardiac and Vascular Company achieved double-digit revenue growth. As a result, the company as a whole posted year-on-year increases of 23.9% in revenue, to ¥324.0 billion, and 24.2% in adjusted operating profit, to ¥83.6 billion.

Terumo Interventional Systems (TIS) Division

In September 2017, a hurricane damaged our factory in Puerto Rico, which manufactures Angio-Seal vascular closure devices, and production was halted temporarily. However, thanks to efforts to restart production as soon as possible, we were able to resume production in January 2018. In March 2018, we expanded and improved our product lineup by acquiring assets for a large bore vascular closure device from Medeon Biodesign, Inc., of Taiwan.

Neurovascular Division

The MicroVention Worldwide Innovation Center began full-fledged operations in September 2017. In addition to R&D in the neurovascular intervention field, the center uses its development resources to conduct R&D in the peripheral intervention field of the Terumo Interventional Systems Division. The center will accelerate the development of peripheral intervention products to launch them globally.



MicroVention Worldwide Innovation Center

CV Systems Division

After the U.S. Food and Drug Administration (FDA) lifted shipping restrictions, the Ann Arbor Factory in the U.S. resumed shipments of heart-lung machines. Also, we improved profitability.

Vascular Graft Division

We built a globally optimized organization, taking into account the complementarity of the sales regions and product lineups of Bolton Medical, Inc., which we acquired, and Vascutek Ltd., which is the headquarters of the Vascular Graft Division.

Strengthening Operational Capabilities

We began increasing production capacity, which is important for supporting sustained growth. We have decided to invest approximately ¥300.0 billion to construct a new building for manufacturing guidewires on the property of Terumo Yamaguchi Corporation in the period through fiscal 2030. Also, the Vascular Graft Division plans to invest approximately ¥5.0 billion over the next three years in the headquarters of Vascutek and its manufacturing facility in the United Kingdom to increase production of high-value-added frozen elephant trunk devices. Further, we began expanding the Costa Rica factory of MicroVention, Inc.

Mid- to Long-term Vision

Gain recognition from medical professionals worldwide as a leading brand in the cardiac and vascular business field

- Be one of the top three players in each market we participate in
- Gain world-class trust from our customers through “Total Quality”

Targets of Mid- to Long-term Growth Strategy

- Revenue: Realize growth that drives Groupwide growth; near double-digit growth
- Adjusted operating profit: Achieve profit growth that outpaces revenue growth; double-digit growth
Maintain adjusted operating margin of 25% or above

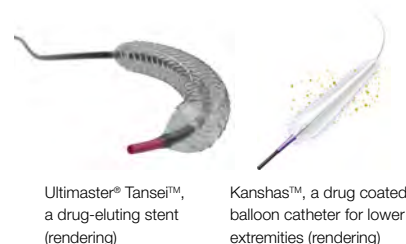
Fiscal 2018 Priorities

In Japan, the government’s revision of National Health Insurance (NHI) reimbursement prices is expected to have a negative effect. Nonetheless, we aim to grow revenues and profits further by leveraging the strengths of respective businesses to capture growth opportunities, strengthening operational capabilities, and creating synergies through coordination among businesses.

Terumo Interventional Systems (TIS) Division

In the access devices field, we will provide value in relation to injection and hemostasis and maintain our position as a global leader. With respect to vascular closure devices, we will use the large bore vascular device assets acquired from Medeon Biodesign to capture demand for transcatheter aortic valve replacement (TAVR) and transcatheter aortic valve implantation (TAVI) and further expand business in this field.

As for therapeutic devices, we launched the Ultimaster Tansei drug-eluting stent in Europe in May 2018. We created this product by improving the usability of the Ultimaster drug-eluting stent, launched in 2014. We are aiming for worldwide sales of ¥22.0 billion from the drug-eluting stent category overall. In the peripheral intervention field, plans call for marketing Kanshas, a drug coated balloon catheter for lower extremities, in Europe in September 2018, followed by Latin America and Asia. Through this product, we aim to capture 10% of Europe’s market over the medium to long term.



Neurovascular Division

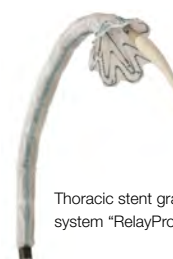
In addition to our products used to treat cerebral aneurysms, which already have a large market share, we will expand and improve our lineup by developing a clot retriever and other products for the ischemic stroke market, which continues to grow strongly. Through these measures, we will establish a position as a leading company for all neurovascular intervention products.

CV Systems Division

In Japan, the United States, and Europe, we plan to bring to market a new oxygenator with integrated arterial filter. We developed this product to lessen the physical burden on patients of the extracorporeal circulation of blood. As a result, we successfully developed a product with the world’s smallest blood priming volume. Also, we aim to develop an oxygenator that reflects demand in emerging countries and become the market leader based on a double brand strategy.

Vascular Graft Division

Based on the new Terumo Aortic business brand unveiled in April 2018, we will concentrate efforts on products for thoracic aortic aneurysm, for which demand is expected to increase. We will boost sales of a thoracic stent graft system in the United States and expand the sales regions of high-value-added frozen elephant trunk devices.



Strengthening Operational Capabilities and Creating Synergies

We will optimize production globally through a range of measures, including the increase of production capacity. At the same time, we will create synergies by coordinating sales and promoting mutual use of technologies.

General Hospital Company



We aim to grow by strengthening our lineup of high-value-added products that cater to the need for improvement in patients' quality of life and efficient delivery of hospital care and by enhancing our services and training programs.

Shoji Hatano

Director and Managing Executive Officer
President, General Hospital Company

Fiscal 2017 Highlights

The company realized the benefits of efforts over the past several years to improve profitability through cost reductions and reform of low-profit businesses. Also, in the fiscal year under review the company increased sales of high-value-added strategic products. In fiscal 2017, the company posted year-on-year increases of 0.6% in revenue, to ¥158.8 billion, and 9.5% in adjusted operating profit, to ¥26.8 billion. The adjusted operating margin improved 1.3 percentage points to 16.8%.

Hospital Systems Division

Results for closed infusion systems, anticancer drug administration systems, and other advanced infusion systems were solid. Further, August 2017 saw the domestic launch of TERUFUSION Infusion Pump Type 28, which is more compact and has a longer battery life than its predecessors, and adoption of this new product increased steadily.

In the surgery field, we began sales of AdSpray, Japan's first sprayable adhesion barrier gel, and proceeded with staged introduction as well as the training of medical professionals. We have designed the product to enable flexible application to the underside or inner parts of organs that are to undergo surgery, regardless of whether the surgery method is a laparoscopic procedure or a laparotomy.

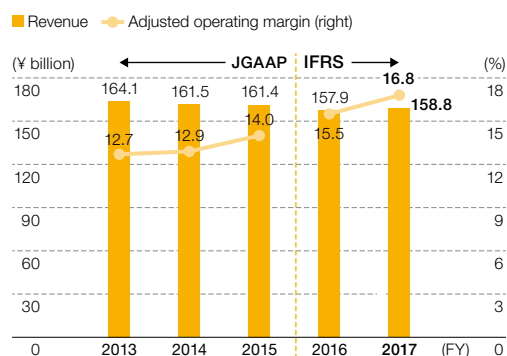
In September 2017, the company launched an ultra-high-concentration nutrient. The product allows those who cannot ingest large quantities of food at once to absorb energy and a variety of nutrients gradually and comfortably. Reflecting favorable evaluation of these features, adoption of the product increased at medical institutions.

Alliance Division

In May 2017, the European Medicines Agency validated the Marketing Authorization Application for a biosimilar* to be formulated by Terumo and began the review procedure. PLAJEX, Terumo's pre-fillable syringes, have been adopted as the primary containers for the biosimilar. This is the first time that an application for approval has been filed overseas for a medicine that is filled in PLAJEX.

* The biosimilar is FKB327, an adalimumab biosimilar candidate of the fully human anti-TNF-α monoclonal antibody referencing Humira®. The biosimilar has been developed by Fujifilm Kyowa Kirin Biologics Co., Ltd. Humira® is a registered trademark of AbbVie Biotechnology Ltd. In July 2018, the European Medicines Agency's Committee for Medicinal Products for Human Use adopted a positive opinion recommending a marketing authorization for the biosimilar.

Revenue*/Adjusted Operating Margin*



* Net sales and operating margin before amortization of goodwill, etc. under JGAAP



TERUFUSION™
Infusion Pump Type 28



AdSpray™ sprayable
adhesion barrier gel

Mid- to Long-term Vision

Provide unique technologies and services to contribute to improvements in hospital care quality and efficiency as well as innovations in drug delivery

- Shift gears to enhance revenue and achieve sustainable growth

Targets of Mid- to Long-term Growth Strategy

- Revenue: Shift gears to enhance revenue; mid-single-digit growth
- Adjusted operating profit: Achieve profit growth that outpaces revenue growth through continuous cost and profit management; high-single-digit growth
Improve adjusted operating margin 2 to 3 percentage points

Fiscal 2018 Priorities

Hospital Systems Division

In Japan, we will realize stable growth by further strengthening the advantages of our broad product lineup to deliver value in the form of improved safety in hospital care, enhanced operational efficiency, and realization of early discharges. We will advance the integration of advanced infusion systems with digital health solutions to support the improvement of safety in hospital care as well as the enhancement of operational efficiency. These efforts will mainly focus on the Smart Infusion System (smart pump) equipped with drug libraries that can be integrated with the IT systems of hospitals. In the pain management, surgery, and nutrients fields, the company will concentrate on disseminating, expanding, and improving its lineup of products that support the realization of early discharges, such as pain management drugs and sprayable adhesion barrier gel. As for the diabetes area, we will enter the therapeutic field by launching MEDISAFE WITH, Japan's first insulin patch pump. At the same time, the company will move forward with the marketing of the Continuous Glucose Monitoring devices of U.S. company DexCom, Inc., for which Terumo has obtained exclusive distribution rights in Japan. Further, the company will leverage the comprehensive strengths of the Terumo Group to enhance sales activities. For example, we will collaborate with other companies to advance joint promotions at medical conferences and undertake marketing initiatives focused on specific diseases.

Overseas, we aim to clarify strategies by region and achieve steady growth. With respect to Southeast Asia, we will consider responding to the trend toward promoting domestic production.



MEDISAFE WITH™ insulin patch pump



Smart Infusion System (smart pumps)

Alliance Division

In Japan, we will focus on leveraging material technologies and aseptic filling technologies to win more contract development and manufacturing orders from pharmaceutical companies. Overseas, we will continue concentrating efforts on increasing adoption of packaged pharmaceuticals, such as safety syringes engineered to prevent needle stick injury and PLA-JEX pre-fillable syringes.

Advancing Cost and Profit Management

The company will utilize the strengths of each factory to optimize production globally. We will support sales growth as well as profit improvement by proactively investing in the production increases that are necessary for growth while investing with the aim of enhancing safety and quality and reducing costs.



PLAJEX® pre-filled syringes

Blood Management Company (Terumo BCT)



We will increase profitability while investing toward sustainable growth.

David Perez

Director and Senior Executive Officer
 President, Blood Management Company
 President and CEO, Terumo BCT*

* As of August 1, 2018

Fiscal 2017 Highlights

- Increased revenue by 10.8% to ¥104.7 billion.
- Decreased adjusted operating profit 0.7%, to ¥15.1 billion, primarily due to the capitalization of development costs under IFRS.
- Achieved double-digit revenue growth in emerging markets including those in Latin America and Asia.
- Increased demand among U.S. customers upgrading their therapeutic apheresis devices to the Spectra Optia Apheresis System.
- Introduced the new Reveos Leukoreduction (LR) Set, that is used for the Reveos Automated Blood Processing system, making the 100-million-unit whole blood market more accessible with our innovative automation technology.
- Launched the Trima Accel Automated Blood Collection System with Version 7 software in Japan, known as Trima Q, to enable blood collections from a broader base of donors and improve the experience for both donors and clinicians.
- Expanded adoption of the THERAKOS® CELLEX® Photopheresis System in additional markets including Brazil and Argentina.



With the introduction of the Reveos® LR Disposable Set, more customers are now automating their whole blood processing



Throughout FY2017, customers across the U.S. upgraded their therapeutic apheresis devices to Spectra Optia®

Fiscal 2018 Priorities

Fiscal 2018 Key Initiatives

Creating value through profitable, sustainable growth with safety and quality at the forefront of everything we do for both customers and patients.

Business Area	Key Initiatives
Blood Center Solutions	Leverage innovation and strategic alliances to enter new markets and expand our offerings.
Therapeutic Systems	Foster physician awareness and implement clinical selling of our treatment protocols; develop clinical evidence for larger indications; and expand our data management solutions.
Cell Therapy Technologies	Apply our expertise in automation to regenerative medicine.
Autologous Biologics	Position our Autologous Biologics products as companion therapies in hospital settings.

Targets of Mid- to Long-term Growth Strategy

- Revenue: Return to growth; mid-single-digit growth
- Adjusted operating profit: Achieve profit growth that outpaces revenue growth; high-single-digit growth

Fiscal 2018 Strategic Priorities

Supporting modest growth in fiscal 2018 while enhancing and expanding access to our offerings for sustainable, long-term growth.

Commercial Excellence

We continue to evolve and enhance the way we implement and service our technologies and will continue those efforts into fiscal 2018. In addition to innovating the way we provide services, we will also optimize our commercialization and sales force efforts. This includes strengthening how we support our customers and increasing clinicians' understanding of our therapies and indications.

Portfolio Management

We have technologies and platforms that our customers have relied on for years. To evolve with our customers' needs, Terumo BCT will target our investments to advance these technologies and create new ones, based on feedback from our customers and target customers worldwide. Our focused portfolio approach will include software solutions and connectivity to ensure our market relevance well into the future.

Innovation and Development

Our design principles guide how we deliver clinically relevant solutions. At our innovation centers, we embrace:

- *Gemba*: customer immersion
- *Jugaad*: frugal innovation
- Reverse innovation

We are committed to working closely with our customers, investing to diversify our product portfolio and develop innovations that become industry standards. We will accelerate these efforts with an affordable and flexible model, which includes increased collaboration with other Terumo companies and strategic alliances.

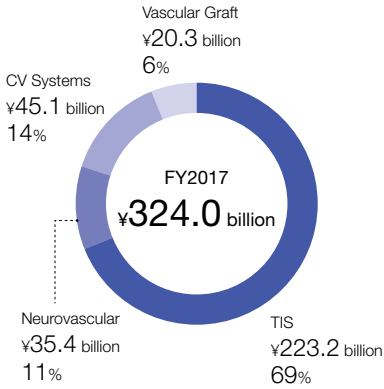
Operational Excellence

We continue to enhance our operations and optimize our cost structure to support growth. In addition to increasing capacity at our facilities in Vietnam and India, we are balancing our global manufacturing efforts to reflect the increases in customer demand. Terumo BCT remains committed to continuous improvement, with a renewed emphasis on quality that delights our customers throughout the world.

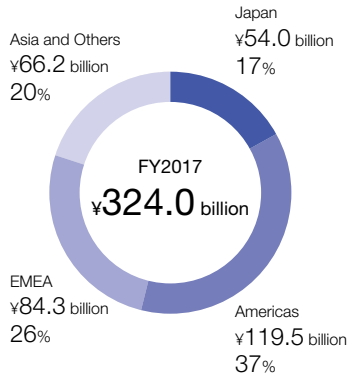
Companies at a Glance

Cardiac and Vascular Company

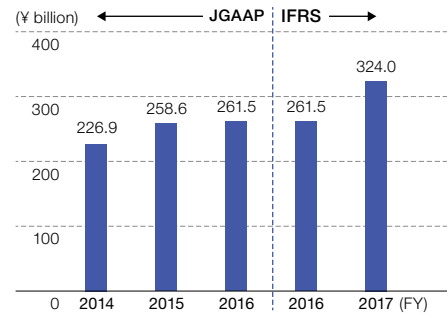
Revenue by Business/
Percentage of Revenue



Revenue by Region/
Percentage of Revenue



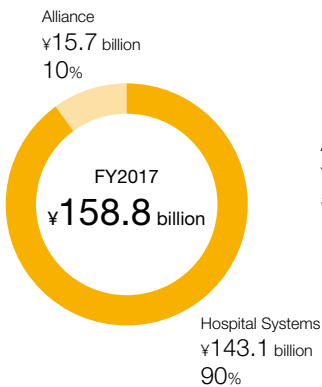
Revenue*



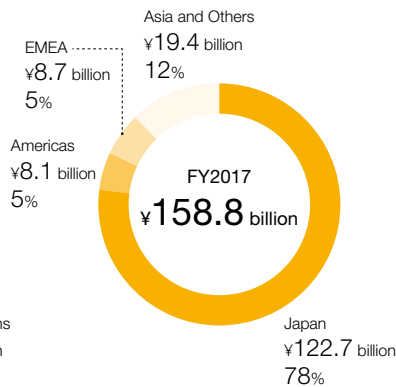
* "Net sales" under JGAAP

General Hospital Company

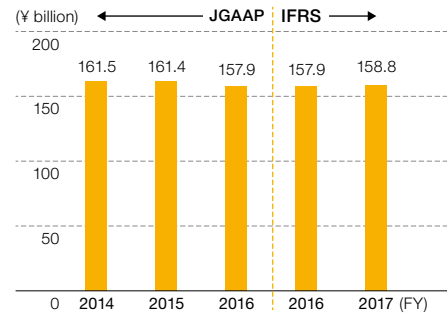
Revenue by Business/
Percentage of Revenue



Revenue by Region/
Percentage of Revenue



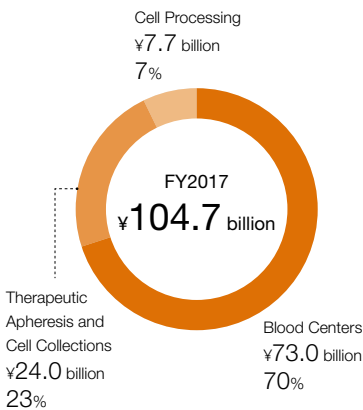
Revenue*



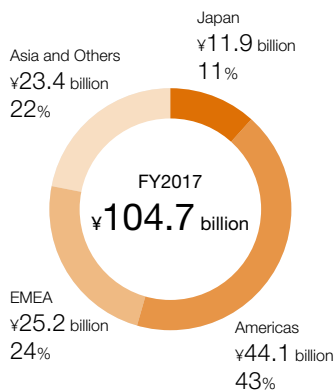
* "Net sales" under JGAAP

Blood Management Company (Terumo BCT)

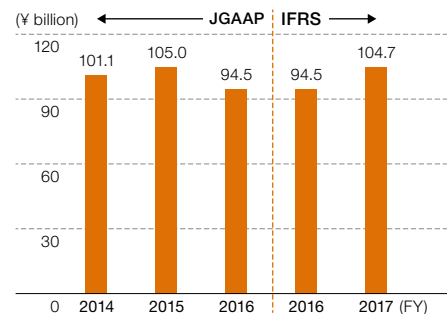
Revenue by Business/
Percentage of Revenue



Revenue by Region/
Percentage of Revenue

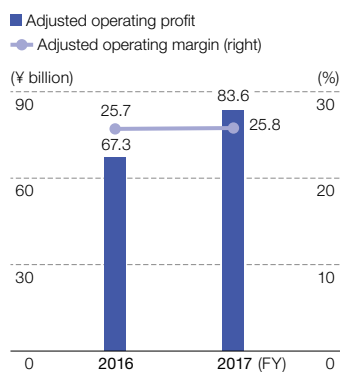


Revenue*



* "Net sales" under JGAAP

Adjusted Operating Profit/ Adjusted Operating Margin

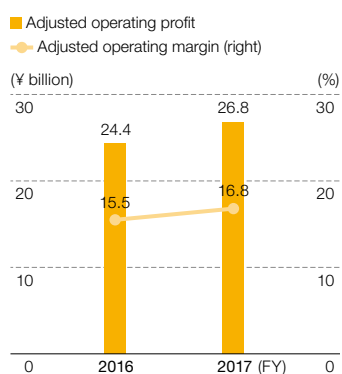


Revenue by Business Segment and Region

(¥ billion)

	Japan	Americas	EMEA	Asia and Others	Total
TIS	37.8	80.4	56.7	48.4	223.2
Neurovascular	3.1	11.6	10.8	10.0	35.4
CV Systems	10.3	23.3	6.0	5.5	45.1
Vascular Graft	2.8	4.2	10.9	2.4	20.3
Total	54.0	119.5	84.3	66.2	324.0

Adjusted Operating Profit/ Adjusted Operating Margin

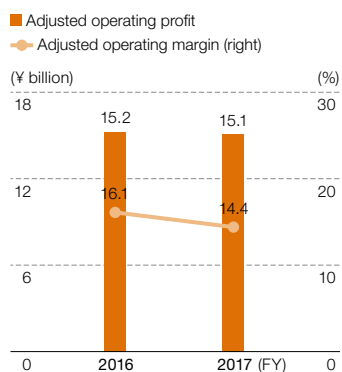


Revenue by Business Segment and Region

(¥ billion)

	Japan	Americas	EMEA	Asia and Others	Total
Hospital Systems	113.8	6.5	3.7	19.1	143.1
Alliance	8.9	1.6	4.9	0.3	15.7
Total	122.7	8.1	8.7	19.4	158.8

Adjusted Operating Profit/ Adjusted Operating Margin



Revenue by Business Segment and Region

(¥ billion)

	Japan	Americas	EMEA	Asia and Others	Total
Blood Centers	10.6	22.9	19.3	20.1	73.0
Therapeutic Apheresis and Cell Collections	1.2	14.6	5.2	3.0	24.0
Cell Processing	0.1	6.6	0.7	0.3	7.7
Total	11.9	44.1	25.2	23.4	104.7

R&D and Intellectual Property

R&D and Intellectual Property



Looking to the future of healthcare, we will strengthen internal development capabilities by drawing on our own core technologies and promoting external collaboration. With these efforts, we will aim to develop solutions of value to medical settings, which will contribute to solving medical challenges with significant social impact.

Basic Concepts

The Terumo Group's research and development activities fall largely into two categories.

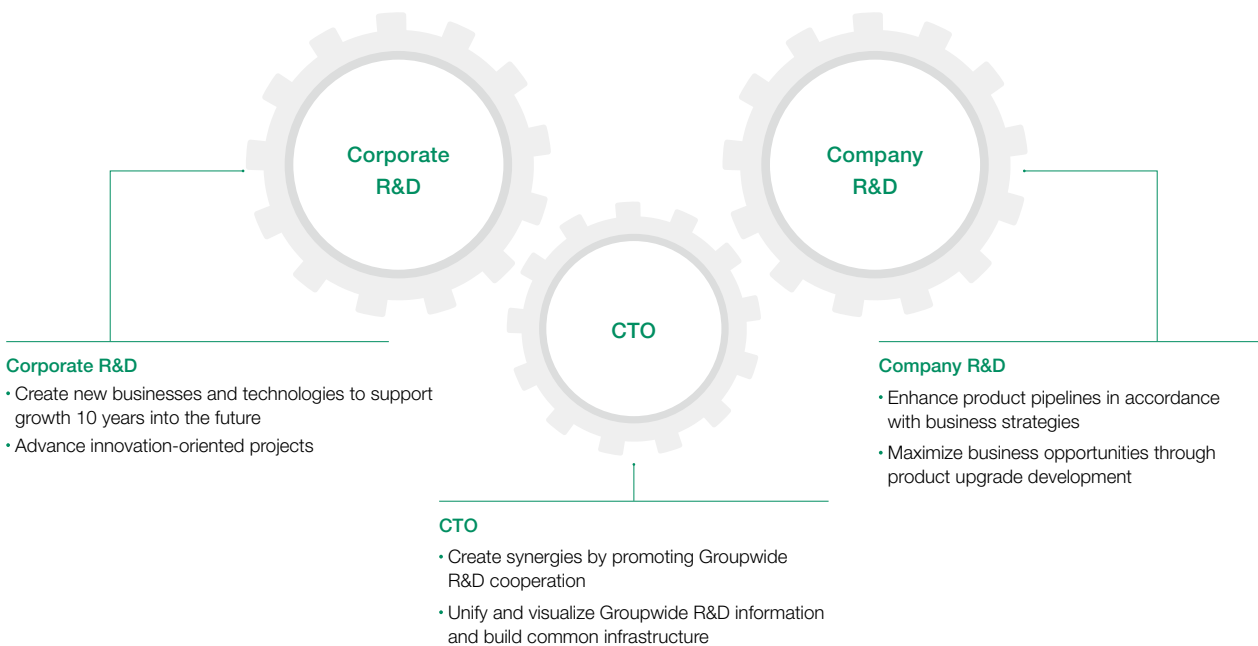
The first is corporate R&D, where mid- to long-term research and development work is performed. With a future horizon of 10 years, corporate R&D aims to create the new businesses and technologies that will support future growth for the Terumo Group. Those working on corporate R&D projects coordinate with stakeholders such as medical settings and develop new technologies.

The second category of Terumo Group research and development activities is company R&D. Here, work focuses on supporting the growth of core business

segments by strengthening short- to mid-term product pipelines in accordance with the business strategy of the individual business segments.

The Chief Technology Officer (CTO), who oversees R&D activities for the entire Group, concentrates on creating synergies by promoting cooperation across geographic, business, and organizational boundaries. In leading the promotion of organic cooperation on a Group scale, while associates in corporate and company R&D focus on their own activities, the CTO aims to continuously engender outstanding innovation in response to frontline medical needs.

Terumo Group R&D System



Corporate R&D Mid- to Long-term Strategy

As pathological conditions and diseases that significantly affect society, such as chronic heart disease, stroke, and cancer, increase with the aging of society, innovations that contribute to the realization of longer healthy lifespans and efficient medical care are needed. To these ends, such innovations must adopt comprehensive approaches that encompass prevention and hospital care through to post-discharge prognosis control and recurrence prevention. In light of such social trends, the aim of our corporate R&D activities is to gain insight into the future of medical care and provide new value.

In selecting development themes from among the medical care issues that affect society significantly, the Terumo Group gives priority to fields that promise market growth and in which it can realize competitive advantages. In the early stages of R&D, we take the initiative in

conducting investigations on needs in medical settings and then discuss and verify the usefulness of our proposed solutions with medical professionals. Further, aiming to support its growth going forward and to create technologies and products with even higher added value, the Terumo Group is strengthening in-house development capabilities by evolving its core technologies and making optimal use of its technologies and infrastructure through in-house collaborations that transcend business boundaries. In conjunction with these efforts, we aim to anticipate technological trends and use external technologies flexibly to develop businesses.

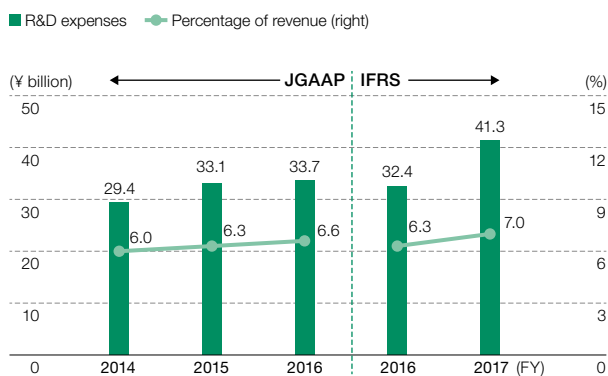
Through such initiatives, the Terumo Group will support its growth in the coming generation while helping to address the medical care issues of tomorrow.

R&D Expenses

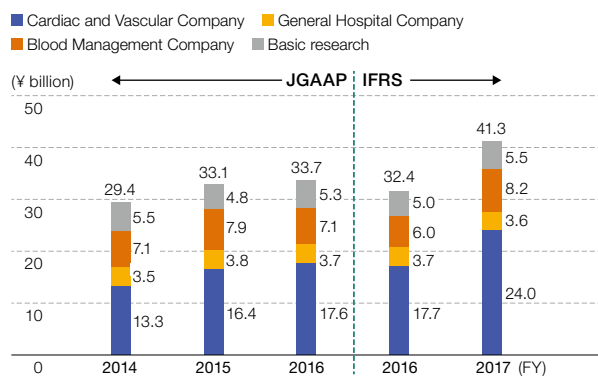
Fiscal 2017 R&D expenses totaled ¥41.3 billion, or about 7.0% of revenue. Of that total, the Cardiac and Vascular Company accounted for ¥24.0 billion; the General Hospital Company, ¥3.6 billion; and the

Blood Management Company, ¥8.2 billion. Basic research expense not allocable to any particular segment totaled ¥5.5 billion.

R&D Expenses/Percentage of Revenue



R&D Expenses by Segment



Terumo Group R&D Sites

(As of March 31, 2018)



R&D News

TOPICS

Merger of Two Silicon Valley Development Bases at a New Base

In January 2018, Terumo integrated the development facilities of its Silicon Valley Lab, which was in northern California in the United States, with the facilities of Terumo's subsidiary Kallia Medical, Inc., and moved both facilities to a new base called Terumo Bay Area Innovation Lab. The new base will accelerate the launch of corporate R&D projects while expanding Kalila Medical's lineup of steerable sheaths for use with ablation systems*. Plans call for the new lab to double its workforce to approximately 50 personnel within the next five years.

In addition to activities at this new lab, Terumo is leveraging Silicon Valley's cluster of medical technology related companies to develop groundbreaking medical devices. In 2013, we invested in a venture fund, and in 2014 on the premises of a hospital, we established the development subsidiary Terumo Medical Innovation, Inc., which investigates new technologies and ideas and conducts early stage product development.

* Catheter ablation is a medical procedure in which a catheter is inserted through such points as the artery in the groin, and parts of the interior of the heart that are causing arrhythmia are cauterized using a high-frequency electric current.

Induction of a Fifth Terumo Fellow

We have made an associate (employee) of U.S. subsidiary MicroVention, Inc., a Terumo Fellow. Associates named as Terumo Fellows possess superior expertise and practical experience in the fields of technology, research, and clinical development, and have made conspicuous contributions to medical settings throughout the world. Since establishing the Terumo Fellows

system in 2016, we have inducted five associates as Terumo Fellows in Japan and overseas. The most recent inductee is Gregory M. Cruise, Ph.D., who has a record of outstanding achievements in the development of coils for treating cerebral aneurysms and embolic beads for treating liver cancer.

Basic Stance on Intellectual Property Management

The Terumo Group strives to create intellectual property that will help to strengthen our competitiveness. In doing so, we establish a priority for allocating resources, based on R&D and business strategies. Development directions are considered and intellectual property portfolios are built from a strategic perspective. In this perspective, development and intellectual property departments initiate development activities by

collaborating in identifying other companies' patents and the characteristics of their products. As we expand our business operations globally, we are strengthening cooperation with overseas Group companies to further the effective application of the Group's intellectual property and taking steps to improve our management of intellectual property risk.

Patent Portfolio

Patent Applications (by Segment)*

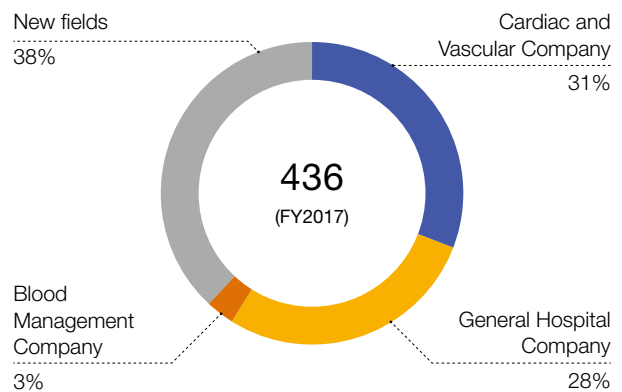
In fiscal 2017, Terumo filed 436 patent applications (filed in the first country), with 62% related to existing businesses, and 38% related to new areas not associated with existing businesses. From these figures, it is evident that Terumo continues to enhance and improve existing products while also actively pursuing investments for future business expansion and new endeavors.

Patent Held (by Segment)*

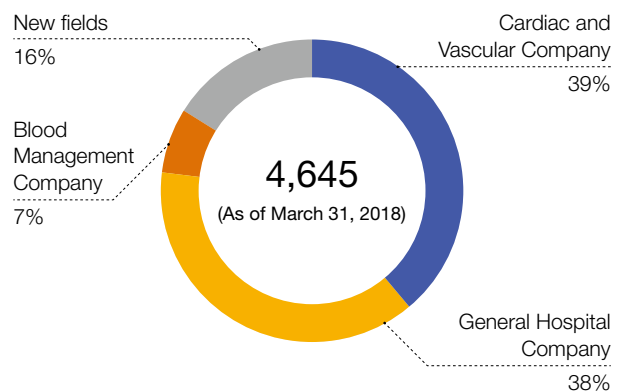
As of March 31, 2018 (at the end of fiscal 2017), Terumo held 4,645 patents issued in Japan and abroad. Patents related to existing businesses account for relatively high 84% of the total, with patents related to new areas making up the remaining 16%. Reflected here is the impact of Terumo's earnings cycle, in which technology for "Advanced" products is also applied in "Platform" products. Even as we develop inventions in new fields, we use what we newly create to contribute to the businesses that comprise our current operations.

* Does not include patent applications or patents held by overseas subsidiaries.

Patent Applications (by Segment)*



Patents Held (by Segment)*



Financial Review

Revenue and Profits

In fiscal 2017 (the fiscal year ended March 31, 2018), revenue totaled ¥587.8 billion, a growth of 14.3% in comparison with the previous fiscal year. In Japan, overall revenue increased year on year, reflecting brisk sales in the Terumo Interventional Systems (TIS) business of the Cardiac and Vascular Company for products including access devices, the VISICUBE, an intravascular ultrasound system, and AltaView, an intravascular ultrasound catheter. As for overseas, revenue expanded in contrast with a year earlier. In the TIS business of the Cardiac and Vascular Company, sales of access devices grew steadily. At our production subsidiary in Puerto Rico, which is a territory of the United States, production of the Angio-Seal, a vascular closure device, had been suspended since September 20, 2017 due to the impact of Hurricane Maria. Production was resumed in November 2017 and shipments were recommenced in January 2018. In the neurovascular business, revenue increased owing to solid sales of products including coils for the embolization of cerebral aneurysms. Furthermore, in the Blood Management Company, revenue grew for blood centers and therapeutic apheresis systems.

Gross profit amounted to ¥319.3 billion, a rise of 16.6% compared with the previous fiscal year. This mainly

reflects contributions from an expansion in sales in the Cardiac and Vascular Company, which boasts a high profit margin, and a reduction in manufacturing costs in the General Hospital Company.

Adjusted operating profit came to ¥124.9 billion, a climb of 19.4% year on year, as the growth in gross profit more than offset the rise in selling, general and administrative expenses, excluding acquisition costs and amortization expense for intangible assets.

Operating profit came to ¥108.6 billion, a growth of 23.7% year on year. This was also due to the growth in gross profit more than offsetting the increase in selling, general and administrative expenses.

Profit before tax was ¥106.6 billion, an increase of 42.4% versus a year earlier. This reflects contributions from the increase in operating profit as well as a decrease in finance costs owing in part to a decline in forex translation loss.

Profit for the year attributable to owners of the parent totaled ¥91.3 billion, a rise of 66.0% year on year. This is attributable to an increase in profit before tax as well as a one-off decline in income tax expenses, owing mainly to the revaluation of deferred tax assets and liabilities due to the tax reform in the United States.

Results by Business Segment

Cardiac and Vascular Company

In Japan, overall revenue increased year on year, reflecting brisk sales in the TIS business for products such as access devices, the VISICUBE, an intravascular ultrasound system, and AltaView, an intravascular ultrasound catheter. Meanwhile, overseas in the TIS business, sales of access devices grew steadily. At our production subsidiary in Puerto Rico, which is a territory of the United States, production of the Angio-Seal, a vascular closure device, had been suspended since September 20, 2017 due to the impact of Hurricane Maria.

Production was resumed in November 2017 and shipments were recommenced in January 2018. In the neurovascular business, sales were solid for coils for the embolization of cerebral aneurysms, which use hydrogel, and suction catheters. Accordingly, revenue in the Cardiac and Vascular Company totaled ¥324.0 billion, a growth of 23.9% year on year, reflecting double-digit revenue expansion overseas.

Adjusted operating profit increased 24.2% year on year, to ¥83.6 billion, due to the growth in revenue.

General Hospital Company

In Japan, sales trended firmly for infusion systems, which are expected to contribute to improving treatment safety; analgesics to alleviate pain; and sprayable adhesion barrier gel to reduce post-surgery adhesion. Nonetheless, revenue declined due to a sharp increase in competition for commodity products, including syringes, and infusion solutions. Overseas, we continued to review low-margin businesses in Europe and Latin America. Overseas revenue increased on brisk sales of high-margin

business-to-business for pharmaceutical companies and solid sales of infusion systems in Asia. As a result, revenue in the General Hospital Company was ¥158.8 billion, an increase of 0.6% versus the same period a year earlier.

Adjusted operating profit rose 9.5% year on year, to ¥26.8 billion, due primarily to contributions made by cost reduction efforts and by the liquidation of low-profit businesses overseas.

Blood Management Company

Sales were strong for automated blood component collection systems for blood centers in developed markets, including the United States and Europe, and for blood bags in emerging markets, including Latin America and Asia. Sales also grew for therapeutic apheresis systems, mainly in North America and Japan, reflecting replacement demand. Consequently, revenue in the

Blood Management Company totaled ¥104.7 billion, a rise of 10.8% year on year.

Adjusted operating profit declined 0.7% year on year, to ¥15.1 billion, due primarily to a year-on-year decrease in the amount of development expenses that were capitalized accompanying the transition to IFRS.

Financial Position and Cash Flows

Financial Position

Goodwill and intangible assets decreased ¥29.0 billion, owing to amortization of intangible assets, excluding goodwill. Meanwhile, given the brisk revenue, cash and cash equivalents rose ¥62.8 billion, trade and other receivables increased ¥10.3 billion, and property, plant and equipment climbed ¥6.6 billion. Consequently, as of March 31, 2018, total assets stood at ¥1,079.0 billion, an increase of ¥56.7 billion compared with March 31, 2017.

Liabilities came to ¥528.5 billion, a decrease of ¥2.2 billion. This was primarily attributable to an increase in trade and other payables of ¥6.4 billion and a rise in current tax liabilities of ¥4.9 billion. Meanwhile, deferred tax liabilities were down ¥16.0 billion, due in part to the impact of tax reforms in the United States.

Equity was ¥550.4 billion, an increase of ¥58.9 billion versus a year earlier.

Cash Flows

Net cash provided by operating activities was ¥114.6 billion. During the fiscal year under review, profit before tax was ¥106.6 billion and depreciation and amortization was ¥42.0 billion. In addition, income taxes paid came to ¥24.1 billion.

Net cash used in investing activities was ¥44.1 billion. This primarily reflects the ¥31.9 billion in payments for purchase of property, plant and equipment and ¥9.5 billion in payments for purchase of intangible assets.

Net cash used in financing activities was ¥4.1 billion. Despite cash inflows of ¥19.9 billion in proceeds from

issue of corporate bonds and ¥119.6 billion in proceeds from long-term borrowings, outflows included ¥15.8 billion in payments for dividends, ¥120.0 billion in repayments of short-term borrowings, and ¥7.8 billion in repayments of long-term borrowings.

As a result of the above, cash and cash equivalents totaled ¥167.8 billion as of March 31, 2018, an increase of ¥62.8 billion compared with March 31, 2017.

Performance Highlights

Terumo Corporation and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	FY2013 (Ended March 2014)	FY2014 (Ended March 2015)	FY2015 (Ended March 2016)	FY2016*2 (Ended March 2017)	FY2017 (Ended March 2018)	
	JGAAP				IFRS	
Results of Operations and Cash Flow*1						
Net sales/Revenue	467,359	489,506	525,026	514,164	514,164	587,775
Adjusted operating profit*3	—	—	—	—	104,643	124,929
Operating income/Operating profit	65,288	67,456	81,703	76,578	87,777	108,552
Income before income taxes/Profit before tax	52,907	64,046	76,920	74,981	74,881	106,630
Profit attributable to owners of parent/ Profit for the year attributable to owners of the parent*4	34,096	38,470	50,676	54,225	55,003	91,295
Net cash provided by (used in) operating activities	96,259	73,110	80,303	80,862	82,888	114,562
Net cash provided by (used in) investing activities	(52,744)	(40,421)	(23,495)	(181,433)	(183,517)	(44,105)
Free cash flow	43,515	32,689	56,808	(100,571)	(100,628)	70,457
Net cash provided by (used in) financing activities	(31,785)	44,121	(79,936)	60,937	60,993	(4,132)
Research and development expenses	30,130	29,360	33,147	33,747	32,378	41,342
Capital expenditure	46,624	41,441	31,454	39,091	41,175	43,620
Depreciation and amortization*5	39,881	40,692	44,674	45,400	34,471	42,035
Per Share Indicators						
EPS (Yen)	89.78	101.33	135.14	150.15	152.31	259.12
Dividends per share (Yen)	58.00	30.50	39.00	42.00	42.00	50.00
BPS (Yen)	1,306.72	1,513.73	1,408.53	1,389.70	1,396.17	1,555.88
Financial Position (at year-end)*1						
Current assets	310,985	412,458	374,746	349,459	330,934	410,912
Current liabilities	160,936	129,947	168,835	248,645	250,137	179,013
Total assets	832,814	992,073	901,685	1,020,879	1,022,262	1,078,981
Net assets/Total equity	496,245	573,523	511,544	489,554	491,522	550,435
Capital stock/Share capital	38,716	38,716	38,716	38,716	38,716	38,716
Management Indicators*1						
ROE	7.3%	7.2%	9.3%	10.8%	11.1%	17.5%
ROA	4.3%	4.2%	5.4%	5.6%	5.7%	8.7%
Shareholders' equity ratio (%) / Ratio of equity attributable to owners of the parent to total assets (%)	59.6%	57.8%	56.7%	47.9%	48.1%	51.0%
Shares issued and outstanding at year-end (thousand)*6	379,749	378,829	362,969	351,979	351,979	353,694
Employees at year-end	19,263	19,934	20,697	22,441	22,441	23,319

*1 Items separated by a " / " refer to items under "JGAAP/IFRS."

*2 A provisional accounting treatment, for the integration of businesses acquired in fiscal 2016, was finalized in fiscal 2017, and is reflected on certain figures for fiscal 2016 under JGAAP. These adjusted fiscal 2016 figures for JGAAP have not been audited.

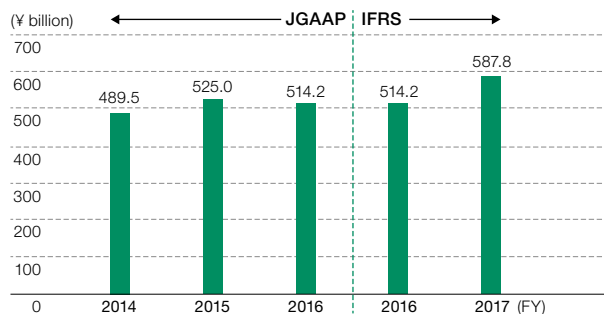
*3 Adjusted operating profit is operating profit excluding amortization of acquired intangible assets and other non-recurring profit or loss. The Terumo Group uses adjusted operating profit as a performance indicator.

*4 The figure for fiscal 2013 is "net income."

*5 Depreciation and amortization under JGAAP up to fiscal 2016 includes amortization of goodwill.

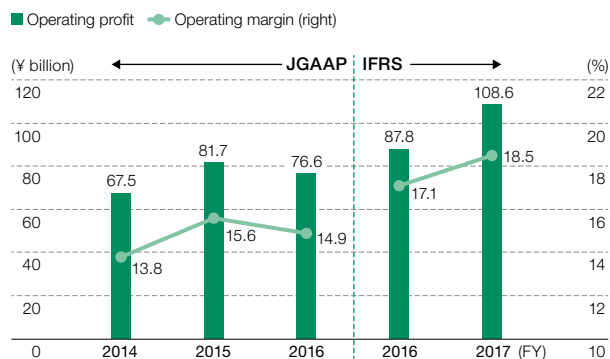
*6 A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014. The figures for EPS, BPS, and shares issued and outstanding at year-end for fiscal 2013 are reflected as if the aforementioned stock split had been carried out at the beginning of fiscal 2013. Moreover, the figure for dividends per share for fiscal 2014 reflects the stock split. Shares issued and outstanding at year-end do not include treasury shares.

Revenue*



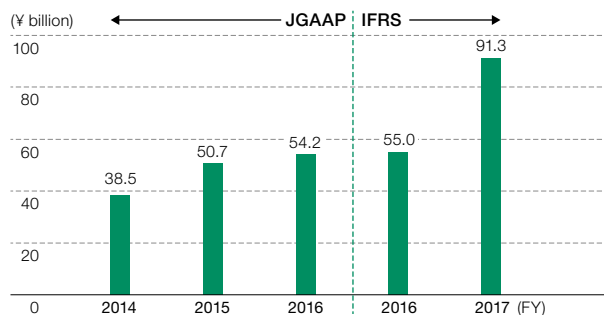
* "Net sales" under JGAAP

Operating Profit*/Operating Margin



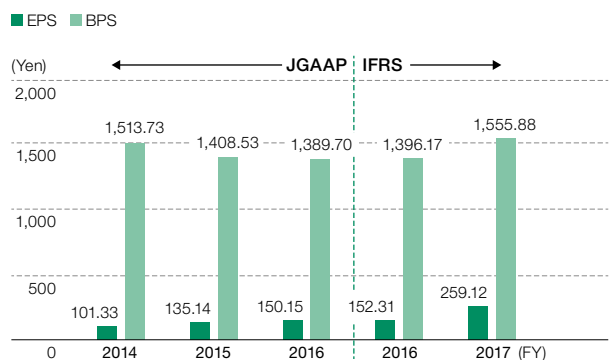
* "Operating income" under JGAAP

Profit for the Year Attributable to Owners of the Parent*

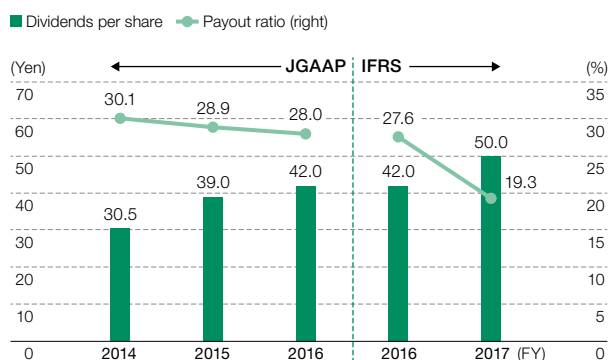


* "Profit attributable to owners of parent" under JGAAP

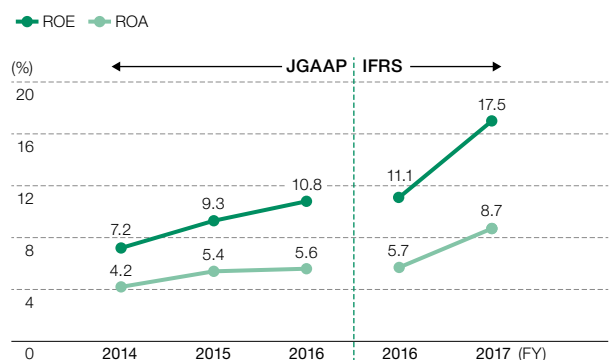
EPS/BPS



Dividends per Share/Payout Ratio



ROE/ROA



Consolidated Financial Statements

Terumo Corporation and consolidated subsidiaries
March 31, 2018 and 2017

Consolidated Statement of Financial Position

(Millions of yen)

	As of April 1, 2016	As of March 31, 2017	As of March 31, 2018
Assets			
Current assets			
Cash and cash equivalents	146,927	105,046	167,832
Trade and other receivables	105,270	111,090	121,402
Other current financial assets	3,149	625	659
Inventories	95,280	106,046	112,064
Current tax assets	2,106	750	530
Other current assets	5,819	7,375	8,421
Total current assets	358,553	330,934	410,912
Non-current assets			
Property, plant and equipment	165,554	172,644	179,196
Goodwill and intangible assets	294,767	471,616	442,660
Investments accounted for using the equity method	5,955	5,717	5,710
Other non-current financial assets	41,154	13,651	13,815
Deferred tax assets	19,788	24,019	23,356
Other non-current assets	3,716	3,679	3,328
Total non-current assets	530,938	691,328	668,068
Total assets	889,491	1,022,262	1,078,981

(Millions of yen)

	As of April 1, 2016	As of March 31, 2017	As of March 31, 2018
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables	55,485	61,152	67,515
Bonds and borrowings	59,901	127,853	47,436
Other current financial liabilities	444	370	407
Current tax liabilities	11,341	11,115	15,970
Provisions	115	212	198
Other current liabilities	43,884	49,433	47,483
Total current liabilities	171,172	250,137	179,013
Non-current liabilities			
Bonds and borrowings	157,172	210,335	288,776
Other non-current financial liabilities	1,455	10,724	15,452
Deferred tax liabilities	39,549	40,093	24,124
Defined benefit liabilities	10,256	8,650	10,063
Provisions	230	84	82
Other non-current liabilities	9,323	10,712	11,032
Total non-current liabilities	217,987	280,602	349,532
Total liabilities	389,160	530,739	528,545
Equity			
Share capital	38,716	38,716	38,716
Capital surplus	52,478	52,478	52,445
Treasury shares	(64,040)	(108,225)	(101,546)
Retained earnings	459,264	513,578	588,932
Other components of equity	13,803	(5,126)	(28,240)
Total equity attributable to owners of the parent	500,221	491,421	550,307
Non-controlling interests	109	101	128
Total equity	500,331	491,522	550,435
Total liabilities and equity	889,491	1,022,262	1,078,981

Consolidated Statement of Profit or Loss

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Revenue	514,164	587,775
Cost of sales	240,329	268,442
Gross profit	273,835	319,333
Selling, general and administrative expenses	183,288	212,363
Other income	2,789	4,764
Other expenses	5,559	3,180
Operating profit	87,777	108,552
Finance income	709	1,089
Finance costs	13,228	2,792
Share of profit (loss) of investments accounted for using the equity method	(377)	(218)
Profit before tax	74,881	106,630
Income tax expenses	19,989	15,429
Profit for the year	54,891	91,201
Attributable to:		
Owners of the parent	55,003	91,295
Non-controlling interests	(111)	(94)
Total profit for the year	54,891	91,201

(Yen)

Earnings per share		
Basic earnings per share	152.31	259.12
Diluted earnings per share	142.75	242.06

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Profit for the year	54,891	91,201
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at fair value through other comprehensive income	(1,412)	298
Remeasurements of defined benefit plans	2,969	(46)
Total items that will not be reclassified to profit or loss	1,556	252
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(6,321)	(24,395)
Cash flow hedges	(479)	2
Cost of hedging	33	607
Share of other comprehensive income (loss) of investments accounted for using the equity method	(0)	(1)
Total items that are or may be reclassified subsequently to profit or loss	(6,768)	(23,787)
Other comprehensive income (loss) for the year	(5,211)	(23,534)
Total comprehensive income for the year	49,680	67,666
Attributable to:		
Owners of the parent	49,798	67,774
Non-controlling interests	(118)	(108)
Total comprehensive income for the year	49,680	67,666

Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at April 1, 2016	38,716	52,478	(64,040)	459,264	13,803	500,221	109	500,331
Profit for the year	—	—	—	55,003	—	55,003	(111)	54,891
Other comprehensive income	—	—	—	—	(5,205)	(5,205)	(6)	(5,211)
Total comprehensive income	—	—	—	55,003	(5,205)	49,798	(118)	49,680
Acquisition of treasury shares	—	—	(44,227)	—	—	(44,227)	—	(44,227)
Disposal of treasury shares	—	—	41	(18)	(22)	0	—	0
Dividends	—	—	—	(14,518)	—	(14,518)	—	(14,518)
Transfer from other components of equity to retained earnings	—	—	—	13,848	(13,848)	—	—	—
Changes in shares of subsidiaries due to capital increase	—	—	—	—	—	—	110	110
Share-based payments	—	—	—	—	147	147	—	147
Total transactions with owners of the parent	—	—	(44,185)	(689)	(13,724)	(58,599)	110	(58,488)
Balance at March 31, 2017	38,716	52,478	(108,225)	513,578	(5,126)	491,421	101	491,522
Profit for the year	—	—	—	91,295	—	91,295	(94)	91,201
Other comprehensive income	—	—	—	—	(23,520)	(23,520)	(14)	(23,534)
Total comprehensive income	—	—	—	91,295	(23,520)	67,774	(108)	67,666
Acquisition of treasury shares	—	—	(6)	—	—	(6)	—	(6)
Disposal of treasury shares	—	—	109	(19)	(90)	0	—	0
Dividends	—	—	—	(15,839)	—	(15,839)	—	(15,839)
Transfer from other components of equity to retained earnings	—	—	—	(50)	50	—	—	—
Changes in shares of subsidiaries due to capital increase	—	—	—	—	—	—	135	135
Share-based payments	—	—	—	—	447	447	—	447
Conversion of convertible bonds	—	(33)	6,576	(33)	—	6,509	—	6,509
Total transactions with owners of the parent	—	(33)	6,679	(15,942)	406	(8,889)	135	(8,753)
Balance at March 31, 2018	38,716	52,445	(101,546)	588,932	(28,240)	550,307	128	550,435

Consolidated Statement of Cash Flows

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	74,881	106,630
Depreciation and amortization	34,471	42,035
Share of loss of investments accounted for using the equity method	377	218
Increase in defined benefit liabilities	2,876	2,204
Interest and dividend income	(701)	(855)
Interest expenses	1,709	1,805
Foreign exchange loss, net	2,881	616
Loss on disposal of property, plant and equipment	1,293	557
Loss on valuation of financial instruments	6,984	—
Increase in trade and other receivables	(4,718)	(9,256)
Increase in inventories	(4,182)	(7,537)
Increase in trade and other payables	886	3,991
Others	(7,875)	(1,639)
Subtotal	108,883	138,770
Interest and dividend income received	842	1,039
Interest expenses paid	(1,318)	(1,129)
Income taxes paid	(25,518)	(24,118)
Net cash provided by operating activities	82,888	114,562
Cash flows from investing activities		
Payments for purchase of time deposits	(298)	(25)
Proceeds from withdrawal of time deposits	2,443	—
Payments for purchase of property, plant and equipment	(29,838)	(31,866)
Proceeds from sale of property, plant and equipment	1,315	32
Payments for purchase of intangible assets	(8,763)	(9,456)
Payments for purchase of investment securities	(1,243)	(572)
Proceeds from sale of investment securities	21,440	—
Payments for acquisition of business	(119,191)	(2,217)
Payment for acquisition of shares of subsidiaries	(49,380)	—
Others	(0)	—
Net cash used in investing activities	(183,517)	(44,105)
Cash flows from financing activities		
Proceeds from short-term borrowings	120,000	—
Repayments of short-term borrowings	(58)	(120,000)
Proceeds from long-term borrowings	29,640	119,638
Repayments of long-term borrowings	(19,460)	(7,759)
Proceeds from issue of corporate bonds	29,888	19,931
Payments for redemption of corporate bonds	(40,000)	—
Proceeds from non-controlling interests	110	135
Finance lease payments	(379)	(232)
Payments for purchase of treasury shares	(44,227)	(6)
Payments for dividends	(14,518)	(15,839)
Net cash provided by (used in) financing activities	60,993	(4,132)
Effect of exchange rate changes on cash and cash equivalents	(2,246)	(3,538)
Net (decrease) increase in cash and cash equivalents	(41,880)	62,786
Cash and cash equivalents at the beginning of the year	146,927	105,046
Cash and cash equivalents at the end of the year	105,046	167,832

Message from the Chairman of the Board



Fostering an Open Corporate Culture toward Sounder Management

Takayoshi Mimura

Chairman of the Board

Consistent with our corporate mission of “Contributing to Society through Healthcare,” we strive to meet stakeholder expectations by maintaining growth and increasing our corporate value over the long term. To that end, we are strengthening our corporate governance toward sounder management. We are also working to create comfortable work environments and foster an open corporate culture where a diverse workforce can maximize its capabilities.

Improving Effectiveness and Functionality of the Board of Directors

As an embodiment of its efforts in implementing its corporate mission, Terumo has established its Five Statements—on open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship—for associates to use as standards for their actions and decisions.

Our corporate mission and the Five Statements have served as touchstones in our ongoing efforts to enhance our corporate governance to achieve swift decision-making while maintaining transparency and objectivity in management. In June 2015, we adopted the organizational design of a Company with an Audit/Supervisory

Committee as defined by the Companies Act of Japan. We did this to strengthen the audit and supervisory functions, enhance management transparency and objectivity by increasing the proportion of independent directors on the Board of Directors, and expedite the decision-making process by promoting the delegation of the Board's authority. Furthermore, in October 2015, we formulated the Terumo Corporate Governance Guideline to effectively strengthen our corporate governance system and enhance the management soundness needed to increase corporate value over the long term.

Terumo thus began operating under a new management team in April 2017. Over the more than one year that has followed, I have focused on improving the effectiveness of the Board of Directors as its Chairman.

To objectively evaluate the Board of Directors and further improve its effectiveness and functionality, we have the members of the Board of Directors complete surveys on the Board's effectiveness.* The results of the 2018 survey indicated that the Board of Directors is appropriately performing its monitoring and oversight functions and is effective in its operations. Moreover, based on the results of the 2017 survey, we improved the existing education program by systematically defining the items to be learned by directors and executive officers. After its implementation, the 2018 survey indicated that the program was incredibly meaningful, and we therefore recognize the need to continue with the program. In addition, the more open atmosphere cultivated under the

new management team was praised as contributing to the increased effectiveness and brisker discussions of the Board of Directors. However, the evaluation process also shared understanding of the need to further invigorate the Board of Directors, for example by increasing the diversity of its members, if it is to continue contributing to the sustainable growth of the Company going forward. In addition, we have designated, in the annual schedule, several issues to be discussed that were identified as being exceptionally important in the 2018 survey as themes for discussion by the Board of Directors. This was intended to ensure that the Board of Directors devote sufficient time to engaging in meaningful discussions on these items. Going forward, the Board will examine specific ways to address these and other issues and discuss and implement measures to improve the Board's effectiveness and functionality.

* Aggregation and analysis of survey responses were performed by a third-party institution.

Reinforcing Governance of Group Management

I have the important responsibility of helping to increase the effectiveness of the Board of Directors while also supporting President and CEO Shinjiro Sato in implementing our Mid- to Long-term Growth Strategy. We are implementing various initiatives to exercise the Group's comprehensive strengths in the execution of our growth strategies. However, the scale of the Group is also expanding. A particularly large factor behind this expansion in recent years has been the increase in the number of consolidated subsidiaries, which is due in part to overseas acquisitions. As a result, the Company had 96 consolidated subsidiaries on March 31, 2018. In light of this increase, we have been focusing attention on reinforcing the governance of Group management. While operational management occurs at the individual company level, functional management is led by the CXOs that oversee the implementation of global policies. By strengthening management of both the operational and functional aspects of our businesses in this manner, this management approach has been gaining traction within the organization. Going forward, we will hold our Global Leadership Meeting to share understanding of important management issues facing the Group among business, function, and regional leaders, and to step up coordination.

Meanwhile, we will cultivate an open corporate culture throughout the Group that is receptive and respectful to

the various differences of associates, including their race, nationality, gender, religion, and physical characteristics. Such culture will be crucial to improving the soundness of management as our business grows increasingly more global. The cultivation of such culture is another important duty of senior management, and I make a point of focusing on the fostering of such corporate culture in my daily activities.

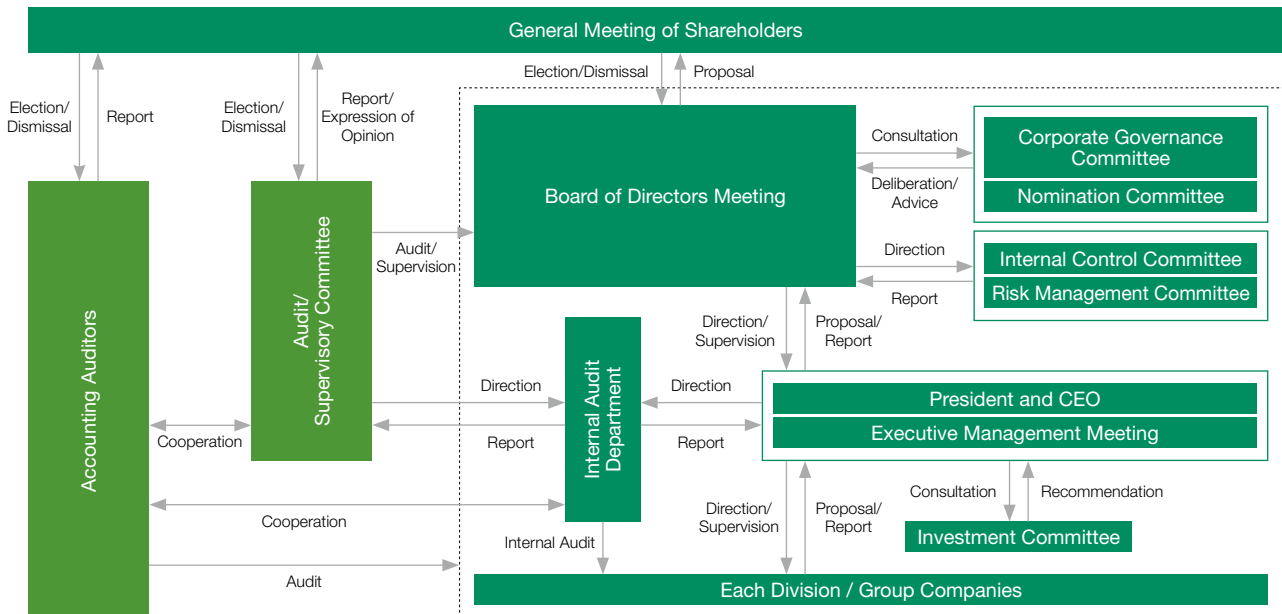
In 2021, Terumo will celebrate the 100th anniversary of its founding. As we approach this momentous occasion, I will strive to increase our corporate value in my capacity as the Chairman of the Board. I will achieve this by supporting the implementation of the Mid- to Long-term Growth Strategy and by promoting the strengthening of our corporate governance, the creation of a corporate culture and environment that enable our diverse workforce to achieve the best possible results, and other initiatives that bolster the foundation underpinning sustainable growth. As we press ahead, I look forward to the ongoing understanding and support of our stakeholders.

Corporate Governance

Basic Stance on Corporate Governance

- Terumo’s corporate mission is “Contributing to Society through Healthcare.” Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value, and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners, and communities.
- To embody its corporate mission, Terumo articulated its Five Statements, i.e. open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo has established its Guideline for Corporate Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of “a highly motivating and challenging workplace with open and candid communication,” because Terumo believes a culture of this nature is essential to effective corporate governance.

Corporate Governance Structure



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

Corporate Governance Structure

Organizational Design

Terumo adopted the organizational design of a “Company with an Audit/Supervisory Committee” to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- to long-term corporate value.

(1) Strengthen audit and supervisory functions

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

(2) Enhance transparency and objectivity in management

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

(3) Expedite decision-making process

By promoting the appropriate delegation of the Board's authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.

Board of Directors

Roles

- The Board shall strive for optimal decision-making of 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 at the Board, to directors and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the President's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

Members

- The Board shall consist of no more than 15 persons, excluding the Audit/Supervisory Committee Members.
- Terumo shall strive to have independent directors account for approximately twenty percent (20%) or more of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations and supervisory oversight should be separated, the Chairman shall serve as the chair, in principle; provided, however, that if no Chairman has been appointed, the Nomination Committee shall propose a candidate for the 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.

Audit/Supervisory Committee

Roles

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

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

Members

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

Corporate Governance Committee

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.

- (a) Basic matters concerning Corporate Governance.
- (b) Important matters concerning the establishment, design, and operation of the Corporate Governance system.
- (c) Matters concerning the compensation structure for directors and executive officers.
- (d) Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out for the purposes of the Committee.

The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, those matters related to the Audit/Supervisory Committee in (c) above shall not violate the provisions of Article 361 of the Companies Act.

Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Terumo shall have independent directors account for at least half of the members of the Committee.
- At least one of the Representative Directors shall be a member of the Committee.
- The members of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee. 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.

Nomination Committee

Roles

The Nomination Committee shall deliberate on the matters concerning successors to the President and Chairman of Terumo Corporation, which is one of the most important corporate governance duties for the Board, as well as the matters concerning the appointment and dismissal of directors and executive officers.

Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors (at least three (3) but not more than five (5)) shall account for a majority of the members of the Committee.
- The chair shall be elected from among the independent directors by a two-thirds majority vote of the Committee members.

Internal Control Committee

Roles

The Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy."

Members

- The Committee shall be comprised of Terumo Corporation's Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels chairpersons, Internal Control Department managers, and external legal counsels.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

Risk Management Committee

Roles

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

Members

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department managers, and designated person by the chair.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The chair shall be the President and Representative Director.

Selection of Directors

Policy

Candidates for directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including “a candidate shall have the management judgment capacities and management oversight capacities from stakeholders’ standpoint.”

One of these internal regulations stipulates that independent directors shall be selected from persons with extensive experience in management, international business, the practice of medicine, or other specific areas of expertise.

The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other factors as appropriate. With regard to independent directors who serve as Audit/Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

Procedure

The Nomination Committee shall discuss and propose potential candidates for directors and propose appropriate candidates to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

In order to assist shareholders in the exercise of voting rights of shareholders by allowing them to better understand the candidates, each candidate shall be required to state their aspirations prior to the election at the General Meeting of Shareholders.

Independent directors shall be subject to the requirements of the Director Independence Standards. The

Nomination Committee shall discuss and propose 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 the 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.

Reasons for Appointing Independent Directors and Attendance at Meetings (Fiscal 2017)

Name	Reason for appointment	Attendance at meetings of the Board of Directors and Audit/Supervisory Committee
Ikuo Mori	Mr. Mori has been appointed as an independent director to utilize the insight he has cultivated from his extensive experience as a manager and many years of experience in business overseas, in supervising the management of Terumo Corporation.	Board of Directors: 12/12 (100%)
Ryuzo Ueda	Mr. Ueda has expert knowledge that includes a track record of research in cancer therapy, has served as President of Nagoya City University Hospital and Director-General of Nagoya City Hospital Bureau, and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an independent director to utilize this experience in the supervision of management at Terumo Corporation.	Board of Directors: 12/12 (100%)
Yukiko Kuroda	Ms. Kuroda has extensive experience as a manager, and many years of global experience in organizational and leadership development consulting. She has been appointed as an independent director to utilize the insight she has cultivated from these experiences in the supervision of management at Terumo Corporation.	Appointed on June 22, 2018
Toshihiko Matsumiya	Mr. Matsumiya has extensive knowledge of finance and accounting as a Certified Public Accountant. He has heretofore provided auditing and supervision of the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)
Masatake Yone	Mr. Yone possesses specialized knowledge and extensive experience as an attorney in Japan and overseas, and has heretofore overseen and supervised the management of Terumo Corporation from an independent perspective.	Board of Directors: 12/12 (100%) Audit/Supervisory Committee: 12/12 (100%)

Evaluation of the Effectiveness of the Board of Directors

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct a self-evaluation of board effectiveness every year by surveys and

other means with the involvement of outside experts and disclose a summary of the results.

Executive Compensation

Policy and Framework

To provide appropriate motivation to enhance mid- to long-term corporate value, the compensation for executive directors and executive officers shall be determined focusing on “(a) appropriate risk-taking by the management” and “(b) sharing awareness of profits with shareholders.”

To achieve objective (a), an appropriate balance

between fixed compensation and performance-linked compensation (bonus) shall be set. In order to achieve objective (b), compensation-type stock options have been established.

Compensation of other non-executive directors shall be composed only of fixed compensation.

Target Proportions

Compensation for executive directors shall consist of fixed compensation, bonuses, and stock options, the target percentages of which shall be 50%, 30%, and 20% of the total combined compensation, respectively.

The Corporate Governance Committee shall review the standard amount of compensation and the related target

percentage of each compensation component in light of relevant information obtained from outside research organizations that review data from comparable companies. This process is intended to secure transparency and objectivity in the establishment of compensation for executive directors.

Decision Procedure

- **Fixed compensation**

Within the compensation limit approved at the General Meeting of Shareholders, compensation for directors, excluding Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and compensation for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.

- **Bonuses**

Within the aforementioned compensation limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including Companywide performance as indicated by sales, operating profit, and operating margin, and an evaluation of the performance of each director’s business operation.

- **Stock options**

Within the aforementioned compensation limit, compensation-type stock options shall be awarded by resolution of the Board of Directors.

Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Base	Stock options	Bonuses	
Directors (excluding Audit/Supervisory Committee members and independent directors)	438	211	88	138	9
Audit/Supervisory Committee members (excluding independent directors)	32	32	—	—	2
Independent directors	58	58	—	—	5

Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully

assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations, and duties as a director.

Internal Directors

At the time of election, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director

with acquiring the requisite knowledge. After the election, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

Independent Directors

Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo’s business, organization, and operations necessary

to fulfill his or her duties as a director. External training sessions and other information shall be made available if additional knowledge is required or updating is necessary.

Compliance

With the goal of realizing its corporate mission of “Contributing to Society through Healthcare,” the Terumo Group conducts honest and fair business practices and fosters the high ethical standards expected of a healthcare company.

Basic Approach

Terumo’s corporate mission, “Contributing to Society through Healthcare,” is the goal not only of the Company but of all associates of Terumo. Fulfilling this mission requires that we continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics while adhering to the high ethical standards expected of a healthcare company.

To accomplish these objectives, we have established the Code of Conduct for the Terumo Group (SAKURA

Rules), a set of standards for the conduct of daily business activities for all directors, officers, and associates of the entire Terumo Group, including overseas entities. In accordance with this Code, we are striving throughout the Group to base our actions on social ethics as well as on compliance with relevant laws and regulations.

Compliance System

At Terumo, the Internal Control Committee, which is responsible for enacting the Internal Control System of the Terumo Group in accordance with the Internal Control System Design Basic Policy approved by the Board of Directors, shall deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit/Supervisory Committee.

Under the leadership of the Chief Legal Officer (CLO) and centered on the Legal and Compliance Department, we will create compliance-related rules, perform training

and education, and conduct monitoring to quickly discover and ascertain compliance issues by coordinating with the compliance officers who are in charge of promoting compliance-related activities at each Group company.

In the event that any significant compliance violations occur, a response team shall be immediately organized under the direction of the Chairman of the Internal Control Committee, and that team shall, in addition to handling and resolving the matter, report and make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

Compliance Education

Terumo conducts compliance education with the aim of improving compliance awareness among all associates

and ensuring understanding of and compliance with relevant laws and regulations

Major Compliance Training Programs (Terumo Corporation)

Name	Scope of participation	Format	Subjects/frequency
Code of Conduct for the Terumo Group (SAKURA Rules) seminars	All directors, officers, and associates	Group training	Annual seminar on general compliance topics that all directors, officers, and associates are required to attend
Training on fair competition and bribery prevention	All directors, officers, and associates (excluding certain production divisions)	E-learning program	Fair transactions and prevention of corruption in business activities
Healthcare professional relations training	Sales branch and company associates	E-learning program	Maintenance of appropriate relations with healthcare professionals
Level-based training	Associates at specific levels	Group training	Compliance education as part of training for early-career associates and associates being promoted to mid-level and management positions

Compliance Initiatives

Whistle-Blowing System

When we encounter any compliance issues, it is important to promptly take appropriate measures, such as investigation, preventive action, disciplinary action, and/or recurrence prevention. For this reason, we have established the Terumo Global Compliance Violations Reporting and Anti-Retaliation Policy, which urges associates to promptly report any compliance-related issues internally while ensuring that they will not suffer any retaliation as a result.

Based on this policy, Terumo has established and operates a whistle-blowing system through which

associates can make reports or receive consultation with regard to compliance violations. Through this system, associates can contact internal venues, legal advisors, or external reporting venues operated by independent third-party organizations via email, mail, telephone, or other means. In addition, a whistle-blowing system relating to the Board of Directors was established in July 2017, enabling associates to contact the Audit/Supervisory Committee.

Prevention of Harassment

Terumo's work regulations in Japan explicitly forbid abuses of power and sexual harassment, regardless of gender orientation or gender identification (members of the LGBT community), as well as activities intended to put individual associates at a disadvantage due to reasons such as pregnancy, or roles as a parent or caregiver. In addition, with the aim of raising awareness of harassment prevention, we have established a harassment intranet page where associates in Japan will find our Harassment Prevention Guidelines along with harassment training materials and information on consultation venues.

From fiscal 2017, December–January was designated as a period for promoting harassment prevention

awareness in Japan. Initiatives during this period include the transmission of messages, administration of surveys, and conducting of e-learning programs for all associates.

Furthermore, the Code of Conduct for the Terumo Group (SAKURA Rules) seminar, which associates attend once a year, covers topics on harassment prevention to further entrench awareness. Managers, meanwhile, periodically attend trainings that provide examples of harassment relevant to daily business activities. Such trainings were conducted a total of 16 times in fiscal 2017 in Japan.

Opposition to Anti-Social Forces

Avoiding relationships with anti-social forces is one of Terumo's corporate responsibilities. We therefore strictly refuse to become involved in any relationship with anti-social forces and do not engage in any transactions with

companies, other organizations, or individuals with ties to anti-social forces. Furthermore, we work with law enforcement authorities and other institutions to combat anti-social forces.

Anti-Corruption

The Terumo Group expects full compliance with Japan's Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act, and other anti-corruption laws in the countries and regions in which the Group operates in order to ensure honest and fair business practices.

All Terumo associates observe the Code of Conduct for the Terumo Group (SAKURA Rules) and the Terumo

Global Anti-Corruption and Anti-Bribery Policy, which clearly stipulate our commitment to preventing corruption and engaging in fair business practices. In addition, we have established the Terumo Global Third Party Anti-Corruption and Anti-Bribery Policy, based on which we request our business partners to comply with anti-corruption laws.

Prohibition of Collusion and Cartels

To prevent associates from becoming involved in collusion and cartels during the course of business activities, the Terumo Group has established the Terumo Group Global

Antitrust Policy and is engaged in a Groupwide effort to maintain fair and free competition.

Appropriate Relationships with Healthcare Professionals

Terumo abides by the Fair Competition Code of the Japan Fair Trade Council of the Medical Devices Industry, the Code of Practice of the Japan Pharmaceutical Manufacturers Association, the Promotion Code of the Japan Federation of Medical Devices Associations, and other industry regulations to ensure that it follows appropriate practices in promoting medical devices and pharmaceuticals to healthcare professionals. We have also

established the Terumo Code of Practice as an internal guideline for this purpose.

Furthermore, the Terumo Global Ethical Interactions with Healthcare Professionals Policy was established based on the principles of the codes of ethics of reputable industry associations in the regions in which the Group operates, to guide us in maintaining appropriate relationships with healthcare professionals.

Advertisements and Sales Promotions

The Terumo Group Global Rules for Dealing with Off Label Use has been created to ensure compliance with Japan's PMD Act (the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics) as well as relevant laws and regulations in other countries. Based on these rules, we prohibit advertising or sales promotions of unapproved or off-label-use of pharmaceuticals and medical devices and preserve the

appropriateness of our promotional activities.

In Japan, sales promotion materials are confirmed by the Legal and Compliance Department, Regulatory Affairs, and other relevant divisions before they are put into use in order to verify the accuracy of the information they provide and guarantee legal compliance. In regions outside of Japan, appropriate and legally compliant promotional activities are being advanced centered on major Group companies.

Transparent Relationships between Corporate Activities and Medical Institutions

The supply of advanced medical devices and pharmaceuticals that meet sophisticated needs requires not only the efforts of individual companies but also cooperation with universities and other research and medical institutions at all stages of the process, ranging from research and development to production and sales. Sometimes this cooperation entails the payment of monetary compensation. Terumo seeks to ensure transparency in such activities through adherence to high ethical standards.

In Japan, based on voluntary industry rules, Terumo has formulated its Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and its Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations. We follow the provisions of these guidelines in disclosing payments of funds to medical institutions, medical professionals, and patient organizations.

Stance on Tax

Guided by its corporate mission of "Contributing to Society through Healthcare," the Terumo Group conducts business based on strict legal compliance and corporate ethics and aims to achieve sustainable growth and

maximize long-term corporate value and meet the expectations of its worldwide stakeholders. In accordance with its corporate mission, the Terumo Group takes the following actions in conducting tax management.

1. The Terumo Group complies with international taxation rules and the laws of all countries in which it conducts business activities and maintains tax compliance.
2. The Terumo Group constructs and maintains appropriate relationships with the tax authorities where the Terumo Group conducts business activities and does not attempt to obtain unfair benefits from the tax authorities by providing unethical gifts to these authorities.
3. The Terumo Group considers the balance of each stakeholder's interest and ensures that an appropriate tax burden is borne while maximizing its corporate value.

Directors, Audit/Supervisory Committee Members, and Executive Officers

(As of August 1, 2018)

Directors



Takayoshi Mimura

Chairman of the Board

April	1977	Joined Terumo Corporation
June	2003	Director and Executive Officer
June	2004	Director and Senior Executive Officer
June	2007	Director and Managing Executive Officer
April	2008	Group President of General Hospital Business Group, responsible for Domestic Sales Dept.
June	2009	Regional Representative, China and Asia
June	2010	Director and Senior Managing Executive Officer
August	2011	President and CEO, Terumo (China) Holding Co., Ltd.
April	2017	Chairman of the Board (present)



Shinjiro Sato

President and CEO

April	1984	Joined Toa Nenryo Kogyo K.K. (currently JXTG Nippon Oil & Energy Corporation)
February	1999	Joined Arthur Andersen Business Consulting (currently PwC Japan Group)
June	2004	Joined Terumo Corporation
June	2010	Executive Officer, General Manager of Strategic Planning Dept.
October	2011	Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company)
June	2012	Senior Executive Officer
June	2014	Director and Senior Executive Officer
April	2015	Director and Managing Executive Officer
April	2017	President and CEO (present)



Toshiaki Takagi

Director and Senior Managing Executive Officer
 Chief Quality Officer (CQO)
 Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Environmental Management Dept., Production Dept., Procurement Dept., Intellectual Property Dept., Terumo Medical Pranex

April	1981	Joined Terumo Corporation
June	2008	Executive Officer
June	2009	General Manager of R&D Headquarters
June	2010	Director and Senior Executive Officer
June	2013	Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept. (present)
July	2015	Chief Quality Officer (CQO) (present)
April	2016	Director and Managing Executive Officer
April	2017	Responsible for Production Dept. and Procurement Dept. (present)
April	2018	Director and Senior Managing Executive Officer, responsible for Intellectual Property Dept. and Terumo Medical Pranex (present)



Shoji Hatano

Director and Managing Executive Officer
 President, General Hospital Company
 Division President, Hospital Systems Division, General Hospital Company

April	1983	Joined Terumo Corporation
October	2011	General Manager of Strategic Planning Dept.
June	2012	Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.
April	2015	Managing Executive Officer
January	2016	Senior Vice President, General Hospital Company
April	2016	President, General Hospital Company (present)
June	2016	Director and Managing Executive Officer (present)
January	2017	Division President, Hospital Systems Division, General Hospital Company (present)



David Perez

Director and Senior Executive Officer
 President, Blood Management Company
 President and CEO, Terumo BCT

October	1981	Joined Kendall Healthcare Group, Ltd.
December	1989	Joined Caremark/Coram Healthcare Corporation
September	1995	Joined Haemonetics Corporation
May	1997	Joined Urotherapy Corporation
May	1999	Joined Gambro BCT, Inc. (currently Terumo BCT, Inc.)
April	2011	President and CEO, Terumo BCT Holding Corporation (present)
August	2011	President, Blood Management Company (present)
June	2014	Director and Senior Executive Officer (present)



Ikkuo Mori

Independent Director

- April 1970 Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)
- June 2002 Corporate Vice President, Chief General Manager of Europe Region and Chief General Manager of Asia Pacific Region, Subaru Sales & Marketing Division, Fuji Heavy Industries Ltd.
- April 2005 Corporate Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division
- June 2006 Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division
- June 2006 President and Chief Executive Officer, Representative Director of the Board Chairman and Chief Executive Officer, Representative Director of the Board
- June 2011 Advisor, Fuji Heavy Industries Ltd. Independent Director, Terumo Corporation (present)
- June 2014



Ryuzo Ueda

Independent Director
Professor, Dept. of Tumor Immunology,
Aichi Medical University

- April 1969 Clinical Fellow, Nagoya University School of Medicine
- September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York
- April 2003 President, Nagoya City University Hospital
- April 2010 Professor Emeritus, Nagoya City University (present)
- April 2012 Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine (present)
- June 2015 Independent Director, Terumo Corporation (present)
- May 2016 Visiting Professor, Nagoya City University (present)



Yukiko Kuroda

Independent Director
Managing Director and Founder, People Focus Consulting Co., Ltd.

- April 1986 Joined Sony Corporation
- January 1991 President, People Focus Consulting Co., Ltd.
- June 2010 Outside Audit & Supervisory Board Member, Astellas Pharma Inc.
- March 2011 Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation) (present)
- April 2012 Founder and Director, People Focus Consulting Co., Ltd. (present)
- June 2013 External Director, Marubeni Corporation
- June 2015 Outside Director, Mitsui Chemicals, Inc. (present)
- June 2018 Independent Director, Terumo Corporation (present)

Directors (Audit/Supervisory Committee Members)



Yoshihiro Kimura

Director
(Audit/Supervisory Committee Member)

- April 1978 Joined Terumo Corporation
- April 2004 Managing Director, Terumo Europe NV
- July 2006 General Manager of Controller Dept.
- March 2011 Chairman, Terumo Penpol Private Ltd.
- April 2014 Executive Officer and General Manager of Internal Audit Dept.
- April 2016 Advisor
- April 2017 Audit/Supervisory Committee Office
- June 2017 Director (Audit/Supervisory Committee Member) (present)



Toshihiko Matsumiya

Independent Director
(Audit/Supervisory Committee Member)
Certified Public Accountant

- April 1971 Joined Pioneer Corporation
- July 1972 Joined Ryutsu Giken K.K.
- October 1979 Joined Deloitte Haskins & Sells (currently Deloitte Touche Tohmatsu LLC)
- March 1983 Registered as Certified Public Accountant
- July 1991 Partner at Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- October 2011 Representative, Toshihiko Matsumiya Certified Public Accountant Office (present)
- June 2012 Audit and Supervisory Board Member (External), Terumo Corporation
- June 2012 External Corporate Auditor, Daiichi Jitsugyo Co., Ltd. (present)
- December 2012 External Corporate Auditor, Mitsubishi Research Institute, Inc. (present)
- June 2015 Independent Director (Audit/Supervisory Committee Member), Terumo Corporation (present)



Masatake Yone

Independent Director
(Audit/Supervisory Committee Member)
Lawyer

- April 1981 Admitted to the bar in Japan
- March 1987 Admitted to the bar in the State of New York
- January 1989 Partner in Mori Sogo Law Firm (currently Mori Hamada & Matsumoto Law Firm) (present)
- March 2008 Independent Director, GCA Savvian Group Corporation (currently GCA Corporation) (present)
- April 2011 Vice President of Daini Tokyo Bar Association
- June 2011 External Corporate Auditor, NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (present)
- June 2013 Audit and Supervisory Board Member (External), Terumo Corporation
- June 2015 Independent Director (Audit/Supervisory Committee Member), Terumo Corporation (present)

Executive Officers

Kazuaki Kitabatake

Managing Executive Officer

Investor Relations, Sustainability
Corporate Communication Dept.
Corporate Sustainability Dept.
Design Planning Dept.
General Affairs Dept.
International Business Dept.
India and Asia Pacific Region

Hikaru Samejima

Managing Executive Officer

President, Cardiac and Vascular Company
Division President, Interventional Systems
Division, Cardiac and Vascular Company

Tsuyoshi Tomita

Senior Executive Officer

Group Manager, General Hospital
Products Group, Hospital Systems
Division, General Hospital Company

Ryo Nishihata

Senior Executive Officer

Chief Accounting and Financial Officer
(CAFO)
Treasury Dept.
Controller Dept.

Masataka Haraguchi

Senior Executive Officer

General Manager, Sales Promotion
(Japan), Hospital Systems Division,
General Hospital Company

Takanori Shibazaki

Senior Executive Officer

Regional Representative, China
President and CEO,
Terumo (China) Holdings Co., Ltd.

Kyo Nishikawa

Senior Executive Officer

Chief Human Resources Officer (CHRO)
Human Resources Dept.
Human Resources Development Dept.

Juichi Takeuchi

Senior Executive Officer

President and CEO,
Terumo Americas Holding, Inc.
Regional Representative, Latin America
General Hospital Company (North
America)

Toshihiko Osada

Senior Executive Officer

General Manager, Strategic Planning Dept.

Richard Cappetta

Executive Officer

Division President, Neurovascular Division,
Cardiac and Vascular Company
President and CEO, MicroVention, Inc.

Kosuke Matsumoto

Executive Officer

General Manager, Japanese Sales
Management Dept.
Terumo Call Center

Masanori Hoshino

Executive Officer

Group Manager, DM and Consumer
Healthcare Group, Hospital Systems
Division, General Hospital Company

Hiroshi Nagumo

Executive Officer

Senior Vice President, Blood Center
Solutions, Terumo BCT Holding Corp.
President and Representative Director,
Terumo BCT Japan, Inc.
Production Dept. (Terumo BCT)

James Rushworth

Executive Officer

Chief Commercial Officer (CCO),
Interventional Systems Division,
Cardiac and Vascular Company
President and CEO, Terumo Medical Corp.

Hiroaki Kasukawa

Executive Officer

Chief Technology Officer (CTO)
R&D Promotion Dept.

Kazuhiro Uchida

Executive Officer

General Manager, Intellectual Property
Dept.

Tetsuya Kumei

Executive Officer

Division President, Alliance Division,
General Hospital Company
Group Manager, Overseas Business
Group, Alliance Division, General Hospital
Company
General Manager, Business Strategy,
General Hospital Company

Katsuya Takeuchi

Executive Officer

Chief Information Officer (CIO)
General Manager, IT Dept.
Supply Chain Management Dept.

Tadashi Sameshima

Executive Officer

General Manager, HeartSheet Business
Dept., Cardiac and Vascular Company
Leader, Regenerative Medicine,
Corporate R&D Center

Kazunori Hirose

Executive Officer

General Manager, Production, General
Hospital Company
General Manager, S&OP Promotion Dept.,
General Hospital Company

Miho Mizuguchi

Executive Officer

Chief Legal Officer (CLO)
General Manager, Legal and Compliance
Dept.

Itaru Sakaguchi

Executive Officer

Group Manager, Pharmaceutical Group,
Hospital Systems Division,
General Hospital Company

Fumihisa Hirose

Executive Officer

Senior Vice President, Cardiac and
Vascular Company
Senior Vice President, ME R&D,
Cardiac and Vascular Company

Kazuhisa Senshu

Executive Officer

Chief Clinical and Regulatory Affairs Officer
(CRAO)
General Manager, Clinical Development
Dept.
Regulatory Affairs

Paul Holbrook

Executive Officer

Division President, Vascular Graft Division,
Cardiac and Vascular Company
President and CEO, Vascutek Ltd.

Probir Das

Executive Officer

Regional Representative, India and Asia
Pacific
Chairman, Terumo Asia Holdings Pte., Ltd.
Managing Director, Terumo India Private
Limited

Tomoko Manabe

Executive Officer

General Manager, Terumo Medical Pranex

Norimasa Kunimoto

Executive Officer

Regional Representative, Eastern Europe,
Russia, Middle East and Africa
Managing Director and BOD Chairman,
Terumo Europe NV

Corporate Information

Corporate Information

(As of March 31, 2018)

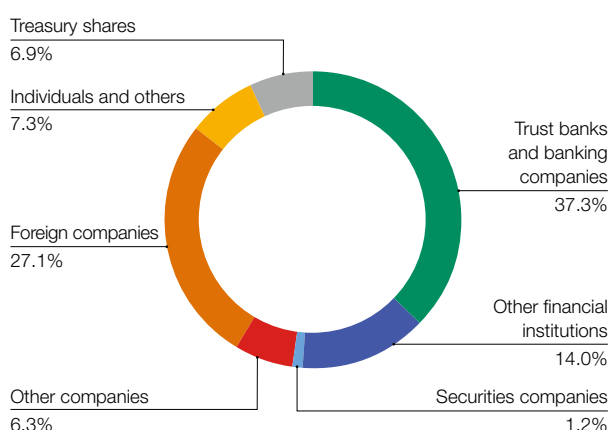
Company Name	Terumo Corporation
Founded	September 17, 1921
Tokyo Office	Tokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan
Head Office	2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan
Share Capital	¥38.7 billion
Employees	Consolidated: 23,319 Non-Consolidated: 4,733

Stock Information

(As of March 31, 2018)

Security Code	4543
Stock Exchange Listing	First Section of Tokyo Stock Exchange
Fiscal Year	From April 1 to March 31
Number of Shares Authorized	1,519,000,000
Number of Shares Issued	379,760,520
Number of Shareholders	27,346
Trading Unit	100 shares

Composition of Issued Shares by Type of Shareholder



Major Shareholders (Top 10 Shareholders)*1

	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	53,238	15.1
Japan Trustee Services Bank, Ltd. (Trust Account)	28,265	8.0
The Dai-ichi Life Insurance Company, Limited*2	20,259	5.7
Meiji Yasuda Life Insurance Company	13,568	3.8
STATE STREET BANK AND TRUST COMPANY 505223	11,342	3.2
Mizuho Bank, Ltd.*3	9,215	2.6
Terumo Foundation for Life Sciences and Arts	7,360	2.1
JP MORGAN CHASE BANK 385632	6,935	2.0
STATE STREET BANK WEST CLIENT - TREATY 505234	6,655	1.9
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,908	1.7

*1 Terumo owns 26,066 thousand treasury shares at the end of March 2018, but it is excluded from Top 10 Largest Shareholders.

*2 Shares held by The Dai-ichi Life Insurance Company, Limited include 3,000 thousand shares contributed by that company to a retirement benefit trust.

*3 Shares held by Mizuho Bank, Ltd. include 6,518 thousand shares contributed by that company to a retirement benefit trust.



TERUMO CORPORATION

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