

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **Corporate Identity**

... for patient comfort.

To support the zest for living

Our corporate identity is

“Contributing to the realization of a healthy society through the latest optimal medical device technologies.”

“Is it appropriate for the patient?”

Is it valuable for the patient?”

These questions are always at the center of our focus, and we are constantly striving to provide excellent medical devices.

June 10, 2022

**To Shareholders with Voting Rights:**

Keisuke Suzuki  
President and CEO  
**Japan Lifeline Co., Ltd.**  
2-2-20, Higashishinagawa, Shinagawa-ku, Tokyo

## **NOTICE OF THE 42ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 42nd Ordinary General Meeting of Shareholders of Japan Lifeline Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

In order to prevent the spread of infection with the novel coronavirus disease (COVID-19), you are strongly encouraged to exercise your voting rights prior to the meeting in writing or by using the Internet, if at all possible. You are urged to refrain from traveling to the venue on the date of the meeting.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:30 p.m. on Monday, June 27, 2022, Japan time.

<Requests to Shareholders Attending the Meeting in Person>

- We ask for your cooperation in taking measures to prevent the spread of infection such as wearing face masks, using alcohol disinfectant, etc.
- We ask for your cooperation in taking your temperature with a non-contact thermometer at the entrance of the venue.
- People who are found to have a fever may be refused entry.
- We will have significantly fewer chairs in the venue due to a wider-spaced seating configuration. Be aware that you may be refused entry if all seats are occupied.
- The Company intends to conduct the meeting’s proceedings in a smooth and efficient manner in order to make the meeting short.

Please note that the above information may be updated depending on future developments. We therefore ask shareholders who are considering attending the meeting in person to check the Company’s website (<https://www.japanlifeline.com/>) prior to the meeting.

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)
- 2. Place:** Tennoz Central Tower 6F, The Company’s Education Center (Tennoz Accademia)  
2-2-24, Higashishinagawa, Shinagawa-ku, Tokyo

**3. Meeting Agenda:**

**Matters to be reported:**

1. The Business Report, Consolidated Financial Statements for the Company’s 42nd Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits concerning the Consolidated Financial Statements by the Accounting Auditor and Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the Company’s 42nd Fiscal Year (April 1, 2021 - March 31, 2022)

**Proposals to be resolved:**

- Proposal No. 1:** Distribution of Surplus
  - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
  - Proposal No. 3:** Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
  - Proposal No. 4:** Election of One (1) Director Who Is an Audit and Supervisory Committee Member
- 

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Of the documents to be provided with this Notice, the consolidated statement of changes in equity, notes to the consolidated financial statements, the non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements are posted on the Company's website (<https://www.japanlifeline.com/>) in accordance with the provisions of laws and regulations as well as Article 16 of the Articles of Incorporation, and therefore are not provided in the Appendix to this Notice. Accordingly, the consolidated financial statements and the non-consolidated financial statements provided in the Appendix to this Notice form part of the consolidated financial statements and the non-consolidated financial statements audited by Audit and Supervisory Committee when preparing the Audit Report, and part of the consolidated financial statements and the non-consolidated financial statements audited by the Accounting Auditor when preparing the Independent Auditor's Report.
- Should circumstances arise whereby revisions are required after the dispatch of this Notice and prior to the day before the meeting date of the General Meeting of Shareholders, shareholders shall be notified by posting on the Company's website.

## **Guide to Exercising Voting Rights**

Voting rights in ordinary general meeting are important rights for all shareholders.

We ask you to exercise your voting rights after you look through the attached Reference Documents for the General Meeting of Shareholders.

There are three ways of exercising your voting rights.

Note: We recommend that shareholders exercise voting rights in writing or via the Internet.

### **Shareholders exercising voting rights by mail**

Please mark your vote for or against the proposals on the Voting Rights Exercise Form and send it by mail without a postage stamp.

#### **Voting Deadline**

5:30 p.m., Monday, June 27, 2022 Japan time

### **Shareholders exercising voting rights by internet**

Please input your vote for or against the proposals in accordance with following instructions.

#### **Voting Deadline**

5:30 p.m., Monday, June 27, 2022 Japan time

### **Shareholders attending the General Meeting of Shareholders**

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

#### **Voting Deadline**

Tuesday, June 28, 2022 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)

- If there is no indication of being for or against a proposal in the Voting Rights Exercise Form, the Company shall respond by deeming there to have been an indication of being for the proposal.
- If you exercise your voting rights both by mailing Voting Rights Exercise Form and via the Internet, your vote via the Internet shall be deemed valid.
- And, if you exercise your voting rights via the Internet multiple times, the last vote shall be deemed valid.

## **Guide to Exercising Voting Rights via the Internet, etc.**

### **How to scan the QR code**

You can log-in the website for exercise of voting rights without entering log-in ID and temporary password written in the Voting Rights Exercise Form.

1. Please scan the QR code on the Voting Rights Exercise Form.  
Note: QR code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then, follow the instructions on the screen and enter your vote for or against the proposal.

Log-in used by QR code is valid for only one time.

If you exercise the voting rights again or you do not use the QR code, please read “How to enter log-in ID and temporary password.”

### **How to enter log-in ID and temporary password**

Website for exercise of voting rights                      <https://evote.tr.mufg.jp/>

1. Please access the website for exercise of voting rights.
2. Enter the “log-in ID and temporary password” printed on your Voting Rights Exercise Form and click a button.  
Enter “log-in ID and temporary password”  
Click “log-in”
3. Register a new password.  
Enter a “new password”  
Click “send”
4. Then, follow the instructions on the screen and enter your vote for or against the proposal.

For inquiries regarding how to use your personal computer or smartphone to exercise voting rights on the website, please contact the Help Desk:	Help Desk, Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation 0120-173-027 (Toll-free, Service hours: 9:00 a.m. to 9:00 p.m.)
---	--

- Institutional investors can use the Electronic Voting System Platform operated by ICJ, Inc.

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

### **Proposals and References**

#### **Proposal No. 1: Distribution of Surplus**

##### **Items Related to the Year-end Dividend**

The Company proposes a year-end dividend for the 42nd fiscal year as follows, taking into consideration business performance in the fiscal year under review, funding demands for future business development, and other factors.

1. Type of dividend property  
Cash
2. Items related to the allocation of dividend property to shareholders and its total amount  
The Company proposes a dividend of 38.00 yen per common share.  
Furthermore, the total dividend amount in this case will be 3,041,091,930 yen.
3. Date the distribution of surplus comes into effect  
June 29, 2022.

**Proposal No. 2: Partial Amendments to the Articles of Incorporation**

1. Reasons for proposal

1. On June 16, 2021, the Act for Partially Amending the Act on Strengthening Industrial Competitiveness and Other Related Acts (Act No. 70 of 2021) was partially enacted, enabling listed companies to provide in their Articles of Incorporation for the holding of a general meeting of shareholders without a designated location (a so-called “virtual general meeting of shareholders”). Bearing in mind the occurrence of infectious disease, natural disasters and other major emergencies, as well as the ongoing shift towards a digital society, the Company believes that it is in the interests of shareholders to expand the options available for the holding of a general meeting of shareholders, and thus proposes to add Article 13, paragraph 2 in Proposed Amendments in order to enable it to hold a general meeting of shareholders without a designated location.

The Company has received confirmation from both the Minister of Economy, Trade and Industry and the Minister for Justice that making a general meeting of shareholders a meeting without a designated location is in accordance with the amended Act on Strengthening Industrial Competitiveness.

2. Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

1. Article 16, paragraph 1 in Proposed Amendments below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
2. Article 16, paragraph 2 in Proposed Amendments below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
3. Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.
4. Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendment

Details of the amendment are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
(Convocation) Article 13 An annual general meeting of shareholders of the Company shall be convened in June every year. An extraordinary general meeting of shareholders shall be convened whenever necessary. (Newly established)	(Convocation) Article 13 (1) An annual general meeting of shareholders of the Company shall be convened in June every year. An extraordinary general meeting of shareholders shall be convened whenever necessary. (2) <u>The General Meeting of Shareholders of the Company may be convened at an undesignated location.</u>

Current Articles of Incorporation	Proposed Amendment
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.)</u>  <u>Article 16</u>  <u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u>  <u>Article 16</u>  <u>(1) When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u>  <u>(2) Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Supplementary Provision  (Transitional Measures for Limited Liability Agreement With Corporate Auditors)  Article 1  Agreements to limit the liability for damages according to Article 423, paragraph (1) of the Companies Act in relation to actions taken by Corporate Auditors (including persons who were previously Corporate Auditors) prior to the conclusion of the 41st Ordinary General Meeting of Shareholders shall be set based on Article 37 of the Articles of Incorporation prior to the amendments proposed through the resolution introduced at the same ordinary general meeting of shareholders.</p>	<p>Supplementary Provisions  (Transitional Measures for Limited Liability Agreement With Corporate Auditors)  <u>Article 1.</u>  Agreements to limit the liability for damages according to Article 423, paragraph (1) of the Companies Act in relation to actions taken by Corporate Auditors (including persons who were previously Corporate Auditors) prior to the conclusion of the 41st Ordinary General Meeting of Shareholders shall be set based on Article 37 of the Articles of Incorporation prior to the amendments proposed through the resolution introduced at the same ordinary general meeting of shareholders.</p>



Current Articles of Incorporation	Proposed Amendment
(Newly established)	<p data-bbox="804 230 1385 320"><u>(Transitional Measures for Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="804 327 890 353"><u>Article 2</u></p> <p data-bbox="804 360 1390 734"><u>(1) The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 16 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p data-bbox="804 741 1378 898"><u>(2) Notwithstanding the provisions of the preceding paragraph, Article 16 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="804 904 1390 1052"><u>(3) This Article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

**Proposal No. 3:** Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all eleven (11) directors (excluding directors who are Audit and Supervisory Committee members) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of eleven (11) directors (excluding directors who are Audit and Supervisory Committee members).

The candidates for director (excluding director who is an Audit and Supervisory Committee member) are as follows:

No.	Name	Current position in the Company	Candidate attributes	Attendance at Board of Directors meetings
1	Keisuke Suzuki	President and CEO	Reelection	100% (12/12)
2	Atsuhiko Suzuki	Representative Director and Senior Executive Vice President & COO	Reelection	100% (12/12)
3	Kenji Yamada	Senior Vice President and Executive Manager of Corporate Administration Headquarters	Reelection	100% (12/12)
4	Kazuhiko Nogami	Senior Vice President and Executive Manager of Arrhythmia Business Unit	Reelection	100% (12/12)
5	Toru Takamiya	Vice President and Executive Manager of R&D and Manufacturing Headquarters	Reelection	100% (12/12)
6	Tadashi Idei	Vice President and Executive Manager of Regulatory Affairs Headquarters	Reelection	100% (12/12)
7	Yumiko Hoshiba	Vice President and General Manager of Human Resources & General Affairs Department	Reelection	100% (12/12)
8	Tatsuya Murase	Senior Operating Officer and Executive Manager of CVG Business Unit	New election	-
9	Fumihiko Sasaki	Outside Director	Reelection Independent Outside	100% (12/12)
10	Yoshiaki Ikei	Outside Director	Reelection Independent Outside	100% (12/12)
11	Yusuke Naiki	Outside Director	Reelection Independent Outside	100% (10/10)

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
1	<p>Keisuke Suzuki (September 9, 1953) (age 68)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 25 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Feb. 1981 Vice President of the Company</p> <p>Apr. 1987 Senior Executive Vice President</p> <p>Nov. 1992 Retired from Vice President</p> <p>Jan. 1994 Consultant</p> <p>June 1997 Senior Executive Vice President</p> <p>June 2005 President and CEO (to the present)</p> <p>Reasons for nomination as candidate for director:</p> <p>Keisuke Suzuki is responsible for the management of the Company since its foundation, and has led the Company's growth by demonstrating excellent leadership and responding quickly to changes in the business environment. As he possesses abundant experience and advanced insight in overall management and the medical equipment business as described above, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value, and has therefore nominated him again as a candidate for director.</p>	2,560,016

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
2	<p>Atsuhiko Suzuki (June 5, 1958) (age 64)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 17 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Sept. 1984    Joined the Company</p> <p>Jan. 1992    Senior Sales Branch Manager of Tokai Branch</p> <p>Apr. 2000    Deputy Executive Manager of Sales Headquarters</p> <p>June 2005    Vice President and Executive Manager of Sales Headquarters</p> <p>Apr. 2007    Vice President and Executive Manager of Business Headquarters</p> <p>June 2007    Senior Vice President and Executive Manager of Business Headquarters</p> <p>June 2011    Executive Vice President and Executive Manager of Business Headquarters</p> <p>June 2013    Senior Executive Vice President and Executive Manager of Business Headquarters</p> <p>Apr. 2015    Senior Executive Vice President</p> <p>June 2015    Representative Director and Senior Executive Vice President &amp; COO (to the present)</p> <p>Reasons for nomination as candidate for director: Atsuhiko Suzuki has accumulated experience and a track record as manager of the sales and business departments, etc., and has contributed to the growth of the Company by leading the execution of company-wide operations. As he possesses abundant experience and advanced insight in overall management and the medical equipment business as described above, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value, and has therefore nominated him again as a candidate for director.</p>	337,080

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
3	<p data-bbox="357 636 568 725">Kenji Yamada (November 26, 1971) (age 50)</p> <p data-bbox="408 748 517 770">Reelection</p> <p data-bbox="336 801 588 913">Term of office at the conclusion of this General Meeting of Shareholders: 7 years</p> <p data-bbox="347 943 577 1025">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="620 286 975 309">May 1998      Joined the Company</p> <p data-bbox="620 322 1070 376">Apr. 2011      General Manager of Corporate Administration Division</p> <p data-bbox="620 389 1190 443">July 2013      Operating Officer and General Manager of Corporate Administration Division</p> <p data-bbox="620 456 1166 533">Apr. 2014      Operating Officer and Deputy Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 546 1206 600">Apr. 2015      Operating Officer and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 613 1174 667">June 2015      Vice President and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 680 1174 869">July 2017      Vice President and Executive Manager of R&amp;D and Manufacturing Headquarters Managing Director of Synexmed (Hong Kong) Limited Chairman and President of Synexmed (Shenzhen) Co., Ltd. (currently, JLL Shenzhen Co., Ltd.)</p> <p data-bbox="620 882 1174 936">Aug. 2017      Managing Director of JLL Malaysia Sdn. Bhd.</p> <p data-bbox="620 949 1142 1048">July 2020      Senior Vice President and Executive Manager of Corporate Administration Headquarters of the Company (to the present)</p> <p data-bbox="620 1061 1198 1115">Apr. 2022      Chairman of JLL Shenzhen Co., Ltd. (to the present)</p>	24,800
		<p data-bbox="620 1122 1098 1144">Reasons for nomination as candidate for director:</p> <p data-bbox="620 1158 1385 1368">Kenji Yamada is in charge of the corporate administration departments reflecting his wide-ranging experience in general affairs, corporate planning, legal affairs, and as an officer of overseas subsidiaries, and also has experience as manager of the R&amp;D and Manufacturing department. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
4	<p>Kazuhiko Nogami (November 8, 1958) (age 63)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>May 2010      Joined the Company</p> <p>Apr. 2011      General Manager of Electrophysiology / Ablation Business Department</p> <p>July 2013      Operating Officer and General Manager of Electrophysiology / Ablation Business Department</p> <p>Apr. 2014      Operating Officer and General Manager of Arrhythmia Control Business Department</p> <p>Apr. 2015      Operating Officer and Executive Manager of EP Business Unit</p> <p>June 2015      Vice President and Executive Manager of EP Business Unit</p> <p>Apr. 2018      Vice President and Executive Manager of Arrhythmia Business Unit</p> <p>Apr. 2019      Vice President and Executive Manager of EP Business Unit</p> <p>June 2019      Senior Vice President and Executive Manager of EP Business Unit</p> <p>July 2020      Senior Vice President and Executive Manager of Arrhythmia Business Unit (to the present)</p>	24,800
<p>Reasons for nomination as candidate for director:</p> <p>Kazuhiko Nogami possesses many years of experience and a track record in the medical device industry, and has contributed significantly to the growth of the Company's EP/Ablation business departments. He is currently in charge of the entire Arrhythmia business department, including the Cardiac Rhythm Management business. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
5	<p>Toru Takamiya (November 17, 1964) (age 57)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 5 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Aug. 2006      Joined the Company</p> <p>Apr. 2009      General Manager of SHT Division, TVI Department</p> <p>Apr. 2011      General Manager of EST Department</p> <p>Apr. 2012      General Manager of CVE Department</p> <p>July 2013      Operating Officer and General Manager of CVE Department</p> <p>Apr. 2014      Operating Officer and General Manager of Cardiovascular Business Department</p> <p>Apr. 2015      Operating Officer and Executive Manager of CV Business Unit</p> <p>June 2017      Vice President and Executive Manager of CV Business Unit</p> <p>Apr. 2021      Vice President and Executive Manager of CVG Business Unit</p> <p>Apr. 2022      Vice President and Executive Manager of R&amp;D and Manufacturing Headquarters (to the present)</p> <p>                         Managing Director of JLL Malaysia Sdn. Bhd. (to the present)</p> <p>Reasons for nomination as candidate for director: Toru Takamiya possesses many years of experience and a track record in the medical device industry. After previously serving as manager of the Company's Cardiovascular Surgery and Transvascular Intervention businesses, he is currently in charge of the R&amp;D and manufacturing department. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	2,300

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
6	<p>Tadashi Idei (May 30, 1965) (age 57)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 5 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Oct. 2009      Joined the Company</p> <p>Apr. 2011      General Manager of Regulatory Affairs Division</p> <p>Apr. 2013      General Manager of Regulatory Affairs General Management Department</p> <p>July 2013      Operating Officer and General Manager of Regulatory Affairs General Management Department</p> <p>Apr. 2015      Operating Officer and Executive Manager of Regulatory Affairs Headquarters</p> <p>June 2017      Vice President and Executive Manager of Regulatory Affairs Headquarters (to the present)</p> <p>Reasons for nomination as candidate for director:</p> <p>Tadashi Idei possesses many years of experience and a track record in regulatory affairs and quality control in the medical device industry, and is responsible for regulatory affairs strategy for the introduction of new products of the Company and has strengthened the Company's quality control systems, contributing to business expansion. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	3,200



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
7	<p data-bbox="379 434 545 517">Yumiko Hoshiba (March 3, 1962) (age 60)</p> <p data-bbox="408 544 517 568">Reelection</p> <p data-bbox="336 600 588 705">Term of office at the conclusion of this General Meeting of Shareholders: 4 years</p> <p data-bbox="347 736 577 819">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="612 277 1224 701"> Apr. 1992    Joined the Company  Apr. 2008    General Manager of Administration Division  Apr. 2011    General Manager of General Affairs Division  July 2014    Operating Officer and General Manager of General Affairs Division  Apr. 2015    Operating Officer and General Manager of General Affairs Department  Apr. 2018    Operating Officer and General Manager of Human Resources &amp; General Affairs Department  June 2018    Vice President and General Manager of Human Resources &amp; General Affairs Department (to the present) </p> <p data-bbox="612 701 1224 965"> Reasons for nomination as candidate for director:  Yumiko Hoshiba has overseen the human resources, general affairs and information systems departments, and has taken measures to strengthen the Company's growth foundation by revising the human resources system, promoting DX and making various other improvements. As she possesses abundant experience and advanced insight in these areas, the Company has judged that she is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated her again as a candidate for director. </p>	11,028

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
8	<p>Tatsuya Murase (November 12, 1973) (age 48)</p> <p>New election</p>	<p>Oct. 2009      Joined the Company</p> <p>Apr. 2015      General Manager of EG Business Promotion Department, CVE Department</p> <p>Apr. 2016      General Manager of AST Department</p> <p>Apr. 2018      General Manager of CVE Department</p> <p>July 2020      Operating Officer and General Manager of CVE Department</p> <p>Apr. 2022      Senior Operating Officer and Executive Manager of CVG Business Unit (to the present)</p> <p>Reasons for nomination as candidate for director: Tatsuya Murase possesses many years of experience and a track record in the medical device industry. He has contributed to the growth of the Company's Cardiovascular Surgery business, and is currently in charge of both the Cardiovascular Surgery and Transvascular Intervention businesses. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him as a candidate for director.</p>	600

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
9	<p>Fumihiro Sasaki (July 10, 1957) (age 64)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 10 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Apr. 1981      Joined Japan Recruit Center (currently, Recruit Co., Ltd.)</p> <p>Apr. 2001      Corporate Executive Officer of Recruit Co., Ltd.</p> <p>Apr. 2011      Advisor</p> <p>Apr. 2012      President and Representative Director of XYMAX ACCOUNTING PARTNER Corporation (currently, XYMAX WITH Corporation) (to the present)</p> <p>June 2012      Outside Director of the Company (to the present)</p> <p>July 2012      Representative Director and Chief Executive Officer of Abilitas Hospitality Co., Ltd.</p> <p>Oct. 2015      President and Representative Director of XYMAX HOTELS Corporation (currently, KARAKSA HOTELS Corporation)</p> <p>Apr. 2017      Executive Managing Officer of XYMAX Corporation President and Representative Director of XYMAX FELLOW Corporation (currently, XYMAX TRUST Corporation) President and Representative Director of XYMAX SQUARE Corporation Representative Director of XYMAX VILLAGE Corporation</p> <p>Nov. 2021      Senior Executive Managing Officer of XYMAX Corporation (to the present)</p> <p>Reasons for nomination as candidate for outside director and overview of expected roles: Fumihiro Sasaki possesses a wealth of experience and wide-ranging insight as a corporate manager, and has conducted appropriate supervision of the Company's management, while also providing valuable advice and recommendations from an objective and multifaceted perspective. He also serves as the chairman of the Nomination and Remuneration Advisory Committee, filling the important role of ensuring the objectivity and transparency of the processes of making nominations and deciding on remuneration. The Company has judged that he may be expected to provide advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate value, and has therefore nominated him again as a candidate for outside director.</p>	2,400

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
10	<p>Yoshiaki Ikei (May 4, 1957) (age 65)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1981      Joined Mitsubishi Corporation</p> <p>Apr. 1999      Executive Officer and General Manager of Corporate Strategy Department of AUCNET INC.</p> <p>Oct. 2001      Managing Executive Officer and General Manager of Osaka Branch of RECOF Corporation</p> <p>Nov. 2007      Representative Director of MA Partners Inc. (to the present)</p> <p>July 2012      Senior Managing Director of STREX Inc.</p> <p>June 2017      Outside Director of the Company (to the present)</p>	2,400
	<p>Term of office at the conclusion of this General Meeting of Shareholders: 5 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Reasons for nomination as candidate for outside director and overview of expected roles:</p> <p>Yoshiaki Ikei has been involved in the M&amp;A industry for many years and also possesses a wealth of experience and wide-ranging insight as a corporate manager, and has conducted appropriate supervision of the Company's management, while also providing valuable advice and recommendations from an objective and multifaceted perspective. He also serves as a member of the Nomination and Remuneration Advisory Committee and the Investment Committee, filling the important role of improving corporate governance. The Company has judged that he may be expected to provide advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate value, and has therefore nominated him again as a candidate for outside director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
11	Yusuke Naiki (May 20, 1960) (age 62)  Reelection  Outside  Independent  Term of office at the conclusion of this General Meeting of Shareholders: 1 year  Attendance at Board of Directors meetings: 100% (10/10)	<p>Apr. 1984      Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)</p> <p>Mar. 1996      Joined Boston Scientific Japan K.K.</p> <p>Feb. 2006      Executive Officer</p> <p>Aug. 2008      Senior Executive Officer</p> <p>Sept. 2011     President and Representative Director</p> <p>July 2019      Chairman and Representative Director</p> <p>July 2020      Advisor</p> <p>June 2021      Outside Director of the Company (to the present)</p>	0
		<p>Reasons for nomination as candidate for outside director and overview of expected roles:</p> <p>Yusuke Naiki has been involved in the medical equipment industry for many years and has abundant experience and wide-ranging insight in the medical device business and corporate management, including serving as a corporate manager in the industry. He has conducted appropriate supervision of the Company's management while also providing valuable advice and recommendations regarding management in general, including the Company's businesses. The Company has judged that he may be expected to continue providing beneficial advice and recommendations aimed at strengthening the supervisory function of the Board of Directors and sustainably improving corporate value, and has therefore nominated him again as a candidate for outside director.</p>	

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Fumihiko Sasaki, Yoshiaki Ikei and Yusuke Naiki are candidates for outside director.
  3. Yusuke Naiki has worked as an executive of Boston Scientific Japan K.K., the Company's Specified Associated Service Provider (major business partner), until June 2020.
  4. The Company has entered into agreements with Fumihiko Sasaki, Yoshiaki Ikei and Yusuke Naiki to limit their liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount stipulated by laws and regulations. If the reelection of Fumihiko Sasaki, Yoshiaki Ikei and Yusuke Naiki is approved, the Company plans to renew the aforementioned agreements with them.
  5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3 paragraph (1) of the Companies Act with an insurance company. In the event that an insured party incurs claims for damages arising from their execution of their duties, any compensation for damages and payment of legal fees of the like is subject to compensation. The insured parties covered by this policy includes directors of the Company and the full amount of the insurance premiums is borne by the Company. Damages (etc.) incurred as a result of criminal activities or the like on the part of the insured parties will not be subject to compensation. If the election of each candidate is approved, they will be included as an insured in the policy. When the policy is renewed, the Company plans to renew the policy with the same terms.
  6. The Company has submitted notification to the Tokyo Stock Exchange that Fumihiko Sasaki and Yoshiaki Ikei have been designated as independent officers. Yusuke Naiki is a candidate for independent officer as provided for by Tokyo Stock Exchange, Inc. If the reelection of each candidate is approved, the Company plans to submit notification for their designation as independent officers.

**Proposal No. 4:** Election of One (1) Director Who Is an Audit and Supervisory Committee Member

Director who is an Audit and Supervisory Committee member Yasunori Kamiya will resign at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of one (1) director who is an Audit and Supervisory Committee member as his substitute.

Pursuant to the provisions of the Articles of Incorporation, the term of office of a director who is an Audit and Supervisory Committee member to be elected as a substitute shall continue to the expiration of the term of office of the retiring director who is an Audit and Supervisory Committee member.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for director who is an Audit and Supervisory Committee member are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
1	Shogo Takahashi (July 8, 1964) (age 57)  New election  Term of office at the conclusion of this General Meeting of Shareholders: –  Attendance at Board of Directors meetings: 100% (12/12)	<p>Dec. 1994      Joined the Company</p> <p>Apr. 2009      General Manager of Legal Affairs Office</p> <p>Mar. 2010      General Manager of Legal Affairs Office and General Manager of R&amp;D and Manufacturing Division</p> <p>Apr. 2011      Executive Manager of R&amp;D and Manufacturing Headquarters</p> <p>June 2011      Vice President and Executive Manager of R&amp;D and Manufacturing Headquarters</p> <p>Mar. 2012      Managing Director of Synexmed (Hong Kong) Limited</p> <p>Apr. 2012      Chairman and President of Synexmed (Shenzhen) Co., Ltd. (currently, JLL Shenzhen Co., Ltd.)</p> <p>June 2013      Senior Vice President and Executive Manager of R&amp;D and Manufacturing Headquarters of the Company</p> <p>July 2017      Senior Vice President and Executive Manager of Corporate Administration Headquarters</p> <p>July 2020      Senior Vice President and Executive Manager of R&amp;D and Manufacturing Headquarters Managing Director of Synexmed (Hong Kong) Limited Chairman and President of Synexmed (Shenzhen) Co., Ltd. (currently, JLL Shenzhen Co., Ltd.) Managing Director of JLL Malaysia Sdn. Bhd.</p> <p>Apr. 2022      Senior Vice President in charge of R&amp;D and Manufacturing Headquarters of the Company (to the present)</p>	21,600
		<p>Reasons for nomination as candidate for director who is an Audit and Supervisory Committee member</p> <p>Shogo Takahashi has extensive knowledge of the Company's overall business based on his many years being in charge of the R&amp;D and Manufacturing Headquarters and his experience being in charge of the Corporate Administration Division. We believe that he can be expected to draw on this experience and knowledge to contribute to strengthening the auditing and supervisory functions of the Board of Directors by supervising business execution and decision-making from an objective standpoint. Accordingly, we have nominated him as a candidate for director who is an Audit and Supervisory Committee member.</p>	

- Notes: 1. There are no special interests between Shogo Takahashi and the Company.
2. Shogo Takahashi's attendance at Board of Directors meetings is his attendance as a director who is not an Audit and Supervisory Committee member.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3 paragraph (1) of the Companies Act with an insurance company. In the event that an insured party incurs claims for damages arising from their execution of their duties, any compensation for damages and payment of legal fees of the like is subject to compensation. The insured parties covered by this policy includes directors of the Company and the full amount of the insurance premiums is borne by the Company. Damages (etc.) incurred as a result of criminal activities or the like on the part of the insured parties will not be subject to compensation. If the election of Shogo Takahashi is approved, he will be included as an insured in the policy. When the policy is renewed, the Company plans to renew the policy with the same terms.

## (Reference) Skill matrix for the Board of Directors

When nominating candidates for director, in order that the Board of Directors may fulfill its roles and duties effectively, the Company aims for the Board to be composed of members who have experience and knowledge in the areas of corporate management, business promotion, and strengthening of business foundation.

When nominating candidates for outside director, the Company aims to achieve a composition of people with experience such as a corporate manager and with specialist knowledge in areas such as finance and accounting, or law and compliance.

If Proposal No. 3 and Proposal No. 4 are approved as proposed at this Ordinary General Meeting of Shareholders, the composition of the Board of Directors and the skills of the directors will be as follows.

Name	Position in the Company (scheduled)	Corporate management	Business promotion		
		Management experience	Knowledge of the medical device industry	Sales/marketing	R&D/manufacturing/medical affairs
Keisuke Suzuki	President and CEO	○	○	○	
Atsuhiro Suzuki	Representative Director and Senior Executive Vice President & COO	○	○	○	
Kenji Yamada	Senior Vice President				
Kazuhiko Nogami	Senior Vice President		○	○	
Toru Takamiya	Vice President		○	○	○
Tadashi Idei	Vice President		○		○
Yumiko Hoshiba	Vice President				
Tatsuya Murase	Vice President		○	○	
Fumihiko Sasaki	Outside Director (Independent)	○			
Yoshiaki Ikei	Outside Director (Independent)	○			
Yusuke Naiki	Outside Director (Independent)	○	○	○	
Shogo Takahashi	Vice President (Full-time Audit and Supervisory Committee Member)				○
Masahiko Nakamura	Outside Director (Audit and Supervisory Committee Member, Independent)				
Daizo Asari	Outside Director (Audit and Supervisory Committee Member, Independent)				
Yutaka Karigome	Outside Director (Audit and Supervisory Committee Member, Independent)				



Name	Strengthening business foundation				Committee
	Finance/accounting	Legal affairs/compliance	Personnel affairs/human resource development	DX/IT	
Keisuke Suzuki					○
Atsuhiko Suzuki					○
Kenji Yamada	○	○		○	
Kazuhiko Nogami					
Toru Takamiya					
Tadashi Idei					
Yumiko Hoshiba		○	○	○	
Tatsuya Murase					
Fumihiko Sasaki		○	○		◎
Yoshiaki Ikei	○				○
Yusuke Naiki					
Shogo Takahashi		○			
Masahiko Nakamura		○			
Daizo Asari	○				○
Yutaka Karigome	○				

- Notes: 1. The above table lists up to three of the skills possessed by the director candidates, and does not show all of the skills they possess.
2. “Management experience” means experience and knowledge that provides the basis for strategic thinking aimed at achieving sustainable improvements in corporate value over the medium to long term.
  3. “Knowledge of the medical device industry” means experience and knowledge that provides the basis for comprehensive decision-making in the rapidly changing medical device industry.
  4. “Sales/marketing” means experience and knowledge that provides the basis for formulating competitive sales strategies in the medical device industry.
  5. “R&D/manufacturing/medical affairs” means experience and knowledge that provides the basis for formulating competitive product strategies in the medical device industry.
  6. “Finance/accounting” means experience and knowledge that provides the basis for making decisions in relation to corporate and business activities.
  7. “Legal affairs/compliance” means experience and knowledge that provides the basis for taking advantage of opportunities and managing risk in relation to corporate and business activities.
  8. “Personnel affairs/human resource development” means experience and knowledge that provides the basis for securing and utilizing management resources in relation to corporate and business activities.
  9. “DX/IT” means experience and knowledge that provides the basis for reforming business processes in relation to corporate and business activities.
  10. In the column of “Nomination and Remuneration Advisory Committee,” ◎ denotes the Chair, and ○ denotes members.

(Appendix)

**Business Report**  
(From April 1, 2021 to March 31, 2022)

## [1] Overview of the Company Group

### 1. Business Progress and Results

With regard to the sales situation in the fiscal year under review, net sales were more or less unchanged from the previous year due to the spread of COVID-19 and intensified competition from industry peers. Following deteriorations in the state of COVID-19 infections, and against the backdrop of the need to secure beds and of shortages of healthcare workers, certain medical institutions took measures such as postponing low-priority cases that lack urgency, and this also negatively affected our products to some extent. In terms of changes in the business environment, new entry by competitors to some of our mainstay product markets put downward pressure on earnings growth.

In the Cardiac Rhythm Management (CRM), net sales fell slightly year on year due to the impact of the spread of COVID-19 and the launch of new products by competitors. In EP/Ablation products, against the backdrop of a recovery in the number of cases of ablation therapy for atrial fibrillation, we recorded strong sales of our mainstay in-house products. A further contribution from the next-generation endoscopic laser ablation catheter that went on sale in July 2021 helped net sales increase year on year. In Cardiovascular Surgery products, in-house products such as vascular grafts and open stent grafts recorded growth, but this was not sufficient to compensate for the divestment of the blood purification business in April 2021, and net sales declined. In Transvascular Intervention products, despite the significant growth of in-house products for the gastrointestinal field, a delay in the recovery in the number of cases for percutaneous intervention (PI) and intensified pressure from competitors led to a year-on-year decline in net sales. As a result, net sales in the fiscal year under review were 51,469 million yen (0.4% YoY).

In terms of profits, gross profit margins came under downward pressure on sales prices from the impact of intensified competition for some purchased products, combined with a valuation loss on goods caused by a slump in sales of drug-eluting coronary stents. However, due to the strength of EP/Ablation and Cardiovascular Surgery, which consist mostly of in-house products, the ratio of in-house products as a percentage of net sales rose, absorbing the negative factors and resulting in an improvement in gross profit margins of 0.1 points over the previous fiscal year. With regard to selling, general and administrative expenses, as well as year-on-year increases in clinical testing expenses and R&D expenses associated with the introduction of new products, the easing of restrictions on marketing and other activities resulted in higher travel and commuting, advertising, and other sales-related expenses. As a result, operating profit in the fiscal year under review was 9,973 million yen (-3.8% YoY).

In addition, non-operating income of 316 million yen was recorded, consisting of interest income and dividend income as well as a gain on sale of business associated with the divestment of the blood purification business. Interest expenses, loss on valuation of investment securities, and other items led to the recording of 285 million yen in non-operating expenses. As a result, ordinary profit in the fiscal year under review was 10,005 million yen (-4.9% YoY).

With regard to extraordinary items, a gain on valuation of investment securities and other items of 44 million yen were recorded as extraordinary income, and a loss on sale of non-current assets and other items of 8 million yen were recorded as extraordinary loss. As a result, profit attributable to owners of parent in the fiscal year under review were 7,484 million yen (274.1% YoY).

Sales by item are as follows:

(Millions of yen)

Classification	The 39th fiscal year (April 1, 2018 to March 31, 2019)	The 40th fiscal year (April 1, 2019 to March 31, 2020)	The 41st fiscal year (April 1, 2020 to March 31, 2021)	The 42nd fiscal year (April 1, 2021 to March 31, 2022) (Fiscal year under review)
Cardiac Rhythm Management	5,862	11,866	13,248	12,977
EP/Ablation	23,060	24,696	23,863	25,099
Cardiovascular Surgery	11,730	10,166	9,969	9,657
Transvascular Intervention	4,872	5,032	4,204	3,733
Total	45,525	51,761	51,286	51,469

## **Cardiac Rhythm Management**

(implantable medical devices for treating arrhythmia)

- Main products:
- Cardiac pacemakers
  - Implantable cardioverter defibrillators (ICDs)
  - Subcutaneous implantable cardioverter defibrillators (S-ICDs)
  - Cardiac resynchronization therapy pacemakers (CRT-Ps)
  - Cardiac resynchronization therapy defibrillators (CRT-Ds)
  - Automated external defibrillators (AEDs)
  - Hypoglossal nerve electrical stimulators

Income from pacemakers decreased compared to the previous fiscal year as sales growth slowed due to factors including the postponement of low-priority cases accompanying the spread of COVID-19 infections and the impact of the launch of new products by competitors.

Regarding ICD-related systems, income from ICDs (implantable cardioverter defibrillators) increased compared to the previous fiscal year due to the acquisition of many exchange cases, despite the business suffering a similar impact from COVID-19 as pacemakers. However, income from S-ICDs (subcutaneous implantable cardioverter defibrillators) and CRT-Ds (cardiac resynchronization therapy defibrillators) decreased compared to the previous fiscal year.

Regarding other products, sales grew due to rental AEDs (automated external defibrillators). Additionally, in February 2022, the first case in Japan using Inspire UAS, a hypoglossal nerve electrical stimulator for treating obstructive sleep apnea, was carried out. Although the treatment of sleep disordered breathing is a new treatment field for the Company, this product will enable the provision of new treatment options for patients, and as it has been put forth that there is a strong connection between sleep disordered breathing and cardiovascular diseases such as heart failure, we also expect to realize synergies with our existing Arrhythmia business, so we will strive to promote the product going forward.

As a result, net sales in the CRM product category were 12,977 million yen (-2.0% YoY).

## **EP/Ablation**

(electrode catheters for arrhythmia diagnosis and treatment)

- Main products:
- Electrophysiological (EP) catheters
  - Ablation catheters
  - Endoscopic laser ablation catheters
  - Internal atrial cardioversion catheters
  - Esophageal temperature monitoring catheters
  - Radio-frequency transseptal needles

In EP catheters, income increased compared to the previous fiscal year due to steady sales of BeeAT internal atrial cardioversion catheters following a recovery in the number of cases of atrial fibrillation ablation. Income also increased due to the solid performance of Esophastar esophageal temperature monitoring catheters.

In ablation catheters, net sales of radio-frequency general ablation catheters sold by the Company decreased slightly compared to the previous fiscal year due to the impact of competing products, among other things. However, the Company has been focusing on new ablation technologies, and in July 2021, we launched HeartLight X3, the next generation of the endoscopic laser ablation catheters we have been selling since 2018. This next-gen product has been well received as it massively reduces procedure times compared to previous devices and sales in the fiscal year under review have been good.

In terms of other products, income increased from our in-house steerable sheath product, Leftee, as its ease of operation was evaluated highly in medical settings. However, income from RF Needle transseptal needles fell slightly due to the impact of the market entry of a new competitor.

As a result, net sales in the EP/Ablation product category were 25,099 million yen (5.2% YoY).

## **Cardiovascular Surgery** (medical devices for treating aortic disease)

- Main products:
- Vascular grafts
  - Open stent grafts
  - Stent grafts

In vascular graft-related products, even amid various restrictions imposed due to the COVID-19 pandemic, we were able to successfully advance business activities with a focus on in-person sales resulting in strong sales of our in-house vascular graft series J-Graft. Sales of the Company's unique FROZENIX open stent grafts also grew compared to the previous fiscal year due to recognition of the advantage it offers in being able to shorten treatment times during the COVID-19 pandemic, as well as high praise from doctors regarding its ability to be used in combination with the J-Graft series in surgeries. Furthermore, sales of the AFX2 stent graft system, an abdominal stent graft product, were steady and there was also a contribution from Alto, a new abdominal stent graft product launched in October 2021, resulting in income levels that were roughly level with the previous fiscal year.

In terms of other products, Avenir, an embolic coil, was first launched in December 2021 in the abdominal field, an area in which the Company has established strengths, and was then launched in the cerebrovascular field in April 2022. The cerebrovascular field has been positioned as a new growth sector for the Company and we will continue to cultivate it going forward.

Also, in April 2021 we divested the blood purification business, which was an income decreasing factor in the fiscal year under review.

As a result, net sales of Cardiovascular Surgery products were 9,657 million yen (-3.1% YoY).

## **Transvascular Intervention** (medical devices for treating ischemic heart disease and gastrointestinal disease)

- Main products:
- Balloon catheters
  - Guidewires
  - Atrial septum defect closures
  - Drug-eluting coronary stents
  - Guide wires with a sensor for measuring intravascular pressure
  - Colonic stents
  - Gastro-duodenal stents
  - Radio-frequency ablation needles for liver cancer treatment

Concerning PCI-related products, the overall situation was difficult due to the slowness of the recovery in the number of cases for all products and increasing competition from other companies. Income from Orsiro drug-eluting coronary stents decreased compared to the previous fiscal year and profitability also fell due to a decline in sales unit prices. Therefore, we decided to bring forward the termination of the exclusive distribution agreement for the product to the end of June 2022, as stated in the press release "Japan Lifeline Terminates Exclusive Distribution Agreement for Drug-Eluting Coronary Stent" issued on February 25, 2022. Income from our in-house guidewire and balloon catheter products also fell, mainly due to the impact of competitors.

Income from gastrointestinal-related products increased significantly compared to the previous fiscal year due to strong sales of Jentlly Neo Colonic Stent, a colonic stent launched as a successor model, as well as a contribution from Jentlly Neo Duodenal Stent, a gastro-duodenal stent launched in September 2021. Net sales of arfa radio-frequency ablation needles for liver cancer treatment grew due to success in expanding consignment facilities.

As a result, net sales in the Transvascular Intervention product category were 3,733 million yen (-11.2% YoY).

## 2. Capital Investments

The total amount of capital investments conducted in the fiscal year under review was 1,633 million yen. The main item was investment related to the Company's manufacturing facility, and required funds were allocated from funds on hand.

## 3. Financing

There is no financing to report.

## 4. Trends in Assets and Income of the Corporate Group

Classification	The 39th fiscal year (April 1, 2018 to March 31, 2019)	The 40th fiscal year (April 1, 2019 to March 31, 2020)	The 41st fiscal year (April 1, 2020 to March 31, 2021)	The 42nd fiscal year (April 1, 2021 to March 31, 2022) (Fiscal year under review)
Net sales (million yen)	45,525	51,761	51,286	51,469
Operating profit (million yen)	10,526	10,434	10,367	9,973
Ordinary profit (million yen)	10,808	10,425	10,519	10,005
Profit attributable to owners of parent (million yen)	7,723	7,748	2,000	7,484
Earnings per share (yen)	96.05	96.55	24.91	93.13
Total assets (million yen)	67,783	75,000	72,962	73,197
Net assets (million yen)	46,493	51,406	51,304	54,567

(Note) Earnings per share are calculated using the average number of shares for the fiscal year.

## 5. Issues to be Addressed

The Company has established a business model that is unique within the industry as it combines the two functions of a trading firm and a manufacturer. By further strengthening this business model, we will be able to continue delivering medical devices that offer true value to medical settings in a timely manner, enabling us to fulfill our corporate identity of contributing to the "realization of a healthy society."

We formulated a medium-term management plan in November 2020 which sets performance targets for the five-year period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2025 of "10% average annual net sales growth rate," "15% average annual operating profit growth rate," and "50% or greater in-house product ratio." In order to meet these performance targets, the plan lays out the following three key tasks.

1. Strengthening of business foundation in existing areas and achieving stable growth
2. Improving revenue through cost control and operational restructuring
3. Making preparations for ever-greater endeavors, including expansion into the gastrointestinal field

Regarding "1. Strengthening of business foundation in existing areas and achieving stable growth," we have been working to expand Cardiac Rhythm Management sales following the switchover to Boston Scientific Corporation as the supplier of all CRM products in September 2019. We concluded a sales support agreement with Boston Scientific Corporation's Japanese subsidiary Boston Scientific Japan (BSJ) and received BSJ sales personnel on secondment, which greatly strengthened our sales structure. As a result, we have significantly increased our market share, particularly in the tachycardia field. Following the termination of the sales support agreement, which was moved forward five months to April 2022, the personnel seconded from BSJ ended their assignment with the Company. This has resulted in the early consolidation of the sales structure, so we will work to further raise the cohesion of our sales strategies.

Regarding "2. Improving revenue through cost control and operational restructuring," in the previous fiscal year we continued to advance a project renewing our core systems as part of operational restructuring efforts. Also, with a view to restructuring our businesses, in April 2021 we divested the

blood purification business in Cardiovascular Surgery as it was not expected to produce any synergies with our key businesses. Additionally, in Transvascular Intervention, we decided to bring forward the termination of the exclusive distribution agreement for drug-eluting coronary stents to June 2022 as profitability fell due to factors such as a decline in sales unit prices. We are working to raise corporate value by concentrating management resources in the gastrointestinal field where longer-term growth is anticipated.

With regard to “3. Making preparations for ever-greater endeavors, including expansion into the gastrointestinal field,” we have positioned the gastrointestinal field as our second most important growth sector, and we are advancing research and development into new products by applying our own technology cultivated in the cardiovascular and vascular field, one of our current mainstay areas, in the gastrointestinal field. In the fiscal year under review, we strengthened sales of existing products such as colonic stents and radio-frequency ablation needles for liver cancer treatment and in the fiscal year ending March 31, 2023, we are scheduled to launch our own line of biliary-pancreatic-related products. We are working toward this launch by training a sales team and preparing sales promotions.

## 6. Material Parent Companies and Subsidiaries

### (i) Relationship with Parent Company

There are no significant relationships with any parent company.

### (ii) Subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
Synexmed (Hong Kong) Limited	15 million HKD	100%	Import and sale of medical devices
JLL Shenzhen Co., Ltd.	7.5 million USD	100	Manufacture and sale of medical devices
JLL Malaysia Sdn. Bhd.	95 million MYR	100	Manufacture and sale of medical devices

## 7. Principal Business

Product group	Principle products
Cardiac Rhythm Management	Cardiac pacemakers, Implantable cardioverter defibrillators (ICDs), Subcutaneous implantable cardioverter defibrillators (S-ICDs), Cardiac resynchronization therapy pacemakers (CRT-Ps), Cardiac resynchronization therapy defibrillators (CRT-Ds), Automated external defibrillators (AED), Hypoglossal nerve electrical stimulators
EP/Ablation	Electrophysiological (EP) catheters, ablation catheters, endoscopic laser ablation catheters, internal atrial cardioversion catheters, esophageal temperature monitoring catheters, radio-frequency transseptal needles
Cardiovascular Surgery	Vascular grafts, open stent grafts, stent grafts
Transvascular Intervention	Balloon catheters, guidewires, atrial septum defect closures, drug-eluting coronary stents, guidewires with a sensor for measuring intravascular pressure, colonic stents, gastro-duodenal stents, radio-frequency ablation needles for liver cancer treatment

## 8. Principal Business Locations and Plants

### (i) The Company

Headquarters	2-2-20, Higashishinagawa, Shinagawa-ku, Tokyo
Education facility	Tennoz Accademia (Shinagawa-ku, Tokyo)
Logistics center	Haneda Logistics Center (Ota-ku, Tokyo) Kansai Logistics Center (Ibaraki-shi, Osaka)
Factories	Toda Factory (Toda-shi, Saitama) Oyama Factory (Oyama-shi, Tochigi) Ichihara Factory (Ichihara-shi, Chiba)
Research facility	Research & Development Department (Toda-shi, Saitama)
Branches and sales offices	Sapporo Sales Office, Hokkaido Branch (Chuo-ku, Sapporo-shi, Hokkaido) Sendai Sales Office, Tohoku Branch (Aoba-ku, Sendai-shi, Miyagi) Aomori Sales Office (Aomori-shi, Aomori) Akita Sales Office (Akita-shi, Akita) Koriyama Sales Office (Koriyama-shi, Fukushima) Urawa Sales Office, Kitakanto Branch (Urawa-ku, Saitama-shi, Saitama) Niigata Sales Office (Chuo-ku, Niigata-shi, Niigata) Gunma Sales Office (Maebashi-shi, Gunma) Utsunomiya Sales Office (Utsunomiya-shi, Tochigi) Chiba Sales Office, Higashi-Kanto Branch (Mihama-ku, Chiba-shi, Chiba) Ibaraki Sales Office (Tsukuba-shi, Ibaraki) Tokyo Sales Office I, Tokyo Branch (Toshima-ku, Tokyo) Tokyo Sales Office II (Shinagawa-ku, Tokyo) Tama Sales Office (Fuchu-shi, Tokyo) Yokohama Sales Office, Yokohama Branch (Naka-ku, Yokohama-shi, Kanagawa) Hamamatsu Sales Office, Shizuoka Branch (Naka-ku, Hamamatsu-shi, Shizuoka) Shizuoka Sales Office (Suruga-ku, Shizuoka-shi, Shizuoka) Nagoya Sales Office, Tokai Branch (Naka-ku, Nagoya-shi, Aichi) Mie Sales Office (Tsu-shi, Mie) Hokuriku Sales Office, Hokuriku Shinshu Branch (Kanazawa-shi, Ishikawa) Matsumoto Sales Office (Matsumoto-shi, Nagano) Fukui Sales Office (Fukui-shi, Fukui) Osaka Sales Office, Osaka Branch (Kita-ku, Osaka-shi, Osaka) Kyoto Sales Office (Shimogyo-ku, Kyoto-shi, Kyoto) Nara Sales Office (Nara-shi, Nara) Kobe Sales Office, Hyogo Branch (Chuo-ku, Kobe-shi, Hyogo) Himeji Sales Office (Himeji-shi, Hyogo) Hiroshima Sales Office, Chugoku Branch (Naka-ku, Hiroshima-shi, Hiroshima) Okayama Sales Office (Kita-ku, Okayama-shi, Okayama) Yonago Sales Office (Yonago-shi, Tottori) Takamatsu Sales Office, Shikoku Branch (Takamatsu-shi, Kagawa) Matsuyama Sales Office (Matsuyama-shi, Ehime) Fukuoka Sales Office, Kyushu Branch 1 (Hakata-ku, Fukuoka-shi, Fukuoka) Nagasaki Sales Office (Nagasaki-shi, Nagasaki) Kumamoto Sales Office (Chuo-ku, Kumamoto-shi, Kumamoto) Okinawa Sales Office (Naha-shi, Okinawa) Kitakyushu Sales Office, Kyushu Branch 2 (Kokurakita-ku, Kitakyushu-shi, Fukuoka) Oita Sales Office (Oita-shi, Oita) Kagoshima Sales Office (Kagoshima-shi, Kagoshima)



(ii) Subsidiaries

(Overseas)

Company name	Locations
Synexmed (Hong Kong) Limited	Hong Kong
JLL Shenzhen Co., Ltd.	Shenzhen, Guangdong, China
JLL Malaysia Sdn. Bhd.	Penang, Malaysia

## 9. Employees

(i) Employees of the Corporate Group

Classification	Number of employees	Change from previous fiscal year end	Average age	Average years of service
	(number)	(number)	(age)	(years)
Male	760	-19	41.6	11.0
Female	445	+57	33.6	5.4
Total/average	1205	+38	38.5	8.8

(ii) Employees of the Company

Categories	Number of employees	Change from previous fiscal year end	Average age	Average years of service
	(number)	(number)	(age)	(years)
Male	741	-18	41.7	11.1
Female	243	+7	36.9	7.5
Total/average	984	-11	40.5	10.2

(Note) The number of employees includes persons seconded to the Company, and does not include persons seconded from the Company.

## 10. Principal Lenders

Lender	Amount outstanding
	million yen
MUFG Bank, Ltd.	3,462
Sumitomo Mitsui Banking Corporation	1,892
Mizuho Bank, Ltd.	1,320
Resona Bank, Limited	720
Nippon Life Insurance Company	100

## 11. Other Important Information Concerning the Current State of the Company Group

There are no relevant matters to report.

## [2] Status of Shares

1. Total number of shares authorized to be issued 346,400,000 shares
2. Total number of shares outstanding 85,419,976 shares
3. Number of shareholders 12,736 persons
4. Major shareholders

Shareholder name	Number of shares	Ratio to the number of outstanding shares (excluding treasury shares)
	thousand shares	%
MT Shokai	9,860	12.32
KS Shoji	8,609	10.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,527	10.66
Custody Bank of Japan, Ltd. (Trust Account)	5,870	7.34
Keisuke Suzuki	2,560	3.20
THE BANK OF NEW YORK 133972	1,383	1.73
STATE STREET BANK AND TRUST COMPANY 505025	1,106	1.38
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,084	1.36
THE BANK OF NEW YORK MELLON 140042	923	1.15
STATE STREET BANK WEST CLIENT - TREATY 505234	876	1.09

(Note) In addition to the above, there are treasury shares held by the Company (5,391 thousand shares), and they do not include shares of the Company (109 thousand shares) remained in the Board Incentive Plan (BIP) trust.

## 5. Status of stock granted to Company Officers as consideration of execution of duties during the fiscal year under review

	Number of shares	Number of persons eligible for the granting
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	3,720	1
Outside Directors (excluding Audit and Supervisory Committee Members)	—	—
Directors (Audit and Supervisory Committee Members)	—	—

- (Notes) 1. A performance-linked share award (BIP trust for remuneration for directors and other officers) was granted to one (1) retiring director. Of the 3,720 shares, 1,120 were converted into cash and said amount of cash was paid to said director.
2. Details regarding stock remuneration for directors can be found in “[4] 5. Total Amount of Remuneration to Directors” below.

## 6. Other Important Information Concerning Shares

### (i) Purchase of treasury shares

At a meeting of the Board of Directors held on February 25, 2022, the Company resolved to purchase treasury shares in accordance with the provisions of Article 156 of the Companies Act as modified by the provisions of Article 165, paragraph (3) of the same Act.

Type of shares to be acquired:	Common shares
Total number of shares to be acquired:	Up to 2,500,000 shares
Total amount of shares acquired:	Up to 3,500,000,000 yen
Acquisition period:	From February 28, 2022 to August 31, 2022

### (ii) Cancellation of treasury shares

At a meeting of the Board of Directors held on February 25, 2022, the Company resolved to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

Type of shares to be cancelled:	Common shares
Total number of shares to be cancelled: (i) above.	All treasury shares purchased through (i) above.
Scheduled date of cancellation	September 16, 2022

## [3] Status of Share Acquisition Rights

There are no relevant matters to report.

## [4]Company Officers

### 1. Names, etc. of Directors (as of March 31, 2022)

Position	Name	Areas of responsibility and significant concurrent positions
President and CEO	Keisuke Suzuki	
Representative Director and Senior Executive Vice President & COO	Atsuhiko Suzuki	Officer in charge of Corporate Planning Office, Corporate Administration Headquarters, R&D and Manufacturing Headquarters, Arrhythmia Business Unit, CVG Business Unit, Regulatory Affairs Headquarters, and Advertisement Planning Division
Senior Vice President	Shogo Takahashi	Executive Manager of R&D and Manufacturing Headquarters Managing Director of Synexmed (Hong Kong) Limited Chairman and President of JLL Shenzhen Co., Ltd. Managing Director of JLL Malaysia Sdn. Bhd.
Senior Vice President	Kazuhiko Nogami	Executive Manager of Arrhythmia Business Unit
Senior Vice President	Kenji Yamada	Executive Manager of Corporate Administration Headquarters, Officer in charge of Corporate Planning Office
Vice President	Toru Takamiya	Executive Manager of CVG Business Unit
Vice President	Tadashi Idei	Executive Manager of Regulatory Affairs Headquarters
Vice President	Yumiko Hoshiba	General Manager of Human Resources & General Affairs Department, in charge of Logistics and Sales Administration Department
Director	Fumihiko Sasaki	Senior Executive Managing Officer of XYMAX Corporation President and Representative Director of XYMAX WITH Corporation Representative Director of XYMAX VILLAGE Corporation
Director	Yoshiaki Ikei	Representative Director of MA Partners Inc.
Director	Yusuke Naiki	
Vice President (Full-time Audit and Supervisory Committee Member)	Yasunori Kamiya	
Director (Audit and Supervisory Committee Member)	Masahiko Nakamura	Partner of TMI Associates
Director (Audit and Supervisory Committee Member)	Daizo Asari	Representative Partner of Seiwa Certified Public Tax Accountants' Corporation
Director (Audit and Supervisory Committee Member)	Yutaka Karigome	Director of Yutaka Karigome Certified Public Tax Accountant Office

- Notes:
- The Company has transitioned to a company with an audit and supervisory committee based on a resolution of the 41st General Meeting of Shareholders held on June 25, 2021.
  - Directors Fumihiko Sasaki, Yoshiaki Ikei, and Yusuke Naiki, and Directors (Audit and Supervisory Committee Members) Masahiko Nakamura, Daizo Asari, and Yutaka Karigome are Outside Directors.
  - Directors (Audit and Supervisory Committee Members) Daizo Asari and Yutaka Karigome are qualified as a Certified Public Tax Accountant, and possess a considerable level of knowledge in regard to finance and accounting.
  - Osamu Watanabe retired as Vice President due to expiry of the term of office as of conclusion of the 41st Ordinary General Meeting of Shareholders held on June 25, 2021.
  - Senior Vice President Shogo Takahashi retired as Managing Director of Synexmed (Hong Kong) Limited, Chairman and President of JLL Shenzhen Co., Ltd., and Managing Director of JLL Malaysia Sdn. Bhd., effective March 31, 2022.

6. The Company appoints full-time audit and supervisory board members with the goal of increasing the effectiveness of information gathering and audits, such as continuously and effectively attending important meetings outside the Board of Directors.
7. The Company has submitted notification to the Tokyo Stock Exchange that Directors Masahiko Nakamura, Daizo Asari and Yutaka Karigome have been designated as independent officers as provided for by the aforementioned exchange.

## 2. Summary of the Agreement on Limitation of Liability

The Company has entered into agreements with each of outside directors to limit his/her liability, as stipulated in Article 423, paragraph (1) of the Companies Act, to the minimum liability amount stipulated by laws and regulations.

## 3. Summary of the indemnity agreements

There are no relevant matters to report.

## 4. Summary of the Liability Insurance Agreement for Directors and Other Officers

The Company has entered into a directors and officers liability insurance policy with an insurance company, in accordance with Article 430-3, paragraph (1) of the Companies Act, to cover directors, Operating Officers, and the known successors thereof, of the Company and its subsidiaries. In the event that an insured party incurs claims for damages arising from the execution of their duties, any compensation for damages and payment of legal fees or the like is subject to compensation. The insurance premiums are borne in full by the Company.

Additionally, as a countermeasure against any hindrance of the appropriateness of the insured parties' execution of their duties, damages (etc.) incurred as a result of criminal activities or the like on the part of the insured parties will not be subject to compensation.

## 5. Total Amount of Remuneration to Directors

(i) Decision-making policy for the content of officers remuneration, etc.

- a. Method of Decision of Decision-making Policy for the content of individual director remuneration, etc.

In order to ensure the objectivity and transparency of the processes for nominating and evaluating directors and determining their remuneration, the Company has established a Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee is an advisory body for the Board of Directors, and is chaired by an outside director. The decision-making policy for the content of individual director remuneration, etc. was decided upon at a meeting of the Board of Directors, based upon the contents of a report from the Nomination and Remuneration Advisory Committee following deliberations by the said Committee.

- b. Summary of the Decision-Making Policy

- i Basic policy regarding remuneration to directors

The Company, in order to ensure that the system of remuneration to directors and other officers functions appropriately while encouraging the improvement of the corporate value and the sustainable growth of the Company, established the following basic policy.

- (A) It should be an appropriate motivator for the achievement of the performance targets
- (B) It should be a competitive level of remuneration that will link to the securement of excellent personnel
- (C) It should lead to an improvement in corporate value in the medium to long term
- (D) The decision process for remuneration should have a high level of both objectivity and transparency

- ii Method of decision-making on remuneration structure and remuneration amounts

Remuneration to officers of the Company consists of fixed remuneration, performance-linked bonuses, and performance-linked share awards (BIP trust for remuneration for directors and other officers). The latter two functions as both monetary remuneration connected to short-term performance and an incentive for improvements in corporate value in the medium to long term.

- (A) Fixed remuneration

Paid on a monthly basis as a monthly fixed monetary amount.

Fixed remuneration for directors (excluding directors who are Audit and Supervisory Committee members) is determined by the Nomination and Remuneration Advisory Committee, upon receipt of an order from the Board of Directors, based on comprehensive consideration of the rank, job responsibilities, and level of contribution to performance of each director, as well as benchmark remuneration levels of an external database service. Fixed remuneration for directors who are Audit and Supervisory Committee

members is determined through consultation with directors who are Audit and Supervisory Committee members.

(B) Performance-linked bonus

The amount is calculated based on the degree of achievement from the consolidated financial forecast (consolidated net sales and consolidated operating profit) in a single fiscal year, disclosed at the start of each fiscal year (the consolidated financial forecast is the figure after deduction of bonuses for directors and other officers for 100% performance). This amount is paid as a single annual monetary remuneration lump sum no later than three months after the end of the fiscal year. As performance indicators, the Company uses a combination of consolidated net sales and consolidated operating profit, as these are clear indicators for evaluating the Company's performance. President and CEO Keisuke Suzuki, outside directors and directors who are Audit and Supervisory Committee members shall be ineligible for the payment.

(C) Performance-linked share awards (BIP trust for remuneration for directors and other officers)

Monetary payments are made to directors at the time of their retirement, reflecting their degree of achievement in meeting performance targets and ranks, the grants and payments being made in the form of Company shares and monetary remuneration based on the share exchange price at disposal. Under this system, the consolidated financial forecast (consolidated net sales and consolidated operating profit) in a single fiscal year, disclosed at the start of each fiscal year, is set as a performance target. Depending on the level of achievement relative to this performance target, payment (grant) is made of a monetary amount and a number of shares of stock, this number increasing or decreasing depending on performance; in this way, the system connects rewards to corporate performance. As performance indicators, the Company uses a combination of consolidated net sales and consolidated operating profit, as these are clear indicators for evaluating the Company's performance. President and CEO Keisuke Suzuki, outside directors and directors who are Audit and Supervisory Committee members shall be ineligible for the plan.

iii Policy regarding the decision on director remuneration type ratio

Regarding performance-linked remuneration as a proportion of the total remuneration amount, for an average eligible director, in the case of a normal degree of target achievement, the ratio of performance-linked remuneration to fixed remuneration is 2:8. Meanwhile, as for non-monetary remuneration as a proportion of all remuneration, for an average eligible director, the ratio of non-monetary remuneration to monetary remuneration is 1:9.

c. Reason that the Board of Directors deemed it necessary that the content of individual director remuneration, etc. for the fiscal year under review be in accord with the decision-making policy

With regard to the decision of the content of individual director remuneration, etc., the Nomination and Remuneration Advisory Committee considers the base proposal from a multifaceted approach based on the decision-making policy. The contents decided over the course of this process are deemed by the Board of Directors, too, to be in accord with the decision-making policy.

(ii) Matters Relating to Decision of the General Meeting of Shareholders regarding remuneration to directors

Maximum monetary remuneration for directors (excluding Audit and Supervisory Committee members) was set at 700 million yen per year by a decision of the 41st Ordinary General Meeting of Shareholders held on June 25, 2021. (This does not include the employee salary of directors who simultaneously serve as employees of the Company.) The number of directors (excluding Audit and Supervisory Committee members) at the conclusion of the Ordinary General Meeting of Shareholders in question is eleven (11). Separately from the said monetary remuneration, at the 41st Ordinary General Meeting of Shareholders held on June 25, 2021, we resolved performance-linked share awards (BIP trust for remuneration for directors and other officers), and over the course of three fiscal years the Company has contributed a total of up to 300 million yen to BIP trust for remuneration for directors and other officers. The upper limit on the number of points given to directors in order to grant shares is 66,100 points per year (President and CEO Keisuke Suzuki, outside directors and who are Audit and Supervisory Committee members are not eligible to be given points). The number of directors (not counting President and CEO Keisuke Suzuki, outside directors and directors who are Audit and Supervisory Committee members) at the conclusion of the Ordinary General Meeting of Shareholders in question is seven (7).

Maximum monetary remuneration for directors who are Audit and Supervisory Committee members was set at 50 million yen per year by a decision of the 41st Ordinary General Meeting of Shareholders held on June 25, 2021. The number of directors who are Audit and Supervisory Committee members at the conclusion of the Ordinary General Meeting of Shareholders in question is four (4).

(iii) Delegation of decision-making for the content of individual director (excluding Audit and Supervisory Committee members) remuneration, etc.

The decision of the contents of remuneration (etc.) for each individual director (excluding Audit and Supervisory Committee members) is made by the Nomination and Remuneration Advisory Committee upon receipt of an order from the Board of Directors. The Nomination and Remuneration Advisory Committee consists of Outside Director

Fumihiko Sasaki (Chairman), Outside Director Yoshiaki Ikei, President and CEO Keisuke Suzuki, and Representative Director and Senior Executive Vice President & COO Atsuhiko Suzuki.

The content of this authority is the decision on the fixed remuneration amount of each director (excluding Audit and Supervisory Committee members), and the reason this authority is delegated is to increase the objectivity and transparency of the procedures relating to director remuneration, etc.

(iv) Total Amount (etc.) of Remuneration to Directors and Corporate Auditors

Categories of directors (and other officers)	Total amount of remuneration	Total amount of remuneration by type			Number of eligible directors (and other officers)
		Fixed remuneration	Performance-linked bonus	Performance-linked share awards (BIP trust for remuneration for directors and other officers)	
	million yen	million yen	million yen	million yen	Number
Director (excluding Audit and Supervisory Committee Members) (inc. Outside Directors)	437 (23)	405 (23)	14 (-)	16 (-)	12 (3)
Director (Audit and Supervisory Committee Members) (inc. Outside Directors)	27 (17)	27 (17)	- (-)	- (-)	4 (3)
Corporate Auditors (inc. Outside Corporate Auditors)	6 (3)	6 (3)	- (-)	- (-)	3 (2)
Total (inc. Outside Officers)	472 (44)	440 (44)	14 (-)	16 (-)	16 (6)

- (Notes) 1. The Company has transitioned to a company with an audit and supervisory committee based on a resolution of the 41st General Meeting of Shareholders held on June 25, 2021.
2. Performance-linked bonus shows the provision for bonuses for directors (and other officers) for the fiscal year under review.
3. Regarding performance-linked share awards (BIP trust for remuneration for directors and other officers), we have recorded 16 million yen in provision for directors' share-based remuneration, based on the number of points either given or expected to be given during the fiscal year under review.
4. In addition to the total amount of compensation above, based on the resolution of the 37th Ordinary General Meeting of Shareholders held on June 28, 2017, the retirement allowance for Officers of 2 million yen was paid to one retiring director. This amount includes 2 million yen in provision for Officers' retirement allowance disclosed in the Business Report of the past fiscal years.
5. The amount shown for Total in the Number of eligible directors (and other officers) column excludes the number of corporate auditors who have been appointed as directors who are Audit and Supervisory Committee members.

## 6. Outside Officers

(i) Status of Important Positions Held Concurrently at Other Corporations, etc. and Relationships between the Company and these Other Corporations, etc.

- Outside Director Fumihiko Sasaki is a Senior Executive Managing Officer of XYMAX Corporation, Representative Director of XYMAX WITH Corporation, and XYMAX VILLAGE Corporation. There are no special relationships between the Company and the companies where he concurrently holds positions.
- Outside Director Yoshiaki Ikei is a Representative Director of MA Partners, Inc. There is no special relationship between the Company and MA Partners.
- Outside Director (Audit and Supervisory Committee Member) Masahiko Nakamura is a Partner at TMI Associates. There is no special relationship between the Company and TMI Associates.
- Outside Director (Audit and Supervisory Committee Member) Daizo Asari is a Representative Partner at Seiwa Certified Public Tax Accountants' Corporation. There is no special relationship between the Company and Seiwa Certified Public Tax Accountants' Corporation.
- Outside Director (Audit and Supervisory Committee Member) Yutaka Karigome is a Director of Yutaka Karigome Certified Public Tax Accountant Office. There is no special relationship between the Company and Yutaka Karigome Certified Public Tax Accountant Office.

(ii) Relationship with Specified Associated Service Provider

There are no significant relationships with any specified associated service provider.

(iii) Main Activities in the Fiscal Year under Review

Title	Name	Main activities
Director	Fumihiko Sasaki	Participated in all 12 meetings of the Board of Directors during the fiscal year under review. Fumihiko Sasaki possesses abundant experience and wide-ranging insight as a corporate manager, and has made appropriate and necessary statements on the Company's overall management from an objective and multifaceted perspective, while also providing valuable advice regarding the Company's organizational structure, personnel system, and so on. He also serves as a Chairman of the Nomination and Remuneration Advisory Committee, proactively leading the Committee's proceedings and filling the important role of ensuring the objectivity and transparency of the processes of making nominations and deciding on remuneration.
Director	Yoshiaki Ikei	Participated in all 12 meetings of the Board of Directors during the fiscal year under review. Yoshiaki Ikei possesses abundant experience and wide-ranging insight as a corporate manager, and has made appropriate and necessary statements on the Company's overall management from an objective and multifaceted perspective. As a member of the Investment and Credit Committee, he deliberates on the appropriateness and other aspects of investment and credit cases, and he also serves as a Chairman of the Nomination and Remuneration Advisory Committee, filling the important role of ensuring the objectivity and transparency of the processes of making nominations and deciding on remuneration.
Director	Yusuke Naiki	Participated in all 10 meetings of the Board of Directors held since his appointment on June 25, 2021. Yusuke Naiki has been involved in the medical equipment industry for many years and has abundant experience and wide-ranging insight in overall management and the medical device business, including serving as a manager of the Japanese subsidiary of one of the world's leading medical equipment manufacturers. He has made appropriate and necessary statements on the Company's overall management from an objective and multifaceted perspective while also providing valuable advice regarding the Company's business strategies.



Title	Name	Main activities
Director (Audit and Supervisory Committee Member)	Masahiko Nakamura	Of the 12 meetings of the Board of Directors during the fiscal year under review, Masahiko Nakamura participated in two as a Corporate Auditor and 10 as an Audit and Supervisory Committee member. He also participated in three meetings of the Board of Corporate Auditors and all 12 meetings of the Audit and Supervisory Committee. He has made appropriate and necessary statements based on his specialist position as an attorney and experience as an outside corporate auditor at other companies. He is fulfilling the important role of strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. He also engages in regular opinion exchange meetings with the President and CEO, participates in the Compliance Committee, and so on, and by doing this he plays an important role in strengthening the corporate governance of the Company.
Director (Audit and Supervisory Committee Member)	Daizo Asari	Of the 12 meetings of the Board of Directors during the fiscal year under review, Daizo Asari participated in two as a corporate auditor and 10 as an Audit and Supervisory Committee member. He also participated in three meetings of the Board of Corporate Auditors and all 12 meetings of the Audit and Supervisory Committee. He has made appropriate and necessary statements based on his specialist position as a Certified Public Tax Accountant and is fulfilling the important role of strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. He also engages in regular opinion exchange meetings with the President and CEO, participates in the Compliance Committee, and so on, and by doing this he plays an important role in strengthening the corporate governance of the Company.
Director (Audit and Supervisory Committee Member)	Yutaka Karigome	Participated as an Audit and Supervisory Committee member in all 10 meetings of the Board of Directors held since his appointment on June 25, 2021, as well as all 12 meetings of the Audit and Supervisory Committee. Yutaka Karigome has made appropriate and necessary statements based on his specialist position as a Certified Public Tax Accountant and experience as an outside corporate auditor at other companies. He also engages in regular opinion exchange meetings with the President and CEO, participates in the Compliance Committee, and so on, and by doing this he plays an important role in strengthening the corporate governance of the Company.

## [5] Accounting Auditor

### 1. Accounting Auditor's Name

Ernst & Young ShinNihon LLC

### 2. Accounting Auditor's Fees, etc.

(i) Fees, etc. payable by the Company	43 million yen
(ii) Cash and other profits payable by the Company or its subsidiaries	43 million yen

- (Notes)
1. Under the audit agreement between the Company and its Accounting Auditor, fees for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separated, and otherwise cannot be separated. Consequently, the above amount in item (i) shows the total of these two types of fees.
  2. Audit and Supervisory Committee agreed on the Accounting Auditor's fees, etc. after confirming and considering the contents of the audit plan, including the number of audit days and number of people assigned, for the fiscal year under review as explained by the Accounting Auditor, examination and evaluation of audit performance in the previous fiscal year, and the basis of calculating the fee estimate, etc.

### 3. Description of Non-Audit Services

There are no relevant matters to report.

### 4. Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee.

In addition, should the Accounting Auditor be deemed unable to execute its duties properly, the Audit and Supervisory Committee shall determine the details of a proposal to dismiss or not to reappoint the Accounting Auditor for submission to the General Meeting of Shareholders, and should the Audit and Supervisory Committee judges that by replacement of the Accounting Auditor it is possible to develop a more appropriate audit system for the Company, it shall determine the details of the proposal not to reappoint the Accounting Auditor.

## **[6]System to Ensure Proper Business Execution**

At a meeting of the Board of Directors held on May 22, 2006, the Company established a “Basic Policy on Creation of Internal Control Systems,” and made partial revisions to this policy on April 28, 2011, May 20, 2015, May 24, 2019, and June 25, 2021. The Company has established and is operating an internal controls system based on this basic policy.

### **1. System to Ensure that Directors and Employees Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation**

- (i) Directors and employees shall act in compliance with laws and regulations, social ethics, the Articles of Incorporation, and other internal regulations, with their standards comprising the Code of Ethics, Action Policy, and the Compliance Guidelines.
- (ii) The Company shall engage in the creation of internal compliance systems, centered on the Chief Compliance Officer and Compliance Committee, in accordance with the Compliance Promotion Regulations.
- (iii) The Company shall distribute handbooks related to compliance to all directors and employees, in addition to conducting training, to ensure thorough awareness of compliance.
- (iv) A helpline shall be established at an external institution to provide a contact point where compliance issues can be easily reported and discussed.
- (v) All relations with antisocial forces shall be blocked in accordance with the Compliance Guidelines and the Regulations Regarding the Elimination of Antisocial Forces, and in the event that there is a fear of relations with antisocial forces, it shall be promptly reported to the responsible department, and the Company shall respond with a resolute stance, while collaborating with the police and other external institutions.
- (vi) The Internal Audit Division shall conduct audits regarding the status of compliance with laws and regulations, the Articles of Incorporation, and internal regulations, in accordance with the Internal Audit Regulations.
- (vii) As an advisory body for the Board of Directors, Nomination and Remuneration Advisory Committee (voluntary) is established, that independent outside director accounts for the majority of members and the chairman is designed to be chosen from independent outside director, in order to evaluate director from a viewpoint of nomination and remuneration, etc. and to ensure objectivity and transparency of decision making process.

#### **[Summary of Operational Status]**

- Meetings of the Compliance Committee were held regularly, and matters regarding compliance were reported and discussed.
- Training was held for all directors.
- Compliance training was held for new employees when they first joined the Company, in addition to regular e-learning and other types of training for all employees.
- New employees were informed of the helpline, the contact point for internal reporting, and instructions on its use were distributed in the form of cards.
- No cases of a fear of a relationship with antisocial forces occurred.
- The Internal Audit Office conducted audits in accordance with audit plans.
- Meetings of Nomination and Remuneration Advisory Committee were held, where policies and standards for selection and dismissal of directors with officer’s posts, selection of representative directors and directors with officer’s posts, the remuneration system for directors, policies for determining remuneration, remuneration for directors and the like were discussed, and the results were reported to the Board of Directors. Regarding remuneration amounts for each director, these were decided by the Nomination and Remuneration Advisory Committee.

## **2. System for Storage and Management of Information Related to the Execution of Duties of the Directors**

- (i) The Company stores and manages minutes of the General Meeting of Shareholders, the Board of Directors, and other important meetings, approval documents and applications where directors are approvers, and other important documents pertaining to the execution of duties by directors (including electronic records), in accordance with the Document Management Regulations.
- (ii) Directors may view the above documents at any time.

[Summary of Operational Status]

- Minutes of the General Meeting of Shareholders and the Board of Directors were created and stored.
- All approval documents and applications where directors were approvers were stored.

## **3. Regulations or Any Other Systems for Management of Risk of Loss**

- (i) In accordance with the Risk Management Regulations, the Company shall endeavor to create a company-wide risk management system, centered on the Chief Risk Management Officer and the Risk Management Committee.
- (ii) In the event that a significant risk is discovered and a company-wide response is required, a division for responding shall be established with the President as Executive Manager, and the loss shall be minimized through a prompt response.

[Summary of Operational Status]

- Meetings of the Risk Management Committee were held regularly in accordance with the Risk Management Regulations.
- No incidences involving discovery of significant risks occurred.

## **4. System to Ensure that the Execution of Duties of Directors is Efficient**

- (i) The Board of Directors shall establish Regulations on the Assignment of Business Operations and Regulations on Administrative Authority in order to ensure that directors' duties are executed in an appropriate and efficient manner.
- (ii) The Board of Directors formulates annual budgets, in addition to receiving reports on the status of progress thereof from each responsible director, considering any issues, and implementing countermeasures as necessary.

[Summary of Operational Status]

- The Company revised the Regulations on the Assignment of Business Operations and the Regulations on Administrative Authority in line with organizational changes, etc., to ensure that directors' duties are executed in an appropriate and efficient manner.
- In addition to formulating an annual budget, the Board of Directors also received regular reports on the status of progress from each director, and discussed issues.

## **5. System to Ensure Proper Business Execution within the Corporate Group Comprising the Company and Subsidiaries**

- (i) Systems related to reports to the Company on matters pertaining to the execution of duties by directors, etc. of subsidiaries
  - a. In accordance with the Affiliate Management Regulations, the Company shall receive reports on matters pertaining to the execution of duties by directors, etc. of subsidiaries, in addition to financial reports, minutes of meetings, and other documents.
  - b. The Company's directors (excluding Audit and Supervisory Committee members) and employees also serve concurrently as directors or corporate auditors of subsidiaries, and the Company receives reports as appropriate on the status of the execution of duties at these subsidiaries from these directors, etc.

- (ii) Regulations or any other systems for management of risk of loss at subsidiaries
  - a. In accordance with the Risk Management Regulations, the Company shall endeavor to create a system for managing risk at subsidiaries, centered on the Chief Risk Management Officer and the Risk Management Committee.
  - b. In the event that a significant risk is discovered at a subsidiary, a prompt response shall be implemented, centered on the President of the subsidiary and the loss shall be minimized through the assistance of the Company, as necessary.
- (iii) System to ensure efficiency of execution of duties by directors, etc. of subsidiaries
  - a. The responsible department of the Company manages business in accordance with the Affiliate Management Regulations, and also supports the creation of systems for appropriate business execution, including establishing Regulations on the Assignment of Business Operations and Regulations on Administrative Authority at subsidiaries.
- (iv) System to ensure that directors, etc. and employees of subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation
  - a. The Company provides advice, guidance, and assistance as necessary, to ensure that compliance systems are created at subsidiaries, in accordance with the Affiliate Management Regulations.
  - b. The Internal Audit Office conducts audits regarding the status of compliance with laws and regulations, the Articles of Incorporation, and internal regulations at subsidiaries, in accordance with the Internal Audit Regulations.

[Summary of Operational Status]

- The Company received reports and documents from subsidiaries, in accordance with the Affiliate Management Regulations.
- Directors and employees of the Company who also serve concurrently as directors and corporate auditors of subsidiaries attended important management meetings at those subsidiaries.
- The Internal Audit Office conducts audits of subsidiaries in accordance with audit plans.

#### **6. Matters Related to Employees to Assist Duties of Audit and Supervisory Committee in the Event that Audit and Supervisory Committee Has Requested such Employees**

In the event that Audit and Supervisory Committee requests the assignment of employees to assist it with its duties, the Company shall assign appropriately qualified persons, after consultation with Audit and Supervisory Committee.

[Summary of Operational Status]

- One employee of the Internal Audit Office has been appointed to assist the Audit and Supervisory Committee as a concurrent duty.

#### **7. Matters Related to the Independence from Directors of Employees Described in the Preceding Item**

- (i) Employees ordered by Audit and Supervisory Committee to assist it in its audit operations shall not be instructed by directors (excluding audit and supervisory committee members) regarding these operations.
- (ii) Advance consultations with Audit and Supervisory Committee shall be held with regard to matters pertaining to personnel decisions concerning employees ordered by Audit and Supervisory Committee to assist it in its audit operations.

[Summary of Operational Status]

- The employee appointed to assist the Audit and Supervisory Committee did not receive any instructions from directors who are not Audit and Supervisory Committee members.

## **8. Matters Related to Ensuring the Effectiveness of Instructions to Employees to Assist the Duties of Audit and Supervisory Committee**

- (i) Employees ordered by Audit and Supervisory Committee to assist it in its audit operations shall execute operations based on the instructions from Audit and Supervisory Committee.
- (ii) Directors (excluding Audit and Supervisory Committee members) shall endeavor to create an environment for audits to ensure that the operations of employees ordered by Audit and Supervisory Committee to assist them in their audit operations are conducted in a smooth manner.

[Summary of Operational Status]

- The employee appointed to assist the Audit and Supervisory Committee executed operations smoothly in accordance with instructions from the Audit and Supervisory Committee.

## **9. Systems for Directors and Employees of the Company and Subsidiaries to Make Reports to Audit and Supervisory Committee and Other Systems Related to Reports to Audit and Supervisory Committee**

- (i) Directors and employees of the Company and subsidiaries shall provide accurate and prompt reports to Audit and Supervisory Committee on the following matters:
  - Matters that may cause significant corporate damage
  - Actions that violate laws and regulations or the Articles of Incorporation, or actions whereby there is a risk thereof
  - The status of the development and implementation of internal controls based on the Companies Act and the Financial Instruments and Exchange Act
  - Results of internal audits conducted by the Internal Audit Office
  - Any other matters about which Audit and Supervisory Committee requests reports
- (ii) Directors and employees of the Company and subsidiaries shall promptly provide reports on matters about which Audit and Supervisory Committee requests reports.

[Summary of Operational Status]

- The Internal Audit Office reported the results of its internal audit to the Audit and Supervisory Committee.
- Directors and employees of the Company and subsidiaries made reports as requested by Audit and Supervisory Committee.

## **10. Systems to Ensure that Persons Making a Report to Audit and Supervisory Committee are not Treated Unfavorably on the Basis of Such Reporting**

The Company shall not treat directors, Audit and Supervisory Committee members, or employee of the Company or any subsidiaries who make a report to Audit and Supervisory Committee unfavorably on the basis of such reporting.

[Summary of Operational Status]

- There have been no incidents in which directors, Audit and Supervisory Committee members, or employees of the Company or its subsidiaries who have reported to the Audit and Supervisory Committee have been subjected to disadvantageous treatment.

## **11. Matters Relating to Policies Concerning Procedures for Making Advance Payments or Reimbursements of Expenses Incurred in Connection with the Execution of Duties by the Company's Audit and Supervisory Committee Members and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by These Members**

If any Audit and Supervisory Committee member requests the advance payment of expenses arising in regard to the execution of their duties or reimbursement, etc. of expenses paid, etc., the Company shall promptly respond to these requests, excluding cases when it is recognized that these expenses, etc. are not necessary for the execution of the Audit and Supervisory Committee member's duties.

[Summary of Operational Status]

- The Company appropriately bore all expenses necessary for the execution of duties by Audit and Supervisory Committee members.

## **12. Other Systems to Ensure Effectiveness of Audits by Audit and Supervisory Committee**

- Audit and Supervisory Committee members may participate in internal meetings as necessary.
- Audit and Supervisory Committee shall hold regular meetings to exchange views with the President.
- The Internal Audit Office shall engage in advance consultations with the Audit and Supervisory Committee when formulating audit plans.

[Summary of Operational Status]

- Audit and Supervisory Committee members participated in internal meetings as necessary.
- Audit and Supervisory Committee engaged in regular meetings to exchange views with the President.
- The Internal Audit Office engaged in advance consultations with the Audit and Supervisory Committee when formulating annual audit plans.

## **13. System to Ensure Reliability of Financial Reporting**

- The Company shall develop internal control systems to ensure the reliability of financial reporting and evaluate the status of their implementation based on the “Basic Policy on Internal Controls Related to Financial Reporting, and shall determine a responsible department, which shall lead these initiatives.
- If any deficiency is discovered in internal control systems or their implementation, it shall be reported to managers and the Board of Directors, and prompt efforts shall be made to rectify these deficiencies.

[Summary of Operational Status]

- The Internal Audit Office, which is the responsible department, developed internal control systems to ensure the reliability of financial reporting and evaluated the status of their implementation.
- No deficiencies were discovered in regard to internal control systems or their implementation.

(Note) Amounts and numbers of shares in this Business Report are rounded down to the nearest unit.

In addition, ratios are rounded off to the nearest unit.

**Consolidated Financial Statements**  
(From April 1, 2021 to March 31, 2022)

**Consolidated Balance Sheet** (As of March 31, 2022)

(Millions of yen)

Description	Fiscal year under review	(Reference) Previous fiscal year	Description	Fiscal year under review	(Reference) Previous fiscal year
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>	<b>45,153</b>	<b>44,522</b>	<b>Current liabilities</b>	<b>14,211</b>	<b>16,467</b>
Cash and deposits	16,058	13,708	Notes and accounts payable - trade	3,287	2,872
Notes and accounts receivable - trade	12,437	13,145	Short-term borrowings	5,300	5,300
Inventories	14,850	15,987	Current portion of long-term borrowings	1,090	2,138
Other current assets	1,807	1,680	Accounts payable - other	801	925
<b>Non-current assets</b>	<b>28,044</b>	<b>28,439</b>	Income taxes payable	1,497	2,130
<b>Property, plant and     equipment</b>	<b>12,911</b>	<b>13,111</b>	Provision for bonuses	1,367	1,078
Buildings and structures	7,413	7,577	Provision for bonuses for directors (and other officers)	14	-
Machinery, equipment and vehicles	771	874	Provision for loss on guarantees	-	84
Land	3,214	3,214	Other current liabilities	852	1,937
Leased assets	835	750	<b>Non-current liabilities</b>	<b>4,418</b>	<b>5,190</b>
Construction in progress	15	11	Long-term borrowings	1,104	2,182
Other property, plant and equipment	659	682	Lease obligations	647	563
<b>Intangible assets</b>	<b>1,470</b>	<b>505</b>	Long-term accounts payable - other	176	178
Other intangible assets	1,470	505	Provision for directors' share- based compensation	99	90
<b>Investments and other assets</b>	<b>13,662</b>	<b>14,822</b>	Retirement benefit liability	2,011	1,795
Investment securities	6,850	7,542	Other non-current liabilities	380	378
Long-term loans receivable	1,954	1,900	<b>Total liabilities</b>	<b>18,629</b>	<b>21,657</b>
Long-term prepaid expenses	2,545	2,856	<b>(Net assets)</b>		
Deferred tax assets	2,828	2,464	<b>Shareholders' equity</b>	<b>54,362</b>	<b>51,267</b>
Other investments and other assets	809	1,371	<b>Share capital</b>	<b>2,115</b>	<b>2,115</b>
Allowance for doubtful accounts	(1,325)	(1,312)	<b>Capital surplus</b>	<b>14,853</b>	<b>14,853</b>
			<b>Retained earnings</b>	<b>38,890</b>	<b>35,352</b>
			<b>Treasury shares</b>	<b>(1,496)</b>	<b>(1,053)</b>
			<b>Accumulated other comprehensive income</b>	<b>205</b>	<b>37</b>
			Valuation difference on available-for-sale securities	(6)	52
			Foreign currency translation adjustment	237	30
			Remeasurements of defined benefit plans	(26)	(46)
			<b>Total net assets</b>	<b>54,567</b>	<b>51,304</b>
<b>Total assets</b>	<b>73,197</b>	<b>72,962</b>	<b>Total liabilities and net assets</b>	<b>73,197</b>	<b>72,962</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.



**Consolidated Statement of Income** (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
<b>Net sales</b>		<b>51,469</b>		<b>51,286</b>
<b>Cost of sales</b>		<b>22,634</b>		<b>22,622</b>
<b>Gross profit</b>		<b>28,835</b>		<b>28,664</b>
<b>Selling, general and administrative expenses</b>		<b>18,861</b>		<b>18,296</b>
<b>Operating profit</b>		<b>9,973</b>		<b>10,367</b>
<b>Non-operating income</b>				
Interest income	63		325	
Dividend income	47		56	
Foreign exchange gains	–		42	
Gain on valuation of investment securities	–		388	
Gain on sale of businesses	116		80	
Miscellaneous income	89	316	137	1,031
<b>Non-operating expenses</b>				
Interest expenses	76		183	
Foreign exchange losses	17		–	
Loss on valuation of investment securities	78		11	
Provision of allowance for doubtful accounts	13		78	
Bad debt expenses	–		448	
Miscellaneous losses	99	285	156	879
<b>Ordinary profit</b>		<b>10,005</b>		<b>10,519</b>
<b>Extraordinary income</b>				
Gain on sale of non-current assets	3		3	
Gain on sale of investment securities	41	44	–	3
<b>Extraordinary losses</b>				
Loss on sale of non-current assets	5		0	
Loss on retirement of non-current assets	3		18	
Provision of allowance for doubtful accounts	–		1,226	
Loss on debt waiver	–		2,347	
Loss on debt equity swap	–	8	2,389	5,982
<b>Profit before income taxes</b>		<b>10,041</b>		<b>4,540</b>
Income taxes - current	2,903		3,317	
Income taxes - deferred	(347)	2,556	(776)	2,540
<b>Profit</b>		<b>7,484</b>		<b>2,000</b>
<b>Profit attributable to owners of parent</b>		<b>7,484</b>		<b>2,000</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

**Non-consolidated Financial Statements**  
(From April 1, 2021 to March 31, 2022)

**Non-consolidated Balance Sheet (As of March 31, 2022)**

(Millions of yen)

Description	Fiscal year under review	(Reference) Previous fiscal year	Description	Fiscal year under review	(Reference) Previous fiscal year
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>	<b>44,915</b>	<b>44,796</b>	<b>Current liabilities</b>	<b>14,231</b>	<b>16,483</b>
Cash and deposits	15,779	13,381	Accounts payable - trade	3,325	2,932
Notes receivable - trade	2,078	2,352	Short-term borrowings	5,300	5,300
Accounts receivable - trade	10,359	10,800	Current portion of long-term borrowings	1,090	2,138
Merchandise	8,542	9,757	Accounts payable - other	791	883
Finished goods	3,608	3,666	Accrued expenses	285	240
Work in process	1,670	1,483	Income taxes payable	1,497	2,131
Raw materials	847	926	Accrued consumption taxes	185	981
Supplies	226	228	Provision for bonuses	1,367	1,078
Prepaid expenses	728	716	Provision for bonuses for directors (and other officers)	14	-
Short-term loans receivable	-	528	Provision for loss on guarantees	-	84
Other current assets	1,075	952	Deposits received	74	185
<b>Non-current assets</b>	<b>28,784</b>	<b>28,664</b>	Other current liabilities	298	527
<b>Property, plant and equipment</b>	<b>10,797</b>	<b>11,004</b>	<b>Non-current liabilities</b>	<b>4,356</b>	<b>5,101</b>
Buildings	5,355	5,533	Long-term borrowings	1,104	2,182
Structures	177	205	Lease obligations	647	563
Machinery and equipment	574	664	Long-term accounts payable - other	176	178
Tools, furniture and fixtures	551	557	Provision for retirement benefits	1,973	1,728
Land	3,214	3,214	Provision for directors' share-based compensation	99	90
Leased assets	835	744	Other non-current liabilities	355	357
Construction in progress	15	6	<b>Total liabilities</b>	<b>18,587</b>	<b>21,585</b>
Other	71	78	<b>Net assets</b>		
<b>Intangible assets</b>	<b>1,457</b>	<b>491</b>	<b>Shareholders' equity</b>	<b>55,119</b>	<b>51,822</b>
Telephone subscription right	10	-	<b>Share capital</b>	<b>2,115</b>	<b>2,115</b>
software	221	347	<b>Capital surplus</b>	<b>14,854</b>	<b>14,854</b>
Software in progress	439	110	Legal capital surplus	2,133	2,133
Other intangible assets	786	34	Other capital surplus	12,720	12,720
<b>Investments and other assets</b>	<b>16,530</b>	<b>17,167</b>	Gain on disposal of treasury shares	12,720	12,720
Investment securities	6,841	7,533	<b>Retained earnings</b>	<b>39,646</b>	<b>35,905</b>
Shares of subsidiaries and associates	3,098	2,525	Legal retained earnings	528	528
Long-term loans receivable	1,954	2,398	Other retained earnings	39,117	35,377
Long-term prepaid expenses	2,347	2,669	Reserve for tax purpose reduction entry of non-current assets	40	41
Deferred tax assets	2,816	2,443	General reserve	6,000	6,000
Leasehold and guarantee deposits	701	600	Retained earnings brought forward	33,076	29,335
Other investments and other assets	96	759	<b>Treasury shares</b>	<b>(1,496)</b>	<b>(1,053)</b>
Allowance for doubtful accounts	(1,325)	(1,762)	<b>Valuation and translation adjustments</b>	<b>(6)</b>	<b>52</b>
			Valuation difference on available-for-sale securities	(6)	52
<b>Total assets</b>	<b>73,700</b>	<b>73,460</b>	<b>Total net assets</b>	<b>55,113</b>	<b>51,874</b>
			<b>Total liabilities and net assets</b>	<b>73,700</b>	<b>73,460</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

**Non-consolidated Statement of Income** (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
<b>Net sales</b>		<b>51,417</b>		<b>51,250</b>
<b>Cost of sales</b>		<b>22,998</b>		<b>22,861</b>
<b>Gross profit</b>		<b>28,419</b>		<b>28,388</b>
<b>Selling, general and administrative expenses</b>		<b>18,475</b>		<b>17,932</b>
<b>Operating profit</b>		<b>9,943</b>		<b>10,455</b>
<b>Non-operating income</b>				
Interest income	68		335	
Dividend income	47		56	
Foreign exchange gains	–		96	
Gain on valuation of investment securities	–		388	
reversal of allowance for loan losses	212		–	
Gain on sale of businesses	116		–	
Miscellaneous income	72	517	210	1,087
<b>Non-operating expenses</b>				
Interest expenses	74		173	
Foreign exchange losses	23		–	
Provision of allowance for doubtful accounts	–		105	
Loss on valuation of investment securities	78		11	
Bad debt expenses	–		448	
Miscellaneous losses	82	259	133	872
<b>Ordinary profit</b>		<b>10,201</b>		<b>10,671</b>
<b>Extraordinary income</b>				
Gain on sale of non-current assets	3		3	
Gain on sale of investment securities	41	44	–	3
<b>Extraordinary losses</b>				
Loss on sale of non-current assets	0		0	
Loss on retirement of non-current assets	3		18	
Provision of allowance for doubtful accounts	–		1,226	
Loss on debt waiver	–		2,347	
Loss on debt equity swap	–	3	2,389	5,982
<b>Profit before income taxes</b>		<b>10,242</b>		<b>4,692</b>
Income taxes - current	2,903		3,317	
Income taxes - deferred	(347)	2,556	(486)	2,830
<b>Profit</b>		<b>7,686</b>		<b>1,862</b>

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

## Independent Auditor's Report

(English Translation)

May 25, 2022

To the Board of Directors  
Japan Lifeline Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo office  
Hisafumi Nomoto, CPA  
Engagement Partner  
Nobuhiko Kasai, CPA  
Engagement Partner

### Auditors' Opinion

We have audited, pursuant to Article 444, paragraph (4) of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Japan Lifeline Co., Ltd. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2022 and the consolidated result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### Grounds for Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is stated in "Auditor's Responsibility in Auditing of Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries in accordance with the regulations relating to professional ethics in Japan, and have fulfilled other ethical responsibilities as auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

### Responsibilities of Management and the Audit and Supervisory Committee for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair

presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparation of consolidated financial statements, management is responsible for reviewing whether it is proper for consolidated financial statements to be prepared based on the going concern assumption, and if it is necessary to disclose the relevant matters in accordance with accounting standards generally accepted in Japan, management is responsible for disclosure thereof.

Audit and Supervisory Committee is responsible for monitoring execution of duties by directors in preparation and operation of the financial reporting process.

### **Auditor's Responsibility in Auditing of Consolidated Financial Statements**

Our responsibility is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error based on the audit we performed, and to express an opinion on the consolidated financial statements from an independent standpoint in the audit report. A misstatement may occur due to fraud or error, and if, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of consolidated financial statements, it is judged to be material.

We make a professional judgment in the course of the audit in accordance with the auditing standards generally accepted in Japan, and carry out the following maintaining professional skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. In addition, plan and implement auditing procedures that address the risk of material misstatement. The selection and application of audit procedures is at our discretion. Moreover, obtain sufficient and appropriate audit evidence to form the basis of the opinion.
- Although the purpose of auditing the consolidated financial statements is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, we consider internal controls in relation to audits in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the adequacy of the accounting policy adopted by management and its application method, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Reach conclusions on whether it is appropriate for management to prepare consolidated financial statements on the premise of going concern, and whether there is material uncertainty about events or situations that create significant doubts about the premise of going concern based on the audit evidence obtained. If material uncertainties regarding the going concern assumption are observed, it is expected to alert on the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements regarding material uncertainties are not appropriate, it is required to express a qualified opinion with exceptive items on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the audit report, but future events and circumstances may prevent a company from continuing as a going concern.
- Assess whether the presentation of and notes to the consolidated financial statements comply with corporate accounting standards generally accepted in Japan, as well as assess the presentation, composition and contents of the consolidated financial statements including related notes, and whether the consolidated financial statements properly represent the underlying transactions or accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express opinions on the consolidated financial statements. We are responsible for directing, supervising and implementing audits of consolidated financial statements. We are solely responsible for the audit opinion.

We give reports to the Audit and Supervisory Committee on the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and on other matters required by the auditing standard.

We give reports to the Audit and Supervisory Committee that we are in compliance with the regulations relating to professional ethics in Japan regarding independence, as well as matters that are reasonably considered to affect our independence as the Auditor, and if safeguards are in place to eliminate or reduce obstructive factors, the specifics of the safeguards.

## **Relationship of Interest**

We have no interests in or relationships with the Company and its consolidated subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

---

### *Notice to Readers:*

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, are written in Japanese.

## **Independent Auditor's Report**

(English Translation)

May 25, 2022

To the Board of Directors  
Japan Lifeline Co., Ltd.

Ernst & Young ShinNihon LLC  
Tokyo office  
Hisafumi Nomoto, CPA  
Engagement Partner  
Nobuhiko Kasai, CPA  
Engagement Partner

### **Auditors' Opinion**

We have audited, pursuant to Article 436, paragraph (2), item (i) of the Companies Act, the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity and the notes to the financial statements the supplementary schedules thereof Japan Lifeline Co., Ltd. (hereinafter referred to as the "Company") for the 42nd fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and the result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### **Grounds for Auditor's Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is stated in "Auditor's Responsibility in Auditing of the Financial Statements and the accompanying supplemental schedules." We are independent from the Company in accordance with the regulations relating to professional ethics in Japan, and have fulfilled other ethical responsibilities as auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Information**

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

### **Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the accompanying supplemental schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers

necessary for the preparation and fair presentation of the financial statements and the accompanying supplemental schedules that are free from material misstatements, whether due to fraud or error.

In preparation of the financial statements and the accompanying supplemental schedules, management is responsible for reviewing whether it is proper for the financial statements and the accompanying supplemental schedules to be prepared based on the going concern assumption, and if it is necessary to disclose the relevant matters in accordance with accounting standards generally accepted in Japan, management is responsible for disclosure thereof.

Audit and Supervisory Committee is responsible for monitoring execution of duties by directors in preparation and operation of the financial reporting process.

### **Auditor's Responsibility in Auditing of the Financial Statements and the accompanying supplemental schedules**

Our responsibility is to obtain reasonable assurance as to whether the financial statements and the accompanying supplemental schedules as a whole are free from material misstatement due to fraud or error based on the audit we performed, and to express an opinion on the financial statements and the accompanying supplemental schedules from an independent standpoint in the audit report. A misstatement may occur due to fraud or error, and if, individually or in the aggregate, it is reasonably expected to affect the decision-making of users of the financial statements, it is judged to be material.

We make a professional judgment in the course of the audit in accordance with the auditing standards generally accepted in Japan, and carry out the following maintaining professional skepticism.

- Identify and evaluate the risk of material misstatement due to fraud or error. In addition, plan and implement auditing procedures that address the risk of material misstatement. The selection and application of audit procedures is at our discretion. Moreover, obtain sufficient and appropriate audit evidence to form the basis of the opinion.
- Although the purpose of auditing the financial statements and the accompanying supplemental schedules is not to express an opinion on the effectiveness of internal controls, in making those risk assessments, we consider internal controls in relation to audits in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the adequacy of the accounting policy adopted by management and its application method, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Reach conclusions on whether it is appropriate for management to prepare financial statements on the premise of going concern, and whether there is material uncertainty about events or situations that create significant doubts about the premise of going concern based on the audit evidence obtained. If material uncertainties regarding the going concern assumption are observed, it is expected to alert on the notes to the financial statements and the accompanying supplemental schedules in the audit report, or if the notes to the financial statements and the accompanying supplemental schedules regarding material uncertainties are not appropriate, it is required to express a qualified opinion with exceptive items on the financial statements and the accompanying supplemental schedules. Our conclusions are based on the audit evidence obtained up to the date of the audit report, but future events and circumstances may prevent a company from continuing as a going concern.
- Assess whether the presentation of and notes to the financial statements and the accompanying supplemental schedules comply with corporate accounting standards generally accepted in Japan, as well as assess the presentation, composition and contents of the financial statements and the accompanying supplemental schedules including related notes, and whether the financial statements and the accompanying supplemental schedules properly represent the underlying transactions or accounting events.

We give reports to the Audit and Supervisory Committee on the scope and timing of planned audits, important audit findings including important deficiencies in internal controls identified during the audit process, and on other matters required by the auditing standard.

We give reports to the Audit and Supervisory Committee that we are in compliance with the regulations relating to professional ethics in Japan regarding independence, as well as matters that are reasonably



considered to affect our independence as the Auditor, and if safeguards are in place to eliminate or reduce obstructive factors, the specifics of the safeguards.

**Relationship of Interest**

We have no interests in or relationships with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

---

*Notice to Readers:*

The original financial statements, which consist of the balance sheet, the statement of income, the statement of changes in equity and the notes to the financial statements and the accompanying supplemental schedules, are written in Japanese.

## **Audit Report**

Audit and Supervisory Committee audited the execution of duties by the directors for the 42nd fiscal year from April 1, 2021 to March 31, 2022. Our auditing methods and results are as follows. With regard to audits conducted between April 1, 2021 and the 41st Ordinary General Meeting of Shareholders, on June 25, 2021, the audits conducted by the audit and supervisory board members at the time were continued, and after confirming their content, the audit report has been made for the fiscal year under review.

### **1. Methods and Details of Audit**

With regard to the resolution of the Board of Directors concerning the matters stipulated in Article 399-13, paragraph (1), item (1)- (b) and -(c) of the Companies Act, as well as the system (the internal control system) developed based on such resolution, the Audit and Supervisory Committee received reports regularly and requested explanation as necessary from the directors, employees, etc. on the establishment and operation of such system, expressed its opinion, and conducted audit by the following methods. With regard to internal controls over financial reporting, the Company receives reports on the evaluation and audit status of its internal controls by directors and employees, and so forth, as well as by Ernst & Young ShinNihon LLC, and requests explanations as required.

- (1) In accordance with the Audit and Supervisory Committee audit criteria established by the Audit and Supervisory Committee, as well as the auditing policies, audit plans, and allocation of duties, we cooperated with the internal control department of the Company; attended significant meetings; obtained reports on matters related to the execution of duties from directors and employees, etc.; requested explanation as necessary; reviewed documents that record approval of material matters; and conducted investigations regarding the status of the business operations and assets at the head office and important business sites. With respect to subsidiaries, we communicated with, and collected information from corporate auditors and other relevant personnel of subsidiaries as well as receiving reports from subsidiaries on their business as necessary.
- (2) Audit and Supervisory Committee members monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “system to ensure that duties are performed properly” (matters set forth in each item of Article 131 of the Rules of Corporate Accounting) had been prepared in accordance with the “Quality Control Standards for audit” (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, Audit and Supervisory Committee members examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and consolidated notes) related to the relevant fiscal year.

### **2. Results of Audit**

- (1) Results of Audit of Business Report and Other Relevant Documents
  - (i) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.
  - (ii) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the directors.
  - (iii) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the directors related to such internal controls system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Ernst & Young ShinNihon LLC are fair and reasonable.

May 25, 2022

Audit and Supervisory Committee, Japan Lifeline Co., Ltd.

Full-time Audit and Supervisory Committee Member  
and Director

Yasunori Kamiya

Audit and Supervisory Committee Member  
and Outside Director

Masahiko Nakamura

Audit and Supervisory Committee Member  
and Outside Director

Daizo Asari

Audit and Supervisory Committee Member  
and Outside Director

Yutaka Karigome