

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 9, 2021

To Shareholders with Voting Rights:

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

NOTICE OF THE 41ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 41st 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. Regardless of your own state of health, 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 Thursday, June 24, 2021, 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 shorter than usual.

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: Friday, June 25, 2021 at 10 a.m. Japan time (Reception starts at 9 a.m.)

2. Place: West Suite, B1 floor, THE STRINGS OMOTESANDOH,
3-6-8, Kita-Aoyama, Minato-Ku, Tokyo

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company’s 41st Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits concerning the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the Company’s 41st Fiscal Year (April 1, 2020 - March 31, 2021)

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 Four (4) Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 5:** Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 6:** Determination of Remuneration Amount for Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 7:** Determination of Amount and Details of Performance-Linked Stock Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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- 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 15 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 Corporate Auditors 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., Thursday, June 24, 2021 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., Thursday, June 24, 2021 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

Friday, June 25, 2021 at 10 a.m. Japan time (Reception starts at 9 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, smartphone, or mobile phone 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.)
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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 41st fiscal year as follows, taking into consideration business performance in the fiscal year under review, funding demands for future business development, and other factors.

As the Company celebrates its 40th anniversary on February 6, 2021, we would like to pay a commemorative dividend as an expression of our gratitude to our shareholders.

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 49.00 yen per common share (of which 29.00 yen as ordinary dividend and 20.00 yen as commemorative dividend).
Furthermore, the total dividend amount in this case will be 3,945,971,715 yen.
3. Date the distribution of surplus comes into effect
June 28, 2021.

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

1. Reasons for proposal

In order to strengthen the auditing and supervisory functions for the execution of business, and to further enhance the corporate governance system and increase the transparency and objectivity of management, the Company will transition to a company with audit and supervisory committee, which was established by the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014).

In that regard, the Company shall make the necessary amendments to the Company’s Articles of Incorporation, including the establishment of provisions for the audit and supervisory committee and the audit and supervisory committee members, and the deletion of provisions for the Board of Corporate Auditors and the Corporate Auditors.

In order to ensure that the directors can adequately fulfill the roles expected of them, the Company plans to amend the Article 28 in the current Articles of Incorporation, providing the Company may, by resolution of the board of directors, exempt a director from his/her liability under laws and regulations.

In addition, the consent of each Corporate Auditor has been obtained for the amendments to Article 28 in the current Articles of Incorporation.

The amendments to the Articles of Incorporation shall take effect at the conclusion of this meeting.

2. Details of the amendment

Details of the amendment are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
Chapter 1 General Provisions Article 1 to Article 3 (Omitted)	Chapter 1 General Provisions Article 1 to Article 3 (Unchanged)
(Newly established)	<u>(Organs)</u> <u>Article 4</u> <u>The Company shall have, in addition to the general meeting of shareholders and directors, the following organs:</u> <u>1. Board of directors</u> <u>2. Audit and supervisory committee</u> <u>3. Accounting Auditor</u>
Article 4 (Omitted)	Article 5 (Unchanged)
Chapter 2 Shares	Chapter 2 Shares
Article 5 to 11 (Omitted)	Article 6 to Article 12 (Unchanged)
Chapter 3 General Meeting of Shareholders Article 12 to 17 (Omitted)	Chapter 3 General Meeting of Shareholders Article 13 to 18 (Unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
<u>(Establishment of Board of Directors)</u> <u>Article 18</u> <u>The Company shall have the board of directors.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendment
<p>(Number of Directors) Article 19 The Company shall have not more than 15 directors.</p> <p style="text-align: center;">(Newly established)</p>	<p>(Number of Directors) Article 19</p> <p>(1) The Company shall have not more than 15 directors <u>(excluding directors who are audit and supervisory committee members)</u>.</p> <p>(2) <u>The Company shall have not more than five (5) directors who are audit and supervisory committee members.</u></p>
<p>(Method of Election) Article 20 Directors shall be elected at a general meeting of shareholders.</p> <p>(2) to (3) (Omitted)</p>	<p>(Method of Election) Article 20</p> <p>(1) <u>Directors shall be elected at a general meeting of shareholders, while making a distinction between directors who are audit and supervisory committee members and other directors.</u></p> <p>(2) to (3) (Unchanged)</p>
<p>(Term of Office) Article 21</p> <p>(1) The term of office of a director shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within <u>two (2) years</u> from the election of the director.</p> <p>(2) <u>The term of office of a director who is elected due to an increase in the number of directors or as a substitute shall continue until the expiration of the term of office of the incumbent directors.</u></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">Article 22 to Article 23 (Omitted)</p>	<p>(Term of Office) Article 21</p> <p>(1) The term of office of a director <u>(excluding a director who is an audit and supervisory committee member)</u> shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within <u>one (1) year</u> from the election of the director.</p> <p style="text-align: center;">(Deleted)</p> <p>(2) <u>The term of office of a director who is an audit and supervisory committee member shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within two (2) years from the election of the director who is an audit and supervisory committee member.</u></p> <p>(3) <u>The term of office of a director who is an audit and supervisory committee member and elected as the substitute for a director who is an audit and supervisory committee member and retired from office before the expiration of the term of office shall continue until the expiration of the term of office of the retired director who was an audit and supervisory committee member.</u></p> <p style="text-align: center;">Article 22 to Article 23 (Unchanged)</p>
<p>(Notice of Meeting of the Board of Directors) Article 24</p> <p>(1) When convening a meeting of the board of directors, a notice shall be dispatched to each director <u>and each Corporate Auditor</u> at least three days before the day of the meeting; provided, however, this period may be reduced in case of urgent needs.</p> <p>(2) With the consent of all directors <u>and Corporate Auditors</u>, a meeting of the board of directors may be held without following the convening procedures.</p>	<p>(Notice of Meeting of the Board of Directors) Article 24</p> <p>(1) When convening a meeting of the board of directors, a notice shall be dispatched to each director at least three days before the day of the meeting; provided, however, this period may be reduced in case of urgent needs.</p> <p>(2) With the consent of all directors, a meeting of the board of directors may be held without following the convening procedures.</p>

Current Articles of Incorporation	Proposed Amendment
<p>Article 25 (Omitted)</p> <p>(Newly established)</p>	<p>Article 25 (Unchanged)</p> <p><u>(Delegation to Directors)</u></p> <p><u>Article 26</u> <u>The Company may, pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, delegate all or part of a decision regarding execution of important operations (excluding matters set forth in each item of Article 399-13, paragraph (5) of the Companies Act) to directors by resolution of the board of directors.</u></p>
<p>Article <u>26</u> (Omitted)</p> <p>(Remuneration, Etc.)</p> <p>Article <u>27</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to directors shall be determined by resolution of a general meeting of shareholders.</p>	<p>Article <u>27</u> (Unchanged)</p> <p>(Remuneration, Etc.)</p> <p>Article <u>28</u> Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to directors shall be determined by resolution of a general meeting of shareholders, <u>while making a distinction between directors who are audit and supervisory committee members and other directors.</u></p>
<p><u>(Limited Liability Agreement With Directors)</u></p> <p>Article <u>28</u> (Newly established)</p> <p>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with a director who is not an executive director, etc. limiting his/her liability for damages arising from neglecting his/her duties; provided, however, that the maximum liability for damages under such agreement shall be an amount as prescribed by laws and regulations.</p>	<p><u>(Exemption of Directors From Liability)</u></p> <p>Article <u>29</u> <u>(1) Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the board of directors, exempt a director (including a person who was formerly a director) from his/her liability for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</u> <u>(2) Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with a director who is not an executive director, etc. limiting his/her liability for damages arising from neglecting his/her duties; provided, however, that the maximum liability for damages under such agreement shall be an amount as prescribed by laws and regulations, whichever is higher.</u></p>
<p style="text-align: center;">Chapter 5 <u>Corporate Auditors and Board of Corporate Auditors</u></p> <p><u>(Establishment of Corporate Auditors and Board of Corporate Auditors)</u></p> <p><u>Article 29</u> <u>The Company shall have Corporate Auditors and Board of Corporate Auditors.</u></p> <p><u>(Number of Corporate Auditors)</u></p> <p><u>Article 30</u> <u>The Company shall have not more than five (5) Corporate Auditors.</u></p> <p><u>(Method of Election)</u></p>	<p style="text-align: center;">Chapter 5 <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendment
<p><u>Article 31</u> <u>(1) Corporate Auditors shall be elected at a general meeting of shareholders.</u> <u>(2) Resolutions on the election of a Corporate Auditor shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u></p>	
<p><u>(Term of Office)</u></p>	(Deleted)
<p><u>Article 32</u> <u>(1) The term of office of a Corporate Auditor shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within four (4) years from the election of the Corporate Auditor.</u> <u>(2) The term of office of a Corporate Auditor who is elected as the substitute for a Corporate Auditor who retired from office before the expiration of the term of office shall continue until the expiration of the term of office of the retired Corporate Auditor.</u></p>	
<p><u>(Full-Time Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 33</u> <u>The Board of Corporate Auditors shall appoint full-time Corporate Auditor(s) by its resolution.</u></p>	
<p><u>(Notice of Meeting of the Board of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 34</u> <u>(1) When convening a meeting of the Board of Corporate Auditors, a notice shall be dispatched to each Corporate Auditor at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> <u>(2) With the consent of all Corporate Auditors, a meeting of the Board of Corporate Auditors may be held without following the convening procedures.</u></p>	
<p><u>(Regulations of the Board of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 35</u> <u>Matters concerning the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors, in addition to applicable laws and regulations and these Articles of Incorporation.</u></p>	
<p><u>(Remuneration, Etc.)</u></p>	(Deleted)
<p><u>Article 36</u> <u>The Remuneration, Etc. to Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</u></p>	
<p><u>(Limited Liability Agreement With Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 37</u></p>	

Current Articles of Incorporation	Proposed Amendment
<p><u>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with a Corporate Auditor limiting his/her liability for damages arising from neglecting his/her duties; provided, however, that the maximum liability for damages under such agreement shall be an amount as prescribed by laws and regulations.</u></p>	
<p>(Newly established)</p>	<p><u>(Full-time Audit and Supervisory Committee Member)</u> <u>Article 30</u> <u>The audit and supervisory committee shall appoint full-time audit and supervisory committee member(s) by its resolution.</u></p>
<p>(Newly established)</p>	<p><u>(Notice of Meeting of the Audit and Supervisory Committee)</u> <u>Article 31</u> <u>(1) When convening a meeting of the audit and supervisory committee, a notice shall be dispatched to each audit and supervisory committee member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> <u>(2) With the consent of all audit and supervisory committee members, a meeting of the audit and supervisory committee may be held without following the convening procedures.</u></p>
<p>(Newly established)</p>	<p><u>(Regulations of the Audit and Supervisory Committee)</u> <u>Article 32</u> <u>Matters concerning the audit and supervisory committee shall be governed by the regulations of the audit and supervisory committee established by the audit and supervisory committee, in addition to applicable laws and regulations and these Articles of Incorporation.</u></p>
<p>Chapter 6 Accounting Auditor</p>	<p>Chapter 6 Accounting Auditor</p>
<p><u>(Establishment of Accounting Auditor)</u> <u>Article 38</u> <u>The Company shall have Accounting Auditor.</u></p>	<p>(Deleted)</p>
<p>Article <u>39</u> to <u>40</u> (Omitted)</p>	<p>Article <u>33</u> to <u>34</u> (Unchanged)</p>
<p>(Remuneration, Etc.) Article <u>41</u> Remuneration, etc. of the Accounting Auditor shall be determined by the representative director(s) after obtaining the consent of the <u>Board of Corporate Auditors</u>.</p>	<p>(Remuneration, Etc.) Article <u>35</u> Remuneration, etc. of the Accounting Auditor shall be determined by the representative director(s) after obtaining the consent of the <u>audit and supervisory committee</u>.</p>
<p>Chapter 7 Accounts</p>	<p>Chapter 7 Accounts</p>
<p>Article <u>42</u> to <u>45</u> (Omitted)</p>	<p>Article <u>36</u> to <u>39</u> (Unchanged)</p>
	<p><u>Supplementary Provision</u></p>

Current Articles of Incorporation	Proposed Amendment
(Newly established)	<p><u>(Transitional Measures for Limited Liability Agreement With Corporate Auditors)</u></p> <p><u>Article 1</u></p> <p><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.</u></p>

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

The Company will make the transition to a company with audit and supervisory committee once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed. Furthermore, the term of office of all the current eleven (11) directors will expire after amendments to the Articles of Incorporation take effect.

Therefore, the Company proposes the election of eleven (11) directors (excluding directors who are audit and supervisory committee members).

This proposal can only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

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	Senior Executive Vice President and COO	Reelection	100% (12/12)
3	Shogo Takahashi	Senior Vice President and Executive Manager of R&D and Manufacturing Headquarters	Reelection	100% (12/12)
4	Kazuhiko Nogami	Senior Vice President and Executive Manager of Arrhythmia Business Unit	Reelection	100% (12/12)
5	Kenji Yamada	Senior Vice President and Executive Manager of Corporate Administration Headquarters	Reelection	100% (12/12)
6	Toru Takamiya	Vice President and Executive Manager of CVG Business Unit	Reelection	100% (12/12)
7	Tadashi Idei	Vice President and Executive Manager of Regulatory Affairs Administration Headquarters	Reelection	100% (12/12)
8	Yumiko Hoshiba	Vice President and General Manager of Human Resources & General Affairs Department	Reelection	100% (10/10)
9	Fumihiko Sasaki	Outside Vice President	Reelection Independent Outside	100% (12/12)
10	Yoshiaki Ikei	Outside Vice President	Reelection Independent Outside	100% (12/12)
11	Yusuke Naiki		New election Outside	-

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 style="text-align: center;">Keisuke Suzuki (September 9, 1953) (age 67)</p> <p style="text-align: center;">Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 24 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Feb. 1981</td> <td>Vice President of the Company</td> </tr> <tr> <td>Apr. 1987</td> <td>Senior Executive Vice President</td> </tr> <tr> <td>Nov. 1992</td> <td>Retired from Vice President</td> </tr> <tr> <td>Jan. 1994</td> <td>Consultant</td> </tr> <tr> <td>June 1997</td> <td>Senior Executive Vice President</td> </tr> <tr> <td>June 2005</td> <td>President and CEO (to the present)</td> </tr> </table> <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>	Feb. 1981	Vice President of the Company	Apr. 1987	Senior Executive Vice President	Nov. 1992	Retired from Vice President	Jan. 1994	Consultant	June 1997	Senior Executive Vice President	June 2005	President and CEO (to the present)	2,560,016
Feb. 1981	Vice President of the Company														
Apr. 1987	Senior Executive Vice President														
Nov. 1992	Retired from Vice President														
Jan. 1994	Consultant														
June 1997	Senior Executive Vice President														
June 2005	President and CEO (to the present)														

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 63)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 16 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 Senior Executive Vice President and 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>	336,580

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="379 638 545 719">Shogo Takahashi (July 8, 1964) (age 56)</p> <p data-bbox="411 748 513 770">Reelection</p> <p data-bbox="336 801 588 909">Term of office at the conclusion of this General Meeting of Shareholders: 10 years</p> <p data-bbox="347 940 577 1021">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="620 286 722 309">Dec. 1994</p> <p data-bbox="772 286 975 309">Joined the Company</p> <p data-bbox="620 324 722 347">Apr. 2009</p> <p data-bbox="772 324 1171 347">General Manager of Legal Affairs Office</p> <p data-bbox="620 362 722 385">Mar. 2010</p> <p data-bbox="772 362 1211 443">General Manager of Legal Affairs Office and General Manager of R&D and Manufacturing Division</p> <p data-bbox="620 459 722 481">Apr. 2011</p> <p data-bbox="772 459 1086 517">Executive Manager of R&D and Manufacturing Headquarters</p> <p data-bbox="620 533 722 555">June 2011</p> <p data-bbox="772 533 1179 591">Vice President and Executive Manager of R&D and Manufacturing Headquarters</p> <p data-bbox="620 607 722 629">Mar. 2012</p> <p data-bbox="772 607 1134 665">President of Synexmed (Hong Kong) Limited</p> <p data-bbox="620 680 722 703">Apr. 2012</p> <p data-bbox="772 680 1206 703">President of Synexmed (Shenzhen) Co., Ltd.</p> <p data-bbox="620 719 722 741">June 2013</p> <p data-bbox="772 719 1134 799">Senior Vice President and Executive Manager of R&D and Manufacturing Headquarters of the Company</p> <p data-bbox="620 815 722 837">July 2017</p> <p data-bbox="772 815 1142 873">Senior Vice President and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 889 722 911">July 2020</p> <p data-bbox="772 889 1134 947">Senior Vice President and Executive Manager of R&D and Manufacturing Headquarters (to the present)</p> <p data-bbox="772 947 1134 1005">President of Synexmed (Hong Kong) Limited (to the present)</p> <p data-bbox="772 1005 1206 1064">President of Synexmed (Shenzhen) Co., Ltd. (to the present)</p> <p data-bbox="772 1064 1198 1122">President of JLL Malaysia Sdn. Bhd. (to the present)</p>	18,800
		<p data-bbox="620 1122 1099 1144">Reasons for nomination as candidate for director:</p> <p data-bbox="620 1155 1394 1370">Shogo Takahashi has contributed to the development of the Company's products through the establishment of a foundation for manufacturer functions in the R&D and manufacturing departments, and also has experience as manager of the Corporate Administration department. As he possesses abundant experience and advanced insight in these wide-ranging 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 data-bbox="363 555 560 640">Kazuhiko Nogami (November 8, 1958) (age 62)</p> <p data-bbox="408 667 515 689">Reelection</p> <p data-bbox="336 723 587 831">Term of office at the conclusion of this General Meeting of Shareholders: 6 years</p> <p data-bbox="347 860 576 945">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="619 286 975 315">May 2010 Joined the Company</p> <p data-bbox="619 324 1166 383">Apr. 2011 General Manager of Electrophysiology / Ablation Business Department</p> <p data-bbox="619 392 1190 472">July 2013 Operating Officer and General Manager of Electrophysiology / Ablation Business Department</p> <p data-bbox="619 481 1190 539">Apr. 2014 Operating Officer and General Manager of Arrhythmia Control Business Department</p> <p data-bbox="619 548 1209 607">Apr. 2015 Operating Officer and Executive Manager of EP Business Unit</p> <p data-bbox="619 616 1209 674">June 2015 Vice President and Executive Manager of EP Business Unit</p> <p data-bbox="619 683 1177 741">Apr. 2018 Vice President and Executive Manager of Arrhythmia Business Unit</p> <p data-bbox="619 750 1209 808">Apr. 2019 Vice President and Executive Manager of EP Business Unit</p> <p data-bbox="619 817 1126 875">June 2019 Senior Vice President and Executive Manager of EP Business Unit</p> <p data-bbox="619 884 1145 943">July 2020 Senior Vice President and Executive Manager of Arrhythmia Business Unit (to the present)</p>	22,900
		<p data-bbox="619 954 1098 983">Reasons for nomination as candidate for director:</p> <p data-bbox="619 992 1394 1207">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 Rhythm devices 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>Kenji Yamada (November 26, 1971) (age 49)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 6 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>May 1998 Joined the Company</p> <p>Apr. 2011 General Manager of Corporate Administration Division</p> <p>July 2013 Operating Officer and General Manager of Corporate Administration Division</p> <p>Apr. 2014 Operating Officer and Deputy Executive Manager of Corporate Administration Headquarters</p> <p>Apr. 2015 Operating Officer and Executive Manager of Corporate Administration Headquarters</p> <p>June 2015 Vice President and Executive Manager of Corporate Administration Headquarters</p> <p>July 2017 Vice President and Executive Manager of R&D and Manufacturing Headquarters President of Synexmed (Hong Kong) Limited President of Synexmed (Shenzhen) Co., Ltd.</p> <p>Aug. 2017 President of JLL Malaysia Sdn. Bhd.</p> <p>July 2020 Senior Vice President and Executive Manager of Corporate Administration Headquarters (to the present)</p>	23,800
		<p>Reasons for nomination as candidate for director:</p> <p>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&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
6	<p>Toru Takamiya (November 17, 1964) (age 56)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 4 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 Control 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 (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, and has overseen the Company's Cardiovascular Surgery-related and Transvascular Intervention businesses, and has contributed to business expansion. He is currently responsible for launching Gastrointestinal business/field, which is a new business area. 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>	1,400

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
7	<p>Tadashi Idei (May 30, 1965) (age 56)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 4 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 Administration Headquarters</p> <p>June 2017 Vice President and Executive Manager of Regulatory Affairs Administration Headquarters (to the present)</p> <p>Reasons for nomination as candidate for director: 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>	2,200

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
8	<p data-bbox="379 434 545 517">Yumiko Hoshiba (March 3, 1962) (age 59)</p> <p data-bbox="411 544 513 568">Reelection</p> <p data-bbox="336 600 588 705">Term of office at the conclusion of this General Meeting of Shareholders: 3 years</p> <p data-bbox="347 736 577 819">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="620 288 1217 696"> 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 Control Department Apr. 2018 Operating Officer and General Manager of Human Resources & General Affairs Department June 2018 Vice President and General Manager of Human Resources & General Affairs Department (to the present) </p> <p data-bbox="620 705 1390 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>	8,728

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 63)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 9 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 Vice President 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 (to the present) 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 (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>	1,400

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 data-bbox="389 427 533 510">Yoshiaki Ikei (May 4, 1957) (age 64)</p> <p data-bbox="405 539 517 562">Reelection</p> <p data-bbox="421 591 501 613">Outside</p> <p data-bbox="400 651 521 674">Independent</p> <p data-bbox="336 703 585 808">Term of office at the conclusion of this General Meeting of Shareholders: 4 years</p> <p data-bbox="347 837 574 920">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="612 286 1224 663"> Apr. 1981 Joined Mitsubishi Corporation Apr. 1999 Executive Officer and General Manager of Corporate Strategy Department of AUCNET INC. Oct. 2001 Managing Executive Officer and General Manager of Osaka Branch of RECOF Corporation Nov. 2007 Representative Director of MA Partners Inc. (to the present) July 2012 Senior Managing Director of STREX Inc. June 2017 Outside Vice President of the Company (to the present) </p> <p data-bbox="612 667 1406 1057"> Reasons for nomination as candidate for outside director and overview of expected roles: Yoshiaki Ikei has been involved in the M&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, 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>	1,400

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
11	Yusuke Naiki (May 20, 1960) (age 61)	Apr. 1984 Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)	0
		Mar. 1996 Joined Boston Scientific Japan K.K.	
		Feb. 2006 Executive Officer	
Aug. 2008 Senior Executive Officer			
Sept. 2011 President and Representative Director			
July 2019 Chairman and Representative Director			
July 2020 Advisor			
	New election	Reasons for nomination as candidate for outside director and overview of expected roles:	
	Outside	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. The Company has judged that he may be expected to provide valuable advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate value by utilizing his experience and insight, and has therefore nominated him as a candidate for outside director.	

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Fumihiro Sasaki, Yoshiaki Ikei and Yusuke Naiki are candidates for outside director.
 - 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.
 - The Company has entered into agreements with Fumihiro Sasaki and Yoshiaki Ikei 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 Fumihiro Sasaki and Yoshiaki Ikei is approved, the Company plans to renew the aforementioned agreements with them. If the election of Yusuke Naiki is approved, the Company plans to enter into the same limited liability agreement with him.
 - 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 or reelection 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.
 - The Company has submitted notification to the Tokyo Stock Exchange that Fumihiro Sasaki and Yoshiaki Ikei have been designated as independent officers. If the reelection of Fumihiro Sasaki and Yoshiaki Ikei is approved, the Company plans to submit notification for their designation as independent officers.

Proposal No. 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

The Company will make the transition to a company with audit and supervisory committee once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed.

Therefore, the Company proposes the election of four (4) directors who are audit and supervisory committee members.

The Board of Corporate Auditors has given its prior consent to this proposal.

This proposal can only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective. The candidates for 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	Attendance at Board of Corporate Auditors meetings
1	Yasunori Kamiya	Full-time Corporate Auditor	New election	100% (12/12)	100% (13/13)
2	Masahiko Nakamura	Outside Corporate Auditor	New election Outside Independent	100% (12/12)	100% (13/13)
3	Daizo Asari	Outside Corporate Auditor	New election Outside Independent	100% (12/12)	100% (13/13)
4	Yutaka Karigome		New election Outside Independent	-	-

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>Yasunori Kamiya (June 27, 1954) (age 66)</p> <p>New election</p>	<p>Feb. 1992 Joined the Company</p> <p>Apr. 2002 General Manager of Information Systems Division</p> <p>Apr. 2013 Senior Adviser of General Affairs Division</p> <p>June 2014 Full-time Corporate Auditor (to the present)</p>	97,440
	<p>Term of office as Corporate Auditor at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Board of Corporate Auditors meetings: 100% (13/13)</p>	<p>Reasons for nomination as candidate for director who is an audit and supervisory committee member</p> <p>Yasunori Kamiya has extensive knowledge of the Company's overall business based on his many years of experience in the corporate administration department. As a full-time Corporate Auditor of the Company, he conducts audits appropriately and has been working to strengthen the auditing system. Based on the above, we believe that he can be expected to contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and decision-making from an objective standpoint. Accordingly, we have nominated him as a candidate for director who is audit and supervisory committee member.</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
2	<p>Masahiko Nakamura (October 29, 1964) (age 56)</p> <p>New election</p> <p>Outside</p> <p>Independent</p> <p>Term of office as Corporate Auditor at the conclusion of this General Meeting of Shareholders: 9 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Board of Corporate Auditors meetings: 100% (13/13)</p>	<p>Apr. 1992 Registered as an attorney-at-law Joined TMI Associates</p> <p>Oct. 1999 Joined Simmons & Simmons LLP</p> <p>Apr. 2001 Partner of TMI Associates (to the present)</p> <p>June 2002 Outside Auditor, Sunplanet Co., Ltd. (to the present)</p> <p>June 2012 Outside Corporate Auditor of the Company (to the present)</p> <p>May 2015 Auditor of Japan Merchandising Rights Association (to the present)</p> <p>Reasons for nomination as candidate for outside director who is an audit and supervisory committee member and overview of expected role</p> <p>Masahiko Nakamura has expertise and extensive experience as an attorney-at-law. As an Outside Corporate Auditor of the Company, he conducts appropriate audits and has been working to strengthen the auditing system. Based on the above, although he has never been directly involved in corporate management, we believe that he can be expected to contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and decision-making from an objective standpoint. Accordingly, we have nominated him as a candidate for director who is audit and supervisory committee member director who is audit and supervisory committee member.</p>	0

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 style="text-align: center;">Daizo Asari (June 7, 1959) (age 62)</p> <p style="text-align: center;">New election</p> <p style="text-align: center;">Outside</p> <p style="text-align: center;">Independent</p> <p>Term of office as Corporate Auditor at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Board of Corporate Auditors meetings: 100% (13/13)</p>	<p>Aug. 1987 Joined O-HARA Gakuen O-HARA Bookkeeping School Incorporated Educational Institution</p> <p>Sept. 1990 Joined Ishiwatari, Nishimura, Nakane Joint Office (currently Moore Shisei Tax Corporation)</p> <p>Dec. 1992 Registered as a certified tax accountant</p> <p>Nov. 1993 Joined Hiroshi Asari Certified Public Tax Accountant Office</p> <p>July 2002 Representative Partner of Tax Accountant Corporation Seiwa (to the present)</p> <p>June 2014 Outside Corporate Auditor of the Company (to the present)</p> <p>Reasons for nomination as candidate for outside director who is an audit and supervisory committee member and overview of expected role</p> <p>Daizo Asari has expertise and extensive experience as a certified tax accountant. As an Outside Corporate Auditor of the Company, he conducts audits appropriately and has been working to strengthen the auditing system. Based on the above, although he has never been directly involved in corporate management, we believe that he can be expected to contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and decision-making from an objective standpoint. Accordingly, we have nominated him as a candidate for director who is audit and supervisory committee member.</p>	1,440

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	Yutaka Karigome (April 12, 1963) (age 58) New election Outside Independent	<p>Sept. 1987 Joined O-HARA Gakuen O-HARA Bookkeeping School Incorporated Educational Institution</p> <p>Sept. 1990 Deputy Director of Shoichiro Migiyama Certified Public Tax Accountant Office (currently Migiyama Certified Public Tax Accountant Office)</p> <p>Oct. 1992 Registered as a certified tax accountant</p> <p>June 2003 Director of Yutaka Karigome Certified Public Tax Accountant Office</p> <p>June 2006 Outside Corporate Auditor of the Company</p> <p>July 2015 National Tax Tribunal Judge of Kanto-Shinetsu National Tax Tribunal</p> <p>July 2018 Director of Yutaka Karigome Certified Public Tax Accountant Office (to the present)</p> <p>June 2019 External Corporate Auditor of BANDAI NAMCO Entertainment Inc. (to the present)</p> <p>Reasons for nomination as candidate for outside director who is an audit and supervisory committee member and overview of expected role</p> <p>Yutaka Karigome has expertise as a certified tax accountant as well as wide-ranging experience and knowledge, including having worked as a national tax judge, and as an outside corporate auditor of the Company and of other companies. Based on the above, although he has never been directly involved in corporate management, we believe that he can be expected to contribute to strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and decision-making from an objective standpoint. Accordingly, we have nominated him as a candidate for director who is audit and supervisory committee member.</p>	0

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Masahiko Nakamura, Daizo Asari and Yutaka Karigome are candidates for outside director.
 3. The Company has entered into agreements with Masahiko Nakamura and Daizo Asari 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 election of Masahiko Nakamura and Daizo Asari is approved, the Company plans to renew the aforementioned agreements with them. If the election of Yutaka Karigome is approved, the Company plans to enter into the same limited liability agreement with him.
 4. 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.
 5. The Company has submitted notification to the Tokyo Stock Exchange that Masahiko Nakamura and Daizo Asari have been designated as independent officers. Yutaka Karigome is a candidate for independent officer as provided for by Tokyo Stock Exchange, Inc. If the election of each candidate is approved, the Company plans to submit notification for their designation as independent officers.

Proposal No. 5: Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 17th Ordinary General Meeting of Shareholders held on June 26, 1997, the remuneration amount for the Company's directors was resolved to be not more than 700 million yen per year and it has been remained unchanged to the present. If Proposal No. 2 "Partial Amendments to the Articles of Incorporation" is approved and adopted as originally proposed, the Company will make the transition to a company with audit and supervisory committee.

For this reason, we would like to abolish the current provisions concerning the remuneration amount for directors and amend the remuneration amount for directors (excluding directors who are audit and supervisory committee members) to be not more than 700 million yen per year, of which the remuneration amount for outside directors is to be not more than 100 million yen per year, in consideration of various circumstances such as economic situation. In addition, the remuneration amount for directors (excluding directors who are audit and supervisory committee members) shall not include the portion of employee salaries of directors concurrently serving as employees.

If this proposal is approved, in order to be consistent with the approved contents, at a meeting to be held after the conclusion of this General Meeting of Shareholders, the Board of Directors plans to amend the part of the decision-making policy for the content of individual remuneration, etc., for directors stated on page 49 of the Business Report, which designates the subject as "directors" to "directors (excluding directors who are audit and supervisory committee members)."

This proposal is to determine the limit of remuneration for directors (excluding directors who are audit and supervisory committee members) within a reasonable range, comprehensively taking into consideration the scale of the Company's business, the current number of officers and future trends in the business environment. In addition, as stated above, the Company plans to amend the decision making policy for the content of individual remuneration, etc., for directors, and the Company judges that this proposal is necessary and appropriate in order to determine the content of individual remuneration, etc., for directors in accordance with the policy after the amendment.

The number of directors is currently eleven (11) (including two (2) outside directors). If Proposal No. 2 "Partial Amendments to the Articles of Incorporation," and Proposal No. 3 "Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)" are approved and adopted as originally proposed, the number of directors (excluding directors who are audit and supervisory committee members) will be eleven (11) (including three (3) outside directors).

This proposal can only take effect on the condition that Proposal No. 2 "Partial Amendments to the Articles of Incorporation" becomes effective.

Proposal No. 6: Determination of Remuneration Amount for Directors Who Are Audit and Supervisory Committee Members

The Company will make the transition to a company with audit and supervisory committee once Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed.

Therefore, in consideration of the duties and responsibilities of directors who are audit and supervisory committee members, the remuneration amount for directors who are audit and supervisory committee members shall be not more than ¥70 million per year.

This proposal has been decided based on a comprehensive consideration of the scale of the Company’s business, the current number of officers and future trends in the business environment, and the Company believes that it is appropriate.

If Proposal No. 2 “Partial Amendments to the Articles of Incorporation” and Proposal No. 4 “Election of Four (4) Directors Who Are Audit and Supervisory Committee Members” are approved and adopted as originally proposed, the number of directors who are audit and supervisory committee members will be four (4).

This proposal can only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

Proposal No. 7: Determination of Amount and Details of Performance-Linked Stock Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

1. Reasons for proposal

While it was resolved at the 37th Ordinary General Meeting of Shareholders held on June 28, 2017 to introduce a performance-linked stock remuneration plan for directors (excluding outside directors) and it has been remained unchanged to the present, the Company will make a transition to a company with audit and supervisory committee if Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved and adopted as originally proposed. In line with this, the Company has decided to change the remuneration framework for the current performance-linked stock remuneration plan to a stock remuneration plan (the “Plan”) for the Company’s directors (excluding directors who are audit and supervisory committee members and outside directors; hereinafter referred to as “Directors”).

The maximum limit of remuneration under the Plan, like the current maximum limit of performance-linked stock remuneration plan, is established separately from the maximum limit of remuneration for which approval is requested in Proposal No. 5 “Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).”

Because this proposal is made on procedural grounds in line with the transition to a company with audit and supervisory committee, and practical details of remuneration are the same as the content of the performance-linked stock remuneration plan approved at the 37th Ordinary General Meeting of Shareholders held on June 28, 2017, and the Company believes that it is appropriate to continue to contribute to the improvement of the Company’s medium- to long-term performance and the increase of corporate value.

Furthermore, if this proposal is approved, in order to be consistent with the approved contents, at a meeting to be held after the conclusion of this General Meeting of Shareholders, the Board of Directors plans to amend the decision-making policy for the content of individual remuneration, etc., for directors stated on page 49 of the Business Report, as stated in Proposal No. 5 “Determination of Remuneration Amount for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members).”

The Company judges that this proposal is necessary and appropriate in order to determine the content of individual remuneration, etc., for Directors in accordance with the policy after the amendment.

The number of directors eligible for the performance-linked stock remuneration plan is eight (8) at present. However, if Proposal No. 3 “Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved as originally proposed, the number of directors eligible for the Plan will be seven (7).

This proposal can only take effect on the condition that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

2 Amount and description of remuneration, etc. under the Plan, and others

(1) Overview of the Plan

The Plan is a stock remuneration plan under which the Company’s shares are acquired through a trust, using the amount of remuneration for directors contributed by the Company as the financial funds, and the grants and payments of the Company’s shares and money in the amount equivalent to the Company’s shares that are converted into cash (the “Company’s Shares, etc.”) (the “Grants, etc.”) are made (Details are as stated in (2) below or later).

(i) Persons to whom the Grants, etc. of the Company's Shares, etc. subject to this proposal is to be made	<ul style="list-style-type: none"> - Directors (outside directors and directors who are audit and supervisory committee members shall be ineligible for the Plan) * However, President and CEO Keisuke Suzuki, as the founder of the Company, already holds 13.1%* of the Company's shares, and therefore, in light of the purpose of the Plan, he is not subject to the Plan. (* The ratio of owners' equity and asset management companies' names combined as of March 31, 2021
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(ii) Impact of the shares of the Company subject to this proposal on the total number of issued shares	
Upper limit of money contributed by the Company (as stated in (2) below.)	- 300 million yen in total for each of the three fiscal years that are the applicable period
Upper limit of the number of the Company's shares acquired by directors, and method of acquiring the Company's shares (as stated in (3) below.)	<ul style="list-style-type: none"> - The upper limit of the total number of points granted to directors per year is 66,100 points. - The number of shares corresponding to the maximum number of points per year to be granted to eligible directors constitutes approximately 0.16% of the total number of the Company's shares issued (as of March 31, 2021, after deducting treasury shares). - The Company's shares are acquired from the Company (disposal of treasury shares) or through the stock market

(iii) Details of performance achievement conditions (see (3) below).	- Varies depending on the degree of achievement against the Company's annual performance targets
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(iv) Timing of the Grants, etc. of the Company's Shares, etc. to directors (as stated in (4) below.)	<ul style="list-style-type: none"> - At the time of retirement (at the time of death if the director deceased) * If the director deceased, money in the amount equivalent to the Company's shares that are converted into cash is paid to a successor at the time of the death.
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(2) Upper limit of money contributed by the Company

The Plan covers three fiscal years in succession (the initial period shall be three fiscal years from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and if the extension of trust period as stated in the 4th paragraph of this (2) is made, the period shall be the each following three-year period; "Applicable Period").

The Company contributes money up to a total of 300 million yen for each Applicable Period as remuneration for directors and establishes a trust for a three-year trust period with directors who satisfy beneficiary requirements as beneficiaries (the "Trust") (including the extension of trust period as stated in the 4th paragraph of this (2). The same applies hereinafter). The Trust acquires the Company's shares from the Company (disposal of treasury shares) or through the stock market, using entrusted money as the financial funds in accordance with the instruction of the trust administrator.

During the trust period, the Company grants points (as stated in (3) below) to directors, and the Trust makes the Grants, etc. of the Company's Shares, etc.

At the expiry of the trust period, the Trust may be continued by changing the trust agreement and making additional entrustment. In this case, the trust period of the Trust is extended for three years with the following three fiscal years as the Applicable Period. The Company makes additional contribution within the range of 300 million yen in total for each extended trust period and continues to grant points to directors during the extended trust period, and the Trust continues the Grants, etc. of the Company's Shares, etc. However, in the case where this additional contribution is made, if there are the Company's shares (excluding the Company's shares that are equivalent to points granted to directors and of which the Grants, etc. have not been completed) and money remaining in trust assets (the "Remaining Shares, etc.") on the last day of the trust period before the extension, the total of the amount of Remaining Shares, etc. and the additionally contributed trust amount shall be within the range of 300 million yen.

In addition, if a change to the trust agreement and additional entrustment are not made at the expiry of the trust period, points are not granted to directors from then on. However, if a director who may satisfy beneficiary requirements is in office at that point of time, the trust period of the Trust may be extended for a maximum of 10 years until the director retires and the Grants, etc. of the Company's Shares, etc. is completed.

(3) Calculation method and upper limit of the number of the Company's Shares, etc. acquired by directors

Certain points are granted to directors on June 1 every year during the trust period, according to degree of achievement of performance targets and ranks in the fiscal year ended March 31 of the same year (that is, the previous fiscal year; the "Evaluation Fiscal Year.") The cumulative value of points (the "Cumulative Points") is calculated at the time of retirement of each director, and the Grants, etc. of Shares, etc. according to the Cumulative Points are made to the director.

If one point shall be converted into two shares, and the Company's shares that belong to the Trust increase or decrease due to a share split, allotment of share without contribution, consolidation of shares, etc., the Company adjusts the number of the Company's Shares, etc. subject to the Grants, etc. for each point in proportion to the increase or decrease.

The upper limit of the total number of points granted to directors per year shall be 66,100 points. Accordingly, during the Applicable Period, the upper limit of the number of shares acquired by the Trust (the "Upper Limit of the Number of Shares Acquired") is the number of shares equivalent to the number calculated by multiplying the upper limit of total number of points granted to directors for that year by 3, which is the number of years of the trust period (396,600 shares*).

* If adjustments in the 2nd paragraph above are made, the Upper Limit of the Number of Shares Acquired is also adjusted according to that adjustment.

The above figures reflect the two-for-one stock split of common share implemented as of January 1, 2018.

(4) Method and timing of the Grants, etc. of the Company's Shares, etc. to directors

If a director who satisfies beneficiary requirements retires, the director shall receive Grants, etc. of the number of the Company's Shares, etc. calculated based on (3) above by completion of the prescribed procedures. At this time, the director shall receive the grant of the number of Company's shares equivalent to 70% of the Cumulative Points (with fractional units rounded down), and the payment of money equivalent to the remainder of the shares that is translated into monetary sums by conversion under the Trust.

If the director deceased during the trust period, all the Company's shares according to the Cumulative Points at that time are translated into monetary sums by conversion under the Trust and money equivalent to the monetary sums shall be received by a successor of the director swiftly after the death. In addition, if the director becomes an expatriate during the trust period, all the Company's shares according to the Cumulative Points at that time are translated into monetary sums by conversion under the Trust and money equivalent to the monetary sums shall be received by the director.

(5) Voting rights for the Company's shares in the Trust

As for the Company's shares in the Trust, voting rights shall not be exercised during the trust period to ensure the neutrality in management.

(6) Treatment of dividend of surplus on the Company's shares in the Trust

Dividend of surplus on the Company's shares in the Trust is received by the Trust and used for trust fees and trust expenses of the Trust. If a residual remains at the stage where the Trust is terminated finally after the dividend is used for trust fees and trust expenses, it will be paid to directors.

(7) Other matters regarding the Plan

Other matters regarding the Plan are stipulated by the Board of Directors at the time of each establishment of the Trust, change to the trust agreement and additional contribution to the Trust.

(Appendix)

Business Report
(From April 1, 2020 to March 31, 2021)

[1] Overview of the Company Group

1. Business Progress and Results

With regard to the sales situation in the fiscal year under review, the National Health Insurance (NHI) reimbursement prices were revised as a measure to curtail medical expenses by the national government in April 2020, and the prices of most kinds of medical devices handled by the Company were reduced. Meanwhile, with the spread of the novel coronavirus infection, low-priority cases that lack urgency have been given less priority in medical institutions, which together with other factors has led to a decrease in the number of cases.

Regarding the Cardiac Rhythm Management (CRM), the Company's sales of the CRM products of Boston Scientific Corporation (BSC) have remained steady, and we have increased our net sales of both bradycardia treatment and tachycardia treatment products. Conversely, in EP/Ablation products, while we seemed the number of cases of atrial fibrillation ablation to be on the road to recovery from the effects of the novel coronavirus from June 2020, starting in January 2021 infection started spreading again, meaning things stayed at approximately the same level for the entire period as the previous period, and net sales actually saw a slight decline also due to the impact from the reduction of NHI reimbursement prices. Additionally, in Cardiovascular Surgery products, net sales of open stent grafts, unique products of the Company, increased substantially. With the requirement for shorter treatment times amidst the coronavirus pandemic, the features including the simplicity of the procedure and the decreased burden on the patient, have been evaluated highly and continued to permeate the market. Concerning Transvascular Intervention products, while our in-house products in the gastrointestinal field remained steady, there was a large reduction of NHI reimbursement prices for PCI-related products, in addition to a decrease in the number of cases, which resulted in decreased income compared to the previous fiscal year. As a result, net sales in the fiscal year under review were 51,286 million yen (-0.9% YoY).

With regard to our profit situation, as the number of cases recovered from June 2020, an expansion of net sales of our in-house products led to a trend of improvement in gross profit margins, but as the re-spread of the infection in the fourth quarterly consolidated accounting period, the number of cases, particularly for EP/Ablation and Transvascular Intervention products, decreased and our in-house product ratio did not improve: therefore, gross profit margins decreased by 0.5 points year on year.

Regarding selling, general and administrative expenses, the impact of the spread of the novel coronavirus infection resulted in restrictions on our operating activities and so on, which caused a massive decrease in our sales-related costs such as travel, transportation and advertising expenses. As a result, while there were increases in payment to Boston Scientific Japan K.K. (BSJ) for sales support and depreciation expenses of contract deposits based on the exclusive sales agreement, we saw a decrease in selling, general and administrative expenses compared to the previous fiscal year.

As a result, operating profit in the fiscal year under review was 10,367 million yen (-0.6% YoY).

While the Company recorded non-operating income of 1,031 million yen, including interest income of 325 million yen and gain on valuation of investment securities of 388 million yen, our non-operating expenses came to 879 million yen, including interest expenses of 183 million yen and a loss from bad debts (such as debts from loans to our abdominal stent graft suppliers) of 448 million yen. As a result, ordinary profit for the fiscal year under review was 10,519 million yen (+0.9% YoY).

We also recorded a gain on sale of non-current assets of 3 million yen as extraordinary income. On the other hand, as indicated in the "Notice of Accrual of Extraordinary Loss and Revision of Earnings Forecast" dated January 29, 2021, we recorded a provision of allowance for doubtful accounts of 5,728 million yen in the third quarterly consolidated accounting period regarding loans to two business partners of the Company, etc. With regard to the loans, etc. that were subject to the said allowance for doubtful accounts, in the fiscal year under review, because we implemented debt forgiveness and debt-equity swap in the fourth quarterly consolidated accounting period, we recorded extraordinary losses of

5,982 million yen including 2,347 million yen in loss on debt waiver, 2,389 million yen in loss on debt equity swap, and 1,226 million yen in provision of allowance for doubtful accounts on remaining loans, etc.

As a result, profit attributable to owners of parent in the fiscal year under review were 2,000 million yen (-74.2% YoY).

Sales by item are as follows:

(Millions of yen)

Classification	The 38th fiscal year (April 1, 2017 to March 31, 2018)	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) (Fiscal year under review)
Cardiac Rhythm Management	7,247	5,862	11,866	13,248
EP/Ablation	20,364	23,060	24,696	23,863
Cardiovascular Surgery	11,464	11,730	10,166	9,969
Transvascular Intervention	3,221	4,872	5,032	4,204
Total	42,298	45,525	51,761	51,286

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)

The sales of the pacemakers used for the treatment of bradycardia increased year on year due to the high value placed on the ACCOLADE cardiac pacemaker's long battery life. Additionally, with some of the pacemaker leads that the Company has sold in the past and implanted in patients, combination with "ACCOLADE" has received, in January 2021, regulatory approval for MRI with conditions, so we are striving to further expand sales in exchange cases as well.

Regarding ICD-related systems used for treatment of tachycardia, since we started marketing BSC products in September 2019, net sales of ICDs (implantable cardioverter defibrillators) and CRT-Ds (cardiac resynchronization therapy defibrillators) increased due to massive expansion in the sales volume. Furthermore, in CRT-Ds, the Company aims to expand its market share by highlighting "HeartLogic," a unique in-house patient-monitoring function.

As a result, net sales in the CRM product category were 13,248 million yen (11.7% 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 transeptal needles

In EP catheters, sales volume of the Company's unique BeeAT internal atrial cardioversion catheter stagnated at approximately the same level as the previous period despite positive trends beginning in June 2020, due to the impact of the re-spread of the infection since January 2021. Meanwhile, net sales of general EP catheters declined year on year due to the impact of competing products, as well as the reduction of NHI reimbursement prices.

In ablation catheters, net sales of radio-frequency ablation catheters sold by the Company decreased compared to the previous fiscal year due to the impact of competing products, among other things. On the other hand, regarding HeartLight, an endoscopic laser ablation catheter, unique product of the Company, its net sales decreased compared to the previous year as a result of a lag in the opening up of new facilities, among other factors. The "HeartLight X3," a next-gen product due to go on sale in the second quarter of the fiscal year ending March 31, 2022, can be expected to massively reduce procedure time, and so we are proceeding with our efforts to encourage its penetration into medical settings

In terms of other products, sales of our in-house steerable sheath product, "Leftee," and other such products, increased steadily.

As a result, net sales in the EP/Ablation product category were 23,863 million yen (-3.4% YoY).

Cardiovascular Surgery

(medical devices for treatment by replacing blood vessels and heart valves)

- Main products:
- Vascular grafts
 - Open stent grafts
 - Stent grafts
 - Blood purification related products

In vascular graft-related products, with the requirement for shorter treatment times amidst the coronavirus pandemic, the Company's unique FROZENIX open stent graft has been evaluated highly, and so it saw increased sales volume year on year. Additionally, sales of the AFX2 stent graft system, an abdominal stent graft product, increased steadily. Meanwhile, net sales of vascular grafts declined slightly year on year despite the increased sales volume, due to the reduction of NHI reimbursement prices.

We ended sales of artificial heart valve-related products in May 2019, and we stopped selling thoracic stent grafts (which were only sold on a limited scale in some facilities) in March 2020 as well.

Additionally, it was decided to divest the Company's blood purification business in order to concentrate our management resources in the areas that are our strong suits, like the cardiovascular and vascular field. This divestiture was completed in April 2021.

As a result, net sales of Cardiovascular Surgery products were 9,969 million yen (-1.9% YoY).

Transvascular Intervention

(catheters and other medical devices for treating myocardial infarction, etc.)

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

Concerning PCI-related products, the Orsiro drug-eluting coronary stents saw a decrease in net sales due to the impact of a reduction in the number of cases and the reduction of NHI reimbursement prices.

Conversely, we saw an increase of net sales, year on year, of OptoWire, which is a guidewire with a sensor for measuring intravascular pressure, to which we introduced a new type of monitor and whose sales we have been working to expand. For penetration catheters, the expiration of our contract period in December 2020 meant the termination of sales. Because of these factors, the PCI-related net sales decreased compared to the previous fiscal year.

In terms of other products, since we started selling the arfa radio-frequency ablation needles for liver cancer treatment (the only domestic product for such treatment and an in-house product in the gastrointestinal field) in December 2019, the sales volume has expanded steadily and net sales have increased. Conversely, as for the "Jentlly" colonic stents, the introduction of a new model and the expansion of the size lineup have led to an increase in the number of facilities that have adopted them, but overall net sales have decreased due to a drop in the number of cases.

As a result, net sales in the Transvascular Intervention product category were 4,204 million yen (-16.5% YoY).

2. Capital Investments

The total amount of capital investments conducted in the fiscal year under review was 1,382 million yen. The main item was investment related to the Company's manufacturing facility, and required funds were allocated from funds on hand and borrowing.

3. Financing

There is no financing to report.

4. Trends in Assets and Income of the Corporate Group

Classification	The 38th fiscal year (April 1, 2017 to March 31, 2018)	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) (Fiscal year under review)
Net sales (million yen)	42,298	45,525	51,761	51,286
Operating profit (million yen)	10,671	10,526	10,434	10,367
Ordinary profit (million yen)	10,730	10,808	10,425	10,519
Profit attributable to owners of parent (million yen)	7,478	7,723	7,748	2,000
Earnings per share (yen)	98.51	96.05	96.55	24.91
Total assets (million yen)	60,980	67,783	75,000	72,962
Net assets (million yen)	41,090	46,493	51,406	51,304

- (Notes) 1. Earnings per share are calculated using the average number of shares for the fiscal year.
2. Effective January 1, 2018, the Company conducted a two-for-one stock split of its common share. Earnings per share are calculated supposing that such stock splits had been conducted at the beginning of the 38th fiscal year.

5. Issues to be Addressed

In the medical device industry where the Company is active, against the backdrop of the rapidly aging population, the demand facing the medicine field has been increasing, but the increase in national health care expenditures, which has been continuing year after year, is posing a major challenge to the sustainability of the health insurance system. Amidst the spread of the novel coronavirus infection, medical institutions need measures to prevent the spread of the virus. Factors such as this have increased the burden on healthcare workers, while at the same time the number of both outpatients and inpatients has decreased, creating a harsher business environment for medical institutions.

Against this backdrop, there is a demand for medical device manufacturers to provide medical devices that are not only highly effective in treatment but also contribute to solving the problems of the medical field by reducing the burden on both the patient and those involved in healthcare. In order to meet such societal needs, the various medical device manufacturers are aiming to develop highly innovative, superior products and working on research and development, in addition to acquiring new technology, entering new areas, etc. The industry is also seeing lively activity on the M&A and collaboration agreement fronts. In these ways, the competition between companies is growing ever fiercer.

Responding to such a business environment, the Company has, seeking to achieve sustainable growth in the medium to long term, formulated a new medium-term management plan in November 2020. The plan sets performance targets for the 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 infrastructure 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

With regard to the efforts made toward these key tasks, for “1. Strengthening of infrastructure in existing areas and achieving stable growth,” due to the switchover to BSC for CRM products in September 2019, the expansion of the product lineup, and the massive strengthening of our sales system, we have achieved growth in the tachycardia treatment field, which had been an issue for many years. Accordingly, in combination with the EP/Ablation products that have the strengths of our in-

house products in the same area of arrhythmia treatment, we have built a powerful business portfolio that provides broad coverage to all arrhythmia patients.

In the fiscal year ended March 31, 2021, with the decrease in the number of cases as a result of the renewed spread of the novel coronavirus infection since January 2021, our performance did not reach target levels, but demand nevertheless remained solid, so we believe we can get back on the growth track with a decrease in the number of infected persons. Going forward, in both the cardiac rhythm management and EP/Ablation fields, we will strive to secure a sales management system that will allow for the provision of more specialized services and to bring about ever more improvements in our sales efficiency.

Next, as for “2. Improving revenue through cost control and operational restructuring,” we have been reexamining the nature of our existing organization and operations and improving our efficiency, while also initiating efforts to renew our core system with the aim of ever greater utilization of information technology in our management. With existing sales activities restricted by the COVID-19 pandemic, we have been working to discover a new sales style by means such as proactively organizing online seminars for medical personnel. Furthermore, in Cardiovascular Surgery products, it was decided to divest the business of the blood purification-related business, whose synergy effect with the Company’s other businesses is difficult to predict, and this divestiture was completed in April 2021. The Company will continue, going forward, to strive for improvement in its capital efficiency by accumulating management resources in those areas where the Company’s strengths can really shine.

Furthermore, with regard to “3. Making preparations for ever-greater endeavors, including expansion into the gastrointestinal field,” we have positioned the gastrointestinal field as the second most important growth sector after the cardiovascular and vascular field, and by applying our own technology cultivated in the cardiovascular field to gastrointestinal products, we are striving to develop a product lineup that can set itself apart from the existing products of our competitors. In the fiscal year under review, we launched a new model of colonic stent, the first in-house product in the gastrointestinal field, while we have promoted expansion of sales of the radio-frequency ablation systems for liver cancer treatment that we developed by applying ablation catheter technology, and more and more facilities have been adopting them. In the fiscal year ending March 31, 2023, we plan to launch a new product line in the biliary-pancreatic field, which will mark our full-fledged entry into the gastrointestinal field, and toward this end we will work to improve our sales system.

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
Synexmed (Shenzhen) Co., Ltd.	2.5 million USD	100	Manufacture and sale of medical devices
JLL Malaysia Sdn. Bhd.	95 million MYR	100	Manufacture and sale of medical devices

(Notes) 1. The Company’s percentage of equity participation includes indirect holdings by subsidiaries.

2. JLL Malaysia Sdn. Bhd. became a consolidated subsidiary on April 1, 2020 because of increased importance.

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)
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, blood purification-related products
Transvascular Intervention	Balloon catheters, guidewires, penetration catheters, atrial septum defect closures, drug-eluting coronary stents, guidewires with a sensor for measuring intravascular pressure, colonic 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
Synexmed (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	779	+4	41.1	10.4
Female	388	+89	34.0	5.5
Total/average	1,167	+93	38.6	8.6

(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	759	-1	41.2	10.5
Female	236	+1	36.2	6.8
Total/average	995	±0	39.9	9.6

(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.	3,740
Sumitomo Mitsui Banking Corporation	2,490
Mizuho Bank, Ltd.	1,660
Resona Bank, Limited	1,630
Nippon Life Insurance Company	100

(Note) Of the loan amount from Sumitomo Mitsui Banking Corporation, 153 million yen was borrowed from the Japan Lifeline Employee Shareholders Association Exclusive Trust.

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 12,154 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	12.24
KS Shoji	8,609	10.69
Custody Bank of Japan, Ltd. (Trust Account)	5,449	6.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,012	6.22
Keisuke Suzuki	2,560	3.18
THE BANK OF NEW YORK	1,576	1.96
STATE STREET BANK AND TRUST COMPANY 505025	1,111	1.38
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,101	1.37
Custody Bank of Japan, Ltd. (Trust Account 5)	975	1.21
JP MORGAN CHASE BANK 385781	944	1.17

(Note) In addition to the above, there are treasury shares held by the Company (4,889 thousand shares), and they do not include shares of the Company (113 thousand shares) remained in the Board Incentive Plan trust and shares of the Company (47 thousand shares) remained in the Japan Lifeline Employee Shareholders Association Exclusive Trust.

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

There is no stock granted to report.

6. Other Important Information Concerning Shares

There are no relevant matters to report.

[3] Status of Share Acquisition Rights

There are no relevant matters to report.

[4] Company Officers

1. Directors and Corporate Auditors

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

- (Notes)
1. Vice Presidents Fumihiko Sasaki and Yoshiaki Ikei are outside directors as provided for in Article 2, item (xv) of the Companies Act, and the Company has submitted notification to the Tokyo Stock Exchange that they have been designated as Independent Directors.
 2. Corporate Auditors Masahiko Nakamura and Daizo Asari are Outside Corporate Auditors as provided for in Article 2, item (xvi) of the Companies Act, and the Company has submitted notification to the Tokyo Stock Exchange that they have been designated as Independent Auditors.
 3. Corporate Auditor Daizo Asari is qualified as a Certified Public Tax Accountant, and possesses a considerable level of knowledge in regard to finance and accounting.

2. Summary of the Agreement on Limitation of Liability

The Company has entered into agreements with each of outside directors and Outside Auditors 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 indemnity agreements 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, Corporate Auditors, 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 and Corporate Auditors

(i) Decision-making policy for the content of individual director 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 Corporate Auditors 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 revision of the decision-making policy for the content of individual director remuneration, etc. was decided upon at a meeting of the Board of Directors held on February 26, 2021, 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 directors 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

The fixed remuneration is paid on a monthly basis as a monthly fixed monetary amount, and the Nomination and Remuneration Advisory Committee, upon receipt of an order from the Board of Directors, determines the amount based on comprehensive consideration of the rank, job responsibilities, and level of contribution to performance of each directors, as well as benchmark remuneration levels in an external database service.

(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 and outside directors 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 and outside directors 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 and Corporate Auditors

Maximum monetary remuneration for directors was set at 700 million yen per year by a decision of the 17th Ordinary General Meeting of Shareholders held on June 26, 1997. (This does not include the employee salary of directors who simultaneously serve as employees of the Company.)

The number of directors at the conclusion of the Ordinary General Meeting of Shareholders in question is nine (9). Separately from the said monetary remuneration, following a decision of the 37th Ordinary General Meeting of Shareholders held on June 28, 2017, we introduced 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 and outside directors are not eligible to be given points). The number of directors (not counting President and CEO Keisuke Suzuki and outside directors) at the conclusion of the Ordinary General Meeting of Shareholders in question is eight.

Maximum monetary remuneration for Corporate Auditors was set at 50 million yen per year by a decision of the 17th Ordinary General Meeting of Shareholders held on June 26, 1997. The number of Corporate Auditors at the conclusion of the Ordinary General Meeting of Shareholders in question is three.

(iii) Delegation of decision-making for the content of individual director remuneration, etc.

The decision of the contents of remuneration (etc.) for each individual director 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 Vice President Fumihiko Sasaki (Chairman), Outside Vice President Yoshiaki Ikei, President and CEO Keisuke Suzuki, and Senior Executive Vice President and COO Atsuhiko Suzuki.

The content of this authority is the decision on the fixed remuneration amount of each director, 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

Title	Total amount of remuneration	Total amount of remuneration by type			Number of eligible directors (and other officers)
		Fixed remuneration	Performance-linked remuneration		
			Bonus	Share awards (BIP trust for remuneration for directors and other officers)	
	million yen	million yen	million yen	million yen	Number
Director (inc. outside directors)	445 (15)	426 (15)	- (-)	18 (-)	11 (2)
Corporate Auditors (inc. Outside Corporate Auditors)	25 (12)	25 (12)	- (-)	- (-)	3 (2)
Total (inc. Outside Officers)	471 (28)	452 (28)	- (-)	18 (-)	14 (4)

(Notes) 1. With regard to fixed remuneration, in order to take seriously the recorded extraordinary losses as a result of loans to trading partners during the fiscal year under review, it has been decided at a meeting of the Board of Directors, based on the reports of the Nomination and Remuneration Advisory Committee, that the monthly remuneration amount between March 2021 and June 2021 is to be reduced. The above fixed remuneration amounts are reflective of the same reduction.

(Subject parties and rates of decrease)

President and CEO: 20% reduction in basic monthly remuneration
Senior Executive Vice President and COO: 15% reduction in basic monthly remuneration
Senior Vice President: 10% reduction in basic monthly remuneration

- With regard to performance-linked bonuses, the Company takes seriously the recording of extraordinary losses as a result of loans to trading partners during the fiscal year under review, and it has thus been decided at a meeting of the Board of Directors, based on the reports of the Nomination and Remuneration Advisory Committee, that performance-linked bonuses will not be paid to any directors, irrespective of the progress status on performance indicators (such as consolidated net sales) that are the basis for calculating performance-linked bonus amounts. The above performance-linked bonus amounts are reflective the same non-payment.
- Regarding performance-linked share awards (BIP trust for remuneration for directors and other officers), we have recorded 18 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.

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 Vice President Fumihiro Sasaki is an 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 Vice President Yoshiaki Ikei is a Representative Director of MA Partners, Inc. There is no special relationship between the Company and MA Partners.
- Outside Auditor Masahiko Nakamura is a Partner at TMI Associates. There is no special relationship between the Company and TMI Associates.
- Outside Auditor 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.

(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
Vice President	Fumihiro Sasaki	Participated in all 12 meetings of the Board of Directors during the fiscal year under review. Fumihiro 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, while also providing valuable advice for the Company's organizational structure, personnel system, and so on. He also serves as a Chairman of the Nomination and Remuneration Advisory Committee, 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.
Vice President	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, while also providing valuable advice for the Company's management system for investments and loans, infrastructure, and so on. He also serves as a member 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.
Corporate Auditor	Masahiko Nakamura	Participated in all 12 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors during the fiscal year under review; appropriately made necessary statements, mainly from his specialist position as an attorney. He also engages in regular opinion exchange meetings with the President and CEO, holds opinion exchange meetings with outside directors, 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.

Title	Name	Main activities
Corporate Auditor	Daizo Asari	Participated in all 12 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors during the fiscal year under review; appropriately made necessary statements, mainly from his specialist position as a Certified Public Tax Accountant. He also engages in regular opinion exchange meetings with the President and CEO, holds opinion exchange meetings with outside directors, 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)
- 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.
 - The Board of Corporate Auditors 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 Board of Corporate Auditors shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Board of Corporate Auditors.

In addition, should the Accounting Auditor be deemed unable to execute its duties properly, the Board of Corporate Auditors 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 Board of Corporate Auditors judge 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 made a resolution regarding a “Basic Policy on Creation of Internal Control Systems,” and made partial revisions to this policy on April 28, 2011, May 20, 2015, and May 24, 2019. The details of this policy are as follows:

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 and Corporate Auditor 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, in addition to e-learning 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, following delegation by the Board of Directors.

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 and Corporate Auditors 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]

- The Chief Risk Management Officer conducted interviews regarding risk management issues with responsible departments.
- Meetings of the Risk Management Committee were held 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., in addition to financial reports, minutes of meetings, and other documents.

- b. The Company's directors 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 Corporate Auditors in the Event that Corporate Auditors Have Requested such Employees

In the event that Corporate Auditors request the assignment of employees to assist them with their duties, the Company shall assign appropriately qualified persons, after consultation with Corporate Auditors.

[Summary of Operational Status]

- There are no relevant matters to report.

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

- (i) Employees ordered by Corporate Auditors to assist them in their audit operations shall not be instructed by directors regarding these operations.
- (ii) Advance consultations with Corporate Auditors shall be held with regard to matters pertaining to personnel decisions concerning employees ordered by Corporate Auditors to assist them in their audit operations.

[Summary of Operational Status]

- There are no relevant matters to report.

8. Matters Related to Ensuring the Effectiveness of Instructions to Employees to Assist the Duties of Corporate Auditors

- (i) Employees ordered by Corporate Auditors to assist them in their audit operations shall execute operations based on the instructions from Corporate Auditors.
- (ii) Directors shall endeavor to create an environment for audits to ensure that the operations of employees ordered by Corporate Auditors to assist them in their audit operations are conducted in a smooth manner.

[Summary of Operational Status]

- There are no relevant matters to report.

9. Systems for Directors and Employees of the Company and Subsidiaries to Make Reports to Corporate Auditors and Other Systems Related to Reports to Corporate Auditors

- (i) Directors and employees of the Company and subsidiaries shall provide accurate and prompt reports to Corporate Auditors 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 Corporate Auditors request reports
- (ii) Directors and employees of the Company and subsidiaries shall promptly provide reports on matters about which Corporate Auditors request reports.

[Summary of Operational Status]

- Directors and employees of the Company and subsidiaries made reports as requested by Corporate Auditors.

10. Systems to Ensure that Persons Making a Report to Corporate Auditors are not Treated Unfavorably on the Basis of Such Reporting

The Company shall not treat directors, Corporate Auditors, or employee of the Company or any subsidiaries who make a report to Corporate Auditors unfavorably on the basis of such reporting.

[Summary of Operational Status]

- There have been no incidents in which directors, Corporate Auditors, or employees of the Company or its subsidiaries who have reported to the Corporate Auditors 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 Corporate Auditors and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by These Members

If any Corporate Auditor 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 Corporate Auditor's duties.

[Summary of Operational Status]

- The Company appropriately bore all expenses necessary for the execution of duties by Corporate Auditors.

12. Other Systems to Ensure Effectiveness of Audits by Corporate Auditors

- (i) Corporate Auditors may participate in internal meetings as necessary.
- (ii) The Board of Corporate Auditors shall hold regular meetings to exchange views with the President.
- (iii) The Internal Audit Office shall engage in advance consultations with the Board of Corporate Auditors when formulating audit plans.

[Summary of Operational Status]

- Corporate Auditors participated in internal meetings as necessary.
- The Board of Corporate Auditors engaged in regular meetings to exchange views with the President, and also engaged in consultations with the Internal Audit Office.

13. System to Ensure Reliability of Financial Reporting

- (i) 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.
- (ii) 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, 2020 to March 31, 2021)

Consolidated Balance Sheet (As of March 31, 2021)

(Millions of yen)

Description	Fiscal year under review	(Reference) Previous fiscal year	Description	Fiscal year under review	(Reference) Previous fiscal year
(Assets)			(Liabilities)		
Current assets	44,522	44,077	Current liabilities	16,467	16,093
Cash and deposits	13,708	9,555	Notes and accounts payable - trade	2,872	4,081
Notes and accounts receivable - trade	13,145	13,762	Short-term borrowings	5,300	5,600
Inventories	15,987	18,187	Current portion of long-term borrowings	2,138	908
Other current assets	1,680	2,571	Accounts payable - other	925	921
Non-current assets	28,439	30,923	Income taxes payable	2,130	1,696
Property, plant and equipment	13,111	11,341	Provision for bonuses	1,078	1,358
Buildings and structures	7,577	6,201	Provision for bonuses for directors (and other officers)	-	26
Machinery, equipment and vehicles	874	672	Provision for loss on guarantees	84	-
Land	3,214	3,214	Other current liabilities	1,937	1,501
Leased assets	750	524	Non-current liabilities	5,190	7,500
Construction in progress	11	83	Long-term borrowings	2,182	4,465
Other property, plant and equipment	682	644	Lease obligations	563	402
Intangible assets	505	493	Long-term accounts payable - other	178	178
Other intangible assets	505	493	Provision for directors' share- based compensation	90	72
Investments and other assets	14,822	19,089	Retirement benefit liability	1,795	1,735
Investment securities	7,542	5,516	Other non-current liabilities	378	645
Long-term loans receivable	1,900	7,511	Total liabilities	21,657	23,594
Long-term prepaid expenses	2,856	3,020	(Net assets)		
Deferred tax assets	2,464	1,858	Shareholders' equity	51,267	51,618
Other investments and other assets	1,371	1,189	Share capital	2,115	2,115
Allowance for doubtful accounts	(1,312)	(6)	Capital surplus	14,853	14,853
			Retained earnings	35,352	35,912
			Treasury shares	(1,053)	(1,263)
			Accumulated other comprehensive income	37	(211)
			Valuation difference on available-for-sale securities	52	(225)
			Foreign currency translation adjustment	30	169
			Remeasurements of defined benefit plans	(46)	(155)
			Total net assets	51,304	51,406
Total assets	72,962	75,000	Total liabilities and net assets	72,962	75,000

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

Consolidated Statement of Income (From April 1, 2020 to March 31, 2021)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,286		51,761
Cost of sales		22,622		22,570
Gross profit		28,664		29,191
Selling, general and administrative expenses		18,296		18,756
Operating profit		10,367		10,434
Non-operating income				
Interest income	325		540	
Dividend income	56		64	
Foreign exchange gains	42		10	
Gain on valuation of investment securities	388		—	
Gain on exclusive sales contract termination	—		172	
Gain on sale of businesses	80		—	
Miscellaneous income	137	1,031	102	891
Non-operating expenses				
Interest expenses	183		141	
Loss on valuation of investment securities	11		438	
Loss on valuation of derivatives	—		244	
Provision of allowance for doubtful accounts	78		—	
Bad debt expenses	448		—	
Miscellaneous losses	156	879	76	900
Ordinary profit		10,519		10,425
Extraordinary income				
Gain on sale of non-current assets	3	3	3	3
Extraordinary losses				
Loss on sale of non-current assets	0		2	
Loss on retirement of non-current assets	18		1	
Provision of allowance for doubtful accounts	1,226		—	
Loss on debt waiver	2,347		—	
Loss on debt equity swap	2,389	5,982	—	4
Profit before income taxes		4,540		10,425
Income taxes - current	3,317		2,958	
Income taxes - deferred	(776)	2,540	(281)	2,676
Profit		2,000		7,748
Profit attributable to owners of parent		2,000		7,748

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

Non-consolidated Financial Statements

(From April 1, 2020 to March 31, 2021)

Non-consolidated Balance Sheet (As of March 31, 2021)

(Millions of yen)

Description	Fiscal year under review	(Reference) Previous fiscal year	Description	Fiscal year under review	(Reference) Previous fiscal year
(Assets)			(Liabilities)		
Current assets	44,796	44,251	Current liabilities	16,483	16,230
Cash and deposits	13,381	9,109	Accounts payable - trade	2,932	4,186
Notes receivable - trade	2,352	2,960	Short-term borrowings	5,300	5,600
Accounts receivable - trade	10,800	10,799	Current portion of long-term borrowings	2,138	908
Merchandise	9,757	11,898	Accounts payable - other	883	946
Finished goods	3,666	3,685	Accrued expenses	240	309
Work in process	1,483	1,619	Income taxes payable	2,131	1,697
Raw materials	926	873	Accrued consumption taxes	981	522
Supplies	228	138	Provision for bonuses	1,078	1,358
Prepaid expenses	716	699	Provision for bonuses for directors (and other officers)	-	26
Short-term loans receivable	528	608	Provision for loss on guarantees	84	-
Other current assets	952	1,856	Deposits received	185	118
Non-current assets	28,664	31,101	Other current liabilities	527	555
Property, plant and equipment	11,004	11,070	Non-current liabilities	5,101	7,262
Buildings	5,533	5,860	Long-term borrowings	2,182	4,465
Structures	205	232	Lease obligations	563	402
Machinery and equipment	664	523	Long-term accounts payable - other	178	178
Tools, furniture and fixtures	557	567	Provision for retirement benefits	1,728	1,511
Land	3,214	3,214	Provision for directors' share-based compensation	90	72
Leased assets	744	524	Other non-current liabilities	357	632
Construction in progress	6	83	Total liabilities	21,585	23,493
Other	78	64	Net assets		
Intangible assets	491	493	Shareholders' equity	51,822	52,085
Software	347	437	Share capital	2,115	2,115
Software in progress	110	-	Capital surplus	14,854	14,854
Other	34	55	Legal capital surplus	2,133	2,133
Investments and other assets	17,167	19,537	Other capital surplus	12,720	12,720
Investment securities:	7,533	2,991	Gain on disposal of treasury shares	12,720	12,720
Shares of subsidiaries and associates	2,525	2,525	Retained earnings	35,905	36,378
Long-term loans receivable	2,398	8,164	Legal retained earnings	528	528
Long-term prepaid expenses	2,669	3,020	Other retained earnings	35,377	35,850
Deferred tax assets	2,443	2,079	Reserve for tax purpose reduction entry of non-current assets	41	42
Leasehold and guarantee deposits	600	525	General reserve	6,000	6,000
Other investments and other assets	759	661	Retained earnings brought forward	29,335	29,807
Allowance for doubtful accounts	(1,762)	(429)	Treasury shares	(1,053)	(1,263)
			Valuation and translation adjustments	52	(225)
			Valuation difference on available-for-sale securities	52	(225)
Total assets	73,460	75,352	Total net assets	51,874	51,859
			Total liabilities and net assets	73,460	75,352

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

Non-consolidated Statement of Income (From April 1, 2020 to March 31, 2021)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,250		51,700
Cost of sales		22,861		22,709
Gross profit		28,388		28,991
Selling, general and administrative expenses		17,932		18,589
Operating profit		10,455		10,402
Non-operating income				
Interest income	335		558	
Dividend income	56		64	
Foreign exchange gains	96		32	
Gain on valuation of investment securities	388		–	
Gain on exclusive sales contract termination	–		172	
Miscellaneous income	210	1,087	88	917
Non-operating expenses				
Interest expenses	173		132	
Provision of allowance for doubtful accounts	105		12	
Loss on valuation of investment securities	11		438	
Loss on valuation of derivatives	–		244	
Bad debt expenses	448		–	
Miscellaneous losses	133	872	24	852
Ordinary profit		10,671		10,466
Extraordinary income				
Gain on sale of non-current assets	3	3	3	3
Extraordinary losses				
Loss on sale of non-current assets	0		2	
Loss on retirement of non-current assets	18		1	
Provision of allowance for doubtful accounts	1,226		–	
Loss on debt waiver	2,347		–	
Loss on debt equity swap	2,389	5,982	–	4
Profit before income taxes		4,692		10,466
Income taxes - current	3,317		2,958	
Income taxes - deferred	(486)	2,830	(571)	2,387
Profit		1,862		8,078

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

Independent Auditor's Report

(English Translation)

May 25, 2021

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, 2020 to March 31, 2021.

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, 2020 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.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors 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.

Corporate Auditors and the Board of Corporate Auditors are 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 Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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, 2021

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 41st fiscal year from April 1, 2020 to March 31, 2021.

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, 2020 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.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors 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.

Corporate Auditors and the Board of Corporate Auditors are 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 Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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

The Board of Corporate Auditors deliberated and prepared this Audit Report regarding the execution of duties by the directors for the 41st fiscal year from April 1, 2020 to March 31, 2021, based on the Audit Reports prepared by each Corporate Auditor, and hereby submits it as follows.

1. Summary of Auditing Methods by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors established auditing policies, an allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding the status of the implementation of audits and the results thereof, in addition to receiving reports on the status of the execution of duties from directors, etc. and the Accounting Auditor, and requesting explanations as necessary.
- (2) Following the audit policies, the allocation of duties, and other relevant matters in conformity with the auditing standards for Corporate Auditors established by the Board of Corporate Auditors, each Corporate Auditor communicated with directors, the Internal Audit Office, other employees, etc. using methods including those via the Internet, gathered information, and endeavored to create an environment for audits, in addition to conducting audits through the methods described below.
 - (i) Corporate Auditors attended meetings of the Board of Directors and other important meetings, received reports from directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the headquarters and principal business offices. With respect to subsidiaries, we communicated with, and collected information from, directors, Corporate Auditors and other relevant personnel of subsidiaries as well as receiving reports from subsidiaries on their business as necessary.
 - (ii) With regard to the content of resolutions of the Board of Directors regarding the creation of systems to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation set forth in the Business Report, and other systems defined in Article 100, paragraph (1) and paragraph (3) of the Ordinance for Enforcement of the Companies Act as necessary to ensure the propriety of business activities of the corporate group comprising the stock company and its subsidiaries, and the systems created under the resolutions (internal control systems), Corporate Auditors received regular reports on their creation and the status of their operation from directors, employees, and other relevant personnel, sought explanations as necessary, and expressed views.
 - (iii) Corporate Auditors 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, Corporate Auditors 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, 2021

Board of Corporate Auditors, Japan Lifeline Co., Ltd.

Full-time Corporate Auditor Yasunori Kamiya

Outside Auditor Masahiko Nakamura

Outside Auditor Daizo Asari