

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.

(Securities Code 7575)

June 12, 2023

To Shareholders with Voting Rights:

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

NOTICE OF THE 43RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 43rd Ordinary General Meeting of Shareholders of Japan Lifeline Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

<https://www.jll.co.jp/investors/event/agm.html> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/7575/teiji/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Japan Lifeline” in “Issue name (company name)” or “7575” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Tuesday, June 27, 2023.

- 1. Date and Time:** Wednesday, June 28, 2023 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)
- 2. Place:** Tennoz Central Tower 6F, The Company’s Education Center (Tennoz Accademia)
2-2-24, Higashishinagawa, Shinagawa-ku, Tokyo

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 43rd Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits concerning the Consolidated Financial Statements by the Accounting Auditor and Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the Company's 43rd Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal No. 3: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

Proposal No. 4: Revision 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 Voting Rights Exercise Form at the reception desk.
 - For this General Meeting of Shareholders, paper-based documents containing the items subject to measures for electronic provision will be provided to all shareholders, regardless of whether or not delivery of paper-based documents was requested.
However, of the items subject to measures for electronic provision, based on the provisions of laws and regulations and Article 16 of the Articles of Incorporation, the paper-based documents do not contain the following items: 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. Accordingly, the consolidated financial statements and the non-consolidated financial statements provided in the paper-based documents form part of the consolidated financial statements and the non-consolidated financial statements audited by Audit and Supervisory Committee when preparing the Audit Report, and part of the consolidated financial statements and the non-consolidated financial statements audited by the Accounting Auditor when preparing the Independent Auditor's Report.
 - If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the websites above.

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.

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., Tuesday, June 27, 2023 Japan time

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., Tuesday, June 27, 2023 Japan time

Shareholders attending the General Meeting of Shareholders

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

Voting Deadline

Wednesday, June 28, 2023 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)

How to fill out the Voting Rights Exercise Form

Please indicate your approval or disapproval of each proposal.

Proposals No. 1 and No. 4

To mark your approval → Circle “Approve.”

To mark your disapproval → Circle “Disapprove.”

Proposals No. 2 and No. 3

To mark your approval for all candidates → Circle “Approve.”

To mark your disapproval for all candidates → Circle “Disapprove.”

To mark your disapproval for certain candidates → Circle “Approve” and write the number of the candidate(s) you wish to disapprove.

- 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 via the Internet and by mailing Voting Rights Exercise Form, 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.

How to enter log-in ID and temporary password

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

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

For inquiries regarding how to use your personal computer or smartphone to exercise voting rights on the website, please contact the Help Desk:	Help Desk, Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation 0120-173-027 (Toll-free, Service hours: 9:00 a.m. to 9:00 p.m.)
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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 43rd fiscal year as follows, taking into consideration business performance in the fiscal year under review, funding demands for future business development, and other factors.

1. Type of dividend property
Cash
2. Items related to the allocation of dividend property to shareholders and its total amount
The Company proposes a dividend of 38.00 yen per common share.
Furthermore, the total dividend amount in this case will be 2,965,140,570 yen.
3. Date the distribution of surplus comes into effect
June 29, 2023.

Proposal No. 2: Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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

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

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

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

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
1	<p>Keisuke Suzuki (September 9, 1953) (age 69)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 26 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Feb. 1981 Vice President of the Company</p> <p>Apr. 1987 Senior Executive Vice President</p> <p>Nov. 1992 Retired from Vice President</p> <p>Jan. 1994 Consultant</p> <p>June 1997 Senior Executive Vice President</p> <p>June 2005 President and CEO (Representative Director) (to the present)</p> <p>Reasons for nomination as candidate for director: Keisuke Suzuki is responsible for the management of the Company since its foundation, and has led the Company's growth by demonstrating excellent leadership and responding quickly to changes in the business environment. As he possesses abundant experience and advanced insight in overall management and the medical equipment business as described above, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value, and has therefore nominated him again as a candidate for director.</p>	2,505,016

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
2	<p>Atsuhiko Suzuki (June 5, 1958) (age 65)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 18 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 & COO (Representative Director) (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>	357,680

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
3	<p data-bbox="357 607 568 689">Kenji Yamada (November 26, 1971) (age 51)</p> <p data-bbox="408 719 517 745">Reelection</p> <p data-bbox="336 775 588 882">Term of office at the conclusion of this General Meeting of Shareholders: 8 years</p> <p data-bbox="347 911 577 994">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="620 286 975 313">May 1998 Joined the Company</p> <p data-bbox="620 322 1070 376">Apr. 2011 General Manager of Corporate Administration Division</p> <p data-bbox="620 385 1190 439">July 2013 Operating Officer and General Manager of Corporate Administration Division</p> <p data-bbox="620 448 1166 530">Apr. 2014 Operating Officer and Deputy Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 539 1209 593">Apr. 2015 Operating Officer and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 602 1177 656">June 2015 Vice President and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 665 1177 831">July 2017 Vice President and Executive Manager of R&D and Manufacturing Headquarters Managing Director of Synexmed (Hong Kong) Limited Chairman and President of JLL Shenzhen Co., Ltd.</p> <p data-bbox="620 840 1171 893">Aug. 2017 Managing Director of JLL Malaysia Sdn. Bhd.</p> <p data-bbox="620 902 1139 1010">July 2020 Senior Vice President and Executive Manager of Corporate Administration Headquarters of the Company (to the present)</p> <p data-bbox="620 1019 1129 1046">Apr. 2022 Chairman of JLL Shenzhen Co., Ltd.</p>	26,000
		<p data-bbox="620 1064 1098 1090">Reasons for nomination as candidate for director:</p> <p data-bbox="620 1099 1385 1308">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
4	<p>Toru Takamiya (November 17, 1964) (age 58)</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>Aug. 2006 Joined the Company</p> <p>Apr. 2009 General Manager of SHT Division, TVI Department</p> <p>Apr. 2011 General Manager of EST Department</p> <p>Apr. 2012 General Manager of CVE Department</p> <p>July 2013 Operating Officer and General Manager of CVE Department</p> <p>Apr. 2014 Operating Officer and General Manager of Cardiovascular Business Department</p> <p>Apr. 2015 Operating Officer and Executive Manager of CV Business Unit</p> <p>June 2017 Vice President and Executive Manager of CV Business Unit</p> <p>Apr. 2021 Vice President and Executive Manager of CVG Business Unit</p> <p>Apr. 2022 Vice President and Executive Manager of R&D and Manufacturing Headquarters (to the present)</p> <p> Managing Director of JLL Malaysia Sdn. Bhd. (to the present)</p> <p>Reasons for nomination as candidate for director: Toru Takamiya possesses many years of experience and a track record in the medical device industry. After previously serving as manager of the Company's Cardiovascular Surgery and Transvascular Intervention businesses, he is currently in charge of the R&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>	3,500

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>Tadashi Idei (May 30, 1965) (age 58)</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>Oct. 2009 Joined the Company</p> <p>Apr. 2011 General Manager of Regulatory Affairs Division</p> <p>Apr. 2013 General Manager of Regulatory Affairs General Management Department</p> <p>July 2013 Operating Officer and General Manager of Regulatory Affairs General Management Department</p> <p>Apr. 2015 Operating Officer and Executive Manager of Regulatory Affairs Headquarters</p> <p>June 2017 Vice President and Executive Manager of Regulatory Affairs Headquarters (to the present)</p> <p>Reasons for nomination as candidate for director: 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>	4,400

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
6	<p data-bbox="379 430 545 515">Yumiko Hoshiba (March 3, 1962) (age 61)</p> <p data-bbox="408 542 517 568">Reelection</p> <p data-bbox="335 595 590 703">Term of office at the conclusion of this General Meeting of Shareholders: 5 years</p> <p data-bbox="347 730 577 815">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="619 286 1216 694"> Apr. 1992 Joined the Company Apr. 2008 General Manager of Administration Division Apr. 2011 General Manager of General Affairs Division July 2014 Operating Officer and General Manager of General Affairs Division Apr. 2015 Operating Officer and General Manager of General Affairs Department Apr. 2018 Operating Officer and General Manager of Human Resources & General Affairs Department June 2018 Vice President and General Manager of Human Resources & General Affairs Department (to the present) </p> <p data-bbox="619 703 1388 949"> 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>	14,628

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>Tatsuya Murase (November 12, 1973) (age 49)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 1 year</p> <p>Attendance at Board of Directors meetings: 100% (10/10)</p>	<p>Oct. 2009 Joined the Company</p> <p>Apr. 2015 General Manager of EG Business Promotion Department, CVE Department</p> <p>Apr. 2016 General Manager of AST Department</p> <p>Apr. 2018 General Manager of CVE Department</p> <p>July 2020 Operating Officer and General Manager of CVE Department</p> <p>Apr. 2022 Senior Operating Officer and Executive Manager of CVG Business Unit</p> <p>June 2022 Vice President and Executive Manager of CVG Business Unit (to the present)</p> <p>Reasons for nomination as candidate for director: Tatsuya Murase possesses many years of experience and a track record in the medical device industry. He has contributed to the growth of the Company's Cardiovascular Surgery business, and is currently in charge of the Cardiovascular, Neurovascular and Gastrointestinal businesses. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	1,000

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	Takeyoshi Egawa January 14, 1976 (age 47) New election	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">May 2018</td> <td>Joined the Company</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2019</td> <td>General Manager of Finance and Accounting Division</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2022</td> <td>Operating Officer and Senior Manager of Business Administration Department</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2023</td> <td>Senior Operating Officer and Senior Manager of Business Administration Department (to the present)</td> </tr> </table> <p>Reasons for nomination as candidate for director: Takeyoshi Egawa has practical experience working at an auditing firm and many years of experience and achievements as general manager of the Finance and Accounting Division of an operating company. He currently oversees the Company's finance and accounting, and its Business Administration Department as a senior operating officer. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him as a candidate for director.</p>	May 2018	Joined the Company	Apr. 2019	General Manager of Finance and Accounting Division	Apr. 2022	Operating Officer and Senior Manager of Business Administration Department	Apr. 2023	Senior Operating Officer and Senior Manager of Business Administration Department (to the present)	0
May 2018	Joined the Company										
Apr. 2019	General Manager of Finance and Accounting Division										
Apr. 2022	Operating Officer and Senior Manager of Business Administration Department										
Apr. 2023	Senior Operating Officer and Senior Manager of Business Administration Department (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
9	<p>Fumihiro Sasaki (July 10, 1957) (age 65)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 11 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)</p> <p>June 2012 Outside Director of the Company (to the present)</p> <p>July 2012 Representative Director and Chief Executive Officer of Abilitas Hospitality Co., Ltd.</p> <p>Oct. 2015 President and Representative Director of XYMAX HOTELS Corporation (currently, KARAKSA HOTELS Corporation)</p> <p>Apr. 2017 Executive Managing Officer of XYMAX Corporation President and Representative Director of XYMAX FELLOW Corporation (currently, XYMAX TRUST Corporation) President and Representative Director of XYMAX SQUARE Corporation Representative Director of XYMAX VILLAGE Corporation</p> <p>Nov. 2021 Senior Executive Managing Officer of XYMAX Corporation</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>	3,600

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
10	<p>Yoshiaki Ikei (May 4, 1957) (age 66)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p>	<p>Apr. 1981 Joined Mitsubishi Corporation</p> <p>Apr. 1999 Executive Officer and General Manager of Corporate Strategy Department of AUCNET INC.</p> <p>Oct. 2001 Managing Executive Officer and General Manager of Osaka Branch of RECOF Corporation</p> <p>Nov. 2007 Representative Director of MA Partners Inc. (to the present)</p> <p>July 2012 Senior Managing Director of STREX Inc.</p> <p>June 2017 Outside Director of the Company (to the present)</p>	3,600
	<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>Reasons for nomination as candidate for outside director and overview of expected roles:</p> <p>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 and the Investment Committee, filling the important role of improving corporate governance. The Company has judged that he may be expected to provide advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate value, and has therefore nominated him again as a candidate for outside director.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
11	Yusuke Naiki (May 20, 1960) (age 63) Reelection Outside Independent Term of office at the conclusion of this General Meeting of Shareholders: 2 years Attendance at Board of Directors meetings: 100% (12/12)	<p>Apr. 1984 Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)</p> <p>Mar. 1996 Joined Boston Scientific Japan K.K.</p> <p>Feb. 2006 Executive Officer</p> <p>Aug. 2008 Senior Executive Officer</p> <p>Sept. 2011 President and Representative Director</p> <p>July 2019 Chairman and Representative Director</p> <p>July 2020 Advisor</p> <p>June 2021 Outside Director of the Company (to the present)</p>	0
		Reasons for nomination as candidate for outside director and overview of expected roles:	
		Yusuke Naiki has been involved in the medical equipment industry for many years and has abundant experience and wide-ranging insight in the medical device business and corporate management, including serving as a corporate manager in the industry. He has conducted appropriate supervision of the Company's management while also providing valuable advice and recommendations regarding management in general, including the Company's businesses. The Company has judged that he may be expected to continue providing beneficial advice and recommendations aimed at strengthening the supervisory function of the Board of Directors and sustainably improving corporate value, and has therefore nominated him again as a candidate for outside director.	

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

Proposal No. 3: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

The terms of office of four (4) directors who are audit and supervisory committee members will expire at the conclusion of this Ordinary General Meeting of Shareholders.

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

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

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

No.	Name	Current position and responsibility in the Company	Candidate attributes	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
1	Shogo Takahashi	Vice President (Full-time Audit and Supervisory Committee Member)	Reelection	100% (12/12)	100% (11/11)
2	Masahiko Nakamura	Outside Director (Audit and Supervisory Committee Member)	Reelection Outside Independent	100% (12/12)	100% (15/15)
3	Daizo Asari	Outside Director (Audit and Supervisory Committee Member)	Reelection Outside Independent	100% (12/12)	100% (15/15)
4	Yutaka Karigome	Outside Director (Audit and Supervisory Committee Member)	Reelection Outside Independent	100% (12/12)	100% (15/15)

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>Shogo Takahashi (July 8, 1964) (age 58)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 1 year</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Audit and Supervisory Committee meetings: 100% (11/11)</p>	<p>Dec. 1994 Joined the Company</p> <p>Apr. 2009 General Manager of Legal Affairs Office</p> <p>Mar. 2010 General Manager of Legal Affairs Office and General Manager of R&D and Manufacturing Division</p> <p>Apr. 2011 Executive Manager of R&D and Manufacturing Headquarters</p> <p>June 2011 Vice President and Executive Manager of R&D and Manufacturing Headquarters</p> <p>Mar. 2012 Managing Director of Synexmed (Hong Kong) Limited</p> <p>Apr. 2012 Chairman and President of JLL Shenzhen Co., Ltd.</p> <p>June 2013 Senior Vice President and Executive Manager of R&D and Manufacturing Headquarters of the Company</p> <p>July 2017 Senior Vice President and Executive Manager of Corporate Administration Headquarters</p> <p>July 2020 Senior Vice President and Executive Manager of R&D and Manufacturing Headquarters Managing Director of Synexmed (Hong Kong) Limited Chairman and President of JLL Shenzhen Co., Ltd. Managing Director of JLL Malaysia Sdn. Bhd.</p> <p>Apr. 2022 Senior Vice President in charge of R&D and Manufacturing Headquarters of the Company</p> <p>June 2022 Vice President (Full-time Audit and Supervisory Committee Member) (to the present)</p>	22,800
<p>Reasons for nomination as candidate for director who is an Audit and Supervisory Committee member</p> <p>Shogo Takahashi is familiar with the Company's overall business based on his experience being in charge of the R&D and Manufacturing Headquarters and the Corporate Administration Division, and he also has experience and knowledge as a director who is an Audit and Supervisory Committee member of the Company. We believe that he can be expected to draw on these qualities to contribute to strengthening the auditing and supervisory functions of the Board of Directors by supervising business execution and decision-making from an objective standpoint. Accordingly, we have nominated him again as a candidate for director who is an 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 58)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 2 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Audit and Supervisory Committee meetings: 100% (15/15)</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</p> <p>May 2015 Auditor of Japan Merchandising Rights Association (to the present)</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) (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 expert knowledge and abundant experience as an attorney-at-law. Moreover, he has experience as an Outside Director who is an Audit and Supervisory Committee member of the Company and has also served as outside auditor 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 continue contributing 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 again as a candidate for Outside Director who is an 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>Daizo Asari (June 7, 1959) (age 64)</p> <p>Reelection Outside Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 2 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p> <p>Attendance at Audit and Supervisory Committee meetings: 100% (15/15)</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</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) (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 expert knowledge and abundant experience as a tax accountant. In addition, he has also served as an Outside Director who is an Audit and Supervisory Committee Member of the Company and as a member of the Nomination and Remuneration Advisory Committee. Based on the above, although he has never been directly involved in corporate management, we believe that he can be expected to continue contributing 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 again as a candidate for Outside Director who is an Audit and Supervisory Committee member.</p>	3,600

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
4	Yutaka Karigome (April 12, 1963) (age 60) Reelection Outside Independent Term of office at the conclusion of this General Meeting of Shareholders: 2 years Attendance at Board of Directors meetings: 100% (12/12) Attendance at Audit and Supervisory Committee meetings: 100% (15/15)	<p>Aug. 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>June 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (to the present)</p> <p>Apr. 2022 Professor of Graduate School of Accounting & Finance, Chiba University of Commerce (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 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 a director who is an audit and supervisory committee member of the Company and as outside corporate auditor. etc. 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 continue contributing 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 again as a candidate for Outside Director who is an 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 Daizo Asari and Yutaka Karigome 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 Masahiko Nakamura Daizo Asari and Yutaka Karigome is approved, the Company plans to renew the aforementioned agreements with them.
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 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.
5. The Company has submitted notification to the Tokyo Stock Exchange that Masahiko Nakamura Daizo Asari and Yutaka Karigome have been designated as independent officers. If the reelection of each candidate is approved, the Company plans to submit notification for their designation as independent officers.

(Reference) Skill matrix for the Board of Directors

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

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

If Proposal No. 2 and Proposal No. 3 are approved as proposed at this Ordinary General Meeting of Shareholders, the composition of the Board of Directors and the skills of the directors will be as follows.

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

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

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

Proposal No. 4: Revision of Amount and Details of Performance-Linked Stock Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

1. Reasons for proposal

A resolution was made at the 41st Ordinary General Meeting of Shareholders held on June 25, 2021, regarding the performance-linked stock remuneration plan (hereinafter referred to as the “Plan”) for directors (excluding directors who are audit and supervisory committee members and outside directors; hereinafter referred to as “Directors”), which has remained unchanged to the present. The Company would like to propose a partial revision of this plan (hereinafter referred to as “the Revision”) and requests approval.

The remuneration framework under the Plan provides stock remuneration to Directors as an amount separate from the maximum amount of remuneration for Directors (up to 700 million yen annually) that was approved at the 41st Ordinary General Meeting of Shareholders held on June 25, 2021.

While the Plan was introduced in order to heighten incentives for Directors to improve medium- and long-term business results and increase corporate value, granting, etc. of the Company’s shares, etc. to Directors will have taken place at the time of their retirement, in principle. The Revision changes the timing for such granting, etc. to during their terms of office. This will facilitate stock ownership during the Directors’ terms of office, for further enhancement of shared values with our shareholders. The calculation method for the number of the Company’s shares, etc. to be acquired by Directors will also be changed in order to better contribute to improving medium- and long-term corporate value of the Company.

In addition, in order to prevent excessive risk-taking by Directors and prevent misconducts that can lead to serious scandals and corrections of financial statements, a new claw-back (request for monetary repayment of an amount equivalent to the provided Company’s Shares, etc.) system, etc. will be introduced.

The Company believes that this proposal is appropriate because it reflects the changes in the Company’s internal and external environment that have occurred since the resolution by the 41st Ordinary General Meeting of Shareholders, and because it is, as before, intended to contribute to the improvement of the Company’s medium- to long-term performance and corporate value, and to promote management that is further aligned with the shareholders’ perspective. If this proposal is approved, the contents of the “Decision-making policy for the content of officers remuneration, etc.” listed in the Business Report will be revised based on the proposal.

The number of directors eligible for the Plan is seven (7) at present. However, if Proposal No. 2 “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 eight (8).

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

(1) Overview of the Plan

The Plan is a stock remuneration plan under which a trust acquires the Company’s shares, using the amount of remuneration for Directors contributed by the Company as the financial funds, and the grants and payments (the “Grants, etc.”) 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.”) are made to Directors through the trust. (Details are as stated in (2) below and later. The text in parentheses after the title indicates whether or not there is a change resulting from the Revision.)

Item	Description
Persons to whom the Grants, etc. of the Company’s Shares, etc. subject to this proposal are to be made	• Directors (excluding Directors who are Audit and Supervisory Committee members, Outside Directors, and Directors residing in other countries)

Impact of the shares of the Company subject to this proposal on the total number of issued shares	
Item	Description
Upper limit of money contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> • 300 million yen in total for every three fiscal years that are the applicable period (defined in (2) below)
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 number of the Company's shares to be acquired by Directors in one year is 132,200 shares. • The total number of shares acquired by Directors in one year shall not exceed 0.17% of the total number of the Company's shares issued (as of March 31, 2023, after deducting treasury stock). • The Company's shares are acquired from the Company (disposal of treasury stock) or through the stock market.
Item	Description
Details of performance achievement conditions (as stated in (3) below)	<ul style="list-style-type: none"> • Varies depending on the degree of achievement against the Company's annual performance targets. • Net sales, operating profit, and earnings per share (EPS) are used as the performance indicators.
Item	Description
Timing of the Grants, etc. of the Company's Shares, etc. to directors (as stated in (4) below)	<ul style="list-style-type: none"> • In principle, July after the end of the fiscal year that is subject to evaluation (defined in (3) below)

(2) Upper limit of money contributed by the Company (no change)

The Plan covers three fiscal years in succession (the initial applicable period following the Revision shall be three fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026, and if extensions of trust period as stated in the 4th paragraph of this (2) are made, the period shall be each three-year period following each extension; "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 stock) 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 (changed)

Points are granted to Directors on June 1 every year during the trust period, according to the amount of Director monthly fixed remuneration and the degree of achievement of performance targets in the fiscal year ended March 31 of the same year (the "Evaluation Fiscal Year"). Subsequently, in July of the same year in principle, the number of shares calculated based on these points are granted to the Directors. The number of the Company's shares per point is one share. If the Company's shares increase or decrease due to a share split, allotment of share without contribution, consolidation of shares, etc., the number is adjusted in proportion to the increase or decrease. The degree of achievement of performance targets is set using the key performance indicators of the Company's medium-term management plan, etc. The following three indicators have been decided for the initial applicable period following the Revision:

- Net sales
- Operating profit
- Earnings per share (EPS)

The upper limit of the total number of points granted to Directors per year shall be 132,200 points, and the upper limit of the total granted over the three-year Applicable Period shall be 396,600 points. Therefore, the upper limit of the total number of the Company's Shares, etc. granted to Directors per year shall be 132,200 shares, and the upper limit of the total granted over the Applicable Period shall be 396,600 shares.

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

Directors who satisfy beneficiary requirements shall in principle receive Grants, etc. of the number of the Company's Shares, etc. calculated based on (3) above in July after the end of the Evaluation Fiscal Year 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 granted 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 a Director who satisfied the beneficiary requirements dies, all the Company's shares which were to be granted to that Director 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. In addition, if a Director who satisfied the beneficiary requirements becomes an expatriate, all the Company's shares which were to be granted to that Director 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 (no change)

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 (no change)

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) Claw-back system, etc. (newly added)

In the event of misconducts that can lead to serious scandals and corrections of financial statements, a system is established for these Directors to allow claw-back (request for monetary repayment of an amount equivalent to the provided Company's Shares, etc.) and discontinuation of the granting of points.

(8) Other matters regarding the Plan (no change)

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.

3. Handling of the pre-Revision Plan

The Revision shall have no effect on the Plan existing prior to the Revision. As a result, the handling of points granted to Directors based on the pre-Revision Plan, the calculation method and upper limit for the number of the Company's Shares, etc. acquired by Directors, and the method and timing of the Grants, etc. of the Company's Shares, etc. to Directors, shall be as prescribed in the Plan prior to the Revision.

(Appendix)

Business Report
(From April 1, 2022 to March 31, 2023)

[1] Overview of the Company Group

1. Business Progress and Results

In the fiscal year under review, the sales unit price of many items decreased compared to the previous fiscal year due to the revision of National Health Insurance (NHI) reimbursement prices in April 2022. In particular, the NHI reimbursement prices of some cardiac rhythm management and EP/Ablation items were lowered significantly, creating a negative impact on net sales and gross profit.

Also, with the spread of COVID-19, at medical settings, in addition to dealing with an increase in the number of infected people, the healthcare system continued to be strained by the spread of nosocomial infections among medical workers. During the period of increased infection (seventh wave from July to August 2022 and eighth wave from November 2022 to January 2023) in particular, the number of cases for our products was reduced, impacting our business performance.

In the medical setting, the government promoted reforms to change the way doctors work in response to the issue of long working hours for doctors becoming the norm. New legislation will take effect in April 2024, but at some facilities, gradual improvements in work environment are being made ahead of the enforcement, limiting overtime and surgeries on Saturdays. As a result, in the fiscal year under review, there has been an impact on the number of cases for our products.

Amid this business environment, we estimate that the number of cases of atrial fibrillation (AF) ablation therapy, which greatly impacts our business performance, increased by about 6% year on year in the fiscal year under review, which is roughly the same level as expected in our initial plan. As a result, sales of EP/Ablation products remained steady, making up for the decline in NHI reimbursement prices, and revenue increased by 4.8% year on year.

In the foreign exchange market, the Japanese yen fluctuated wildly against the U.S. dollar, but this did not significantly impact our profit and loss. This is mainly because approximately 70% of our product purchases are denominated in yen, and we use the moving average method to calculate cost of sales, so even if there is a temporary increase in procurement costs for some purchased products and materials, the impact will level out over time.

Our business performance for the fiscal year under review was as follows:

Classification	The 42nd fiscal year (April 1, 2021 to March 31, 2022)		The 43rd fiscal year (April 1, 2022 to March 31, 2023) (Fiscal year under review)		Increase/ (Decrease)	Increase/ (Decrease)
	Amount	Composition ratio	Amount	Composition ratio		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
(1) Net sales	51,469	100.0	51,750	100.0	281	0.5
(2) Gross profit	28,835	56.0	29,895	57.8	1,060	3.7
(3) Operating profit	9,973	19.4	10,837	20.9	863	8.7
(4) Ordinary profit	10,005	19.4	10,905	21.1	900	9.0
(5) Profit attributable to owners of parent	7,484	14.5	6,891	13.3	(592)	(7.9)

(1) Net sales

Net sales increased by 281 million yen from the previous fiscal year to 51,750 million yen. For details, see “Net sales by product category.”

(2) Gross profit

Gross profit increased by 1,060 million yen from the previous fiscal year to 29,895 million yen. The gross profit margin increased by 1.8 points from the previous fiscal year to 57.8%. The main reason is that disposal loss and valuation loss on inventory assets such as products, merchandise inventory, and raw materials fell 1,413 million yen from the previous fiscal year and the in-house product ratio increased 2.5 points from the previous fiscal year to 54.9%, making up for the negative impact of a deterioration in gross profit margin due to the revision of NHI reimbursement prices and a decrease in sales volume of some products.

(3) Operating profit

Operating profit increased by 863 million yen from the previous fiscal year to 10,837 million yen. The operating profit margin increased by 1.5 points from the previous fiscal year to 20.9%. Selling, general and administrative expenses increased slightly from the previous fiscal year, but the increase in gross profit margin mentioned above absorbed that effect. In terms of the breakdown of changes in selling, general and administrative expenses, R&D expenses increased and travel, commuting and advertising expenses increased with the introduction of new products, but total expenses increased only slightly from the previous fiscal year partly due to the 290 million yen in one-time clinical trial expenses incurred in the previous fiscal year.

(4) Ordinary profit

Ordinary profit increased by 900 million yen from the previous fiscal year to 10,905 million yen. Non-operating income of 293 million yen was recorded for interest income and dividend income. Non-operating expenses of 224 million yen were recorded for the provision of allowance for doubtful accounts related to long-term loans receivable to business partners and financial fees associated with purchase of treasury stock.

(5) Profit attributable to owners of parent

Profit attributable to owners of parent decreased by 592 million yen from the previous fiscal year to 6,891 million yen. In the third quarterly consolidated accounting period, the Company recorded an extraordinary loss of 1,190 million yen for loss on valuation of investment securities due to a capital increase accompanying a review of the business plan of a product supplier whose shares were held for the purpose of cross-shareholding, diluting the Company's equity. Meanwhile, in the fourth quarterly consolidated accounting period, the Company posted an extraordinary profit of 96 million yen in gain on liquidation of subsidiaries related to transfer and liquidation of a subsidiary.

[Net sales by product category]

Classification	(Millions of yen)			
	The 40th fiscal year (April 1, 2019 to March 31, 2020)	The 41st fiscal year (April 1, 2020 to March 31, 2021)	The 42nd fiscal year (April 1, 2021 to March 31, 2022)	The 43rd fiscal year (April 1, 2022 to March 31, 2023) (Fiscal year under review)
Cardiac Rhythm Management	11,866	13,248	12,977	12,403
EP/Ablation	24,696	23,863	25,099	26,292
Cardiovascular Surgery	10,166	9,969	9,657	10,643
Gastrointestinal/PI	5,032	4,204	3,733	2,411
Total	51,761	51,286	51,469	51,750

Cardiac Rhythm Management

(implantable medical devices for treating arrhythmia)

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

In pacemaker-related products, sales continued to be challenging due to competition with other companies. Due to the introduction of the site selective pacing catheter (SSPC) to assist with pacemaker lead retention, the sales volume was on par with the previous fiscal year, but due to a significant drop in NHI reimbursement prices, net sales decreased significantly from the previous fiscal year.

In ICD-related products, revenue increased from the previous fiscal year due to obtaining replacement cases accompanying the arrival of the battery replacement period for T-ICDs and steady sales of CRT-D. With regard to the Company's unique product, S-ICDs, revenue increased from the previous fiscal year as NHI reimbursement prices did not decrease and sales remained strong.

As a result, net sales in the CRM product category were 12,403 million yen (-4.4% YoY).

EP/Ablation

(electrode catheters for arrhythmia diagnosis and treatment)

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

Sales of EP catheters remained strong due to an increase in the number of atrial fibrillation cases in addition to supply issues of other companies' products. Sales volume of in-house products related to ablation surgery, including the BeeAT internal atrial cardioversion catheter, EP Star EP catheter, and Esophastar esophageal temperature monitoring catheter, increased 10% from the previous fiscal year. Meanwhile, net sales increased 7% from the previous fiscal year due to a decrease in NHI reimbursement prices.

With regard to our ablation catheters, net sales decreased from the previous fiscal year due to sluggish sales of the HeartLight X3 endoscopic laser ablation catheter. Since July 2022, sales of this product have been affected by intermittent delays in the supply of products from suppliers due to a global shortage of raw materials.

As for other products, income from RF Needle radio-frequency transseptal needles fell due to the impact of competitor products. Following the acquisition of our supplier, Baylis Medical Company, Inc. by Boston Scientific Corporation, the exclusive sale of this product ended on March 31, 2023. In April 2023, sales transferred to Boston Scientific Japan K.K., and we will provide sales support under a sales partnership agreement with the company. Our in-house steerable sheath product, Leftee, saw a significant increase in income from the previous fiscal year, as its ease of operation was evaluated highly in medical settings and sales continue to grow.

As a result, net sales in the EP/Ablation product category were 26,292 million yen (+4.8% YoY).

Cardiovascular Surgery

(medical devices for treating aortic and neurovascular diseases)

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

In the vascular graft-related products, while the number of cases remained flat, sales were strong due to a gradual increase in market share. In terms of in-house products, sales of vascular grafts remained strong while the Company's unique FROZENIX open stent graft also saw an increase in emergency cases, and as a result, sales increased year on year. With regard to purchased products, the AFX2 abdominal stent graft product was highly acclaimed in results of clinical studies conducted at university hospitals in Japan, and the synergistic effect with the new Alto product launched the previous fiscal year was demonstrated, significantly increasing sales year on year.

As for other products, sales of the newly launched Avenir embolic coil for the neurovascular field remained strong and far exceeded our plans. The Company entered into an exclusive 10-year sales agreement with Wallaby Medical Holding, Inc., the supplier of Avenir, covering 11 neurovascular treatment devices, and sales of new products are scheduled to begin sequentially in the fiscal year ending March 31, 2024. The neurovascular market is expected to see growth of 4% to 5% in the future, so we will focus on this important field going forward.

As a result, net sales of Cardiovascular Surgery products were 10,643 million yen (+10.2% YoY).

Gastrointestinal/PI

(medical devices for treating gastrointestinal disease and ischemic heart disease)

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

In gastrointestinal-related products, sales of existing products, including colonic stents, gastro-duodenal stents and radio-frequency ablation needles for liver cancer treatment, remained strong, significantly increasing revenue.

In addition, the Company is focusing on the biliary-pancreatic field (biliary tract and pancreas) within the gastrointestinal field as a field of potential growth, and we fully launched in-house products starting in the current fiscal year. However, some products such as the cholangioscopy products were identified in early clinical trials as needing some improvements, and we are working to resolve this issue. Meanwhile, bile duct tube stents received wide acclaim in clinical trials and sales remained strong, and we will work to further expand sales in the future.

In percutaneous intervention (PI) products, amid an increasingly competitive environment, the coronary intervention business downsized and sales resources were diverted to the gastrointestinal field, leading to a decline in net sales. The exclusive sales agreement for the Orsiro drug-eluting coronary stent, one of the Company's main purchased products, was terminated early.

As a result, net sales of gastrointestinal/PI products were 2,411 million yen (-35.4% YoY).

2. Capital Investments

The total amount of capital investments conducted in the fiscal year under review was 976 million yen. The main item was investment related to the Company's manufacturing facility, and required funds were allocated from funds on hand.

3. Financing

There is no financing to report.

4. Trends in Assets and Income of the Corporate Group

Classification	The 40th fiscal year (April 1, 2019 to March 31, 2020)	The 41st fiscal year (April 1, 2020 to March 31, 2021)	The 42nd fiscal year (April 1, 2021 to March 31, 2022)	The 43rd fiscal year (April 1, 2022 to March 31, 2023) (Fiscal year under review)
Net sales (Millions of yen)	51,761	51,286	51,469	51,750
Operating profit (Millions of yen)	10,434	10,367	9,973	10,837
Ordinary profit (Millions of yen)	10,425	10,519	10,005	10,905
Profit attributable to owners of parent (Millions of yen)	7,748	2,000	7,484	6,891
Earnings per share (yen)	96.55	24.91	93.13	88.22
Total assets (Millions of yen)	75,000	72,962	73,197	74,641
Net assets (Millions of yen)	51,406	51,304	54,567	56,195

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

5. Issues to be Addressed

(i) Medium-term management plan initiatives

Our corporate identity is "Contributing to the realization of a healthy society through the latest optimal medical device technologies." As a full-service distributor, the Company introduces novel medical devices from overseas manufacturers to the Japanese market. At the same time, as a manufacturer, the Company uses a unique business model to develop and manufacture medical devices that reflect the needs of the medical settings, thereby making efforts to realize its management philosophy.

As the plans and actual results of the Company's medium-term management plan unveiled in November 2020 continue to diverge due to business transformations including a major revision of the business portfolio, a new five-year medium-term management plan was formulated in May 2023, pushing the end date from March 31, 2024 to March 31, 2028. The new medium-term management plan sets the five following numerical targets:

[Numerical targets]

Net sales	Net sales of new areas*	Operating profit margin	EPS	ROIC
63.0 billion yen (FYE March 2028)	8.0 billion yen (FYE March 2028)	20% level (Each fiscal year)	120 yen per share (FYE March 2028)	12% (FYE March 2028)

* Neurovascular field and gastrointestinal field

To achieve these numerical targets, the Company is working on the following three priority issues:

1. Expanding into new business areas

Although the Company's business activities have been focused on the cardiovascular field, to realize medium- and long-term growth in response to changes in the market environment, it has expanded into the neurovascular and gastrointestinal fields. These fields have potential for future market growth, and the Company can use its knowledge gained in the cardiovascular field as well as its cultivated technology. Steadily achieving a business plan for these new fields, which are positioned as drivers of future growth, is critical to achieving the medium-term numerical targets.

In the neurovascular field, the Company entered into an exclusive sales agreement with Wallaby Medical Holding, Inc. in August 2022, covering 11 neurovascular treatment devices within Japan, and these include highly novel devices. By bringing these to market, the Company will have a top-class product lineup in Japan, and by steadily introducing these products to the market, the Company will establish a presence in the neurovascular field.

In the gastrointestinal field, since launching an in-house colonic stent product in 2017, the Company has brought several products to market based on its advanced shafts and stents and high-frequency ablation and other technologies cultivated in the cardiovascular field, and in the fiscal year under review, the Company launched new products in the biliary-pancreatic field. The Company continues to develop products in the gastrointestinal field using its own technology and is working to further promote its brand.

2. Constantly introducing competitive products

In the current business environment, the Company faces continually decreasing product unit prices due to revisions in the NHI reimbursement prices implemented every two years and increasing competition from other companies, and the Company expects conditions to become even more challenging with the launch of competing products to its unique products. In response to this, the Company will make the most of its strengths as a full-service distributor and manufacturer to introduce competitive products and strengthen its product portfolio.

As a full-service distributor, the Company has a track record of introducing many of the latest medical devices in the cardiovascular field to the Japanese market. Novel medical devices can provide minimally invasive treatments and new treatment methods to greatly benefit patients, and so the Company will continue to research new products and quickly bring them to the medical settings in Japan.

As a manufacturer, the Company develops products to accurately meet the needs of the medical settings, and it has launched unique products such as an internal atrial cardioversion catheter and open stent graft. We also feature products that have received high acclaim for their improved operability based on feedback from the medical setting such as our proprietary steerable sheath product. As our in-house products have a higher profit contribution than purchased products, we are developing new products using our superior technology.

3. Strengthening management with a mind toward capital efficiency

The Company makes investments and loans to its business partners to secure sales rights of products and strengthen the relationship with our suppliers, and we actively invest in plants and facilities to strengthen the R&D and production capacity of in-house products. We will continue to actively invest for our future growth, such as by securing our product pipeline and developing and manufacturing in-house products while focusing more than ever on return on investment.

In addition to renewing the core system with the goal of responding to changes in the business environment and streamlining the business process, the Company will work to strengthen and improve the efficiency of its business base such as through digital marketing.

With regard to the surplus funds after making such investments for growth, the Company expects to be able to return a total of 25 billion yen to shareholders during the period of the medium-term management plan by paying dividends and purchasing treasury stock without excessively building up retained earnings.

(ii) Sustainability initiatives

1. Sustainability strategy

The Company’s management philosophy conveys our desire as a medical device company to improve corporate value by pursuing not only the economic value of providing excellent medical devices to patients and medical workers, but also the social value of realizing a healthy society at the same time.

To pursue this economic value and social value simultaneously, sustainability initiatives are a key strategic management issue, and the Sustainability Committee chaired by the President and CEO evaluated and prioritized various social issues from the two perspectives of importance to the Company and importance to the stakeholders and has identified seven materiality items (key topics). A subcommittee has been established for each materiality item to implement detailed initiatives so as to meet the expectations of our various stakeholders including patients, medical professionals, employees, business partners, local communities, shareholders and investors.

2. Sustainability indicators and targets

Materiality items have been categorized into issues to be solved through business and issues to be addressed to strengthen the business foundation, and this has clarified our vision for 2030. To realize this vision, we established medium-term targets (to be achieved by March 31, 2025) and key performance indicators (KPIs) to manage the progress of our initiatives in detail. The materiality and KPIs are as shown below.

Materiality and KPIs

Materiality	KPIs
Solve medical issues through innovative medical devices	<ul style="list-style-type: none"> • R&D expenses • Number of patent applications • Introduction of one-of-a-kind products • Application and Expansion of proprietary technologies to other fields
Reduce environmental impact	<ul style="list-style-type: none"> • Establishment of an environmental policy and promotion system • CO₂ emissions • Industrial waste recycling rate
Create a workplace where employees can work with comfort	<ul style="list-style-type: none"> • Assessment on the current status and implementation of measures to improve work-life balance • Ratio of female managers • Reinforcement on efforts to reduce human rights risks
Develop human resources and provide opportunities for them to play an active role	<ul style="list-style-type: none"> • Formulation of human resources policy and establishment of human resources development promotion system • Improvement of employee satisfaction • Education and training expenses per employee
Secure product quality and stable supply	<ul style="list-style-type: none"> • Compliance with global regulatory requirements (Acquire MDSAP certificate) • Percentage of supplier risk assessment surveys conducted • Promotion of production line duplication

Materiality	KPIs
Strengthen corporate governance	<ul style="list-style-type: none"> • Implementation of measures to comply with the Corporate Governance Code • Promotion of risk management • Reinforcement on information security measures
Promote compliance	<ul style="list-style-type: none"> • Reinforcement on compliance education • Promotion of efforts to improve understanding of the whistleblower system

The progress status of KPIs related to the materiality for each fiscal year is disclosed on the Company's website. Please see the website for details. https://www.jll.co.jp/sustainability/sustainability_management.html (in Japanese)

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
		%	
JLL Malaysia Sdn. Bhd.	95 million MYR	100	Manufacture and sale of medical devices

Note: 1. The Company entered into an agreement to transfer all equity held by the Company on March 31, 2023, and with the completion of the transfer, JLL Shenzhen Co., Ltd. has been excluded from the scope of consolidation in the fiscal year under review.
2. With the completion of the liquidation, Synexmed (Hong Kong) Limited has been excluded from the scope of consolidation in the fiscal year under review.

7. Principal Business

Product group	Principle products
Cardiac Rhythm Management	Cardiac pacemakers, Transvenous implantable cardioverter defibrillators (T-ICDs), Subcutaneous implantable cardioverter defibrillators (S-ICDs), Cardiac resynchronization therapy pacemakers (CRT-Ps), Cardiac resynchronization therapy defibrillators (CRT-Ds), Automated external defibrillators (AED), Hypoglossal nerve electrical stimulators
EP/Ablation	Electrophysiological (EP) catheters, ablation catheters, endoscopic laser ablation catheters, internal atrial cardioversion catheters, esophageal temperature monitoring catheters, radio-frequency transseptal needles
Cardiovascular Surgery	Vascular grafts, open stent grafts, stent grafts, embolic coils
Gastrointestinal/PI	Colonic stents, gastro-duodenal stents, radio-frequency ablation needles for liver cancer treatment, cholangioscopy systems, bile duct tube stents, bile duct dilation balloons, balloon catheters, guidewires, atrial septum defect closures, drug-eluting coronary stents, guidewires with a sensor for measuring intravascular pressure

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
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	733	-27	42.7	11.2
Female	433	-12	37.6	5.1
Total/average	1,166	-39	41.1	8.1

(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	720	-21	42.7	11.3
Female	242	-1	37.5	8.0
Total/average	962	-22	41.4	10.5

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

10. Principal Lenders

Lender	Amount outstanding
	Millions of yen
MUFG Bank, Ltd.	2,584
Sumitomo Mitsui Banking Corporation	1,620
Mizuho Bank, Ltd.	1,290
Resona Bank, Limited	610

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 82,919,976 shares

Note: The total number of shares outstanding is decreased by 2,500 thousand shares due to the cancellation of treasury stock on July 15, 2022.

3. Number of shareholders 14,724 persons

4. Major shareholders

Shareholder name	Number of shares	Ratio to the number of outstanding shares (excluding treasury stock)
	thousand shares	%
MT Shokai	9,860	12.64
KS Shoji	8,684	11.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,452	10.83
Custody Bank of Japan, Ltd. (Trust Account)	6,468	8.29
Keisuke Suzuki	2,505	3.21
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,167	1.50
JP MORGAN CHASE BANK 385781	924	1.19
STATE STREET BANK WEST CLIENT - TREATY 505234	843	1.08
The Chiba Bank, Ltd.	800	1.03
Takashi Nakao	781	1.00

Note: In addition to the above, there are shares of treasury stock held by the Company (4,889 thousand shares), and they do not include shares of the Company (109 thousand shares) remained in the Board Incentive Plan (BIP) trust.

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

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

6. Other Important Information Concerning Shares

(i) Purchase of treasury stock

At a meeting of the Board of Directors held on February 25, 2022, the Company acquired treasury stock as follows.

Type of shares acquired: Common shares

Total number of shares acquired: 2,500,000 shares

Total amount of shares acquired: 2,487,115,477 yen

Acquisition period: From February 28, 2022 to July 1, 2022

(ii) Cancellation of treasury stock

According to the resolution at a meeting of the Board of Directors held on February 25, 2022, the Company cancelled treasury stock as follows.

Type of shares cancelled: Common shares

Total number of shares cancelled: 2,500,000 shares

Date of cancellation: July 15, 2022

[3] Status of Share Acquisition Rights

There are no relevant matters to report.

[4]Company Officers

1. Names, etc. of Directors (as of March 31, 2023)

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

- Notes:
1. Directors Fumihiko Sasaki, Yoshiaki Ikei, and Yusuke Naiki, and Directors (Audit and Supervisory Committee Members) Masahiko Nakamura, Daizo Asari, and Yutaka Karigome are Outside Directors.
 2. Directors (Audit and Supervisory Committee Members) Daizo Asari and Yutaka Karigome are qualified as a Certified Public Tax Accountant, and possess a considerable level of knowledge in regard to finance and accounting.
 3. Yasunori Kamiya resigned as Vice President (Full-time Audit and Supervisory Committee Member) as of conclusion of the 42nd Ordinary General Meeting of Shareholders held on June 28, 2022.
 4. As of conclusion of the 42nd Ordinary General Meeting of Shareholders held on June 28, 2022, Shogo Takahashi retired as Vice President due to the expiry of the term of office, and was newly elected and appointed as Vice President (Full-time Audit and Supervisory Committee Member).
 5. Tatsuya Murase was newly elected and appointed as Vice President at the 42nd Ordinary General Meeting of Shareholders held on June 28, 2022.
 6. The Company appoints full-time audit and supervisory board members with the goal of increasing the effectiveness of information gathering and audits, such as continuously and effectively attending important meetings outside the Board of Directors.
 7. The Company has submitted notification to the Tokyo Stock Exchange that Directors Fumihiko Sasaki, Yoshiaki Ikei and Yusuke Naiki and Directors (Audit and Supervisory Committee Members) Masahiko

Nakamura, Daizo Asari and Yutaka Karigome have been designated as independent officers as provided for by the aforementioned exchange.

2. Summary of the Agreement on Limitation of Liability

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

3. Summary of the indemnity agreements

There are no relevant matters to report.

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

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

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

5. Remuneration to Directors

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

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

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

- b. Summary of the Decision-Making Policy

- i Basic policy regarding remuneration to directors

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

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

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

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

- (A) Fixed remuneration

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

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

(B) Performance-linked bonus

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

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

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

iii Policy regarding the decision on director remuneration type ratio

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

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

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

If the proposal concerning the revision of amount and details of performance-linked stock remuneration for directors (excluding directors who are audit and supervisory committee members) is approved at the 43rd Ordinary General Meeting of Shareholders, the Company plans to revise part of the decision-making policy from July 2023.

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

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

Maximum monetary remuneration for directors who are Audit and Supervisory Committee members was set at 70 million yen per year by a decision of the 41st Ordinary General Meeting of Shareholders held on June 25, 2021. The number of directors who are Audit and Supervisory Committee members at the conclusion of the Ordinary General Meeting of Shareholders in question is four (4).

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

The decision of the contents of remuneration (etc.) for each individual Director (excluding Audit and Supervisory Committee Members) is made by the Nomination and Remuneration Advisory Committee upon receipt of an order from the Board of Directors. The Nomination and Remuneration Advisory Committee consists of Outside Director Fumihiro Sasaki (Chairman), Outside Director Yoshiaki Ikei, Outside Director (Audit and Supervisory Committee Member) Daizo Asari, President and CEO Keisuke Suzuki, and Representative Director and Senior Executive Vice President & COO Atsuhiko Suzuki.

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

(iv) Total amount of remuneration, etc. to Directors

Categories of directors (and other officers)	Total amount of remuneration	Total amount of remuneration by type			Number of eligible directors (and other officers)
		Fixed remuneration	Performance-linked bonus	Performance-linked share awards (BIP trust for remuneration for directors and other officers)	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Number
Director (excluding Audit and Supervisory Committee Members) (inc. Outside Directors)	480 (25)	408 (25)	30 (-)	42 (-)	12 (3)
Director (Audit and Supervisory Committee Members) (inc. Outside Directors)	53 (23)	53 (23)	- (-)	- (-)	5 (3)
Total (inc. Outside Officers)	534 (49)	462 (49)	30 (-)	42 (-)	17 (6)

- (Notes) 1. The table above includes one Director (excluding Audit and Supervisory Committee Members) who retired due to expiry of the term of office as of conclusion of the 42nd Ordinary General Meeting of Shareholders held on June 28, 2022 and one Director (Audit and Supervisory Committee Member) who retired due to resignation.
- Performance-linked bonus shows the provision for bonuses for directors (and other officers) for the fiscal year under review.
 - Regarding performance-linked share awards (BIP trust for remuneration for directors and other officers), we have recorded 42 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.
 - Consolidated net sales and consolidated operating profit for the previous fiscal year used as the basis for calculation of performance-linked bonus and performance-linked share awards (BIP trust for remuneration for directors and other officers) are as presented in the Business Report and the Consolidated Financial Statements.
 - In addition to the total amount of remuneration above, based on the resolution of the 37th Ordinary General Meeting of Shareholders held on June 28, 2017, the retirement allowance for Officers of 1 million yen was paid to one retiring director. This amount includes 1 million yen in provision for Officers' retirement allowance disclosed in the Business Report of the past fiscal years.

6. Outside Officers

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

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

(ii) Relationship with Specified Associated Service Provider

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

(iii) Main Activities in the Fiscal Year under Review

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

Title	Name	Main activities and overview of duties to be performed regarding expected roles for Outside Director
Director (Audit and Supervisory Committee Member)	Masahiko Nakamura	Participated in all 12 meetings of the Board of Directors and all 15 meetings of the Audit and Supervisory Committee during the fiscal year under review. He has made appropriate and necessary statements based on his specialist position as an attorney and experience as an outside corporate auditor at other companies. He is fulfilling the important role of strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. He also participates in regular opinion exchange meetings with the Representative Director, participates in the Compliance Committee as an observer, and so on, and by doing this he plays an important role in strengthening the corporate governance of the Company.
Director (Audit and Supervisory Committee Member)	Daizo Asari	Participated in all 12 meetings of the Board of Directors and all 15 meetings of the Audit and Supervisory Committee during the fiscal year under review. He has made appropriate and necessary statements based on his specialist position as a Certified Public Tax Accountant and is fulfilling the important role of strengthening the auditing and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. He also plays an important role in strengthening the corporate governance of the Company by engaging in regular opinion exchange meetings with the Representative Director, and 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.
Director (Audit and Supervisory Committee Member)	Yutaka Karigome	Participated in all 12 meetings of the Board of Directors and all 15 meetings of the Audit and Supervisory Committee during the fiscal year under review. Yutaka Karigome has made appropriate and necessary statements based on his specialist position as a Certified Public Tax Accountant and experience as an outside corporate auditor at other companies. He also participates in regular opinion exchange meetings with the Representative Director, participates in the Investment and Credit Committee as an observer, 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	44 million yen
(ii) Cash and other profits payable by the Company or its subsidiaries	44 million yen

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

3. Description of Non-Audit Services

There are no relevant matters to report.

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

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

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

[6]System to Ensure Proper Business Execution

At a meeting of the Board of Directors held on May 22, 2006, the Company established a “Basic Policy on Creation of Internal Control Systems,” and made partial revisions to this policy on April 28, 2011, May 20, 2015, May 24, 2019, June 25, 2021 and March 31, 2023. The Company has established and is operating an internal controls system based on this basic policy.

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

- (i) Directors and employees shall act in compliance with laws and regulations, social ethics, the Articles of Incorporation, and other internal regulations, with their guidelines for their actions the Code of Ethics and the Code of Conduct.
- (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 inform all directors and employees of the Code of Ethics, the Code of Conduct, and internal regulations related to compliance by posting them on the intranet, in addition to conducting training, to ensure thorough awareness of compliance.
- (iv) The Company shall establish an internal compliance consultation service and an outside helpline desk 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 Code of Conduct 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 supervising 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, the Company shall establish a voluntary Nomination and Remuneration Advisory Committee, more than half of whose members are independent outside directors and chaired by an independent outside director, to ensure objectivity and transparency in the evaluation and decision-making process regarding the nomination and remuneration of directors.

[Summary of Operational Status]

- The Code of Conduct was established in December 2022 and made public by posting on the Company portal site.
- Meetings of the Compliance Committee were held regularly, and matters regarding compliance were reported and discussed.
- Training was held for all directors.
- Compliance training was held for new employees when they first joined the Company, in addition to regular webinars, e-learning and other types of training for all employees.
- Information about the helpline, which is a contact point outside the Company, and the compliance consultation desk inside the Company were made public through training for all employees and posting on the Company portal site.
- 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 selection of Directors, selection of representative Directors and Directors with officer’s posts, the remuneration system for Directors, policies for determining remuneration, remuneration for Directors and the like were discussed, and the results were reported to the Board of Directors. Regarding remuneration

amounts for each Director, these were decided by the Nomination and Remuneration Advisory Committee.

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

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

[Summary of Operational Status]

- Minutes of the General Meeting of Shareholders and the Board of Directors are created, and then stored and managed in accordance with the Document Management Regulations.
- All approval documents and applications where Directors were approvers are stored and managed in accordance with the Document Management Regulations.

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

- (i) In accordance with the Risk Management Regulations, the Company shall establish the Chief Risk Management Officer and the Risk Management Committee to promote company-wide risk management and to share information necessary for that purpose.
- (ii) The Company shall establish rules and regulations concerning risks related to product quality and safety, information security, disasters, investments in and loans to business partners, etc., and the responsible divisions shall take risk countermeasures.
- (iii) In the occurrence of an emergency situation that requires a company-wide response, the Company shall establish a dedicated division and assign the President as Executive Manager, for prompt actions to minimize the loss.

[Summary of Operational Status]

- Meetings of the Risk Management Committee were held regularly in accordance with the Risk Management Regulations.
- A company-wide risk reevaluation was performed for the sustainability initiatives.
- No incidences involving discovery of significant risks occurred.

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

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

[Summary of Operational Status]

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

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

- (i) Systems related to reports to the Company on matters pertaining to the execution of duties by directors, etc. of subsidiaries
 - a. In accordance with the Affiliate Management Regulations, the Company shall receive reports on matters pertaining to the execution of duties by Directors, etc. of subsidiaries, in addition to financial reports, minutes of meetings, and other documents.
 - b. The Company's directors (excluding those who are Audit and Supervisory Committee members) or 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 Division 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.
- Related departments supported the maintenance of rules and regulations of subsidiaries and the maintenance of the governance system.
- Directors and employees of the Company who also serve concurrently as directors and corporate auditors of subsidiaries attended important management meetings at those subsidiaries.
- The Internal Audit Office conducts audits of subsidiaries in accordance with audit plans.

6. Matters Related to Employees to Assist Duties of Audit and Supervisory Committee Members in the Event that the Committee Have Requested such Employees

In the event that Audit and Supervisory Committee Members request the assignment of employees to assist them with their duties, the Company shall assign appropriately qualified persons, after consultation with Audit and Supervisory Committee.

[Summary of Operational Status]

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

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

- (i) Employees ordered by Audit and Supervisory Committee to assist them in their audit operations shall not be instructed by directors (excluding those who are Audit and Supervisory Committee Members) regarding these operations.
- (ii) Advance consultations with Audit and Supervisory Committee shall be held with regard to matters pertaining to personnel decisions concerning employees ordered by Audit and Supervisory Committee to assist them in their audit operations.

[Summary of Operational Status]

- With regard to the operations of the Audit and Supervisory Committee, the employee appointed to assist the Audit and Supervisory Committee did not receive any instructions from Directors who are not Audit and Supervisory Committee members.

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

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

[Summary of Operational Status]

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

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

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

[Summary of Operational Status]

- Directors and employees of the Company and subsidiaries provided accurate and prompt reports to Audit and Supervisory Committee.
- Directors and employees of the Company and subsidiaries made reports as requested by Audit and Supervisory Committee.

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

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

[Summary of Operational Status]

- There have been no incidents in which people who reported to the Audit and Supervisory Committee have been subjected to disadvantageous treatment.

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

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

[Summary of Operational Status]

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

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

- Audit and Supervisory Committee Members may participate in internal meetings as necessary.
- Audit and Supervisory Committee shall hold regular meetings to exchange views with the Representative Director.
- The Internal Audit Division shall engage in advance consultations with Audit and Supervisory Committee when formulating audit plans.
- The Internal Audit Division shall report to the Audit and Supervisory Committee regularly.

[Summary of Operational Status]

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

13. System to Ensure Reliability of Financial Reporting

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

[Summary of Operational Status]

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

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

Consolidated Financial Statements

(From April 1, 2022 to March 31, 2023)

Consolidated Balance Sheet (As of March 31, 2023)

(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	47,130	45,153	Current liabilities	14,381	14,211
Cash and deposits	18,357	16,058	Notes and accounts payable - trade	3,429	3,287
Notes and accounts receivable - trade	13,223	12,437	Short-term borrowings	5,000	5,300
Inventories	13,142	14,850	Current portion of long-term borrowings	568	1,090
Other current assets	2,406	1,807	Accounts payable - other	651	801
Fixed assets	27,510	28,044	Income taxes payable	1,585	1,497
Property, plant and equipment	12,452	12,911	Provision for bonuses	1,510	1,367
Buildings and structures	7,102	7,413	Provision for bonuses for directors	32	14
Machinery, equipment and vehicles	628	771	Other current liabilities	1,604	852
Land	3,214	3,214	Non-current liabilities	4,063	4,418
Leased assets	768	835	Long-term borrowings	536	1,104
Construction in progress	46	15	Lease liabilities	581	647
Other fixed assets	690	659	Long-term accounts payable - other	175	176
Intangible assets	2,414	1,470	Provision for directors' share- based compensation	141	99
Other intangible assets	2,414	1,470	Retirement benefit liability	2,289	2,011
Investments and other assets	12,643	13,662	Other non-current liabilities	339	380
Investment securities	5,498	6,850	Total liabilities	18,445	18,629
Long-term loans receivable	2,547	1,954	Net assets		
Long-term prepaid expenses	2,202	2,545	Shareholders' equity	56,265	54,362
Deferred tax assets	2,979	2,828	Share capital	2,115	2,115
Other investments and other assets	813	809	Capital surplus	13,774	14,853
Allowance for doubtful accounts	(1,397)	(1,325)	Retained earnings	42,741	38,890
			Treasury stock	(2,365)	(1,496)
			Accumulated other comprehensive income	(69)	205
			Net unrealized holding gains or losses on securities	(312)	(6)
			Foreign currency translation adjustment	299	237
			Remeasurements of defined benefit plans	(56)	(26)
			Total net assets	56,195	54,567
Total assets	74,641	73,197	Total liabilities and net assets	74,641	73,197

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

Consolidated Statement of Income (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,750		51,469
Cost of sales		21,855		22,634
Gross profit		29,895		28,835
Selling, general and administrative expenses		19,057		18,861
Operating profit		10,837		9,973
Non-operating income				
Interest income	105		63	
Dividend income	76		47	
Foreign exchange gains	18		–	
Gain on sale of businesses	–		116	
Gain on sale of scraps	33		–	
Other	59	293	89	316
Non-operating expenses				
Interest expenses	34		76	
Foreign exchange losses	–		17	
Loss on valuation of investment securities	11		78	
Provision of allowance for doubtful accounts	71		13	
Commission expenses	53		44	
Other	53	224	55	285
Ordinary profit		10,905		10,005
Extraordinary income				
Gain on sale of fixed assets	4		3	
Gain on sale of investment securities	–		41	
Gain on liquidation of subsidiaries	96	100	–	44
Extraordinary losses				
Loss on sale of fixed assets	–		5	
Loss on retirement of fixed assets	9		3	
Loss on sale of investment securities	17		–	
Loss on valuation of investment securities	1,190	1,217	–	8
Profit before income taxes		9,789		10,041
Income taxes - current	2,899		2,903	
Income taxes - deferred	(2)	2,897	(347)	2,556
Profit		6,891		7,484
Profit attributable to owners of parent		6,891		7,484

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

Non-consolidated Financial Statements

(From April 1, 2022 to March 31, 2023)

Non-consolidated Balance Sheet (As of March 31, 2023)

(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	46,984	44,915	Current liabilities	14,461	14,231
Cash and deposits	18,089	15,779	Accounts payable - trade	3,527	3,325
Notes receivable - trade	2,093	2,078	Short-term borrowings	5,000	5,300
Accounts receivable - trade	11,169	10,359	Current portion of long-term borrowings	568	1,090
Merchandise	6,029	8,542	Accounts payable - other	652	791
Finished goods	3,591	3,608	Accrued expenses	532	285
Work in process	2,064	1,670	Provision for bonuses for directors	32	14
Raw materials	1,201	847	Income taxes payable	1,585	1,497
Supplies	331	226	Consumption taxes payable	400	185
Prepaid expenses	739	728	Provision for bonuses	1,510	1,367
Other current assets	1,673	1,075	Deposits received	103	74
Fixed assets	27,756	28,784	Other current liabilities	549	298
Property, plant and equipment	10,446	10,797	Non-current liabilities	3,973	4,356
Buildings	5,065	5,355	Long-term borrowings	536	1,104
Structures	153	177	Lease liabilities	581	647
Machinery and equipment	530	574	Long-term accounts payable - other	175	176
Tools, furniture and fixtures	611	551	Provision for retirement benefits	2,208	1,973
Land	3,214	3,214	Provision for directors' share-based compensation	141	99
Leased assets	768	835	Other non-current liabilities	330	355
Construction in progress	46	15	Total liabilities	18,435	18,587
Other fixed assets	55	71	Net assets		
Intangible assets	2,398	1,457	Shareholders' equity	56,618	55,119
Telephone subscription right	10	10	Share capital	2,115	2,115
software	245	221	Capital surplus	13,775	14,854
Software in progress	1,514	439	Legal capital surplus	2,133	2,133
Other intangible assets	629	786	Other capital surplus	11,641	12,720
Investments and other assets	14,910	16,530	Gain on disposal of treasury stock	11,641	12,720
Investment securities	5,489	6,841	Retained earnings	43,093	39,646
Shares of subsidiaries and associates	2,525	3,098	Legal retained earnings	528	528
Long-term loans receivable	2,547	1,954	Other retained earnings	42,564	39,117
Long-term prepaid expenses	1,989	2,347	Reserve for tax purpose reduction entry of fixed assets	40	40
Deferred tax assets	2,954	2,816	Reserve for open innovation promotion tax system	38	-
Leasehold and guarantee deposits	705	701	General reserve	6,000	6,000
Other investments and other assets	96	96	Retained earnings brought forward	36,486	33,076
Allowance for doubtful accounts	(1,397)	(1,325)	Treasury stock	(2,365)	(1,496)
			Valuation and translation adjustments	(312)	(6)
			Net unrealized holding gains or losses on securities	(312)	(6)
Total assets	74,740	73,700	Total net assets	56,305	55,113
			Total liabilities and net assets	74,740	73,700

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

Non-consolidated Statement of Income (From April 1, 2022 to March 31, 2023)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,710		51,417
Cost of sales		22,466		22,998
Gross profit		29,244		28,419
Selling, general and administrative expenses		18,625		18,475
Operating profit		10,618		9,943
Non-operating income				
Interest income	100		68	
Dividend income	76		47	
Foreign exchange gains	8		–	
Gain on sale of scraps	33		3	
Reversal of allowance for loan losses	–		212	
Gain on sale of businesses	–		116	
Other	65	283	69	517
Non-operating expenses				
Interest expenses	34		74	
Foreign exchange losses	–		23	
Provision of allowance for doubtful accounts	71		–	
Loss on valuation of investment securities	11		78	
Commission expenses	53		44	
Other	48	219	38	259
Ordinary profit		10,682		10,201
Extraordinary income				
Gain on sale of fixed assets	4		3	
Gain on sale of investment securities	–	4	41	44
Extraordinary losses				
Loss on sale of fixed assets	–		0	
Loss on retirement of fixed assets	9		3	
Loss on sale of investment securities	17		–	
Loss on sale of shares of subsidiaries	84		–	
Loss on valuation of investment securities	1,190	1,302	–	3
Profit before income taxes		9,384		10,242
Income taxes - current	2,899		2,903	
Income taxes - deferred	(2)	2,896	(347)	2,556
Profit		6,488		7,686

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

Independent Auditor's Report

(English Translation)

May 23, 2023

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, 2022 to March 31, 2023.

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, 2023 and the consolidated result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Grounds for Auditor's Opinion

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

Other Information

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

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

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

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

There are no matters to report regarding the other information.

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

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

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

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

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

Auditor's Responsibility in Auditing of Consolidated Financial Statements

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

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

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

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

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

Relationship of Interest

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

Notice to Readers:

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

Independent Auditor's Report

(English Translation)

May 23, 2023

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 43rd fiscal year from April 1, 2022 to March 31, 2023.

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, 2023 and the result of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Grounds for Auditor's Opinion

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

Other Information

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

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

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

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

There are no matters to report regarding the other information.

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

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

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

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

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

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

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

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

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

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

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

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

Relationship of Interest

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

Notice to Readers:

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

Audit Report

Audit and Supervisory Committee audited the execution of duties by the directors for the 43rd fiscal year from April 1, 2022 to March 31, 2023. Our auditing methods and results are as follows.

1. Methods and Details of Audit

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

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

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

2. Results of Audit

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

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

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

(3) Results of Audit of Consolidated Financial Statements

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

May 23, 2023

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

Full-time Audit and Supervisory Committee Member and Director

Shogo Takahashi

Audit and Supervisory Committee Member and Outside Director

Masahiko Nakamura

Audit and Supervisory Committee Member and Outside Director

Daizo Asari

Audit and Supervisory Committee Member and Outside Director

Yutaka Karigome