

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

Corporate Identity

... for patient comfort.

To support the zest for living

Our corporate identity is

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

“Is it appropriate for the patient?”

Is it valuable for the patient?”

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

June 10, 2024

To Shareholders with Voting Rights:

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

NOTICE OF THE 44TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 44th 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 25, 2024.

In addition, for shareholders who exercise their voting rights in advance via the Internet, 500 people will be selected by lottery to receive an electronic gift (equivalent to 500 yen), regardless of whether they approve or disapprove of the proposals. For information on how to apply, please click here ⇒

<https://youtu.be/UUeO-dBG2cw> (in Japanese)

- 1. Date and Time:** Wednesday, June 26, 2024 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 44th Fiscal Year (April 1, 2023 - March 31, 2024) 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 44th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Twelve (12) 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 laws and regulations and 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. The Audit and Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including matters not described above.
 - 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 25, 2024 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 25, 2024 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 26, 2024 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.

Proposal No. 1

To mark your approval → Circle “Approve.”

To mark your disapproval → Circle “Disapprove.”

Proposal No. 2

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. 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 44th 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 42.00 yen per common share.
Furthermore, the total dividend amount in this case will be 3,154,153,044 yen.
3. Date the distribution of surplus comes into effect
June 27, 2024.

Proposal No. 2: Election of Twelve (12) 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, in order to strengthen the management structure, the Company proposes to increase the number of Directors by one (1) and to elect twelve (12) Directors (excluding Directors who are members of the Audit and Supervisory Committee).

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	Tatsuya Murase	Senior Vice President and Executive Manager of General Business Headquarters	Reelection	100% (12/12)
4	Kenji Yamada	Senior Vice President and Executive Manager of Corporate Administration Headquarters	Reelection	100% (12/12)
5	Toru Takamiya	Vice President and Executive Manager of R&D and Manufacturing Headquarters	Reelection	100% (12/12)
6	Tadashi Idei	Vice President and Executive Manager of Regulatory Affairs Headquarters	Reelection	100% (12/12)
7	Yumiko Hoshiba	Vice President and Senior Manager of General Affairs Department	Reelection	100% (12/12)
8	Takeyoshi Egawa	Vice President and Senior Manager of Business Administration Department of Corporate Administration Headquarters	Reelection	100% (10/10)
9	Takashi Ito	Senior Operating Officer and Executive Manager of Arrhythmia Business Unit	New election	-
10	Fumihiro Sasaki	Outside Director	Reelection Outside Independent	100% (12/12)
11	Yoshiaki Ikei	Outside Director	Reelection Outside Independent	100% (12/12)
12	Naoko Kawahara	-	New election Outside Independent	-

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
1	<p data-bbox="363 344 564 434">Keisuke Suzuki (September 9, 1953) (age 70)</p> <p data-bbox="411 456 517 479">Reelection</p> <p data-bbox="336 512 592 624">Term of office at the conclusion of this General Meeting of Shareholders: 27 years</p> <p data-bbox="352 651 576 736">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="612 288 1224 524"> Feb. 1981 Vice President of the Company Apr. 1987 Senior Executive Vice President Nov. 1992 Retired from Vice President Jan. 1994 Consultant June 1997 Senior Executive Vice President June 2005 President and CEO (Representative Director) (to the present) </p> <p data-bbox="612 535 1224 792"> 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>	2,325,016

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 66)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 19 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>	358,280

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>Tatsuya Murase (November 12, 1973) (age 50)</p> <p>Reelection</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>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</p> <p>Jan. 2024 Senior Vice President and Executive Manager of General Business Headquarters (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. He is currently in charge of the Cardiovascular, Neurovascular, Gastrointestinal and Arrhythmia 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>	5,100

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
4	<p data-bbox="357 539 568 618">Kenji Yamada (November 26, 1971) (age 52)</p> <p data-bbox="408 647 517 674">Reelection</p> <p data-bbox="336 703 588 808">Term of office at the conclusion of this General Meeting of Shareholders: 9 years</p> <p data-bbox="352 837 572 920">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="620 288 724 315">May 1998</p> <p data-bbox="772 288 975 315">Joined the Company</p> <p data-bbox="620 327 724 353">Apr. 2011</p> <p data-bbox="772 327 1070 383">General Manager of Corporate Administration Division</p> <p data-bbox="620 394 724 421">July 2013</p> <p data-bbox="772 394 1190 450">Operating Officer and General Manager of Corporate Administration Division</p> <p data-bbox="620 461 724 488">Apr. 2014</p> <p data-bbox="772 461 1166 539">Operating Officer and Deputy Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 551 724 577">Apr. 2015</p> <p data-bbox="772 551 1206 607">Operating Officer and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 618 724 645">June 2015</p> <p data-bbox="772 618 1174 674">Vice President and Executive Manager of Corporate Administration Headquarters</p> <p data-bbox="620 685 724 712">July 2017</p> <p data-bbox="772 685 1174 741">Vice President and Executive Manager of R&D and Manufacturing Headquarters</p> <p data-bbox="620 752 724 779">Aug. 2017</p> <p data-bbox="772 752 1166 808">Managing Director of JLL Malaysia Sdn. Bhd.</p> <p data-bbox="620 819 724 846">July 2020</p> <p data-bbox="772 819 1134 909">Senior Vice President and Executive Manager of Corporate Administration Headquarters of the Company (to the present)</p>	27,100
		<p data-bbox="620 920 1099 947">Reasons for nomination as candidate for director:</p> <p data-bbox="620 958 1390 1171">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
5	<p>Toru Takamiya (November 17, 1964) (age 59)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>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>	4,600
		<p>Reasons for nomination as candidate for director:</p> <p>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>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
6	<p>Tadashi Idei (May 30, 1965) (age 59)</p> <p>Reelection</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>Oct. 2009 Joined the Company</p> <p>Apr. 2011 General Manager of Regulatory Affairs Division</p> <p>Apr. 2013 General Manager of Regulatory Affairs General Management Department</p> <p>July 2013 Operating Officer and General Manager of Regulatory Affairs General Management Department</p> <p>Apr. 2015 Operating Officer and Executive Manager of Regulatory Affairs Headquarters</p> <p>June 2017 Vice President and Executive Manager of Regulatory Affairs Headquarters (to the present)</p> <p>Reasons for nomination as candidate for director:</p> <p>Tadashi Idei possesses many years of experience and a track record in regulatory affairs and quality control in the medical device industry, and is responsible for regulatory affairs strategy for the introduction of new products of the Company and has strengthened the Company's quality control systems, contributing to business expansion. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	5,500

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
7	<p data-bbox="379 465 544 546">Yumiko Hoshiba (March 3, 1962) (age 62)</p> <p data-bbox="408 573 515 600">Reelection</p> <p data-bbox="336 629 587 736">Term of office at the conclusion of this General Meeting of Shareholders: 6 years</p> <p data-bbox="347 766 576 846">Attendance at Board of Directors meetings: 100% (12/12)</p>	<p data-bbox="619 286 1219 757"> 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 Apr. 2024 Vice President and Senior Manager of General Affairs Department (to the present) </p> <p data-bbox="619 766 1390 1019"> Reasons for nomination as candidate for director: Yumiko Hoshiba has overseen general affairs, information systems, sales management, and logistics departments, and has taken measures to strengthen the Company's growth foundation by promoting risk management, revamping core systems 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>	17,828

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
8	<p>Takeyoshi Egawa January 14, 1976 (age 48)</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>May 2018 Joined the Company</p> <p>Apr. 2019 General Manager of Finance and Accounting Division</p> <p>Apr. 2022 Operating Officer and Senior Manager of Business Administration Department</p> <p>Apr. 2023 Senior Operating Officer, and Senior Manager of Business Administration Department of Corporate Administration Headquarters</p> <p>June 2023 Vice President and Senior Manager of Business Administration Department of Corporate Administration Headquarters (to the present)</p> <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 he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him again as a candidate for director.</p>	2,894

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 style="text-align: center;">Takashi Ito (March 23, 1968) (age 56)</p> <p style="text-align: center;">New election</p>	<p>Apr. 1993 Joined the Company</p> <p>Apr. 2015 General Manager of CRM Business Promotion Department</p> <p>Apr. 2018 General Manager of CRM Department</p> <p>July 2020 Operating Officer and General Manager of CRM Department</p> <p>Apr. 2022 Operating Officer and General Manager of Device Business Department</p> <p>Jan. 2024 Senior Operating Officer and Executive Manager of Arrhythmia Business Unit (to the present)</p> <p>Reasons for nomination as candidate for director: Takashi Ito has been engaged in the sales departments over many years since joining the Company and has contributed to the expansion of the Cardiac Rhythm Management business as its manager. He currently oversees the Arrhythmia Business Unit, including the EP/Ablation business. As he possesses abundant experience and advanced insight in these areas, the Company has judged that he is an appropriate person to realize the sustainable improvement of corporate value of the Company, and has therefore nominated him as a candidate for director.</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
10	<p>Fumihiro Sasaki (July 10, 1957) (age 66)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 12 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>	4,700

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	<p>Yoshiaki Ikei (May 4, 1957) (age 67)</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>Term of office at the conclusion of this General Meeting of Shareholders: 7 years</p> <p>Attendance at Board of Directors meetings: 100% (12/12)</p>	<p>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> <p>Reasons for nomination as candidate for outside director and overview of expected roles: Yoshiaki Ikei has been involved in the M&A industry for many years and also possesses a wealth of experience and wide-ranging insight as a corporate manager, and has conducted appropriate supervision of the Company's management, while also providing valuable advice and recommendations from an objective and multifaceted perspective. He also serves as a member of the Nomination and Remuneration Advisory Committee 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>	4,700

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
12	Naoko Kawahara (April 29, 1983) (age 41) New election Outside Independent	Dec. 2010 Registered as an attorney-at-law Joined Tokyo Green Law Office	0
		Oct. 2021 Audit & Supervisory Board Member (part-time) of Kodaira-chemical Co., Ltd (to the present)	
		Reasons for nomination as candidate for outside director and overview of expected roles: Naoko Kawahara has expertise and extensive experience in corporate legal affairs as an attorney and has also served as outside corporate auditor of other companies. Based on the above, although she has never been directly involved in corporate management, the Company has judged that she 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 from an objective and multifaceted perspective, and has therefore nominated her as a candidate for outside director.	

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Fumihiro Sasaki, Yoshiaki Ikei and Naoko Kawahara are candidates for outside director.
 3. The Company has entered into agreements with Fumihiro Sasaki and Yoshiaki Ikei to limit their liability for damages under Article 423, paragraph (1) of the Companies Act to the minimum liability amount stipulated by laws and regulations. If the reelection of Fumihiro Sasaki and Yoshiaki Ikei is approved, the Company plans to renew the aforementioned agreements with them. If the election of Naoko Kawahara is approved, the Company plans to enter into the same limited liability agreement with her.
 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 include directors of the Company and the full amount of the insurance premiums is borne by the Company. Damages (etc.) incurred as a result of criminal activities or the like on the part of the insured parties will not be subject to compensation. If the election of each candidate is approved, they will be included as an insured in the policy. When the policy is renewed, the Company plans to renew the policy with the same terms.
 5. The Company has submitted notification to the Tokyo Stock Exchange that Fumihiro Sasaki and Yoshiaki Ikei have been designated as independent officers. If the reelection of Fumihiro Sasaki and Yoshiaki Ikei is approved, the Company plans for their designation as independent officers to continue. Naoko Kawahara is a candidate for independent officer as provided for by Tokyo Stock Exchange, Inc. If the election of Naoko Kawahara is approved, the Company plans to designate her as an independent officer.

(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 is 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	Senior Executive Vice President & COO (Representative Director)	○	○	○	
Tatsuya Murase	Senior Vice President		○	○	
Kenji Yamada	Senior Vice President				
Toru Takamiya	Vice President		○	○	○
Tadashi Idei	Vice President		○		○
Yumiko Hoshiba	Vice President				
Takeyoshi Egawa	Vice President				
Takashi Ito	Vice President		○	○	
Fumihiro Sasaki	Outside Director (Independent)	○			
Yoshiaki Ikei	Outside Director (Independent)	○			
Naoko Kawahara	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 Nomination and Remuneration Advisory Committee
	Finance/accounting	Legal affairs/compliance	Personnel affairs/human resource development	DX/IT	
Keisuke Suzuki					○
Atsuhiko Suzuki					○
Tatsuya Murase					
Kenji Yamada	○	○		○	
Toru Takamiya					
Tadashi Idei					
Yumiko Hoshiba		○	○	○	
Takeyoshi Egawa	○	○			
Takashi Ito					
Fumihiko Sasaki		○	○		◎
Yoshiaki Ikei	○				○
Naoko Kawahara		○			
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.

Business Report

(From April 1, 2023 to March 31, 2024)

[1] Overview of the Company Group

1. Business Progress and Results

The Group is engaged in the medical device business, primarily in the cardiac field, mainly for general hospitals and other customers in Japan. Demand for medical care in Japan is increasing as the population ages, and this trend is expected to continue. On the other hand, the supply of medical care is strained and there are concerns about the sustainability of various medical services. The government is promoting “Physicians’ workstyle reform” to improve the situation in which the current healthcare system relies on chronically long working hours of healthcare professionals.

Under these circumstances, in order to survive the fierce competition in the medical device industry, it is necessary not only to provide products with high therapeutic efficacy, but also to contribute to solving various issues to realize sustainable medical care. The Group is addressing this by building a flexible and robust product portfolio, leveraging its strength in combining the two functions of a manufacturer and a trading company.

In May 2023, the Group announced a five-year medium-term management plan as its medium- to long-term growth strategy. In the fiscal year under review, the first year of this plan, we focused on “Expanding into new business areas,” “Constantly introducing competitive products,” and “Strengthening management with an awareness of capital efficiency.”

Regarding “Expanding into new business areas,” we launched several new products such as thrombus aspiration catheters in the neurovascular field, and in the gastrointestinal field, we achieved a significant increase in the market share of bile duct tube stents, which are positioned as our mainstay products.

Regarding “Constantly introducing competitive products,” we have significantly strengthened and expanded our product line of internal atrial cardioversion catheters and open stent grafts to counter the entry of competitors in the area of our core proprietary products. In addition, we launched a new series of products, “Femoral Vein Hemostatic Devices,” which are expected to both improve the quality of life of post-operative patients and reduce the burden in the medical field.

In “Strengthening management with an awareness of capital efficiency,” we revised the performance-linked share awards program for directors and introduced a new performance-linked fiscal year-end bonus for employees, promoted digital marketing to improve sales efficiency, and strengthened shareholder returns through stock repurchases.

In addition to the steady progress of the above measures, COVID-19 was reclassified as equivalent to seasonal influenza under the Infectious Diseases Control Law, which eased restrictions on sales activities, and the number of atrial fibrillation ablation cases increased by approximately 8 to 9% year on year.

During the fiscal year under review, currency exchange rates fluctuated significantly toward a weaker yen, but the impact on the Group’s performance was limited. This is mainly because approximately 70% of our purchases are denominated in yen, and because we use the moving average method for cost of sales, so even if there is a temporary increase in procurement costs, the impact is spread over a long period of time.

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

Classification	The 43rd fiscal year (April 1, 2022 to March 31, 2023)		The 44th fiscal year (April 1, 2023 to March 31, 2024) (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	51,750	100.0	51,384	100.0	(365)	(0.7)
(2) Gross profit	29,895	57.8	30,986	60.3	1,091	3.7
(3) Operating profit	10,837	20.9	10,892	21.2	55	0.5
(4) Ordinary profit	10,905	21.1	10,581	20.6	(324)	(3.0)
(5) Profit attributable to owners of parent	6,891	13.3	7,515	14.6	623	9.1

(1) Net sales

Net sales were 51,384 million yen (-0.7% YoY). For details, please see “Net sales by product category” below.

(2) Gross profit

Gross profit was 30,986 million yen (+3.7% YoY). The increase in sales of proprietary products due to an increase in the number of AF ablation cases offset the impact of lower sales due to a change in the commercial distribution of the RF Needle. Gross profit margin was 60.3% (+2.5 points YoY), as the ratio of sales of own products increased 3.9 points to 58.8% and the loss on disposal and valuation of inventories decreased 116 million yen from the previous fiscal year.

(3) Operating profit

Operating profit was 10,892 million yen (+0.5% YoY), a new record high. Operating profit margin came to 21.2% (+0.3 points YoY). Selling, general and administrative expenses increased 1,036 million yen year on year. The main reasons for the increase were as follows.

- Increase in sales-related expenses due to higher sales volumes
- Increase in IT-related expenses due to core system replacement
- Increase in provision for bonuses due to the introduction of performance-linked bonuses for employees
- A provision for doubtful accounts was recorded in the fourth quarter due to concerns about the collection of a portion of trade receivables to trading partners

(4) Ordinary profit

Ordinary profit was 10,581 million yen (-3.0% YoY). Non-operating income recorded 390 million yen for interest income, dividend income, foreign exchange gains, etc. Non-operating expenses included a loss on valuation of investment securities due to the loss of prospects for the commercialization of a project of a domestic venture company in which we had invested for the purpose of acquiring future business opportunities, as well as 701 million yen in financing costs related to the purchase of treasury stock.

(5) Profit attributable to owners of parent

Profit attributable to owners of parent was 7,515 million yen (+9.1% YoY). The increase was due to the fact that in the previous fiscal year, a loss on valuation of investment securities was recorded as a result of the dilution of the Company’s equity interest following a capital increase accompanying a business plan review at a commodity supplier in which the Company holds shares for cross-shareholding purposes.

[Net sales by product category]

Classification	The 43rd fiscal year (April 1, 2022 to March 31, 2023)	The 44th fiscal year (April 1, 2023 to March 31, 2024) (Fiscal year under review)	Increase/ (Decrease)	Increase/ (Decrease)
	Millions of yen	Millions of yen	Millions of yen	%
Cardiac Rhythm Management	12,403	13,501	1,098	8.9
EP/Ablation	26,292	24,249	(2,043)	(7.8)
Cardiovascular	11,006	12,319	1,313	11.9
Gastrointestinal	2,048	1,314	(733)	(35.8)
Total	51,750	51,384	(365)	(0.7)

(Note) Effective from the fiscal year under review, the Company has changed the names of product categories, so that “Cardiovascular” corresponds to the former “Cardiovascular Surgery,” and “Gastrointestinal” corresponds to the former “Gastrointestinal/PI.” In addition, the product category of Atrial septum defect closure has been changed from the former “Gastrointestinal/PI” to “Cardiovascular.” Consequently, for the year-on-year comparisons the figures for the previous fiscal year are reorganized into the changed product categories for comparative analysis.

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)

Net sales in the CRM category were 13,501 million yen (+8.9% YoY), a new record high. Pacemaker sales remained stable in the third quarter as the number of main unit replacements increased due to a voluntary recall of the previous model, which had already been discontinued. The ICD business grew at a double-digit rate in the fiscal year under review as we focused on expanding sales of the S-ICD, the only one of its kind on the market, and increasing the number of new centers adopting the product.

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
 - Steerable sheath
 - Femoral vein hemostatic devices

Net sales in the EP/Ablation product category were 24,249 million yen (-7.8% YoY). In EP catheters, proprietary products, including internal atrial cardioversion catheters, performed well as the number of atrial fibrillation ablation procedures increased approximately 8% to 9% over the previous fiscal year. The femoral vein hemostatic devices launched in the third quarter were well received by the medical community and made a good start. However, the change in commercial distribution of the “RF Needle,” which has been one of our key products from the fiscal year under review, resulted in a decline in overall sales.

Cardiovascular

(medical devices for treating aortic and neurovascular diseases)

- Main products:
- Vascular grafts
 - Open stent grafts
 - Stent grafts
 - Embolic coils
 - Thrombus aspiration catheters
 - Atrial septum defect closures

Net sales in the cardiovascular business were 12,319 million yen (+11.9% YoY), a new record high. In the vascular grafts business, sales of abdominal stent grafts, a purchased product, and open stent grafts, a proprietary product, were strong. Sales of open stent grafts, previously marketed as a one-of-a-kind product, increased despite the entry of a new competitor in the third quarter as a result of efforts to strengthen the product line through the launch of new models and the development of new markets. In addition, neurovascular products saw several new product launches, including thrombus aspiration catheters and additional models of embolic coils, and sales were strong as the number of depots expanded.

Gastrointestinal

(medical devices for the treatment of gastrointestinal diseases)

Main products:	<ul style="list-style-type: none">• Bile duct tube stents• Bile duct dilation balloons• Cholangioscopy systems• Colonic stents• Gastro-duodenal stents• Radio-frequency ablation needles for liver cancer treatment
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Gastrointestinal net sales were 1,314 million yen (-35.8% YoY). Among gastrointestinal products, our proprietary bile duct tube stents performed well and significantly increased their market share in their second year of sales. Existing proprietary products such as colonic stents and radio-frequency ablation needles for liver cancer treatment also performed well. On the other hand, sales of coronary intervention products were gradually reduced during the fiscal year under review towards the discontinuation of business. As a result of these effects, total sales decreased significantly.

2. Capital Investments

Capital expenditures in the fiscal year under review totaled 3,568 million yen, mainly for software related to the renewal of the Company's core system, and the required amount was allocated from cash on hand.

3. Financing

There is no financing to report.

4. Trends in Assets and Income of the Corporate Group

Classification	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)	The 44th fiscal year (April 1, 2023 to March 31, 2024) (Fiscal year under review)
Net sales (Millions of yen)	51,286	51,469	51,750	51,384
Operating profit (Millions of yen)	10,367	9,973	10,837	10,892
Ordinary profit (Millions of yen)	10,519	10,005	10,905	10,581
Profit attributable to owners of parent (Millions of yen)	2,000	7,484	6,891	7,515
Earnings per share (Yen)	24.91	93.13	88.22	98.73
Total assets (Millions of yen)	72,962	73,197	74,641	73,509
Net assets (Millions of yen)	51,304	54,567	56,195	58,102

(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.

In the medium-term management plan announced in May 2023 (from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2028), the following five numerical targets were set in order to achieve steady growth in sales and operating profit and promote capital-efficient management.

[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

We have positioned the neurovascular and gastrointestinal fields as new therapeutic areas where future market growth is expected and where we can leverage the knowledge and technology we have developed in the cardiovascular field. We are targeting sales of 8 billion yen in these areas in the fiscal year ending March 31, 2028, and intend to develop them as new profit pillars.

In the neurovascular field, we entered into an exclusive sales agreement with Wallaby Medical Holding, Inc. for 11 neurovascular treatment devices in Japan in 2022. We launched embolic coils for the treatment of cerebral aneurysms and introduced thrombus aspiration catheters for the treatment of cerebral infarction during the fiscal year under review. We plan to continue to launch highly innovative devices such as flow diverters, and we will establish our presence in the neurovascular field by steadily introducing these devices to the market.

In the gastrointestinal field, we have launched several products since 2017 that leverage our proprietary technologies established in the cardiovascular field. The bile duct tube stent, which is based on our high-performance shaft manufacturing technology for catheters, has been well received in the medical field and sales are expanding. We will continue to expand our brand penetration in the gastrointestinal field by developing our own differentiated products.

2. Constantly introducing competitive products

The Company's business environment is expected to remain challenging due to continued reductions in insurance reimbursement prices to curb medical expenses and intensifying competition. We will strive to maintain profitability and strengthen market competitiveness by leveraging our business model, which combines the functions of a trading company and a manufacturer, and by continuously introducing new products in the cardiovascular field.

During the fiscal year under review, competitors entered the area of our core proprietary products, internal atrial cardioversion catheters and open stent grafts, products that have driven our performance. To maintain our market share as the pioneer in internal atrial cardioversion catheters, we developed and launched new models to meet the needs of the medical community. In open stent grafts, we launched a new product that reduces the risk of complications during surgery, and are working to expand the use of this product in the areas where it has not been used before.

In addition, we continue to look for purchased products that can be synergized with existing products, and femoral vein hemostatic devices were launched during the fiscal year under review. We believe that the use of this product will reduce the time required to achieve hemostasis after ablation procedures, thereby benefitting both patients and healthcare professionals.

3. Strengthening management with an awareness of capital efficiency

The Company invests in research and development of its own products and manufacturing facilities, and invests in and provides loans to suppliers to acquire product distribution rights. We will continue to actively invest in future business growth with a focus on cost efficiency.

During the fiscal year under review, the new core system we have been preparing for became operational. We will strengthen our business foundation by using the new core system to optimize business processes. We are also working on digital marketing in response to changes in the sales frontline and will strive to improve sales efficiency.

As we expect to generate stable operating cash flow in the future, we plan to return a total of approximately 25 billion yen to shareholders over the period of the medium-term management plan, including dividends and stock repurchases. In accordance with the cash allocation policy announced in the medium-term management plan, we will balance investments in growth and returns to shareholders while ensuring financial soundness.

(ii) Sustainability Initiatives

1. Sustainability Strategy and Goals

In our management philosophy, we aim to simultaneously pursue not only the economic value of providing patients and healthcare professionals with the latest and optimal medical devices, but also the social value of realizing a healthy society. We view sustainability as an important management strategy, and believe that meeting the expectations of various stakeholders, as well as business growth, will enhance our corporate value.

The Sustainability Committee, chaired by the President and CEO, sets the corporate policy and drives the Company's sustainability initiatives. Specific initiatives are carried out by subcommittees established for each of the seven Materialities (priority issues) identified by the Board of Directors, and the Sustainability Committee confirms progress toward the goals on a quarterly basis, while the Board of Directors provides oversight and direction based on reports from the Committee.

2. Key ESG Initiatives

Environment	Materiality: Reduce environmental impact
	<ul style="list-style-type: none"> Complete installation of solar power generation systems at all plants in Japan, and prepare for installation at the Malaysia plant Promote the recycling of industrial waste from plants in Japan, achieving a recycling rate of 97%
Social	Materiality: Create a workplace where employees can work with comfort
	<ul style="list-style-type: none"> Conduct human rights due diligence to identify, prevent and mitigate human rights risks in our operations Provide training and lectures as part of our ongoing efforts to promote women's empowerment
Social	Materiality: Develop human resources and provide opportunities for them to play an active role
	<ul style="list-style-type: none"> Implement action plans to improve employee engagement based on employee satisfaction survey results Review existing systems to build a better education and training system
Social	Materiality: Secure product quality and stable supply
	<ul style="list-style-type: none"> Achieve MDSAP* certification to meet global QMS requirements Diversify production lines for key products and suppliers of critical parts and materials to ensure stable supply in times of emergency
Governance	Materiality: Strengthen corporate governance
	<ul style="list-style-type: none"> Revise the performance-linked share awards program for directors to more closely align it with business performance and implement a clawback system Strengthen email security and conduct employee training and drills as information security measures
Governance	Materiality: Promote compliance
	<ul style="list-style-type: none"> Raise awareness of the whistleblower system throughout the Group, including overseas subsidiaries Strengthen the internal screening system to improve the transparency and fairness of scholarship donations to universities and other research institutions

* MDSAP: Medical Device Single Audit Program

A program to confirm the conformity and adequacy of a manufacturer's QMS with regulatory requirements in five countries (USA, Australia, Brazil, Canada and Japan) through a single audit by an accredited auditing organization

Detailed information on the status of these efforts is posted on the Company's website.
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

7. Principal Business

Product group	Main 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)
EP/Ablation	Electrophysiological (EP) catheters, ablation catheters, endoscopic laser ablation catheters, internal atrial cardioversion catheters, esophageal temperature monitoring catheters, steerable sheaths, femoral vein hemostatic devices
Cardiovascular	Vascular grafts, open stent grafts, stent grafts, embolic coils, thrombus aspiration catheters, atrial septum defect closures
Gastrointestinal	Bile duct tube stents, bile duct dilatation balloons, cholangioscopy systems, colonic stents, gastro-duodenal stents, radio-frequency ablation needles for liver cancer treatment

8. Principal Business Locations and Plants

(i) The Company

Headquarters	2-2-20, Higashi-shinagawa, 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 (Minami-ku, Saitama-shi, Saitama) Niigata Sales Office (Chuo-ku, Niigata-shi, Niigata) Gunma Sales Office (Maebashi-shi, Gunma) Chiba Sales Office, Higashi-Kanto Branch (Mihama-ku, Chiba-shi, Chiba) Utsunomiya Sales Office (Utsunomiya-shi, Tochigi) 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 (Chuo-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	717	-16	43.0	11.5
Female	499	+66	32.3	5.1
Total/average	1,216	+50	39.4	8.1

(ii) Employees of the Company

Classification	Number of employees	Change from previous fiscal year end	Average age	Average years of service
	(number)	(number)	(age)	(years)
Male	704	-16	43.2	11.7
Female	249	+7	38.2	8.3
Total/average	953	-9	41.9	10.8

(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.	1,556
Sumitomo Mitsui Banking Corporation	1,060
Mizuho Bank, Ltd.	860
Resona Bank, Limited	560

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 75,758,470 shares

Note: The total number of shares outstanding has decreased by 7,161,506 from the previous fiscal year due to the cancellation of treasury stock on March 13, 2024.

3. Number of shareholders 12,156 persons

4. Major shareholders

Shareholder name	Number of shares held	Ratio to the number of outstanding shares (excluding treasury stock)
	thousand shares	%
MT Shokai	9,860	13.13
KS Shoji	8,864	11.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,196	10.91
Custody Bank of Japan, Ltd. (Trust Account)	8,041	10.71
Keisuke Suzuki	2,325	3.10
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,168	1.56
JP MORGAN CHASE BANK 385781	972	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	885	1.18
Takashi Nakao	761	1.01
Nippon Life Insurance Company	720	0.96

Note: In addition to the above, there are shares of treasury stock held by the Company (659 thousand shares), and they do not include shares of the Company (169 thousand shares) remaining in the Board Incentive Plan (BIP) Trust.

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

	Number of shares	Number of persons to receive shares
	(shares)	(number)
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	8,988	1
Outside Directors (excluding Audit and Supervisory Committee Members)	-	-
Directors (Audit and Supervisory Committee Members)	-	-

- Notes: 1. A performance-linked share award (BIP Trust on Remuneration for Directors and Other Officers) was granted to one (1) retiring director. Of the 8,988 shares, 2,788 shares were converted into cash and said amount of cash was paid to said director.
2. Details of the Company's share awards are described below under "[4] 5. Remuneration to Directors."

6. Other Important Information Concerning Shares

(i) Purchase of treasury stock

At a meeting of the Board of Directors held on May 10, 2023, the Company acquired treasury stock as follows.

Type of shares acquired: Common shares

Total number of shares acquired: 3,000,000 shares

Total amount of shares acquired: 3,319,770,616 yen

Acquisition period: From May 11, 2023 to February 29, 2024

(ii) Cancellation of treasury stock

According to the resolution at a meeting of the Board of Directors held on May 10, 2023, the Company cancelled treasury stock as follows.

Type of shares cancelled: Common shares

Total number of shares cancelled: 7,161,506 shares

Date of cancellation: March 13, 2024

[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, 2024)

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, General Business Headquarters, Regulatory Affairs Headquarters, and Advertisement Planning Division
Senior Vice President	Kenji Yamada	Executive Manager of Corporate Administration Headquarters
Senior Vice President	Tatsuya Murase	Executive Manager of General Business Headquarters, Executive Manager of CVG 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	Takeyoshi Egawa	Senior Manager of Business Administration Department
Director	Fumihiro Sasaki	
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 Fumihiro 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. Kazuhiko Nogami retired as Vice President due to expiry of the term of office as of conclusion of the 43rd Ordinary General Meeting of Shareholders held on June 28, 2023.
 4. Takeyoshi Egawa was newly elected and appointed as Vice President at the 43rd Ordinary General Meeting of Shareholders held on June 28, 2023.
 5. The Company appoints full-time audit and supervisory committee members with the goal of increasing the effectiveness of information-gathering and audits, such as having them continuously and effectively attend important meetings outside the Board of Directors.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Directors Fumihiro 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 the 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) Policy for determining the directors' 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 on directors' remuneration

The Company, in order to ensure that the system of remuneration to directors 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

The remuneration of the Company's directors consists of fixed remuneration, performance-linked bonuses, and performance-linked share awards (BIP Trust on Remuneration for Directors and Other Officers). The latter two function 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 also members of the Audit and Supervisory Committee is determined through deliberation by the Audit and Supervisory Committee.

- (B) Performance-linked bonus

An amount calculated in accordance with the bonus amount and the achievement of the performance targets for each director will be paid as monetary compensation within three (3) months after the end of the fiscal year. Under this system, the Company has adopted a performance-linked framework whereby it increases or decreases monetary remuneration paid in accordance with levels of achievement relative to

performance indicators comprising consolidated net sales, consolidated operating profit and earnings per share (EPS) in the consolidated financial forecasts for a single fiscal-year disclosed at the start of each fiscal year (after deducting bonuses for directors (and other officers) when 100% of the consolidated earnings forecast is achieved), such that have been set as performance indicators given the emphasis placed on such indicators under the medium-term management plan, etc. Outside directors and directors who are Audit and Supervisory Committee members are not eligible for the payment.

(C) Performance-linked share awards (BIP Trust on Remuneration for Directors and Other Officers)

In principle, in July following the end of the fiscal year subject to evaluation, the Company will deliver and pay to each director shares of the Company and an amount equal to the cash proceeds from the conversion of the shares of the Company, in accordance with the base points and the achievement of the performance targets of each director. Under this system, the Company has adopted a performance-linked framework whereby it increases or decreases number of shares granted and monetary remuneration paid in accordance with levels of achievement relative to performance indicators comprising consolidated net sales, consolidated operating profit and earnings per share (EPS) in the consolidated financial forecasts for a single fiscal-year disclosed at the start of each fiscal year (after deducting bonuses for directors (and other officers) when 100% of the consolidated earnings forecast is achieved), such that have been set as performance indicators given the emphasis placed on such indicators under the medium-term management plan, etc. Outside directors and directors who are Audit and Supervisory Committee members are not eligible for the program.

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

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

(ii) Matters relating to decision of the General Meeting of Shareholders regarding remuneration to directors

The 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). In addition to the above monetary remuneration, at the 43rd Ordinary General Meeting of Shareholders held on June 28, 2023, the performance-linked share awards (BIP Trust on Remuneration for Directors and Other Officers) was approved, and over the course of three fiscal years the Company has contributed a total of up to 300 million yen to BIP Trust on Remuneration for Directors and Other Officers. The upper limit of the number of points awarded to directors for the purpose of granting shares is 132,200 points per year (outside directors and those who are members of the Audit and Supervisory Committee are not eligible to receive points). The number of directors (not counting outside directors and directors who are Audit and Supervisory Committee members) at the conclusion of the Ordinary General Meeting of Shareholders in question is eight (8).

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's (excluding Audit and Supervisory Committee members) remuneration, etc.

The decision of the contents of remuneration (etc.) for each individual Director (excluding Audit and Supervisory Committee Members) is made by the Nomination and Remuneration Advisory Committee upon receipt of an order from the Board of Directors. The Nomination and Remuneration Advisory Committee consists of Outside Director Fumihiko Sasaki (Chairman), Outside Director Yoshiaki Ikei, 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 on Remuneration for Directors and Other Officers)	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	(number)
Directors (excluding Audit and Supervisory Committee members) (inc. Outside Directors)	530 (28)	417 (28)	64 (-)	47 (-)	12 (3)
Directors (Audit and Supervisory Committee members) (inc. Outside Directors)	55 (26)	55 (26)	- (-)	- (-)	4 (3)
Total (inc. Outside Officers)	585 (54)	473 (54)	64 (-)	47 (-)	16 (6)

- (Notes) 1. The above table includes one Director (excluding members of the Audit and Supervisory Committees) who retired upon the expiration of his term of office at the close of the 43rd Annual General Meeting of Shareholders held on June 28, 2023.
2. The details and calculation method of the performance-linked bonus and performance-linked share awards (BIP Trust on Remuneration for Directors and Other Officers), as well as the details of the indicators and the reasons for their selection, are as described in (i) above, and the actual results are as described in “[1] 4. Trends in Assets and Income of the Corporate Group” above.
3. 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 2 million yen was paid to one retiring director. This amount includes 2 million yen in provision for Officers’ retirement allowance disclosed in the Business Report of the past fiscal years.

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 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) Kinship with Executives or Officers (Excluding Executives) of a Specified Associated Service Provider
- There are no kinship with executives or officers (excluding executives) of a 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
Director	Fumihiko Sasaki	Participated in all 12 meetings of the Board of Directors during the fiscal year under review. Fumihiko Sasaki possesses a wealth of 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 plays an important role in strengthening the Company's corporate governance by regularly exchanging views with the Representative Director and, as Chairperson of the Nomination and Remuneration Advisory Committee, actively leads the Committee's work and plays an important role in ensuring the objectivity and transparency of the nomination and remuneration processes.
Director	Yoshiaki Ikei	Participated in all 12 meetings of the Board of Directors during the fiscal year under review. Yoshiaki Ikei possesses extensive 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. He also plays an important role in strengthening the corporate governance of the Company by holding regular opinion-exchange meetings with the Representative Director, deliberating on the appropriateness of investment and loan cases as a member of the Investment and Credit Committee, and serving as a member of the Nomination and Remuneration Advisory Committee, fulfilling the important role of ensuring the objectivity and transparency of the processes for 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 device industry for many years and has extensive experience and wide-ranging insight into general management and the medical device business, including serving as a manager of the Japanese subsidiary of one of the world's leading medical device manufacturers. He plays an important role in improving corporate governance by providing useful advice from an objective and diverse perspective on the overall management of the Company and its business strategies, and by participating in regular opinion-exchange meetings with the Representative Director.

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 12 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 12 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 12 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	47 million yen
(ii) Cash and other profits payable by the Company or its subsidiaries	47 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. The 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 0 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 judge that by replacing 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 control 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, at least half of whose members are independent outside directors and that is 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 made known to new employees at the time of hiring them.
- Meetings of the Compliance Committee were held regularly, and matters regarding compliance were reported and discussed.
- Training was held for all directors.
- In addition to compliance training for new employees at the time of their hiring, we have conducted human rights risk training for all employees by inviting outside lawyers as lecturers and providing other training through webinars and e-learning.
- Information about the Helpline, an external resource, and the Compliance Consultation Desk, an internal resource, was disseminated through training for all employees and posting on the Company’s portal site.
- No cases of a fear of a relationship with antisocial forces occurred.
- The Internal Audit Division conducted audits in accordance with audit plans.
- Meetings of the 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.
- The Risk Management Committee reviewed the assessment of company-wide risks and formulated a disaster initial response manual.
- Targeted email attack training was provided to all employees and an email security system was implemented.
- 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 Division 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 the Audit and Supervisory Committee.

[Summary of Operational Status]

- One employee of the Internal Audit Division is 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 the 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 the Audit and Supervisory Committee shall be held with regard to matters pertaining to personnel decisions concerning employees ordered by the 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 the Audit and Supervisory Committee to assist them in their audit operations shall execute operations based on the instructions from the 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 the 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 the 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 the 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 the Audit and Supervisory Committee requests reports
- (ii) Directors and employees of the Company and subsidiaries shall promptly provide reports on matters about which the Audit and Supervisory Committee requests reports.

[Summary of Operational Status]

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

10. Systems to Ensure that Persons Making a Report to the 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 employees of the Company or any subsidiaries who make a report to the 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 the Audit and Supervisory Committee

- Audit and Supervisory Committee Members may participate in internal meetings as necessary.
- The 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 the 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.
- The 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 Division, 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

Consolidated Balance Sheet (As of March 31, 2024)

(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	42,871	47,130	Current liabilities	14,175	14,381
Cash and deposits	12,669	18,357	Notes and accounts payable - trade	4,254	3,429
Notes and accounts receivable - trade	13,283	13,223	Short-term borrowings	3,500	5,000
Inventories	15,154	13,142	Current portion of long-term borrowings	416	568
Other current assets	1,763	2,406	Accounts payable - other	1,178	651
Fixed assets	30,638	27,510	Income taxes payable	1,750	1,585
Property, plant and equipment	13,434	12,452	Provision for bonuses	1,794	1,510
Buildings and structures	7,086	7,102	Provision for bonuses for directors	80	32
Machinery, equipment and vehicles	879	628	Other current liabilities	1,200	1,604
Land	3,514	3,214	Non-current liabilities	1,231	4,063
Leased assets	589	768	Long-term borrowings	120	536
Construction in progress	303	46	Lease liabilities	453	581
Other fixed assets	1,062	690	Long-term accounts payable - other	172	175
Intangible assets	2,292	2,414	Provision for director's stock based compensation	163	141
Other intangible assets	2,292	2,414	Retirement benefit liability	-	2,289
Investments and other assets	14,910	12,643	Other non-current liabilities	321	339
Investment securities	7,601	5,498	Total liabilities	15,406	18,445
Long-term loans receivable	2,719	2,547	Net assets		
Long-term prepaid expenses	2,132	2,202	Shareholders' equity	57,516	56,265
Deferred tax assets	2,733	2,979	Share capital	2,115	2,115
Retirement benefit asset	69	-	Capital surplus	8,866	13,774
Other investments and other assets	1,208	813	Retained earnings	47,291	42,741
Allowance for doubtful accounts	(1,555)	(1,397)	Treasury stock	(756)	(2,365)
			Accumulated other comprehensive income	585	(69)
			Net unrealized holding gains or losses on securities	(34)	(312)
			Foreign currency translation adjustment	348	299
			Remeasurements of defined benefit plans	271	(56)
			Total net assets	58,102	56,195
Total assets	73,509	74,641	Total liabilities and net assets	73,509	74,641

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

Consolidated Statement of Income (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,384		51,750
Cost of sales		20,397		21,855
Gross profit		30,986		29,895
Selling, general and administrative expenses		20,094		19,057
Operating profit		10,892		10,837
Non-operating income				
Interest income	156		105	
Dividend income	52		76	
Foreign exchange gains	61		18	
Gain on sale of businesses	42		–	
Gain on sale of scraps	–		33	
Other	77	390	59	293
Non-operating expenses				
Interest expenses	26		34	
Loss on valuation of investment securities	503		11	
Provision of allowance for doubtful accounts	12		71	
Commission expenses	86		53	
Other	73	701	53	224
Ordinary profit		10,581		10,905
Extraordinary income				
Gain on sale of fixed assets	7		4	
Gain on sale of investment securities	6		–	
Gain on liquidation of subsidiaries	–	13	96	100
Extraordinary losses				
Loss on retirement of fixed assets	19		9	
Loss on sale of investment securities	–		17	
Loss on valuation of investment securities	–	19	1,190	1,217
Profit before income taxes		10,575		9,789
Income taxes - current	3,082		2,899	
Income taxes - deferred	(22)	3,060	(2)	2,897
Profit		7,515		6,891
Profit attributable to owners of parent		7,515		6,891

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

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of March 31, 2024)

(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	42,560	46,984	Current liabilities	14,212	14,461
Cash and deposits	12,245	18,089	Accounts payable - trade	4,319	3,527
Notes receivable - trade	1,210	2,093	Short-term borrowings	3,500	5,000
Accounts receivable - trade	12,073	11,169	Current portion of long-term borrowings	416	568
Merchandise	6,376	6,029	Accounts payable - other	769	652
Finished goods	4,221	3,591	Accrued expenses	766	532
Work in process	2,632	2,064	Provision for bonuses for directors	80	32
Raw materials	1,671	1,201	Income taxes payable	1,750	1,585
Supplies	390	331	Consumption taxes payable	-	400
Prepaid expenses	830	739	Provision for bonuses	1,794	1,510
Other current assets	908	1,673	Deposits received	231	103
Fixed assets	30,799	27,756	Other current liabilities	583	549
Property, plant and equipment	11,459	10,446	Non-current liabilities	1,526	3,973
Buildings	5,122	5,065	Long-term borrowings	120	536
Structures	132	153	Lease liabilities	453	581
Machinery and equipment	754	530	Long-term accounts payable - other	172	175
Tools, furniture and fixtures	972	611	Provision for retirement benefits	321	2,208
Land	3,514	3,214	Provision for director's stock based compensation	163	141
Leased assets	589	768	Other non-current liabilities	295	330
Construction in progress	300	46	Total liabilities	15,738	18,435
Other fixed assets	74	55	Net assets		
Intangible assets	2,278	2,398	Shareholders' equity	57,656	56,618
Telephone subscription right	9	10	Share capital	2,115	2,115
Software	1,776	245	Capital surplus	8,867	13,775
Software in progress	10	1,514	Legal capital surplus	2,133	2,133
Other intangible assets	481	629	Other capital surplus	6,733	11,641
Investments and other assets	17,062	14,910	Gain on disposal of treasury stock	6,733	11,641
Investment securities	7,591	5,489	Retained earnings	47,430	43,093
Shares of subsidiaries and associates	2,525	2,525	Legal retained earnings	528	528
Long-term loans receivable	2,719	2,547	Other retained earnings	46,901	42,564
Long-term prepaid expenses	1,919	1,989	Reserve for tax purpose reduction entry of fixed assets	39	40
Deferred tax assets	2,665	2,954	Reserve for open innovation promotion tax system	38	38
Leasehold and guarantee deposits	718	705	General reserve	6,000	6,000
Other investments and other assets	477	96	Retained earnings brought forward	40,824	36,486
Allowance for doubtful accounts	(1,555)	(1,397)	Treasury stock	(756)	(2,365)
			Valuation and translation adjustments	(34)	(312)
			Net unrealized holding gains or losses on securities	(34)	(312)
Total assets	73,360	74,740	Total net assets	57,621	56,305
			Total liabilities and net assets	73,360	74,740

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

Non-consolidated Statement of Income (From April 1, 2023 to March 31, 2024)

(Millions of yen)

Description	Fiscal year under review		(Reference) Previous fiscal year	
Net sales		51,384		51,710
Cost of sales		20,697		22,466
Gross profit		30,687		29,244
Selling, general and administrative expenses		19,810		18,625
Operating profit		10,876		10,618
Non-operating income				
Interest income	145		100	
Dividend income	52		76	
Foreign exchange gains	61		8	
Gain on sale of scraps	–		33	
Gain on sale of businesses	42		–	
Other	76	378	65	283
Non-operating expenses				
Interest expenses	26		34	
Provision of allowance for doubtful accounts	12		71	
Loss on valuation of investment securities	503		11	
Commission expenses	86		53	
Other	73	701	48	219
Ordinary profit		10,553		10,682
Extraordinary income				
Gain on sale of fixed assets	7		4	
Gain on sale of investment securities	6	13	–	4
Extraordinary losses				
Loss on retirement of fixed assets	19		9	
Loss on sale of investment securities	–		17	
Loss on sale of shares of subsidiaries	–		84	
Loss on valuation of investment securities	–	19	1,190	1,302
Profit before income taxes		10,548		9,384
Income taxes - current	3,079		2,899	
Income taxes - deferred	166	3,246	(2)	2,896
Profit		7,302		6,488

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

Independent Auditor's Report

(English Translation)

May 23, 2024

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, 2023 to March 31, 2024.

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, 2024 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 measures have been taken to eliminate

obstructive factors or if safeguards have been applied to reduce obstructive factors to permissible levels, the specifics thereof.

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, 2024

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

<Audit of Non-Consolidated Financial Statements>

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 as well as their supplementary schedules of Japan Lifeline Co., Ltd. (hereinafter referred to as the "Company") for the 44th fiscal year from April 1, 2023 to March 31, 2024.

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, 2024 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 measures have been taken to eliminate obstructive factors or if safeguards have been applied to reduce obstructive factors to permissible levels, the specifics thereof.

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 44th fiscal year from April 1, 2023 to March 31, 2024. 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 November 16, 2021) 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, 2024

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