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**OTHER MATTERS SUBJECT TO MEASURES FOR ELECTRONIC PROVISION OF
THE 44TH ORDINARY GENERAL MEETING OF SHAREHOLDERS
(Matters Excluded From the Paper-Based Documents Delivered Upon Request)**

Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements
Non-Consolidated Statement of Changes in Equity
Notes to Non-Consolidated Financial Statements

(April 1, 2023 - March 31, 2024)

Japan Lifeline Co., Ltd.
(Securities Code: 7575)

In accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, the above items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

Note that, for this general meeting of shareholders, paper-based documents stating items for which measures for providing information in electronic format are to be taken, excluding the above items, will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents.

Consolidated Statement of Changes in Equity

(April 1, 2023 - March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,115	13,774	42,741	(2,365)	56,265
Changes during period					
Dividends of surplus			(2,965)		(2,965)
Purchase of treasury stock				(3,319)	(3,319)
Disposal of treasury stock		28		(7)	20
Cancellation of treasury stock		(4,936)		4,936	-
Profit attributable to owners of parent			7,515		7,515
Net changes in items other than shareholders' equity					-
Total changes during period	-	(4,908)	4,550	1,609	1,251
Balance at end of period	2,115	8,866	47,291	(756)	57,516

(Millions of yen)

	Accumulated other comprehensive income				Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(312)	299	(56)	(69)	56,195
Changes during period					
Dividends of surplus					(2,965)
Purchase of treasury stock					(3,319)
Disposal of treasury stock					20
Cancellation of treasury stock					-
Profit attributable to owners of parent					7,515
Net changes in items other than shareholders' equity	278	49	327	655	655
Total changes during period	278	49	327	655	1,906
Balance at end of period	(34)	348	271	585	58,102

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

Notes to Consolidated Financial Statements

[Notes on Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements]

1. Matters regarding the scope of consolidation

(1) Number of consolidated subsidiaries 1

Names of consolidated subsidiaries

JLL Malaysia Sdn. Bhd.

(2) Major non-consolidated subsidiaries

There are no non-consolidated subsidiaries of note.

2. Matters regarding the scope of the equity method

Name of non-consolidated subsidiaries excluded from the scope of the equity method

JLL Korea Co., Ltd.

Reason for exclusion from the scope of the equity method

The non-consolidated subsidiaries to which the equity method is not applied are excluded because net profit or loss and retained earnings (both corresponding to equity interest) are both of small scale, and their material significance is too limited to have any substantial impact on the consolidated financial statements.

3. Matters regarding the fiscal years of consolidated subsidiaries, etc.

JLL Malaysia Sdn. Bhd., a consolidated subsidiary, has a balance sheet date of December 31, and as the difference with the consolidated balance sheet date does not exceed three months, financial statements pertaining to the fiscal years of this consolidated subsidiary are used.

Furthermore, necessary adjustments are made in consolidated financial statements for material transactions occurring between this subsidiary's balance sheet date and the consolidated balance sheet date.

4. Matters concerning accounting policies

(1) Standards and methods for valuation of securities

Available-for-sale securities

a) Securities other than shares with no market price, etc.

Stated at fair value. The total amount of the valuation difference calculated as a result is reported as a component of net assets, based on the reversal method. Furthermore, the valuation method used for the calculation of the cost of sales is the moving average method.

b) Shares with no market price, etc.

Stated at cost using the moving average method.

Investments in investment partnerships, etc., are recorded at the net amount of the share of equity based on available financial reports, etc., in accordance with financial reporting dates stipulated in partnership agreements.

(2) Methods for valuation of inventories are as follows.

Stated at cost using the moving average method (book values are calculated by writing down based on declines in profitability).

(3) The depreciation or amortization methods for fixed assets are as follows.

1) Property, plant and equipment

a) Property, plant and equipment (excluding leased assets)

The Company and consolidated subsidiaries are subject to the straight-line method.

Major useful lives are as follows:

Buildings and structures	3 to 50 years
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Machinery, equipment and vehicles	3 to 15 years
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b) Leased assets

Finance leases that are not deemed to transfer the ownership of the leased assets to the lessee

The straight-line method with no residual value is applied, regarding the lease term as the useful life.

2) Intangible assets

Software, etc. for internal use is amortized on a straight-line basis over the estimated useful life (within ten years), etc.

3) Long-term prepaid expenses

Amortized on a straight-line basis over the contract period, etc.

(4) The methods of reporting for reserves are as follows.

1) Allowance for doubtful accounts

As provisions for losses on receivables, loans and other credits, allowances for doubtful accounts are reported based on the following standards.

a) Ordinary receivables

Reported based on the historical write-off rate.

b) Receivables for doubtful accounts and distressed receivables

Reported using the estimated amount of irrecoverable debt based on the recoverability of individual cases.

2) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated amount to be borne in the fiscal year under review is posted.

3) Provision for bonuses for directors

A reserve for bonuses to directors is reported based on the estimated amount at the end of the fiscal year under review.

4) Provision for director's stock based compensation

To provide for granting of Company shares by the Board Incentive Plan (BIP) trust, a sum is reported that is the anticipated cost of payment for shares corresponding to points allocated to directors, based on the regulations for granting of shares.

(5) Accounting policy for revenues and expenses

The Group handles merchandise and products in four product categories, namely Cardiac Rhythm Management, EP/Ablation, Cardiovascular and Gastrointestinal (hereinafter, such merchandise and products are referred to as "products"), and main businesses of the Group are manufacture and sale of products. Sales forms in the four product categories are the following three forms, and consignment sales account for 90% or more of the total.

1) Consignment sales

The major sales method is consignment sales in which products are stored at agencies or hospitals and sold by the Company to hospitals via agencies at the time of surgery. Because the Company has judged that a customer obtains control of a product and performance obligations are satisfied at the time of using the product, revenue is recognized at the time of using the product.

2) Sales of the products held by the Company

As for sales of the products held by the Company, since a period from shipment to acceptance inspection by customers is short in sales to domestic customers, the Company recognizes revenue by receiving an order sheet from agencies and shipping products. When a period from shipment to the time when control of the product is transferred to a customer is a normal term, revenue is recognized at the time of shipment of the product as a transaction in which the customer obtains control of the product and performance obligations are satisfied at a point in time, which is the time of transfer of the product.

3) Other sales

Other sales are mainly for rental of medical devices, maintenance, repair, sales support, etc. Based on contracts, for performance obligations that are satisfied at a point in time, revenue is recognized at the time of provision. On the other hand, for performance obligations that are satisfied by providing services, etc. over a certain period of time stipulated in contracts, revenue is principally recognized according to the elapsed period.

For consignment sales and sales of the products held by the Company, the Company has obligations to allow discounts, rebates, sales returns, etc. depending on terms and conditions of a contract. In this case, the transaction price is determined at the amount calculated by deducting the amount of the discounts, rebates, sales returns, etc. from consideration promised under contracts with customers.

In any transaction, consideration is received within one year after performance obligations are satisfied, and does not contain any significant financial component.

(6) Accounting treatment of retirement benefits

1) Method of attributing the estimated benefit obligation to periods

When calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the end of the fiscal year under review on a straight-line basis.

2) Amortization method of actuarial calculation differences and past service costs

Past service costs are amortized and treated as expenses using the straight-line method for a certain number of years (five years) during the average remaining service period for employees when they occur.

Actuarial calculation differences are amortized using the straight-line method for a certain number of years (five years) during the average remaining service period for employees in each fiscal year when they occur, and the amounts allocated are treated as expenses from the fiscal year following the year in which they occur.

3) Accounting method of unrecognized actuarial calculation differences and unrecognized past service liabilities

Unrecognized actuarial calculation differences and unrecognized past service liabilities are reported as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section after adjusting tax effects.

(7) Other important matters forming the basis for the preparation of consolidated financial statements

(Standard for conversion of significant foreign currency-denominated assets into Japanese currency)

Foreign currency-denominated monetary claims and obligations are converted to yen at the spot market exchange rate on the consolidated financial closing date and exchange differences are

treated as gains or losses. Assets and liabilities of overseas consolidated subsidiaries are converted to yen at the spot market exchange rate on the consolidated financial closing date, while revenues and expenses are converted to yen at the average rate for the period, with the amounts of conversion differences recorded within foreign currency translation adjustment under net assets.

[Notes to Change in Accounting Policies]

(Changes in Accounting Policies that are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for property, plant, and equipment)

In the fiscal year under review, the Company adopted the straight-line method for calculating the depreciation of Property, plant, and equipment (excluding leased assets). Previously, the Company used the declining balance method (However, buildings (excluding Facilities attached to buildings) acquired after April 1, 1998, and buildings and structures acquired after April 1, 2016 are depreciated using the straight-line method), and the overseas consolidated subsidiary has mainly adopted the straight-line method.

With the termination of the intervention business, the Group's business structure and manufacturing system changed significantly, and the formulation of the new mid-term plan based on these changes led us to reconsider the depreciation method with consideration of the actual use of fixed assets. As a result, it was judged that changing to the straight-line method of calculating depreciation would more appropriately reflect the consumption pattern of the Property, plant, and equipment, as they are expected to operate stably over a long period of time, rapid technological obsolescence is not expected, and future investments are expected to have an average effect.

Therefore, operating profit increased by 175 million yen, ordinary profit and profit before income taxes each increased by 172 million yen, compared to the existing methods.

[Notes on Accounting Estimates]

The items in the consolidated financial statements for the fiscal year under review for which an amount has been recorded due to accounting estimates and that could have a material impact on the consolidated financial statements for the following fiscal year are as follows.

1. Assessment of recoverability of investment securities and loans to product developers, business partners, etc.

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Investment securities	1,480 million yen
Long-term loans receivable	2,652 million yen
Allowance for doubtful accounts	(1,274) million yen

The Group makes an overall determination of investment securities and loans to product developers and business partners, etc. and determines impairment losses and recoverability.

(2) Information about the contents of significant accounting estimates related to the identified items

- 1) Method of calculating the amounts recorded in the consolidated financial statements for the fiscal year under review

For investment securities and loans to product developers, business partners, etc., the Company assesses the actual value of the investment securities and the recoverability of loans based on the financial information, business plans, etc. received regularly from the investee. For investment securities of product developers, business partners, etc., the Company may obtain a share valuation report from a third-party valuation institution and reflect excess earning power, etc. in the assessment of actual value. If there is objective evidence of impairment due to a marked decrease in real value caused by a deterioration in the financial condition of the investee based on financial information, business plan, etc. received regularly from the investee, the carrying value of the investment securities is written down to the actual value and loss on valuation of

investment securities is recognized. If there is a reasonable expectation for an improvement in the financial position of an investee after a certain period based on its submitted business plan, and if there is no significant delay in the business plan or significant shortfall in earnings, then the Company may not subject the investee to impairment. With regard to loans to product developers and business partners, etc., depending on the financial position and operating performance of the debtor, after classifying the receivable, the Company calculates the expected loan loss and if the recoverability is deemed to be low, an amount calculated by subtracting the recoverable amount from the carrying amount is recorded as allowance for doubtful accounts.

- 2) Key assumptions used for calculating the amounts recorded in the consolidated financial statements for the fiscal year under review

The estimate for the actual value of investment securities is based mainly on business partners' estimated sales volumes, estimated selling prices and business plans created based on market growth rates. For the investment securities on which a loss on valuation of investment securities was recorded in the fiscal year under review, because the investee has made significant changes to their business plans, the amount recorded is based on net assets per share.

In addition, the estimate for the recoverability of loans is based mainly on business partners' status of clinical trials and business plans created based on obtaining approval from regulatory authorities for manufacture and sale.

- 3) Impact on the consolidated financial statements for the following fiscal year

The business plan may need to be revised with regard to these key assumptions in light of changes in the business strategy or market environment, delay in clinical trials, and cases where approval from regulatory authorities cannot be obtained, etc. Accordingly, the Company may record a loss on valuation of investment securities and a provision of allowance for doubtful accounts.

2. Recoverability of deferred tax assets

- (1) Amount recorded in the consolidated financial statements for the fiscal year under review

Net deferred tax assets	2,733 million yen
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- (2) Information about the contents of significant accounting estimates related to the identified item

- 1) Method of calculating the amount recorded in the consolidated financial statements for the fiscal year under review

The Group determines the recoverability of deferred tax assets based on taxable income, which is based on future earning power according to deductible temporary differences, and tax planning.

- 2) Key assumptions used for calculating the amount recorded in the consolidated financial statements for the fiscal year under review

Estimates for taxable income are based on the medium-term management plan and budgets, which mainly take into account the market environment, National Health Insurance (NHI) reimbursement prices, etc.

- 3) Impact on the consolidated financial statements for the following fiscal year

Because the recoverability of deferred tax assets depends on estimated taxable income based on the medium-term management plan and budgets, the key assumptions are highly uncertain. If changes occur in the assumed conditions or other assumptions, the estimated amount of taxable income may vary and there could be a material impact on the judgment of the recoverability of deferred tax assets. Accordingly, the Company may reverse deferred tax assets.

[Additional information]

(Transactions involving the BIP trust share-based compensation)

In the fiscal year under review, the Company introduced the BIP trust. As with the performance-linked (Performance Share) and restricted-stock share-based compensation systems used in the United States and Europe, monetary payments are made to directors under the BIP trust system reflecting their degree of achievement in meeting performance targets and ranks, the grants and payments being made in the form of Company shares and monetary compensation based on the share exchange price at disposal. The Company has established the trust after allocating funds for acquisition of Company shares for such compensation, the beneficiaries being those among the directors who meet certain requirements. The trust has acquired from the Company the total of Company shares (through disposal of treasury stock) it anticipates needing for compensation of directors, based on previously drawn-up share-grant regulations. Subsequently, and based on the share-grant regulations, the Company awards points to the directors reflecting their degree of target achievement and rank for each fiscal year on a consolidated basis. After their retirement or after the end of the evaluation fiscal year, a number of shares (with fractional units rounded down) equivalent to 70% of their accumulated points is granted by the trust, and the remainder of the Company shares are translated into monetary sums by conversion under the trust and this sum is paid out. Related accounting treatment is based on “Practical treatment of transactions relating to granting of own shares to employees, etc. through a trust” (Practical Issues Task Force No. 30, March 26, 2015). The Company shares owned by the trust at the end of the fiscal year, consolidated basis, are reported in the net assets section of the consolidated balance sheet as treasury stock, at their book value under the trust (excluding sums for incidental expenses). The reported amount is 301 million yen and the reported number of shares is 169,612.

[Notes to Consolidated Balance Sheet]

1. The amount of receivables arising from contacts with customers within notes and accounts receivable - trade is as shown in “[Notes to Revenue Recognition] (3) Information for understanding the amount of revenue in the fiscal year under review and the following fiscal years” in the consolidated financial statements.
2. Accumulated depreciation of property, plant and equipment 9,496 million yen
3. Contingent liabilities
There are no contingent liabilities to report.

[Notes to Consolidated Statement of Changes in Equity]

1. Shares issued

Type of shares	Beginning of the fiscal year under review	Increase	Decrease	End of the fiscal year under review
Common stock (shares)	82,919,976	–	7,161,506	75,758,470

2. Treasury stock

Type of shares	Beginning of the fiscal year under review	Increase	Decrease	End of the fiscal year under review
Common stock (shares)	4,999,561	3,000,133	7,170,494	829,200

(Note) The total of shares of treasury stock at the end of the fiscal year under review includes 169,612 shares of the Company held by the BIP trust.

(Reasons for differences)

An increase of 3,000,000 shares due to purchase in market

Increase due to purchase of fractional stock: 133 shares

Decrease due to cancellation of treasury stock: 7,161,506 shares

A decrease of 8,988 shares due to benefits from BIP trust

3. Dividends

(1) Dividend amount

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2023	Common shares	2,965	38.00	March 31, 2023	June 29, 2023

(Note) The dividend amount relating to shares of the Company held by the BIP trust to be included in the total dividends is 4 million yen.

(2) Dividends whose record date is during the fiscal year under review, but whose effective date is during the following fiscal year

Planned date of resolution	Type of shares	Source of dividends	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2024	Common shares	Retained earnings	3,154	42.00	March 31, 2024	June 27, 2024

(Note) The dividend amount relating to shares of the Company held by the BIP trust to be included in the total dividends is 7 million yen.

[Notes on Financial Instruments]

1. Status of Financial Instruments

(1) Policy on financial instruments

The Group procures necessary funding based on its capital investment plan, research and development plan, etc. The Group's policy is to conduct asset management with high-security financial instruments, and to raise funds for short-term by borrowing from banks. The Group uses derivatives to avoid the risk of fluctuations in exchange and interest rates, and does not engage in speculative trading.

(2) Details of financial instruments, related risks, and risk management system

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. Regarding these risks, in accordance with the Credit Management Regulations of the Group, the Company has created a system for managing payment dates and the amounts outstanding for each customer, in addition to periodically identifying the credit status of its main customers.

Shares and other investment securities are exposed to the risk of fluctuations in market price and the risk of worsening business conditions at investees leading to the recording of impairment

losses. The Company has established an Investment and Credit Committee that monitors at regular intervals such factors as the market value, business conditions, and financial position, and deliberates on evaluation and continuation of investments and loans, etc. Based on the results of these deliberations, and the status of dealings, etc. with the companies whose shares are held, the Board of Directors verifies the reasonableness of such holdings every year by confirming the advantages conferred by the holdings in terms of the medium- to long-term business strategy of the Company. Shares for which the rationale for holding is deemed to be weak are sold as appropriate, and the size of the position is reduced.

Long-term loans receivable represents loans to overseas medical device manufacturers that are suppliers or preparing for the introduction of products, and also includes in-house loans for employee benefits. These loans are exposed to the risk of fluctuations in foreign currency exchange rates and recording of an allowance for doubtful accounts accompanying worsening business conditions of the debtors. The Company uses currency swaps, etc. to hedge against foreign exchange risk as necessary, and regarding the risk leading to the recording of an allowance for doubtful accounts, the Company closely monitors the business situation of business partners and works to reduce that risk.

Notes and accounts payable - trade, which are operating payables, and accounts payable - other are all due for payment within one year.

Among borrowings, short-term borrowings are mainly raising funds for working capital, and long-term borrowings are mainly raising funds for capital investment, etc. Furthermore, certain long-term borrowings use a variable interest rate, but the Company hedges the risk of fluctuations in interest rates for these borrowings using interest rate swaps as needed.

Long-term account payable - other is the closing payment of directors' retirement benefits due to the abolishment of directors' retirement benefits.

In addition, operating payables and borrowings are exposed to liquidity risk, but the Group manages this liquidity risk by creating and updating funding plans for each company as needed, as well as through the maintenance of liquidity and other methods.

(3) Supplementary explanation regarding fair value, etc., of financial instruments

As the calculation of fair value of financial instruments includes variable factors, these values may fluctuate if different assumptions are used, etc.

2. Fair value, etc., of financial instruments

The amounts posted on the consolidated balance sheet, the fair values, and the differences thereof as of the end of the fiscal year under review (March 31, 2024) are as follows.

Information on "cash and deposits," "notes and accounts receivable - trade," "notes and accounts payable - trade," "short-term borrowings," and "accounts payable - other" is omitted, since these accounts are settled or repaid in cash and in a short period of time, and therefore, their fair value approximates the book value. Shares with no market price and shares that are not material are not included in (See Note. 1).

(Millions of yen)

Item	Consolidated balance sheet amount	Fair value	Difference
Investment securities*1			
Available-for-sale securities	4,579	4,579	–
Long-term loans receivable	2,719		
Allowance for doubtful accounts*2	(1,274)		
	1,444	1,638	193
Total assets	6,024	6,217	193
Long-term borrowings*3	536	533	(2)
Lease liabilities*4	598	619	20
Total liabilities	1,134	1,153	18

(*1) Shares with no market price, etc. are not included in “Investment securities.” The consolidated balance sheet amounts of the financial instruments are as follows.

Categories	Consolidated balance sheet amount
Unlisted shares, etc.	1,541 million yen
Investments in investment partnerships	1,479 million yen

(*2) General and individual allowances for doubtful accounts corresponding to long-term loans receivable have been deducted.

(*3) For the amount on the consolidated balance sheet and fair values of long-term borrowings, the current portion of long-term borrowings is included.

(*4) For the amount on the consolidated balance sheet and fair values of lease liabilities, the current portion of lease liabilities is included.

(*5) Long-term accounts payable - other are considered difficult to determine the fair value, they are not subject to disclosure of fair value.

3. Components of fair values of financial instruments by level, etc.

Fair values of financial instruments are classified into the following three levels, depending on observability and significance of inputs for determining fair values.

Fair values of Level 1: Fair value determined based on a quoted market price for the asset or liability whose fair value is measured, which is formed in an active market, out of observable inputs for fair value measurement

Fair values of Level 2: Fair value determined using inputs for fair value measurement other than Level 1 inputs, out of observable inputs for fair value measurement

Fair values of Level 3: Fair value determined using unobservable inputs for fair value measurement

If multiple inputs that have a significant influence on determination of fair value, the fair value is classified as the lowest priority level of fair value measurement of levels in which each input belongs.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

Categories	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	–	–	–	–
Investment trusts	–	3,579	–	3,579
Bonds	–	1,000	–	1,000
Total assets	–	4,579	–	4,579

(2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

Categories	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	1,638	–	1,638
Total assets	–	1,638	–	1,638
Long-term borrowings	–	533	–	533
Lease liabilities	–	619	–	619
Total liabilities	–	1,153	–	1,153

(Note) Explanation of valuation techniques used to determine fair values and inputs for fair value measurement

(1) Investment securities:

With regard to investment securities, investment trusts and bonds are held as available-for-sale securities, and prices presented by the correspondent financial institutions are used as the fair value. Since there is no recognized market price in an active market, these are classified into Level 2.

(2) Long-term loans receivable:

The fair value of long-term loans receivable is calculated using the total amount of principal and interest discounted at the risk-free rate taking into consideration credit risk, and classified into Level 2.

(3) Long-term borrowings:

The fair value of long-term borrowings is calculated using the present value of future cash flows discounted at the refinancing interest rate for each repayment period and classified into Level 2.

(4) Lease liabilities:

The fair value of lease liabilities is calculated using the total amount of principal and interest discounted at the interest rate assumed for a similar lease, and classified into Level 2.

[Notes to Per Share Information]

Net assets per share	775.43 yen
Earnings per share	98.73 yen

Note: The Company shares remaining in the BIP trust, which are recorded as treasury stock in shareholders' equity, are treated as treasury stock for the purpose of calculating net assets per share, and earnings per share. In the fiscal year under review, the total number of treasury stock at the end of the fiscal year was 169,612, and the average number of shares during the period was 148,626.

[Notes on Significant Events After Reporting Period]

(Acquisition of treasury stock and tender offer for treasury stock)

The Company resolved at a meeting of its Board of Directors held on May 1, 2024 to acquire treasury stock and to conduct a tender offer for its own shares (the "Tender Offer") as a specific method of acquiring treasury stock, based on the provision of Article 156, Paragraph 1 of the Companies Act, as applied pursuant to the provision of Article 165, Paragraph 3 of the same act, and the Company's Articles of Incorporation.

1. Purpose of the Tender Offer

The Company's largest shareholder, MT Shokai Corporation ("MT Shokai"), which is engaged in the asset management business of the Company's founding family informed us that it intended to sell part of the common shares held by MT Shokai.

As a result of our review, we have determined that the repurchase of our common shares as treasury stock will contribute to improving our net income per share (EPS), return on equity (ROE), and other

capital efficiency, as well as to returning profits to our shareholders. Furthermore, after considering the specific method of acquiring treasury stocks, we determined that the tender offer method, which provides shareholders other than MT Shokai with a certain period of consideration and ensures that they have an opportunity to tender their shares while observing market price trends, is the most appropriate from the perspective of equality among shareholders and the transparency of the transaction.

In determining the purchase price for the Tender Offer, the Company took into consideration the fact that the Company's common shares are listed on a financial instruments exchange and that acquisitions of treasury stock by listed companies are often conducted through market purchases through financial instruments exchanges, as the acquisition of treasury stock carried out by listed companies allows for flexible purchases in line with the stock price level, which is formed based on the market supply and demand relationship. We believe that the standards should be based on the market price of our common shares, emphasizing clarity and objectivity. In addition, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common shares, the Company has determined that it is desirable to purchase the Company's common shares at a certain discount to the market price in order to minimize outflow of assets from outside the Company as much as possible.

2. Details of the Board of Directors' resolution regarding the acquisition of treasury shares

- (1) Type of shares to be acquired: Common shares of the Company
- (2) Maximum number of shares that can be acquired: Up to 5,500,100 shares
Ratio to the number of outstanding shares: 7.26%
- (3) Total acquisition cost of shares: Up to 5,747,604,500 yen
- (4) Acquisition period: From May 2, 2024 to June 28, 2024
- (5) Acquisition method: Tender offer for treasury stock

3. Summary of tender offer for treasury stock

- (1) Number of shares scheduled to be bought: Up to 5,500,000 shares
- (2) Tender Offer price: 1,045 yen per share of common shares
- (3) Period of purchase, etc.: From May 2, 2024 to June 3, 2024
- (4) Filing date of tender offer registration statement: May 2, 2024
- (5) Settlement start day: June 25, 2024

[Notes to Revenue Recognition]

(1) Information on disaggregation of revenue from contracts with customers

(Millions of yen)

Classification	Sales
Cardiac Rhythm Management	13,501
EP/Ablation	24,249
Cardiovascular	12,319
Gastrointestinal	1,314
Revenue from contracts with customers	51,384
Net sales to external customers	51,384

- (2) Information that forms the foundation for understanding revenue from contracts with customers

Information that forms the foundation for understanding revenue is as stated in (5) Accounting policy for revenues and expenses in 4. Matters concerning accounting policies of [Notes on Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements].

- (3) Information for understanding the amount of revenue in the fiscal year under review and the following fiscal years

The Group applies the practical expedient in providing a note on transaction prices allocated to remaining performance obligations, and doesn't include contracts with an initial expected contract period of one year or less in the scope of note disclosure. In addition, information on contract assets and contract liabilities of the Company is omitted because their balances are insignificant and there was no material change in these assets and liabilities. Within notes and accounts receivable - trade, the amounts of receivables arising from contracts with customers were 1,210 million yen for notes and 12,073 million yen for accounts receivable.

Non-Consolidated Statement of Changes in Equity

(April 1, 2023 - March 31, 2024)

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
			Gain on disposal of treasury stock	
Balance at beginning of period	2,115	2,133	11,641	13,775
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury stock				
Disposal of treasury stock			28	28
Cancellation of treasury stock			(4,936)	(4,936)
Reversal of reserve for tax purpose reduction entry of fixed assets				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	(4,908)	(4,908)
Balance at end of period	2,115	2,133	6,733	8,867

(Millions of yen)

	Shareholders' equity					
	Retained earnings					Total retained earnings
	Legal retained earnings	Other retained earnings				
Reserve for tax purpose reduction entry of fixed assets		Reserve for open innovation promotion tax system	General reserve	Retained earnings brought forward		
Balance at beginning of period	528	40	38	6,000	36,486	43,093
Changes during period						
Dividends of surplus					(2,965)	(2,965)
Profit					7,302	7,302
Purchase of treasury stock						-
Disposal of treasury stock						-
Cancellation of treasury stock						-
Reversal of reserve for tax purpose reduction entry of fixed assets		(0)			0	-
Net changes in items other than shareholders' equity						
Total changes during period	-	(0)	-	-	4,337	4,337
Balance at end of period	528	39	38	6,000	40,824	47,430

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains or losses on securities	
Balance at beginning of period	(2,365)	56,618	(312)	56,305
Changes during period				
Dividends of surplus		(2,965)		(2,965)
Profit		7,302		7,302
Purchase of treasury stock	(3,319)	(3,319)		(3,319)
Disposal of treasury stock	(7)	20		20
Cancellation of treasury stock	4,936	–		–
Reversal of reserve for tax purpose reduction entry of fixed assets		–		–
Net changes in items other than shareholders' equity		–	278	278
Total changes during period	1,609	1,037	278	1,316
Balance at end of period	(756)	57,656	(34)	57,621

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

Notes to Non-Consolidated Financial Statements

[Notes to Significant Accounting Policies]

1. The methods for valuation of securities are as follows.

(1) Available-for-sale securities

1) Securities other than shares with no market price, etc.

Stated at fair value. The total amount of the valuation difference calculated as a result is reported as a component of net assets, based on the reversal method. Furthermore, the valuation method used for the calculation of the cost of sales is the moving average method.

2) Shares with no market price, etc.

Stated at cost using the moving average method.

Investments in investment partnerships, etc., are recorded at the net amount of the share of equity based on available financial reports, etc., in accordance with financial reporting dates stipulated in partnership agreements.

(2) Shares of subsidiaries and affiliates

Stated at cost using the moving average method.

2. Methods for valuation of inventories are as follows.

Stated at cost using the moving average method (book values are calculated by writing down based on declines in profitability).

3. The depreciation or amortization methods for fixed assets are as follows.

(1) Property, plant and equipment

1) Property, plant and equipment (excluding leased assets)

The straight-line method is applied.

Major useful lives are as follows:

Buildings	3 to 38 years
Structures	7 to 45 years
Machinery and equipment	3 to 15 years
Tools, furniture and fixtures	3 to 20 years

2) Leased assets

Finance leases that are not deemed to transfer the ownership of the leased assets to the lessee

The straight-line method with no residual value is applied, regarding the lease term as the useful life.

(2) Intangible assets

Software, etc. for internal use is amortized on a straight-line basis over the estimated useful life (within ten years), etc.

(3) Long-term prepaid expenses

Amortized on a straight-line basis over the contract period, etc.

4. The methods of reporting for reserves are as follows.

(1) Allowance for doubtful accounts

As provisions for losses on receivables, loans and other credits, allowances for doubtful accounts are reported based on the following standards.

1) Ordinary receivables

Reported based on the historical write-off rate.

2) Receivables for doubtful accounts and distressed receivables

Reported using the estimated amount of irrecoverable debt based on the recoverability of individual cases.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated amount to be borne in the fiscal year under review is posted.

(3) Provision for bonuses for directors

A reserve for bonuses to directors is reported based on the estimated amount at the end of the fiscal year under review.

(4) Provision for director's stock based compensation

To provide for granting of Company shares by the Board Incentive Plan (BIP) trust, a sum is reported that is the anticipated cost of payment for shares corresponding to points allocated to the directors, based on the regulations for granting of shares.

(5) Provision for retirement benefits

Provision for payment of retirement benefits to employees is based on the total of expenses for retirement benefits deemed as having occurred at the end of the fiscal year under review, as part of the estimated retirement benefit payment at the end of the fiscal year under review.

1) Method of attributing the estimated benefit obligation to periods

When calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until end of the fiscal year under review on a straight-line basis.

2) Amortization method of actuarial calculation differences and past service costs

Past service costs are amortized and treated as expenses using the straight-line method for a certain number of years (five years) during the average remaining service period for employees when they occur.

Actuarial calculation differences are amortized using the straight-line method for a certain number of years (five years) during the average remaining service period for employees in each fiscal year when they occur, and the amounts allocated are treated as expenses from the fiscal year following the year in which they occur.

5. Accounting policy for significant revenues and expenses

The Company handles merchandise or products in four product categories, namely Cardiac Rhythm Management, EP/Ablation, Cardiovascular and Gastrointestinal (hereinafter, such merchandise and products are referred to as "products"), and main businesses of the Group are manufacture and sale of products. Sales forms in the four product categories are the following three forms, and consignment sales account for 90% or more of the total.

(1) Consignment sales

The major sales method is consignment sales in which products are stored at agencies or hospitals and sold by the Company to hospitals via agencies at the time of surgery. Because the Company has judged that a customer obtains control of a product and performance obligations are satisfied at the time of using the product, revenue is recognized at the time of using the product.

(2) Sales of the products held by the Company

As for sales of the products held by the Company, since a period from shipment to acceptance inspection by customers is short in sales to domestic customers, the Company recognizes revenue by receiving an order sheet from agencies and shipping products. When a period from shipment to the time when control of the product is transferred to a customer is a normal term, revenue is recognized at the time of shipment of the product as a transaction in which the customer obtains control of the product and performance obligations are satisfied at a point in time, which is the time of transfer of the product.

(3) Other sales

Other sales are mainly for rental of medical devices, maintenance, repair, sales support, etc. Based on contracts, for performance obligations that are satisfied at a point in time, revenue is recognized at the time of provision. On the other hand, for performance obligations that are satisfied by providing services, etc. over a certain period of time stipulated in contracts, revenue is principally recognized according to the elapsed period.

For consignment sales and sales of the products held by the Company, the Company has obligations to allow discounts, rebates, sales returns, etc. depending on terms and conditions of a contract. In this case, the transaction price is determined at the amount calculated by deducting the amount of the discounts, rebates, sales returns, etc. from consideration promised under contracts with customers.

In any transaction, consideration is received within one year after performance obligations are satisfied, and does not contain any significant financial component.

6. Other important matters forming the basis for the preparation of non-consolidated financial statements

(1) Accounting treatment of retirement benefits

The method of accounting treatment of unrecognized actuarial calculation differences for retirement benefits and unrecognized past service cost differs from the method of accounting treatment in consolidated financial statements.

(2) Standard for conversion of foreign currency-denominated assets into Japanese currency

Foreign currency-denominated monetary claims and obligations are converted to yen at the spot market exchange rate on the closing date and exchange differences are treated as gains or losses.

[Notes to Change in Accounting Policies]

(Changes in Accounting Policies that are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for property, plant, and equipment)

In the fiscal year under review, the Company adopted the straight-line method for calculating the depreciation of Property, plant, and equipment (excluding leased assets), having previously used the declining balance method. However, buildings (excluding Facilities attached to buildings) acquired after April 1, 1998, and buildings and structures acquired after April 1, 2016 were depreciated using the straight-line method.

With the termination of the intervention business, the Company's business structure and manufacturing system changed significantly, and the formulation of the new mid-term plan based on these changes led us to reconsider the depreciation method with consideration of the actual use of fixed assets. As a result, it was judged that changing to the straight-line method of calculating depreciation would more appropriately reflect the consumption pattern of the Property, plant, and equipment, as they are expected to operate stably over a long period of time, rapid technological obsolescence is not expected, and future investments are expected to have an average effect.

Therefore, operating profit increased by 175 million yen, ordinary profit and profit before income taxes each increased by 172 million yen, compared to the existing methods.

[Notes on Accounting Estimates]

The items in the non-consolidated financial statements for the fiscal year under review for which an amount has been recorded due to accounting estimates and that could have a material impact on the non-consolidated financial statements for the following fiscal year are as follows.

1. Assessment of recoverability of investment securities and loans to product developers, business partners, etc.

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Investment securities	1,480 million yen
Long-term loans receivable	2,652 million yen
Allowance for doubtful accounts	(1,274) million yen

The Company makes an overall determination of investment securities and loans to product developers and business partners, etc. and determines impairment losses and recoverability.

(2) Information about the contents of significant accounting estimates related to the identified items

1) Method of calculating the amounts recorded in the non-consolidated financial statements for the fiscal year under review

For investment securities and loans to product developers, business partners, etc., the Company assesses the actual value of the investment securities and the recoverability of loans based on the financial information, business plans, etc. received regularly from the investee.

For investment securities of product developers, business partners, etc., the Company may obtain a share valuation report from a third-party valuation institution and reflect excess earning power, etc. in the assessment of actual value. If there is objective evidence of impairment due to a marked decrease in real value caused by a deterioration in the financial condition of the investee based on financial information, business plan, etc. received regularly from the investee, the carrying value of the investment securities is written down to the actual value and loss on valuation of investment securities is recognized. If there is a reasonable expectation for an improvement in the financial position of an investee after a certain period based on its submitted business plan, and if there is no significant delay in the business plan or significant shortfall in earnings, then the Company may not subject the investee to impairment.

With regard to loans to product developers and business partners, etc., depending on the financial position and operating performance of the debtor, after classifying the receivable, the Company calculates the expected loan loss and if the recoverability is deemed to be low, an amount calculated by subtracting the recoverable amount from the carrying amount is recorded as allowance for doubtful accounts.

2) Key assumptions used for calculating the amounts recorded in the non-consolidated financial statements for the fiscal year under review

The estimate for the actual value of investment securities is based mainly on business partners' estimated sales volumes, estimated selling prices and business plans created based on market growth rates. For the investment securities on which a loss on valuation of investment securities was recorded in the fiscal year under review, because the investee has made significant changes to their business plans, the amount recorded is based on net assets per share.

In addition, the estimate for the recoverability of loans is based mainly on business partners' status of clinical trials and business plans created based on obtaining approval from regulatory authorities for manufacture and sale.

3) Impact on the non-consolidated financial statements for the following fiscal year

The business plan may need to be revised with regard to these key assumptions in light of changes in the business strategy or market environment, delay in clinical trials, and cases where approval from regulatory authorities cannot be obtained, etc. Accordingly, the Company may record a loss on valuation of investment securities and a provision of allowance for doubtful accounts.

2. Recoverability of deferred tax assets

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Net deferred tax assets 2,665 million yen

(2) Information about the contents of significant accounting estimates related to the identified item

1) Method of calculating the amount recorded in the non-consolidated financial statements for the fiscal year under review

The Company determines the recoverability of deferred tax assets based on taxable income, which is based on future earning power according to deductible temporary differences, and tax planning. Estimates for taxable income are based on the medium-term management plan and budgets.

2) Key assumptions used for calculating the amount recorded in the non-consolidated financial statements for the fiscal year under review

Estimates for taxable income are based on the medium-term management plan and budgets, which mainly take into account the market environment, National Health Insurance (NHI) reimbursement prices, etc.

3) Impact on the non-consolidated financial statements for the following fiscal year

Because the recoverability of deferred tax assets depends on estimated taxable income based on the medium-term management plan and budgets, the key assumptions are highly uncertain. If changes occur in the assumed conditions or other assumptions, the estimated amount of taxable income may vary and there could be a material impact on the judgment of the recoverability of deferred tax assets. Accordingly, the Company may reverse deferred tax assets.

[Additional information]

(Transactions involving the BIP trust share-based compensation)

In the fiscal year under review, the Company introduced the BIP trust. As with the performance-linked (Performance Share) and restricted-stock share-based compensation systems used in the United States and Europe, monetary payments are made to directors under the BIP trust system reflecting their degree of achievement in meeting performance targets and ranks, the grants and payments being made in the form of Company shares and monetary compensation based on the share exchange price at disposal. The Company has established the trust after allocating funds for acquisition of Company shares for such compensation, the beneficiaries being those among the directors who meet certain requirements. The trust has acquired from the Company the total of Company shares (through disposal of treasury stock) it anticipates needing for compensation of directors, based on previously drawn-up share-grant regulations. Subsequently, and based on the share-grant regulations, the Company awards points to the directors reflecting their degree of target achievement and rank for each fiscal year on a consolidated basis. After their retirement or after the end of the evaluation fiscal year, a number of shares (with fractional units rounded down) equivalent to 70% of their accumulated points is granted by the trust, and the remainder of the Company shares are translated into monetary sums by conversion under the trust and this sum is paid out. Related accounting treatment is based on “Practical treatment of transactions relating to granting of own shares to employees, etc. through a trust” (Practical Issues Task Force No. 30, March 26, 2015). The Company shares owned by the trust at the end of the fiscal year under review are reported in the net assets section of the balance sheet as treasury stock, at their book value under the trust (excluding sums for incidental expenses). The reported amount is 301 million yen and the reported number of shares is 169,612.

[Notes to Non-Consolidated Balance Sheet]

- | | |
|--|-------------------|
| 1. Accumulated depreciation of property, plant and equipment | 9,001 million yen |
|--|-------------------|

2. Monetary receivables from or payables to affiliates	
Short-term monetary receivables	49 million yen
Short-term monetary payables	63 million yen
3. Monetary receivables from or payables to the directors	
Long-term monetary payables	335 million yen

[Notes to Non-Consolidated Statement of Income]

Transactions with affiliates

Operating transactions	Outsourced processing expenses	818 million yen
	Selling, general and administrative expenses	22 million yen

[Notes to Non-Consolidated Statement of Changes in Equity]

Treasury stock

Type of shares	Beginning of the fiscal year under review	Increase	Decrease	End of the fiscal year under review
Common stock (shares)	4,999,561	3,000,133	7,170,494	829,200

(Note) The total of shares of treasury stock at the end of the fiscal year under review includes 169,612 shares of the Company held by the BIP trust.

(Reasons for differences)

- An increase of 3,000,000 shares due to purchase in market
- Increase due to purchase of fractional stock: 133 shares
- Decrease due to cancellation of treasury stock: 7,161,506 shares
- A decrease of 8,988 shares due to benefits from BIP trust

[Notes to Tax Effect Accounting]

Main contributing factors to deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Provision for retirement benefits	98 million yen
Retirement benefit trust	923 million yen
Loss on debt equity swap	731 million yen
Loss on debt waiver	600 million yen
Provision for bonuses	549 million yen
Allowance for doubtful accounts	474 million yen
Unpaid enterprise tax	103 million yen
Loss on valuation of investment securities	364 million yen
Other	749 million yen
Subtotal	4,595 million yen
Valuation allowance	(1,873) million yen
Total deferred tax assets	2,722 million yen

(Deferred tax liabilities)

Assets to be retired	22 million yen
Reserve for tax purpose reduction entry of fixed assets	17 million yen
<u>Reserve for open innovation promotion tax system</u>	<u>16 million yen</u>
Total deferred tax liabilities	56 million yen
Net deferred tax assets	2,665 million yen

[Notes to Transactions with Affiliates]

There are no significant transactions with affiliates.

[Notes to Per Share Information]

Net assets per share	769.02 yen
Earnings per share	95.93 yen

Note: The Company shares remaining in the BIP trust, which are recorded as treasury stock in shareholders' equity, are treated as treasury stock for the purpose of calculating net assets per share, and earnings per share. In the fiscal year under review, the total number of treasury stock at the end of the fiscal year was 169,612, and the average number of shares during the period was 148,626.

[Notes on Significant Events After Reporting Period]

(Acquisition of treasury stock and tender offer for treasury stock)

The Company resolved at a meeting of its Board of Directors held on May 1, 2024 to acquire treasury stock and to conduct a tender offer for its own shares (the "Tender Offer") as a specific method of acquiring treasury stock, based on the provision of Article 156, Paragraph 1 of the Companies Act, as applied pursuant to the provision of Article 165, Paragraph 3 of the same act, and the Company's Articles of Incorporation.

1. Purpose of the Tender Offer

The Company's largest shareholder, MT Shokai Corporation ("MT Shokai"), which is engaged in the asset management business of the Company's founding family informed us that it intended to sell part of the common shares held by MT Shokai.

As a result of our review, we have determined that the repurchase of our common shares as treasury stock will contribute to improving our net income per share (EPS), return on equity (ROE), and other capital efficiency, as well as to returning profits to our shareholders. Furthermore, after considering the specific method of acquiring treasury stocks, we determined that the tender offer method, which provides shareholders other than MT Shokai with a certain period of consideration and ensures that they have an opportunity to tender their shares while observing market price trends, is the most appropriate from the perspective of equality among shareholders and the transparency of the transaction.

In determining the purchase price for the Tender Offer, the Company took into consideration the fact that the Company's common shares are listed on a financial instruments exchange and that acquisitions of treasury stock by listed companies are often conducted through market purchases through financial instruments exchanges, as the acquisition of treasury stock carried out by listed companies allows for flexible purchases in line with the stock price level, which is formed based on the market supply and demand relationship. We believe that the standards should be based on the market price of our common shares, emphasizing clarity and objectivity. In addition, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common shares, the Company has determined that it is desirable to purchase the Company's common shares at a certain discount to the market price in order to minimize outflow of assets from outside the Company as much as possible.

2. Details of the Board of Directors' resolution regarding the acquisition of treasury shares
 - (1) Type of shares to be acquired: Common shares of the Company
 - (2) Maximum number of shares that can be acquired: Up to 5,500,100 shares
Ratio to the number of outstanding shares: 7.26%
 - (3) Total acquisition cost of shares: Up to 5,747,604,500 yen
 - (4) Acquisition period: From May 2, 2024 to June 28, 2024
 - (5) Acquisition method: Tender offer for treasury stock
3. Summary of tender offer for treasury stock
 - (1) Number of shares scheduled to be bought: Up to 5,500,000 shares
 - (2) Tender Offer price: 1,045 yen per share of common shares
 - (3) Period of purchase, etc.: From May 2, 2024 to June 3, 2024
 - (4) Filing date of tender offer registration statement: May 2, 2024
 - (5) Settlement start day: June 25, 2024

[Notes to Revenue Recognition]

Information that forms the foundation for understanding revenue from contracts with customers

Information that forms the foundation for understanding revenue is as stated in (5) Accounting policy for revenues and expenses in 4. Matters concerning accounting policies of [Notes on Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements] in the consolidated financial statements.