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(Securities code: 6849)
June 7, 2022

To Shareholders with Voting Rights

Hirokazu Ogino
Representative Director, President and CEO
NIHON KOHDEN CORPORATION
31-4, Nishiochiai 1-chome, Shinjuku-ku,
Tokyo, Japan

NOTICE OF THE 71ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby announce that the 71st Ordinary General Meeting of Shareholders of NIHON KOHDEN CORPORATION (the "Company") will be held as described below.

To prevent the spread of the new coronavirus infection and safeguard the health of our shareholders, we ask you to consider exercising your voting rights in writing or via the internet, etc. and refrain from attending this Ordinary General Meeting of Shareholders in person.

When you exercise your voting rights in writing or via the Internet, etc., we would appreciate it if you could review the Reference Documents for the General Meeting of Shareholders (described hereinafter) and **exercise your voting rights by no later than 5:10 p.m. on Monday, June 27, 2022 (JST), via the internet, etc. or by posting the enclosed Voting Rights Exercise Form with indications of your vote for or against Company's proposals.**

- 1. Date and Time:** Tuesday, June 28, 2022 at 10:00 a.m. (JST)
- 2. Venue:** Fourth floor hall, No. 1 building of the Company's head office, 31-4, Nishiochiai 1-chome, Shinjuku-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 71st Fiscal Year (from April 1, 2021 to March 31, 2022), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
 2. Non-Consolidated Financial Statements for the Company's 71st Fiscal Year (from April 1, 2021 to March 31, 2022)

Proposals to be resolved:

- Proposal No.1:** Distribution of Surplus
- Proposal No.2:** Partial Amendments to the Articles of Incorporation
- Proposal No.3:** Election of Nine Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)
- Proposal No.4:** Election of Two Directors Serving as Audit & Supervisory Committee Member
- Proposal No.5:** Election of One Substitute Director Serving as Audit & Supervisory Committee Member

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk for the General Meeting.
 - Any correction or update of Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statement and Non-Consolidated Financial Statement will be posted on the Company's website at the following URL: (<https://www.nihonkohden.co.jp/ir/info/soukai.html>)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

The Company recognizes that returning profits to shareholders is one of management's most important tasks. The basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion. The priority for distribution of profits is i) investment necessary for future business expansion used in R&D investments, capital investments, M&A or alliances, and development of human resources, ii) dividends, and iii) share buybacks.

Based on this policy, the Company hereby proposes the distribution of surplus as follows.

1. Matters related to the year-end dividend:

As the business performance in the fiscal year ended March 31, 2022 was favorable, the Company decided to pay a special dividend of 15 yen per share and 70th Anniversary Dividend of 13 yen in addition to the ordinary year-end dividend of 20 yen per share. As a result, the year-end dividend for the fiscal year ended March 31, 2022 will be 48 yen per share.

(1) Matters concerning allotment of dividend property to shareholders and total amount

48 yen per share of the Company's common stock (including ordinary dividend of 20 yen, 70th Anniversary Dividend of 13 yen and special dividend of 15 yen)

Total amount: 4,052,229,792 yen

Note: Combined with the interim dividend (19 yen per share), the total annual dividend for the fiscal year ended March 31, 2022 will be 67 yen per share.

(2) Effective date of distribution of surplus

June 29, 2022

2. Other matters related to distribution of surplus:

(1) Item of surplus increased and amount

General reserve	14,000,000,000 yen
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(2) Item of surplus decreased and amount

Retained earnings brought forward	14,000,000,000 yen
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Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposed Amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of reference documents for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16, Paragraph 1 provides that information contained in the reference documents, etc. for the general meeting of shareholders shall be provided electronically.
- (2) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) Article 16 of the current Articles of Incorporation (Disclosure via the Internet of the Reference Documents for the General Meeting of Shareholders, etc. and the Deemed Provision of Information) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Contents of the Amendments

Details of the proposed amendments are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p>(Disclosure via the Internet of the Reference Documents for the General Meeting of Shareholders, etc. and the Deemed Provision of Information) Article 16. In convening the General Meeting of the Shareholders, the Company may, in accordance with the ordinance of the Ministry of Justice, use the Internet to provide the shareholders with necessary information pertaining to the matters to be described or displayed in the reference documents for the General Meeting of Shareholders, the business reports, the financial statements and the consolidated financial statements, and such information shall be deemed to have been provided to the shareholders.</p> <p style="text-align: center;">(Newly Established)</p>	<p style="text-align: center;">CHAPTER III. GENERAL MEETING OF SHAREHOLDERS</p> <p style="text-align: center;">(Deleted)</p> <p>(Measures for Electronic Provision of Information, etc.) Article 16 In convening the General Meeting of the Shareholders, the Company shall provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</p> <p>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</p>

SUPPLEMENTARY PROVISIONS	SUPPLEMENTARY PROVISIONS
<p data-bbox="199 241 683 273">Article 1. (Provisions intentionally omitted)</p> <p data-bbox="379 306 609 338">(Newly Established)</p>	<p data-bbox="815 241 1077 273">Article 1. (Unchanged)</p> <p data-bbox="815 306 1396 369">(Transitional Measures Regarding Measures for Electronic Provision of Information, etc.)</p> <p data-bbox="815 371 930 403">Article 2.</p> <p data-bbox="871 405 1406 689">The amendment of Article 16 of the Articles of Incorporation resolved at the 71st Ordinary General Meeting of Shareholders shall become effective as of September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</p> <p data-bbox="871 723 1401 1008">2. Notwithstanding the provision of the preceding paragraph, Article 16 of the Articles of Incorporation, before amendment, (Disclosure via the Internet of the Reference Documents for the General Meeting of Shareholders, etc. and the Deemed Provision of Information) shall remain effective with respect to any general meeting of shareholders held on a date within six months from the Date of Enforcement.</p> <p data-bbox="871 1041 1406 1236">3. This Article 2 of the Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of a general meeting of shareholders in the preceding paragraph, whichever is later.</p>

Proposal No.3: Election of Nine Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

The terms of office for all (nine) Directors (excluding Directors serving as Audit & Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of nine Directors (excluding Directors serving as Audit & Supervisory Committee Members) is proposed.

The nomination of candidates for the Directors (excluding Directors serving as Audit & Supervisory Committee Members) was resolved by the Board of Directors, after deliberation by the Nominating & Compensation Committee, which has been established for the purpose of securing transparency and objectivity of the management as an optional advisory body for the Board of Directors, which consists of four Outside Directors and which is chaired by one of such Outside Directors.

The candidates are as follows:

No.	Name	Current Position at the Company	Years served as Director
1	Hirokazu Ogino (Reappointment)	Representative Director	10 years
2	Takashi Tamura (Reappointment)	Representative Director	14 years
3	Tadashi Hasegawa (Reappointment)	Corporate Director	7 years
4	Fumio Hirose (Reappointment)	Corporate Director	7 years
5	Eiichi Tanaka (Reappointment)	Corporate Director	5 years
6	Yasuhiro Yoshitake (Reappointment)	Corporate Director	5 years
7	Hiroyuki Satake (New Appointment)	-	-
8	Kanako Muraoka (Reappointment) Candidate for Outside Director/ Independent Director	Outside Director	2 years
9	Hidemitsu Sasaya (New Appointment) Candidate for Outside Director/ Independent Director	-	-

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Hirokazu Ogino (May 28, 1970) (Reappointment)	April 1995 April 2007 April 2011 June 2011 June 2012 April 2013 June 2013 October 2013 June 2015 June 2017	Joined the Company President of Nihon Kohden Europe GmbH General Manager of Marketing Strategy Department Operating Officer Corporate Director and Operating Officer General Manager of International Operations Corporate Director and Senior Operating Officer CEO of Nihon Kohden America, Inc. Representative Director, President and COO Representative Director, President and CEO (current position)	35,526 shares
(Reasons for nomination of the candidate for Director)				
<p>Mr. Hirokazu Ogino has abundant experience and achievements acquired through his career in the Company and its group companies, including the President of foreign sales subsidiaries and the General Manager of Marketing Strategy and International Operations. In addition, he has been responsible for management of the Company since 2015 as the President and been devoted to increasing the corporate value through creating the Company's long-term vision and implementing the Company's mid-term business plan. We anticipate that he will make the most of his expertise and experience of management he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.</p>				
2	Takashi Tamura (March 22, 1959) (Reappointment)	April 1983 April 2003 April 2007 June 2007 June 2008 April 2011 April 2013 April 2014 June 2015 April 2016 June 2017	Joined the Company President of Nihon Kohden Kansai Corporation General Manager of Sales Operations Operating Officer Corporate Director and Operating Officer General Manager of International Operations General Manager of Service Business Division General Manager of Customer Service Operations Corporate Director and Senior Operating Officer General Manager of Sales Operations Representative Director and Executive Operating Officer (current position) [In Charge of Domestic Operations]	27,560 shares
(Reasons for nomination of the candidate for Director)				
<p>Mr. Takashi Tamura is currently in charge of Domestic Operations after serving as the President of domestic sales subsidiaries and the General Manager of Domestic Operations, International Operations and Customer Service and has abundant experience and achievements. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.</p>				

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Tadashi Hasegawa (June 17, 1959) (Reappointment)	April 1983 June 2009 June 2011 June 2013 March 2014 April 2014 June 2014 June 2015 April 2017 April 2020 April 2022	Joined Saitama Bank Ltd. Operating Officer of Saitama Resona Bank Limited Senior Operating Officer of Saitama Resona Bank Limited Corporate Director and Senior Operating Officer of Saitama Resona Bank Limited Retired as Corporate Director and Senior Operating Of- ficer of Saitama Resona Bank Limited Joined the Company Operating Officer (responsible for Internal Auditing Department) Corporate Director and Senior Operating Officer Chief Compliance Officer (current position) General Manager of Global Corporate Administration Op- erations (current position) Corporate Director and Executive Operating Officer (cur- rent position)	15,395 shares
(Reasons for nomination of the candidate for Director)				
Mr. Tadashi Hasegawa has plenty of knowledge of finance and accounting acquired through his abundant experience in banking institutions. After he joined the Company, he served as the Director responsible for Internal Auditing Department and he is currently the General Manager of Global Corporate Administration Department and the Director responsible for Finance, Legal Affairs, Compliance, Human Resources, General Affairs and Information Systems. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.				
4	Fumio Hirose (March 2, 1960) (Reappointment)	April 1982 April 2003 April 2006 April 2009 June 2009 April 2013 June 2015 June 2017 April 2018 April 2020	Joined the Company President of Nihon Kohden Chushikoku Corporation Chief Manager of Global Marketing Operations General Manager of Corporate Planning Department Operating Officer General Manager of Ventilator & Anesthesia Device Busi- ness Operations Corporate Director and Operating Officer Corporate Director and Senior Operating Officer (current position) General Manager of IVD Business Operations General Manager of Business Strategy Operations (current position)	15,095 shares
(Reasons for nomination of the candidate for Director)				
Mr. Fumio Hirose is currently the General Manager of Business Strategy Operations after serving as the President of a domestic sales subsidiary and the General Manager of Marketing, Corporate Planning, Ventilator & Anesthesia Device Business and IVD Business Operations and has abundant experience and achievements. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.				

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Eiichi Tanaka (July 15, 1962) (Reappointment)	<p>April 1985 Joined the Company</p> <p>April 2002 General Manager of Marketing & Business Development Department</p> <p>October 2003 President of Nihon Kohden America, Inc.</p> <p>April 2008 General Manager of General Affairs and Human Resources Department</p> <p>June 2008 Operating Officer</p> <p>April 2011 General Manager of Accessories & Consumables Business Operations</p> <p>April 2013 Corporate Director & Senior Operating Officer of Nihon Kohden Tomioka Corporation</p> <p>April 2014 President of Nihon Kohden Tomioka Corporation</p> <p>April 2017 General Manager of Import Business Operations</p> <p>June 2017 Corporate Director and Operating Officer</p> <p>April 2019 General Manager of Corporate Strategy Division</p> <p>April 2020 General Manager of US Operations (current position)</p> <p>April 2022 Corporate Director and Senior Operating Officer (current position)</p>	6,850 shares
<p>(Reasons for nomination of the candidate for Director)</p> <p>Mr. Eiichi Tanaka is currently the General Manager of US Operations after serving as the General Manager of Marketing & Business Development, General Affairs & Human Resources, Import Business Operations and Corporate Strategy and the President of a foreign and domestic sales subsidiary and a domestic manufacturing subsidiary and has abundant experience and achievements. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.</p>			
6	Yasuhiro Yoshitake (March 20, 1966) (Reappointment)	<p>April 1988 Joined the Company</p> <p>October 2003 President of Nihon Kohden Europe GmbH</p> <p>April 2007 General Manager of Sales Promotion Division, International Operations</p> <p>April 2008 Managing Director of Nihon Kohden Trading (Shanghai) Co., Ltd.</p> <p>April 2011 General Manager, China Operations</p> <p>June 2011 Operating Officer</p> <p>April 2013 General Manager, Asia and Middle East Operations</p> <p>April 2015 General Manager of International Operations (current position)</p> <p>June 2017 Corporate Director and Operating Officer</p> <p>February 2019 President and CEO of Nihon Kohden America, Inc.</p> <p>April 2022 Corporate Director and Senior Operating Officer (current position)</p>	5,759 shares
<p>(Reasons for nomination of the candidate for Director)</p> <p>Mr. Yasuhiro Yoshitake is currently the General Manager of International Operations after serving as the President of foreign sales subsidiaries and the General Manager of Asia and Middle East Operations and has abundant experience and achievements. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director's decision-making and supervision of management. Accordingly, we propose that he be elected as Director continuously.</p>			

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Hiroyuki Satake (April 22, 1958) (New Appointment)	April 1984 Joined the Company April 2009 General Manager of 2nd Technology Dept. of Medical Equipment Technology Center April 2014 General Manager of 2nd Technology Dept. of Medical Equipment Business Division October 2016 CTO of Defibtech, LLC April 2017 General Manager of Medical Equipment Business Division June 2017 Operating Officer April 2020 Senior Operating Officer and General Manager of Technol- ogy Development Operations (current position) April 2022 General Manager of Strategic Technology Operations (cur- rent position)	2,325 shares
<p>(Reasons for nomination of the candidate for Director)</p> <p>Mr. Hiroyuki Satake has been mainly engaged in the product development of neurological equipment and the establishment of R&D infrastructure for AED and ventilators. He is currently the General Manager of Technology Development Operations and Strategic Technology Operations and has abundant experience and achievements. We anticipate that he will make the most of his expertise and experience he has accumulated to date for reinforcement of the Board of Director’s decision-making and supervision of management. Accordingly, we propose that he be elected as Director.</p>			

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	Kanako Muraoka (April 26, 1965) (Reappointment) Candidate for Out- side Director / Independent Director	April 1988 Joined Mitsubishi Corporation April 1993 Registered as an attorney (Daini Tokyo Bar Association) Joined Anderson & Mōri (currently Anderson Mōri & Tomotsune) October 1999 Joined Mori Sogo (currently Mori Hamada & Matsu- moto) April 2020 Joined Kowa Law Office (current position) June 2020 Outside Director (current position) March 2021 Outside Director of FUJIYA CO., LTD. (current posi- tion)	0 shares
8	<p>(Reasons for nomination of the candidate for Director and overview of expected roles)</p> <p>Ms. Kanako Muraoka is a candidate for Outside Director.</p> <p>(1) Although Ms. Kanako Muraoka has not been engaged in corporate management in any capacity other than as an Outside Director, she is closely acquainted with corporate legal affairs as an attorney. We anticipate that she will make the most of the expertise and experience she has accumulated to date for providing objective and neutral advice to and for independent supervisory of the Company's management. Accordingly, we propose that she be elected as an Outside Director continuously. She will have been in office as an Outside Director of the Company for two years at the conclusion of this General Meeting of Shareholders.</p> <p>(2) The Company has concluded a liability limitation agreement with Ms. Kanako Muraoka to limit her liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If her election is approved, we will continue the liability limitation agreement with her.</p> <p>(3) The Company has filed with the Tokyo Stock Exchange a notification to establish that Ms. Kanako Muraoka is an Independent Director as provided by the Exchange, because she satisfies the requirements therefor. If her re-election is approved, the Company will notify the Tokyo Stock Exchange again that she is an Independent Director. No material conflict of interest exists between the Company and Kowa Law Office and FUJIYA CO., LTD. where she holds the significant concurrent position.</p>		

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	<p>Hidemitsu Sasaya (May 24, 1953)</p> <p>(New Appointment) Candidate for Out- side Director / Independent Director</p>	<p>April 1977 Joined the Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)</p> <p>July 2005 Deputy Director-General for the Ministry of the Environment</p> <p>August 2006 Deputy Director-General for the Ministry of Agriculture, Forestry and Fisheries</p> <p>July 2007 Bureau Chief of the Kanto Regional Forest Office</p> <p>March 2008 Retired from the Ministry of Agriculture, Forestry and Fisheries</p> <p>May 2008 Joined ITO EN, LTD.</p> <p>July 2010 Corporate Director of ITO EN, LTD.</p> <p>July 2014 Managing Executive Officer of ITO EN, LTD.</p> <p>December 2018 Representative Director of Kabushiki Kaisha Office Sasaya (current position)</p> <p>April 2019 Retired from Advisor to ITO EN, LTD.</p> <p>April 2019 Visiting Professor at Graduate School of Information & Communication (currently Graduate School of Social Design)</p> <p>April 2020 Professor at Platform for Arts and Science, Chiba University of Commerce</p>	<p>0 shares</p>
9	<p>(Reasons for nomination of the candidate for Director and overview of expected roles)</p> <p>Mr. Hidemitsu Sasaya is a candidate for Outside Director.</p> <p>(1) Mr. Hidemitsu Sasaya had been engaged in corporate management as a corporate director and an executive officer and had mainly promoted ESG/SDGs after holding important positions in the area of public administration of agriculture, forestry and fisheries and environment. He is currently a professor at a university specializing in policy research on SDGs, etc. We anticipate that he will make the most of his expertise and insight in the public and private sectors as well as academia for improving the role and function of the Board of Directors in promoting sustainability and providing objective and neutral advice to and for independent supervisory of the Company's management. Accordingly, we propose that he be elected as an Outside Director</p> <p>(2) If his election is approved, the Company will conclude a liability limitation agreement with Mr. Hidemitsu Sasaya to limit his liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.</p> <p>(3) The Company will file with the Tokyo Stock Exchange a notification to establish that Mr. Hidemitsu Sasaya is an Independent Director as provided by the Exchange, because he satisfies the requirements therefor. He is currently a professor at Platform for Arts and Science, Chiba University of Commerce and the Company and the university have a business relationship, but there is no transaction amount in the 71st fiscal year. He is also the Representative Director of Kabushiki Kaisha Office Sasaya and he provided advice on promotion of sustainability by the Company as a member of the Advisory Board on Sustainability established in July 2021, but the amount of remuneration paid to Kabushiki Kaisha Office Sasaya in the 71st fiscal year is nominal.</p>		

Notes:

1. No material conflict of interest exists between the Company and each candidate.
2. Current responsibilities at the Company are described in [].
3. The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The summary of the insurance agreement is described in "4. Directors and Operating Officers, (3) Summary of Directors and Officers (D&O) Liability Insurance Agreement" of the Business Report. If the candidates assume office as Director, they will be included in the insured persons under the insurance agreement. The Company intends to renew the insurance agreement in June 2022 and all the insurance premiums under the insurance agreement will be borne by the Company.

*Opinions of Audit & Supervisory Committee

As for the election and the compensation of Directors (excluding Directors serving as Audit & Supervisory Committee Members), two Outside Directors who are Audit and Supervisory Committee Members and concurrently serving as the chairman and a member of the Nominating & Compensation Committee reported the result of deliberation on the matter by the Nominating & Compensation Committee to the Audit & Supervisory Committee. And as the result of review on it by the Audit & Supervisory Committee, the Audit & Supervisory Committee has reached the conclusion that it has no opinion on the election and the compensation of Directors (excluding Directors serving as Audit & Supervisory Committee Members) to state at this General Meeting of Shareholders in accordance with the Companies Act.

Proposal No.4: Election of Two Directors Serving as Audit & Supervisory Committee Member

Of the three Directors serving as Audit & Supervisory Committee Members, the terms of office for Mr. Shigeru Kawatsuhara and Kazuo Shimizu will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of two Directors serving as Audit & Supervisory Committee Member is proposed. The Audit & Supervisory Committee has consented to this proposal. The candidate is as follows:

No.	Name	Current Position at the Company	Years served as Director
1	Shigeru Kawatsuhara (Reappointment) Candidate for Outside Director /Independent Director	Outside Director (serving as an Audit & Supervisory Committee Member)	6 years
2	Kazuo Shimizu (Reappointment) Candidate for Outside Director /Independent Director	Outside Director (serving as an Audit & Supervisory Committee Member)	2 years

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
	Shigeru Kawatsuhara (February 14, 1952) (Reappointment) Candidate for Outside Director / Independent Director	April 1975 Joined Toko, Inc. April 2002 Senior Manager of Sales Department 1, Sales Operations, Toko, Inc. April 2004 General Manager of Sales Center, Toko, Inc. June 2005 Corporate Director and General Manager of Sales Center, Toko, Inc. April 2008 President of Toko, Inc. May 2014 Chairman of Toko, Inc. March 2015 Senior Advisor of Toko, Inc. April 2016 Part-time Advisor of Toko, Inc. June 2016 Outside Director (serving as an Audit & Supervisory Com- mittee Member) (current position)	0 shares
1	(Reason for candidacy as an Outside Director serving as an Audit & Supervisory Committee Member, etc. and overview of expected roles) Mr. Shigeru Kawatsuhara is a candidate for Outside Director. (1) We anticipate that in his work with the Company's audit system he will make the most of his excellent expertise and abundant experience of the management of a company acquired through his carrier in Toko, Inc. for independent supervision of the Company's management. Accordingly, we propose that he be nominated to continue in the position of Outside Director serving as an Audit & Supervisory Committee Member. He will have been in office as Outside Director serving as an Audit & Supervisory Committee Member of the Company for six years at the conclusion of this General Meeting of Shareholder. (2) The Company has concluded a liability limitation agreement with Mr. Shigeru Kawatsuhara to limit his liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If his re-election is approved, we will continue the liability limitation agreement with him. (3) The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Shigeru Kawatsuhara is an independent director as provided by the Exchange, because he satisfies the requirements therefor. If his re-election is approved, the Company will notify the Tokyo Stock Exchange again that he is an Independent Director.		

Proposal No. 5: Election of One Substitute Director Serving as an Audit & Supervisory Committee Member

The election of One Substitute Director serving as an Audit & Supervisory Committee Member is proposed in order to prepare for the contingency that the number of Directors serving as Audit & Supervisory Committee Members falls below the required number stipulated by laws and regulations.

If this election is approved, the effectiveness of the election may be cancelled by a resolution of the Board of Directors with the consent of the Audit & Supervisory Committee only before the newly elected Substitute Director serving as an Audit & Supervisory Committee Member assumes office as Director serving as an Audit & Supervisory Committee Member.

The Audit & Supervisory Committee has consented to this proposal.

The candidate is as follow:

Name (Date of birth)	Career summaries, positions, and significant concurrent positions	Number of shares of the Company held
Sumio Moriwaki (March 3, 1957) Candidate for Out- side Director/Inde- pendent Director	April 1981	0 shares
	Registered as an attorney (Daini Tokyo Bar Association) Joined Ishii Law Office	
	April 1991	
	Partner, Ishii Law Office (current position)	
	June 2007	
June 2011	Member of the Independent Committee of the Company	
June 2016	Substitute Audit & Supervisory Board Member	
June 2017	Substitute Director (serving as an Audit & Supervisory Committee Member) (current position)	
	Outside Audit & Supervisory Board Member of JSR Cor- poration Outside Director of Topy Industries, Limited	

(Reason for candidacy as a Substitute Outside Director serving as an Audit & Supervisory Committee Member, etc. and overview of expected roles)

Mr. Sumio Moriwaki is a candidate for Substitute Outside Director serving as an Audit & Supervisory Committee Member.

- (1) Although Mr. Sumio Moriwaki has not been directly engaged in corporate management in any capacity other than as an Outside Director or Outside Audit & Supervisory Board Member, he is closely acquainted with corporate legal affairs as an attorney. We anticipate that in his work with the Company's audit system he will make the most of the expertise and experience he has accumulated to date for independent supervision of the Company's management. Accordingly, we propose that he be elected as Substitute Audit & Supervisory Committee Member.
- (2) If Mr. Sumio Moriwaki assumes office as Outside Director serving as an Audit & Supervisory Committee Member, the Company intends to conclude a liability limitation agreement with him to limit his liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.
- (3) If Mr. Sumio Moriwaki assumes office as Outside Director serving as an Audit & Supervisory Committee Member, the Company will file with the Tokyo Stock Exchange a notification to establish that Mr. Sumio Moriwaki is an Independent Director as provided by the Exchange because he satisfies the requirements therefor. No material conflict of interest exists between the Company and Ishii Law Office where he holds the significant concurrent position.

Notes:

1. No material conflict of interest exists between the Company and Mr. Sumio Moriwaki.
2. The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The summary of the insurance agreement is described in "4. Directors and Operating Officers, (3) Summary of Directors and Officers (D&O) Liability Insurance Agreement" of the Business Report. If Mr. Sumio Moriwaki assumes office as Substitute Director serving as Audit & Supervisory Committee Member, he will be included in the insured persons under the insurance agreement. The Company intends to renew the insurance agreement in June 2022 and all the insurance premiums under the insurance agreement will be borne by the Company.

【Reference】 Skill Matrix (Scheduled for after this Ordinary General Meeting of Shareholders)

The Board of Directors consists of twelve members including four independent outside directors with expertise. We strive to ensure diversity by appointing one female independent outside director at the Ordinary General Meeting of Shareholders held in 2020. Directors utilize their knowledge, experience, and abilities to make decisions and supervise the business executions in order to realize the long-term vision and the three-year business plan.

In addition to the expertise and experience of each director, all directors are engaged in management from the perspective of sustainability. The Company will continue our efforts to further strengthen sustainability.

Name	Position	Corporate Management	Global Experience	Sales/ Marketing	Production/ Technology/ R&D	Legal/ Risk Management	Finance/ Accounting/ M&A	HR/ HR Development	ESG/ SDGs
Hirokazu Ogino	Representative Director President and CEO	●	●	●			●		●
Takashi Tamura	Representative Director & Executive Operating Officer	●		●					
Tadashi Hasegawa	Corporate Director & Executive Operating Officer		●			●	●	●	●
Fumio Hirose	Corporate Director & Senior Operating Officer	●		●	●				
Eiichi Tanaka	Corporate Director & Senior Operating Officer	●	●	●	●			●	
Yasuhiro Yoshitake	Corporate Director & Senior Operating Officer	●	●	●					
Hiroyuki Satake	Corporate Director & Senior Operating Officer				●				
Kanako Muraoka	Outside Director Nomination & Remuneration Committee Member		●			●	●		
Hidemitsu Sasaya	Outside Director		●						●
Shigeru Hirata	Corporate Director Full-time Audit & Supervisory Com mittee Member			●			●	●	
Shigeru Kawatsuhara	Outside Director Audit & Supervisory Committee Me mber Nomination & Remuneration Committee Member	●	●	●					
Kazuo Shimizu	Outside Director Audit & Supervisory Committee Me mber Nomination & Remuneration Comm ittee Member					●	●		

1. Overview of the Nihon Kohden Group Business Activities

(1) Review of Operations and Results

During the term under review (April 1, 2021 to March 31, 2022), social and economic activity showed signs of recovery due to the benefits of economic measures taken by each country and the progress of COVID-19 vaccination. However, the global economic outlook remained uncertain due to the spread of the Omicron variant from the end of 2021, higher resource prices, the semiconductor shortage, and the Ukraine crisis. In Japan, the number of testing and surgical procedures in medical institutions showed a recovery trend, although depending on the wave of COVID-19 infection, and the healthcare system continued to respond to COVID-19 patients. Medical equipment companies were strongly required to provide solutions which contribute to infection control measures as well as improving the quality and efficiency of medical care. Internationally, overall demand for medical equipment was steady as medical devices to treat COVID-19 patients were installed by medical facilities and demand for nonCOVID-19-related medical devices has also shown signs of recovery.

Under these circumstances, Nihon Kohden started its three-year business plan, BEACON 2030 Phase I, in April 2021. The Company formulated the basic policies as follows: i) Embracing sustainability across business and corporate activities, ii) Ensuring strict compliance and strengthening group governance, iii) Improving the profitability of existing businesses and making strategic upfront investments, and iv) Establishing global SCM and strengthening core functions of operations. The Company introduced its first hematology analyzer with reticulocyte measurement both in Japan and internationally. The Company also launched a central monitor which enhanced the linkage with IT systems and its first fully automatic AED in Japan. Internationally, Nihon Kohden strengthened its business structure. The Company started operation of its reagent factory in Dubai, UAE, and acquired Advanced Medical Predictive Devices, Diagnostics and Displays, Inc. in the U.S.

As a result, overall sales during the term under review increased 2.7% over FY2020 to ¥205,129 million. Operating income increased 14.4% to ¥30,992 million due to the increase in sales and higher gross profit margin thanks to a favorable product mix. Ordinary income increased 21.8% to ¥34,563 million and income attributable to owners of parent increased 28.5% to ¥23,435 million.

[Sales by region]

Japan: Nihon Kohden concentrated on enhancing sales activities which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company also focused on consumables and services business as well as strengthening its marketing and service capabilities, creating customer value which contributed to improving medical safety, patient outcomes, and operating efficiency. Sales of Patient Monitors increased favorably and demand for certain products which had slumped in the previous fiscal year recovered. The resumption of business negotiations related to IT system solutions also contributed to sales. Sales of locally purchased products decreased significantly as the Company focused on selling in-house products. Sales in the private hospital and clinic markets increased and sales in the university hospital market remained flat. Sales in the public hospital market decreased and sales of AEDs in the PAD market also decreased. As a result, domestic sales decreased 0.7% over FY2020 to ¥136,321 million.

International: Sales of all product categories increased as the Company succeeded in strengthening its business structure in the U.S. and emerging countries. In the Americas, sales in the U.S. increased favorably. Sales in Latin America decreased due to a reactionary decline in Columbia where sales doubled in the previous fiscal year. Sales decreased in Europe, where demand for certain products recovered, but not enough to cover the reactionary decline compared to the strong growth in the previous fiscal year. In Asia & Other, sales in India, Thailand, Malaysia, and Egypt doubled, and sales in China and Vietnam also increased favorably. As a result, international sales increased 10.2% over FY2020 to ¥68,807 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of diagnostic information systems showed double-digit growth and sales of ECGs also increased favorably due to the resumption of capital expenditure which had been put on hold in the previous fiscal year. Sales of EEGs remained flat. Sales of polygraphs for cath lab recorded double-digit growth on a comparable basis, excluding the impact of decrease in sales of locally purchased products. Internationally, sales of EEGs showed double-digit growth as demand recovered in all regions. Sales of ECGs also increased in Asia & Other and Latin America. Overall, sales increased 5.6% over the previous fiscal year to ¥39,681 million.

Patient Monitors: In Japan, sales of transmitters and telemetry systems showed strong growth and sales of clinical information systems achieved double-digit growth. Sales of consumables such as sensors also increased favorably. Internationally, sales in the U.S. and Asia & Other recorded double-digit growth. Sales in Europe and Latin America decreased, as there was a reactionary decline compared to the previous fiscal year when demand surged. Overall, sales increased 7.7% over the previous fiscal year to ¥84,860 million.

Treatment Equipment: In Japan, sales decreased, as sales of ventilators decreased due to a reactionary decline from the previous fiscal year when demand increased. Sales of AEDs also decreased mainly due to a delay in some shipments. Internationally, sales of AEDs increased significantly as demand recovered in all regions. Sales of defibrillators also showed strong growth in Asia & Other and Latin America. Sales of ventilators decreased due to a reactionary decline from the previous fiscal year when demand increased, while demand increased in India and Southeast Asia. Overall, sales decreased 3.9% over the previous fiscal year to ¥43,388 million.

Other Medical Equipment: In Japan, sales of locally purchased products decreased significantly, as the Company focused on selling in-house products. Sales of installation and maintenance services for medical devices increased favorably, and sales of hematology instruments also increased. Internationally, sales showed strong growth, as demand for hematology analyzers and reagents recovered in all regions. Overall, sales decreased 2.6% over the previous fiscal year to ¥37,198 million.

(2) Challenges to be Addressed

1) Management Philosophy

Nihon Kohden's management philosophy is that we contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees. The Company aims at the continuous growth of the Nihon Kohden Group and increasing the value of the Company, through deploying permanently its business activities under its management philosophy.

2) Challenges to be Addressed and Mid-to Long-term Management Strategy

In 2020, Nihon Kohden set out its long-term vision, BEACON 2030, for the next ten years to 2030. The Company aims to create a better future for people and healthcare by solving global medical issues. The Company has also set three transformations to be achieved: Transforming into a global company creating high added value, Creating a solution business providing superior customer value, and Establishing a global organization founded on Operational Excellence.

• Three-year Business Plan, BEACON 2030 Phase I, covering the fiscal years 2021 to 2023

The Company's three-year business plan, BEACON 2030 Phase I is the stage to strengthen its business foundation toward realizing its long-term vision. The Company works on improving the profitability of existing businesses and cultivating new business areas and business models.

Basic policy

- Embrace sustainability across business and corporate activities
- [Management] Ensure strict compliance and strengthen group governance
- [Business] Improve the profitability of existing businesses and obtain the resources to invest strategically for sowing seeds of new growth
- [Operations] Establish global SCM and strengthen core functions of operations to lay a foundation for global growth

1. Embrace sustainability

The Nihon Kohden Group defined 12 material issues to be addressed through business and corporate activities in accordance with the SDGs. In our business activities, we will address 8 issues aimed at realizing the 5 visions for the future (Accessible/Intelligent/Patient oriented/Connected/Optimized) which we designated in BEACON 2030. In corporate activities, we will address 4 issues of Human rights/Human resources, Quality, Governance, and Environment.

2. Six key strategies

(1) [Management] Ensure strict compliance and strengthen group governance

The Company will establish and promote global management policy as well as strengthening internal control over domestic sales.

(2) [Business] Improve the profitability of existing businesses

The Company aims to improve the profitability of existing businesses through creating high customer value, enhancing productivity, and timely launch of new products.

(3) [Business] Strengthen strategies in global business

The Company will focus on Japan, the U.S., and China, and establishes Global Quad-Polar Organization together with Europe & Emerging markets. The Company strengthens strategies in each region.

(4) [Business] Create new customer value by digital health solutions

The Company will establish a vital sign data platform for integration and analysis of data and develop clinical support applications for improving patient outcomes and economy of medical care.

(5) [Operations] Promote corporate digital transformation

The Company will establish a global information system and communication system in order to promote work-style reforms and improve operating efficiency.

(6) [Operations] Establish global supply chain management

The Company will realize supply chain data visualization by DX and reform its operational processes in procurement, production, and logistics.

3. Human resource development and corporate culture reform

In accordance with its Core Values (Integrity/Humbleness/Diversity/Initiative/Customer Centric/Goal Oriented/Creativity), Nihon Kohden is introducing a new personnel system and enhancing its global human resource development programs to foster a corporate culture in which employees take pride in contribution to healthcare and mission.

4. BEACON 2030 Phase I targets for FY2023 ending March 2024 (consolidated)

¥100 million	Target in FY2023
Sales	1,970
Domestic Sales	1,340
Overseas Sales	630
Operating Income	200
Operating Income Margin	10.2%
ROE	10%

• The progress of BEACON 2030 Phase I

In FY2021, which was the first year of this plan, demand for certain products and consumables recovered both in Japan and internationally from the previous fiscal year when demand was weak due to the COVID-19 pandemic. Demand for medical devices to treat COVID-19 patients exceeded its initial expectation due to the spread of the variants. Under these circumstances, the Nihon Kohden Group has worked on implementing reforms to its supply chain management by promoting collaboration across all divisions such as R&D, procurement, production, logistics, and sales divisions to respond to the shortage of semiconductors around the world. Because the Company has continued to supply products globally, Nihon Kohden posted record highs both in sales and profits in FY2021. In Japan, the Company strived to sell in-house products for creating customer value which resulted in improved gross profit margin reflecting favorable product mix. As a result, the Company achieved a highly profitable structure. Internationally, the Company focused on consumables and services business by leveraging its increased product installations such as patient monitors. The Company also strengthened its business structure in the U.S. and Asia. In the U.S., the enhanced local R&D, sales and service capabilities enabled us to win the opportunity for installing a large-scale of our patient monitoring network systems in a new building of one of the U.S. top hospitals, and strengthen Nihon Kohden's presence in the U.S. market. In addition, the Company acquired Advanced Medical Predictive Devices, Diagnostics and Displays, Inc. to enhance its R&D capacity for developing digital health solutions (DHS), which the Company defined as a new business in its three-year business plan. In India, the enhanced local sales and service capabilities enabled us to receive large orders for patient monitors, increase the installations of hematology instruments thanks to new products, and strengthen Nihon Kohden's presence in the Indian market.

In FY2022, which is the second year of this plan, Nihon Kohden continues to focus on the stable supply of products by implementing SCM reforms, as there are many uncertainties such as the ongoing shortage of semiconductors, Ukraine crisis, and Shanghai lockdown. The Company also aims at achieving a highly

profitable structure that can regularly secure a gross profit margin of 50% or more and an operating income margin of 10% or more.

(3) Capital Investment

In FY2021, a total amount of ¥3,022 million was spent in capital investment. Main expenditures included products for demonstration, metal molds, measuring equipment, mechanical equipment, IT equipment and business application.

(4) Financing

The Company's cash on hand was allocated for necessary funds including capital investments.

(5) Consolidated Financial Statements

(Millions of yen)	FY2018 Ended March 31, 2019	FY2019 Ended March 31, 2020	FY2020 Ended March 31, 2021	FY2021 Ended March 31, 2022 (Current fiscal year)
Net sales	178,799	185,007	199,727	205,129
Operating income	15,044	15,503	27,094	30,992
Ordinary income	15,867	14,846	28,374	34,563
Income attributable to owners of parent	11,191	9,854	18,243	23,435
Net income per share (yen)	131.43	115.72	214.21	276.51
Total assets	169,717	167,786	193,030	210,201
Net assets	116,087	121,774	138,986	156,381
Net assets per share (yen)	1,363.24	1,430.02	1,631.88	1,852.39
ROE (%)	9.9	8.3	14.0	15.9

Note:

- 1) In FY2018, both domestic and overseas sales increased. Income also increased.
- 2) In FY2019, both domestic and overseas sales increased. Operating income also increased. Ordinary income and net income decreased, reflecting foreign exchange losses and extraordinary losses.
- 3) In FY2020, both domestic and overseas sales increased. Income also increased.
- 4) In FY2021, results are provided in (1) Review of Operations and Results.
- 5) Since the beginning of FY2021, the Company has applied the Accounting Standards for Revenue Recognition (ASBJ No. 29, March 31, 2020). These accounting standards apply to FY2021 figures in the Consolidated Financial Statements.

(6) Principal Subsidiaries

1) Principal Subsidiaries

Name	Capital	Parent's voting rights (%)	Principal business
Nihon Kohden America, Inc.	USD 4,741K	100	Sales of medical electronic equipment
Nihon Kohden Europe GmbH	EUR 2,500K	100	Sales of medical electronic equipment
Nihon Kohden India Pvt. Ltd.	INR 111M	100	Sales of medical electronic equipment
Nihon Kohden Do Brasil Ltda.	BRL 16,728K	100	Sales of medical electronic equipment
Nihon Kohden Mexico S.A. de C.V.	MXN 20M	100	Sales of medical electronic equipment
Nihon Kohden Singapore Pte Ltd	SGD 1M	100	Sales of medical electronic equipment
Nihon Kohden Middle East FZE	AED 6M	100	Sales of medical electronic equipment
Nihon Kohden Korea, Inc.	KRW 800M	100	Sales of medical electronic equipment
NIHON KOHDEN TOMIOKA CORPORATION	JPY 496M	100	Production of medical electronic equipment, and storage and transportation of the Company's products
BENEFICKS CORPORATION	JPY 20M	100	Production and sales of medical information system
NIPPON BIO-TEST LABORATORIES INC.	JPY 10M	100	Development, production and sales of immunochemical products
Shanghai Kohden Medical Electronic Instrument Corp.	USD 6,669K	100	Development, production and sales of medical electronic equipment
Nihon Kohden Digital Health Solutions, Inc.	USD 12,500K	100	Development of medical electronic equipment
Neurotronics, Inc.	USD 100K	100	Development of software for medical electronic equipment
RESUSCITATION SOLUTION, INC.	USD 50.5M	100	Acquisition and holding of equity interests in an affiliated company
Defibtech, LLC	USD 3,072K	(100)	Development, production and sales of medical electronic equipment
Nihon Kohden Innovation Center, Inc.	USD 1,000K	100	Research and development of medical electronic equipment
Nihon Kohden OrangeMed, Inc.	USD 1,000K	100	Development, production and sales of medical electronic equipment
E-STAFF CORPORATION	JPY 20M	100	Group general affairs and staff dispatch service

Notes:

- 1) The percentage in parenthesis in "Parent's voting rights" indicates the percentage of voting rights which the parent company holds indirectly.
- 2) Nihon Kohden Do Brasil Ltda. increased a capital by BRL 13,728 K on June 30, 2021.
- 3) Nihon Kohden Digital Health Solutions, Inc. increased a capital by USD 12,000 K on July 27, 2021.

2) Progress of Business Combination

The Company acquired Advanced Medical Predictive Devices, Diagnostics and Displays, Inc.

3) Results of Business Combination

The Nihon Kohden Group has 30 consolidated subsidiaries. Overview of consolidated financial results is provided in (1) Review of Operations and Results.

4) Status of Specified Wholly Owned Subsidiaries as of the End of FY2021

The Company does not have any subsidiaries that qualify as specified wholly-owned subsidiaries.

(7) Principal Businesses

Nihon Kohden's primary business is research & development, production, sales, and repair and maintenance services of medical electronic equipment.

Product category	Principal products
Physiological Measuring Equipment	Electroencephalographs (EEG), evoked potential and electromyogram measuring systems, electrocardiographs (ECG), polygraphs for cath lab, diagnostic information systems, related consumables such as recording paper, electrodes and catheters, and maintenance services
Patient Monitors	Patient monitors for continuous monitoring of patients' vital signs such as electrocardiogram, respiration, SpO ₂ (blood oxygen saturation), NIBP (noninvasive blood pressure), clinical information systems, related consumables such as electrodes and sensors, and maintenance services
Treatment Equipment	Defibrillators, AEDs (Automated External Defibrillator), ventilators, pacemakers, anesthesia machine, cochlear implants, related consumables such as AED pads and batteries, and maintenance services
Other Medical Equipment	Hematology analyzers, clinical chemistry analyzers, ultrasound diagnostic equipment, equipment for research and others, consumables such as test reagents, and installation and maintenance services

(8) Principal Sales Offices and Factories

Japan	Headquarters	Shinjuku-ku, Tokyo
	Offices	Nishiochiai Office (Shinjuku-ku, Tokyo), Tokorozawa Office (Tokorozawa City, Saitama Pref.), Tomioka Office (Tomioka City, Gunma Pref.), Kawamoto Office (Fukaya City, Saitama Pref.), Tsurugashima Office (Tsurugashima City, Saitama Pref.), Asaka Office (Asaka City, Saitama Pref.), Eastern Japan Logistics Center (Sakado City, Saitama Pref.)
	Branch Offices	Hokkaido Branch (Sapporo City, Hokkaido Pref.), Tohoku Branch (Sendai City, Miyagi Pref.), Higashi Kanto Branch (Chiba City, Chiba Pref.), Kita Kanto Branch (Saitama City, Saitama Pref.), Tokyo Regional Office (Bunkyo-ku, Tokyo), Capital Area GP Branch (Bunkyo-ku, Tokyo), Minami Kanto Branch (Yokohama City, Kanagawa Pref.), Chubu Branch (Nagoya City, Aichi Pref.), Kansai Regional Office (Osaka City, Osaka Pref.), Chugoku Branch (Hiroshima City, Hiroshima Pref.), Shikoku Branch (Matsuyama City, Ehime Pref.), Kyushu Branch (Fukuoka City, Fukuoka Pref.)
Overseas	Americas	Nihon Kohden America, Inc. Nihon Kohden Mexico S.A. de C.V. Nihon Kohden Latin America S.A.S. Nihon Kohden Do Brasil Ltda. Defibtech, LLC Nihon Kohden OrangeMed, Inc.
	Europe	Nihon Kohden Europe GmbH Nihon Kohden Deutschland GmbH Nihon Kohden France Sarl Nihon Kohden Iberica S.L. Nihon Kohden Italia S.r.l. Nihon Kohden UK Ltd. Nihon Kohden Firenze S.r.l.
	Asia & other regions	Shanghai Kohden Medical Electronic Instrument Corp. Nihon Kohden Singapore Pte Ltd NKS Bangkok Co., Ltd. Nihon Kohden Malaysia Sdn. Bhd.

		Nihon Kohden India Pvt. Ltd. Nihon Kohden Middle East FZE Nihon Kohden Korea, Inc.
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Note: In May 2021, the Fujioka Office was closed and related departments were relocated to the Tomioka Office and the Tsurugashima Office.

(9) Employees

	Number of employees	Increase/decrease from the end of the previous fiscal year
Japan	4,036 [532]	+81
Overseas	1,603 [45]	+27
Total	5,639 [577]	+108

Notes:

- 1) The number of employees indicates full time employees which exclude people assigned by the Nihon Kohden Group to work outside the Nihon Kohden Group and include people assigned from outside the Nihon Kohden Group to work within the Nihon Kohden Group.
- 2) The [Number of employees] column indicates the average number of temporary employees (part-time fixed-time, temporary and part-time employees) employed during the fiscal year.

(10) Major Lenders

Lender	Balance of borrowing
Saitama Resona Bank, Ltd.	100 million yen

2. Stock Information (As of March 31, 2022)

- (1) **Total Number of Issuable Shares** 197,972,000 shares
- (2) **Total Number of Shares Issued** 88,730,980 shares (including 4,309,526 shares of treasury stock)
- (3) **Number of Shareholders** 7,520 (Decrease by 2,197 compared to the end of the previous fiscal year)
- (4) **Major Shareholders**

Shareholders	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	13,209,000	15.64
State Street Bank and Trust Company 505223	4,549,965	5.38
Saitama Resona Bank, Ltd.	4,193,750	4.96
Custody Bank of Japan, Ltd. (trust account)	4,037,600	4.78
State Street Bank and Trust Company 505103	2,698,800	3.19
JP Morgan Chase Bank 385151	1,759,800	2.08
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	1,583,300	1.87
MUFG Bank, Ltd.	1,325,130	1.56
State Street Bank and Trust Company 505103	1,319,912	1.56
Sumitomo Mitsui Trust Bank, Limited	1,200,000	1.42

Notes: The above list excludes Nihon Kohden's treasury stock of 4,309,526 shares. Each shareholding ratio is calculated excluding treasury stock.

(5) Shares Allotted to Directors as Remuneration for the Execution of their Duties during FY2021

The details of stock-based remuneration delivered during FY2021 are as follows.

- Total number of shares allotted to directors and other board members by category

	Number of shares	Number of allottees
Directors, excluding Audit & Supervisory Committee Members and Outside Directors	7,788 shares	6 persons
Outside Directors, excluding Audit & Supervisory Committee Members	—	—
Audit & Supervisory Committee Members	—	—

(6) Other Essential Matters regarding Stock

The Company acquired 473,900 own shares from May 14, 2021, to June 22, 2021 pursuant to the resolution of the Board of Directors held on May 13, 2021.

The Company acquired 289,800 own shares on February 3, 2022 pursuant to the resolution of the Board of Directors held on February 2, 2022.

3. Corporate Governance

(1) Basic Policy on Corporate Governance

To realize its management philosophy as a medical electronics manufacturer, the Company aims at achieving sustained growth and establishing reliance as a company that is highly evaluated by customers, shareholders, clients and society in all aspects including products, sales, service, technology, financial strength, quality of employees and other point.

In order to realize this management basic policy and increase corporate value over the mid-to long-term, the Company recognizes that enhancing corporate governance, by establishing a management structure aiming at improving the soundness, transparency and efficiency of management, is an important management issue.

(2) Corporate Governance System

The Company has adopted a company with Audit & Supervisory Committee structure to achieve the following: enhancement of supervisory function, improvement of soundness and transparency of the management, and acceleration of the management decision making. In addition, The Company has established the Nomination & Remuneration Committee, which is a voluntary advisory committee under the Board, to ensure transparency and objectivity of the management. The Committee consists of four independent outside directors and the committee chair is also appointed from outside directors.

The Board resolves the matters pursuant to the Companies Act and make decisions on the execution of important business for the entire group as well as supervises directors' performance of their duties. In addition, Meetings of the Management Council, at which all directors and operating officers attend, are held to ensure prompt decision making and flexible business operation.

4. Directors and Operating Officers

(1) Names and Other Information of Directors

Title	Name	Areas of Responsibility and Significant Concurrent Positions
Representative Director, President and CEO	Hirokazu Ogino	Management
Representative Director, Executive Operating Officer	Takashi Tamura	In charge of Domestic Operations
Corporate Director, Senior Operating Officer	Tadashi Hasegawa	General Manager of Global Corporate Administration Operations, Chief Compliance Officer
Corporate Director, Senior Operating Officer	Kazuteru Yanagihara	General Manager of Strategic Technology Operations
Corporate Director, Senior Operating Officer	Fumio Hirose	General Manager of Business Strategy Operations
Corporate Director, Operating Officer	Eiichi Tanaka	General Manager of US Operations
Corporate Director, Operating Officer	Yasuhiro Yoshitake	General Manager of International Operations
Outside Director	Minoru Obara	Professor Emeritus at Keio University
Outside Director	Kanako Muraoka	Attorney, Kowa Law Office, Outside Director of Fujiya Co., Ltd.
Corporate Director, Full-time Audit & Supervisory Committee Member	Shigeru Hirata	
Outside Director, Audit & Supervisory Committee Member	Shigeru Kawatsuhara	
Outside Director, Audit & Supervisory Committee Member	Kazuo Shimizu	Certified Public Accountants and Tax Accountants, Shimizu Accounting Office, Representative partner of Ryoh-koh Audit Corporation

Note:

- 1) Mr. Minoru Obara, Ms. Kanako Muraoka, Mr. Shigeru Kawatsuhara, and Mr. Kazuo Shimizu are Outside Directors. The Company has filed with the Tokyo Stock Exchange a notification to establish that they are independent directors.
- 2) The Company appoints a full-time Audit & Supervisory Committee Member to ensure the effectiveness of audits by routinely monitoring the establishment and operation of the internal control system and the maintenance of the environment for the collection of internal information and audits.
- 3) Corporate Director Shigeru Hirata is newly elected and appointed at the 70th Ordinary General Meeting of Shareholders held on June 25, 2021.
- 4) Mr. Kazuo Shimizu, an Audit & Supervisory Committee Member, is a Certified Public Accountant and Tax Accountant, and possesses a considerable degree of knowledge about finance and accounting.
- 5) Director who retired during the fiscal year under review is as follows.
Retired on June 25, 2021 due to the expiration of term of office
Corporate Director, Full-time Audit & Supervisory Committee Member Kazuhiko Ikuta
- 6) In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with each Outside Director to limit his/her liability under the provisions of Article 423, Paragraph 1 of the same Act. The minimum liability amount is the amount

stipulated by law.

- 7) Outside Director Minoru Obara, Outside Director Kanako Muraoka, Outside Director Shigeru Kawatsuhara and Outside Director Kazuo Shimizu are the Nomination & Remuneration Committee Members. Mr. Shigeru Kawatsuhara is serving as the chairperson.
- 8) The Company has introduced an operating officer system. The operating officers who do not serve as Directors are as follows as of March 31, 2022.

Title	Name	Responsibility
Senior Operating Officer	Hiroyuki Satake	General Manager of Technology Development Operations
Operating Officer	Kazuomi Shimoda	General Manager of Import Business Operations
Operating Officer	Naoyuki Muraki	General Manager of Operations Management Division and Corporate Digital Transformation Division
Operating Officer	Toshihiko Hiraoka	General Manager of Sales Operations
Operating Officer	Shuhei Morinaga	Deputy General Manager of US Operations
Operating Officer	Takashi Seo	Deputy General Manager of Strategic Technology Operations
Operating Officer	Masahiko Kumakura	General Manager of Customer Service Operations
Operating Officer	Shuichi Kurita	Deputy General Manager of International Operations
Operating Officer	Kenji Furukawa	Deputy General Manager of Global Corporate Administration Operations, General Manager of Human Resources Department and Phoenix Academy
Operating Officer	Kaoru Imajo	Deputy General Manager of Technology Development Operations
Operating Officer	Yutaka Inano	President of Nihon Kohden Tomioka Corporation
Operating Officer	Yoshiyuki Fujita	General Manager of Quality Management Division
Operating Officer	Yoshinori Obara	Regional Manager of Tokyo Regional Office
Operating Officer	Eri Watanabe	Deputy General Manager of Global Corporate Administration, General Manager of Finance Department
Operating Officer	Hiroko Hagiwara	General Manager of Clinical Development & Regulatory Affairs Division

(2) Remuneration to Directors

1) Policy for Determining the Amounts and Calculation Methods of Remuneration to Directors

To increase business performance and shareholder value, as well as improving management transparency and increasing mid-to long-term growth and profitability, the Company has established a policy ("The Decision Policy") for determining the amounts and methods of calculation of Directors' remuneration. The Decision Policy was determined by a resolution of the Board of Directors after receiving a report from the Nomination & Remuneration Committee, a voluntary advisory committee under the Board.

A summary of the Decision Policy is as follows.

Remuneration of Directors shall be linked to shareholder value so as to function effectively as an incentive for continuously improving the Company's corporate value. Remuneration of each Director shall be determined at an appropriate level based on their respective responsibilities.

Remuneration of Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors) shall consist of a base salary as fixed monthly compensation, bonuses as performance-based compensation reflecting short-term business performance, and restricted stock remuneration as an incentive to continuously improve the Company's corporate value over the mid- to long-term. Remuneration of Audit & Supervisory Committee Members and Outside Directors, who are responsible for supervisory

functions, shall consist of the fixed monthly compensation only.

The fixed monthly compensation shall be determined based on the Director's position, responsibilities, and years served as Director, comprehensively taking into consideration the level of other companies, the Company's business performance, and the level of employee salaries.

Performance-based bonuses shall reflect key performance indicators (KPI) to raise awareness of the need to improve the Company's business performance in each fiscal year. The target performance indicators and their values shall be in line with the medium-term business plan and set at the time of the formulation of the plan. The target values shall be reviewed as appropriate in accordance with the report of the Nomination & Remuneration Committee in response to environmental changes. The degree of achievement of the target values shall be used as a common evaluation index for all Directors. Individual evaluations shall be conducted according to each Director's area of responsibility. The amount of bonuses shall be calculated based on a variable payment rate of 0% to 200% and the bonuses shall be paid at a fixed time each year.

As regards restricted stock remuneration, the Company shall, in principle, allot shares of the Company's common stock every year, after concluding an agreement on allotting restricted stock between the Company and each Director (excluding Audit & Supervisory Members and Outside Directors). The number of shares of restricted stock to be allotted shall be determined based on the position of the allottee. To encourage the sharing of value with shareholders over the mid- to long-term, the transfer restriction period shall be from the grant date of the restricted stock to the date when each Director retires from the position of Director or Operating Officer.

The ratio by types of compensation for Directors (excluding Audit & Supervisory Committee Members and Outside Directors) shall be reviewed by the Nomination & Remuneration Committee, based on the remuneration levels of benchmark companies whose business scale is similar to the Company. The weighting of performance-based compensation shall be higher for the higher positions. While respecting the report by the Nomination & Remuneration Committee, the Board of Directors shall determine the details of remuneration for each Director within the range of the ratio by types of compensation indicated in the report. The amount of remuneration shall be determined by resolution of the Board of Directors, which shall have the authority to determine the amount of basic salaries for each Director as well as the evaluation and allocation of performance-based compensation based on the performance of the business for which each Director is responsible. The Board of Directors shall consult the Nomination & Remuneration Committee on the draft remuneration plan and obtain a report from the Committee to ensure that the Board exercises its authority appropriately. The Board of Directors shall also resolve the number of shares to be allocated to each Director as restricted stock remuneration based on the report of the Nomination & Remuneration Committee.

In determining the content of remuneration for each Director (excluding Audit & Supervisory Committee Members), the Nomination & Remuneration Committee shall conduct a multifaceted review of the draft remuneration plan, including consistency with the Decision Policy. As a general rule, the Board of Directors shall defer to the report of the Nomination & Remuneration Committee and determine that the proposed remuneration complies with the Decision Policy.

The remuneration of Audit & Supervisory Committee Members shall consist of fixed monthly compensation only from the perspective of placing importance on the independence and objectivity of management. The

amount of remuneration for each Director is determined by consultation among the Audit & Supervisory Committee Members.

2) Resolutions of the General Meeting of Shareholders on Remuneration to Directors

The 65th general shareholders meeting held on June 28, 2016 approved the following: i) with respect to the amount of remuneration to Directors excluding Audit & Supervisory Committee Members, the total amount shall be within the limit of 400 million yen (including the total amount of remuneration to Outside Directors, which shall be within the limit of 30 million yen, but not including other Directors' salaries as employees of the Company), ii) with respect to the amount of remuneration to Audit & Supervisory Committee Members, the total amount shall be within the limit of 80 million yen. At the time of the resolution, the number of Directors excluding Audit & Supervisory Committee Members was ten (including two Outside Directors) and the number of Audit & Supervisory Committee Members was three (including two Outside Directors).

Separately from the above remuneration, the 69th general shareholders meeting held on June 25, 2020 approved the following: The maximum amount of monetary compensation receivables to be paid to Directors (excluding Audit & Supervisory Committee Members and Outside Directors) in respect of restricted stock shall be within the limit of 100 million yen. At the time of the resolution, the number of Directors (excluding Audit & Supervisory Committee Members and Outside Directors) was seven.

3) The Total Amount of Remuneration to Directors

Million yen	Total amount of remuneration	Total Amount of Remuneration by Type			Number of Directors
		Fixed monthly compensation	Performance-based compensation	Restricted stock remuneration	
Directors (excluding Audit & Supervisory Committee Members)	340	183	135	22	9
[Outside Directors]	[20]	[20]	[-]	[-]	[2]
Directors (Audit & Supervisory Committee Members)	43	43	-	-	4
[Outside Directors]	[20]	[20]			[2]
Total	384	226	135	22	13

- Notes: 1. The amount above does not include 42 million yen which is the portion of the directors' salary as employees of the Company.
2. The number of Directors receiving restricted stock remuneration is six. (One non-resident of Japan is not eligible for payment).

4) Performance-based Compensation

The Company pays bonuses to Directors (excluding Audit & Supervisory Members and Outside Directors) as performance-based compensation to further increase Directors' morale and motivation to improve its business performance and generate sustainable increases in its corporate value.

The FY2021 performance indicator selected as the basis for calculating the amount of performance-based

compensation is operating income. This is because operating income is the profit earned from the Company's core businesses as well as reflecting the creation of high customer value and improvement of productivity within the organization. An increase in operating income also leads to a sustainable increase in the Company's corporate value. Amounts of performance-based compensation are calculated based on the degree of achievement of the operating income target as well as individual evaluation according to each Director's area of responsibility, and the variable payment rate is 0% to 200%.

The results for operating income in FY2021 are described in 1. (5) Consolidated Financial Statements.

5) Restricted Stock Remuneration

The Company allots restricted stock to Directors (excluding Audit & Supervisory Committee Members and Outside Directors) to encourage them to continuously improve the Company's corporate value, as well as to facilitate their sense of sharing value with shareholders.

The Company paid monetary compensation receivables as remuneration to the six specified Eligible Directors and allocated 7,788 shares of the Company's common shares as specified restricted shares paid for by the Allottees using the entire amount of the monetary compensation receivables as contributed assets. The shares allotted as restricted stock remuneration are awarded to Eligible Directors for the period from the 70th Ordinary General Meeting of Shareholders until the 71st Ordinary General Meeting of Shareholders. The amount of the monetary compensation receivables granted to each Eligible Director was determined by comprehensively taking into consideration a wide range of factors, such as the extent of the contribution of each Eligible Director to the Company. The monetary compensation receivables were also granted on the condition that each Eligible Director enter into a Restricted Stock Allotment Agreement with the Company.

The status of allocation of restricted stock remuneration is described in 2. (5) Shares Allotted to Directors as Remuneration for the Execution of their Duties during FY2021.

(3) Summary of Directors and Officers (D&O) Liability Insurance Agreement

The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company.

1) Coverage of the Insured Persons

Directors of the Company (including Directors serving as Audit & Supervisory Committee Members), Operating Officers of the Company, and Officers of subsidiaries.

2) Substantial Premium Burden Ratio of the Insured Persons

The amount equivalent to 10 percent of the insurance premiums under the insurance agreement is borne by Directors (each Director's burden ratio will be determined according to his or her position). The insurance premiums are not paid by Operating Officers of the Company and Officers of subsidiaries, but the Company pays the entire amount. The D&O Liability Insurance Agreement is scheduled to be renewed in June 2022, and the Company will pay all insurance premiums for Directors of the Company (including Directors serving as Audit & Supervisory Committee Members).

3) Summary of Insurance Accidents covered by Insurance

The insurance agreement covers damages incurred by the Officers (legal damage compensation and legal

expenses) due to claims for damage compensation during the insurance period arising from acts or omissions of the insured persons in the execution of duties as an Officer of the Company.

4) Measures to Ensure the Appropriateness of the Execution of Duties by Officers is maintained

There are certain exemptions that exclude coverage for liability arising from certain acts by the insured persons, such as intentional behavior, provision of unlawful personal profit and criminal acts.

(4) Outside Directors

The Company appoints independent outside directors in order to enhance transparency and soundness of the management. The Company appoints outside directors who meet the independence criteria set by the Tokyo Stock Exchange and have a wealth of knowledge and experience in their fields, and can provide advice and supervise the management from their objective and neutral position.

1) Significant Concurrent Positions of Outside Directors

Classification	Name	Concurrent position and organization	Relationship of organization they have concurrent position
Outside Director	Minoru Obara	Professor Emeritus at Keio University	There have been transactions between the Company and Keio University. The main client is Keio University Hospital. The amount of business transactions during the fiscal year was less than 1% of the Company's consolidated sales.
	Kanako Muraoka	Attorney, Kowa Law Office, Outside Director of Fujiya Co., Ltd.	There is no special relationship between the Company and each organization.
Outside Director,	Shigeru Kawatsuhara	There are no applicable items.	
	Kazuo Shimizu	Certified Public Accountants and Tax Accountants, Shimizu Accounting Office, Representative Partner of Ryoh-koh Audit Corporation	There is no special relationship between the Company and each organization.

2) Major Activities of Outside Directors during FY2021

Classification	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Committee Meetings	Main Activities
Outside Director	Minoru Obara	22/22	-	He made appropriate and necessary statements from his professional perspective as a university professor, and supervised the Company's management from an independent standpoint. As a member of the Nomination & Remuneration Committee, he attended all seven meetings held in FY2021. He attended discussions and resolutions about the draft of both nomination and remuneration of directors, which was submitted to

Classification	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Committee Meetings	Main Activities
				the Board of Directors by the Nomination & Remuneration Committee.
	Kanako Muraoka	22/22	-	She made appropriate and necessary statements from her professional perspective as an attorney, and supervised the Company's management from an independent standpoint. As a member of the Nomination & Remuneration Committee, she attended all seven meetings held in FY2021. She attended discussions and resolutions about the drafts of both nomination and remuneration of directors, which was submitted to the Board of Directors by the Nomination & Remuneration Committee. She also worked on increasing the understanding of the Company's governance through dialogues with two institutional investors.
Outside Director, Audit & Supervisory Committee Member	Shigeru Kawatsuhara	22/22	23/23	He made appropriate and necessary statements based on his experience in the management of a company and supervised the Company's management from an independent standpoint. As a Chairperson of the Nomination & Remuneration Committee, he attended all seven meetings held in FY2021 while taking the initiative in discussions and resolutions about the drafts of both nomination and remuneration of directors, which were submitted to the Board of Directors by the Nomination & Remuneration Committee.
	Kazuo Shimizu	22/22	23/23	He made appropriate and necessary statements from his professional perspective as a Certified Public Accountant and Tax Accountant and supervised the Company's management from an independent standpoint. As a member of the Nomination & Remuneration Committee, he attended all seven meetings held in FY2021. He attended discussions and resolutions about the drafts of both nomination and remuneration of directors, which was submitted to the Board of Directors by the Nomination & Remuneration Committee.

Note: Outline of the Company's response to the misconduct

In response to the bribery matter that occurred in 2021 January, Ms. Kanako Muraoka and Mr. Kazuo Shimizu advanced the formulation and implementation of recurrence prevention measures as members of the Committee for Implementation and Management of Recurrence Prevention Measures in the current fiscal year, and confirmed their effectiveness and their established status.

5. Accounting Auditor

(1) Name of Accounting Auditor

Crowe Toyo & Co.

(2) Amount of Remuneration to the Accounting Auditor for FY2021

Total amount of remuneration to the accounting auditor for FY2021	45 million yen
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to the accounting auditor	45 million yen

Notes:

- 1) Based on the "Practical Guidelines for Collaboration with Accounting Auditors" published by the Japan Corporate Auditors Association, the Audit & Supervisory Committee agreed to the accounting auditor's remuneration under Article 399, Paragraphs 1 and 3 of the Companies Act after reviewing the details of the accounting auditor's audit plan, the basis for calculating the estimated remuneration, and the performance of duties in previous years.
- 2) The audit contract between the Company and the accounting auditor does not distinguish between audit fees based on the Companies Act and audit fees based on the Financial Instruments and Exchange Act, so the above amounts include audit fees based on the Financial Instruments and Exchange Act.
- 3) Some of the Company's significant overseas subsidiaries are audited by auditing firms other than the Company's accounting auditor.

(3) Policy on Dismissal or Non-reappointment of the Accounting Auditor

If the accounting auditor is found to fall under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the accounting auditor with the consent of all Audit & Supervisory Committee Members.

In addition, the Audit & Supervisory Committee will determine the content of the agenda for the General Meeting of Shareholders regarding the dismissal or non-reappointment of the accounting auditor when it is deemed necessary, such as when the performance of the accounting auditor's duties is impeded.

6. Corporate Structure and Policy

(1) System to Ensure the Appropriateness of Business

The Company is promoting the development of internal control systems in accordance with the following basic policy for the establishment of internal control systems.

1) System to Ensure Compliance by Directors and Employees of the Company Group with Laws and the Articles of Incorporation in the Execution of Their Duties

In order to ensure fair and appropriate corporate activities, the Company has thoroughly notified Nihon Kohden Charter of Conduct, which codifies the basic criteria for business conduct, and Nihon Kohden Code of Ethics and Conduct, which stipulates the way of conduct to be observed from the point of view of compliance with laws, to directors and employees by training and promotion activities. The Compliance Committee and compliance officers at departments and Group companies promote the implementation of compliance. The

Company has established an internal compliance hotline for reporting and consultation in order to find and cure unfair practices as early as possible. The Company stands against antisocial forces that threaten the order and safety of civil society, and have no relationship with them.

2) System for Storing and Managing Information Related to the Execution of Duties by Directors

Information related to the execution of duties by directors are stored and managed appropriately during the storage period set for each information in accordance with Standards for Procedures for Requesting Deliberations and Making Decisions. Documents are stored and made available for inspection depending on recording media.

3) Risk Management of Possible Losses

The Company has established the risk management system for managing risks associated with overall operations of the Company Group in accordance with Risk Management Rules in order to ensure the sound and appropriate business operations. The Company shall work to improve the effectiveness of the system. The risk management department implements group-wide risk management, assigning responsibility for each risk associated with operational execution to specific departments. In the event of an emergency, such as a natural disaster, emergency response measures shall be implemented with regard to internal rules such as BCP.

4) System to Ensure Efficient Business Execution by Directors

Meetings of the Management Council, at which consists of all directors and operating officers attend, are held three times a month aiming at prompt decision making and flexible business operation. The Company has introduced an operating officer system that provides a clear segregation between managerial decision making and supervisory functions on the one hand and the execution of operations on the other. The Company will endeavor to ensure the effective business execution by establishing internal rules to clarify the allocation of duties, authority, responsibility and execution procedures of each director, operating officer and council.

5) System to Ensure Proper Business Execution of the Company Group

The Company has established the management system to ensure the proper business execution of the Company Group in accordance with the internal rules, assigning responsibility for the appropriate management of each Group company to specific departments, receiving the periodic report regarding the business performance and other important matters from each Group company, and requiring Group companies to obtain prior approval from the Company before conducting important matters. The Internal Auditing Department is in charge of auditing the Company and Group companies. The Company has established the internal control system to ensure the reliability of financial statements under the Financial Instruments and Exchange Act and will assess and improve the system continuously.

6) Matters concerning directors and employees assisting the Audit & Supervisory Committee, the independence of such directors and employees from other directors, excluding Audit & Supervisory Committee Members, and ensuring the effectiveness of instructions from the Audit & Supervisory

Committee to such directors and employees.

The Audit & Supervisory Committee Secretariat assists with the Audit & Supervisory Committee's duties when the Audit & Supervisory Committee requests or instructs.

Personnel changes of the Audit & Supervisory Committee Secretariat shall require prior consent of the Audit & Supervisory Committee.

The Audit & Supervisory Committee Secretariat is independent from the directors, excluding Audit & Supervisory Committee Members, line of command when they work under the instruction of the Audit & Supervisory Committee.

7) System for Reporting to the Audit & Supervisory Committee by Directors, excluding Audit & Supervisory Committee Members, and Employees of the Company Group

Directors, excluding Audit & Supervisory Committee Members, and employees of the Company Group shall promptly report to the Audit & Supervisory Committee concerning matters that may cause serious damage to the Company Group, material violations of laws and the Articles of Incorporation, unfair practices as well as results of internal audit. The Audit & Supervisory Committee may request reports of directors, excluding Audit & Supervisory Committee Members, and employees of the Company Group as necessary.

Directors, excluding Audit & Supervisory Committee Members, or employees who report to the Audit & Supervisory Committee will not be subjected to disadvantageous treatment because of such report. The Audit & Supervisory Committee audits the performance of the directors', excluding Audit & Supervisory Committee Members, duties by attending the important meetings such as the Management Council.

8) System to Ensure Effective Audit by the Audit & Supervisory Committee

Representative Directors have periodic meetings with the Audit & Supervisory Committee and exchange opinions regarding challenges that the Company should deal with, the audit environment of the Audit & Supervisory Committee, and other important audit issues. The Audit & Supervisory Committee shall maintain close contact and share information with the Accounting Auditor and Internal Auditing Department in order to ensure effective audit of the Company and Group companies.

The Company will promptly reimburse expenses invoiced by Audit & Supervisory Committee Members that are deemed necessary for the execution of their duties in accordance with Auditing Standards Conducted by the Audit & Supervisory Committee.

(2) Overview of the Operation of the System to Ensure the Appropriateness of Business

The following is a summary of the results of operations for FY2021.

1) Compliance

The Company ensures thorough compliance by distributing the Compliance Handbook to all executive officers and employees of the Group and conducting compliance training at the workplace level to ensure that they are fully aware of the Nihon Kohden Charter of Conduct and the Nihon Kohden Code of Ethical Conduct. In FY2021, the Compliance Committee was held seven times to continuously supervise, evaluate and improve

the Group's compliance system and to confirm its operation of compliance-related consultations and reports. In response to the bribery matter that occurred in January 2021, the Company set out an Ethical Company Declaration. The Company also formulated and implemented the following recurrence prevention measures recommended by the Investigation Committee: a review of both the organization responsible for the compliance and the donation procedure, the application of IT controls to pre-order processes, due diligence for dealers, a review of the employee performance evaluation system, improvement of training, expansion of the internal reporting hotline, and monitoring through employee questionnaire survey. Additionally, the Company has formulated measures to prevent recurrence of misconduct that occurred in November 2021 by a former employee and further strengthen compliance.

2) Risk Management System

In accordance with the Risk Management Regulations, the Risk Management Supervisory Division improves and promotes a cross-organizational risk management system of the Nihon Kohden Group, and the specialized committees and divisions set for each risk are responsible for the individual risks associated with the execution of business. In FY2021, each committee such as the Quality Control Committee held regularly to evaluate and report on the effectiveness of each risk management framework, and reported to the Board of Directors on the progress of the Group's overall risk management system. The Company also provided e-learning on risk management including information security to executive officers and employees.

As a medical equipment manufacturer, the Company improved the system to continue the smooth supply of products and services while ensuring the safety of employees and their families in the event of an emergency such as a large-scale natural disaster. In FY2021, the Company conducted online drills and safety confirmation drills to ensure that all employees take appropriate action in the event of an emergency.

The Company has also established a response headquarters to address COVID-19 and distributed masks and disinfectants to ensure the safety of employees as well as improved the system and environment so that employees can work at home. Additionally, the Company has established a response headquarters to address procurement risks due to the global shortage of parts including semiconductors. The Company strives to fulfill its responsibility as a medical device manufacturer to supply products and deliver services to customers.

3) Execution of Duties by Directors

In accordance with the Board of Directors Rules and the Standards for Procedures for Requesting Deliberations and Making Decisions, the Board of Directors was held twenty-two times in FY2021, and resolved the matters pursuant to the laws, made decisions on the execution of important business for the Nihon Kohden Group, as well as supervised directors' performance of their duties. The Management Council, at which Directors and Operating Officers attend, was held twenty-six times to ensure prompt decision-making and flexible business operation. Four Outside Directors also attended the Management Council and provided their opinions from an objective and neutral standpoint if necessary and supervise the Company's management. In addition, the Board of Directors' supervisory function was strengthened by reviewing the Standards for Requesting Deliberations and Making Decisions.

The Company has introduced an operating officer system. The number of Operating Officers who do not

serve as Directors is fifteen. This system clarifies the role of the business execution functions and strengthens its functions. In addition, the Company endeavors to ensure the effective business execution by establishing internal rules to clarify the allocation of duties, authority, responsibility and execution procedures of each director, operating officer and council.

4) Group Management System

The Company has established the management system to ensure the proper business execution of the Company Group in accordance with the internal rules, assigning responsibility for the appropriate management of each Group company to specific departments, receiving the periodic report regarding the business performance and other important matters from each Group company, and requiring Group companies to obtain prior approval from the Company before conducting important matters.

In FY2021, after deliberation about strengthening the governance of its overseas subsidiaries, the Company has implemented measures and has reported the progress to the Board of Directors once every six months to enhance governance functions in each subsidiary as the 1st defense, in each administrative department such as finance, legal, human resources, and quality control as the 2nd defense, and in the Internal Audit Department as the 3rd defense. The Company has also formulated and started its operation of the Global Corporate Administration Policy so that the managers of overseas subsidiaries can strengthen risk management related to accounting, human resources, legal, and information security.

The Internal Audit Department conducted internal audits of the Company and its subsidiaries regarding compliance, and effectiveness and appropriateness of business executions, and reported the internal audit results to the President and the Audit & Supervisory Committee each time the internal audit is conducted. In addition, the internal audit results and progress of improvements were reported to Directors and Operating Officers at the Board of Directors Meetings every quarter.

The final assessment of internal control system for financial statements was conducted at the time of closing and was confirmed to be effective. In FY2021, the Company conducted J-SOX training (e-learning) for newly recruited employees, mid-career employees, and newly appointed managers. The Company also held WEB briefing sessions about the changes and points of attention in the J-SOX manual for domestic sales branch offices.

5) Execution of Duties by the Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three directors, including two outside directors and one full-time member. Each Audit & Supervisory Committee Member attends the important meetings such as the Management Council. Each Audit & Supervisory Committee Member audits the performance of the directors' duties by investigating the conduct of business operations and status of assets at the Company's main offices and subsidiaries through office visits or web meetings in addition to reports on audit results from the Internal Audit Department. Those activities shall be in accordance with the audit policy and the audit plan for the term which is decided at the Audit & Supervisory Committee. In FY2021, the Audit & Supervisory Committee was held twenty-three times and established a structure that the Internal Audit Department reports directly to the Audit & Supervisory Committee to strengthen the audit system and improve the effectiveness of audits. The

Audit & Supervisory Committee and the Internal Audit Department shared information and exchanged opinions on a monthly basis on the operation of the internal control system as well as on the method of audits, the content of audits, and audit results. The Audit & Supervisory Committee had two meetings with representative directors, six meetings with the Accounting Auditor, and other meetings with directors on an irregular basis, in order to share information and exchange opinions on the operation of the internal control system and audit results.

(5) Basic Policy on Distribution of Profits and Dividends

Nihon Kohden recognizes that returning profits to shareholders is one of management's most important tasks. The basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion. The priority for distribution of profits is i) investment necessary for future business expansion used in R&D investments, capital investments, M&A or alliances, and development of human resources, ii) dividends, and iii) share buybacks. The Company sets a target consolidated dividend payout ratio of 30% or more. Share buyback is considered in a flexible manner, taking into account comprehensively its future business deployment, investment plan, retained earnings, and stock price level.