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(Securities code: 6849)
June 4, 2021

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 70TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby announce that the 70th 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 exercise 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 Thursday, June 24, 2021 (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:** Friday, June 25, 2021 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 70th Fiscal Year (from April 1, 2020 to March 31, 2021), 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 70th Fiscal Year (from April 1, 2020 to March 31, 2021)

Proposals to be resolved:

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Nine Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

Proposal No. 3: Election of One 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, 2021 was favorable, the Company decided to pay a special dividend of 20 yen per share in addition to the ordinary year-end dividend of 18 yen per share. As a result, the year-end dividend for the fiscal year ended March 31, 2021 will be 38 yen per share.

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

38 yen per share of the Company's common stock (including ordinary dividend of 18 yen and special dividend of 20 yen)

Total amount: 3,236,436,858 yen

Note: Combined with the interim dividend (17 yen per share), the total annual dividend for the fiscal year ended March 31, 2021 will be 55 yen per share.

(2) Effective date of distribution of surplus

June 28, 2021

2. Other matters related to distribution of surplus:

(1) Item of surplus increased and amount

General reserve	5,500,000,000 yen
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(2) Item of surplus decreased and amount

Retained earnings brought forward	5,500,000,000 yen
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Proposal No. 2: 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	9 years
2	Takashi Tamura (Reappointment)	Representative Director	13 years
3	Tadashi Hasegawa (Reappointment)	Corporate Director	6 years
4	Kazuteru Yanagihara (Reappointment)	Corporate Director	6 years
5	Fumio Hirose (Reappointment)	Corporate Director	6 years
6	Eiichi Tanaka (Reappointment)	Corporate Director	4 years
7	Yasuhiro Yoshitake (Reappointment)	Corporate Director	4 years
8	Minoru Obara (Reappointment) Candidate for Outside Director / Independent Director	Outside Director	9 years
9	Kanako Muraoka (Reappointment) Candidate for Outside Director/ Independent Director	Outside Director	1 year

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)	30,410 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]	25,710 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	Joined Saitama Bank Ltd.	13,078 shares
		June 2009	Operating Officer of Saitama Resona Bank Limited	
June 2011	Senior Operating Officer of Saitama Resona Bank Limited			
June 2013	Corporate Director and Senior Operating Officer of Saitama Resona Bank Limited			
March 2014	Retired as Corporate Director and Senior Operating Officer of Saitama Resona Bank Limited			
April 2014	Joined the Company			
June 2014	Operating Officer (responsible for Internal Auditing Department)			
June 2015	Corporate Director and Senior Operating Officer (current position)			
April 2017	Chief Compliance Officer (current position)			
April 2020	General Manager of Global Corporate Administration Operations (current position)			
(Reasons for nomination of the candidate for Director)				
<p>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.</p>				
4	Kazuteru Yanagihara (January 22, 1957) (Reappointment)	April 1980	Joined the Company	10,149 shares
		April 2009	Deputy General Manager of Biomedical Instrument Technology Center	
April 2011	General Manager of Technology Promotion Center			
June 2011	Deputy General Manager of Biomedical Instrument Technology Center			
April 2012	General Manager of Biomedical Instrument Technology Center			
June 2012	Operating Officer			
April 2014	General Manager of Strategic Technology Operations (current position)			
June 2015	Corporate Director and Operating Officer			
June 2017	Corporate Director and Senior Operating Officer (current position)			
(Reasons for nomination of the candidate for Director)				
<p>Mr. Kazuteru Yanagihara has been engaged in product development and is currently the General Manager of 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 continuously.</p>				

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
5	Fumio Hirose (March 2, 1960) (Reappointment)	April 1982	Joined the Company	13,341 shares
		April 2003	President of Nihon Kohden Chushikoku Corporation	
April 2006	Chief Manager of Global Marketing Operations			
April 2009	General Manager of Corporate Planning Department			
June 2009	Operating Officer			
April 2013	General Manager of Ventilator & Anesthesia Device Business Operations			
June 2015	Corporate Director and Operating Officer			
June 2017	Corporate Director and Senior Operating Officer (current position)			
April 2018	General Manager of IVD Business Operations			
April 2020	General Manager of Business Strategy Operations (current position)			
(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.				
6	Eiichi Tanaka (July 15, 1962) (Reappointment)	April 1985	Joined the Company	5,224 shares
		April 2002	General Manager of Marketing & Business Development Department	
October 2003	President of Nihon Kohden America, Inc.			
April 2008	General Manager of General Affairs and Human Resources Department			
June 2008	Operating Officer			
April 2011	General Manager of Accessories & Consumables Business Operations			
April 2013	Corporate Director & Senior Operating Officer of Nihon Kohden Tomioka Corporation			
April 2014	President of Nihon Kohden Tomioka Corporation			
April 2017	General Manager of Import Business Operations			
June 2017	Corporate Director and Operating Officer (current position)			
April 2019	General Manager of Corporate Strategy Division			
April 2020	General Manager of US Operations (current position)			
April 2020	General Manager of US Operations (current position)			
(Reasons for nomination of the candidate for Director)				
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.				

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Yasuhiro Yoshitake (March 20, 1966) (Reappointment)	April 1988 Joined the Company October 2003 President of Nihon Kohden Europe GmbH April 2007 General Manager of Sales Promotion Division, International Operations April 2008 Managing Director of Nihon Kohden Trading (Shanghai) Co., Ltd. April 2011 General Manager, China Operations June 2011 Operating Officer April 2013 General Manager, Asia and Middle East Operations April 2015 General Manager of International Operations (current position) June 2017 Corporate Director and Operating Officer (current position) February 2019 President and CEO of Nihon Kohden America, Inc.	4,684 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
	Minoru Obara (September 29, 1947) (Reappointment) Candidate for Outside Director / Independent Director	April 1986 Associate Professor at Dept. of Electrical Engineering, Faculty of Science and Technology, Keio University April 1993 Professor at Dept. of Electrical Engineering (currently Dept. of Electronics and Electrical Engineering), Faculty of Science and Technology, Keio University June 2012 Outside Director (current position) April 2013 Professor Emeritus at Keio University (current position)	0 shares
8	<p>(Reasons for nomination of the candidate for Director and overview of expected roles)</p> <p>Mr. Minoru Obara is a candidate for Outside Director.</p> <p>(1) Although Mr. Minoru Obara has not been engaged in corporate management in any capacity other than as an Outside Director, we anticipate that he will make the most of his knowledge and experience as a university professor specialized in electronics engineering, information engineering and laser medical treatment for 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 continuously. He will have been in office as an Outside Director of the Company for nine years at the conclusion of this General Meeting of Shareholders.</p> <p>(2) The Company has concluded a liability limitation agreement with Mr. Minoru Obara 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.</p> <p>(3) In January 2021 during the term of office of Mr. Minoru Obara as an Outside Director of the Company, three former employees were arrested and prosecuted on suspicion of bribery. Although he had not been aware of the incident before it was identified, he regularly made statements and promoted awareness at meetings of the Board of Directors, etc. from the perspective of compliance. In addition, after the incident was identified, he has appropriately fulfilled his duties by requiring identifying the facts of the incident and taking appropriate measures to prevent the recurrence of similar incidents at meetings of the Board of Directors, etc.</p> <p>(4) The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Minoru Obara 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. Although the Company has a business relationship with and has been making contribution to Keio University where Mr. Minoru Obara belongs as a professor emeritus, the Company's business with the university has been primarily occupied by Keio University Hospital and the contribution has been primarily made to the Department of Emergency and Critical Medicine of Keio University School of Medicine. With regard to the 70th fiscal year, the amount of the transaction with the university is less than 1% of the Company's consolidated sales and the amount of the contribution to the university is less than 10 million yen.</p>		

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Kanako Muraoka (April 26, 1965) (Reappointment) Candidate for Outside Director / Independent Director	<p>April 1988 Joined Mitsubishi Corporation</p> <p>April 1993 Registered as an attorney (Daini Tokyo Bar Association) Joined Anderson & Mōri (currently Anderson Mōri & Tomotsune)</p> <p>October 1999 Joined Mori Sogo (currently Mori Hamada & Matsumoto)</p> <p>June 2019 Established Mars Law Office</p> <p>April 2020 Joined Kowa Law Office (to present)</p> <p>June 2020 Outside Director (current position)</p> <p>March 2021 Outside Director of FUJIYA CO., LTD. (current position)</p>	0 shares
(Reasons for nomination of the candidate for Director and overview of expected roles)			
<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 one year 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) In January 2021 during the term of office of Ms. Kanako Muraoka as an Outside Director of the Company, three former employees were arrested and prosecuted on suspicion of bribery. Although she had not been aware of the incident before it was identified, she regularly made statements and promoted awareness at meetings of the Board of Directors, etc. from the perspective of compliance. In addition, after the incident was identified, she has appropriately fulfilled her duties by requiring identifying the facts of the incident and taking appropriate measures to prevent the recurrence of similar incidents. Moreover, as a chairperson of the Investigation Committee of the incident, she conducted the investigation of the facts, analyzed the cause and proposed the measures to prevent the recurrence of similar incidents.</p> <p>(4) 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>			

Notes:

1. No material conflict of interest exists between the Company and each candidate.
2. Current responsibilities of each candidate 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 insurance agreement covers damages incurred by the Directors (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 a Director of the Company. Provided, 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. If the candidates for Directors are re-elected, they will be included in the insured persons under the insurance agreement. The Company plans to renew the insurance agreement in June 2021. The amount equivalent to 10 percent of the insurance premiums under the insurance agreement will be borne by Directors (each Director's burden ratio will be determined according to his or her position).

*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. 3: Election of One Director Serving as Audit & Supervisory Committee Member

Mr. Kazuhiko Ikuta, who is one of the three Directors serving as Audit & Supervisory Committee Members will resign at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one Director serving as Audit & Supervisory Committee Member is proposed.

The Audit & Supervisory Committee has consented to this proposal.

The candidate is as follows:

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Shigeru Hirata (May12, 1961) (New appointment)	April 1985 Joined the Company April 2011 General Manager of General Affairs & Human Resources Department June 2011 Operating Officer April 2014 General Manager of Human Resources Department April 2016 General Manager of Finance Department April 2020 Deputy General Manager of Global Corporate Administration Operations and General Manager of Finance Department April 2021 Operating Officer in charge of Internal Auditing (current position)	24,311 shares
(Reason for candidacy as a Director serving as an Audit & Supervisory Committee Member, etc.) Mr. Shigeru Hirata is currently the Operating Officer in charge of internal auditing after serving as the General Manager of General Affairs & Human Resources Department, the General Manager of Human Resources and the General Manager of Financial Department. He has abundant experience and plenty of knowledge of finance and accounting primarily acquired through his career of Company's business in finance, accounting, and human resources. We anticipate in his work with the Company's audit system he will make the most of his expertise and experience he has accumulated to date for supervision of the Company's management from the view point of non-managing Director. Accordingly, we propose that he be nominated as a Director serving as an Audit & Supervisory Committee Member.			

Notes:

1. No material conflict of interest exists between the Company and Mr. Shigeru Hirata.
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 insurance agreement covers damages incurred by directors (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 a Director of the Company. Provided, 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. If Mr. Shigeru Hirata is elected, he will be included in the insured person under the insurance agreement. The Company plans to renew the insurance agreement in June 2021. The amount equivalent to 10 percent of the insurance premiums under the insurance agreement will be borne by Directors (each Director's the burden ratio will be determined according to his or her position).

1. Overview of the Nihon Kohden Group Business Activities

(1) Review of Operations and Results

During the term under review (April 1, 2020 to March 31, 2021), the COVID-19 pandemic adversely affected national healthcare systems in every country and the global economic outlook remained uncertain. In Japan, the government implemented measures to support the healthcare system in the midst of the COVID-19 crisis by enacting a FY2020 supplementary budget and special measures in relation to medical treatment fees. There were concerns that medical institutions were facing financial challenges because COVID-19 caused people to avoid visiting hospitals and clinics, leading to a reduction in the number of surgical procedures and inpatient admissions. Medical equipment companies were strongly required to provide solutions which contribute to infection control measures as well as improving quality and efficiency of medical care. Internationally, medical equipment to treat COVID-19 patients was installed by medical facilities in regions where the spread of infection has continued.

Under these circumstances, Nihon Kohden announced a long-term vision, BEACON 2030, for the next ten years to 2030, in September 2020. The Company aims to create a better future for people and healthcare by solving global medical issues. In FY2020, Nihon Kohden conducted its business activities in accordance with the basic policies of: (1) Ensuring the health and safety of its employees as the top priority. (2) Fulfilling its responsibilities as a medical device maker. The Company addressed challenges such as improving profitability of existing businesses and consolidating corporate fundamentals to grow as a global company. The Company also ramped up production of patient monitors and ventilators to meet demand, which was boosted by the growing number of COVID-19 patients. In addition, the Company introduced its unique technology called esCCO*¹ in Japan. The Company also launched the world's first automated hematology and ESR*² analyzer internationally, telemetry systems in Japan, and an ECG developed and manufactured at Shanghai Kohden.

As a result, overall sales during the term under review increased 8.0% over FY2019 to ¥199,727 million. Operating income increased 74.8% to ¥27,094 million due to the increase in sales and higher gross profit margin thanks to a favorable product mix. Ordinary income increased 91.1% to ¥28,374 million, reflecting foreign exchange gains compared to losses in the previous fiscal year. Income attributable to owners of parent increased 85.1% to ¥18,243 million. The Company reviewed the future plans of Defibtech, LLC, which it acquired in 2012, and posted extraordinary losses such as amortization of goodwill and impairment losses because demand for AEDs in overseas markets decreased in the midst of the COVID-19 crisis.

*1 esCCO: estimated Continuous Cardiac Output. A technology which can calculate estimated continuous cardiac output non-invasively based on an electrocardiogram and the pulse waves obtained from pulse oximetry.

*2 ESR: Erythrocyte Sedimentation Rate

[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 selling in-house products as well as strengthening its marketing and service capabilities, creating customer value which contributed to improving medical safety, patient outcomes, and operating efficiency. As a result

of these initiatives, sales increased. The Government's supplementary budget has supported demand in healthcare systems for accepting COVID-19 patients towards the end of the fiscal year due to the third wave of COVID-19 from November 2020, while medical institutions reduced the number of testing and surgical procedures and postponed or froze the purchase budget for certain products. Sales in the public hospital and private hospital markets increased favorably. Sales of AEDs in the PAD market also showed strong growth. In the university hospital market, there was a reactionary decline compared to FY2019 when sales were strong due to large orders related to construction of new hospitals. Sales in the clinic market also decreased. As a result, domestic sales increased 2.2% over FY2019 to ¥137,274 million.

International: Sales in all regions achieved double-digit growth because demand for patient monitors, ventilators, and defibrillators increased due to the spread of COVID-19. In the Americas, sales in both the U.S. and Latin America showed double-digit growth. Especially, sales in Mexico and Colombia achieved 200% growth. In Europe, sales both in Western Europe and Eastern Europe showed strong growth, supported by 200% growth in Italy and Poland. Sales in Asia & Other regions also increased favorably, thanks to large orders in Israel and Indonesia. Sales in China increased steadily as the impact of COVID-19 had ended. As a result, international sales increased 23.3% over FY2019 to ¥62,452 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of diagnostic information systems, ECGs, and polygraphs for cath lab decreased, as medical institutions reduced the number of testing and surgical procedures and postponed or froze their purchase budgets. Sales of EEGs remained flat, as sales of an EMG electrode increased favorably due to growing importance of neuromuscular monitoring. Internationally, sales of EEGs decreased in all regions, while sales of ECGs increased favorably in all regions. Overall, sales decreased 11.1% over the previous fiscal year to ¥37,586 million.

Patient Monitors: In Japan, sales achieved double-digit growth, as demand for bedside monitors, transmitters, and telemetry systems surged towards the end of the fiscal year. Sales of consumables such as sensors also increased favorably. Internationally, sales achieved double-digit growth in all regions. Sales in Europe and Latin America especially showed strong growth. Overall, sales increased 21.3% over the previous fiscal year to ¥78,818 million.

Treatment Equipment: In Japan, sales of ventilators manufactured by both the Company and Hamilton showed strong growth, as demand for ventilators grew towards the end of the fiscal year. Sales of AEDs increased favorably thanks to orders received for replacement. Sales of defibrillators also increased. Internationally, sales of ventilators and defibrillators showed strong growth in all regions. Especially, the ventilator business has grown to a certain scale, driven by sales of the Company's two types of in-house ventilators launched in FY2019. Overall, sales increased 30.8% over the previous fiscal year to ¥45,126 million.

Other Medical Equipment: In Japan, sales of locally purchased products decreased significantly, as the Company focused on selling in-house products. Internationally, sales of hematology analyzers and reagents decreased in all regions due to weak demand and a decline in the amount of testing. Overall, sales decreased 11.7% over the previous fiscal year to ¥38,196 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) Review of the fiscal year 2020

As the business environment had changed significantly due to the COVID-19 pandemic, Nihon Kohden conducted its business activities in FY2020 in accordance with the basic policies of: (1) Ensuring the health and safety of its employees as the top priority. (2) Fulfilling its responsibilities as a medical device maker. The Company addressed challenges such as improving profitability of existing businesses and consolidating corporate fundamentals to grow as a global company. The Company also ramped up production of patient monitors and ventilators at the Tomioka Production Center, Shanghai Kohden (China), and Nihon Kohden OrangeMed (U.S.) to meet demand, which was boosted by the growing number of COVID-19 patients. As a result, the Company was able to acquire new customer base. One of the greatest achievements is that the ventilator business has grown to a certain scale driven by the Company's two types of in-house ventilators launched in FY2019. In Japan, the Company strived to sell in-house products for creating customer value. The Company also focused on the following proposals: a solution that enables medical staff to view patients' conditions remotely on mobile terminals from out of ward, the cloud-based service named LAVITA that enables management of medical data for COVID-19 patients in accommodation facilities, and disposable consumables. Internationally, the Company has positioned the U.S. and China as growth markets and established the US Operations and the China Operations headquarters in April 2020. In the U.S., the Company strengthened its business operations and enhanced the collaboration among its six subsidiaries. The Company also started a program to respond to COVID-19, NK-HealthProtect. In China, the Company enhanced its local R&D and production capabilities to meet the local customer needs. Furthermore, the Company has continued to give top priority to the support of medical workers by maintaining supply of products and services, while implementing thorough measures to prevent infection in all regions. The Company also started providing online seminars and training programs. As a result of these developments, the Company posted record highs both in sales and profits in FY2020.

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

Nihon Kohden announced a long-term vision, BEACON 2030, for the next ten years to 2030, in September 2020. 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 starting from FY2021 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.

1. 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

2. 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.

3. 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.

4. 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.

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

In FY2021, which is the first year of BEACON 2030 Phase I, Nihon Kohden will focus on minimizing the negative impact in reaction to special demand related to COVID-19. The Company consistently implements six key strategies set out above to achieve the targets and embrace sustainability across its business and corporate activities.

¥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%

• Strengthen internal control over domestic sales

Following the incident in which three former employees in Japan were arrested and prosecuted in January 2021 on suspicion of bribery involving the procurement of patient monitors at Mie University Hospital, the Investigation Committee, which includes two independent outside directors of the Company and two outside lawyers, clarified the facts of the matter and investigated the cause. Based on the investigation report received in April 2021, the Company will implement recurrence prevention measures such as strengthening its compliance organization, introducing a donation website, application of IT controls to pre-order processes, and thorough compliance education. Under the supervision of a Committee for Implementation and Management of Recurrence Prevention Measures which has been set up as a subordinate organization of the Management Council, the Company will implement these recurrence prevention measures quickly and reliably to rebuild trust with all stakeholders.

(3) Capital Investment

In FY2020, a total amount of ¥3,524 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)	FY2017 Ended March 31, 2018	FY2018 Ended March 31, 2019	FY2019 Ended March 31, 2020	FY2020 Ended March 31, 2021 (Current fiscal year)
Net sales	174,249	178,799	185,007	199,727
Operating income	14,517	15,044	15,503	27,094
Ordinary income	14,501	15,867	14,846	28,374
Income attributable to owners of parent	9,154	11,191	9,854	18,243
Net income per share (yen)	106.92	131.43	115.72	214.21

(Millions of yen)	FY2017 Ended March 31, 2018	FY2018 Ended March 31, 2019	FY2019 Ended March 31, 2020	FY2020 Ended March 31, 2021 (Current fiscal year)
Total assets	157,910	169,717	167,786	193,030
Net assets	109,355	116,087	121,774	138,986
Net assets per share (yen)	1,284.17	1,363.24	1,430.02	1,631.88
ROE (%)	8.6	9.9	8.3	14.0

Note:

- 1) In FY2017, both domestic and overseas sales increased. Income also increased.
- 2) In FY2018, both domestic and overseas sales increased. Income also increased.
- 3) 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.
- 4) FY2020 results are provided in (1) Review of Operations and Results.
- 5) Since the beginning of FY2018 ended March 31, 2019, the Company has applied the partial amendments to the Accounting Standard for Tax Effect Accounting (ASBJ No.28, February 16, 2018). These accounting standards apply to FY2017 figures retrospectively.

(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 3M	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
NKUS Lab	USD 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

Name	Capital	Parent's voting rights (%)	Principal business
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) NKUS Lab rebranded to Nihon Kohden Digital Health Solutions, Inc. on April 1, 2021.
- 3) RESUSCITATION SOLUTION, INC. increased its capital by USD 2.5 million on March 31, 2021.

2) Results of Business Combination

The Nihon Kohden Group has 29 consolidated subsidiaries. Overview of consolidated financial results is provided in (1) Review of Operations and Results.

3) Status of Specified Wholly Owned Subsidiaries as of the End of FY2020

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.), Fujioka Office (Fujioka 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.

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	3,955 [545]	+83
Overseas	1,576 [39]	+91
Total	5,531 [584]	+174

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, 2021)

- (1) **Total Number of Issuable Shares** 197,972,000 shares
(2) **Total Number of Shares Issued** 88,730,980 shares (including 3,561,589 shares of treasury stock)
(3) **Number of Shareholders** 9,717 (Increase by 3,761 compared to the end of the previous fiscal year)
(4) **Major Shareholders**

Shareholders	Number of shares	Shareholding ratio (%)
State Street Bank and Trust Company 505223	8,773,431	10.30
The Master Trust Bank of Japan, Ltd. (trust account)	7,039,800	8.26
Saitama Resona Bank, Ltd.	4,193,750	4.92
Custody Bank of Japan, Ltd. (trust account)	3,833,200	4.50
State Street Bank and Trust Company 505103	1,631,000	1.91
Custody Bank of Japan, Ltd. (trust account 7)	1,555,900	1.82
State Street Bank and Trust Company 505103	1,481,012	1.73
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	1,399,800	1.64
MUFG Bank, Ltd.	1,325,130	1.55
Custody Bank of Japan, Ltd. (trust account 5)	1,269,100	1.49

Notes: The above list excludes Nihon Kohden's treasury stock of 3,561,589 shares. Each shareholding ratio is calculated excluding treasury stock.

(5) Shares Allotted to Directors as Remuneration for the Execution of their Duties during FY2020

The details of stock-based remuneration delivered during FY2020 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	6,810 shares	6 persons
Outside Directors, excluding Audit & Supervisory Committee Members	—	—
Audit & Supervisory Committee Members	—	—

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	Kazuhiko Ikuta	
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) Each Director marked with an asterisk (*) in the above table is newly elected and appointed at the 69th Ordinary General Meeting of Shareholders held on June 25, 2020.

- 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) The Directors who retired during the fiscal year under review are as follows.

Retired on June 25, 2020 due to the expiration of term of office

Outside Director

Masaya Yamauchi

Outside Director, Audit & Supervisory Committee Member

Masahiro Kawamura

- 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 chairman.
- 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, 2021.

Title	Name	Responsibility
Senior Operating Officer	Masato Semba	Deputy General Manager of Technology Development Operations
Senior Operating Officer	Hiroyuki Satake	General Manager of Technology Development Operations
Operating Officer	Shigeru Hirata	Deputy General Manager of Global Corporate Administration Operations and General Manager of Finance Department
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	Makoto Magara	President of Nihon Kohden Tomioka Corporation
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	Naoki Kobayashi	General Manager of Ogino Memorial Laboratory
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 Business Strategy Operations

(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)	319	187	108	24	10
[Outside Directors]	[19]	[19]	[-]	[-]	[3]
Directors (Audit & Supervisory Committee Members)	42	42	-	-	4
[Outside Directors]	[20]	[20]			[3]
Total	362	229	108	24	14

Notes: 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 FY2020 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 FY2020 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 of 24 million yen as remuneration to the six specified Eligible Directors and allocated 6,810 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 69th Ordinary General Meeting of Shareholders until the 70th 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 FY2020.

(3) 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, and the Company has made donations to Keio University. Main client is Keio University Hospital and main donation is for the Department of Emergency and Critical Care Medicine, the Keio University School of Medicine. The amount of business transactions during the fiscal year was less than 1% of the Company's consolidated sales and the amount of donations during the fiscal year was less than 10 million yen.
	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, Audit & Supervisory Committee Member	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 FY2020

Classification	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Committee Meetings	Main Activities
Outside Director	Minoru Obara	20/20	-	He made appropriate and necessary statements from his professional perspective as a university professor. As a member of the Nomination & Remuneration Committee, he attended all seven meetings held since June 25, 2020. He supervises the Company's management from an independent standpoint.
	Kanako Muraoka	13/13 (From June 25, 2020)	-	She made appropriate and necessary statements from her professional perspective as an attorney. As a member of the Nomination & Remuneration Committee, she attended all seven meetings held since June 25, 2020. She supervises the Company's management from an independent standpoint.
Outside Director, Audit & Supervisory Committee Member	Shigeru Kawatsuhara	20/20	25/25	He made appropriate and necessary statements based on his experience of the management of a company. As a member of the Nomination & Remuneration Committee, he attended all ten meetings held in FY2020.

Classification	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Committee Meetings	Main Activities
				He supervises the Company's management from an independent standpoint. He also served as Chairman of the Nomination & Remuneration Committee since June 25, 2020.
	Kazuo Shimizu	13/13 (From June 25, 2020)	15/15 (From June 25, 2020)	He made appropriate and necessary statements from his professional perspective as a Certified Public Accountant and Tax Accountant. In addition, as a member of the Nomination and Compensation Committee, he attended all seven meetings held since June 25, 2020. He supervises the Company's management from an independent standpoint.

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

In regard to the compliance matter described in 1. (2) Challenges to be Addressed, none of the Outside Directors was aware of the incident before it was identified, however they regularly made statements and promoted awareness at meetings of the Board of Directors etc. from the perspective of compliance. In addition, after the incident was identified, each Outside Director has appropriately fulfilled his or her duties by requiring identifying the facts of the incident and taking appropriate measures to prevent the recurrence of similar incidents at meetings of the Board of Directors. Moreover, Ms. Kanako Muraoka was the Chairperson of the Investigation Committee and Mr. Kazuo Shimizu was a member of the Investigation Committee. Together with the other members of the Investigation Committee, they conducted an investigation of the facts, analyzed the causes and proposed measures to prevent the recurrence of similar incidents.

5. Accounting Auditor

(1) Name of Accounting Auditor

Crowe Toyo & Co.

(2) Amount of Remuneration to the Accounting Auditor for FY2020

Total amount of remuneration to the accounting auditor for FY2020	36 million yen
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to the accounting auditor	36 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 FY2020.

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 FY2020, the Compliance Committee was held four times to continuously supervise, evaluate and improve the Group's compliance system and to confirm its operation of compliance-related consultations and reports. As described in 1. (2) Challenges to be Addressed, the Company will implement recurrence prevention measures such as strengthening the Company's compliance organization, introducing a donation website, application of IT controls to pre-order processes, and thorough compliance education, based on the recommendations of the Investigation Committee regarding the compliance matters.

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 FY2020, 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 FY2020, the Company conducted evacuation drills and safety confirmation drills to ensure that all employees take appropriate action in the event of an emergency in accordance with the Disaster First Response Manual and the Business Continuity Plan. The Company has also established a response headquarters to address COVID-19 and set up an operational system to prevent the spread of infection, including protecting the health and safety of employees by requiring daily temperature measuring, mask wearing, and continuing to promote staggered commuting and telecommuting. The Company also 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 times in FY2020, 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-nine 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 are fourteen. 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 FY2020, after deliberation about strengthening the governance of its overseas subsidiaries, the Company has implemented measures and 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 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 FY2020, the Company conducted J-SOX training (e-learning) for newly recruited employees, mid-career employees, and newly appointed managers. The J-SOX training (e-learning) was also conducted to all employees in 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 through office visits or web meetings. 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 FY2020, the Audit & Supervisory Committee was held twenty five times, and had two meeting with representative directors, seven meetings with the Accounting Auditor, twelve meetings with the Internal Audit Department, and other meetings with directors on an irregular base to share information and exchange opinions on the operation of the internal control system and audit results. In regard to the compliance matter described in 1. (2) Challenges to be Addressed, two Audit & Supervisory Committee Members joined the Investigation Committee established in January 2021 to investigate the facts, analyze the causes, and propose measures to prevent recurrence.

(4) 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.