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(Securities code: 6849)
June 4, 2020

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 69TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby announce that the 69th 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 refraining 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 Wednesday, June 24, 2020 (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:** Thursday, June 25, 2020 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 69th Fiscal Year (from April 1, 2019 to March 31, 2020), 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 69th Fiscal Year (from April 1, 2019 to March 31, 2020)

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 Three Directors Serving as Audit & Supervisory Committee Members
- Proposal No. 4:** Election of One Substitute Director Serving as an Audit & Supervisory Committee Member
- Proposal No. 5:** Determination of Compensation for Allotting Restricted Stock to Directors (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

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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

With respect to allocation of profit, the Company adopts a basic policy of continuing stable dividend payments to shareholders over a long period while considering securing internal reserves to fund activities necessary for future corporate growth such as research and development, capital investments, M&A and human resource development.

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

1. Matters related to the year-end dividend:

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

18 yen per share of the Company's common stock

Total amount: 1,532,804,688 yen

Note: Combined with the interim dividend (17 yen per share), the total annual dividend for the fiscal year ended March 31, 2020 will be 35 yen per share.

(2) Effective date of distribution of surplus

June 26, 2020

2. Other matters related to distribution of surplus:

(1) Item of surplus increased and amount

General reserve	8,500,000,000 yen
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(2) Item of surplus decreased and amount

Retained earnings brought forward	8,500,000,000 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 and of which majority of members of the committee consists of Outside Directors.

The candidates are as follows:

No.	Name	Current Position at the Company	Years served as Director
1	Hirokazu Ogino (Reappointment)	Representative Director	8 years
2	Takashi Tamura (Reappointment)	Representative Director	12 years
3	Tadashi Hasegawa (Reappointment)	Corporate Director	5 years
4	Kazuteru Yanagihara (Reappointment)	Corporate Director	5 years
5	Fumio Hirose (Reappointment)	Corporate Director	5 years
6	Eiichi Tanaka (Reappointment)	Corporate Director	3 years
7	Yasuhiro Yoshitake (Reappointment)	Corporate Director	3 years
8	Minoru Obara (Reappointment) Candidate for Outside Director / Independent Director	Outside Director	8 years
9	Kanako Muraoka (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)	25,000 shares
(Reasons for nomination of the candidate for Director) 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 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.				
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]	23,900 shares
(Reasons for nomination of the candidate for Director) 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.				

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.	10,800 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 2020	General Manager of Global Corporate Administration Department (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	8,600 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 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)	11,600 shares
	(Reasons for nomination of the candidate for Director) <p>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.</p>		
6	Eiichi Tanaka (July 15, 1962) (Reappointment)	April 1985 Joined the Company 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 June 2013 Operating Officer 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)	4,200 shares
	(Reasons for nomination of the candidate for Director) <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>		

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.	3,500 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)</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 advices to and for independent supervisory of the Company's management. Accordingly, we propose that he be elected as Outside Director continuously. He will have been in office as Outside Director of the Company for eight 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) 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 International Medical Association of Keio University School of Medicine. With regard to the 69th 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>		

	Kanako Muraoka (April 26, 1965) (New appointment) Candidate for Outside 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 & Matsumoto) June 2019 Established Mars Law Office April 2020 Joined Kowa Law Office (to present)	0 shares
9	(Reasons for nomination of the candidate for Director) Ms. Kanako Muraoka is a candidate for Outside Director. (1) Although Ms. Kanako Muraoka has not been engaged in corporate management, 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 advices to and for independent supervisory of the Company's management. Accordingly, we propose that she be elected as Outside Director. (2) If her election is approved, the Company will conclude 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. (3) The Company will file 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. No material conflict of interest exists between the Company and Kowa Law Office where she holds the significant concurrent position.		

- 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 [].

*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 Three Directors Serving as Audit & Supervisory Committee Members

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

The Audit & Supervisory Committee has consented to this proposal.

The candidates are as follows:

No.	Name	Current Position at the Company	Years served as Director
1	Kazuhiko Ikuta (Reappointment)	Corporate Director (serving as a standing Audit & Supervisory Committee Member)	4 years
2	Shigeru Kawatsuhara (Reappointment) Candidate for Outside Director /Independent Director	Outside Director (serving as an Audit & Supervisory Committee Member)	4 years
3	Kazuo Shimizu (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	Kazuhiko Ikuta (May 29, 1956) (Reappointment)	April 1980 April 2006 April 2009 June 2009 June 2016	Joined the Company Senior Manager of Finance Department, General Administrative Division General Manager of Finance Department Operating Officer Corporate Director (serving as a standing Audit & Supervisory Committee Member) (current position)	16,900 shares
	(Reason for candidacy as a Director serving as an Audit & Supervisory Committee Member, etc.) Mr. Kazuhiko Ikuta has abundant experience and plenty of knowledge of finance and accounting primarily acquired through his career of Company's business in finance, accounting, and affairs relating to information system adding to his former position of General Manager of Finance Department. 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 to continue in the position of Director serving as an Audit & Supervisory Committee Member.			
2	Shigeru Kawatsuhara (February 14, 1952) (Reappointment) Candidate for Outside Director / Independent Director	April 1975 April 2002 April 2004 June 2005 April 2008 May 2014 March 2015 April 2016 June 2016	Joined Toko, Inc. Senior Manager of Sales Department 1, Sales Operations, Toko, Inc. General Manager of Sales Center, Toko, Inc. Corporate Director and General Manager of Sales Center, Toko, Inc. President of Toko, Inc. Chairman of Toko, Inc. Senior Advisor of Toko, Inc. Part-time Advisor of Toko, Inc. Outside Director (serving as an Audit & Supervisory Committee Member) (current position)	0 shares
	(Reason for candidacy as an Outside Director serving as an Audit & Supervisory Committee Member, etc.) 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 four 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. 4: Election of One Substitute Director Serving as an Audit & Supervisory Committee Member

The election of One 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 Outside Director/Independent Director	April 1981 Registered as an attorney (Daini Tokyo Bar Association) Joined Ishii Law Office	0 shares
	April 1991 Partner, Ishii Law Office (current position)	
	June 2007 Member of the Independent Committee of the Company	
	June 2011 Substitute Audit & Supervisory Board Member	
	June 2016 Substitute Director (serving as an Audit & Supervisory Committee Member) (current position)	
June 2017 Outside Audit & Supervisory Board Member of JSR Corporation (current position) Outside Director of Topy Industries, Limited (current position)		

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

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 JSR Corporation and Topy Industries, Limited where Mr. Sumio Moriwaki holds offices.

Note: No material conflict of interest exists between the Company and Mr. Sumio Moriwaki.

Proposal No. 5: Determination of Compensation for Allotting Restricted Stock to Directors (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

It was previously approved at the Company's 65th Ordinary General Meeting of Shareholders held on June 28, 2016 that the total amount of compensation to Directors (excluding Directors serving as Audit & Supervisory Committee Members) be limited to within 400 million yen per year (including the maximum amount of compensation to Outside Directors, 30 million yen per year), not including the total amount of the Directors' salaries as employees of the Company.

In this Proposal, the Company proposes to allot stock of the Company with a certain transfer restriction period and bound by provisions such as grounds for acquisition without consideration by the Company (hereinafter the "Restricted Stock") to Directors (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members, hereinafter the "Eligible Directors") with the details as shown below, in order to provide incentives for Eligible Directors to continuously improve the Company's corporate value, as well as to facilitate their sense of sharing value with shareholders.

The Company proposes to set the total amount of monetary compensation receivables to be used for granting Restricted Stock to Eligible Directors as compensation, etc. at within the annual amount of ¥100 million, separate from the above-stated amount of annual compensation for Directors. The annual amount of ¥100 million has been determined upon comprehensively taking into consideration various circumstances including the degree of contribution made by Eligible Directors and thus the Company deems this annual amount to be reasonable.

Currently, the number of Directors (excluding Directors serving as Audit & Supervisory Committee Members) is nine (9) (including two Outside Directors) and this will remain the same even after Proposal No.2 is approved.

Specific Details of Restricted Stock for Eligible Directors and the Maximum Number of Stock

1. Allotment and Payment of Restricted Stock

The Company will grant monetary compensation receivables within the above annual limit as compensation related to Restricted Stock to Eligible Directors based on a resolution of the Board of Directors of the Company. Each Eligible Director will receive Restricted Stock by making an in-kind contribution of all monetary compensation receivables.

The payment amount for Restricted Stock will be determined by the Board of Directors of the Company, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the day when the Board of Directors of the Company makes a resolution related to the issuance or disposal of Restricted Stock (in case no trade is concluded on that day, the closing price on the most recent trading day before that), within a range such that the amount is not particularly advantageous to Eligible Directors who receive Restricted Stock.

The above monetary compensation receivables will be granted to Eligible Directors on the condition that they agree to the above in-kind contribution and that they have concluded with the Company an agreement on allotting Restricted Stock containing the terms stipulated in 3 below.

2. Total Number of Shares of Restricted Stock

The maximum number of shares of Restricted Stock to be allotted to Eligible Directors will be 160,000 shares per fiscal year.

However, if a share split of the Company's common stock (including allotment of the Company's common stock without consideration), a share consolidation of the Company's common stock, or any other event occurs that requires an adjustment of the total number of shares of Restricted Stock to be allotted to Eligible Directors after the day of the resolution of this proposal, the Company may reasonably adjust the total number of Restricted Stock.

3. Details of the Agreement on Allotting Restricted Stock

The agreement on allotting Restricted Stock to be concluded between the Company and Eligible Directors who receive an allotment of Restricted Stock based on a resolution of the Board of Directors of the Company shall contain the following terms.

(1) Details of the restriction on the transfer of shares

Eligible Directors to whom Restricted Stock is allotted may not transfer to a third-party, create a pledge

or mortgage by transfer on, make an advancement, make a bequest, or otherwise dispose of Restricted Stock allotted to them (“Allotted Stock”) during the period from the grant date of the Restricted Stock to the date when the Eligible Director retires from the position of Director or Operating Officer of the Company (“Transfer Restriction Period”).

(2) Acquisition of Restricted Stock without consideration

If an Eligible Director who receives an allotment of Restricted Stock retires from both the position of Director and Operating Officer of the Company before the day of the first Ordinary General Meeting of Shareholders after the start of the Transfer Restriction Period, all of his or her Allotted Stock will automatically be acquired by the Company without consideration except in the case that the Board of Directors of the Company deems that the reason for the resignation is valid.

The Company will automatically acquire all Allotted Stock without consideration if the restriction on transfer of the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period in (1) above based on the terms provided in (3) “Lifting of transfer restriction” below.

(3) Lifting of transfer restriction

On the condition that an Eligible Director to whom the Restricted Stocks were allotted has continuously held the position of Director or Operating Officer of the Company for the period commencing on the first date of the Transfer Restriction Period and ending on the date of the next Ordinary General Meeting of Shareholders to be held immediately following such first date, the transfer restriction on all of his or her Allotted Stock will be lifted by the Company when the Transfer Restriction Period expires.

However, even when an Eligible Director retires from both the position of Director and Operating Officer of the Company before the date of the next Ordinary General Meeting of Shareholders after the first date of the Transfer Restriction Period, if the Eligible director retires for reasons deemed valid by the Board of Directors of the Company, the transfer restriction may nevertheless be lifted, with the number of shares of Allotted Stock for which the transfer restriction will be lifted and the timing of the lifting of the transfer restriction to be reasonably adjusted as necessary.

(4) Treatment in the event of reorganization

During the Transfer Restriction Period, if proposals relating to a merger agreement in which the Company is the dissolving company, share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization, are approved at a General Meeting of Shareholders of the Company (or if approval at a General Meeting of Shareholders of the Company is not required in relation to the reorganization in question, approval by the Board of Directors of the Company), and if an Eligible Director whom the Restricted Stocks were allotted retires from both the position of Director and Operating Officer of the Company due to reorganization, the Company will lift the transfer restriction prior to the date on which the reorganization becomes effective for the number of shares of Allotted Stock that is reasonably calculated on the basis of the period from the beginning of the Transfer Restriction Period to the date of the approval of the reorganization, provided the effective date of the reorganization comes before the expiry of the Transfer Restriction Period.

At the time when the reorganization is approved, the Company will automatically acquire without consideration Allotted Stock on which the transfer restriction is not lifted, as of the day immediately preceding the effective date of the reorganization.

(Reference information)

The Company will allot stock with transfer restrictions which shall be equivalent to Restricted Stock described above to Operating Officers of the Company after the end of the 69th Ordinary General Meeting of Shareholders.

1. Overview of the Nihon Kohden Group Business Activities

(1) Review of Operations and Results

During the term under review (April 1, 2019 to March 31, 2020), the Japanese government promoted differentiation of medical institution functions and enhancement of medical coordination in order to realize the regional visions of the health care system in 2025 created by each prefecture. The government also discussed reforms to the work style of medical workers and the reduction of the burden on physicians. Towards the end of the fiscal year, medical workers were put on the front line of the COVID-19 fight. Internationally, overall demand for medical equipment remained steady, however, the COVID-19 outbreak adversely affected national healthcare systems and containment measures on economic activity led to heightened uncertainty in the global economy.

Under these circumstances, Nihon Kohden implemented its three-year mid-term business plan, TRANSFORM 2020 that set FY2019 as its final year, with the aim of achieving the transformation to a highly profitable structure through creating high customer value and improving productivity within the organization. In line with this plan, the Company implemented key strategies such as strengthening business expansion by region and achieving further growth in core businesses. The Company launched a series of new value-added products: spot check monitors, bedside monitors for emerging markets, telemetry systems, defibrillators for ambulance, and the Company's first ventilators. The Company launched two types of ventilators: an NPPV (Non-invasive positive pressure ventilation) ventilator developed at the Company's Advanced Technology Center and a ventilator developed at Nihon Kohden OrangeMed in the U.S. The former was launched in Japan and internationally, and the latter was launched internationally. The Company also established the Eastern Japan Logistics Center in Sakado City, Saitama Prefecture, aiming at the timely supply of products and the reduction of logistics costs.

As a result, overall sales during the term under review increased 3.5% over FY2018 to ¥185,007 million, operating income increased 3.1% to ¥15,503 million. Ordinary income decreased 6.4% to ¥14,846 million due to foreign exchange losses. Income attributable to owners of parent decreased 12.0% to ¥9,854 million as the Company posted extraordinary losses such as settlement package and office transfer cost.

[Sales by region]

Japan: Nihon Kohden introduced new products which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company also strengthened its marketing and service capabilities, creating customer value which contributes to improving medical safety, patient outcomes, and operating efficiency. As a result of these initiatives, sales increased. The last-minute increase in demand preceding the consumption tax increase was mostly offset by a corresponding decrease afterward. Sales in the university hospital market increased favorably as a result of large orders received in relation to construction of new hospitals. Sales in the public and private hospital markets also increased. Sales in the clinic market slightly declined and sales of AEDs in the PAD market slowed down because the Company refrained from nonessential visits to customers in response to the COVID-19 outbreak. As a result, domestic sales increased 3.2% over FY2018 to ¥134,355 million.

International: In the Americas, sales in both the U.S. and Latin America increased favorably as the Company enhanced sales and service activities, and expanded its product line-up. Sales in Europe showed double-digit growth, driven in particular by strong sales in Germany and Italy as demand for medical products such as patient monitors increased due to the growing number of COVID-19 patients. In Asia, sales increased on a local currency basis and decreased on a yen basis. Sales in India and the Middle East increased favorably, while sales in Southeast Asia were weak. Sales in China increased favorably on a local currency basis and remained flat on a yen basis. Sales in Other markets increased due to sales recovery in Africa, particularly in South Africa and Egypt. As a result, international sales increased 4.3% over FY2018 to ¥50,651 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of polygraphs for cath lab increased favorably, while sales of EEGs decreased. Sales of ECGs remained flat. Internationally, sales of EEGs increased favorably, while sales of ECGs decreased. Overall, sales increased 3.7% over the previous fiscal year to ¥42,273 million.

Patient Monitors: In Japan, new products such as bedside monitors and telemetry systems contributed to increased sales. Sales of value-added accessories such as ultrasound probe and neuromuscular monitoring module also increased favorably. Outside Japan, sales in the Americas, Europe and Asia all increased. Sales in Europe especially showed strong growth. Overall, sales increased 4.8% over the previous fiscal year to ¥64,966 million.

Treatment Equipment: In Japan, sales of defibrillators and ventilators showed strong growth because the Company received large orders and launched new products. Sales of AEDs were weak reflecting decreased unit sales of AEDs. Internationally, sales of defibrillators decreased, while sales of AEDs increased. The Company's first ventilators were launched internationally after receiving regulatory approvals in the relevant countries and have gradually started contributing to sales. Overall, sales increased 4.1% over the previous fiscal year to ¥34,512 million.

Other Medical Equipment: In Japan, sales decreased as sales of locally purchased products decreased. Sales of hematology instruments for the clinic market increased favorably. Sales of installation services and maintenance services for medical devices also increased favorably. Internationally, sales of hematology analyzers increased in Latin America, Europe and Africa. Sales of installation services and maintenance services for medical devices also increased favorably in the U.S. Overall, sales increased 0.8% over the previous fiscal year to ¥43,254 million.

(2) Challenges to be Addressed

1) Management Philosophy

Nihon Kohden's management philosophy is "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 TRANSFORM 2020 covering the fiscal years 2017 to 2019

Nihon Kohden implemented its three-year mid-term business plan, TRANSFORM 2020 with the aim of achieving the transformation to a highly profitable structure through creating high customer value and improving productivity within the organization. In line with this plan, the Company implemented key strategies such as strengthening business expansion by region and achieving further growth in core businesses. The Company launched a series of new value-added products: mid-range bedside monitors, the Company's first spot check monitors and bedside monitors for emerging markets in the past three years. One of the greatest achievements is the launch of two models of the Company's first in-house ventilators as ventilator business has the potential to become a new business pillar of the Group. In Japan, Nihon Kohden absorbed 11 domestic sales subsidiaries for the purpose of executing a unified sales strategy and improving the operational efficiency of the Group. The Company also strengthened its marketing and service capabilities creating customer value. Internationally, in the U.S. which is the prime focus market for the Company, the enhanced local R&D capability enabled us to provide large-scale monitoring network systems to the U.S. top hospitals and strengthen Nihon Kohden's presence in the patient monitoring market. In accordance with its basic policy "Improve productivity within the organization", the Company established the Eastern Japan Logistics Center with the aim of reducing logistics costs and also worked on ICT-driven business process reform. While the results of the efforts made in the past three years are expected to appear after FY2020, at present, measures to improve efficiency were insufficient in all of the Company's operations from development, production and delivery to sales, services and administration. The Company still has a long way to go before achieving an improvement of productivity within the organization.

As a result, the financial results for the fiscal year ended March 31, 2020, which was the last year of TRANSFORM 2020, were below the Company's targets for consolidated sales, operating income and ROE. The improvement of profitability remains as an issue to be solved.

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

Nihon Kohden suspended the announcement of its new long-term vision toward 2030 and new three-year business plan, which was scheduled for May 2020. Considering the strain placed by COVID-19 outbreaks on the medical system in various countries around the world, it seems likely that infectious diseases will remain a key challenge facing the global health care system for some time to come. As the market environment surrounding the Group is expected to change, the Company will review its assumptions, update its new long-term vision and three-year business plan, and announce the revised plans.

In FY2020, Nihon Kohden will conduct its business activities in accordance of its basic policies: (1) Health and safety of employees as the top priority. (2) Fulfilling its responsibility as a medical device maker. Challenges to be addressed are as follows:

1. Improve profitability of existing businesses

- Launch new products on schedule
- Achieve further growth in overseas business
- Enhance customer value proposition in domestic business

2. Consolidate corporate fundamentals to grow as a global company

- Strengthen governance and business management structure
- Improve supply chain management using IT

Nihon Kohden continues to contribute to achieving a sustainable society and enhancing the corporate value of the Company through addressing the challenges of medical care through technological development.

4) Consolidated Forecast for FY2020

Nihon Kohden has formulated basic policies as follows for conducting its business activities: (1) Health and safety of employees at work and their families as the top priority, (2) Fulfilling its responsibility to supply products and services to maintain the medical care system. The Company plans to ramp up production of ventilators and patient monitors at the Tomioka Production Center (Tomioka City, Gunma Prefecture) to meet increased demand for ventilators and patient monitors due to the growing number of COVID-19 patients.

In Japan, Nihon Kohden will concentrate 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 will also strengthen its marketing and service capabilities creating customer value. The FY2020 supplementary budget for supporting healthcare systems in the midst of the COVID-19 is expected to be a positive factor, while voluntary restraint of sales activities, the postponement of surgical procedures, the suspension of opening new clinics, and weak demand for AEDs are expected to be negative factors.

Internationally, the Company will seek to increase overseas sales by strengthening its business structure in the U.S. and China. Demand for ventilators and patient monitors has increased in Europe, the U.S. and emerging markets due to the growing number of COVID-19 patients. In the medium-term, demand for medical products is expected to continue to increase in certain countries, because of the need to expand ICU facilities to deal with acutely ill patients. In contrast, restrictions on sales activities because of lockdowns and weak demand for AEDs are expected to be negative factors.

The Company forecasts its overall sales, operating income, ordinary income and income attributable to owners of parent for FY2020 to be ¥180,000 million, ¥14,000 million, ¥14,000 million and ¥10,000 million, respectively.

Currently, it is difficult to foresee when COVID-19 will end, making it challenging to present highly accurate operating results forecasts. The earnings forecasts described above are based on the assumption that COVID-19 will end after a certain period (Japan: at the end of the 1st half of FY2020, Overseas: at the end of the 3rd quarter of FY2020). There is a possibility that the operating results and financial position of the Nihon Kohden Group could be affected in the following circumstances: if the impacts from COVID-19 last longer than expected, or if unexpected difficulty in the procurement of parts and components causes delays in or suspension of manufacturing, or if the rise in air freight rates exceeds assumptions.

(3) Capital Investment

In FY2019, a total amount of ¥3,549 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)	FY2016 Ended March 31, 2017	FY2017 Ended March 31, 2018	FY2018 Ended March 31, 2019	FY2019 Ended March 31, 2020 (Current fiscal year)
Net sales	166,285	174,249	178,799	185,007
Operating income	13,585	14,517	15,044	15,503
Ordinary income	14,053	14,501	15,867	14,846
Income attributable to owners of parent	9,149	9,154	11,191	9,854
Net income per share (yen)	106.81	106.92	131.43	115.72
Total assets	152,806	157,910	169,717	167,786
Net assets	103,887	109,355	116,087	121,774
Net assets per share (yen)	1,212.82	1,284.17	1,363.24	1,430.02
ROE (%)	9.1	8.6	9.9	8.3

Note:

- 1) In FY2016, overall sales increased as domestic sales increased. Income decreased due to the negative impact of currency exchange and the upfront investment such as R&D costs and Personnel Expenses.
- 2) In FY2017, both domestic and overseas sales increased. Income also increased.
- 3) In FY2018, both domestic and overseas sales increased. Income also increased.
- 4) FY2019 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

Name	Capital	Parent's voting rights (%)	Principal business
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 48M	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 promotion of medical electronic equipment
E-STAFF CORPORATION	JPY 20M	100	Group general affairs and staff dispatch service

Notes: The percentage in parenthesis in “Parent’s voting rights” indicates the percentage of voting rights which the parent company holds indirectly.

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 FY2019

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

Note: In accordance with the expiration of the distributorship agreement, the Company discontinued sales of the vagus nerve stimulator at the end of April 2019. A part of equipment for research was transferred to Miyuki Giken CO., Ltd on March 31, 2020.

(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	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.

(9) Employees

	Number of employees	Increase/decrease from the end of the previous fiscal year
Japan	3,872 [552]	+69
Overseas	1,485 [42]	+119
Total	5,357 [594]	+188

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, 2020)

- (1) **Total Number of Issuable Shares** 197,972,000 shares
- (2) **Total Number of Shares Issued** 88,730,980 shares (including 3,575,164 shares of treasury stock)
- (3) **Number of Shareholders** 5,956 (down by 1,009 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	9,011,922	10.58
The Master Trust Bank of Japan, Ltd. (trust account)	6,404,000	7.52
Japan Trustee Service Bank, Ltd (trust account)	4,416,900	5.18
Saitama Resona Bank, Ltd.	4,193,750	4.92
State Street Bank and Trust Company 505103	1,878,841	2.20
Japan Trustee Service Bank, Ltd. (trust account 5)	1,685,500	1.97
Japan Trustee Service Bank, Ltd. (trust account 7)	1,633,400	1.91
SSBTC CLIENT OMNIBUS ACCOUNT	1,462,746	1.71
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	1,389,600	1.63
State Street Bank and Trust Company 505103	1,389,071	1.63

Notes: The above list excludes Nihon Kohden's treasury stock of 3,575,164 shares. Each shareholding ratio is calculated excluding treasury stock.

3. Corporate Governance

(1) Basic Policy on Corporate Governance

To realize its corporate 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. A majority of the committee members and the committee chair are appointed from outside directors.

The Board resolves the matters pursuant to the Companies Act and makes a decision 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, which consists of all directors and operating officers, 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	General Manager of Sales Operations
Corporate Director, Senior Operating Officer	Tadashi Hasegawa	Responsible for Finance, Legal Affairs, Compliance, Human Resources, and Information Systems
Corporate Director, Senior Operating Officer	Kazuteru Yanagihara	General Manager of Strategic Technology Operations
Corporate Director, Senior Operating Officer	Fumio Hirose	General Manager of IVD Business Operations
Corporate Director, Operating Officer	Eiichi Tanaka	General Manager of Corporate Strategy Division and Import Business Operations
Corporate Director, Operating Officer	Yasuhiro Yoshitake	General Manager of International Operations
Outside Director	Masaya Yamauchi	Lawyer Hibiki-Sogo Law Office
Outside Director	Minoru Obara	Professor Emeritus at Keio University
Corporate Director, Full-time Audit & Supervisory Committee Member	Kazuhiko Ikuta	
Outside Director, Audit & Supervisory Committee Member	Masahiro Kawamura	Certified Public Accountants and Tax Accountants, Kawamura Tax Accounting Office, Outside Director (Audit & Supervisory Committee Member) of Daitogyorui Co., Ltd
Outside Director, Audit & Supervisory Committee Member	Shigeru Kawatsuhara	

Note:

- 1) Mr. Masaya Yamauchi, Mr. Minoru Obara, Mr. Masahiro Kawamura and Mr. Shigeru Kawatsuhara 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) Mr. Masahiro Kawamura, an Audit & Supervisory Committee Member, is a Certified Public Accountant and Tax Accountant, and possesses a considerable degree of knowledge about finance and accounting.
- 4) 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.

- 5) Representative Director Hirokazu Ogino, Representative Director Takashi Tamura, Outside Director Masaya Yamauchi, Outside Director Masahiro Kawamura and Outside Director Shigeru Kawatsuhara are the Nomination & Remuneration Committee Members. Mr. Masahiro Kawamura is serving as the chairman.
- 6) The Company has introduced an operating officer system. The operating officers who do not serve as Directors are as follows as of March 31, 2020.

Title	Name	Responsibility
Senior Operating Officer	Masato Semba	General Manager of IT Solutions Business Operations
Operating Officer	Shigeru Hirata	General Manager of Finance Department
Operating Officer	Hiroyuki Satake	General Manager of Biomedical Instrument Business Operations and Ventilator & Anesthesia Device Business Operations
Operating Officer	Toshihiko Hiraoka	Deputy General Manager of Sales Operations
Operating Officer	Yoshiaki Uematsu	General Manager of General Affairs Department
Operating Officer	Makoto Magara	President of Nihon Kohden Tomioka Corporation
Operating Officer	Shuhei Morinaga	General Manager of Monitoring Business Operations
Operating Officer	Kazuomi Shimoda	Deputy General Manager of Sales Operations
Operating Officer	Takashi Seo	Deputy General Manager of Strategic Technology Operations and Monitoring Business Operations
Operating Officer	Masahiko Kumakura	Regional Manager of Kansai Regional Office
Operating Officer	Naoyuki Muraki	General Manager of Operations Management Division
Operating Officer	Syuuichi Kurita	General Manager of International Sales Operations, Deputy General Manager of International Operations
Operating Officer	Shinichi Iwasaki	General Manager of Customer Service Operations
Operating Officer	Naoki Kobayashi	General Manager of Ogino Memorial Laboratory
Operating Officer	Kenji Furukawa	General Manager of Human Resources Department and Phoenix Academy

(2) Policy on Determining Remuneration Amounts to Directors and Calculation Method

1) The Total Amount of Remuneration to Directors

	Number of directors	Total amount of remuneration
Directors (excluding Audit & Supervisory Committee Members) [Outside Directors]	9 [2]	235 million yen [18 million yen]
Directors (Audit & Supervisory Committee Members) [Outside Directors]	3 [2]	40 million yen [19 million yen]
Total	12	276 million yen

Notes:

- As approved at the Ordinary General Meeting of Shareholders held in June 2016, the total amount of remuneration to Directors (excluding Directors serving as Audit & Supervisory Committee Members) shall be within the limit of ¥400 million (which does not include the portion of the Directors' salary as employees of the Company). The total amount of remuneration to Directors serving as Audit & Supervisory Committee Members shall be within the limit of ¥80 million.
- The amount above does not include ¥37 million which is the portion of the Directors' salary as employees of the Company.

2) Policy on Determining Remuneration Amounts to Directors and Calculation Method

The Company has established the policy on determining the amount or calculation method of director remuneration which would further link with performance and shareholder value as well as aiming at the transparency of management and ensuring growth and profitability in mid- to long-term.

Remuneration of Directors (excluding Audit & Supervisory Committee Members and Outside Directors) consists of monthly fixed compensations and bonuses as a performance-based compensation. Monthly fixed compensations are determined based on the size of the role and range of responsibilities of each position. Bonuses as a performance-based compensation are determined in consideration of their contribution and the Company's business performance as well as full-year dividend per share every fiscal year. These indicators are adopted because the Company discloses the annual plan inside and outside the Company and manage its progress. A certain percentage of monthly fixed compensation is allotted to purchasing shares of the Company for reflecting mid- to long-term business results. Directors shall hold the shares during the period served as Directors. Remuneration of Outside Directors excluding Audit & Supervisory Committee Members consists of monthly fixed compensations.

The remuneration of Directors excluding Audit & Supervisory Committee Members is reviewed at the Nomination & Remuneration Committee, which is a voluntary advisory committee under the Board, and is proposed to the Board.

The remuneration of Audit & Supervisory Committee Members consists of monthly fixed compensations only and is determined after the consultation at the Audit & Supervisory Committee.

(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	Masaya Yamauchi	Lawyer Hibiki-Sogo Law Office	There is no special relationship between the Company and Hibiki-Sogo Law Office.
	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 International Medical Research Association of 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.

Classification	Name	Concurrent position and organization	Relationship of organization they have concurrent position
Outside Director, Audit & Supervisory Committee Member	Masahiro Kawamura	Certified Public Accountants and Tax Accountants, Kawamura Tax Accounting Office, Outside Director (Audit & Supervisory Committee Member) of Daitogyorui Co, Ltd.	There is no special relationship between the Company and each organization.
	Shigeru Kawatsuhara	There are no applicable items.	

2) Major Activities of Outside Directors during FY2019

Classification	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Committee Meetings	Main Activities
Outside Director	Masaya Yamauchi	22/ 22	-	He made appropriate and necessary statements from his professional perspective as an attorney. He also served as the Nomination & Remuneration Committee Member.
	Minoru Obara	22/22	-	He made appropriate and necessary statements from his professional perspective as a university professor.
Outside Director, Audit & Supervisory Committee Member	Masahiro Kawamura	22/22	25/25	He made appropriate and necessary statements from his professional perspective as a Certified Public Accountant and Tax Accountant. He also served as Chairman of the Nomination & Remuneration Committee.
	Shigeru Kawatsuhara	22/22	25/25	He made appropriate and necessary statements based on his experience of the management of a company. He also served as the Nomination & Remuneration Committee Member.

5. Accounting Auditor

(1) Name of Accounting Auditor

Crowe Toyo & Co.

(2) Amount of Remuneration to the Accounting Auditor for FY2019

Total amount of remuneration to the accounting auditor for FY2019	34 million yen
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to the accounting auditor	34 million yen

Notes:

- 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, which consists of all directors and operating officers, 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 FY2019.

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 FY2019, 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.

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 FY2019, 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 FY2019, 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 to ensure the safety of employees and fulfill its responsibility as a medical equipment manufacturer.

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 FY2019, 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, which consists of Directors and Operating Officers, 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 FY2019, after deliberation about strengthening the governance of its overseas subsidiaries, the Company has started implementing measures 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 FY2019, the Company conducted J-SOX training (e-learning) for newly recruited employees, mid-career employees and newly appointed managers.

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 through the investigation of business execution and assets of its main offices and subsidiaries. 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 FY2019, the Audit & Supervisory Committee was held twenty five times, and had one meeting with representative directors, six 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.

(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. Retained earnings are used in R&D investments, capital investments, M&A and development of human resources. The Company regards cash dividends as the base of the shareholder return and 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.