

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

Securities Code: 4544

June 1, 2020

## NOTICE OF 70TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder,

You are hereby notified of the 70th Ordinary General Meeting of Shareholders of Miraca Holdings Inc. (the “Company”) that will be held as set forth below.

This year, you are strongly recommended to refrain from attending this meeting in person, and to exercise your voting rights beforehand in writing or via the Internet, etc. by no later than 5:30 p.m. on Monday, June 22, 2020 (JST), in accordance with the “Exercise of Voting Rights in Writing or Via the Internet” described on page 2.

Yours faithfully,

Shigekazu Takeuchi, President and CEO  
Miraca Holdings Inc.  
1-1, Nishi-shinjuku 2-chome  
Shinjuku-ku, Tokyo

- 1. Date and Time:** Tuesday, June 23, 2020, at 10:00 a.m. (JST)  
(Reception start time: 9:45 a.m.)
- 2. Venue:** “Concord,” 5<sup>th</sup> Floor, Main Tower, Keio Plaza Hotel Tokyo  
2-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo
- 3. Agenda:**
- Items to be reported*
1. Business Report, Consolidated Financial Statements, Results of Audits of Consolidated Financial Statements by Accounting Auditors and the Audit Committee for the 70th term (from April 1, 2019 to March 31, 2020)
  2. Non-consolidated Financial Statements for the 70th term (from April 1, 2019 to March 31, 2020)
- Items to be resolved*
- Item 1: Partial Amendments to the Articles of Incorporation
- Item 2: Election of Eight (8) Directors

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\* The Company will publish any amendments to the reference material, the Business Report and the Consolidated and Non-consolidated Financial Statements on its website (<https://www.miraca.com/>).

\* At this year’s General Meeting of Shareholders, the Company will utilize a lottery system upon entry. For details, please refer to page 2, “Measures to Prevent the Spread of COVID-19 at the 70th Ordinary General Meeting of Shareholders.”

\* In order to reduce the risk of infection of the novel coronavirus disease (COVID-19), the Company has delayed the reception start time, and greatly reduced the amount of time to be spent within the venue this year.

## **Measures to Prevent the Spread of COVID-19 at the 70th Ordinary General Meeting of Shareholders**

The Company has decided on the following policies for running the General Meeting of Shareholders, placing first priority on the health and safety of all involved in the meeting. We ask for your understanding and cooperation.

### **Request to Shareholders**

We ask that you consider refraining from attending the meeting in person this year as far as possible, giving due consideration to status of the COVID-19 outbreak and your own health, and instead exercise your voting rights beforehand by post or Internet (you can also use a smartphone).

### **Lottery System**

To ensure the safety of shareholders, we must secure adequate spacing between shareholders' seats. As a result, we expect to be able to accommodate around 20 shareholders at the venue for the General Meeting of Shareholders. To prevent confusion at the venue on the day of the meeting, we have decided to use a lottery system this year.

As a precaution, we strongly request for you to avoid attending in person. However, for those who do wish to attend, please send the application postcard enclosed in this convocation notice. In the case of a large number of applications, we will hold an impartial lottery drawing. The shareholders who applied will be notified by postcard regarding the drawing results. Those who were drawn will be sent a postcard notifying them of this, and are requested to present this notification postcard and voting rights exercise form on the day of the meeting at the counter.

If you have not applied, or if you were eliminated as a result of the drawing, you will not be granted permission to enter the meeting venue on the day.

The Company will make every effort to prevent the spread of infection and ensure safety at the venue. Please give careful consideration to health and safety before applying.

Application method: Fill out the required details on the enclosed application postcard and affix the enclosed protective sticker over the written side to protect your personal information before posting.

Application closing date: Applications must be received by June 10, 2020 (Wednesday)

\* We will notify all applicants of the lottery drawing results by post at the address recorded in the shareholder registry. (Dispatch scheduled for June 16).

Inquiries regarding filling out the application: Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency  
Tel: 0120-232-711 (toll free within Japan)  
Hours: 9:00 a.m. to 5:00 p.m. JST; weekdays  
excluding weekends and holidays, etc.)

### **Safety Measures on the Day of the Meeting**

An alcohol-based hand sanitizer will be provided at the venue. Shareholders who are permitted to attend as a result of the lottery drawing are asked to be sure to bring and wear a mask. Please understand that anyone not wearing a mask will be refused entry. A thermography camera will be

placed near the entrance. Anyone found to have a high temperature, or who appears unwell, may be refused entry.

The staff running the meeting will have their health checked, including their temperature, and will be wearing masks.

The Company may take new measures or change its measures depending on the status of the outbreak up to the day of the General Meeting of Shareholders. Please check the Company's website (<https://www.miraca.com/>) for updates on the latest information.

## Exercise of Voting Rights in Writing or Via the Internet

If you exercise your voting rights in duplicate both in writing and via the Internet, the vote exercised online shall prevail. Also, if you exercise your voting rights multiple times via the Internet, the final vote shall prevail.

### [Exercise of voting rights in writing]

Please indicate your approval or disapproval to the proposed item in the enclosed voting right form and return it so that it arrives no later than 5:30 p.m. on Monday, June 22, 2020 (JST).

### [Exercise of voting rights via the Internet]

Voting must be completed no later than 5:30 p.m. on Monday, June 22, 2020 (JST).

## I. Exercise of voting rights via the Internet

### Scanning QR code®

You can simply log in to the website for exercise of voting rights for exercising voting rights without entering your login ID and temporary password presented on the voting instructions form.

1. Please scan the QR code® located on the right side of the voting instructions form.  
\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your approval or disapproval by following the instructions shown on the screen.

**Note that you can log in to the website only once by using QR code®.**

If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the “Entering login ID and temporary password” below.

### Entering login ID and temporary password

Website for exercise of voting rights: <https://evote.tr.mufg.jp/>

1. Please access the website for exercise of voting rights.
2. Log in by entering your “login ID” and “temporary password” presented on the voting instructions form.
3. Register a new password.
4. Please indicate your approval or disapproval by following the instructions shown on the screen.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:

**Mitsubishi UFJ Trust and Banking Corporation**

**Stock Transfer Agency Help Desk**

**Tel: 0120-173-027** (Toll-free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

## II. Platform for proxy voting by electronic means

Institutional investors may apply in advance to use the platform for proxy voting by electronic means operated by ICJ. In this case, such shareholders can use the ICJ platform in addition to the proxy voting via the Internet in I. above as a means to exercise their voting right by electromagnetic means at General Meeting of Shareholders of the Company.

## Reference Material for General Meeting of Shareholders

### Item 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) Following the expansion of our business from the medical field to the healthcare field, Article 1 (Trade Name) of the current Articles of Incorporation is to be changed to “H.U. Group Holdings, Inc.,” which is suitable for realizing the Company’s vision. In the new trade name, “H.U.” represents “Healthcare for You.”
- (2) In order to prepare for future business development, the amendment to Article 2 (Purpose) of the Articles of Incorporation will be made. Provisions will be moved or deleted, and expressions modified throughout the Articles of Incorporation to align with this.
- (3) A supplementary provision will be established to the effect that the amendments to the provisions of Articles 1 and 2 will take effect from July 1, 2020. This supplementary provision will be deleted as of the day when the amendments take effect.
- (4) In accordance with the Article 427, Paragraph 1 of the Companies Act, part of current Article 28, Paragraph 2 will be modified so that non-executive directors may fulfill their expected function. For this amendment, consent has been obtained from the Audit Committee.
- (5) In accordance with the Article 189, Paragraph 2 of the Companies Act, Article 8 (Rights Regarding Shares Less Than One Unit) will be newly established to rationally restrict the scope of rights for shareholders with shares less than one unit.
- (6) Other changes will be made as needed, such as addition, deletion, and revision, etc., of provisions.

2. Details of the amendments

Details of the amendments are as follows:

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Article 1 (Trade Name) The name of the Company shall be “ <u>Miraca Holdings Kabushiki Kaisha</u> ” and in English it shall be “ <u>Miraca Holdings Inc.</u> ”	Article 1 (Trade Name) The name of the Company shall be “ <u>H.U. Group Holdings Kabushiki Kaisha</u> ” and in English it shall be “ <u>H.U. Group Holdings, Inc.</u> ”
Article 2 (Purpose) The purpose of the Company shall be to engage in the following business <u>operations</u> :	Article 2 (Purpose) The purpose of the Company shall be to engage in the following business <u>activities and to own the shares or equity of a company or companies, as well as those of a foreign company or foreign companies engaged in the following businesses, thereby having control over and managing such companies</u> :
(1) – (9) (Omitted) (Newly established)	(1) – (9) (Unchanged) (10) <u>Management, processing, and provision of information relating to medicine and healthcare</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>(Newly established)</p> <p>(10) Sales, imports, and exports of food</p> <p>(11) – (15) (Omitted)</p> <p>(16) <u>Provision of information and consulting related to management and administration</u></p> <p>(17) Worker dispatch business, <u>private-sector employment placement and arrangement</u> business</p> <p>(18) (Omitted)</p> <p>(19) <u>Control and management of the business activities of companies engaging in the businesses detailed in the above items and foreign companies engaging in businesses equivalent to these businesses through the ownership of these companies' shares</u></p> <p>(20) All businesses that are incidental to those mentioned in the preceding items.</p>	<p>(11) <u>Support and outsourcing services for reception, medical history management, examination, medical fee invoicing and other-related services at medical institutions, etc.</u></p> <p>(12) <u>Provision of medical and health-related services using artificial intelligence, deep learning, and so forth</u></p> <p>(13) Sales, imports, and exports of food <u>and health-related products</u></p> <p>(14) – (18) (Unchanged)</p> <p>(19) <u>Caregiving and nursing care business outside of hospitals</u></p> <p>(20) Worker dispatch business, fee-charging employment placement business</p> <p>(21) (Unchanged)</p> <p>(22) <u>Consulting services related to the preceding items and management consulting services</u></p> <p>(23) All businesses that are related to or incidental to those mentioned in the preceding items.</p>
<p>Article 3 (Location of the Head Office)</p> <p>(Omitted)</p>	<p>Article 3 (Location of the Head Office)</p> <p>(Unchanged)</p>
<p>(Newly established)</p>	<p><u>Articles 4 (Organs)</u></p> <p><u>The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs:</u></p> <p>(1) <u>Board of Directors</u></p> <p>(2) <u>Nominating Committee, Audit Committee and Compensation Committee</u></p> <p>(3) <u>Accounting Auditors</u></p>
<p>Article 4 (Method of Public Notice)</p> <p>(Omitted)</p>	<p>Article 5 (Method of Public Notice)</p> <p>(Unchanged)</p>
<p>Chapter II Shares</p>	<p>Chapter II Shares</p>
<p>Article 5 - 6 (Omitted)</p>	<p>Article 6 - 7 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>Article <u>7 - 9</u> (Omitted)</p> <p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Article <u>10 - 11</u> (Omitted)</p> <p>Article <u>12</u> (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Unless otherwise provided for by laws and regulations, the President and CEO shall convene general meetings of shareholders and chair the meetings based on the resolution of the Board of Directors. In case where the President and CEO is prevented from so acting, another <u>Director and Representative Executive Officer</u> who is designated in accordance with an order of priority determined in advance by the Board of Directors shall so act.</p> <p>Article <u>13 - 15</u> (Omitted)</p> <p><u>Article 16 (Minutes of General Meeting of Shareholders)</u></p> <p><u>A summary of the proceedings of the general meeting of shareholders, the results of the meeting, and other matters stipulated by laws and regulations shall be written in the minutes of the meeting, and the chair of the meeting and Director who carried out duties involved with preparation of the minutes shall sign them or affix their personal seals to them.</u></p> <p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>Article <u>17 (Establishment of Board of Directors)</u></p>	<p><u>Article 8 (Rights Regarding Shares Less Than One Unit)</u></p> <p><u>A shareholder of the Company may not exercise any rights other than the rights listed below with regard to shares less than one unit held by the shareholder:</u></p> <p><u>(1) Rights set forth in items of Article 189, Paragraph 2 of the Companies Act;</u></p> <p><u>(2) Right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</u></p> <p><u>(3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder; and</u></p> <p><u>(4) The right to make a demand as provided for in the following Article.</u></p> <p>Article <u>9 - 11</u> (Unchanged)</p> <p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Article <u>12 - 13</u> (Unchanged)</p> <p>Article <u>14</u> (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Unless otherwise provided for by laws and regulations, the President and CEO shall convene general meetings of shareholders and chair the meetings based on the resolution of the Board of Directors. In case where the President and CEO is prevented from so acting, another <u>Director</u> who is designated in accordance with an order of priority determined in advance by the Board of Directors shall so act.</p> <p>Article <u>15 - 17</u> (Unchanged)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<u>The Company shall have a Board of Directors.</u>	
Article 18 – 21 (Omitted)	Article 18 – 21 (Unchanged)
Article 22 (Convener and Chairmanship of Meeting of the Board of Directors)	Article 22 (Convener and Chairmanship of Meeting of the Board of Directors)
1. Unless otherwise provided for by laws and regulations, the President and CEO shall convene meetings of the Board of Directors and chair the meetings. In case where the President and CEO is prevented from so acting, another <u>Director and Representative Executive Officer</u> who is designated in accordance with an order of priority determined in advance by the Board of Directors shall so act.	1. Unless otherwise provided for by laws and regulations, the President and CEO shall convene meetings of the Board of Directors and chair the meetings. In case where the President and CEO is prevented from so acting, another <u>Director</u> who is designated in accordance with an order of priority determined in advance by the Board of Directors shall so act.
2. (Omitted)	2. (Unchanged)
Article 23 – 24 (Omitted)	Article 23 – 24 (Unchanged)
<u>Article 25 (Minutes of Meeting of the Board of Directors)</u>	(Deleted)
<u>A summary of the proceedings of the Board of Directors meeting, the results of the meeting, and other matters stipulated by laws and regulations shall be written or recorded in the minutes of the meeting, and the Directors who attended the meeting shall sign them or affix their personal seals to them.</u>	
Article <u>26 – 27</u> (Omitted)	Article <u>25 – 26</u> (Unchanged)
Article <u>28</u> (Waiver of liability for Director)	Article <u>27</u> (Waiver of liability for Directors)
1. (Omitted)	1. (Unchanged)
2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter an agreement with <u>an outside director</u> limiting his/her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, the maximum amount of liability for damages under such agreement shall be the higher of a predetermined amount of 2 million yen or more and the minimum liability amount prescribed by laws and regulations.	2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter an agreement with <u>a Director who is not an executive director, etc. stipulated in the Companies Act</u> limiting his/her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, the maximum amount of liability for damages under such agreement shall be the higher of a predetermined amount of 2 million yen or more and the minimum liability amount prescribed by laws and regulations.
Chapter V Committees	Chapter V Committees
<u>Article 29 (Establishment of Committees)</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<u>The Company shall have a Nominating Committee, Audit Committee and Compensation Committee.</u>	
Article <u>30</u> – <u>32</u> (Omitted)	Article <u>28</u> – <u>30</u> (Unchanged)
Chapter VI Executive Officers	Chapter VI Executive Officers
<u>Article 33 (Establishment of Executive Officers)</u> <u>The Company shall have Executive Officers.</u>	(Deleted)
Article <u>34</u> – <u>40</u> (Omitted)	Article <u>31</u> – <u>37</u> (Unchanged)
Chapter VII Accounting Auditors	Chapter VII Accounting Auditors
<u>Article 41 (Establishment of Accounting Auditors)</u> <u>The Company shall have Accounting Auditors.</u>	(Deleted)
Article <u>42</u> – <u>44</u> (Omitted)	Article <u>38</u> – <u>40</u> (Unchanged)
Chapter VIII Accounts	Chapter VIII Accounts
Article <u>45</u> – <u>48</u> (Omitted)	Article <u>41</u> – <u>44</u> (Unchanged)
(Newly established)	<u>Supplementary Provision</u>
	<u>(Effective Date)</u>
	<u>The amendments to the provisions of Articles 1 and 2 shall take effect from July 1, 2020. This supplementary provision shall be deleted upon effectuation of the amendments.</u>

Note: Some underlining does not coincide with the Japanese version because of translation adjustments.

## Item 2: Election of Eight (8) Directors

Since the term of office of all the incumbent Directors expires at the close of this General Meeting of Shareholders, we would like to hereby propose the election of eight (8) Directors.

The names and brief personal profiles of the candidates for Director are as follows:

No. <b>1</b>	<b>Shigekazu Takeuchi</b> (Born on October 11, 1953)	Reelection	Nominating Committee	Compensation Committee
 <p style="text-align: center;"><b>Number of the Company's shares held</b> 15,279 shares</p> <p style="text-align: center;"><b>Tenure as Director</b> 4 years</p> <p style="text-align: center;"><b>Attendance rate at Board of Directors Meetings</b> 100% (13/13 meetings)</p> <p style="text-align: center;"><b>Attendance rate at Meetings of Nominating Committee</b> 100% (7/7 meetings)</p> <p style="text-align: center;"><b>Attendance rate at Meetings of Compensation Committee</b> 100% (6/6 meetings)</p>	<p><b>Brief personal profile, and position and duties in the Company</b></p> <p>Apr. 1976      Joined CBS Sony Inc. (currently Sony Music Entertainment (Japan) Inc.)</p> <p>Feb. 1997      President, Sony Music Artists Inc.</p> <p>Feb. 2000      Executive Vice President, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.</p> <p>Jun. 2000      Managing Director, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.</p> <p>Oct. 2002      President, SME Visual Works Inc. (currently Aniplex Inc.)</p> <p>Jun. 2006      Chairman, Sony Pictures Entertainment (Japan) Inc.</p> <p>Jun. 2007      Chairman, Sony Broadcast Media Co., Ltd.</p> <p>Oct. 2009      Joined Avex Group Holdings Inc. (currently Avex Inc.)</p> <p>Jun. 2010      Representative Director, CFO, Avex Group Holdings Inc. (currently Avex Inc.)</p> <p>Jun. 2016      Vice President &amp; CEO of the Company Director, Fujirebio Inc. (incumbent)</p> <p>Oct. 2016      President &amp; CEO of the Company (incumbent) Director, SRL, Inc. (incumbent)</p> <p>Apr. 2017      Director, Fujirebio Holdings, Inc. (incumbent)</p> <p><b>Significant positions held at other companies</b></p> <p>Director, SRL, Inc.</p> <p>Director, Fujirebio Holdings, Inc.</p> <p>Director, Fujirebio Inc.</p> <p>* The above three companies are all consolidated subsidiaries of the Company.</p> <p><b>Reason for nominating the candidate for Director:</b></p> <p>Mr. Shigekazu Takeuchi was appointed as President &amp; CEO of the Company and Group CEO in 2016. Since then, he has overseen management of the Company and the Group. His leadership based on abundant experience and broad insight as a corporate manager is essential to realizing the growth of the Group. Considering the above, Mr. Takeuchi is appropriately suited to be a director of the Company, and accordingly has been appointed as a candidate for that position. His consecutive term of office as director has been four years at the close of this Ordinary General Meeting of Shareholders.</p>			

Notes:

- There are no conflicts of interests between Mr. Takeuchi and the Company.
- Through the passing of a resolution at the Board of Directors' Meeting to be held after this General Meeting of Shareholders, Mr. Takeuchi will be selected as a member of the Nominating Committee and Compensation Committee.

No. 2

## Masaya Watanabe

(Born on January 31, 1958)

New  
election



Number of the  
Company's shares held  
0 shares

### Brief personal profile, and position and duties in the Company

- |           |                                                                                                                                                                                                                               |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1982 | Joined Hitachi, Ltd.                                                                                                                                                                                                          |
| Jun. 2000 | General Manager of Mainframe Division, Enterprise Server Division, Hitachi, Ltd.                                                                                                                                              |
| Feb. 2001 | General Manager of Financial Solutions Systems Division, Financial Information Systems Division, Hitachi, Ltd.                                                                                                                |
| Apr. 2007 | General Manager of Enterprise Server Division, Hitachi, Ltd.                                                                                                                                                                  |
| Mar. 2009 | Board Director and Chief Strategist, Hitachi Global Storage Technologies, Inc.                                                                                                                                                |
| Apr. 2011 | Administrative Officer, CSO of Information & Telecommunication Systems Company, Hitachi, Ltd.                                                                                                                                 |
| Apr. 2012 | Vice President and Executive Officer, CSO and CIO of Information & Telecommunication Systems Company, Hitachi, Ltd.                                                                                                           |
| Oct. 2013 | Administrative Council Member, National Institute of Informatics, Research Organization of Information and Systems, Inter-University Research Institute Corporation (incumbent)                                               |
| Apr. 2014 | Vice President and Executive Officer, Hitachi, Ltd.<br>Chairman and CEO, Hitachi Information & Telecommunication Systems Global Holding Corp.                                                                                 |
| Oct. 2014 | Vice President and Executive Officer, Hitachi, Ltd.<br>President and CEO, Hitachi America, Ltd.                                                                                                                               |
| Apr. 2015 | Vice President and Executive Officer, President & CEO of Health Care Group and Health Care Company, Hitachi, Ltd.                                                                                                             |
| Apr. 2016 | Vice President and Executive Officer, CEO of Healthcare Business Unit, Hitachi, Ltd.                                                                                                                                          |
| Jun. 2017 | Chairman, The Japan Federation of Medical Devices Associations<br>Special Advisor to Office of Healthcare Policy, Cabinet Secretariat<br>Advisory Board Member, Japan Agency for Medical Research and Development (incumbent) |
| Apr. 2019 | Vice President and Executive Officer, CISO, and General Manager of Smart Transformation Project Initiatives Division, Hitachi, Ltd.                                                                                           |
| Jun. 2019 | Vice Chairman, The Japan Federation of Medical Devices Associations (incumbent)                                                                                                                                               |
| Apr. 2020 | Advisor to the Company (incumbent)                                                                                                                                                                                            |

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	<p><b>Significant positions held at other companies</b></p> <p>Administrative Council Member, National Institute of Informatics, Research Organization of Information and Systems, Inter-University Research Institute Corporation Advisory Board Member, Japan Agency for Medical Research and Development Vice Chairman, The Japan Federation of Medical Devices Associations</p> <p><b>Reason for nominating the candidate for Director:</b></p> <p>Mr. Masaya Watanabe has been involved in the management of Hitachi, Ltd. for many years and has abundant experience and broad insight in healthcare and IT areas, which are valuable to Miraca Holdings (the Company). Considering the above, Mr. Watanabe is appropriately suited to be a director of the Company, and accordingly has been appointed as a candidate for that position.</p>
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Note: There are no conflicts of interests between Mr. Watanabe and the Company.

No. 3

## Naoki Kitamura

(Born on November 28, 1970)

Reelection



**Number of the  
Company's shares held**  
6,859 shares

**Tenure as Director**  
2 years

**Attendance rate at  
Board of Directors  
Meetings**  
100% (13/13 meetings)

### Brief personal profile, and position and duties in the Company

Apr. 1993	Joined Sony Corporation
Jun. 1996	Sony International (Singapore) Pte. Ltd. (currently Sony Electronics (Singapore) Pte. Ltd.)
Jul. 2004	Seconded to Sony Corporation of America
Apr. 2008	General Manager, Corporate Planning Department, So-net Entertainment Corporation (currently Sony Network Communications Inc.)
Sep. 2011	Joined the Company. General Manager, Strategic Planning Department
Nov. 2011	Director, SRL, Inc.
Jun. 2013	Executive Officer of the Company (incumbent)
Feb. 2015	Chairman and CEO, Baylor Miraca Genetics Laboratories, LLC
Jun. 2015	Chairman, Baylor Miraca Genetics Laboratories, LLC (incumbent)
Jul. 2016	CEO, Miraca Life Sciences, Inc.
Apr. 2017	Statutory Auditor, Fujirebio Holdings, Inc. (incumbent)
Jun. 2017	Director, SRL, Inc. (incumbent)
Oct. 2017	CEO, Miraca America, Inc. (incumbent) Director, SRL (Hong Kong) Limited (incumbent)
Jun. 2018	Director of the Company (incumbent)

### Significant positions held at other companies

Director, SRL, Inc.

Statutory Auditor, Fujirebio Holdings, Inc.

Chairman, Baylor Miraca Genetics Laboratories, LLC

CEO, Miraca America, Inc.

Director, SRL (Hong Kong) Limited

\* The above five companies are all either consolidated subsidiaries or equity-method affiliates of the Company.

### Reason for nominating the candidate for Director:

Mr. Naoki Kitamura joined the Company as General Manager of Strategic Planning Department in 2011, and became an Executive Officer in 2013. He has been involved in finance, corporate planning, and strategic planning for many years and he has abundant knowledge and broad experience from global perspective. Considering the above, Mr. Kitamura is appropriately suited to be a director of the Company, and accordingly has been appointed as a candidate for that position. His consecutive term of office as director has been two years at the close of this Ordinary General Meeting of Shareholders.

Note: There are no conflicts of interests between Mr. Kitamura and the Company.

No. **4****Shigehiro Aoyama**

(Born on April 1, 1947)

Reelection

Outside

Independent  
DirectorNominating  
Committee

**Number of the  
Company's shares held**  
0 shares

**Tenure as Director**  
2 years

**Attendance rate at  
Board of Directors  
Meetings**  
92% (12/13 meetings)

**Attendance rate at  
Meetings of Nominating  
Committee**  
86% (6/7 meetings)

**Brief personal profile, and position and duties in the Company**

Apr. 1969	Joined Suntory Limited
Mar. 1994	Director, Member of the Board, Spirits Division
Mar. 1999	Managing Director, Member of the Board, Sales Development & Marketing Promotion Division
Mar. 2001	Managing Director, Member of the Board, Corporate Planning Division
Mar. 2003	Senior Managing Director, Member of the Board, Corporate Planning Division
Sep. 2005	Senior Managing Director, Member of the Board, President of Spirits, Wine & Beer Company
Mar. 2006	Executive Vice President, Chief Operating Officer, Member of the Board, President of Spirits, Wine & Beer Company
Feb. 2009	Executive Vice President, Chief Operating Officer, Member of the Board, Suntory Holdings Limited
Mar. 2010	Executive Vice President, Chief Operating Officer, Member of the Board, Representative Director
Oct. 2014	Vice Chairman of the Board, Representative Director
Apr. 2015	Supreme Advisor
Jun. 2015	Chairman, the Distribution Economics Institute of Japan (incumbent)
Jun. 2016	External Director, Takamatsu Construction Group Co., Ltd. (incumbent) Outside Director, Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION) (incumbent)
Apr. 2018	Special Advisor, Suntory Holdings Limited
Jun. 2018	Director of the Company (incumbent)

**Significant positions held at other companies**

External Director, Takamatsu Construction Group Co., Ltd.  
Outside Director, SUBARU CORPORATION  
Chairman, the Distribution Economics Institute of Japan

**Reason for nominating the candidate for Outside Director:**

Mr. Shigehiro Aoyama has been involved in the management of Suntory Holdings Limited for many years. His abundant experience gained throughout his career in corporate management and suggestions based on his broad insight are valuable to the Company. Considering the above, Mr. Aoyama is appropriately suited to be an outside director of the Company, and accordingly has been appointed as a candidate for that position. His consecutive term of office as director has been two years at the close of this Ordinary General Meeting of Shareholders.

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Notes:

1. There are no conflicts of interests between Mr. Aoyama and the Company.
2. Mr. Aoyama is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
3. Mr. Aoyama satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 23).

4. Notification of Independent Directors

The Company has appointed Mr. Aoyama as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.

5. Limited liability agreement with outside directors

The Company has concluded a limitation of liability agreement with Mr. Aoyama. The Company will continue the said limited liability agreement with him if he is reelected as Directors at this General Meeting of Shareholders. Details of the agreement are as described in “Matters regarding limited liability agreements” on page 50 of this document.

6. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Aoyama will be selected as a member of the Nominating Committee.

No. 5

**Futomichi Amano**

(Born on August 31, 1953)

Reelection

Outside

Independent  
DirectorAudit  
Committee

**Number of the  
Company's shares held**  
0 shares

**Tenure as Director**  
3 years

**Attendance rate at  
Board of Directors  
Meetings**  
100% (13/13 meetings)

**Attendance rate at  
Meetings of Audit  
Committee**  
100% (18/18 meetings)

**Brief personal profile, and position and duties in the Company**

Nov. 1977	Joined Tohmatsu Awoki & Co. (Currently Deloitte Touche Tohmatsu LLC)
Jun. 1989	Partner (Audit), Tohmatsu Awoki & Sanwa
Nov. 1995	Transferred to Los Angeles office of Deloitte & Touche LLP
Sep. 2002	Partner in charge of corporate planning of Tokyo office, Deloitte Touche Tohmatsu LLC
Jun. 2004	Managing Partner of corporate planning of Tokyo office, Deloitte Touche Tohmatsu LLC
Jun. 2007	Board member, Deloitte Touche Tohmatsu LLC Managing Partner of Eastern Japan & Tokyo office, Deloitte Touche Tohmatsu LLC
Nov. 2010	CEO of Deloitte Touche Tohmatsu LLC (Japan) Global executive committee member of Deloitte Touche Tohmatsu Limited (Global)
Jan. 2016	Futomichi Amano CPA office (incumbent)
Jun. 2017	Outside Director of the Company (incumbent)

**Significant positions held at other companies**

Futomichi Amano CPA office

**Reason for nominating the candidate for Outside Director:**

Mr. Futomichi Amano has been involved in the audit and management of Deloitte Touche Tohmatsu LLC for many years and has abundant knowledge as a certified public accountant. As his abundant knowledge as an accounting specialist, gained from the previously mentioned experience, is valuable to the Company, Mr. Amano is appropriately suited to be an outside director of the Company, and accordingly has been appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been three years at the close of this Ordinary General Meeting of Shareholders.

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Notes:

1. There are no conflicts of interests between Mr. Amano and the Company.
2. Mr. Amano is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
3. Mr. Amano satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 23).

4. Notification of Independent Directors

The Company has appointed Mr. Amano as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.

5. Limited liability agreement with outside directors

The Company has concluded a limitation of liability agreement with Mr. Amano. The Company will continue the said limited liability agreement with him if he is reelected as Directors at this General Meeting of Shareholders. Details of the agreement are as described in “Matters regarding limited liability agreements” on page 50 of this document.

6. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Amano will be selected as a member of the Audit Committee.

No. **6****Ryoji Itoh**

(Born on January 14, 1952)

Reelection

Outside

Independent  
DirectorNominating  
CommitteeCompensation  
Committee

**Number of the  
Company's shares held**  
300 shares

**Tenure as Director**  
6 years

**Attendance rate at  
Board of Directors  
Meetings**  
100% (13/13 meetings)

**Attendance rate at  
Meetings of Nominating  
Committee**  
100% (7/7 meetings)

**Attendance rate at  
Meetings of  
Compensation  
Committee**  
100% (6/6 meetings)

**Brief personal profile, and position and duties in the Company**

Jul. 1979      Joined McKinsey & Company  
Jan. 1984      Partner, McKinsey & Company  
Jun. 1988      Director, UCC Ueshima Coffee Co., Ltd.  
Sep. 1990      Representative Director, Schroder Ventures  
Nov. 1997      Director, Bain & Company  
Sep. 1999      Guest Professor at Faculty of Policy Management, Keio University  
May 2000      Project Professor at Graduate School of Media and Governance, Keio University  
Jan. 2001      Head of Japan Office, Bain & Company  
Apr. 2006      Managing Director, Planetplan, Inc. (incumbent)  
Apr. 2010      Visiting Professor, Yokohama City University  
May 2012      Director, Renown Incorporated  
Oct. 2012      Professor (part-time), BBT University  
Jun. 2014      External Director, SATO HOLDINGS CORPORATION (incumbent)  
Outside Director of the Company (incumbent)  
Apr. 2020      Part-time Lecturer at Faculty of Policy Management, Keio University (incumbent)

**Significant positions held at other companies**

Managing Director, Planetplan, Inc.  
External Director, SATO HOLDINGS CORPORATION  
Part-time Lecturer at Faculty of Policy Management, Keio University

**Reason for nominating the candidate for Outside Director:**

Mr. Ryoji Itoh has taught at Keio University, and has knowledge based on his extensive experience as a management consultant as well as a corporate manager. The Company believes that he is an expert whose knowledge can be used in the management of the Company. Considering the above, Mr. Itoh is appropriately suited to be an outside director of the Company, and accordingly has been appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been six years at the close of this Ordinary General Meeting of Shareholders.

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Notes:

1. There are no conflicts of interests between Mr. Itoh and the Company.
2. Mr. Itoh is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
3. Mr. Itoh satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 23).

4. Notification of Independent Directors

The Company has appointed Mr. Itoh as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.

5. Limited liability agreement with outside directors

The Company has concluded a limitation of liability agreement with Mr. Itoh. The Company will continue the said limited liability agreement with him if he is reelected as Directors at this General Meeting of Shareholders. Details of the agreement are as described in “Matters regarding limited liability agreements” on page 50 of this document.

6. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Itoh will be selected as a member of the Nominating Committee and Compensation Committee.

No. 7

**Eriko Matsuno**

(Born on January 10, 1969)

New  
election

Outside

Independent  
DirectorAudit  
Committee

**Number of the  
Company's shares held**  
0 shares

**Brief personal profile, and position and duties in the Company**

Apr. 1992	Joined Morgan Stanley Japan Limited (currently Morgan Stanley MUFG Securities Co., Ltd.)
Apr. 2000	Registered as attorney-at-law
Sep. 2000	Joined Nagashima Ohno & Tsunematsu
Jul. 2010	Established Tokyo J Law Office Representation lawyer (incumbent)
Jul. 2011	Mediator, Non-Profit Organization, Financial Instruments Mediation Assistance Center (incumbent)
Dec. 2014	Outside Compliance Committee Member, Healthcare Asset Management Co., Ltd. (incumbent)
Oct. 2015	Auditor, WealthNavi Inc. (incumbent)

**Significant positions held at other companies**

Representation lawyer, Tokyo J Law Office  
 Mediator, Non-Profit Organization, Financial Instruments Mediation Assistance Center  
 Outside Compliance Committee Member, Healthcare Asset Management Co., Ltd.  
 Auditor, WealthNavi Inc.

**Reason for nominating the candidate for Outside Director:**

Ms. Eriko Matsuno is expected to provide advice to the management of the Company as an independent expert on corporate and business law and compliance. Considering the above, Ms. Matsuno is appropriately suited to be an outside director of the Company, and accordingly has been appointed as a candidate for that position.

**Notes:**

- There are no conflicts of interests between Ms. Matsuno and the Company.
- Ms. Matsuno is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
- Ms. Matsuno satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 23).
- Notification of Independent Directors  

The Company will appoint Ms. Matsuno as an independent director stipulated by the Tokyo Stock Exchange and will register with the stock exchange accordingly. She is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
- Limited liability agreement with outside directors  

The Company will enter into the said limited liability agreement with Ms. Matsuno if she is elected as Directors at this General Meeting of Shareholders. Details of the agreement will be as described in "Matters regarding limited liability agreements" on page 50 of this document.
- Through the passing of a resolution at the Board of Directors' Meeting to be held after this General Meeting of Shareholders, Ms. Matsuno will be selected as a member of the Audit Committee.

No. 8

**Susumu Yamauchi**

(Born on October 1, 1949)

Reelection

Outside

Independent  
DirectorAudit  
CommitteeCompensation  
Committee

**Number of the  
Company's shares held**  
1,000 shares

**Tenure as Director**  
3 years

**Attendance rate at  
Board of Directors  
Meetings**  
100% (13/13 meetings)

**Attendance rate at  
Meetings of Audit  
Committee**  
100% (18/18 meetings)

**Brief personal profile, and position and duties in the Company**

Apr. 1977	Assistant Professor, Faculty of Law, Seijo University
Apr. 1988	Professor, Faculty of Law, Seijo University
Apr. 1990	Professor, Faculty of Law, Hitotsubashi University
Apr. 2004	Dean of Graduate School of Law & Dean of Faculty of Law, Hitotsubashi University
Apr. 2005	Chairman, Society for the Study of Legal Culture
Dec. 2006	Executive Vice President, Hitotsubashi University
Dec. 2010	President, Hitotsubashi University
May 2012	Member of the Roundtable for Human Resource Development through Industry-University Collaboration
Dec. 2014	Emeritus Professor, Hitotsubashi University (incumbent)
Sep. 2015	Visiting Professor, Law School, Renmin University of China
Apr. 2017	Chairman, Textbook Approval and Research Council (incumbent)
Jun. 2017	Outside Director of the Company (incumbent)
Dec. 2018	Outside Director, Reading Skill Test Inc. (incumbent)
Sep. 2019	Auditor, National Institute of Technology (incumbent)
Apr. 2020	Specially Appointed Professor, Faculty of Law, Matsuyama University (incumbent)

**Significant positions held at other companies**

Emeritus Professor, Hitotsubashi University  
 Chairman, Textbook Approval and Research Council  
 Outside Director, Reading Skill Test Inc.  
 Auditor, National Institute of Technology  
 Specially Appointed Professor, Faculty of Law, Matsuyama University

**Reason for nominating the candidate for Outside Director:**

Mr. Susumu Yamauchi is a professor who has taught the history of Western legal systems at several universities over the years, and has abundant experience and broad knowledge as President of Hitotsubashi University. As his advice based on such experience and knowledge is valuable to the Company, Mr. Yamauchi is appropriately suited to be an outside director of the Company, and accordingly has been appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been three years at the close of this Ordinary General Meeting of Shareholders.

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Notes:

1. There are no conflicts of interests between Mr. Yamauchi and the Company.
2. Mr. Yamauchi is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
3. Mr. Yamauchi satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 23).

4. Notification of Independent Directors

The Company has appointed Mr. Yamauchi as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.

5. Limited liability agreement with outside directors

The Company has concluded a limitation of liability agreement with Mr. Yamauchi. The Company will continue the said limited liability agreement with him if he is reelected as Directors at this General Meeting of Shareholders. Details of the agreement are as described in “Matters regarding limited liability agreements” on page 50 of this document.

6. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Yamauchi will be selected as a member of the Audit Committee and Compensation Committee.

### **(Reference) Independence standards for independent outside directors**

The Company judges the independence of outside directors on the basis of the independence criteria established by the Tokyo Stock Exchange. More specifically, the Company deems there to be potential for conflict of interest with its general shareholders in any case where one of the following applies, such the relationship with the Company is one of:

- (A) A party dealing with the Company as its major business partner, or an executive thereof;
- (B) A major business partner of the Company or an executive thereof;
- (C) A consultant, accounting expert or legal expert who receives a significant amount of money or other assets from the Company, apart from compensation for executive officers and directors (or a party who belongs to a corporation, association or other such body receiving such assets);
- (D) A party to whom either of (A), (B) or (C) has recently applied; or
- (E) A close relative of a party (excluding inconsequential persons) meeting any of the conditions from (a) to (c) below:
  - (a) A party described in aforementioned items (A) through (D);
  - (b) An executive of a subsidiary of the Company; or
  - (c) A party to whom aforementioned item (b) has recently applied, or a party who has recently served as an executive of the Company.

In some cases we omit “information on outside director affiliations”<sup>\*</sup> such that pertains to the written notification of independent directors that is filed with the Tokyo Stock Exchange. Accordingly, such information is omitted if the immateriality standards below are satisfied with respect to the outside director’s role as a business partner, donation recipient or other affiliation, based on the judgment that the foregoing are unlikely to affect shareholder decisions with respect to exercising their voting rights.

<sup>\*</sup> This includes details of whether an outside director also acts as a business partner, donation recipient or otherwise, whether the outside director has formerly served such entities, and a brief description thereof.

#### Immateriality standards

- (i) Normal business transactions with the Company or its subsidiaries amount to less than 1% of the Company’s net sales;
- (ii) A consultant, accounting expert or legal expert that has received payment other than compensation for executive officers and directors of less than ¥10 million on average per year over the last three (3) years from the Company or its subsidiaries; and
- (iii) Donations, etc. received from the Company or its subsidiaries have amounted to less than ¥10 million on average per year over the last three (3) years.

**(Attached documents)**

(Note) The following sections have been translated from a part of the Japanese Business Report and are provided for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**Business Report**

( From April 1, 2019 to  
March 31, 2020 )

**1. Matters regarding current status of corporate group**

(1) Business progress and its results

In the fiscal year ended March 31, 2020, the state of the global economy remained uncertain amid factors that included developments with respect to U.S.-China trade friction and other trade issues. Proliferation of novel coronavirus infection encountered since the start of 2020 has caused rapid economic decline, thereby raising concerns of a possible recession resulting from stagnating economic activity worldwide on an unprecedented scale.

Likewise in Japan, the situation is very severe amid a scenario where the economy had been showing signs of mounting a moderate recovery underpinned by factors such as an improving employment and income environment, but where circumstances later changed drastically due to ramifications of the current proliferation of novel coronavirus infection.

In the clinical diagnostics and laboratory testing sector, the business environment continues to pose challenges, reflecting persisting downward pressure on prices and intensifying competition with sector peer companies. The prevailing business environment is increasingly severe particularly as a consequence of the government's request that people refrain from unnecessary outings in order to prevent further transmission of novel coronavirus infection.

Under such circumstances, Miraca Group (the "Group") has been proactively implementing various management initiatives in order to achieve further growth. This has entailed embarking on efforts to develop new businesses, as well as strengthening business platforms in part by gaining new clients in its existing businesses. Moreover, the Group has also been engaging in initiatives that contribute to early detection and prompt treatment of patients who have contracted novel coronavirus infection, which in part has involved embarking on development of polymerase chain reaction (PCR) testing services and development of testing reagents for detection of novel coronavirus.

During the fiscal year under review, net sales were 188,712 million yen (up 4.0% from the previous fiscal year), despite proliferation of the novel coronavirus infection having adversely affected fourth quarter performance of the Clinical Laboratory Testing (CLT) and In Vitro Diagnostics (IVD) businesses, in addition to negative effects of having completed the contract with the Japanese Red Cross Society in the IVD business. The increase in net

sales is attributable to factors that include: CLT business having achieved a greater number of tests largely as a result of gaining new clients and adding new test items in esoteric testing, particularly with respect to gene-related testing; the Sterilization and Related Services (SR) business having launched deposit inventory services to major clients, in addition to its having undertaken review of contractual pricing and having generated growth in sales of products such as equipment, devices and consumables, and; the Emerging New Business and others (ENB) business having factored in earnings results of Selmesta Co., Ltd. upon its acquisition in February 2019.

Operating profit was 9,939 million yen (down 32.1% from the previous fiscal year). The decrease was largely due to IVD business completed the contract with the Japanese Red Cross Society and having incurred upfront costs associated with gaining major clients, as well as an increase in depreciation.

Ordinary profit was 6,468 million yen (down 43.9% from the previous fiscal year). The decrease was largely due to the downturn in operating profit. The Company recorded a share of loss of entities accounted for using equity method of 3,473 million yen, which was on par with that of the previous fiscal year. This was a result of the Company having incurred a share of loss of entities accounted for using equity method pertaining to the establishment of a joint venture with the Ping An Insurance Group of China during the current fiscal year, offset by a situation where share of loss of entities accounted for using equity method pertaining to the Company's equity-method affiliate Baylor Miraca Genetics Laboratories, LLC decreased.

Moreover, the Company reversed a portion of its deferred tax assets in fiscal year under review as a result of having carefully considered the prospect of recovering deferred tax assets of the Company, wholly-owned domestic subsidiaries and European subsidiaries upon having comprehensively taken into account operating results for the fiscal year under review and earnings forecasts going forward. On the basis of these results, loss attributable to owners of parent was 516 million yen (compared with profit attributable to owners of parent of 6,386 million yen for the previous fiscal year).

#### **[Clinical Laboratory Testing (CLT)]**

Net sales increased as a result of having achieved a greater number of tests largely upon gaining new clients with respect to general practitioners and the in-hospital testing business and adding new test items in esoteric testing, particularly with respect to gene-related testing. Meanwhile, profit decreased largely as a result of factors that include an increase in depreciation, deteriorating marginal profit ratio partially due to changes in the sales mix, delays in emergence of measures taken to reduce fixed costs, and expenses incurred for expansion in China. As a result, net sales amounted to 117,517 million yen (up 5.8% from the previous fiscal year), and operating profit was 5,234 million yen (up 0.5% from the previous fiscal year).

#### **[In Vitro Diagnostics (IVD)]**

In the LUMIPULSE business, the Company generated higher sales in Europe and elsewhere

overseas LUMIPULSE, but incurred upfront costs associated with gaining major clients in order to partially offset negative impact from completion of the contract with the Japanese Red Cross Society in Japan. The OEM and raw materials business achieved firm results over the first three quarters of the fiscal year under review, but incurred adverse effects in the fourth quarter due to the proliferation of novel coronavirus infection. As a result, net sales amounted to 40,088 million yen (down 11.7% from the previous fiscal year), and operating profit was 6,089 million yen (down 39.3% from the previous fiscal year).

#### **[Sterilization and Related Services (SR)]**

Net sales increased largely as a result of having launched deposit inventory services to major clients, in addition to having undertaken review of contractual pricing and having generated growth in sales of products such as equipment, devices and consumables. Profit increased mainly as a result of having undertaken review of contractual pricing. As a result, net sales amounted to 22,867 million yen (up 20.6% from the previous fiscal year), and operating profit was 1,786 million yen (up 84.6% from the previous fiscal year).

#### **[Emerging New Business and others (ENB)]**

Net sales increased largely as a result of growth achieved in the home-visit nursing care and welfare equipment business, and also as a result of having factored in earnings results of Selmesta Co., Ltd. upon its acquisition in February 2019. Profit decreased as a result of having incurred upfront costs for respective businesses. As a result, net sales amounted to 8,238 million yen (up 39.2% from the previous fiscal year), and operating loss was 806 million yen (in comparison with an operating loss of 77 million yen in the previous fiscal year).

#### (2) Status of financing, etc.

##### i) Financing

During the fiscal year ended March 31, 2020, the Company issued Unsecured Straight Bonds No. 3, No. 4, and No. 5 at a total amount of 20.0 billion yen, and furthermore procured 5.0 billion yen as long-term loans payable through financial institutions, in accordance with its social finance framework. The financing was arranged in order to generate funds for installing equipment and IT systems for the Akiruno Project which involves building the new CLT lab, the central facility of the project, and funds for R&D geared to enhancing testing quality and developing innovative technologies.

The Company has concluded commitment line contracts with major financial institutions amounting to 50.0 billion yen in total, in order to facilitate consistent financing. The Company has no borrowings outstanding on the basis of such contracts as of the end of the fiscal year under review.

##### ii) Capital expenditure

###### a. Major facilities whose construction was completed in the fiscal year under review

No item to report.

###### b. New construction and expansion of major facilities in progress during in the fiscal year under review

No item to report.

###### c. Major facilities removed in the fiscal year under review

No item to report.

- iii) Status of succession of rights and obligations of other companies' businesses due to absorption-type mergers and absorption-type company splits  
Effective December 1, 2019, the Company's subsidiary SRL, Inc. ("SRL"), and SRL's subsidiary SRL Medisearch, Inc. ("Medisearch") carried out an absorption-type company split whereby Medisearch's clinical trial testing and clinical research businesses were succeeded to SRL.
- iv) Status of acquisition and disposal of other companies' stock, equity interests and share acquisition rights, etc.  
On April 1, 2019, the Company established Miraca Cast, Inc.  
In December 2019, the Company's subsidiary Miraca Vitas, Inc. acquired shares of Japan Institute of Foods Ecology, Inc. ("JIFE"). Accordingly, JIFE is now a consolidated subsidiary of the Company given that the Group's subsidiaries now own all JIFE shares in their entirety upon combining the shares acquired by Miraca Vitas with the JIFE shareholdings of the Company's subsidiary Japan Clinical Laboratories, Inc.

(3) Status of assets and profit/loss in the last three fiscal years

(millions of yen)

	67 <sup>th</sup> term (FY 2016)	68 <sup>th</sup> term (FY 2017)	69 <sup>th</sup> term (FY 2018)	70 <sup>th</sup> term (FY 2019)
Net Sales	204,245	195,400	181,415	188,712
Ordinary Profit	26,385	16,567	11,524	6,468
Profit (loss) Attributable to Owners of Parent	333	257	6,386	(516)
Basic Earnings (loss) per Share (yen)	5.84	4.51	111.94	(9.06)
Total Assets	213,926	176,068	201,234	219,403
Net Assets	148,087	113,225	112,973	103,228

(4) Issues to be addressed

I. Medium-term Business Plan “Transform! 2020”: Summary and issues going forward

(A) Medium-term Business Plan “Transform! 2020”: Overall summary and issues

The clinical diagnostics and laboratory testing sector in general, has been experiencing a slowdown in growth associated with medical costs being curbed and decelerating economic growth in developed countries. On the other hand, the business environment in the sector has been rapidly undergoing drastic change which is giving rise to new growth opportunities brought about by factors such as the aging demographic, expansion of the domestic general practitioner market, growth in emerging markets, improvements in advanced medical technologies, and progress in IT technologies.

Amid such business environment, in order to achieve tremendous and sustained growth in the future, in May 2017 the Group announced that it had drawn up its Medium-term Business Plan “Transform! 2020” (the “Medium-term Business Plan”), with its final fiscal year being the fiscal year ended March 31, 2020, and has focused on leveraging its synergies through Group integration, developing foundations for growth, and transforming the organization and operations. At the same time, the Group set enhancing existing businesses, fortifying R&D, strengthening overseas strategy, and promoting strategy for business alliances as its priority measures and has combined its efforts with respect to implementing them.

The Company has achieved a certain level of growth in net sales in its domestic CLT and SR businesses, upon having implemented its Medium-term Business Plan. Notably, the domestic CLT business has achieved an average annual growth rate of 4.1% during the term of the Medium-term Business Plan, despite adverse effects on financial results due to the novel coronavirus infection during the plan’s final fiscal year. Nevertheless, net sales ended up below the target amount given a scenario whereby prices declined more than anticipated in the domestic CLT business, and whereby the Company was unable to make up for unfavorable developments that included delays in gaining new clients in the domestic CLT and IVD businesses.

Operating profit fell substantially below target. This was a result of factors that include: changes that occurred in the sales mix of test items and delays in emergence of positive outcomes brought about by efforts to streamline operations in the domestic CLT business; Asian expansion undertaken in the domestic CLT business, and; a certain level

of upfront cost incurred for the purpose of enhancing the OEM operations in the IVD business.

Unit: billions of yen (rounded)	Management numerical targets of the Medium-term Business Plan (Revised on May 10, 2018)* <sup>1</sup>	Actual results for the fiscal year ended March 31, 2020 (Disclosed on May 13, 2020)	Difference
Net sales	207.0	188.7	(18.3)
Operating profit	25.0	9.9	(15.1)
EBITDA* <sup>2</sup>	38.0	21.3	(16.7)
ROE	10% or more	(0.5)%	–
ROIC* <sup>3</sup>	8% or more	3.7%	–

\*1 The Company has revised management numerical targets for the fiscal year ended March 31, 2020, the final fiscal year of the Medium-term Business Plan, to factor for delayed progress in carrying out some measures and completion of the contract with the Japanese Red Cross Society.

\*2 EBITDA = Operating profit + Depreciation + Amortization of goodwill

\*3 ROIC = Net operating profit after tax (NOPAT): Operating profit - Estimated effective income tax / Invested capital (Yearly average of [Net assets + Interest-bearing liabilities (including lease obligations) + Other non-current liabilities])

Although results fell substantially short of the Medium-term Business Plan targets, the Company managed to build a business platform that will enable it to achieve dramatic and sustained growth through initiatives that have involved: undertaking capital investment geared to enhancing infrastructure of its existing businesses and undertaking upfront investment in new areas of business; leveraging its synergies through Group integration, particularly in the in-hospital testing business, and; transforming the organization and operations, and motivating the workforce. Going forward, we aim to achieve further sales growth by leveraging the business platform and will accordingly pursue profit growth in conjunction with that aim.

As for our new medium-term business plan, we continue to assess such plans with our sights set on the potential business environment after novel coronavirus infection has subsided. We will promptly release the plan as soon as it has been prepared.

## (B) CLT business: Summary and issues

### i) Acquisition of General Practitioner Clients

General practitioners have been gaining in importance amid an environment where efforts are being taken with respect to differentiating and coordinating functions of medical care, and promoting community-based integrated care systems. During the term of the Medium-term Business Plan, we established numerous satellite labs mainly around the Tokyo metropolitan area. In May 2018, for instance, we opened the SRL Advanced Lab. Azabu, which conducts fully automated general testing and also serves as a showroom. Moreover, we have been providing high-value-added services such as those that involve improving benefits to patients through external

collaboration (PHR\* and online medical care system), while also making our efforts to realize greater convenience and cutting costs for our general practitioner clients by drawing on IT tools. As a result of such initiatives, the net increase of general practitioner client accounts was accordingly 2,270 under the Medium-term Business Plan.

\*PHR: Personal Health Records

ii) Aggressive Investment in the In-hospital Testing Business

There has been mounting demand to achieve efficient operations of in-hospital testing amid increasing challenges with respect to hospital management. The Company has worked to gain new clients by redoubling its efforts involving proposal-based marketing carried out on the basis of standardized packages centered on products of the IVD business, resulting the net increase of 98 client accounts in the in-hospital testing business under the Medium-term Business Plan. Meanwhile, the in-hospital testing business has further strengthened its ties with medical institutions, which has led to more business encompassing related off-site testing.

iii) Initiatives in the Cutting-Edge Medical Field

Having launched the Cancer Genetics Strategy Office which specializes in cancer genomic medicine in January 2018, we have been able to speed up introductions of gene-related testing geared to working to further enhance our operations in the field of esoteric testing, a Company strength, by actively introducing advanced test items. In July 2019, we established Miraca Cells in Medical, Inc. (a preparatory company) to help pave the way for us to embark on business in the field of regenerative medicine and cell therapy.

iv) Entering Asian Markets

In February 2019, we established Ping An SRL Medical Laboratories as a joint venture with Ping An Healthcare Investment Management Co., Ltd. (“Ping An Healthcare”) with the aim of entering China’s clinical laboratory testing market, and in August 2019, we opened a testing laboratory in Shenzhen, Guangzhou Province, China. Through use of this facility, we have started providing consulting services to the nationwide network of testing laboratories to be opened by Ping An Insurance (Group) Company of China, Ltd. (4 laboratories have been opened as of March 31, 2020).

v) Establishment of New Company Involved in Collecting and Transporting Test Samples

In February 2019, we established Clinical Network G.K. upon having spun off operations pertaining to in-house operations for collecting and transporting test samples in order to further optimize and streamline operations that involve collecting test samples from medical institutions and transporting them to testing laboratories.

#### vi) Issues Going Forward

The matter of improving the revenue structure remains an ongoing issue to address. This is due to factors that include government demands for lower pricing associated with medical fee revision, changes in sales mix derived from increases in test items we have to outsource, and a situation whereby efforts to reduce fixed costs have fallen short of expectations due to delays in implementing various measures.

Going forward, we aim to achieve further sales growth with our sights set on commencing operations of the new CLT lab. At the same time, we will take steps to improve our revenue structure through efforts that improving marginal profit ratio in the CLT business overall, reorganizing our lab-network nationwide, making drastic improvements to test sample collection and transportation as well as operations in that regard, promoting alliances in the area of collection and transportation, and curbing personnel costs by streamlining operations.

#### (C) IVD business: Summary and issues

In the domestic LUMIPULSE business, although results were substantially affected by completion of the contract with the Japanese Red Cross Society during the term of the Medium-term Business Plan, its net sales of reagents for external entities, excluding effects of the contract termination, achieved growth in the final fiscal year of the Medium-term Business Plan amounting to approximately 6.4% in comparison with fiscal 2016. Moreover, the proportion of large equipment relative to the number of commercially installed machines in the overall market for the LUMIPULSE series has increased to 32.7% as of March 31, 2020, from 26.4% as of March 31, 2017, as a result of our efforts to accelerate installations of large equipment leveraging synergies with the CLT business. In addition, intra-group transactions involving the CLT business during the final fiscal year of the term of the Medium-term Business Plan amounted to approximately 2,331 million yen, for an increase of approximately 903 million yen in comparison with fiscal 2016. Going forward, we will enhance profitability of the domestic LUMIPULSE business by fully leveraging Group synergies and more swiftly expanding sales of new test items clients already installed the LUMIPULSE series.

As for the overseas LUMIPULSE business, in Europe we have achieved growth particularly in sales of test items for Alzheimer's disease. In China, we aim to increase profits as a result of Ping An Insurance Group of China, joint venture partner of the CLT business, continuously supplying testing instruments and reagents to testing laboratories operating throughout the nation.

The OEM and raw materials business has achieved strong sales centered on our U.S. subsidiaries. In the OEM business, we expect to encounter increasing growth in a variety of needs such as those involving IVD companies in Japan and overseas for outsourcing in order to streamline R&D with respect to clinical reagents and forming technical alliances in order to develop high-quality clinical reagents. In June 2019, we established Fujirebio Diagnostics Japan, Inc. with the aim of further expanding our OEM business. Fujirebio Diagnostics Japan will work toward commercializing contract development services that entail developing clinical reagents. To such ends, it will enlist the R&D strengths of Fujirebio Inc., thereby drawing on its patents as well as its technologies for

producing antigens and antibodies.

(D) SR business: Summary and issues

In the SR business, we aim to address needs in the medical field while also proactively offering services that help medical practitioners streamline operations and reduce costs, amid a scenario where hospitals are encountering an increasingly challenging business environment. In that regard, we have embarked on sales of products such as equipment, devices and consumables, and have also launched deposit inventory services to major clients, with the aims of enhancing our sterilization operations, which have long been a core service, while also providing overall solutions with respect to challenges facing operating rooms and central supply departments. In September 2019, we opened our Hinode Center as a new off-site sterilization center in Tokyo's Nishitama area in order to tap growing demand for off-site sterilization services particularly in the Tokyo metropolitan area.

Meanwhile, we will continue promoting business structural reform geared to drastically improving labor-intensive operations amid a scenario where the working population is poised to decline.

(E) ENB business: Summary and issues

With the aim of furthermore increasing the Group's corporate value, the Company is enhancing its efforts to develop new businesses taking technological relevance with respect to its existing businesses and synergies into account. In the home-visit nursing care and welfare equipment business, the Company entered the home-visit nursing care and home care support businesses under the Star-Q brand in October 2018. In so doing, the Company's aims include those of achieving differentiation in the medical field, facilitating alliances encompassing medical care and long-term care while promoting community-based integrated care systems, and addressing growth of in-home healthcare services and other market changes. Going forward, we will work to expand operations in part by continuing to open new business locations.

In the self-medication and related business, the Company made Selmesta Co., Ltd. a consolidated subsidiary in February 2019. Selmesta brings to the Group a new customer base consisting of corporate health insurance associations and their members. Going forward, we will furthermore extend synergies with the CLT business (medical examination clients) drawing on that customer base. Moreover, we will take steps to make self-medication more prevalent in part through involvement in health checkup services using postal mail and blood testing services provided at drugstores that offer prescription medicines.

As for our food product, environmental and cosmetics testing business, the Company made Japan Institute of Foods Ecology, Inc. a subsidiary in December 2019. Japan Institute of Foods Ecology has a robust business platform in Japan's Kansai area. Going forward, we aim to achieve growth in part by expanding our business geographically through collaboration with Miraca Vitas, Inc. which launched operations in June 2019 based in the Tokyo metropolitan area.

In our CRO business, SRL Medisearch, Inc. ("Medisearch") became a company

specializing in the CRO business in December 2019, upon Medisearch having carried out a company split with SRL, Inc. Going forward, we will engage in efforts to strengthen the CRO business, including those geared to upgrading the framework for addressing client needs.

(F) Construction of New CLT Lab

As stated in the press release “Announcement of Construction of New CLT Laboratory” released on June 22, 2018, construction is underway of the new CLT lab. It will be equipped with overwhelming technological strengths and efficiencies, which is to act as a pillar of the Group’s medium- to long-term growth in order for us to consistently provide high-quality testing services operating in the future business environment.

The new CLT lab will enable us to achieve dominant strengths in terms of cost competitiveness brought about through full automation and mass-volume processing with respect to general testing. We will also transform current satellite labs into STAT lab specialized in emergency testing, while also reorganizing our nationwide laboratory network encompassing our regional laboratories. Moreover, in the area of esoteric testing we will pursue efforts geared to radically streamlining operations while achieving further quality improvements. This will involve enlisting robotics and AI technologies beyond automation developed thus far by establishing facilities and an environment for handling cutting-edge test items.

We are also building a research and development facility on the same site for the purposes of conducting basic research linked to creating new businesses in the future, developing new test items, and engaging in development of next-generation testing platforms.

Although we had planned for a total of approximately 25.0 billion yen in investments related to equipment and IT systems, we now expect a total of approximately 33.0 billion yen in investments as a result of closely re-examining the fully automated operation of general testing labs and the development and validation process of IT systems as announced in, “Announcement Regarding Change of Investment Amount and Postponement of Commencement of Operation of New CLT Laboratory” dated May 13, 2020. Furthermore, we were aiming to commence operations at the beginning of fiscal 2021, but we now expect operations to commence in January 2022 as a result of postponing commencement of the first phase operation while moving forward with the commencement of the second phase operation with the aim of reducing operation costs by minimizing the double operation transition period among the New CLT lab and the existing Hachioji Lab.

In July 2019, we furthermore created a social finance framework for the purpose of procuring funds in the form of social financing<sup>(\*)</sup> to cover costs of installing equipment and IT systems in the new CLT lab, as well as to finance R&D geared to improving testing quality and achieving innovative technological development. The Group will enlist the new CLT lab with respect to carrying out initiatives geared to addressing the following six social challenges, as follows:

- i) Demands to reduce social welfare costs (medical costs) in Japan
- ii) Demands to reduce clinical testing costs while maintaining the quality of medical

care

- iii) Needs with respect to presymptomatic disease (whereby testing indicates abnormalities despite apparent lack of symptoms), comprehensive medical checkups, and cutting-edge medical treatments
  - iv) Needs for more comprehensive community-based healthcare
  - v) Disaster readiness (uninterrupted operation of testing facilities in the aftermath of earthquakes and other such disasters)
  - vi) Needs for R&D that gives rise to cutting-edge medical treatments
- (\*) Social financing refers to a means of procuring funds earmarked for operations that help address social challenges.

#### (G) Fortifying R&D

In the field of basic research, the Group established Miraca Research Institute G.K. in July 2017, thereby integrating activities that previously had been dispersed throughout the Group. To develop products and services that act as future drivers of growth by linking such efforts to “seeds” created through strengthening the basic research framework in-house and enhancing collaboration among Group companies and external organizations (open innovation), Miraca Research Institute has promoted wide-ranging basic research centered on the following three domains.

- Building platforms that enable innovative analysis, particularly in terms of conducting searches for new testing technologies
- Building technological infrastructure that supports regenerative medicine and other cutting-edge medical treatments
- Researching and implementing proprietary AI and robotics technologies that draw on big data that has been generated in the course of providing various medical services

In the field of CLT business, we aim to develop proprietary test items and achieve their early release, thereby addressing demand for increasingly sophisticated and complex testing technologies such as for genome and DNA analysis. We have also been working to further improve our testing quality and technological strengths, which has involved employing AI technologies with respect to chromosome testing and numerous other testing processes.

In the field of IVD business, we have been making progress with respect to our mainstay LUMIPULSE product line in terms of expanding the menu of reagent items in various testing categories.

## II. Plan for the fiscal year ending March 31, 2021

The clinical diagnostics and laboratory testing sector has entered a phase of further intensifying competition as a result of increasing globalization of the sector along with slowing growth in the Japanese market due to factors such as the nation’s consumption tax hike and medical fee revision. Amid that environment, we have been engaging in efforts geared to enhancing our revenue base on a Group-wide basis, which has involved strengthening our existing businesses and more swiftly expanding businesses in the fields of wellness and presymptomatic disease.

During the fiscal year ending March 31, 2021, we will endeavor to implement measures and improve operational efficiency with the aim of achieving ongoing growth in sales by adhering to a growth trajectory that is based on our “Transform! 2020” Medium-term Business Plan, in wake the fiscal year ended March 31, 2020, the plan’s final fiscal year.

Nevertheless, proliferation of novel coronavirus infection has substantially weighed on the Company, which engages in business in the medical field, given factors that include fewer medical facility visits by patients partially due to the government’s request that people refrain from unnecessary outings along with a lower number of testing services requested by medical institutions.

Accordingly, the Company has yet to determine its consolidated earnings forecast for the fiscal year ending March 31, 2021, due to the many prevailing uncertainties at this point in time amid such circumstances. We intend to disclose our consolidated earnings forecast for the fiscal year ending March 31, 2021, as soon as it is possible to arrive at reasonable and rational forecasts upon our having more accurately affirmed effects of the novel coronavirus infection.

### III. Shareholder Returns and Investment in Growth

The standard consolidated dividend payout ratio is 50% or more of profit attributable to owners of parent excluding special factors such as extraordinary income/losses, and profits produced from each business are paid out as a dividend to shareholders.

In addition, retained earnings are allotted with priority to investments in medium- and long-term growth.

#### (5) Principal Business (as of March 31, 2020)

The Miraca Group comprises the pure holding company Miraca Holdings Inc., SRL, Inc., Fujirebio Holdings, Inc., NIHON STERY CO., LTD., and their respective subsidiaries and affiliates. The Group’s businesses are clinical laboratory testing, manufacture and sale of clinical testing reagents, and sterilization and related services.

#### 4. Matters regarding Directors and Executive Officers

##### (1) Directors (As of March 31, 2020)

Position in the Company	Name	Duties in the Company	Significant Concurrent Positions
Director	Shigekazu Takeuchi	Nominating Committee Member Compensation Committee Member	Director, SRL, Inc. Director, Fujirebio Holdings, Inc. Director, Fujirebio Inc.
Director	Naoki Kitamura	–	Director, SRL, Inc. Statutory Auditor, Fujirebio Holdings, Inc. Chairman, Baylor Miraca Genetics Laboratories, LLC CEO, Miraca America, Inc. Director, SRL (Hong Kong) Limited
Director	Shigehiro Aoyama	Nominating Committee Member	External Director, Takamatsu Construction Group Co., Ltd. Outside Director, SUBARU CORPORATION Chairman, the Distribution Economics Institute of Japan
Director	Futomichi Amano	Audit Committee Chairman	Futomichi Amano CPA office
Director	Miyuki Ishiguro	Compensation Committee Chairman Audit Committee Member	Partner, Nagashima Ohno & Tsunematsu Council Member of Management Council, Hitotsubashi University Outside Corporate Auditor, Lasertec Corporation Outside Audit & Supervisory Board member, Benesse Holdings, Inc.
Director	Ryoji Itoh	Nominating Committee Chairman Compensation Committee Member	Project Professor at Graduate School of Media and Governance, Keio University Managing Director, Planetplan, Inc. External Director, SATO HOLDINGS CORPORATION
Director	Susumu Yamauchi	Audit Committee Member	Emeritus Professor, Hitotsubashi University Chairman, Textbook Approval and Research Council Outside Director, Reading Skill Test Inc. Auditor, National Institute of Technology

- Notes:
1. Mr. Shigehiro Aoyama, Mr. Futomichi Amano, Ms. Miyuki Ishiguro, Mr. Ryoji Itoh and Mr. Susumu Yamauchi are outside directors prescribed in Article 2, Item 15 of the Companies Act.
  2. The Company has designated Mr. Shigehiro Aoyama, Mr. Futomichi Amano, Mr. Ryoji Itoh and Mr. Susumu Yamauchi as independent directors as stipulated by the Tokyo Stock Exchange and has notified the Exchange accordingly.
  3. Mr. Futomichi Amano has a qualification of the certified public accountant and a considerable degree of knowledge on finance and accounting.
  4. The Company has the following committees:

Nominating Committee	Chairman	Ryoji Itoh
	Members	Shigehiro Aoyama Shigekazu Takeuchi
Audit Committee	Chairman	Futomichi Amano
	Members	Miyuki Ishiguro Susumu Yamauchi
Compensation Committee	Chairman	Miyuki Ishiguro
	Members	Ryoji Itoh Shigekazu Takeuchi

5. All members of the Audit Committee are appointed from among the part-time outside directors, and full-time Audit Committee members are not appointed, given the view that members of the Audit Committee must maintain a high degree of independence. An employee, who is independent from executive officers, is assigned to support the duties of the Audit Committee in order to provide internal company information to the Audit Committee and in order to coordinate with the Accounting Auditor, and departments in charge of internal control systems.

## (2) Executive Officers (As of March 31, 2020)

Position in the Company	Name	Duties in the Company	Significant Concurrent Positions
Representative Executive Officer	Shigekazu Takeuchi	President	Refer to “(1) Directors” hereinabove
Executive Officer	Naoki Kitamura	CFO, Legal Affairs, and Corporate Communications	Refer to “(1) Directors” hereinabove
Executive Officer	Yoshihiro Ashihara	IVD	President and CEO, Fujirebio Holdings, Inc. Director, Fujirebio Inc.
Executive Officer	Shunichi Higashi	CLT	President and CEO, SRL, Inc.
Executive Officer	Hiroaki Kimura	General Affairs and Information Technology	–
Executive Officer	Tadashi Hasegawa	Corporate Planning and Management	Director, SRL, Inc. Director, Miraca America, Inc. Director, SRL (Hong Kong) Limited
Executive Officer	Kazuya Omi	Research and Development	President, Miraca Research Institute G.K.

Note: Executive Officer Shigeto Ohtsuki retired on October 31, 2019.

- (3) Compensation for directors and executive officers, etc.
- a. Policy and determination methods on amounts of compensation for directors and executive officers or calculation method thereof

The Company, at the Compensation Committee, has established the following policies for determining compensation for respective directors and executive officers of the Company and determines the amounts and other conditions of compensation, etc. for respective directors and executive officers in accordance with these policies.

i) Compensation system

Compensation for directors and executive officers of the Company will be paid in the form of fixed-amount compensation based on official responsibilities in consideration of the scope and degree of responsibility for group management and other aspects, and will not be paid in the form of retirement benefits at the time of retirement. The amount of performance-based compensation will be changed depending on business results, with net sales, operating profit, net profit and other figures employed as criteria for determining results.

Directors serving concurrently as executive officers will receive compensation as executive officers.

ii) Directors' compensation

Directors' compensation will be determined as nil, or as a combination of fixed-amount compensation and share-based compensation in consideration of the duties of the respective directors. Reasonable upper limit will be set for the amount of payment in light of the economic situation, the Company's conditions and the duties of the respective directors.

The Company will pay compensation to outside directors, based on the details of their supervision activities, in addition to the combination of prescribed fixed-amount compensation and share-based compensation.

iii) Executive officers' compensation

Executive officers' compensation will be determined in combination of fixed-amount compensation, performance-based compensation and share-based compensation in consideration of the duties of the respective executive officers. An upper limit that is considered reasonable in light of the economic situation, the Company's conditions and the duties of the executive officers will be set for the amount of payment.

1) Compensation system

Compensation received by directors and executive officers of the Company shall be determined by a resolution of the Compensation Committee in light of the economic situation, the Company's conditions and the duties of the respective directors and executive officers, and based on the "Miraca Group Officers' Compensation Rules," "Rules of Compensation for Directors Not Serving Concurrently as Executive Officers," and "Rules of Compensation for Outside Directors."

Compensation for directors and executive officers consists of "basic compensation" which is fixed monetary compensation; "restricted stock compensation," which is fixed stock compensation; "performance-based compensation," in which the monetary compensation fluctuates in accordance with the degree of progress towards achieving performance targets over the short term; and trust-type share-based compensation, which is stock compensation linked to performance targets over the medium to long term. The breakdown of standard compensation ratios by titles generally as follows.

Title	Fixed Compensation		Short-term Performance-based Compensation	Medium- to Long-term Performance-based Compensation
	Money	Shares	Money	Shares
	Basic Compensation	Restricted Stock Compensation	Performance-based Compensation	Trust-type Share-based Compensation
President & Representative Executive Officer	0.44	0.11	0.22	0.23
Executive Officer	0.56 to 0.66	0.07 to 0.09	0.20 to 0.23	0.07 to 0.13
Director (Excluding Directors Serving Concurrently as Executive Officers)	1.00	0.00	0.00	0.00

\*Outside directors fall under "Director (Excluding Directors Serving Concurrently as Executive Officers)" above, and share-based compensation was not paid as Directors' compensation in the fiscal year under review.

2) Basic compensation

Although the benchmark for compensation is their titles, compensation is paid to executive officers after taking into account how each of them has performed in their duties, etc.

In addition to the prescribed fixed compensation, compensation is paid to directors in accordance with the details of their supervisory activities.

3) Restricted stock compensation

As well as providing an incentive to seek sustainable improvements in Group corporate value, restricted stock compensation is provided to executive officers to further promote shared value with shareholders.

i) Overview of restricted stock compensation scheme

- The Company grants monetary compensation claims to its executive officers, and the executive officers use these monetary compensation claims in their entirety to make an investment in kind in the Company, and are in turn issued with common shares of the Company (restricted stock).
- The amount of monetary compensation claims granted to each executive officer is determined by the Company's Compensation Committee. In addition, the details of issuance of restricted stock, etc. are determined by the Company's Board of Directors.
- The amount paid in per share of restricted stock is based on the closing price for the common shares of the Company on the Tokyo Stock Exchange on the business day before the day of the Board of Directors' resolution in relation to the details of

the issuance of restricted stock, etc. (in the event that no transactions were made on that day, the closing price on the most recent transaction day), and is determined by the Board of Directors of the Company within a range that does not offer a particularly advantageous amount to the executive officers receiving the stock.

ii) Main features of the restricted stock allotment agreement

When issuing restricted stock, the Company and the executive officers of the Company enter into a restricted stock allotment agreement. The main features of the agreement are as follows.

- Executive officers of the Company shall not, for a period of three years from the day on which they receive an issuance of restricted stock (hereafter, “the restricted period”), transfer, create a security interest on, or in any other way dispose of the restricted stock they have been allocated.
- In the event that certain grounds arise, the restricted stock allotted to the executive officers shall be acquired by the Company without contribution.
- In order to prevent the transfer, creation of security interest, or disposal in any other way of the restricted stock allocated to executive officers of the Company, during the restricted period the restricted stock shall be managed in dedicated accounts, opened by the executive officers, at a financial instruments business operator designated separately by the Company.

4) Performance-based compensation

In terms of short-term performance-based compensation, performance-based compensation shall be paid based on single-year performance, and on individual evaluation.

Evaluation of single-year performance will be based on the consolidated performance of the Group, but performance-based compensation for the executive officers in charge of CLT and IVD shall also take into account the evaluation of CLT segment and IVD segment performance, respectively. The breakdown of performance-based compensation by titles is as follows.

Title	Performance Evaluation Items			
	Single-year Performance (Note 1)			Individual Evaluation (Note 2)
	Consolidated Group Performance	CLT Segment Performance	IVD Segment Performance	
President & Representative Executive Officer	100%	–	–	–
Executive Officer (excluding Executive Officers in charge of CLT and IVD)	80%	–	–	20%
Executive Officer in charge of CLT	40%	60%	–	–
Executive Officer in charge of IVD	40%	–	60%	–

Note 1: With regard to “single-year performance” among performance evaluation items, because net sales growth is a priority issue under the current Medium-term Business Plan the emphasis is on year-on-year growth rate in net sales. They also take into account the degree of progress towards targets for profit and operating profit, with a view to promoting management that is aligned with shareholder interests, in respect of which performance evaluation indicator for “single-year performance” have been set as follows. The setting of specific criteria for evaluation, changing of those criteria, and determining performance-based compensation shall be resolved by the Compensation Committee.

Note 2: With regard to “individual evaluation” among performance evaluation items, the President & Representative Executive Officer will conduct a comprehensive evaluation of the status of execution of each executive officer’s duties on a person-by-person basis and then create a draft proposal, with the Compensation Committee determining compensation within a range fluctuating from 0% to 200% of the standard payment amount for each title.

Performance Evaluation Items	Performance Evaluation Indicator	Weight	Targets	Range of variation in payment
Consolidated Group Performance	Consolidated net sales	70%	Year-on-year growth rate	0% to 200%
	Consolidated profit	30%	Absolute amount stipulated in advance	0% to No upper limit
CLT Segment Performance	CLT net sales	70%	Year-on-year growth rate	0% to 200%
	CLT operating profit	30%	Absolute amount stipulated in advance	0% to No upper limit
IVD Segment Performance	IVD net sales	70%	Year-on-year growth rate	0% to 200%
	IVD operating profit	30%	Absolute amount stipulated in advance	0% to No upper limit

With regard to net sales indicators, if targets are 100% achieved then 100% of the standard amount will be paid, so that it fluctuates by 0% to 200%. With regard to profit and operating profit indicators, if targets are 100% achieved then 100% of the standard amount will be paid, fluctuating from 0% upwards, with no upper limit.

The targets for performance evaluation indicator in the fiscal year under review were resolved at a meeting of the Compensation Committee held on June 21, 2019. The targets and the actual results are as follows.

(Unit: Millions of yen)

Performance Evaluation Items	Performance Evaluation Indicator	Targets	Actual Results	Achievement Rate
Consolidated Group Performance	Consolidated net sales	175,283	186,614	106.5%
	Consolidated profit	8,794	(516)	(5.9)%
CLT Segment Performance	CLT net sales	109,077	112,812	103.4%
	CLT operating profit	10,089	4,817	47.7%
IVD Segment Performance	IVD net sales	42,720	41,602	97.4%
	IVD operating profit	6,266	6,089	97.2%

Note 1: With regard to net sales in Consolidated Group Performance and IVD Segment Performance, the impact of the Japanese Red Cross Society business is adjusted in relation to targets and actual results.

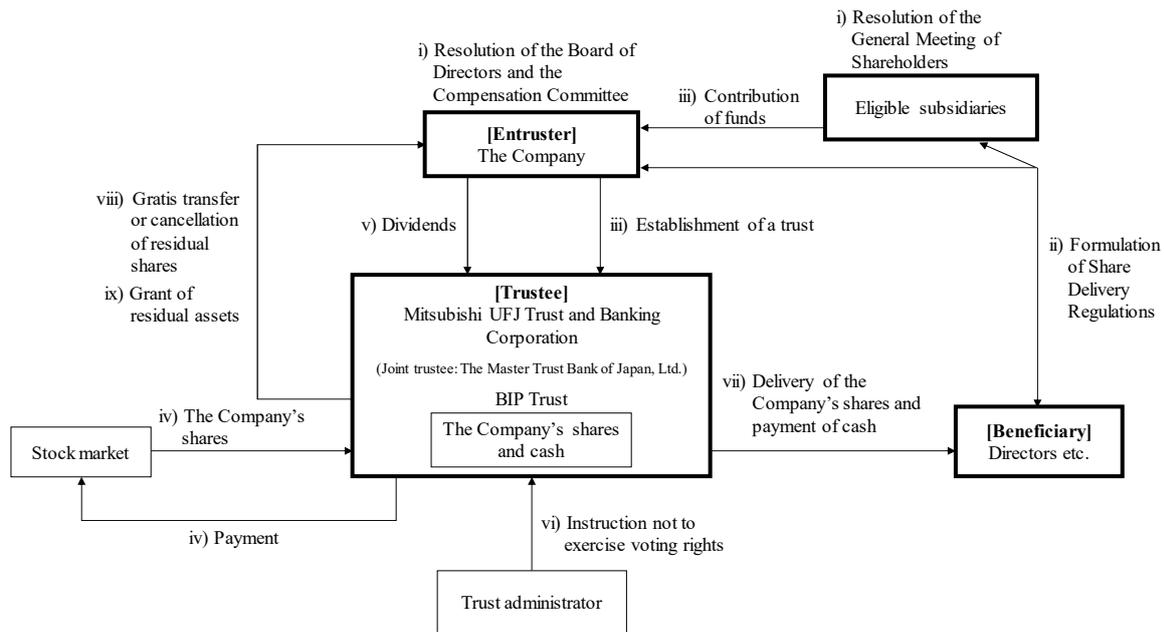
Note 2: Actual results of CLT segment performance do not include the results pertaining to clinical trial testing business.

## 5) Trust-type share-based compensation

By linking compensation for executive officers of the Company to the degree of progress towards targets set out in the Medium-term Business Plan, the Company aims to raise awareness of the need to contribute to improving performance over the medium to long term and enhancing corporate value, to which end it will provide trust-type share-based compensation.

### i) Overview of the trust-type share-based compensation scheme

As is the case with the performance-linked share-based compensation seen in the U.S. and Europe (performance shares), the trust-type share-based compensation is a scheme in which the shares of the Company or the amount of money equivalent to the converted value of the shares of the Company are delivered or provided, in accordance with their titles and the degree of progress towards performance targets.



- i) The Company has obtained approval from the Board of Directors and the Compensation Committee for the introduction of the trust-type share-based compensation scheme and the compensation for directors and executive officers.
- ii) In relation to the introduction of the trust-type share-based compensation scheme, the Company has formulated “Share Delivery Regulations” regarding compensation for directors and executive officers at a meeting of the Compensation Committee.
- iii) The Company shall combine a sum of money, the value of which is within a range approved by a resolution of the Compensation Committee, with the monetary contributions received from each eligible subsidiary and entrust this to a trust bank (the “Trustees”) in order to set up a trust (“the Trust”), the beneficiaries of which shall be directors, etc. of eligible companies (including executive officers of the Company; hereinafter the same shall apply) who satisfy the requirements for beneficiaries.
- iv) The Trustees of the Trust have, in accordance with the instructions of the trust administrator, obtained the Company’s shares from the stock market using the money contributed as in 3) as funds.
- v) Dividends shall be paid in relation to the Company’s shares held within the Trust in the same way as for other shares of the Company.
- vi) For the Company’s shares held within the Trust, voting rights shall not be exercised through the trust period.
- vii) During the trust period, a certain number of points shall be granted to directors, etc., in accordance with their titles and the degree of progress towards performance targets. For directors, etc. who satisfy a certain level of beneficiary requirements, shares of the Company, or the amount of money equivalent to the converted value of the shares of the Company, shall be delivered or provided in accordance with the number of points granted.
- viii) In the event that residual shares remain at the expiry of the trust period due to performance targets not being achieved or for some other reason, the Trust shall either continue to use them for a new stock compensation scheme as a result of a change in the trust agreement or additional trusts being made, or the Trust shall transfer the residual shares to the Company without contribution, after which acquisition it is expected that they will be canceled by a resolution of the Board of Directors.
- ix) When the Trust comes to an end, any assets remaining after distributions to beneficiaries are expected to be vested in the Company (which is the holder of vested rights), within the scope of the reserve for trust expenses, which are calculated by deducting funds to purchase stock from trust money.

- ii) Number of shares to be delivered, etc. (including shares that are subject to conversion)  
In principle, on June 1 for each year during the trust period, a certain number of points shall be granted to the executive officers of the Company in relation to the fiscal year that ended on March 31 of that year. The number of points shall be determined based on the individual’s title and the degree of progress towards consolidated net sales and consolidated operating profit targets for each fiscal year of the Medium-term Business Plan. Around the month of July after the ending of the target period (for the first time, this will be around July 2020), the number of shares,

which is the basis for delivery, etc. of the Company's shares, etc., shall be determined based on the total number of points for the three years (hereinafter, "stock delivery points"). The number of shares of the Company per point shall be one (1).

iii) Number of points granted per year

The method used to calculate the number of points granted per year is as follows.

<Calculation formula>

$$\begin{aligned} \text{Points granted (per year)} &= \text{Standard points (Note 1)} \times \text{Performance-linked coefficient} \\ \text{Performance-linked coefficient} &= \frac{\text{Granted percentage for consolidated net sales (Note 2)} \times 0.7 + \text{Granted percentage for consolidated operating profit (Note 2)} \times 0.3 \end{aligned}$$

\* The objectives of the Company's current Medium-term Business Plan are "growth in net sales," and "expansion of profits in existing businesses driven by growth in sales," and consolidated net sales and consolidated operating profit are used as indicators to show the degree of progress towards these objectives.

Moreover, taking into account the recent business environment and the conditions in which the Group operates, the term of the current Medium-term Business Plan has been positioned as a period for concentrating on initiatives to grow sales, which explains the setting of the performance-linked coefficient laid out above.

Notes: 1: "Standard points" are calculated by dividing the standard amount of trust-type share-based compensation determined for each title, by the closing price of 5,010 yen on the day before July 21, 2017, the date on which the Compensation Committee resolved the details of the trust-type share-based compensation scheme.

2: Based on the "Share Delivery Regulations" set out beforehand as they relate to trust-type share-based compensation, the granted percentage is determined by dividing the consolidated group results for each fiscal year by the consolidated targets for each fiscal year of the Medium-term Business Plan.

The granted percentages for consolidated net sales and consolidated operating profit for each fiscal year of the Medium-term Business Plan are as follows.

<Granted percentage for consolidated net sales>

Fiscal Years Covered by the Medium-term Business Plan	Consolidated Net Sales Achievement Ratio	Granted Percentage for Consolidated Net Sales
FY 2017 FY 2018	Less than 90%	0%
	90% to less than 106.7%	15 × Consolidated net sales achievement ratio – 1,350
	106.7% or more	250%
FY 2019 (Fiscal year under review)	Less than 90%	0%
	90% to less than 102.5%	20 × Consolidated net sales achievement ratio – 1,800
	102.5% or more	250%

\* Consolidated net sales achievement ratio (units are percentages, rounded down to one decimal place) =  $\frac{\text{Consolidated net sales result for each fiscal year}}{\text{Consolidated net sales target for each fiscal year of the Medium-term Business Plan}} \div$

<Granted percentage for consolidated operating profit>

Fiscal Years Covered by the Medium-term Business Plan	Consolidated Operating Profit Achievement Ratio	Granted Percentage for Consolidated Operating Profit
FY 2017 FY 2018 FY 2019 (Fiscal year under review)	Less than 80%	0%
	80% to less than 130%	5 × Consolidated operating profit achievement ratio – 400
	130% or more	250%

\* Consolidated operating profit achievement ratio (units are percentages, rounded down to one decimal place) =  $\frac{\text{Consolidated operating profit result for each fiscal year}}{\text{Consolidated operating profit target for each fiscal year of the Medium-term Business Plan}} \div$

The targets for performance evaluation items in the fiscal year under review were resolved at a meeting of the Compensation Committee held on November 28, 2017. The targets and the actual results are as follows.

(Unit: Millions of yen)

Performance Evaluation Indicator	Targets	Actual Results	Achievement Rate
Consolidated net sales	222,500	188,712	84.8%
Consolidated operating profit	29,426	9,939	33.8%

\* With regard to targets, assuming targets for each individual fiscal year within the Medium-term Business Plan, the impact of Miraca Life Sciences, Inc., which was deconsolidated during fiscal 2017 has been excluded.

iv) Conditions for delivering shares/providing money

In the event that executive officers of the Company meet the conditions laid out below (hereinafter, “share delivery conditions”), the right to receive delivery of shares of the Company or provision of the proceeds of selling such shares, shall be settled on the record date for beneficial rights prescribed in the “Share Delivery Regulations.”

Conditions for Delivering Shares	
i	Cases where for the duration of the target period, the individual continuously holds the position as either a director (excluding outside director), an executive officer of the Company, or as a director (excluding outside director) of a domestic subsidiary of the Company (hereinafter “eligible officers”)
ii	Cases where, during the target period, the eligible officer resigns from the position for reasons such as the expiry of their term, retirement, or some other justifiable reason.
iii	Cases where the individual dies during the target period
iv	Cases where the individual becomes a non-resident of Japan during the target period
v	Cases where, at the time the scheme is abolished, the individual is serving in any of the positions of an eligible officer

However, in cases where executive officers of the Company fall under any of the following categories before the record date for beneficial rights, or in any equivalent cases, the delivery of shares of the Company or the provision of proceeds of selling such shares, in accordance with the trust-type share-based compensation scheme, shall not be carried out.

Details	
i	Cases where there have been material violations of the individual’s responsibilities as an executive officer, or material violations of internal rules
ii	Cases where the individual resigns from any and all the positions of the eligible officer regardless of the will of the Company, or for personal or some other unjustifiable reason (however, they shall exclude situations caused by unavoidable circumstances, such as sickness).
iii	Cases where the individual is dismissed due to behavior corresponding to a reason for the dismissal of an executive officer
iv	Cases where the individual takes up work at a competitor without the approval of the Company.

- b. Details of compensation for directors and executive officers, etc.  
 Details of compensation for directors and executive officers, etc. for the fiscal year under review are as follows:

A. Total amount of compensation, total amount of compensation by type, and number of payees by classification

Classification	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)				Number of Payees (persons)
		Non-performance-based Compensation		Short-term Performance-based Compensation	Medium- to Long-term Performance-based Compensation	
		Money	Shares	Money	Shares	
		Basic Compensation	Restricted Stock Compensation	Performance-based Compensation	Trust-type Share-based Compensation	
Executive Officer	236	154	21	58	1	6
Director	64	64	-	-	-	5
[Outside Director]	[64]	[64]	[-]	[-]	[-]	[5]

- Notes: 1. The Company does not pay directors' compensation to directors serving concurrently as executive officers.  
 2. Two (2) executive officers, who serve concurrently as officers of business corporations that are the Company's subsidiaries, have received 98 million yen as officers' compensation from such business corporations in addition to the compensation stated in the above table.

B. Total amount of compensation of persons whose total amount of compensation exceeds 100 million yen, etc.

Such total amount of compensation has not been stated herein given an absence of persons whose total amount of compensation exceeds 100 million yen.

- c. Persons with decision-making authority in relation to policy for determining the amount of compensation for directors and executive officers or calculation method thereof  
 Because the Company is a "Company with Nominating Committee, etc." under the Companies Act, it has set up a Compensation Committee as an organization based on the Companies Act, in which the committee chair is an outside director, and outside directors form a majority of committee members.

A. Details of the Compensation Committee's authority and scope of discretion

The Compensation Committee determines the amount of compensation, etc. for executive officers and directors of the Company based on laws and regulations, the Articles of Incorporation and relevant rules of the Company.

B. Details of Compensation Committee activities during the process of determining compensation, etc. for directors and executive officers in the fiscal year under review  
 The Compensation Committee met at a frequency of about once every two months during the fiscal year under review.

On June 21, 2019 the Compensation Committee unanimously passed a resolution approving the "Miraca Group Officers' Compensation Rules," and the determining amounts for basic compensation of different individuals.

Next, in relation to restricted stock compensation the Committee unanimously passed a resolution on July 18, 2019 approving amounts to be granted to different individuals, and the number of shares to be allotted, in accordance with the "Miraca Group Officers' Compensation Rules."

Moreover, in relation to trust-type share-based compensation the Committee unanimously passed a resolutions approving points to be granted to different individuals in relation to results for the previous fiscal year on May 27, 2019, and the same in relation to results for the fiscal year under review on May 26, 2020, respectively, in accordance with the "Miraca Group Officers' Compensation Rules" and achievement ratios of the performance achievement indicators.

With regard to performance-linked compensation, the Committee unanimously passed a

resolution on May 26, 2020 approving payment amounts for different individuals, in accordance with the “Miraca Group Officers’ Compensation Rules” and achievement ratios of the performance achievement indicators.

In addition, all resolutions of the Compensation Committee are made after excluding any persons having a relationship of special interest.

(4) Main activities of outside directors

i) Attendance rate at Meetings of the Board of Directors and Committees (number of times of attendance/number of meetings held during the fiscal year)

Classification	Name	Board of Directors Meeting	Meeting of Nominating Committee	Meeting of Audit Committee	Meeting of Compensation Committee
Director	Shigehiro Aoyama	12/13	6/7	–	–
Director	Futomichi Amano	13/13	–	18/18	–
Director	Miyuki Ishiguro	13/13	–	17/18	6/6
Director	Ryoji Itoh	13/13	7/7	–	6/6
Director	Susumu Yamauchi	13/13	–	18/18	–

ii) Main activities during the fiscal year

Classification	Name	Main Activities
Director	Shigehiro Aoyama	At meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations based on his abundant experience and broad insight in corporate management. Also, at the Nominating Committee, he has made necessary remarks as appropriate.
Director	Futomichi Amano	He has performed duties as chairman of the Audit Committee, and at meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations based on his abundant experience and broad insight as an accounting specialist.
Director	Miyuki Ishiguro	She has performed duties as chairman of the Compensation Committee, and at meetings of the Board of Directors, she has made necessary remarks in connection with proposals and deliberations from her perspective as a lawyer who is well-versed in corporate law. Also, at the Audit Committee, she has made necessary remarks as appropriate.
Director	Ryoji Itoh	He has performed duties as chairman of the Nominating Committee and, at meetings of the Board of Directors, he has made necessary remarks in connections with proposals and deliberations from his broad insight, which was developed through his extensive experience as a business consultant and corporate manager at a business operating company. Also, at the Compensation Committee, he has made necessary remarks as appropriate.
Director	Susumu Yamauchi	At meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations based on his abundant experience and broad insight as President of Hitotsubashi University. Also, at the Audit Committee, he has made necessary remarks as appropriate.

## 5. Matters regarding Accounting Auditor

- (1) Name of Accounting Auditor  
PricewaterhouseCoopers Aarata LLC
- (2) Amount of compensation, etc. to Accounting Auditor
  - i) Total amount of compensation the Company and its subsidiaries paid to Accounting Auditor  
113 million yen
  - ii) Of i) above, the total amount of compensation the Company and its subsidiaries paid to Accounting Auditor in exchange for the work (audit certification work) stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948)  
113 million yen
  - iii) Of ii) above, the amount of compensation the Company paid to Accounting Auditor for the work as an accounting auditor  
48 million yen

Notes: 1. The audit agreement between the Company and Accounting Auditor does not and cannot practically distinguish between compensation for audit in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. Therefore, the figures of iii) above represent total amount.

2. The Company's Audit Committee has checked the audit plan in terms of its appropriateness, validity and other aspects its content, the basis for calculating audit compensation estimates, and details in that regard, taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association ("JASBA"), and upon review the committee has agreed on matters such as the compensation paid to the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

3. Of the Company's significant subsidiaries, Miraca America, Inc. is audited by certified public accountants or audit corporations (including those who possess equivalent qualifications in foreign countries) other than the Company's Accounting Auditor.

- (3) Policy for determining dismissal or refusal of reappointment of Accounting Auditor  
When Accounting Auditor is recognized as falling under the category stipulated by each Item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee dismisses the Accounting Auditor based on the consensus of all the committee members. In this case, a committee member appointed by the Audit Committee reports the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders to be held after the dismissal.  
With taking the quality, effectiveness and efficiency of audits conducted by Accounting Auditor into the consideration, the Audit Committee also discusses reappointment or refusal of reappointment of Accounting Auditor every year. When details of the item to be resolved at General Meeting of Shareholders on refusal of reappointment of the Accounting Auditor are determined, a committee member appointed by the Audit Committee provides necessary explanation about the item at General Meeting of Shareholders.

## **6. System to ensure appropriate execution of business operations and implementation thereof**

### **(1) Fundamental idea on corporate governance**

The Company brings about greater managerial efficiency based on its stated corporate mission to “create new value in Healthcare and contribute to the prosperity of people,” as well as its Vision, Values and Traits. We fully recognize the vital importance of cooperation encompassing a wide range of stakeholders both inside and outside the Group. Accordingly, we are committed to the establishment of a corporate governance structure that encourages greater managerial transparency and accelerates proper decision-making.

### **(2) Details of corporate organizations, system to ensure appropriate execution of business operations and implementation thereof**

The Company fully recognizes the importance of strong and thorough corporate governance, and is committed to the establishment of a governance structure that encourages greater transparency and accelerates proper decision-making at all levels of oversight, management and operation.

Therefore, the Company adopted the “Company with Committees” corporate governance system (currently the “Company with Nominating Committee, etc.”) under the Companies Act on June 27, 2005 and moved to a pure holding company structure that controls the Group on July 1, 2005.

#### **i) Corporate organizations**

The Company chose to adopt Company with Nominating Committee, etc. with the aim of achieving clear separation of oversight and executive functions giving executive officers the authority to make decisions with greater speed and provide more effective management for the operation of the Group companies. In addition, in accordance with the Companies Act and the committee system, the Company has established three committees: the Nominating, Audit and Compensation Committees.

The Board of Directors receive reports from each committee and from the executive officers regarding information on current corporate operations and target management achievements. The Board is thus able to provide timely, comprehensive and pertinent corporate oversight. Among the seven (7) members of the Board of Directors, the Company appoints five (5) as outside directors, each of whom is recognized as a leader in his or her respective field.

#### **1) Matters regarding limited liability agreements**

The Company amended the Articles of Incorporation at the 56th Ordinary General Meeting of Shareholders held on June 27, 2006, establishing provisions regarding limited liability agreements with outside directors.

An outline of the limited liability agreements entered into by the Company with all outside directors under the Articles of Incorporation is as follows:

- **Limited liability agreements with outside directors**

After execution of this agreement, the outside director shall, in the case of having performed his/her duties in good faith and without gross negligence with respect to the responsibility prescribed in Article 423, Paragraph 1 of the Companies Act,

assume liability for damages up to the higher of 2 million yen or the minimum liability amount prescribed by law and regulations.

- 2) Number of directors  
The Articles of Incorporation stipulate that the Company may have no more than ten (10) directors.
  - 3) Requirement for resolutions to elect directors  
The Company stipulates in its Articles of Incorporation that resolutions for election of directors are to be adopted by a majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding at least one-third (1/3) of the voting rights of the shareholders who are entitled to exercise their voting rights are present, and not by cumulative voting.
  - 4) Decision-making body for dividends of surplus  
The Company stipulates in its Articles of Incorporation that matters involving dividends of surplus as prescribed in the items of Article 459, Paragraph 1 of the Companies Act may be determined by resolution of the Board of Directors, and that matters prescribed in the items of Article 459, Paragraph 1 of the Companies Act may not be determined by resolutions made at a general meeting of shareholders. The purpose of this is to ensure flexibility with respect to capital policy and return of profits to shareholders.
  - 5) Exemption from liability as Director and Executive Officer  
In accordance with Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation have a provision enabling the Company to exempt Directors (including former Directors) and Executive Officers (including former Executive Officers) from their liability in relation to actions stipulated under Article 423, Paragraph 1 of the same act within the limit provided by laws and regulations, upon a resolution of the Board of Directors. The provision is intended to create an environment in which Directors and Executive Officers can fully exercise their capabilities in performing their duties and fulfill their expected roles.
  - 6) Requirement for a special resolution of the General Meeting of Shareholders  
The Company stipulates in its Articles of Incorporation that resolutions of a general meeting of shareholders pursuant to Article 309, Paragraph 2 of the Companies Act are to be adopted by a majority of two-thirds (2/3) or more of the voting rights of the shareholders in attendance where the shareholders holding at least one-third (1/3) of the voting rights of the shareholders who are entitled to exercise their voting rights are present. This provision is intended to enable smooth operation of general meetings of shareholders.
- ii) Overview of system to ensure appropriate execution of business operations  
Based on the following basic policy, the Company ensures that business operations are executed appropriately.
- 1) Mission, Vision, and Values and Traits  
<Mission>  
Miraca Group creates new value in Healthcare and contributes to the prosperity of people.

<Vision>

Develop innovative diagnostic solutions to enhance trust in Healthcare and drive its evolution.

<Values and Traits>

[Customer Centricity]

- Respond to medical care and healthcare needs, exceed customer expectations

[Sincerity and Trust]

- Be sincere and trustworthy, act with transparency
- Communicate openly and constructively, beyond the boundaries
- Gain and maintain trust from all stakeholders

[Creation of New Value]

- Strive for global value creation first and foremost; take risks to challenge and innovate
- Think and execute with global perspective
- Lead with result-orientation, speed and efficiency

[Mutual Respect]

- Respect diverse values, experience, expertise and teamwork
- Praise and celebrate challenges and successes
- Grow and help others to grow

2) Code of Conduct

The Company, as a corporate group, has established the Miraca Group Code of Conduct so that all officers and employees of the Group can embody the high ethical standards that they are expected to meet in the performance of their duties, and ensure that the officers and employees practice it in daily corporate activities.

3) Matters regarding directors and employee(s) who is assigned to support duties of the Audit Committee

The Company shall establish the Secretariat of the Audit Committee as an organization under the Audit Committee. Employee(s) who is assigned to support the duties of the Audit Committee belongs to the Secretariat of the Audit Committee.

4) Matters regarding independence of directors and employee(s) in 3) from executive officers

- Employee(s) of the Secretariat of the Audit Committee shall follow instructions of members of the Audit committee.
- For appointment and reassignment of the employee(s), treatment such as employee evaluation and transfer and budget allocation, the Secretariat of the Audit Committee shall give explanations to the Audit Committee in advance and obtain prior approval.

5) System of reporting from executive officers and employees to the Audit Committee and other systems of reporting to the Audit Committee

The Audit Committee may have people other than members participate in a meeting as necessary, and ask them to report on the following items, in addition to items stipulated by laws and regulations.

- a) Overview of activities of departments involved in internal control of the Group
- b) The Group's significant accounting policy, accounting standards and changes

thereof

- c) Details of important disclosure documents
  - d) Other matters to be reported as stipulated by the Company's internal rules
- 6) Other systems to ensure effective audit by the Audit Committee
- Members of the Audit Committee have authorities stipulated in the following items.
    - a) Authority to request other directors, executive officers, managers and other employees to report matters regarding execution of their duties
    - b) Authority to examine the status of the Company's business operations and assets
    - c) Authority to request the Company's subsidiaries or consolidated subsidiaries to report business operations or to examine the status of business operations and assets of the Company's subsidiaries or consolidated subsidiaries as necessary in order to exercise authorities of the Audit Committee
    - d) Other authorities regarding audit deemed necessary by the Audit Committee within the scope of laws and regulations
  - Directors, executive officers and employees who participate in a meeting of the Audit Committee by a request from the Committee are required to explain matters requested by the Committee.
  - A committee member appointed by the Audit Committee may participate in important meetings of the Company including the Group companies as necessary.
- 7) System to ensure appropriate execution of business operations of the stock company and the corporate group consisting of its parent company and subsidiaries
- To ensure appropriate execution of business operations of the Company's subsidiaries by conducting operation and management of the subsidiaries based on the management rules of the subsidiaries and affiliates as well as the agreement on responsibilities and authorities of the officers of the subsidiaries.
  - To establish a management structure based on the following rules and ensure appropriate execution of business operations of the corporate group.
    - a) The company and major business subsidiaries shall be covered.
    - b) The purpose shall be to comply with laws and regulations pertaining to effectiveness and efficiency of business operations, credibility of financial reporting and business activities.
    - c) Based on the Risk Management Rules, risk management of the corporate group shall be promoted.
    - d) A flow chart of major business processes shall be created including those of business subsidiaries to standardize business operations and conduct adequate risk management.
    - e) The Internal Audit Department shall conduct an audit on the system of internal controls.
  - The Internal Audit Departments of the Group companies shall report and exchange opinions on a regular basis and hold an audit liaison conference regularly in order to enhance cooperation between the Audit Committee and auditors of the Group companies.

- 8) System for storage and management of information on execution of duties by executive officers
 

Each executive officer shall appropriately store and manage documents and other relevant information regarding execution of their duties in accordance with the Rules for Management of Documents for Execution of Duties.
  - 9) Rules for management of risk of loss and other system
 

Based on the “Risk Management Rules” and “Rules for the Risk Management Committee,” a risk management system shall be established, and the Risk Management Committee shall promote it to manage the risk of loss.
  - 10) System to ensure efficient execution of duties by executive officers
    - Each executive officer executes duties based on the Rules of Duties of Executive Officers.
    - Each executive officer holds discussions and makes a report as necessary at the Board of Executive Officers’ meeting based on the Rules for the Board of Executive Officers.
  - 11) System to ensure compliance of execution of duties by executive officers and employees with laws and regulations and the Articles of Incorporation
    - While the ethical standards that all the members of the Company are expected to meet are codified in the Miraca Group Code of Conduct, the Code of Conduct Committee implements necessary measures based on the Rules for Management of the Code of Conduct Committee to ensure compliance of execution of duties by executive officers and employees with laws and regulations, the Articles of Incorporation and the Miraca Group Code of Conduct.
    - The Code of Conduct Committee detects illegal activities of the Company at an early stage and establishes and operates an internal reporting system in order to respond to it.
    - The Internal Audit Department conducts internal audits based on the Rules for Internal Audit.
- iii) Overview of implementation of system to ensure appropriate execution of business operations
- The following subsection provides an overview regarding implementation of the system for ensuring appropriate execution of business operations, with respect to the fiscal year under review.
- 1) Matters regarding audits performed by the Audit Committee
    - The Audit Committee consists of three (3) committee members and one (1) secretariat. Each member participates in important meetings of the Board of Executive Officers and Risk Management Committee, or otherwise confirms content of the meetings. Each member also holds a regular liaison conference with the Internal Audit Department and auditors of the relevant subsidiaries and directly conducts audits on the execution of duties as necessary, and the results of such activities are regularly reported to the Board of Directors. The Audit Committee exchanges ideas regularly with Accounting Auditor by requesting them to explain and report the initial audit plan, status of audits during the term

and results of the year-end audit.

- 2) Matters regarding ensuring appropriate execution of business operations of the corporate group
  - Management within the Group is conducted in a manner ensuring that business operations are executed appropriately on the basis of the “Rules of Duties of Executive Officers,” “management rules of the subsidiaries and affiliates,” “agreement on responsibilities and authorities of the officers of the subsidiaries” and other internal rules of the Company.
  - The Internal Audit Department reviews internal control system. Moreover, the Internal Audit Departments of respective Group companies report and exchange opinions on a regular basis.
- 3) Matters regarding management of risk of loss
  - Meetings of the Risk Management Committee are held regularly, in accordance with the “Risk Management Rules” and “Rules for the Risk Management Committee.” Moreover, risk assessment results and policies for addressing substantial risks faced by the Company and its major subsidiaries are reported to the Board of Directors.
- 4) Matters regarding compliance
  - The Internal Audit Department (ten (10) members) conducts internal audits of the Company and its major subsidiaries and assesses internal control independently on a regular basis in order to ensure legality, accuracy and efficiency of management and business operations. The Department reports the audit results and status of follow-up to the Board of Directors and the Audit Committee.
  - Meetings of the Code of Conduct Committee are held regularly, in accordance with “Miraca Group Code of Conduct.”
  - As part of its efforts to develop an internal reporting system, the Company has established the “Miraca Group Hotline” to report ethics and compliance concerns, and shares information regarding its operations with the Audit Committee. In addition, the Company also raises awareness of its rules for ensuring confidentiality of those reporting concerns and furthermore prohibiting disadvantageous treatment of such individuals.

## **7. Basic policy on control of stock company**

- I. Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company (Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company as stipulated by Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006))

The Board of Directors of the Company believes that the shareholders of the Company should make final decisions as to whether or not an offer to purchase shares is acceptable. In the event that the purchase of the shares of the Company is proposed, in order for the shareholders of the Company to make proper decisions, it is necessary for sufficient information to be provided to the shareholders of the Company through the Board of Directors of the Company. In particular, the shareholders of the Company should be given information regarding the terms and conditions of the purchase (including fairness of price), the influence the purchase has on the management of the Company and its group, the management policy and business plan that the purchaser intends to adopt, etc.

However, in the event that the purchase of the shares of the Company is proposed, the shareholder or the Company may not be given sufficient time or information necessary to consider the terms and conditions of the proposal or any alternative plan. The proposed structure may coerce the shareholders to accept the proposal of the purchase. The proposed purchase price may be inadequate or inappropriate in light of the Company's intrinsic corporate value and the common interests of the shareholders. In such case, there will be a threat of severe damage to the Company's corporate value and the common interests of the shareholders.

The Company believes that a person who conducts or proposes an inappropriate Large-scale Purchase which will raise a threat of severe damage to the Company's corporate value and the common interest of the shareholders is not appropriate as a person in control of decisions on the financial and operational policy of the Company.

The Company decided, at a meeting of the Board of Directors held on May 23, 2007, to establish the above as our Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company.

### II. Efforts supporting achievement of the basic policy

We are making efforts to enhance the Company's corporate value and to serve the common interests of our shareholders through the sound execution of the Medium-term Business Plan by proactively providing returns to shareholders and further strengthening the Company's corporate governance structure. We believe that the measures explained below will support the achievement of our basic policy described in Section I above. We believe it is obvious that the following initiatives, considering the details, do not undermine common interests of our shareholders and are not intended to maintain the status of company directors and officers.

1. Efforts to enhance the Company’s corporate value and to serve the common interests of shareholders through execution of the Medium-term Business Plan

The clinical diagnostics and laboratory testing sector has been experiencing a slowdown in growth associated with medical costs being curbed and decelerating economic growth in developed countries. On the other hand, the business environment in the sector has been rapidly undergoing drastic change which is giving rise to new growth opportunities brought about by factors such as the aging demographic, expansion of the general practitioner market, growth in emerging markets, improvements in advanced medical technologies, and progress in IT technologies.

Amid such circumstances, the Group has been placing top priority on considering measures that would help bring about tremendous growth into the future, and consequently has drastically transformed the growth and geographic strategies of its respective businesses.

As the first phase of implementing such strategies, the Company announced that it had drawn up its Medium-term Business Plan (the “Medium-term Business Plan”), with its final fiscal year being the fiscal year ended March 31, 2020. Under the Medium-term Business Plan, we have moved forward with a focus on building foundations and carrying out structural reforms in order to enhance our competitive strengths. In conjunction with such efforts, we have also successively introduced effective measures for achieving short-term growth. An overview of the plan is described in “(4) Issues to be addressed” of “1. Matters regarding current status of corporate group.”

As for the new medium-term business plan, the Company is continuing to assess such plans with its sights set on the notion of the business environment after novel coronavirus infection has subsided. The Company will promptly release the plan as soon as it has been prepared.

2. Efforts to Enhance the Company’s Corporate Value and to Serve the Common Interests of Shareholders through Proactively Providing Returns to Shareholders

The Company remains committed to the goal of actively returning profits to our shareholders mainly through dividends, while striving to attain the level of retained earnings needed for the Company to adequately address upcoming changes in the business environment and also to invest in M&As, R&D, and other future growth opportunities.

3. Efforts to Enhance the Company’s Corporate Value and to Serve the Common Interests of Shareholders through the Further Strengthening of the Corporate Governance Structure

The Company has adopted a “Company with Committees” (currently “Company with Nominating Committee, etc.”) corporate governance system in June 2005, leading to clear separation of the monitoring and execution functions as well as the establishment of an execution structure which allows for speedy operational implementation. From a corporate governance perspective, five (5) of the seven (7) board members are outside directors with high independency. Furthermore, we have established three committees: the Nominating, Audit and Compensation Committees in accordance with laws and

regulations, and continued efforts aimed at promoting fairness and transparency are being implemented. With respect to incentives and compensation, we have positioned the enhancement of corporate value and the common interests of our shareholders as our highest priorities, and have adopted a performance-based compensation plan for executive officers, while eliminating the retirement benefits system which was not highly correlated with performance and introducing a share-based compensation plan aimed to align interest between our shareholders and the officers and employees of the Company. Compensation provided to such officers and directors are disclosed in our annual securities reports, and business reports. We have further implemented various measures to stimulate activity at shareholders' meetings and to facilitate the exercise of voting rights, such as sending notice of shareholders' meetings at least 3 weeks in advance in order to secure sufficient time for our shareholders to appropriately exercise their voting rights and changing the date of shareholders' meetings to avoid the major concentration of shareholders' meetings at the end of June. Realizing the importance of maintaining and strengthening an appropriate governance structure, we have also established a basic policy for our internal control system, and have established an infrastructure to ensure proper business operations as a corporate group by reinforcing the framework for audits by the Audit Committee and by creating control guidelines for the entire group, including subsidiaries and affiliates.

- III. Efforts above being in line with the basic policy of I above and not undermining the common interests of shareholders, nor being intended to maintain the status of the company directors and officers and reasons thereof

The abovementioned efforts are for making maximum use of the Company's assets, making appropriate allocations of profits for securing retained earnings required to maintain and improve revenue and providing returns to our shareholders and maintaining and enhancing the adequate corporate governance system, thus contributing to enhancement of the Company's corporate value and serving the common interests of shareholders of the Company. Therefore, the efforts above are in line with the basic policy and do not undermine the common interests of shareholders, nor are they intended to maintain the status of the Company's directors and officers.

## CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

(Unit: Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>103,899</b>	<b>Current liabilities</b>	<b>55,299</b>
Cash and deposits	36,357	Notes and accounts payable - trade	12,318
Notes and accounts receivable - trade	32,737	Electronically recorded obligations - operating	1,290
Investments in leases	750	Short-term borrowings	10,000
Merchandise and finished goods	6,796	Current portion of long-term borrowings	4,166
Work in process	5,325	Lease obligations	1,471
Raw materials and supplies	5,829	Accounts payable - other	7,107
Other	16,193	Income taxes payable	1,050
Allowance for doubtful accounts	(90)	Provision for bonuses	6,235
		Other	11,659
<b>Non-current assets</b>	<b>115,332</b>	<b>Non-current liabilities</b>	<b>60,875</b>
<b>Property, plant and equipment</b>	<b>58,330</b>	Bonds payable	35,000
Buildings and structures	17,372	Long-term borrowings	16,216
Machinery, equipment and vehicles	3,259	Lease obligations	4,671
Tools, furniture and fixtures	18,572	Deferred tax liabilities	69
Land	11,670	Retirement benefit liability	3,167
Leased assets	4,765	Asset retirement obligations	709
Construction in progress	2,689	Provision for share-based remuneration	51
		Provision for compensation loss	458
		Other	531
<b>Intangible assets</b>	<b>21,027</b>	<b>Total liabilities</b>	<b>116,175</b>
Goodwill	1,514	<b>NET ASSETS</b>	
Customer-related intangible assets	970	<b>Shareholders' equity</b>	<b>105,156</b>
Software	5,904	Share capital	9,147
Leased assets	930	Capital surplus	24,869
Other	11,706	Retained earnings	72,772
<b>Investments and other assets</b>	<b>35,975</b>	Treasury shares	(1,633)
Investment securities	11,394	<b>Accumulated other comprehensive income</b>	<b>(2,069)</b>
Long-term loans receivable	3,935	Valuation difference on available-for-sale securities	(117)
Deferred tax assets	8,565	Foreign currency translation adjustment	(1,204)
Other	12,107	Remeasurements of defined benefit plans	(747)
Allowance for doubtful accounts	(27)	<b>Share acquisition rights</b>	<b>141</b>
<b>Deferred assets</b>	<b>171</b>	<b>Total net assets</b>	<b>103,228</b>
Bond issuance costs	171		
<b>Total assets</b>	<b>219,403</b>	<b>Total liabilities and net assets</b>	<b>219,403</b>

**CONSOLIDATED STATEMENT OF INCOME**

( From: April 1, 2019  
To: March 31, 2020 )

(Unit: Millions of yen)

<b>Net sales</b>		<b>188,712</b>
<b>Cost of sales</b>		<b>131,135</b>
<b>Gross profit</b>		<b>57,577</b>
<b>Selling, general and administrative expenses</b>		<b>47,637</b>
<b>Operating profit</b>		<b>9,939</b>
<b>Non-operating income</b>		
Interest income	109	
Dividend income	38	
Dividend income of insurance	35	
Rental income	108	
Outsourcing service income	28	
Foreign exchange gains	78	
Other	159	<b>558</b>
<b>Non-operating expenses</b>		
Interest expenses	230	
Rental expenses	43	
Share of loss of entities accounted for using equity method	3,473	
Other	282	<b>4,029</b>
<b>Ordinary profit</b>		<b>6,468</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	2	
Gain on sales of investment securities	869	
Gain on reversal of share acquisition rights	43	
Gain on step acquisitions	283	
Other	9	<b>1,207</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	98	
Loss on valuation of shares of subsidiaries and associates	475	
Impairment loss	209	
Loss on cancellation of leases	335	
Loss on termination of contracts	321	
Other	121	<b>1,562</b>
<b>Profit before income taxes</b>		<b>6,113</b>
Income taxes - current	829	
Income taxes - deferred	5,800	6,629
<b>Loss</b>		<b>(516)</b>
<b>Loss attributable to owners of parent</b>		<b>(516)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

〔 From: April 1, 2019  
To: March 31, 2020 〕

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at beginning of period</b>	<b>9,113</b>	<b>24,835</b>	<b>80,601</b>	<b>(1,631)</b>	<b>112,920</b>
<b>Cumulative effects of changes in accounting policies</b>			<b>628</b>		<b>628</b>
<b>Restated balance</b>	<b>9,113</b>	<b>24,835</b>	<b>81,230</b>	<b>(1,631)</b>	<b>113,549</b>
<b>Changes during period</b>					
Issuance of new shares - exercise of share acquisition rights	2	2			4
Issuance of new shares - restricted stock	31	31			63
Dividends of surplus			(7,425)		(7,425)
Loss attributable to owners of parent			(516)		(516)
Purchase of treasury shares				(2)	(2)
Change in scope of consolidation			(199)		(199)
Change in scope of equity method			(317)		(317)
Net changes in items other than shareholders' equity					
<b>Total changes during period</b>	<b>34</b>	<b>34</b>	<b>(8,458)</b>	<b>(2)</b>	<b>(8,392)</b>
<b>Balance at end of period</b>	<b>9,147</b>	<b>24,869</b>	<b>72,772</b>	<b>(1,633)</b>	<b>105,156</b>

(Unit: Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>345</b>	<b>(81)</b>	<b>(393)</b>	<b>(129)</b>	<b>182</b>	<b>112,973</b>
<b>Cumulative effects of changes in accounting policies</b>						<b>628</b>
<b>Restated balance</b>	<b>345</b>	<b>(81)</b>	<b>(393)</b>	<b>(129)</b>	<b>182</b>	<b>113,602</b>
<b>Changes during period</b>						
Issuance of new shares - exercise of share acquisition rights						4
Issuance of new shares - restricted stock						63
Dividends of surplus						(7,425)
Loss attributable to owners of parent						(516)
Purchase of treasury shares						(2)
Change in scope of consolidation						(199)
Change in scope of equity method						(317)
Net changes in items other than shareholders' equity	(463)	(1,122)	(353)	(1,939)	(41)	(1,981)
<b>Total changes during period</b>	<b>(463)</b>	<b>(1,122)</b>	<b>(353)</b>	<b>(1,939)</b>	<b>(41)</b>	<b>(10,374)</b>
<b>Balance at end of period</b>	<b>(117)</b>	<b>(1,204)</b>	<b>(747)</b>	<b>(2,069)</b>	<b>141</b>	<b>103,228</b>

**NON-CONSOLIDATED BALANCE SHEET**

(As of March 31, 2020)

(Unit: Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>41,987</b>	<b>Current liabilities</b>	<b>42,733</b>
Cash and deposits	30,648	Short-term borrowings	10,000
Accounts receivable - trade	441	Current portion of long-term borrowings	4,166
Prepaid expenses	490	Accounts payable - other	2,771
Short-term loans receivable from subsidiaries and associates	777	Accrued expenses	111
Accounts receivable - other	9,477	Income taxes payable	88
Other	151	Deposits received	25,174
		Unearned revenue	5
		Provision for bonuses	28
		Other	387
<b>Non-current assets</b>	<b>119,190</b>	<b>Non-current liabilities</b>	<b>51,737</b>
<b>Property, plant and equipment</b>	<b>636</b>	Bonds payable	35,000
Buildings	330	Long-term borrowings	16,216
Tools, furniture and fixtures	149	Provision for share-based remuneration	51
Construction in progress	156	Provision for compensation loss	458
<b>Intangible assets</b>	<b>1,389</b>	Other	10
Software	1,222	<b>Total liabilities</b>	<b>94,471</b>
Other	166	<b>NET ASSETS</b>	
<b>Investments and other assets</b>	<b>117,164</b>	<b>Shareholders' equity</b>	<b>66,748</b>
Investment securities	1,437	<b>Share capital</b>	<b>9,147</b>
Shares of subsidiaries and associates	59,659	<b>Capital surplus</b>	<b>24,869</b>
Bonds of subsidiaries and associates	37,450	Legal capital surplus	24,869
Investments in capital	1,382	Other capital surplus	0
Investments in capital of subsidiaries and associates	891	<b>Retained earnings</b>	<b>34,364</b>
Long-term loans receivable from subsidiaries and associates	4,795	Legal retained earnings	928
Guarantee deposits	8,016	Other retained earnings	33,436
Deferred tax assets	3,783	Retained earnings brought forward	33,436
Other	117	<b>Treasury shares</b>	<b>(1,633)</b>
Allowance for doubtful accounts	(369)	<b>Valuation and translation adjustments</b>	<b>(11)</b>
<b>Deferred assets</b>	<b>171</b>	Valuation difference on available-for-sale securities	(11)
Bond issuance costs	171	<b>Share acquisition rights</b>	<b>141</b>
		<b>Total net assets</b>	<b>66,877</b>
<b>Total assets</b>	<b>161,349</b>	<b>Total liabilities and net assets</b>	<b>161,349</b>

**NON-CONSOLIDATED STATEMENT OF INCOME**

〔 From: April 1, 2019  
To: March 31, 2020 〕

(Unit: Millions of yen)

<b>Operating revenue</b>		
Dividend income	34,090	
Service revenue	5,986	<b>40,077</b>
<b>Operating expenses</b>		<b>7,363</b>
<b>Operating profit</b>		<b>32,713</b>
<b>Non-operating income</b>		
Interest income	163	
Rental income	370	
Other	61	<b>595</b>
<b>Non-operating expenses</b>		
Interest expenses	126	
Interest on bonds	93	
Rental expenses	327	
Other	65	<b>613</b>
<b>Ordinary profit</b>		<b>32,696</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	869	
Gain on reversal of share acquisition rights	43	<b>912</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	1	
Loss on valuation of investments in capital of subsidiaries and associates	2,128	
Provision of allowance for doubtful accounts	369	
Other	9	<b>2,509</b>
<b>Profit before income taxes</b>		<b>31,098</b>
Income taxes - current	(486)	
Income taxes - deferred	3,923	<b>3,436</b>
<b>Profit</b>		<b>27,662</b>

**NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

( From: April 1, 2019  
To: March 31, 2020 )

(Unit: Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						General reserve	Retained earnings brought forward			
<b>Balance at beginning of period</b>	9,113	24,835	0	24,835	928	13,250	(50)	14,127	(1,631)	46,446
<b>Changes during period</b>										
Issuance of new shares - exercise of share acquisition rights	2	2		2						4
Issuance of new shares - restricted stock	31	31		31						63
Dividends of surplus							(7,425)	(7,425)		(7,425)
Profit							27,662	27,662		27,662
Reversal of general reserve						(13,250)	13,250	-		-
Purchase of treasury shares									(2)	(2)
Net changes in items other than shareholders' equity										
<b>Total changes during period</b>	34	34	-	34	-	(13,250)	33,486	20,236	(2)	20,302
<b>Balance at end of period</b>	9,147	24,869	0	24,869	928	-	33,436	34,364	(1,633)	66,748

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
<b>Balance at beginning of period</b>	388	388	182	47,017
<b>Changes during period</b>				
Issuance of new shares - exercise of share acquisition rights				4
Issuance of new shares - restricted stock				63
Dividends of surplus				(7,425)
Profit				27,662
Reversal of general reserve				-
Purchase of treasury shares				(2)
Net changes in items other than shareholders' equity	(399)	(399)	(41)	(441)
<b>Total changes during period</b>	(399)	(399)	(41)	19,860
<b>Balance at end of period</b>	(11)	(11)	141	66,877