Japan Medical Dynamic Marketing, INC.
12-2 Ichigayadaimachi, Shinjuku-ku
Tokyo 162-0066 Japan

May 31, 2019

NOTICE OF CONVOCATION OF THE 47th ORDINARY GENERAL MEETING OF SHAREHOLDERS

To: Our Shareholders

You are cordially invited to attend the 47th Ordinary General Meeting of Shareholders, which will be held as described below.
In the event you are unable to attend, you may exercise your voting rights in writing. You are requested to study the attached Reference Documents for the General Meeting of Shareholders, indicate your approval or disapproval for each proposal on the enclosed Voting Rights Exercise Form and return it by Thursday, June 20, 2019 at 5:00 p.m.

Sincerely yours,

Masao Okawa
Representative Director and President

1. Date and time: 10:00 a.m., Friday, June 21, 2019

2. Venue: Ohgi Room, 4th Floor of the South Tower, Keio Plaza Hotel 2-2-1 Nishi Shinjuku, Shinjuku-ku, Tokyo

3. Agenda

Matters to be reported

(1) Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 47th fiscal term (from April 1, 2018 to March 31, 2019)

(2) Non-consolidated Financial Statements for the 47th fiscal term (from April 1, 2018 to March 31, 2019)

Matters to be resolved

Proposal No.1 : Appropriation of Surplus
Proposal No.2 : Election of Nine (9) Directors
Proposal No.3 : Election of Three (3) Statutory Auditors
Proposal No.4 : Election of One (1) Substitute Statutory Auditor

Notes:
1. If the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders are amended, the amended matters will be presented on the website of the Company (http://www.jmdm.co.jp/).
2. For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the Meeting.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2019)

		(Thousands of yen)
ASSETS		
CURRENT ASSETS		**14,800,643**
Cash in hand and in banks		2,261,419
Trade receivables		4,575,784
Merchandise and finished goods		6,407,913
Work in process		345,488
Raw materials and supplies		976,158
Other current assets		246,228
Allowance for bad debts		(12,350)
FIXED ASSETS		**8,691,631**
TANGIBLE:		**7,362,159**
Buildings and structures		710,122
Machinery, equipment and vehicles		239,205
Tools, furniture and fixtures		4,376,662
Land		1,988,783
Other fixed assets		47,385
INTANGIBLE:		**182,268**
INVESTMENTS AND OTHER ASSETS:		**1,147,203**
Deferred tax assets		1,101,717
Other investments		45,497
Allowance for bad debts		(11)
	Total assets	**23,492,274**

CONSOLIDATED BALANCE SHEET

(As of March 31, 2019)

	(Thousands of yen)
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**5,140,284**
Accounts payable	1,060,500
Short-term bank loans	2,885,397
Lease obligations	30,621
Income taxes payable	170,732
Accrued expenses	407,923
Accounts payable, other	288,503
Accounts payable-installment purchase	36,807
Provision for bonuses	176,991
Provision for directors' bonuses	58,660
Other current liabilities	24,147
LONG-TERM LIABILITIES	**3,118,446**
Long-term bank loans	1,519,188
Lease obligations	96,117
Net defined benefit liability	1,008,861
Provision for directors' stock payments	42,334
Asset retirement obligations	28,062
Long-term accounts payable-installment purchase	3,097
Long-term deposits received	6,500
Deferred tax liabilities	414,285
Total liabilities	**8,258,731**
NET ASSETS	
STOCKHOLDERS' EQUITY	**14,891,431**
Common stock	**3,001,929**
Additional paid-in-capital	**2,587,029**
Retained earnings	**9,378,741**
Treasury stocks	**(76,268)**
Valuation And Translation Adjustments Abstract	**297,369**
Deferred gains or losses on hedges	**23,141**
Adjustments on foreign currency statement translation	**458,457**
Remeasurements of defined benefit plans	**(184,229)**
Non-controlling interests	**44,742**
Total net assets	**15,233,543**
Total liabilities and net assets	**23,492,274**

CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2019)

(Thousands of yen)

Net Sales		**16,728,891**
Cost of sales		**4,916,934**
Gross profit		**11,811,956**
Selling, general and administrative expenses		**9,576,983**
Operating income (loss)		**2,234,972**
Non operating income		
Interest income	248	
Commission fee	11,502	
Foreign exchange gains	85,750	
Others	7,059	104,560
Non operating expenses		
Interest expenses	104,481	
Syndicated loan commission	13,131	
Others	13,442	131,054
Ordinary income (loss)		**2,208,479**
Extraordinary losses		
Loss on disposal of fixed assets	39,180	39,180
Profit (loss) before income taxes		**2,169,298**
Income taxes - current	191,355	
Income taxes - deferred	-19,232	**172,122**
Profit (loss)		**1,997,175**
Profit (loss) attributable to non-controlling interests		**12,592**
Profit (loss) attributable to owners of parent		**1,984,583**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(For the year ended March 31, 2019)

(Thousands of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury Stock	Total
Balance at April 1, 2018	3,001,929	2,587,029	7,605,845	(76,244)	13,118,559
Changes in the year ended March 31, 2019					
Cash dividend			(211,687)		(211,687)
Profit (loss) attributable to owners of parent for the year ended March 31, 2019			1,984,583		1,984,583
Purchase of treasury shares				(23)	(23)
Net change in items other than shareholders' equity during the year ended March 31, 2019					
Total (net)	—	—	1,772,895	(23)	1,772,871
Balance at March 31, 2019	3,001,929	2,587,029	9,378,741	(76,268)	14,891,431

(Thousands of yen)

	Valuation And Translation Adjustments Abstract				Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Adjustments on foreign currency statement translation	Remeasurements of defined benefit plans	Total		
Balance at April 1, 2018	6,730	311,312	(203,166)	114,877	29,872	13,263,309
Changes in the year ended March 31, 2019						
Cash dividend						(211,687)
Profit (loss) attributable to owners of parent for the year ended March 31, 2019						1,984,583
Purchase of treasury shares						(23)
Net change in items other than shareholders' equity during the year ended March 31, 2019	16,410	147,144	18,937	182,492	14,870	197,362
Total (net)	16,410	147,144	18,937	182,492	14,870	1,970,234
Balance at March 31, 2019	23,141	458,457	(184,229)	297,369	44,742	15,233,543

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2019)

(Thousands of yen)

ASSETS		
CURRENT ASSETS		**9,673,730**
Cash in hand and in banks		2,143,489
Notes receivable, trade		999,092
Electronically recorded monetary claims - operating		1,179,852
Accounts receivable, trade		1,569,157
Merchandise and finished goods		3,643,469
Work in process		14,540
Raw materials and supplies		31,627
Prepaid expenses		58,506
Short-term loans receivable		647
Accounts receivable, other		8,768
Other current assets		36,955
Allowance for bad debts		(12,377)
FIXED ASSETS		**8,333,928**
TANGIBLE:		**4,712,278**
Buildings		402,688
Structures		507
Machinery and equipment		432
Vehicles		1,612
Tools, furniture and fixtures		2,346,118
Land		1,960,919
INTANGIBLE:		**107,596**
Software		98,425
Telephone rights		9,170
INVESTMENTS AND OTHER ASSETS:		**3,514,053**
Investments in subsidiaries		2,643,682
Long-term loans receivable		3,449
Deferred tax assets		824,884
Leasehold deposits		39,847
Other investments		2,200
Allowance for bad debts		(11)
	Total assets	**18,007,658**

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2019)

(Thousands of yen)

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	**2,321,854**
Accounts payable, trade	560,152
Short-term bank loans	898,318
Lease obligations	30,621
Accounts payable, other	290,401
Accounts payable-installment purchase	36,807
Accrued expenses	75,164
Income taxes payable	170,589
Accrued consumption taxes	10,780
Provision for bonuses	176,991
Provision for directors' bonuses	58,660
Deposits received	13,367
LONG-TERM LIABILITIES	**2,438,624**
Long-term bank loans	1,519,188
Lease obligations	96,117
Accrued retirement benefits to employees	743,324
Provision for directors' stock payments	42,334
Long-term accounts payable-installment purchase	3,097
Long-term deposits received	6,500
Asset retirement obligations	28,062
Total liabilities	**4,760,479**
NET ASSETS	
STOCKHOLDERS' EQUITY	**13,224,038**
Common stock	**3,001,929**
Capital Surplus	**2,587,029**
Additional paid-in-capital	2,587,029
Retained earnings	**7,711,347**
Legal reserve	197,500
Retained earnings, other	7,513,847
General reserve	4,913,000
Unappropriated retained earnings	2,600,847
Treasury stocks	**(76,268)**
Valuation and translation adjustments	**23,141**
Deferred gains or losses on hedges	23,141
Total net assets	**13,247,179**
Total liabilities and net assets	**18,007,658**

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

(For the year ended March 31, 2019)

(Thousands of yen)

Net Sales		**10,162,090**
Cost of sales		**3,982,806**
Gross profit		**6,179,284**
Selling, general and administrative expenses		**5,064,755**
Operating income (loss)		**1,114,528**
Non operating income		
Interest income	248	
Contract services income	100,000	
Commission fee	11,502	
Others	1,617	113,368
Non operating expenses		
Interest expenses	15,175	
Foreign exchange losses	2,049	
Syndicated loan commission	13,131	
Others	8,539	38,894
Ordinary income (loss)		**1,189,002**
Extraordinary losses		
Loss on disposal of fixed assets	38,390	38,390
Profit (loss) before income taxes		**1,150,612**
Income taxes - current	214,652	
Income taxes - deferred	(43,555)	**171,097**
Profit (loss)		**979,514**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the year ended March 31, 2019)

(Thousands of yen)

	Stockholders' equity						
	Common stock	Capital surplus	Retained earnings			Treasury stock	Total
		Additional paid-in capital	Legal reserve	Others			
				General reserve	Unappropriated retained earnings		
Balance at April 1, 2018	3,001,929	2,587,029	197,500	4,913,000	1,833,020	(76,244)	12,456,234
Changes in the year ended March 31, 2019							
Cash dividend					(211,687)		(211,687)
Profit(loss) for the year ended March 31, 2018					979,514		979,514
Purchase of treasury shares						(23)	(23)
Net change in items other than shareholders' equity during the year ended March 31, 2019							
Total (net)	—	—	—	—	767,827	(23)	767,803
Balance at March 31, 2019	3,001,929	2,587,029	197,500	4,913,000	2,600,847	(76,268)	13,224,038

(Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total	
Balance at April 1, 2018	6,730	6,730	12,462,965
Changes in the year ended March 31, 2019			
Cash dividend			(211,687)
Profit(loss) for the year ended March 31, 2018			979,514
Purchase of treasury shares			(23)
Net change in items other than shareholders' equity during the year ended March 31, 2019	16,410	16,410	16,410
Total (net)	16,410	16,410	784,214
Balance at March 31, 2019	23,141	23,141	13,247,179

Proposals and References

Proposal No.1: Appropriation of Surplus

In view of the operating results for the fiscal term, future business development and other factors, the Company proposes to pay the year-end dividend for the 47th fiscal term as follows.

(1) Dividend property classification
Cash

(2) Matters related to allotment of dividend property and its total amount
¥9 per one (1) common stock share of the Company
In this case, the total amount to be paid out in the form of dividends comes to ¥238,148,703.

(3) Effective date of distribution of surplus
June 24, 2019

Proposal No.2: Election of Nine (9) Directors

The term of office of nine (9) Directors, Messrs. Masao Okawa, Katsuhiko Seshita, Koichi Kondo, Toshiyuki Hironaka, Masahiko Okuyama, Shinji Nakagaki, Naoto Sawaki, Hiroshi Ishikawa and Toshio Saburi will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following nine (9) Directors.
The candidates for Directors are as follows:

Candidate Number	**Name** (Date of Birth)	**Career summary, major concurrent titles at other companies, and position and responsibility at the Company**	**Number of Company shares held**
1	**Masao Okawa** (September 8, 1956) (Reappointment)	October 1982 Joined Chuo Accounting Audit Corporation August 2001 Joined Japan Medical Dynamic Marketing, INC. and appointed Director, Divisional General Manager of the Control Division September 2001 Director of Ortho Development Corporation (current position) October 2002 Director in charge of overseas affairs (stationed in the United States) March 2003 Representative Director and President of Ortho Development Corporation August 2003 Managing Director in charge of overseas affairs August 2009 Representative Director and President (current position)	39,730 shares
	Reason for the nomination as a candidate for Director Mr. Masao Okawa has been involved in management as the Representative Director, and has led the Company and its Group companies (hereinafter "the Group") in working to enhance its functions as a manufacturer and expand its business in North America. He has steadily advanced the medium-term management plan, bringing recovery of the Group's business performance to a situation in which it can be fully evaluated. In the Board of Directors as well, he has demonstrated his leadership abilities to make critical management decisions, and fully supervise the execution of business by other Directors. The Company has judged that this candidate's achievements and management leadership ability are necessary in order to promote the medium-term management plan which is currently underway by the Company and achieve sustainable growth, and so has nominated Mr. Masao Okawa as a candidate to continue serving as a Director.		

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">2</td><td>Katsuhiko Seshita
(July 26, 1963)
(Reappointment)</td><td>December 1988
March 2001

July 2001
July 2003
June 2007
August 2007</td><td>Joined Japan Medical Dynamic Marketing, INC.
General Manager of the Sales Department of the Sales Division and Head of the Tokyo Sales Office
General Manager of the First Sales Department of the Sales Division
Manager of the Sales Strategy Department of the Sales Division
Divisional Manager of the Sales Division
Director, Divisional Manager of the Sales Division (current position)</td><td>28,752 shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Katsuhiko Seshita is familiar with sales in the orthopedic medical device industry, and has been involved in management of the Company for many years as the person responsible for the sales sector, working to expand the Company’s business performance. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director’s execution of business. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further enhance our sales sector will be optimal for the Company, and so has nominated Mr. Katsuhiko Seshita as a candidate to continue serving as a Director.</td></tr>
<tr><td rowspan="2">3</td><td>Koichi Kondo
(April 7, 1967)
(Reappointment)</td><td>January 1989
July 2003

August 2005
August 2007
August 2010

April 2015
May 2015
June 2016</td><td>Joined Japan Medical Dynamic Marketing, INC.
General Manager of the Sales Strategy Department of the Sales Division and Head of the Yokohama Sales Office
General Manager of the Marketing Department
Director, Divisional Manager of the Business Promotion Division
Director, General Manager of the East Japan Sales Department and in charge of Spine Team
Director, Group Manager of the Marketing Group
Director of Ortho Development Corporation (current position)
Director, Divisional Manager of the Marketing Division (current position)</td><td>12,490 shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Koichi Kondo is familiar with trends in the orthopedic medical device industry which the Group belongs to, has been involved in management as the person responsible for the marketing sector, and has planned and executed the Group’s product strategies, working actively to enhance the marketing function of the Group. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director’s execution of business. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further enhance our marketing sector will be optimal for the Company, and so has nominated Mr. Koichi Kondo as a candidate to continue serving as a Director.</td></tr>
</table>

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position and responsibility at the Company		Number of Company shares held
4	**Toshiyuki Hironaka** (November 17, 1962) (Reappointment)	April 1986 August 2001 August 2003 December 2006 August 2009 August 2010 August 2011 April 2013 June 2013 April 2014 May 2016 June 2016	Joined ITOCHU Corporation General Manager of Business Sales Headquarters, Dell Japan Inc. General Manager of Enterprise Sales Headquarters Managing Corporate Officer, Lenovo Japan Ltd. Director, Assistant to President, in charge of sales, Japan Medical Dynamic Marketing, INC. Director in charge of the Sales Division and ODEV Director of Ortho Development Corporation Retired from Director of Japan Medical Dynamic Marketing, INC. Retired from Director of Ortho Development Corporation Director of Ortho Development Corporation (current position) Director in charge of sales and corporate planning Director in charge of sales, corporate planning and the Control Division Resigned as Director General Manager of the Corporate Planning Division Director in charge of corporate planning (current position)	4,000 shares
	Reason for the nomination as a candidate for Director Mr. Toshiyuki Hironaka has been involved in management of the Group as the person responsible for corporate planning, overseas business, and the administrative sector. He has led planning of the medium-term management plan while striving to expand the business of our United States subsidiary. Based on his wealth of experience and achievements, he has fully played his role as a Director in deciding important matters, executing business, and supervising other Director's execution of business. The Company has judged that making use of this candidate's wealth of knowledge and experience in order to further enhance business administration, as well as planning and execution of the Company's management strategy, will be optimal for the Company, and so has nominated Mr. Toshiyuki Hironaka as a candidate to continue serving as a Director.			

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">5</td><td>Yoshiyuki Takayanagi
(August 23, 1965)
(New Candidate)
(Non-executive Director)</td><td>April 1988
February 2013

January 2015

April 2016
October 2016
April 2018
April 2019</td><td>Joined NGK SPARK PLUG CO., LTD.
General Manager, Planning Department , Information and Communications-related Group
General Manager, Planning and Administration Department, Semiconductor Division, Technical Ceramics-related Group
General Manager, Business Department, Semiconductor Division
Director of NTK CERAMIC CO., LTD.
Corporate Officer of NGK SPARK PLUG CO., LTD.
Executive Officer of NGK SPARK PLUG CO., LTD. (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Yoshiyuki Takayanagi has been engaged in the accounting and planning sectors for many years, and has extensive knowledge and a wealth of experience in planning and practicing business strategies. He is the person in charge of the Medical Business of NGK SPARK PLUG CO., LTD., a business partner of the Company. The Company has judged that making use of this candidate’s extensive knowledge and wealth of experience in order to further strengthen appropriate collaboration and relationships with NGK SPARK PLUG CO., LTD., will be optimal for the Company, and so has nominated Mr. Yoshiyuki Takayanagi as a candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>Shinji Nakagaki
(October 18, 1960)
(Reappointment)</td><td>April 1983
February 2012

April 2012

April 2016
April 2018
June 2018</td><td>Joined NGK SPARK PLUG CO., LTD.
General Manager, Development Management Department, Engineering R&D Group
General Manager, Development Management Department, New Business Advancement Group
General Manager, Business Department, Fuel Cell Division
Associate Director, Medical Division
Director, Divisional Manager of the Pharmaceutical Affairs and Development Division of Japan Medical Dynamic Marketing, INC. (current position)
Director of Ortho Development Corporation (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Shinji Nakagaki has been engaged in development work for many years, and has developed excellent knowledge and skills on materials and applied technologies from that experience. He is therefore familiar with operations in the product development field. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to further strengthen the Company’s product development and manufacturing as well as quality management structure, will be optimal for the Company, and so has nominated Mr. Shinji Nakagaki as a candidate to continue serving as a Director.</td></tr>
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<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career summary, major concurrent titles at other companies, and position and responsibility at the Company</th><th>Number of Company shares held</th></tr>
<tr><td rowspan="2">7</td><td>Naoto Sawaki
(January 16, 1963)
(Reappointment)</td><td>April 1981
February 2009

April 2015

June 2016

June 2017

April 2018</td><td>Joined NGK SPARK PLUG CO., LTD.
General Manager, Management Development, Planning Department, Automotive Components Group
Deputy Associate Director, Development Management Department, New Business Advancement Group
Director, Divisional Manager of the Control Division of Japan Medical Dynamic Marketing, INC.
Director, Divisional Manager of the Control Division and in charge of Operation Department
Director, Divisional Manager of the Control Division and Divisional Manager of SCM Division (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Director
Mr. Naoto Sawaki has been involved in the management of the Company as the person responsible for the administrative and SCM (supply chain management) sectors, and has made efforts towards strengthening compliance and improving business operations. Furthermore, he is well-informed about promotion and management of projects through his experience in various project activities including those involving the core system, human resources development and business concepts of medical devices. The Company has judged that making use of this candidate’s wealth of knowledge and experience in order to promote the Group’s operational reforms and further strengthen management structures, will be optimal for the Company, and so has nominated Mr. Naoto Sawaki as a candidate to continue serving as a Director.</td></tr>
<tr><td rowspan="2">8</td><td>Hiroshi Ishikawa
(June 8, 1968)
(Reappointment)
(Outside Director)</td><td>April 1999
June 2013

December 2013</td><td>Joined Ohhara Law Office, registered as a lawyer (current position)
Outside Director, Japan Medical Dynamic Marketing, INC. (current position)
Supervisory Director, Daiwa House REIT Investment Corporation (current position)</td><td>– shares</td></tr>
<tr><td colspan="4">Reason for the nomination as a candidate for Outside Director
Mr. Hiroshi Ishikawa has extensive knowledge and experience as a lawyer and is familiar with corporate governance. The Company has judged that the Company will be able to further strengthen the supervisory function of the Board of Directors with his advice as a legal expert to improve the transparency and fairness of the Company’s management, and so has nominated Mr. Hiroshi Ishikawa as a candidate to continue serving as an Outside Director.</td></tr>
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Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position and responsibility at the Company		Number of Company shares held
9	**Toshio Saburi** (June 2, 1949) (Reappointment) (Outside Director)	October 1982 March 1986 September 1993 January 1999 October 2002 June 2004 June 2005 October 2008 May 2010 April 2014 June 2015	Joined Chuo Accounting Audit Corporation Registered as a Certified Public Accountant Partner, Chuo Audit Corporation Joined Tempstaff Co., Ltd. Auditor, e-staffing Co., Ltd. Director, General Manager of Support Division, Tempstaff Co., Ltd. Executive Managing Director, Tempstaff Co., Ltd. Executive Managing Director and General Manager of Group Corporate Planning Division, Temp Holdings Co., Ltd. Director, Kelly Services, Inc. Executive Managing Director, General Manager of Group Corporate Planning Division, Temp Holdings Co., Ltd. Outside Director, Japan Medical Dynamic Marketing, INC. (current position)	2,500 shares
	Reason for the nomination as a candidate for Outside Director Mr. Toshio Saburi has specialized knowledge and experience garnered as a certified public accountant, and also has experience being engaged in corporate management for many years. The Company has judged that the Company will be able to further strengthen the supervisory function of the Board of Directors with his advice to improve the transparency and fairness of the Company's management, and so has nominated Mr. Toshio Saburi as a candidate to continue serving as an Outside Director.			

Notes: 1. No conflict of interest exists between the Company and the above candidates for Director.

2. Messrs. Hiroshi Ishikawa and Toshio Saburi are candidates for Outside Director.
When Messrs. Hiroshi Ishikawa and Toshio Saburi are re-elected as Outside Directors, they will continue to be Independent Directors in accordance with the listing regulations of the Tokyo Stock Exchange, Inc.

3. Special notes with regard to candidates for Outside Directors are as follows:

(1) Independence of candidates for Outside Directors
Messrs. Hiroshi Ishikawa and Toshio Saburi have not accepted any significant amount of money or other asset (excluding remuneration for Directors) from the Company or any parties specially related to the Company in the past two years, nor will they do so in the future. In addition, they are not spouses, relatives within the third degree of kinship, or any other equivalents of the executive officers or officers of the Company or of any parties specially related to the Company.

(2) The terms of office since the candidates for Outside Directors are in office as Outside Directors
Mr. Hiroshi Ishikawa, currently an Outside Director of the Company, will have been in office for six (6) years at the conclusion of this General Meeting of Shareholders.
Mr. Toshio Saburi, currently an Outside Director of the Company, will have been in office for four (4) years at the conclusion of this General Meeting of Shareholders.

4. Liability limitation agreement with the candidates for Directors
Messrs. Hiroshi Ishikawa and Toshio Saburi have actually concluded a liability limitation agreement with the Company and are scheduled to conclude the same with the Company after the re-election. In the event that Mr. Yoshiyuki Takayanagi is approved as a Non-executive Director, the Company plans to conclude a liability limitation agreement with him.
The contents of the agreement are outlined as follows:
- Liability of the Director as stipulated in Article 423, Paragraph 1 of the Companies Act shall be borne by the Company to the extent permitted by laws and regulations, if such Director performs his/her duties in good faith and without gross negligence.

Proposal No.3: Election of Three (3) Statutory Auditors

The term of office of three (3) statutory auditors Messrs. Itsuro Numata, Yoji Oishi, and Ms. Miyoko Yamada will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of the following three (3) statutory auditors.

The Board of Statutory Auditors has previously given its approval for this proposal. The candidates for Statutory Auditors are as follows:

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position at the Company		Number of Company shares held
1	**Itsuro Numata** (May 18, 1960) (Reappointment)	March 1984 July 2001 October 2002 August 2003 August 2005 June 2007 August 2009 August 2010 April 2013 June 2017	Joined Japan Medical Dynamic Marketing, INC. General Manager of the Sales and Planning Department of the Sales Division and General Manager of the Product Management Department Manager of the Marketing Strategy Department of the Sales Division and General Manager of the Product Management Department Director and Divisional Manager of the Sales Division Director of Ortho Development Corporation Director in charge of product management and marketing Representative Director and President, Director in charge of the Sales Division Director in charge of the Business Promotion Division Director, Divisional Manager of the Business Promotion Division Director in charge of Trauma Business Promotion and Operation Department Full-time Statutory Auditor (current position)	51,878 shares
	Reason for the nomination as a candidate for Statutory Auditor Mr. Itsuro Numata has been in charge of a wide range of operations including those in the sales, marketing and operation sectors in his many years as a Director of the Company, and has knowledge and a wealth of experience acquired through these duties. He is currently involved in proper audit of Directors' execution of duties. The Company has judged that making use of this candidate's wealth of knowledge and experience in auditing of the Company will be optimal for the Company, and so has nominated Mr. Itsuro Numata as a candidate to continue serving as a Statutory Auditor.			
2	**Miyoko Yamada** (April 29, 1961) (Reappointment) (Outside Statutory Auditor)	October 1987 March 1991 June 1998 October 2003 June 2010 April 2011 June 2015 June 2018	Joined Chuo Accounting Audit Corporation Registered as a Certified Public Accountant Established Yamada Certified Public Accountant Office (current position) Representative Director of Melissa Co., Ltd. (current position) Statutory Auditor of Plakoh Co., Ltd. Auditor of the Independent Administrative Institution - the National Women's Education Center Outside Statutory Auditor, Japan Medical Dynamic Marketing, INC. (current position) Representative Partner of Kimura-Yamada Tax Accountants Corporation (current position)	2,500 shares
	Reason for the nomination as a candidate for Outside Statutory Auditor Ms. Miyoko Yamada has specialized knowledge and experience garnered as a certified public accountant. The Company has nominated her as a candidate to continue serving as an Outside Statutory Auditor in order for her to make use of her specialized knowledge and experience in maintenance and enhancement of the Company's auditing system.			

Candidate Number	Name (Date of Birth)	Career summary, major concurrent titles at other companies, and position at the Company		Number of Company shares held
3	**Shoichi Hanzawa** (December 22, 1954) (New candidate) (Outside Statutory Auditor)	April 1978 May 1985 April 1990 March 2001 June 2002 June 2005 July 2006 June 2008 June 2010 June 2014 March 2015 October 2016	Joined Nissho Iwai Corporation Dispatched to Sydney Office, Australia Company Dispatched to NI MINERALSANDS (AUSTRALIA) PT Joined ITX Corporation and appointed General Manager of the Accounting Division General Manager of the Operations Division Director and CFO Director and General Manager of the Operations Department Director and Managing Executive Officer Director and Senior Managing Executive Officer Counselor Statutory Auditor Managing Director, General Manager of Administration Department	– shares
	Reason for the nomination as a candidate for Outside Statutory Auditor Mr. Shoichi Hanzawa has a wealth of knowledge and experience cultivated over many years through positions in administrative sectors such as accounting and general affairs, as well as corporate planning and operations sectors. He also has many years of experience working overseas and is familiar with international governance. The Company has nominated him as a candidate for Outside Statutory Auditor in order for him to use his specialized knowledge and experience in maintenance and enhancement of the Company's auditing system.			

Notes: 1. No conflict of interest exists between the Company and the above candidates for Statutory Auditor.

2. Ms. Miyoko Yamada and Mr. Shoichi Hanzawa are candidates for Outside Statutory Auditors.
When Ms. Miyoko Yamada is approved and appointed as Outside Statutory Auditor, she will continue to be Independent Auditor in accordance with the listing regulations of the Tokyo Stock Exchange, Inc. When Mr. Shoichi Hanzawa is approved and appointed as Outside Statutory Auditor, the Company plans to appoint him as Independent Auditor in accordance with the listing regulations of the Tokyo Stock Exchange, Inc.

3. Special notes with regard to candidates for Outside Statutory Auditor are as follows:

(1) Independence of candidates for Outside Statutory Auditors
Ms. Miyoko Yamada and Mr. Shoichi Hanzawa have not accepted any significant amount of money or other asset (excluding remuneration for Statutory Auditors) from the Company or any parties specially related to the Company in the past two years, nor will they do so in the future. In addition, they are not spouses, relative within the third degree of kinship, or any other equivalents of the executive officers or officers of the Company or of any parties specially related to the Company.

(2) The terms of office since the candidates for Outside Statutory Auditors are in office as Outside Statutory Auditors
Ms. Miyoko Yamada, currently an Outside Statutory Auditor of the Company, will have been in office for four (4) years at the conclusion of this General Meeting of Shareholders.

(3) Liability limitation agreement with Outside Statutory Auditors
Ms. Miyoko Yamada has actually concluded a liability limitation agreement with the Company and is scheduled to conclude the same with the Company after the re-election. Mr. Shoichi Hanzawa is scheduled to conclude a liability limitation agreement with the Company after his election as an Outside Statutory Auditor.
The contents of the agreement are outlined as follows:

- Liability of the Outside Statutory Auditor as stipulated in Article 423, Paragraph 1 of the Companies Act shall be borne by the Company to the extent permitted by laws and regulations, if such Outside Statutory Auditor performs his/her duties in good faith and without gross negligence.

Proposal No.4: Election of One (1) Substitute Statutory Auditor

In preparation for the case of lacking the number of Statutory Auditors required by laws and regulations, the Company proposes the election of one (1) Substitute Statutory Auditor in advance. The Board of Statutory Auditors has previously given its approval for this proposal.

The candidate for Substitute Statutory Auditor is as follows:

Name (Date of Birth)	**Career summary, major concurrent titles at other companies, and position at the Company**		**Number of Company shares held**
Masaaki Ayukawa (July 28, 1945)	April 1969	Joined Chuo Accounting Audit Corporation	– shares
	February 1971	Registered as a Certified Public Accountant	
	May 2000	Executive Board Member and Divisional Manager of the International Affairs Division of Chuo Aoyama Audit Corporation	
	September 2006	Executive Board Member and Divisional Manager of the International Affairs Division of Misuzu Audit Corporation	
	August 2007	Liquidator of Misuzu Audit Corporation	
	March 2009	Outside Statutory Auditor, TonenGeneral Sekiyu K.K.	
	June 2014	Outside Statutory Auditor, Kumagai Gumi Co., Ltd. (current position)	
	March 2016	Outside Director, Aucnet Inc. (current position)	
Reason for the nomination as a candidate for Outside Substitute Statutory Auditor Mr. Masaaki Ayukawa has specialized knowledge and experience garnered as a certified public accountant, and has a wealth of experience cultivated as an outside auditor in many companies for many years. The Company has nominated Mr. Masaaki Ayukawa as an Outside Statutory Auditor in order for him to make use of his specialized knowledge and experience in maintenance and enhancement of the Company's auditing system.			

Notes: 1. No conflict of interest exists between the Company and the above candidate for Statutory Auditor.

2. The above candidate for Statutory Auditor is a candidate for Substitute Outside Statutory Auditor.
   When Mr. Masaaki Ayukawa is elected as Outside Statutory Auditor, he will be Independent Auditor.

3. Special notes with regard to candidate for Substitute Outside Statutory Auditor are as follows:
   (1) Mr. Masaaki Ayukawa has not accepted any significant amount of money or other asset (excluding remuneration for Statutory Auditor) from the Company or any parties specially related to the Company in the past two years, nor will he do so in the future. Furthermore, he is not a spouse, a relative within the third degree of kinship, or any other equivalent of the executive officers or officers of the Company or of any parties specially related to the Company.
   (2) Liability limitation agreement with Outside Statutory Auditors
   Mr. Masaaki Ayukawa is scheduled to conclude a liability limitation agreement with the Company after the election.
   The contents of the agreement are outlined as follows:
   - Liability of the Outside Statutory Auditor as stipulated in Article 423, Paragraph 1 of the Companies Act shall be borne by the Company to the extent permitted by laws and regulations, if such Outside Statutory Auditor performs his/her duties in good faith and without gross negligence.

MEMO