January 29, 2021

To whom it may concern,

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Notice of Accrual of Extraordinary Loss and Revision of Earnings Forecast

Japan Lifeline Co., Ltd. ("the Company") announced that at the board of directors meeting held today it has determined to post an extraordinary loss in the third quarter of the fiscal year ending March 2021 and has revised, based on the recent performance trends, the forecast for the fiscal year ending March 2021, which was disclosed on August 5, 2020.

1. Recording of extraordinary loss (provision for allowance for doubtful accounts) for non-consolidated business result

   The Company has provided loans to a product supplier to assist its product development. The Company had discussions with the product supplier regarding the treatment of loans and accrued interest receivable. After considering the transaction relationship and the product supplier's financial status, the Company has decided to waive the loans and accrued interest receivable to the Company; execute a debt-equity swap; and record an allowance for doubtful accounts of 3,364 million yen.

   In addition, the Company has provided loans to a medical device start-up that is planning to introduce its medical devices into the Japanese market, for the purpose of supporting its development project. The Company has reviewed the start-up company's product development status and financial conditions and judged that the collectability of the receivables was very low. As a result, the Company has determined to record an allowance for doubtful accounts for the loan receivable and accrued interest receivable of 2,363 million yen.

2. Revisions of earnings forecast

   (1) Consolidated earnings forecast

   Forecasts for the fiscal year ending March 2021 (April 1, 2020-March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Net profit attributable of owners of parent	Earnings per share
Previous Forecast (A)	Millions of yen 53,226	Millions of yen 10,001	Millions of yen 9,882	Millions of yen 6,827	Yen 85.04
Forecast as revised this time (B)	51,787	10,438	10,170	2,286	28.47
Increase (B-A)	(1,439)	437	288	(4,540)	
Increase/Decrease Rate (%)	(2.7)	4.4	2.9	(66.5)	
(Ref.) Results for the previous fiscal year (Year ended March 31, 2020)	51,761	10,434	10,425	7,748	96.55

(2) Non-consolidated earnings forecast

Forecasts for the fiscal year ending March 2021 (Apr. 1, 2020-Mar. 31, 2021)

	Net sales	Ordinary profit	Net profit	Earnings per share
Previous Forecast (A)	Millions of yen 53,252	Millions of yen 10,051	Millions of yen 7,009	Yen 87.32
Forecast as revised this time (B)	51,749	10,359	2,177	27.12
Increase (B-A)	(1,503)	307	(4,831)	
Increase/Decrease Rate (%)	(2.8)	3.1	(68.9)	
(Ref.) Results for the previous fiscal year (Year ended March 31, 2020)	51,700	10,466	8,078	100.67

(3) Reason for the revision

(Consolidated Earnings Forecasts)

With regard to consolidated earnings forecasts, in light of the revisions to the non-consolidated earnings forecasts described hereafter, the forecasts for net sales and profits at each stage have been revised from the initial plan.

(Non-consolidated Forecasts)

In terms of sales, although the number of cases declined after the declaration of an emergency by the government in April last year due to the spread of the COVID-19, operations resumed in June and thereafter, and the number of cases recovered to a level higher than the same quarter of the previous year in the third quarter of the fiscal year. For the fourth quarter of the fiscal year, the Company expects the impact to be limited, although the number of cases is expected to decrease due to the re-expansion of the infections.

In terms of profits, the Company expects selling, general and administrative expenses to fall short of its previous forecasts due to a decrease in travel expenses, advertising expenses, and other sales-related expenses in response to the limited sales activities under the influence of the COVID-19. As a result, the Company expects to generally maintain its operating profit at the level of its previous forecasts.

In terms of net profit, the Company recorded extraordinary losses (provision for doubtful accounts) in the third quarter of the fiscal year, as described above.

As a result of the above, the Company has revised the full-year earnings forecast disclosed on August 5, 2020.

(NOTE) The above forecasts are subject to changes due to the impact of the further spread of the COVID-19 and various other factors.