

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japan GAAP]

November 2, 2022

Company name : Japan Lifeline Co., Ltd.
 Code No. : 7575
 Stock Exchange Listing : The Prime Market of the Tokyo Stock Exchange
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Scheduled date to file the Quarterly Securities Report : November 14, 2022
 Scheduled date to commence dividend payment : -
 Supplementary documents to the financial results for the period : Available
 Presentation on quarterly results : Available (for analysts)

(Amounts are rounded down to million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	25,489	1.4	5,119	9.4	5,113	6.2	3,702	3.1
Six months ended September 30, 2021	25,130	2.8	4,681	7.2	4,812	19.9	3,591	29.0

(Note) Comprehensive income: Six months ended September 30, 2022 : 4,009 million yen; 3.8 %
 Six months ended September 30, 2021 : 3,861 million yen; 35.1 %

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	47.27		-	
Six months ended September 30, 2021	44.67		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	71,373	53,588	75.1
As of March 31, 2022	73,197	54,567	74.5

(Reference) Shareholders' equity: As of September 30, 2022 : 53,588 million yen
 As of March 31, 2022 : 54,567 million yen

2. Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-End	Total
Year ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 38.00	Yen 38.00
Year ending March 31, 2023	-	0.00	-	38.00	38.00
Year ending March 31, 2023 (forecast)	-	-	-	38.00	38.00

(Note) Revisions to cash dividends forecast most recently announced : None

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% represents change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2023	51,527	0.1	10,011	0.4	10,003	(0.0)	7,274	(2.8)	93.06

(Note) Revisions to the forecast of consolidated financial results most recently announced : None

* Notes

(1) Changes in significant subsidiaries during the period (change in specified subsidiaries resulting in scope of consolidation): None

(2) Application of specific accounting treatments for the preparation of the consolidated quarterly financial statement: None

(3) Changes in accounting policies, changes in accounting estimates and restatements

- (i) Changes in accounting policies due to the revision of accounting standards : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(4) Number of issued shares outstanding (common stock)

(i) Number of issued shares at the end of the period (including treasury stock):

Six months ended September 30, 2022 : 82,919,976 Shares
 Year ended March 31, 2022 : 85,419,976 Shares

(ii) Number of shares held as treasury stock at the end of the period:

Six months ended September 30, 2022 : 4,999,561 shares
 Year ended March 31, 2022 : 5,500,841 shares

(iii) Average number of issued shares outstanding during the period, after deducting shares held as treasury stock:

Six months ended September 30, 2022 : 78,312,608 shares
 Six months ended September 30, 2021 : 80,402,378 shares

(Notes) 1 The Company has adopted a BIP (Board Incentive Plan) trust, assuming the number of shares held by the trust are included in the number of treasury stock of "(4) Number of issued shares outstanding (common stock)".

2 The Company has adopted the trust-type employee stock ownership incentive plan (E-Ship), which was terminated on July 29, 2021. The Company's shares held by the trust were treated as treasury stock in "(4) Number of issued shares outstanding (common stock)".

***This Summary Report is out of scope for quarterly review by the external auditors.**

***Explanation for the appropriate use of forecast of the consolidated financial results and other special notes.**

Any forward-looking statements in the summary report, such as results forecasts, are based on the information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Qualitative Information (3) Explanation of Consolidated Financial Guidance".

1. Qualitative Information

(1) Explanation of Business Results

Forward-looking statements below are based on our judgment as of the end of the second quarter of the current consolidated fiscal year.

(Business Environment)

During the six months ended September 30, 2022, unit sales prices fell for many items compared to the prior year period due to the revision of insurance reimbursement prices in April 2022. In particular, the reductions in insurance reimbursement prices for some of the Cardiac Rhythm Management products and EP/Ablation products were significant and had a negative impact on net sales and gross profit margin.

The situation of new coronavirus infections continued to expand and subside. During the expansion phase, the number of cases related to our products was suppressed, which impacted our business performance. During the first quarter, the number of cases generally increased more than expected as it was in the quiet period of Omicron-variant infection. During the second quarter, however, infection with BA.5 Omicron variant surged. In the medical settings, the number of infected patients increased and there were many cases of group infection among healthcare workers. Given such situations, the number of cases related to our products declined sharply as the infection surge peaked in August. After early September, the infection situation eased somewhat, and the number of cases began to pick up.

The number of cases of ablation treatment for atrial fibrillation (AF), which has a particularly large impact on our business performance, is estimated to have increased by 8-9% year-on-year during the first half of the current fiscal year. It was almost at the level assumed in the initial guidance.

In the foreign exchange market, the Japanese yen depreciated significantly against the U.S. dollar, but this did not have a much impact on profit and loss. This is mainly because approximately 70% of our merchandise purchases are denominated in yen. In addition, we use the moving average method to calculate cost of sales, so that even if there is a temporary increase in procurement costs for some purchased goods or parts, the impact will level out over a long period of time.

(Business Performance)

The earnings for the cumulative second quarter of the current fiscal year are as follows.

Unit: Millions of yen

Summary of Profit & Loss Statement	Six Months Ended September 30, 2021		Six Months Ended September 30, 2022		Increase/ (Decrease)	Increase/ (Decrease)%
	Amount	Vs Sales Ratio%	Amount	Vs Sales Ratio%		
① Net Sales	25,130	100.0	25,489	100.0	358	1.4
② Gross Profit	14,292	56.9	14,546	57.1	253	1.8
③ Operating Profit	4,681	18.6	5,119	20.1	437	9.4
④ Ordinary Profit	4,812	19.2	5,113	20.1	300	6.2
⑤ Quarterly Net Profit Attributable to Owners of Parent	3,591	14.3	3,702	14.5	110	3.1

① Net sales

Net sales increased by 358 million yen year-on-year to 25,489 million yen. Details are shown in the “Sales by Product” section below.

② Gross profit

Gross profit increased by 253 million yen year-on-year to 14,546 million yen. Despite the impact of the revision of insurance reimbursement prices, the sales ratio of in-house products increased by 2.6pts to 53.9% from the prior year period. In addition, losses on disposal and write-downs of inventories and raw materials, decreased by 383 million yen. As a result, gross profit margin increased by 0.2pt to 57.1%.

③ Operating Profit

Operating profit increased by 437 million yen year-on-year to 5,119 million yen. Selling, general and administrative (SG&A) expenses were lower than in the prior year period. It was mainly due to a one-time expense of 290 million yen related to clinical trials in the prior year period. R&D expenses and sales-related expenses such as travel expenses and advertising expenses increased on the back of the easing of the coronavirus infection status and the introduction of new products. As a result, the operating profit margin increased by 1.5pts to 20.1%, compared to the prior year period.

④ Ordinary Profit

Ordinary profit increased by 300 million yen year-on-year to 5,113 million yen. Non-operating income was 194 million yen, including interest and dividends received. Non-operating expense was 201 million yen, including provision of allowance for doubtful accounts related to long-term loans granted for business partners and financial charges related to the acquisition of treasury shares.

⑤ Quarterly Net Profit Attributable to Owners of the Parent

Quarterly net profit attributable to owners of the parent increased by 110 million yen year-on-year to 3,702 million yen. Regarding income taxes-deferred, we have recorded deferred tax assets related to impairment losses on investments in our subsidiary company along with its reorganization in the prior year period. As a result, despite the positive impact of the tax credit in the first half of the current fiscal year, the tax burden ratio increased by 2.2pts to 27.5%, compared with the prior year period.

(Sales by Product)

Unit: Millions of yen

Product Category	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022	Increase/ (Decrease)	Increase/ (Decrease)%
Cardiac Rhythm Management	6,577	6,293	(283)	(4.3)
EP/Ablation	12,332	13,012	679	5.5
Cardiovascular Surgery	4,409	4,922	513	11.6
Gastrointestinal/PI	1,810	1,260	(550)	(30.4)
Total	25,130	25,489	358	1.4

(Note) The main products classified in each product category are as follows

Cardiac Rhythm Management	Pacemaker, T-ICD (Transvascular Implantable Cardioverter Defibrillator), S-ICD (Subcutaneous Implantable Cardioverter Defibrillator), CRT-P (Cardiac Resynchronization Therapy Pacemaker), CRT-D (Cardiac Resynchronization Therapy Defibrillator), AED (Automated External Defibrillator), Hypoglossal nerve stimulator
EP/Ablation	Electrophysiology catheter, Ablation catheter, Endoscopic laser ablation catheter, Internal cardioversion catheter, Esophageal temperature monitoring catheter, Radiofrequency transeptal needle
Cardiovascular Surgery	Vascular graft, Open stent graft, Stent graft, Embolic coil
Gastrointestinal/PI	Colonic stent, Gastro-duodenal stent, Radiofrequency ablation needle for liver cancer treatment, Balloon catheter, Guidewire, Atrial septum defect closure, Drug-eluting stent, Guidewire with sensor for fractional flow reserve

① Cardiac Rhythm Management

Pacemaker-related business continued to face difficult conditions, affected by competitors' new products and low-price strategies. Sales volume of pacemakers fell slightly short of the plan, but maintained on par with the prior year period. It was partly due to certain effects of measures such as the introduction of SSPC (Site Selective Pacing Catheter), which assists in the placement of pacemaker leads. Net sales decreased significantly from the prior year period due to a drop in unit sales prices, reflecting a large drop in insurance reimbursement prices.

Sales of ICD-related products increased compared to the prior year period due to an increase in the market share of T-ICDs as battery exchange timings have come and we earned replacement cases. Sales of CRT-Ds were strong as well. Sales of S-ICDs, a one-of-a-kind product, were somewhat soft in the first quarter, but turned slightly upward in the second quarter, and sales in the first half of the period were almost on par with the prior year period. We will continue to focus on S-ICD sales by promoting the benefits of reducing the risk of serious complications.

As a result of the above, net sales of Cardiac Rhythm Management were 6,293 million yen (down 4.3% y/y).

② EP/Ablation

In EP catheters, sales of in-house products related to ablation cases, such as BeeAT (internal atrial cardioversion catheter), EP Star (EP catheter), and Esophastar (esophageal temperature monitoring catheter), were strong due to an increase in the number of AF cases. Although each of EP Star product faced sales price declines following the revision of insurance reimbursement prices, sales still grew compared to the prior year period due to a large increase in sales volume.

In ablation catheters, sales of HeartLightX3, an endoscopic laser ablation catheter, temporarily failed to sell products due to a delay in product supply from the manufacturer caused by the global shortage of raw materials, resulting in a significant decrease from the prior year period. This situation was resolved in September, but the number of newly adopted facilities was lagging behind the plan as of the end of the second quarter. In addition, sales of ablation catheters using radiofrequency waves remained somewhat soft.

As for others, sales of RF Needle, a radiofrequency transseptal needle, decreased in sales volume and unit sales price year-on-year, affected by competing products. On the other hand, the in-house product Leftee, a steerable sheath, has been growing steadily since its launch in 2019 due to the appreciation of its high operability for medical professionals, resulting in a large increase in revenue compared to the prior year period.

As a result of the above, net sales of EP/ablation were 13,012 million yen (up 5.5% y/y)

③ Cardiovascular Surgery

In the vascular graft-related business, sales of in-house vascular graft products remained strong, and sales of the open stent graft Frozenix, a one-of-a-kind product, also increased on the back of an increase in emergency cases. Sales of AFX2, an abdominal stent graft, which is a third-party product, also increased significantly, partly due to positive reactions for the clinical studies conducted at university hospitals in Japan. In addition, sales of Alto, an abdominal stent graft launched in the previous fiscal year, exceeded the plan due to steady progress in post-marketing surveillance. (PMS)

As for other products, sales of embolic coils, which were launched in the previous fiscal year, increased in volume, and sales were much higher than planned. Initially, we have sold the product exclusively for abdominal cases, and extended to cerebrovascular cases as well from April 2022. Since then, we have seen an excellent progress in the number of newly adopted hospitals so far. Furthermore, in August 2022, we have reached a 10-year exclusive distribution agreement with Wallaby Medical (Hong Kong) for 11 neurovascular treatment devices, expanding the product lineup by a large extent. We are expecting to launch these new products as soon as ready from the next fiscal year ending March 31, 2024 and onward. We will focus on the neurovascular space as an important business domain, as the market is expected to expand by 4-5% per year.

As a result of the above, net sales of Cardiovascular Surgery were 4,922 million yen (up 11.6% y/y).

④ Gastrointestinal/PI

In the gastrointestinal-related business, sales of colonic stents and gastro-duodenal stents, launched in the previous fiscal year, remained strong on the back of an increase in the number of depository facilities. In addition, sales of radiofrequency ablation needle for liver cancer treatment also remained strong. As a result, sales of gastrointestinal-related products increased significantly compared to the prior year period. We are planning to launch a series of in-house products including the cholangioscope system DRES in the biliary-pancreatic space in the third quarter of the current fiscal year, and will further strengthen our presence in the gastrointestinal domain.

The percutaneous intervention (PI)-related business environment is extremely severe, as the pace of recovery in the number of cases remains slow and insurance reimbursement prices have kept decreasing significantly with each revision. Under such circumstances, we have reached an accelerated termination of the exclusive distribution agreement for the drug-eluting coronary stent Orsiro in June 2022. After the termination, we have continued to sell the product in stock at a limited number of facilities, but sales saw a large decrease compared to the prior year period. Sales of guidewires and balloon catheters also decreased.

As a result of the above, net sales of Gastrointestinal/PI were 1,260 million yen (down 30.4% y/y).

(2) Financial Position

(Overview of the Consolidated Balance Sheets)

① Assets

The balance of Current assets was 41,918 million yen, a decrease of 3,234 million yen from the end of the previous period. This was mainly due to decreases of 1,932 million yen in Cash and deposits, and decreases of 1,136 million yen in Inventories.

The balance of Fixed assets was 29,455 million yen, an increase of 1,410 million yen from the end of the previous period. This was mainly due to increases of 631 million yen in Intangible assets and an increase of 710 million yen in Long-term loans receivable.

As a result, the balance of total assets was 71,373 million yen, a decrease of 1,823 million yen from the end of previous period.

② Liabilities

The balance of Current liabilities was 13,570 million yen, a decrease of 640 million yen from the end of the previous period. This was mainly due to decreases in Short-term borrowings of 300 million yen and decreases in Current portion of long-term borrowings of 322 million yen.

The balance of Long-term liabilities was 4,214 million yen, a decrease 204 million yen from the end of the previous period. This was mainly due to an increase of 170 million yen in Retirement benefits liability and decreases of 334 million yen in Long-term borrowings.

As a result, the balance of total liabilities was 17,785 million yen, a decrease of 844 million yen from the end of the previous period.

③ Net assets

The balance of Net assets was 53,588 million yen, a decrease of 979 million yen from the end of the previous period. This was mainly due to increases of 661 million yen in Retained earnings reflecting dividend payments of 3,041 million yen and Profit attributable to owners of parent of 3,702 million yen, and acquisition and cancellation of treasury stock decreased Capital surplus by 1,079 million yen and increased Treasury stock by 868 million yen.

(Overview of the Cash Flows)

The balance of Cash and Cash equivalents amounted to 14,126 million yen, a decrease of 1,932 million yen from the end of the previous fiscal year. Cash flows for the first six months of the fiscal year ending March 31, 2023 by activities were as follows.

① Cash flows from operating activities

Net cash provided by operating activities was 6,000 million yen (For the first six months of the previous fiscal year, net cash provided by operating activities was 4,887 million yen.). The main factors are Profit before income taxes of 5,109 million yen, Decreases in inventories of 1,156 million yen, Depreciation of 724 million yen as factors that increase cash flows, despite Income tax paid of 1,354 million yen, which decreases cash flows.

② Cash flows from investing activities

Net cash used in investing activities was 1,951 million yen (For the first six months of the previous fiscal year, net cash used in investing activities was 1,088 million yen.), mainly reflecting Purchase of intangible assets of 814 million yen, Long-term loan advances of 525 million yen, Purchase of property, plant and equipment of 319 million yen and Purchase of investment securities of 314 million yen.

③ Cash flows from financing activities

Net cash used in financing activities was 6,030 million yen (For the first six months of the previous fiscal year, net cash used in financing activities was 4,583 million yen.), mainly due to Dividends paid of 3,038 million yen, Purchase of treasury stock of 1,948 million yen, Repayments of long-term borrowings of 642 million yen and Repayments of short-term borrowings of 300 million yen.

(3) Explanation of Consolidated Financial Guidance

We have maintained the financial guidance for the full-year business performance announced on May 11, 2022. Although the number of cases related to our products increased at a faster-than-expected pace during the first quarter of the fiscal year, the number of cases temporarily declined significantly during the second quarter due to the resurgence of infection caused by a new variant of coronavirus. As a result, during the second quarter cumulative period, the number of cases remained almost at the same level as the assumptions for the initial guidance. In the third quarter and beyond, we assume that the domestic infection situation is likely to repeat the cycle of subsiding and expanding within the assumptions made in our initial guidance.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	16,058	14,126
Notes and accounts receivable - trade	12,437	12,649
Inventories	14,850	13,713
Other	1,807	1,429
Total current assets	45,153	41,918
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	7,413	7,446
Other, net	5,497	5,531
Total property, plant and equipment	12,911	12,978
Intangible assets	1,470	2,102
Investments and other assets		
Investment securities	6,850	7,134
Long-term loans receivable	1,954	2,664
Other	6,183	5,981
Allowance for doubtful accounts	(1,325)	(1,405)
Total investments and other assets	13,662	14,375
Total fixed assets	28,044	29,455
Total assets	73,197	71,373
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,287	3,093
Short-term borrowings	5,300	5,000
Current portion of long-term borrowings	1,090	768
Accounts payable - other	801	578
Income taxes payable	1,497	1,508
Provision for bonuses	1,367	1,376
Provision for bonuses for directors	14	11
Other	852	1,233
Total current liabilities	14,211	13,570
Long-term liabilities		
Long-term borrowings	1,104	770
Provision for director's stock based compensation	99	117
Retirement benefits liability	2,011	2,182
Other	1,204	1,144
Total long-term liabilities	4,418	4,214
Total liabilities	18,629	17,785

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	2,115	2,115
Capital surplus	14,853	13,774
Retained earnings	38,890	39,551
Treasury stock	(1,496)	(2,365)
Total shareholders' equity	54,362	53,075
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	(6)	(15)
Foreign currency translation adjustment	237	597
Remeasurements of defined benefit plans	(26)	(69)
Total accumulated other comprehensive income	205	512
Total net assets	54,567	53,588
Total liabilities and net assets	73,197	71,373

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

For the Six Months Ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	25,130	25,489
Cost of sales	10,837	10,942
Gross profit	14,292	14,546
Selling, general and administrative expenses	9,610	9,426
Operating profit	4,681	5,119
Non-operating income		
Interest income	25	72
Dividend income	21	50
Foreign exchange gains	18	56
Gain on sale of businesses	116	—
Other	51	15
Total non-operating income	233	194
Non-operating expenses		
Interest expenses	45	19
Loss on valuation of investment securities	9	1
Provision of allowance for doubtful accounts	3	80
Commission expenses	20	44
Other	23	55
Total non-operating expenses	103	201
Ordinary profit	4,812	5,113
Extraordinary income		
Gain on sale of fixed assets	1	2
Total extraordinary income	1	2
Extraordinary losses		
Loss on retirement of fixed assets	2	6
Total extraordinary losses	2	6
Profit before income taxes	4,811	5,109
Income taxes - current	1,486	1,339
Income taxes - deferred	(266)	67
Total income taxes	1,219	1,406
Profit	3,591	3,702
Profit attributable to owners of parent	3,591	3,702

(Consolidated Statements of Comprehensive Income)

For the Six Months Ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	3,591	3,702
Other comprehensive income		
Net unrealized holding gains or losses on securities	143	(9)
Foreign currency translation adjustment	116	360
Retirement benefits liability adjustments	10	(43)
Total other comprehensive income	269	307
Comprehensive income	3,861	4,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,861	4,009

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,811	5,109
Depreciation	729	724
Amortization of long-term prepaid expenses	159	159
Increase (decrease) in allowance for doubtful accounts	3	80
Increase (decrease) in provision for bonuses	201	9
Increase (decrease) in provision for bonuses for directors	11	(3)
Increase (decrease) in retirement benefit liability	122	108
Increase (decrease) in provision for retirement benefits for directors	(2)	(1)
Increase (decrease) in provision for directors' stock based compensation	11	18
Interest and dividend income	(47)	(122)
Interest expenses	45	19
Loss (gain) on sale and retirement of property, plant and equipment	0	3
Loss (gain) on valuation of investment securities	9	1
Decrease (Increase) in trade notes and accounts receivable	674	(201)
Decrease (increase) in inventories	(195)	1,156
Decrease (increase) in accounts receivable - other	(412)	(0)
Increase (Decrease) in trade notes and accounts payable	1,048	(199)
Increase (decrease) in accrued consumption taxes	(807)	181
Increase (decrease) in accrued expenses	34	97
Other, net	404	179
Subtotal	6,804	7,322
Interest and dividends received	19	52
Interest paid	(46)	(19)
Income taxes paid	(1,890)	(1,354)
Net cash provided by (used in) operating activities	4,887	6,000
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,020)	(319)
Proceeds from sale of property, plant and equipment	240	19
Purchase of intangible assets	(145)	(814)
Purchase of investment securities	(73)	(314)
Proceeds from sale of investment securities	0	0
Long-term loan advances	—	(525)
Proceeds from collection of long-term loans receivable	10	6
Other payments	(104)	(10)
Other proceeds	3	7
Net cash provided by (used in) investing activities	(1,088)	(1,951)
Cash flows from financing activities		
Repayments of short-term borrowings	—	(300)
Repayments of long-term borrowings	(597)	(642)
Purchase of treasury stock	—	(1,948)
Proceeds from sale of treasury stock	95	—
Repayments of lease liabilities	(130)	(101)
Dividends paid	(3,952)	(3,038)
Net cash provided by (used in) financing activities	(4,583)	(6,030)
Effect of exchange rate change on cash and cash equivalents	22	49
Net increase (decrease) in cash and cash equivalents	(762)	(1,932)
Cash and cash equivalents at beginning of period	13,708	16,058
Cash and cash equivalents at end of period	12,946	14,126

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going-Concern Assumptions)

None

(Notes on Significant Changes in Shareholders' Equity)

Pursuant to a resolution at a meeting of the Board of Directors held on February 25, 2022, the Company purchased treasury stock and the acquired shares were canceled.

(Purchase of treasury stock)

1. Details of the resolution regarding the acquisition of own shares at the Board of Directors meeting held on February 25, 2022

① Class of shares to be acquired

Common shares of the Company

② Total amount of shares to be acquired

2,500,000 shares (maximum)

③ Total amount of shares acquisition costs

3,500,000,000 yen (maximum)

④ Acquisition period

February 28, 2022 to August 31, 2022

⑤ Acquisition method

Market purchase on the Tokyo Stock Exchange

2. Cumulative total of own shares acquired for the Six months ended September 30, 2022

① Total number of shares acquired

1,998,700 shares

② Total amount of shares acquisition costs

1,948 million yen

(Cancellation of treasury stock)

① Class of shares to be cancelled

Common shares of the Company

② Total number of shares to be cancelled

2,500,000 shares

③ Cancellation date

July 15, 2022

④ Total number of shares outstanding after cancellation (excluding treasury shares)

77,920,415 shares

(Note) The Company has introduced a BIP (Board Incentive Plan) trust, and the Company shares held by the trust are treated as own shares.

(Changes in Accounting Policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021) is being applied from the beginning of the first quarter of the current fiscal year, and as per the transitional measures stipulated in paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies stipulated in Implementation Guidance on Accounting Standard for Fair Value Measurement are being applied in to the future. There is no effect on the quarterly consolidated financial statement.

3. Others

Current Status of Production, Orders and Sales

(1) Production

(Millions of yen)

Product Category	Three Months Ended September 30, 2021	Three Months Ended September 30, 2022	Increase/ (Decrease) %
Cardiac Rhythm Management	7	8	10.5%
EP/Ablation	2,214	2,591	17.0%
Cardiovascular Surgery	745	636	(14.7%)
Gastrointestinal/PI	179	228	27.7%
Total	3,147	3,464	10.1%

(Note) Figures are based on Manufacturing cost.

(2) Orders received

Since the order backlog does not occur, this information is omitted.

(3) Sales Results

Please refer to “1. Qualitative Information, (1) Operating Results”.