

# Consolidated Financial Results for the Year Ended March 31, 2023 [Japan GAAP]

May 10, 2023

Company name : Japan Lifeline Co., Ltd.  
 Code No. : 7575  
 Stock Exchange Listing : The Prime Market of the Tokyo Stock Exchange  
 URL : <https://www.jll.com/>  
 Representative : Keisuke Suzuki, President and CEO  
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Date of general shareholders' meeting: : June 28, 2023  
 Dividend payable date : June 29, 2023  
 Scheduled date for filing the Annual Securities Report : June 28, 2023  
 Supplementary documents to the financial results for the period : Available  
 Presentation on the annual financial results : Available (for institutional investors and analysts)

(Amounts are rounded down to million yen)

## 1. Consolidated Results for the Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

### (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	%
Year ended March 31, 2023	51,750	0.5	10,837	8.7	10,905	9.0	6,891	(7.9)
Year ended March 31, 2022	51,469	0.4	9,973	(3.8)	10,005	(4.9)	7,484	274.1

(Note) Comprehensive income : Year ended March 31, 2023 : 6,617 million yen ; (13.5)%  
 Year ended March 31, 2022 : 7,652 million yen ; 240.2%

	Earnings per share	Diluted earnings per share	Return on Equity	Return on Assets	Operating Profit Margin
	Yen	Yen	%	%	%
Year ended March 31, 2023	88.22	-	12.4	14.8	20.9
Year ended March 31, 2022	93.13	-	14.1	13.7	19.4

(Reference) Equity method investment gain or loss: Year ended March 31, 2023 : - million yen  
 Year ended March 31, 2022 : - million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	74,641	56,195	75.3	721.20
As of March 31, 2022	73,197	54,567	74.5	682.79

(Reference) Shareholders' equity : Year ended March 31, 2023 : 56,195 million yen  
 Year ended March 31, 2022 : 54,567 million yen

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financial Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	11,201	(2,461)	(6,476)	18,357
Year ended March 31, 2022	10,246	(1,131)	(6,804)	16,058

2. Dividends

	Cash dividends per share					Total Dividends for the Year (annual)	Payout Ratio (consolidated)	Ratio of Dividends to Shareholder's Equity (consolidated)
	1Q End	2Q End	3Q End	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	-	0.00	-	38.00	38.00	3,041	40.8	5.8
Year ended March 31, 2023	-	0.00	-	38.00	38.00	2,965	43.1	5.4
Year ending March 31, 2024 (forecast)	-	0.00	-	38.00	38.00		42.6	

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(% 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
Second quarter-end (Cumulative)	23,880	(6.3)	4,488	(12.3)	4,499	(12.0)	3,235	(12.6)	41.17
Year ending March 31, 2024	48,807	(5.7)	9,763	(9.9)	9,531	(12.6)	6,854	(0.5)	89.13

\* Notes

- (1) Changes in significant subsidiaries during the period (change in specified subsidiaries resulting in scope of consolidation) : Yes  
JLL Shenzhen Co., Ltd was excluded from the scope of consolidation during the consolidated fiscal year under review. The Company concluded an agreement to transfer all of its shares in the company at the end of March 2023, and duly completed the transfer. Synexmed (Hong Kong) Limited was excluded from the scope of consolidation during the consolidated fiscal year under review because its liquidation was completed.
- (2) 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
- (3) Number of issued shares outstanding (common stock)
- (i) Number of issued shares at the end of the period (including treasury stock) :
    - Year ended March 31, 2023 : 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 :
    - Year ended March 31, 2023 : 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 :

Year ended March 31, 2023 : 78,116,512 shares  
Year ended March 31, 2022 : 80,367,573 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 "(3) 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 "(3) Number of issued shares outstanding (common stock)".

## (Reference)

### 1. Non-consolidated Results for the Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-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	%
Year ended March 31, 2023	51,710	0.6	10,618	6.8	10,682	4.7	6,488	(15.6)
Year ended March 31, 2022	51,417	0.3	9,943	(4.9)	10,201	(4.4)	7,686	312.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	83.06		-	
Year ended March 31, 2022	95.64		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	74,740	56,305	75.3	722.61
As of March 31, 2022	73,700	55,113	74.8	689.61

(Reference) Shareholders' equity : Year ended March 31, 2023 : 56,305 million yen  
Year ended March 31, 2022 : 55,113 million yen

### 2. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(% 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
Second quarter-end (Cumulative)	23,880	(6.2)	4,513	(11.8)	4,521	(11.7)	3,258	(12.2)	41.46
Year ending March 31, 2024	48,807	(5.6)	9,807	(7.6)	9,571	(10.4)	6,894	6.3	89.66

**\*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 third quarter of the current consolidated fiscal year.

#### (The Medium-Term Plan)

Our goal as a company is to realize a healthy society through the latest and optimal medical device technologies. We accomplish this by using our unique business model, which involves introducing innovative medical devices from overseas startups into Japan and manufacturing devices that cater to the needs of the medical field.

We announced the previous medium-term plan in November 2020 but withdrew it due to differences in actual results and plans from business transformations that took place in the recent years. We made a new five-year medium-term plan for the period between the Fiscal Year Ending March 31, 2024, and the Fiscal Year Ending March 31, 2028.

The new medium-term plan outlines five numerical targets:

i. Net Sales	63 billion yen	(FYE March 2028)
ii. Net Sales (New businesses*)	8 billion yen	(FYE March 2028)
iii. Operating Profit Margin	20% level	(Each Fiscal Year)
iv. EPS	120 yen per share	(FYE March 2028)
v. ROIC	12%	(FYE March 2028)

\* Neurovascular and gastrointestinal businesses

To achieve our targets, we will focus on three key issues:

#### ① Expand into new business areas

We have been focused on cardiovascular treatment, but we are entering the neurovascular and gastrointestinal areas to grow and adapt to the changing market environment. We will use our existing knowledge and technologies to establish ourselves in these areas, positioning them as growth drivers to achieve our mid-term numerical targets.

For neurovascular treatment, we made an exclusive distribution agreement with Wallaby Medical in August 2022 to sell 11 new devices in Japan. With these new products launched, we will have a top-class neurovascular product portfolio in Japan even as a late starter. In the gastrointestinal area, we have been selling products since 2017, including colonic stents, gastro-duodenal stents, and radiofrequency ablation for liver cancer treatment. This year, we started selling products for biliary-pancreatic area as well. We will keep introducing new in-house products using our unique technology to promote our brand in this new business.

#### ② Continuously introduce competitive products

We anticipate a tougher business environment due to the ongoing decline in product unit prices caused by biennial insurance reimbursement price revisions and increased competition. Additionally, we are aware of the launch of competing products for our one-of-a-kind products.

Despite these challenges, we are committed to introducing innovative products to the Japanese medical industry that benefit both patients and medical professionals. We will leverage our strengths as a full-service distributor and manufacturer to expand our product range and compete with our rivals. By developing new products in-house, we can take advantage of our superior technologies and contribute more to our profitability.

#### ③ Improve capital efficiency management

We have invested in our partners and financed their businesses to secure product sales rights and strengthen our supplier relationships. We have also invested in our plants and facilities to improve our R&D and production capacity. While we prioritize return on investment, we will continue to invest in future growth, such as securing product pipelines and developing our own products.

We are improving our business foundation by renewing our core system, streamlining business processes, and implementing digital marketing. We aim to return about 25 billion yen to our shareholders through dividends and stock repurchases within the medium-term plan period, without excessively keeping internal reserves.

(Business Environment)

In the current fiscal year ended March 2023, many items saw a decrease in unit sales prices due to a revision in reimbursement prices. Specifically, the reduction in reimbursement prices for some Cardiac Rhythm Management and EP/Ablation products had a negative impact on net sales and gross profit.

The new coronavirus pandemic increased pressure on the domestic healthcare system, leading to an increase in infected patients and healthcare worker infections. This resulted in weak numbers of cases related to our products during the infection spread period (7th wave: July-August 2022, 8th wave: November 2022-January 2023), impacting our business.

The long working hours for doctors have been an ongoing issue in the medical industry, with the government working on legislation effective in April 2024. Some hospitals have already taken steps to restrict overtime and Saturday surgeries, affecting the number of cases related to our products this fiscal year.

Despite the situations above, we estimate a 6% increase in ablation cases for atrial fibrillation (AF) compared to the previous fiscal year, almost in line with our initial guidance. This resulted in a 4.8% YoY increase in EP/Ablation sales, absorbing the impact of the decline in reimbursement prices and keeping sales strong.

The Japanese yen saw significant fluctuations against the U.S. dollar in the foreign exchange market. However, we saw no significant impact on our earnings in the current fiscal year. This is because we purchase over 70% of our products in yen and use the moving average method to calculate cost of sales, which smooths out any temporary increases in purchase costs over the long term.

(Business Performance)

The earnings for the current full fiscal year are as follows.

Unit: Millions of yen

Summary of Profit & Loss Statement	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Increase/ (Decrease)	Increase/ (Decrease)%
	Amount	Vs Sales Ratio%	Amount	Vs Sales Ratio%		
① Net Sales	51,469	100.0	51,750	100.0	281	0.5
② Gross Profit	28,835	56.0	29,895	57.8	1,060	3.7
③ Operating Profit	9,973	19.4	10,837	20.9	863	8.7
④ Ordinary Profit	10,005	19.4	10,905	21.1	900	9.0
⑤ Profit Attributable to Owners of Parent	7,484	14.5	6,891	13.3	(592)	(7.9)

① Net sales

Net sales increased by 281 million yen year-to-year, to 51,750 million yen. Details are shown in the Sales by Product section below.

② Gross profit

Gross profit increased by 1,060 million yen year-to-year, to 29,895 million yen. Gross profit margin was 57.8%, 1.8 pts higher than the previous year. The primary reason for this was a 1,413 million yen year-to-year decrease in loss on disposal and write-down of inventories, including product and merchandise inventories and raw materials. Another reason was that in-house product sales ratio increased by 2.5 pts to 54.9% compared to the previous year. These positive factors balanced out the negative effects of the worsened gross profit margin due to insurance reimbursement price revisions and weak sales in some products.

③ Operating Profit

Operating profit increased by 863 million yen year-to-year, to 10,837 million yen. The operating profit margin was 20.9%, 1.5 pts higher than in the previous year. Selling, general and administrative expenses slightly increased compared to the previous year, but gross profit margin increase absorbed that impact. Regarding selling, general, and administrative expenses, increases can be attributed to research and development expenses, travel and transportation expenses, and advertising expenses related to the launch of new products. On the other hand, as for decreases, there was a one-time expense of 290 million yen incurred during the previous year for a clinical trial, largely offsetting the increases listed above.

④ Ordinary Profit

Ordinary profit increased by 900 million yen year-to-year, to 10,905 million yen. Non-operating income was 293 million yen, including interest and dividend income. Non-operating expense was 224 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 Profit Attributable to Owners of Parent

Profit attributable to owners of parent decreased by 592 million yen year-to-year, to 6,891 million yen. In the third quarter of the current fiscal year, we reported an extraordinary loss of 1,190 million yen due to the loss on valuation of investment securities caused by a capital raise and the resulting dilution of the ownership in the investee. Additionally, during the fourth quarter of the current fiscal year, we reported an extraordinary gain of 96 million yen from the sale of investment securities. This resulted from the transfer and liquidation of a subsidiary.

(Sales by Product)

Unit: Millions of yen

Product Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase/ (Decrease)	Increase/ (Decrease)%
Cardiac Rhythm Management	12,977	12,403	(574)	(4.4)
EP/Ablation	25,099	26,292	1,193	4.8
Cardiovascular Surgery	9,657	10,643	985	10.2
Gastrointestinal/PI	3,733	2,411	(1,322)	(35.4)
Total	51,469	51,750	281	0.5

(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, Cholangioscope system, Biliary duct tube stent, Biliary duct dilation balloon, Balloon catheter, Guidewire, Atrial septum defect closure, Drug-eluting stent, Guidewire with sensor for fractional flow reserve

#### ① Cardiac Rhythm Management

We have been facing tough competition in our pacemaker business, resulting in a sharp decline in net sales despite flat sales volumes. This drop is due to reduced unit prices following revisions to insurance reimbursements.

On the other hand, sales of ICD-related products increased, thanks to our T-ICDs gaining battery replacement cases and CRT-Ds sales remaining strong. Sales of our one-of-a-kind S-ICDs also increased, unaffected by reimbursement price reductions.

Overall, Cardiac Rhythm Management net sales were 12,403 million yen, down 4.4% YoY.

#### ② EP/Ablation

The sales volume of in-house EP catheter products related to ablation cases, such as BeeAT, EP Star, and Esophastar, increased by 10% due to more AF cases and supply shortages among competitors. However, sales in value only increased 7% due to revised insurance reimbursement prices.

Sales of ablation catheter decreased because of weak sales of the HeartLight X3. The supply of products was delayed since July 2022 due to global raw material shortages.

As for other products, sales of RF Needle decreased due to competition from other products, and the exclusive distribution agreement of this product ended due to Boston Scientific's acquisition of Baylis Medical, the product supplier. The in-house product Leftee continued to sell well due to its high operability.

Overall, EP/ablation net sales were 26,292 million yen, up 4.8% YoY.

#### ③ Cardiovascular Surgery

Sales of vascular graft-related products were strong due to a gradual increase in market share, despite a continuing flat trend in the number of cases. In in-house products, sales of vascular graft remained robust, and sales of the Frozenix, an open stent graft and a one-of-a-kind product, also increased from the previous year, driven by a rise in emergency cases. In purchased products, sales of AFX2, an abdominal stent graft, increased significantly compared to the previous fiscal year, thanks to positive results from clinical studies conducted at university hospitals in Japan and the synergistic effects with the new product Alto, launched in the previous fiscal year.

Regarding other products, sales of Avenir, an embolic coil launched in the previous fiscal year, exceeded expectations and significantly outperformed the plan. We have concluded a 10-year exclusive distribution agreement with Wallaby Medical, the supplier of Avenir, covering 11 neurovascular treatment devices, and plan to launch a series of new products in the Fiscal Year Ending March 2024 and beyond. As the neurovascular market is expected to grow by 5-6% annually in the future, we will continue to focus on this important area.

Overall, Cardiovascular Surgery net sales were 10,643 million yen, up 10.2% YoY.

#### ④ Gastrointestinal/PI

In the gastrointestinal space, sales of existing products, such as colonic stents, gastro-duodenal stents, and radiofrequency ablation needles for liver cancer treatment, were strong, resulting in a substantial increase in sales. Additionally, we have identified the biliary-pancreatic area as a promising growth area in the gastrointestinal space and made a full-scale entry into this area with in-house products in the current fiscal year. However, we have found that some of our products, such as cholangioscope system, require improvements in the initial clinical stage, and we are working to resolve these issues. On the other hand, our tube stents for bile ducts have received excellent clinical feedback, and sales are strong.

In the percutaneous intervention (PI)-related business, sales declined significantly as a result of business downsizing (coronary intervention products) and a shift of sales resources to the gastrointestinal space, against the backdrop of an increasingly competitive environment. The exclusive distribution agreement for Orsiro, a drug-eluting coronary stent, which had been a major purchased product, was terminated early in June 2022. We also plan to gradually discontinue handling other coronary intervention-related products in the next fiscal year and beyond.

Overall, Gastrointestinal/PI net sales were 2,411 million yen, down 35.4% YoY.

## (2) Overview of the Financial Position

### ① Assets

The balance of Current assets was 47,130 million yen, an increase of 1,977 million yen from the end of the previous period. This was mainly due to a decrease of 1,707 million yen in Inventories, increases of 2,298 million yen in Cash and 786 million yen in Notes and accounts receivable - trade .

The balance of Fixed assets was 27,510 million yen, a decrease of 533 million yen from the end of the previous period. This was mainly due to increases of 943 million yen in Intangible assets, 592 million yen in Long-term loans receivable, decreases of 458 million yen in Property, plant and equipment and 1,352 million yen in Investment securities.

As a result, the balance of total assets was 74,641 million yen, an increase of 1,443 million yen from the end of previous period.

### ② Liabilities

The balance of Current liabilities was 14,381 million yen, an increase of 170 million yen from the end of the previous period. This was mainly due to decreases in Current portion of long-term borrowings of 522 million yen, Short-term borrowings of 300 million yen, increases in Provision for bonuses of 143 million yen, Notes and accounts payable – trade of 142 million yen and “Other”, which included increases in accrued consumption taxes of 254 million yen and accrued expenses of 215 million yen.

The balance of Long-term liabilities was 4,063 million yen, a decrease of 355 million yen from the end of the previous period. This was mainly due to an increase of 278 million yen in Retirement benefits liability and a decrease of 568 million yen in Long-term borrowings.

As a result, the balance of total liabilities was 18,445 million yen, a decrease of 184 million yen from the end of the previous period.

### ③ Net assets

The balance of Net assets was 56,195 million yen, an increase of 1,628 million yen from the end of the previous period. This was mainly due to an increase of 3,850 million yen in Retained earnings reflecting Profit attributable to owners of parent of 6,891 million yen and dividend payments of 3,041 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.

## (3) Overview of the Cash Flows

The balance of Cash and Cash equivalents amounted to 18,357 million yen, an increase of 2,298 million yen from the end of the previous fiscal year. Cash flows 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 11,201 million yen (Net cash provided by operating activities was 10,246 million yen for the previous fiscal year.). The main factors are Profit before income taxes of 9,789 million yen, Decreases in inventories of 1,720 million yen, Depreciation of 1,566 million yen as factors that increase cash flows, despite Income tax paid of 2,861 million yen, which decreases cash flows.

### ② Cash flows from investing activities

Net cash used in investing activities was 2,461 million yen (Net cash used in investing activities was 1,131 million yen for the previous fiscal year.), mainly reflecting Proceeds from sale of investment securities of 153 million yen, Purchase of intangible assets of 1,264 million yen, Long-term loan advances of 530 million yen and Purchase of property, plant and equipment of 465 million.

### ③ Cash flows from financing activities

Net cash used in financing activities was 6,476 million yen (Net cash used in financing activities was 6,804 million yen for the previous fiscal year.), mainly due to Dividends paid of 3,050 million yen, Purchase of treasury stock of 1,948 million yen and Repayments of long-term borrowings of 1,076 million yen.



(4) Explanation of Consolidated Financial Guidance

Consolidated Financial Guidance for the Fiscal Year Ending March 31, 2024

Unit: Millions of yen

Summary of Profit & Loss Statement	[Actual] Fiscal year ended March 31, 2023		[Guidance] Fiscal year ended March 31, 2024		Increase/ (Decrease)	Increase/ (Decrease)%
	Amount	Vs Sales Ratio%	Amount	Vs Sales Ratio%		
① Net Sales	51,750	100.0	48,807	100.0	(2,943)	(5.7)
② Gross Profit	29,895	57.8	29,691	60.8	(203)	(0.7)
③ Operating Profit	10,837	20.9	9,763	20.0	(1,073)	(9.9)
④ Ordinary Profit	10,905	21.1	9,531	19.5	(1,374)	(12.6)
⑤ Profit Attributable to Owners of Parent	6,891	13.3	6,854	14.0	(37)	(0.5)

In the Fiscal Year Ending March 31, 2024, we expect a moderate increase in the number of cases related to our products compared to the current fiscal year as the new coronavirus infection subsides. Specifically, the number of ablation cases for atrial fibrillation is expected to increase by about 6% compared to the current fiscal year. We anticipate that each of our in-house products related to AF will experience a boost in sales. Additionally, sales in the new therapeutic areas of neurovascular and gastrointestinal are expected to be robust. However, we anticipate that sales will decrease YoY due to the following factors:

i. Termination of the exclusive distribution agreement for RF Needle, an atrial transeptal needle

The exclusive distribution agreement for RF Needle, of which net sales were about 3.8 billion yen for the current fiscal year, was terminated at the end of March 2023 due to the acquisition of the product supplier. We expect a significant decrease in sales of this product since it will become a commission-based sale under the sales partnership agreement starting from April 2023 onward.

ii. Termination of the coronary intervention business (PI-related category)

In the coronary intervention-related business, of which net sales were about 1.4 billion yen for the current fiscal year, the business environment is worsening due to a significant decline in insurance reimbursement prices. We are expecting a significant decrease in net sales since the exclusive distribution agreement for the drug-eluting coronary stent, which accounted for most of the sales, was terminated in June 2022. Additionally, we plan to gradually discontinue handling other coronary intervention-related products during the Fiscal Year Ending March 2024.

We expect gross profit to decrease in line with the decline in net sales. However, we expect the gross profit margin to improve by 3.0 pts to 60.8% due to an increase in the ratio of in-house products.

Selling, general, and administrative expenses are expected to increase by 870 million yen compared to the current fiscal year. The main factors contributing to the increase will be personnel expenses, depreciation expenses associated with the start of operation of the new business administration system, and travel and transportation expenses associated with the increase in sales activities. As a result of these factors, we anticipate that the operating profit margin will worsen by 0.9 pts from the current fiscal year to 20.0%.

Based on the above mentioned, we project net sales of 48,807 million yen (down 5.7% YoY), operating profit of 9,763 million yen (down 9.9% YoY), ordinary profit of 9,531 million yen (down 12.6% YoY), and net profit attributable to the owners of the parent of 6,854 million yen (down 0.5% YoY) for the fiscal year ending March 31, 2024.

Actual results may differ significantly from these forecasts due to various factors.

## 2. Basic Policy on the Selection of Accounting Standards

The JLL Group apply the Japanese accounting standards (generally accepted accounting principles of Japan).

With regard to future application of International Financial Reporting Standards (IFRS), we will respond appropriately, taking into account circumstances in Japan and abroad.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	16,058	18,357
Notes and accounts receivable - trade	12,437	13,223
Inventories	14,850	13,142
Other	1,807	2,406
<b>Total current assets</b>	<b>45,153</b>	<b>47,130</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	7,413	7,102
Machinery, equipment and vehicles, net	771	628
Land	3,214	3,214
Leased assets, net	835	768
Construction in progress	15	46
Other, net	659	690
<b>Total property, plant and equipment</b>	<b>12,911</b>	<b>12,452</b>
Intangible assets		
Other	1,470	2,414
<b>Total intangible assets</b>	<b>1,470</b>	<b>2,414</b>
Investments and other assets		
Investment securities	6,850	5,498
Long-term loans receivable	1,954	2,547
Long-term prepaid expenses	2,545	2,202
Deferred tax assets	2,828	2,979
Other	809	813
Allowance for doubtful accounts	(1,325)	(1,397)
<b>Total investments and other assets</b>	<b>13,662</b>	<b>12,643</b>
<b>Total fixed assets</b>	<b>28,044</b>	<b>27,510</b>
<b>Total assets</b>	<b>73,197</b>	<b>74,641</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,287	3,429
Short-term borrowings	5,300	5,000
Current portion of long-term borrowings	1,090	568
Accounts payable - other	801	651
Income taxes payable	1,497	1,585
Provision for bonuses	1,367	1,510
Provision for bonuses for directors	14	32
Other	852	1,604
<b>Total current liabilities</b>	<b>14,211</b>	<b>14,381</b>
Long-term liabilities		
Long-term borrowings	1,104	536
Lease liabilities	647	581
Long-term accounts payable - other	176	175
Provision for director's stock based compensation	99	141
Retirement benefit liability	2,011	2,289
Other	380	339
<b>Total long-term liabilities</b>	<b>4,418</b>	<b>4,063</b>
<b>Total liabilities</b>	<b>18,629</b>	<b>18,445</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	2,115	2,115
Capital surplus	14,853	13,774
Retained earnings	38,890	42,741
Treasury stock	(1,496)	(2,365)
Total shareholders' equity	54,362	56,265
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	(6)	(312)
Foreign currency translation adjustment	237	299
Remeasurements of defined benefit plans	(26)	(56)
Total accumulated other comprehensive income	205	(69)
Total net assets	54,567	56,195
Total liabilities and net assets	73,197	74,641

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	51,469	51,750
Cost of sales	22,634	21,855
Gross profit	28,835	29,895
Selling, general and administrative expenses		
Promotion expenses	66	97
Advertising expenses	289	398
Remuneration for directors	440	462
Salaries and allowances	5,975	5,899
Retirement benefit expenses	409	439
Provision for bonuses	1,144	1,260
Provision for bonuses for directors	14	32
Provision for directors' stock based compensation	16	42
Legal welfare expenses	998	1,077
Travel and transportation expenses	603	820
Supplies expenses	134	85
Rent expenses on real estate	738	759
Depreciation	659	592
Research and development expenses	2,159	2,316
Provision of allowance for doubtful accounts	(0)	—
Other	5,210	4,773
Total selling, general and administrative expenses	18,861	19,057
Operating profit	9,973	10,837
Non-operating income		
Interest income	63	105
Dividend income	47	76
Foreign exchange gains	—	18
Gain on sale of businesses	116	—
Gain on sale of scraps	—	33
Other	89	59
Total non-operating income	316	293
Non-operating expenses		
Interest expenses	76	34
Foreign exchange losses	17	—
Loss on valuation of investment securities	78	11
Provision of allowance for doubtful accounts	13	71
Commission expenses	44	53
Other	55	53
Total non-operating expenses	285	224
Ordinary profit	10,005	10,905
Extraordinary income		
Gain on sale of fixed assets	3	4
Gain on sale of investment securities	41	—
Gain on liquidation of subsidiaries	—	96
Total extraordinary income	44	100
Extraordinary losses		
Loss on sale of fixed assets	5	—
Loss on retirement of fixed assets	3	9
Loss on sale of investment securities	—	17
Loss on valuation of investment securities	—	1,190
Total extraordinary losses	8	1,217
Profit before income taxes	10,041	9,789

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Income taxes – current	2,903	2,899
Income taxes – deferred	(347)	(2)
Total income taxes	2,556	2,897
Profit	7,484	6,891
Profit attributable to owners of parent	7,484	6,891

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	7,484	6,891
Other comprehensive income		
Net unrealized holding gains or losses on securities	(58)	(306)
Foreign currency translation adjustment	206	62
Retirement benefits liability adjustments	20	(30)
Total other comprehensive income	167	(274)
Comprehensive income	7,652	6,617
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,652	6,617

## (3) Consolidated Statements of Change in Net Assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,115	14,853	35,352	(1,053)	51,267
Changes during period					
Dividends of surplus			(3,945)		(3,945)
Purchase of treasury stock				(539)	(539)
Disposal of treasury stock				95	95
Profit attributable to owners of parent			7,484		7,484
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,538	(443)	3,095
Balance at end of period	2,115	14,853	38,890	(1,496)	54,362

	Accumulated other comprehensive income				Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	52	30	(46)	37	51,304
Changes during period					
Dividends of surplus					(3,945)
Purchase of treasury stock					(539)
Disposal of treasury stock					95
Profit attributable to owners of parent					7,484
Net changes in items other than shareholders' equity	(58)	206	20	167	167
Total changes during period	(58)	206	20	167	3,263
Balance at end of period	(6)	237	(26)	205	54,567



Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	2,115	14,853	38,890	(1,496)	54,362
Changes during period					
Dividends of surplus			(3,041)		(3,041)
Purchase of treasury stock				(1,948)	(1,948)
Cancellation of treasury stock		(1,079)		1,079	—
Profit attributable to owners of parent			6,891		6,891
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,079)	3,850	(868)	1,902
Balance at end of period	2,115	13,774	42,741	(2,365)	56,265

	Accumulated other comprehensive income				Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(6)	237	(26)	205	54,567
Changes during period					
Dividends of surplus					(3,041)
Purchase of treasury stock					(1,948)
Cancellation of treasury stock					—
Profit attributable to owners of parent					6,891
Net changes in items other than shareholders' equity	(306)	62	(30)	(274)	(274)
Total changes during period	(306)	62	(30)	(274)	1,628
Balance at end of period	(312)	299	(56)	(69)	56,195

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,041	9,789
Depreciation	1,611	1,566
Amortization of long-term prepaid expenses	318	318
Increase (decrease) in allowance for doubtful accounts	13	71
Increase (decrease) in provision for bonuses	288	143
Increase (decrease) in provision for bonuses for directors	14	17
Increase (decrease) in retirement benefit liability	215	216
Increase (decrease) in provision for directors' stock based compensation	8	42
Increase (decrease) in provision for loss on guarantees	(84)	—
Interest and dividend income	(110)	(181)
Interest expenses	76	34
Loss (gain) on sale and retirement of property, plant and equipment	5	5
Loss (gain) on valuation of investment securities	78	1,202
Loss (gain) on sale of investment securities	(41)	17
Gain on liquidation of subsidiaries	—	(96)
Decrease (increase) in trade notes and accounts receivable	746	(779)
Decrease (increase) in inventories	1,159	1,720
Decrease (increase) in accounts receivable – other	24	(892)
Increase (decrease) in trade notes and accounts payable	373	138
Increase (decrease) in accrued consumption taxes	(795)	215
Increase (decrease) in accrued expenses	52	253
Other, net	(230)	226
Subtotal	13,766	14,028
Interest and dividends received	40	69
Interest paid	(80)	(35)
Income taxes paid	(3,480)	(2,861)
Net cash provided by (used in) operating activities	10,246	11,201
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,516)	(465)
Proceeds from sale of property, plant and equipment	241	23
Purchase of intangible assets	(342)	(1,264)
Purchase of investment securities	(257)	(420)
Proceeds from sale of investment securities	827	153
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	28
Long-term loan advances	(1)	(530)
Proceeds from collection of long-term loans receivable	17	16
Other payments	(105)	(22)
Other proceeds	5	19
Net cash provided by (used in) investing activities	(1,131)	(2,461)
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	—	(300)
Repayments of long-term borrowings	(2,175)	(1,076)
Purchase of treasury stock	(539)	(1,948)
Proceeds from sale of treasury stock	95	—
Repayments of lease liabilities	(233)	(101)
Dividends paid	(3,952)	(3,050)
Net cash provided by (used in) financing activities	(6,804)	(6,476)
Effect of exchange rate change on cash and cash equivalents	38	35
Net increase (decrease) in cash and cash equivalents	2,349	2,298
Cash and cash equivalents at beginning of period	13,708	16,058
Cash and cash equivalents at end of period	16,058	18,357

(5) Notes to Consolidated Financial Statements  
(Notes Regarding Going-Concern Assumptions)  
None

(Changes in Significant Subsidiaries)

JLL Shenzhen Co., Ltd was excluded from the scope of consolidation during the consolidated fiscal year under review. The Company concluded an agreement to transfer all of its shares in the company at the end of March 2023, and duly completed the transfer. Synexmed (Hong Kong) Limited was excluded from the scope of consolidation during the consolidated fiscal year under review because its liquidation was completed.

(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 consolidated financial statement.

(Segment Information, etc.)

[Segment Information]

Overview of Reporting Segments

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

The business of the Company and its consolidated subsidiaries is the manufacture and sale of medical device, and its main customers are located in Japan. There are no reportable segments for which separate financial information is available among the constituent units of the Company and its consolidated subsidiaries, that should be subject to periodical reviews by the Board of Directors in order to determine allocation of management resources and evaluate business performance.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

The business of the Company and its consolidated subsidiaries is the manufacture and sale of medical device, and its main customers are located in Japan. There are no reportable segments for which separate financial information is available among the constituent units of the Company and its consolidated subsidiaries, that should be subject to periodical reviews by the Board of Directors in order to determine allocation of management resources and evaluate business performance.

[Reference Information]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information for each product or service

(Millions of yen)

Product Category	Sales to external customers
Cardiac Rhythm Management	12,977
EP/Ablation	25,099
Cardiovascular Surgery	9,657
Gastrointestinal/PI	3,733
Total	51,469

2. Information for each region

(1) Net sales

The description is omitted, because the sales to external customers in Japan exceeded 90% of the consolidated net sales.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Others	Total
10,797	1,923	190	12,911

Note : "Others" includes China and Hong Kong.

3. Information for each of main customers

(Millions of yen)

Customer name	Net Sales
DVx Inc.	5,857

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information for each product or service

(Millions of yen)

Product Category	Sales to external customers
Cardiac Rhythm Management	12,403
EP/Ablation	26,292
Cardiovascular Surgery	10,643
Gastrointestinal/PI	2,411
Total	51,750

2. Information for each region

(1) Net sales

The description is omitted, because the sales to external customers in Japan exceeded 90% of the consolidated net sales.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Total
10,446	2,005	12,452

3. Information for each of main customers

(Millions of yen)

Customer name	Net Sales
DVx Inc.	5,984

[Information on impairment losses on fixed assets for each reportable segment]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

[Information on amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share (Yen)	682.79	721.20
Earnings per share (Yen)	93.13	88.22

Notes : 1. Diluted earnings per share has not been presented since there are no potential shares.

2. The shares of the Company held by the BIP (Board Incentive Plan) trust, which are recorded in Treasury stock, are included in the treasury stock which is deducted from the number of shares when calculating Net assets per share and Earning per share. The number of treasury stock deducted in the calculation of Net assets per share was 109,600 shares as of the end of previous fiscal year, and 109,600 shares as of the end of this fiscal year. The average number of treasury stock deducted in the calculation of Earnings per share was 110,436 shares in previous fiscal year, and 109,600 shares in this fiscal year.

3. The shares of the Company held by the trust-type employee stock ownership incentive plan (E-Ship), which are recorded in Treasury stock, are included in the treasury stock which is deducted from the number of shares when calculating Earning per share. The number of treasury stock deducted in the calculation of Net assets per share was 8,191 shares as of the end of previous fiscal year. This trust-type employee stock ownership incentive plan (E-Ship) was terminated on July 29, 2021.

4. The basis for calculating Earning per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owner of parent (Millions of yen)	7,484	6,891
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent regarding common stock (Millions of yen)	7,484	6,891
Average number of common stock during the period (Thousand shares)	80,367	78,116

(Significant subsequent events)

Not applicable.

#### 4. Others

##### (1) Current Status of Production, Orders and Sales

###### ① Production

(Millions of yen)

Product Category	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase/ (Decrease) %
Cardiac Rhythm Management	16	17	8.4%
EP/Ablation	4,695	5,453	16.1%
Cardiovascular Surgery	1,441	1,421	(1.3%)
Gastrointestinal/PI	505	484	(4.2%)
Total	6,657	7,376	10.8%

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) Explanation of Operating Results”.

##### (2) Changes in Board of Directors

###### ① Newly Appointed Directors (Effective on June 28, 2023)

Vice President, Senior Manager of  
Business Administration Department of  
Corporate Administration Headquarters, Takeyoshi Egawa  
General Manager of Finance & Accounting Division

###### ② Resigning Directors (Effective on June 28, 2023)

Senior Vice President, Executive Manager of  
Arrhythmia Business Unit Kazuhiko Nogami (Scheduled to be the Company's consultant)