



May 10, 2023

To whom it may concern,

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Japan Lifeline Announces Renewal of its Medium-Term Plan

Japan Lifeline Co., Ltd. (“Japan Lifeline” or “the Company”) announces that it has withdrawn its current medium-term plan, which ends in the fiscal year ending March 31, 2025, and has formulated a new five-year medium-term plan for the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2028.

Please refer to the attached document for details.

1. Background of Plan Formulation

The Company 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. The new medium-term plan is based on a fixed period approach. The Company will review the progress every fiscal year, disclose the prospects for meeting the numerical targets, and revise them if there is a significant deviation.

2. Target period

The target period is from the fiscal year ending March 31, 2024, to the fiscal year ending March 31, 2028.

3. Priority Issues

The Company will strengthen its cardiovascular field, which is its core business domain, and expand into the newly entered neurovascular and gastrointestinal fields to achieve steady sales growth and stable profit levels. The Company will also focus on improving its capital efficiency to increase its corporate value in the medium- to long-term. Based on these goals, it has identified three key issues to address in its new medium-term plan:

- i. Expand into new business areas
- ii. Continuously introduce competitive products
- iii. Improve capital efficiency management

4. Numerical Targets

- | | | | |
|------|-------------------------------|-------------------|--------------------|
| i. | Net Sales | 63 billion yen | (FYE March 2028) |
| ii. | Net Sales (New businesses *1) | 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) |

*1 Neurovascular and gastrointestinal businesses



Mid-Term Plan

FYE March 2024 to FYE March 2028

Date of Release : May 10, 2023

Financial Results Briefing : May 11, 2023

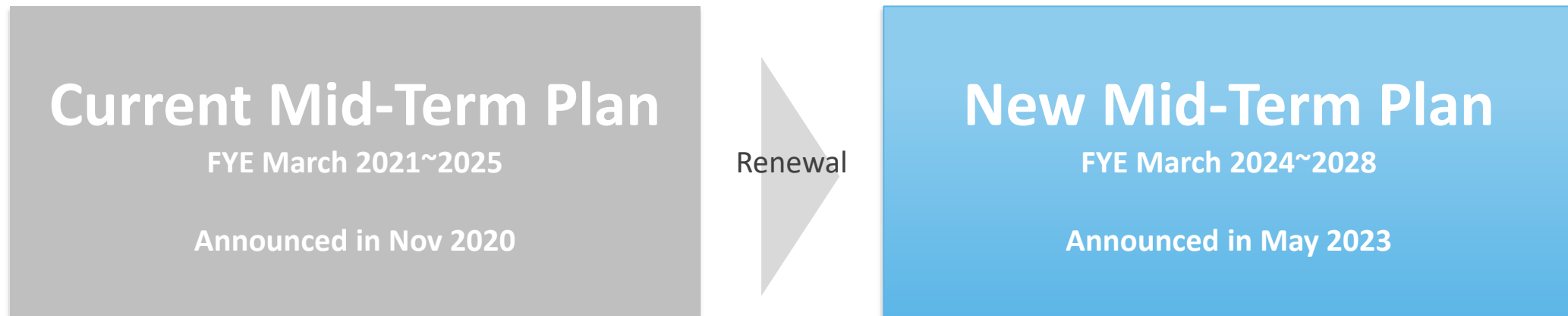
Japan Lifeline Co., Ltd.

TSE Prime Market /Ticker Symbol 7575

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- ✓ We transformed the business in the past 1-2 years, which involved reviewing the portfolio:
 - Phased down the coronary intervention business^{*1}, including early termination of the drug-eluting coronary stent "Orsiro".
 - Terminated exclusive sales of "RF Needle," one of the main products.
 - Divested blood purification business, which had low synergy with other businesses.
 - Concentrated resources on new areas (neurovascular & gastrointestinal) and existing areas of strength (EP/ablation and cardiovascular).
- ✓ To reflect the latest situation, **we have withdrawn the current plan and established a new plan.**



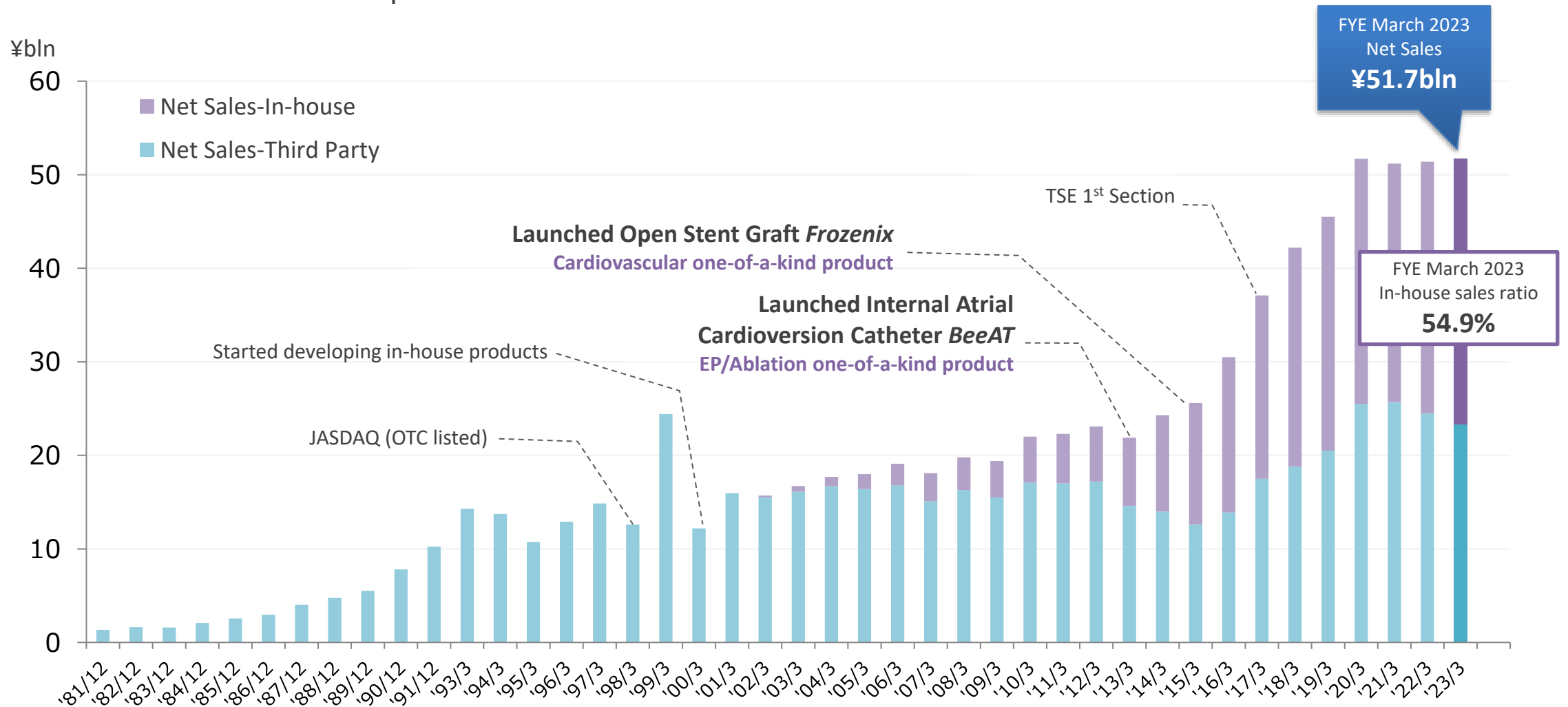
^{*1} Coronary Intervention falls under the "PI-related" subcategory in the "Gastrointestinal/PI" sales category for FYE March 2023.

1. Business Overview
2. Management Philosophy
3. Mid-Term Guidance
4. Capital Strategy
5. Sustainability

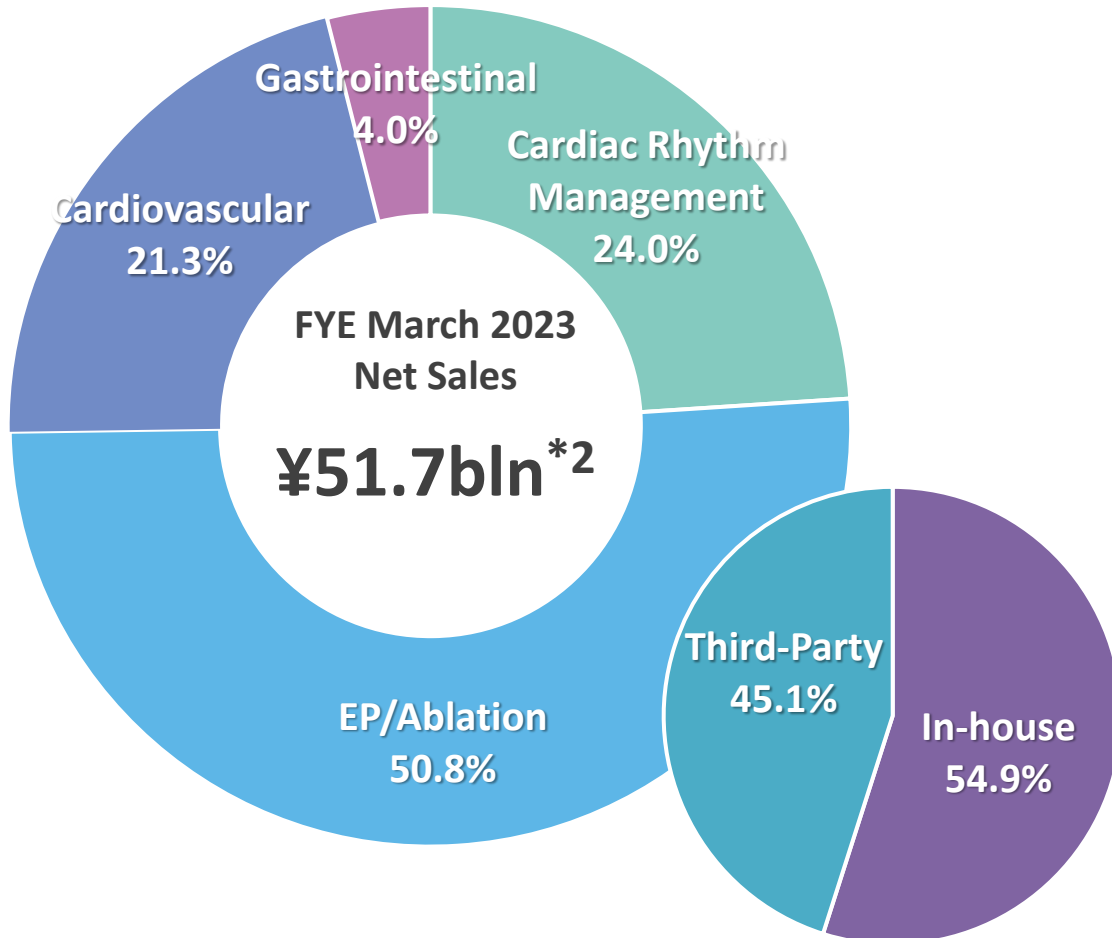
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Our Track Record

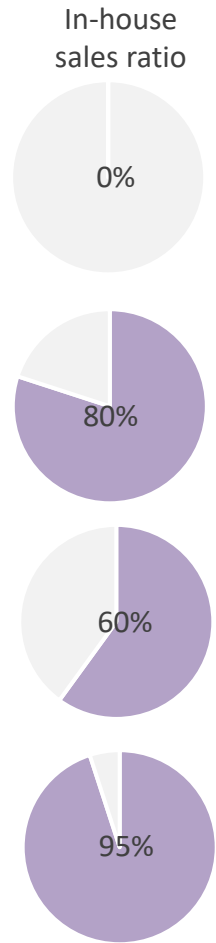
- ✓ Japan Lifeline has grown based on a unique manufacturing and distribution business model and by offering one-of-a-kind in-house products.



- ✓ Japan Lifeline specializes in cardiovascular therapeutic areas, breaking down into four product categories
- ✓ Expanding therapeutic areas to **Gastrointestinal (GI)** and **neurovascular***1



Cardiac Rhythm Management (CRM)	<ul style="list-style-type: none"> Implantable medical devices to treat arrhythmias (Long-term distribution agreement with Boston Scientific Japan)
EP/Ablation (EP/ABL)	<ul style="list-style-type: none"> Disposable thin tube-like medical devices (catheters) that give diagnosis/treatment on the arrhythmias
Cardio-Vascular (CV)*3*5	<ul style="list-style-type: none"> Medical devices such as vascular graft and stent graft to treat aortic aneurysms, etc. Medical devices to treat cerebral aneurysms and strokes
Gastro-intestinal (GI)*4*5	<ul style="list-style-type: none"> Medical devices to treat gastrointestinal diseases



*1 Belongs to "Cardiovascular" product category

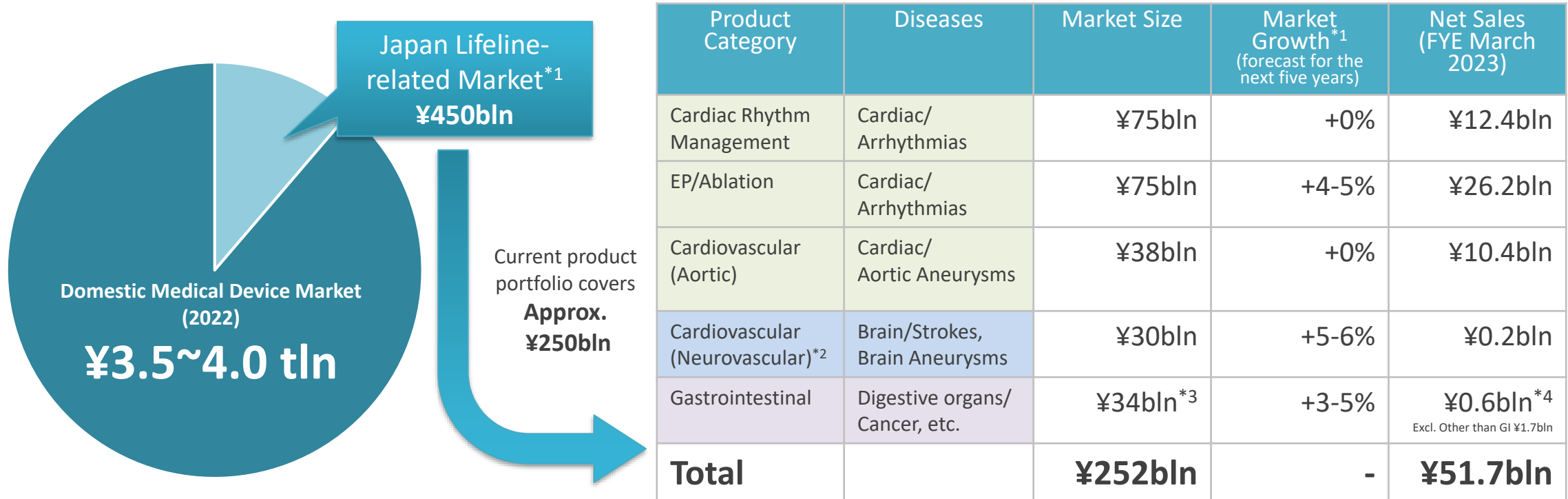
*2 Sales categories have been reclassified since FYE March 2024, but shown here are after reclassification from the previous classifications.

*3 Renamed since FYE March 2024. Old: "Cardiovascular Surgery" => New: "Cardiovascular"

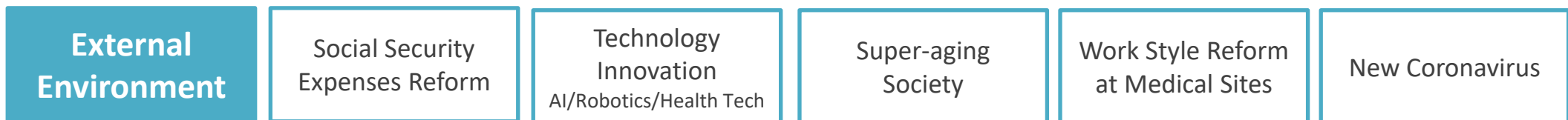
*4 Renamed since FYE March 2024. Old: "Gastrointestinal/PI" => New "Gastrointestinal"

*5 Atrial septum defect closing device is moved from "Gastrointestinal/PI" to "Cardiovascular"

- ✓ Expect the domestic medical device market to continue to grow at a stable CAGR of 2-3% in the future
- ✓ Have a strong foothold in the cardiac-related market and are now exploring new markets with growth potential

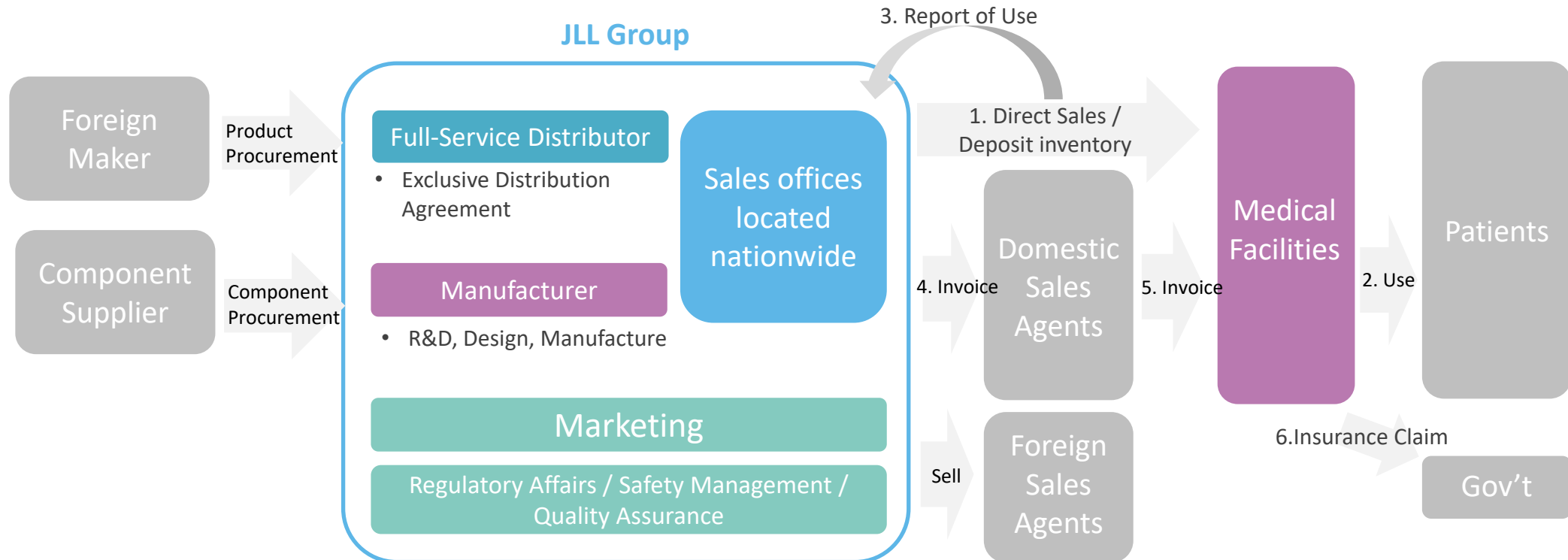


Source: Market research by R&D and Japan Lifeline



^{*1} Calculated by adding up the market size of the cardiac, brain, gastrointestinal, and peripheral markets based on R&D's FY2022 market forecast.
^{*2} Including sales of embolic coils used in the abdominal area too
^{*3} Total market of biliary-pancreatic treatment tools (¥24bln), gastrointestinal metallic stents (¥9bln) and liver RFA (¥1bln), not including gastrointestinal treatment tools market of ¥23bln or PI-related market
^{*4} Including only GI sales

- ✓ Hybrid business model of full-service distributor and manufacturer
- ✓ **Nationwide sales force** and **the regulatory affairs function** necessary to distribute medical devices
- ✓ Sales representatives **in close touch with the end-user medical facilities (doctors)**
- ✓ **Deposit inventory** with sterilization (expiration) date at medical facilities.*¹ Sales recognized as used in operations



*¹ Depository sales are our primary form of sales. Medical institutions and distributors may also purchase our products. As for exports, foreign distributors also purchase our inventory.

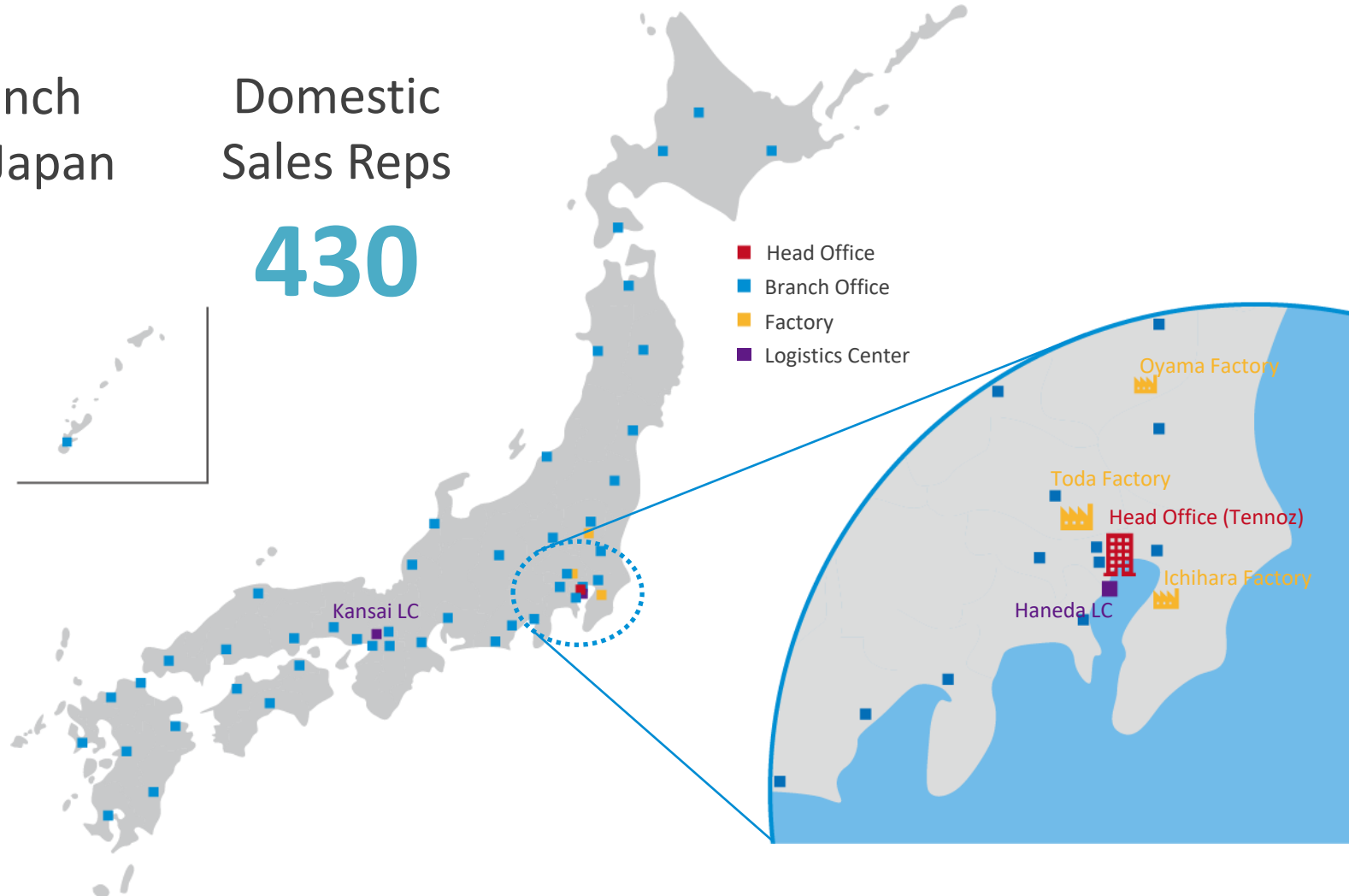
- ✓ 48 domestic sales offices that cover major medical facilities nationwide
- ✓ Local sales reps collect unmet needs in clinical settings to generate ideas for next products

Sales Branch
Offices in Japan

48

Domestic
Sales Reps

430



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Philosophy

Contributing to the realization of a healthy society through the latest optimal medical device technologies



Vision

Pursue both functions of a manufacturer and a distributor to provide the latest and best options for medical professionals worldwide and create high added value



How Our Business Model Makes a Difference

- ✓ Our "two-way" business model is highly flexible, allowing us to adapt to rapidly changing business environments and continuously update our product portfolio in a timely and flexible manner.



Continue to provide doctors with new options in a timely manner in the rapidly changing medical device industry

*1 High-performance shaft technology, ablation technology, stent-weaving technology, etc.

*2 Key Opinion Leader

*3 We aim to expand our in-house products, but we will also actively seek out business opportunities for purchased products. In the long term (10 years or more), we plan to have a ratio of in-house products at 55-65%.

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✓ We have set the framework of the new mid-term plan as below, and will review the progress annually

- Target Period **FYE March 2024 to FYE March 2028** (fixed five years)
- KPI Targets Net Sales, Net Sales (New Businesses^{*1}), Operating Profit Margin,
EPS, ROIC
- Review **Annually** (at each Q4 Financial Release = Typically around May)

[Disclose annually the outlook for achievement](#) of KPI targets for the remaining period, taking into account the upside/downside that has emerged over time.

*1 Neurovascular and gastrointestinal

Mid-Term KPI Targets (FYE Mar. 2024 to 2028)

- ✓ Focus on achieving steady growth in sales and operating profit, while also prioritizing efficient capital management.

Net Sales

¥63bln

(FYE March 2028)

Net Sales
(New Businesses*¹)

¥8bln

(FYE March 2028)

OP Margin

20% level

(Each fiscal year)

EPS

¥120

(FYE March 2028)

ROIC

12%

(FYE March 2028)

1. Expand into new business areas

- Focus on expansion of neurovascular and gastrointestinal areas

2. Continuously introduce competitive products

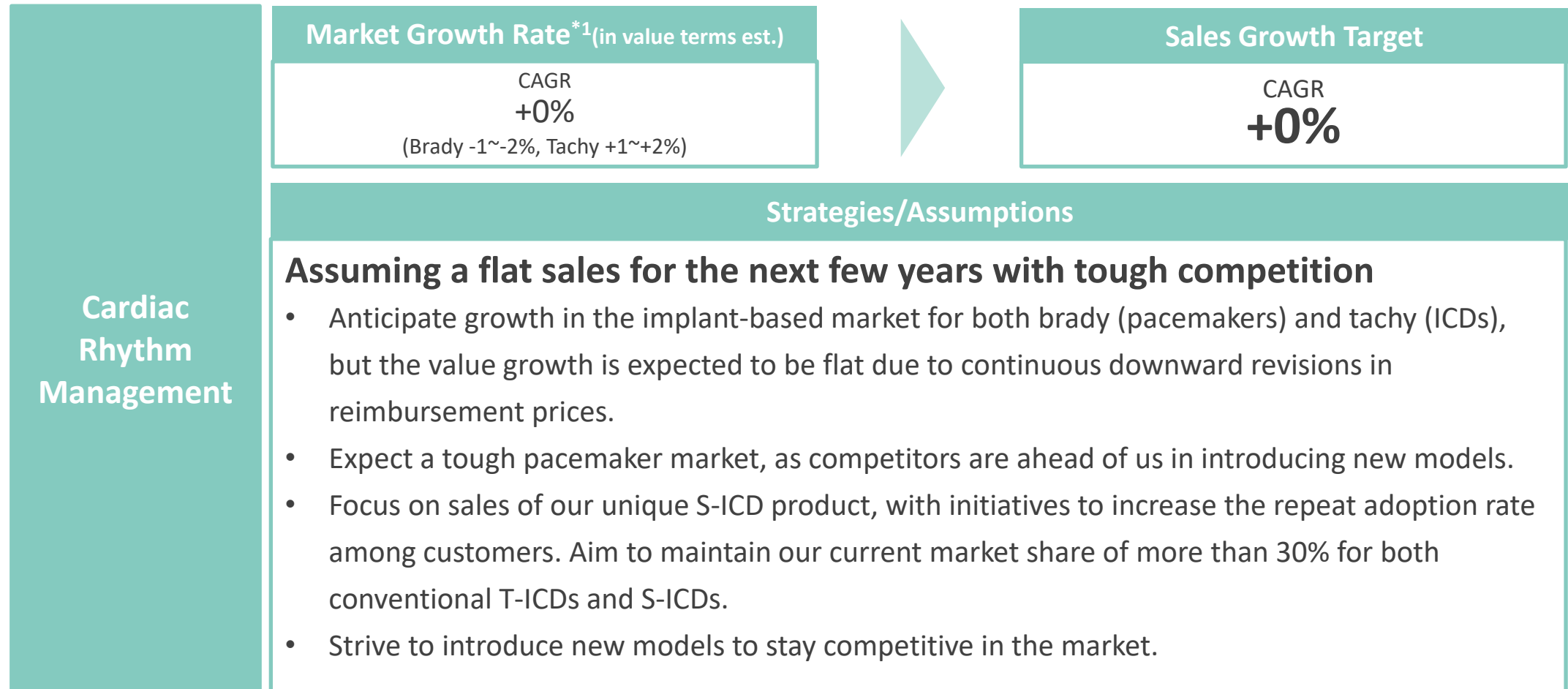
- Reinforce our one-of-a-kind product offerings
- Keep introducing new products to maintain a competitive edge and high margins (at the 55-58% level).
- Bolster our R&D efforts.

3. Improve capital efficiency management

- Promote efficient capital management
- Reinforce ICT investments
- Improve operations (sales efficiencies and inventory days management)
- Strengthen shareholder return

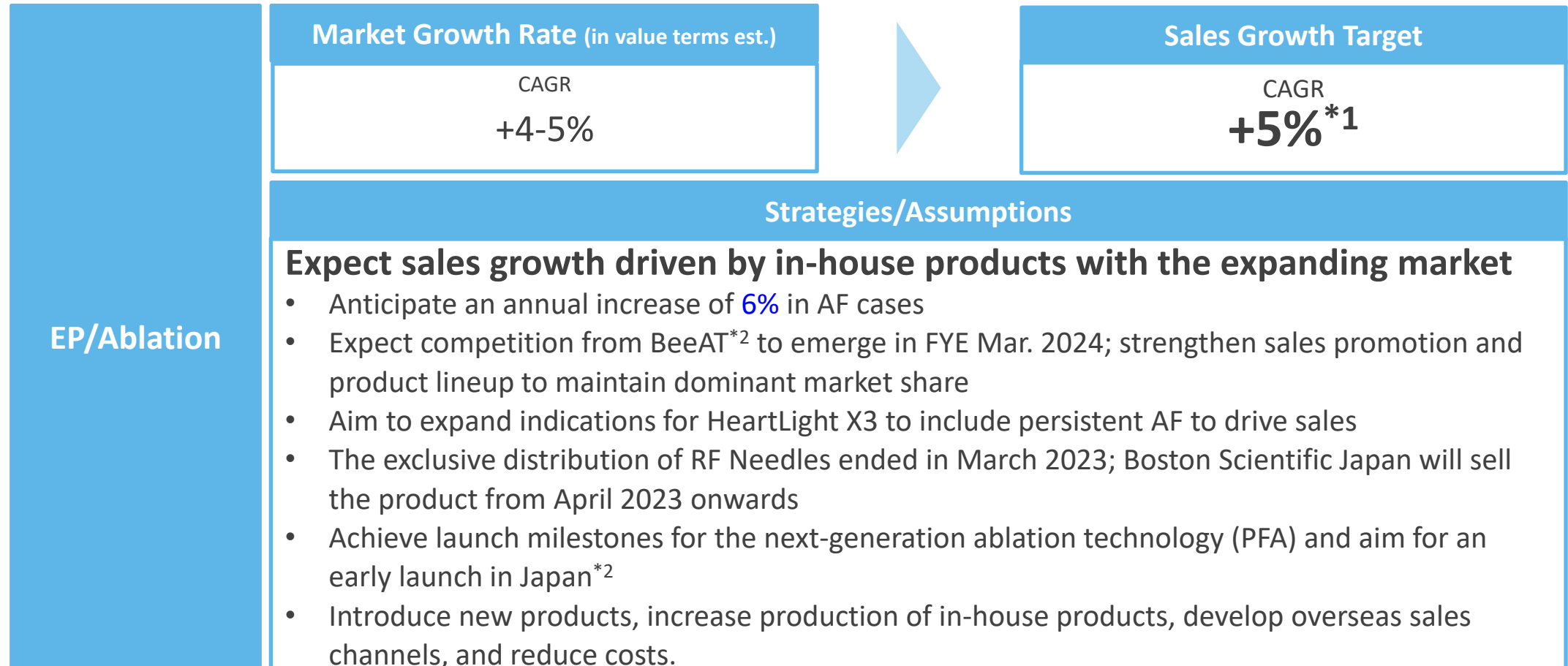
*1 Neurovascular and gastrointestinal

- ✓ Maintain sales growth in a challenging competitive environment that is **in line with the market growth rate**



*1 Our projections for the next few years are based on research from various sources, such as think tanks and our own internal databases. This applies to all future forecasts in this presentation

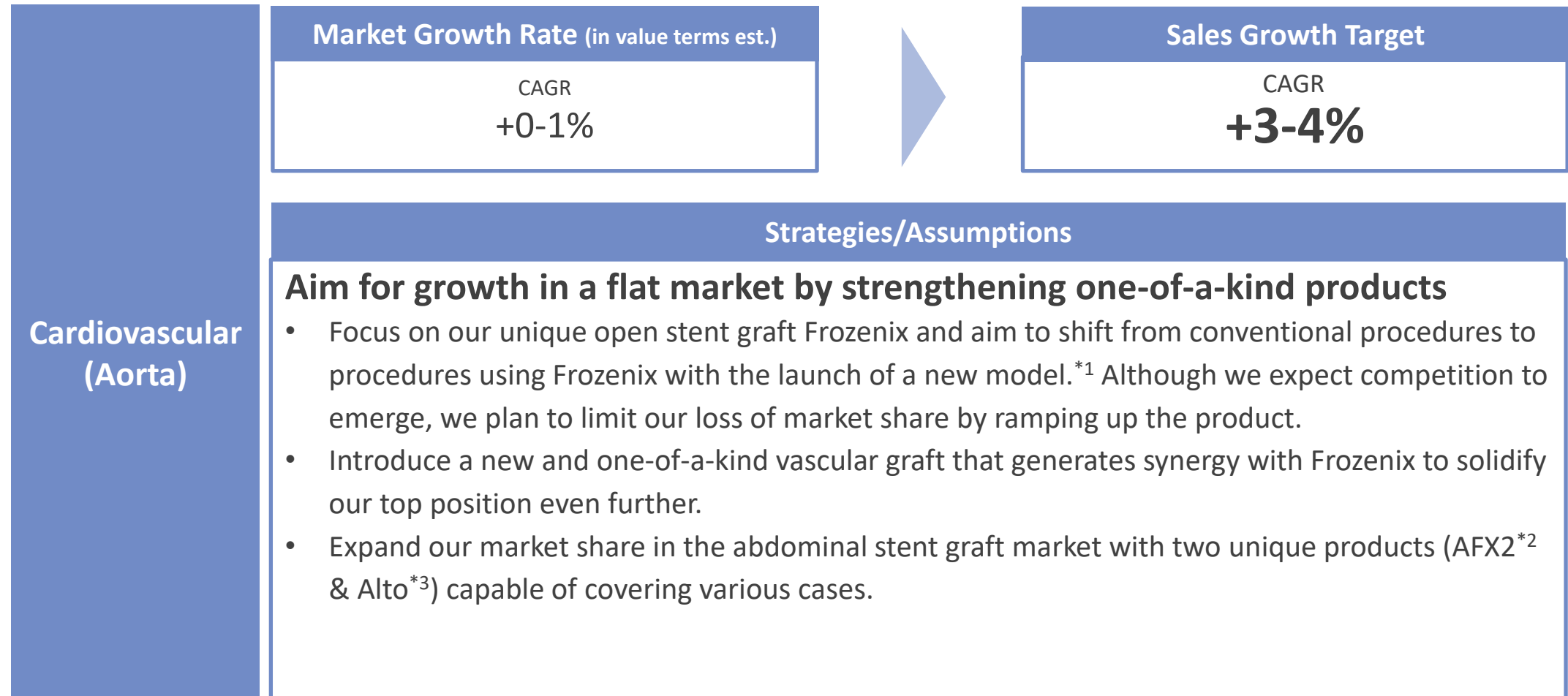
- ✓ While anticipating a sharp decline in EP/Ablation sales in the short term due to the termination of the exclusive distribution for RF Needles in March 2023, **we plan to achieve market-level growth** by expanding sales of individual products, introducing new products, and implementing other measures.



*1 Calculated over a four-year period starting from FYE March 2024, when the exclusive sales contract for RF Needles will expire and sales will decline significantly, to FYE March 2028.

*2 Partnering with Galvanize Therapeutics (formerly Galaxy Medical) to develop a PFA product that combines their device with our catheter shafts

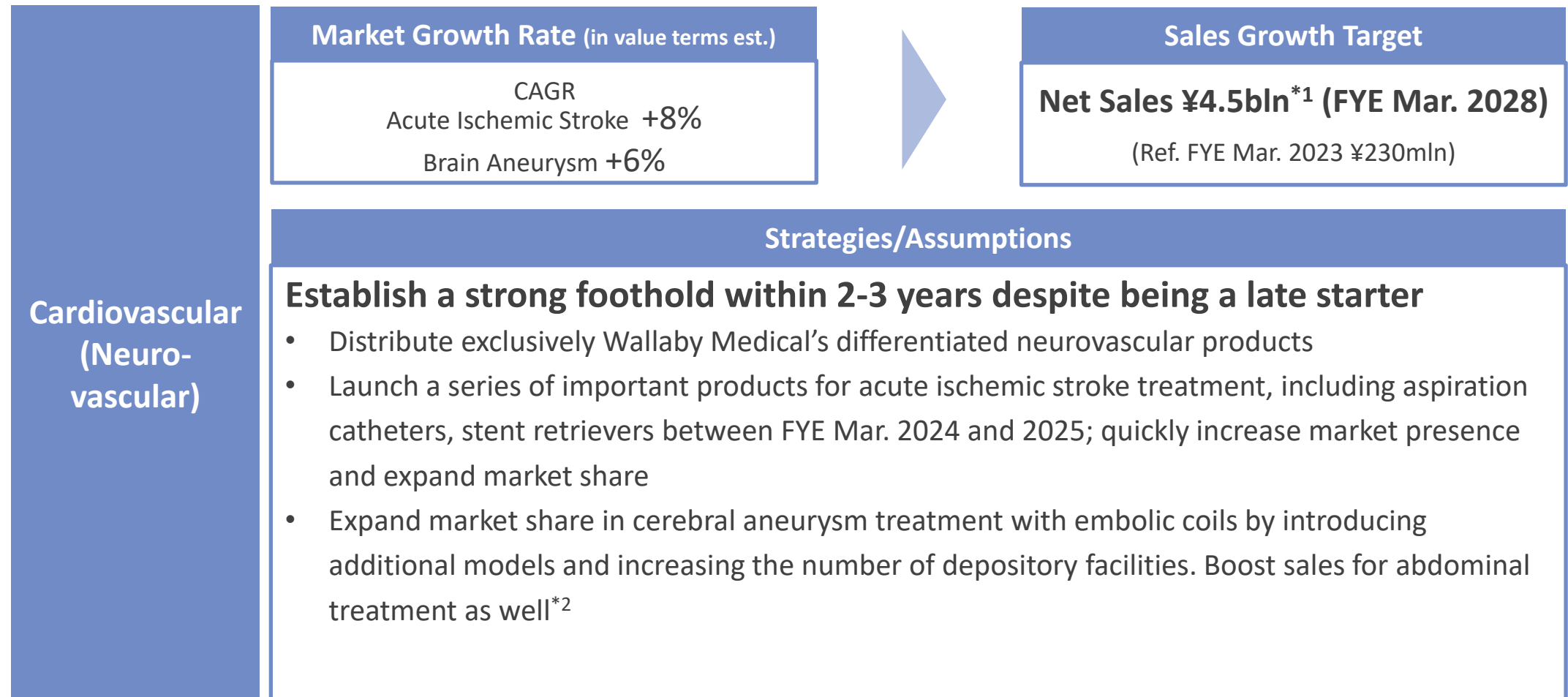
- ✓ Further solidify the top share position at CV (aorta) with **reinforced one-of-a-kind products**



*1 Out of the 6,600 cases of acute type A dissection recorded each year, approximately 20% are treated using the Conventional Elephant Trunk procedure, and over 30% are treated with the Frozen Elephant Trunk procedure that uses the Frozenix open stent graft.

*2•3 Abdominal stent graft system manufactured by Endologix (USA)

- ✓ Aiming for high growth in **acute ischemic stroke** treatment by introducing Wallaby Medical's differentiated neurovascular devices early.



^{*1*2} Target sales include abdominal embolic coils (35% of FYE March 2028 sales). Synergy expected with existing customer base in abdominal aorta area.

Exclusive Distribution Agreement with Wallaby Medical

- ✓ Entered into a 10-year exclusive distribution agreement for 11 neurovascular treatment devices.

Neurovascular Intervention Space	
Launch	Dec. 2021 Embolic Coil (Launched) FYE March 2024~2028
Category	Cardiovascular (Neurovascular) CVS third-party products (Wallaby Medical/phenox)
Products	11 Neurovascular Treatment Products (10 yr Exclusive Distribution Agreement)
Target Cases/Diseases	Neurovascular Cases 30K cases/year* ¹ <ul style="list-style-type: none"> Acute Ischemic Stroke Cerebral Aneurysm
Market Size	¥25bln ¥30bln Growth Rate: 5-6%/year 4~5%/year



- Specialized in neurovascular treatment devices
- Embolic coils, aspiration catheters
- Sales track record in more than 30 counties

Apr 2022 Acquisition



- Specialized in neurovascular treatment devices
- A broad product lineup including highly innovative flow diverters
- Sales track record in more than 45 countries



Long-Term Distribution Agreement

Agreement covers all neurovascular products of these two companies with excellent global sales track records



*1 Total number of cases of acute ischemic stroke and cerebral aneurysm. Excluding stenting for carotid artery stenosis, etc.

Neurovascular Intervention Market

- ✓ Broadly divided into acute ischemic stroke, cerebral aneurysm, and carotid artery stenosis
- ✓ Total market estimated to be approx. ~~¥300bIn~~ ~~¥29bIn~~ in 2022 with **CAGR +5-6%**~~4-5%~~ **growth** in the future

future

Acute Ischemic Stroke

Market Size ¥11bIn
 Growth Rate Est. CAGR **+8%** ~~+6%~~^{*1}



Aspiration Catheter



PTA Balloon Catheter



Stent Retriever

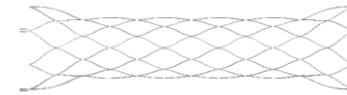


Microcatheter

Balloon Guiding Catheter
 Guiding Sheath

Cerebral Aneurysm

Market Size **¥15bIn** ~~¥14bIn~~
 Growth Rate Est. CAGR **+6%** ~~+3%~~



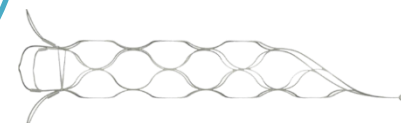
Stent Assist Device



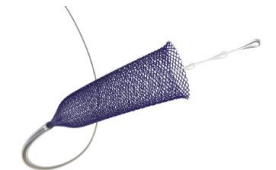
Vasospasm Treatment Device



Embolitic Coil



Stent Assist Device for Bifurcation Aneurysm



Flow Diverter

Carotid Artery Stenosis

Market Size ¥0.4bIn
 Growth Rate Est. CAGR **+2%**
 No JLL Products

*1 Market size and growth rate are estimated based on R&D2022 and in-house research.

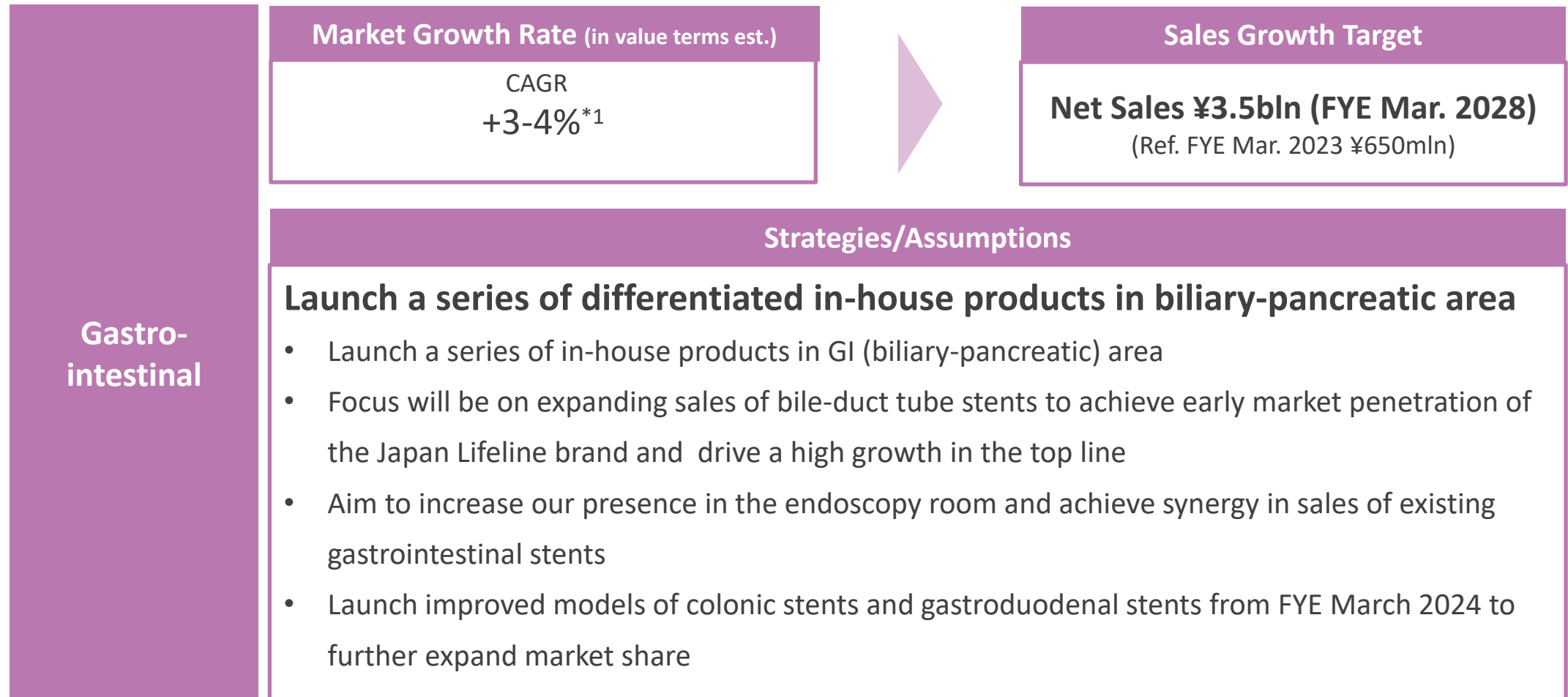
Pipeline for Neurovascular Products

✓ Expect to have the best lineup in the industry within five years, even though a latecomer

Product	Acute Ischemic Stroke						Cerebral Aneurysm				
	Aspiration Catheter	Stent Retriever	Balloon Guiding Catheter	Microcatheter	Guiding Sheath	PTA Balloon Catheter	Emboloc Coil	Stent Assist Device	Flow Diverter	Stent Assist Device for Bifurcation Aneurysm	Vasospasm Treatment Device
Japan Lifeline	○ Launched Q1 To be launched in FY3/24	○ To be launched in FY3/25 FY3/24	○ To be launched Q3 in FY3/24	○ To be launched Q2 in FY3/24	○ To be launched in FY3/25 or later	○ To be launched in FY3/25 or later	○ Launched (Dec 21)*1	○ To be launched in FY3/27 or later	○ To be launched in FY3/28 or later	○ To be launched in FY3/27 or later	○ To be launched in FY3/27 or later
Foreign A	○	○	○	○		○	○	○	○		
Domestic B	○	○		○			○	○	○	○	
Foreign C		○		○			○	○		○	
Foreign D	○	○	○	○			○		○		
Domestic E				○			○				
Domestic F							○				
Domestic G	○						○				

*1 Sales were limited for abdominal cases only at the launch phase; sales started for neurovascular cases as well since April 2022.

- ✓ Launch a series of in-house products in GI (biliary-pancreatic) area to build a stable revenue pillar in five years



*1 Target market includes biliary-pancreatic treatment tools, gastrointestinal metallic stents, and liver RFA, not including gastrointestinal treatment tools or PI-related market

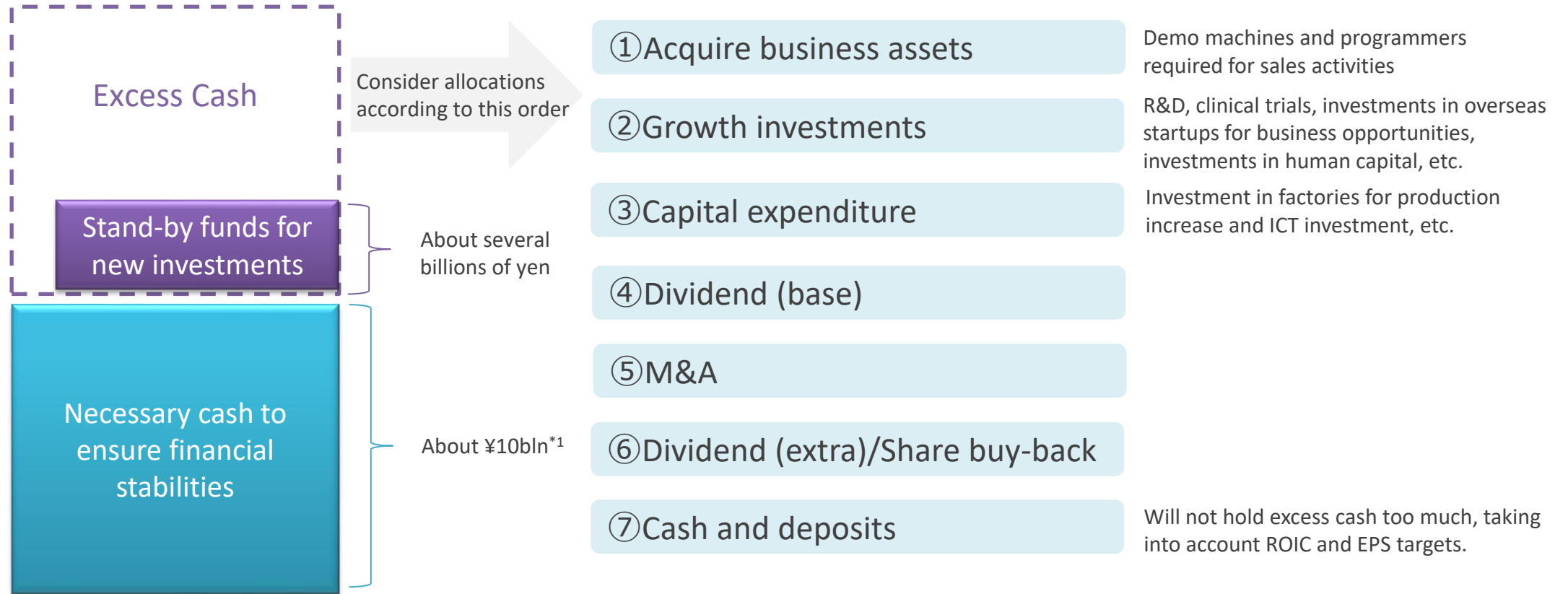
Risks and Assumptions

- ✓ The main business risks and assumptions incorporated in the medium-term management plan are as follows (in order of importance)

Risks	Explanation	Assumptions factored in the plan
Unexpected loss of market share for one-of-a-kind products	<ul style="list-style-type: none"> Sales of BeeAT and Frozenix (one-of-a-kind products) accounted for more than 30% of total sales in FYE Mar. 2023 and contribution to profits is extremely high Assume competition from these products to emerge from FYE Mar. 2024 onwards. 	Expect certain market share loss, but maintain dominant market share after 5 years
Slower-than-expected growth in both case numbers and market size	<ul style="list-style-type: none"> Incorporate market growth data by product category into sales plans, using reports from research firms and other sources. Specifically, sales of the company's core product, EP catheters, are highly dependent on the growth rate of atrial fibrillation (AF) cases. 	Growth rate of AF case numbers: CAGR 6% (FYE Mar 2024-2028)
Greater-than-expected decline in insurance reimbursement prices	<ul style="list-style-type: none"> Reimbursement prices for specific insured medical materials are determined based on their functional category and are revised once every two years, which may result in a decline in prices. The year of revision can have a significant impact on net sales and gross profit. 	Assume reasonable decline in FYE Mar. 2025 and 2027 based on past declines and the current competitive status
Launch delays or cancellations due to failure to meet product introduction milestones	<ul style="list-style-type: none"> There are various milestones before the product is launched, including development, clinical trials, and obtaining regulatory approval. Failure to meet milestones or delays in schedule can cause actual results to deviate from plans. 	Product milestones for each product including a new product of open stent graft
Soaring costs/expenses due to high inflation and weak yen	<ul style="list-style-type: none"> Increasing costs of raw materials procurement, product purchases, and SG&A expenses due to inflation and yen depreciation => putting pressure on gross and operating profits. 	Expect an annual inflation rate of 2-3% and an FX rate of 1USD to 130JPY

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- ✓ Expect to earn a stable operating cash flow for the next five years
- ✓ After securing the necessary cash, we will consider how to allocate excess cash according to the following priorities:



*1 This is a rough estimate as of the end of FYE March 2023, and may change due to future changes in the business environment.

- ✓ Over the five years, we plan to invest about **¥4-5 billion yen annually** in growth, primarily in research and development.

Item	Amount	Comment
R&D	¥2-3bln/year	<ul style="list-style-type: none"> Accelerate R&D in the areas of GI (biliary-pancreatic), PFA^{*2}, balloon ablation, high-function shafts, regenerative medicine, etc., and expect R&D expenses to increase by 4-5% per year. In-house advisory committees will review the profitability of self-developed products and investment projects at the time of their launch.
Capex	¥1.5-2.0bln/year	<ul style="list-style-type: none"> Renew business systems and begin operations in FYE March 2024.^{*2} Anticipate no major investments related to production facilities at this time. Expect depreciation expenses to remain at the level of ¥1.6-1.8bln per year.
Clinical Trials	¥100-200mln/year	<ul style="list-style-type: none"> Anticipate a few clinical trial projects for the introduction of new products including a new version of open stent grafts (one-of-a-kind product)
Others	¥100-200mln/year	<ul style="list-style-type: none"> Aim to acquire new business opportunities by investing in overseas startups with promising products, etc.
Total	¥4-5bln/year	

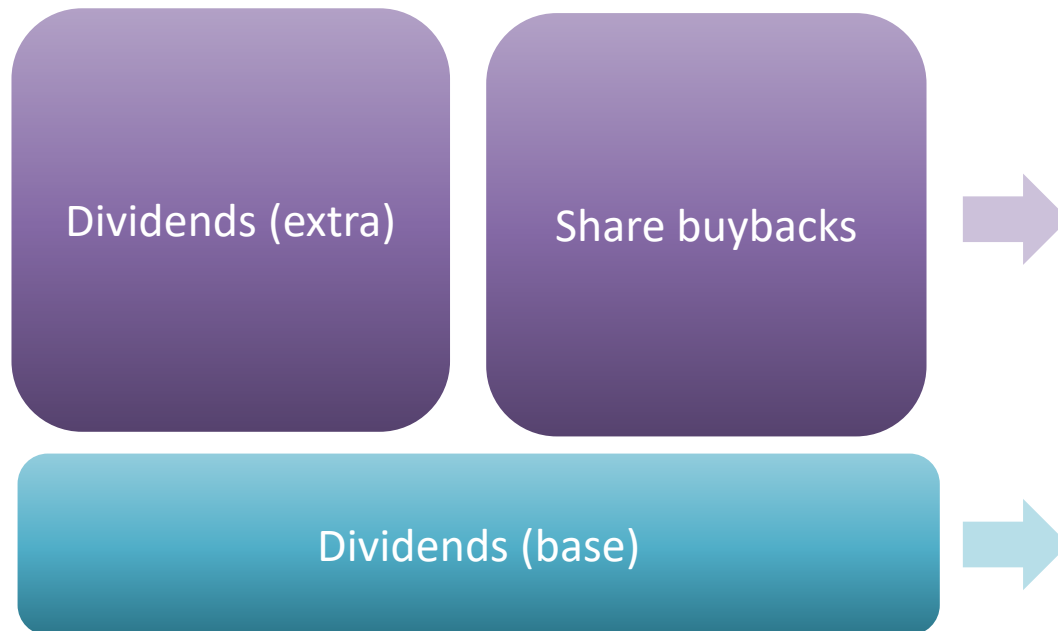
*1 PFA=Pulsed electric Field Ablation

*2 We expect capital expenditures to exceed the forecast amount in FYE March 2024, totaling ¥3.1bln as a result of the implementation of a new business system.

Shareholder Return Policy

- ✓ Significantly strengthen shareholder returns through dividends and share buybacks
- ✓ Decide measures based on business results and KPI targets (EPS ¥120, ROIC 12%*1)

We plan to allocate **approx. ¥25bln** for dividends and share buybacks over the next five years.



¥bln	FY3/2021 Actual	FY3/2022 Actual	FY3/2023 Actual	FY3/2024 Guidance
Dividends	2.3	3.9*3	3.0	2.9
Share buybacks	-	0.5	1.9	4.0*4
Total	2.3	4.4	4.9	6.9

Ref. Forecasted returns for FY3/2024 and actual returns for the past three years*.²

- Decide whether to give extra dividends or buy back shares based on our earnings, stock price, and financial targets.
 - Keep less than 1% of total shares as treasury shares for executive compensation and other uses.
 - Cancel newly acquired treasury shares accordingly
-
- Prioritize deciding the base dividend and aim for a target payout ratio of about 40% or a dividend on equity (DOE) of 5%.

*1 Numerical targets for FYE March 2028

*2 Amounts are written on the cashflow-basis (dividends declared for a particular fiscal year are paid in the next fiscal year.)

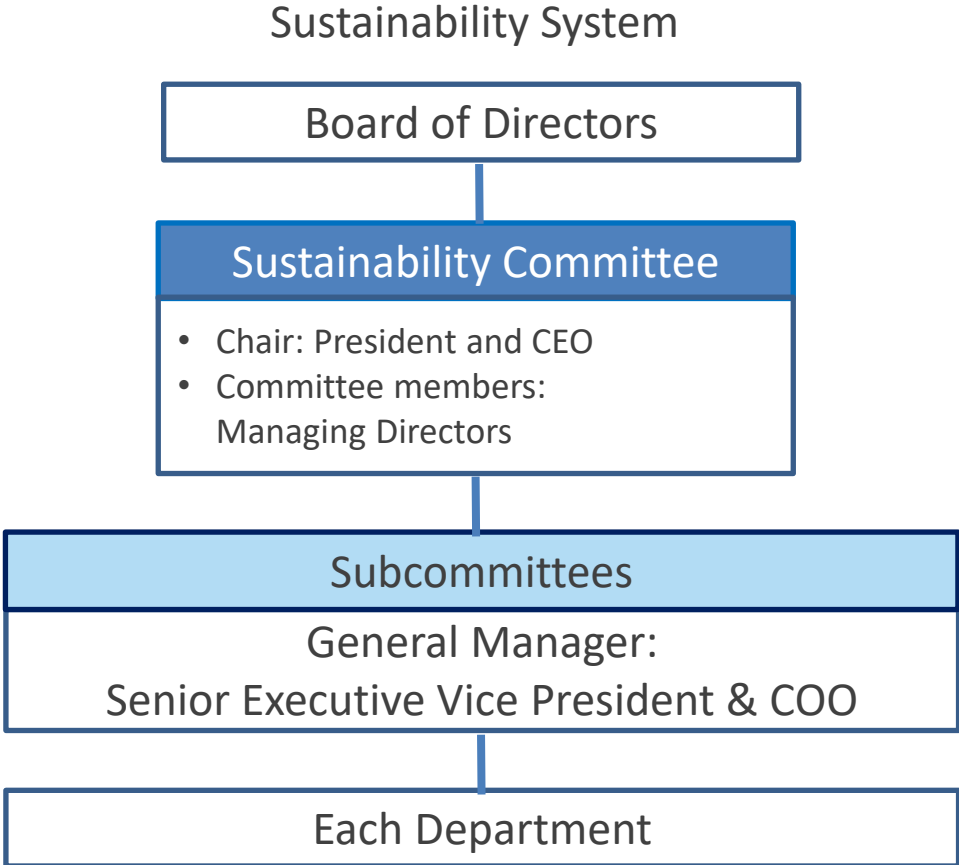
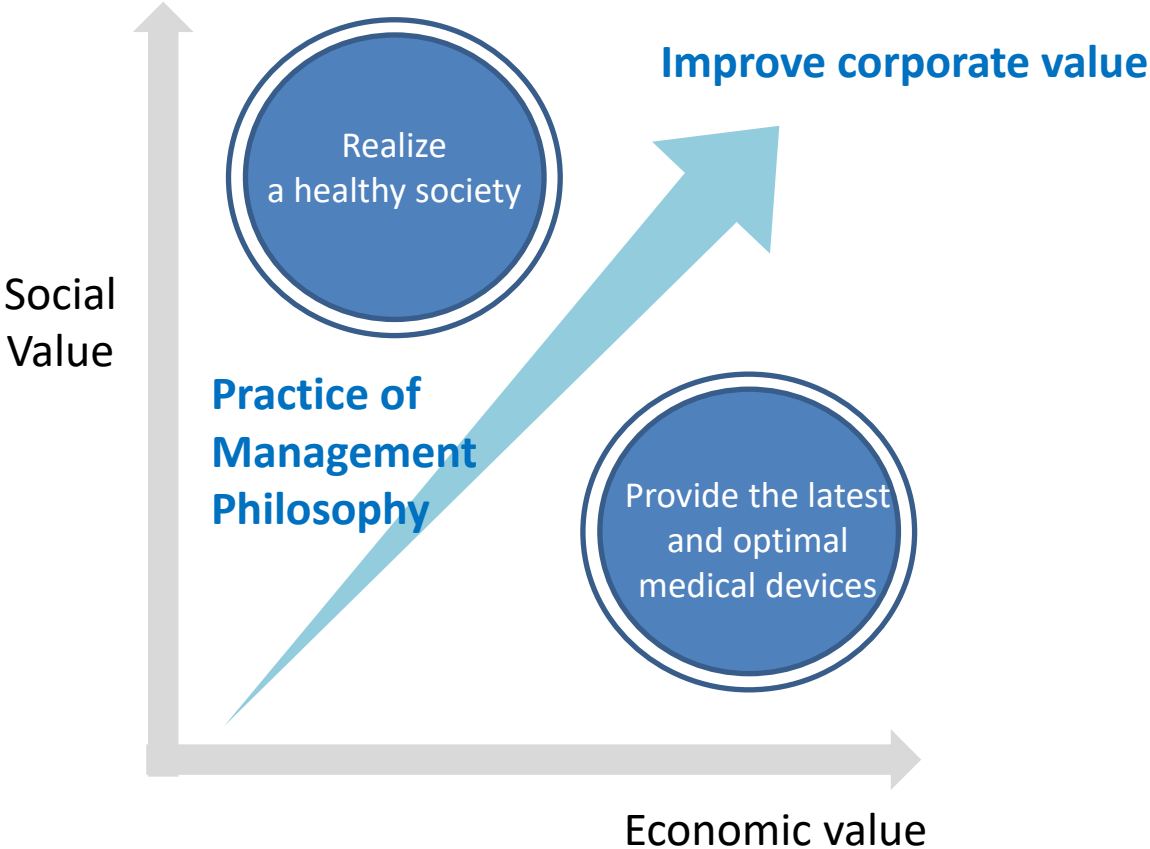
*3 A commemorative dividend for the 40th anniversary included

*4 Maximum amount of share repurchases for FYE March 2024

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- ✓ ESG and sustainability initiatives improve our management philosophy and corporate value.
- ✓ The Sustainability Committee, led by the President and CEO, will promote these initiatives.

Our view on sustainable practices



✓ Tackle our identified key issues with short-term and long-term objectives

	Our key issues (materiality)	Key measures/achievements	SDGs
Philosophy	<ul style="list-style-type: none"> Solve medical issues through innovative medical devices 	<ul style="list-style-type: none"> Monitoring R&D activities Applying proprietary technologies to other therapeutic fields 	
Environment	<ul style="list-style-type: none"> Reduce environmental impact 	<ul style="list-style-type: none"> Advancing disclosure practices with TCFD recommendations Developing environmentally friendly products 	
Social	<ul style="list-style-type: none"> Create a workplace where employees can work with comfort Develop human resources and provide chances for them to play an active role Secure product quality and stable supply 	<ul style="list-style-type: none"> Training on women's activities Gathering feedback on employee satisfaction Meeting regulatory requirements across borders 	
Governance	<ul style="list-style-type: none"> Strengthen corporate governance Ensure compliance across the company 	<ul style="list-style-type: none"> Meeting requirements of the revised CG code Revising the Code of conduct and spreading it across all levels 	

Precautions

Forward-looking statements in this document are based on the Company's future outlook and plans. Statements relating to clinical trials, regulatory approvals, product launches, and timing are projections based on past experience and available information. Actual results may differ due to various risks and uncertainties.

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