

# Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japan GAAP]

November 6, 2023

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, 2023  
 Scheduled date to commence dividend payment : -  
 Supplementary documents to the financial results for the period : Available  
 Presentation on quarterly results : Available (for institutional investors and analysts)

(Amounts are rounded down to million yen)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 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	%
Six Months ended September 30, 2023	25,132	(1.4)	5,472	6.9	5,621	10.0	4,033	9.0
Six Months ended September 30, 2022	25,489	1.4	5,119	9.4	5,113	6.2	3,702	3.1

(Note) Comprehensive income: Six Months ended September 30, 2023 : 4,187 million yen; 4.4 %  
 Six Months ended September 30, 2022 : 4,009 million yen; 3.8 %

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six Months ended September 30, 2023	52.41		-	
Six Months ended September 30, 2022	47.27		-	

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	69,550	55,502	79.8
As of March 31, 2023	74,641	56,195	75.3

(Reference) Shareholders' equity: As of September 30, 2023 : 55,502 million yen  
 As of March 31, 2023 : 56,195 million yen

## 2. Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-End	Total
Year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 38.00	Yen 38.00
Year ending March 31, 2024	-	-	-	-	-
Year ending March 31, 2024 (forecast)	-	0.00	-	42.00	42.00

(Note) Revisions to cash dividends forecast most recently announced : Yes  
 Regarding the revision to the dividend forecast, please refer to the press release "Japan Lifeline Revises Earnings Forecast and Dividend Forecast" disclosed on November 6, 2023.

### 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (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
Year ending March 31, 2024	50,680	(2.1)	10,945	1.0	10,844	(0.6)	7,902	14.7	103.81

(Note) Revisions to the forecast of consolidated financial results most recently announced : Yes  
Regarding the revision to the consolidated earnings forecast, please refer to the press release “Japan Lifeline Revises Earnings Forecast and Dividend Forecast” disclosed on November 6, 2023.

#### \* 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 : None
  - (ii) Changes in accounting policies other than (i) : Yes
  - (iii) Changes in accounting estimates : Yes
  - (iv) Restatement : None

(Notes) For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes to Consolidated Financial Statements Changes in Accounting Policies".

#### (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, 2023 : 82,919,976 Shares
  - Year ended March 31, 2023 : 82,919,976 Shares
- (ii) Number of shares held as treasury stock at the end of the period:
  - Six Months ended September 30, 2023 : 6,837,206 shares
  - Year ended March 31, 2023 : 4,999,561 shares
- (iii) Average number of issued shares outstanding during the period, after deducting shares held as treasury stock:
  - Six Months ended September 30, 2023 : 76,962,057 shares
  - Six Months ended September 30, 2022 : 78,312,608 shares

(Notes) 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)”.

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

#### (Business Environment)

During the second quarter year-to-date of the fiscal year ending in March 2024, the business environment improved due to the reclassification of COVID-19 as a "Class 5 Infectious Disease" in May. The number of cases of atrial fibrillation (AF) ablation treatment, which significantly impacts our performance, increased by about 9% compared to the same period last year, exceeding our initial expectations (an increase of about 6% for the full year). Our mainstay EP/ablation products led the performance with a revenue increase of about 9-15% compared to the same period last year.

We made smooth progress with one of our key initiatives, "expanding into new areas," which helped raise the level of our earnings. Our sales of embolic coils in the neurovascular field surpassed our expectations. Furthermore, the newly launched aspiration catheter, Esperance, for treating acute ischemic stroke, started off well. In the gastrointestinal field, our proprietary bile duct tube stent, REGULUS, sold well, capturing a 10% market share in just a year after its launch.

On the other hand, we ended exclusive sales of the RF Needle, a key third-party product in EP/ablation, at the end of the previous fiscal year. Starting this fiscal year, we shifted our business model to offer sales support services. Even though this change led to a drop in revenue, the sales support services, which don't require product procurement, helped to increase our gross profit margin.

As a result, although net sales for the second quarter year-to-date of the fiscal year decreased by 1.4% compared to the same period last year, the increase in gross profit absorbed the increase in selling and general administrative expenses. Each stage of profit increased compared to the same period last year. Each profit margin also improved.

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

#### (Business Performance)

The earnings for the second quarter are as follows.

Unit: Millions of yen

Summary of Profit & Loss Statement	Six Months Ended September 30, 2022		Six Months Ended September 30, 2023		Increase/ (Decrease)	Increase/ (Decrease)%
	Amount	Vs Sales Ratio%	Amount	Vs Sales Ratio%		
① Net Sales	25,489	100.0	25,132	100.0	(356)	(1.4%)
② Gross Profit	14,546	57.1	15,231	60.6	684	4.7%
③ Operating Profit	5,119	20.1	5,472	21.8	353	6.9%
④ Ordinary Profit	5,113	20.1	5,621	22.4	508	10.0%
⑤ Quarterly Net Profit Attributable to Owners of Parent	3,702	14.5	4,003	16.0	331	9.0%

① Net sales

Net sales decreased by 356 million yen year-to-year, to 25,132 million yen. Details are shown in the Sales by Product section below.

② Gross profit

Gross profit increased by 684 million yen year-to-year, to 15,231 million yen. The increase in in-house product sales due to the increase in AF case numbers, and the decrease in third-party products due to the change in the commercial flow of the RF Needle, resulted in our in-house sales ratio being 5.2 pts higher at 59.1% compared to the same period last year. Furthermore, the loss in disposal and write-down of inventories decreased by 141 million yen compared to the same period last year. As a result, the gross profit margin was 3.5 pts higher at 60.6% compared to the same period last year.

③ Operating Profit

Operating profit increased by 353 million yen year-to-year, to 5,472 million yen. Selling, general and administrative expenses increased compared to the same period last year. Although there were temporary miscellaneous income and a decrease in research and development expenses, provisions for bonuses and the sales-related costs associated with business activities increased respectively. As a result, the operating profit margin was 1.7 pts higher at 21.8% compared to the same period last year.

④ Ordinary Profit

Ordinary profit increased by 508 million yen year-to-year, to 5,621 million yen. Non-operating income was 254 million yen, mainly comprising of interest received. Non-operating expenses was 105 million yen, including provisions for doubtful accounts related to general loan receivables.

⑤ Quarterly Net Profit Attributable to Owners of the Parent

Quarterly net profit attributable to the owners of the parent increased by 331 million yen year-to-year, to 4,033 million yen. Due to the receipt of tax credits and other factors, the corporate tax burden rate was 28.3%.

(Sales by Product)

Unit: Millions of yen

Product Category	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Increase/ (Decrease)	Increase/ (Decrease)%
Cardiac Rhythm Management	6,293	6,671	377	6.0%
EP/Ablation	13,012	12,144	(867)	(6.7%)
Cardiovascular	5,109	5,646	536	10.5%
Gastrointestinal	1,073	668	(404)	(37.7%)
Total	25,489	25,132	(356)	(1.4%)

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

Effective from the first quarter of the current fiscal year, the Company has changed the names of product categories, so that "Cardiovascular" corresponds to the former "Cardiovascular Surgery", and "Gastrointestinal" corresponds to the former "Gastrointestinal/PI". In addition, the product category of Atrial septum defect closure has been changed from the former "Gastrointestinal/PI" to "Cardiovascular". Consequently, for the year-on-year comparisons, the figures for the same period of the previous fiscal year are reorganized into the changed product categories for comparative analysis.

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)
EP/Ablation	Electrophysiology catheter, Ablation catheter, Endoscopic laser ablation catheter, Internal cardioversion catheter, Esophageal temperature monitoring catheter, Steerable sheath
Cardiovascular	Vascular graft, Open stent graft, Stent graft, Embolic coil, Aspiration catheter, Atrial septum defect closing device
Gastrointestinal	Bile duct tube stent, Bile duct dilation balloon, Cholangioscope system, Colonic stent, Gastro-duodenal stent, Radiofrequency ablation needle for liver cancer treatment

### ① Cardiac Rhythm Management

Sales related to pacemakers increased by 0.2% compared to the same period last year. Sales were strong in the first quarter but slowed down in the second quarter due to the impact of new products from other companies. As a result, our market share remained almost flat during the second quarter year-to-date.

Sales related to ICDs increased by 9.4% compared to the same period last year, setting a record for the half-year period. We continued to focus on expanding sales of S-ICD, a unique product in the market. This led to sales growth beyond the market average, thanks to more new facilities choosing the S-ICD and a higher usage rate. However, sales of T-ICD stayed the same as the same period last year.

Overall, Cardiac Rhythm Management net sales were 6,671 million yen, up 6.0% YoY.

### ② EP/Ablation

Sales of EP catheters increased by 10.3% compared to the same period last year, setting a record for the half-year period. Against the backdrop of a 9% increase in the number of AF cases compared to the same period last year, our in-house products such as the internal atrial cardioversion catheter, BeeAT, the electrophysiology catheter, EP Star, and the esophageal temperature monitoring catheter, Esophastar, increased sales by 9-15%. Esophastar saw an increase greater than the growth rate of AF cases, due to factors such as a shortage of products occurring at other companies.

Sales of ablation catheters decreased by 16.1% compared to the same period last year. The endoscopic laser ablation catheter, HeartLight X3, had a raw material shortage which caused a product supply issue in the first quarter. Although the situation improved slightly in the second quarter, sales were still not back to normal.

Other sales decreased significantly by 65.7% compared to the same period last year due to a change in the commercial flow of the RF Needle.

Overall, EP/Ablation net sales were 12,144 million yen, down 6.7% YoY.

### ③ Cardiovascular

Vascular graft-related sales increased by 5.0% compared to the same period last year. Our in-house vascular graft, J Graft, and the third-party abdominal stent graft both increased their share in a stable market. In addition, sales of our in-house open stent graft, Frozenix, also exceeded the same period last year and remained strong. Positioning the Frozenix as a growth driver in the Cardiovascular product category, we launched a new open stent graft lineup, Frozenix Partial ET in August 2023. We expect to develop new customers who have not used conventional products and will focus on expanding sales in the future.

Sales related to neurovascular increased significantly by about 6.1 times compared to the same period last year. The expansion of the neurovascular field is one of our medium-term priority measures, and we plan to launch about 10 products over the next few years.

Sales of the embolic coil, Avenir, remained strong. The launch of the added model, Avenir Pico, in the second quarter further penetrated the market. In addition, the aspiration catheter, Esperance, launched in the first quarter, made significant progress in sales, exceeding the plan under favorable clinical evaluations.

Other sales decreased by 1.3% compared to the same period last year. The number of cases of catheter treatment for pediatric atrial septal defect remained low, resulting in a decrease in sales of atrial septal defect closure devices.

Overall, Cardiovascular net sales were 5,646 million yen, up 10.5% YoY.

#### ④ Gastrointestinal

Gastrointestinal-related sales increased by 53.5% compared to the same period last year. We are focusing on expanding our own products in this field as a medium-term priority. Our bile duct tube stent, REGULUS, kept up strong sales thanks to its excellent deliverability. By the end of the second quarter, we had captured about 10% of the market share, just one year after launching it. Additionally, we also saw steady sales of our radiofrequency needle for liver cancer treatment, arfa, thanks to our efforts in promoting the sale of its generator.

Other sales decreased significantly by 71.3% compared to the same period last year due to a contraction in sales related to coronary interventions, including the drug-eluting coronary stent, Orsiro. We have decided to withdraw from this business area and plan to end the sale of CI-related products by the end of this fiscal year.

Overall, Gastrointestinal net sales were 668 million yen, down 37.7% YoY.

### (2) Financial Position

#### ① Assets

The balance of Current assets was 40,941 million yen, a decrease of 6,188 million yen from the end of the previous period. This was mainly due to a decrease of 6,772 million yen in Cash and deposits, primarily due to payments for income taxes, dividends payments and purchases of treasury stock.

The balance of Fixed assets was 28,608 million yen, an increase of 1,098 million yen from the end of the previous period. This was mainly due to a decrease of 378 million yen in Deferred tax assets, which was included in “Other” of Investments and other assets and an increase of 1,511 million yen in Investment securities.

As a result, the balance of total assets was 69,550 million yen, a decrease of 5,090 million yen from the end of previous period.

#### ② Liabilities

The balance of Current liabilities was 12,279 million yen, a decrease of 2,102 million yen from the end of the previous period. This was mainly due to decreases in Short-term borrowings of 1,500 million yen and Income tax payable of 195 million yen.

The balance of Long-term liabilities was 1,769 million yen, a decrease 2,294 million yen from the end of the previous period. This was mainly due to decreases in Retirement benefit liability of 1,981 million yen and Long-term borrowings of 234 million yen.

As a result, the balance of total liabilities was 14,048 million yen, a decrease of 4,397 million yen from the end of the previous period.

#### ③ Net assets

The balance of Net assets was 55,502 million yen, a decrease of 693 million yen from the end of the previous period. This was mainly due to the dividend of 2,965 million yen, a 1,944 million yen increase of Treasury stock, and Profit attributable to owners of parent of 4,033 million yen.

(Overview of the Cash Flows)

The balance of Cash and Cash equivalents amounted to 11,584 million yen, a decrease of 6,772 million yen from the end of the previous fiscal year. Cash flows for the first six months of the fiscal year ending March 31, 2024 by activities were as follows.

① Cash flows from operating activities

Net cash provided by operating activities was 1,873 million yen (For the first six months of the previous fiscal year, net cash provided by operating activities was 6,000 million yen.). The main factors are Profit before income taxes of 5,626 million yen, despite decrease in Retirement benefit liability of 1,966 million yen and Income tax paid of 1,591 million yen, which decrease cash flows.

② Cash flows from investing activities

Net cash used in investing activities was 1,770 million yen (For the first six months of the previous fiscal year, net cash used in investing activities was 1,951 million yen.), mainly reflecting Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation (A portion of the cash flows occurred in the current fiscal year although this was a transaction from the previous fiscal year.) of 459 million yen, Purchase of investment securities of 1,417 million yen, Purchase of property, plant and equipment of 441 million yen and Purchase of intangible assets of 368 million yen.

③ Cash flows from financing activities

Net cash used in financing activities was 6,884 million yen (For the first six months of the previous fiscal year, net cash used in financing activities was 6,030 million yen.), mainly due to Dividends paid of 2,966 million yen, Purchase of treasury stock of 2,005 million yen and Repayments of long-term borrowings of 1,500 million yen.



### (3) Explanation of Consolidated Financial Earnings Forecast

We have decided to revise our consolidated earnings forecast for the fiscal year ending March 31, 2024, which we announced on May 10, 2023, as follows.

#### Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

	Net Sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Owners of Parent	Net Profit Per Share
Previous Forecast (A) (Announced on May 10, 2023)	Millions of yen 48,807	Millions of yen 9,763	Millions of yen 9,531	Millions of yen 6,854	Yen 89.13
New Forecast (B)	50,680	10,945	10,844	7,902	103.81
Change (B-A)	1,872	1,181	1,312	1,047	—
Change%	3.8	12.1	13.8	15.3	—

During the first half of the fiscal year ending March 31, 2024 (from April 1, 2023, to September 30, 2023), the Company's business environment improved more than we had expected as the impact of the new coronavirus started to fade. As a result, sales of EP/ablation and neurovascular products went better than expected, and the total sales exceeded our initial forecast (announced on May 10, 2023) by 5.2%. In addition, due to changes in the cutover timing of the new core system and other factors, the selling and general administrative expenses were 1.7% lower than our initial forecast. This led the operating profit to exceed our initial forecast by 21.9%, the ordinary profit by 25.0%, and the quarterly net profit attributable to the owners of parent by 24.7%.

After carefully examining the performance for the second half of the fiscal year (from October 1, 2023, to March 31, 2024), we expect sales to remain strong, mainly in EP/ablation and Cardiovascular products. Furthermore, the sale of a new product (VASCADE MVP, a hemostasis device for the femoral vein) that we did not initially plan to launch in this current fiscal year will start from the third quarter. Therefore, we expect the annual sales to exceed its initial forecast by 3.8%. Also, as the execution of expenses delayed in the first half will progress in the second half, we expect the selling and general administrative expenses for the full year to be almost the same as the initial forecast. Based on these factors, we have revised our full-year earnings forecast upwards for sales and each stage of profit.

\*Please note that the above earnings forecast is based on information available as of the announcement date. Actual performance may vary from the forecasted figures due to various factors in the future.

2.Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	18,357	11,584
Notes and accounts receivable - trade	13,223	12,755
Inventories	13,142	13,764
Other	2,406	2,837
Total current assets	47,130	40,941
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	7,102	6,942
Other, net	5,349	5,443
Total property, plant and equipment	12,452	12,386
Intangible assets	2,414	2,480
Investments and other assets		
Investment securities	5,498	7,009
Long-term loans receivable	2,547	2,704
Other	5,995	5,449
Allowance for doubtful accounts	△1,397	△1,422
Total investments and other assets	12,643	13,741
Total fixed assets	27,510	28,608
Total assets	74,641	69,550
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,429	3,449
Short-term borrowings	5,000	3,500
Current portion of long-term borrowings	568	468
Accounts payable - other	651	796
Income taxes payable	1,585	1,389
Provision for bonuses	1,510	1,618
Provision for bonuses for directors	32	32
Other	1,604	1,025
Total current liabilities	14,381	12,279
Non-current liabilities		
Long-term borrowings	536	302
Provision for director's stock based compensation	141	141
Retirement benefit liability	2,289	308
Other	1,096	1,017
Total non-current liabilities	4,063	1,769
Total liabilities	18,445	14,048

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	2,115	2,115
Capital surplus	13,774	13,802
Retained earnings	42,741	43,809
Treasury stock	△2,365	△4,310
Total shareholders' equity	56,265	55,417
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	△312	△242
Foreign currency translation adjustment	299	373
Remeasurements of defined benefit plans	△56	△45
Total accumulated other comprehensive income	△69	85
Total net assets	56,195	55,502
Total liabilities and net assets	74,641	69,550

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

(Consolidated Statements of Income)

For the Six Months Ended September 30, 2022 and 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	25,489	25,132
Cost of sales	10,942	9,900
Gross profit	14,546	15,231
Selling, general and administrative expenses	9,426	9,758
Operating profit	5,119	5,472
Non-operating income		
Interest income	72	89
Dividend income	50	24
Foreign exchange gains	56	75
Gain on sale of businesses	—	42
Other	15	22
Total non-operating income	194	254
Non-operating expenses		
Interest expenses	19	14
Loss on valuation of investment securities	1	6
Provision of allowance for doubtful accounts	80	25
Commission expenses	44	19
Other	55	39
Total non-operating expenses	201	105
Ordinary profit	5,113	5,621
Extraordinary income		
Gain on sale of fixed assets	2	6
Gain on sale of investment securities	—	6
Total extraordinary income	2	12
Extraordinary losses		
Loss on retirement of fixed assets	6	8
Total extraordinary losses	6	8
Profit before income taxes	5,109	5,626
Income taxes – current	1,339	1,249
Income taxes – deferred	67	343
Total income taxes	1,406	1,592
Profit	3,702	4,033
Profit attributable to owners of parent	3,702	4,033

(Consolidated Statements of Comprehensive Income)

For the Six Months Ended September 30, 2022 and 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,702	4,033
Other comprehensive income		
Net unrealized holding gains or losses on securities	△9	70
Foreign currency translation adjustment	360	73
Retirement benefits liability adjustments	△43	10
Total other comprehensive income	307	154
Comprehensive income	4,009	4,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,009	4,187

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,109	5,626
Depreciation	724	670
Amortization of long-term prepaid expenses	159	159
Increase (decrease) in allowance for doubtful accounts	80	25
Increase (decrease) in provision for bonuses	9	107
Increase (decrease) in provision for bonuses for directors	△3	0
Increase (decrease) in retirement benefit liability	108	△1,966
Increase (decrease) in provision for directors' stock based compensation	18	0
Interest and dividend income	△122	△114
Interest expenses	19	14
Loss (gain) on sale and retirement of property, plant and equipment	3	4
Loss (gain) on sale and retirement of intangible assets	—	△2
Loss (gain) on valuation of investment securities	1	6
Loss (gain) on sale of investment securities	—	△6
Decrease (increase) in trade notes and accounts receivable	△201	470
Decrease (increase) in inventories	1,156	△621
Decrease (increase) in accounts receivable - other	△0	575
Increase (decrease) in trade notes and accounts payable	△199	19
Increase (decrease) in accrued consumption taxes	181	△217
Increase (decrease) in accrued expenses	97	△111
Other, net	178	△1,188
Subtotal	7,322	3,453
Interest and dividends received	52	26
Interest paid	△19	△14
Income taxes paid	△1,354	△1,591
Net cash provided by (used in) operating activities	6,000	1,873
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△319	△441
Proceeds from sale of property, plant and equipment	19	15
Purchase of intangible assets	△814	△368
Purchase of investment securities	△314	△1,417
Proceeds from sale of investment securities	0	0
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	459
Long-term loan advances	△525	△2
Proceeds from collection of long-term loans receivable	6	5
Other payments	△10	△29
Other proceeds	7	8
Net cash provided by (used in) investing activities	△1,951	△1,770
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	△300	△1,500
Repayments of long-term borrowings	△642	△334
Purchase of treasury stock	△1,948	△2,005
Repayments of lease liabilities	△101	△78
Dividends paid	△3,038	△2,966
Net cash provided by (used in) financing activities	△6,030	△6,884
Effect of exchange rate change on cash and cash equivalents	49	8
Net increase (decrease) in cash and cash equivalents	△1,932	△6,772
Cash and cash equivalents at beginning of period	16,058	18,357
Cash and cash equivalents at end of period	14,126	11,584

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going-Concern Assumptions)

None

(Notes on Significant Changes in Shareholders' Equity)

(Purchase of treasury stock)

Pursuant to a resolution at a meeting of the Board of Directors held on May 10, 2023, the Company purchased 1,846,500 shares of treasury stock (total amount of purchase cost: 1,937 million yen) for the three months ended September 30, 2023.

As a result, treasury stock as at September 30, 2023 was 4,310 million yen.

(Changes in Accounting Policies)

(Changes in Accounting Policies that are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for property, plant, and equipment)

From the subject fiscal year (April 1, 2023 to March 31, 2024) the Company adopted the straight-line method for calculating the depreciation of Property, plant, and equipment (excluding leased assets). Previously, the Company used the declining balance method (However, buildings (excluding Facilities attached to buildings) acquired after April 1, 1998, and buildings and structures acquired after April 1, 2016 are depreciated using the straight-line method), and the overseas consolidated subsidiary has mainly adopted the straight-line method.

With the termination of the intervention business, our business structure and manufacturing system changed significantly, and the formulation of the new mid-term plan based on these changes led us to reconsider the depreciation method with consideration of the actual use of fixed assets.

As a result, it was judged that changing to the straight-line method of calculating depreciation would more appropriately reflect the consumption pattern of the Property, plant, and equipment, as it is not expected to suddenly decrease in value and will be used in a long-term and stable manner.

Therefore, operating income, ordinary income, and income before income taxes increased by 67 million yen, compared to the existing methods.

### 3. Others

#### Current Status of Production, Orders and Sales

##### (1) Production

(Millions of yen)

Product Category	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Increase (Decrease)
Cardiac Rhythm Management	8	5	(33.9%)
EP/Ablation	2,591	2,899	11.9%
Cardiovascular	514	645	25.5%
Gastrointestinal	350	262	(25.0%)
Total	3,464	3,813	10.1%

(Note) 1. Figures are based on Manufacturing cost.

2. Effective from the first quarter of the current fiscal year, the Company has changed the names of product categories, so that "Cardiovascular" corresponds to the former "Cardiovascular Surgery", and "Gastrointestinal" corresponds to the former "Gastrointestinal/PI". In addition, the product category of Atrial septum defect closure has been changed from the former "Gastrointestinal/PI" to "Cardiovascular". Consequently, for the year-on-year comparisons, the figures for the same period of the previous fiscal year are reorganized into the changed product categories for comparative analysis.

##### (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 Business Results".