Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japan GAAP]

October 31, 2024

Company name	: Japan Lifeline Co., Ltd.
Code No.	: 7575
Stock Exchange Listing	: The Prime Market of the Tokyo Stock Exchange
URL	: https://www.japanlifeline.com/
Representative	: Keisuke Suzuki, President and CEO
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Scheduled date to file the Semi-annual Securities Report	: November 14, 2024
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, 2024 (April 1, 2024 to September 30, 2024)

(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, 2024	27,985	11.4	6,260	14.4	6,167	9.7	4,435	10.0
Six Months ended September 30, 2023	25,132	(1.4)	5,472	6.9	5,621	10.0	4,033	9.0

(Note) Comprehensive income: Six Months ended September 30, 2024 : 4,680 million yen; 11.8 %
Six Months ended September 30, 2023 : 4,187 million yen; 4.4 %

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six Months ended September 30, 2024	61.87	-
Six Months ended September 30, 2023	52.41	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	70,246	54,624	77.8
As of March 31, 2024	73,509	58,102	79.0

(Reference) Shareholders' equity: As of September 30, 2024 : 54,624 million yen
As of March 31, 2024 : 58,102 million yen

2. Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	0.00	-	42.00	42.00
Year ending March 31, 2025	-	0.00			
Year ending March 31, 2025 (forecast)			-	46.00	46.00

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2025	54,000	5.1	11,200	2.8	11,000	4.0	8,000	6.4	113.58

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

*** Notes**

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

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

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

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

(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, 2024 : 75,758,470 Shares
Year ended March 31, 2024 : 75,758,470 Shares

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

Six Months ended September 30, 2024 : 5,658,863 shares
Year ended March 31, 2024 : 829,200 shares

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

Six Months ended September 30, 2024 : 71,683,209 shares
Six Months ended September 30, 2023 : 76,962,057 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) Consolidated Financial Guidance".

1. Overview of Financial Results

(1) Explanation of Business Results

Forward-looking statements below are based on our judgment at the end of the first half of the current fiscal year.

(Business Environment)

Japan Lifeline operates in the medical device industry, primarily focusing on cardiac devices for general hospitals in Japan. As Japan's population ages, the demand for medical care is rising, a trend expected to persist. However, the medical care supply is under strain, raising concerns about the sustainability of various medical services. To address this, the government is promoting working-style reform for doctors to reduce the chronic long working hours faced by medical professionals.

In this competitive environment, it's crucial for us not only to offer effective medical devices but also to help solve broader healthcare sustainability issues. We have been tackling these challenges by leveraging our dual role of manufacturer and distributor to build a flexible and robust product portfolio.

(Status of Business)

For the six months ended September 30, 2024, we have made favorable progress against our initial plans, achieving significant growth in both sales and profit. Net sales grew by 11.4% and gross profit increased also by 11.4%, while operating profit rose by 14.4% year-over-year, reaching record highs for the half-year. This growth was driven by increased case numbers and key initiatives in our medium-term plan, offsetting the June 2024 insurance reimbursement price revision impact. In particular, our core business of EP/ablation saw approximately 10% increase in atrial fibrillation cases and expanded sales of our proprietary products, such as intracardiac defibrillation catheters. Additionally, the market penetration of femoral vein hemostatic devices, which we have positioned as a growth driver in the medium term, progressed well. As a result, EP/Ablation sales grew by 16.3%. Our strategic focus on "expansion into new areas" led to successful launches of new products in neurovascular and gastrointestinal fields, driving substantial sales growth.

On the other hand, selling, general, and administrative expenses rose due to higher personnel costs and increased depreciation from the new core system. One-time provisions for doubtful accounts also contributed.

Regarding foreign exchange rates, despite the significant yen depreciation trend during the period, we have seen a minimal impact on our business performance. This is because our third-party product purchases made in yen accounted for approximately 70% of all transactions. Additionally, we use the moving-average method for cost of sales, which smooths out the impact of temporary cost increases over time.

(Business Performance)

The earnings for the six months ended September 30, 2024 are as follows.

Unit: Millions of yen, unless otherwise stated

Summary of Profit & Loss Statement	Six Months Ended September 30, 2023		Six Months Ended September 30, 2024		Increase/ (Decrease)	Increase/ (Decrease)%
	Amount	Vs Sales Ratio%	Amount	Vs Sales Ratio%		
① Net Sales	25,132	100.0	27,985	100.0	2,853	11.4
② Gross Profit	15,231	60.6	16,963	60.6	1,732	11.4
③ Operating Profit	5,472	21.8	6,260	22.4	787	14.4
④ Ordinary Profit	5,621	22.4	6,167	22.0	546	9.7
⑤ Profit Attributable to Owners of Parent	4,033	16.0	4,435	15.8	401	10.0

① Net sales

We reported record-high half-year net sales of 27,985 million yen, an increase of 11.4%. For more details, please refer to the "Net Sales by Product" section later in this report.

② Gross profit

We reported a record-high half-year gross profit of 16,963 million yen, an increase of 11.4%. Despite a decrease in selling prices due to the revision of insurance reimbursement prices, we offset this impact through increased sales volume driven by the expansion in the EP/ablation and cardiovascular markets. The proportion of our proprietary products of net sales was 57.6%, a decrease of 150 bps, due to the growth in sales of purchased products such as neurovascular-related items and femoral vein hemostatic devices. On the other hand, by exiting the low-margin coronary intervention business and cutting costs for in-house products, we maintained a gross profit margin of 60.6%, consistent with last year.

③ Operating Profit

We reported a record-high operating profit of 6,260 million yen, an increase of 14.4%. The operating profit margin was 22.4%, up 60 bps from the prior year period. Selling, general, and administrative expenses increased by 944 million yen. The main reasons for the increase are as follows:

- An increase in provision for doubtful accounts due to the suspension of bill transactions with a business partner
- An increase in personnel expenses due to proactive enhancement of employee benefits through higher salaries and performance-linked bonuses
- An increase in IT-related costs and depreciation expenses related to the new core systems
- An increase in sales-related expenses
- An increase in costs related to research and development investments

④ Ordinary Profit

We reported an ordinary profit of 6,167 million yen, an increase of 9.7%. Non-operating income totaled 89 million yen, including interest and dividends received. Non-operating expenses totaled 181 million yen, including fees related to the public purchase of own shares and foreign exchange losses.

⑤ Net Profit Attributable to Owners of the Parent

We reported the record-high net profit attributable to the owners of the parent of 4,435 million yen, an increase of 10.0%. The income tax burden was 28.2%.

(Sales by Product)

Unit: Millions of yen, unless otherwise stated

Product Category	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024	Increase/ (Decrease)	Increase/ (Decrease)%
Cardiac Rhythm Management	6,671	6,725	54	0.8
EP/Ablation	12,144	14,123	1,978	16.3
Cardiovascular	5,292	5,656	363	6.9
Neurovascular	353	800	446	126.3
Gastrointestinal	668	680	11	1.7
Total	25,132	27,985	2,853	11.4

(Note) The main products classified in each product category are as follows.
Effective from the first half of the current fiscal year, we have reclassified the “Neurovascular” category, which were previously included under the “Cardiovascular” category, into a new and independent category. 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. In addition, the product previously listed as "Open stent graft" in the Cardiovascular category has been renamed to "Frozen elephant trunk."

Cardiac Rhythm Management	Pacemaker, T-ICD (Transvenous 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, Hemostatic device for femoral vein
Cardiovascular	Vascular graft, Frozen elephant trunk, Stent graft, Atrial septum defect closing device
Neurovascular	Embolic coil, Aspiration catheter, Microcatheter, Stent retriever
Gastrointestinal	Bile-duct tube stent, Bile-duct dilation balloon, Cholangioscope system, ERCP guide wire, Colonic stent, Gastro-duodenal stent, Radiofrequency ablation needle for liver cancer treatment

① Cardiac Rhythm Management

Net sales in the Cardiac Rhythm Management category reached 6,725 million yen, an increase of 0.8% compared to the same period last year. The revision of insurance reimbursement prices led to lower selling prices. Additionally, while competitors’ leadless pacemakers gained traction in new cases, our pacemaker sales were sluggish. However, sales of our core product, the S-ICD, performed well due to a significant increase in new implantation cases, setting a new half-year record for ICD-related sales subcategory. As a result, the overall sales in the Cardiac Rhythm Management category slightly exceeded the previous year's level.

② EP/Ablation

Net sales in the EP/Ablation category reached a new half-year record of 14,123 million yen, an increase of 16.3%. The number of atrial fibrillation cases increased by approximately 10% year-on-year, significantly boosting sales of our intracardiac defibrillation catheters and esophageal temperature monitoring catheters, both of which held a strong market share. Furthermore, the femoral vein hemostasis device, identified as a growth driver in our medium-term strategy, boosted sales by increasing the number of adopting facilities.

③ Cardiovascular

Net sales in the Cardiovascular category reached 5,656 million yen, an increase of 6.9%. The Frozen elephant trunk, one of our core products, performed well, driven by market expansion. Sales of abdominal stent grafts grew significantly, driven by promoting unique models, maximizing sales opportunities. Besides, atrial septal defect closing devices saw a market share increase due to effective sales strategies.

④ Neurovascular

Net sales in the Neurovascular category reached 800 million yen, an increase of 126.3%. Embolic coil sales performed well, driven by additional models introduced in the last fiscal year. The aspiration catheter saw a substantial sales increase in the second quarter, thanks to the successful promotion of the small-diameter model with limited competition. Furthermore, we launched a stent retriever, which began contributing to Neurovascular sales from the second quarter.

⑤ Gastrointestinal

Net sales in the Gastrointestinal category reached 680 million yen, an increase of 1.7%. Excluding the impact of the terminated coronary intervention business, the adjusted net sales were 597 million yen, representing a significant increase of 34.6%. The main product, the bile-duct tube stent, performed well, and sales of the colonic stent also grew significantly with the expansion of consignment facilities.

(2) Explanation of Financial Position

(Financial Position)

① Assets

The balance of Current assets was 40,536 million yen, a decrease of 2,334 million yen from the end of the previous period. This was mainly due to increases of 592 million yen in Notes and accounts receivable-trade, 1,686 million yen in inventories and a decrease of 4,621 million yen in Cash and deposits, primarily due to purchases of treasury stock, dividends payments and payments of income taxes.

The balance of Fixed assets was 29,710 million yen, a decrease of 927 million yen from the end of the previous period. This was mainly due to increase of 211 million yen in Allowance for doubtful accounts, decreases of 366 million yen in Investment securities and 123 million yen in Deferred tax assets, which was included in “Other” of Investments and other assets.

As a result, the balance of total assets was 70,246 million yen, a decrease of 3,262 million yen from the end of previous period.

② Liabilities

The balance of Current liabilities was 14,598 million yen, an increase of 423 million yen from the end of the previous period. This was mainly due to increase of 1,500 million yen in Short-term borrowings, decreases of 563 million yen in Notes and accounts payable-trade and 391 million yen in Accounts payable-other.

The balance of Long-term liabilities was 1,023 million yen, a decrease 207 million yen from the end of the previous period. This was mainly due to a decrease of 122 million yen in Lease liabilities, which was included in “Other”.

As a result, the balance of total liabilities was 15,622 million yen, an increase of 215 million yen from the end of the previous period.

③ Net assets

The balance of Net assets was 54,624 million yen, a decrease of 3,478 million yen from the end of the previous period. This was mainly due to the dividend of 3,154 million yen, a 5,027 million yen increase of Treasury stock, and Profit attributable to owners of parent of 4,435 million yen.

(Cash Flows)

The balance of Cash and Cash equivalents amounted to 8,047 million yen, a decrease of 4,621 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 2,938 million yen (For the first six months of the previous fiscal year, net cash provided by operating activities was 1,873 million yen). The main factors are Profit before income taxes of 6,179 million yen, despite Increase in inventories of 1,684 million yen and Income tax paid of 1,564 million yen, which decrease cash flows.

② Cash flows from investing activities

Net cash used in investing activities was 424 million yen (For the first six months of the previous fiscal year, net cash used in investing activities was 1,770 million yen.), mainly reflecting Proceeds from sale of investment securities of 1,023 million yen, Purchase of property, plant and equipment of 802 million yen and Purchase of investment securities of 637 million yen.

③ Cash flows from financing activities

Net cash used in financing activities was 7,187 million yen (For the first six months of the previous fiscal year, net cash used in financing activities was 6,884 million yen.), mainly due to Increase in short-term borrowings of 1,500 million yen, Dividends paid of 3,154 million yen and Purchase of treasury stock of 5,225 million yen.

(3) Consolidated Financial Guidance

Our performance for the six months ended September 2024 exceeded initial guidance, driven by strong sales of core and focused products. We anticipate favorable business conditions to continue into the third quarter and beyond. However, as of today, we are not revising the full-year earnings guidance for the fiscal year ending March 2025, announced on May 1, 2024. Should revisions become necessary, we will promptly announce them.

2.Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	12,669	8,047
Notes and accounts receivable - trade	13,283	13,875
Inventories	15,154	16,841
Other	1,763	1,771
Total current assets	42,871	40,536
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	7,086	7,112
Other, net	6,348	6,415
Total property, plant and equipment	13,434	13,527
Intangible assets	2,292	2,105
Investments and other assets		
Investment securities	7,601	7,234
Long-term loans receivable	2,719	2,629
Retirement benefit asset	69	103
Other	6,075	5,876
Allowance for doubtful accounts	△1,555	△1,766
Total investments and other assets	14,910	14,077
Total fixed assets	30,638	29,710
Total assets	73,509	70,246
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,254	3,691
Short-term borrowings	3,500	5,000
Current portion of long-term borrowings	416	242
Accounts payable - other	1,178	787
Income taxes payable	1,750	1,757
Provision for bonuses	1,794	1,704
Provision for bonuses for directors	80	59
Other	1,200	1,357
Total current liabilities	14,175	14,598
Non-current liabilities		
Long-term borrowings	120	60
Provision for director's stock based compensation	163	138
Other	947	825
Total non-current liabilities	1,231	1,023
Total liabilities	15,406	15,622
Net assets		
Shareholders' equity		
Share capital	2,115	2,115
Capital surplus	8,866	8,888
Retained earnings	47,291	48,573
Treasury stock	△756	△5,784
Total shareholders' equity	57,516	53,792
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	△34	△90
Foreign currency translation adjustment	348	668
Remeasurements of defined benefit plans	271	253
Total accumulated other comprehensive income	585	831
Total net assets	58,102	54,624
Total liabilities and net assets	73,509	70,246

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

For the Six Months Ended September 30, 2023 and 2024

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	25,132	27,985
Cost of sales	9,900	11,022
Gross profit	15,231	16,963
Selling, general and administrative expenses	9,758	10,703
Operating profit	5,472	6,260
Non-operating income		
Interest income	89	37
Dividend income	24	34
Foreign exchange gains	75	—
Reversal of allowance for doubtful accounts	—	5
Gain on sale of businesses	42	—
Other	22	12
Total non-operating income	254	89
Non-operating expenses		
Interest expenses	14	18
Loss on valuation of investment securities	6	10
Foreign exchange losses	—	50
Provision of allowance for doubtful accounts	25	—
Commission expenses	19	64
Other	39	36
Total non-operating expenses	105	181
Ordinary profit	5,621	6,167
Extraordinary income		
Gain on sale of fixed assets	6	7
Gain on sale of investment securities	6	20
Total extraordinary income	12	27
Extraordinary losses		
Loss on sale of fixed assets	—	1
Loss on retirement of fixed assets	8	14
Total extraordinary losses	8	15
Profit before income taxes	5,626	6,179
Income taxes - current	1,249	1,571
Income taxes - deferred	343	173
Total income taxes	1,592	1,744
Profit	4,033	4,435
Profit attributable to owners of parent	4,033	4,435

(Consolidated Statements of Comprehensive Income)

For the Six Months Ended September 30, 2023 and 2024

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	4,033	4,435
Other comprehensive income		
Net unrealized holding gains or losses on securities	70	△56
Foreign currency translation adjustment	73	319
Remeasurements of defined benefit plans, net of tax	10	△17
Total other comprehensive income	154	245
Comprehensive income	4,187	4,680
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,187	4,680

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	5,626	6,179
Depreciation	670	861
Amortization of long-term prepaid expenses	159	159
Increase (decrease) in allowance for doubtful accounts	25	211
Increase (decrease) in provision for bonuses	107	△90
Increase (decrease) in provision for bonuses for directors	0	△21
Increase (decrease) in retirement benefit liability	△1,966	△59
Increase (decrease) in provision for directors' stock based compensation	0	△25
Interest and dividend income	△114	△71
Interest expenses	14	18
Loss (gain) on sale and retirement of property, plant and equipment	1	8
Loss (gain) on valuation of investment securities	6	10
Loss (gain) on sale of investment securities	△6	△20
Decrease (increase) in trade notes and accounts receivable	470	△584
Decrease (increase) in inventories	△621	△1,684
Decrease (increase) in accounts receivable - other	575	18
Increase (decrease) in trade notes and accounts payable	19	△563
Increase (decrease) in accrued consumption taxes	△217	331
Increase (decrease) in accrued expenses	△111	△150
Other, net	△1,188	△49
Subtotal	3,453	4,476
Interest and dividends received	26	45
Interest paid	△14	△18
Income taxes paid	△1,591	△1,564
Net cash provided by (used in) operating activities	1,873	2,938
Cash flows from investing activities		
Purchase of property, plant and equipment	△441	△802
Purchase of intangible assets	△368	△27
Proceeds from sale of fixed assets	15	15
Purchase of investment securities	△1,417	△637
Proceeds from sale of investment securities	0	1,023
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	459	—
Long-term loan advances	△2	△4
Proceeds from collection of long-term loans receivable	5	7
Other payments	△29	△1
Other proceeds	8	2
Net cash provided by (used in) investing activities	△1,770	△424
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	△1,500	1,500
Repayments of long-term borrowings	△334	△234
Purchase of treasury stock	△2,005	△5,225
Repayments of lease liabilities	△78	△74
Dividends paid	△2,966	△3,154
Net cash provided by (used in) financing activities	△6,884	△7,187
Effect of exchange rate change on cash and cash equivalents	8	52
Net increase (decrease) in cash and cash equivalents	△6,772	△4,621
Cash and cash equivalents at beginning of period	18,357	12,669
Cash and cash equivalents at end of period	※1 11,584	※1 8,047

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going-Concern Assumptions)

None

(Notes on Significant Changes in Shareholders' Equity)

(Purchase of treasury stock)

Treasury stock increased by 5,027 million yen from the end of the previous period to 5,784 million yen at the end of the first half of this fiscal year, mainly due to the Pursuant to a resolution at a meeting of the Board of Directors held on May 1, 2024, the Company purchased 5,000,100 shares of treasury stock.

(Notes on Consolidated Statements of Cash flows)

The relationship between the balance of cash and cash equivalents at the end of the periods and the amount of items listed in the consolidated balance sheets is as follows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash and deposits	11,584	8,047
Cash and cash equivalents	11,584	8,047

(Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the first half ended June 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first half ended September 30, 2024. This change in accounting policies was applied retrospectively.

Hence, the consolidated financial statements for the same half of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the consolidated financial statements for the same half of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Segment Information, etc.)

[Segment Information]

Overview of Reporting Segments

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 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.

Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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.

3. Others

Current Status of Production, Orders and Sales

(1) Production

(Millions of yen, unless otherwise stated)

Product Category	Six Months Ended September 30, 2023	Six Months Ended September 30, 2024	Increase (Decrease) %
Cardiac Rhythm Management	5	10	93.0
EP/Ablation	2,899	3,176	9.6
Cardiovascular	645	769	19.1
Gastrointestinal	262	366	39.4
Total	3,813	4,323	13.4

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

2. Effective from the first half of the current fiscal year, the “Neurovascular” has been added to the product categories. However, since there was no production in this category in either the previous or current fiscal year, it has been omitted.

(2) Orders received

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

(3) Sales Results

Please refer to “1. Overview of Financial Results, etc. (1) Explanation of Business Results”.