Japan Lifeline Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2025

May 8, 2025

Event Summary

[Company Name]	Japan Lifeline Co., Ltd.
[Company ID]	7575-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2025
[Fiscal Period]	FY2025 Annual
[Date]	May 8, 2025
[Number of Pages]	40
[Time]	10:00 – 11:12 (Total: 72 minutes, Presentation: 43 minutes, Q&A: 29 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	4

Keisuke Suzuki	President and CEO
Tatsuya Murase	Chief Commercial Officer, Head of Business Operations Headquarters, Board Director
Takeyoshi Egawa	Chief Financial Officer, Chief Risk Management Officer, Head of Corporate Management Group, Board Director
Takashi Ito	Senior Operating Officer, Head of Arrhythmia Business Operations Group, Board Director

[Analyst Names]*

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Tomoko Yoshihara	UBS Securities
Anna Kato	Daiwa Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Shinohara: Thank you very much for your patience. My name is Shinohara from the Corporate Planning Department, and I will be your moderator today. Thank you for taking time out of your busy schedule today to participate in the financial results briefing for the fiscal year ended March 2025 of Japan Lifeline Co., Ltd.

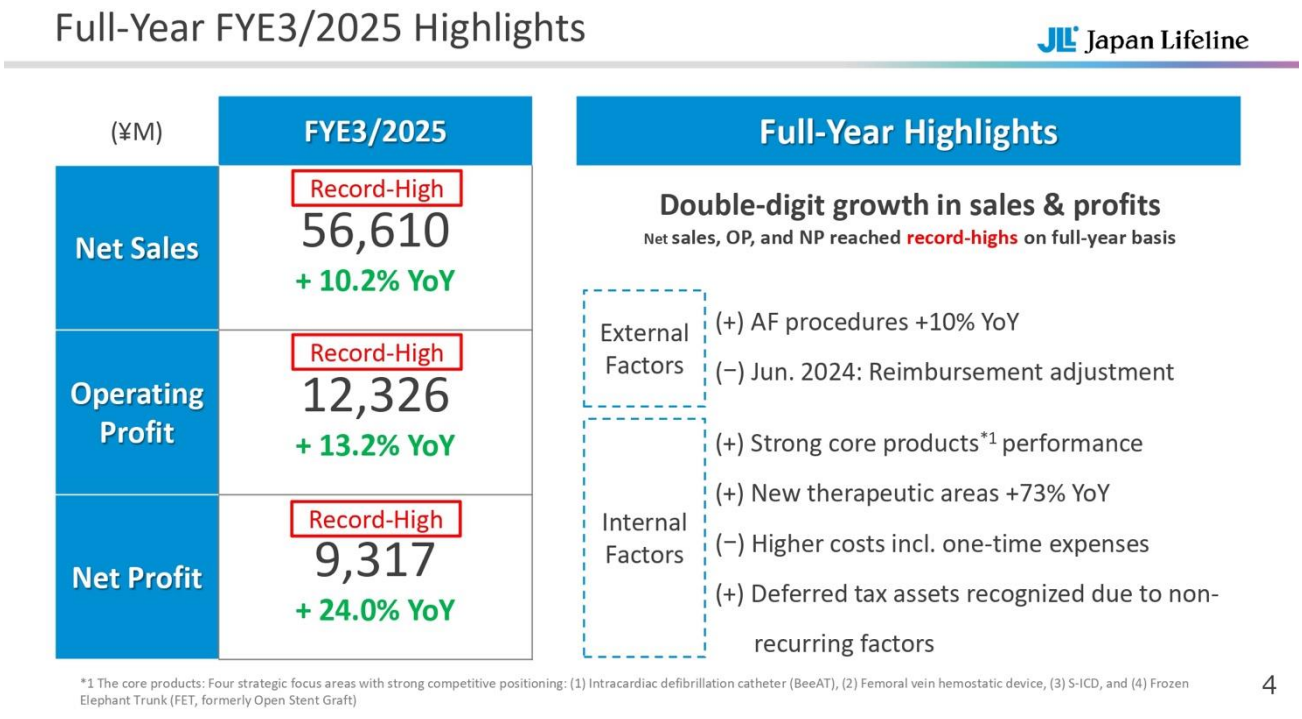
With us today are Mr. Keisuke Suzuki, President and Representative Director; Mr. Tatsuya Murase, Director and Managing Executive Officer; and Mr. Takeyoshi Egawa, Director and Managing Executive Officer.

Mr. Egawa, Director in charge of IR; and Mr. Suzuki, President; and Mr. Murase, Director, will give a 60-minute presentation on the financial results for the full year ended March 2025, the forecast for the full year ending March 2026, and the progress of the mid-term management plan, followed by a Q&A session. The entire briefing is scheduled to last approximately 90 minutes.

The summary is documented in the financial results presentation material posted on our website yesterday, which I hope you will find helpful.

Before we begin our conference call, I would like to remind you all that in the following discussion, we may state forward-looking statements based on our current expectations, all of which are subject to risks and uncertainties. We would like to remind everyone in advance that actual results may differ from the projections.

We will now begin our presentation.



Egawa: I am Egawa, the managing director. I would like to provide my report using the presentation deck.

This is the result of the fiscal year ended March 2025.

Here are the financial highlights for the fiscal year ended March 2025. For the fiscal year ended March 2025, the Company reported net sales of JPY56.61 billion, up 10.2% from the previous year; operating profit of

JPY12.326 billion, up 13.2% from the previous year; and net profit of JPY9.317 billion, up 24% from the previous year. This is a record result, with double-digit increases in both sales and profit across all indicators.

The negative factors that contributed to this strong performance were the official price revisions and these negative factors. On the other hand, positive factors included significant growth in AF cases, strong performance of core products and new business areas, and the recording of deferred tax assets due to special factors in Q4, resulting in positive net profit.

Full-Year FYE3/2025 Consolidated P&L

JLL Japan Lifeline

✓ Full-Year sales/profits at record levels

(¥M except for per share amount)	FYE3/2024 Full-Year	FYE3/2025 Full-Year	Change	Change%	Comments
Net Sales	51,384	Record High 56,610	+ 5,225	+ 10.2	(+) Sales volume increased with more cases (+) New therapeutic areas expanded
Gross Profit	30,986	Record High 34,191	+ 3,204	+ 10.3	(−) Reimbursement revision implemented (+) Reduced manufacturing costs (+) Reduced product disposal and inventory write-downs --> YoY (¥119M)
%	60.3%	60.4%		10 bps	
SG&A	20,094	21,864	+ 1,769	+ 8.8	See next page
Operating Profit	10,892	Record High 12,326	+ 1,434	+ 13.2	See next page
%	21.2%	21.8%		+ 60 bps	
Net Profit	7,515	Record High 9,317	+ 1,801	+ 24.0	(+) Gained tax credits (+) Recognized non-recurring deferred tax assets*1 --> tax burden rate: 22.5%
%	14.6%	16.5%		+190 bps	
Proprietary Sales Mix	58.8%	57.4%		(140) bps	(−) Procured product sales such as NV products and hemostasis device grew*2
International Sales Mix	1.4%	1.9%		+ 50 bps	
EPS (¥)	¥98.73	¥131.43	+ ¥32.70	+ 33.1	(+) Outstanding shares decreased*3

*1 Recording deferred tax assets of ¥351M because temporary differences related to valuation losses on investment securities became highly likely to reverse within a foreseeable period
*2 Procured product sales increased 14.0% YoY (vs proprietary sales + 7.5%) *3 Share count: Average for period, excluding treasury shares

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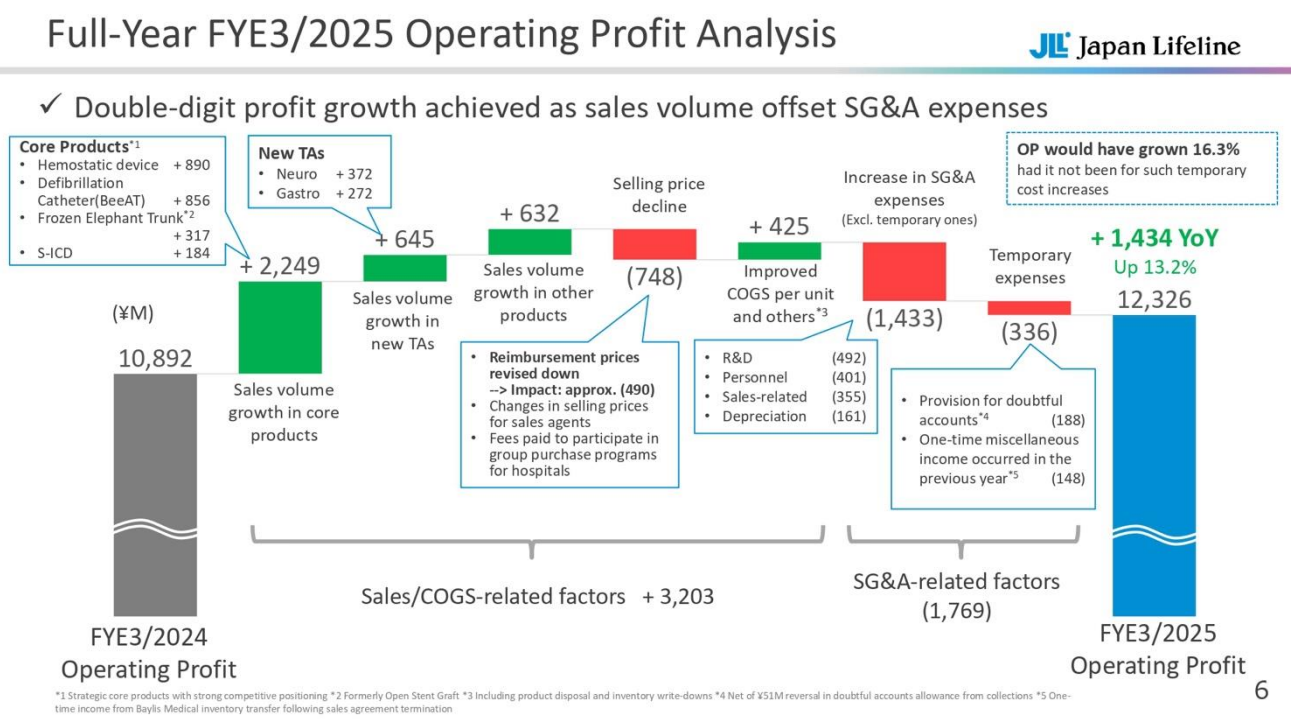
Here is the consolidated P&L shown in comparison with the previous period. The ratio of in-house products to net sales declined 140 basis points due to the growth of neurovascular and hemostatic devices, as well as the purchased products. As for overseas sales, the Company's overseas efforts have been successful, growing by 50 basis points.

Changes in operating profit are discussed on the next page.

For operating profit and below, net profit has increased, especially in this net profit area, where tax expenses have decreased due to an increase in tax credits and the recognition of deferred tax assets due to special factors.

Deferred tax assets due to this special factor were reduced by JPY351 million in deferred tax assets on the write-down of investment securities in Q4, as unlisted shares that were previously impaired became listed shares and can now be sold, thereby reducing tax expense. This resulted in a 24% increase in net profit, a significant increase relative to the growth in operating profit.

Earnings per share grew at an even greater rate, JPY131.43, a 33% increase, due in part to share repurchases.



Here is an analysis of the change in operating profit from the previous year. Compared to the previous year, operating profit increased 13.2% to JPY1.434 billion.

Sales and cost factors increased by JPY3.203 billion, while SG&A factors decreased by JPY1.769 billion. As for the sales and cost of sales factors, there was a JPY748 million decrease in profit factors in the red area, where unit sales prices decreased due to official price revisions and other factors. However, all other core products increased in sales volume to JPY2.249 billion, here in the left-most box in green.

Next to that, the new areas also saw an increase of JPY645 million due to higher sales volume in both neurovascular and gastrointestinal areas. The other products also saw an increase of JPY632 million due to an increase in sales volume.

Finally, on the far right of the sales and cost of sales factors, where there was a loss in the revaluation of inventories, etc., in the previous period but not in the current period, there is an increase of JPY425 million.

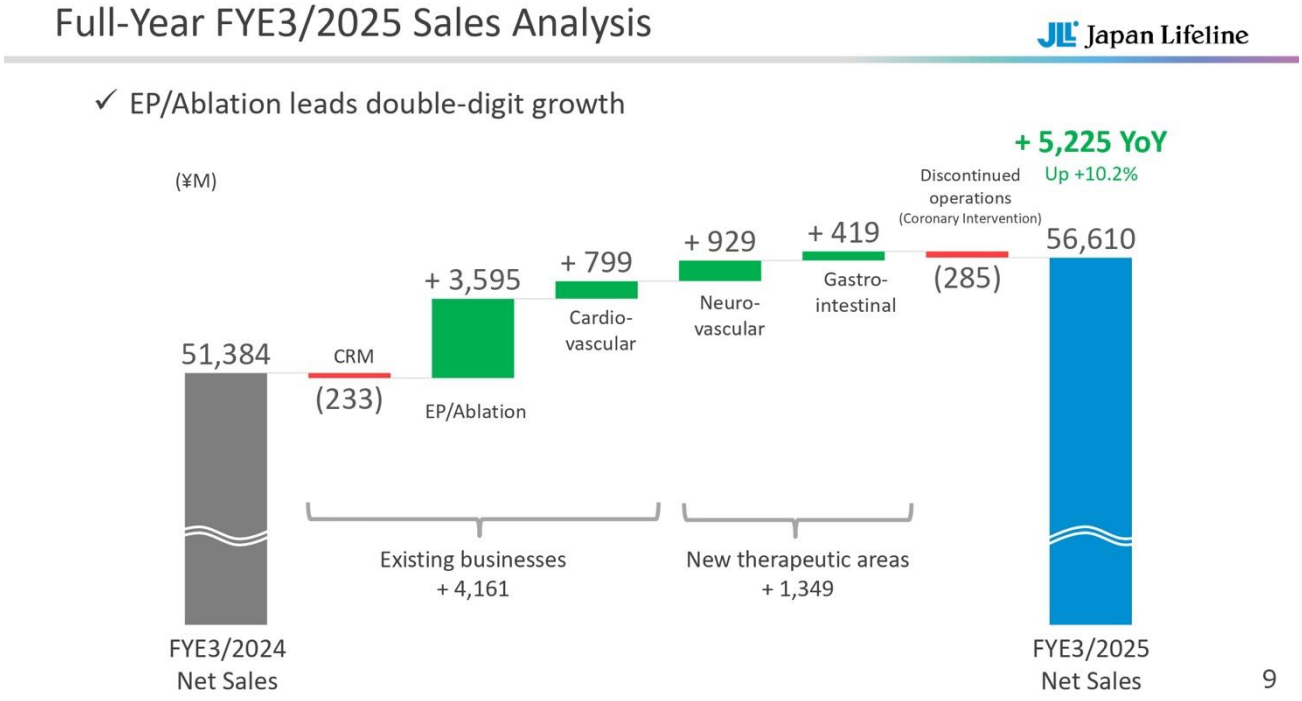
In total, JPY3.203 billion was the increase in sales and cost of sales factors.

On the right, the increase in SG&A expenses was a factor in the decrease in profit. The main items were an increase in R&D expenses due to the start of PFA-related R&D and an increase in personnel expenses due to higher salary levels. Sales-related expenses increased due to increased sales activities.

Fourth, depreciation and amortization expenses decreased by JPY1.433 billion due to an increase in SG&A expenses from the introduction of a new core system, SAP, in the previous year.

On the right, there is a transitory cost increase. This account has recorded a provision for doubtful accounts due to the bankruptcy of a counterparty.

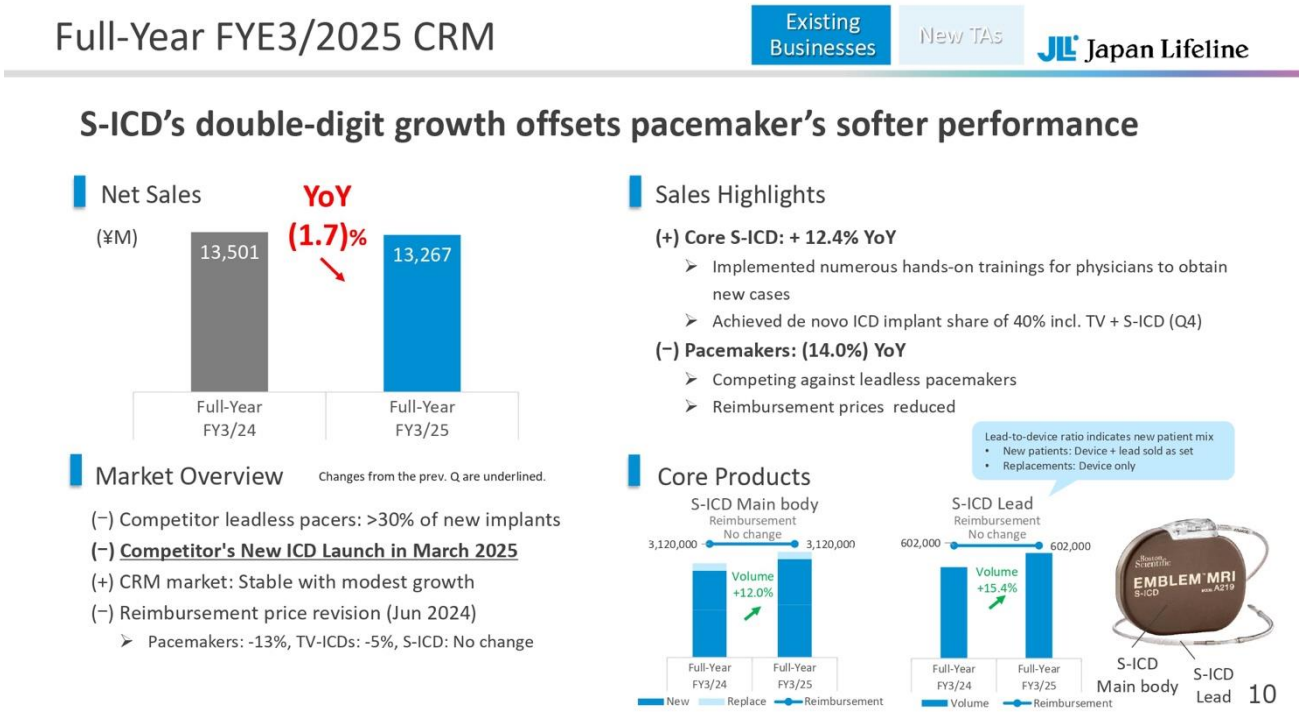
The decrease of JPY336 million was due to these onetime costs, and the decrease of JPY1.769 billion was due to SG&A factors. However, the increase in sales volume and other factors exceeded this result, resulting in an increase in operating profit of JPY1.434 billion compared to the previous year.



Page nine. From here, we will discuss sales by item.

Cardiac Rhythm Management, which was affected by official prices and revisions, saw a decline in sales, but as for others, sales were up 10.2% to JPY5.225 billion, driven by EP/ablation sales in particular.

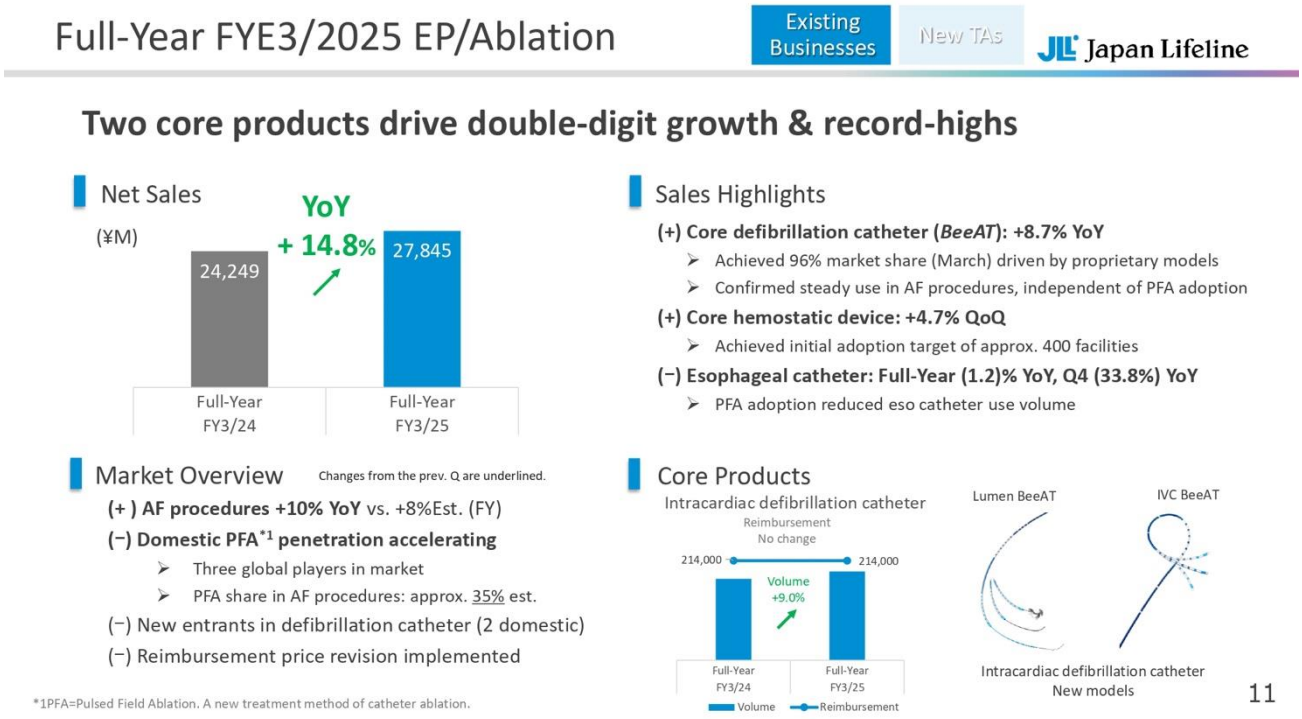
The status of each item is explained on the following pages.



Let's start with cardiac rhythm management devices. We will focus on the sales highlights. As for the sales of Cardiac Rhythm Management, the sales decreased by JPY233 million or 1.7%.

Two main factors contributed to the 12.4% increase in sales: the acquisition of new cases of the core product, S-ICD. On the other hand, due to official price revisions and the market penetration of leadless pacemakers, sales related to pacemakers declined by about 14%.

This resulted in a decline in overall sales of Cardiac Rhythm Management.

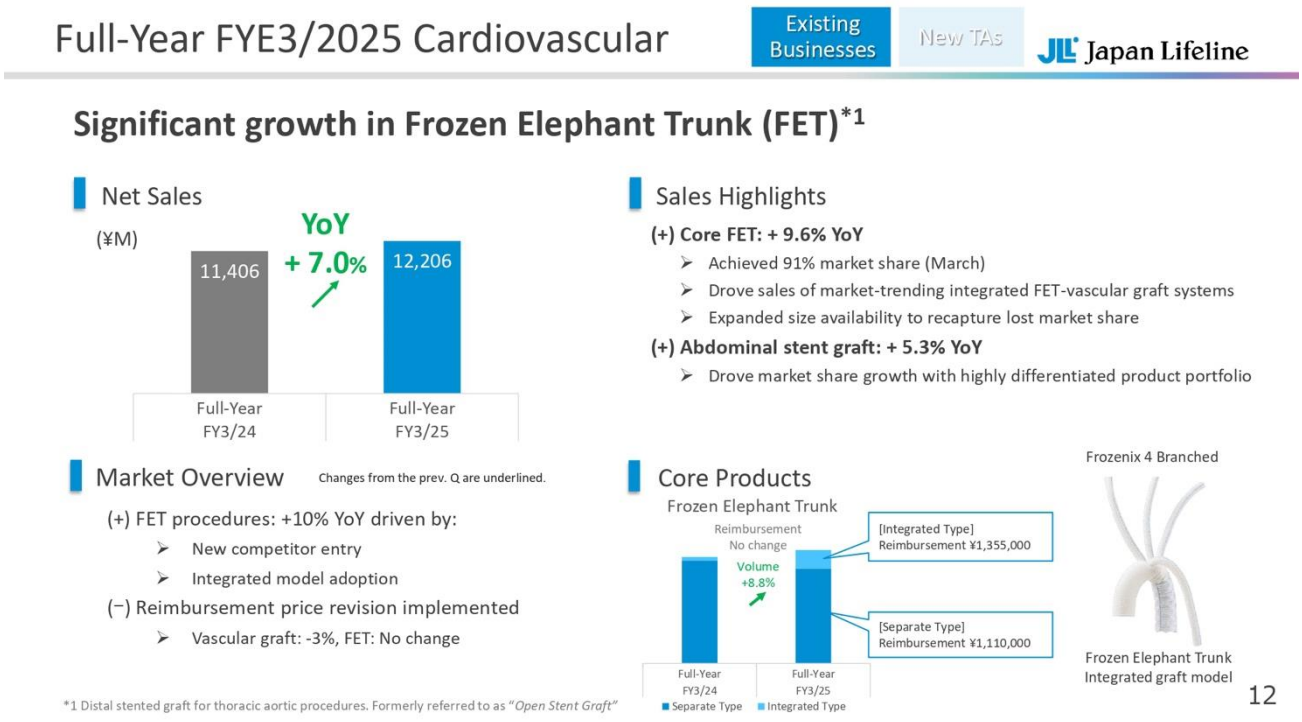


Next is EP/ablation. For EP/ablation, revenues were up 14.8% at JPY3.595 billion.

There are three key points here. The first is that sales of esophageal temperature monitoring catheters declined 1.2% due to the accelerated introduction of PFA in Japan.

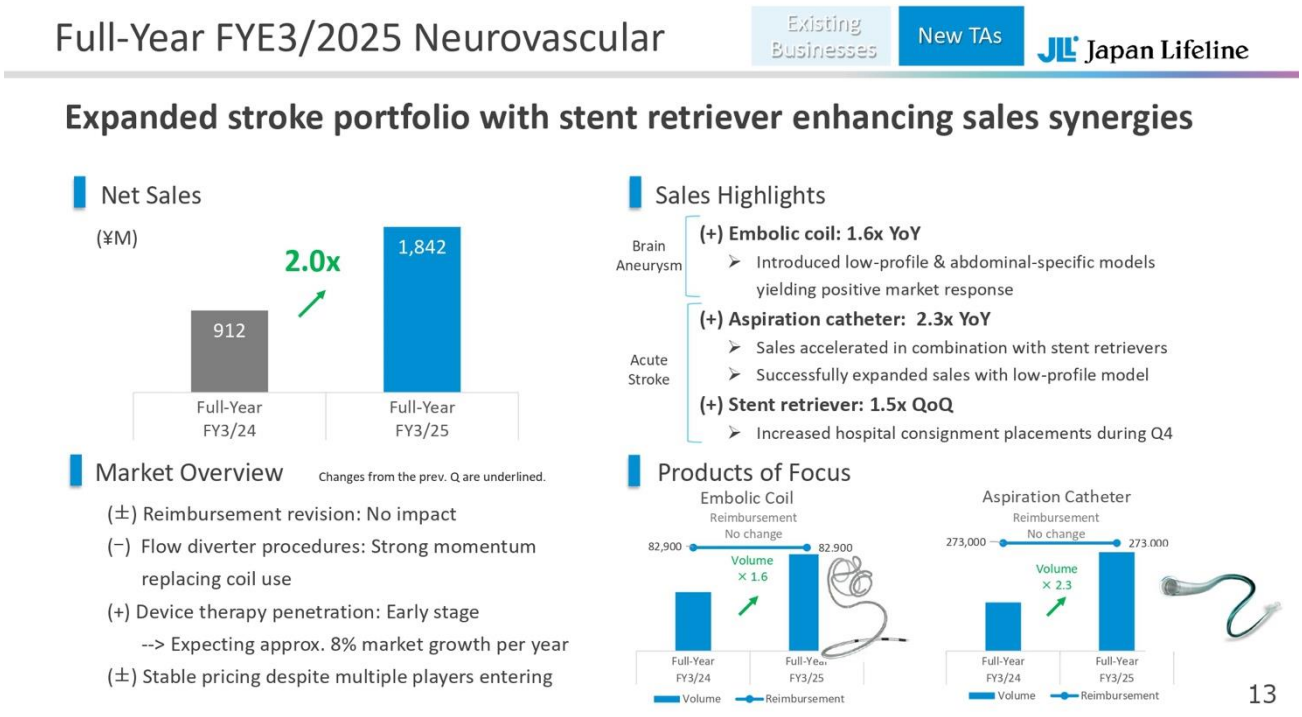
On the other hand, the second point is the growth of atrial fibrillation cases by about 10%, which led to an 8.7% increase in sales of the core product, defibrillation catheters. Third, sales of new hemostatic devices increased by 4.7%, mainly due to an increase in the number of facilities.

As a result, overall EP/ablation revenues increased by JPY3.595 million.



Then, cardiovascular-related. JPY799 million, representing a 7% increase in revenues.

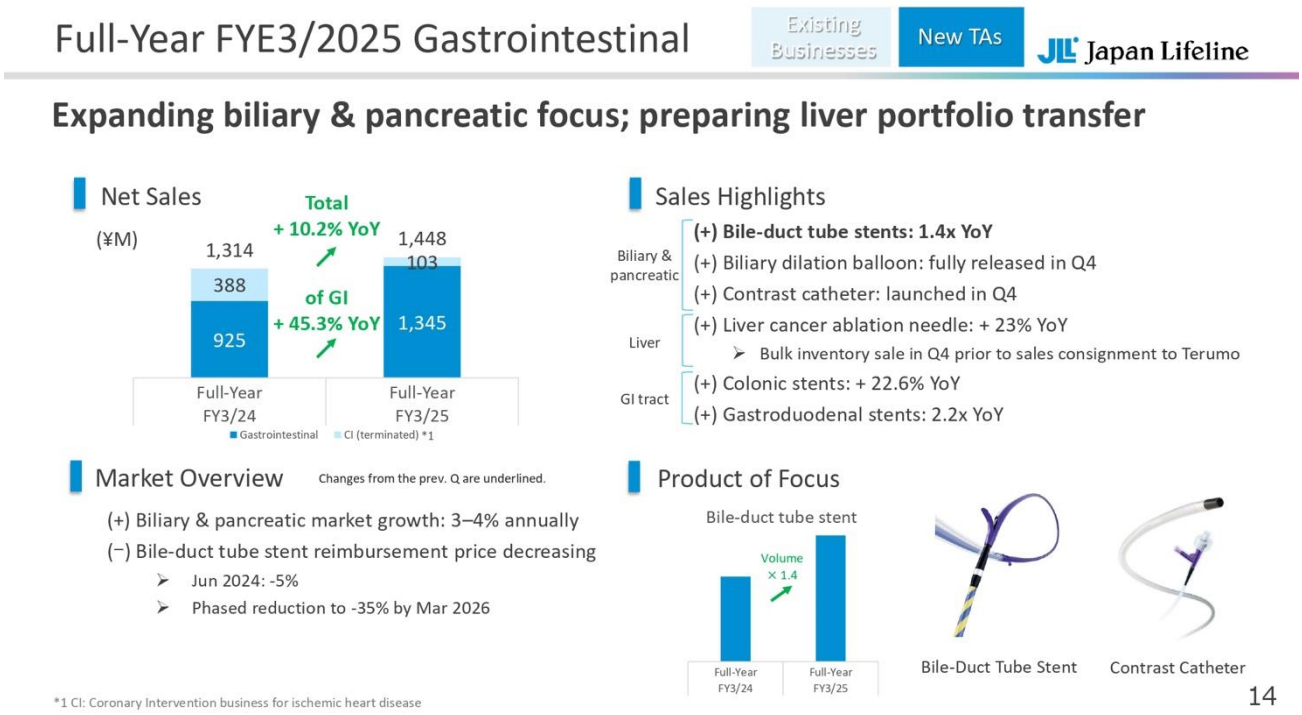
The market for the core products, frozen elephant trunk or FET, has expanded due to the penetration of the procedure. This resulted in a 9.6% increase in revenue. Abdominal stent grafts also saw a 5.3% increase in revenue, resulting in a total cardiovascular revenue increase of JPY799 million.



Neurovascular. As for neurovascular sales, there was an increase of JPY929 million, which doubled sales.

Sales of coils for embolization increased 1.6 times over the previous year due to the introduction of new models. For the other area, stroke, we launched a product called stent retriever in Q2.

Sales of aspiration catheters increased 2.3 times over the previous year due to the increase in the number of facilities depositing these catheters and the synergy between the introduction of these catheters and the aspiration catheters that had been sold previously. This resulted in an increase of JPY929 million in neurovascular revenues.

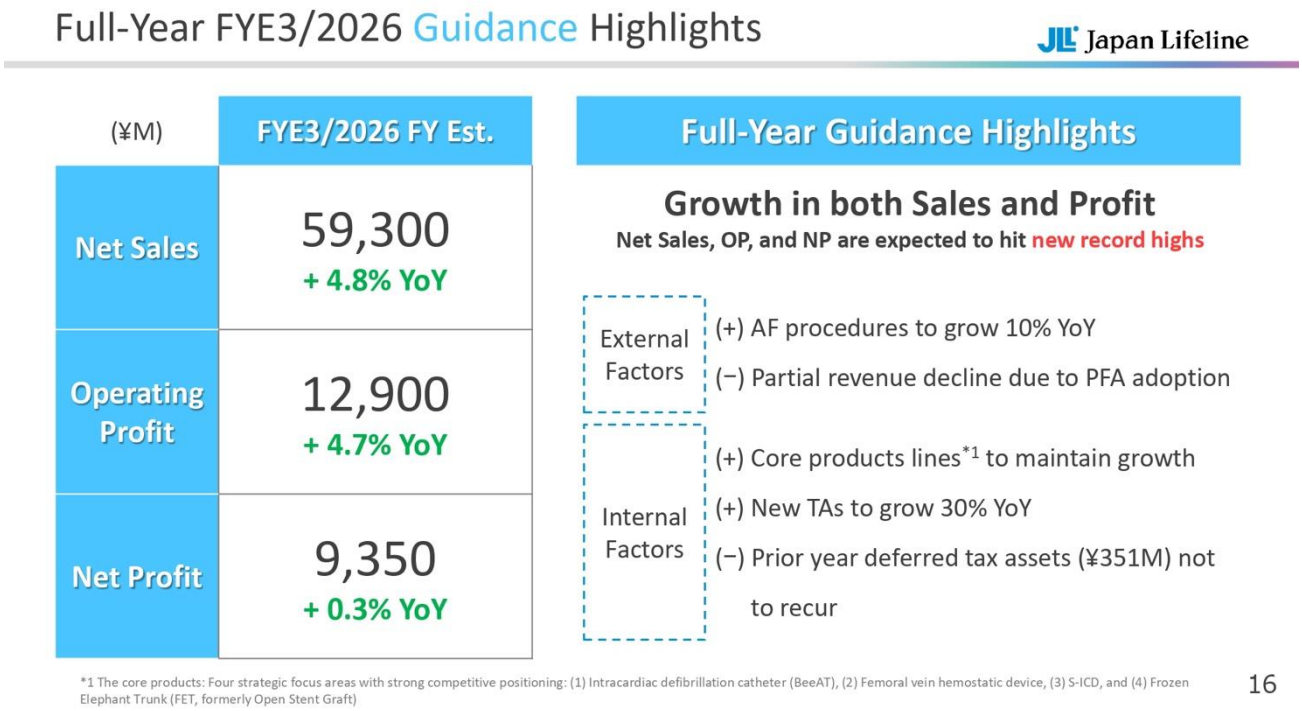


Gastrointestinal. For Gastrointestinal, sales from terminated businesses are included, but excluding terminated businesses, sales in the Gastrointestinal segment increased by JPY419 million, an increase of 45.3%.

Sales here increased due to the introduction of new products, mainly bile duct tube stents in the mainstay biliary and pancreatic field. In addition, the sales of liver cancer ablation products were boosted by the bulk sales of inventory on consignment to Terumo, as well as the introduction of improved gastric and duodenal stents.

This resulted in an overall increase of JPY419 million in revenues for the Gastrointestinal.

This is the end of our full-year financial results for the fiscal year ended March 2025.



Here is an explanation of the consolidated earnings forecast for the new fiscal year ending March 2026. We will discuss the new fiscal year ending March 2026, as the current fiscal year and the fiscal year ended March 2025, as the previous fiscal year.

This will be the financial highlights for the fiscal year ending March 2026, and the earnings forecast is for sales of JPY59.3 billion, a 4.8% increase in sales.

Operating profit was JPY12.9 billion, an increase of 4.7%, and net profit was JPY9.35 billion, an increase of 0.3%. Business grew in all categories compared to the previous fiscal term. If we reach the goal, we will hit the record-highs again.

The increase in sales and profit is due to the negative factor of the decrease in sales of some products due to the penetration of PFA in EP/ablation, but the positive factors are more than that. With continued growth in AF cases and continued growth in core product lines and new areas, we expect a 5% increase in operating profit.

However, net profit is expected to increase slightly by 0.3%, as JPY351 million in deferred tax assets due to special factors in the previous fiscal year were not recorded in the current fiscal year.

Full-Year FYE3/2026 Consolidated P&L Guidance

Japan Lifeline

✓ Net Sales and each profit item are expected to hit record highs

(¥M, except for per share amount)	FYE3/2025 FY Actual	FYE3/2026 FY Guidance	Change	Change%	Comments
Net Sales	56,610	59,300	+ 2,689	+ 4.8	(+) Sales volume to increase with more cases (+) New therapeutic areas to expand
Gross Profit	34,191	35,400	+ 1,208	+ 3.5	(+) Net sales to increase (−) Production adjustment for select products (−) Sales support for RF needle to end*1
%	60.4%	59.7%		(70) bps	
SG&A	21,864	22,500	+ 635	+ 2.9	(+) One-time costs from prior year not to recur (−) Personnel and R&D expenses to increase
Operating Profit	12,326	12,900	+ 573	+ 4.7	Forecasting flat OPM vs. prior year given above factors
%	21.8%	21.8%		± 0 bps	
Net Profit	9,317	9,350	+ 32	+ 0.3	(+) Prior year deferred tax assets not to recur --> Tax burden rate: 27.5%
%	16.5%	15.8%		(70) bps	
Proprietary Sales Mix	57.4%	58.1%		+ 70 bps	(+) EP/Ablation and Cardiovascular proprietary products expanding*2
International Sales Mix	1.9%	2.1%		+ 20 bps	
EPS (¥)	¥131.43	¥133.30	+ ¥1.87	+ 1.4	

*1 Contract scheduled to end December 2025; contributed approx. ¥600M in sales/profit during prior period. *2 Proprietary product sales up 6.2% YoY (procured products up 3.0% YoY)

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Next is the consolidated P&L. This is a comparison with the previous period. Sales are expected to increase by 4.8%, while gross profit is expected to increase by 3.5%, and the gross margin is expected to decrease by 70 basis points.

Regarding gross profit, the gross margin is expected to decline due to the termination of sales support contracts and production adjustments.

We are also about to increase SG&A expenses by JPY635 million. but the negative factor is the elimination of the onetime expense of the provision for doubtful accounts. On the other hand, personnel expenses are expected to increase by JPY635 million, mainly due to an increase in personnel expenses resulting from salary level increases and an increase in R&D expenses resulting from the development of PFA.

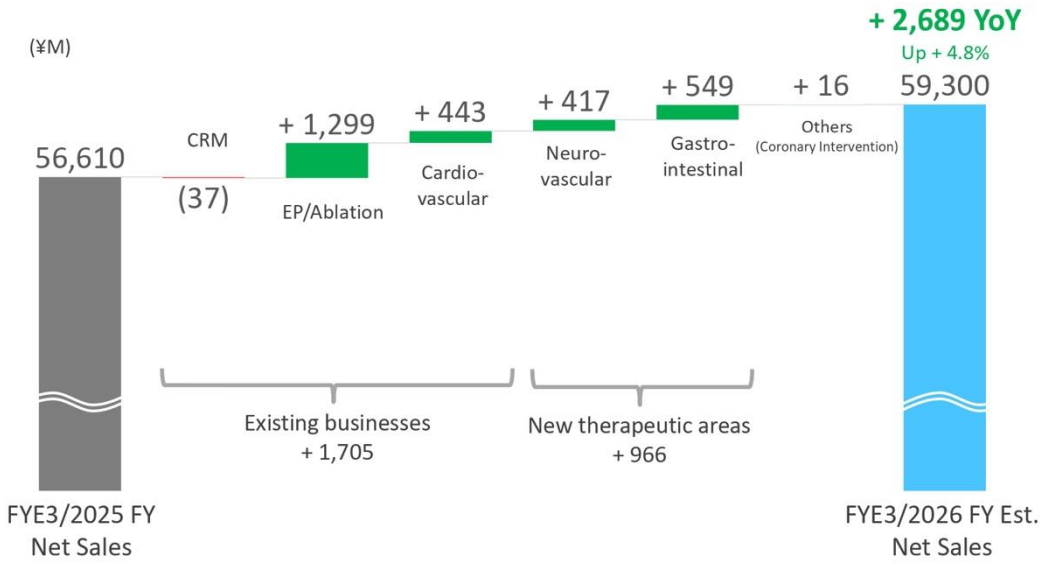
Despite the increase in SG&A expenses, we expect operating profit to increase by JPY573 million due to sales growth, and the operating profit margin is expected to be on par with the previous year.

Furthermore, since there are no extraordinary factors as in the previous fiscal year, net profit and earnings per share are expected to increase slightly.

Full-Year FYE3/2026 Sales Guidance

Japan Lifeline

✓ Both existing and new businesses performing well, projecting 4.8% YoY sales growth



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Here is the forecast for sales by item. Although we expect a slight decrease in sales of Cardiac Rhythm Management, which are in a highly competitive environment, we expect an increase in sales of all other items, and total sales are expected to increase by JPY2.689 billion or 4.8%.

Each of these items is discussed on the following pages and beyond.

Full-Year FYE3/2026 CRM Guidance

Existing Businesses | New TAs

Japan Lifeline

Entering lead management market amid challenging product outlook

Net Sales

Market Outlook

(−) Competitor leadless pacemakers gaining market penetration (approx. 30-35% of new market)

(−) Competitor launched new ICD in Q4 FYE3/2025

Sales Forecast

(−) S-ICD 3–4% decline in sales

- New cases steady but replacement cases to decrease
- Minor impact expected from competitor new product launch

(−) Pacemaker-related 8% decline in sales

- Affected by competitor leadless products

(+) Lead management products launch in Q1

- Exclusive Japan distribution of Philips products
- Entering new market worth approx. ¥700M

S-ICD
(Procured from Boston Scientific)

Lead Management products
(Procured from Philips)

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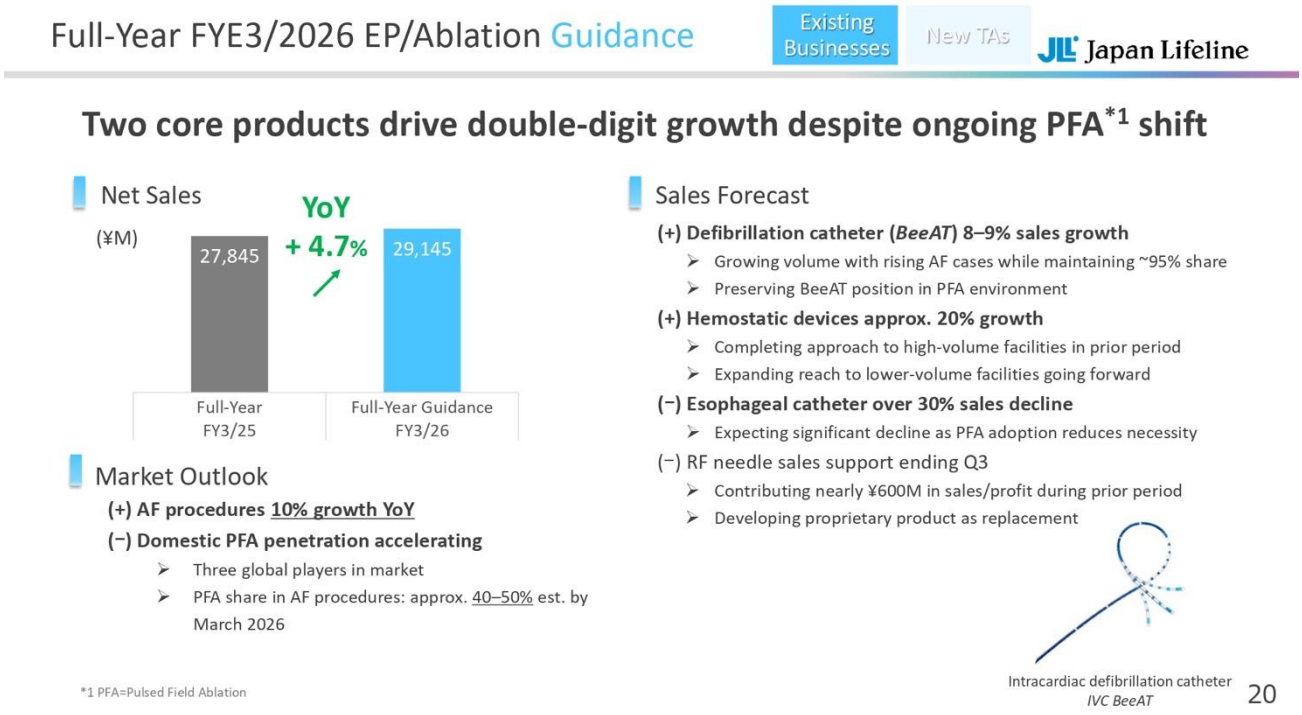
Let's start with cardiac rhythm management devices. We will focus on the sales forecast, top right. For Cardiac Rhythm Management, we expect a slight decrease in sales of 0.3%.

The product with the largest revenue decline will be pacemakers. For pacemakers, we expect an 8% decline in sales, with some new leadless pacemakers expected to have a market share of 30% to 35%.

Second, we expect a 3% to 4% decline in sales of S-ICDs, which performed well in the previous fiscal year. The reason for this is that while new cases are expected to grow, replacement cases are expected to decline, and total sales are expected to decrease.

On the other hand, there is the introduction of new products. The bottom item, lead management products for extracting implanted leads, were launched in May of the current fiscal year. The market size is JPY700 million, and this is a new entry into this market, taking over from Philips.



The next step is EP/ablation. Sales are expected to increase by 4.7% on revenues of JPY1.299 billion. The same trend here is expected to continue from the previous period.

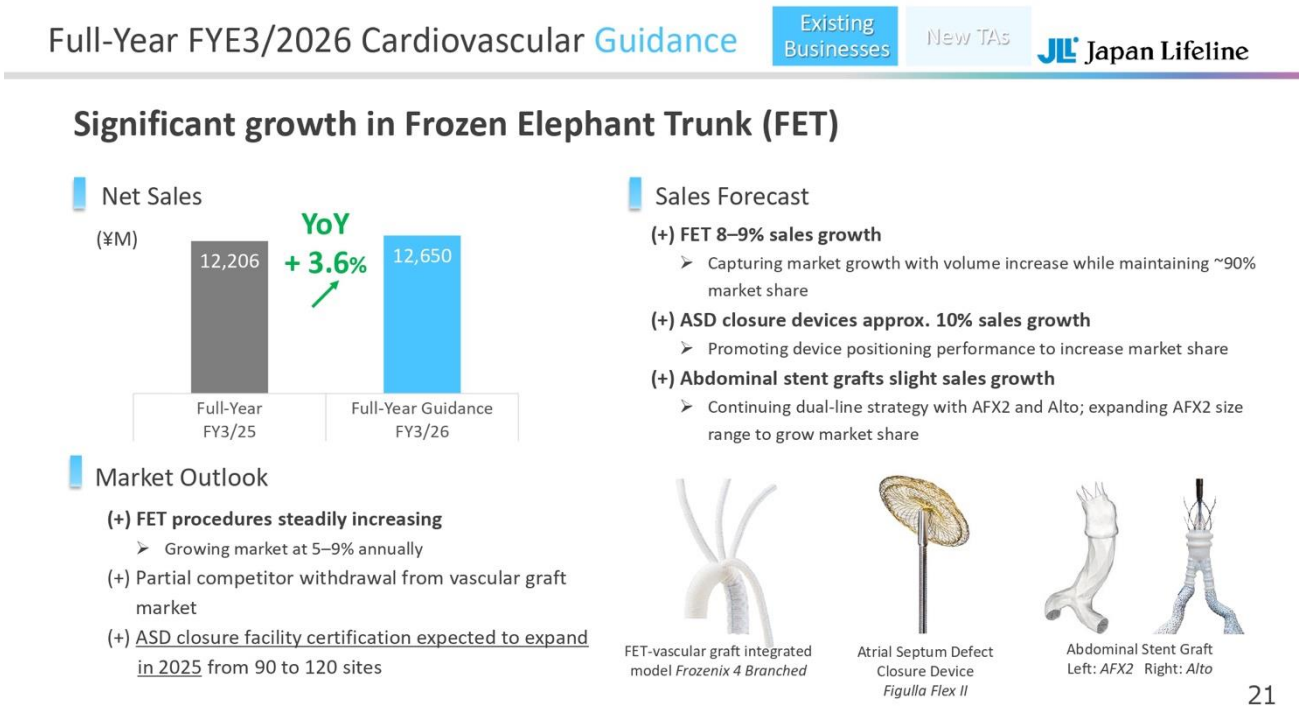
As a positive factor, we are projecting a 10% increase in the number of atrial fibrillation cases compared to the previous year, so we expect an 8% to 9% increase in revenue for defibrillation catheter. As for the market share of defibrillation catheter, we continue to expect a market share of over 95% from the previous year.

The second positive factor is the hemostatic device. This one is expected to increase revenues by about 20% by increasing the number of facilities employed.

On the other hand, there are two negative factors. First, the introduction of competitor's PFA products is accelerating, and we expect a 40% to 50% penetration rate by the end of the fiscal year. As a result, we expect sales of esophageal monitoring catheters to decline by about 30%.

The second negative factor is RF needles. This is a product whose exclusive distribution agreement ended in February 2023. The sales support contract for this product is scheduled to expire in December 2025, and we expect a decrease in sales and profits for the next three months.

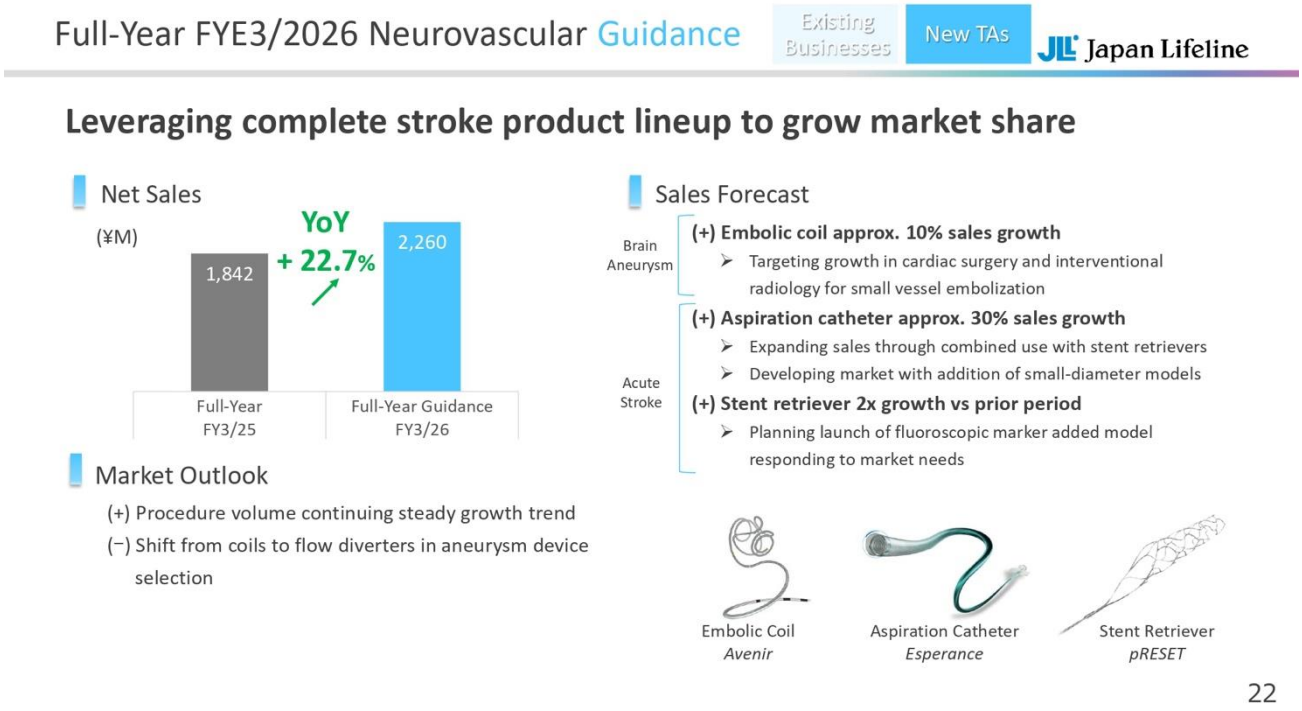
In addition, we are in the process of developing our own products so that we can continue to provide similar products to the medical community.



Cardiovascular. For cardiovascular sales, we are projecting a 3.6% increase with JPY443 million in revenue.

There are three key questions. For FET, we expect an 8% to 9% increase in revenues due to market growth and other factors. Although competitors have entered the market here as well, we continue to expect our own products to have a market share of more than 90%.

The second question, the atrial septum defect device. The criteria for facility accreditation here were relaxed in 2025. Some of these facilities are expected to increase in number, and we anticipate a 10% increase in revenues. Third, we expect a slight increase in revenue from abdominal stent grafts, mainly due to the addition of new sizes.



Next, neurovascular-related. As for neurovascular, we expect a 22.7% increase in revenues with an increase of JPY411 million.

For cerebral aneurysm cases, though, we are seeing the market shift from coils for embolization to flow diverters. For embolization coils, we are projecting a 10% increase in sales, based on expected use in the cardiovascular-related abdomen and other areas such as interventional radiology.

In the other area of acute ischemic stroke, we expect to increase our market share through the combined effects of our products and the introduction of new models.

For aspiration catheters, we expect a 30% increase in sales due to the combined effect of the stent retriever launched in the previous fiscal year and the introduction of a new model.

On the other hand, we expect sales of stent retrievers to double from the previous fiscal year, as we plan to introduce an improved model in the current fiscal year.

Focusing on biliary & pancreatic space to drive portfolio growth

Net Sales

Market Outlook

(+) Biliary & pancreatic device market expanding at 3–4% annually

(−) Significant reimbursement price reduction for biliary tube stents

- Phased reduction to -35% by Mar 2026

*1 CI: Coronary Intervention business for ischemic heart disease

Sales Forecast

(+) Outsourcing non-core liver product sales from Q1 to focus resources on biliary & pancreatic portfolio

(+) Biliary tube stents 25-30% sales growth

- Launching two new models while advancing evidence development

(+) Accelerating biliary dilation balloon sales

- Expanding consignment to mid-size hospitals with high stone retrieval cases

(+) Increasing market penetration of ERCP guidewires, gastroduodenal stents, contrast catheters and other products

Bile Duct Tube Stent *REGULUS*

Biliary Dilation Balloon *RIGEL*

ERCP Guidewire *CAPELLA*

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Gastrointestinal. For Gastrointestinal, we expect a 40.9% increase in sales for Gastrointestinal, excluding terminated operations, with an increase of JPY550 million in sales.

This one will be able to concentrate its sales resources on its mainstay biliary and pancreatic-related products, thanks to the outsourcing of its non-core liver cancer ablation products in the previous fiscal year. As a result, we expect an increase in revenue in the biliary and pancreatic area.

For the biliary and pancreatic area, we are planning to introduce two new models, the first of which is a bile duct tube stent, and we expect a 25% to 30% increase in sales.

For another bile-pancreas-related product, the bile duct dilation balloon, we expect an increase in sales from where we will accelerate sales by expanding the product to facilities where it is used more frequently.

In addition, for other areas such as gastric and duodenal stents, the forecast for gastroenterology is for a total revenue increase of JPY550 million due to market penetration and other factors.

Cancellation of Treasury Shares

Japan Lifeline

✓ Cancelling 4.45M treasury shares in May 2025 per share retirement policy

(Share)	Before Cancellation End of March 2025	Cancellation May 16, 2025 (Scheduled)	After Cancellation
Total issued shares	75,758,470	(4,458,470)	71,300,000
Treasury shares	5,661,667	(4,458,470)	1,203,197
% of total issued shares	7.5%	—	1.7%
Outstanding shares (excluding treasury shares)	70,096,803		70,096,803

Share Retirement Policy

✓ To cancel treasury shares above **1% of total issued shares** except those designated for use

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Finally, I will discuss the retirement of treasury stock. In May of the previous fiscal year, 5 million shares of treasury stock were repurchased.

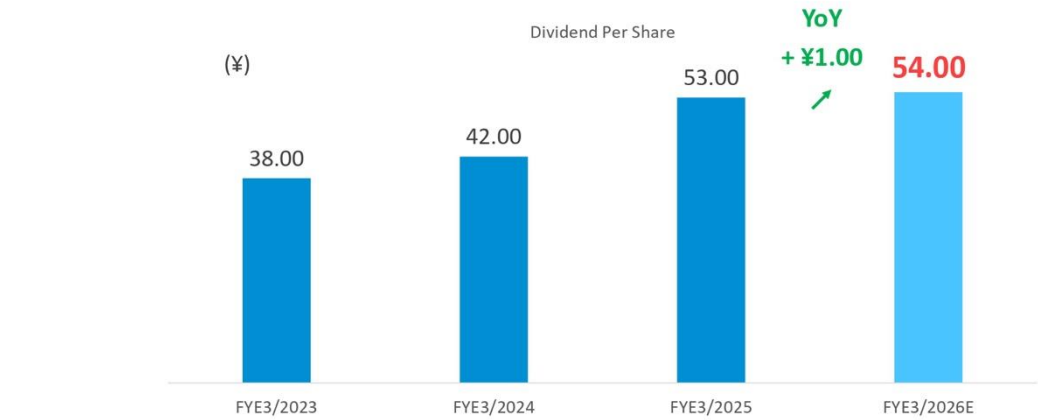
The Company has a policy of holding approximately 1% of its total issued shares, excluding shares expected to be used for executive compensation and employee stock ownership RS, as treasury stock.

Therefore, the treasury shares other than 1%, 4,458,470 shares, will be cancelled during May. As a result, the number of total issued shares after the cancellation will be JPY71.3 million.

FYE3/2026 Dividend Guidance

Japan Lifeline

✓ Forecasting ¥54 dividend per share (¥1 increase YoY, 40.5% payout ratio)



	FYE3/2023	FYE3/2024	FYE3/2025	FYE3/2026E
Payout Ratio	43.1%	42.5%	40.3%	40.5%
DOE*1	5.4%	5.6%	6.5%	6.1%

*1 Dividend on Equity

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Here is the dividend forecast for the fiscal year ending March 2026. The forecast EPS is expected to be JPY133.3. Based on our dividend policy of taking the higher of a 40% payout ratio or 5% of DOE, whichever is higher, we forecast a dividend of JPY54.

This is the forecast for the fiscal year ending March 2026.

From here, we will discuss the progress and upward revision of the mid-term management plan. The first item, a review of the past, will be discussed by Executive Director Murase.

Medium-Term Plan (FYE3/2024–FYE3/2028) Review

Japan Lifeline

✓ Progressing steadily through medium-term plan's second year. Post-pandemic favorable business environment and implementation of key initiatives drove growth

	FYE3/2025			FYE3/2028 Target
	Initial MTP As of May 2023	Initial Guidance As of May 2024	Actual	As of May 2023
Net Sales	¥51.0B	¥54.0B ↑	**¥56.6B** ↑	¥63.0B
Net Sales from New TAs	¥2.8B	¥2.8B →	**¥3.2B** ↑	¥8.0B
Operating Profit Margin	19.6%	20.4% ↑	**21.8%** ↑	20% level (Every year)
EPS	¥93.20	¥113.58 ↑	**¥131.43** ↑	¥120.00
ROIC	10.4%	12.7% ↑	**13.7%** ↑	12.0%

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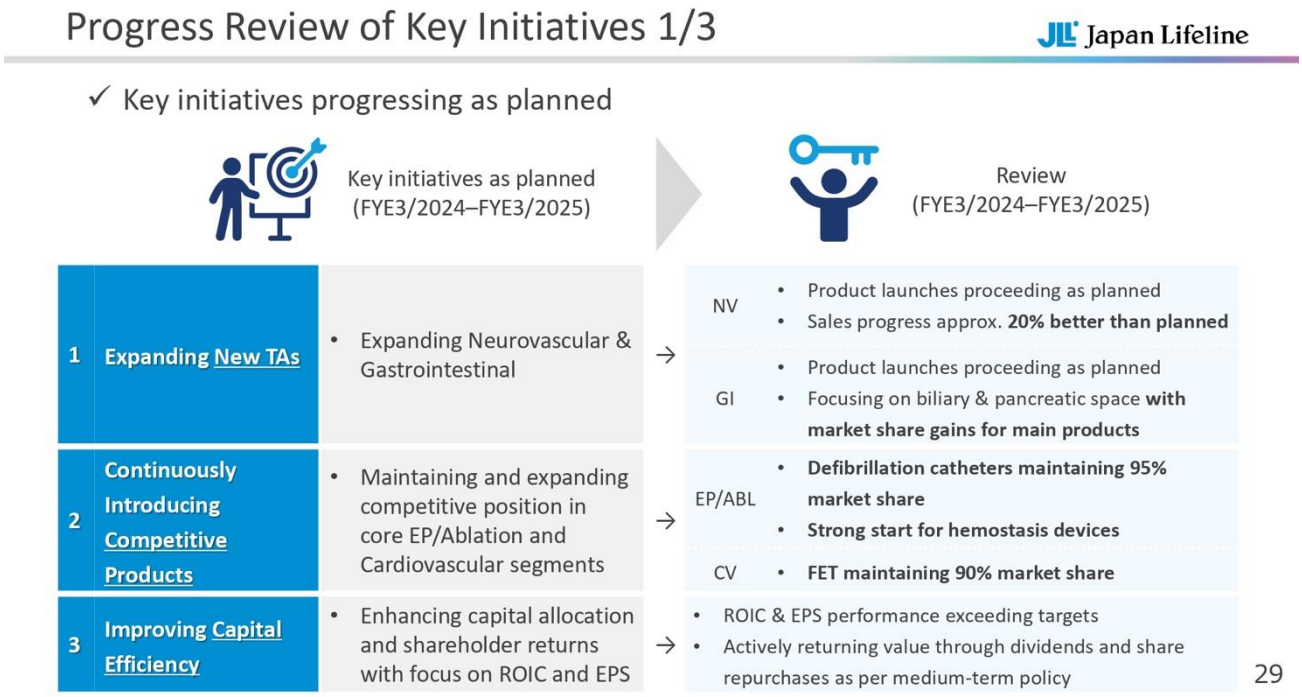
Murase: I am Murase, director. I will now review our mid-term management plan, which covers the five years between FY2024 and FY2028.

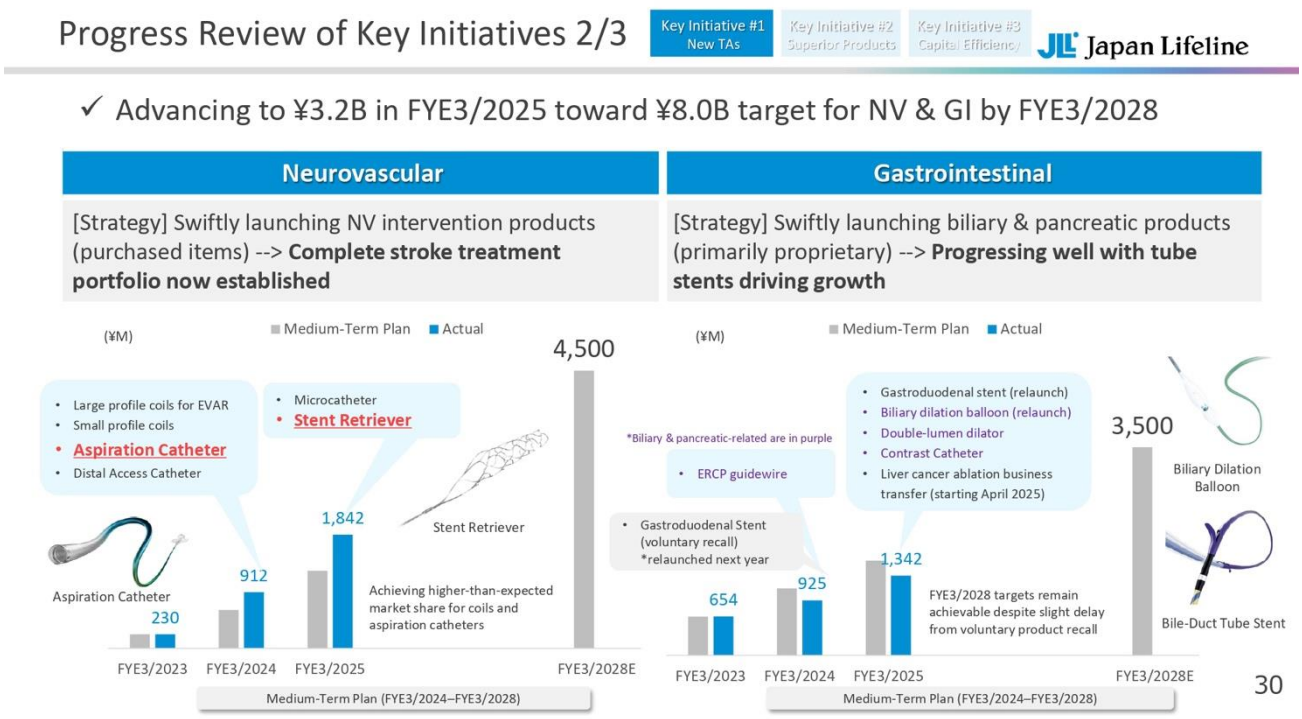
First, a look back. The plan has progressed very well so far. With the favorable turn of the business environment and the promotion of the priority measures described later in this report, performance is progressing at a faster pace than planned.

We landed on JPY56.6 billion. At the beginning of the mid-term management plan, we forecasted JPY51 billion for the fiscal year ended March 2025. The image is that we are moving forward with our original plan, approximately one year ahead of schedule. Not only sales, but also operating profit, EPS, and ROIC exceeded expectations.



This is a review of priority measures. We summarize the three measures listed here. These are: expansion into new therapeutic areas, continuous introduction of competitive products, and strengthening management with an awareness of capital efficiency.

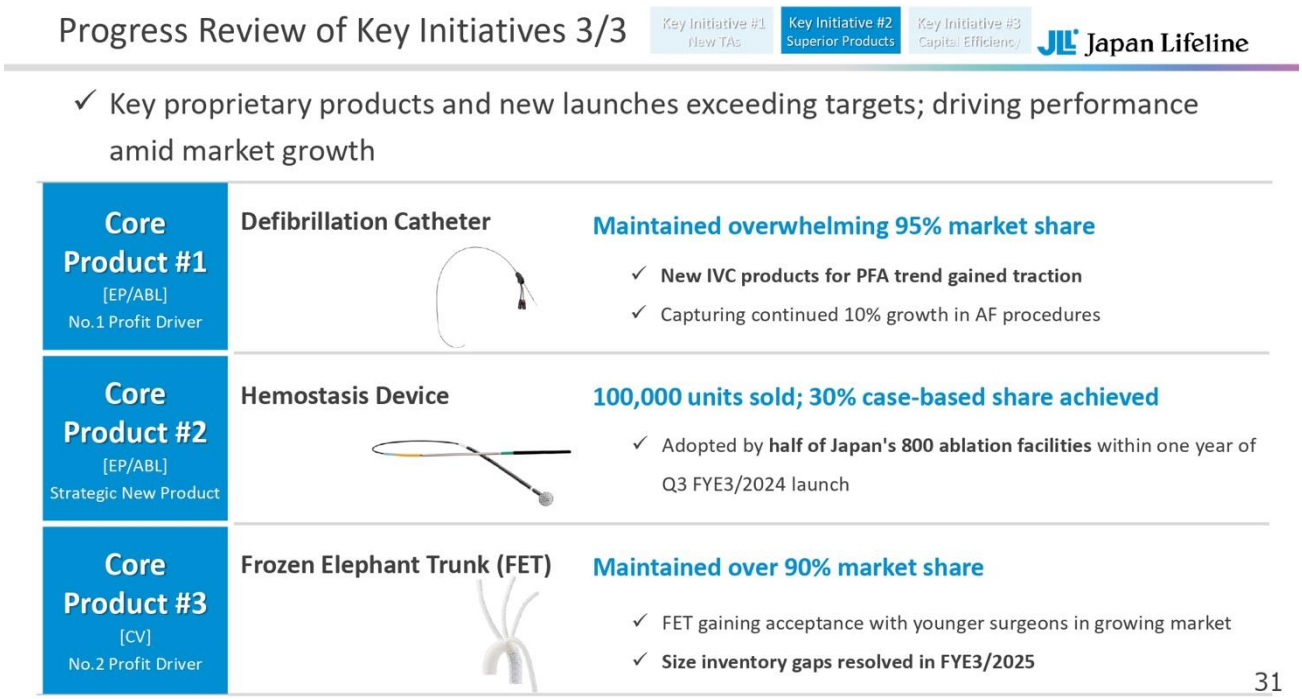
The factors for these results are presented in the next slide.



First, a new area. Regarding new areas, both the neurovascular and gastrointestinal areas are performing very well.

As for neurovascular, a full lineup has been completed in the areas related to stroke or AIS, and is progressing at a pace exceeding the plan by about 20% so far.

On the other hand, the digestive system-related business is slightly behind the plan due to the recall of the gastroduodenal stent, but we expect to achieve the five-year plan as expected.



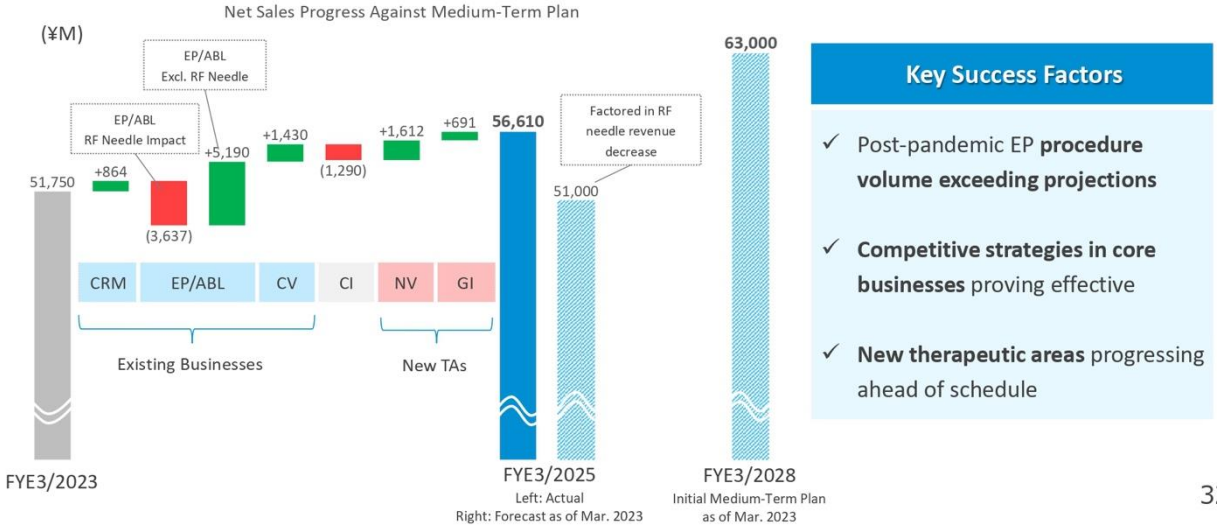
Next are the key measures with respect to core products. We have two core products. Both the cardiac defibrillation BeeAT and the frozen elephant trunk, both of which we were very concerned about competitors entering the market, have maintained market shares of approximately 90% or more.

As for BeeAT, we have also introduced an IVC model that is compatible with PFA and is penetrating the market. Another major product, VASCADE, a hemostatic device for femoral veins, is penetrating the market at a faster pace than expected, with cumulative sales of 100,000 units already achieved and 30% of the case base already reached.

Progress Against Numerical Targets – Net Sales

Japan Lifeline

✓ FYE3/2025 revenue exceeded plan by over ¥5B, driven by procedure growth and strong EP/ABL, CV, and NV performance



Key Success Factors

- ✓ Post-pandemic EP **procedure volume exceeding projections**
- ✓ **Competitive strategies in core businesses** proving effective
- ✓ **New therapeutic areas** progressing ahead of schedule

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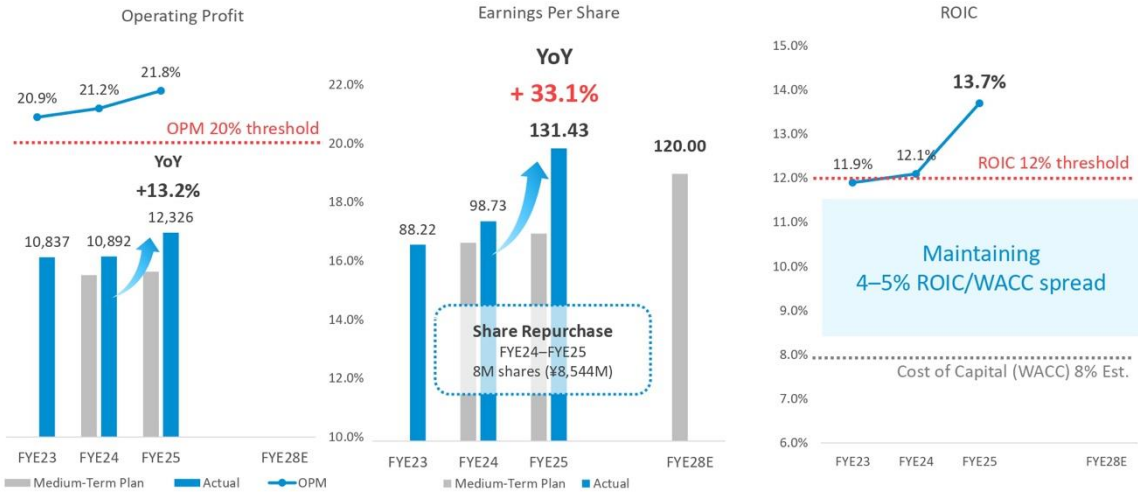
I would like to review the status of each KPI. First is revenue. As discussed earlier, we are starting the fiscal year ended March 2025, with JPY56.6 billion, JPY5.6 billion more than our initial forecast of JPY51 billion.

This is an upward swing due to the very positive effects of the core products and competitive measures discussed earlier, as well as the favorable market environment, although we had originally expected RF needle revenues to decline by approximately JPY3.6 billion. In addition, the new areas of neurovascular and gastrointestinal have grown and progressed very steadily, contributing to increased revenues.

Progress Against Numerical Targets – OPM, EPS, and ROIC

Japan Lifeline

✓ All KPIs progressing well; FYE3/2025 EPS achieved 30%+ growth significantly outpacing operating profit growth with share repurchases



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Numerical targets other than sales, operating margin, EPS, and ROIC are also progressing well. In particular, EPS grew by 33%, well above the growth in operating profit. Share repurchases conducted in 2024 to 2025 also contributed to the acceleration of growth.

ROIC is 13.7% for the year ended March 2025, exceeding the target of 12% and a spread of 5.7% over the Company's own cost of capital estimate of 8%.

That's all from me. President Suzuki will give a presentation on future prospects after this session.

Suzuki: I would like to talk about our future prospects. As Murase has discussed, the original mid-term management plan is progressing better than expected, and we are considering an upward revision here as incorporating new growth strategies that were not in place when the medium-term plan was drawn up.

As a highlight product, we intend to introduce TAVI in the area of structural heart disease and to promote the global development of our own products in earnest.

Regarding ROIC, I would like to strengthen B/S management, and I would like to promote continuous EPS growth, plus a strong capital policy.

Medium-Term Plan (FYE3/2024–FYE3/2028) New Targets

Japan Lifeline

✓ Revised FYE3/2028 targets upward based on strong progress through second year and growing future potential

	FYE3/2025 Actual	FYE3/2028 Old Targets As of May 2023	FYE3/2028 New Targets As of May 2025	Change	Key Factors for Revision
Net Sales	¥56.6B	¥63.0B	**¥70.0B**	**+ ¥7.0B**	• Revised AF procedure volume forecast upward (5-year CAGR from 6% to 9%) • Expanding global sales revenue
Net Sales from New TAs	¥3.2B	¥8.0B	**¥11.0B**	**+ ¥3.0B**	• Entering TAVI/TAVR market
Operating Profit Margin	21.8%	20% level (Every Year)	20% level (Every Year)	No Change	–
EPS	¥131	¥120	**¥145**	**+ ¥25**	• Profit growth along with top-line growth
ROIC	13.7%	12.0%	**13.0%**	**+ 100bps**	• Accelerate initiatives to improve gross margin and inventory management

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We would like to raise the amount to JPY70 billion from JPY63 billion in the final year of the five-year plan.

Mainly due to the upward revision of AF cases, the market growth rate, which was originally 6%, is now expected to be 9%. And we also added global sales growth. For new areas, we added JPY3 billion to our initial estimate of JPY8 billion to JPY11 billion. The main big thing here is the entry of TAVI.

As for the operating margin, we will maintain a level of around 20%.

As for EPS, we have already exceeded the final year's EPS of JPY120 in the five-year plan by JPY131 in the previous year, so we will add JPY25 to the plan, aiming for EPS of JPY145 in the final year of the plan.

In addition, as I mentioned earlier, we will improve the gross margin or inventory efficiency and revise ROIC upward by 100 basis points to 13%.

The following is a list of specific risks and opportunities. For neurovascular and new areas, clinical trials for flow diverters are currently under way. We believe that this will contribute to the final year of this five-year plan, the fiscal year ending March 2028.

Also, as I mentioned earlier, we are considering introducing TAVI. We expect to be able to introduce this product to the market in the fiscal year ending March 2027. In addition, we have received several orders for business on an OEM basis utilizing our catheter technology, which we believe will also contribute to our business.

In addition, our biggest focus will be on developing our own products in overseas markets. We would like to focus on this area over a long range, not necessarily five years.

In addition, although the rhythm device business may be seen as slightly challenging over the next year or two, the long-awaited leadless pacemaker will be introduced in the next fiscal year or so. We are also rushing to develop PFA products, and we see these as specific growth opportunities.

Mid-to Long-Term Strategic Roadmap

Existing Strategies | New Strategies | Japan Lifeline

✓ Advancing four new strategies as growth drivers with accelerated implementation

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This is its timeline. First, TAVI can be introduced by FY2027. We have already developed first-in-human and second-in-human PFA products with CardioFocus in Europe, and we will be able to ship OEM products overseas in the fiscal year ending March 2028. And we believe that the first PFA devices will be ready for market introduction in Japan in the fiscal year ending March 2029.

In terms of global expansion, we are currently focusing on Asia and the Middle East, first focusing on covering countries where we can expand based on Japanese approvals. However, we are now closely examining QMS controls, in particular, for the future development of our products in Europe and the United States.

New Strategy #1 Entering Structural Heart Therapeutic Area

Japan Lifeline

✓ Tapping into structural heart TA with Meril's TAVI/TAVR

Structural Heart Disease (SHD)

Heart disease from **structural abnormalities** in walls and valves --> **Minimally invasive catheter therapy** using devices gaining adoption

Valvular Disease
(aortic valve/mitral valve, etc.)

TAVI/TAVR*1

Congenital heart defects
(Atrial septal defect/patent foramen ovale, etc.)

- ASD closure device market entry completed (2016)
- **PFO closure device introduction planned**
- Additional devices under consideration

Transcatheter Heart Valve
Manufactured by
Meril Life Sciences
Myval Octacor
(Not yet approved in Japan)

Potential Market Size	✓ **Over ¥100B** (Japan)
Profitability	✓ **Top-tier gross margins** among procured products
Product Edge	✓ Precise positioning performance ✓ Optimal size selection
Product Launch	✓ H2 of FYE3/2027 (Scheduled)

*1 Tanscatheter Aortic Valve Replacement/Implantation

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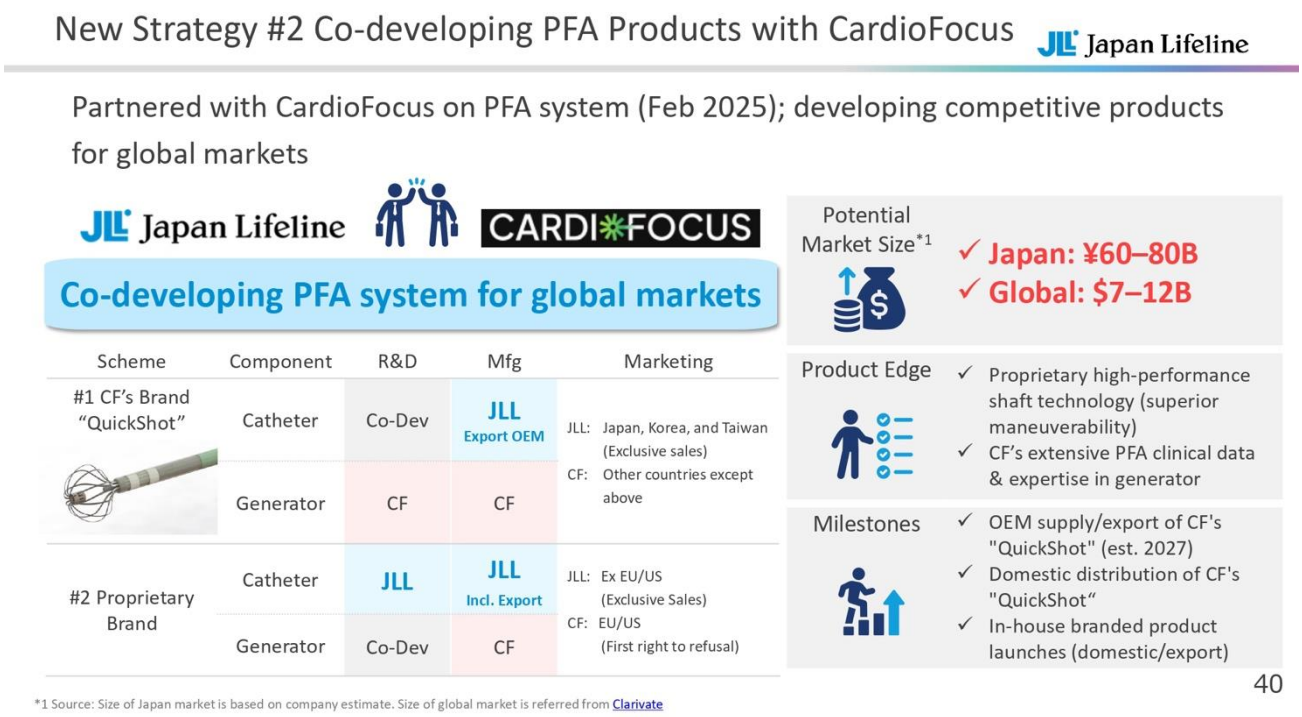
As I mentioned, TAVI potentially has a market of more than JPY100 billion in Japan. This new product is a new entry into the market as a balloon expander, since there is only one balloon expander on the market today, and since it can be fixed very securely and comes in intermediate sizes, nine sizes in all, we believe there is a great need in the market.

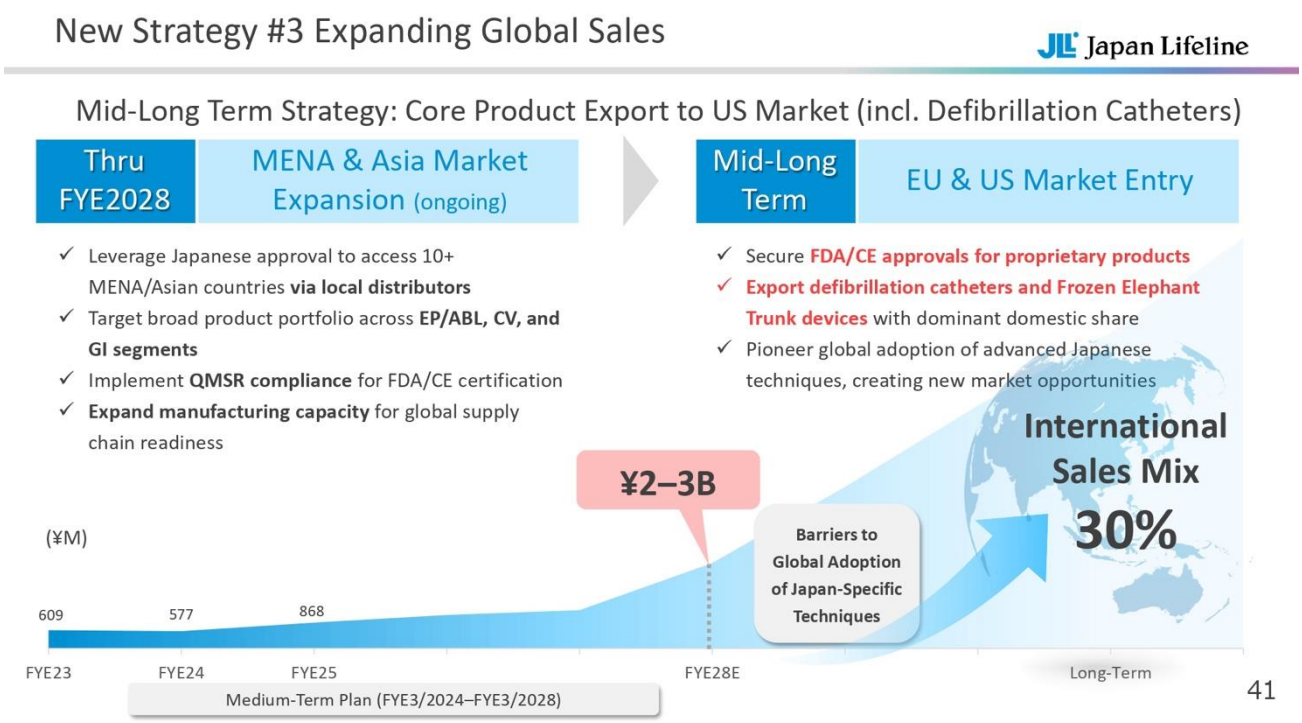
In addition, for structural heart disease, we currently deal only with atrial septum defect devices, but we are also planning to introduce foramen ovale closure devices or PFOs as well.



As for the PFA collaboration with CardioFocus, first, for the products that we are now doing first-in-human and second-in-human, the catheters will be manufactured by us, and CardioFocus is responsible for the generator.

And the next product is being developed entirely by us as far as catheters are concerned. CardioFocus and we are also working together to develop the generator for this purpose.

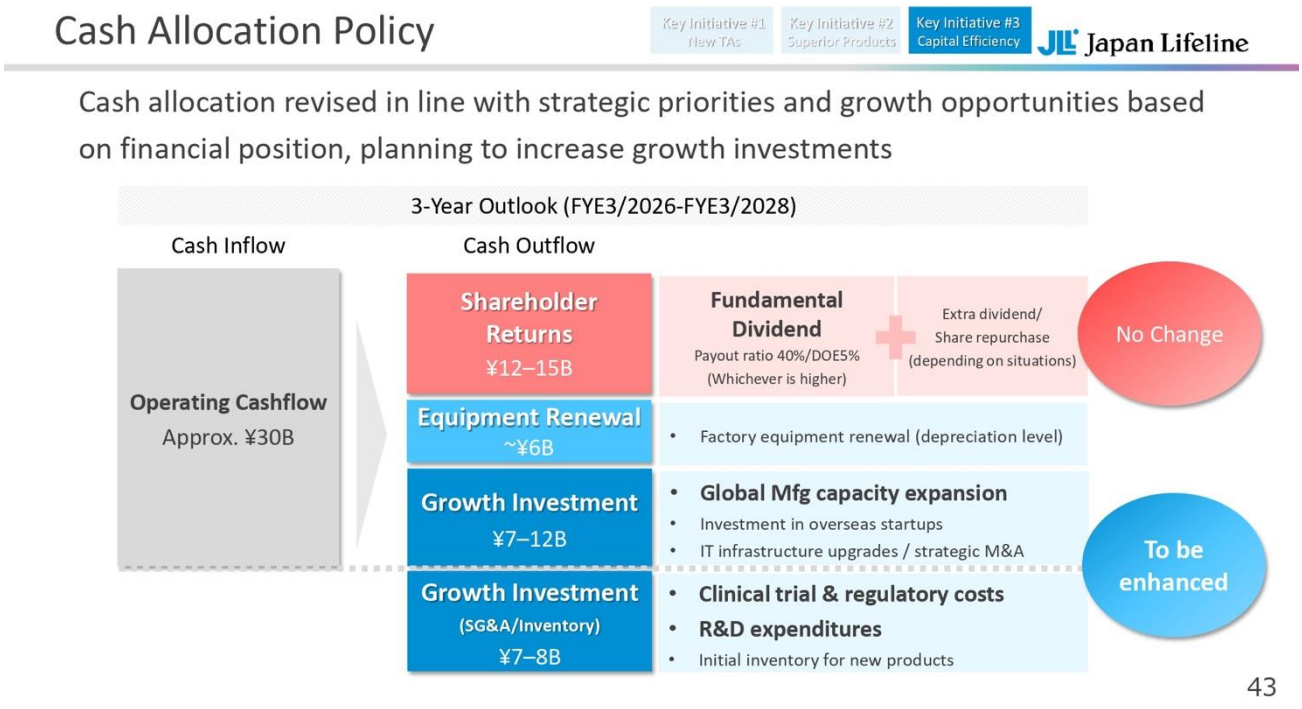
Anyway, we would like to focus our efforts on entering this market, which is very large, ranging from JPY60 billion to JPY80 billion in Japan or USD7 billion to USD12 billion worldwide.



Finally, the development of global sales is very key for us, and as I have already mentioned, we will first progress in Asia and the Middle East.

And I think the figure will probably be JPY2 billion to JPY3 billion for the fiscal year ending March 2028. However, in the medium to long term, we are making various investments and internal improvements based on the premise that we will increase the ratio of overseas sales to 30% in the next 10 years.

These are the stories of our future prospects.



Egawa: Here is an update on the financial strategy. Let me discuss.

First, we have revised our mid-term management plan upward, so our financial strategy is based on that upwardly revised mid-term management plan.

Then, cash allocation. Our approach to cash allocation for future growth in corporate value is based on a policy of determining allocations based on growth opportunities and financial conditions.

Cash allocation is also being reviewed in line with the revision of priority measures and growth strategies in the mid-term management plan. Against the backdrop of further expansion in new areas and the expansion of our global strategy, we have increased our allocation to growth investments, the bottom two boxes below, which are the questions that we have reviewed.

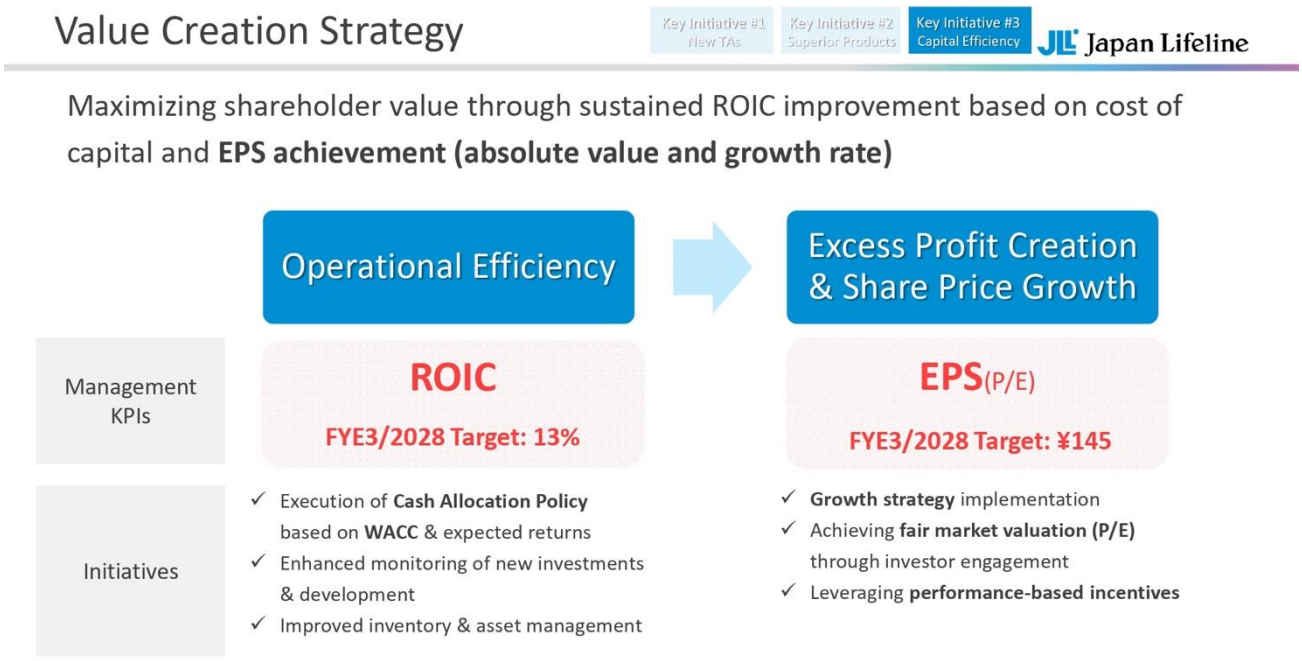
In terms of content, we expect cumulative operating cash flow over the next three years to be approximately JPY30 billion. The first step is to renew the facilities, which will cost about JPY6 billion to maintain.

In addition, we will invest JPY14 billion to JPY20 billion in growth investments. This operating cash, first of all, the box below will be what is in the operating cash flow, and as for this, we expect to invest in PFA and clinical trials in those areas, regulatory filing fees, and R&D expenses for new products.

The area above that, which will be taken out of operating cash, will be the capital investment type. This is expected to include investments in the expansion of manufacturing capacity and infrastructure development in line with the global initiative

We plan to use the surplus funds from these investments for returns, and this is how we plan to allocate the cash. Our policy for returns remains the same. However, the total amount of the return will be increased in line with the upward revision of the target of the mid-term management plan.

The policy for additional dividends and share buybacks on the right-hand side of this return is unchanged and will be determined in consideration of the Company's financial situation.



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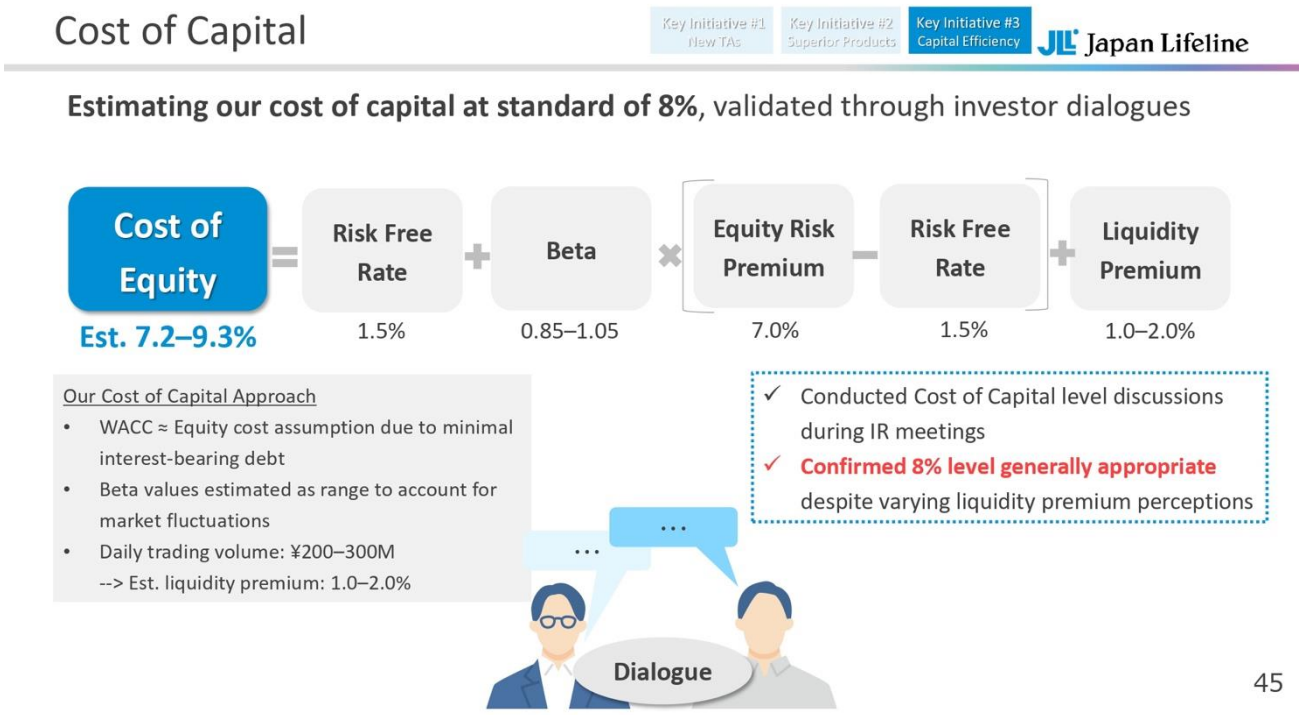
From here, I would like to discuss our approach to corporate value enhancement, which we have organized slightly. Based on the cost of capital, we will target ROIC of 13% or more for the fiscal year ending March 2028, and will make efficient investments and business operations.

As a result of this, we expect to see a place in the future where we can generate profit and growth. As we have set EPS as a target value as an indicator of this profit generation, we are focusing on the amount of JPY145 in the last term of the mid-term plan and its growth rate as a KPI.

Our policy is to increase corporate value by repeating these series of investments and profit generation.

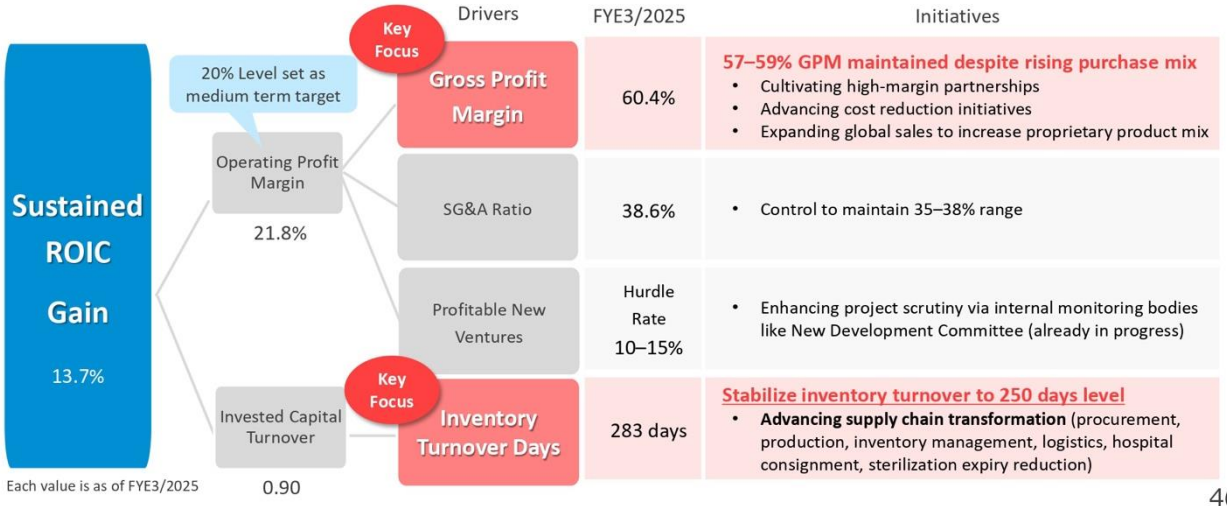


Where the efficient operating base is based on the cost of capital, this is where the efficiency is raised above and beyond the cost of capital.

The formula used to calculate our cost of capital is 7.2% to 9.3%. With this calculated value and through dialogue with investors, we are in the process of estimating the cost of capital at 8%.

Sustained ROIC Improvement

Focusing on GPM & inventory turnover to drive ROIC improvement. Targeting 13% ROIC through continuous PDCA cycle



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Where the cost of capital is set at 8% and a spread of at least 5% ROIC is to be maintained, the ROIC is already 13.7% for the fiscal year ended March 2025.

Specific efforts to maintain and improve this area are discussed here. Since the new goal of the mid-term management plan is to maintain at least 13%, we have broken this down in a ROIC tree to identify key initiatives for efficient operations.

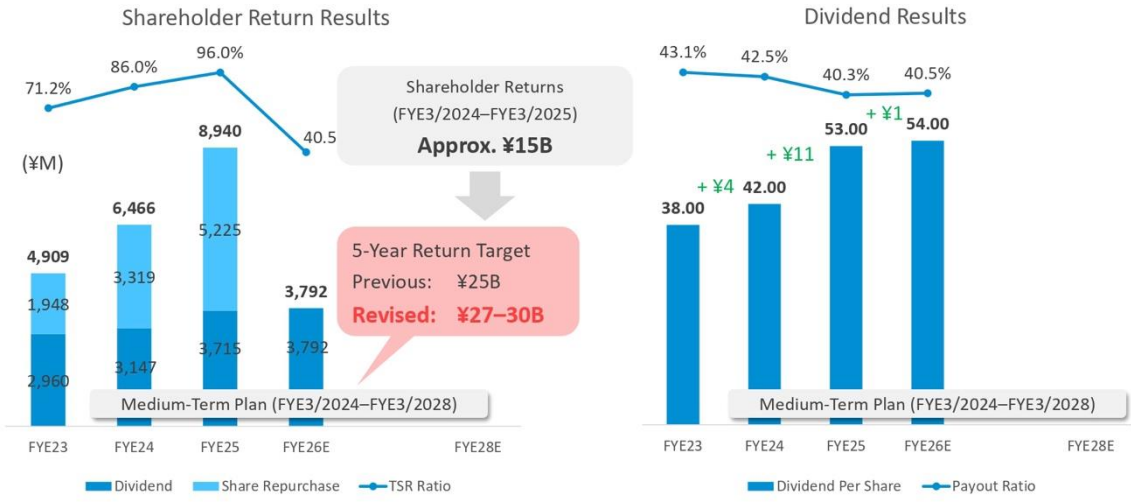
As a priority issue, we expect the gross profit margin to decline due to an increase in the ratio of sales of purchased products. One key area of focus is to maintain the 57% to 59% range.

Another question is that the turnover period for shelf assets is 283 days, with a slight buildup of inventory. We will work to shorten this time to about 250 days by coordinating purchasing, production, inventory control, logistics, and hospital deposits.

Shareholder Return

Key Initiative #1 New TAs | Key Initiative #2 Superior Products | Key Initiative #3 Capital Efficiency | Japan Lifeline

Revised shareholder return targets upward following upgraded FYE3/2028 financial goals



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Next is our shareholder return policy. We have revised upward the targets in the mid-term management plan, so the previous target of JPY25 billion in returns here has been revised upward from JPY27 billion to JPY30 billion. As for returns, we have already implemented JPY15.4 billion in returns during the period of this mid-term management plan.

The Company intends to return JPY12 to JPY15 billion to shareholders, including JPY3.8 billion in dividends paid in the previous fiscal year, taking into account growth opportunities and the financial situation.

Stock Price-Conscious Management

Japan Lifeline

Linking EPS growth to share price appreciation. Advancing business & IR activities to **achieve premium valuation vs. market average as a "Global MedTech Company"**

	Current (Mar 31, 2025) Share Price ¥1,528	Medium Term Thru FYE3/2028	Long-Term
Market Recognition	Transitioning from flat performance to growth trajectory	Advancing toward global MedTech player position	Global MedTech
Current/Target P/E	11–12x	15–18x	>20x
Current/Target P/B	Approx. 1.8x	2–3x	>3x

Peer Benchmark: 10 Global Japanese MedTech Companies*1
— Avg. P/E: 22.9x, P/B: 2.6x (Apr 2025)

Stock Price-Conscious Management

- ✓ **Realizing MLT vision** (sustainable EPS growth)
- ✓ **Strengthening IR activities** (achieving target P/E)
- ✓ **Leveraging performance-based incentives** (promoting offensive governance)

*1 HOYA, Terumo, Fuji Film, Olympus, Sysmex, Shimadzu, Asahi Intecc, Nihon Kohden, Nipro, and Mani

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We will discuss how to promote management with an awareness of cost of capital and stock price. As of the end of March 2025, the stock price was JPY1,528, with a PER of 11.6x and PBR of 1.8x.

The target of the mid-term management plan, EPS of JPY145, is to be achieved, and since we are aiming for a PER and market average of 15 times, we believe that the share price will exceed JPY2,000 if it is valued at 15 times.

Furthermore, we will work to become a global medical device manufacturer after realizing the strategies of the mid-term management plan and long-term strategy mentioned earlier, and through these efforts, we will work to have our PER valued at more than 20 times and our PBR at more than 3 times.

To this end, we will work to realize our medium- to long-term vision and achieve sustainable growth in EPS, which I believe will be the key point.

This concludes my explanation for the financial results.

Question & Answer

Shinohara [M]: We will now begin the question-and-answer session. Mr. Mori from Nomura Securities, please begin.

Mori [Q]: This is Mori with Nomura Securities, thank you for having me.

For the new fiscal year ending March 2026, please tell us about what factors in the staircase graph, how much increase or decrease in profit, and how operating profit will increase or decrease.

Egawa [A]: I think we are talking about 2026, and I think we are talking about the increase or decrease in the form that you presented in the fiscal year ended March 2025, is that correct? I will prepare the materials now, so could you please give us a few minutes of your time?

Mori [Q]: Second, I'll go first. Cardiovascular, page 21. Are there any negative factors here in forecasting sales growth of 3.6%, despite that all factors are in a positive direction and growth rates are expected at almost 10% for each category?

Murase [A]: This is Murase and I will take your question.

As you said, everything you see here is showing an increase in revenue, and the abdominal stent grafts at the bottom of the list are also composed of roughly JPY4 billion now, so it says that there is almost a slight increase in revenue there, but I think you can take it as almost flat. So, we believe that the slight increase in revenues here results in an increase of 3.6%, which is about this much.

Mori [Q]: What are some of the factors that cause abdominal stent grafts to have a small increase in yield?

Murase [A]: The market for abdominal stent grafts has remained flat for the past several years, and we have increased our market share to nearly 30% with these two products.

However, as you know, stent grafts can only be used in a limited number of cases, depending on the product, so I think we have almost completed the number of cases that can be treated. So, we are forecasting a flat market and also considering the limits of adaptation of the product.

Mori [Q]: Conversely, are there any factors on the positive side that would increase the growth rate more than the FET of 8 to 9?

Murase [A]: If there is, most of the cases here are, as you know, Type A dissection, which is an emergency case. As we have learned over the past 10 years or so, this is a seasonal factor. Emergency cases tend to increase when it gets very cold and there is a large difference in temperature, so there is a possibility that such seasonal factors may cause a slight upward swing, but I do not think there will be such a large swing.

Mori [M]: Thank you. That is all from me.

Shinohara [M]: Okay, Mr. Kohtani of Mizuho Securities, please go ahead.

Kohtani [Q]: I have one question, which no one can answer except your organization and you may find my question quite specific. In the Boston earnings call, it was reported that there is a program called Denali, which refreshes S-ICD, Tachy, Brady, and all the product lines, and the organization has invested in it over the past six years.

It has been announced that a new product will be in 2026. In short, ICD will launch new products. Can you share what this Denali program is all about? Is it going to be a leadless type of product or what kind of characteristics?

Abbott announced the development of a new type of leadless pacemaker called conduction system pacing.

Traditionally, as you know, the lead was connected to the apex of the right ventricle. Since there is a theory that implanting a pacemaker directly into the His bundle, this product may slow the progression of heart failure. Can you comment on this as well as the potential threat this could pose if it were to come out?

Ito [A]: Thank you for your question. I'm Ito of the arrhythmia business division and I would like to take up this question.

Regarding the first question, what is the Denali program? Well, we call it the Denali program, which is a series of development code names for pacemakers, TV-ICDs, S-ICDs, all new platforms, all renewals.

Kohtani [Q]: If there is anything you can say about that feature, I wanted to know about competitiveness, etc. Can you please tell me?

Ito [A]: Yes, that's right. Largely existing, the main focus will be on functional complements that are now slightly defeated by the competition. The other thing is the shape change. Since miniaturization is inevitably required for the header shape, etc., there are no major changes in such devices, but the shape change and functions are complementary.

Kohtani [Q]: Conduction system pacing, I think it's newly emerging, probably a fairly new technology in pacing. What do you think about the threats in this area?

Ito [A]: Now, our competitors have approved sheaths for conduction system pacing, for lead placement. The Boston product is still unapproved, but we are in the process of submitting an application for this product as well.

I think that the mainstream will be to implant the lead directly into the lower stimulus conduction system, although the implantation site of the device and pacemaker lead is not His bundle now, and I hear that products are being developed here as well.

However, in your question, Abbott's new type of leadless, can you tell us again about this one?

Kohtani [Q]: Maybe this is leadless, like they are already developing a form that is directly implanted in the His bundle, and clinical trials have already started now, I believe. I believe registration has begun. What are the possible effects when these things come up? Can you comment on anything?

Ito [A]: Currently, direct pacing to the His bundle is quite a difficult technique even with existing leads, so pacing in the conduction system, a bit more peripheral to the His bundle, is the mainstream. However, when we have a device that is truly leadless and can be implanted in that His bundle, I think it will be a very real threat, but I doubt that it is really possible at present.

Kohtani [Q]: On your second question, I think there was a comment on one of your slides about the development of BeeAT overseas. From the information I have received so far, I had rather thought that there was not much need for this service except in some parts of Asia. I don't think there was much need overseas for cardioversion first, whether RFA or cryo, to calm the atrial fibrillation before pulmonary vein isolation.

To begin with, I thought it would be difficult to accept it because it takes extra time, and in the US, time is money, but is there any chance here that can make BeeAT more popular in Europe and the US?

Ito [A]: Among some doctors, if you induce atrial fibrillation and then stop it, you have to firmly identify the site of the mechanism that causes it, which is why Japanese doctors are very careful in their technique. We feel that there are some signs that these needs are changing, and we would like to take advantage of this as a business opportunity.

Kohtani [Q]: Are there any data to date that suggest an impact on clinical outcomes from prior cardioversion?

Ito [A]: You asked what the evidence is for that.

Kohtani [Q]: Correct. Anything from a conference presentation or research paper?

Ito [A]: I don't recognize any reference in published articles.

Kohtani [M]: I understand. That's all from me.

Shinohara [M]: Thank you. Next, Mr. Yoshihara of UBS Securities, please.

Yoshihara [Q]: My name is Yoshihara from UBS Securities. Thank you

I am looking at page 37 of the slide. You discussed it in detail in the business opportunities and risks section, but I would like to ask you to discuss a few things here. In terms of OEM utilizing your own catheter technology, if there is anything specific you have in mind that you would like to introduce, please let us know.

I have also received some information about developing overseas markets, and M&A is also written below that in black font. I think Asia and the Middle East can be an extension of Japan, as you mentioned, but as for Europe and the US, especially the US, there are certain hurdles, including regulations, and I think FDA regulations have become more stringent recently. So, I would like to know together with you whether you are thinking of such possibilities, such as lowering the hurdles to developing overseas markets by doing this M&A.

Suzuki [A]: This is Suzuki. I will answer.

First, about OEM, the possibility of receiving OEM orders has arisen due to the attention paid to the catheter technology part of our company in particular. We can't yet tell you where or what we will be working with at this stage, but the possibility has been raised.

Then, regarding overseas expansion, as I mentioned earlier, we will turn to MDR, especially in Europe, the US, and Europe. Then it turns to the FDA's QMSR. We are now focusing on quality assurance, not with an eye to the PMDA from the development stage, but with an eye to Europe and the US, as I just mentioned.

As for M&A, we don't have any concrete examples yet, but we would like to look into that as well.

Yoshihara [Q]: With regard to M&A, for example, is it possible to tell us if you have any images of domestic or overseas M&A?

Suzuki [A]: We are willing to verify any specific synergistic story, whether domestic or overseas. Now that some concrete discussions have come up, I would like to consider M&A if the Company has synergies overseas and we can find a way to mutually grow.

Yoshihara [Q]: Second, I would like to ask about the PFA. With a 35% penetration rate at the end of Q3 2025 and 40% to 50% at the end of the fiscal year 2026, on the plan, we assume that PFA probably started to really take off in the latter half of Q3 or Q4 of the period that ended.

I wonder if your company's plan assumes that the diffusion curve will be a little slower in Q3 FY2026, but I would like to know the background behind this. Of course, I wonder about the impact of the loss of that esophageal monitoring and, on the other hand, the increase in cases with PFA.

Net-net, in the end, if you think about the spread of PFA in the current or next fiscal year or the next fiscal year and the year after, which is for your company, and since your company is still developing PFA products, what do you think about it on a basis excluding that?

Ito [A]: I will talk about this as well.

We now see that the speed of penetration of PFA is first of all slightly faster than we had expected. However, it is difficult to make it cost effective without a certain number of cases at the facility or hospital where the PFA is first introduced. So, according to our internal research, I would say that 70% or 80% of hospitals that do more than 200 cases per year are already doing PFA.

I have the image of rapid growth there, but I believe that it will be introduced to facilities with smaller numbers of cases in the future, and I believe that the final endpoint of 40% to 50% is close, but I have the impression that the initial start-up is slightly faster than expected.

Could you please repeat one more question?

Suzuki [A]: I will answer your question.

Regarding the penetration of PFA, I personally think that the numbers we are giving are somewhat slow. The actual number of cases will increase, so I have a feeling that we will be able to cover the loss of esophageal temperature monitoring catheters and ring catheters, which will basically remain unchanged in our BeeAT and defibrillation application areas.

As Ms. Yoshihara mentioned, PFA has been introduced at fast rate from around Q3 of last year, and it has been quite fast, so I am confident that BeeAT will be used as in the past. So, we are thinking that where the total number of cases grows, we will be able to cover the part we are losing.

Yoshihara [Q]: I have one last question regarding the PFA that you plan on developing in-house. Four companies are already leading the efforts at the moment. Could you share anything that differentiates your organization from theirs?

Suzuki [A]: I think the difference is that, first of all, there is a clean point-by-point guide to the focal, and then there is unipolar pacing, not bipolar, and the ability to output PFA. We are now carefully conducting animal experiments carefully watching common issues such as blood clots, microbubbles, and body movements, and we are also conducting first-in-human and second-in-human experiments in Europe, so we are hoping that we can make a difference in this area.

Yoshihara [M]: Thank you.

Shinohara [M]: Thank you very much, Mr. Yoshihara. Mr. Kohtani of Mizuho Securities, please go ahead.

Kohtani [Q]: I'm Kohtani from Mizuho Securities.

One question, and this is kind of a request already, but I think it is honestly positive that you have raised the number of ablation catheter cases this time because of the increase in the mid-term management plan.

However, sales in new areas should have been added. But the current growth story has become a growth story of expanding sales of foreign medical device in Japan. The current growth story of Japanese medical device companies is to sell made-in-Japan overseas, and this is already the growth story of almost all companies.

Then your company's growth story will inevitably be the exact opposite growth story, and I personally think this is probably the reason why PER is underrated.

What I would like to ask is if you could weave into your growth story a strategy similar to what Terumo did in the past. In the past, Terumo introduced a drug-eluting stent called Novori from an overseas company and did so because at the time, there was no stent manufacturing or drug application technology, but after a lot of study, the next generation launched a completely in-house product.

I believe that your company is currently selling Wallaby's brain catheter product line as well, and I wonder if you could take a mid-term growth strategy to gradually replace this with your own products.

Murase [A]: Murase will answer.

As you say, I think you have just offered a Wallaby as an example. As Mr. Suzuki mentioned earlier, there are various possibilities. We have been looking at M&A patterns only domestically, but now that we are looking overseas, we are also considering the patterns that you just pointed out.

I can't talk about what exactly we can do at this point, but I would like to consider what you have pointed out as part of our growth story.

Kohtani [M]: By all means, I think it will be difficult to make such transcatheter prosthetic valves by yourself in the future. If you can draw up a growth strategy in which you can replace some of the hemostatic devices and other catheters with your own products, I think people will pay a lot of attention to it, and I hope you will consider it in the future.

Murase [M]: I understand.

Shinohara [M]: Thank you very much, Mr. Kohtani. Now, Mr. Kato of Daiwa Securities, please go ahead

Kato [Q]: My name is Kato from Daiwa Securities. Thank you

Looking at the global sales slide on page 41, I see that you are raising your target from JPY2 billion to JPY3 billion for the fiscal year ending March 2028. Looking at this picture, we can see that sales will expand more rapidly from the fiscal year ending March 2027, to the fiscal year ending March 2028. What is the driving factor?

Murase [A]: This is Murase, and I will answer.

One is that we are just now starting to expand, mainly in Asia, Southeast Asia, Oceania, and the Middle East, and of course, in those regions, drug laws and regulations are not as difficult as in Europe and the United States, but they take a certain amount of time. In addition, contracts with distributors and training of distributors are now under way in parallel in about 10 to 15 countries.

We believe that such things will bear fruit at the point of their rapid expansion. So, in terms of area, we expect to focus on Asia, the Middle East, and Oceania.

One more thing, as Suzuki mentioned earlier, OEM's will also be included in overseas exports and global sales, so we assume that they will be included there as well, which is why we have shown this graph.

Kato [Q]: Second question. In your forecast for this fiscal year, you mentioned earlier that you expect a 40% to 50% penetration rate for PFA. If the number of cases of atrial fibrillation were to rise above that, if it were to become more widespread, would it be safe to assume that the number of cases of atrial fibrillation would not increase by 10% but would grow more, possibly even exceeding 10%?

Ito [A]: Since the PFA procedure is still in its early stages of introduction and has not yet led to what is called shortening of time, we do not expect that the increase in its percentage will result in a significant increase in cases at this time.

Kato [M]: Clear. Thank you very much.

Shinohara [M]: Thank you very much, Mr. Kato.

Egawa [A]: I would like to discuss the first question posted by Mr. Mori of Nomura Securities earlier. While we do not have documented information right at the moment, we would be happy to publish an accurate figure in a new document to be uploaded to our website.

That said, the breakdown is JPY573 million in operating profit, which is where it grows versus the previous year. This is where SG&A expenses increase by JPY635 million, which is a negative factor for operating profit, so the increase in R&D and personnel expenses is the main factor for the increase in SG&A expenses here.

On the other hand, the gross profit or cost of sales is expected to increase by JPY1.2 billion, which includes an increase of approximately JPY1 billion in the four core product areas and an increase of JPY400 million to JPY500 million in new areas. On the other hand, there are some areas where the PFA will decrease, and some areas of the rhythm device will be difficult, so I wonder if those areas will be the remaining negative factors.

I would be happy to disclose the exact details by uploading additional documents.

Shinohara [M]: This concludes the presentation of the full-year financial results of Japan Lifeline for the fiscal year ended March 2025.

You may not have a question to ask today, but we are always available for one-on-one IR interviews, so please contact our IR department if you would like to schedule one.

Thank you very much for participating in our financial results briefing today.

[END]

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