

Medium- to Long-Term Strategy

Tatsuya Murase
Representative Director,
Vice President & COO



COO Message

Updating the Medium-Term Management Plan

— Aiming for Sales of ¥70.0 Billion in FY3/2028 with New Strategic Initiatives —

▶ On Assuming the Role of COO
— Driving Fundamental Expansion of Revenue Sources —

I assumed the position of Vice President & COO in June 2025. Since joining Japan Lifeline in 2009, I have been responsible for business expansion, particularly in the Cardiovascular area. In recent years, I have also overseen our entry into new areas such as Neurovascular and Structural Heart Disease.

As COO, my mission is to significantly accelerate the pace of our growth, with the fundamental expansion of our revenue base as my top priority. First, we will strengthen the competitiveness of our existing domestic businesses, which form the foundation of our earnings, while ensuring that our new businesses (new areas) firmly take root on a growth trajectory as the next pillar of revenue. Second, we will accelerate the global expansion of our proprietary products, while also scaling up investments in R&D and our sales infrastructure as we move into the latter half of the medium-term management plan.

Building on this approach, over the next three years

we aim to achieve organic growth in net sales and operating profit at an annual rate of 5–7%. During this period, we will manage operating profit margins to remain at no less than around 20%. By FY3/2028, the final year of the medium-term management plan, we intend to reach multiple major product-launch milestones and firmly deliver on our numerical targets, including ¥70.0 billion in net sales. Looking further ahead, as the outcomes of these initiatives are realized, we envision achieving even higher growth rates over the longer term.

▶ Upward Revision of the Medium-Term Management Plan

In May 2025, we revised upward the numerical targets of our five-year medium-term management plan, which covers the period from FY3/2024 to FY3/2028. For FY3/2028, the revised targets are as follows: net sales of ¥70.0 billion (up ¥7.0 billion from the previous target), net sales from new business areas of ¥11.0 billion (up ¥3.0 billion), ROIC of 13% (up 1 percentage point), and EPS of ¥145 (up ¥25). The revision

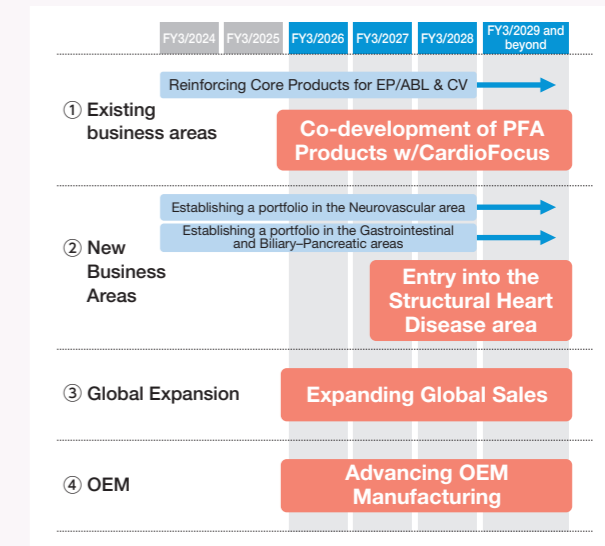
FY3/2028		
	Previous target (set May 2023)	Revised target (set May 2025)
Net Sales	¥63.0 billion	+¥7.0 billion → ¥70.0 billion
Net Sales from New TAs	¥8.0 billion	+¥3.0 billion → ¥11.0 billion
Operating Profit Margin	20% <small>level (each fiscal year)</small>	No change → 20% <small>level (each fiscal year)</small>
EPS	¥120	+¥25 → ¥145
ROIC	12.0%	+1.0 point → 13.0%

was driven by three factors: stronger-than-expected performance, improvements in the business environment, and the addition of new strategic initiatives.

First, I would like to address the stronger-than-expected progress in our performance. Among the three key pillars of our medium-term plan, the two with the greatest impact on profit and loss are the “Expansion into New Therapeutic Areas” and the “Continuous Introduction of Competitive Products”, both of which have progressed smoothly. In “Expansion into New Therapeutic Areas”, sales in the Neurovascular space exceeded our plan, while Gastrointestinal progressed largely in line with expectations. In “Continuous Introduction of Competitive Products”, our core products—the Intracardiac Defibrillation Catheter and Frozen Elephant Trunk—benefited from the successful expansion of high value-added models, which supported the maintenance and strengthening of market share. In addition, our development of a new market for the Hemostasis Device for Femoral Vein also made a significant contribution to accelerating growth.

The business environment surrounding our company has also improved. Although the growth trend in atrial fibrillation procedures temporarily slowed during the COVID-19 pandemic, it has since resumed strong growth. A key driver behind this is technological advancement. Recent wearable devices have achieved remarkable improvements in the accuracy of ECG measurements, issuing alerts to at-risk individuals without noticeable symptoms and prompting them to seek medical attention. This has led to earlier detection of arrhythmias. The cycle from diagnosis to treatment is also showing signs of shortening. Furthermore, the spread of Pulsed Field Ablation (PFA), which received insurance reimbursement in 2024, is contributing to shorter procedure times per case and, in turn, to an increase in procedure volumes. To reflect these changes, we have revised our growth outlook for atrial fibrillation procedures upward, from a five-year CAGR of 6% to approximately 9%.

We have also introduced four new strategic initiatives: entry into the Structural Heart Disease field, joint development of PFA products in partnership with a U.S. company, expansion of global sales, and promotion of our OEM business. Taken together, these initiatives can be organized into four growth strategies. In the following sections, I will outline each of these in detail.

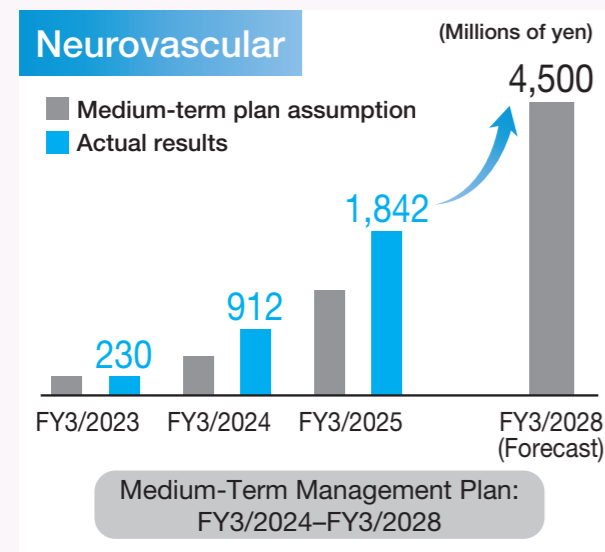


▶ Expansion into New Areas

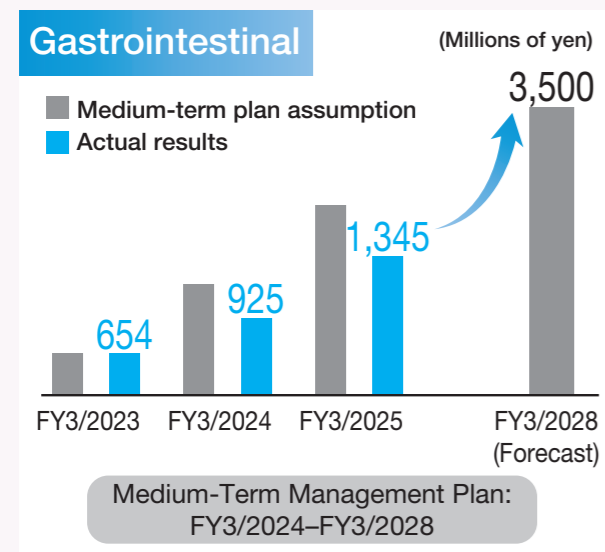
The new business areas of Neurovascular and Gastrointestinal accounted for approximately 6% of total company sales in FY3/2025. Our original medium-term plan targeted significant growth in these areas, with a sales target of ¥8.0 billion by FY3/2028. We have now added Structural Heart Disease, where we plan to introduce therapeutic devices, as a new area. Accordingly, we have revised the FY3/2028 sales target upward from the original ¥4.5 billion in Neurovascular and ¥3.5 billion in Gastrointestinal to include ¥3.0 billion in Structural Heart Disease, for a total of ¥11.0 billion. The following sections provide updates on each area.

In Neurovascular, we entered into an exclusive distribution agreement with the Wallaby Medical Group, which has an industry-leading product lineup, and began sales in 2022. In FY3/2025, growth was driven by Embolic Coils and Aspiration Catheters, whose competitiveness was enhanced through new model introductions. Their strong fundamental performance, particularly in terms of operability, has been well received in clinical settings, leading to a growing number of adopting institutions. In addition, our Stent Retriever, launched in September 2024, has begun contributing to revenue. With further improvements scheduled during FY3/2026, sales are expected to accelerate further. With these products,

we now offer a full suite of devices essential for acute stroke intervention. Going forward, we will leverage synergies among these products to further expand our market share. Among our upcoming pipeline, the most anticipated product is the Flow Diverter, for which we are currently preparing through clinical trials, with launch expected in FY3/2028.



In Gastrointestinal, since 2017 we have pursued a strategy of leveraging the stent and catheter technologies cultivated in the Cardiovascular area to develop our own products. From 2022, we have focused our product development efforts on the biliary-pancreatic area, a market exceeding ¥20.0 billion in size with stable growth prospects. Against our medium-term plan, there has been a slight delay due to a voluntary recall of Gastroduodenal Stents in FY3/2024. On the other hand, in the priority biliary-pancreatic area, progress has been steady with the expansion of market share



for our Bile-duct Tube Stent and the launch of distinctive proprietary products such as Biliary Dilation Balloons, Contrast Catheter, and Double-Lumen Dilators. We have also begun the full-scale introduction of differentiated Guide Wires as third-party products. Japan Lifeline is steadily establishing its presence as a recognized player in the Gastrointestinal area.

The third new area we have added is Structural Heart Disease, where we will enter a market of approximately ¥70.0 billion with Transcatheter Heart Valves (THVs) of India-based Meril Life Sciences. Until 2019, we handled surgical valves such as mechanical and tissue valves as third-party products, giving us accumulated in-house expertise in valve therapy as well as an established customer base. Today, valve therapy is increasingly performed via catheter as a minimally invasive approach, and this market is expected to continue growing, ultimately surpassing ¥100.0 billion. Meril's Transcatheter Heart Valve, Myval Octacor, has a distinct strength in deployment performance, a critical factor in clinical outcomes, and has successfully demonstrated results comparable to those of competitor products in randomized controlled trials. Discussions with leading Japanese key opinion leaders reveal strong anticipation for the introduction of Myval Octacor to the Japanese market, and we are sparing no effort to ensure the scheduled launch in the second half of FY3/2027. Moreover, Structural Heart Disease is not a single-product business; we plan to build a comprehensive portfolio across multiple products. As one example, we have already entered into a sales agreement with U.S.-based Haemonetics for a pressure-sensor-equipped guide wire specifically designed for transcatheter valve procedures, and sales have commenced.

▶ Continuous Introduction of Competitive Products

In our existing business areas, we have reinforced competitiveness and countered market pressures by introducing new models aligned with customer needs. Highlights include our industry-pioneering Intracardiac Defibrillation Catheter BeeAT and the FROZENIX series of Frozen Elephant Trunks, as well as the VASCADE MVP Hemostasis Device for Femoral Vein, which we position as a new growth driver. In addition, as a next-generation initiative, we have begun developing our own PFA products.

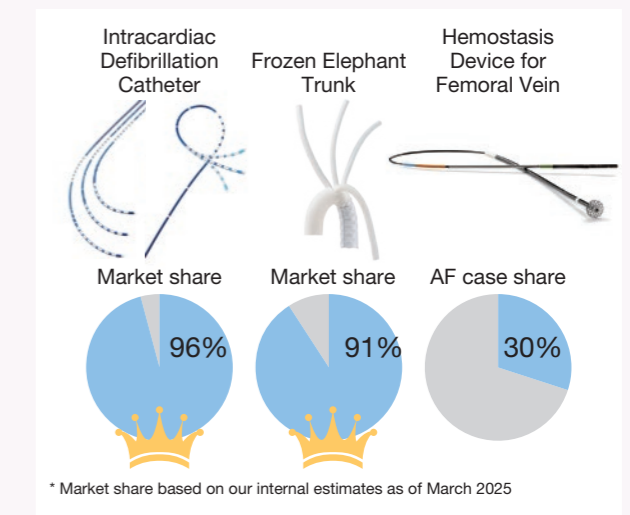
In the BeeAT series of Intracardiac Defibrillation Catheters, we are focusing on expanding sales of IVC BeeAT, a model highly compatible with PFA procedures, and have maintained a market share of over 95%. Unlike the conventional type inserted via the

jugular vein, this unique model is inserted via the femoral vein. Since PFA procedures tend to consolidate catheter access at the femoral site, a rapid shift has taken place from the conventional type to this model. We believe this timely product enhancement has proven highly effective.

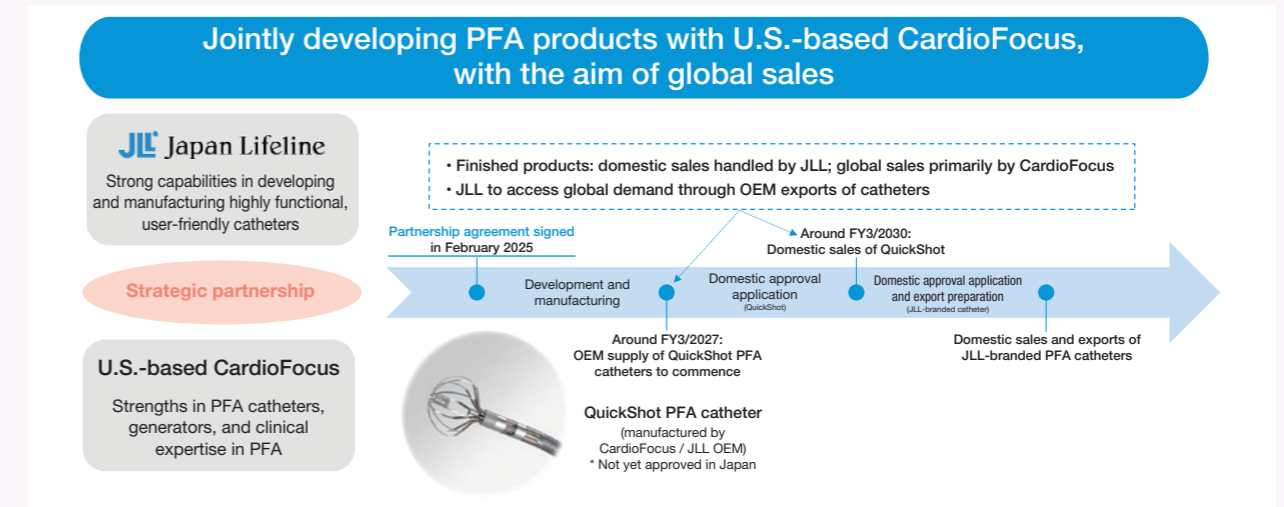
In the FROZENIX series of Frozen Elephant Trunks, we focused on sales of the vascular graft-integrated models, which have become the market mainstream, and maintained a market share of over 90%. The integrated model offers a major advantage in reducing procedure time, thereby lowering the barriers to surgery. As a result, even relatively younger surgeons can more readily perform emergency operations, supporting the wider adoption of Frozen Elephant Trunk (FET) procedures. In recent years, a shortage of surgeons has been highlighted as a pressing issue, and we believe that FET's ability to help address this challenge in clinical practice has also contributed to its acceptance. Although we lost some sales opportunities due to gaps in the FROZENIX size lineup, we moved quickly to resolve the issue during the fiscal year. Thanks to the rapid response of our development team, the missing sizes have been added, enabling us to achieve a swift recovery.

The VASCADE MVP Hemostasis Device for Femoral Vein is designed to facilitate smooth hemostasis following ablation procedures. By using bioabsorbable collagen in the hemostasis process, it enables faster hemostasis than other methods and helps ease the burden of post-operative management. Since early post-operative hemostasis is a universal need across all procedures, adoption of VASCADE MVP has been spreading rapidly among medical institutions nationwide. The device has already been adopted at approximately 400 facilities—about half of all institutions performing catheter ablation in Japan—and cumulative sales have reached 100,000 units. With strong

potential to generate annual sales of ¥4.0–5.0 billion on a standalone basis in the medium term, we are now working to further accelerate its adoption.



In EP/Ablation, our new strategic focus is on PFA products. In February 2025, we announced a partnership with U.S.-based CardioFocus, Inc. to develop a next-generation PFA system differentiated from competing products. This partnership brings together our advanced catheter manufacturing technologies, cultivated over the past 20 years, with CardioFocus's extensive clinical expertise and device know-how in PFA. Clinical trials underway in Europe have already confirmed favorable results for the product under development, further boosting morale within the company. A key feature of this initiative is that we will manufacture PFA catheters on an OEM basis to meet global demand. Looking ahead, the global PFA market is expected to reach a scale of around ¥1 trillion, and gaining access to this market holds major significance for us. In addition, we are preparing to launch domestic sales, targeting 2030.



► Expansion of Global Sales

The third new strategy we have introduced is the expansion of global sales. To advance the overseas rollout of our proprietary products on a fundamentally new scale, we have established the Global Business Development Group to accelerate these efforts. Our international expansion will proceed in stages: within about three years, we aim to complete our rollout in the Middle East and Asia, while in parallel pursuing FDA and CE approvals* to enable full-scale entry into the U.S. and European markets over the medium to long term. In these markets, the key will be how effectively we can extend the value of our Intracardiac Defibrillation Catheter and Frozen Elephant Trunk. By engaging Japanese physicians and exporting not only our products but also the latest expertise and clinical evidence, we intend to develop the procedures utilizing these products into new global standards. For the medium term, we are targeting overseas sales of ¥2.0–3.0 billion by FY3/2028.

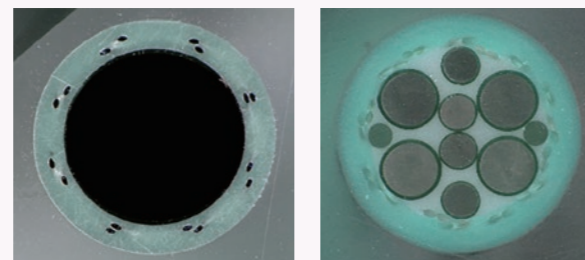
See p.30 for details

* Commercializing medical devices in Europe and the United States requires specific certifications, such as the CE mark in Europe and FDA approval in the US.



► Promotion of the OEM Business

The fourth strategy is the promotion of our OEM business. Since establishing our in-house R&D center in 1999, we have continuously refined our microfabrication technologies for catheters and stents. In catheter manufacturing in particular, our key strength lies in combining high performance with cost efficiency. This dual capability translates into strong clinical value—through superior operability and proprietary tip-curve designs—as well as high profitability, forming the foundation of our current competitive advantage. Our catheters have attracted strong interest from medical device companies both in Japan and overseas, and we are working to cultivate this into a new driver of business growth. The previously mentioned joint development of PFA catheters with CardioFocus can also be viewed in the context of our OEM manufacturing strategy. Beyond this, we are pursuing multiple other opportunities and extending our exploration beyond the scope of our existing therapeutic areas.



Comparison of the internal structure of a standard catheter (left) and our high-performance catheter (right)

► In Conclusion

With a focus on leadership and agility, we are committed to driving the fundamental expansion of our revenue base. We take full responsibility for ensuring the achievement of our ¥70.0 billion sales target for FY3/2028 and for building the foundation for sustainable growth beyond that point. We would like to express our sincere gratitude for the continued support of all our stakeholders as we move forward.



Expansion of Global Sales

Nobuo Takahashi

Senior Operating Officer
Head of Global Business
Development Group



Our Challenge in the Global Market

Global expansion is critical to achieving sustainable growth for our Group. Over the next twenty years, Japan's elderly population is projected to decline, leading to a contraction of the domestic market. On the other hand, global markets are expected to continue expanding, driven by population growth and improved healthcare infrastructure, offering steady growth prospects.

We have set two milestones in our global market challenge: expanding our presence in the Middle East and Asia, and rolling out our core proprietary products in Europe and the United States. Entering the U.S. and European medical device markets requires extensive regulatory preparations, including product approvals, and thus inevitably takes time before sales can begin. In the short term, therefore, we are focusing on the Middle East and Asia, where products can be marketed swiftly once approved in Japan, while in parallel preparing for regulatory approvals in Europe and the U.S.

Expanding Our Presence in the Middle East and Asia

During the period of the medium-term management plan through FY3/2028, we are focusing on sales in the Middle East and Asia, particularly for our proprietary products in EP/Ablation and Cardiovascular. We have already concluded agreements with distributors in approximately 20 countries and regions, and sales are steadily expanding.

Our EP Catheters and Vascular Grafts, both of which hold leading market share in Japan, are attracting strong interest. In particular, our EP Catheters are highly regarded for their flexible curve shapes made possible by proprietary manufacturing methods, as well as models that achieve both slim profiles and superior operability. These features are serving as effective door openers for market entry.



EP Catheter "EPstar" Series

For local promotional activities, we work closely with Japanese physicians who bring extensive clinical experience. By sharing their expertise with local counterparts, these physicians help deepen understanding of our products. At the same time, such interactions with experienced Japanese physicians not only address the needs of local doctors but also help build trust.



A product lecture delivered by a Japanese physician

Expansion of Core Proprietary Products in Europe and the United States

The key to successful global expansion lies in achieving European and U.S. sales of our core proprietary products, the Intracardiac Defibrillation Catheter and the Frozen Elephant Trunk. However, developing these markets requires introducing procedures developed in Japan. Due to differences in treatment strategies, adoption of these products has lagged in Europe and the U.S. By promoting their use together with the clinical data and experience accumulated in Japan, we aim to drive breakthrough growth in global sales.

At present, in preparation for FDA applications for our proprietary products, we are enhancing our medical device quality management system and strengthening our management framework. We are also actively participating in overseas academic conferences and strengthening relationships with local key opinion leader physicians, laying the groundwork for smooth market entry.

Global expansion is a highly challenging endeavor, but we are gaining confidence through the steady accumulation of small successes. By building trust and a proven track record step by step, we remain firmly committed to achieving our long-term vision of increasing the overseas sales ratio to 30%.

Business Strategy

Cardiac Rhythm Management / EP/Ablation

Takashi Ito

Director, Senior Operating Officer, Head of Arrhythmia Business Operations Group



► FY3/2025 Overview

In FY3/2025, our Arrhythmia business delivered mixed results: Cardiac Rhythm Management faced revenue declines amid a challenging competitive environment, while EP/Ablation performed strongly, supported by robust market growth and the introduction of new products.

Net sales in Cardiac Rhythm Management were ¥13,267 million (down 1.7% year on year). Pacemakers, which previously accounted for just under 30% of segment sales, recorded a sharp decline due to a significant reduction in insurance reimbursement prices and the growing market penetration of competitors' leadless pacemakers. By contrast, our core product, the S-ICD, achieved double-digit growth

through sales initiatives that effectively leveraged implant training sets.

Net sales in EP/Ablation reached ¥27,845 million, up 14.8% year on year, marking a new record high. The number of atrial fibrillation ablation procedures increased by approximately 10% from the previous year, providing strong tailwinds for business expansion. Our core product, the Intracardiac Defibrillation Catheter, performed well, supported by a successful shift toward high value-added models despite ongoing competition. In addition, within just one year of its launch, the Hemostasis Device for Femoral Vein has been adopted by roughly half of all facilities performing catheter ablation and has grown into a major product.

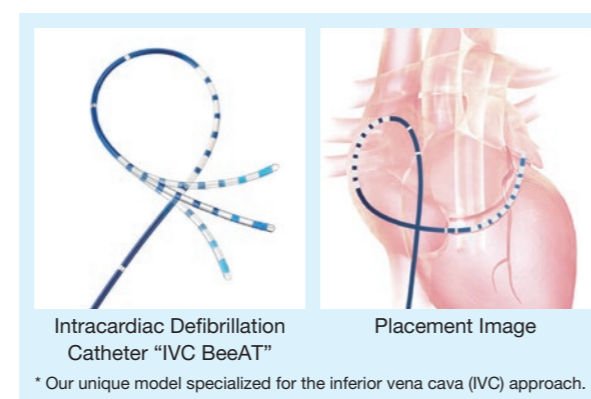
► Aspiring to Be a “Concierge for Arrhythmia Treatment”

At Japan Lifeline, we regard Cardiac Rhythm Management and EP/Ablation as inseparable components of the Arrhythmia business. Whereas many overseas competitors structure their sales teams vertically by segment, our representatives act as professionals with expertise across both areas. This approach enables each representative to deliver integrated insights spanning the two fields—a distinctive strength unique to our company. Moreover, because the same physicians are our customers in both areas, a single representative can serve as a visible, trusted point of contact—a true “concierge for arrhythmia treatment”—building deep, enduring relationships that set us apart from the competition.

Leveraging these strengths to the fullest, we aspire to be more than just a sales company. Our goal is to serve as the most trusted “concierge for arrhythmia treatment,” becoming a true partner in the clinical setting. By “true partner,” we mean being a presence that physicians can rely on and value—one that earns their trust and leaves them feeling reassured to have us supporting their needs. To ensure that this recogni-

tion is achieved consistently at the organizational level—rather than relying on individual ability alone—we are focusing our efforts on three key priorities.

The first is the strategic development of our core products. In Arrhythmia, we define three products as our growth drivers and are pursuing tailored strategies based on their respective market positions. First, for the Intracardiac Defibrillation Catheter BeeAT, we have focused on promoting a shift toward our proprietary



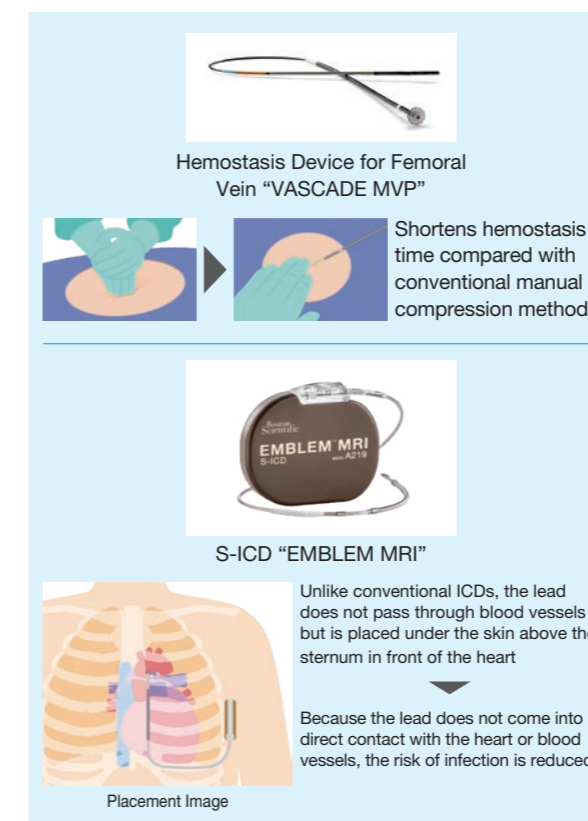
high value-added model. This model has a unique advantage: strong compatibility with pulsed field ablation (PFA), a new treatment method that is rapidly gaining traction. Since PFA procedures tend to consolidate catheter access through the femoral vein, our model—designed exclusively for femoral vein insertion—precisely addresses this emerging need. This differentiation has been well recognized, with the model now accounting for 40% of BeeAT sales, creating a meaningful entry barrier for competitors. Next, the VASCADE MVP Hemostasis Device for Femoral Vein shortens hemostasis time after ablation procedures, offering a “triple benefit” solution for hospitals, physicians, and patients alike. Because early post-operative hemostasis is a universal need and the device integrates well with our existing product portfolio, we are positioning it as a strategic product. During the year, adoption progressed faster than expected, particularly among hospitals with high procedure volumes. Looking ahead, we will accelerate its rollout to small and medium-sized facilities to further expand coverage. Finally, for the S-ICD, we have worked consistently to build physician awareness through hands-on training seminars. Since its implantation method differs from conventional ICDs, initial adoption posed a significant hurdle. However, the unique clinical benefits of the S-ICD have now gained

broad market recognition, enabling us to capture new implant cases on a steady basis. By continuing to highlight its one-of-a-kind advantages, we will maintain our strong market position.

The second key priority is the systematic strengthening of our sales capabilities. To deliver consistently high sales performance at an organizational level—without relying on individual experience or intuition—we are pursuing reforms through both training and support structures. We have redesigned our traditional knowledge-focused training into more practical programs incorporating role-playing and other methods. The aim is to equip our representatives with the skills to address real-world challenges they face in the field, such as proposing products not yet adopted or offering solutions for difficult cases. We have also strengthened back-office support for frontline staff who work directly with physicians. Functions have been reorganized into three dedicated teams—Education, Field Marketing, and Sales Enablement—which collaborate closely to provide tailored support and training at every career stage, from new hires to seasoned veterans. These initiatives are accelerating the development of highly capable representatives who can combine strong solution proposals with sales results.

The third key priority is a thorough commitment to tailored approaches for each individual customer. Our nationwide network of 48 locations enables close communication with busy physicians and helps us identify and address clinical issues at an early stage. For example, when physicians face challenges in selecting treatment strategies, we share results from comparable cases; for those seeking to train younger colleagues, we provide hands-on catheter training using heart models. In this way, we offer comprehensive support that goes beyond simple product proposals. This problem-solving approach, customized to each physician’s needs, reflects our vision of becoming the most trusted “concierge for arrhythmia treatment.” While grounded in systematic sales training, we place particular importance on flexibility in supporting each physician as an individual. In doing so, we foster trust that cannot be measured by quantitative metrics alone and translate that trust into the creation of unique value.

Through these initiatives, we continue to evolve into a true partner to the medical community. Our goal is to be a presence that physicians and patients alike value and appreciate, and in this way we will continue striving to fulfill our role as the most trusted “concierge for arrhythmia treatment.”



Business Strategy

Cardiovascular / Neurovascular / Gastrointestinal

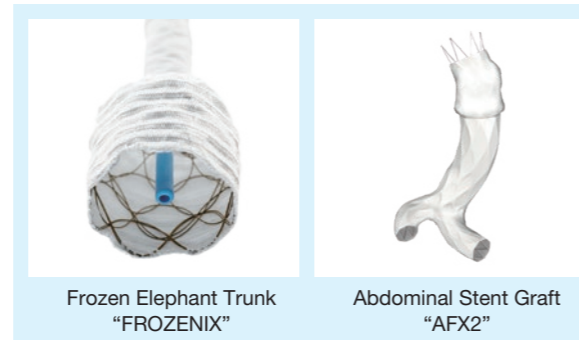
Yasuaki Takeda Operating Officer, Head of CVG Business Operations Group



▶ Cardiovascular

FY3/2025 Overview

In FY3/2025, net sales in Cardiovascular reached ¥12,206 million, up 7.0% year on year, marking a new record high. Growth was driven by our core product, the Frozen Elephant Trunk (FET), where we maintained a market share of over 90% amid overall market growth of approximately 10%. Other products, including Vascular Grafts and Abdominal Stent Grafts, also delivered steady performance.



Sales Strategy – Focusing on the Frozen Elephant Trunk as Core

The aortic disease market continues to expand by several percent annually, supported by an aging population. Within this environment, our core product FET has benefited from intensified competition brought by new entrants, which has revitalized and expanded the market. We position FET as the most critical product in our Cardiovascular portfolio and have focused sales efforts on the FROZENIX 4Branched, the centerpiece of this competition. This integrated model combines a four-branched vascular graft with the stented portion of the FET, enabling surgeons to shorten suturing time during operations. For patients, the ability to reduce circulatory arrest time even slightly represents a major clinical benefit.

From a competitive standpoint, we focused on continuously optimizing consignment inventory at hospitals to ensure that no sales opportunities were missed. Because FET is used in urgent, life-or-death surgeries, it is crucial that hospitals maintain stock at all times. In this regard, we believe our nationwide sales network and organizational strength truly demonstrated their value.

At the same time, there were also challenges to address. With the new integrated model, some cases shifted to large-diameter models developed by competitors, particularly in the European market. In response, our Development Department acted swiftly to add the necessary sizes in a very short timeframe.

We now aim to use this as a springboard to win back market share.

A unique strength of our company lies in offering both separate-type and integrated models within the FROZENIX series. The separate-type FET has accumulated over ten years of strong clinical results in Japan. With both models available, we can accommodate a wider range of surgical approaches, enabling us to propose to surgeons the treatment strategy best suited to each patient's condition.

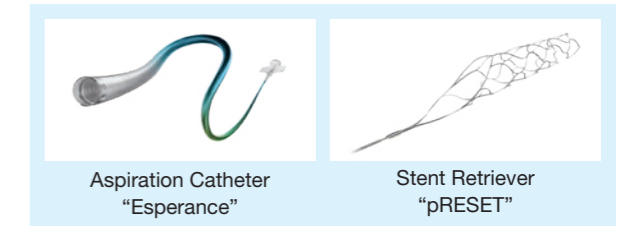
As the pioneer that has built the history of FET in Japan, we take great pride in our role and remain firmly committed to business activities grounded in a "patient-first" perspective. Looking ahead, we will continue to monitor market trends closely, pursue flexible product development, and stand on the front lines of clinical practice to deliver new value to healthcare.



▶ Neurovascular

FY3/2025 Overview

Net sales in Neurovascular reached ¥1,842 million, up 101.9% year on year. Growth was driven by the deeper market penetration of existing products such as Embolic Coils and Aspiration Catheters, along with contributions from the newly launched Stent Retriever.



Sales Strategy – Accelerating Growth in Acute Stroke Intervention

In the first half of our five-year medium-term management plan, the launch of two key devices for acute stroke intervention—Aspiration Catheters and Stent Retrievers—was positioned as an important milestone, and we successfully achieved this goal. Both products have already received favorable clinical feedback, and synergies between them are already beginning to emerge. Going forward, we expect their expanding market share to be a major driver of growth.

We are also working to create new sales opportunities for Embolic Coils used in the treatment of brain aneurysms by broadening product variations. Because Embolic Coils are used to occlude small blood vessels, they have applications beyond the Neurovascular field, with demand also arising in abdominal interventions and radiology. By introducing additional models tailored to these use cases, we aim to pursue revenue opportunities that extend across multiple clinical specialties.

▶ Gastrointestinal

FY3/2025 Overview

Net sales in Gastrointestinal reached ¥1,448 million, up 10.2% year on year. Excluding discontinued businesses, net sales were ¥1,345 million, representing

a 45.3% increase. Growth was driven by expanded market share of our core product, the Bile-duct Tube Stent.

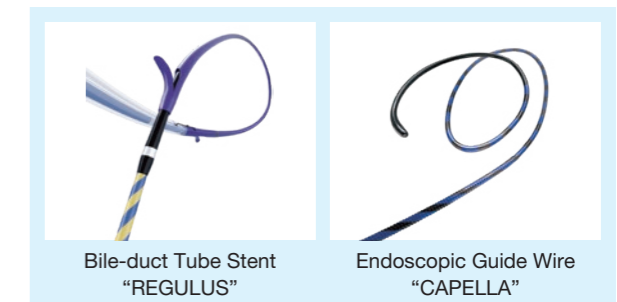
Sales Strategy – Strengthening Competitiveness in the Biliary-Pancreatic Area

In Gastrointestinal, we are focusing on the biliary-pancreatic area, where stable market growth is expected. Despite being a later entrant, we have established a distinctive position within the industry and are expanding our presence by introducing distinctive products that address physicians' needs.

The Bile-duct Tube Stent is our most successful proprietary product, and it will remain a key focus. By expanding product variations, we aim to further increase case coverage. Guide Wires and Contrast Catheters, which are indispensable in biliary-pancreatic procedures, are also expected to demonstrate strong competitiveness, and we are elevating their priority within our sales activities.

As part of deepening our efforts in the biliary-pancreatic area, a key turning point in our sales strategy

came in April 2025, when we outsourced sales of our non-core liver cancer treatment devices. This shift allows us to concentrate our sales resources on core products, enabling us to further expand the market share of each of our priority products.



Financial Strategy

Takeyoshi Egawa

Director and CFO

CFO Message



Updating Our Financial Strategy to Support the New Growth Strategies – Measures to Achieve Our Targets and Return Value to Stakeholders –

In the upwardly revised medium-term management plan, we set out four new growth strategies. Alongside these, we have also updated our financial strategy.

Some of the new strategies involve significant risks, requiring substantial capital investment and R&D expenditures. Nevertheless, we believe that in order to realize long-term growth, it is essential to assume risk in a disciplined manner. When making such investments, we carefully evaluate whether sufficient profitability can reasonably be expected before deciding to assume those risks.

Over the remaining three years of the medium-term management plan, we expect to generate approxi-

mately ¥30.0 billion in operating cash flow. This is the outcome of our past investments, and we intend to allocate these funds to further investments for medium- to long-term growth as well as to shareholder returns. While our cash allocation approach remains grounded in the same principles as before, we plan to strengthen growth investments that enhance long-term corporate value. These include R&D and clinical trial investments, such as those related to Pulsed Field Ablation (PFA); capital investments to expand manufacturing capacity in line with global expansion, and investments in initial inventories for new products. We will continue to allocate cash appropriately across these areas.

3-Year Outlook (FY3/2026-FY3/2028)

Cash Inflow	Cash Outflow		
Operating Cashflow Approx. ¥30B	Shareholder Returns ¥12-15B	Fundamental Dividend Payout ratio 40%/DOE5% (Whichever is higher)	Extra dividend/ Share repurchase (depending on situations)
	Equipment Renewal ~¥6B	Factory equipment renewal (depreciation level)	
	Growth Investment ¥7-12B	Global Mfg capacity expansion Investment in overseas startups IT infrastructure upgrades / strategic M&A	
	Growth Investment (SG&A/Inventory) ¥7-8B	Clinical trial & regulatory costs R&D expenditures Initial inventory for new products	
			No Change
			To be enhanced

Among the KPIs of the medium-term management plan, we regard ROIC and EPS as particularly important indicators from a financial strategy perspective. Our goal in efficient business operations is to achieve sustained improvements in ROIC above our cost of capital (WACC) of 8%. To this end, we are focusing on two priorities: (1) raising the gross profit margin by expanding overseas sales and increasing the proportion of in-house products, and (2) improving the inventory turn-over period through supply chain reforms. At the same time, in terms of generating excess returns and driving stock price growth, we position EPS as the key measure of success.

Operational Efficiency

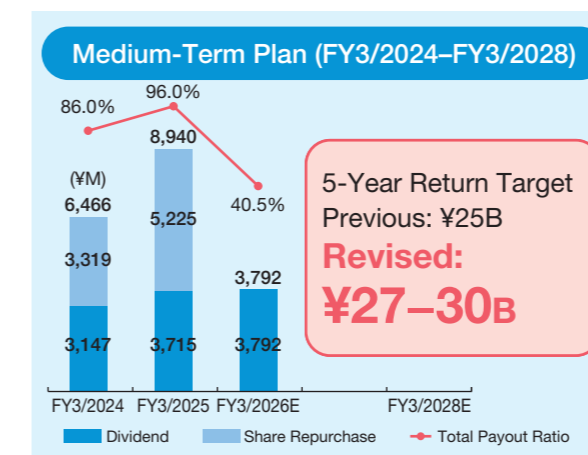
Excess Profit Creation & Share Price Growth

ROIC
FY3/2028 Target: 13%

EPS (PER)
FY3/2028 Target: ¥145

- Execution of **Cash Allocation Policy** based on **WACC** & expected returns
- Enhanced monitoring of new investments & development
- Improved inventory & asset management
- Growth strategy** implementation
- Achieving **fair market valuation (P/E)** through investor engagement
- Leveraging **performance-based incentives**

In the medium-term management plan, we initially set the target for shareholder returns at ¥25.0 billion. We have since raised this to ¥27.0-30.0 billion. Dividends are determined each fiscal year based on whichever is higher: a 40% payout ratio or a DOE of 5%. In addition, taking into account our cash position and overall balance sheet, we will also consider providing further shareholder returns. Base dividends are set at ¥3.5-4.0 billion annually, or ¥10.5-12.0 billion over three years, while additional returns will be delivered either through dividends or share buybacks.



Dividend history	FY3/2024	FY3/2025	FY3/2026E
Earnings per share (¥)	98.73	131.43	133.30
Dividend per share (¥)	42.00	53.00	54.00
Payout ratio (%)	42.5	40.3	40.5

We also view returns to employees as an important initiative from the perspective of human capital. Since FY3/2024, in addition to returning value to shareholders through a 40% payout ratio and to the public through tax payments at an effective rate of around 30%, we have introduced a performance-linked bonus system under which 20% of consolidated operating profit above budget is distributed to employees. Furthermore, beginning in FY3/2025, we launched a restricted stock compensation plan utilizing the Japan Lifeline Employee Shareholders Association Exclusive Trust. These initiatives have provided strong incentives: in each of the past two fiscal years, results exceeded plan, creating a virtuous cycle of increased dividends and enhanced employee motivation.

Even in a rapidly changing and challenging business environment, we have maintained stable performance while continuing to assume appropriate risks, including investments in new business areas to drive future growth.

Going forward, through disciplined capital policies and proactive business investments that support business growth, we will accelerate the execution of our new growth strategies and strive to further enhance corporate value.

Human Resource Strategy

At our Group, we regard human resources as indispensable capital for driving further corporate growth. By enabling each employee to maximize their potential, we aim to translate this into sustainable, medium- to long-term growth for the company.

▶ Developing and Growing Our People

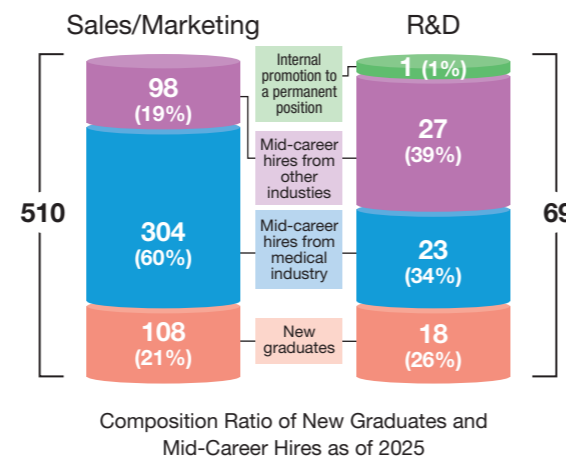
Our Approach to Human Resources

The qualities we seek in our people are clear: individuals who can think and act independently even in times of rapid change, and individuals who embody honesty and integrity toward patients and healthcare professionals, as is expected of a medical device company. We also place strong emphasis on employee education and training to foster a mindset that values active-

ly learning new things, continuously enhancing one's expertise as a professional, and prioritizing teamwork over individualism. In support of these goals, we actively invest in our people. We believe that when each employee feels a sense of growth—both personally and professionally—it directly contributes to the growth of the company as a whole.

Diversity in Recruitment and Career Paths

At Japan Lifeline, we take a balanced approach to recruitment, hiring from three groups: new graduates, mid-career professionals from within the medical device industry, and mid-career hires from other industries. We have also long been proactive in re-hiring former employees and actively recruiting through employee referrals. By bringing together employees with diverse experiences and values, we create a powerful engine that drives the company's growth and transformation. We also support employees in building autonomous career paths after joining the company through initiatives such as a career preference survey and an internal recruitment system. By fostering an environment where individuals can take on challenges of their own volition, we help them maximize their potential while also invigorating the organization as a whole.



Human Resource Development to Foster Individual and Organizational Growth

We foster the growth of individual employees and support their career development by providing training programs tailored to years of service, position, and age, cultivating the skills and capabilities required at each stage. We also help employees acquire work-related skills through targeted training opportunities, while promoting self-directed learning via e-learning programs.

These include two courses: one for young and mid-career employees, and another for future managerial candidates. Both courses focus on the business skills required of team leaders and managers. Because these programs bring together employees of different job types and age groups from across the company to learn together over a set period, they are also expected to generate organizational benefits—such as promoting mutual understanding through cross-departmental networking and enhancing overall organizational vitality.

In addition to these existing programs, we have launched new, differentiated selective programs aimed at accelerating the early development of man-

	Level-specific Training (Group Training)	Selective Training (Group Training)	Individual Training	Career Development	Specialized Skills
Management Level	Training for New Senior Managers Training for New Managers	1 on 1 Meeting Training			
Mid-career Employees	Team Building Training	Next-generation Manager Development Program	e-learning	Senior Career Training	Specialized Skill Training
Junior Employees	Professional Career Training Problem-Solving Skill Enhancement Training	Leader Development Program			
New Employees	3rd-Year Employee Training 2nd-Year Follow-up Training New Employee Training				

Human Resource Strategy to Support Global Expansion

Kenji Yamada

Director, Executive Officer, Head of Corporate Admin Group



In our medium- to long-term strategy, the global expansion of our proprietary products is one of the most critical priorities. The key to success in this endeavor is, without question, our people. To drive this initiative forward, our Human Resources Department is focused on securing and developing talent. We are working to attract individuals with a global perspective through recruitment events in the United States, while also proactively identifying employees who aspire to work overseas through internal job postings. At the same time, we are enhancing training programs and reviewing HR systems to ensure employees can take on overseas assignments with confidence.

Although I myself have not had an overseas posting,

in my role as head of an overseas subsidiary I experienced firsthand the challenges of managing a business in environments with different cultures and business practices—particularly the complexities of managing local staff. While much of this must be learned through practical experience, we are also considering the introduction of pre-departure training to help employees acquire practical skills in advance, enabling them to adapt more smoothly on site.

I am convinced that experience in a global environment fosters significant personal growth and becomes a driving force for the company's future. Across the organization, we aim to create a virtuous cycle in which the success of one individual inspires the next innovator.

Employee Voice

Diverse Experience and a Tangible Sense of Growth

Waka Miura

Assistant Supervisor, Global Business Development Section, EP Business Development Division, Global Business Development Group



I began my career as a new graduate in sales and moved to the Marketing Department in my third year. Since then, I have gained wide-ranging experience in both domestic and overseas operations, and I am now fully dedicated to international business. Responding to rapidly changing markets would be impossible without the support of my manager, colleagues in related departments, and business partners, and I am grateful

for this environment. I find great fulfillment in those moments when my perspective on work sharpens and deepens. Because this role also matches my original aspiration to work in international business, I am committed to continuing my growth as a professional who can contribute to Japan Lifeline's global expansion.

▶ **Creating a Workplace Where Diverse Talent Can Thrive**

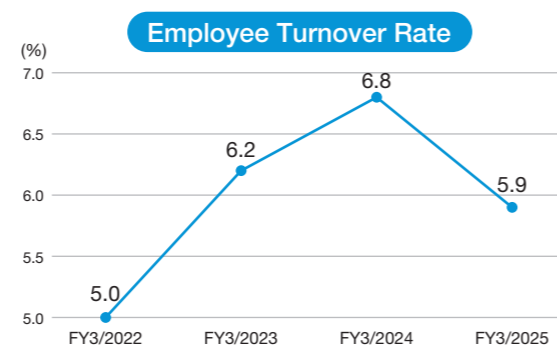
Pursuing Job Satisfaction and Work-Life Balance

In addressing our material issue of “creating a workplace where diverse talent can thrive,” we have made enhancing employee engagement our top priority. We believe that stronger engagement enables employees to fully demonstrate their abilities and forms the foundation for sustainable corporate value creation. To achieve this, we are advancing initiatives on two fronts: improving job satisfaction and enhancing work-life balance.

On the job satisfaction side, we are tackling issues highlighted in our employee satisfaction survey—such as diversifying career paths and improving transparency in evaluations—by making concrete revisions to our HR systems. On the work-life balance side, we have updated programs to reflect diverse values and changing life stages, including easing eligibility requirements for remote work and shorter working hours for employees balancing work with childcare or caregiving responsibilities. These initiatives are promoted company-wide, not only by the HR Department but also in collaboration with subcommittees under

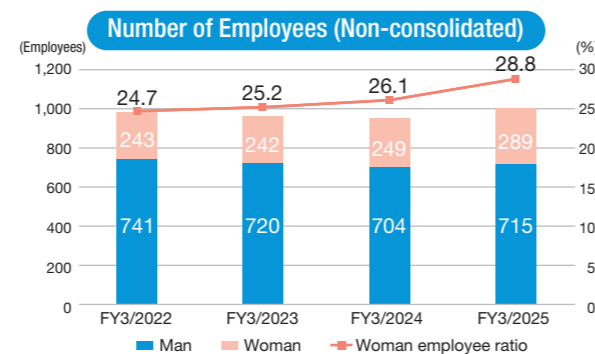
the Sustainability Committee.

As a result of these efforts, our overall engagement score has continued to improve year on year, while our turnover rate—an issue in recent years—improved by 0.9 points year on year, to 5.9%. Going forward, we will continue to listen closely to employee feedback, set clear targets, and address challenges step by step, with the aim of creating a workplace where every employee can work with pride and a sense of fulfillment.



Promoting Women's Advancement

Proactive recruitment and improved retention have increased the proportion of women at our company to 28.8% (non-consolidated) in FY3/2025. However, during the same period, the percentage of women in management positions remained at just 3.1% (non-consolidated). Closing this gap is recognized as an urgent issue. To address challenges identified in employee surveys—such as the lack of clarity around career paths and the absence of role models—we are advancing initiatives to support career development and foster the next generation of leaders. With sincerity and determination, we are committed to achieving our target of raising the proportion of women in management positions to 15% by FY3/2031.



Initiatives for Employee Health Management

For employees to perform at their best and for the company to realize its Mission, it is essential that each individual maintains both physical and mental health. Under the JLL Health Declaration, with the President and CEO serving as the Chief Officer, our Human Resources Department and Health and Safety Committee work in close coordination with occupational physicians. Together, we are pursuing initiatives such as reducing

overtime hours and raising the rate of participation in health checkups. As a result, in FY3/2025 we were certified for the fifth consecutive year as an Outstanding Organization of KENKO Investment for Health (Large Enterprise Category). Looking ahead, we will strengthen our initiatives further, focusing particularly on stress management and mental healthcare.

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