



Results Presentation

2Q FY Ending March 2023

WIN-Partners Co., Ltd. (3183)

2Q results to September 2022

Highlights

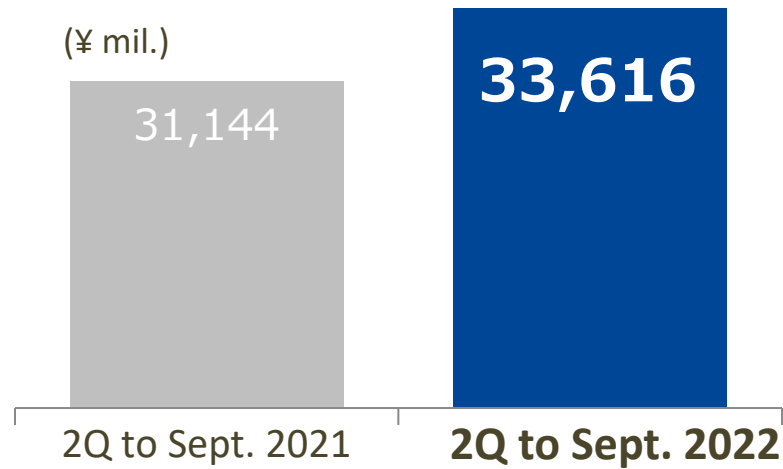
- Overall sales increased YoY due to an increase in sales in the CRS division, on which WIN has been focusing, and the Medical Equipment division.
- There was a negative impact from the 7th wave of the COVID-19 pandemic from late July to August.
- The CRS division became the largest segment in sales. GPM fell YoY due to a change in the sales mix and lowered profit margins of the Medical Equipment division.
- OP declined YoY due to lowered GPM and YoY increase in SG&A expenses.

Consolidated results summary

(¥ mil.) 2Q to	Sept. 2022	Sept. 2023	YoY (%)
Sales	31,144	33,616	+7.9
Operating profit	1,175	1,107	-5.8
Recurring profit	1,179	1,108	-5.9
Net profit	799	741	-7.3
EPS (yen)	27.86	26.09	-
BPS (yen)	730.51	755.28	-

Sales

YoY **+7.9%** [vs. forecast
+0.6%]



- Overall sales increased YoY due to higher sales in the CRS division and large-scale medical equipment orders.
- TOSAY Medical has been consolidated since August

Sales breakdown by segment (YoY)

Segment	Sales (¥ mil.)	YoY growth (%)		% of sales (%)
		Volume	Value	
Percutaneous coronary intervention (PCI)	7,949	+2.8	-3.4	23.6
Cardiac rhythm segment (CRS)	8,958	+9.8	+7.5	26.6
Cardiac vascular segment (CVS)	5,010	+4.6	+8.0	14.9
Percutaneous peripheral intervention (PPI)	1,908	+5.8	+5.3	5.7
Neurovascular	1,527	+10.4	+13.0	4.5
Diabetes mellitus segment (DMS)	1,617	-	+22.8	4.8
Medical equipment	3,859	-	+36.1	11.5
Others	2,784	-	+6.3	8.3
Total	33,616	-	+7.9	100.0

Segment review

P C I

- Impact of the reimbursement price revision
- Decreased number of cases due to the COVID-19 pandemic

C R S

- ABL-related sales continued growing on the back of the market expansion
- ICD and CRT-D sales increased because elective cases recovered and new customers were obtained

C V S

- Structural heart disease (SHD inc. TAVI) related sales continued increasing
- Sales for new customers increased

P P I

- The number of cases of shunt PTA and occlusive arteriosclerosis increased

N e u r o v a s c u l a r

- Sales of thrombectomy devices for urgent treatment increased
- Sales of embolic coil increased because elective cases recovered

D M S

- Blood glucose measuring equipment and insulin pump sales increased

M e d i c a l e q u i p m e n t

- Large-scale medical equipment sales contributed
- Sales of maintenance, inspection and repair increased

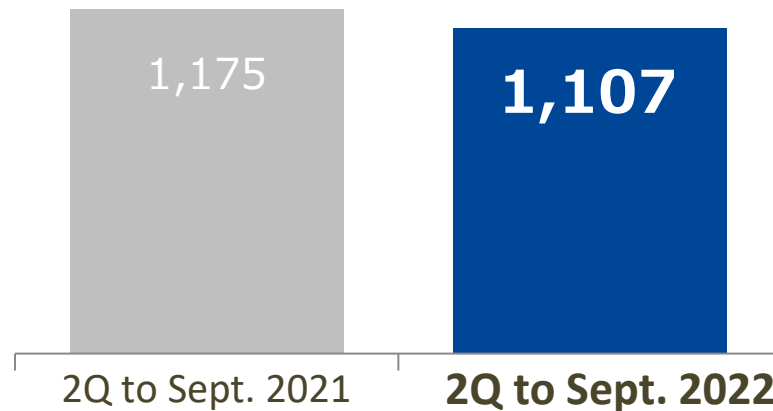
Sales breakdown by segment (vs forecast)

Segment	Sales	Forecast	Difference	Rate of change (%)
Percutaneous coronary intervention (PCI)	7,949	8,580	-630	-7.3
Cardiac rhythm segment (CRS)	8,958	8,750	+208	+2.4
Cardiac vascular segment (CVS)	5,010	5,280	-269	-5.1
Percutaneous peripheral intervention (PPI)	1,908	1,910	-1	-0.1
Neurovascular	1,527	1,460	+67	+4.6
Diabetes mellitus segment (DMS)	1,617	1,470	+147	+10.0
Medical equipment	3,859	3,100	+759	+24.5
Others	2,784	2,850	-65	-2.3
Total	33,616	33,400	+216	+0.6

Operating profit

YoY **-5.8%** (vs. forecast **-8.5%**)

(¥ mil.)



- **Gross profit margin 12.0% (-0.5 pp YoY)**

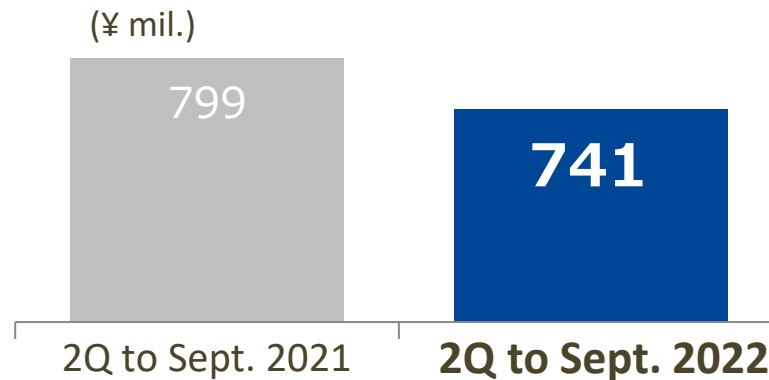
- Change in the sales mix
- Lowered gross profit margins of the Medical Equipment division

- **SGA +7.5% YoY**

- Labor costs and other expenses increased YoY (+5.6% and +12.8% respectively)
- Number of employees: 551 (Sept. 2021) → 605 (Sept. 2022 – incl. 37 at TOSAY Medical)

Net profit

YoY **-7.3%** [vs. forecast]
-10.7%



- **Extraordinary profit: ¥30 mil.**
 - Profit from marketable securities sale as a result of the cancellation of the capital alliance
- **Extraordinary loss: ¥50 mil.**
 - Expenses related to the relocation of the Kanto region business site

CapEx ¥850 mil. vs. ¥60 mil. for 9/2022

- building and facilities of the Kanto region business site

Depreciation ¥80 mil. vs. ¥80 mil. for 9/2022

Consolidated income statement

	Sept. 2021		Sept. 2022	
	(¥ mil.)	(%)	(¥ mil.)	(%)
Sales	31,144	100.0	33,616	100.0
Cost of sales	27,251	87.5	29,589	88.0
Gross profit	3,892	12.5	4,027	12.0
SG&A expenses	2,716	8.7	2,920	8.7
Operating profit	1,175	3.8	1,107	3.3
Non-operating profit	3	0.0	4	0.0
Non-operating expenses	0	0.0	3	0.0
Recurring profit	1,179	3.8	1,108	3.3
Extraordinary profit	0	0.0	28	0.1
Extraordinary loss	0	0.0	50	0.1
Pretax profit	1,179	3.8	1,087	3.2
Taxes	379	1.2	345	1.0
Net profit	799	2.6	741	2.2

Consolidated balance sheet

	March 2022		Sept. 2022		Change (¥ mil.)
	(¥ mil.)	(%)	(¥ mil.)	(%)	
Current assets	34,745	83.6	33,128	80.5	-1,617
Cash and deposits	15,572	37.5	14,841	36.1	-731
Accounts receivable	16,361	39.4	14,402	35.0	-1,959
Inventories	2,066	5.0	2,776	6.7	+710
Other current assets	745	1.8	1,107	2.7	+362
Fixed assets	6,819	16.4	8,004	19.5	+1,185
Total assets	41,564	100.0	41,132	100.0	-432
Current liabilities	18,698	45.0	18,480	44.9	-218
Accounts payable	16,975	40.8	16,985	41.3	+10
Taxes payable	595	1.4	401	1.0	-194
Other current liabilities	1,127	2.7	1,093	2.7	-34
Fixed liabilities	1,144	2.8	1,187	2.9	+43
Total liabilities	19,843	47.7	19,668	47.8	-175
Net assets	21,721	52.3	21,464	52.2	-257
Total liabilities, net assets	41,564	100.0	41,132	100.0	-432

Consolidated cashflow statement

(¥ mil.)

	Sept. 2021	Sept. 2022
Cash flows from operating activities	828	1,055
Net profit before taxes	1,179	1,087
Depreciation	78	75
Notes and accounts receivable	1,763	2,582
Inventories	33	-608
Notes and accounts payable	-1,646	-662
Tax paid	-275	-665
Other	-302	-752
Cash flows from investing activities	-156	-654
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-505
Purchase of tangible assets	-107	-601
Other	-49	451
Cash flows from financing activities	-976	-1,162
Cash dividends paid	-976	-994
Other	-	-168
Net increase in cash and cash equivalents	-303	-761
Cash and cash equivalents at the beginning of FY	12,122	10,572
Cash and cash equivalents at the end of 2Q	11,818	9,811

Outlook for fiscal year ending March 2023

Business environment

- Growing medical care needs due to aging population
- Labor shortage at medical institutions
- Continued monitoring the impact of the COVID-19 pandemic



WIN will continue providing proposals and support for customers to grow

WIN will establish a strong organization resilient to the COVID-19 pandemic

WIN's main initiatives ①

● Customer support

- Make proposals to increase the number of patients
- Enhance operational efficiency by implementing “Shinzokun”, WIN’s original medical device management system
- Support hospital management through strategic procurement
- Collect issues that customers tackle

● Investment of management resources in growing market

- Increase CDRs (Cardiac Device Representatives)
(March 2022: 95 → September 2022: 116 Target as of March 2023: 130)
- Expand education course for “ablation specialists”

● Increase in GPM

- Intensify price negotiations with suppliers and rebate programs by utilizing the group dynamics

WIN's main initiatives ②

- **Prepare for logistics revolution**

- Construction of WIN Heart Gate building completed
- A test run of WIN Heart Gate is scheduled to start from February 2023

- **Enhance operation efficiency**

- Higher operational efficiency by utilizing RPA

- **Expand business territory**

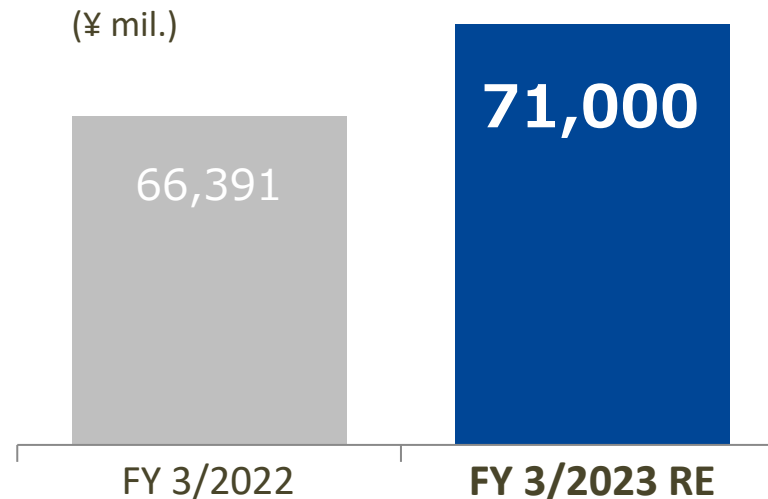
- Continue gathering information and investigating & considering opportunities for M&As

Consolidated earnings forecasts for FY ending March 2023

	(¥ mil.)	YoY (%)	initial E (¥ mil.)
Sales	71,000	+6.9	68,800
Operating profit	2,820	+2.1	2,820
Recurring profit	2,820	+2.0	2,820
Net profit	1,930	+5.4	1,930
EPS (yen)	67.91		67.91
DPS (yen)	36.00		36.00

Sales

YoY + **6.9%**



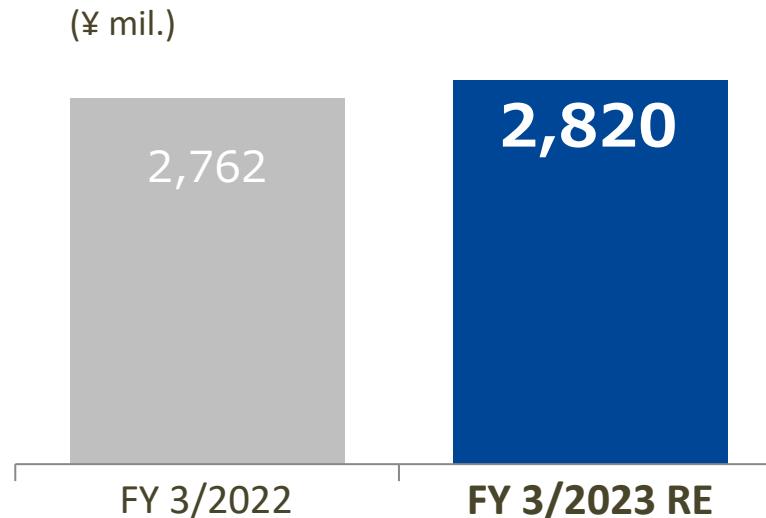
- **Acquire new customers and increase sales to existing customers as a result of active customer support**
- **TOSAY Medical is expected to contribute to sales by just over Y2 bn.**

Sales forecast by segment

	(¥ mil.)	YoY (%)	% of sales	% of achievement rate
Percutaneous coronary intervention (PCI)	18,230	+6.2	25.7	43.6
Cardiac rhythm segment (CRS)	18,730	+10.4	26.4	47.8
Cardiac vascular segment (CVS)	11,210	+14.2	15.8	44.7
Percutaneous peripheral intervension (PPI)	3,980	+4.5	5.6	47.9
Neurovascular	3,310	+17.5	4.7	46.2
Diabetes mellitus segment (DMS)	3,120	+9.5	4.4	51.8
Medical equipment	6,550	-13.1	8.2	58.9
Other	5,870	+8.0	8.3	47.4
Total	71,000	+6.9	100.0	47.3

Operating profit

YoY **+2.1%**

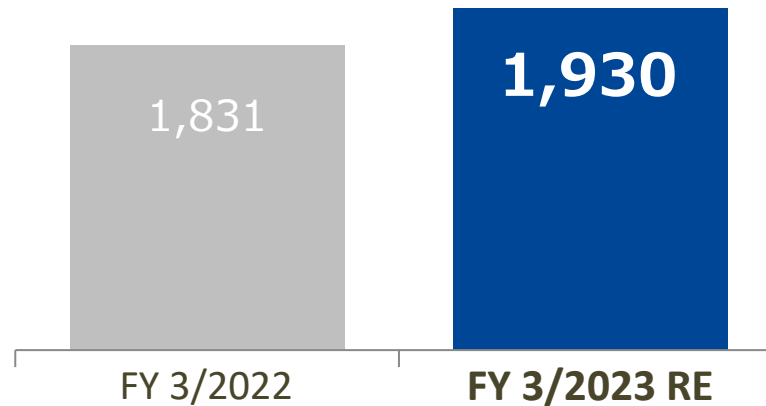


- **Forecast of gross profit margin: 12.9% (+0.1 pp YoY)**
 - Change in the sales mix
 - Intensify rebate programs and price negotiations with suppliers by utilizing group dynamics
- **SG&A ¥6.36 bn. (+10.5% YoY)**
 - Forecast of the number of group employees: 548 (March 2022) → 641 (March 2023)

Net profit

YoY **+5.4%**




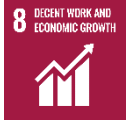


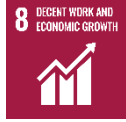





(¥ mil.)



CapEx ¥1.9 bn. vs. ¥1.9 bn. for 3/2022

Depreciation ¥170 mil. vs. ¥160 mil. for 3/2022

WIN's initiatives for sustainability

	Materiality	SDGs
Medical service supply	<ul style="list-style-type: none"> • Support for sustainable medical service system • Higher penetration and improved accessibility of minimally invasive medical care • Promotion of DX in the medical industry • Innovation in the medical industry 	    
Supply chain	<ul style="list-style-type: none"> • Sustainable medical device supply • Resilient supply chain 	  
Support for employee participation	<ul style="list-style-type: none"> • Human resource development to support sustainable corporate activities • Promotion of diversity to enable employees to demonstrate their skills & talents • Respect for human rights 	   
Environment	<ul style="list-style-type: none"> • Contribution to global environment • Decarbonization 	   
Corporate base	<ul style="list-style-type: none"> • Succession / continuity of business for the medium-long term • Information security • Compliance • Secure resilience for disasters 	   

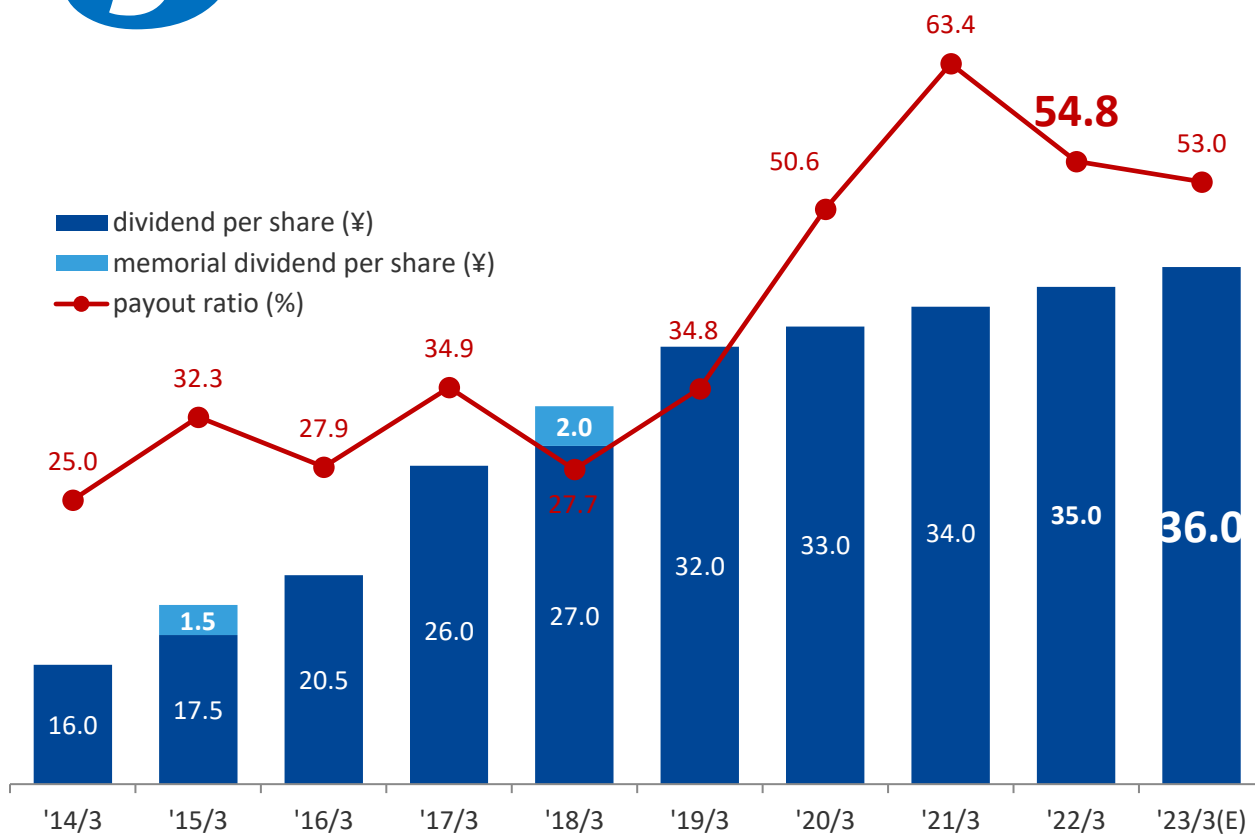
Dividends & payout ratio

+1 yen from FY ended March 2022

36 yen

Prospective payout ratio

53%



References

Sales impact from the reimbursement price revision in April 2022

Segment	Assumed impact (%)
Percutaneous Coronary Intervention (PCI)	-7.0
Cardiac Rhythm Segment (CRS)	-4.4
Cardiac Vascular Segment (CVS)	-0.3
Percutaneous Peripheral Intervension (PPI)	-3.9
Brain Surgery	-0.7
Others	-0.3
Total	-3.3

Estimated based on the actual sales volume and product mix for FY ended March 2022

Reimbursement prices of major products

Segment	Items	Reimbursement prices (¥000)		Change (%)
		2020	2022	
PCI	PTCA balloon catheter	35	32	- 9.9
	Drug eluting stent (DES)	161	136	- 15.5
	Intravascular ultrasound (IVUS) catheter	80	72	- 9.7
CRS	Pacemaker	720	593	- 17.6
	Implantable cardioverter defibrillator (ICD)	2,950	2,820	- 4.4
	Cardiac resynchronization therapy defibrillator (CRTD)	3,990	3,260	- 18.3
	Subcutaneous implantable defibrillator (S-ICD)	3,120	3,120	0.0
	Ablation catheter	124	117	- 5.6
	Cardiac cryoablation catheter	649	649	0.0
CVS	Stent graft (abdomen)	1,320	1,320	0.0
	Open stent graft	1,110	1,110	0.0
	Heart valve for transcatheter aortic valve implantation (TAVI) (balloon-expandable)	4,510	4,510	0.0
	Heart valve for TAVI (self-expandable)	3,740	3,740	0.0
PPI	PTA balloon catheter	55	50	- 7.8
	Peripheral vascular stent	174	* 171	- 1.7
	Peripheral drug eluting stent (DES)	233	233	0.0
Neuro-vascular	Emboloc coil (electric type)	118	117	- 0.8
	Thrombectomy catheter (self-expandable)	386	386	0.0

* Transitional period (1/4/2022 to 31/12/2022: ¥171,000 1/1/2023 to 31/3/2023: ¥166,000 1/4/2023 onward: ¥160,000)



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