

JMS Group

Mid-term Management Plan

(April 2020 - March 2023)

《GAIN-RG 2023》

Globalization, Acceleration and Innovation
for the New generation, to Realize Growth

Review of Previous Mid-term Management Plan (Key Initiatives and Progress)



- Customer-centric business development

Expansion of the fields of cancer treatment

... NEO-SHIELD, which has expanded its standards, was steadily expanding its market share

Maintaining and expanding of the nutrition field

... Completed the launch of differentiated ISO-compliant products

Switching the products at medical institutions in progress

- Creation of next-generation business

Anti-adhesive barrier (orthopedic surgery)

... Clinical trials were completed, but the effect on high-risk case is still in review

Development of technology for biodegradable materials

... Ongoing development of the digestive organ system (gastrointestinal stent)

- Acceleration of global expansion

Development of "CCDS" business in China

... Expanded adoption at key facilities in Beijing and Shanghai, etc
Japanese dialysis systems gradually become widespread

Started business of Joint venture company in Thailand.

... Commencement of sales of dialysis-related products in Thailand and abroad
Preparation for expansion into infusion area

- Promotion of optimal production

New Plant in the Philippines

... Achieved profit in a single year by expanding operations Aiming for further business expansion

Reorganization of domestic production bases

... Termination of production at the aging Ohno plant was completed Production facilities were strengthened at the Izumo plant

- Strengthening *kotozukuri* (value creation)

Investment in VC investment fund

... Investment in a start-up company that aims to provide new value

Promotion of biomedical engineering collaboration

... Joint development of based arrhythmia analysis system with assistance of software

Review of Previous Mid-term Management Plan and Environmental Situation



◆Review of Previous Mid-term Management Plan, GAIN 2020 (53rd-55th term)

Under the Mid-term Management Plan GAIN 2020, we had set up "Customer-centric business development" and "Company-wide enhancement of productivity" as its basic policies. In Japan, we promoted the Customer-centric business development as our business strategy on the initiative of Business Unit, which implemented organizational reform. In overseas, we expanded our global business mainly in China and ASEAN.

As a result, in spite of failed to reach our financial targets, we had achieved some positive results, including a steady improvement in profitability. On the other hand, the growth rate and stable profits remained as our challenges.

◆Environmental Situation

In Japan while the government continues the healthcare policy to restrain medical expenditures which has been increasing, demand for advanced medical devices is rising so that they can support the advancement of medical care and solve the issues of aging society. In overseas, demand for medical devices in the global market is expected to continue to grow, owing to expanding business opportunities of medical devices in the emerging countries where their needs for medical care is growing with economic development, and aging of the populations and increasing chronic diseases in the developed countries.

We formulated Mid-term Management Plan (April 2020-March 2023). The new Mid-term Management Plan, building on the growth of GAIN 2020, it compiled new measures in response to changes in the business environment.

Long-term Vision (2030)

“By creating new value that anticipates the future of medical care, we will become a company that supports further improvement in the health and quality of life of people around the world.”

In order to realize the long-term vision, we have established the following basic policies and medium-term initiatives.

Basic Policy

(1) Deepen customer-centric business development

Realize new growth by deepening “Customer-centric business development” that are closely linked to the medical field, identifying latent needs that customers are not even aware of, and working together to solve problems.

(2) Change to improve profitability

Review and strengthen the roles of human resources, organizations, systems and frameworks that support the Group's management from all perspectives, and promote reforms to a corporate structure that can generate stable and sustainable profit.

Numerical Targets

In the fiscal year ending March 2023, we shall aim to achieve consolidated sales of 64,000 million yen (CAGR+3%) and an operating profit of 2,600 million yen (CAGR+4%).

(1) Optimization of the business portfolio

Optimal combination of organic links of each business and effective utilization of management resources will be promoted to increase competitiveness and expand business revenue through thorough implementation of business strategies.

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|--------------|-----|---|
| HP - BU | ... | Expansion of infusion and nutrition areas, acceleration of growth in cancer area, and development of markets in the dysphagia area |
| S&T – BU | ... | Ongoing reform of the profit structure, strengthening of core products, and business development by revitalizing existing resources |
| BCT – BU | ... | Expand market share of Blood Bags with leukocyte reduction filter for JRC and establish a foundation for the cell and regeneration business |
| Each BU and | ... | Develop and expand OEM/ODM business leveraging Group assets |
| Company-wide | ... | Reallocation of resources to areas with growth potential and profitability, and consolidation of unprofitable items |

※ HP : Hospital Products, S&T : Surgical & Therapy, BCT : Blood Management & Cell Therapy

(2) Strengthening the global framework

Under the leadership of the Global Marketing Division, we will promote business development in cooperation with overseas subsidiaries and respective BU to expand overseas business areas and sales, and build a brand that can be recognized around the world.

- China CDDS: Establishment of a localized business structure with partner companies and increase presence of the JMS brand
- Strengthen the competitiveness of JMSH(P) as a core production base for the Group, improve the production operating rate, and expand business results in the global markets capitalized on this
- Expansion of product lines in the Thai market and sales expansion to neighboring ASEAN countries
- Sales expansion in regional markets leveraging the production bases in Indonesia and the Philippines
- Development of core businesses in the growing Chinese market, following the CDDS business

(3) Creation of next generation business

In addition to supporting the growth of core businesses by developing products that contribute to medical safety and efficiency and improve the quality of life of patients, we will actively collect and utilize information on innovative products and technologies from around the world through participation in investment funds on start-up companies, and take on the challenge of creating businesses that will carry the future.

- Application development of biodegradable materials: Application to anti-adhesive materials (orthopedic surgery) and gastrointestinal stents
- Continuous search for new products (promotion of open innovation, utilization of investment funds, M&A)
- Realization of new value using advanced technologies such as IoT and AI

(4) Strengthening the Group's management base

In order to achieve sustainable growth in domestic operations and accelerate global business development while transforming our corporate structure to be able to respond to changes in the business environment and generate stable and sustained profit, we will constantly review our business lines and axes from all perspectives, and review and strengthen our management base, including the human resources, organizations, systems, and frameworks that support Group management, in line with the environment and strategies.

- Promote optimal production by reorganizing the Group's production system
- Promptly obtain regulatory approvals in the global market and establish a legal compliance framework
- Review the personnel system in light of changes in the employment environment and establish a system for securing and developing global human resources

(5) Achieving sustainable society

With pride and satisfaction in our business of serving society through medical care, we will contribute to the achievement of the SDGs (Sustainable Development Goals) and enhance a sustainable corporate value by promoting the creation of an ideal organization and framework, including "work style (labor) reform," while also aiming to improve governance and reduce the environment load through our business.

◆ Contribution to medical care through our business activities

- Development of products that contribute to the safety and efficiency of medical care and the improvement of patient QOL
- Creating value that is truly useful for solving problems in the medical field by promoting innovation
- Continuation of product supply and development of products that contribute to infection control in the event of an outbreak of a new infectious disease



◆ Contribution through corporate activities

- Enhancement of corporate health management initiatives and promotion of work-life balance
- Promotion of diversity management through a diverse workforce and a flexible organization



- Promotion of business activity processes that prevent environmental pollution and reduce waste
- Improvement of energy use efficiency by promoting energy saving





The Bridge to Good Health Care