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May 15, 2023

## Consolidated Financial Results for the Nine Months Ended March 31, 2023 (Under Japanese GAAP)

Company name: ASAHI INTECC CO., LTD.  
 Listing: Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities code: 7747  
 URL: <http://www.asahi-intecc.co.jp/>  
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 Scheduled date of filing quarterly report: May 15, 2023  
 Scheduled date of commencing dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ended March 31, 2023 (from July 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit excluding goodwill amortization, etc.		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended										
March 31, 2023	69,774	23.1	17,851	35.2	16,418	37.0	15,952	24.5	11,985	35.2
March 31, 2022	56,684	26.5	13,199	29.4	11,984	18.8	12,810	23.2	8,861	20.2

Note: Comprehensive income For the nine months ended March 31, 2023: ¥12,094 million (0.1%)  
 For the nine months ended March 31, 2022: ¥12,082 million (38.8%)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2023	44.12	–
March 31, 2022	32.66	32.65

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Million yen	Million yen	%
March 31, 2023	162,990	129,997	78.6
June 30, 2022	155,127	121,130	77.0

Reference: Equity

As of March 31, 2023: ¥128,171 million  
 As of June 30, 2022: ¥119,459 million

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended June 30, 2022	Yen –	Yen 0.00	Yen –	Yen 11.99	Yen 11.99
Fiscal year ending June 30, 2023	–	0.00	–		
Fiscal year ending June 30, 2023 (Forecast)				13.71	13.71

Note: Revisions to dividend forecasts announced most recently: None

## 3. Consolidated financial results forecast for the fiscal year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit excluding goodwill amortization, etc.		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	89,339	14.9	19,163	13.4	17,433	14.4	17,423	6.7	12,405	14.3	45.67

Notes: 1. Operating profit excluding goodwill amortization, etc. = Operating profit + amount of goodwill amortization, etc.  
2. Revisions to financial results forecast announced most recently: None

**\* Notes**

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

Newly included: -

Excluded: -

(2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	271,633,600 shares
As of June 30, 2022	271,633,600 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	7,878 shares
As of June 30, 2022	7,878 shares

(iii) Average number of shares during the period (cumulative)

Nine months ended March 31, 2023	271,625,722 shares
Nine months ended March 31, 2022	271,316,947 shares

\* Quarterly financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to "1. Qualitative information on results for the quarter under review (3) Explanation of forecasts including consolidated results forecast" on page 3 of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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## 1. Qualitative information on results for the quarter under review

### (1) Explanation of operating results

ASAHI INTECC CO., LTD. (the Company) has formulated the following four basic policies in the new medium-term management plan “ASAHI Going Beyond 1000” with a purpose of consolidated net sales exceeding 100 billion yen by the fiscal year ending June 30, 2026, aiming to improve the quality of life of patients and doctors through ultimate pursuit of minimally invasive treatment, and worked to build a business portfolio for further growth in a long term with an eye toward the next 10 years.

- 1) Strategic development of the global market and expansion of affected areas and treatment areas
- 2) Creating new businesses in global niche markets
- 3) Develop R&D and production system optimized for global expansion
- 4) Establish management structure for sustainable growth

To develop the business portfolio, we will continue to advance strategic development of the global market and expansion of affected areas and treatment areas as a culmination of the basic strategy we have taken thus far and reinforce the revenue base of existing businesses. We are also creating new businesses in global niche markets by making ongoing investments for future growth aiming to increase our presence in the global market and further increase our corporate value. As the business foundation to support these growth strategies, we will advance development of an R&D and production system optimized for global expansion and seek to establish a management structure for sustainable growth.

During the nine months ended March 31, 2023, our measures for realizing the above included the following:

- 1) We concluded a basic agreement with Penumbra, Inc. (U.S.) for the exclusive sales of a peripheral vascular thrombus aspiration device in the Japanese market
- 2) We concluded an exclusive sales agreement with Dingke Medical Technology (Suzhou) Co., Ltd. for sales of the “DK Score Coronary Scoring Balloon Dilatation Catheter” in the Chinese market
- 3) We acquired shares of LAKE R&D Inc.
- 4) We decided to establish Magnaire Co., Ltd. for the purpose of manufacturing and selling GSR sensors\* mainly related to medical field
- 5) We issued the “Integrated Report 2022” for the first time as the Group

Also in the future, we will aim to enhance corporate value by promoting growth strategies based on the medium-term management plan in a steady manner.

Under these circumstances, net sales of the Asahi Intecc Group for the nine months ended March 31, 2023 amounted to 69,774 million yen (an increase of 23.1% year on year), thanks to a significant increase in overseas net sales mainly due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, and an increase in the market needs.

Gross profit totaled 46,286 million yen (an increase of 22.8% year on year), due to the increase in net sales.

Operating profit was 16,418 million yen (an increase of 37.0% year on year), despite an increase in selling, general and administrative expenses, such as an increase in sales-related expenses associated with net sales growth and reinforcement of sales promotion in the overseas market as well as an increase in R&D expenses for reinforcing development.

Ordinary profit was 15,952 million yen (an increase of 24.5% year on year) despite an increase in foreign exchange losses.

Profit attributable to owners of parent was 11,985 million yen (an increase of 35.2% year on year), mainly due to recording of 305 million yen as disaster insurance income associated with the typhoon disaster at the Cebu Factory and a decrease in loss due to the disaster at the Cebu Factory, despite a 615 million yen decrease in gain on step acquisitions.

Foreign exchange rates used for the nine months ended March 31, 2023:

- 137.51 yen per U.S. dollar (113.31 yen for the same period of the previous fiscal year, up 21.4%)
- 141.95 yen per euro (130.10 yen for the same period of the previous fiscal year, up 9.1%)
- 19.81 yen per Chinese yuan (17.69 yen for the same period of the previous fiscal year, up 12.0%)
- 3.87 yen per Thai baht (3.42 yen for the same period of the previous fiscal year, up 13.2%)

\* GSR sensor: a sensor that utilizes the phenomenon (GSR principle) that magnetization changes and induced voltage is generated by the skin effect when a GHz pulse is energized to a magnetic wire, enabling ultra-compact and ultra-sensitive compared to conventional magnetic sensors.

The operating results for each segment are outlined below.

#### <Medical Division>

In the Medical Division, net sales increased due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, and growth of market needs primarily in the overseas market.

In the domestic market, net sales decreased due to reductions of reimbursement prices and a decrease in OEM transactions, despite an increase in sales in the gastrointestinal field.

In the overseas market, net sales increased as the cardiovascular field performed very strongly in all regions, primarily for PCI guide wires and penetration catheters, and also in the non-cardiovascular field, strong results were observed in the entire field with a focus on OEM business, etc. in the U.S. and Asian regions.

As a result, net sales totaled 61,075 million yen (an increase of 22.3% year on year).

Segment profit amounted to 14,558 million yen (an increase of 30.0% year on year).

#### <Device Division>

In the Device Division, net sales significantly increased primarily for medical components, mainly due to growth of the market needs following a recovery from the impact of COVID-19 and weaker yen.

As for medical components, net sales remained flat in the domestic market. However, in the overseas market, net sales increased mainly due to increases in transactions of cardiovascular ultrasonic catheter components and cardiovascular inspection catheter components for the U.S. companies.

As for industrial components, net sales remained flat due to strong results for leisure-related transactions in the overseas market, despite a decrease in construction-related transactions in the domestic market.

As a result, net sales totaled 8,699 million yen (an increase of 29.1% year on year).

Segment profit amounted to 5,053 million yen (an increase of 33.2% year on year), due to an increase in external net sales and intersegment transactions.

### (2) Explanation of financial position

As of March 31, 2023, total assets amounted to 162,990 million yen, an increase of 7,863 million yen from the end of the previous fiscal year.

This was mainly due to increases of 2,515 million yen in cash and deposits, 1,083 million yen in merchandise and finished goods, and 3,901 million yen in other property, plant and equipment.

As for liabilities, total liabilities amounted to 32,993 million yen, a decrease of 1,003 million yen from the end of the previous fiscal year. This was mainly due to decreases of 237 million yen in notes and accounts payable – trade, 1,847 million yen in other current liabilities, and 273 million yen in long-term borrowings, despite an increase of 1,649 million yen in short-term borrowings.

As for net assets, total net assets amounted to 129,997 million yen, an increase of 8,866 million yen from the end of the previous fiscal year. This was mainly due to an increase of 8,728 million yen in retained earnings.

### (3) Explanation of forecasts including consolidated results forecast

Net sales, operating profit, ordinary profit, and profit attributable to owners of parent for the nine months ended March 31, 2023 achieved strong results compared to initial forecasts due to the weaker yen. However, the Company has not revised the consolidated results forecasts for the full year of the fiscal year ending June 30, 2023 from those announced on August 12, 2022, taking into consideration a combination of factors including the possibility of sales fluctuations due to inventory adjustments at distributors in China, Eastern Europe and other distributor sales areas, the expected increase in expenses such as inflation allowances in light of the importance of human capital investment, and the potential use of unused expenses in the fourth quarter of the fiscal year under review.

## 2. Quarterly consolidated financial statements and major notes

### (1) Quarterly consolidated balance sheet

(Million yen)

	Previous consolidated fiscal year (June 30, 2022)	Nine months under review (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	32,321	34,836
Notes and accounts receivable - trade	13,987	14,949
Electronically recorded monetary claims - operating	1,607	1,678
Securities	–	2,000
Merchandise and finished goods	7,294	8,378
Work in process	12,493	13,030
Raw materials and supplies	7,168	7,352
Other	4,933	5,197
Allowance for doubtful accounts	-196	-218
Total current assets	79,609	87,204
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,698	21,581
Other, net	23,863	27,764
Total property, plant and equipment	45,561	49,346
Intangible assets		
Goodwill	8,200	7,786
Other	11,157	10,300
Total intangible assets	19,358	18,087
Investments and other assets	10,598	8,352
Total non-current assets	75,517	75,786
Total assets	155,127	162,990

(Million yen)

	Previous consolidated fiscal year (June 30, 2022)	Nine months under review (March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,180	2,943
Electronically recorded obligations - operating	700	811
Short-term borrowings	5,815	7,465
Income taxes payable	2,927	1,947
Provision for bonuses	1,371	1,140
Other	6,766	4,918
<b>Total current liabilities</b>	<b>20,761</b>	<b>19,227</b>
Non-current liabilities		
Long-term borrowings	6,364	6,090
Provision for retirement benefits for directors (and other officers)	20	19
Retirement benefit liability	2,033	2,216
Other	4,816	5,439
<b>Total non-current liabilities</b>	<b>13,234</b>	<b>13,766</b>
<b>Total liabilities</b>	<b>33,996</b>	<b>32,993</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,860	18,860
Capital surplus	21,727	21,727
Retained earnings	69,018	77,746
Treasury shares	-7	-7
<b>Total shareholders' equity</b>	<b>109,599</b>	<b>118,327</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,872	1,927
Foreign currency translation adjustment	7,898	7,827
Remeasurements of defined benefit plans	89	89
<b>Total accumulated other comprehensive income</b>	<b>9,860</b>	<b>9,844</b>
Non-controlling interests	1,670	1,825
<b>Total net assets</b>	<b>121,130</b>	<b>129,997</b>
<b>Total liabilities and net assets</b>	<b>155,127</b>	<b>162,990</b>

## (2) Quarterly consolidated statements of income and comprehensive income

## Quarterly consolidated statement of income

For the nine months ended March 31

(Million yen)

	Previous nine month period (from July 1, 2021 to March 31, 2022)	Nine months under review (from July 1, 2022 to March 31, 2023)
Net sales	56,684	69,774
Cost of sales	18,990	23,488
Gross profit	37,694	46,286
Selling, general and administrative expenses	25,709	29,868
Operating profit	11,984	16,418
Non-operating income		
Interest income	13	21
Dividend income	30	36
Foreign exchange gains	872	–
Other	218	105
Total non-operating income	1,135	163
Non-operating expenses		
Interest expenses	101	187
Foreign exchange losses	–	311
Other	207	130
Total non-operating expenses	309	629
Ordinary profit	12,810	15,952
Extraordinary income		
Gain on step acquisitions	615	–
Disaster insurance income	–	305
Total extraordinary income	615	305
Extraordinary losses		
Loss on valuation of investment securities	125	186
Loss on disaster	477	–
Other	–	1
Total extraordinary losses	603	187
Profit before income taxes	12,823	16,070
Income taxes - current	3,363	3,714
Income taxes - deferred	490	245
Total income taxes	3,854	3,959
Profit	8,968	12,110
Profit attributable to non-controlling interests	107	125
Profit attributable to owners of parent	8,861	11,985

Quarterly consolidated statement of comprehensive income

For the nine months ended March 31

(Million yen)

	Previous nine month period (from July 1, 2021 to March 31, 2022)	Nine months under review (from July 1, 2022 to March 31, 2023)
Profit	8,968	12,110
Other comprehensive income		
Valuation difference on available-for-sale securities	255	55
Foreign currency translation adjustment	2,846	-71
Remeasurements of defined benefit plans, net of tax	11	-0
Total other comprehensive income	3,113	-16
Comprehensive income	12,082	12,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,975	11,949
Comprehensive income attributable to non-controlling interests	107	145

(3) Notes to quarterly consolidated financial statements  
(Note on entity's ability to continue as going concern)  
Not applicable.

(Changes in accounting policies)

(Application of US GAAP Accounting Standards Update (ASU) No. 2016-02 "Leases")

At certain overseas consolidated subsidiaries that use the US GAAP, the US GAAP Accounting Standards Update (ASU) No. 2016-02 "Leases" has been applied from the beginning of the first quarter of the fiscal year under review. As a result of this change, all leases are, in principle, recorded as assets or liabilities on the balance sheet for lease transactions in which these consolidated subsidiaries are the lessee. In applying this update, the Company has used the method in which it recognizes the cumulative effect of application as of the application commencement date as permitted by the transitional measures.

As a result, "other" under "property, plant and equipment," "other" under "current liabilities," and "other" under "non-current liabilities" as of March 31, 2023 increased by 362 million yen, 85 million yen, and 276 million yen, respectively.

The impact on profit for the nine months ended March 31, 2023 is immaterial.

(Additional information)

As for the impact of the spread of COVID-19, there has been no significant change from the details provided in additional information of the annual securities report for the previous fiscal year.

(Notes in the case of significant changes in amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. Nine months ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

1. Disclosure of sales and profit (loss) for each reportable segment

(Million yen)

	Reportable segment			Adjustments (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Medical Division	Device Division	Total		
Net sales					
Revenues from external customers	49,948	6,736	56,684	–	56,684
Transactions with other segments	–	10,294	10,294	-10,294	–
Total	49,948	17,031	66,979	-10,294	56,684
Segment profit	11,196	3,792	14,988	-3,004	11,984

- Notes:
1. The adjustment to segment profit of minus 3,004 million yen includes intersegment elimination and corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
  2. Segment profit is adjusted with the operating profit in the quarterly consolidated statement of income.

II. Nine months ended March 31, 2023 (from July 1, 2022 to March 31, 2023)

1. Disclosure of sales and profit (loss) for each reportable segment

(Million yen)

	Reportable segment			Adjustments (Note 1)	Per quarterly consolidated financial statements (Note 2)
	Medical Division	Device Division	Total		
Net sales					
Revenues from external customers	61,075	8,699	69,774	–	69,774
Transactions with other segments	–	11,273	11,273	-11,273	–
Total	61,075	19,972	81,047	-11,273	69,774
Segment profit	14,558	5,053	19,611	-3,193	16,418

- Notes:
1. The adjustment to segment profit of minus 3,193 million yen includes intersegment elimination and corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
  2. Segment profit is adjusted with the operating profit in the quarterly consolidated statement of income.

(Revenue recognition)

Disaggregation of revenue from contracts with customers

(1) Breakdown by type

Nine months ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Cardiovascular	37,579	–	37,579
Non-cardiovascular	8,181	–	8,181
OEM	4,186	–	4,186
Medical Components	–	3,437	3,437
Industrial Components	–	3,299	3,299
Total	49,948	6,736	56,684

Nine months ended March 31, 2023 (from July 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Cardiovascular	46,369	–	46,369
Non-cardiovascular	9,278	–	9,278
OEM	5,427	–	5,427
Medical Components	–	5,345	5,345
Industrial Components	–	3,353	3,353
Total	61,075	8,699	69,774

(2) Breakdown by region

Nine months ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Japan	10,856	2,303	13,159
North America	10,074	1,995	12,069
Europe	11,504	342	11,846
China	11,369	199	11,568
Others	6,143	1,896	8,039
Total	49,948	6,736	56,684

Nine months ended March 31, 2023 (from July 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Japan	10,120	2,127	12,247
North America	13,321	3,161	16,482
Europe	13,972	292	14,264
China	15,236	361	15,598
Others	8,425	2,756	11,182
Total	61,075	8,699	69,774

(Significant subsequent events)

Not applicable.