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Financial Results for Fiscal Year ended June 2017

August 10, 2017

**(Securities code: 7747 Second Section of the Tokyo Stock Exchange,
Second Section of the Nagoya Stock Exchange)**



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**1. Summary of Consolidated Financial Results for FYE
June 2017**

2. Earnings Forecast for FYE June 2018



FYE June 2017 Main Points-1

Net Sales 42,709 Mil. Yen <Year-on-year +8.1%>

~Net sales increase strongly mainly in overseas markets in Medical Division despite negative impacts of external factors (the exchange rate and reimbursement prices reductions)~

■ **Medical Division ~Sales increases due to the firm demands in both Japanese and overseas markets despite external factors**

◆ **Good progress in both cardiovascular and non-cardiovascular segments in Japanese and overseas markets except impacts of external factors**

Japan

- Volume increases of PTCA GW based on SION Series
- Considerable increases of Penetration Catheter “SASUKE” launched at the end of the previous fiscal year
- Volume increases of peripheral vascular, abdominal vascular, and neurovascular products in non-cardiovascular segments.
- Negative impacts of reimbursement prices reductions (-555 Mil. Yen)

Overseas

- Volume increases of PTCA GW and Penetration Catheter in cardiovascular segments
- Significant increase in Chinese market mainly due to the current change in sales strategy
- Significant increase of peripheral vascular products in the US and European market in non-cardiovascular segments
- Negative impacts of the exchange rate (-1,525 Mil. Yen)

■ **Device Division ~Good progress in both Medical and Industrial Components despite negative impacts of the exchange rate**

- ◆ In the Medical Components business, orders increased for catheter components for examination in Japanese market and components in overseas markets with good results
- ◆ In the Industrial Components business, orders increased for overseas automobiles market and Japanese construction market due to strong demand



FYE June 2017 Main Points-2

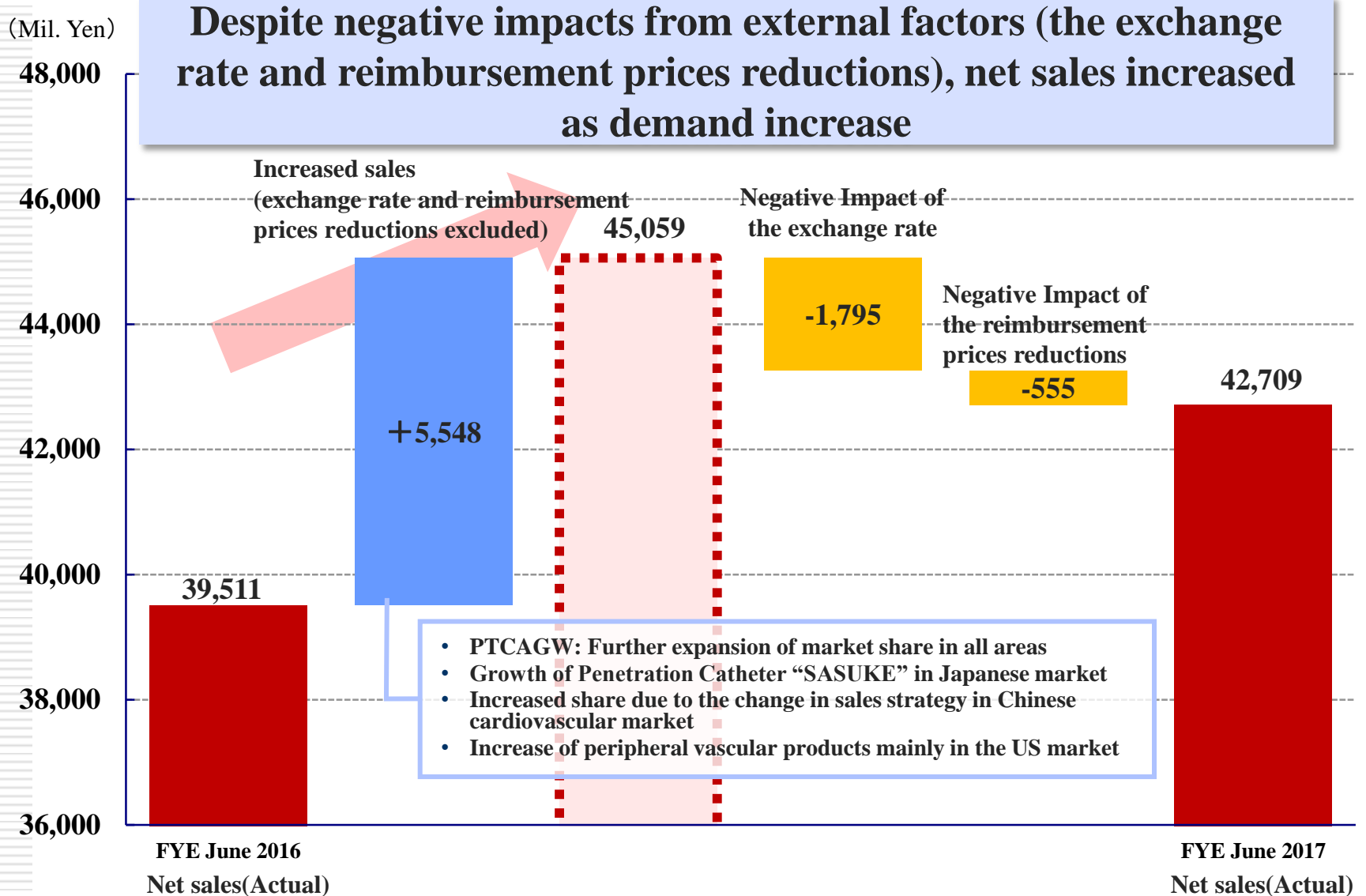
Although R&D expenses and sales related expenses increased, positive sales growth and increase of gross profit ratio contributed to profit performance

- **Gross profit 28,426 Mil. Yen < YoY +9.7% >**
 - Increased gross profit in proportion to sales increase
 - Increase of gross profit ratio due to strong orders and improved productivity, etc.
- **Operating income 10,795 Mil. Yen < YoY +7.9% >**
 - Increased R&D expenses (4,496Mil. Yen) (YoY +610 Mil. Yen, Sales ratio 10.5%)
 - Increased sales related expenses to strengthen sales and marketing activities in overseas markets
- **Ordinary income 10,941 Mil. Yen < YoY +14.9% >**
 - Increased currency exchange gain (YoY +216 Mil. Yen)
 - Decreased gain from sale of fixed asset (Selling the land of a subsidiary) (YoY -119 Mil. Yen)
- **Net income attributable to parent company shareholders 7,725 Mil. Yen < YoY +11.8% >**
 - Increase of loss on revaluation of investments in securities 146 Mil. Yen

Exchange rate (Unit: JPY)	US \$	BAHT	EURO	CNY
FYE June 2017	109.02	3.13	118.82	16.02
FYE June 2016	116.69	3.27	129.55	18.03



Attribution Analysis of Net Sales (Impact of the exchange rate and reimbursement prices reductions)





Highlights

	FYE June 2016		FYE June 2017						
	Amount (Mil. Yen)	Ratio (%)	Initial plan August 10, 2016	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	39,511	100.0	40,005	42,709	100.0	+3,198	+8.1	+2,704	+6.8
Gross profit	25,915	65.6	26,061	28,426	66.6	+2,510	+9.7	+2,364	+9.1
Operating income	10,002	25.3	10,053	10,795	25.3	+792	+7.9	+742	+7.4
Ordinary income	9,521	24.1	9,996	10,941	25.6	+1,420	+14.9	+944	+9.4
Net income attributable to parent company shareholders	6,907	17.5	6,928	7,725	18.1	+817	+11.8	+796	+11.5
EPS	109.24 yen	-	109.56 yen	121.71 yen	-	+12.47 yen	+11.4	+12.15 yen	+11.1



Net Sales by Segment Division

	FYE June 2016		FYE June 2017			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	31,091	78.7	34,001	79.6	+2,910	+9.4
Device	8,419	21.3	8,708	20.4	+288	+3.4
Total amount	39,511	100.0	42,709	100.0	+3,198	+8.1

(Reference)

Medical field	34,190	86.5	37,270	87.3	+3,079	+9.0
Industrial field	5,320	13.5	5,439	12.7	+118	+2.2

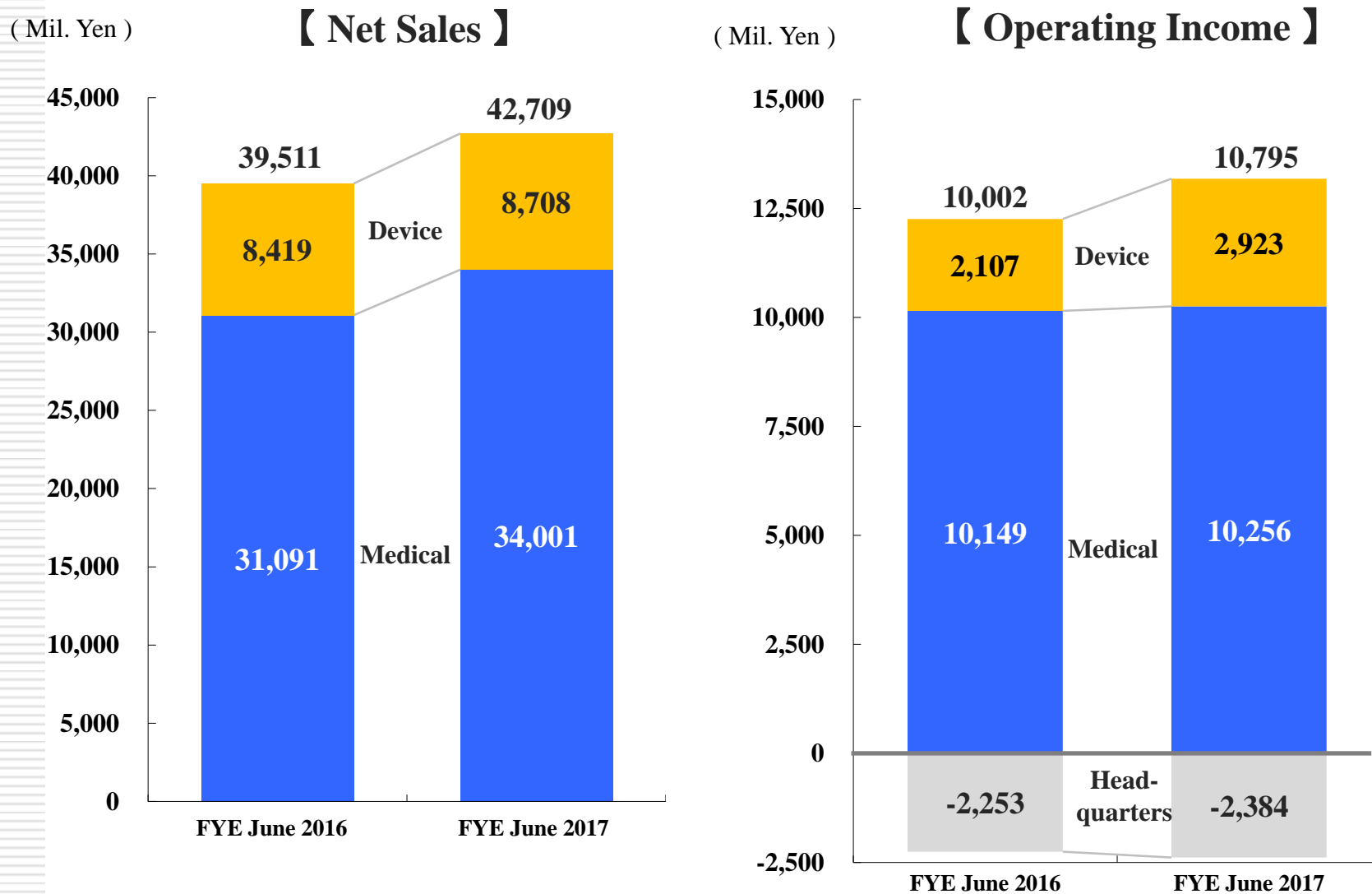


Operating Income by Segment Division

	FYE June 2016		FYE June 2017			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	10,149	82.8	10,256	77.8	+106	+1.1
Device	2,107	17.2	2,923	22.2	+816	+38.7
Subtotal	12,256	100.0	13,179	100.0	+923	+7.5
Erasing & Head Quarters	-2,253	-	-2,384	-	-130	+5.8
Total amount	10,002	-	10,795	-	+792	+7.9

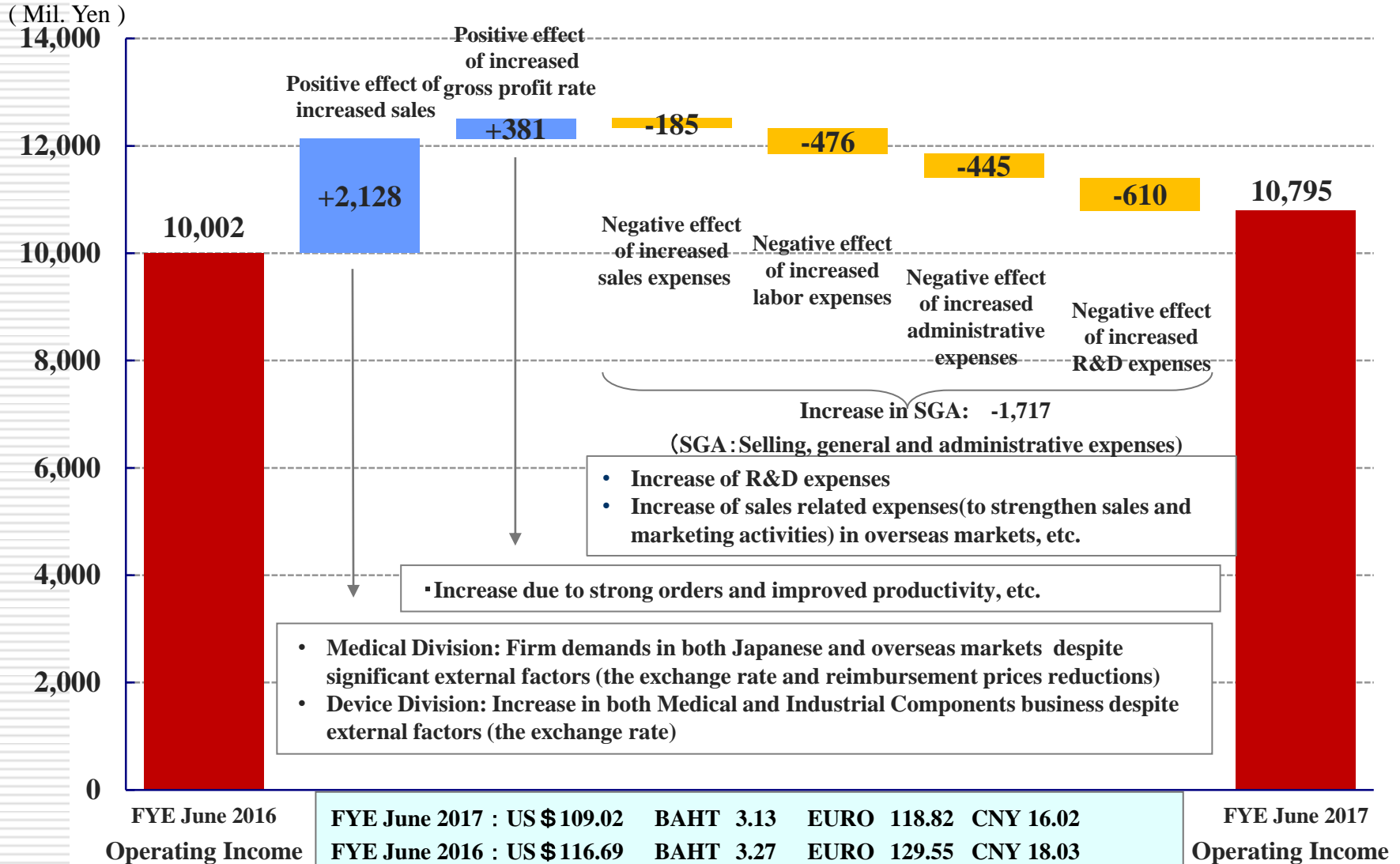


Earnings Performance by Segment Division





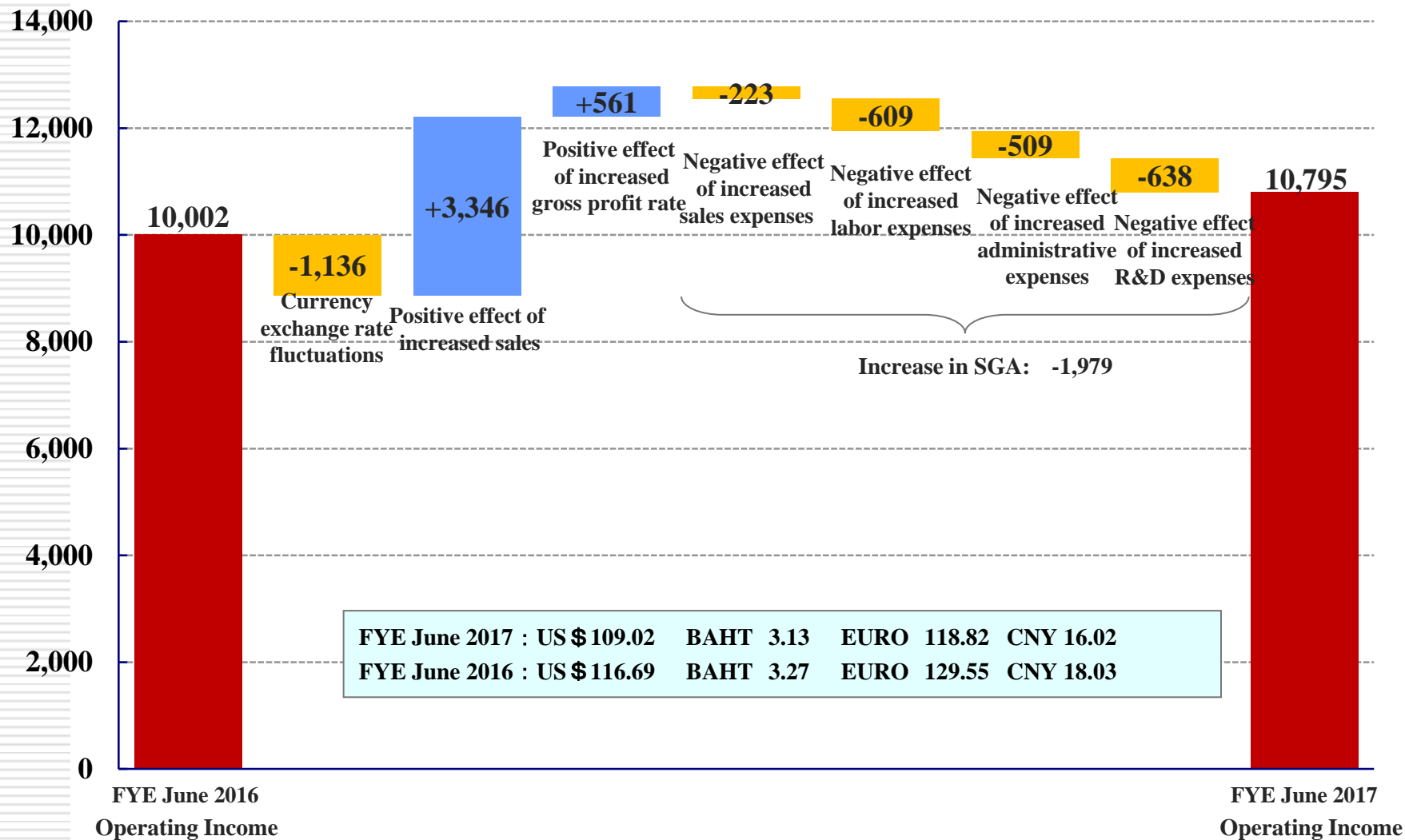
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)

(Mil. Yen)

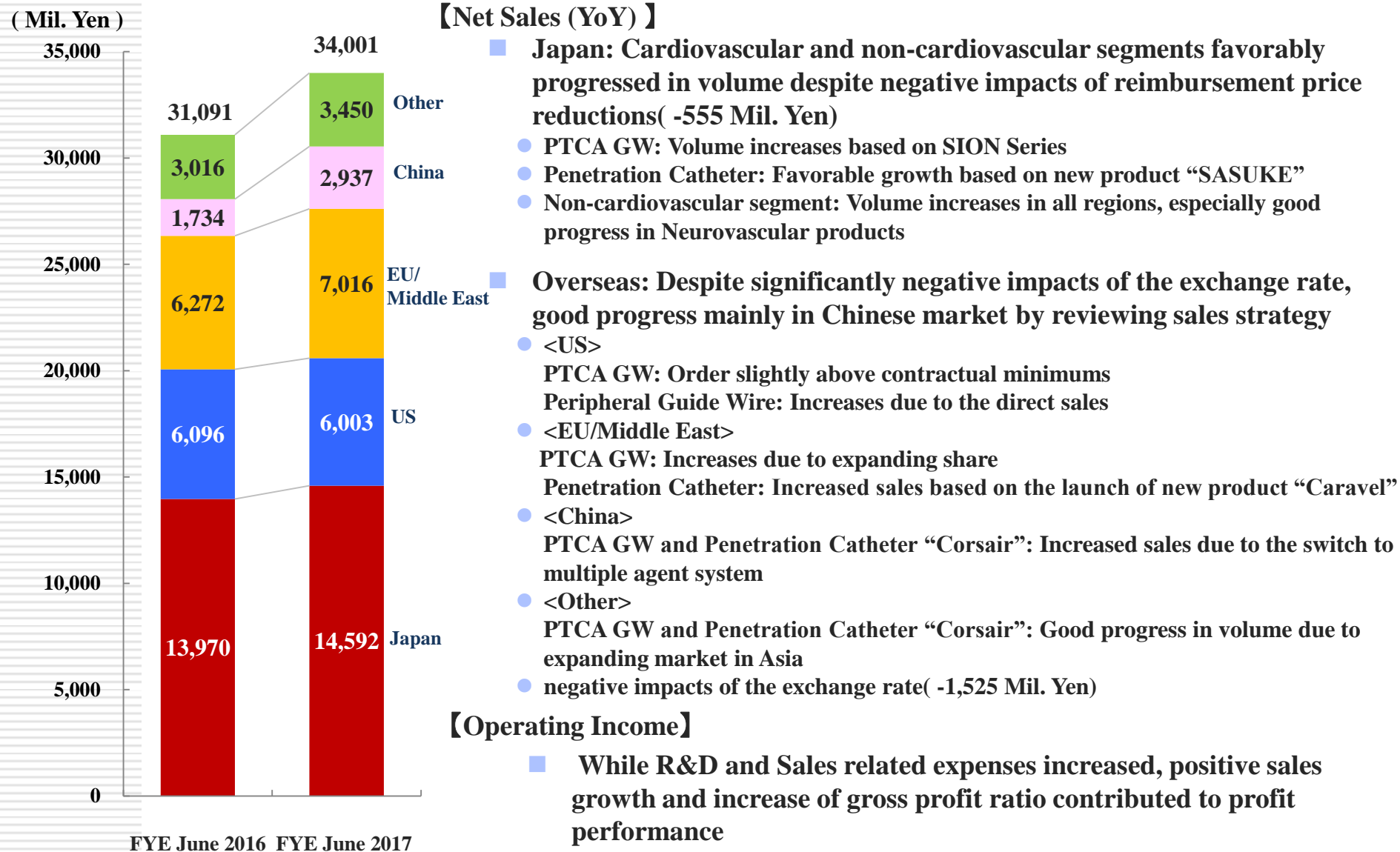




Situation Per Segment Division



Per Segment by Medical Division (by Geography - 1)





Per Segment by Medical Division (by Geography - 2)

		FYE June 2016	FYE June 2017	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	116.69	109.02	-7.67	-6.6
	EURO	129.55	118.82	-10.73	-8.3
	CNY	18.03	16.02	-2.01	-11.1
Net sales		31,091	34,001	+2,910	+9.4
Japan		13,970	14,592	+621	+4.5
Overseas		17,120	19,408	+2,288	+13.4
US		6,096	6,003	-93	-1.5
EU/Middle East		6,272	7,016	+744	+11.9
China		1,734	2,937	+1,203	+69.4
Other		3,016	3,450	+434	+14.4
Operating income		10,149	10,256	+106	+1.1

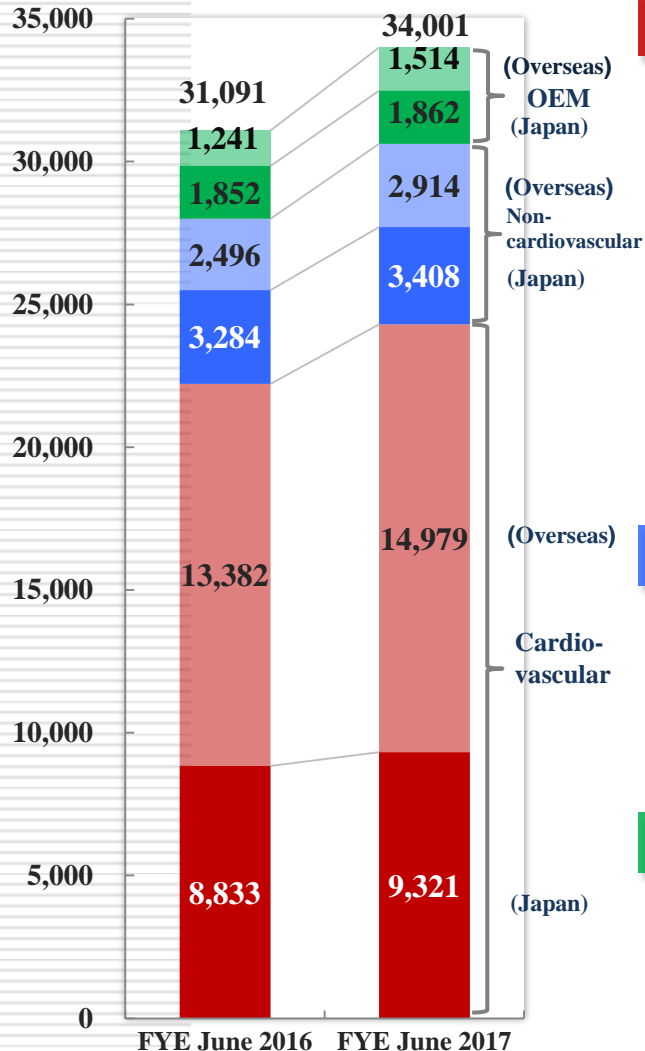
(Mil. Yen)



Per Segment by Medical Division (by Treatment - 1)

(Mil. Yen)

【Net Sales (YoY)】



Cardiovascular

- **Japan:** Sales increases due to new products impacts despite reimbursement price reductions
 - PTCA GW: Volume increases based on SION Series
 - Penetration Catheter: : Sales increased based on new product “SASUKE”
 - Negative impact of reimbursement prices reductions (-555 Mil. Yen)
- **Overseas:** PTCA GW and Penetration Catheter mainly showed good results
 - PTCA GW: Volume increases in all areas
 - Penetration Catheter : Volume increase mainly in China and EU/Middle East

Non-cardiovascular

- **Japan:** Volume increases in all regions, especially good progress in Neurovascular products
- **Overseas:** Increase of Peripheral Guide Wire in the US due to the direct sales

OEM

- **Japan:** Increase of Mini-Guide wire for examination in cardiovascular
- **Overseas:** : Increased supply of FFR guide wire for Boston Scientific (US)
Increased orders of Peripheral Guide wire for treatment



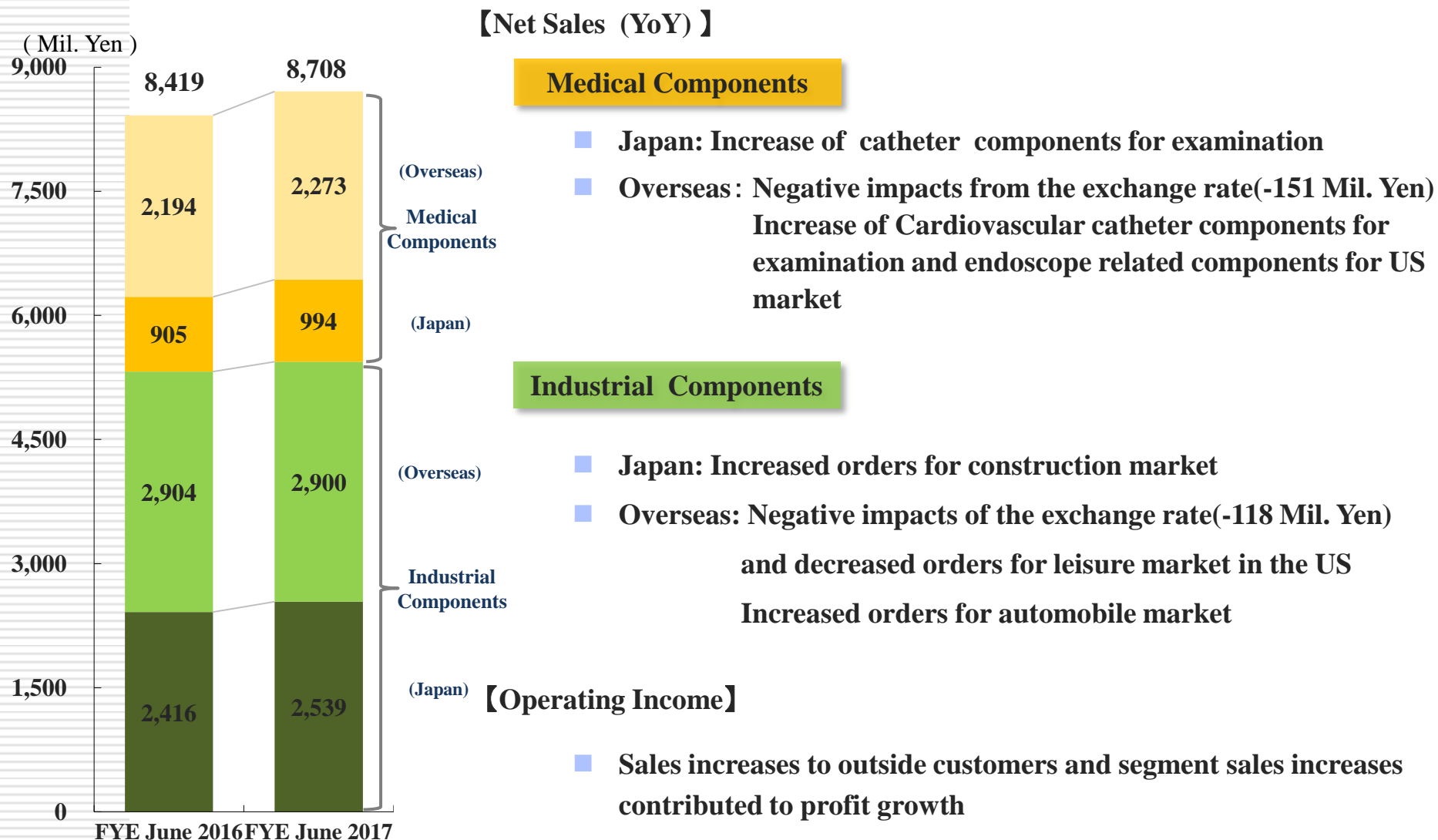
Per Segment by Medical Division (by Treatment - 2)

		FYE June 2016	FYE June 2017	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	116.69	109.02	-7.67	-6.6
	EURO	129.55	118.82	-10.73	-8.3
	CNY	18.03	16.02	-2.01	-11.1
Net sales		31,091	34,001	+2,910	+9.4
	Japan	13,970	14,592	+621	+4.5
	Overseas	17,120	19,408	+2,288	+13.4
Cardiovascular		22,216	24,301	+2,085	+9.4
	Japan	8,833	9,321	+488	+5.5
	Overseas	13,382	14,979	+1,597	+11.9
Non-cardiovascular		5,780	6,322	+542	+9.4
	Japan	3,284	3,408	+124	+3.8
	Overseas	2,496	2,914	+418	+16.8
OEM		3,094	3,376	+282	+9.1
	Japan	1,852	1,862	+9	+0.5
	Overseas	1,241	1,514	+272	+22.0

(Mil. Yen)



Per Segment by Device Division - 1





Per Segment by Device Division - 2

		FYE June 2016	FYE June 2017	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	116.69	109.02	-7.67	-6.6
Net sales		8,419	8,708	+288	+3.4
	Japan	3,321	3,534	+212	+6.4
	Overseas	5,098	5,174	+75	+1.5
Medical Components		3,099	3,268	+169	+5.5
	Japan	905	994	+89	+9.9
	Overseas	2,194	2,273	+79	+3.6
Industrial Components		5,320	5,439	+118	+2.2
	Japan	2,416	2,539	+122	+5.1
	Overseas	2,904	2,900	-3	-0.1
Operating income		2,107	2,923	+816	+38.7
(Reference) Segment Sales		1,986	2,699	+712	+35.9

(Mil. Yen)



Reference: P/L

	FYE June 2016		FYE June 2017			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	39,511	100.0	42,709	100.0	+3,198	Increase in Medical Division despite negative impacts of external factors (the exchange rate and reimbursement prices)
Cost of sales	13,595	34.4	14,283	33.4	+688	
Gross profit	25,915	65.6	28,426	66.6	+2,510	Increase due to strong orders and improved productivity, etc.
SGA	15,913	40.3	17,630	41.3	+1,717	Increased R&D and Sales Related expenses
Operating income	10,002	25.3	10,795	25.3	+792	
Non-operating income	217	0.6	356	0.8	+138	Increased currency exchange gain , decreased gain from sale of fixed asset
Non-operating expense	699	1.8	209	0.5	-489	Decreased currency exchange loss
Ordinary income	9,521	24.1	10,941	25.6	+1,420	
Extraordinary gain	0	0.0	0	0.0	0	
Extraordinary loss	309	0.8	152	0.4	-156	Loss on revaluation of investments in securities
Net income attributable to parent company shareholders	6,907	17.5	7,725	18.1	+817	
Comprehensive income	4,126	10.4	9,490	22.2	+5,364	Foreign currency translation adjustment increased +4,297 Mil. Yen

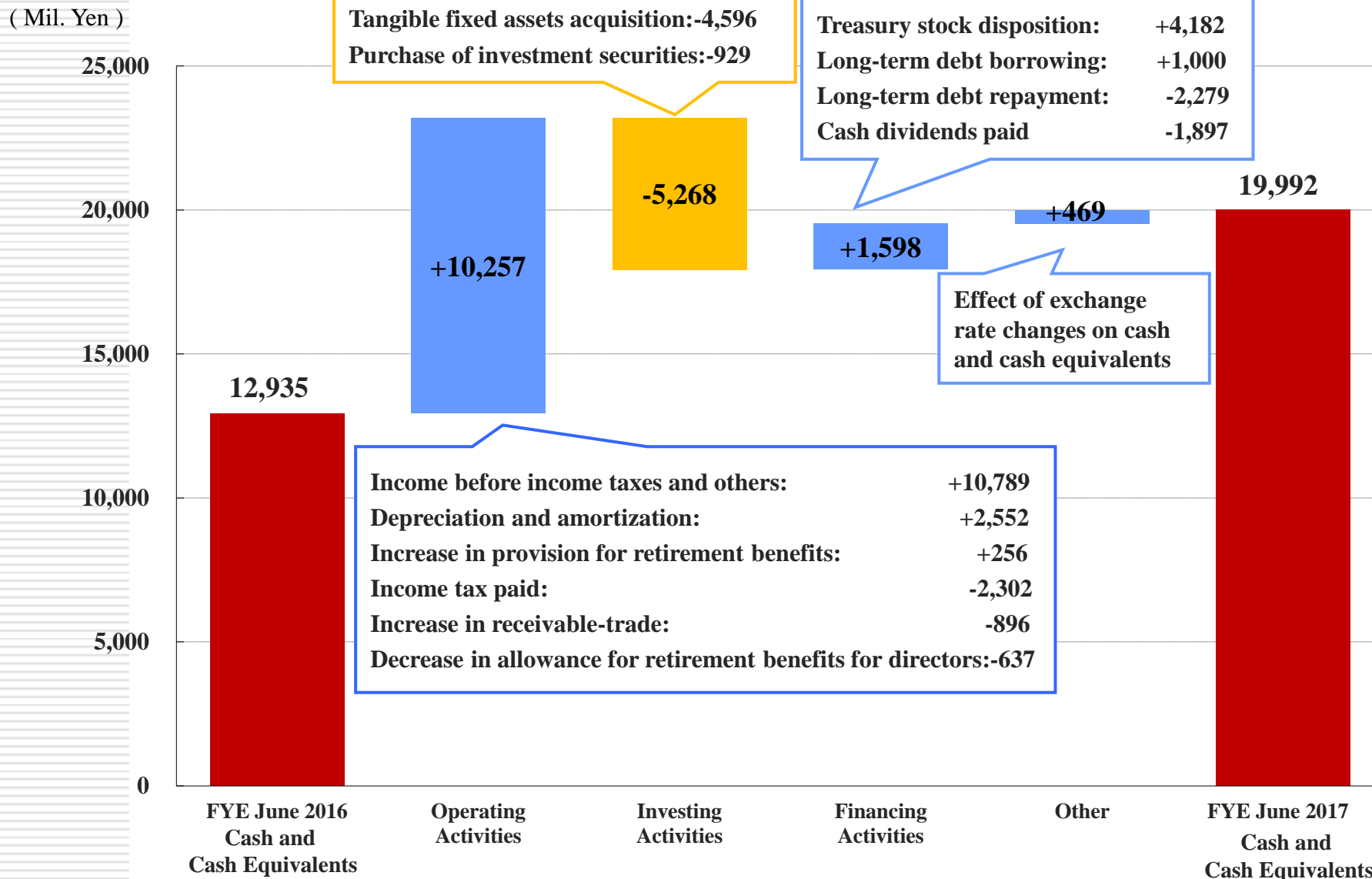


Reference: B/S

		FYE June 2016		FYE June 2017			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	30,351	60.4	39,718	62.8	+9,366	Cash and deposit: +7,056 Receivable-trade: +1,228 Inventory assets: +694
	Fixed assets	19,934	39.6	23,528	37.2	+3,593	Tangible fixed assets: +3,090
Total assets		50,286	100.0	63,246	100.0	+12,960	
Liabilities	Current liabilities	9,377	18.6	12,285	19.4	+2,907	Short-term debt: +1,675 Accrued corporation tax +460 Other current liability +480
	Fixed liabilities	8,645	17.2	6,302	10.0	-2,342	Long-term debt: -2,883
Total liabilities		18,022	35.8	18,587	29.4	+564	
Total net assets		32,263	64.2	44,659	70.6	+12,395	Retained earnings: +5,828 Treasury stock: +3,000 Foreign currency translation adjustment: +1,569 Capital surplus : +1,497
Total liabilities & net assets		50,286	100.0	63,246	100.0	+12,960	



Reference: C/F





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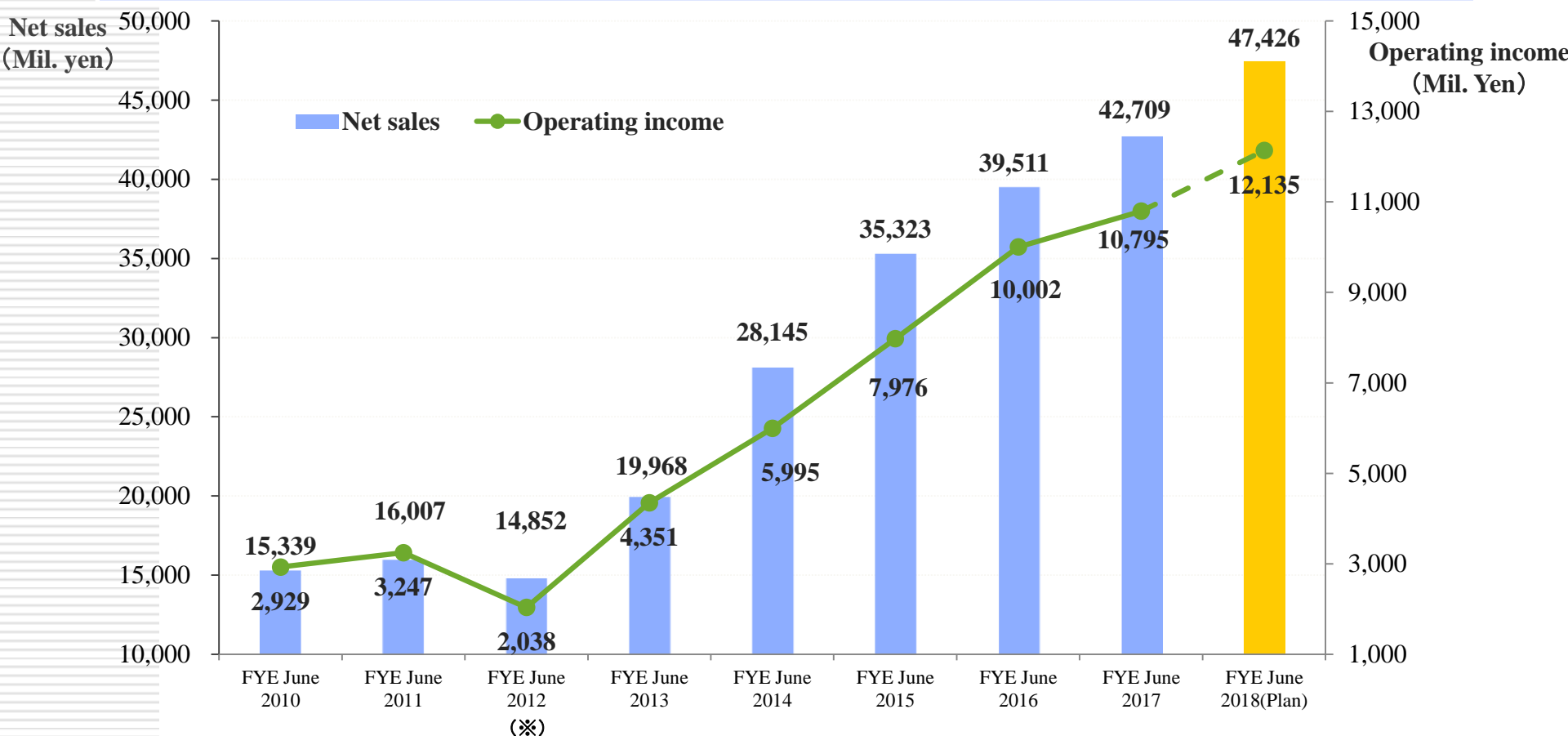
**1. Summary of Consolidated Financial Results for FYE
June 2017**

2. Earnings Forecast for FYE June 2018



Mid-Term Management Plan: Profit Goals to FYE June 2018

Although we make aggressive upfront investment, we expect double-digit growth in both net sales and operating income



(※)In FYE June 2012, a temporary decrease of sales and profit occurred due to reduced production. The reason for such was that our main factory of our consolidated subsidiary company, Asahi Intecc Thailand was forced to suspend operations temporarily when flooding hit Thailand at that time.



Vision for FYE June 2018

We expect double-digit growth in operating income due to continuous growth of main products PTCA GW and Penetration Catheter on a global scale despite increase of overseas sales expenses

■ Net sales is forecasted to be 47,426 Mil. Yen (YoY +11.0%) as demand continues to increase

Increased factors

- PTCA GW : Further expansion of market share in all areas.
- New product in Japanese market launched in the previous fiscal period : Aggressive sales activity of PTCA Balloon Catheters “NC Kamui”
- Penetration Catheter: Increases in all areas
- The cardiovascular products in the Chinese market will increase further as the transition to multiple agent systems is strengthened

Decreased factors

- Negative impacts of reimbursement price reductions(-356 Mil. Yen)

■ Operating profit will increase as sales increase despite additional expenses centering on US sales functions

- Gross profit ratio decreases slightly as the Cebu Medical plant starts to operate
- Operating income 12,135 Mil. Yen (YoY+12.4 %)
 - Increased R&D expenses (YoY+ 353 Mil. Yen, Sales ratio 10.2 %)
 - Increased personnel and related expenses to strengthen overseas sales and marketing activities mainly in US markets

● Ordinary income 12,170 Mil. Yen (YoY+11.2%)

● Net income attributable to parent company shareholders 8,599 Mil. Yen (YoY+11.3 %)

Assumed Exchange Rate	(Unit : JPY)	
FYE June 2018 (Plan)	US \$ 110.00	BAHT 3.50
	EURO 127.00	CNY 16.00
FYE June 2017	US \$ 109.02	BAHT 3.13
	EURO 118.82	CNY 16.02

Effect of exchange rate on operating income (Main currency)

US \$ (+ 1 yen influence) : approx. 104 Mil. Yen Increase
 BAHT(+0.1 yen influence) : approx. 168 Mil. Yen Decrease
 EURO (+ 1 yen influence) : approx. 50 Mil. Yen Increase
 CNY (+ 1 yen influence) : approx. 114 Mil. Yen Increase



Earnings Forecast for FYE June 2018

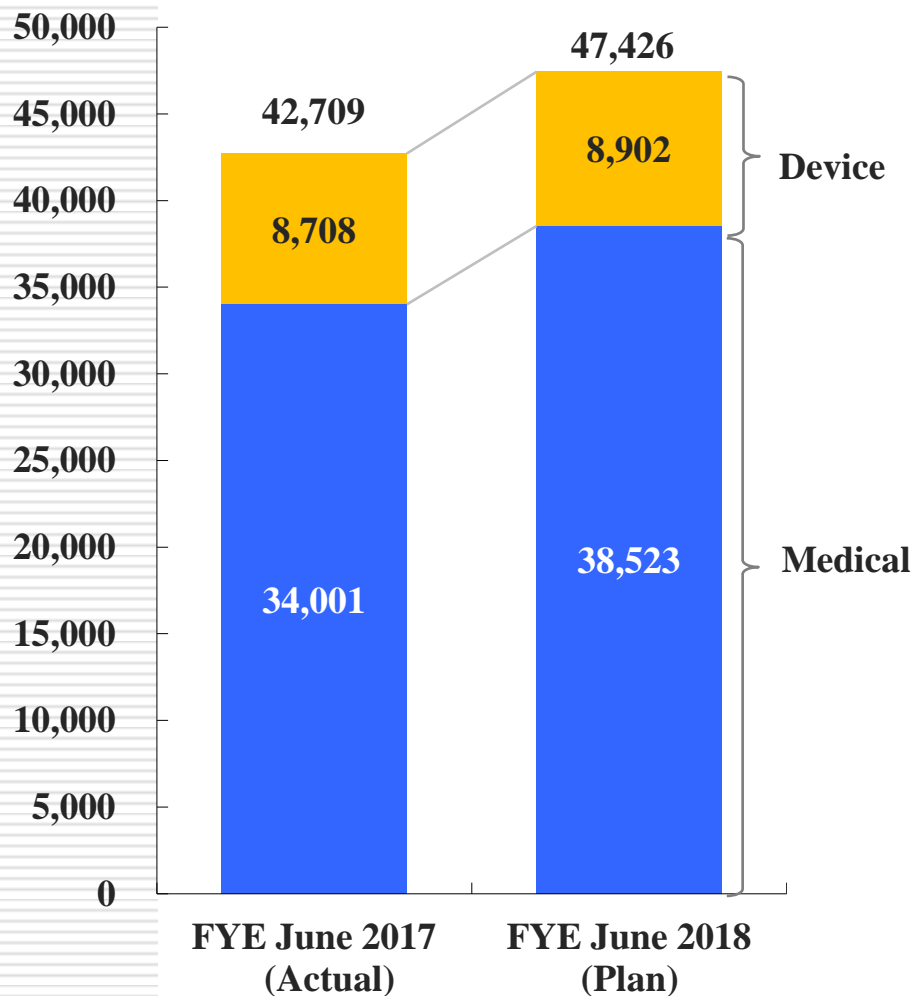
	FYE June 2017 (Actual)		FYE June 2018 (Plan)			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)
Net sales	42,709	100.0	47,426	100.0	+4,716	+11.0
Gross profit	28,426	66.6	31,402	66.2	+2,976	+10.5
Operating income	10,795	25.3	12,135	25.6	+1,340	+12.4
Ordinary income	10,941	25.6	12,170	25.7	+1,228	+11.2
Net income attributable to parent company shareholders	7,725	18.1	8,599	18.1	+874	+11.3
EPS	121.71 yen	-	133.36 yen	-	+11.65 yen	+9.6



Earnings Forecast by Segment Division

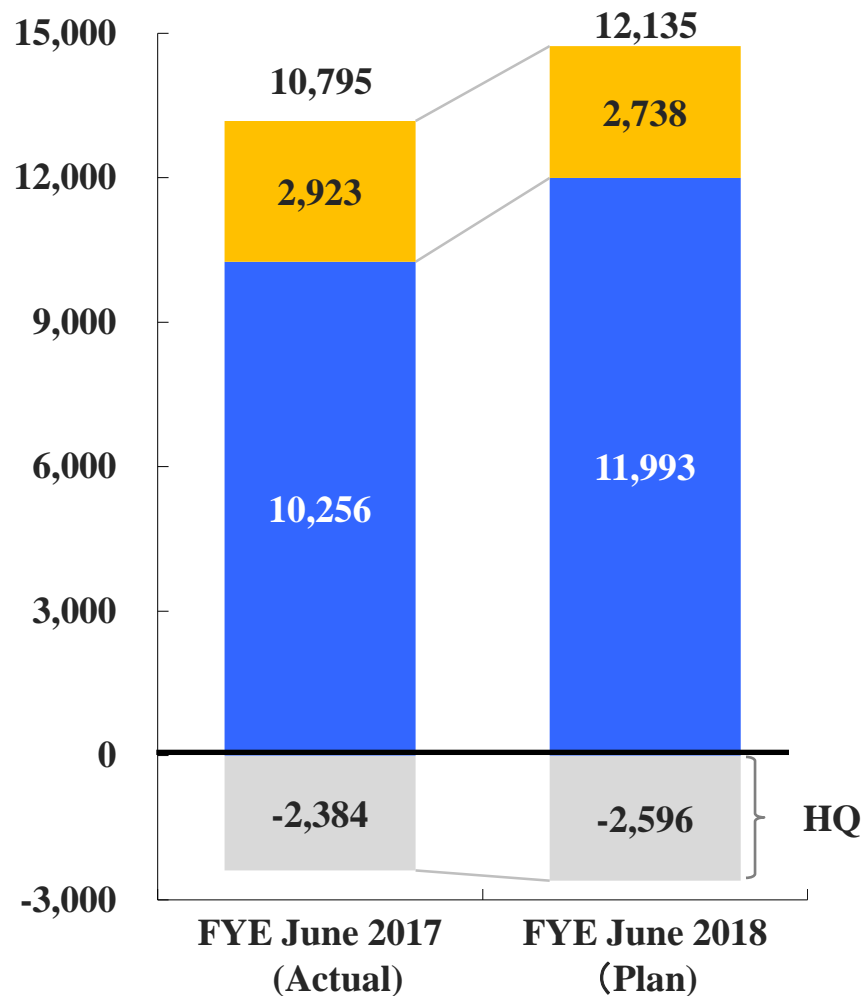
(Mil. Yen)

【 Net Sales 】



(Mil. Yen)

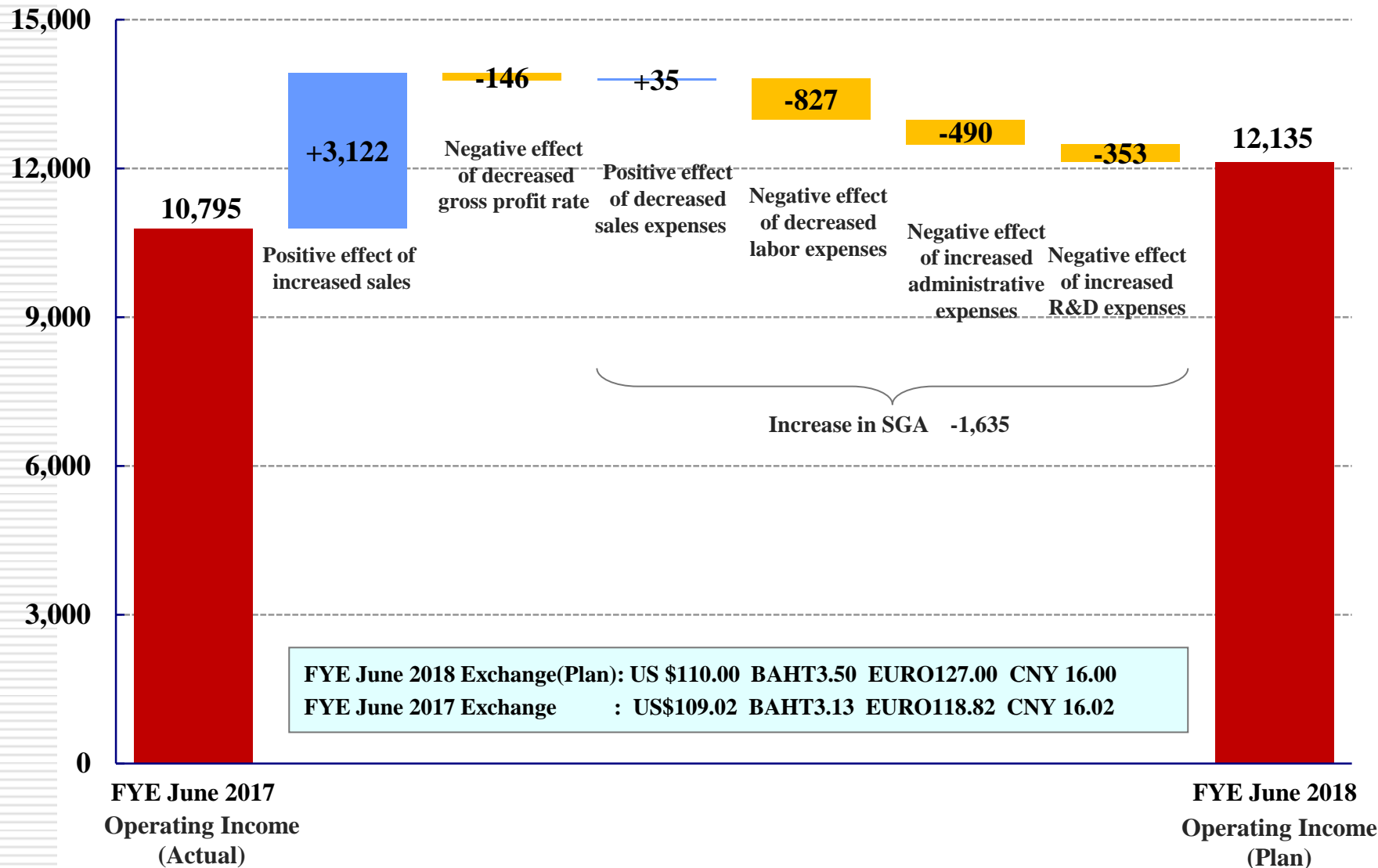
【 Operating Income 】





Attribution Analysis of Operating Income (Exchange Rate Fluctuations Included)

(Mil. Yen)

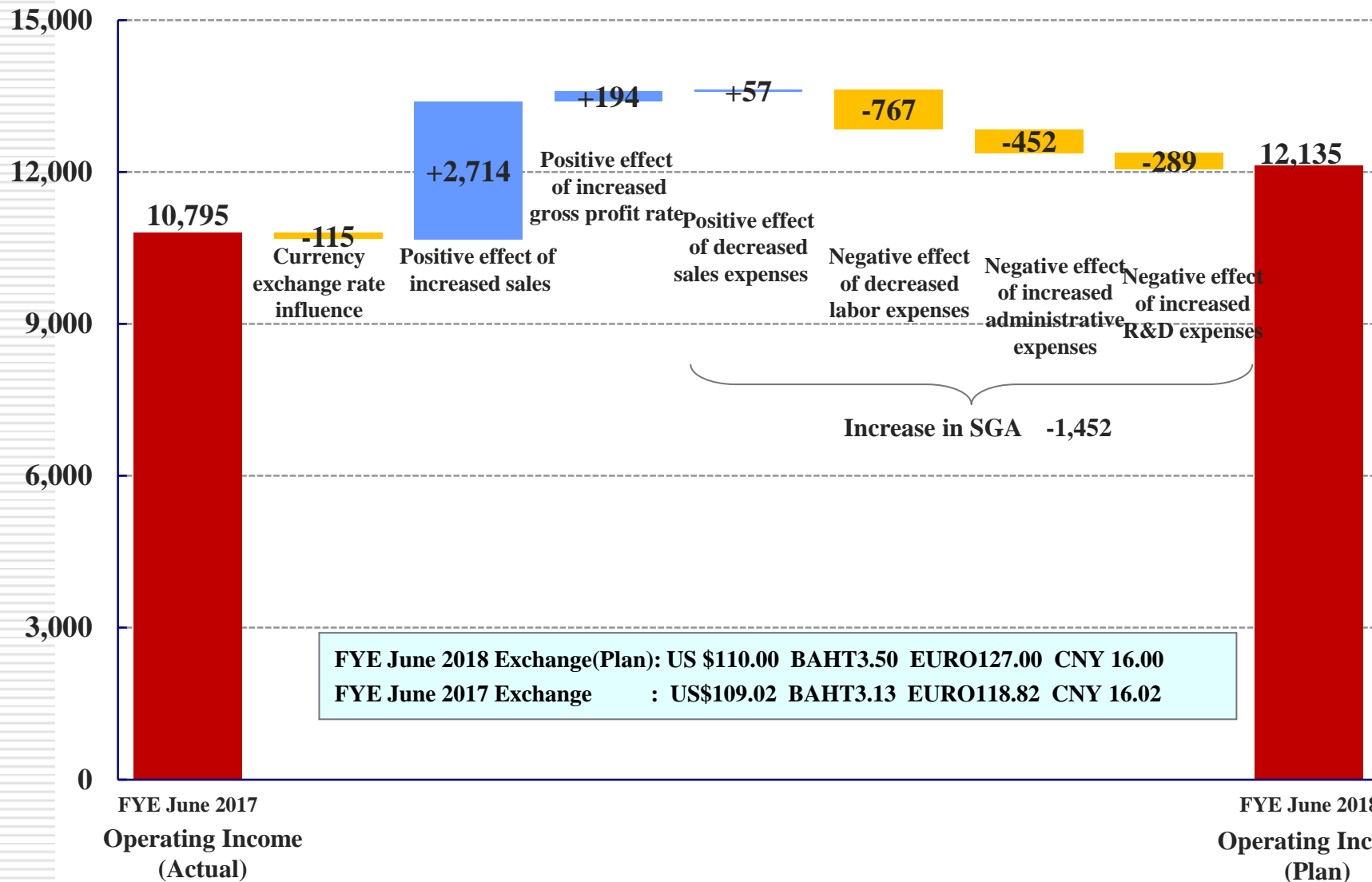


FYE June 2018 Exchange(Plan): US \$110.00 BAHT3.50 EURO127.00 CNY 16.00
 FYE June 2017 Exchange : US\$109.02 BAHT3.13 EURO118.82 CNY 16.02



Attribution Analysis of Operating Income (Exchange Rate Fluctuations Excluded)

(Mil. Yen)



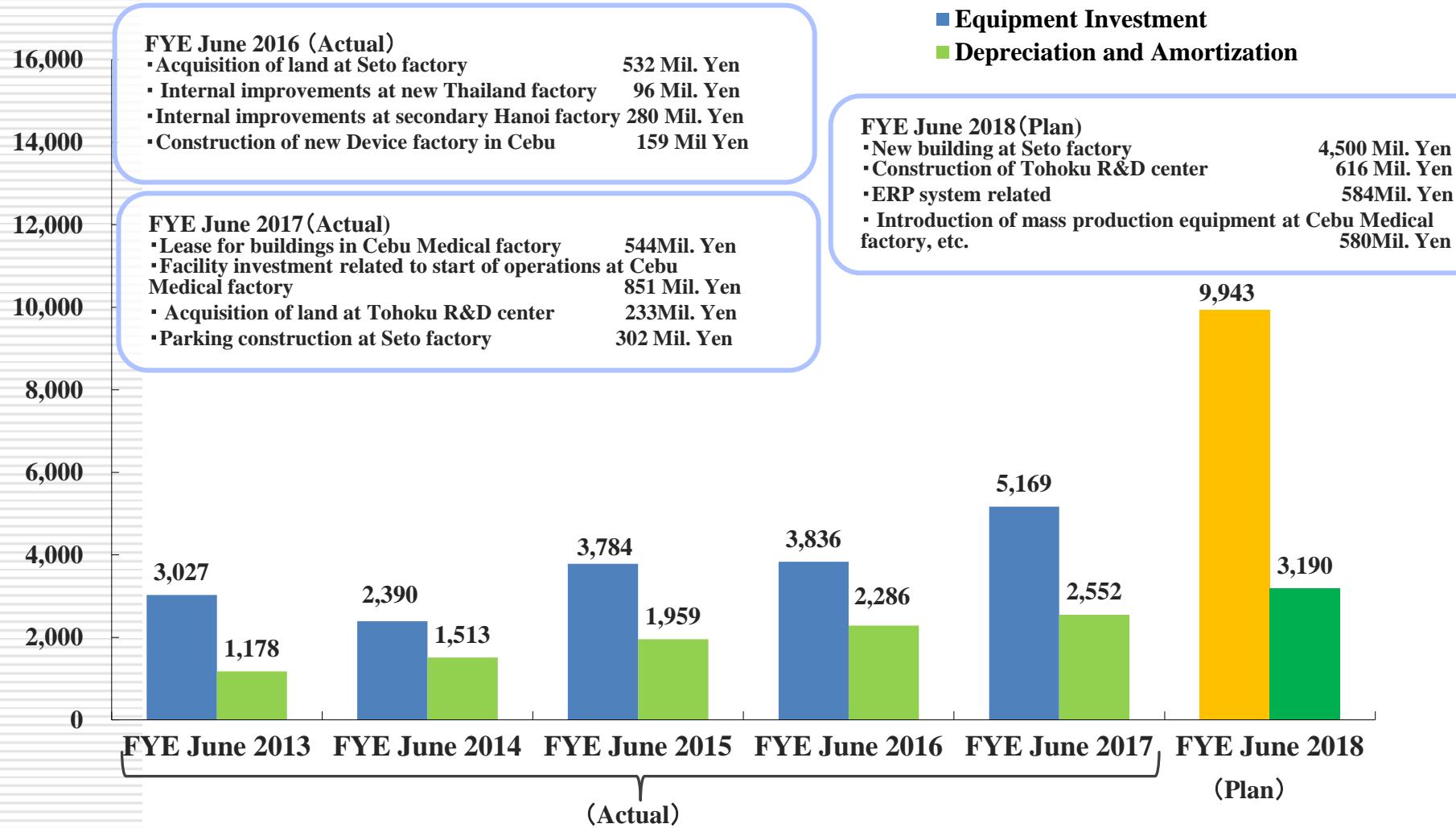
FYE June 2018 Exchange(Plan): US \$110.00 BAHT3.50 EURO127.00 CNY 16.00
 FYE June 2017 Exchange : US\$109.02 BAHT3.13 EURO118.82 CNY 16.02



Equipment Installation Actual and Plan

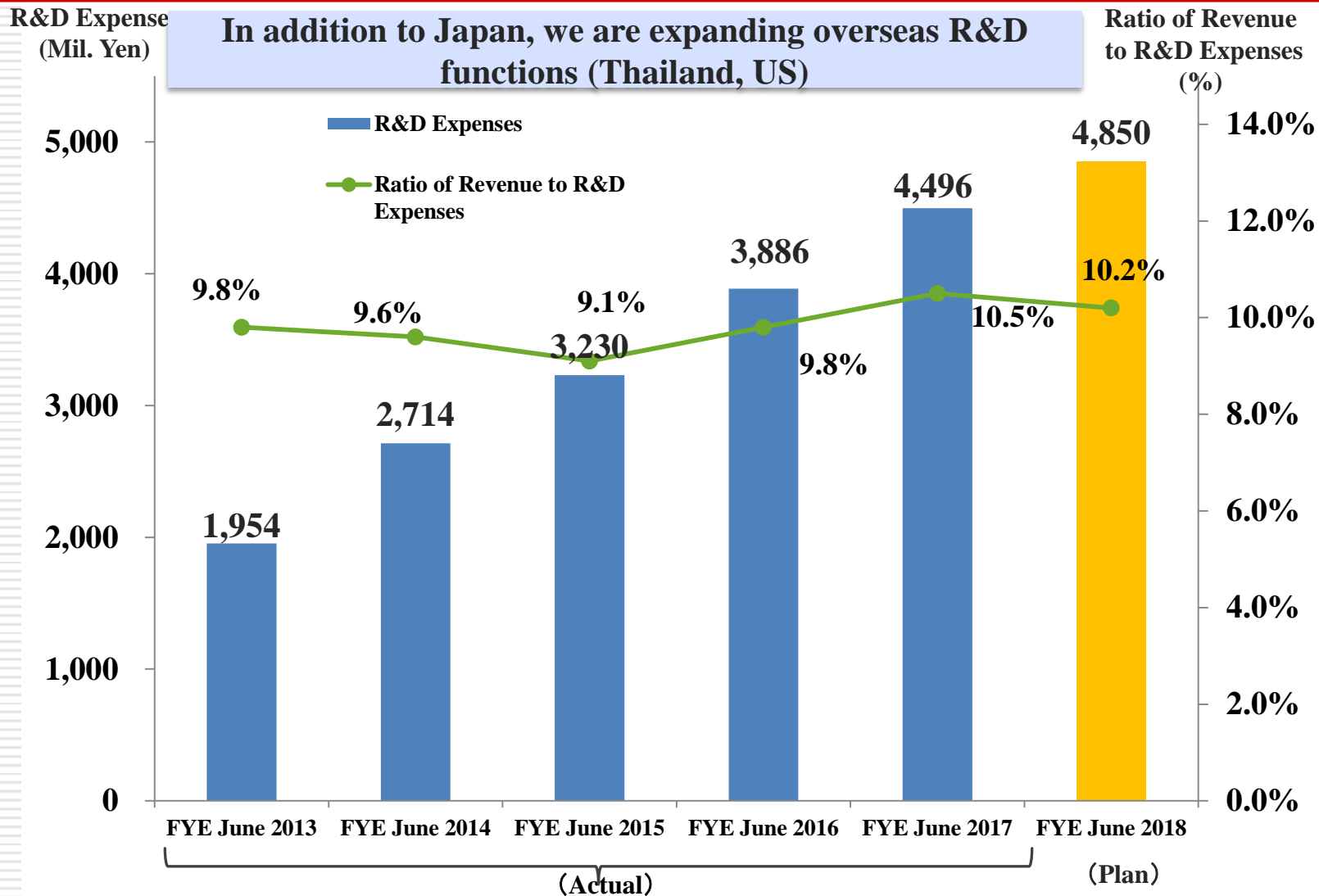
Increase mainly based on construction of new building for research and development, Tohoku R & D center, and extension work in overseas factories

(Mil. Yen)





R&D Expenses





Caution Regarding Information Presented

All forward looking statements contained herein, including sales forecasts, outlooks, and strategic plans, are based on the best currently available data; however, risk and uncertainty are involved in these statements. Please note that actual results may differ greatly from plans presented here.

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