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# **Financial Results of the 3<sup>rd</sup> Quarter for Fiscal Year ending June 2020**

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**May 15, 2020**

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



# Contents

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**1. Summary of Consolidated Financial Results of Q3  
for FYE June 2020**

**2. Earnings Forecast for FYE June 2020**



# FYE June 2020 Q3 YTD Main Points-1

**Revenue 45,407 Mil. Yen <Year-on-year +6.2%>**

**~ Despite external factors (Reimbursement price reduction, exchange rate fluctuation and impact of COVID-19), secure increased sales with favorable progress centering on foreign revenue in Medical Division ~**

## ■ Medical Division ~ Increase with strong performance mainly in foreign demands~

Japan

- The number of cases tended to decrease slightly compared to the same period of the previous year (Remained at the same level compared to the previous second half due to bottoming-out)
- PTCA GW remained at the same level due to decrease in number of cases
- Neurovascular field favorably progressed due to launch of new product Balloon guide catheter “Branchor” in addition to increase of guide wires
- Reimbursement price reduction accompanying consumption tax revision (October) (-317 Mil. yen)

Overseas

- The impact of COVID-19 is mainly in China and is gradually expanding in other regions such as the United States.
- PTCA GW favorably progressed centering on US
- Expansion of PTCA Guiding Catheters “Hyperion” due to inventory replenishment to distributors in Chinese market
- Non-Cardiovascular segment increased in Abdominal and Peripheral vascular field
- Influence of the exchange rate fluctuation (-1,079 Mil. yen)

## ■ Device Division ~ Despite decrease in Industrial Components business, increase due to good progress of Medical Components business ~

- ◆ In Medical Components business, good progress in Cardiovascular examination catheter components and Abdominal vascular catheter components in US market
- ◆ In Industrial Components business, decrease in business for the automobile market for overseas, despite increase in business related to the office automation and construction market for Japan



## FYE June 2020 Q3 YTD Main Points-2

Despite increase in gross profit,  
operating income decreased due to increase in sales and R&D related expenses

- **Gross profit 31,068 Mil. Yen < YoY +2.9% >**
  - Increase in gross profit due to revenue increase.
  - Decrease in gross profit ratio due to exchange rate fluctuation, impact of COVID-19 and fixed cost increase, etc.
- **Operating income :12,366 Mil. Yen < YoY -4.3% >**
  - Increase in expenses to strengthen sales and marketing activities such as US and Chinese market
  - Increase in R&D expenses (4,692 Mil. Yen, YoY +505 Mil. Yen, Ratio of Revenue 10.3%)
  - Increase in personnel expenses for strengthening organizational structure
- **Ordinary income : 12,381 Mil. Yen < YoY -4.0% >**
  - Decrease in currency exchange loss (YoY -60 Mil. Yen)
- **Net income attributable to parent company shareholders : 9,278 Mil. Yen < YoY -6.6% >**
  - Decrease in gain on step acquisitions (400 Mil. Yen)
  - Recording of subsidy for new office building (959 Mil. Yen)
  - Occurrence of operating compensation (239 Mil. Yen)

Exchange rate (Unit: JPY)	US \$	EURO	CNY	BAHT
FYE June 2020 Q3 YTD	108.37	119.96	15.45	3.53
FYE June 2019 Q3 YTD	111.58	127.93	16.34	3.44



# Highlights

	FYE June 2019 Q3 YTD		FYE June 2020 Q3 YTD				(Reference) At the same exchange rate as the previous year			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY		Amount (Mil. Yen)	Ratio (%)		
					Changes (Mil. Yen)	Changes (%)			Changes (Mil. Yen)	Changes (%)
Net sales	42,764	100.0	45,407	100.0	+2,642	+6.2	46,587	100.0	+3,822	+8.9
Gross profit	30,189	70.6	31,068	68.4	+878	+2.9	32,331	69.4	+2,141	+7.1
Operating income	12,919	30.2	12,366	27.2	-553	-4.3	13,506	29.0	+586	+4.5
Ordinary income	12,897	30.2	12,381	27.3	-516	-4.0	13,521	29.0	+623	+4.8
Net income attributable to parent company shareholders	9,934	23.2	9,278	20.4	-655	-6.6	10,418	22.4	+484	+4.9
EPS *	38.29 yen	-	35.64 yen	-	-2.65 yen	-6.9	40.02 yen	-	+1.73 yen	+4.5

\* : As of July 1<sup>st</sup>, 2019, 2-for-1 stock was implemented. As such, for EPS, figures after the share splits are shown in assuming splits of shares at the beginning of previous fiscal year.



# Net Revenue by Segment

	FYE June 2019 Q3 YTD		FYE June 2020 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	36,144	84.5	38,583	85.0	+2,438	+6.7
Device	6,619	15.5	6,824	15.0	+204	+3.1
<b>Total amount</b>	<b>42,764</b>	<b>100.0</b>	<b>45,407</b>	<b>100.0</b>	<b>+2,642</b>	<b>+6.2</b>

(Reference)

Medical field	38,784	90.7	41,730	91.9	+2,945	+7.6
Industrial field	3,980	9.3	3,676	8.1	-303	-7.6



# Operating Income by Segment

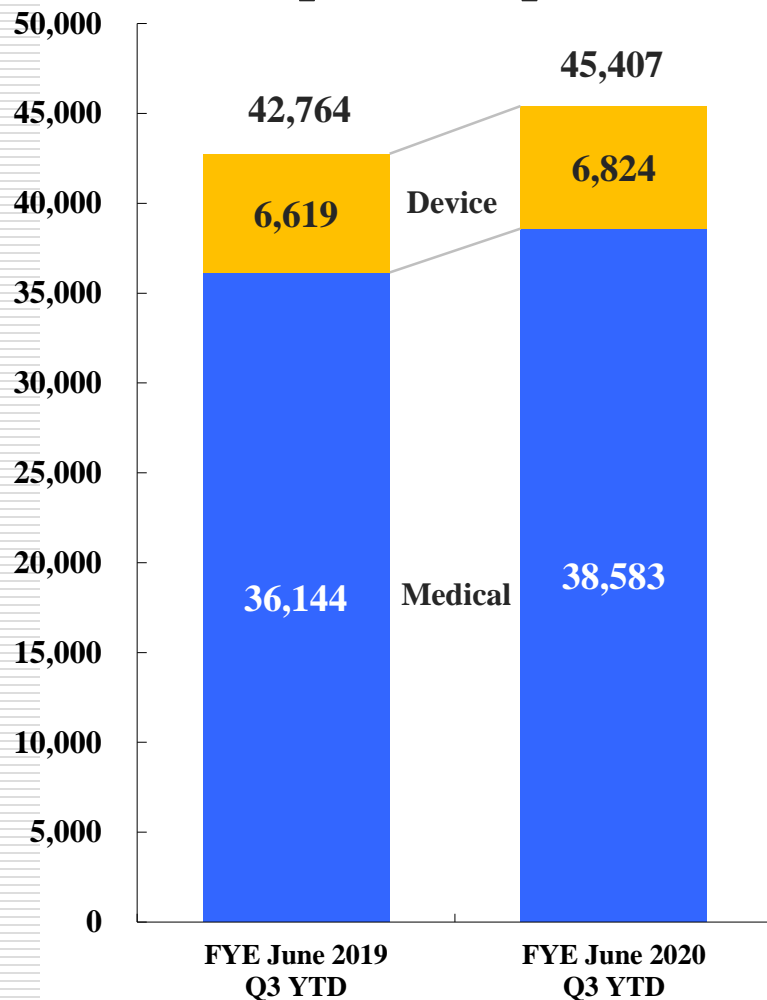
	FYE June 2019 Q3 YTD		FYE June 2020 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	12,907	84.9	12,071	81.7	-835	-6.5
Device	2,303	15.1	2,706	18.3	+402	+17.5
Subtotal	15,210	100.0	14,778	100.0	-432	-2.8
Erasing & Head Quarters	-2,291	-	-2,411	-	-120	+5.3
Total amount	12,919	-	12,366	-	-553	-4.3
(Reference) Device Division Segment Revenue	2,646	-	3,194	-	+548	+20.7



# Earnings Performance by Segment

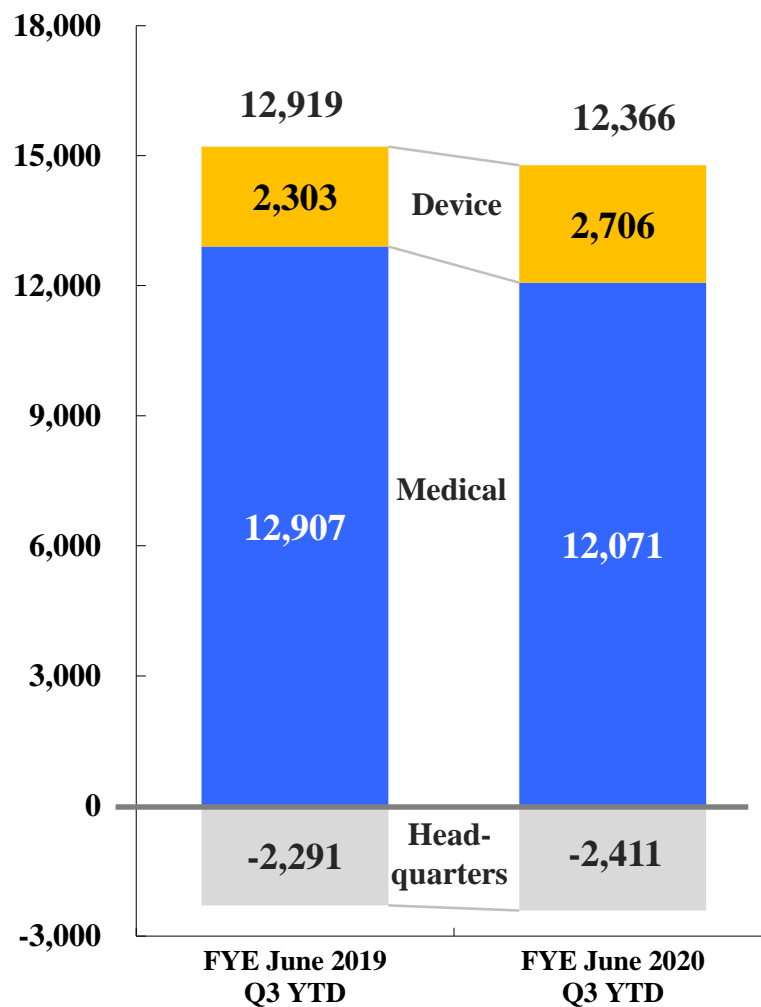
(Mil. Yen)

## 【 Revenue 】



(Mil. Yen)

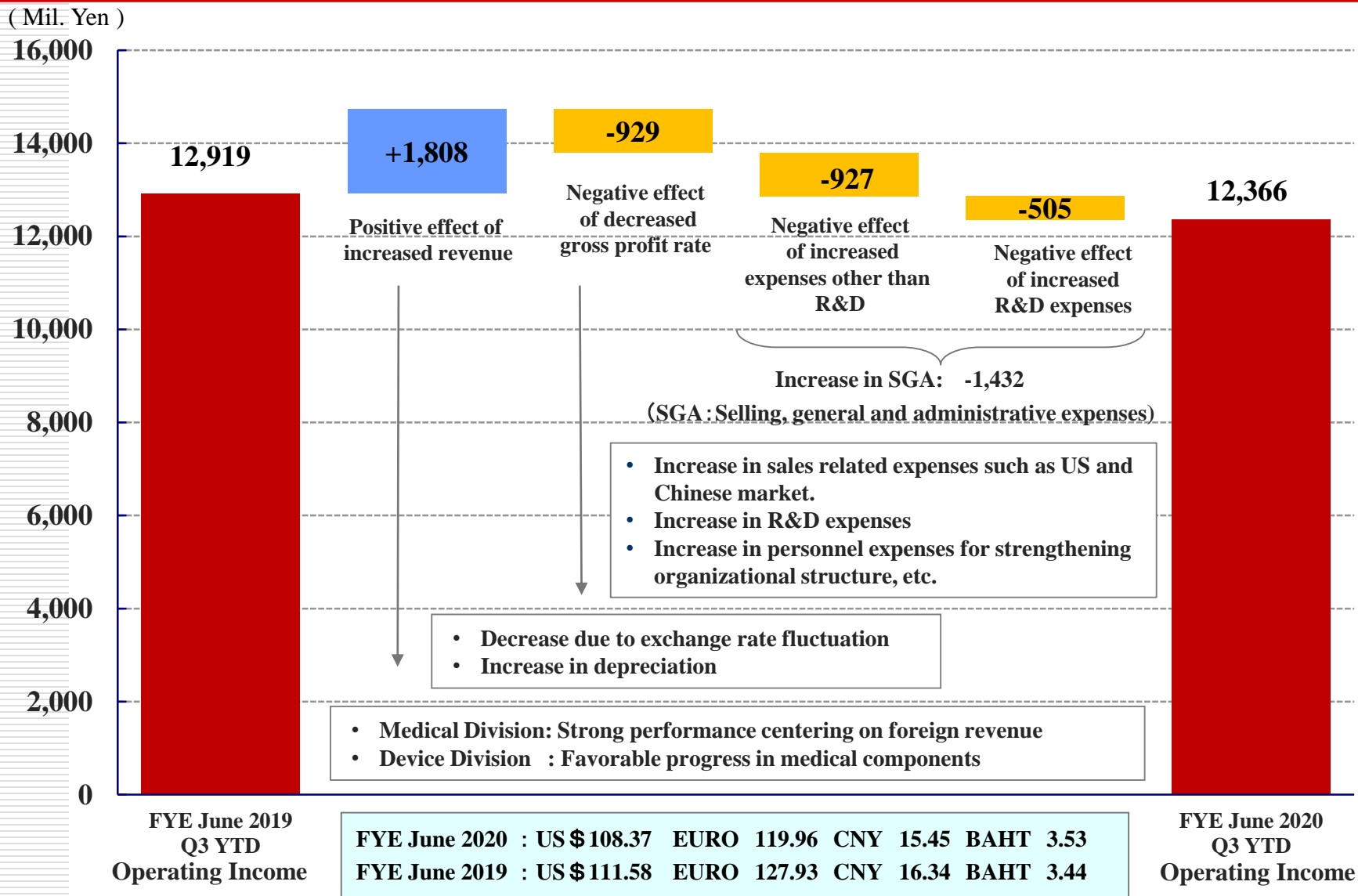
## 【 Operating Income 】







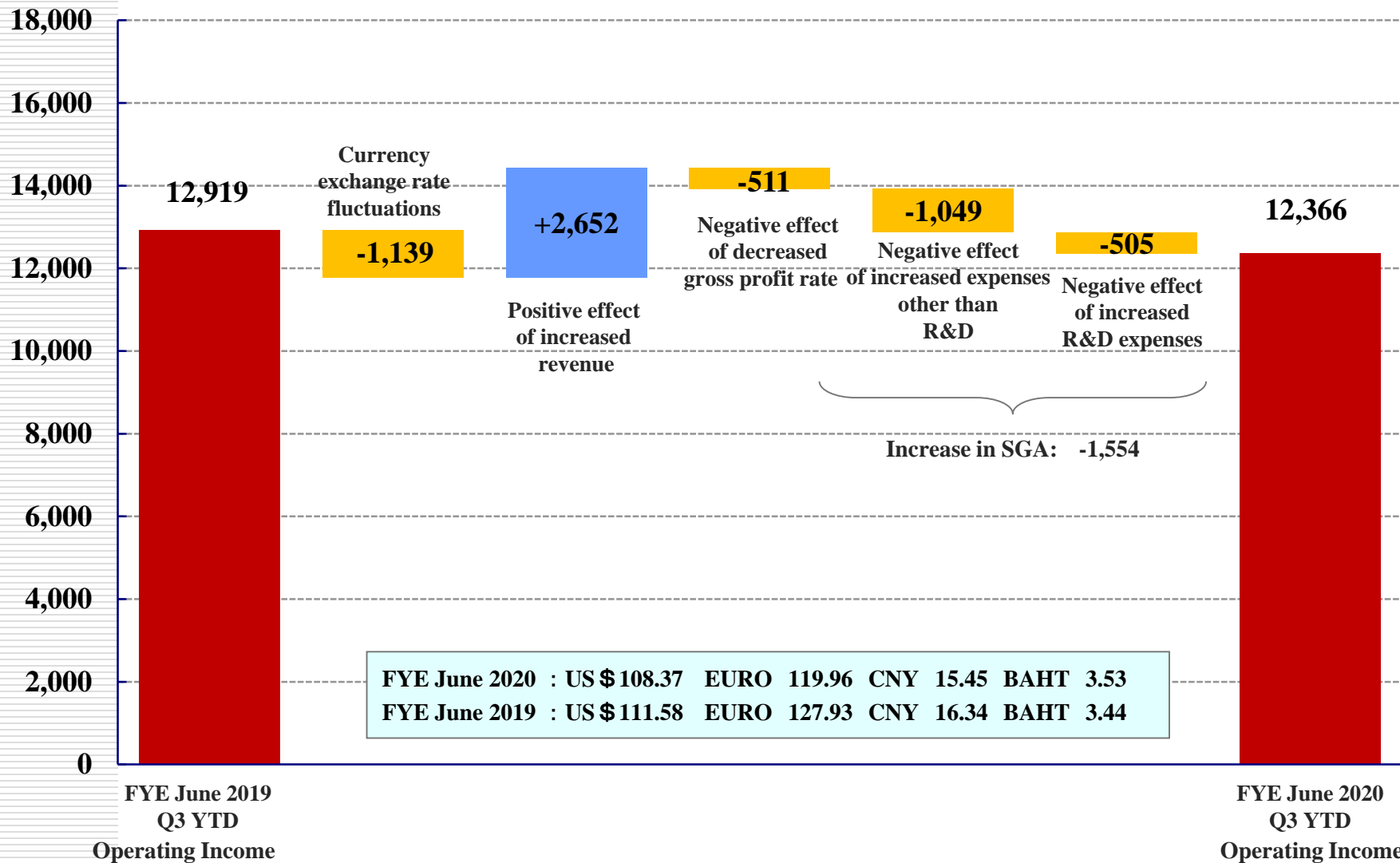
# Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





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

(Mil. Yen)





## Per Segment by Medical Division (by Geography - 1)

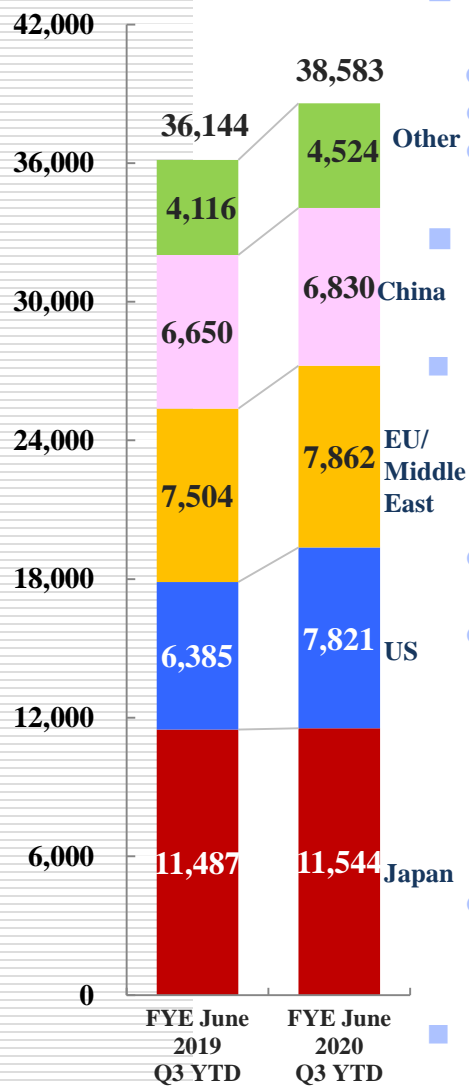
### 【Revenue (YoY)】

- **Japan:** Despite the influence of reimbursement price reduction (-317Mil.yen), progressed steady centering on non-cardiovascular segment as the number of cases bottomed out
  - Number of cases remained at the same level since previous second half to Q3 due to bottoming-out
  - PTCA GW: Decrease due to reimbursement price reduction, volume remained at the same level
  - Neurovascular field: In addition to increase in GW, favorably progressed with launch of new product Balloon guide catheter “Branchor”
- **Overseas:** Increased in all areas despite the influence of exchange rate fluctuation (-1,079Mil. yen), impact of COVID-19 is occurring centering on Chinese market, but has yet little impact
  - **<US>**
    - PTCA GW: Increase with promotion of direct sales (Parallel sales in the first half of the previous year)
    - Penetration Catheter : Increase due to strengthening direct sales
    - Neurovascular field : Temporary decrease due to inventory adjustment of Medtronic
  - **<EU/Middle East>**
    - PTCA GW: Increase due to expansion of market share
  - **<China>**
    - Although the number of cases decreased due to impact of COVID-19, impact on sales is mitigated due to sales by distributors
    - PTCA GW: Although increase due to inventory replenishment to new distributors / special demand shifting to actual demand, remained at the same level with slight decrease in the number of cases
    - PTCA Guiding Catheters “Hyperion”: Increase due to inventory replenishment to distributors
    - Non-cardiovascular segment: Increase in Abdominal micro catheters and Neurovascular field
  - **<Other>**
    - PTCA GW: Good progress mainly in Asia

### 【Operating Income】

- Decrease due to increase in R&D and sales related expenses

(Mil. Yen)





## Per Segment by Medical Division (by Geography - 2)

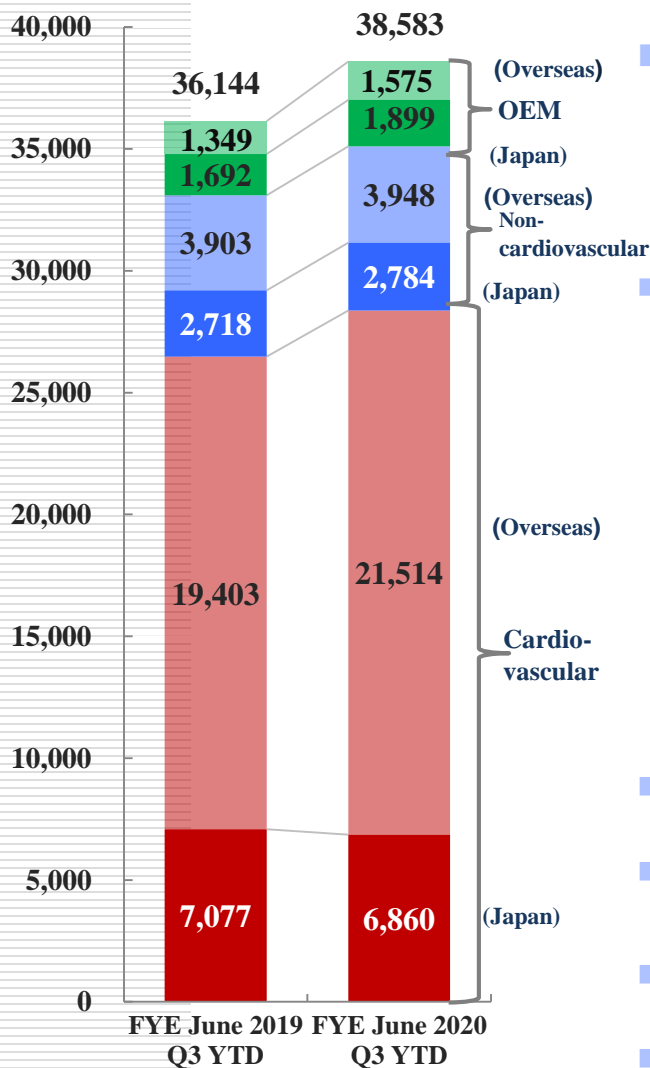
(Mil. Yen)

		FYE June 2019 Q3 YTD	FYE June 2020 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	111.58	108.37	-3.21	-2.9
	EURO	127.93	119.96	-7.97	-6.2
	CNY	16.34	15.45	-0.89	-5.4
<b>Total Revenue</b>		<b>36,144</b>	<b>38,583</b>	<b>+2,438</b>	<b>+6.7</b>
<b>Japan</b>		<b>11,487</b>	<b>11,544</b>	<b>+56</b>	<b>+0.5</b>
<b>Overseas</b>		<b>24,656</b>	<b>27,038</b>	<b>+2,381</b>	<b>+9.7</b>
<b>US</b>		<b>6,385</b>	<b>7,821</b>	<b>+1,435</b>	<b>+22.5</b>
<b>EU/Middle East</b>		<b>7,504</b>	<b>7,862</b>	<b>+357</b>	<b>+4.8</b>
<b>China</b>		<b>6,650</b>	<b>6,830</b>	<b>+179</b>	<b>+2.7</b>
<b>Other</b>		<b>4,116</b>	<b>4,524</b>	<b>+408</b>	<b>+9.9</b>
<b>Operating income</b>		<b>12,907</b>	<b>12,071</b>	<b>-835</b>	<b>-6.5</b>



# Per Segment by Medical Division (by Treatment - 1)

(Mil. Yen)



## 【Revenue (YoY)】

### Cardiovascular

- **Japan:** : Despite the influence of reimbursement price reduction, volume progressed steady as the number of cases bottomed out
  - Number of cases remained at the same level since previous second half to Q3 due to bottoming-out
  - PTCA GW: Volume remaining at the same level
- **Overseas:** Increased in all areas despite the influence of exchange rate fluctuation, impact of COVID-19 is occurring centering on Chinese market, but still little impact
  - PTCA GW: Good progress in all areas except for China
    - Increase in US market due to promotion of direct sales
    - Although increase due to inventory replenishment to new distributors / special demand shifting to actual demand, remained at the same level slightly influenced by the decrease in the number of cases
  - PTCA Guiding Catheter: Sales expansion due to inventory replenishment of “Hyperion” to distributors in Chinese market

### Non-cardiovascular

- **Japan:** In Neurovascular field, in addition to increase in GW, favorably progressed with launch of new product Balloon guide catheter “”
- **Overseas:** Good progress in Abdominal and Peripheral vascular field

### OEM

- **Japan:** Increase in business of Wires for Cardiovascular examination and wires for Gastrointestinal, etc.
- **Overseas:** increase in supply of FFR components for Boston Scientific (US)



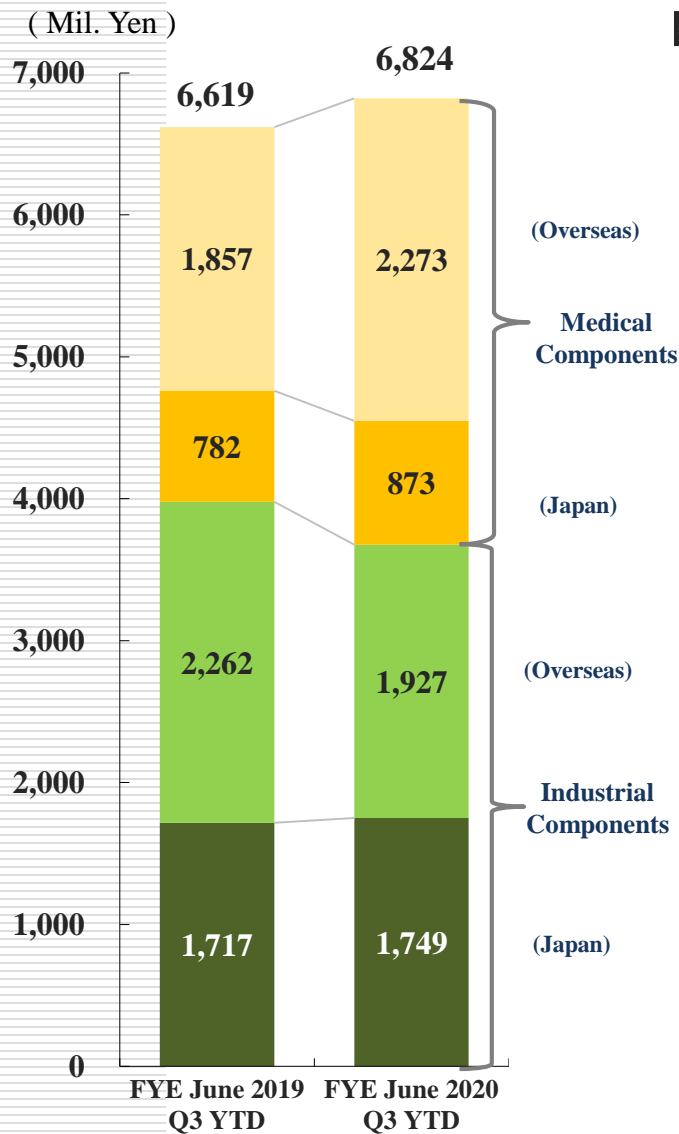
## Per Segment by Medical Division (by Treatment - 2)

		FYE June 2019 Q3 YTD	FYE June 2020 Q3 YTD	YoY		
				Changes	Changes (%)	
Exchange rate (Yen)		USD	111.58	108.37	-3.21	-2.9
		EURO	127.93	119.96	-7.97	-6.2
		CNY	16.34	15.45	-0.89	-5.4
<b>Total Revenue</b>		<b>36,144</b>	<b>38,583</b>	<b>+2,438</b>	<b>+6.7</b>	
<b>Japan</b>		<b>11,487</b>	<b>11,544</b>	<b>+56</b>	<b>+0.5</b>	
<b>Overseas</b>		<b>24,656</b>	<b>27,038</b>	<b>+2,381</b>	<b>+9.7</b>	
<b>Cardiovascular</b>		<b>26,480</b>	<b>28,375</b>	<b>+1,894</b>	<b>+7.2</b>	
<b>Japan</b>		<b>7,077</b>	<b>6,860</b>	<b>-216</b>	<b>-3.1</b>	
<b>Overseas</b>		<b>19,403</b>	<b>21,514</b>	<b>+2,111</b>	<b>+10.9</b>	
<b>Non-cardiovascular</b>		<b>6,622</b>	<b>6,732</b>	<b>+110</b>	<b>+1.7</b>	
<b>Japan</b>		<b>2,718</b>	<b>2,784</b>	<b>+66</b>	<b>+2.4</b>	
<b>Overseas</b>		<b>3,903</b>	<b>3,948</b>	<b>+44</b>	<b>+1.1</b>	
<b>OEM</b>		<b>3,042</b>	<b>3,475</b>	<b>+433</b>	<b>+14.2</b>	
<b>Japan</b>		<b>1,692</b>	<b>1,899</b>	<b>+207</b>	<b>+12.3</b>	
<b>Overseas</b>		<b>1,349</b>	<b>1,575</b>	<b>+225</b>	<b>+16.7</b>	

(Mil. Yen)



# Per Segment by Device Division - 1



## 【Revenue (YoY)】

### Medical Components

- **Japan:** Increase in business of prototypes for new fields and endoscope related components
- **Overseas:** Increase in Cardiovascular examination catheter components for US and Abdominal vascular catheter components

### Industrial Components

- **Japan:** Increase in business related to office automation equipment market and construction market
- **Overseas:** Decrease in business related to automobile market and leisure market

## 【Operating Income】

- Increase in profit due to increase in external sales and segment deals



## Per Segment by Device Division - 2

		FYE June 2019 Q3 YTD	FYE June 2020 Q3 YTD	YoY	
				Changes	Changes(%)
Exchange rate (Yen)	USD	111.58	108.37	-3.21	-2.9
<b>Total Revenue</b>		<b>6,619</b>	<b>6,824</b>	<b>+204</b>	<b>+3.1</b>
	Japan	2,499	2,623	+123	+4.9
	Overseas	4,120	4,201	+80	+2.0
<b>Medical Components</b>		<b>2,639</b>	<b>3,147</b>	<b>+507</b>	<b>+19.2</b>
	Japan	782	873	+91	+11.7
	Overseas	1,857	2,273	+416	+22.4
<b>Industrial Components</b>		<b>3,980</b>	<b>3,676</b>	<b>-303</b>	<b>-7.6</b>
	Japan	1,717	1,749	+32	+1.9
	Overseas	2,262	1,927	-335	-14.8
<b>Operating income</b>		<b>2,303</b>	<b>2,706</b>	<b>+402</b>	<b>+17.5</b>
<b>(Reference) Segment Revenue</b>		<b>2,646</b>	<b>3,194</b>	<b>+548</b>	<b>+20.7</b>

( Mil. Yen)





# Reference: P/L

	FYE June 2019 Q3 YTD		FYE June 2020 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Revenue	42,764	100.0	45,407	100.0	+2,642	•Strong performance mainly in overseas revenue in medical division
Cost of sales	12,574	29.4	14,338	31.6	+1,763	
Gross profit	30,189	70.6	31,068	68.4	+878	•Increase in proportion to good revenue progress
SGA	17,269	40.4	18,702	41.2	+1,432	•Increase in sales related expenses and R&D expenses
Operating income	12,919	30.2	12,366	27.2	-553	
Non-operating income	179	0.4	94	0.2	-85	•Decrease in subsidy income
Non-operating expense	202	0.5	80	0.2	-122	•Decrease in currency exchange loss •Decrease in loss on sale and disposal of fixed assets
Ordinary income	12,897	30.2	12,381	27.3	-516	
Extraordinary gain	400	0.9	959	2.1	+558	•Decrease in gain on step acquisitions •Recoding subsidy income for new office building
Extraordinary loss	0	0.0	508	1.1	+508	•Recording loss on revaluation of investment securities •Recording operating compensation
Net income attributable to parent company shareholders	9,934	23.2	9,278	20.4	-655	
Comprehensive income	10,250	24.0	8,456	18.6	-1,794	•Unrealized loss on securities +415 •Foreign currency translation adjustment -1,566



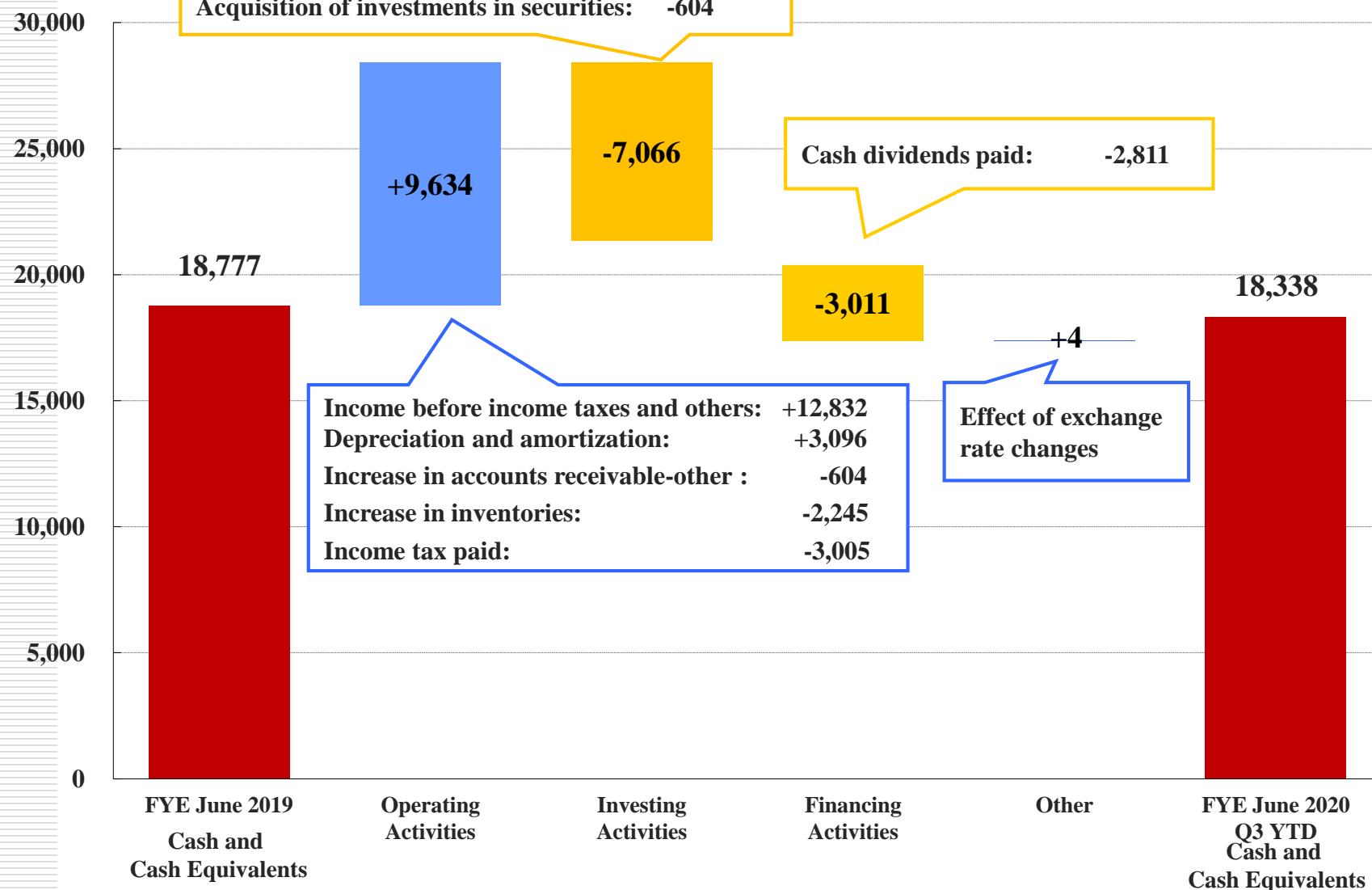
## Reference: B/S

		FYE June 2019		FYE June 2020 Q3 YTD			Main comparison factors
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	
Assets	Current assets	45,824	54.3	47,364	52.8	+1,540	Inventory assets: +1,690 Cash and deposit: -439
	Fixed Assets	38,534	45.7	42,348	47.2	+3,813	Tangible fixed assets: +3,299
Total assets		84,358	100.0	89,712	100.0	+5,353	
Liabilities	Current Liabilities	12,621	15.0	12,155	13.5	-466	Accrued corporation tax: +531 Provision for bonuses +324 Other current liability: -1,333
	Fixed liabilities	6,286	7.5	6,388	7.1	+102	Long-term debt: -112
Total liabilities		18,908	22.4	18,543	20.7	-364	
Total net assets		65,450	77.6	71,168	79.3	+5,718	Retained earnings: +6,431 Foreign currency translation adjustment: -836
Total liabilities & net assets		84,358	100.0	89,712	100.0	+5,353	



# Reference: C/F

( Mil. Yen )





# Contents

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**1. Summary of Consolidated Financial Results of Q3  
for FYE June 2020**

**2. Earnings Forecast for FYE June 2020**



## Vision for FYE June 2020

Although financial results for FYE June 2020 Q2 YTD progressed favorably compared to the initial forecast, we revise full-year earnings forecast due to the decrease in the number of cases globally due to the impact of COVID-19 in Q3 of the fiscal year

### 【 Reasons for downward revision 】

- Revenue has decreased because of the **decrease in the number of cases due to the impact of COVID-19 on a global scale** such as US , EU/Middle East and Asia starting with China since Q3 fiscal year
- Of the endovascular catheter treatment, the number of cases is temporarily decreasing since only urgent cases are treated and waiting cases are postponed
- After the impact of COVID-19 settled, most of these postponed waiting cases are expected to be treated
- **Recognized to have no significant impact on medium and long-term growth**
- Therefor, of SGA, strategic upfront investment such as R&D and sales strategies (direct sales, establishment of bases, etc.) has been carried out as planned and expensed

### <Reasons for favorable progress compared to the initial forecast>

- Increase in revenue such as Japanese, Chinese and Asian market
- SGA has not incurred



## Earnings Forecast for FYE June 2020

	FYE June 2019 Initial plan		FYE June 2020 Revised plan			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Compared with Initial plan	
					Changes (Mil. Yen)	Changes (%)
Net sales	63,864	100.0	56,207	100.0	-7,656	-12.0
Gross profit	43,617	68.3	37,272	66.3	-6,345	-14.5
Operating income	15,369	24.1	11,940	21.2	-3,429	-22.3
Ordinary income	15,373	24.1	11,965	21.3	-3,408	-22.2
Net income attributable to parent company shareholders	11,310	17.7	8,977	16.0	-2,332	-20.6
EPS *	43.46 yen	—	34.48 yen	-	-8.98	-20.7

\* : As of July 1<sup>st</sup>, 2019, a 2-for-1 stock was implemented. As such, for EPS, figures after the share splits are shown in assuming splits of shares at the beginning of previous fiscal year.



## Vision for FYE June 2020 (YoY)

**In addition to revenue decrease due to external factors such as currency movements and reimbursement prices reduction, revenue and profits decreased both in Japan and overseas compared to the previous term due to impact of COVID-19**

- **Although progressed favorably mainly in overseas in Medical Division until 3Q, revenue are expected to be 56,207 Mil. yen (YoY -1.8%) due to impact of COVID-19**

Increasing factors

- Further expansion of market share of PTCA GW in all areas
- Volume increase due to direct sales of PTCA GW in US year-round
- Cardiovascular products in China with actual demand turned of special demand

Decreasing factors

- Sales decrease after March due to the decrease in the number of cases with the impact of COVID-19
- Influence of reimbursement price reduction (-504 Mil. Yen)
- Negative impact of exchange rate (-1,532 Mil. Yen)

- **Decrease in Operating income due to increase in SGA for R&D and strengthening overseas sales**

- Decrease in Gross profit ratio with decrease in revenue
- Operating income 11,940 Mil. Yen (YoY -21.3%)
- Increase in R&D expenses (YoY+342 Mil. Yen, revenue ratio 11.3 %)
- Increase in expenses due to strengthening overseas sale (+161 Mil. Yen)

- Ordinary income 11,965 Mil. Yen (YoY -19.3%)
- Net income attributable to parent company shareholders: 8,977 Mil. Yen (YoY-20.1%)

Assumed Exchange Rate	(Unit : JPY)	
FYE June 2020 (Plan)	US \$ 107.78	EURO 118.60
	CNY 15.34	BAHT 3.49
FYE June 2019	US \$ 111.15	EURO 126.81
	CNY 16.28	BAHT 3.45

### Effect of exchange rate on operating income (Main currency)

US \$ (+ 1 yen influence) : approx. 122 Mil. Yen Increase  
 EURO (+ 1 yen influence) : approx. 64 Mil. Yen Increase  
 CNY (+ 1 yen influence) : approx. 242 Mil. Yen Increase  
 BAHT(+0.1 yen influence) : approx. 323 Mil. Yen Decrease



# Earnings Forecast for FYE June 2020

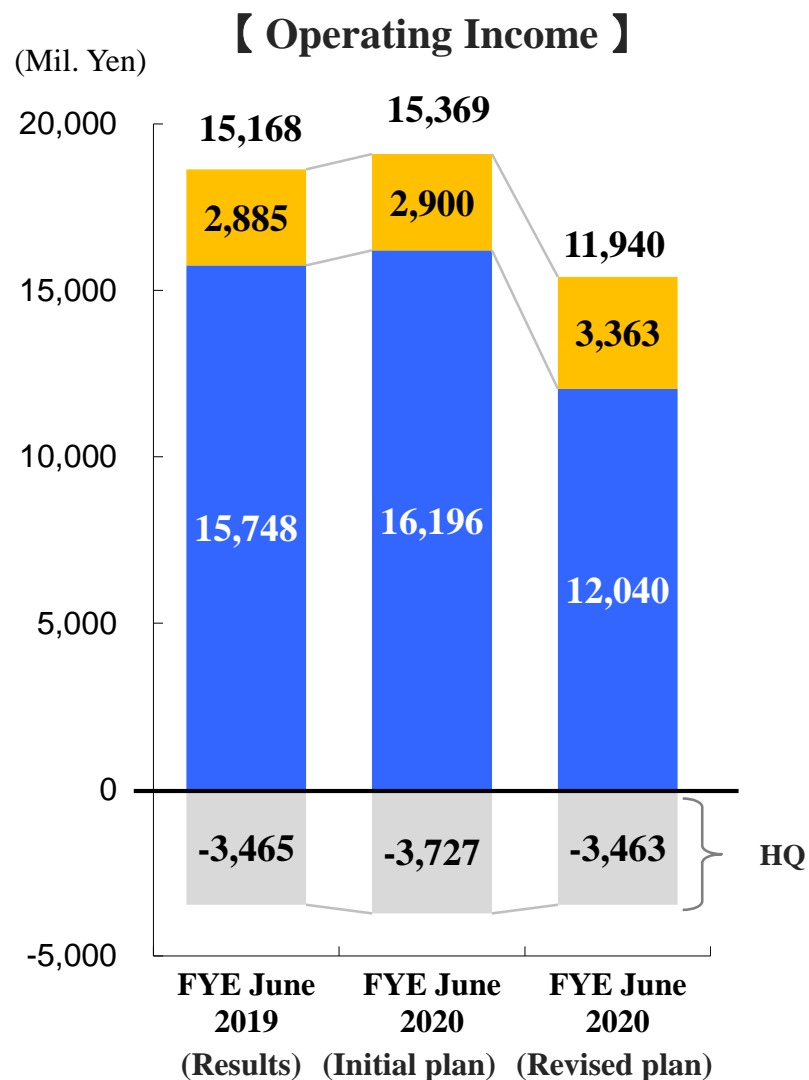
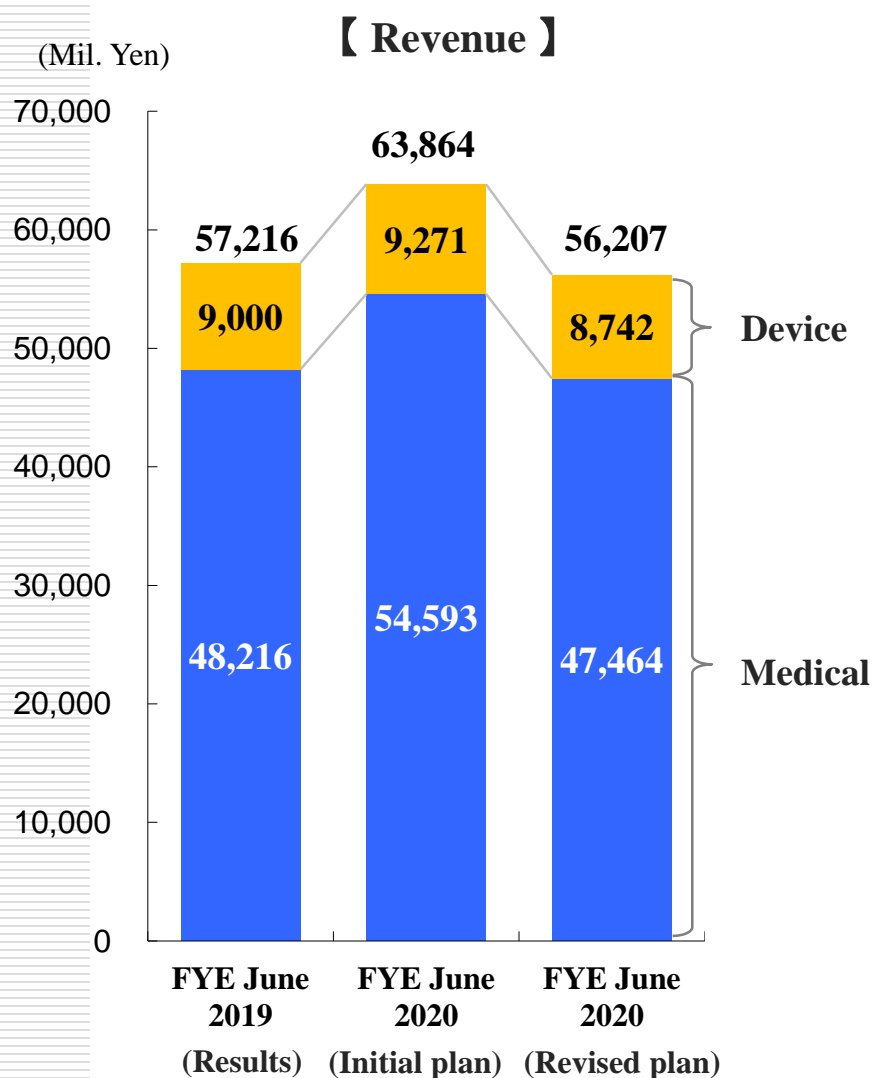
	FYE June 2019 (Results)		FYE June 2020 (Revised Plan)				(Reference) FYE June 2020 (Revised Plan) At the same exchange rate as the previous year			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY		Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)			Changes (Mil. Yen)	Changes (%)
Revenue	57,216	100.0	56,207	100.0	-1,009	-1.8	57,739	100.0	+522	+0.9
Gross profit	39,700	69.4	37,272	66.3	-2,428	-6.1	38,768	67.1	-931	-2.3
Operating income	15,168	26.5	11,940	21.2	-3,228	-21.3	13,237	22.9	-1,930	-12.7
Ordinary income	14,833	25.9	11,965	21.3	-2,868	-19.3	13,262	23.0	-1,570	-10.6
Net income attributable to parent company shareholders	11,237	19.6	8,977	16.0	-2,259	-20.1	10,275	17.8	-962	-8.6
EPS (yen) *	43.29 yen	-	34.48 yen	-	-8.81 yen	-20.4	39.47 yen	—	-3.82 yen	-8.8

\* : As of July 1<sup>st</sup>, 2019, a 2-for-1 stock split was implemented. As such, for EPS, figures after the share splits are shown in assuming splits of shares at the beginning of previous fiscal year.





# Earnings Forecast by Segment



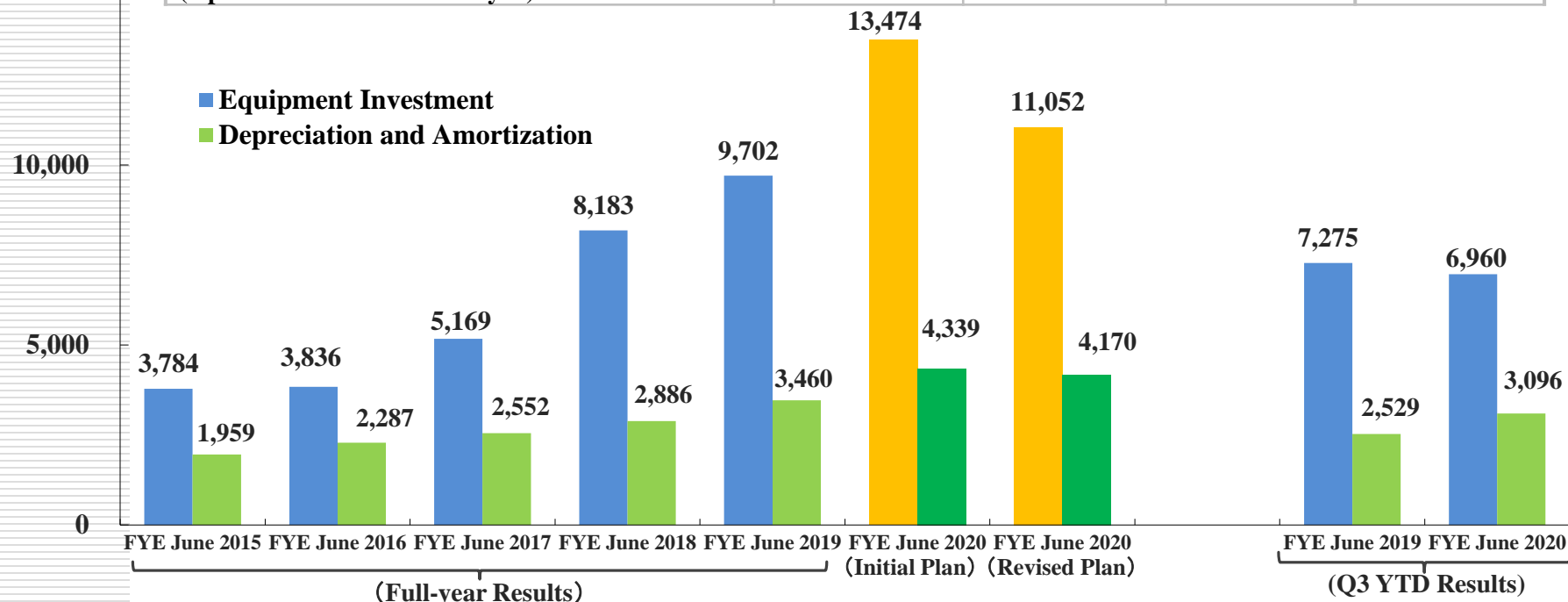


# Results and Plan for Equipment Installation

Implement expansion of overseas factory bases to increase production in the future

(Mil. Yen)

Main investment matter	FYE June 2018 (Results)	FYE June 2019 (Results)	FYE June 2020 (Initial plan)	FYE Jun 2020 (Revised plan)
Construction of New Building at Seto factory	2,705	2,154		
Establishment of Tohoku R&D Center	683	294		
Land and Building (New Thai Medical factory)			2,271	1,849
Expansion of Thai Medical factory	1,159	1,478	116	43
Start up First Cebu Medical factory	436	302		
Start up Second Cebu Medical factory		478	1,683	822
Land and Building(New Cebu Device factory )			857	877
Introduction of core information system (SAP) (Operation start time is delayed)	143	507	1,243	924



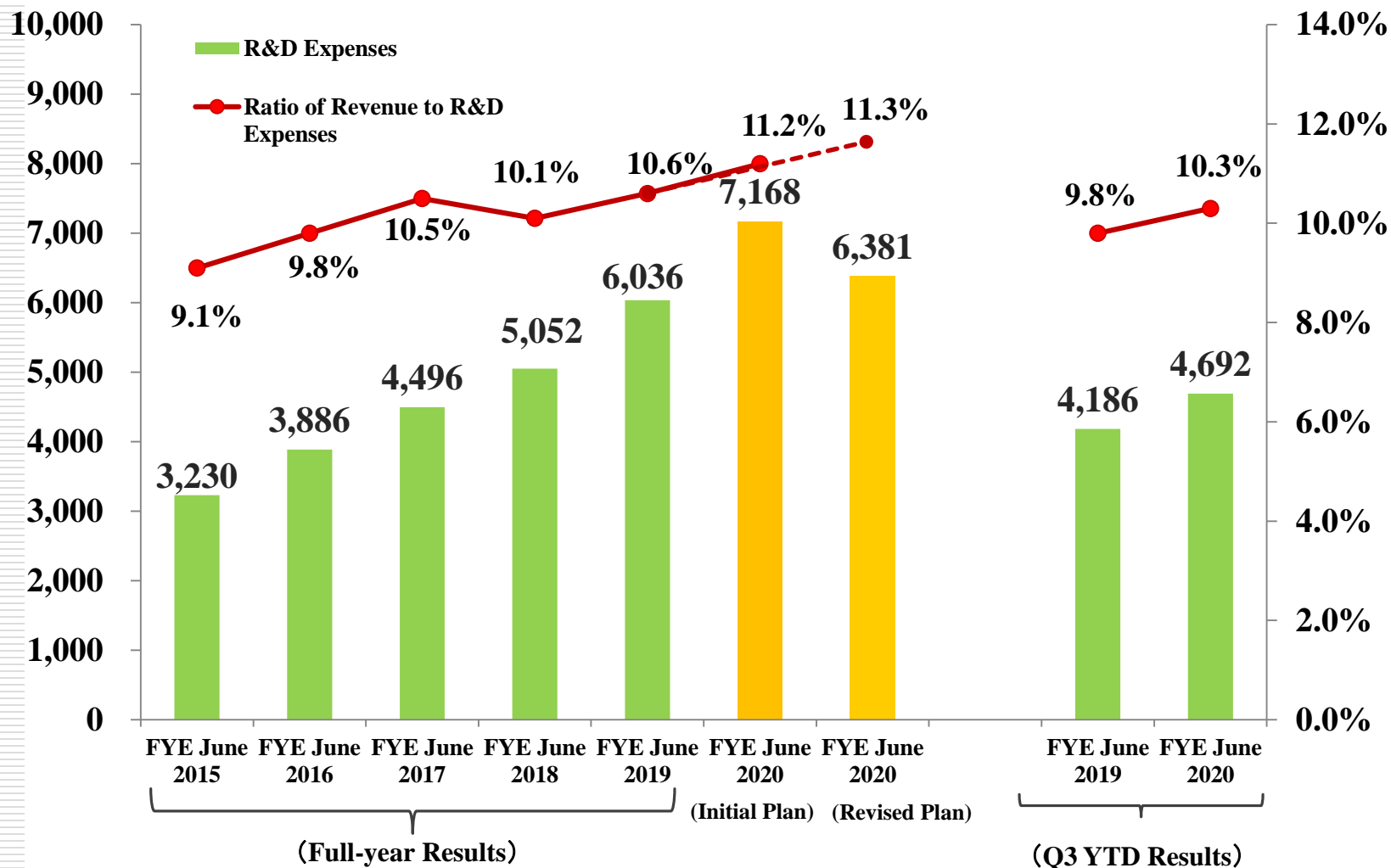


# R&D Expenses

R&D Expenses  
(Mil. Yen)

Increase in R&D expenses for new projects

Ratio of Revenue  
to R&D Expenses  
(%)





## Caution Regarding Information Presented

**All forward looking statements contained herein, including revenue 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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