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May 15, 2024

Consolidated Financial Results for the Nine Months Ended March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 7747
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 Scheduled date of filing quarterly report: May 15, 2024
 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, 2024 (from July 1, 2023 to March 31, 2024)

(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, 2024	80,733	15.7	21,168	18.6	19,656	19.7	19,621	23.0	14,040	17.2
March 31, 2023	69,774	23.1	17,851	35.2	16,418	37.0	15,952	24.5	11,985	35.2

Note: Comprehensive income For the nine months ended March 31, 2024: ¥16,545 million (36.8%)
 For the nine months ended March 31, 2023: ¥12,094 million (0.1%)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2024	51.69	–
March 31, 2023	44.12	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Million yen	Million yen	%
March 31, 2024	178,874	145,625	81.0
June 30, 2023	172,644	134,300	76.6

Reference: Equity
 As of March 31, 2024: ¥144,899 million
 As of June 30, 2023: ¥132,312 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, 2023	Yen –	Yen 0.00	Yen –	Yen 14.48	Yen 14.48
Fiscal year ending June 30, 2024	–	0.00	–		
Fiscal year ending June 30, 2024 (Forecast)				16.43	16.43

Note: Revisions to dividend forecasts announced most recently: None

3. Consolidated financial results forecast for the fiscal year ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(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	100,353	11.4	21,942	10.1	20,073	11.3	19,951	13.1	14,872	13.5	54.75

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: None

(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, 2024	271,633,600 shares
As of June 30, 2023	271,633,600 shares

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

As of March 31, 2024	7,955 shares
As of June 30, 2023	7,912 shares

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

Nine months ended March 31, 2024	271,625,662 shares
Nine months ended March 31, 2023	271,625,722 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

The Asahi Intecc Group (the Group) has formulated the following four basic policies in the medium-term management plan “ASAHI Going Beyond 1000” and worked to build a business portfolio for further growth, exceeding consolidated net sales of 100 billion yen.

- 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

We will aim to enhance corporate value by promoting these growth strategies in a steady manner, and will achieve consolidated net sales of 100 billion yen, a significant milestone, in the fiscal year under review.

Net sales of the Group for the nine months ended on March 31, 2024 amounted to 80,733 million yen (an increase of 15.7% year on year), thanks mainly to a significant increase in overseas net sales due to factors such as the recovery and expansion of the market with the virtually eliminated impact of the spread of COVID-19, the exchange rate impact of higher foreign currencies, and an increase in the market needs.

Gross profit totaled 52,508 million yen (an increase of 13.4% year on year), due to the increase in net sales.

Operating profit was 19,656 million yen (an increase of 19.7% year on year), despite an increase in selling, general and administrative expenses, such as an increase in sales-related expenses including expenses for sales promotion primarily in the overseas market and expenses associated with net sales growth as well as an increase in R&D expenses for reinforcing development.

Ordinary profit was 19,621 million yen (an increase of 23.0% year on year) mainly due to an increase in subsidy income and a decrease in foreign exchange losses.

Profit attributable to owners of parent was 14,040 million yen (an increase of 17.2% year on year), despite a decrease in disaster insurance income.

Foreign exchange rates used for the nine months ended March 31, 2024:

147.13 yen per U.S. dollar (137.51 yen for the same period of the previous fiscal year, up 7.0%)

159.25 yen per euro (141.95 yen for the same period of the previous fiscal year, up 12.2%)

20.34 yen per Chinese yuan (19.81 yen for the same period of the previous fiscal year, up 2.7%)

4.15 yen per Thai baht (3.87 yen for the same period of the previous fiscal year, up 7.2%)

The operating results for each segment are outlined below.

<Medical Division>

In the Medical Division, net sales increased mainly due to the recovery and expansion of the market with almost no more impact of spread of COVID-19, the impact of higher foreign currencies, and growth of market needs primarily in the overseas market.

In the domestic market, net sales increased mainly due to increased sales in the non-cardiovascular field including gastrointestinal products and peripheral vascular products and OEM transactions, in addition to strong results, particularly for PCI guide wires, in the cardiovascular field. Additionally, we achieved deliveries of two “ANSUR” surgery support robots as our new initiatives.

In the overseas market, net sales increased in all fields of cardiovascular, non-cardiovascular, and OEM transactions.

The cardiovascular field performed strongly in all regions, primarily for PCI guide wires and penetration catheters. In the non-cardiovascular field, net sales increased in all regions mainly due to an increase in the U.S. market stemming from the effects of new product launches of “CROSSLEAD” and “CROSSWALK,” our peripheral vascular products and an increase of abdominal products in the U.S. and Chinese markets.

Net sales from OEM transactions increased, mainly due to the growth of new transactions in the cardiovascular field in the U.S.

As a result, net sales totaled 71,607 million yen (an increase of 17.2% year on year).

Segment profit amounted to 19,031 million yen (an increase of 30.7% year on year).

<Device Division>

In the Device Division, net sales increased primarily for medical components.

As for medical components, net sales increased mainly due to increases in endoscope-related components transactions in the domestic market and cardiovascular ultrasonic catheter components and cardiovascular inspection catheter components transactions in the overseas market.

As for industrial components, net sales decreased mainly due to decreases in construction-related transactions in the domestic market and leisure-related transactions in the overseas market, despite strong transactions of OA equipment in the overseas market.

As a result, net sales totaled 9,125 million yen (an increase of 4.9% year on year).

Segment profit amounted to 4,024 million yen (a decrease of 20.3% year on year), due to a decrease in intersegment transactions.

(2) Explanation of financial position

As of March 31, 2024, total assets amounted to 178,874 million yen, an increase of 6,229 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,018 million yen in cash and deposits and 3,450 million yen in notes and accounts receivable - trade, despite a decrease of 2,000 million yen in securities.

As for liabilities, total liabilities amounted to 33,248 million yen, a decrease of 5,095 million yen from the end of the previous fiscal year. This was mainly due to decreases of 3,185 million yen in short-term borrowings and 2,701 million yen in long-term borrowings.

As for net assets, total net assets amounted to 145,625 million yen, an increase of 11,325 million yen from the end of the previous fiscal year. This was mainly due to increases of 10,107 million yen in retained earnings and 2,211 million yen in foreign currency translation adjustment.

(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, 2024 all achieved strong results, primarily due to stronger sales for the Medical Division primarily in the Chinese market compared to initial forecasts and delayed incurrence of selling, general and administrative expenses, in addition to the impact of higher foreign currencies. The Company also forecasts strong results in the fourth quarter although it anticipates volatility of transactions in net sales from distributors, an increase in bonuses for employees, and other factors.

As a result, the Company has not revised the consolidated results forecast for the full year of the fiscal year ending June 30, 2024, as the results are strong but have been within the range of the results forecast (within plus 10% for net sales; within plus 30% for profit) announced on August 14, 2023.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Previous consolidated fiscal year (June 30, 2023)	Nine months under review (March 31, 2024)
Assets		
Current assets		
Cash and deposits	34,884	37,903
Notes and accounts receivable - trade	14,678	18,129
Electronically recorded monetary claims - operating	1,728	1,903
Securities	2,000	-
Merchandise and finished goods	10,077	9,727
Work in process	13,473	11,900
Raw materials and supplies	7,807	8,224
Other	5,842	6,521
Allowance for doubtful accounts	-231	-477
Total current assets	90,261	93,833
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,623	23,663
Other, net	32,059	33,674
Total property, plant and equipment	53,683	57,338
Intangible assets		
Goodwill	7,737	7,065
Other	10,632	9,916
Total intangible assets	18,369	16,982
Investments and other assets	10,329	10,720
Total non-current assets	82,383	85,040
Total assets	172,644	178,874

(Million yen)

	Previous consolidated fiscal year (June 30, 2023)	Nine months under review (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,856	2,249
Electronically recorded obligations - operating	883	787
Short-term borrowings	10,361	7,176
Income taxes payable	2,309	2,349
Provision for bonuses	1,784	1,314
Other	8,119	8,731
Total current liabilities	26,316	22,608
Non-current liabilities		
Long-term borrowings	3,892	1,191
Provision for retirement benefits for directors (and other officers)	19	19
Retirement benefit liability	2,496	2,749
Other	5,620	6,680
Total non-current liabilities	12,028	10,640
Total liabilities	38,344	33,248
Net assets		
Shareholders' equity		
Share capital	18,860	18,860
Capital surplus	21,727	21,779
Retained earnings	78,867	88,975
Treasury shares	-7	-7
Total shareholders' equity	119,448	129,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,033	2,254
Foreign currency translation adjustment	10,867	13,079
Remeasurements of defined benefit plans	-36	-43
Total accumulated other comprehensive income	12,864	15,290
Non-controlling interests	1,987	726
Total net assets	134,300	145,625
Total liabilities and net assets	172,644	178,874

(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, 2022 to March 31, 2023)	Nine months under review (from July 1, 2023 to March 31, 2024)
Net sales	69,774	80,733
Cost of sales	23,488	28,224
Gross profit	46,286	52,508
Selling, general and administrative expenses	29,868	32,851
Operating profit	16,418	19,656
Non-operating income		
Interest income	21	75
Dividend income	36	39
Subsidy income	7	79
Other	98	181
Total non-operating income	163	376
Non-operating expenses		
Interest expenses	187	198
Foreign exchange losses	311	131
Other	130	81
Total non-operating expenses	629	411
Ordinary profit	15,952	19,621
Extraordinary income		
Disaster insurance income	305	–
Gain on sale of investment securities	–	4
Total extraordinary income	305	4
Extraordinary losses		
Loss on valuation of investment securities	186	99
Provision of allowance for doubtful accounts	–	100
Other	1	0
Total extraordinary losses	187	199
Profit before income taxes	16,070	19,425
Income taxes – current	3,714	4,478
Income taxes – deferred	245	828
Total income taxes	3,959	5,307
Profit	12,110	14,118
Profit attributable to non-controlling interests	125	78
Profit attributable to owners of parent	11,985	14,040

Quarterly consolidated statement of comprehensive income
For the nine months ended March 31

(Million yen)

	Previous nine month period (from July 1, 2022 to March 31, 2023)	Nine months under review (from July 1, 2023 to March 31, 2024)
Profit	12,110	14,118
Other comprehensive income		
Valuation difference on available-for-sale securities	55	221
Foreign currency translation adjustment	-71	2,211
Remeasurements of defined benefit plans, net of tax	-0	-6
Total other comprehensive income	-16	2,426
Comprehensive income	12,094	16,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,949	16,428
Comprehensive income attributable to non-controlling interests	145	116

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

(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, 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.

II Nine months ended March 31, 2024 (from July 1, 2023 to March 31, 2024)

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	71,607	9,125	80,733	–	80,733
Transactions with other segments	–	10,231	10,231	-10,231	–
Total	71,607	19,356	90,964	-10,231	80,733
Segment profit	19,031	4,024	23,056	-3,400	19,656

Notes: 1. The adjustment to segment profit of minus 3,400 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, 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

Nine months ended March 31, 2024 (From July 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Cardiovascular	54,014	–	54,014
Non-cardiovascular	11,573	–	11,573
OEM	6,019	–	6,019
Medical Components	–	5,910	5,910
Industrial Components	–	3,215	3,215
Total	71,607	9,125	80,733

(2) Breakdown by region

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

Nine months ended March 31, 2024 (From July 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Japan	10,903	2,096	12,999
North America	15,773	3,353	19,127
Europe	16,750	302	17,052
China	17,589	473	18,063
Others	10,589	2,900	13,490
Total	71,607	9,125	80,733

(Significant subsequent events)

Not applicable.