August 14, 2023

Consolidated Financial Results for the Fiscal Year Ended June 30, 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/
Representative: Masahiko Miyata, President & CEO
Inquiries: Mizuho Ito, Director, General Manager of Administration Division
Telephone: +81-561-48-5551
Scheduled date of annual general meeting of shareholders: September 28, 2023
Scheduled date of commencing dividend payments: September 29, 2023
Scheduled date of filing annual securities report: September 29, 2023
Preparation of supplementary material on financial results: Yes
Holding of 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 fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit excluding goodwill amortization, etc.		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	90,101	15.9	19,934	18.0	18,030	18.3	17,635	8.0	13,106	20.7
June 30, 2022	77,748	26.4	16,893	30.5	15,239	19.1	16,326	23.7	10,857	8.7

Note: Comprehensive income For the fiscal year ended June 30, 2023: ¥16,280 million (-5.9%)
For the fiscal year ended June 30, 2022: ¥17,297 million (60.9%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2023	48.25	–	10.4	10.8	20.0
June 30, 2022	40.01	40.00	10.2	12.1	19.6

Reference: Equity in earnings (losses) of affiliates For the fiscal year ended June 30, 2023: ¥–– million
For the fiscal year ended June 30, 2022: ¥–– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2023	172,644	134,300	76.6	487.12
June 30, 2022	155,127	121,130	77.0	439.80

Reference: Equity
As of June 30, 2023: ¥132,312 million
As of June 30, 2022: ¥119,459 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2023	19,138	-15,135	-2,342	34,884
June 30, 2022	17,302	-18,703	11,368	32,321

2. Dividends

	Annual dividends per share					Total dividends (total)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
June 30, 2022	–	0.00	–	11.99	11.99	3,256	30.0	3.0
June 30, 2023	–	0.00	–	14.48	14.48	3,933	30.0	3.1
Fiscal year ending June 30, 2024 (Forecast)	–	0.00	–	16.43	16.43		30.0	

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
Second quarter (cumulative)	49,979	10.0	11,654	6.9	10,720	7.7	10,671	10.9	8,078	8.1	29.74
Full year	100,353	11.4	21,942	10.1	20,073	11.3	19,951	13.1	14,872	13.5	54.75

(Note) Operating profit excluding goodwill amortization, etc. = Operating profit + amount of goodwill amortization, etc.

*** 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) 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

(3) Number of issued shares (common stock)

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

As of June 30, 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 June 30, 2023	7,912 shares
As of June 30, 2022	7,878 shares

(iii) Average number of shares during the period

Fiscal year ended June 30, 2023	271,625,719 shares
Fiscal year ended June 30, 2022	271,393,929 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	63,736	0.4	12,269	11.9	12,301	-6.7	7,229	-24.1
June 30, 2022	63,474	24.7	10,965	33.5	13,186	48.4	9,524	41.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2023	26.61	–
June 30, 2022	35.09	35.08

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2023	127,294	90,219	70.9	332.15
June 30, 2022	120,870	86,212	71.3	317.39

Reference: Equity
As of June 30, 2023: ¥90,219 million
As of June 30, 2022: ¥86,212 million

* Financial results reports are exempt from 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. Overview of operating results, etc. (4) Future outlook” on page 4 of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

Table of contents of the attached materials

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

The Asahi Intecc Group (the Group) has formulated the following four basic policies in the medium-term management plan “ASAHI Going Beyond 1000” with a purpose of consolidated net sales exceeding 100 billion yen to achieve further growth.

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

During the fiscal year under review, our measures for realizing the above included the following:

1) We launched sales of “CROSSLEAD,” a new product of peripheral vascular guide wires, in the U.S. market

2) 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

3) 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

4) We acquired shares of LAKE R&D Inc. for the purpose of strengthening the gastrointestinal field

5) We established Magnaire Co., Ltd. (wholly owned subsidiary) for the purpose of planning, developing and manufacturing guide wires and catheters using GSR sensors that are ultra-compact and ultra-sensitive

6) We issued the Integrated Report 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 Group for the fiscal year under review amounted to 90,101 million yen (an increase of 15.9% year on year), thanks to steady market penetration of our products primarily from the Medical Division in the overseas market in addition to positive external environmental factors such as the impact of the number of cases, which decreased due to the spread of COVID-19, becoming less significant in many regions and a weaker yen.

Gross profit totaled 58,832 million yen (an increase of 15.2% year on year), due to the increase in net sales.

Operating profit was 18,030 million yen (an increase of 18.3% year on year), despite an increase in selling, general and administrative expenses, such as an increase in sales-related expenses mainly associated with reinforcement of sales promotion, an increase in R&D expenses and strengthening of the management structure.

Ordinary profit was 17,635 million yen (an increase of 8.0% year on year) despite an increase in foreign exchange losses.

Profit attributable to owners of parent was 13,106 million yen (an increase of 20.7% year on year), mainly due to recording of 305 million yen as disaster insurance income associated with the typhoon disaster at the Cebu Factory.

Foreign exchange rates used for the fiscal year under review:

137.49 yen per U.S. dollar (117.46 yen for the same period of the previous fiscal year, up 17.1%)

143.92 yen per euro (132.15 yen for the same period of the previous fiscal year, up 8.9%)

19.75 yen per Chinese yuan (18.18 yen for the same period of the previous fiscal year, up 8.6%)

3.90 yen per Thai baht (3.51 yen for the same period of the previous fiscal year, up 11.1%)

The operating results for each segment are outlined below.

<Medical Division>

In the Medical Division, net sales increased significantly due to steady market penetration of our products primarily in the overseas market in addition to positive external environmental factors such as the impact of the number of cases, which decreased due to the spread of COVID-19, becoming less significant in many regions, and a weaker yen.

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

In the overseas market, net sales increased due to strong results for PCI guide wires, penetration catheters and other existing products, primarily in the cardiovascular field, as well as steady contracting transactions for development by Rev. 1 (U.S.), an acquired consolidated subsidiary, and increased orders for OEM and ODM transactions from overseas medical device manufacturers in the non-cardiovascular field, in addition to a recovery in the number of cases and favorable currency movements.

As a result, net sales totaled 78,552 million yen (an increase of 14.9% year on year).

Segment profit amounted to 16,403 million yen (an increase of 16.7% year on year).

<Device Division>

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

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

As a result, net sales totaled 11,549 million yen (an increase of 22.8% year on year).

Segment profit amounted to 6,107 million yen (an increase of 14.6% year on year), due to increases in external net sales and intersegment transactions.

(2) Overview of financial position for the fiscal year under review

As for assets for the fiscal year under review, total assets amounted to 172,644 million yen, an increase of 17,517 million yen from the end of the previous fiscal year. This was mainly due to increases of 4,567 million yen in construction in progress associated with constructing a new building in Seto City, Aichi Prefecture, 2,563 million yen in cash and deposits, 691 million yen in notes and accounts receivable - trade, and 2,783 million yen in merchandise and finished goods.

As for liabilities, total liabilities amounted to 38,344 million yen, an increase of 4,347 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,546 million yen in short-term borrowings, despite a decrease of 618 million yen in income taxes payable.

As for net assets, total net assets amounted to 134,300 million yen, an increase of 13,169 million yen from the end of the previous fiscal year. This was mainly due to increases of 9,849 million yen in retained earnings and 2,968 million yen in foreign currency translation adjustment.

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter, “net cash”) during the fiscal year under review was 34,884 million yen (an increase of 7.9% year on year).

The status of cash flow and their factors during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 19,138 million yen (an increase of 1,835 million yen). This was mainly due to profit before income taxes of 17,743 million yen and depreciation of 7,513 million yen, despite a 2,793 million yen increase in inventories and income taxes paid of 4,903 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 15,135 million yen (a decrease of 3,568 million yen). This was mainly due to purchase of property, plant and equipment of 12,291 million yen, purchase of intangible assets of 422 million yen, and purchase of investment securities of 1,123 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,342 million yen (a provision of 11,368 million yen in the previous fiscal year). This was mainly due to repayments of long-term borrowings of 3,927 million yen and dividends paid of 3,256 million yen, despite a 5,165 million yen increase in short-term borrowings.

(4) Future outlook

The Group formulated the following four basic policies in the medium-term management plan “ASAHI Going Beyond 1000” with a purpose of consolidated net sales exceeding 100 billion yen to achieve further growth.

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

In the fiscal year ending June 30, 2024, we also intend to maintain and expand growth by steadily implementing growth strategies based on the medium-term management plan. Therefore, it is expected that consolidated net sales for the fiscal year ending June 30, 2024 will exceed a milestone amount of 100 billion yen.

(Million yen)

	Fiscal year ended June 30, 2023	Fiscal year ending June 30, 2024	Increase (Decrease)	Increase (Decrease) (%)
Net sales	90,101	100,353	10,251	11.4%
Operating profit excluding goodwill amortization	19,934	21,942	2,007	10.1%
Operating profit	18,030	20,073	2,042	11.3%
Ordinary profit	17,635	19,951	2,316	13.1%
Profit attributable to owners of parent	13,106	14,872	1,766	13.5%

<Net sales>

(Medical Division)

In the Medical Division, net sales are expected to increase mainly due to strong growth in the overseas market.

In the domestic market, net sales are expected to increase mainly due an increase in gastrointestinal products associated with increasing the market share, an increase in peripheral vascular products associated with selling purchased products, and an increase in OEM transactions for Japanese companies in the non-cardiovascular field, as well the start of sales of robotics products in a new business area.

In the overseas market, net sales are expected to increase in both the cardiovascular field and the non-cardiovascular field mainly due to the impact of the number of cases, which decreased due to the spread of COVID-19, becoming less significant in many regions, expansion of market share for existing products, and offering new products with a focus on the non-cardiovascular field.

In the overseas cardiovascular field, net sales are expected to increase in all regions. The impact of the spread of COVID-19 is disappearing in medical settings, and sales activities will pick up. We will continue to make efforts to increase the market share of PCI guide wires in the U.S. market by utilizing a direct sales system. In the European market, we aim to increase net sales by expanding sales in Germany, France and Italy where we conduct direct sales and expanding in the Western and Eastern Europe regions that are providing distributor sales. In the Chinese market, the number of cases is increasing significantly, mainly in the inland areas. We will continue steady efforts to increase net sales.

In the overseas non-cardiovascular field, we expect that net sales will increase mainly in the U.S. market and the Chinese market. In the U.S. market, we plan to expand sales of “CROSSLEAD,” a new product of peripheral vascular guide wires, of which we launched sales in the previous fiscal year, and increase market share. In the Chinese market, we will expand sales with a focus on neurovascular products and abdominal vascular products.

In the overseas ODM and OEM fields, net sales will increase mainly in the U.S. Main increasing factors are steady contracting transactions for development by Rev. 1 (U.S.), an acquired consolidated subsidiary, and increasing orders for OEM and ODM transactions from overseas medical device manufacturers.

(Device Division)

In the Device Division, net sales of both medical components and industrial components are expected to increase slightly.

As for medical components, net sales are expected to increase due to increasing transactions of catheter components for the domestic market and for the U.S. market.

As for industrial components, net sales are expected to increase due to continuing steady results of leisure-related transactions in the U.S., despite decreasing automobile-related transactions in the domestic market.

<Gross profit>

Gross profit is expected to increase in proportion to an increase in revenue. Gross profit margin is expected to slightly decrease mainly due to the impact of currency movements such as a strong Thai baht, and the impact on production, such as production transfers and inventory adjustments.

<Selling, general and administrative expenses>

As for selling, general and administrative expenses, we plan to continue active prior investments for maintaining and further expanding future growth.

R&D expenses are expected to increase in both existing and new areas to an R&D-to-sales ratio of 11.0%.

We plan to increase expenses mainly for sales and marketing activities in the U.S. for the purpose of strengthening sales promotion to achieve further market penetration of new products, in light of the decreasing impact of the spread of COVID-19 and a recovery trend in sales activities.

In addition to the expenses listed above, we assume increases in expenses for strengthening the management structure.

<Non-operating income/expenses and extraordinary income/losses>

We do not expect any transactions having significant impact on non-operating income or expenses and extraordinary income or losses.

This business forecast assumes mainly the following foreign exchange rates:

(Yen)	U.S. dollar	Euro	Chinese yuan	Thai baht
Fiscal year ending June 30, 2024: assumption	137.50	145.00	19.50	4.10
(Fiscal year ended June 30, 2023: actual rate)	137.49	143.92	19.75	3.90

(5) Basic policy on profit distribution and dividends for the fiscal year under review and next fiscal year

(Basic policy on profit distribution)

We conduct business operations on a global scale and always aim to enhance corporate value. We recognize that returning some of our profits from business activities to shareholders is one of our important issues and adopt the basic policy of stable and continual distribution of dividends in consideration of consolidated financial results and other factors from a long-term perspective.

As a basic policy, we distribute dividends of surplus once a year as the year-end dividend. The decision on dividends is made by the general meeting of shareholders. However, the Articles of Incorporation stipulates that by a resolution of the Board of Directors, interim dividends provided for in Article 454, Paragraph 5 of the Companies Act may be distributed to shareholders or registered pledgees of shares listed or recorded in the final shareholder register as of December 31 every year.

We calculate the amount of dividends based on a long-term perspective and in comprehensive consideration of consolidated financial results for the fiscal year under review, future outlooks, the level of internal reserves, etc., targeting a consolidated dividend payout ratio of 30.0%.

Internal reserves will be used for R&D and capital investment indispensable for future growth and thus, we will make efforts to increase business performance and strengthen the financial position.

(Profit distribution for the fiscal year under review and next fiscal year)

Based on the above policy, we decided to pay 14.48 yen as the annual dividend for the fiscal year under review (consolidated dividend payout ratio of 30.0%). We plan to propose this matter at the 47th Annual General Meeting of Shareholders to be held on September 28, 2023 and based on the resolution, the formal decision will be made and the payment will be executed.

In addition, based on the above policy, we plan to pay 16.43 yen as the annual dividend for the next fiscal year (consolidated dividend payout ratio of 30.0%).

Dividends of surplus whose record date falls in the fiscal year under review are as follows:

Resolution date	Total amount of dividends	Dividend per share
September 28, 2023 Resolution at Annual General Meeting of Shareholders	3,933 million yen	14.48 yen

2. Basic policy on selection of accounting standards

The Group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the comparability of consolidated financial statement from period to period and from company to company.

As for the application of International Financial Reporting Standards (IFRS), the Group's policy is to take appropriate measures in consideration of various domestic and international circumstances.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Million yen)

	Previous consolidated fiscal year (June 30, 2022)	Current consolidated fiscal year (June 30, 2023)
Assets		
Current assets		
Cash and deposits	32,321	34,884
Notes and accounts receivable - trade	13,987	14,678
Electronically recorded monetary claims - operating	1,607	1,728
Securities	–	2,000
Merchandise and finished goods	7,294	10,077
Work in process	12,493	13,473
Raw materials and supplies	7,168	7,807
Other	4,933	5,842
Allowance for doubtful accounts	-196	-231
Total current assets	79,609	90,261
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,800	33,678
Accumulated depreciation	-10,101	-12,054
Buildings and structures, net	21,698	21,623
Machinery, equipment and vehicles	27,324	31,830
Accumulated depreciation	-18,060	-21,330
Machinery, equipment and vehicles, net	9,263	10,500
Land	6,381	6,678
Construction in progress	3,905	8,472
Other	10,062	13,168
Accumulated depreciation	-5,749	-6,761
Other, net	4,313	6,407
Total property, plant and equipment	45,561	53,683
Intangible assets		
Goodwill	8,200	7,737
Other	11,157	10,632
Total intangible assets	19,358	18,369
Investments and other assets		
Investment securities	7,052	6,177
Shares of subsidiaries and associates	205	220
Deferred tax assets	611	929
Other	2,815	3,096
Allowance for doubtful accounts	-86	-93
Total investments and other assets	10,598	10,329
Total non-current assets	75,517	82,383
Total assets	155,127	172,644

(Million yen)

	Previous consolidated fiscal year (June 30, 2022)	Current consolidated fiscal year (June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,180	2,856
Electronically recorded obligations - operating	700	883
Short-term borrowings	5,815	10,361
Accounts payable - other	1,726	2,043
Income taxes payable	2,927	2,309
Provision for bonuses	1,371	1,784
Other	5,039	6,076
Total current liabilities	20,761	26,316
Non-current liabilities		
Long-term borrowings	6,364	3,892
Deferred tax liabilities	3,703	3,921
Provision for retirement benefits for directors (and other officers)	20	19
Retirement benefit liability	2,033	2,496
Asset retirement obligations	–	15
Other	1,112	1,683
Total non-current liabilities	13,234	12,028
Total liabilities	33,996	38,344
Net assets		
Shareholders’ equity		
Share capital	18,860	18,860
Capital surplus	21,727	21,727
Retained earnings	69,018	78,867
Treasury shares	-7	-7
Total shareholders' equity	109,599	119,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,872	2,033
Foreign currency translation adjustment	7,898	10,867
Remeasurements of defined benefit plans	89	-36
Total accumulated other comprehensive income	9,860	12,864
Non-controlling interests	1,670	1,987
Total net assets	121,130	134,300
Total liabilities and net assets	155,127	172,644

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Million yen)

	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Net sales	77,748	90,101
Cost of sales	26,666	31,268
Gross profit	51,082	58,832
Selling, general and administrative expenses		
Freight-out	2,893	3,027
Provision of allowance for doubtful accounts	8	43
Salaries, wages and bonuses	7,885	9,407
Remuneration for directors (and other officers)	687	779
Provision for bonuses	705	882
Retirement benefit expenses	239	308
Depreciation	1,846	2,578
Research and development expenses	8,869	9,723
Other	12,707	14,050
Total selling, general and administrative expenses	35,843	40,802
Operating profit	15,239	18,030
Non-operating income		
Interest income	24	50
Dividend income	71	73
Foreign exchange gains	983	–
Other	381	184
Total non-operating income	1,460	308
Non-operating expenses		
Interest expenses	141	308
Foreign exchange losses	–	298
Provision of allowance for doubtful accounts	105	12
Share issuance costs	82	–
Other	43	84
Total non-operating expenses	373	703
Ordinary profit	16,326	17,635
Extraordinary income		
Gain on step acquisitions	615	–
Disaster insurance income	–	305
Total extraordinary income	615	305
Extraordinary losses		
Loss on valuation of investment securities	445	196
Loss on disaster	609	–
Other	156	1
Total extraordinary losses	1,211	197
Profit before income taxes	15,730	17,743
Income taxes - current	4,688	4,715
Income taxes - deferred	49	-248
Total income taxes	4,738	4,467
Profit	10,992	13,276
Profit attributable to non-controlling interests	134	170
Profit attributable to owners of parent	10,857	13,106

Consolidated statement of comprehensive income

(Million yen)

	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Profit	10,992	13,276
Other comprehensive income		
Valuation difference on available-for-sale securities	104	161
Foreign currency translation adjustment	6,030	2,968
Remeasurements of defined benefit plans, net of tax	169	-126
Total other comprehensive income	6,304	3,003
Comprehensive income	17,297	16,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,162	16,015
Comprehensive income attributable to non-controlling interests	134	264

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,647	15,517	61,155	-7	89,312
Changes during period					
Issuance of new shares	6,213	6,213			12,427
Dividends of surplus			-2,994		-2,994
Profit attributable to owners of parent			10,857		10,857
Purchase of treasury shares					
Purchase of shares of consolidated subsidiaries		-3			-3
Net changes in items other than shareholders' equity					
Total changes during period	6,213	6,210	7,863	–	20,286
Balance at end of period	18,860	21,727	69,018	-7	109,599

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,767	1,868	-79	3,556	44	25	92,938
Changes during period							
Issuance of new shares							12,427
Dividends of surplus							-2,994
Profit attributable to owners of parent							10,857
Purchase of treasury shares							
Purchase of shares of consolidated subsidiaries							-3
Net changes in items other than shareholders' equity	104	6,030	169	6,304	-44	1,645	7,905
Total changes during period	104	6,030	169	6,304	-44	1,645	28,192
Balance at end of period	1,872	7,898	89	9,860	–	1,670	121,130

Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,860	21,727	69,018	-7	109,599
Changes during period					
Issuance of new shares					
Dividends of surplus			-3,256		-3,256
Profit attributable to owners of parent			13,106		13,106
Purchase of treasury shares				-0	-0
Purchase of shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9,849	-0	9,849
Balance at end of period	18,860	21,727	78,867	-7	119,448

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,872	7,898	89	9,860	–	1,670	121,130
Changes during period							
Issuance of new shares							-3,256
Dividends of surplus							13,106
Profit attributable to owners of parent							-0
Purchase of treasury shares							
Purchase of shares of consolidated subsidiaries							
Net changes in items other than shareholders' equity	161	2,968	-126	3,003	–	316	3,320
Total changes during period	161	2,968	-126	3,003	–	316	13,169
Balance at end of period	2,033	10,867	-36	12,864	–	1,987	134,300

(4) Consolidated statement of cash flows

(Million yen)

	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	15,730	17,743
Depreciation	6,439	7,513
Increase (decrease) in allowance for doubtful accounts	160	33
Increase (decrease) in provision for bonuses	136	383
Increase (decrease) in retirement benefit liability	187	145
Interest and dividend income	-96	-124
Interest expenses	141	308
Amortization of goodwill	1,034	1,198
Loss (gain) on valuation of investment securities	445	196
Proceeds from disaster insurance income	–	-305
Decrease (increase) in trade receivables	-1,624	-340
Decrease (increase) in inventories	-3,260	-2,793
Increase (decrease) in trade payables	1,189	-256
Increase (decrease) in accounts payable - other	-223	291
Increase (decrease) in advances received	1,868	741
Decrease (increase) in accounts receivable - other	471	254
Other, net	-1,794	-1,088
Subtotal	20,805	23,902
Interest and dividends received	95	95
Interest paid	-162	-261
Proceeds from insurance income	–	305
Income taxes paid	-3,436	-4,903
Net cash provided by (used in) operating activities	17,302	19,138

(Million yen)

	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Cash flows from investing activities		
Purchase of investment securities	-2,656	-1,123
Purchase of property, plant and equipment	-7,981	-12,291
Purchase of intangible assets	-579	-422
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-6,934	–
Other, net	-551	-1,298
Net cash provided by (used in) investing activities	-18,703	-15,135
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-1,550	5,165
Proceeds from long-term borrowings	5,262	–
Repayments of long-term borrowings	-1,603	-3,927
Dividends paid	-2,994	-3,256
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,383	–
Repayments of lease liabilities	-125	-322
Other, net	-4	0
Net cash provided by (used in) financing activities	11,368	-2,342
Effect of exchange rate change on cash and cash equivalents	995	902
Net increase (decrease) in cash and cash equivalents	10,962	2,563
Cash and cash equivalents at beginning of period	21,358	32,321
Cash and cash equivalents at end of period	32,321	34,884

(5) Notes to consolidated financial statements

(Note on entity's ability to continue as going concern)

Not applicable.

(Significant accounting policies for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 18

(2) Names of major consolidated subsidiaries

ASAHI INTECC THAILAND CO., LTD.

Filmecc Co., Ltd.

ASAHI INTECC USA, INC.

ASAHI INTECC HANOI CO., LTD.

ASAHI INTECC J-Sales CO., LTD.

ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd.

TOYOFLEX CEBU CORPORATION

ASAHI INTECC EUROPE B.V.

(3) Names of non-consolidated subsidiaries

Nihon Chemical Coat Co., Ltd.

FICUS Co., Ltd.

walkey Inc.

LAKE R&D Inc.

Magnaire Co., Ltd.

Reason for exclusion from the scope of consolidation

The five non-consolidated subsidiaries are small in size, and the total assets, net sales, profit or loss (the Company's share), retained earnings (the Company's share), etc. of these companies do not have a material impact on the consolidated financial statements.

2. Application of the equity method

Non-consolidated subsidiaries not accounted for using the equity method

Nihon Chemical Coat Co., Ltd.

FICUS Co., Ltd.

walkey Inc.

LAKE R&D Inc.

Magnaire Co., Ltd.

Reason for not applying the equity method

As for the five non-consolidated subsidiaries not accounted for using the equity method, the impact of excluding them from the scope of equity method on the consolidated financial statements is minimal given their profit or loss (the Company's share), retained earnings (the Company's share), etc., and the impact is immaterial as a whole.

3. Fiscal years of consolidated subsidiaries

Out of the Company's consolidated subsidiaries, ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. and ASAHI INTECC CIS LLC end their fiscal years on December 31.

When preparing the consolidated financial statements, financial statements based on a provisional settlement of accounts conducted as of the consolidated fiscal year-end are used for these companies.

4. Accounting policies

(1) Basis and method of valuation of important assets

Securities

a) Securities

Securities to be held to maturity

Cost method

Available-for-sale securities

Securities other than shares that do not have a market value

Measured at fair value

(Valuation differences are reported as a component of net assets. The cost of securities sold is calculated using the moving-average method.)

Shares that do not have a market value

Measured at cost using the moving-average method

b) Inventories

Merchandise and finished goods, work in process, and raw materials

Measured at cost, primarily determined by the periodic average method

(The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

Supplies

Measured at cost, determined by the last purchase price method

(The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

(2) Method of depreciation and amortization of important depreciable and amortizable assets

a) Property, plant and equipment (excluding leased assets)

Depreciated mainly using the straight-line method.

The range of useful lives is as follows:

Buildings and structures	15 to 47 years
Machinery, equipment and vehicles	5 to 10 years

b) Intangible assets

Amortized using the straight-line method.

The Company and its consolidated subsidiaries in Japan amortize software for internal use over the expected useful life within respective companies (five years).

c) Leased assets

Amortized using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

Leased assets are presented as part of “other” under “property, plant and equipment.”

(3) Basis for recording important provisions

a) Allowance for doubtful accounts

At the Company and its consolidated subsidiaries in Japan, allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

At overseas consolidated subsidiaries, allowance for doubtful accounts is provided at an amount determined based on an individual estimate of uncollectible amounts.

b) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year under review to provide for future bonus payments to employees.

c) Provision for retirement benefits for directors (and other officers)

The Company abolished the officer retirement benefit system in September 2005. The balance of provision for retirement benefits for directors (and other officers) as of the end of the fiscal year under review is the estimated amount to be paid to officers who were in office when the system was abolished. The payments will be made when each officer retires.

(4) Basis for accounting treatments on retirement benefit

Retirement benefit liability is recorded at an estimated amount of retirement benefit obligations and pension assets as of the end of the fiscal year under review to provide for future retirement benefits to employees.

(i) Method for attributing estimated retirement benefits to individual periods of service

In calculating the retirement benefit obligations, the benefit formula basis is adopted for the purpose of attributing estimated retirement benefits to the period up to the end of the fiscal year under review.

(ii) Calculation of actuarial gain or loss and prior service cost

Actuarial gain or loss is amortized from the following fiscal year on a straight-line basis over a certain period shorter than the average remaining years of service of the eligible employees at the time of the gain or loss arising during each fiscal year (primarily five years).

Prior service cost is amortized on a straight-line basis over a certain period (12 years), which is within the average remaining years of service period of the eligible employees at the time the cost arising.

(iii) Adoption of short-cut method at small companies, etc.

Certain consolidated subsidiaries apply the short-cut method when calculating retirement benefit liability and retirement benefit expenses, under which the amount of retirement benefit that must be paid if employees retire for personal reasons at the end of the fiscal year is deemed to be the amount of retirement benefit obligations.

(5) Significant revenue and expense recognition standards

The details of main performance obligations in main businesses related to revenue arising from contracts with customers of the Company and its consolidated subsidiaries and the usual timing of fulfillment of the performance obligation (the usual timing of revenue recognition) are as follows.

The Medical Division mainly engages in sales of medical products and the Device Division mainly engages in sales of industrial products. Regarding sales of these products, revenue is mainly recognized when goods and products are each delivered to a customer, because at such time, legal ownership, physical possession, material risk associated with ownership, and economic value of those goods and products are transferred to the customer and the right to receive payment is finalized.

The consideration under sales contracts of the Group’s products is generally received within one to three months after delivery of products to a customer based on contracts with customers and does not include significant financial elements.

(6) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the end of the consolidated fiscal year and resulting exchange gains and losses are included in net profit or loss. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rate prevailing on the respective fiscal year-ends of those subsidiaries. Income and expenses are translated at the average rate of exchange during the fiscal year and resulting translation adjustments are included in net assets as foreign currency translation adjustment under accumulated other comprehensive income.

(7) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over five to twenty years.

(8) Scope of funds in the consolidated statement of cash flows

These funds include cash on hand, deposits that can be withdrawn on demand, and short-term investments that can be easily converted into cash and bear only minor risks with respect to fluctuation of value with their redemption deadline arriving within three months from the acquisition date.

(Significant accounting estimates)

(Evaluation of goodwill and other intangible assets)

1. Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

	Previous consolidated fiscal year	Current consolidated fiscal year
Goodwill	8,200 million yen	7,737 million yen
Other intangible assets	8,128 million yen	8,011 million yen

2. Information on details of significant accounting estimates related to identified items

Goodwill of 7,737 million yen (4.5% of total assets) and other intangible assets of 8,011 million yen (4.6% of total assets) recorded in the Group's consolidated financial statements as of the end of the fiscal year under review are goodwill and other intangible assets related to ASAHI Medical Technologies, Inc. which was acquired as a subsidiary in July 2018 as well as goodwill and other intangible assets related to four companies, namely ASAHI SURGICAL ROBOTICS CO., LTD., KARDIA S.R.L., Pathways Medical Corporation and Rev.1 Engineering, Inc., which were acquired as subsidiaries in July 2021.

The Group considers said goodwill as excess earnings power expected from future business development of the acquired companies and synergistic effects within the Group. The business plans used for calculating share value, which is a basis for evaluation of goodwill, includes significant assumptions such as future sales estimates and schedules until products under development are released. In addition, determining discount rates requires highly specialized expertise. Evaluation of intangible assets includes significant assumptions such as the aforementioned business plans and discount rates as well as customer attrition rates related to customer-related assets and loyalty rates related to technology assets. After confirming future sales estimates and the state of progress toward product releases based on said assumptions, the Group identifies the existence of any signs of impairment on goodwill and other intangible assets. If any sign of impairment is determined to exist, the Group determines the necessity of recognition of impairment loss.

Assumptions used for said accounting estimates and determination are based on information available at the end of the fiscal year under review. Occurrence of any event that requires revision to assumptions such as future business plans, customer attrition rates, and loyalty rates may significantly affect evaluation of goodwill and other intangible assets in the consolidated financial statements for the next fiscal year.

(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 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 the end of the fiscal year under review increased by 367 million yen, 132 million yen, and 234 million yen, respectively.

The impact on profit for the fiscal year under review is immaterial.

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021. Hereinafter, "Fair Value Measurement Guidance") at the beginning of the fiscal year under review. The Company has prospectively applied the new accounting policy stipulated in the Fair Value Measurement Guidance, in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Guidance. There is no impact on the consolidated financial statements, etc., for the fiscal year under review.

(Changes in presentation)

(Consolidated statement of income)

"Loss on valuation of shares of subsidiaries and associates" under "extraordinary losses," which was presented separately for the previous fiscal year, is included in "other" under "extraordinary losses" from the current fiscal year, due to a decline in financial materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statements of income for the previous fiscal year, 156 million yen presented as "loss on valuation of shares of subsidiaries and associates" under "extraordinary losses" has been reclassified as 156 million yen presented as "other."

(Consolidated statement of cash flows)

"Increase in advances received," which was included in "other, net" under "cash flows from operating activities" for the previous fiscal year, is presented separately from the current fiscal year due to an increase in financial materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, 73 million yen presented as "other, net" under "cash flows from operating activities" has been reclassified as 1,868 million yen presented as "increase (decrease) in advances received" and minus 1,794 million yen presented as "other, net."

(Revenue recognition)

(1) Disaggregation of revenue from contracts with customers

1. Breakdown by type

Previous consolidated fiscal year (From July 1, 2021 to June 30, 2022)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Cardiovascular	50,772	–	50,772
Non-cardiovascular	11,784	–	11,784
OEM	5,788	–	5,788
Medical Components	–	5,013	5,013
Industrial Components	–	4,389	4,389
Total	68,345	9,403	77,748

Current consolidated fiscal year (From July 1, 2022 to June 30, 2023)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Cardiovascular	58,933	–	58,933
Non-cardiovascular	12,375	–	12,375
OEM	7,243	–	7,243
Medical Components	–	7,232	7,232
Industrial Components	–	4,316	4,316
Total	78,552	11,549	90,101

2. Breakdown by region

Previous consolidated fiscal year (From July 1, 2021 to June 30, 2022)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Japan	14,554	3,044	17,599
North America	14,035	2,969	17,004
Europe	16,441	464	16,905
China	14,951	299	15,251
Others	8,362	2,626	10,988
Total	68,345	9,403	77,748

Current consolidated fiscal year (From July 1, 2022 to June 30, 2023)

(Million yen)

	Reportable segment		
	Medical Division	Device Division	Total
Japan	13,665	2,801	16,467
North America	18,011	4,107	22,119
Europe	18,743	406	19,149
China	16,974	536	17,511
Others	11,156	3,696	14,853
Total	78,552	11,549	90,101

(2) Disaggregation of revenue from contracts with customers

Useful information in understanding revenue is as presented in “(Significant accounting policies for preparation of consolidated financial statements), 4. Accounting policies, (5) Significant revenue and expense recognition standards.”

(3) Information on relationship of fulfillment of performance obligations based on contracts with customers with cash flow generated from said contracts and the amount and period of revenue expected to be recognized in the next and subsequent fiscal years from contracts with customers' existing at the end of the fiscal year under review

Previous consolidated fiscal year (From July 1, 2021 to June 30, 2022)

1. Balance of contract liabilities, etc.

(Million yen)

	Fiscal year under review
Contract liabilities (beginning balance)	282
Contract liabilities (ending balance)	2,541

Contract liabilities are mainly related to advances received from customers. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the fiscal year under review that was included in the contract liability balance at the beginning of the fiscal year under review was 282 million yen. The increase of 2,259 million yen in contract liabilities in the fiscal year under review was mainly attributable to an increase in advances received.

2. Transaction price allocated to the remaining performance obligations

The Group has applied a practical expedient and does not provide information on the remaining performance obligations as the Group has no significant transaction of which the original expected period is one year or more. Consideration promised in contracts with customers does not have any significant amounts not included in the transaction price.

Current consolidated fiscal year (From July 1, 2022 to June 30, 2023)

1. Balance of contract liabilities, etc.

(Million yen)

	Fiscal year under review
Contract liabilities (beginning balance)	2,541
Contract liabilities (ending balance)	3,255

Contract liabilities are mainly related to advances received from customers. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the current fiscal year was 2,541 million yen. The increase of 713 million yen in contract liabilities in the current fiscal year was mainly attributable to an increase in advances received.

2. Transaction price allocated to the remaining performance obligations

The Group has applied a practical expedient and does not provide information on the remaining performance obligations as the Group has no significant transaction of which the original expected period is one year or more. Consideration promised in contracts with customers does not have any significant amounts not included in the transaction price.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and subject to periodical reviews by the Board of Directors to determine allocation of management resources and evaluate business performance.

The Group has established operating divisions by business area to conduct integrated business activities from development to manufacturing and sales. Based on these operating divisions, the Medical Division and the Device Division have been established as two reportable segments.

The Medical Division engages in development, manufacturing and sales of our own brand products and OEM products in the medical device field and the Device Division engages in development, manufacturing and sales of components and other products in the medical device and industrial device fields.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

   The accounting method for the reported business segments is generally the same as the method stated in "significant accounting policies for preparation of consolidated financial statements."

   Profit of reportable segments is based on operating profit.

   Transactions with other segments are mainly based on market prices and manufacturing costs.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

   Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)

(Million yen)

	Reportable segment			Adjustments (Note 1)	Per consolidated financial statements (Note 2)
	Medical Division	Device Division	Total		
Net sales					
Revenues from external customers	68,345	9,403	77,748	–	77,748
Transactions with other segments	–	13,903	13,903	-13,903	–
Total	68,345	23,306	91,652	-13,903	77,748
Segment profit	14,052	5,327	19,379	-4,140	15,239
Segment assets	104,513	33,472	137,986	17,140	155,127
Other items					
Depreciation	3,737	2,421	6,159	280	6,439
Increase in property, plant and equipment and intangible assets	5,713	2,959	8,672	261	8,933

Notes: 1. Adjustments are as follows:

(i) The adjustment to segment profit includes 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.

(ii) The adjustment to segment assets includes intersegment elimination of 260 million yen and corporate assets that are not allocated to each reportable segment of 16,880 million yen.

(iii) The adjustment to increase in property, plant and equipment and intangible assets includes an increase of corporate assets that do not belong to any reportable segment such as payment relating to building of an enterprise system (SAP).

2. Segment profit is adjusted with the operating profit in the consolidated statement of income.
3. Basis of allocation for non-current assets to each segment is different from that for related depreciation.

Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)

(Million yen)

	Reportable segment			Adjustments (Note 1)	Per consolidated financial statements (Note 2)
	Medical Division	Device Division	Total		
Net sales					
Revenues from external customers	78,552	11,549	90,101	–	90,101
Transactions with other segments	–	14,461	14,461	-14,461	–
Total	78,552	26,011	104,563	-14,461	90,101
Segment profit	16,403	6,107	22,511	-4,480	18,030
Segment assets	115,591	39,259	154,851	17,793	172,644
Other items					
Depreciation	4,349	2,868	7,217	295	7,513
Increase in property, plant and equipment and intangible assets	7,841	6,300	14,141	315	14,456

Notes: 1. Adjustments are as follows:

(i) The adjustment to segment profit includes 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.

(ii) The adjustment to segment assets includes intersegment elimination of 336 million yen and corporate assets that are not allocated to each reportable segment of 17,457 million yen.

(iii) The adjustment to increase in property, plant and equipment and intangible assets includes an increase of corporate assets that do not belong to any reportable segment such as payment relating to building of an enterprise system (SAP).

2. Segment profit is adjusted with the operating profit in the consolidated statement of income.
3. Basis of allocation for non-current assets to each segment is different from that for related depreciation.

[Information associated with reportable segments]

Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)

1. Information for each product or service

   This is omitted as the same information is disclosed in the segment information section.

2. Information for each region

   (1) Net sales

(Million yen)

Japan	U.S.	Europe	China	Others	Total
17,599	16,622	16,905	15,251	11,370	77,748

Note: Net sales are classified by countries or regions based on the location of customers.

   (2) Property, plant and equipment

(Million yen)

Japan	Thailand	Vietnam	Philippines	Others	Total
18,473	12,665	5,260	8,091	1,070	45,561

3. Information for each of main customers

   Not applicable.

Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)

1. Information for each product or service

   This is omitted as the same information is disclosed in the segment information section.

2. Information for each region

   (1) Net sales

(Million yen)

Japan	U.S.	Europe	China	Others	Total
16,467	21,828	19,149	17,511	15,144	90,101

Note: Net sales are classified by countries or regions based on the location of customers.

   (2) Property, plant and equipment

(Million yen)

Japan	Thailand	Vietnam	Philippines	Others	Total
21,687	14,338	6,535	9,446	1,675	53,683

3. Information for each of main customers

   Not applicable.

[Disclosure of impairment losses on non-current assets for each reportable segment]
Not applicable.

[Amortization and unamortized balance of goodwill for each reportable segment]
Previous consolidated fiscal year (From July 1, 2021 to June 30, 2022)

(Million yen)

	Reportable segment			Unallocated amounts and elimination	Total
	Medical Division	Device Division	Subtotal		
Amortization during the period	1,034	–	1,034	–	1,034
Balance at end of the period	8,200	–	8,200	–	8,200

Current consolidated fiscal year under review (From July 1, 2022 to June 30, 2023)

(Million yen)

	Reportable segment			Unallocated amounts and elimination	Total
	Medical Division	Device Division	Subtotal		
Amortization during the period	1,198	–	1,198	–	1,198
Balance at end of the period	7,737	–	7,737	–	7,737

[Information about gain on bargain purchase for each reportable segment]
Not applicable.

(Per share information)

	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Net assets per share	439.80 yen	487.12 yen
Basic earnings per share	40.01 yen	48.25 yen
Diluted earnings per share	40.00 yen	–

Note: The basis for calculating basic earnings per share and diluted earnings per share is as follows.

Items	Previous consolidated fiscal year (from July 1, 2021 to June 30, 2022)	Current consolidated fiscal year (from July 1, 2022 to June 30, 2023)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	10,857	13,106
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent regarding common stock (million yen)	10,857	13,106
Average number of common stock during the period (thousand shares)	271,393	271,625
Diluted earnings per share		
Increase in common stock (thousand shares)	87	–
(of which, stock acquisition rights) (thousand shares)	(87)	(–)
An outline of potential shares not included in the calculation of diluted earnings per share because they do not have dilutive effects	–	–

(Significant subsequent events)

Not applicable.