August 14, 2024

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Under Japanese GAAP)

Company name: ASAHI INTECC CO., LTD.
Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 7747
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Scheduled date of annual general meeting of shareholders: September 26, 2024
Scheduled date of commencing dividend payments: September 27, 2024
Scheduled date of filing annual securities report: September 27, 2024
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, 2024 (from July 1, 2023 to June 30, 2024)

### (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, 2024 | 107,547 | 19.4 | 24,168 | 21.2 | 22,135 | 22.8 | 21,968 | 24.6 | 15,808 | 20.6 |
| June 30, 2023 | 90,101 | 15.9 | 19,934 | 18.0 | 18,030 | 18.3 | 17,635 | 8.0 | 13,106 | 20.7 |

Note: Comprehensive income
For the fiscal year ended June 30, 2024: ¥22,873 million (40.5%)
For the fiscal year ended June 30, 2023: ¥16,280 million (-5.9%)

| | 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, 2024 | 58.20 | – | 11.2 | 12.1 | 20.6 |
| June 30, 2023 | 48.25 | – | 10.4 | 10.8 | 20.0 |

Reference: Equity in earnings (losses) of affiliates
For the fiscal year ended June 30, 2024: ¥– million
For the fiscal year ended June 30, 2023: ¥– 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, 2024 | 191,614 | 151,961 | 78.9 | 556.71 |
| June 30, 2023 | 172,644 | 134,300 | 76.6 | 487.12 |

Reference: Equity
As of June 30, 2024: ¥151,217 million
As of June 30, 2023: ¥132,312 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, 2024 | 34,708 | -21,222 | -13,878 | 35,658 |
| June 30, 2023 | 19,138 | -15,135 | -2,342 | 34,884 |

## 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, 2023 | – | 0.00 | – | 14.48 | 14.48 | 3,933 | 30.0 | 3.1 |
| June 30, 2024 | – | 0.00 | – | 20.37 | 20.37 | 5,533 | 35.0 | 3.9 |
| Fiscal year ending June 30, 2025 (Forecast) | – | 0.00 | – | 24.23 | 24.23 | | 35.0 | |

## 3. Consolidated financial results forecast for the fiscal year ending June 30, 2025 (July 1, 2024 to June 30, 2025)

(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 | 116,737 | 8.5 | 27,170 | 12.4 | 25,210 | 13.9 | 25,528 | 16.2 | 18,803 | 18.9 | 69.22 |

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

*** Notes**

(1) Significant changes in scope of consolidation during the period: 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: None
(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, 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 June 30, 2024 | 7,955 shares |
| As of June 30, 2023 | 7,912 shares |

(iii) Average number of shares during the period

| | |
|---|---|
| Fiscal year ended June 30, 2024 | 271,625,658 shares |
| Fiscal year ended June 30, 2023 | 271,625,719 shares |

**(Reference) Summary of Non-Consolidated Financial Results**

**1. Non-consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)**

**(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, 2024 | 73,810 | 15.8 | 13,841 | 12.8 | 13,922 | 13.2 | 10,895 | 50.7 |
| June 30, 2023 | 63,736 | 0.4 | 12,269 | 11.9 | 12,301 | -6.7 | 7,229 | -24.1 |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| June 30, 2024 | 40.11 | – |
| June 30, 2023 | 26.61 | – |

**(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, 2024 | 139,090 | 97,838 | 70.3 | 360.20 |
| June 30, 2023 | 127,294 | 90,219 | 70.9 | 332.15 |

Reference: Equity
As of June 30, 2024: ¥97,838 million
As of June 30, 2023: ¥90,219 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” 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 aim to enhance corporate value by promoting these growth strategies in a steady manner, and achieved consolidated net sales of 100 billion yen, a significant milestone of the plan, with record high consolidated net sales and profit in the fiscal year ended June 30, 2024.

Net sales of the Group for the fiscal year ended on June 30, 2024 amounted to 107,547 million yen (an increase of 19.4% year on year), thanks mainly to a significant increase in overseas net sales, partially affected by the exchange rate impact of stronger foreign currencies, in addition to efforts to expand market share following the increase in the number of cases due to the recovery from COVID-19.

Gross profit totaled 69,053 million yen (an increase of 17.4% year on year), due to the increase in net sales.

Operating profit was 22,135 million yen (an increase of 22.8% 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 and performance-based bonus payments.

Ordinary profit was 21,968 million yen (an increase of 24.6% year on year) mainly due to an increase in foreign exchange losses.

Profit attributable to owners of parent was 15,808 million yen (an increase of 20.6% year on year), despite a decrease in disaster insurance income.

Foreign exchange rates used for the fiscal year under review:

149.39 yen per U.S. dollar (137.49 yen for the same period of the previous fiscal year, up 8.7%)

161.48 yen per euro (143.92 yen for the same period of the previous fiscal year, up 12.2%)

20.64 yen per Chinese yuan (19.75 yen for the same period of the previous fiscal year, up 4.5%)

4.17 yen per Thai baht (3.90 yen for the same period of the previous fiscal year, up 6.9%)

The operating results for each segment are outlined below.

<Medical Division>

In the Medical Division, net sales increased mainly due to a significant increase in overseas net sales, partially affected by the exchange rate impact of stronger foreign currencies, in addition to efforts to expand market share following the increase in the number of cases due to the recovery from COVID-19.

In the domestic market, net sales increased mainly due to increased sales in the non-cardiovascular field including peripheral vascular products and gastrointestinal 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 the effects of the sales of “CROSSLEAD,” our peripheral vascular product, and other products in the U.S. market and an increase of abdominal products in the U.S. and Chinese markets. Net sales from OEM transactions increased slightly, mainly due to the exchange rate impact of stronger foreign currencies and an increase in new transactions in the U.S., despite decreased transactions for the Chinese market in the cardiovascular field.

As a result, net sales totaled 95,654 million yen (an increase of 21.8% year on year).

Segment profit amounted to 22,664 million yen (an increase of 38.2% 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, as well as the exchange rate impact of stronger foreign currencies and increased transactions for China in the overseas market.

As for industrial components, net sales increased mainly due to the exchange rate impact of stronger foreign currencies and an increase in OA equipment-related transactions in the overseas market, despite a decrease in construction-related transactions mainly in the domestic market.

As a result, net sales totaled 11,892 million yen (an increase of 3.0% year on year).

Segment profit amounted to 4,733 million yen (a decrease of 22.5% year on year), mainly due to a decrease in intersegment transactions and trends in utilization ratio.

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

As for assets for the fiscal year under review, total assets amounted to 191,614 million yen, an increase of 18,969 million yen from the end of the previous fiscal year. This was mainly due to an increase of 9,961 million yen in buildings and structures, net, despite a decrease of 4,265 million yen in construction in progress associated with the completion of a new building in Seto City, Aichi Prefecture, and an increase of 9,008 million yen in investment securities.

As for liabilities, total liabilities amounted to 39,652 million yen, an increase of 1,308 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,994 million yen in accounts payable - other.

As for net assets, total net assets amounted to 151,961 million yen, an increase of 17,660 million yen from the end of the previous fiscal year. This was mainly due to increases of 11,874 million yen in retained earnings and 6,274 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 35,658 million yen (an increase of 2.2% 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 34,708 million yen (an increase of 15,570 million yen). This was mainly due to profit before income taxes of 21,789 million yen, depreciation of 8,464 million yen, decrease in inventories of 4,456 million yen and increase in advances received of 4,346 million yen, despite income taxes paid of 5,323 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 21,222 million yen (an increase of 6,086 million yen). This was mainly due to purchase of property, plant and equipment of 9,877 million yen and purchase of investment securities of 8,334 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 13,878 million yen (an increase of 11,535 million yen). This was mainly due to a decrease in short-term borrowings of 6,500 million yen, repayments of long-term borrowings of 3,202 million yen and dividends paid of 3,933 million yen.

(4) Future outlook

The Group intends to maintain and expand growth by implementing growth strategies in a steady manner based on the basic policies in the medium-term management plan "ASAHI Going Beyond 1000." Therefore, in the fiscal year ending June 30, 2025, the Group aims to achieve the consolidated sales target of 110 billion yen for the final year of the medium-term management plan (fiscal year ending June 30, 2026), one year ahead of schedule.

(Million yen)

| | Fiscal year ended June 30, 2024 Results | Fiscal year ending June 30, 2025 Forecast | Increase (Decrease) | Increase (Decrease) (%) |
|---|---|---|---|---|
| Net sales | 107,547 | 116,737 | 9,190 | 8.5 |
| Operating profit excluding goodwill amortization | 24,168 | 27,170 | 3,002 | 12.4 |
| (Percentage) | 22.5 | 23.3 | 0.8 | – |
| Operating profit | 22,135 | 25,210 | 3,074 | 13.9 |
| (Percentage) | 20.6 | 21.6 | 1.0 | – |
| Profit attributable to owners of parent | 15,808 | 18,803 | 2,995 | 18.9 |

(Reference) In the case of the same exchange rate as the previous period

(Million yen)

| | Fiscal year ended June 30, 2024 Results | Fiscal year ending June 30, 2025 Forecast | Increase (Decrease) | Increase (Decrease) (%) |
|---|---|---|---|---|
| Net sales | 107,547 | 118,510 | 10,963 | 10.2 |
| Operating profit excluding goodwill amortization | 24,168 | 28,279 | 4,111 | 17.0 |
| (Percentage) | 22.5 | 23.9 | 1.4 | – |
| Operating profit | 22,135 | 26,283 | 4,147 | 18.7 |
| (Percentage) | 20.6 | 22.2 | 1.6 | – |

<Net sales>

(Medical Division)

In the Medical Division, net sales are expected to increase mainly due to strong growth in the overseas market despite the impact of stronger yen.

<Our own brand>

In the domestic market, net sales are expected to increase mainly due to an increase in peripheral vascular products associated with strengthening sales of purchased products and an increase in neurovascular products as a result of new product launches in the non-cardiovascular field, despite a decrease in sales unit prices associated with the revision of reimbursement prices.

In the overseas market, the number of cases is on the same growth trend as before COVID-19, mainly in China and other Asian regions. Through continued efforts to expand market share and other measures, net sales are expected to increase in both the cardiovascular field and the non-cardiovascular field in all regions despite the impact of stronger yen. In the cardiovascular field, since the number of cases is increasing significantly, mainly in the Chinese market, we will continue to aim for steady sales increase, as well as market share expansion. In the non-cardiovascular field, net sales are expected to increase in peripheral vascular products, neurovascular products, and abdominal vascular products. As for peripheral vascular products, we plan to expand sales of "CROSSLEAD," a product of peripheral vascular guide wires, in the U.S. market to increase our market share. We will expand sales of neurovascular products in all regions, and abdominal vascular products mainly in the Chinese market.

<OEM >

Net sales will remain almost flat due to decreasing transactions in the domestic market, although there may be an increase in transactions in Asian regions depending on trends among customers and other factors.

(Device Division)

In the Device Division, net sales of both medical components and industrial components are expected to increase despite the impact of stronger yen. As for medical components, net sales are expected to increase mainly due to increasing transactions for the U.S. market. As for industrial components, net sales are expected to increase due to continuing steady results of transactions in the construction and automobile markets.

<Gross profit>

Gross profit is expected to increase in proportion to an increase in revenue. Gross profit margin is expected to increase mainly due to higher utilization ratio.

<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 10.9%.

As we plan to increase expenses mainly for sales and marketing activities in the U.S., sales-related expenses are expected to increase.

In addition to the expenses listed above, we assume increases in expenses for strengthening the management structure, such as quality assurance-related and information system-related expenses.

<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, 2025: assumption | 145.00 | 160.00 | 20.50 | 4.17 |
| (Fiscal year ended June 30, 2024: actual rate) | 149.39 | 161.48 | 20.64 | 4.17 |

(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 35.0%.

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 20.37 yen as the annual dividend for the fiscal year under review (consolidated dividend payout ratio of 35.0%). We plan to propose this matter at the 48th Annual General Meeting of Shareholders to be held on September 26, 2024 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 24.23 yen as the annual dividend for the next fiscal year (consolidated dividend payout ratio of 35.0%).

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 26, 2024<br>Resolution at Annual General Meeting of Shareholders | 5,533 million yen | 20,37 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, 2023) | Current consolidated fiscal year (June 30, 2024) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 34,884 | 35,658 |
| Notes and accounts receivable - trade | 14,678 | 17,676 |
| Electronically recorded monetary claims - operating | 1,728 | 1,913 |
| Securities | 2,000 | 3,000 |
| Merchandise and finished goods | 10,077 | 9,282 |
| Work in process | 13,473 | 12,298 |
| Raw materials and supplies | 7,807 | 7,763 |
| Other | 5,842 | 7,609 |
| Allowance for doubtful accounts | -231 | -505 |
| Total current assets | 90,261 | 94,696 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 33,678 | 46,109 |
| Accumulated depreciation | -12,054 | -14,523 |
| Buildings and structures, net | 21,623 | 31,585 |
| Machinery, equipment and vehicles | 31,830 | 36,239 |
| Accumulated depreciation | -21,330 | -25,683 |
| Machinery, equipment and vehicles, net | 10,500 | 10,555 |
| Land | 6,678 | 7,257 |
| Construction in progress | 8,472 | 4,207 |
| Other | 13,168 | 14,463 |
| Accumulated depreciation | -6,761 | -7,940 |
| Other, net | 6,407 | 6,523 |
| Total property, plant and equipment | 53,683 | 60,129 |
| Intangible assets | | |
| Goodwill | 7,737 | 6,910 |
| Other | 10,632 | 10,048 |
| Total intangible assets | 18,369 | 16,959 |
| Investments and other assets | | |
| Investment securities | 6,177 | 15,185 |
| Shares of subsidiaries and associates | 220 | 220 |
| Deferred tax assets | 929 | 989 |
| Other | 3,096 | 3,538 |
| Allowance for doubtful accounts | -93 | -105 |
| Total investments and other assets | 10,329 | 19,828 |
| Total non-current assets | 82,383 | 96,917 |
| Total assets | 172,644 | 191,614 |

(Million yen)

| | Previous consolidated fiscal year (June 30, 2023) | Current consolidated fiscal year (June 30, 2024) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,856 | 2,289 |
| Electronically recorded obligations - operating | 883 | 625 |
| Short-term borrowings | 10,361 | 5,615 |
| Accounts payable - other | 2,043 | 4,038 |
| Income taxes payable | 2,309 | 2,683 |
| Provision for bonuses | 1,784 | 2,700 |
| Other | 6,076 | 11,542 |
| Total current liabilities | 26,316 | 29,494 |
| Non-current liabilities | | |
| Long-term borrowings | 3,892 | 1,087 |
| Deferred tax liabilities | 3,921 | 4,643 |
| Provision for retirement benefits for directors (and other officers) | 19 | 19 |
| Retirement benefit liability | 2,496 | 2,851 |
| Asset retirement obligations | 15 | 17 |
| Other | 1,683 | 1,539 |
| Total non-current liabilities | 12,028 | 10,157 |
| Total liabilities | 38,344 | 39,652 |
| Net assets | | |
| Shareholders’ equity | | |
| Share capital | 18,860 | 18,860 |
| Capital surplus | 21,727 | 21,779 |
| Retained earnings | 78,867 | 90,742 |
| Treasury shares | -7 | -7 |
| Total shareholders' equity | 119,448 | 131,375 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,033 | 2,689 |
| Foreign currency translation adjustment | 10,867 | 17,142 |
| Remeasurements of defined benefit plans | -36 | 9 |
| Total accumulated other comprehensive income | 12,864 | 19,841 |
| Non-controlling interests | 1,987 | 744 |
| Total net assets | 134,300 | 151,961 |
| Total liabilities and net assets | 172,644 | 191,614 |

## (2) Consolidated statements of income and comprehensive income

### Consolidated statement of income

(Million yen)

| | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Net sales | 90,101 | 107,547 |
| Cost of sales | 31,268 | 38,494 |
| Gross profit | 58,832 | 69,053 |
| Selling, general and administrative expenses | | |
| Freight-out | 3,027 | 2,748 |
| Provision of allowance for doubtful accounts | 43 | 169 |
| Salaries, wages and bonuses | 9,407 | 11,280 |
| Remuneration for directors (and other officers) | 779 | 767 |
| Director's bonuses | – | 246 |
| Provision for bonuses | 882 | 1,291 |
| Retirement benefit expenses | 308 | 479 |
| Depreciation | 2,578 | 2,943 |
| Research and development expenses | 9,723 | 11,662 |
| Other | 14,050 | 15,329 |
| Total selling, general and administrative expenses | 40,802 | 46,917 |
| Operating profit | 18,030 | 22,135 |
| Non-operating income | | |
| Interest income | 50 | 102 |
| Dividend income | 73 | 91 |
| Subsidy income | 7 | 79 |
| Other | 177 | 242 |
| Total non-operating income | 308 | 515 |
| Non-operating expenses | | |
| Interest expenses | 308 | 226 |
| Foreign exchange losses | 298 | 379 |
| Other | 96 | 77 |
| Total non-operating expenses | 703 | 683 |
| Ordinary profit | 17,635 | 21,968 |
| Extraordinary income | | |
| Gain on sale of investment securities | – | 21 |
| Disaster insurance income | 305 | – |
| Total extraordinary income | 305 | 21 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 196 | 99 |
| Provision of allowance for doubtful accounts | – | 100 |
| Other | 1 | 0 |
| Total extraordinary losses | 197 | 199 |
| Profit before income taxes | 17,743 | 21,789 |
| Income taxes - current | 4,715 | 5,630 |
| Income taxes - deferred | -248 | 263 |
| Total income taxes | 4,467 | 5,893 |
| Profit | 13,276 | 15,895 |
| Profit attributable to non-controlling interests | 170 | 87 |
| Profit attributable to owners of parent | 13,106 | 15,808 |

Consolidated statement of comprehensive income

(Million yen)

| | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Profit | 13,276 | 15,895 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 161 | 656 |
| Foreign currency translation adjustment | 2,968 | 6,274 |
| Remeasurements of defined benefit plans, net of tax | -126 | 45 |
| Total other comprehensive income | 3,003 | 6,977 |
| Comprehensive income | 16,280 | 22,873 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 16,015 | 22,684 |
| Comprehensive income attributable to non-controlling interests | 264 | 188 |

(3) Consolidated statement of changes in equity

Previous 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 | | | | | |
| 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 | | | | 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 | | | | | | |
| Dividends of surplus | | | | | | -3,256 |
| Profit attributable to owners of parent | | | | | | 13,106 |
| Purchase of treasury shares | | | | | | -0 |
| 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 |

Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 18,860 | 21,727 | 78,867 | -7 | 119,448 |
| Changes during period | | | | | |
| Dividends of surplus | | | -3,933 | | -3,933 |
| Profit attributable to owners of parent | | | 15,808 | | 15,808 |
| Purchase of treasury shares | | | | -0 | -0 |
| Purchase of shares of consolidated subsidiaries | | 52 | | | 52 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 52 | 11,874 | -0 | 11,927 |
| Balance at end of period | 18,860 | 21,779 | 90,742 | -7 | 131,375 |

| | Accumulated other comprehensive income | | | | 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 | 2,033 | 10,867 | -36 | 12,864 | 1,987 | 134,300 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | -3,933 |
| Profit attributable to owners of parent | | | | | | 15,808 |
| Purchase of treasury shares | | | | | | -0 |
| Purchase of shares of consolidated subsidiaries | | | | | | 52 |
| Net changes in items other than shareholders' equity | 656 | 6,274 | 45 | 6,977 | -1,243 | 5,733 |
| Total changes during period | 656 | 6,274 | 45 | 6,977 | -1,243 | 17,660 |
| Balance at end of period | 2,689 | 17,142 | 9 | 19,841 | 744 | 151,961 |

(4) Consolidated statement of cash flows

(Million yen)

| | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 17,743 | 21,789 |
| Depreciation | 7,513 | 8,464 |
| Increase (decrease) in allowance for doubtful accounts | 33 | 273 |
| Increase (decrease) in provision for bonuses | 383 | 837 |
| Increase (decrease) in retirement benefit liability | 145 | 261 |
| Interest and dividend income | -124 | -193 |
| Interest expenses | 308 | 226 |
| Amortization of goodwill | 1,198 | 1,255 |
| Loss (gain) on valuation of investment securities | 196 | 99 |
| Proceeds from disaster insurance income | -305 | – |
| Decrease (increase) in trade receivables | -340 | -2,345 |
| Decrease (increase) in inventories | -2,793 | 4,456 |
| Increase (decrease) in trade payables | -256 | -973 |
| Increase (decrease) in accounts payable - other | 291 | 563 |
| Increase (decrease) in advances received | 741 | 4,346 |
| Decrease (increase) in accounts receivable - other | 254 | -337 |
| Other, net | -1,088 | 1,289 |
| Subtotal | 23,902 | 40,014 |
| Interest and dividends received | 95 | 185 |
| Interest paid | -261 | -167 |
| Proceeds from insurance income | 305 | – |
| Income taxes paid | -4,903 | -5,323 |
| Net cash provided by (used in) operating activities | 19,138 | 34,708 |

(Million yen)

| | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of securities | – | -3,000 |
| Proceeds from redemption of securities | – | 2,000 |
| Purchase of investment securities | -1,123 | -8,334 |
| Purchase of property, plant and equipment | -12,291 | -9,877 |
| Purchase of intangible assets | -422 | -667 |
| Other, net | -1,298 | -1,342 |
| Net cash provided by (used in) investing activities | -15,135 | -21,222 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 5,165 | -6,500 |
| Proceeds from long-term borrowings | – | 1,500 |
| Repayments of long-term borrowings | -3,927 | -3,202 |
| Dividends paid | -3,256 | -3,933 |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | – | -1,355 |
| Repayments of lease liabilities | -322 | -385 |
| Other, net | 0 | 0 |
| Net cash provided by (used in) financing activities | -2,342 | -13,878 |
| Effect of exchange rate change on cash and cash equivalents | 902 | 1,164 |
| Net increase (decrease) in cash and cash equivalents | 2,563 | 773 |
| Cash and cash equivalents at beginning of period | 32,321 | 34,884 |
| Cash and cash equivalents at end of period | 34,884 | 35,658 |

(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 17

(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.

Toyoflex Corporation, which was a consolidated subsidiary of the Company in the previous fiscal year, has been excluded from the scope of consolidation as it was dissolved in an absorption-type merger with the Company as the surviving company.

(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 and affiliated companies not accounted for using the equity method

Nihon Chemical Coat Co., Ltd.

FICUS Co., Ltd.

walkey Inc.

LAKE R&D Inc.

Magnaire Co., Ltd.

ELDORET HOSPITAL-ASAHI INTECC HEART CENTRE

Reason for not applying the equity method

As for the six non-consolidated subsidiaries and affiliated companies 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 | 10 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 market price 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 | 7,737 million yen | 6,910 million yen |
| Other intangible assets | 8,011 million yen | 7,962 million yen |

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

Goodwill of 6,910 million yen (3.6% of total assets) and other intangible assets of 7,962 million yen (4.2% 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 presentation)

(Consolidated statement of income)

"Subsidy income," which was included in "other" under "non-operating income" 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 statements of income for the previous fiscal year, 184 million yen presented as "other" under "non-operating income" has been reclassified as 7 million yen presented as "subsidy income," and 177 million yen presented as "other."

“Provision of allowance for doubtful accounts” under “non-operating expenses,” which was presented separately for the previous fiscal year, is included in “other” under “non-operating expenses” 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, 12 million yen presented as “provision of allowance for doubtful accounts” under “non-operating expenses” has been reclassified as 96 million yen presented as “other.”

(Revenue recognition)

(1) Disaggregation of revenue from contracts with customers

(1) Breakdown by type

Previous 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 |

Current consolidated fiscal year (From July 1, 2023 to June 30, 2024)

(Million yen)

| | Reportable segment | | |
|---|---|---|---|
| | Medical Division | Device Division | Total |
| Cardiovascular | 72,690 | – | 72,690 |
| Non-cardiovascular | 15,346 | – | 15,346 |
| OEM | 7,618 | – | 7,618 |
| Medical Components | – | 7,525 | 7,525 |
| Industrial Components | – | 4,367 | 4,367 |
| Total | 95,654 | 11,892 | 107,547 |

(2) Breakdown by region

Previous 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 |

Current consolidated fiscal year (From July 1, 2023 to June 30, 2024)

(Million yen)

| | Reportable segment | | |
|---|---|---|---|
| | Medical Division | Device Division | Total |
| Japan | 14,727 | 2,732 | 17,460 |
| North America | 21,066 | 4,210 | 25,276 |
| Europe | 22,121 | 418 | 22,539 |
| China | 24,033 | 582 | 24,616 |
| Others | 13,705 | 3,948 | 17,654 |
| Total | 95,654 | 11,892 | 107,547 |

(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, 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 fiscal year under review that was included in the contract liability balance at the beginning of the fiscal year under review was 2,541 million yen. The increase of 713 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, 2023 to June 30, 2024)

1. Balance of contract liabilities, etc.

(Million yen)

| | Fiscal year under review |
|---|---|
| Contract liabilities (beginning balance) | 3,255 |
| Contract liabilities (ending balance) | 8,182 |

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 3,255 million yen. The increase of 4,927 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, 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.

Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)

(Million yen)

| | Reportable segment | | | Adjustments (Note 1) | Per consolidated financial statements (Note 2) |
|---|---|---|---|---|---|
| | Medical Division | Device Division | Total | | |
| Net sales | | | | | |
| Revenues from external customers | 95,654 | 11,892 | 107,547 | – | 107,547 |
| Transactions with other segments | – | 14,257 | 14,257 | -14,257 | – |
| Total | 95,654 | 26,150 | 121,804 | -14,257 | 107,547 |
| Segment profit | 22,664 | 4,733 | 27,397 | -5,261 | 22,135 |
| Segment assets | 117,160 | 46,065 | 163,225 | 28,388 | 191,614 |
| Other items | | | | | |
| Depreciation | 4,808 | 3,326 | 8,134 | 329 | 8,464 |
| Increase in property, plant and equipment and intangible assets | 6,065 | 5,600 | 11,665 | 904 | 12,570 |

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 565 million yen and corporate assets that are not allocated to each reportable segment of 27,823 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 the construction of welfare facilities.

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, 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.

Current consolidated fiscal year (from July 1, 2023 to June 30, 2024)

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 |
|---|---|---|---|---|---|
| 17,460 | 24,746 | 22,539 | 24,616 | 18,184 | 107,547 |

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 |
|---|---|---|---|---|---|
| 27,238 | 14,713 | 7,555 | 9,090 | 1,530 | 60,129 |

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, 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 |

Current consolidated fiscal year under review (From July 1, 2023 to June 30, 2024)

(Million yen)

| | Reportable segment | | | Unallocated amounts and elimination | Total |
|---|---|---|---|---|---|
| | Medical Division | Device Division | Subtotal | | |
| Amortization during the period | 1,255 | – | 1,255 | – | 1,255 |
| Balance at end of the period | 6,910 | – | 6,910 | – | 6,910 |

[Information about gain on bargain purchase for each reportable segment]

Not applicable.

(Per share information)

| | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Net assets per share | 487.12 yen | 556.71 yen |
| Basic earnings per share | 48.25 yen | 58.20 yen |

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

| Items | Previous consolidated fiscal year (from July 1, 2022 to June 30, 2023) | Current consolidated fiscal year (from July 1, 2023 to June 30, 2024) |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (million yen) | 13,106 | 15,808 |
| Amount not attributable to common shareholders (million yen) | – | – |
| Profit attributable to owners of parent regarding common stock (million yen) | 13,106 | 15,808 |
| Average number of common stock during the period (thousand shares) | 271,625 | 271,625 |

(Significant subsequent events)

Not applicable.