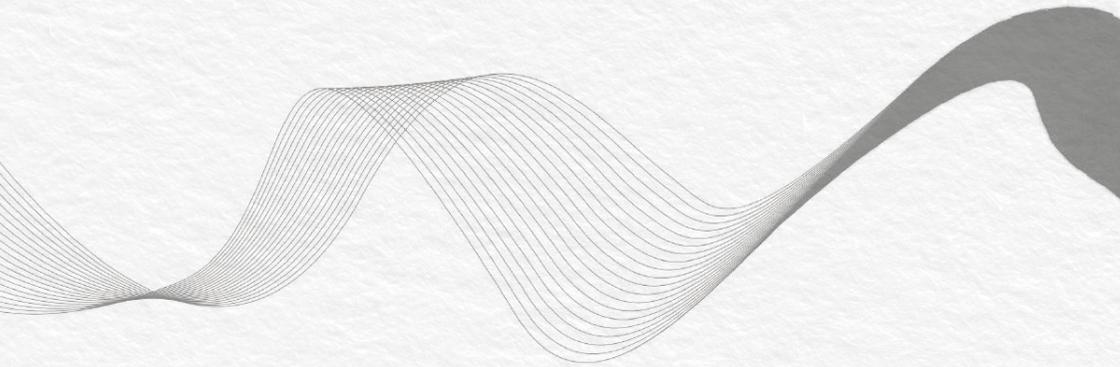




# Asahi Intecc Group Integrated Report 2022



Your dreams.  
Woven together.

Our mission is to express our clients' wishes in a  
single ultra-fine wire.

 **ASAHI INTECC CO.,LTD.**

Tokyo Stock Exchange: Prime Market  
Nagoya Stock Exchange: Premier Market

Securities Code: 7747

## Mission

We will make efforts to help all of our customers achieve their “dreams” thereby contributing widely to society through providing to the “Only One” technologies and the “Number One” products to the world bearing safety and reliability in mind in the medical and industrial equipment fields.

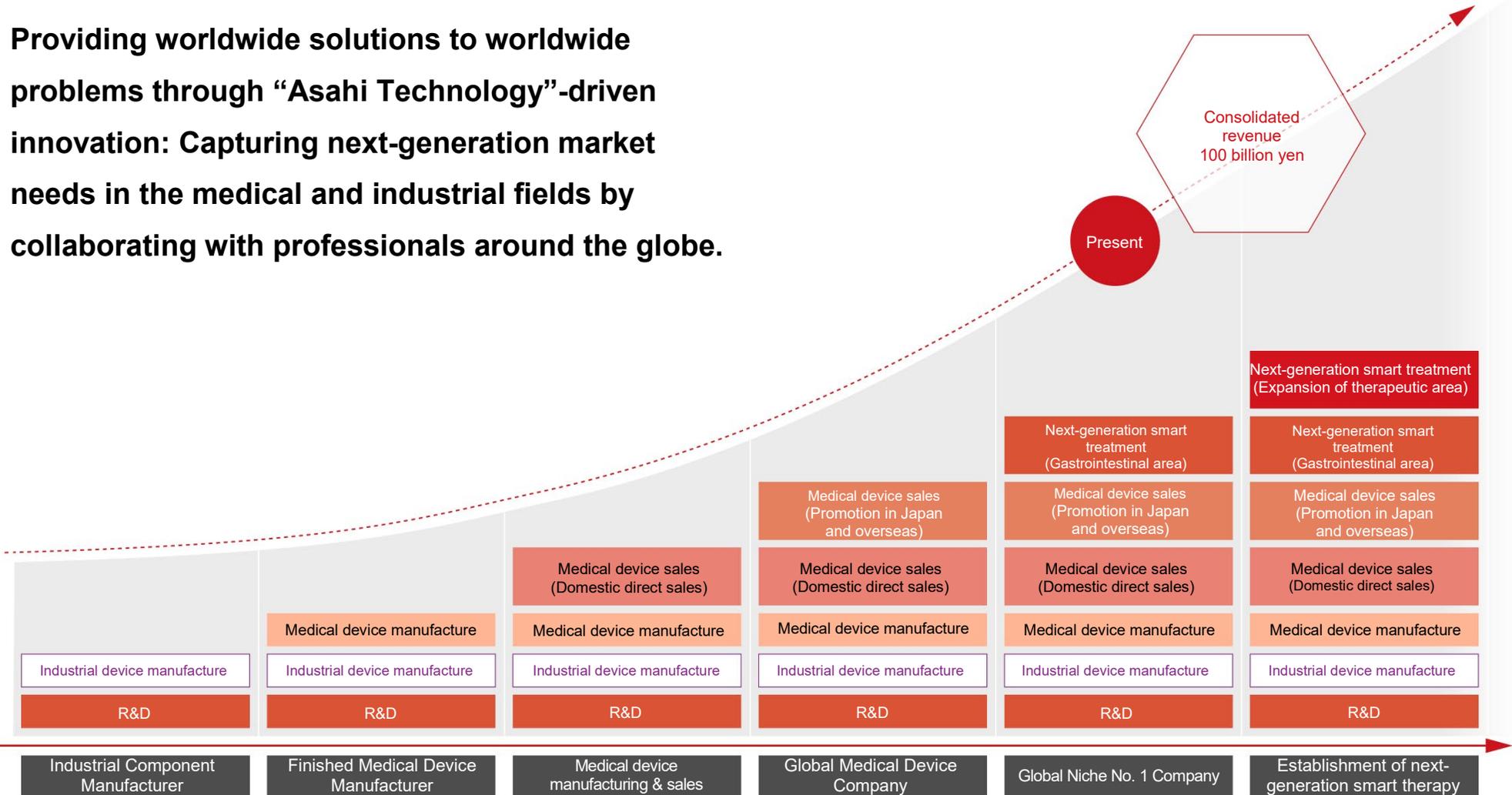
1. “Development of Technology” is vital for us, thus challenging to create new technologies and products.
2. Based on the “Customer First” motto, we provide our customers with the best quality products and services.
3. We seriously pursue “Good Results” while pursuing happiness for both the company and individuals.

# Our Vision



## Management Vision

Providing worldwide solutions to worldwide problems through “Asahi Technology”-driven innovation: Capturing next-generation market needs in the medical and industrial fields by collaborating with professionals around the globe.



**Business Overview**

FYE June 2022

Revenue **77,748**million yen      Operating income **15,239**million yen

**Beginning with the manufacture of wire ropes used in a variety of industrial equipment, our business has now spread to the medical equipment field.**

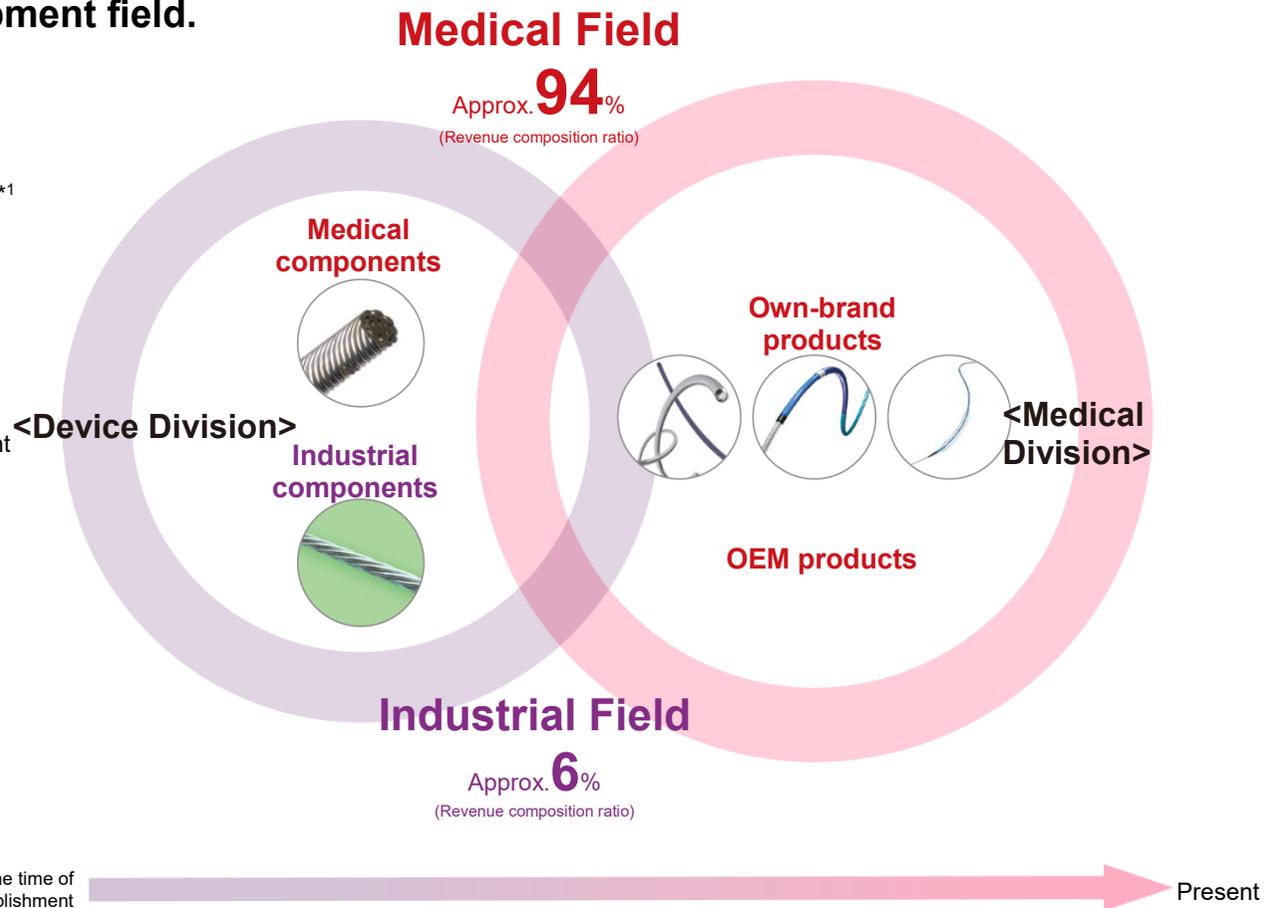
Asahi Intecc is an R&D-oriented medical device manufacturer that develops, manufactures, and sells mainly medical devices, such as guide wires, which are essential for catheter treatment.\*1

At the time of our foundation, our focus was on the industrial equipment field, but today our focus is on the medical device field, utilizing the advanced ultra-fine stainless steel wire rope technology we have cultivated since our foundation.

By maintaining both the medical device and industrial equipment fields, we are able to establish an integrated production system from materials to products, which makes us different from our competitors. We are also continuing to produce high value-added products as an R & D-oriented manufacturer by expanding new possibilities for CTO (chronic total occlusion)\*2 treatment, which used to rely on surgery.

\*1 Catheter treatment is a method where a small tube called a catheter is inserted through the wrist or groin to treat lesions in blood vessels. It is used for the treatment of various fields and diseases because it can provide treatment without surgery such as thoracotomy, which makes it less painful for patients (minimally invasive) and enables them to return to normal social activities early.

\*2 CTO (chronic total occlusion) is a condition in which the blood vessels are completely blocked and left for a long time. Among catheter treatment cases, it has been considered very difficult to treat.

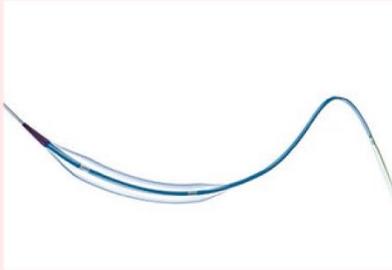


Product Overview (Main Products)

■ Device Division

Medical components	 <p><b>Cable tube</b></p>
	 <p><b>Wire rope</b></p>
Industrial components	 <p><b>Torque rope</b></p>
	 <p><b>Synchromesh wire rope</b></p>

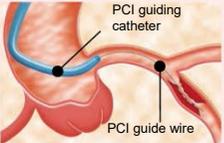
■ Medical Division

 <p><b>PCI guide wire</b></p> <p>A PCI guide wire, inserted into a blocked or narrowed blood vessel, serves as a guide needed to navigate medical devices such as the PCI balloon catheter and stents used for catheter treatment in the affected area.</p>	 <p><b>PCI guiding catheter</b></p> <p>A tube inserted into a blood vessel from the point between the puncture site and the entrance of the coronary artery. It safely navigates medical devices such as PCI guide wires and PCI balloon catheters to the entrance of the coronary artery.</p>
 <p><b>PCI balloon catheter</b></p> <p>A catheter used for opening up blocked or narrowed blood vessels. It is inserted into a blood vessel along a PCI guide wire, and it opens up the blood vessel inside by pumping up the balloon with a diameter of 1 to 5 mm placed on top.</p>	 <p><b>Penetration catheter</b></p> <p>A catheter that assists a PCI guide wire in passing through a blocked blood vessel.</p>

**What is PCI (percutaneous coronary intervention) treatment?**

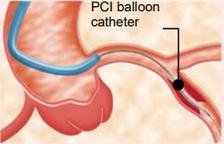
**(1) Advance PCI guide wire**

Insert a small-sized tube called a PCI guiding catheter into a blood vessel and advance a PCI guide wire inside of this tube.



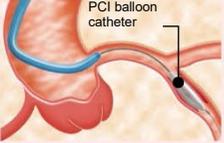
**(2) Insert PCI balloon catheter**

Along with the PCI guide wire, advance a PCI balloon catheter to the point of the narrowed portion of the blood vessel.



**(3) Dilate PCI balloon catheter**

Dilate the balloon to push the blood vessel out from the inside.



**(4) Remove PCI balloon catheter**

The narrowed portion is widened and blood flow improves.



\*1 FYE June 2022  
\*2 As of June 30, 2022

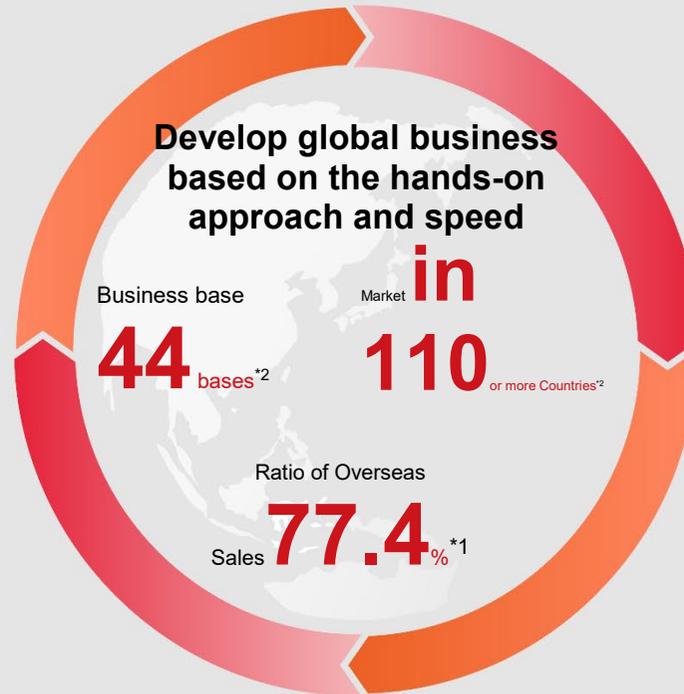
## Contribute to improving healthcare and people's quality of life around the world

Our products save

**3.25 million** patients<sup>\*1</sup> a year.

Listen to voices of the people in the field

Joint development with top doctors in each field



Create environmentally friendly products with high growth and profitability

Sales growth CAGR (compound average growth rate) Over Past 10 Years

**16.3%**<sup>\*1</sup>

Ratio of R&D Expenses to Sales

**11.4%**<sup>\*1</sup>

Number of Patents/Designs

Owned **731**<sup>\*2</sup>

Number of Employees (global)

**10,435**<sup>\*2</sup>

Ratio of Foreign Employees (global)

**84.5%**<sup>\*2</sup>

Ratio of Female Managers

(global) **33.9%**<sup>\*2</sup>

R&D-oriented Company

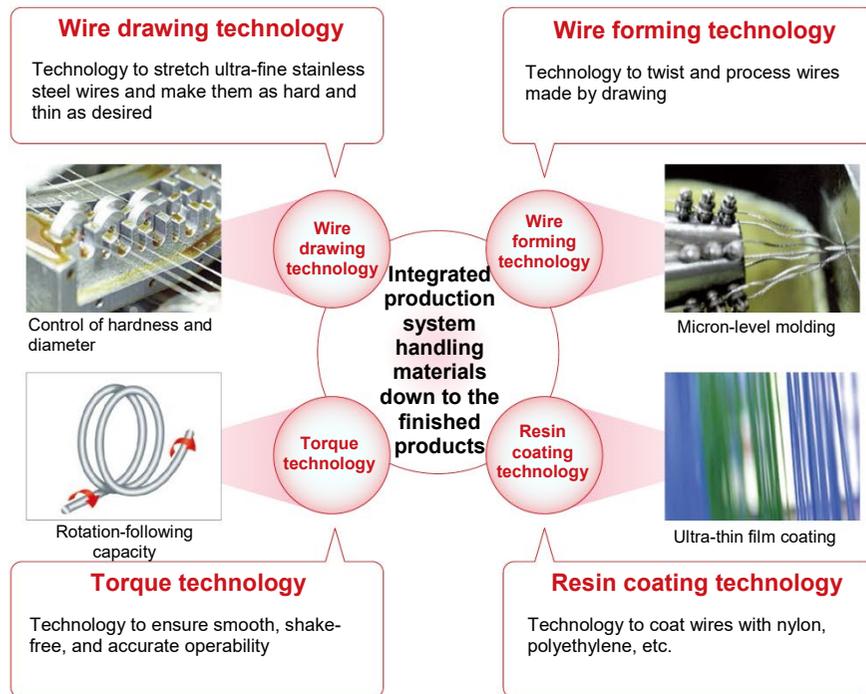
Excellent human resources who inherit ASAHI-DNA

### Source of Competitiveness

As an R&D-oriented company, Asahi Intecc has always achieved a high level of product manufacturing. What enables us to do that is a number of unique technologies that we have developed and cultivated in the process of responding to advanced customer needs.

We own four core technologies: “wire drawing technology,” “wire forming technology,” “resin coating technology,” and “torque technology,” and combine them to produce high-performance products.

#### Four core technologies



#### Our technology in figures

As of FYE June 2022



Minimum wire diameter manufactured by us



Number of Patents/Designs owned



Ratio of R&D expenses to sales

#### ASAHI TECHNOLOGY

The ASAHI TECHNOLOGY logo is applied to components (medical and industrial components) that utilize our original material processing technology, including four core technologies, as proof of safety and reliability. The use of this logo mark on our customers' final product packaging demonstrates that the customers are using our company's high-quality materials, and provides an opportunity for end users to use the customers' final products with greater confidence.

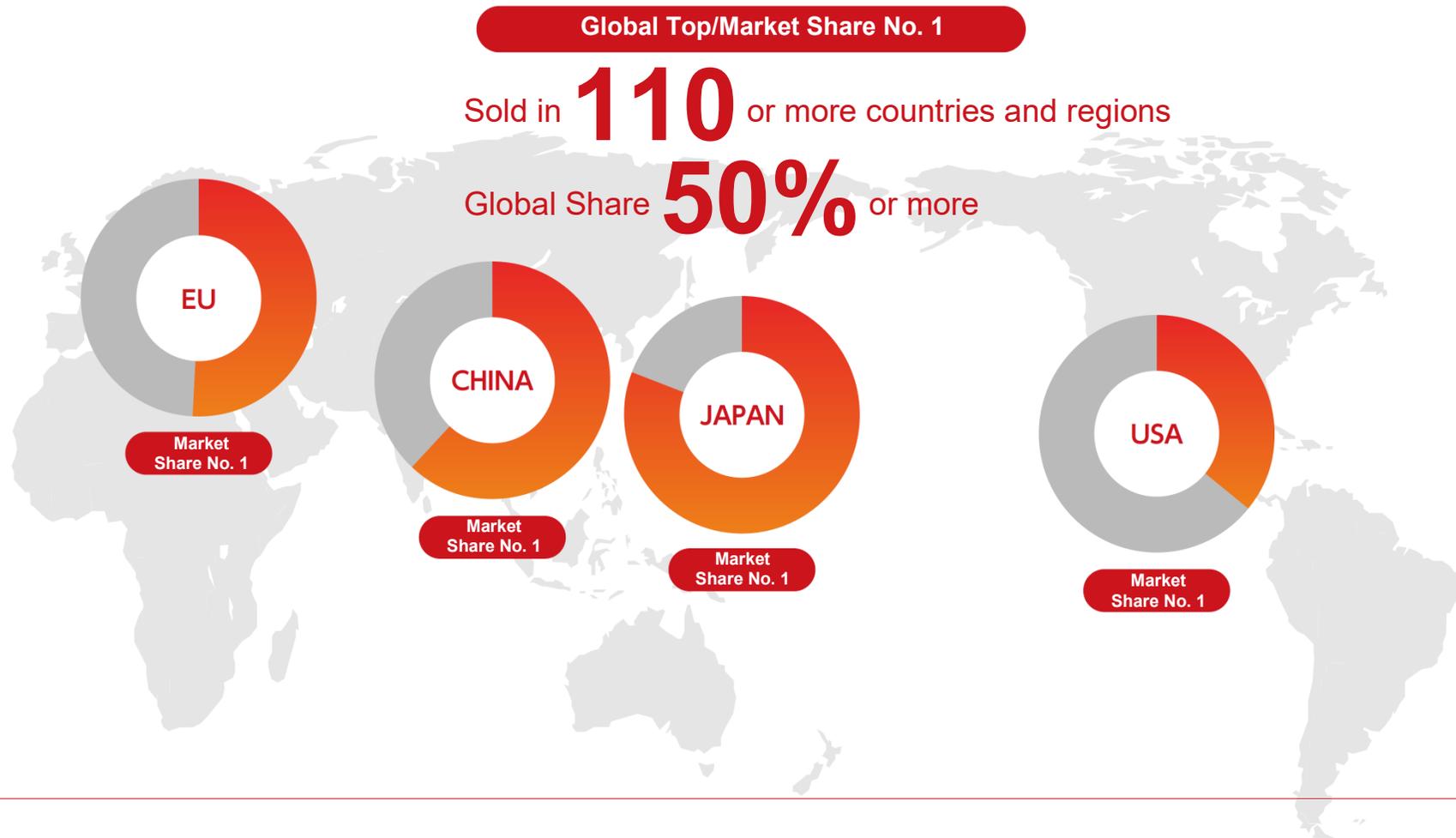


**Grow globally**

With its outstanding development capabilities and manufacturing technology in the medical device field, Asahi Intecc has a high share not only in Japan but also in the world.

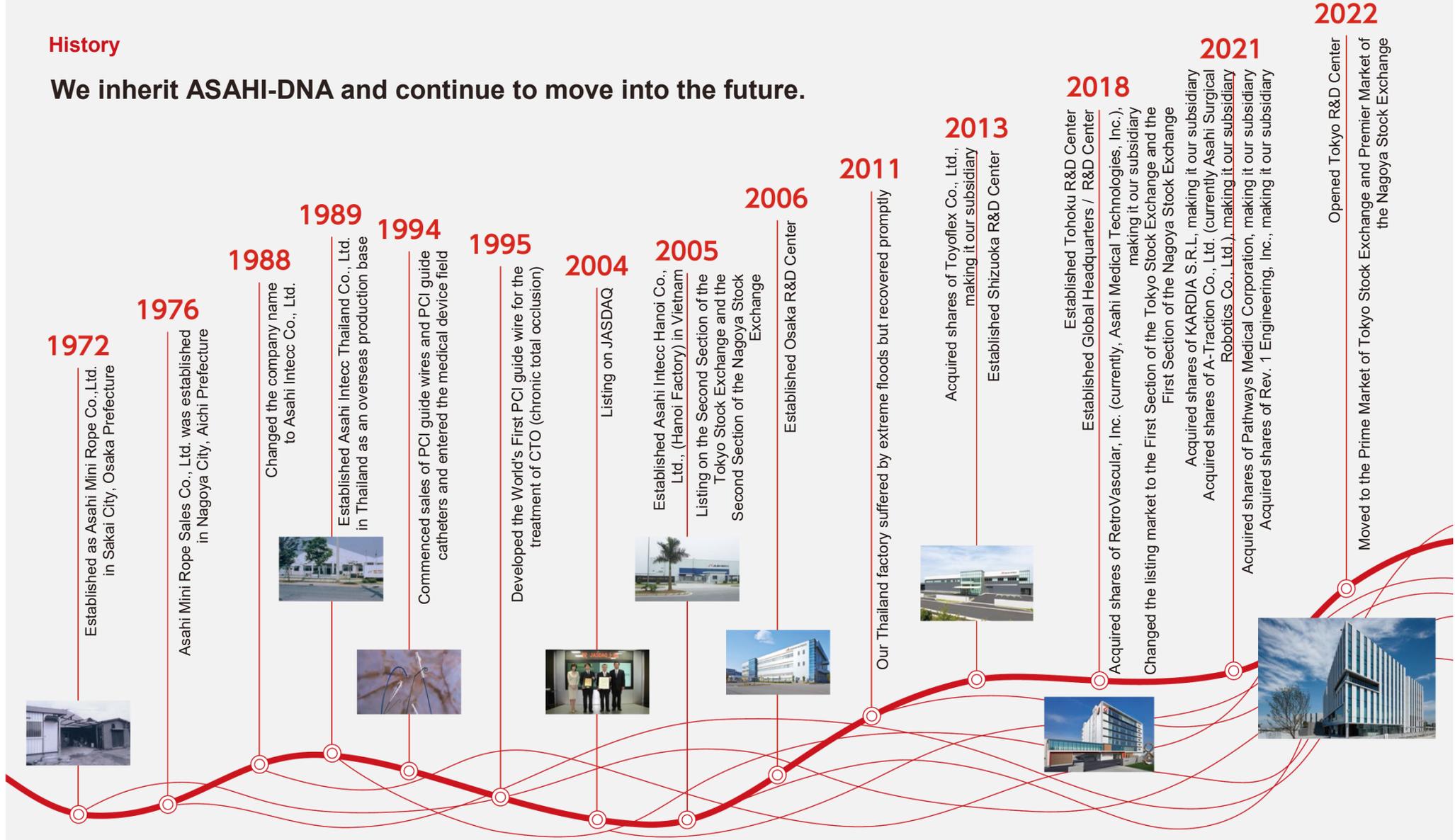
Our PCI guide wire, our flagship product, is currently available in more than 110 countries and regions worldwide. Thanks to the economic development of emerging countries, the number of catheter treatment cases in these regions is also increasing significantly. Asahi Intecc aims to achieve sustainable growth on a global scale by responding appropriately to the trends of the times and supplying products essential for medical care demanded by growing markets.

PCI Guide Wire Share (Source: Asahi Intecc Group)



History

We inherit ASAHI-DNA and continue to move into the future.



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Asahi Intecc Group Integrated Report 2022



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### < Scope of Reporting >

Asahi Intecc Co., Ltd. and its consolidated subsidiaries

### < Reporting Period >

July 1, 2021 - June 30, 2022

Information before and after the relevant period is included in part of the content of the report.

### < Reference Guidelines >

- "International Integrated Reporting Framework" issued by the International Integrated Reporting Council (IIRC)
- "Value Co-creation Guidance" issued by the Ministry of Economy, Trade and Industry (METI)
- "Task Force on Climate-related Financial Disclosures (TCFD) Final Report"

### < Editorial Policy >

This report is edited, on the assumption that the target readers are investors and shareholders, for the purpose of promoting enhancement of the corporate value of Asahi Intecc Group through the creation of unique value and to enable readers to gain a better understanding of our business and initiatives. The content of the report was edited and improved from the perspective of users who view it online from a tablet device or PC. The report comprehensively explains each business and management base from the integrated perspective of ESG.

### < Notes on forward-looking statements >

Forward-looking statements in this report, such as earnings forecasts, are based on information available to our company at the time the report was prepared and involve potential risks, uncertainties, and other factors. Accordingly, changes in various factors may cause actual results to differ materially from those projected.



## Chapter 1

# President and Investor Dialogue

Dialogue with investors

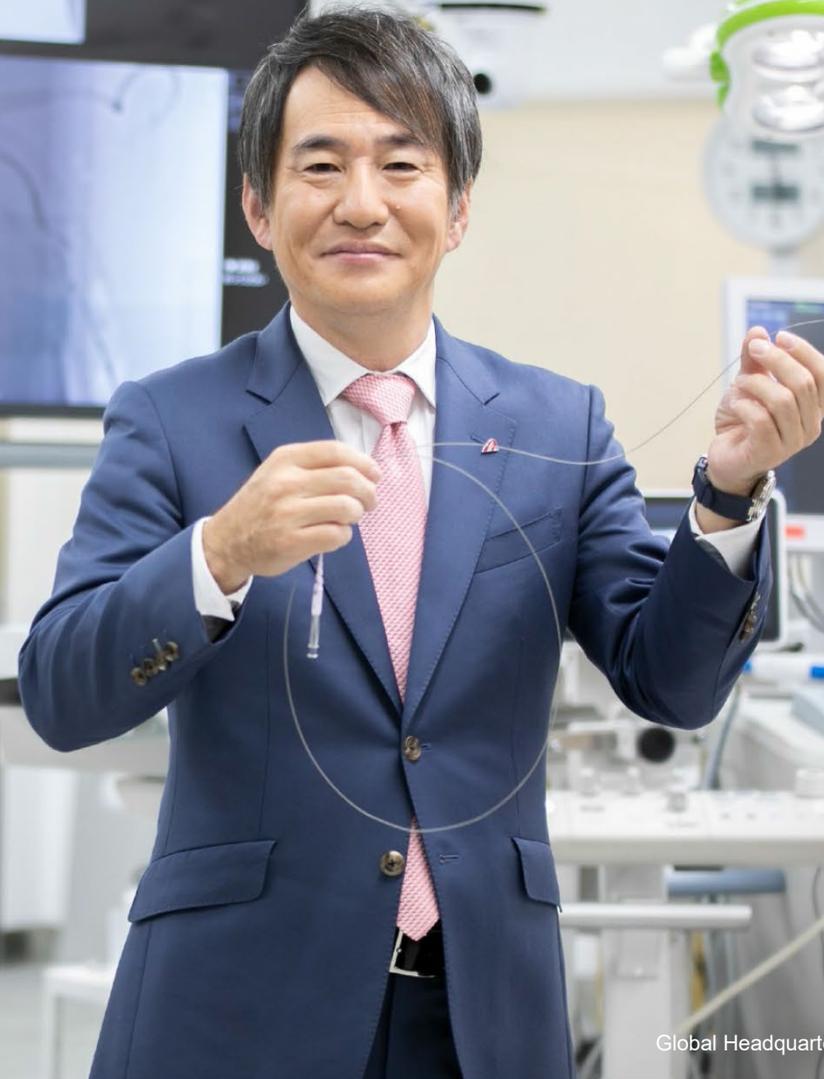
- 1-1 | Message from the President
- 1-2 | President and Investor Dialogue
  - About Asahi Intecc
  - Long-term Outlook and Growth Strategy
  - Corporate Culture
  - Sustainability



## 1-1 | Message from the President

We will continue to work to resolve issues in the medical device and industrial equipment fields, and achieve good performance through sustainable management.

Asahi Intecc Co., Ltd.  
President & CEO  
Masahiko Miyata



Global Headquarters and R&D Center

## 1-1 | Message from the President

Thank you for reading our “Asahi Intecc Group Integrated Report 2022.”

I am Masahiko Miyata, President & CEO of Asahi Intecc Co., Ltd.

I joined Asahi Intecc in 1994, at the timing when our company, whose main business was industrial equipment, was going to enter the medical device field.

At that time, the medical device field was an unknown new field, but I myself have been working to promote the medical business with the strong belief that “With our company's technological capabilities, we hope to create products that will save the lives of as many patients as possible and bring the products to the world market.” Asahi Intecc's products are now available in more than 110 countries and regions, and our products are highly regarded not only in Japan but all over the world.

Since 2009, I have taken over the management of the company as the successor of the founder. In 2011, flooding in Thailand caused damage to our main production base in Thailand. In addition, since 2020 we have faced a major change in the business environment due to the COVID-19 pandemic. In this way, the journey of our business operations was neither easy nor smooth, but we were able to grow as an organization by working as one to overcome individual challenges.

Today, we are listed on the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange Premier Market, and I realize that our social responsibility is growing in line with the growth stage of our company.

Our company's mission is to solve the problems faced by our customers in both the medical device and industrial equipment fields by leveraging our technological capabilities and responsiveness we have developed through transactions with many customers. For this reason, in order to directly understand the needs of doctors, I take the initiative to visit medical sites by myself and carry out activities putting importance on the sites. Furthermore, amid the COVID-19 crisis, we will continue our efforts to resolve medical issues on an ongoing basis into the future, such as continuing investments without stopping.

As it is said "a company is a public entity of society," business operations are not conducted by a company alone. We believe that it is our duty to fulfill our responsibilities to various stakeholders surrounding the company and meet their expectations.

To this end, as a member of society, our company will

address social and environmental issues head-on, while at the same time implementing sustainable management that enhances business sustainability by steadily achieving good results in our economic activities over the medium to long term.

Asahi Intecc's long-term vision, growth strategy, corporate culture, and management structure were discussed in the President and Investor dialogue (page 13 to 19) of this Integrated Report. I would appreciate it if you could read it.

President & CEO, Asahi Intecc Co., Ltd.  
Masahiko Miyata

## 1-2 | President and Investor Dialogue



CEO

Asahi Intecc Co., Ltd.

President & CEO

Masahiko Miyata

Asahi Intecc aims to enhance the quality of life (QOL) of patients around the world and establish the “Asahi Brand” worldwide by proactively disseminating minimally invasive treatment products from Japan to the world.

### ■ About Asahi Intecc

Continue to be a “keen company” that responds to the advanced needs of doctors through “R&D-oriented manufacturing” / “global,” “technological innovation,” and “practical competence”

**Hyogo:** I thought that I knew your company well because I have had a deep dialogue with your company since the listing, but I read the book titled “The Soul of Engineering” by the founder, Mr. Naohiko Miyata, and felt anew that Asahi Intecc Group has developed today because it has been obsessed with technology and manufacturing since its foundation, as well as meeting the needs of medical care. As the second-generation president following the founder, what is the founder’s spirit that must be passed down? On the other hand, what have you changed?

**Miyata:** Since I was a child, I have grown up watching the life of the founder, who has been obsessed with technology, and I have naturally learned that many things can be done with technology.



Institutional Investor

Mitsubishi UFJ Trust and Banking Corporation

Chief Analyst, Asset Management  
Department

& Chief Fund Manager (Domestic Stock)

Mr. Shinichiro Hyogo



In this sense, I believe that the manufacturing spirit that underlies Asahi Intecc, which places the greatest importance on technological capabilities, is the DNA that must be inherited.

On the other hand, there are things that I have clarified rather than changed since I became President. In 2009, when I became the President, I established the President policy based on the keywords "global," "technological innovation," and "practical competence." I defined Asahi Intecc's characteristics other than manufacturing by clearly indicating the direction of the Company to our employees, and sought to improve the Asahi Intecc Brand.

When thinking about how to satisfy all of our stakeholders, especially our valued shareholders, customers, and employees, I thought that enhancing the corporate brand would be a good idea to increase satisfaction of all stakeholders.

**Hyogo:** Of course, they will include patients and investors. In that sense, could you explain what Asahi Intecc should

be that you, President Miyata, are portraying, including how you will expand your customers?

**Miyata:** As described in the Long-term Management Vision, we aim to become a "Global Niche No. 1 Company with unique technologies." The advantage of our company is that we are an "R&D-oriented manufacturer," and this will not change in the future. Since we entered the medical field, we have responded to the advanced demands of doctors with our technological capabilities, and we want to continue to be a "keen company" with both technical expertise and clinical knowledge.

### ■ Long-term Outlook and Growth Strategy We will enter into the gastroenterology field and contribute to realizing next-generation smart treatments through the ambidextrous management of "Deepening Existing Businesses" and "Creating New Businesses."

**Hyogo:** What strategies are you promoting for future growth?

**Miyata:** Our Medium-Term Management Plan, "ASAHI Going Beyond 1000" (FYE June 2022 to FYE June 2026), focuses on "ambidextrous management" for existing and new businesses. While strengthening the profitability of existing businesses, we will also focus on new businesses so that we can put emphasis on the next stage of growth. We will step up the growth stage.

**Hyogo:** What are concrete measures to become a stepped up company?

**Miyata:** So far, as for the therapeutic fields, we have been focused on the cardiovascular and other vascular systems, but we will also enter into non-cardiovascular fields. To this end, we will develop catheter technology in the field of digestive organs as a pillar of the next therapeutic area.

As for the combined field with advanced technologies, we aim to realize next-generation smart treatment.

By combining with new technologies, we will establish new treatment and diagnosis methods that are different from conventional methods. For example, by adding sensors and plasma energy to our existing high-operability wire technology, we are developing next-generation wires, such as smart guidewires that can identify blood clots and plasma guide wires that can perform CTO treatments.

In addition, we will adopt robotics technology to our new technologies to respond to the next-generation smart treatments. Specifically, we are focusing on the development of an echo guide system to be operated by robots on behalf of engineers in the field of catheter treatment for lower limbs, next-generation surgery support robots in the field of surgery, and software for use in plasma guide wires. In 2022, we established the Tokyo R&D Center to promote the development of advanced technologies to meet the evolving convergence of mechanical devices with digital and software technologies.

In addition, we believe that telemedicine can be realized if navigation technology is developed.

For example, a patient with myocardial infarction in Wakkanai, Hokkaido, has no hospital within 200 kilometers from the site and has no choice but to fly a doctor's helicopter to Nayoro. However, if the weather is bad, the helicopter cannot fly and there is a possibility that the patient may die there. Having seeing such medical sites up close, I thought it would be good if doctors could diagnose and treat patients remotely. If the navigation technology is developed, this can be realized. I believe that providing technologies that can help realize telemedicine is consistent with the social significance of our company. It costs money to have the technology for smart treatment, but we cannot think of further growth until we get there. We feel the need to invest in one of these promising areas, and the reason why we are pursuing M&A and joint developments with various companies is because we feel that if we do not do it now, it will be too late.

**Hyogo:** Is it correct to understand that the most recent M&A deal was inevitable to fill an important part considering 10 to 15 years in the future?

**Miyata:** Yes. Guide wires alone can bring some growth, but we cannot miss the next big wave of innovation.

**Hyogo:** What phase is your company in now, from the perspective of the longer term?

**Miyata:** We have been making good products together with top doctors in Japan since about 1995 and

disseminating them out to the world. Based on this experience, we have received requests from doctors in Japan to listen to the opinions of American and European doctors in order to make products. I think we have entered a phase where we can disseminate our company products around the world. In order for us to seek further growth, it will be important in the medium to long term to move into new fields by forming alliances with doctors who are key opinion leaders with excellent skills and ideas in the relevant fields all over the world.

**Hyogo:** I understood your long-term concept utilizing advanced technology. Within that concept, what are your company's core competencies?

**Miyata:** Whether in the internal medicine department or the surgical department, our company's core competence is the technology to transmit the operation of the doctor to the end that touches the affected area, as accurately as possible. For example, a smart guide wire cannot be used in clinical practice if it cannot be carried into the body, even if there is a good sensor. In addition, it must be used as a guide wire for treatment as soon as the inspection is over. It is extremely important to realize such technology in order to use the products in clinical practice. Our company's core competency technology is there. We believe that adding value to these products is what is needed now.

**Hyogo:** So far, your company has used agents to sell products or conducted the OEM-based business, but there are various options, such as changing to a business entity that is closer to customers or as it is. What do you

think your company should be in the next 10 to 15 years?

**Miyata:** Our company was founded as a material manufacturer that produce wires for industrial equipment, and has since expanded its business into the medical field. When we first entered the market, we did not have much knowledge about the medical field, and most of our sales were made by agents. Therefore, as a manufacturing company, we felt frustrated that we did not received information directly from customers in a timely manner. Therefore, we have switched to direct sales in Japan, the U.S., and other countries, because we believe it is important to be close to our customers. To create a good product that incorporates the needs, I think this will work. However, in areas where our knowledge is lacking, we can accumulate information through our agents, so we will also develop ODM, OEM, and other businesses. We will lead the business by making the best of both.





## ■ Corporate Culture

### Enhance employee motivation by maintaining "Speed and Responsiveness" through "Hands-on approach"

**Hyogo:** I believe that one of the growth drivers of your company is the "family business." How do you recognize its advantages and challenges?

**Miyata:** I think that the good things that the family business can do are "inheritance of DNA," "speed and responsiveness," and "penetration of the President's policy." At the time of its founding, our company was a so-called "flat organization." As it is an owner company, information can be passed through easily, which leads to "speed and responsiveness." The issue is how far the organization can maintain its top-down structure as it grows.

And there is another problem arising from expansion of the organization; how to delegate the decision authority. Since I became the President, I've been gradually handing over the decision authority to other management. I have to avoid the structure that employees work only with a view to their immediate boss. I want to leave the atmosphere where employees believe that the top management understands them.

**Hyogo:** Let me ask you what is the corporate culture of your company?

**Miyata:** The most important thing for our company is "speed and responsiveness" as I mentioned earlier. Act quickly and take proper responses. I think this is our company's merit. For example, by making the utmost use of our own technology to achieve the fine sense of the advanced technique of doctors, we can quickly apply it to other products. This means our quick responsiveness. I believe we must continue to maintain our "speed and responsiveness."

**Hyogo:** Looking at the history of Asahi Intecc, it seems to me that the key to its global growth is listening to the knowledge and needs of doctors and applying them to your product development. Can I consider this the main growth scenario?

**Miyata:** Our company needs a key opinion leader to grow in the medical field. Doctors, on the other hand, believe

that tie-ups with manufacturers are essential for realizing ideas. In that sense, we and doctors are equal partners. One of our areas of success is the circulatory system, especially minimally invasive treatment of the vascular system. In the past, many medical devices used in medical practice in Japan were imported from Europe and the United States, but the technique using our products made in collaboration with Japanese doctors has become recognized around the world, and it is now possible to export them from Japan to the rest of the world.

**Hyogo:** Asahi Intecc currently employs 10,000 people around the Group. I think it will be difficult to foster a corporate culture that is exactly the same as when the company was founded, or to instill a corporate philosophy into the company. What initiatives do you take, President Miyata?

**Miyata:** In our DNA, it is particularly important to instill the "hands-on approach." If the top management acts according to the hands-on approach, the employees act. I myself try to go to medical sites and factories as often as possible. I also distribute videos of my New Year greetings to all our employees and messages in English to our overseas bases, and use every opportunity to communicate my thoughts directly. On site, employees hold contests where they make presentations of activities to improve the practical competence in each section. Through these efforts, we are trying to convey the importance of the hands-on approach to each and every employee.

**Hyogo:** Since you became the President, how have employees on site changed their approach?

**Miyata:** When a massive flood disaster occurred in Thailand in 2011, the way each worker worked at the site was put to the test. On the day after the flood, my staff and I went to Thailand, but due to the flood, we had no choice but to cross to the factory by ferry, and even if the water receded, we were worried about whether we would be able to resume manufacturing medical equipment, for sanitary reasons. The factory was suspended for six months. So I took the lead and took pictures of the Thai factory and went to a factory in Vietnam. There, I asked the Vietnam factory to double production and to receive Thai workers who had lost their jobs. We brought about 300 employees of the Thai factory to the Vietnam plant and 200 other employees to Japan to engage in the alternative production. At that time, we clearly told our staff in Thailand and Vietnam what we had to do, which created a sense of unity. During their six months in Vietnam, highly experienced and talented Thai employees provided Vietnam workers with good guidance, which helped to bring the plant's technological capabilities to almost the same level. In our response, we were able to turn the disaster into a good result under strong solidarity.



**Hyogo:** A little while ago, I visited the cafeteria on the top floor of Global Headquarters, and it was very nice. Has the level of employee satisfaction improved?

**Miyata:** I hope the employee satisfaction level will increase. In moving our head office from Nagoya City to Seto City, we wanted to create a working environment and create a facility where employees would be happy to work there. Therefore, the new Global Headquarters building has fitness facilities and a free space on the top floor besides the cafeteria. In addition, the company makes contribution to the employee shareholding program, hoping that the company's growth will lead to personal affluence of our employees for their asset building over their lifetime.

The good thing about working on medical devices is that our business has the social significance of saving lives. I think that motivates our engineers who work with top doctors.

And unlike our generation, the younger generation today is very sensitive to environmental issues. Our company will put emphasis on ESG, too, to motivate our young employees.

### ■ Sustainability

**Link social significance and ESG initiatives with dialogue to realize sustainable management that leads to tomorrow's society**

**Hyogo:** As your company works to promote ESG, why do

you think ESG is important and what are your initiatives?

**Miyata:** To be honest, I didn't know how ESG would be linked to our core business until a little while ago, but as we deepen our discussions, I feel anew that companies that are rooted in ESG considerations will grow sustainably and perform well as a result. Understanding environmental and social issues is essential for sustainability.

As for environmental issues, we have a strong awareness that if the earth is devastated, no company can carry out any activities, and we are working to reduce our environmental impact. With regard to social issues, our company's business itself is highly relevant, so we will contribute to society by firmly implementing our core businesses. And for governance, we will strengthen our company by addressing the matters required by society one by one, taking into account that governance itself is attracting public attention.

**Hyogo:** You mentioned earlier about the BCP initiatives in Thailand. From the perspective of risk management, there are too numerous issues to mention, including climate change, cybersecurity issues, geopolitical risks, and others. What is your approach to risk management?

**Miyata:** When the Thailand Plant was hit by a flood, I felt frustrated that we could not make products as a manufacturing company. I have a strong sense of crisis against climate change, as we recently experienced typhoon damage at our Cebu Plant. I am keenly aware of the need to create an environment in which we can back up

production in Japan so that we can continue production no matter which factories in Asia are affected by disaster. We have been in Thailand since before our company was involved in the medical field. The biggest advantage at that time was labor costs, and the availability of many workers was also attractive. Times have changed and Bangkok has grown into an industrial area. In all regions, the process to increase productivity has changed to investing in automation.

At the same time, it is time to reconsider production in Japan. Considering that all of our manufacturing know-how is overseas, we continue to develop and maintain important processes in Japan, from the perspective of handing down our core technologies.

**Hyogo:** I believe that the current young generation will be at the core of the company in 2030 and 2050. What measures do you take to enhance expertise while cultivating an organizational culture with mid-career and new graduate hires and developing human resources?

**Miyata:** Before the initial public offering of our stocks, the company was not well known and it was difficult to hire new graduates, so we hired mid-career employees. Since the IPO, the number of new graduates employed has been gradually increasing, and they have grown to become the mainstay of our R&D while inheriting the ASAHI-DNA. I think that a corporate culture of fostering OJT and training has emerged. The next challenge is job rotation. I feel that it is necessary to build a strong organization by having our employees experience working in various departments.

**Hyogo:** What is your motivation as the President of the company?

**Miyata:** It is often said that a company does not develop beyond the capacity of its top management, and I believe that it is important for me to expand my capabilities and improve myself to achieve the highest level. That's motivation. I will resign from the Presidency if I feel that my job is no longer rewarding and that I cannot foster myself to reach higher level. I still think that I am immature as the President, so I have no feelings that I have done it all. There's still a lot to do.

**Hyogo:** It seems to me that all of your employees see your attitude. As a vital part of the company, I believe, if the president has such awareness and takes initiative, the employees become more aware that they need to grow and move on to the next stage. However, your company has been expanding business rapidly, so I think there is a limit to what President Miyata alone can do by himself. It is important to develop a layer comprising candidates for the next management team. Are you smoothly promoting this?

**Miyata:** We have started a training system to select and nurture future executive candidates in order to increase the motivation of employees in their 30s and 40s, who will take an active role for the next generation of our company. In the future, we will expand the system and increase opportunities to develop relevant human resources.



**Hyogo:** How do you evaluate the skill set of the board of directors at your company?

**Miyata:** Our internal directors cover certain skill sets such as sales and R&D. And outside directors such as lawyers, scholars, and managers of other company join our management and express their opinions from a variety of perspectives.

Over the past few years since we adopted the outside director system, the discussion at the meetings of the board of directors has changed considerably. The internal directors are also responsible for business divisions and HQs, and they have roles of both directors and officers. When we started the Management Committee, discussion

was often like a practical working meeting, but now the general management agenda is being discussed with the opinions of outsiders. I think it is important to realize that what was common sense at Asahi Intecc is actually not common sense.

When the company executes a business agreement, outside directors ask me that they want to know what process we took for such dealing. When so asked, I realize the importance of following the process. Of course, they often point out unfavorable things to me, but I appreciate their opinions by fully reviewing them by myself.

**Hyogo:** What is your understanding about the roles of the CEO and CFO?

**Miyata:** I think my role as CEO is an accelerator and the CFO's role is a brake. For better investment, we need a proper limit up to which we may invest in the short term for the next generation growth. To this end, I discuss with the CFO.

**Hyogo:** How will you recoup your investment in the acquisition you made this time? And what are your thoughts on the industrial products business and how will you develop it?

**Miyata:** The recent acquisition was inevitable to fill in the important part considering the company's future in the next 10 to 15 years. It's a big challenge for us, but I think it was necessary for the company to get to the next phase. As it is a synergy between of medium and long terms, it is difficult to see the efficiency and profitability in a short period of time, but we are sure to conduct PMI and promote it. As for the industrial equipment business, which has been completely conducted on B-to-B basis until now, we believe it is important to develop the business a little closer to consumers, and we are trying to change the business. We will quickly shift to another business any business for which Asahi Intecc's continuation has no meaning. The robotics business is handled by industrial equipment engineers, but the fact remains that the advanced technology used there originally came from application of our industrial technologies. For further improvement of people's QOL, if Asahi Intecc's wire technology can be used in the medical treatment of "walking," I think it is important as one of the social significance.

In the past two years, due to the COVID-19 pandemic, communications have been mainly conducted remotely, so I feel that it is difficult for investors to hear the real voice of the management of the company. In the future, we will place greater importance on the "hands-on approach," which is part of our company's DNA, and work closer to our stakeholders.





## Chapter 2

# Value Creation Story

Value creation story

- 2-1 | Raison d'Etre
- 2-2 | Growth History
- 2-3 | Source of Competitiveness
- 2-4 | Value Creation Process
- 2-5 | Environmental Awareness and Important Issues



## 2-1 | Raison d'Etre

We aim to grow our value over the long term by building relationships of trust with our various stakeholders and sharing the fruits of our activities.

### | Asahi Intecc's Raison d'Etre

Asahi Intecc Group's mission is to supply the world with one-and-only technologies and number one products as an R&D-oriented company in the fields of medical devices and industrial components so that, based on safety and reliability, we realize dreams and contribute to society as a whole.

In the medical devices field, we develop, manufacture, and sell minimally invasive treatment products that reduce pain by minimizing the size of wounds, which improves the quality of life (QOL) of patients and enables them to leave the hospital earlier, to thereby contribute to solving social issues in relation to people's health and medical care.

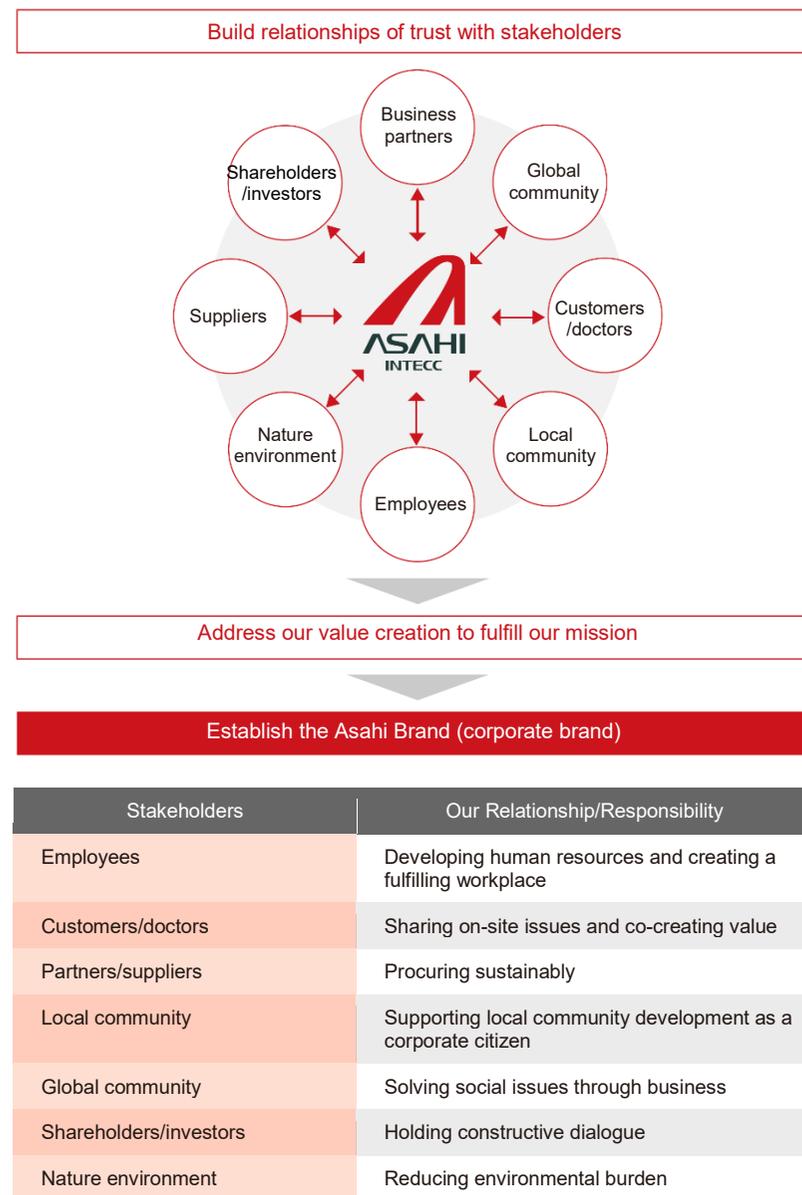
Recent progress of industrial and economic globalization requires proactive engagement of companies to solve global social issues such as the SDGs (sustainable development goals). As an R&D-oriented company, Asahi Intecc Group will continue to contribute to the world's medical and industrial fields by honing our unique technological expertise, and also strive to strengthen our management base from the perspective of ESG.

### | Asahi Intecc's Stakeholders

We, Asahi Intecc Group, aim to grow our value over the long term by building relationships of trust with our various stakeholders and sharing the fruits of our activities.

### | Asahi Intecc's Sustainability

Asahi Intecc Group believes that sustainability involves building relationships of trust with our stakeholders, applying our value creation process (a virtuous cycle of promoting businesses and strengthening foundations) to fulfill our mission, in order to establish our corporate brand, the "Asahi Brand."



## 2-2 | Growth History

Asahi Intecc has grown from an industrial component manufacturer to a global medical device company.

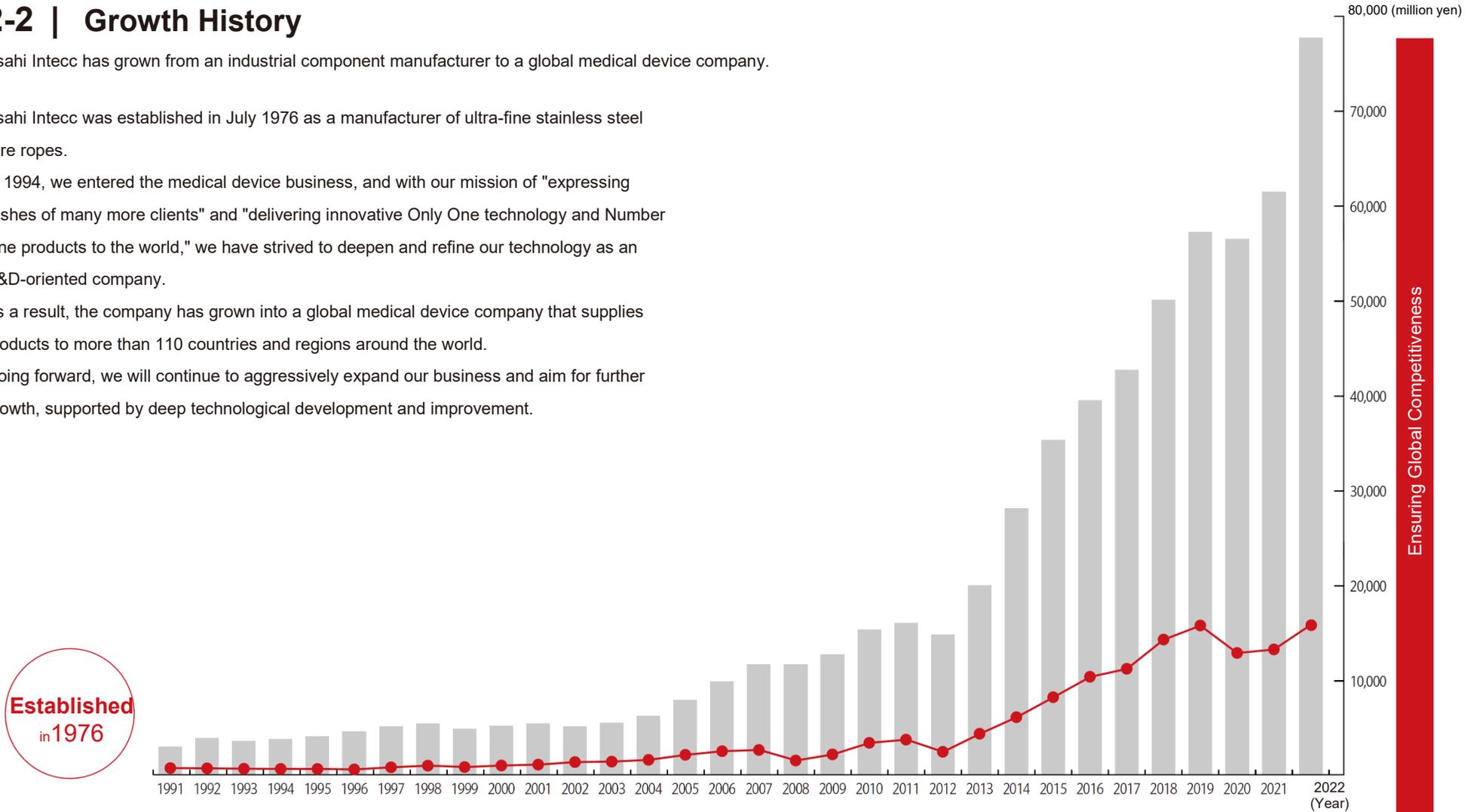
Asahi Intecc was established in July 1976 as a manufacturer of ultra-fine stainless steel wire ropes.

In 1994, we entered the medical device business, and with our mission of "expressing wishes of many more clients" and "delivering innovative Only One technology and Number One products to the world," we have strived to deepen and refine our technology as an R&D-oriented company.

As a result, the company has grown into a global medical device company that supplies products to more than 110 countries and regions around the world.

Going forward, we will continue to aggressively expand our business and aim for further growth, supported by deep technological development and improvement.

■ Revenue ● Operating income



Established in 1976



Ensuring Global Competitiveness

## 2-3 | Source of Competitiveness

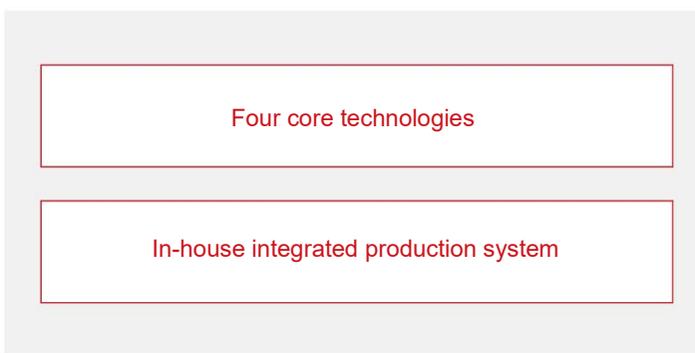
The source of Asahi Intecc's competitiveness lies in its advanced and highly unique material processing technology based on four core technologies and its integrated production system from materials to finished products.

In addition to this, our biggest advantages are Asahi DNA “hands-on approach” that has remained unchanged since our founding, and our “speed” and “prototype responsiveness,” which cannot be imitated by other companies.

As an R&D-oriented company, Asahi Intecc has always achieved a high level of product manufacturing. Our basic policy since our founding has been to produce everything from raw materials to finished products in-house. We possess a number of material processing technologies that have been developed and cultivated in the course of meeting the advanced needs of our customers. In particular, the four core technologies of “wire drawing technology,” “wire forming technology,” “resin coating technology,” and “torque technology” are unique to our company and we combine them to create high-performance products. Our company, which was originally an industrial

component manufacturer, entered the medical device business in 1994, starting with the development, manufacture, and sale of PCI guide wire and catheters for vascular treatment as an area where these 4 core technologies can be utilized. Our advanced torque technology, in particular, provides a significant competitive advantage in faithfully conveying a doctor's fingertip sensation to the guide wire. For our company, the major turning point was a request from a leading catheter doctor to develop a PCI guide wire that could treat CTO lesions. At that time, it was said that treatment of CTO lesions through catheterization, rather than surgery, was not feasible, but our

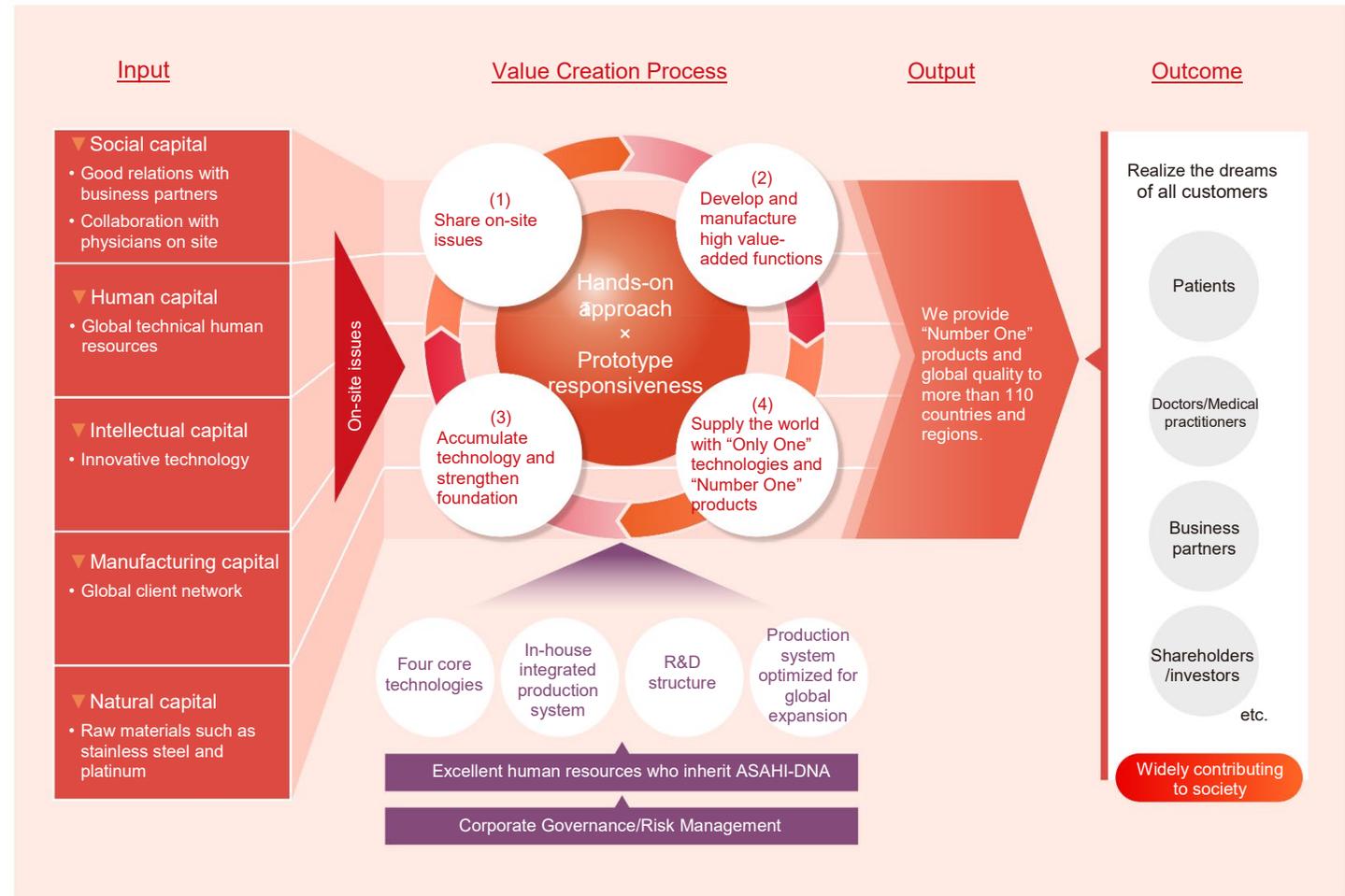
company continued to challenge it with our unique technology and, through repeated trial and error, succeeded in developing the world's first PCI guide wire for CTO treatment. The development of this guide wire product by our company has greatly improved the success rate of catheter treatment, and has triggered a new trend of catheter treatment from Japan in the medical industry led by Europe and America. We have developed our products in line with the voices of doctors at their sites. As a result, our company's products and technologies have become known around the world, thanks to the reports of successful treatment cases at medical conferences by doctors who have used our company products and their success overseas.



## 2-4 | Value Creation Process

By continuing to take on the challenge of solving problems on site, we will provide "Number One" products of high added value with global quality and realize the "dreams" of customers around the world.

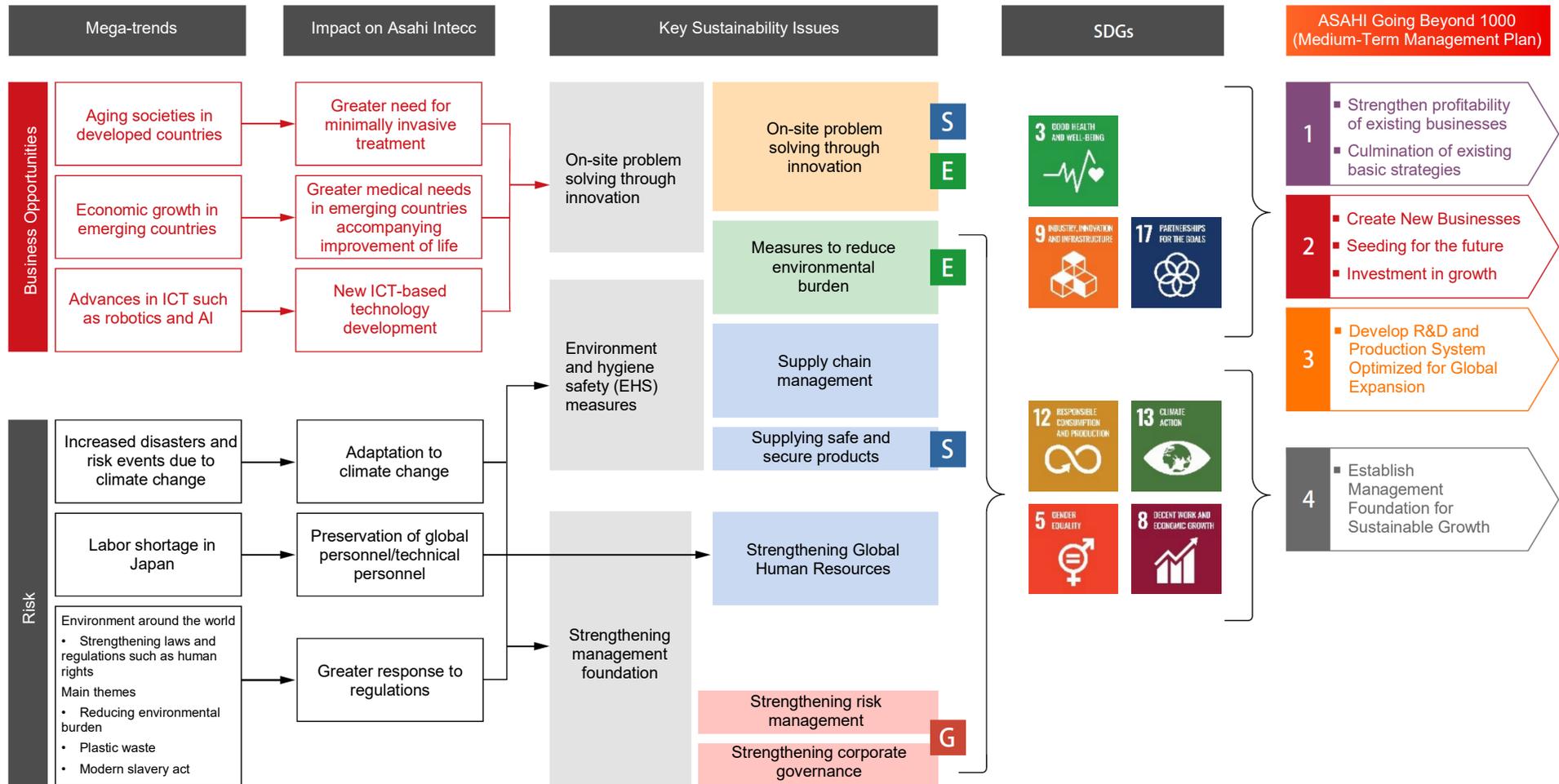
The starting point of our value creation is our "hands-on approach" and our "prototype responsiveness." We will 1) share an understanding of the people on the ground by diligently listening to doctors and clients, 2) develop and manufacture high value-added functions by repeating a trial-and-error process to the point where we even reevaluate the material being used, and 3) deliver number one products with one-and-only technologies to the world. Thus, continuously striving to solve on-site issues creates high-added value and leads to realizing our customers' "dreams." Moreover, accumulating new technologies through efforts with on-site thinking and strengthening technology bases enable us to try to solve new issues. This series of events is what makes up Asahi Intecc's unique value creation process.



## 2-5 | Environmental Awareness and Important Issues

In view of the impact that changes in business environment may have on Asahi Intecc Group, we have examined key issues regarding sustainability.

We aim to realize sustainability of society and the Asahi Intecc Group by addressing these key issues in terms of both growth strategy and strengthening of the management base.





## Chapter 3

# Long-Term Management Vision and Medium-Term Management Plan

Long-term vision and medium-term plan

3-1 | Long-term Management Vision

3-2 | Medium-Term Management Plan “ASAHI Going  
Beyond 1000”

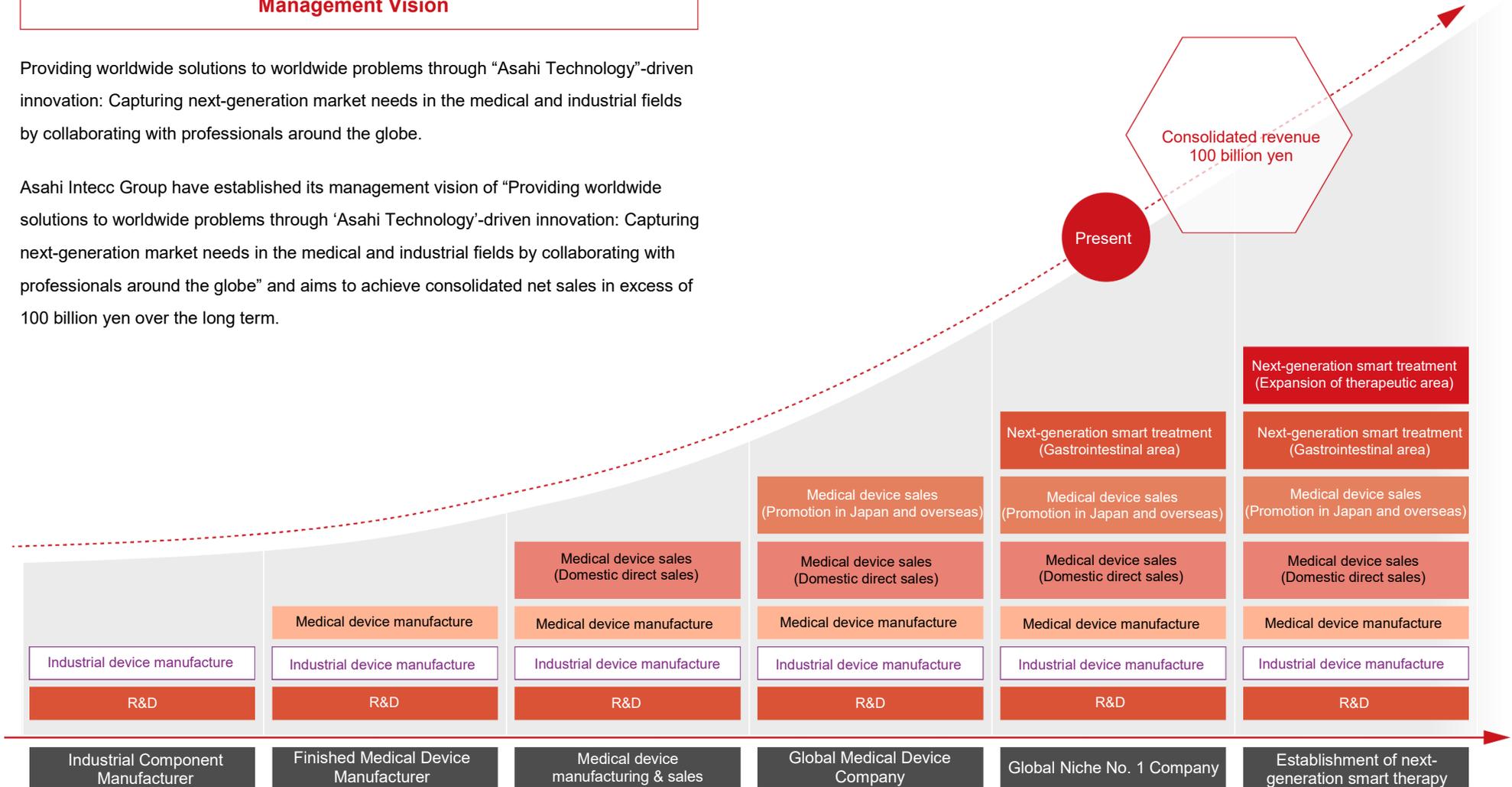


### 3-1 | Long-term Management Vision

#### Management Vision

Providing worldwide solutions to worldwide problems through “Asahi Technology”-driven innovation: Capturing next-generation market needs in the medical and industrial fields by collaborating with professionals around the globe.

Asahi Intecc Group have established its management vision of “Providing worldwide solutions to worldwide problems through ‘Asahi Technology’-driven innovation: Capturing next-generation market needs in the medical and industrial fields by collaborating with professionals around the globe” and aims to achieve consolidated net sales in excess of 100 billion yen over the long term.



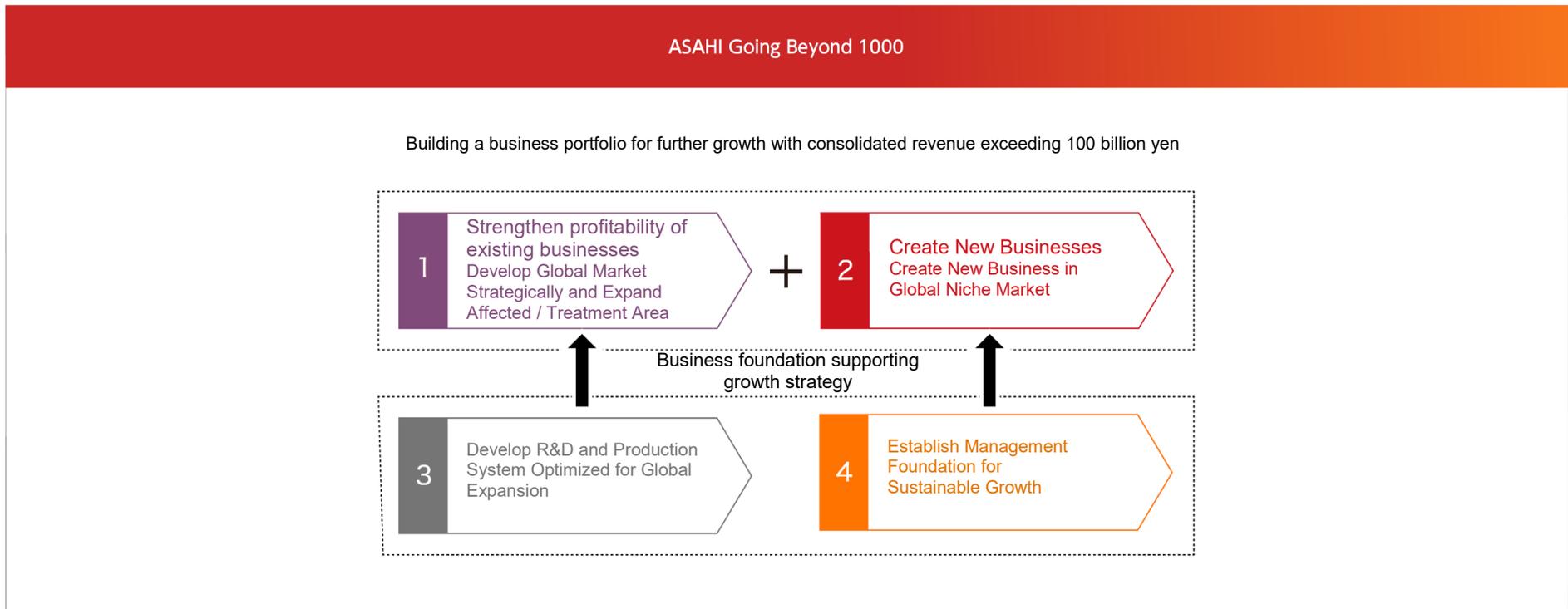
## 3-2 | Medium-Term Management Plan “ASAHI Going Beyond 1000”

Looking ahead 10 years into the future, we have clarified our vision for future growth in the medium to long term.

We, Asahi Intecc Group, are promoting “Develop Global Market Strategically and Expand Affected / Treatment Area” to build a business portfolio for further growth with consolidated revenue exceeding 100 billion yen based on our Medium-Term Management Plan “ASAHI Going Beyond 1000 ” for the 5 years to the fiscal year ending June 2026. By consolidating our basic strategy to date,

strengthening the earnings base of our existing businesses, and continuing to invest in future growth, we have realized “Create New Business in Global Niche Market.” In this way, we aim to strengthen our company's presence in global niche markets and further enhance our corporate value. As a business foundation to support our growth strategy, we have worked to “Develop R&D and Production System

Optimized for Global Expansion” and “Establish Management Foundation for Sustainable Growth.” Going forward, we aim to expand our corporate value by steadily advancing our growth strategy based on the Medium-Term Management Plan.

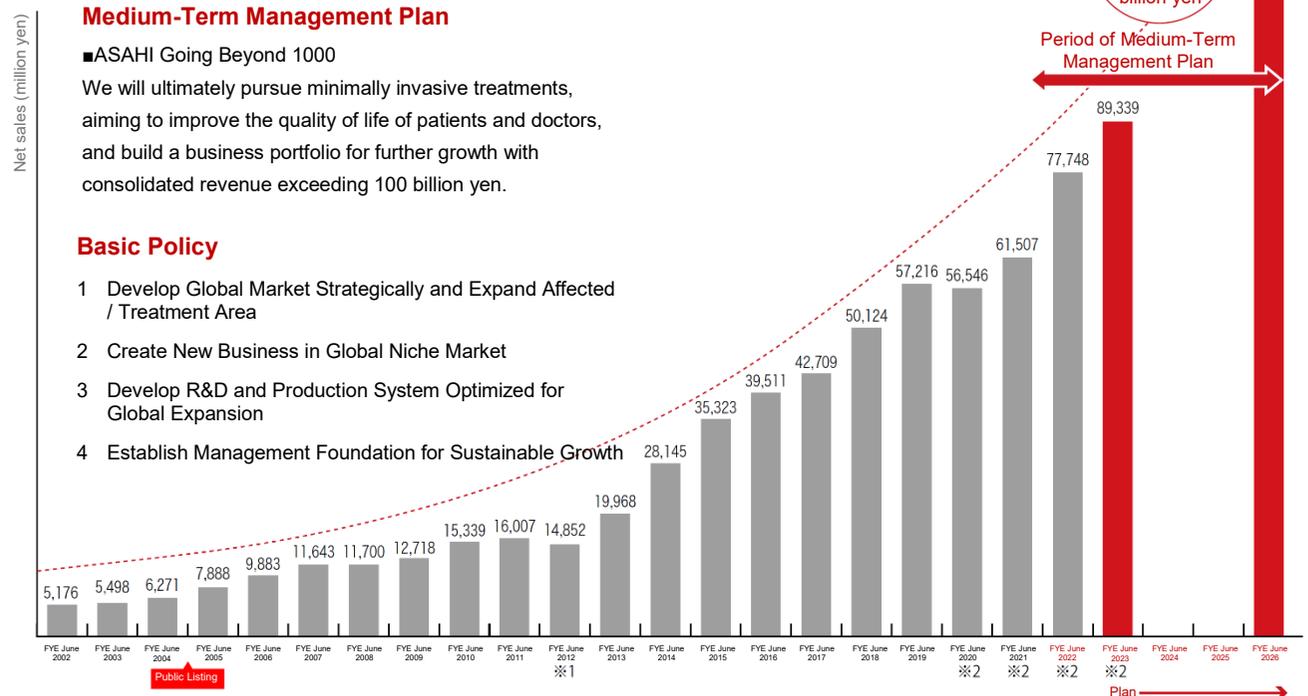


3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

We aim to expand our corporate value by steadily advancing our growth strategy.

Our Group has set a revenue target of 110 billion yen for the FYE June 2026 in its Medium-Term Management Plan "ASAHI Going Beyond 1000." During the period of the Medium-Term Management Plan, it is the non-cardiovascular segment of the existing business that will drive sales growth. The non-cardiovascular segment comprises peripheral blood vessels, neurovascular, abdominal blood vessels, and gastrointestinal fields, as well as ODM and OEM businesses. It is a growing market on a global scale, as well as a market in which our Group has much room to expand its market share through the development of new products. By aggressively developing new products and strengthening global sales activities, we will work to achieve the targets set in the Medium-term Management Plan.

We place importance on new businesses as a business area that will drive continued growth after the period of the Medium-Term Management Plan, and we are engaged in various businesses to sow seeds for this purpose. Asahi Intecc Group will continue to focus on ambidextrous management of "Strengthening profitability of existing businesses" and "Creating new businesses" to be a company that can continue to grow 10 to 20 years from now.



**Medium-Term Management Plan**

■ASAHI Going Beyond 1000

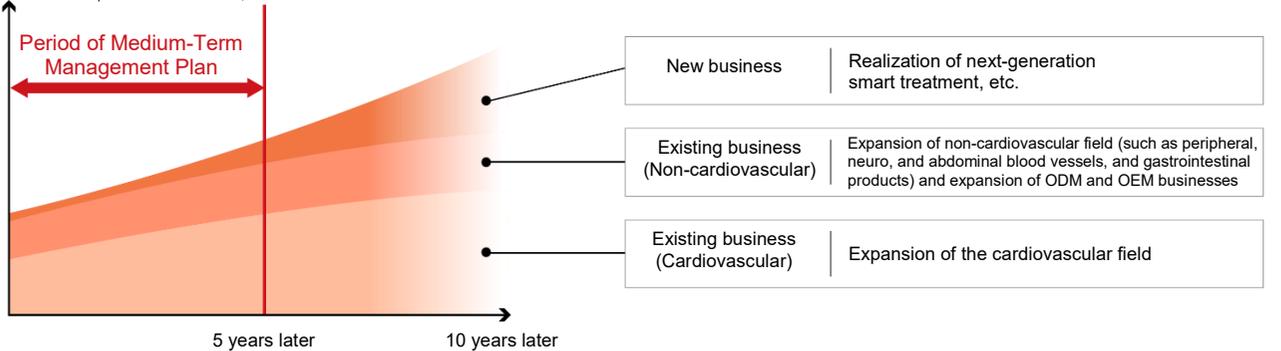
We will ultimately pursue minimally invasive treatments, aiming to improve the quality of life of patients and doctors, and build a business portfolio for further growth with consolidated revenue exceeding 100 billion yen.

**Basic Policy**

- 1 Develop Global Market Strategically and Expand Affected / Treatment Area
- 2 Create New Business in Global Niche Market
- 3 Develop R&D and Production System Optimized for Global Expansion
- 4 Establish Management Foundation for Sustainable Growth

**ASAHI Going Beyond 1000** Five-Year Plan from FYE June 2022 to FYE June 2026

<sup>1</sup> In the FYE June 2012, net sales and profits temporarily declined because our consolidated subsidiary ASAHI INTECC THAILAND CO., LTD., which is our Group's main plant, temporarily suspended operations and was forced to reduce production due to Thai flood.  
<sup>2</sup> Due to the pandemic of the COVID-19, the number of cases has decreased from the usual level.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

## Basic Policy (1) | Develop Global Market Strategically and Expand Affected / Treatment Area



### Develop Global Market Strategically

Asahi Intecc Group currently sells products to more than 110 countries and regions around the world. The number of cases of intravascular diseases for which our Group products are used is expected to increase on a global scale, particularly in emerging countries. Against this backdrop, we will strengthen our earnings base on a global scale by further enhancing our sales and marketing functions in each region.

#### Japan

Reinforce our earnings structure through direct sales system  
Actively launch new products despite the impact of falling medical reimbursement prices

In Japan, we sell our own brand products directly to hospitals. In addition to taking advantage of this sales structure to further gain market share, we will strive to strengthen our profit structure by expanding sales through synergies with other products in Japan and overseas by utilizing the trading company functions of ASAHI INTECC J-sales, INC. In July 2021, we also began direct sales of some of our own brand products in the field of digestive organs. In the Japanese market, we aim to establish second and third core products by launching new products ahead of the rest of the world, and we will strive to expand earnings and business domains by promoting the launch of robotics products.

#### EU

Secure high market share through locally-minded distributors  
Aim to increase earnings by gradually shifting to direct sales

In Europe, we sell our mainstay products such as PCI guide wires and penetration catheters through direct sales and through multiple distributors that are closely connected to the market, which enables us to acquire a high market share. Going forward, we will continue to expand our market share of existing products as well as aggressively market new products that are highly regarded in Japan to promote comprehensive product supply. In certain regions of the European market, we are gradually shifting to direct marketing with shifting to direct sales in France in July 2019, in Germany in January 2021, and in Italy in July 2021. Through these activities, we aim to further expand earnings.

#### U.S.

Reinforce sales by leveraging direct sales system  
Enhance products in the peripheral vascular field to increase profits

In the U.S., we sell our own brand products directly to hospitals. In order to further promote sales, we will establish a marketing and sales system that enables us to grasp market trends more quickly in close contact with doctors, who are our final customers. We will also strive to expand sales by improving the efficiency of sales activities through the use of online sales and other means in the face of the COVID-19 pandemic. In addition, we will position the peripheral vascular field as a key market and strive to increase market share by aggressively launching new products.

We will actively expand our ODM and OEM business and strive to increase earnings, besides our own brand products.

#### China

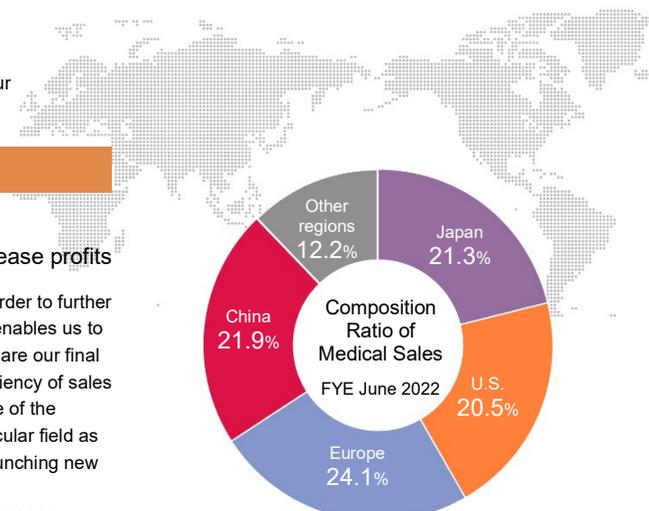
Revamp agency policy as a countermeasure to the centralized bidding system to expand in the rapidly growing Chinese market

In China, we sell products through local agents. Among the global markets, China is expected to show remarkable growth and further development. We are further expanding our market share by launching new products and strengthening our sales system through the multiple agent system. Despite the ongoing changes in the environment surrounding our Group, including the introduction of a bidding system, we will continue to strive to further expand earnings in light of market conditions by increasing the number of agents, enhancing marketing and sales activities through our consolidated subsidiary, Asahi Intecc Scientific (Beijing) Co., Ltd., and strengthening its backup system closely linked to local agents.

#### Other Regions

Continue to strengthen sales structure, focusing on emerging markets with growth potential

We aim to further expand earnings by strengthening our sales structure in emerging markets with growth potential, particularly in Asia and South America. Although the effects of COVID-19 pandemic will remain in some regions, we will further strengthen sales through activities closely tied to local communities, including online sales.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

## Basic Policy (1) | Develop Global Market Strategically and Expand Affected / Treatment Area



### Expand Affected / Treatment Area

#### ■ "Number One" Product Strategy

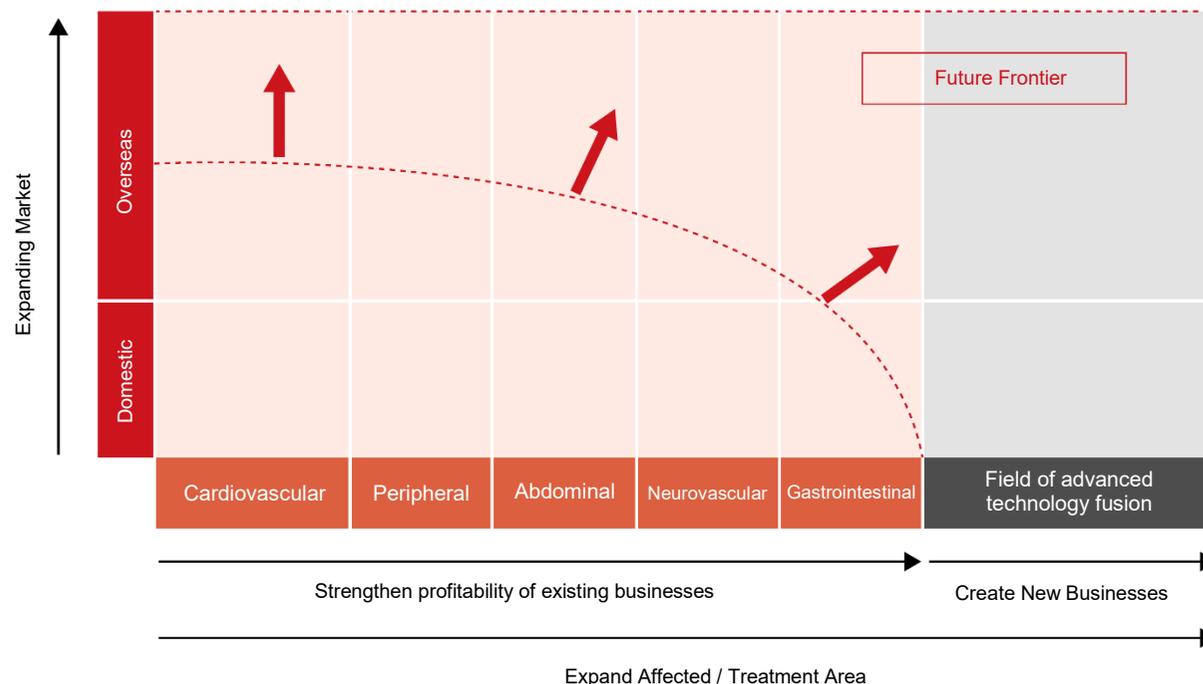
In the field of our mainstay PCI guide wires in the cardiovascular field, we will focus on the development of products for CTO that are difficult to treat, but in which our technology has strengths. In addition, we will strive to expand its lineup of products for the treatment of common lesions, thereby solidifying our overall "Number One" position. Besides, we will further strengthen and expand our product lineup in the catheter field in order to establish a second and third mainstay product after PCI guide wires. In addition, we will continue to develop products from the cardiovascular field to non-cardiovascular fields such as the peripheral, abdominal, neurovascular, and gastrointestinal fields. In the non-cardiovascular fields, we will expand our business laterally by applying technologies cultivated in the cardiovascular fields. At the same time, we will aggressively expand our business overseas to gain market share on a global scale.

#### ■ "Only One" Product Strategy

Currently, PCI treatment for CTOs, which are considered difficult to treat, is not absolutely perfect even in Japan, which is an advanced country in PCI treatment, and bypass surgery is still used mainly in overseas markets.

Against this backdrop, our Group has developed and marketed products necessary for minimally invasive treatments such as PCI guide wires and penetration catheters, which have a high product advantage unmatched by other companies and are capable of CTO treatment, and have contributed to expanding the selection rate of PCI treatment in the CTO field.

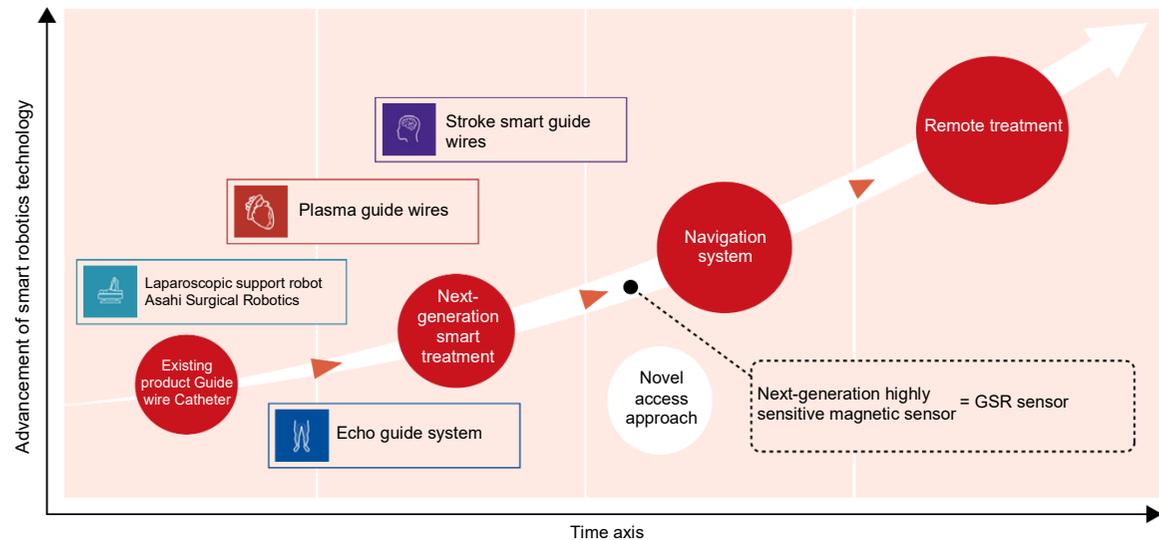
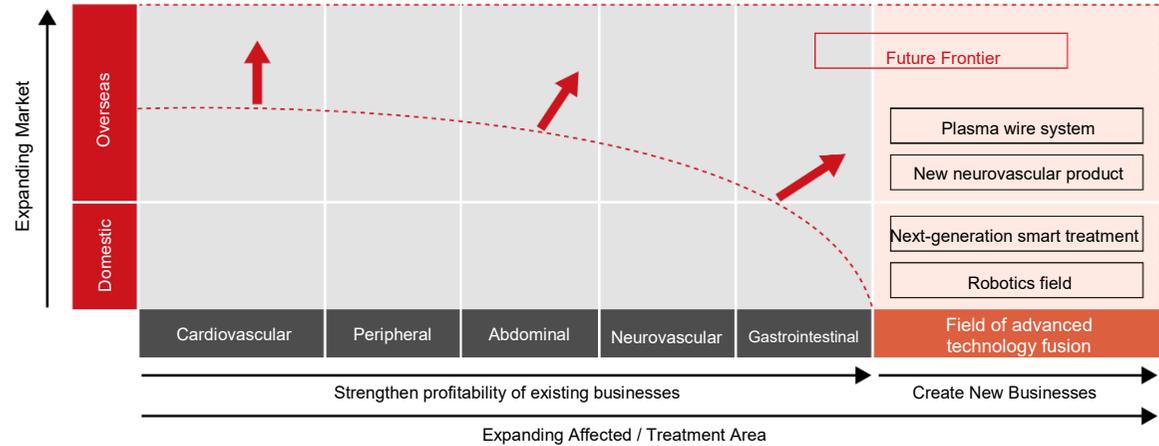
As an R&D-oriented company, we will continue to develop and commercialize highly competitive, original products and new products with advanced functions, thereby contributing to the spread and development of minimally invasive treatments.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

## Basic Policy (2) | Create New Business in Global Niche Market

As an R&D-oriented company, Asahi Intecc Group has advanced and highly unique material processing technologies based on four core technologies. In addition to these technologies, we have established an integrated production system from raw materials to products, which enables us to develop and manufacture products with unique materials and functions. This is a strength unique to our Group, which engages in both the industrial equipment field and the medical device field, and is a major factor in differentiating the Group from competitors in the medical device field in terms of cost and technology. In order to win global competition and continue to grow and prosper as a company with consolidated revenue exceeding 100 billion yen, we recognize the necessity to set the measures that will be the foundation of our business, and aim to advance into new fields such as the gastrointestinal, robotics, and neurovascular fields by strengthening our company's advanced technological capabilities. In addition, when we require the fusion of our technologies with new ones, we are more active in promoting strategic alliances with leading partners, including the introduction of new technologies from outside, by making full use of technological alliances, M&As, and minority investment. By creating new businesses in global niche markets, we will strive to strengthen our business portfolio and aim to become a company with sustainable global growth.

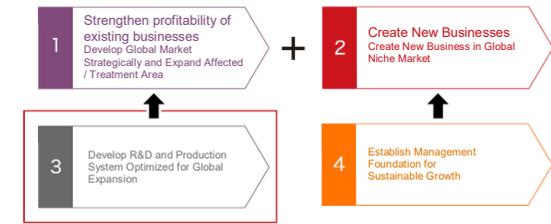


3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

## Basic Policy (3) | Develop R&D and Production System Optimized for Global Expansion

Currently, Asahi Intecc Group specializes in R&D and prototyping in Japan, and in principle transfers mass production to overseas consolidated subsidiaries. For R&D in Japan, we have constructed a new building in the premises of the Group's main R&D base in the Seto Factory, and in 2018 we developed an R&D environment identical to a clinical setting. In February 2022, we opened Tokyo R&D Center for further strengthening R&D functions, and we are scheduled to build a new building at the Global Headquarters and R&D Center (Seto City, Aichi Prefecture) in June 2024.

As for the globalization of the R&D, at Asahi Intecc USA, Inc., our consolidated subsidiary for selling directly in the U.S., we have built an R&D structure that reflects the needs and feedback of doctors, our core customers, directly in our products, even at the prototype level. With Asahi Intecc Thailand Co., Ltd. (Thai Factory), another consolidated subsidiary, we have increased our number of R&D bases, enabling more proactive improvement of existing products, including considering product specifications. For production, we have established the integrated production system from materials to finished product, which is one of the Group's strengths, in overseas factories (Asahi Intecc Thailand Co., Ltd. [Thailand factory], Asahi Intecc Hanoi Co., Ltd. [Hanoi factory], and Toyoflex Cebu Corporation [Cebu factory]).



In this context, from the perspectives of risk management and BCP\* (Business Continuity Planning), we are optimizing production bases across the entire Group by enabling all three factories to manufacture the same products so that in the event of one or more factories ceasing operation due to local factors or otherwise, another factory can cover the majority of the lost production. Going forward, we intend to support our Group's growth strategy by building and expanding R&D bases and production systems that are ideal for global expansion.

\*BCP (Business continuity planning): A plan of a company to set out appropriate activities and methods and means for business continuity in emergency such as a natural disaster, a large fire, or a terrorist attack, to minimize the damage to business assets and enable continuation or early restoration of the core business

### Expansion and decentralization of production capacity across the Group

Based on country risk, the same products can be produced at these 3 factories.

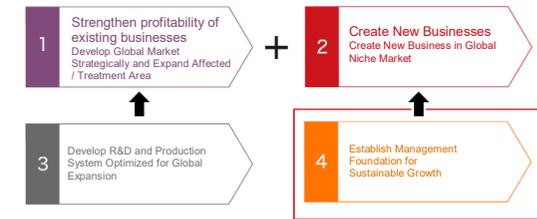
 <p><b>Japan</b></p> <ul style="list-style-type: none"> <li>Center for R&amp;D</li> <li>Maintain an emergency production backup system</li> </ul>	 <p><b>Thailand Factory</b></p> <p>ASAHI INTECC THAILAND CO.,LTD.</p> <ul style="list-style-type: none"> <li>Plan to use and expand production capacity at the new plant</li> <li>Decentralize production to Hanoi/Cebu Factory</li> </ul>	 <p><b>Hanoi Factory</b></p> <p>ASAHI INTECC HANOI CO.,LTD.</p> <ul style="list-style-type: none"> <li>Accept decentralized production from Thailand Factory</li> </ul>	 <p><b>Cebu Factory</b></p> <p>TOYOFLEX CEBU CORPORATION</p> <p>Toyoflex Co., Ltd. was acquired as a base for BCP (Business Continuity Planning), to establish the production system not only in the industrial equipment field but also in the medical device field.</p>
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**Directly deliver products to worldwide customers**

- Expand overseas sales warehouses
- Optimize supply chain movement and build a timely supply system

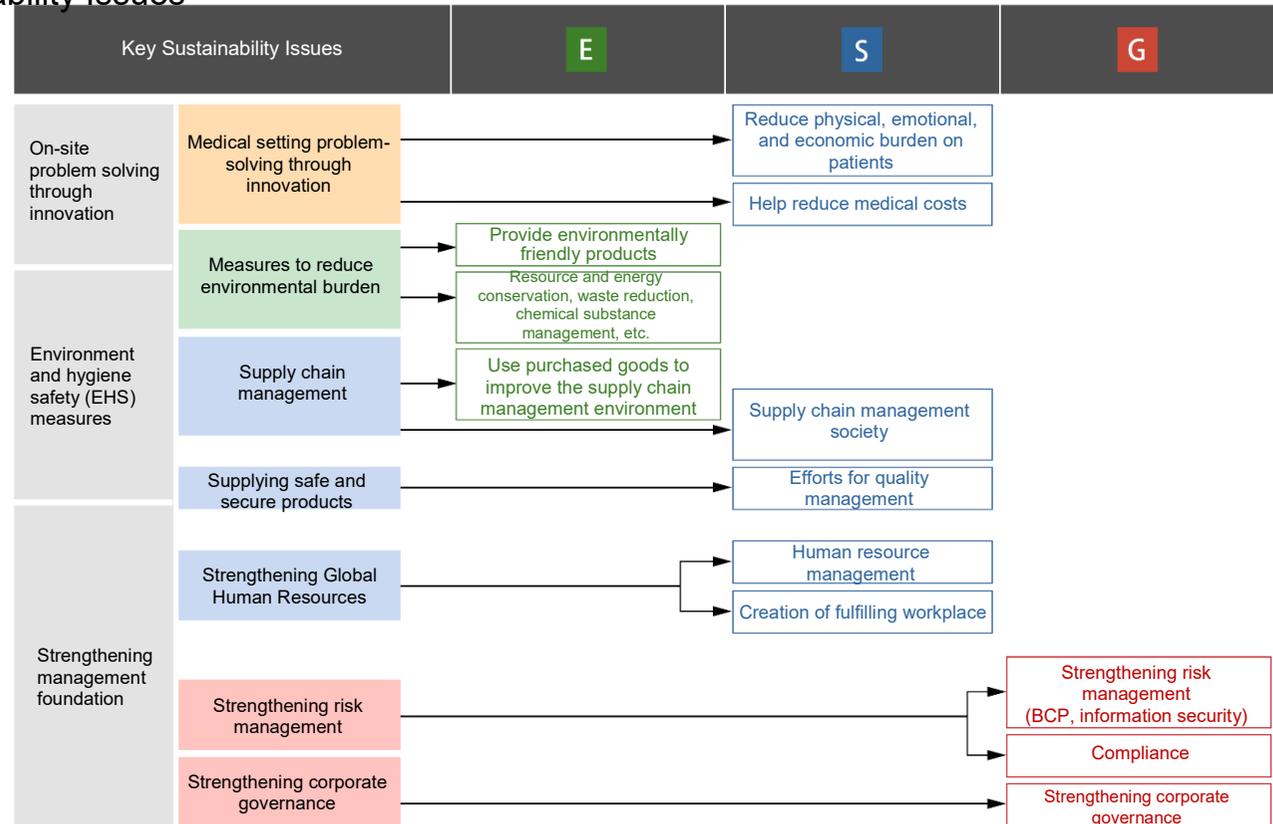
3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

## Basic Policy (4) | Establish Management Foundation for Sustainable Growth



### Address Key Sustainability Issues

The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale due to population aging around the world, especially in developed countries, and economic growth in emerging countries, and mainly in emerging economies the number of catheterization cases are increasing. Under these circumstances, Asahi Intecc aims to improve the quality of life (QOL) of patients all over the world through our business by solving issues on the ground while advancing our medical devices through our unique technologies. On the other hand, with a rise in the number of large-scale natural disasters and risk events such as pandemic, we will strengthen our risk management measures, starting with our business continuity plans (BCP), and we will also take measures to comply with environmental, human rights, and other regulations in countries around the world, upon taking a bird's-eye view of our entire supply chain. In view of the impact that these changes may have on Asahi Intecc's business environment, we have examined key issues regarding sustainability. By addressing these key issues in terms of both growth strategy and the strengthening of the management base, we aim to realize sustainability of society and the Asahi Intecc Group. As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review Key Issues accordingly.





## Chapter 4

# Financial Strategy

Financial strategy

4-1 | CFO and Investor Dialogue

4-2 | Financial Strategy



## 4-1 | CFO and Investor Dialogue

Through dialogue with investors, we aim to achieve sustainable growth while keeping balance sheet management in mind.

**Ito:** Since the public listing, we, Asahi Intecc, have put importance on investor relations (IR) by, for example, emphasizing investor opinions in the Check process of the PDCA (Plan-Do-Check-Action) cycle in our business. I believe that our company's growth to this point is the result of responding to valuable advice, including the critical opinions of investors.

**Hyogo:** As an analyst and fund manager for healthcare, I have been in charge of your company since its listing, and I evaluate Asahi Intecc as one of the companies that have been able to achieve sustainable profit growth despite changes in the external environment. In general, high-growing companies often neglect IR activities because they tend to place their priority on management resources. Asahi Intecc, however, has emphasized communication with investors from the stage when the market capitalization was small immediately after listing, and I think this has led to your current large market capitalization. I would appreciate it if you could tell me how Asahi Intecc is going to grow from the CFO's point of view.

### Equity Financing in April 2021

At this equity financing, we again keenly felt the need for discussions and communication with investors, including financial strategies.

**Ito:** Our strategy to achieve growth based on our technological capabilities has not changed. We began by acquiring a share of the Japanese market in the cardiovascular field, and then expanded the therapeutic area to include the peripheral, abdominal, and neurovascular fields. At the same time, we expanded the market area from Japan to overseas in two dimensions. The 5 year Medium-term Management Plan aims to achieve revenue of over 100 billion yen, but we need to further expand our business fields in order to become a company with revenue of 200 billion to 300 billion yen. In addition to existing businesses in the cardiovascular and non-cardiovascular fields, we aim to achieve sustainable growth by expanding into next-generation smart treatments such as those in the gastrointestinal field and the robotics field.

**Hyogo:** For achieving the sustainable growth you just mentioned, your company did equity financing in April 2021. We were very disappointed with your issuance of stock acquisition rights by way of third-party allotment although you have a high capital adequacy ratio and ample cash.



Institutional Investor

Mitsubishi UFJ Trust and Banking Corporation  
Chief Analyst, Asset Management Department  
& Chief Fund Manager (Domestic Stock)  
Mr. Shinichiro Hyogo

CFO

Asahi Intecc Co., Ltd.  
Director, General Manager of Administration Division  
General Manager of Corporate Strategic Office  
Mizuho Ito



Investors seemed to perceive as a negative surprise your choice of equity financing while you were able to raise funds through internal reserves and borrowings. I personally think that you should not have taken this approach or that there might have been a different option. Please explain the background of this financing.

**Ito:** It is important to make concentrated investments in growth businesses under a clear business strategy and management vision. I think you all know that there are many cases where, after 10 years, the corporate value of a company that has been aggressively investing for growth while raising funds is several times that of a company that has not done so.

In our new Medium-term Management Plan, we have established our priority strategies "Strengthen profitability of existing Businesses" and "Create new businesses," and we are now in the phase where strategic growth investments are necessary to achieve these goals. As part of this, we

bought four domestic and overseas companies through M&A on July 1, 2021. In light of the cash flow situation at that time and in the midst of M&A projects with fixed deadlines, we had determined that the flexible method of the third-party allocation of stock acquisition rights financing (sustainable FITs) was suitable for equity financing. There were heated internal discussions about the financing, including borrowing and general public offerings, as well as how the financing would be viewed by investors and whether it was really necessary at that time in the first place. We place great importance on our M&A strategy for future growth. This time, in addition to the M&A funds, we raised approximately 24 billion yen, including funds that can be used for long-term capital investment such as the construction of a research and development building. This amount of approximately 24 billion yen represents a little more than 30% of our Group's consolidated revenue and has a significant impact on us. This decision was made by the Board of Directors based on comprehensive consideration of these circumstances, the then-current cash flow situation where there were a large number of upfront investment projects in terms of growth strategy, and the importance of having cash on hand raised during M&A. Project members, including both inside and outside members, conducted case studies of how stock prices moved when other companies adopted similar methods, quantitative evaluations of cash management, prediction of how investors would respond to it, and then studied and discussed it, including from objective viewpoints. The financing was completed in July 2021, ahead of the originally anticipated deadline, thanks to greater demand from investors than expected.

As you pointed out, we are aware that there are various opinions, including those for and against, and we truly recognize that it is important to steadily realize corporate growth in order to repay the debt of gratitude to our stakeholders and those who support our investment.

**Hyogo:** There seems to be a slight discrepancy from the perspective of focusing on IR as you mentioned at the beginning of this interview. In view of your company's technological capabilities and overseas expansion capabilities, we believe that investors have recognized that organic growth is capable of achieving medium- to long-term growth and that equity financing is not necessary for the foreseeable future. I think you have spent a lot of time discussing the P/L and C/F statements. In fact, we believe that the lack of dialogue with investors regarding the balance sheet (B/S) led to a negative surprise. What do you think about that?

**Ito:** We have more than 200 interviews with institutional investors annually, but they mainly discuss our growth strategy and profit growth, and I think only a few investors discuss B/S. I think the discussion is about a structural matter that if earnings improved every term and P/L increased, B/S would improve as a result.

Of course, we place importance on the balance between our financial health and growth strategy, but on the other hand, as a company we want to have the opportunity to enjoy the benefits of being listed on the market. It may be perceived negatively by investors who have conflicting interests, but that is an eternal theme.

However, if you think "No way! Asahi Intecc .....", we can

certainly say that we should deepen our discussions with investors. I believe that this has further raised awareness of the importance of dialogue with investors, particularly the need to enhance dialogue from a perspective we have not discussed in the past.

As for the balance sheet strategy, there are factors that change flexibly from time to time because we choose equity or debt in light of the stock price situation, the external environment such as market conditions, foreign exchange rates and interest rates, our financial health, and the nature of investment projects. However, we need to properly communicate our basic idea to investors, and I would like to actively promote dialogue with them going forward.

As a result, we received a lot of valuable opinions from investors and other stakeholders, which gave us a lot of new awareness and helped us reorganize our financial strategy. This interview is one of them.

**Hyogo:** In some time you may need to raise funds again in order to aim for further growth in the future. As an investor, I hope that the companies acquired by you through the M&A will generate synergy effects and contribute to the business performance, and that you will surely have dialogue with investors about your balance sheet strategy. By the way, this time you chose equity financing instead of corporate bonds or borrowing, but I think the scheme was very difficult to understand. The number of shares has been fixed, but I think it affected the supply-demand balance. There may be timing and hurdles, but I personally think that a public offering was an option. What other risks had you recognized in this financing besides the risk of falling stock prices?

**Ito:** Immediately after this financing, we held a number of meetings with institutional investors in Japan and overseas, and received many valuable opinions. I would like to express my deep gratitude for your frank opinions in the IR meetings held thereafter. Hearing these opinions, I thought that I had fully understood the necessary points to be noted in this financing, but I realized that investors' lack of familiarity with the method of sustainable FITs was greater than I had imagined, and that we should have given a careful explanation about it. There were rumors that stock acquisition rights-type financing is the method that companies with difficulty in raising funds tend to choose. However, our method is different from the so-called MSCB, which you are concerned about, and is a method that can satisfy our company's needs for financing and recapitalization while gradually reducing the impact on stock prices. Logically, it is also a scheme that is less likely to upset the supply-demand balance than a public offering. The recent financing was recognized in our company as a special project that involved M&A of four companies and large-scale capital investment. I am glad that we were able to advance this growth strategy project as a result. On the other hand, through discussions with investors thereafter, we have come to realize something new, which made us look back from a comprehensive perspective. Given that there are various financing options available, I have become more keenly aware of the importance of taking into account the external environment, such as the macroeconomy, and making decisions that are appropriate to each situation.

At the time of listing on the JASDAQ in 2004 and the Second Section of the Tokyo Stock Exchange in 2005, we sold new shares through a public offering. After that, we disposed of a small number of our own shares, but since listing on the JASDAQ, we have hardly conducted any large-scale financing. That's why I think investors were surprised. Going forward, too, we will not make an easy decision to finance all of our fund needs through equity financing, and we will make a firm decision based on the views of our stakeholders.

**Hyogo:** Again, I think the lack of sufficient dialogue on capital allocation led to negative surprises in addition to the issues with financing methods. As CFO, what do you think about your capital allocation scheme in the future?





**Ito:** As a result of the equity financing of this time, we have maintained our financial health at an overly sound level. Therefore, if the amount of long-term capital investment or growth investment is extremely large, the possibility of adopting the equity financing method is not zero at all, but I don't think we should give priority to equity financing. This time, the magnitude was large, but I think there will be an opportunity to promote growth strategies by flexibly changing the mindset of the company, which emphasizes not only growth strategies but also financial strategies. We have received high praise from investors in IR just because our Group is in a growth stage. As in the past, I believe it is of paramount importance to show the results of our sustainable growth.

**Hyogo:** I would like to ask you to take flexible measures, not to make easy equity financing because you need funds, but to consider the optimal capital structure, including the

use of debt financing.

**Ito:** I see. This time too, including the internal discussion process, it was not an easy decision, but I think we should respond flexibly, including debt financing.

### M&A Strategy

Focus on synergies while assessing business potential towards management more aware of growth potential and financial balance

**Hyogo:** In the recent financing, I felt that the growth time frame assumed by Asahi Intecc and that assumed by investors did not always coincide. Then, I would like to ask you again, in your M&A case consideration, how long is the recovery period and how much is the capital cost? And if there are any cases that you, as CFO, have rejected for financial reasons, could you tell me about them?

**Ito:** The recovery time in M&A will vary depending on the type of project: longer term for technical projects, shorter term for sales projects. Of course, it doesn't mean that no matter how long a technical project takes. We have high profit margins and a fair market capitalization, but our finances are smaller than those of competitors, so we have to be financially disciplined. When considering M&A, we focus on how the business will grow, not on expanding B/S or P/L. However, it is not always the case that M&A is the best solution if business growth is expected. Basically, we consider various points of view and apply triggers. There are relatively many projects to be considered, but we are always considering whether the scale and business feasibility are appropriate and whether it is profitable. So, of course there are some projects that were rejected. This time, four cases occurred at the same timing, but it was just a coincidence. The weighted average cost of capital (WACC) of our Group is approximately 5%. There is often a perception gap between investors and companies regarding how to think about the WACC, but I think it is important to continue discussions on this concept.

**Hyogo:** In general, Japanese companies often refer to creating business synergies to justify the acquisition price. As a CFO, how did you verify the synergies of the four companies before you decided on the M&A?

**Ito:** In principle, we considered the DCF method

(discounted cash flow method) taking future business potential into account. We conduct thorough verification and confirmation, including patterning, to determine whether we should aggressively, neutrally, or minimally view the marketability that underpins our business. Based on these basic principles, we conduct M&A while assessing the appropriateness of future business synergies. In addition, of course, we must go through the process of due diligence from accounting, tax, and legal perspectives.

**Hyogo:** This time, you acquired 4 companies at the same time, and I think the resources will be more widely distributed than when you do it one by one. Do you have an in-house system that can perform PMI (post-merger integration)? Please let me know if you have any problems.



**Ito:** By performing fair due diligence, we identify issues and prioritize how to resolve them. PMI includes organizational integration and business process integration, but our most important focus is on business synergies. Of course, governance is also important, but we must not lose the good qualities of our company, so we are thinking flexibly as necessary. However, we maintain basic governance by ensuring that, in principle, our company members are included in the management of companies merged, and that a system has been established to submit important issues to the BOD of Asahi Intecc, the parent company, in the approval authority rules.

**Hyogo:** Many companies use return on equity (ROE) and return on invested capital (ROIC) as indicators of efficiency. What financial indicators do you value when managing your company?

**Ito:** We have traditionally emphasized net sales and operating income from the perspective of growth and profitability, and announced ROE from the perspective of efficiency. As the company indicators, no more items are disclosed other than these. The reason is the structure that a high profit margin is shown in P/L, which will be reflected in B/S in the future.

While ROE is an important indicator, ROE has the disadvantage of being able to improve in the short term by adjusting financial leverage. In particular, considering that we need to raise funds for future growth through various means including borrowing depending on the amount of money, we understand the importance of being aware of ROIC. As we are required to conduct a capital-cost

conscious management, we need to be conscious of ROIC from this viewpoint, too. Given that our current WACC (weighted average cost of capital) stands at around 5%, we believe that the basic level of ROIC is around 10%. Our company is still in a growth phase, and for that purpose, we are in a phase in which we need to make up-front investments in stocks and facilities. Therefore, I think it is important to have a basic level of ROIC rather than improving it every fiscal year. We have also strategically increased foreign currency borrowings to hedge the currency risk of our foreign currency-denominated assets. As the interest rate of foreign currency borrowings is much lower than that of the currency hedging products, we believe that we have realized a profit. Given these circumstances, since "interest-bearing liabilities + shareholders' equity" does not indicate the appropriate amount of invested capital, our company is considering calculating ROIC using "working capital + fixed assets" as invested capital.

**Hyogo:** I think that you can further deepen your dialog with investors on finance by establishing target financial indicators. Regardless of which indicators you choose, I would like you to have sufficient dialog with investors while explaining why.

**Ito:** As our company regards the need to be more conscious of growth potential and financial balance as our challenge, we were able to recognize that the stage has changed from the traditional P/L management base to B/S management in the process of achieving growth. We intend to promote dialogue with investors more openly than ever, including internal discussions.

## Promote Sustainability Management

Raise awareness of sustainability from both top-down and bottom-up perspectives

**Hyogo:** Sustainability management is becoming increasingly important these days, but I don't think there are many Japanese medical device companies that are advancing sustainability management. As they focus on growth, they may not be able to devote sufficient management resources to the development of ESG systems. Since Asahi Intecc has chosen the Prime Market, I think there are issues that need to be addressed, such as the Task Force on Climate-related Financial Disclosures (TCFD). What is your self-assessment of current sustainability efforts?

**Ito:** Although it is difficult to make a self-assessment, we recognize the importance of ESG through the world trend and dialogue with investors. We have incorporated sustainability and ESG concepts into our management policies as we recognize that companies promoting sustainable management will grow continuously over the long term. A few years ago, you served as a lecturer in the relevant training for our directors, didn't you? Thank you very much for your lecture. Not to mention the need to raise sustainable awareness of directors; in recent years, ESG items have always been included in management policies, and the CEO conveys a message to all employees about the importance of sustainability and ESG. As a result, awareness of the importance of ESG has increased

throughout the company.

**Hyogo:** In my opinion, what is important for the penetration of sustainability in a company is that employees change their awareness and become able to act on their own initiative. Although it may be difficult to penetrate the sustainability awareness within the company only by top-down, as CFO, how will you promote sustainability within Asahi Intecc?

**Ito:** As stated in the Management Policy, we include sustainability and ESG issues in the business plans and divisional plans, which result in a system that leads to individual actions and evaluations. ESG can be promoted in two ways: top-down approach which is accompanied by top management's decision-making, such as investment in ESG-related businesses, and bottom-up approach such as promotion of environmental activities. For the top-down approach, we would like to promote it by directly involving the Board of Directors, rather than by forming a committee. On the other hand, with regard to the bottom-up approach, we have appointed a full-time director and other staff to review priorities while identifying issues that need to be addressed.

**Hyogo:** Companies are required to advance governance, too, and we would like you to enhance the effectivity of governance in light of the skills matrix. In addition, we would like you to establish the promoting system in the entire company so that you can make sufficient disclosure of information on sustainability.

**Ito:** Presently, our organization is still small, so top-down penetration is fast, and I think it works well in terms of cross-cutting. We will also respond to the sustainability and ESG issues by developing a system that makes the most of the characteristics of the organization. This time, we prepared the Integrated Report for the first time, and we would like to brush it up gradually.

**Hyogo:** Your company is still growing, and there may be many issues on governance and sustainability. However, I feel that the social demands and the hurdles to be addressed regarding sustainability are getting higher every year. Whatever you can do at first, but I would like you to promote it steadily and with a sense of speed.





As for governance, it is difficult for outsiders to see how the board of directors works. If outside directors are expected to play a monitoring role, you should consider selecting diverse members.

**Ito:** With regard to the evaluation of effectiveness, we regularly hold direct talks with outside directors, rather than conducting written questionnaires, to gather opinions and make improvements. Our discussions are always open and frank, and we are gradually changing the structure to one that works better with frank opinions. We have disclosed the Skill Matrix since 2021, and we have had an increasing number of discussions with investors about what is missing from the current directors based on the Skill Matrix.

In order to further deepen our diversity, we feel the need to appoint a person with expertise in finance as an Outside Director based on the opinions we have received from investors regarding the recent financing, and we are working on this.

**Hyogo:** Since the medical field has a high level of expertise, there may be some aspects that outside directors having business experience in only non-medical companies cannot fully understand. Do you have any system to follow up on these points?

**Ito:** The environment surrounding medical devices is constantly changing. Our outside directors fully understand these situations and thoroughly verify the appropriateness of the decision-making process at the Board of Directors. In order for them to deepen their understanding of our business, we regularly hold dialogue between outside directors and executive directors, so that we can follow up on areas of concern and ensure that they are functioning properly.

**Hyogo:** What is your understanding about the roles of CEO and CFO?

**Ito:** A CEO plays a role of accelerator while a CFO is a brake, as is commonly said. Personally, I believe that the balance between growth and financial strategies is important, and while the CFO serves as a brake, I should not be too much of a brake. I am paying attention to how I can follow the company's growth strategy without hindering it.

It is also important to bring the investors' opinions received through IR back to the Board of Directors for discussion. Although our opinions vary from position to position, directors share the same objective of enhancing the corporate value of the company, and it is necessary to move forward while building consensus through discussion.

**Hyogo:** From the perspective of the division of roles, I personally think that you should have played a brake role more in the equity financing this time. I would like you to complement it by improving financial literacy as a company. Investors expect a CFO to play a check and brake role, such as considering "This CFO will never raise funds or make overly expensive acquisitions that investors won't accept."

**Ito:** We have some mechanisms and functions that allow us to accumulate discussions after presenting opinions, but it may be difficult to see them from the outside. Also, as our company is still in a growth phase, it cannot be denied that the decision to prioritize business becomes stronger over financial literacy as a whole. We will strengthen our governance, with your valuable comments, in cooperation with outside directors. We will continue to strive to gain understanding of our growth strategy through active dialogue with markets, and aim for sustainable growth while keeping balance sheet management in mind.

## 4-2 | Financial Strategy

### Basic Policy for Financial Strategy

Our Group has established the Medium-Term Management Plan for 5 years through June 2026, "ASAHI Going Beyond 1000." Based on the strategies incorporated in this plan, in addition to the sustainable growth of existing businesses (cardiovascular and non-cardiovascular fields), we are also promoting the launch of new businesses (next-generation smart treatment, etc.), and are laying the groundwork for further growth, exceeding the sales target of 110 billion yen for the final year of the Medium-term Management Plan. In particular, in the medical device field, which is our strategic business area, we are actively promoting up-front investments such as strategic investments including M&A, capital investments, and R&D investments. In order to prepare for these investments and risks, we will further strengthen the financial base by improving capital efficiency, etc., and optimally allocate funds to growth investments and shareholder returns to achieve sustainable growth and secure stable earnings, with the aim of increasing corporate value.

Cash on hand	Shareholder return Maintain a dividend payout ratio of 30%
Operating C/F Continue business growth and maintain high profit margins	Investment C/F Make a disciplined investment decision while we are in a phase to make active investments for business growth <ul style="list-style-type: none"> <li>• Increase production capacity</li> <li>• Enhance R&amp;D facilities</li> <li>• Other strategic investments</li> </ul>
Financing on an as-needed basis Raise funds through debt financing, in principle, viewing the market environments, except when fund needs are extremely large	

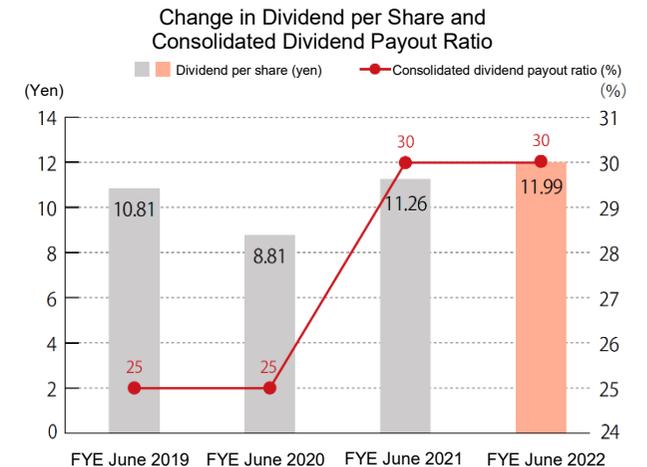
### Our Group's Key Management Indicators

Our Group's key management indicators are net sales, and operating income/operating income ratio. We have also focused on ROE as a financial indicator, but from the current fiscal year, we have decided to newly establish ROIC (return on invested capital) as an indicator to mention. Amid the expansion of our Group's scale, we have recognized that we have reached a phase where we need to think about the importance of our B/S strategies through dialogue with institutional investors and that it is important to clarify that the company's stance is to seek profits in line with capital costs while being conscious of B/S. For these reasons, we will use ROIC as one of the indicators to be focused on. In our Group, we calculate ROIC by using "working capital + fixed assets" as invested capital, and the basic level is 10%.



### Shareholder Return

Our Group is developing its business on a global scale and is constantly striving to increase its corporate value. We recognize that returning profits to shareholders is one of our important issues, and our basic policy is to pay dividends on a stable and continuous basis from a long-term perspective, taking into account consolidated performance and other factors. We determine the amount of dividends by comprehensively taking into account the consolidated performance for the relevant fiscal year, future business prospects, the level of retained earnings, and other factors from a long-term perspective, while aiming for a consolidated dividend payout ratio of 30%. We allocate retained earnings to R&D and capital investment, which are essential for future growth. This way, the company will endeavor to improve its business performance and strengthen its financial position.





## Chapter 5

# Sustainability Bolstering Non-financial Capital

Sustainability - Non-financial capitals

- 5-1 | On-site problem solving through innovation
  - Strengthening social capital
  - Strengthening Intellectual Capital 1
  - Strengthening manufacturing capital
  - Promotion of Digital Transformation (DX)
- 5-2 | Strengthening Global Human Resources
  - Human resource management
  - Creating Fulfilling Workplace



# 5-1 | On-site problem solving through innovation

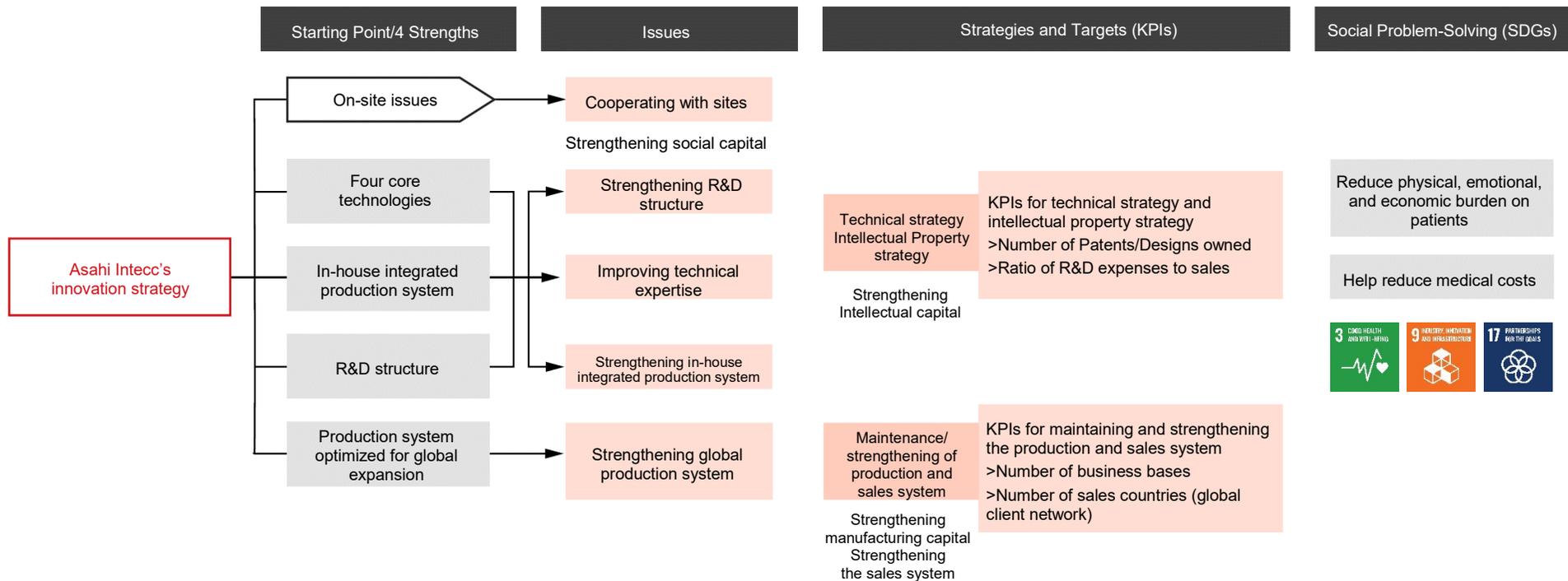
We are working to further create innovation by bolstering non-financial capital.

## Basic Thinking

Our Group's innovation comes from our four strengths: "advanced and highly unique material processing technology based on four core technologies," "in-house integrated production system," "R&D structure," and

"production system optimized for global distribution." Supporting these four strengths is our management foundation made up of non-financial capital including excellent human resources (human capital) that pass on

the DNA of the company, as well as manufacturing capital, intellectual capital, and social capital. By bolstering this non-financial capital, our Group will work strategically to solve on-site issues for achieving greater innovation.



## 5-1 |On-Site Problem Solving Through Innovation

## Social Issues to be Solved and Measures

**1 Social Issues Asahi Intecc Wants to Address**

The starting point of business activities of our Group is solving on-site issues. We aim to supply the world with one-and-only technologies and number one products in the fields of medical devices and industrial components so that, based on safety and reliability, we solve on-site issues, realize dreams, and contribute to society as a whole.

## Social Problem-Solving (SDGs)

Reduce physical, emotional, and economic burden on patients  
Help reduce medical costs

**2 Specific Measures**

- Developing Products That Reduce the Physical, Emotional, and Economic Burden on Patients (Medical Division)

Our Group has developed and marketed products such as PCI guide wires and penetration catheters, which have a high product advantage unmatched by other companies and are capable of CTO treatment, and have contributed to expanding the selection rate of PCI treatment in the CTO field.

By focusing on medical challenges and supplying products that meet doctors' needs, we are also reducing the physical, emotional, and economic burden on patients by contribution to improvements in treatment success rate and to reduction in treatment duration by increasing choices at medical facilities.

**■ New Products and Technologies**

Recently, we have established and promoted the following new products and technologies described below.

In the FYE June 2022, "GAIA Next 4th" was launched as the latest model of our "GAIA Next" series in the field of PCI guide wires for CTO treatment, in which our technology has the greatest strengths. With improvement of the penetration of hard constricted areas, this product has the potential to contribute to shortening the treatment time for chronic complete occlusion, which has been difficult with conventional lineups.

In addition, our "Tornus ES" dilator for digestive organs

more easily penetrates through the target site by rotating the device at hand, unlike conventional electric dilators. By combining our core technologies with product technologies cultivated in penetrating catheters for endovascular treatment, we have realized the demands of clinical site in our new products.

The number of new medical device products launched in the FYE June 2022 was 2. We continue to create new medical items every term.

At the same time, we created new value by combining our core technologies with laser processing technology, precision processing technology, and molding technology in response to the diversifying needs of the medical component market. These technologies are starting to be implemented in the processing of various components. We also undertook multiple innovation initiatives, including applying an overseas startup's sensors to our guide wires in a joint R&D project.

5-1 | On-Site Problem-Solving Through Innovation

Strengthening social capital

Cooperating with sites

■ Medical Division

Over the past few years, we have developed products matching medical workplace needs by strengthening our system of joint R&D with highly experienced top doctors in each medical field. We sign contracts with top doctors and medical institutions in cardiology, peripheral blood vessels, neurovascular, and gastrointestinal field, and together develop products based on the needs we hear of in clinical settings.

We also do this overseas, establishing a development division in the United States and building a system for reflecting local doctors' needs in prototypes, as well as incorporating the needs of doctors at home and abroad in product development. We have established a near-clinical environment with a simulation room that recreates an actual operating room in our Global Headquarters and R&D Center. In the simulation room, we have top Japanese and foreign doctors try out our Group's technologies and products on proprietary human models so we can immediately apply their desires and feedback to our product development.

■ Device Division

Our Group's origins lie in the manufacture and processing of ultra-fine stainless steel wire ropes. Currently, in addition

to manufacturing and processing ultra-fine stainless steel wire ropes, we are highly regarded in the manufacture and processing of resin products, and products in the device business are widely used as components in the medical equipment and industrial equipment fields.

We meet our customers' diverse needs by developing components to their unique specifications in response to their requests.

We aim to pioneer new, minimally invasive treatments based on feedback from doctors around the world.

Cardiovascular Field



**William L. Lombardi, M.D.**  
Clinical Professor, Medicine, Division of Cardiology, Director, Complex Coronary Artery Disease Therapies, University of Washington Medical Center



I think with the move of ASAHI to ownership of their guide wires and their micro-catheter, we are going to see much more knowledgeable sales people who are more vested in the success of that technology. And I think that we, hopefully, will see ongoing investment in research and physician education via in some ways in one nimble sales force.



**Prof. Junbo Ge**  
Academician of Chinese Academy of Sciences, Director of the Department of Cardiology, Zhongshan Hospital, Fudan University



I guess, maybe in the next years, PCI in the whole of China should be over three million. Therefore, I think we have a lot of things to do. We have to train our colleagues, especially our young colleagues, to encourage them to get involved for PCI. And the more local hospitals, especially in the county hospitals, also now get involved to handle acute myocardial infarctions, especially for primary PCI treatments.

Neurovascular Field



**Demetrius K. Lopes, M.D.**  
Surgical Director, Director of Cerebrovascular Surgery and the Comprehensive Stroke Program, Advocate Health Care



Asahi Intecc is something that was for me very much synonym of a great technology and a great product. I always felt that the quality associated with Asahi is a very high standard. This became very true when I started using a lot of the Asahi products. You start getting the reliability and the consistency of the products.



**Prof. Dr. René Chapot**  
Head of Department of Neuroradiology and Radiology, Alfried Krupp Hospital



As the volume of procedures is increasing a lot, we need much more specialized products. We need a range of guiding catheters, such as balloon guiding catheters, small wires and wires that facilitate the navigation of the aspiration catheter. There are so many things to do, and I'm sure that soon we have a new family of products coming out by Asahi.

Gastrointestinal Field



**Kei Ito, M.D., Ph.D**  
Director of Center of Gastroenterology, Sendai City Medical Center Sendai Open Hospital



I am quite impressed by the ability and speed at which ASAHI transfers its technologies accumulated in the cardiovascular field to the field of gastroenterology. They have a corporate culture that allows many engineers to openly express their opinions and rack their brains together to solve problems. I believe that Asahi is a company capable of choosing the optimal path in this way.

We have listened to feedback from doctors at academic conferences held all over the world.



CCT (Japan)



SCAI (USA)



CIT (China)

5-1 |On-Site Problem Solving Through Innovation

## Strengthening Intellectual Capital 1

### Strengthening R&D structure

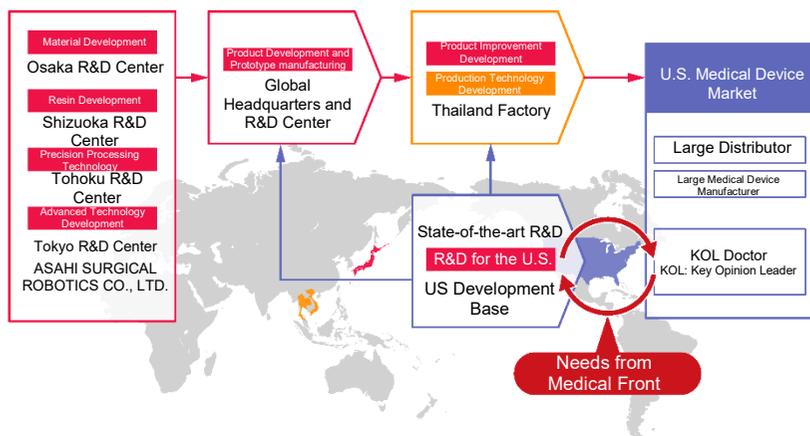
#### ■ Measures to Strengthen/Improve Our R&D Structure

At our Global Headquarters and R&D center, we integrate the material and processing technology research results cultivated in our Japanese R&D bases to enhance our product development.

For details, please refer to the Basic Policy (3) "Develop R&D and Production System Optimized for Global Expansion" in our Medium-Term Management Plan "Asahi Going Beyond 1000" (page 33).

#### ■ R&D System Covering Product Development from Upstream to Downstream

We strengthen our "practical competence" through globalization of R&D systems, including prototyping.



#### ■ Develop R&D System Optimized for Global Expansion



5-1 |On-Site Problem Solving Through Innovation

## Strengthening Intellectual Capital 2

### Improving Technical Expertise (Technical Strategy/Intellectual Property Strategy)

#### ■ Measures to Strengthen/Improve Our Technical Expertise

In order to respond to rapidly changing market needs in a timely, precise fashion, we will continue to evolve our four core technologies, introduce new technologies and, through innovation based on synergy between core and new technologies, strengthen and improve our foundation of technical expertise.

With our four core technologies, we are constantly considering and working on how we can respond to new and sophisticated needs in the fields of medical devices and industrial components from new perspectives as well as how we can expand their applications to new materials or achieve new synergy between core technologies. Furthermore, with technologies like laser processing and precision processing, we strive to cultivate new core technologies. We have recently been promoting research into new underlying technologies such as sensors and plasma through external partnerships, proactively engaging in activities based on open innovation. We are also combining and supplementing technologies to produce in-house synergy using these new technologies and our four core technologies.

#### ■ Intellectual Property Strategy

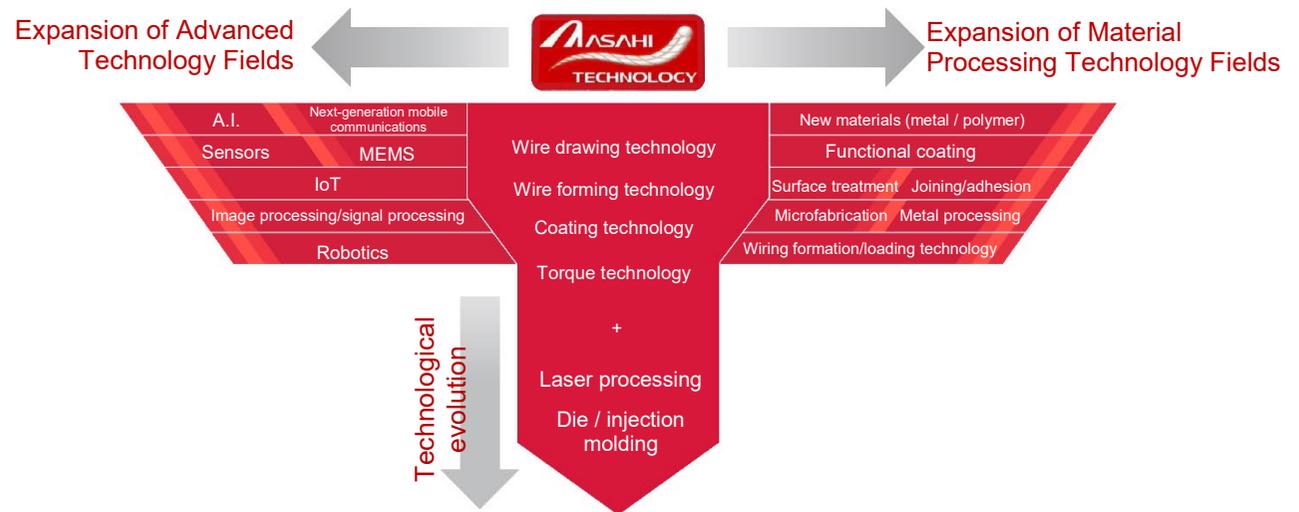
Asahi Intecc Group has established the intellectual property management rules to manage intellectual property. We protect new technological fruits obtained by technical development as the foundation of our Group's activities, by applying for and obtaining patents. However, to avoid disclosing technical details in the patent application process, we have elected to keep our most important, most unique material processing technology inside the company and not apply for patents. In terms of strengthening and protecting our brand, we are proactive

in registering the trademarks and designs of our products and technologies.

#### (Actions for Patent Infringement and Lawsuit)

Our Group has built a system to catch patent infringements in a timely manner using a database dedicated for intellectual property that contains information on laws and regulations in countries around the world as the routine management system of intellectual property. Any infringement on intellectual property we own will be dealt by the Intellectual Property Committee, chaired by the CEO, according to the management regulations.

### Evolution and Expansion of Our Group's Technology



5-1 |On-Site Problem Solving Through Innovation

## Strengthening manufacturing capital

### Measures to Enhance Production System

#### ■ Production System

Our Group specializes in R&D and prototyping in Japan, while mass production is generally transferred to consolidated subsidiaries overseas, a system that enables integrated production from materials to finished product in overseas factories (Asahi Intecc Thailand Co., Ltd. [Thailand factory], Asahi Intecc Hanoi Co., Ltd. [Hanoi factory], and Toyoflex Cebu Corporation [Cebu factory]). In this context, from the perspectives of risk management and BCP, we are optimizing production bases across the entire Group by enabling all three factories to manufacture the same products so that in the event of one or more factories ceasing operation due to local factors or otherwise, another factory can cover the majority of the lost production. We will also build a new building (to be completed in June 2024), and furnish our Japanese production bases (Asahi Intecc Co., Ltd.), which currently do not have mass production capabilities, with the equipment to cover production in an emergency.

#### ■ Measures to Strengthen/Improve Our Technical Expertise

We continue to promote mechanization, labor force reduction, and automation in our mass production factories to further improve productivity and stabilize product quality. These activities are led by the engineers at each factory based on the expertise accumulated there. They include not only installing outside equipment but also prototyping, designing, manufacturing, and modifying core equipment and machinery at each base. The technical information

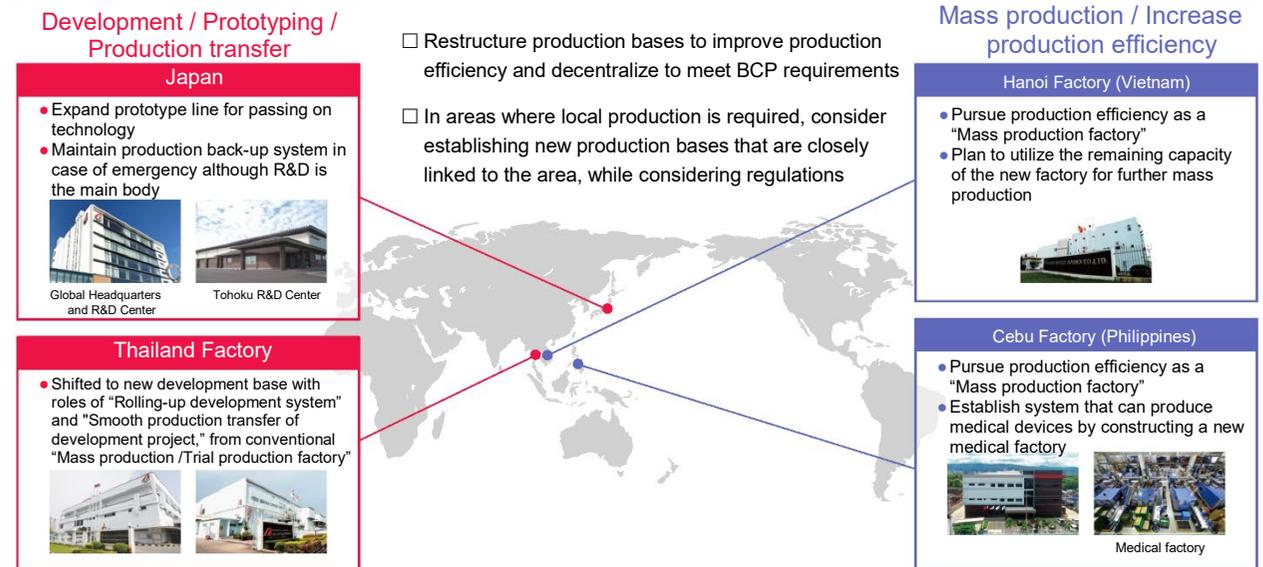
gleaned from these activities is then shared among the bases (Thailand factory, Hanoi factory, Cebu factory, and Japan) to collaboratively strengthen and improve our technical expertise. We also continue to consider technologies compatible with IoT and are progressively implementing them at our mass production sites.

#### ■ Measures to Enhance Production Platform

We have made numerous improvements to each overseas base (introducing equipment, machinery, and jigs, streamlining tasks, etc.) to improve productivity. Through

these activities, we have enhanced our production platform. In addition, we have enhanced the Cebu factory's mass production system to improve BCP (Business Continuity Planning). We transferred production of the Hanoi factory's products to Cebu, mainly increasing the number of guide wires, our main product, that we can manufacture. For the transfer, we installed in the Cebu factory manufacturing equipment machinery and jigs designed and built in the Thailand factory and Hanoi factory, establishing a stable production line.

### Development of Production System Optimized for Global Expansion



5-1 |On-Site Problem Solving Through Innovation

## Promotion of Digital Transformation (DX)

### Measures to Strengthen Intellectual Capital and Production System

■ Launch of DX Promotion Project

In order to promote and strengthen Group-wide DX initiatives, our Group launched a Group-wide cross-sectional project to promote DX in the FYE June 2022, and has studied the definition of DX, the organizational structure and human resources needed to effectively promote DX activities, and the promotion schedule. We have named the DX project AIX (Asahi Intecc Transformation) internally and decided to use it for internal public relations and educational activities. In this context, we have newly established a position of Chief Digital Officer (CDO) in the FYE June 2023, expanded the scale of the project team, and completed the system to smoothly promote DX in the future. DX is an activity to further enhance the competitiveness of

a company by transforming operations, business models, and corporate culture and climate through the use of data and digital technology. In the FYE June 2023, we will instill the purpose of DX within the Group by organizing the data base that underlies our activities, developing human resources (education and enlightenment activities), and promoting trial projects, aiming for full-scale company-wide deployment in the future.

■ Real-time Monitoring System at Overseas Factories

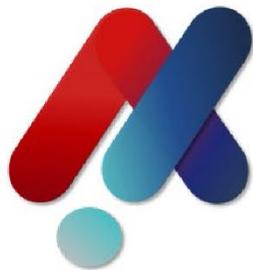
Our Group's manufacturing sites are located overseas. However, due to the pandemic of the COVID-19, from the FYE June 2020 onward, it has been difficult to provide on-site guidance, such as moving to each manufacturing site or transferring design and manufacturing operations on business trips, to investigate defects in the manufacturing process, and to confirm detailed processes for formulating

countermeasures.

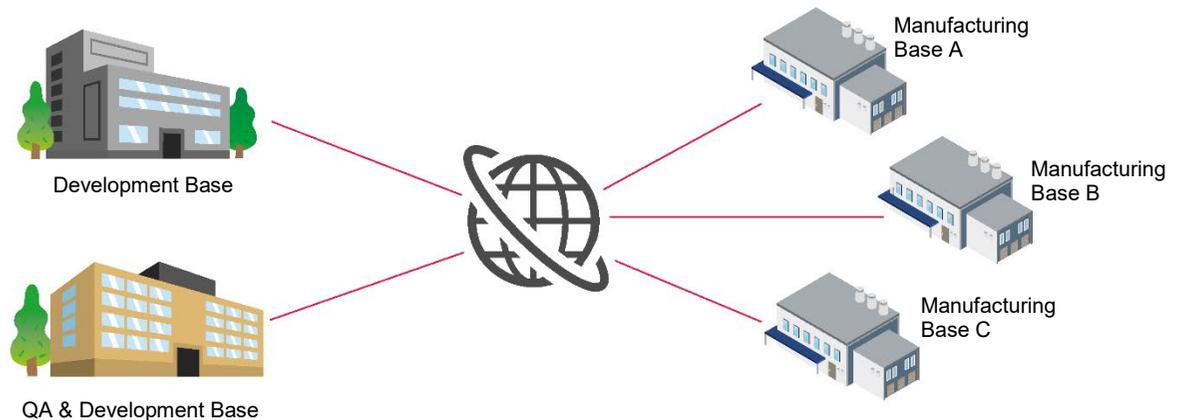
In order to overcome this situation, in February 2021, we introduced a high-speed dedicated line between all development and manufacturing sites in Japan and overseas, and installed a system that enables real-time high-definition video distribution in both directions. This system enables us to grasp the actual conditions of manufacturing sites and provide guidance and instructions for manufacturing operations at the same level as with on-site visits.

In the future, we will use data and digital technologies to transform our products, services, and business models to improve our global competitiveness.

As for corporate culture and climate, we will carry out daily reforms while inheriting the ASAHI-DNA, which is the root of our Group's value creation.



DX internally referred to as "AIX"  
Asahi Intecc Transformation



## 5-2 | Strengthening Global Human Resources

We are working to strengthen our human resource base for global business expansion.

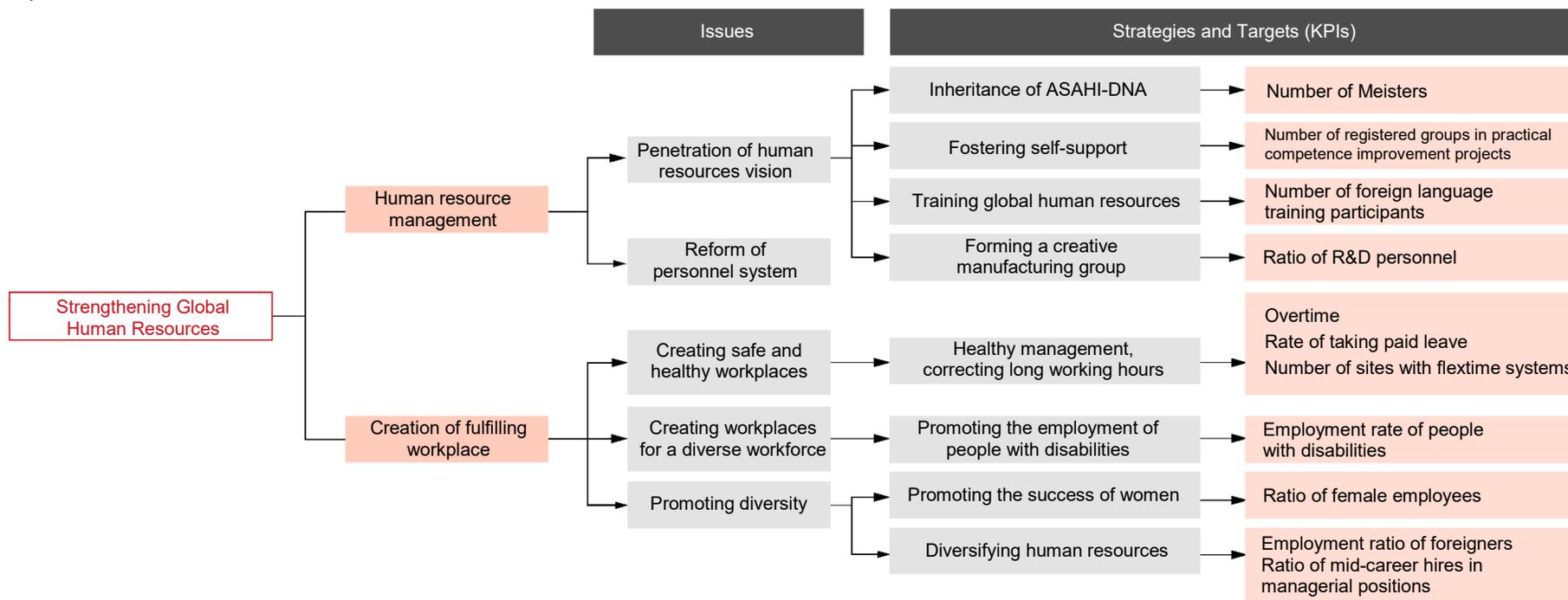
### Basic Thinking

In 2013, Asahi Intecc Group formulated the AI (Asahi Intecc) Human Resources Vision, and we have been promoting value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group,” which is our DNA. In recent years, our Group aims for market expansion and growth on a global scale, and “strengthening global human resources” based on the AI Human Resources Vision has become an urgent issue in our international business development. To address this issue, we have established

the issues and KPIs (strategies and indicators) as seen below from the perspectives of “human resource management” and “cultivating a fulfilling workplace,” with the aim to build a system that is suitable for a global company. In order to pursue further growth in the future, we will develop human resources that understand diversity and that are capable of viewing things from a wide range of perspectives, thereby enhancing an organizational capacity that is suitable for a global company.

### Promotional Structure

To reinforce the initiative to strengthen our global human resources, we have placed global human resource functions in the Administrative Division, thereby strengthening the support and cooperation of organizational development and human resources strategies (such as the establishment of various policies, recruitment, and human resource development), based on the penetration of Asahi Intecc’s DNA to Asahi Intecc Group’s companies and bases in Japan and abroad.



5-2 | Strengthening Global Human Resources

## Human resource management

### 1 Measures for HR Vision Penetration

We are constructing an education and training system to promote value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group,” which is our Group’s DNA. Position-based training provides staff members with

training appropriate for individual layer and required roles, and support continuous growth of staff members. Particularly as an R&D-oriented company, we, striving for “globalization” in each field of sales, production, and development, will focus more on engineer education and global education. The total annual hours of training offered to staff members

is 11,833 hours, and the cumulative annual number of staff members receiving training is 1,060 in the FYE June 2022.

#### (1) Inheritance of ASAHI-DNA

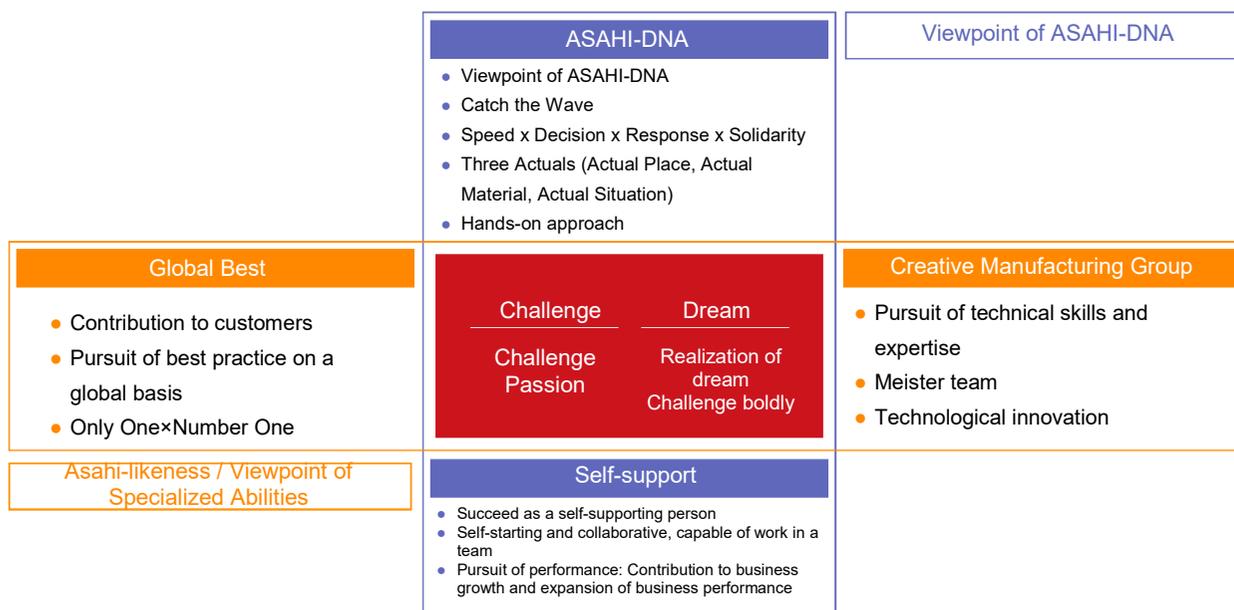
To constantly manufacture products at a high level as an R&D company, Asahi Intecc Group considers the technologies and skills (know-how) that skilled technicians have cultivated as our assets, transmits them beyond the borders of generations and regions, and has established “AI Technology Academy” for fostering human resources and business continuity and helping improvement in added value. Employees who have advanced core skills in manufacturing and production are designated as “Meisters,” and are responsible for improving skills and human resource development at each site. Meisters then train “apprentices” who eventually become Meisters themselves, ensuring the succession of skills.

[Results]

■ 28 graduates from Academy (as of the end of June 2022)

■ 5 employees became certified Meisters (as of the end of June 2022)

### Human Resources Vision



## 5-2 | Strengthening Global Human Resources

## Human resource management

### (2) Fostering self-support

With the purpose of encouraging improvement and reform based on employees' own initiatives, various sites around the world have organized their own "Practical Competence Improvement Projects," and these small groups independently establish their own activities and work to meet these targets. In addition, we support these activities by annually awarding teams that achieve outstanding results. When this project was launched in the FYE June 2011, there were 56 registered groups, but the project has gained steam year by year as shown by the number of registered groups increasing to 152 groups as of the FYE June 2022. In addition to result-oriented projects, such as newly implementing various methods and know-how in the development process or optimizing and improving the efficiency of inventory management through process improvements in overseas manufacturing departments, projects that are deemed to have a high potential to impact the future have also received many awards, and in recent years, there has been an increase in the number of activities aimed at promoting information sharing by visualizing vast amounts of data and diverse technologies in the value chain such as product development, manufacturing, logistics, and management. In addition, activities aimed not only at improving efficiency and streamlining but also at achieving a balance between quality and the environment have been born, and the intent of the Practical Competence Improvement Projects" is steadily expanding. Through these activities, we promote the development of human resources with high levels of ability to think for themselves and the strengthening of cooperative organizations, thereby fostering the "self-support" set forth in the Human Resources Vision and contributing to the growth of business and the expansion of its performance.

### (3) Training global human resources

We aim to strengthen the global communication skills of those who wish to, or those who are scheduled to, be transferred overseas, by providing language training. Moreover, we support smooth transitions by providing opportunities to attend on-site training in places such as Cebu, Philippines, for those scheduled to be transferred overseas about one month prior to their assignment. And as part of our efforts to reinforce development of global human resources, we plan to expand the "Global Human Resources Development Program" including management for the directors of overseas bases. We will offer training about the importance of diversity and how to get along with people from different cultures so that each employee engaged in overseas business and each employee of our Group who plays an active role at an

overseas base can vigorously do his/her work with members with diversified backgrounds in our company.

### (4) Forming a creative manufacturing group

By promoting product development and manufacturing meetings with participation from all of management and the R&D Division where employees can partake in free and easy discussions, we maximize the creativity and ideas of our employees and strengthen the human resources of the R&D Division. The ratio of employees in Asahi Intecc's Development Division has expanded to 47.9% (as of the FYE June 2022) globally, and we will further enhance our development capacity in order to realize the Mid-Term Management Plan "Asahi Going Beyond 1000."



5-2 | Strengthening Global Human Resources

## Human resource management

### 2 Reform of personnel system

Asahi Intecc Group puts emphasis on the following three points about human resources strategies toward strategic exploitation in the global market, establishment of our global R&D production development system, creation of new businesses, and establishment of our management base for continuous growth.

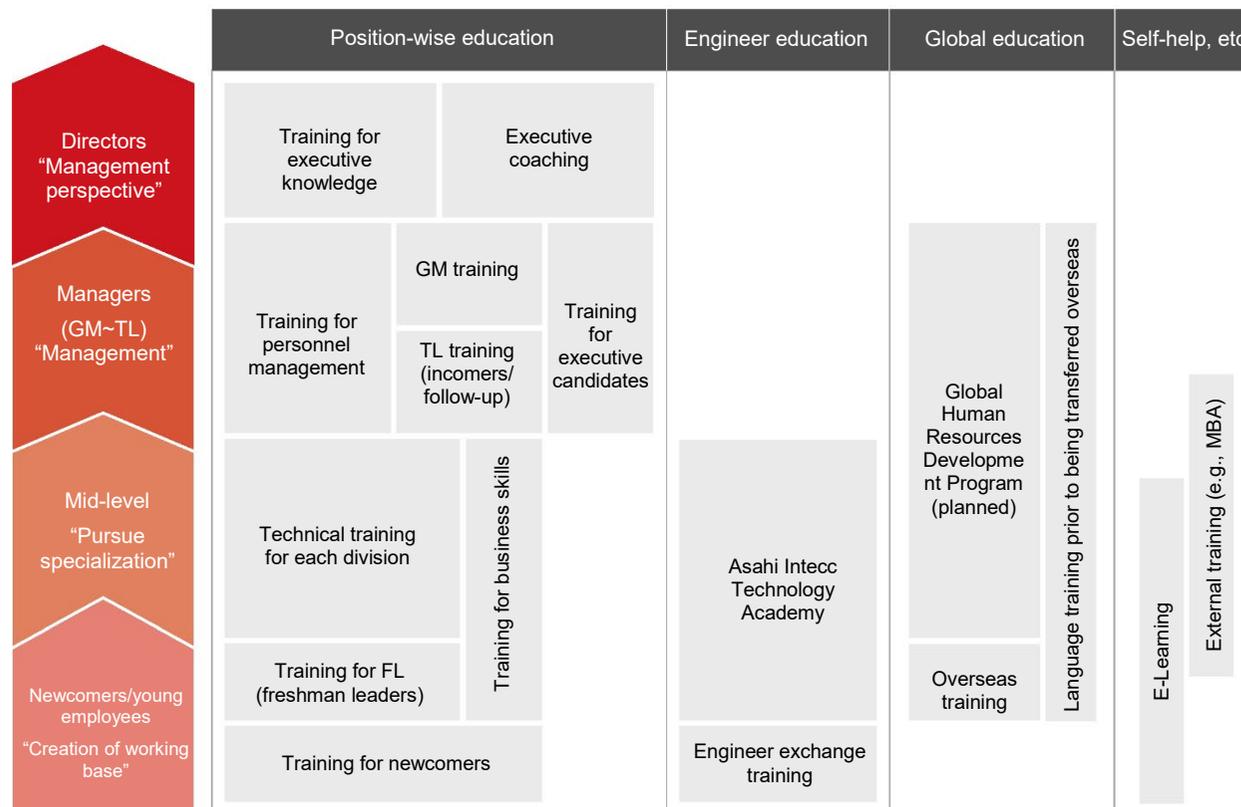
1. Securing the human resources of management leaders to establish a strong management base
2. Securing innovators to create new businesses and human resources with advanced technology and expertise
3. Securing global human resources who can lead diverse human resources

In order to achieve the above policy, we introduced a new personnel evaluation system in June 2020 as a measure to properly evaluate and motivate each employee. The new personnel evaluation system consists of two evaluation classifications: One is “competency (behavioral characteristics) evaluation” defined in line with the AI human resources vision; employees are evaluated as to how they change their behavior in their role in line with the AI human resources vision. The other is “performance evaluation,” from the perspective of Good Results, evaluation will be based on target settings according to the “role criteria” for each class to improve engagement of employees.

### 3 Development of next-generation managerial personnel

Since it is urgent for our Group to secure human resources for management leaders in the future, we are promoting the discovery and development of human resources through

training for executive candidates. The purpose of this training is to develop executive candidates who will be able to lead our Group in the future. It is not just an input but practical, as it enables selected candidates to challenge stretch tasks such as formulating management strategies.



5-2 | Strengthening Global Human Resources

## Creating Fulfilling Workplace

### 1 Creating Safe and Healthy Workplaces (Health Management)

Securing the safety and health of working people is a social responsibility of a company, and an important issue to support continuous growth. Our Group is also working to ensure the safety and health of our employees in all business activities and to create a comfortable working environment.

#### <Measures to Work-Life Balance>

As part of our efforts to achieve a better work-life balance, we are working to reduce overtime hours, increase the paid leave utilization rate, and create an environment that allows for flexible work styles.

#### (1) Work-at-home system (teleworking)

The COVID-19 pandemic triggered the introduction of a teleworking system. Upon clarifying the rules for work attendance and treatment, we officially launched the work-at-home system in August 2021. We will continue to promote a free-addresses system in offices.

#### (2) Flextime system

The flextime system was introduced in July 2019 to improve the operational efficiency of employees and for work-life balance, except for some bases and departments. In the FYE June 2022, we newly introduced a flextime system at one site.

We will promote the flextime systems so that employees can do their jobs comfortably.

#### Measures toward Work-Life Balance

	FYE June 2020	FYE June 2021	FYE June 2022
Average monthly overtime (hours)	23.5	23.5	24.3
Rate of taking paid leave (%)	66.0	65.3	69.2
Number of sites with flextime systems (sites)	4	4	5
Voluntary turnover rate of regular employees (%)	3.7	3.0	5.6
Rate of taking childcare leave by male employees (%)	-	-	20.7

Scope: Full-time employee in Japan (Asahi Intecc only) \*Tabulation has started since FYE June 2022.

#### <Support for balancing medical treatments and jobs>

To support employees that need cancer treatment, special work programs have been introduced. 13 employees have used the system to continue working, as of the end of June 2022.

System	Special paid leave for cancer	Work schedule for rehabilitation period	Shorter hours for continued cancer treatment
Overview	Specially granted paid leave for up to 60 days when long-term treatment is necessary	Allows people to work on an hourly basis for up to one month after treatment and before returning to work	Allows people to work on an hourly basis because of continued treatment

### 2 Creating workplaces for a diverse workforce

#### <Respect for Human Rights>

Asahi Intecc Group advocates in “Asahi Intecc Charter of Corporate Behavior (hereinafter ‘Chapter of Corporate Behavior’)” that “the company achieves the feeling of free of pressure and affluence in employees and secures safe and comfortable environments for them, and respects the

diversity, personalities, and individual characters of employees,” and we respect the human rights of each employee and prevent discrimination and harassment.

#### <Prevention of harassment>

Asahi Intecc Group has set “Asahi Intecc Harassment Prevention Policy” for all employees and workers who work for our Group, including full-time employees, part-time employees, and temporary workers, and deploys education and measures for harassment prevention.

#### <Engagement with employees>

Asahi Intecc Group values opportunities of dialogue between management and employees so that our employees listen to the voices of management and voluntarily take actions to solve management issues. Company-wide meetings are held to convey the details of voting in regular management meetings directly to our employees. And the in-house SNS “Asahigram” and in-house publication “AINET” provide information to be shared between employees and management.

#### <Promoting the Employment of People with Disabilities>

From the perspective of disability welfare, we aim to fulfill our corporate social responsibility and expand our contribution to society. In the FYE June 2019, we made Ficus Co., Ltd., which is certified as a “Continuous Employment Assistance Type A\*” company, a wholly owned subsidiary, and by outsourcing a portion of Asahi Intecc Group’s operations, we have worked to expand employment of people with disabilities, and the employment rate of people with disabilities stands at 2.33% (FYE June 2022), maintaining the legally mandated rate of 2.3%.

\*Continuous Employment Assistance Type A: Support services that conclude employment contracts, etc., to provide opportunities for employment and productive activities, as well as other training necessary for the improvement of knowledge and skills needed for employment to persons who are unable to be employed at ordinary businesses, but are capable of working under employment contracts.

## 5-2 | Strengthening Global Human Resources

## Creating Fulfilling Workplace

**3 Promoting diversity**

With the aim of increasing corporate value through the diversification of human resources, we, Asahi Intecc Group, are striving to create an environment in which individual employee can fully realize their potential regardless of nationality, race, gender, age, or disability. Moreover, with development on a global scale, we will proactively employ foreign nationals globally, which will lead to increased corporate value through the diversification of human resources.

In addition, we are working to increase the ratio of foreign nationals, mid-career hires, and women in managerial positions in order to ensure diversity in the recruitment of core human resources. As the ratio of foreign nationals and mid-career hires in managerial positions is currently high at over 50% each. Therefore, we have not set any targets,

**Ratio of foreign employees / Ratio of foreign managers**

	FYE June 2020	FYE June 2021	FYE June 2022
Ratio of foreign employees (%)	88.1	87.7	84.5
Ratio of foreign managers (%)	59.3	64.3	65.3

Scope: Asahi Intecc Group

**Ratio of mid-career hires in managerial positions**

	FYE June 2020	FYE June 2021	FYE June 2022
Ratio of mid-career hires in managerial positions (%)	58.9	59.9	61.4

Scope: Asahi Intecc Group

because we have already secured sufficient diversity.

**<Promotion of success in female employees>**

Asahi Intecc Group proactively recruits female employees and promotes their success. We recruit mainly technical positions and only a few female students make an entry, and we have faced a challenge of low ratio of female employees, for Asahi Intecc only. We believe that stable recruitment of female persons will build a basis for successes of female employees, such as their future appointment as managers.

And we arrange a system design where work and childbearing can be easily balanced by introducing a short-time work system, a flextime system, and a work-at-home system to promote a comfortable workplace for female employees.

As part of these efforts, in the FYE June 2021, in order to

**Ratio of female employees / Ratio of female managers**

	FYE June 2020	FYE June 2021	FYE June 2022
Ratio of female employees (%)	76.5	77.1	77.2
Ratio of female managers (%)	32.2	32.5	33.9

Scope: Asahi Intecc Group

further promote the advancement of women, we conducted an attitude survey of female employees, and in the FYE June 2022, we invited female managers from other companies to participate in panel discussions.

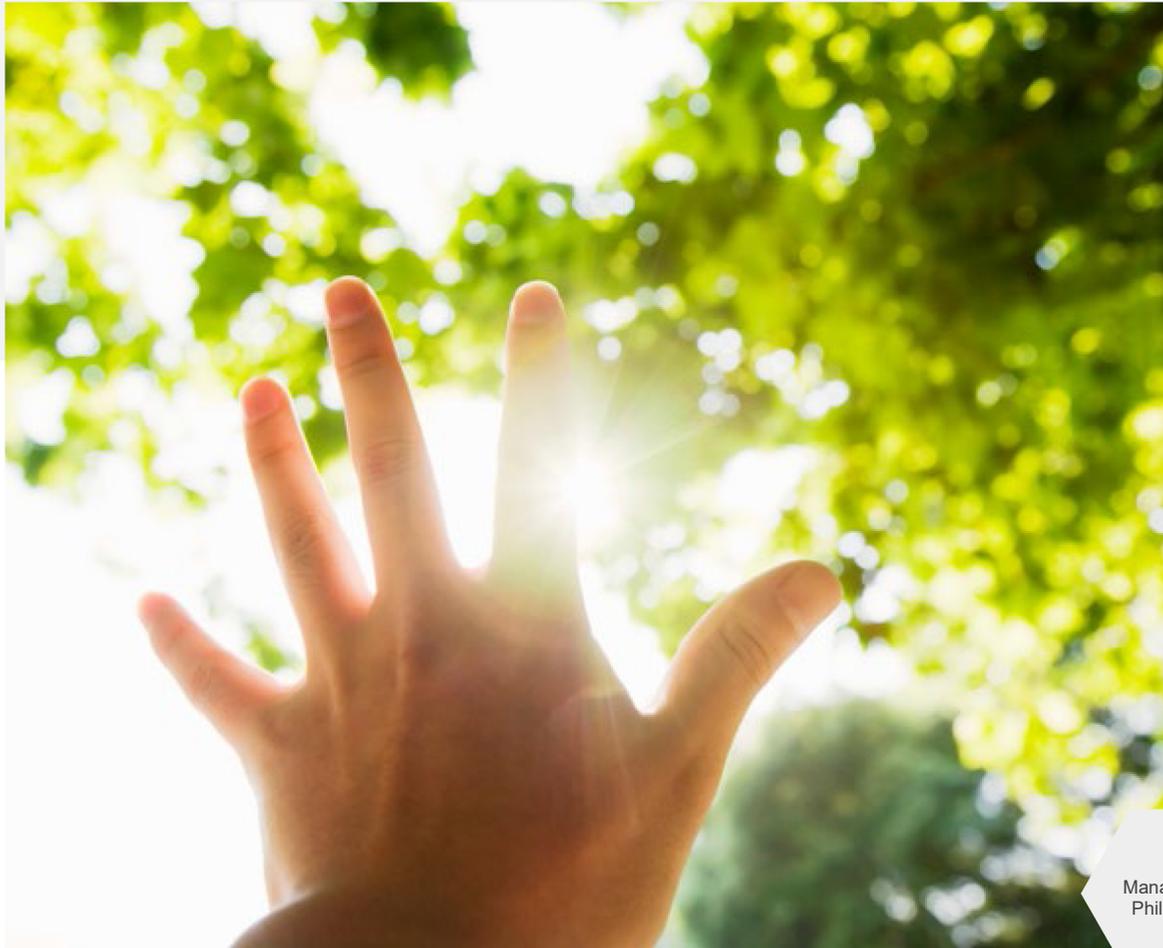
A survey of employees' attitudes shows that they have a high level of awareness that it is a good place for female employees to work. On the other hand, it is shown that overseas employees have higher motivation to become a manager than do Japanese employees. We will continue to develop various activities to further enhance the comfortable working conditions.

We set the goal to maintain the ratio of women in managerial positions at 30% or more for the entire Group and the goal to maintain the ratio of women in technical employment with new graduates at 20%.

**Employment ratio of new female graduates / Employment ratio of new female graduates in technical position**

	FYE June 2020	FYE June 2021	FYE June 2022
Employment ratio of new female graduates (%)	19.4	24.5	14.9
Employment ratio of new female graduates in technical positions (%)	15.4	18.2	12.9

Scope: Full-time employees in Japan (Asahi Intecc only)



## Chapter 6

# Sustainability Environmental and Social

Sustainability - Environmental and social

- 6-1 | Measures to reduce environmental burden
- 6-2 | Supply chain management
- 6-3 | Supplying safe and secure products
- 6-4 | Social Contribution



## 6-1 | Measures to reduce environmental burden

We will promote measures to reduce environmental burden and contribute to a sustainable society.

### Basic Thinking

Our Group contributes to society by working proactively to conserve the environment, aiming to harmonize our corporate activities, mainly in design, manufacturing, and sale of medical devices and industrial equipment, with the global environment.

### Promotional Structure

#### ■ Top-down promotion of environmental activities

Our Group understands the importance of reducing our environmental burden and works proactively to conserve and improve the environment company-wide, including agreement with TCFD Recommendations.

#### ■ Bottom-up promotion of environmental activities

All of our Group's employees understand the importance of reducing our environmental burden and work proactively to conserve and improve the environment.

## Climate Change Adaptation Measures

### Information Disclosure based on TCFD Recommendations

As the impact of climate change intensifies year by year and public concern grows, companies are also required to take proactive measures.

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), requires companies to disclose information about climate change-related risks and opportunities in its final report released in 2017.

Our Group has expressed its agreement with the TCFD.

We will actively promote disclosure of information on climate change in accordance along the four themes (governance, strategy, risk management, and metrics and targets) defined by the TCFD.



### Governance

Our Group's basic policy is to actively engage in environmental conservation and to contribute to a sustainable society through our corporate activities in general, aiming to harmonize our corporate activities, mainly in design, manufacturing, and sale of medical devices and industrial equipment, with the global environment. In addition, our environmental efforts including climate change adaptation measures are set as one of the important issues of "establishing management

structure for sustainable growth" in our medium-term management plan.

Specifically, we have established a system for the Board of Directors to appropriately supervise important issues related to sustainability, such as climate change. In particular, important matters related to management risks and opportunities are reported by the Director in charge of Environmental Affairs and the Director in charge of ESG to all Directors, including Outside Directors, and are reflected in our Group's management strategy after discussion at the Board of Directors.



6-1 | Measures to Reduce Our Environmental Burden

**Strategy**

As the environmental burden on the earth increases, it is impossible to carry out corporate activities without realizing a sustainable society. In particular, disruptions to the supply chain and a decline in the ability to supply life-saving medical devices due to the intensification of global disasters are not only business risks but also social risks. Our Group's business activities may also be affected by future tightening of environmental regulations and increased risks of natural disasters caused by rising temperatures. Based on such environmental awareness, we conducted scenario analysis and risk assessment based on the TCFD Recommendations.

**Risk Management**

Concerning the matters that have a significant impact on management, including climate change-related risks, the Board of Directors will discuss and examine risk assessment, countermeasures, and preventive measures, and manage the climate change-related risks and opportunities that are assessed and identified. For risk management, each department implements measures to respond to risks and opportunities. Climate change-related risks are compiled by the Corporate Strategic Office, and important risks are reported to the Board of Directors. In the future, we will follow up on climate-related risks based on the TCFD Recommendations and consider the establishment of a climate-related risk management system, including collaboration with company-wide risk management.

**Analysis of Impacts on Climate Change**

As a scenario analysis focused on climate change, we are conducting medium- to long-term future projections in accordance with the 2°C (and less than 2°C) scenario presented by the IEA (the International Energy Agency) and the 4°C scenario (RCP 8.5) presented by the IPCC (Intergovernmental Panel on Climate Change). In the 2°C (and less than 2°C) scenario, transition risks are assumed such as tighter energy conservation regulations, introduction of carbon taxes and emissions trading, environmental regulations, and price increases for key materials. In the 4°C scenario, physical risks such as supply chain disruptions and suspension of operations at manufacturing sites due to disasters such as floods and typhoons are assumed to be particularly increased. On the other hand, the increased risk of infectious diseases associated with higher average temperatures could be an opportunity for our Group to supply products that can contribute to improving the efficiency of medical workplaces. Based on these predictions, each Group company conducts risk and opportunity analysis for each business field and share with the Board of Directors meetings.

Risks/opportunities	Important risks	Risks and opportunities in our Group	Impact (period in which impact becomes obvious/importance)		Countermeasures
			Medium term	Large	
Transition risks	Strengthened decarbonization policies and regulations	Risks of increased operating costs, including investment in energy-saving equipment, due to tighter regulations on greenhouse gas emissions and the introduction of carbon taxes and emissions trading	Medium term	Large	Promotion of initiatives to reduce CO <sub>2</sub> emissions Use of renewable energy Switching to low-carbon alternatives Weight reduction of packaging
	Reduction of plastics, shift to materials with low environmental burden, and increase in material prices	Risk of increased R&D and SG&A expenses due to the search for new materials, changes in product design, and response to pharmaceutical issues	Medium term	Medium	Globalization of pharmaceutical organization Strengthening research on new materials
Physical risks	Increased frequency and scale of meteorological disasters (heavy rain, floods, typhoons)	Risks that supply chain disruptions could disrupt the procurement of raw materials from suppliers and disrupt the supply from manufacturing subsidiaries to sales destination	Long term	Large	Climate change risk assessment for suppliers Conducting questionnaire for suppliers Examination of alternative purchasing methods Examination of alternative production and sales routes
		Risk of delays in the supply of products to sales destination and restoration costs for damaged facilities due to production suspension caused by damage to manufacturing sites	Long term	Large	Climate change risk assessment at production bases Diversification of production bases Examination of measures for bases where large-scale inundation is expected
	Rise in temperature	Risk of increased maintenance and management costs for production facilities due to higher average temperatures	Long term	Small	Replacement of air conditioning equipment, etc.
Opportunities	Spread of new infectious diseases	Opportunities to supply products that can contribute to increased efficiency at the medical workplace	Long term	Small	Strengthened R&D

As the first step in the scenario analysis, we did not quantitatively calculate the business impact and financial impact. However, we qualitatively assessed the likelihood, period, and significance if the risks become obvious, and categorized the impact into large, medium, and small. The medium-term forecast is for about 10 years and the long-term forecast is for about 30 years.

## 6-1 | Measures to Reduce Our Environmental Burden

**Metrics and Targets**

In line with SBT's 1.5°C-level reduction target\*, our Group has formulated a medium-term CO<sub>2</sub> emissions reduction target of reducing CO<sub>2</sub> emissions by 30% from the FYE June 2022 by 2030.

This reduction target covers CO<sub>2</sub> emissions from our Group's business activities (SCOPE1 + SCOPE2), and the reduction target for CO<sub>2</sub> emissions from the entire supply chain (SCOPE1 + SCOPE2 + SCOPE3) is scheduled to be formulated within one year.

Although our Group is still in the process of growth, we will work actively to reduce greenhouse gases while expanding our business, based on a correct recognition of the impact of our Group's business on the environment and climate change risks.

\*SBT (Science Based Targets): A target, consistent with the Paris Agreement, to limit the global average temperature increase due to climate change to less than 1.5°C compared with levels prior to the industrial revolution.

**SCOPE1+SCOPE2**

CO<sub>2</sub> emissions from our Group's business activities increase year on year as for our Group as a whole due to the launch of new factories and an increase in production volume. However, due to an increase in sales, emissions decreased by 10.2% by basic sales unit.

We believe that the volume of CO<sub>2</sub> emissions from our Group's business activities is relatively small compared to the scale of its sales. However, in addition to improving the efficiency of manufacturing processes and energy conservation activities such as diligently saving electricity, we will consider and implement comprehensive initiatives, including the conversion to renewable energy in the future.

■ CO<sub>2</sub> emissions (SCOPE1 + SCOPE2)

	FYE June 2020	FYE June 2021	FYE June 2022
SCOPE1(t-CO <sub>2</sub> )	1,790	1,877	2,349
SCOPE2*(t-CO <sub>2</sub> )	35,573	39,281	44,385
<b>Total</b>	<b>37,363</b>	<b>41,158</b>	<b>46,734</b>
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	0.66	0.67	0.60

\*The calculation method for SCOPE 2 has been revised from FYE June 2022, including the past fiscal years.

**SCOPE3**

Our Group is working to reduce greenhouse gas emissions throughout its supply chain by, for example, conducting questionnaire regarding environmental considerations for major suppliers. As for SCOPE 3 for FYE June 2022, we calculated emissions for Asahi Intecc only, but we will establish a system to calculate emissions for the entire Group.

■ CO<sub>2</sub> emissions (SCOPE3)

	FYE June 2022
SCOPE3(t-CO <sub>2</sub> )	74,045

See Non-Financial Summary (page 100) for data by category.

## 6-1 | Measures to Reduce Our Environmental Burden

**Environmental Policy**

Our Group has established the following policy with the aim of contributing to society by promoting environmentally conscious production activities and environmental conservation and protection in our business activities, which are mainly the design, manufacturing, and sale of stainless steel wire ropes, design and manufacturing of catheters, and guide wires and manufacturing and sales of metal wire rope processing equipment.

- (1) We will comply with relevant laws, regulations, and other agreed-to requirements.
- (2) We will accurately understand the impact of our business activities on the environment, perpetually set appropriate environmental objectives and targets, continually improve our impact on the environment, and engage in the following key activities to prevent environmental pollution and assure environment protection.
  - We will promote resource saving and energy conservation.
  - We will reduce, separate, and recycle waste.
  - We will provide products that take environmental conservation and protection into consideration.
  - We will thoroughly manage chemical substances.
  - We will utilize purchased goods useful for environmental improvement.
- (3) Through environmental education, we will raise the awareness of and support each employee in taking responsibility for environmental conservation and protection activities.
- (4) We will inform everyone who works for us of this environmental policy and share it publicly.

■ Status of ISO 14001 Certification



Osaka R&D Center,  
Asahi Intecc Co., Ltd.



ASAHI INTECC  
THAILAND CO.,LTD.



TOYOFLEX CEBU  
CORPORATION



TOYOFLEX  
CORPORATION

**Obtaining ISO 14001 Certification**

<Environment Management System>

Our Group has established an environmental policy for each major base of the device business and has obtained the international environment management system standard ISO 14001.

We have not obtained ISO 14001 in our medical division. Medical devices require strict conformity to requirements and safety in raw materials, packaging materials, secondary materials, and manufacturing processes according to the relevant regulations of each sales country. That said, we consider limitations and prohibitions on use of environmentally harmful substances from our product design stage.

**Examples of Providing Environmentally Conscious Products**

Our Group's guide wires use a proprietary construction based on our core technologies to improve durability during treatment (resistance to deformation that hinders maneuverability). This reduces the number of guide wires used in a single operation; in other words, the amount of medical waste produced. In addition, our Group's penetration catheters use a proprietary metal structure, Act One (multi-wire coil), to achieve a higher metal volume ratio than competitor catheters, reducing the amount of resin – and therefore microplastics – used.

## 6-1 | Measures to Reduce Our Environmental Burden

**Measures to Reduce Greenhouse Gas Emissions**

Although our Group's business structure does not require the use of large amounts of greenhouse gases or energy, all of our business sites view the reduction of greenhouse gas emissions and energy consumption associated with their business activities as a challenge, and are working to reduce greenhouse gas and energy consumption with the aim of contributing to solving climate change issues.

**Promoting Energy Conservation**

Our Group recognizes the importance of energy optimization and climate change measures, such as reducing our energy consumption and CO<sub>2</sub> emissions, and promotes these measures across the entire Group.

**1 Promoting Energy Conservation**

- Replacing conventional lights with LEDs at factories and offices and being sure to turn them off
- Reducing lit time with human sensors and timers
- Encouraging cooler clothing in the summer and monitoring HVAC temperatures (winter: 20°C, summer: 26°C)
- Using low fuel consumption vehicles such as hybrids for company cars
- Sending products from overseas manufacturing bases directly to clients and agents, and reducing logistics fuel consumed by domestic relays
- Installing solar panels on the roof (Cebu Factory)
- Introducing machinery and equipment for automated power-saving (Hanoi Factory)

**2 Participation in Environmental Protection Activities**

- Activities for planting mangroves (Cebu Factory).
- Seashore cleanup activities (Cebu Factory)

**Reducing, Separating, and Recycling Waste**

Our Group works to reuse resources and reduce waste by:

- Thoroughly separating garbage
- Limiting printed distribution of meeting materials, etc.
- Promoting digitalization of internal documents using IT systems
- Recycling manufacturing materials (metals)

Because the majority of the medical devices our Group handles come into direct contact with patients' blood and other bodily fluids, they are all legally required to be disposed of as medical waste after use to prevent infection, making resource recycling and reuse difficult.

**Provide environmentally friendly products**

Our Group makes its products as environment-, people- and safety-conscious as possible by:

- Assessing risk during product design
- Monitoring information on substances subject to environmental regulations (RoHS Directive, REACH, Chemical Substances Control Law, etc.)
- Limiting use of restricted substances in raw materials, secondary materials, and product manufacturing processes

**Managing Chemical Substances****■ Management Structure/Process**

Based on relevant regulations (the Fire Service Act, Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, etc.), our Group carefully manages its use and storage of chemical substances that impact people and the environment by:

- Monitoring storage amounts and facilities
- Putting people in charge of management
- Assessing risks related to use of chemical substances and formulating management procedures
- Regularly measuring working environments

6-1 | Measures to Reduce Our Environmental Burden

**Utilizing Purchased Goods Useful for Environmental Improvement**

Our Group proactively installs energy-saving equipment and uses recycled equipment and office supplies by:



Installing solar panels



Promoting returnable bobbins and their reuse



Installing cafeteria equipment such as water-saving dishwashers



Using recycled pallets

We are also promoting the introduction of energy-saving boilers and the use of green procurement office supplies.

**Measures for Water Resources**

In the production process of our Group, there are no processes that use large amounts of water, and water is used for limited purposes such as parts cleaning and cooling water. In addition to proactively reducing water consumption and discharge at sites that use a large amount of water, we are thoroughly managing the quality of wastewater at our sites in accordance with local laws and regulations. Each manufacturing site is located in an area with low risk of drought, etc., and we use tap water, industrial water, and groundwater as appropriate depending on the situation in each region.

■ Tap water consumption

	FYE June 2020	FYE June 2021	FYE June 2022
Tap water consumption (1000 m <sup>3</sup> )	306	319	354

\* Excluding sales sites, because water consumption of such sites is extremely limited and cannot be individually identified.

## 6-2 | Supply chain management

Promoting measures for sustainable procurement with business partners all over the world

### Basic Policy

Our Group aims to strengthen supply chain management (SCM) looking ahead to business continuity and sustainable value creation in the global market. In addition, our Group determined “Asahi Intecc Group’s Procurement Policy” and has been strengthening compliance with laws and social norms. We will value the partnerships we have built with our business partners, and aim to strengthen our relationships further based on fair, impartial, and transparent transactions.

Our Group takes a part of social responsibility of stable provision of high-quality medical care by continuing to supply the world with one-and-only technologies and number one products. To fulfill this role, we are engaged in measures for sustainable procurement in cooperation with business partners all over the world according to the “Rules of Purchase Policy of Asahi Intecc.”

### 1 Policy-Sharing/Explanation for Suppliers

We ask our business partners for compliance with laws and social norms, and fair and impartial transactions, as well as quality control. The status of these matters constitutes a part of the selection criteria of new suppliers. We strive for stability in our product delivery by sharing short-term procurement information with major partners on a monthly basis and medium- to long-term procurement

information with partners as needed for them to construct a secure delivery system.

<Major requests>

- Compliance with laws and social norms (e.g., respect for human rights such as prevention of forced labor and child labor, corruption prevention)

- Sound management system and impartial corporate activities
- Securing quality and safety, and a stable delivery system
- Adherence to delivery schedule and reasonable price, etc.



## 6-2 | Supply Chain Management

**2 Questionnaire and Audit for Suppliers**

We regularly conduct “Questionnaire for Forecast (Stable Delivery)” for major partners to realize the quality and stable delivery required by medical facilities. Also, from FYE June 2022, we newly added items related to compliance with laws and social norms and environmental considerations to the Questionnaire. As stated in its Chapter of Corporate Behavior, our Group has been engaging in business activities that take human rights into consideration, such as the prevention of forced labor and child labor. Through communication with our business partners, we are striving to make them understand our Group’s production and procurement policies.

We survey our business partners concerning the production plan and the status of quality control for components delivered to our Group, and ask them for cooperation for audit if a risk, etc. occurs.

We also conduct on-site audit regularly and systematically for our partners that manufacture quality-relevant components according to the rules of purchase control. On-site audit specifically checks the details of regulations and standards, quality control systems, and quality assurance process, frequency of and responses to defects, and preventive measures from two aspects, quality control system and product quality.

**3 BCP (Business Continuity Plan) of Procurement**

Our Group, procuring many valuable metals and reagents, puts efforts into BCP (Business Continuity Plan) of

procurement for stable delivery of our products to our customers even amid large-scale disasters and pandemic. We constantly strengthen and improve the supply chain, optimize our inventory, etc. for stable procurement activities in any case by purchase from multiple sources of procurement for each product item, and insourcing for materials that are difficult to purchase from multiple sources, or components that are at high risk.

In addition, we started a new measure in the FYE June 2021, a questionnaire for our major partners “Requests for Cooperation for Survey of Business Continuity System.” We will use it to construct a BCP system for the entire

supply chain.

**4 Employee Education**

The purchasing department attends classes by the Japan Fair Trade Commission (JFTC) and the Small and Medium Enterprise Agency to deepen their knowledge and understanding of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, as well as to comply with laws and regulations.

In-house education also covers this Act and the JFTC’s 11 prohibitions for all related departments, including purchasing, delivery, payment, orders, and quality assurance.



## 6-3 | Supplying safe and secure products

Building a system based on the quality policy for supplying safe and secure products

### Basic Policy

In order to supply our customers with safe and secure products in a consistent manner, our Group has established a quality policy that is shared across all of our bases. By striving to improve quality every single day, we aim for ever better global quality.

### Promotional Structure

#### 1 Structure to Supply Safe and Secure Products

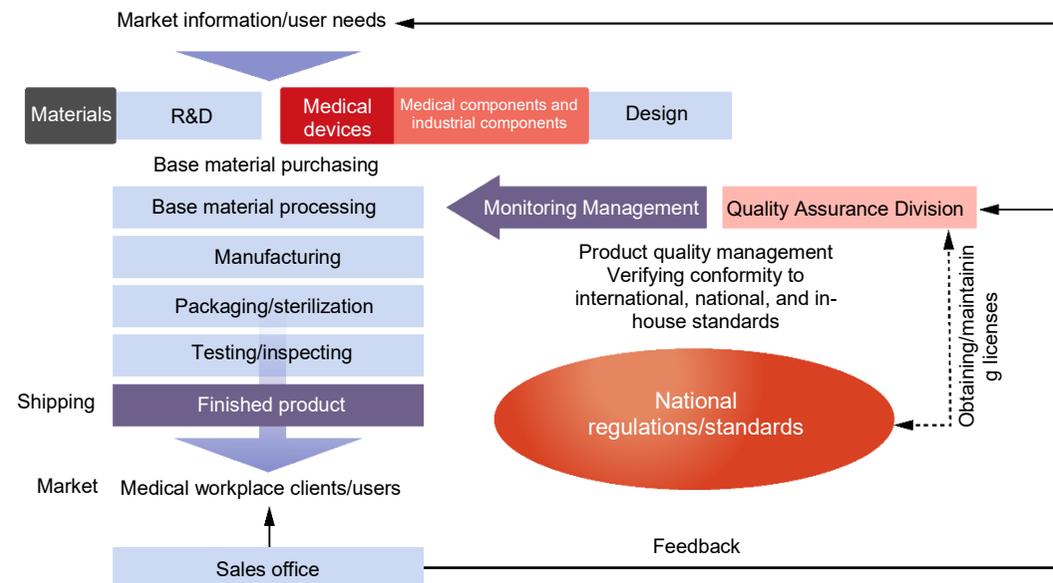
Our Group has established a quality management system that applies the international standards framework of ISO 9001 and ISO 13485 in order to reliably provide our customers with high-quality products and medical devices, and developed a structure to assure uniform quality across research, design and development, production, and sales based on the Quality Policy set out by top management. In addition, we regularly undergo rigorous screenings by third-party certification bodies to obtain and maintain certifications such as ISO 9001 and ISO 13485. Furthermore, by complying with the stringent regulations in more than 110 countries and regions to which our Group provides products, we have built a structure that ensures the quality products our customers require.

#### 2 Thinking on Quality Assurance Structure and Quality Management

Based on our four core technologies, our Group has developed an integrated production system from raw materials to finished products. Medical devices in particular

require precise specifications and quality in their materials, and the number of raw material manufacturers capable of steadily supplying materials that meet these standards is limited even on a global scale. Therefore, our Group purchases base materials as far upstream as possible and manufactures them in-house into near-ideal materials, components and, ultimately, the finished products. Moreover, in order to manage and ensure product quality, our Group has a quality assurance division separate from the research, design, and development departments,

production bases, and sales offices. This division inspects and tests our manufactured products to confirm that they conform to the required international, national, and in-house standards, and only the high-quality products that pass these inspections are shipped to market. In addition, an internal quality auditor certified by our rigorous internal certification system does internal and intra-Group quality audits to regularly monitor the appropriateness of this manufacturing management and quality assurance structure, striving for continuous improvement.



## 6-3 | Supplying Safe and Secure Products

## Measures to Supply Safe and Secure Products

### Base Certification

Our Group has obtained quality management system certifications by third-party certification bodies as shown in the table below.

(Certification status as of the end of June 2022. For the latest information, see “Quality Assurance” in “ABOUT US” on our website.

### Quality Regulations

Our Group has set documented quality regulations of the quality management system according to the quality policy (shared policy) of Asahi Intecc Group. Operations based on these quality regulations aim to promote high-level quality assurance, and to deliver products beyond the needs and expectations of customers in order to make contributions to society.

### Control of Quality Targets

We conduct activities to achieve the quality targets for each fiscal year according to the quality policy. Opportunities of periodic review involving upper management are made for the set targets to achieve improvements.

### Quality Reporting Structure

Our Group appropriately monitors product quality by tracking all information on quality in the manufacturing

process, from raw material manufacturing to final product shipping, in a timely fashion. The Quality Assurance Division also collects all customer feedback on quality for survey and analysis. By conveying this information to upper management as well as the manufacturing and research, design, and development bases in a timely manner for use in process and product improvement, we have established a structure for supplying safe and secure products.

### Measures to Improve Quality

In our Group, the quality assurance division and each manufacturing base screen the material and product R&D and design processes from the very first stage, taking a

third-party perspective. Doing R&D and design with a perpetual awareness of the manufacturing process and use as a marketed finished product helps solve problems with existing products, resulting in development and manufacturing of higher-quality materials and products.

### Reception and Conduct of Quality Audit

Production business sites handling medical devices and the Quality Assurance Division in our Group undergo regular audits by ISO and administrative authority, and our customers. In addition, internal auditors conduct periodic and irregular audits; in the FYE June 2022 we underwent 35 external audits and conducted 5 internal audits.

#### ■ Status of Quality Management System Certification (as of the end of June 2022)

Base	Quality management system certification
ASAHI INTECC CO.,LTD.	Medical Division •ISO 13485 / EN ISO 13485•MDSAP
	Device Division •EN ISO 13485 / ISO 13485•ISO9001
ASAHI INTECC THAILAND CO., LTD	•ISO 13485 / EN ISO 13485•ISO9001•MDSAP
ASAHI INTECC HANOI CO., LTD.	•ISO 13485 / EN ISO 13485
TOYOFLEX CORPORATION	•ISO9001
TOYOFLEX CEBU CORPORATION	•EN ISO 13485 / ISO 13485•ISO9001

## 6-3 | Supplying Safe and Secure Products

### Respect for Bioethics in Research and Development

In the research and development of medical devices, animal experiments may be necessary to confirm the efficacy and safety. From the viewpoint of animal welfare and environmental conservation, our Group strives to apply alternative methods unless animal experiments are absolutely necessary.

Our Group does not conduct animal experiments in-house, and outsources them to an external organization.

However, when outsourcing animal experiments, we do so after confirming that relevant laws, regulations and guidelines have been established by the outsourcee from the viewpoints of animal welfare and environmental conservation, as well as from the viewpoint of ensuring the safety of experimenters who conduct animal experiments.

### Cleanliness Level of Medical Division

Our Group is manufacturing the medical devices for our medical division in controlled areas in accordance with Class 7/8 of ISO 14644 series as international standards, etc. (Cleanrooms and associated controlled environments).

### Education/Training of Employees and Suppliers

Our Group is building a proprietary system to manage employee skills and qualifications based on applicable regulations, standards, and in-house standards. We thoroughly ensure that only trained employees whose skills

and qualifications have been confirmed are involved in developing, manufacturing, inspecting, and all other work on products for customers. Our Group recommends that our base material providers also use such a skill/qualification management system, and regularly review and verify them. The number of in-house certified auditors who are allowed to conduct internal audits and supplier audits in our Group is 132 as of the end of June 2022.

### Instruction on Product Usage

In interventional radiology (IVR) such as PCI, sophisticated skills of medical workers to maneuver guide wires, catheters, and other equipment as well as catheters and guide wires which deliver operation at the proximal end to the distal end accurately are needed to reduce the burden on patients while maintaining the treatment's efficacy.

Choosing the right products from among many options for the patient and body part to be treated is also important.

Our Group provides detailed explanations on product usage, selection, and care to distribution agents and medical workers in each country to help them use the products safely and effectively. We educate on IVR and use of our products through case studies and demonstrations by KOL doctors at academic conferences and seminars around the world on a day-to-day basis.

At our global headquarters and R&D center, our Group provides medical workers with training in an environment almost identical to a clinical setting using our simulation

system and human models recreating an actual operating room.



### Quality Assurance through the Value Chain (Measures During Development, Design [Testing], Sale, Usage, and Manufacture)

From material R&D to finished product, our Group's focus is being relevant and realistic about the setting, product, and situation. Furthermore, having developed an optimal sales structure to over 110 countries and regions, we can rapidly collect feedback from the market and apply it to improving our processes and products, which enables us to surpass market needs with our product development and reliable supply throughout the entire value chain.

As a result of these measures throughout the entire value chain, our Group has been recognized for high-spec products and a large global market share based on unique technology. In 2020, we were chosen as one of "Global Niche Top 100 Companies" (the Ministry of Economy, Trade and Industry) for our indispensable role in the global supply chain.

## 6-4 | Social Contribution

### Asahi Intecc's Social Contribution

#### Thinking on Social Contribution

Asahi Intecc Group believes that sustainability involves building relationships of trust with our stakeholders, applying our value creation process (a virtuous cycle of promoting businesses and strengthening foundations) to fulfill our mission, in order to establish our corporate brand, the "Asahi Brand."

Our Group believes that both local and global communities are valuable stakeholders. As a member of society, we will build relationships of trust with our stakeholders by supporting the development of local communities and society at all times.

#### Contributing to Society Through Sports

Our Group promotes initiatives that contribute to society at large, such as with sports to improve the quality of life of people and revitalize communities. Furthermore, by supporting athletes that perform on the world stage, our Group also invigorates our organizational climate.

##### ■ Concluded Affiliation Agreement and Sponsorship Agreement with Professional Golfers

As part of our CSR activities, our Group engages in sponsorships to support athletes.

We concluded a sponsorship agreement with Mayu Hattori from Nagoya as an athlete affiliated with Asahi Intecc, and

concluded a sponsorship agreement with Hiromu Ono, a promising local professional, who became a professional with a second-place finish in 2016. In addition, we concluded an agreement with Kazuya Osawa from Seto City in Aichi Prefecture, where our headquarters is located, as an athlete affiliated with Asahi Intecc. We leverage our strengths, and this is one aspect of our CSR activities which aim to revitalize the community by supporting local athletes from Nagoya. We hope to contribute to the community by supporting these athletes.



Mayu Hattori



Hiromu Ono



Kazuya Osawa

##### ■ Agreement for Naming Rights and Partnership with Asahi Intecc Loveledge Nagoya / Japan Women's Football League

In February 2022, we concluded Agreement for Naming Rights and Partnership with the women's soccer team in Nagoya City "Asahi Intecc Loveledge Nagoya," which

belongs to the Japan Women's Football League (Nadeshiko League), to support their activities. We also hire team members as our employees to support their activities as a player.

The team of Asahi Intecc Loveledge Nagoya was established as Nagoya Grampus Junior Ladies in 1995, the name was changed to Nagoya FC Ladies in 1998, and the team was then promoted from the Aichi Prefecture League to the Tokai League in 2004. In 2012, the name was changed to the NGU Loveledge Nagoya, in 2014, it was promoted to the Japan Women's Soccer League (Nadeshiko League) Third Challenge League, and then to the first division of the Japan Women's Football League (Nadeshiko League) in 2021. The team name was changed to Asahi Intecc Loveledge Nagoya in 2022 and is aiming for further higher ranks.



Team emblem



Aina Kakiuchi



Kurumi Saito

## 6-4 | Social Contribution

### ■ Utilizing Japanese National Team DF Maya Yoshida for Our Advertisements



We have been utilizing Maya Yoshida (FC Schalke 04 in Bundesliga's first division) as a character for our advertisements since 2018.

By featuring this world-renowned player, who also plays on the Japanese national team

as a defender, in our advertisements, we hope to spread our philosophy of minimally invasive treatments from Japan to the world, increasing the number of people who have the opportunity to understand this philosophy.

We also believe that Mr. Yoshida, as a player that has thrived in the world, not only gets people excited, but also serves to encourage others. Mr. Yoshida spent his junior high and high school years in and around Toyota City, Aichi Prefecture, and after a time in the Nagoya Grampus Junior Youth team, joined the Nagoya Grampus until 2009, so he has a deep connection with Aichi Prefecture where Asahi Intecc is located. Please stay tuned as we will be communicating our philosophy and corporate information through Mr. Yoshida in the future.

### Contributing to Local Communities

#### ■ Donation to the Fund for Children's Now and Future in Seto City

In November 2021, we donated 500,000 yen to the Fund for Children's Now and Future in Seto City (Seto City, Aichi Prefecture). "The Fund for Children's Now and Future in Seto City" was established by Seto City to promote measures to enable each child and young person to grow up healthily toward his/her dream or independence by receiving seamless support.

The donation will be used to purchase daily necessities such as disposable diapers and food for families with child-rearing difficulties, to pay for transportation and custody of children, and to support young people's continued learning. We will continue to support this initiative of Seto City through support of 500,000 yen each year.



#### ■ Publishing Regional Information Magazine "INTE-LLIGENCE"

Since January 2022, we have published "INTE-LLIGENCE," a regional magazine that provides information on the area of Seto City.

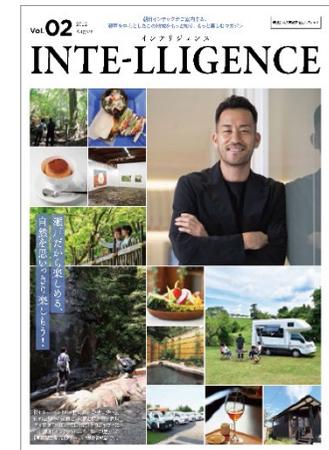
Based on the concept of "rediscovering Seto's charms," this magazine was

created with the hope

of contributing to the local revitalization, focusing on deep information that only our company employees who work in Seto City and live near Seto City know.

This magazine has been placed at public facilities in Seto City, financial institutions in Seto City, and railway stations (Owari-Seto Station, Shin-Seto Station, Seto-shi Station, Sango Station, Owari-Asahi Station).

"INTE-LLIGENCE" is scheduled to be published every six months in the future, and we will continue to contribute to the development of the community.



## 6-4 | Social Contribution

## ■ SDGs IDEA FORUM

Support for the forum (hosted by Nagoya City, Nagoya City University)

As part of our efforts to address the SDGs, we are supporting the SDGs IDEA FORUM hosted by Nagoya City and Nagoya City University. SDGs IDEA FORUM is a project that seeks flexible and innovative ideas from students at Nagoya-based universities and junior colleges with the aim of solving local issues facing Nagoya City.

Our Directors served as judges in the FYE 2021.

We will continue to take the initiatives in addressing the SDGs proactively and contribute to local communities by providing support for them.



## ■ Donation and Sale of Picture Book 'Don't Worry, I'm with You: Catheter Is Performing Outstandingly!'

In February 2022, as part of our 45 year anniversary celebrations, we published a picture book on catheter treatment titled 'Don't Worry, I'm with You: Catheter Is Performing Outstandingly!' and donated it to the following donation recipients. In addition, we began sale of the book from April of the same year, and plan to donate a portion of the proceeds.

This book was created to spread the use of minimally invasive treatment and to make more children aware of what catheter treatment is. By reading this book, we hope that people who receive catheter treatment and their

families will understand that catheter treatment is less burdensome for patients and that this book will be useful also for their psychological care.

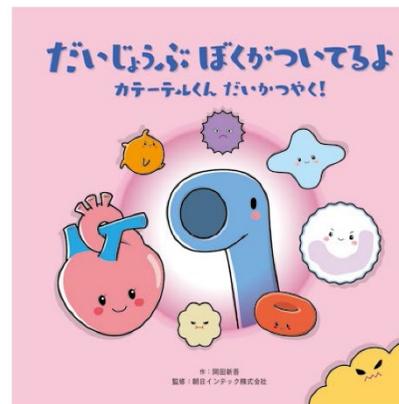
The original drawings of this book were created by an employee of Ficus Co., Ltd.\* in our Group.

\*Ficus Co., Ltd., is a company certified as a "Continuous Employment Assistance Type A" company that provides employment opportunities to people with disabilities who have difficulty finding employment in companies, etc., and provides training necessary to improve their knowledge and abilities through production activities, etc.

## [Donation recipients]

University hospitals and major hospitals nationwide; kindergartens, daycare centers, and children's centers in the three prefectures of Tokai; public libraries in the three prefectures of Tokai; the prefectural government of Aichi; municipal offices in Aichi Prefecture, etc.

[Written by]	Shingo Okada
[Supervised by]	Asahi Intecc Co., Ltd.
[Production of original drawings]	Ficus Co., Ltd.
[Planned and created by]	CBC Creation Co., Ltd.
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## Chapter 7

# Sustainability Governance

Sustainability - Governance

- 7-1 | Interview with Outside Director
- 7-2 | Corporate Governance
- 7-3 | Risk Management
- 7-4 | Compliance



## 7-1 | Interview with Outside Director

### Examining Strategy, Finance and Governance from a Medium- to Long-Term Perspective

**Ito:** At the General Meeting of Shareholders held in September 2022, you will retire Outside Director, Mr. Shibazaki. I would like to ask you to look back on your past activities in our Group, and I would also like to hear your opinions on our current issues, so that we can continue to make improvements in the future.

Mr. Shibazaki, you contributed to the development of our Group as an Outside Director for 6 years from 2016. Once again, I would like to thank you for your efforts from the bottom of my heart.

First of all, what did you think of your appointment as Outside Director in 2016?

**Shibazaki:** When I became an Outside Director of the Company, it was an important time and a turning point for Asahi Intecc. The management structure was completely changed with the timing of generation change from the founder to the current president, and there were also changes in the composition of the Board of Directors, so I felt quite honored to be given such a responsible and challenging position.

#### Asahi Intecc for the Past Six Years

**Ito:** I believe that the six years since you took office have been a period of great changes such as significant changes in our strategies and considerable improvements in our governance structure.



Interviewer

Asahi Intecc Co., Ltd.

Director, General Manager of Administration

Division, General Manager of Corporate

Strategic Office

Mizuho Ito

Outside Director of Asahi Intecc Co., Ltd.

President and Representative Director of  
CDS Co., Ltd.

Mr. Akinori Shibazaki



Mr. Shibazaki, you always gave us guidance on the need for taking a balance between the two goals of creating an appropriate governance system while taking advantage of promoting top-down structure to maintain management speed.

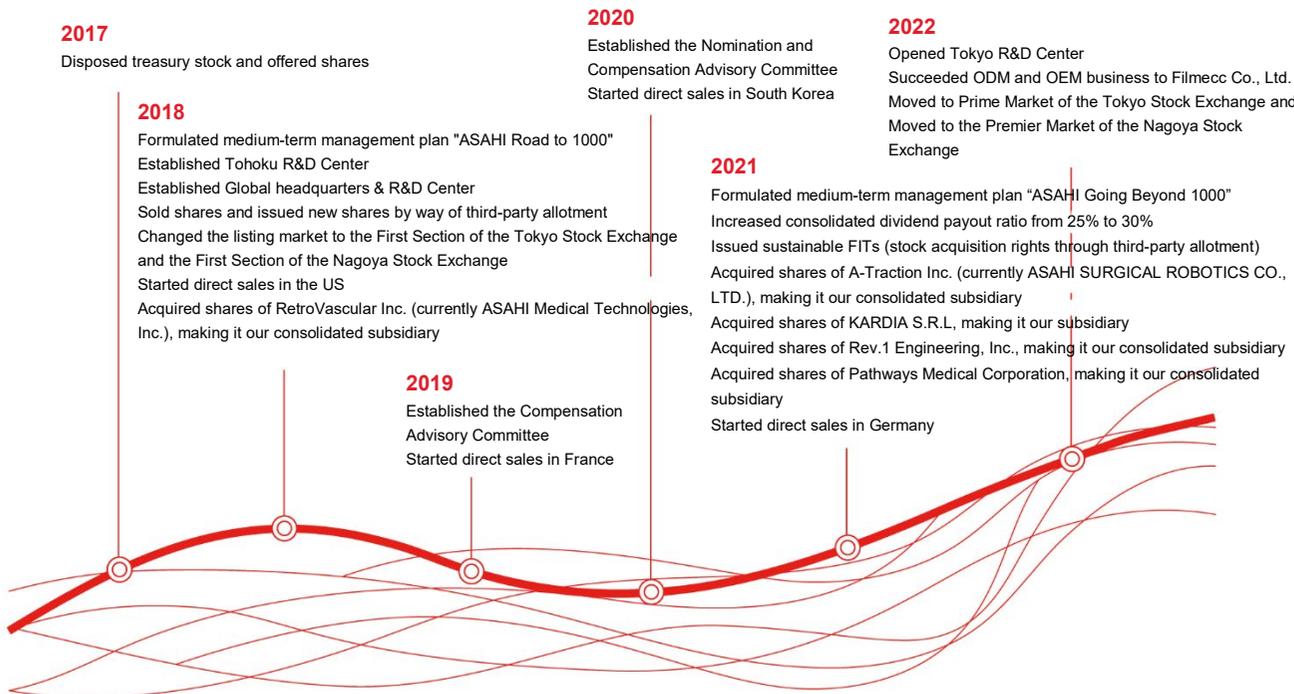
Could you give me your views on the promotion of our strategy and governance over the past six years?

**Shibazaki:** The six years since my appointment as Outside Director have been a period of significant change for Asahi Intecc. We formulated a medium-term management plan “Asahi Road to 1000” as a roadmap to achieve revenue of 100 billion yen. We moved to the first section of the Tokyo Stock Exchange and Nagoya Stock Exchange markets and took a step of direct sales in our overseas businesses in the US, France, Germany, and South Korea. In 2021, we actively conducted M&As, and in 2022, the Company shifted to the TSE prime market. As

a result, I believe that Asahi Intecc is now ready for the next leap forward. [See Figure]  
 Because this is a growth period, promotion of a top-down approach is important, and this must be one of the strengths of Asahi Intecc. On the other hand, it is also important for necessary governance to be in place from a viewpoint of listing responsibilities, and this balance is important. I believe that the system and contents of the governance have steadily improved over the past six years, such as establishment of the Nomination and Compensation Advisory Committee.

**Ito:** Through discussions at the Board of Directors and other meetings, what did you feel was the unique strength of Asahi Intecc? On the other hand, what are the challenges?

**Shibazaki:** I think Asahi Intecc's high market share in catheter treatment is its technical strength. But strength and weakness are two sides of the same coin. Relying solely on one strength can be also a risk factor. In addition, the response to crises is particularly important in light of the current unpredictable situation, including geopolitical risks. We need to be sensitive, flexible, and responsive. Against this backdrop, what is important in the future is to present to shareholders the medium- to long-term strategies of where Asahi Intecc is going ahead in the future.



Further, in the context of medium- to long-term strategies, it is important to communicate with shareholders, investors, and other stakeholders and have them understand specifically how to compensate for risks to the future through M&As and related financing.

**Ito:** Although we place great importance on dialogue with investors through IR, we will continue to strengthen it further.

### Finance and M&A

**Ito:** I would like to ask you about finance. Concerning financing of this time, in addition to the financing itself, the stock market gave us harsh opinions about the method. We held discussions on this matter at the Board of Directors both before and after the execution. Could you review M&As and financing of this time and give us your opinion as an Outside Director?

**Shibazaki:** M&A and finance are the most important issues for management. Since President and CEO makes a decision on the future with confidence and carries out these things with responsibility, it is important to firmly explain the future vision to shareholders. Of course, how to explain and convince shareholders is the most important issue. I think that by explaining more specifically how management is taking measures to compensate for risks to the future through M&As, etc., you will be able to gain their understanding.

**Ito:** Now that we have financed, it is our responsibility as a company to use the funds to grow our business. M&As in this time are necessary for a medium- to long-term growth strategy, not a short-term one. There are various opinions on this matter, but in order for shareholders to understand it, it is more important to produce the results than anything else.

**Shibazaki:** Yes, investors want figures on the results. Even if an M&A is successful, there may be some opinions that it accounts for only a small proportion of our sales size. It is necessary to find out M&A deals including that whether or not such deals give a potential that can complement our current business.

**Ito:** Could you give us some advice on how to further enhance the corporate value of Asahi Intecc?

**Shibazaki:** I hope that the Company will continue to pursue new businesses, synergies, and large-scale M&As with confidence in line with its medium- to long-term strategy.

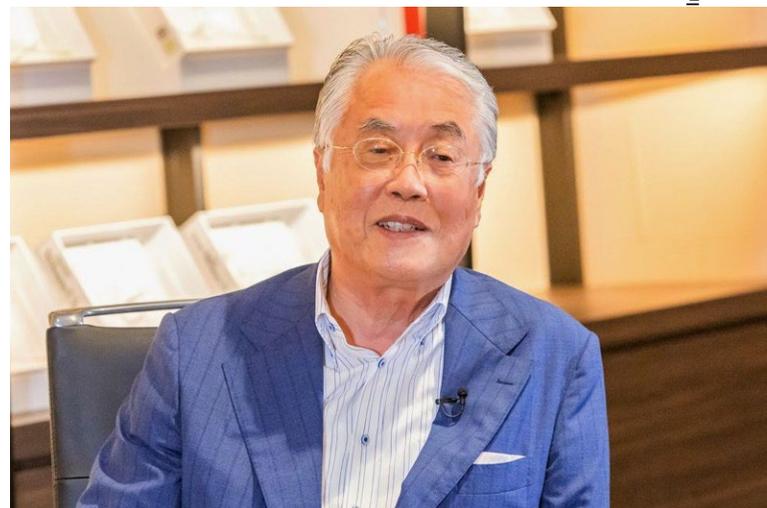
On the other hand, I think the next challenge is to determine investment priorities. Sometimes it is important to take risks proactively and to have a sense of speed, but at the same time, it will also be important to make judgments from a medium- to long-term perspective, not just from short-term profits.

**Ito:** The four M&A deals in this time are in line with our medium- to long-term strategy, and we are looking into seeds for further synergies. As for M&A, the feasibility is high also in the future, and I think that visualization of prioritization and explanation to shareholders will continue to be important.

### Governance

**Ito:** In 2020, we established the Nomination and Compensation Advisory Committee. Could you speak frankly about your evaluation of this committee?

**Shibazaki:** There are no major problems with the current committee, and I believe it is functioning well. If any problem arises with the Company in the future, I think it will be important to take time to discuss it with the committee and refer to the Board of Directors.





**Ito:** I believe that the effectiveness of the Board of Directors is also an important issue. We would like to regularly discuss about the ideal form of the Board of Directors and improve gradually, including: what issues should be on the discussion table of the Board of Directors; what matters should be discussed; and how the visualization of the processes should be improved. What kind of issues do you see at present?

**Shibazaki:** I believe it is important to have opportunities to discuss the future of the Company between Outside Directors and Executive Directors on a daily basis. I hope that the Company evaluates its effectiveness through regular dialogues and constantly improves the effectiveness. I think that the environment for Outside Directors to discuss management strategies at the Board of Directors has been much more developed than before. However, I feel that the agenda of the Board of Directors is still a lot, so I expect further narrowing of the agenda.

**Ito:** Yes, we will continue to improve and make it more effective.

What is your view on the member composition of the Board of Directors and the diversity of our Directors?

**Shibazaki:** The diversity of Directors will become an issue for future management, but it is extremely important to respond to shareholders based on medium- to long-term plans. It is important to incorporate diversity that is appropriate to the current state and nature of Asahi Intecc and look for the way.

**Ito:** I feel that each of the Outside Directors is different not only in areas of specialization but also in the short-term and long-term perspectives and time axis he/she has for the issues to be considered at the Board of Directors. I also feel that these differences lead to multifaceted discussions. In particular, Mr. Shibazaki, you have a long-term perspective in the strategic discussions, and even though we felt that we had thoroughly discussed the matter in our discussions, you pointed out with a new perspective, and we were often surprised. Even in recent years, the content of the discussion has been a fixed line, and even if we could see the conclusion to a certain extent, your remark made us reconsider whether it was really right or not, and the proposal was carried over, so I was very grateful.

**Shibazaki:** I think that building a governance system that responds to the growth of company will become more necessary, and that the sensitivity of management will become crucial in the future. If you think a field is interesting, you must have the courage to push forward even if the people around you are skeptical, and you must also have the courage to

retreat when the situation is somehow becoming unfavorable. You have to always polish that sensibility, and such sensibility is cultivated by accumulating experience. Over the past few years, President Miyata has experienced various situations in which he has been asked to make decisions, so I believe that his sensibility has been steadily improved.

In addition, it is also important for Outside Directors to share common goals with Executive Directors, and they must work together to develop business plans and build governance. Also, you may make use of advice that can be given only by Outside Directors.

**Ito:** We believe that it is important to raise the level of our knowledge and create a place where we can communicate with Outside Directors while thoroughly delivering information to them.

**Shibazaki:** Over the past six years, Asahi Intecc has changed a lot. Human resources are also nurtured. In addition, Directors of the Company are confronting everything positively and honestly, and I hope they will continue to manage the Company in a manner consistent with the Roadmap, without being swayed by the opinions of those around them.

Asahi Intecc has come this far in recognition of its DNA. I want them to go forward with confidence without forgetting the point of origin.

**Ito:** Over the past six years, we have received a wide range of opinions from you, Mr. Shibazaki. We look forward to receiving even stricter opinions and guidance from you as our stakeholder. Thank you very much for today.

## 7-2 | Corporate Governance

### List of Directors and Executive Officers (as of the end of FYE June 2022)



**President & CEO**  
Masahiko Miyata

Having served as President & CEO since 2009, Mr. Masahiko Miyata has driven the Company's Group management and appropriately fulfilled the role of enhancing the Company's corporate value with his global management perspective, speedy decision-making, and good relationships built with medical professionals, partners, and other stakeholders. He has been elected as Director because he is essential to the further development of the Company as the leader of the Group and in expectation of his further contribution going forward.

November 1994	Joined the Company General Manager of Planning Office, Supervisory Division	March 2004	Executive Vice President and Representative Director
		March 2006	President & CEO of CompassMed Integration Co., Ltd.
December 1995	Director Director, General Manager of Corporate Planning Department	August 2006	Director of ASAHI INTECC HANOI CO., LTD. (current position)
March 1999	Executive Director Assistant to General Manager of Medical Division	June 2007	ASAHI INTECC THAILAND CO., LTD. CEO
		September 2009	President & CEO (current position)
July 2000	General Manager of Production Engineering Department General Manager of Medical Division	July 2016	President & CEO of Filmecc Co., Ltd. (current position)
September 2001	Senior Executive Director		
September 2003	Director of ASAHI INTECC THAILAND CO., LTD. (current position)		



**Executive Vice President and COO**  
Kenji Miyata

Mr. Kenji Miyata is well versed in production technology for stainless steel processing, the source of the Company's technology, as General Manager of the Device Division for many years, and has assisted the President & CEO in overall management as Executive Vice President and COO as well as promoted the reconstruction of buyout proposals and leadership in the Medical Division in recent years. He has been elected as Director in expectation of his further contribution going forward.

April 1993	Joined the Company	January 2015	Director of ASAHI INTECC THAILAND CO., LTD. (current position)
January 1997	Executive Vice President and Director of ASAHI INTECC THAILAND CO., LTD.		Director of ASAHI INTECC HANOI CO., LTD.
July 1997	Director	July 2015	President and Director of ASAHI INTECC HANOI CO., LTD.
August 2002	Deputy General Manager of Device Division General Manager of Quality Assurance Department	September 2015	Executive Vice President and Director
		July 2016	General Manager of Quality Assurance Division Chairperson and Director of ASAHI INTECC HANOI CO., LTD. (current position)
October 2004	Director of ASAHI INTECC THAILAND CO., LTD.	September 2016	Executive Vice President and COO (current position)
July 2006	General Manager of Device Division	July 2017	Director of TOYOFLEX CEBU CORPORATION (current position)
July 2009	Director of GMA Co., Ltd.	July 2018	Director of FICUS Co., Ltd. (current position)
September 2010	Executive Director	July 2020	General Manager of Device Business Division (current position)
July 2011	President & CEO of ASAHI INTECC GMA Co., Ltd.	May 2022	Director of walkey Inc. (current position)
September 2013	President & CEO of Toyoflex Corporation (current position) TOYOFLEX CEBU CORPORATION President & CEO		



**Senior Executive Director**  
Tadakazu Kato

Since joining the Company, Mr. Tadakazu Kato has consistently been engaged in the Medical Division and contributed to the development of medical devices. Currently, he works as General Manager of Medical Division and is well versed not only in development but also in a variety of fields including production and sales and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

June 1992	Joined the Company	June 1979	Joined the Company
February 2004	Group Manager of Quality Assurance Group, Medical Division	July 2000	Head of Takaiishi Factory, Industrial Device Division
October 2004	Group Manager of Research and Development Group, Medical Division	May 2003	Group Head of Development Group III supervising Osaka area, Device Division
January 2005	Deputy General Manager of Medical Division	July 2006	Group Manager of Development Group, Device Division
March 2006	Executive Officer	July 2009	Deputy General Manager of Device Division
September 2007	Director of ASAHI INTECC HANOI CO., LTD. (current position)	July 2011	Executive Officer
September 2008	Director	July 2013	General Manager of Device Division
July 2009	General Manager of Medical Division	September 2016	Director
April 2012	Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)	July 2020	General Manager of Research Division (current position)
October 2013	Director of ASAHI INTECC THAILAND CO., LTD. (current position)	July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)
September 2014	Executive Director	September 2021	Executive Director (current position)
July 2016	Director of Filmecc Co., Ltd. (current position)		
July 2019	General Manager of Medical Division (current position) Director of TOYOFLEX CEBU CORPORATION (current position)		
September 2021	Senior Executive Director (current position)		



**Executive Director**  
Munechika Matsumoto

Since joining the Company, Mr. Munechika Matsumoto has consistently been engaged in the Device Division and contributed to development of stainless-steel components, the Company's core technology. He is currently serving as General Manager of Research Division, and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

June 1979	Joined the Company	June 1979	Joined the Company
July 2000	Head of Takaiishi Factory, Industrial Device Division	July 2000	Head of Takaiishi Factory, Industrial Device Division
May 2003	Group Head of Development Group III supervising Osaka area, Device Division	May 2003	Group Head of Development Group III supervising Osaka area, Device Division
July 2006	Group Manager of Development Group, Device Division	July 2006	Group Manager of Development Group, Device Division
July 2009	Deputy General Manager of Device Division	July 2009	Deputy General Manager of Device Division
July 2011	Executive Officer	July 2011	Executive Officer
July 2013	General Manager of Device Division	July 2013	General Manager of Device Division
September 2016	Director	September 2016	Director
July 2020	General Manager of Research Division (current position)	July 2020	General Manager of Research Division (current position)
July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)	July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)
September 2021	Executive Director (current position)	September 2021	Executive Director (current position)



**Director**  
Yoshinori Terai

Mr. Yoshinori Terai has been engaged in the Overseas Sales unit for medical devices for many years and currently serves as President & CEO of ASAHI INTECC USA, INC, a sales subsidiary in the U.S. He has contributed to the Company's global development and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

October 1998	Joined the Company President & CEO of ASAHI INTECC USA, INC. (current position)	October 1998	Joined the Company President & CEO of ASAHI INTECC USA, INC. (current position)
July 2004	Director of RetroVascular, Inc. (currently ASAHI Medical Technologies, Inc.) (current position)	July 2004	Director of RetroVascular, Inc. (currently ASAHI Medical Technologies, Inc.) (current position)
November 2006	Executive Officer Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)	November 2006	Executive Officer Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)
September 2008	Director (current position)	September 2008	Director (current position)
April 2012	General Manager of New Business Development Division (current position)	April 2012	General Manager of New Business Development Division (current position)
September 2013	Director of ASAHI INTECC CIS LLC (current position)	September 2013	Director of ASAHI INTECC CIS LLC (current position)
July 2019	Director of ASAHI INTECC EUROPE B.V. (current position)	July 2019	Director of ASAHI INTECC EUROPE B.V. (current position)
February 2020	Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Division (current position)	February 2020	Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Division (current position)
July 2020	Director of ASAHI INTECC Deutschland GmbH (current position)	July 2020	Director of ASAHI INTECC Deutschland GmbH (current position)
June 2021	CEO of Filmecc USA, Inc. (current position)	June 2021	CEO of Filmecc USA, Inc. (current position)
July 2021	CEO of Pathways Medical Corporation (current position) Director of Rev.1 Engineering, Inc. (current position)	July 2021	CEO of Pathways Medical Corporation (current position) Director of Rev.1 Engineering, Inc. (current position)



**Director**  
Mizuho Ito

As General Manager of Corporate Strategic Office, Ms. Mizuho Ito has been engaged in finance, accounting, IR, and M&A projects for many years. She is currently serving as Executive Officer and General Manager of Administration Division, leading efforts to strengthen the function of the Head Office as head of the Company's Corporate unit, and is appropriately fulfilling the role of enhancing the Company's corporate value. She has been elected as Director in expectation of her further contribution going forward.

May 2003	Joined the Company	May 2003	Joined the Company
May 2005	Deputy General Manager of Corporate Strategic Office	May 2005	Deputy General Manager of Corporate Strategic Office
April 2008	Auditor of ASAHI INTECC HANOI CO., LTD. (current position)	April 2008	Auditor of ASAHI INTECC HANOI CO., LTD. (current position)
September 2008	General Manager of Corporate Strategic Office (current position)	September 2008	General Manager of Corporate Strategic Office (current position)
October 2010	Auditor of Filmecc Co., Ltd. (current position)	October 2010	Auditor of Filmecc Co., Ltd. (current position)
April 2012	Auditor of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)	April 2012	Auditor of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)
December 2013	Group Manager of Accounting Group, Administration Division	December 2013	Group Manager of Accounting Group, Administration Division
July 2015	Executive Officer	July 2015	Executive Officer
July 2016	General Manager of Administration Division (current position)	July 2016	General Manager of Administration Division (current position)
September 2016	Auditor of ASAHI INTECC J-sales, INC. (current position)	September 2016	Auditor of ASAHI INTECC J-sales, INC. (current position)
July 2018	Director of RetroVascular, Inc. (currently ASAHI Medical Technologies, Inc.) (current position)	July 2018	Director of RetroVascular, Inc. (currently ASAHI Medical Technologies, Inc.) (current position)
July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)	July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)

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List of Directors and Executive Officers (as of the end of FYE June 2022)



Director  
Makoto Nishiuchi

Since joining the Company, Mr. Makoto Nishiuchi has consistently been engaged in the Medical Division and contributed to the development of medical devices. With his abundant experience and track record in the R&D and technology-related fields, he currently works as General Manager of Medical Brand Business Unit of Medical Division and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

- October 2005 Joined the Company
- July 2008 Deputy Group Manager of Medical Research and Development Group, Medical Division
- May 2010 Group Manager of Research and Development Group, Medical Division
- July 2015 Executive Officer
- July 2016 Director of ASahi INTECC USA, INC. (current position)
- January 2017 Chief Research and Development Officer, Medical Division
- October 2017 Senior Executive Officer
- July 2018 Director of RetroVascular Inc. (currently ASahi Medical Technologies, Inc.) (current position)
- September 2018 Director (current position)
- July 2019 General Manager of Medical Brand Business Unit of Medical Division (current position)



Director (Outside)  
Kiyomichi Ito

Mr. Kiyomichi Ito has reflected his extensive knowledge gained through many years of experience in corporate management and as a professor of business management at a university and has been strengthening corporate governance. He has been elected as Director in expectation of his further contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward.

- April 1974 Joined Toyota Motor Sales Co., Ltd.
- August 1985 Section Head of Engineering Section, Overseas Planning Department and Section Chief of System Planning Section of TOYOTA MOTOR CORPORATION
- January 1994 Secretary seconded to Toyota Motor Manufacturing Canada, Inc.
- January 1999 Chief of Marine Business Division of TOYOTA MOTOR CORPORATION
- July 2000 Chief of Americas Sales Department of TOYOTA MOTOR CORPORATION
- July 2002 President of Toyota Kirloskar Auto Parts Pvt. Ltd.
- March 2008 Professor at School of Management, Chukyo University
- September 2013 Outside Director of the Company (current position)
- April 2015 Visiting Professor at School of World Englishes, Chukyo University (current position)

December 2021 Public Interests Member of Aichi Prefectural Labour Relations Commission (current position)



Director (Outside)  
Akinori Shibazaki

Mr. Akinori Shibazaki has served as President and Representative Director of CDS Co., Ltd. (listed on Prime Market of Tokyo Stock Exchange) for many years. Based on his ample experience and broad insight as a business manager, he has been supervising the Company's management, as well as contributing to strengthening corporate governance through offering advice about the Company's overall management. He has been elected as Outside Director in expectation of his further contribution to strengthening supervision through accurate advice based on extensive experience in corporate management and involvement in nomination and compensation as a member of the Nomination and Compensation Advisory Committee.

- February 1980 President and Representative Director of CHU-O RITTAIZU Co., Ltd. (currently CDS Co., Ltd.)
- August 1988 President and Representative Director of TPS Co., Ltd.
- December 2005 Chairman of the Board of MMC Computer Research Co., Ltd.
- October 2008 Chairman of the Board of BYNAS Co., Ltd. (current position)
- March 2010 Executive Senior Adviser of BYNAS Co., Ltd. (current position)
- August 2010 Chairman of the Board of Torindo Co., Ltd. (current position)
- July 2011 Chairman of the Board of PMC Co., Ltd. (current position)
- March 2013 Director and Senior Adviser of MCOR Co., Ltd. (current position)
- September 2016 Outside Director of the Company (current position)
- March 2021 Chairman and Representative Director of CDS Co., Ltd. (current position)

- May 2013 Member of the Completion Inspection Management Committee, the Japanese Institute of Certified Public Accountants
- April 2014 Part-Time Lecturer at Nanzan Business School
- June 2016 Vice President of Tokai Association, the Japanese Institute of Certified Public Accountants
- September 2018 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)



Director (Outside)  
Masami Sato

Mr. Masami Sato is qualified as a lawyer and has legal expertise and experience. In addition, he has worked as Outside Auditor and Director who is an Audit and Supervisory Committee Member at the Company for many years, well versed in the Company's business, and has audited the Company appropriately from an objective viewpoint. He has been elected as Outside Director in expectation of his contribution to the further strengthening of corporate governance through accurate advice based on his insight as an attorney.

- April 1989 Qualified as a lawyer in Japan, joined MATSUO & KOSUGI
- April 1993 Qualified as a lawyer in New York, U.S.A.
- December 1994 Joined Maekawa Law Office
- April 1998 Opened Sato Sogo Law Office
- September 1999 Auditor of the Company
- June 2005 Auditor of MINO CERAMIC CO., LTD.
- July 2008 Representative Director of Legal Support Co., Ltd. (current position)
- September 2016 Director who is an Audit and Supervisory Committee Member
- September 2018 Outside Director of the Company (current position)
- February 2020 Auditor of D&P Labo. Co., Ltd. (current position)
- April 2021 Established Sato & Mashimo Legal Professional Corporation

Directors Who are Audit and Supervisory Committee Members



Audit and Supervisory Committee Members  
Hiroshi Ota

Mr. Hiroshi Ota has legal expertise and ample experience and knowledge accumulated at the Company's domestic and international organizational divisions. He is appropriately fulfilling the role of auditing and supervising the company's management as a Director who is a Full-Time Audit and Supervisory Committee Member cooperating with other Directors who are Audit and Supervisory Committee Members and the Internal Audit Department after serving as General Manager of the Internal Audit. He has been elected as Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.

- October 1996 Joined the Company
- June 2003 Group Manager of Intellectual Property and Law Group
- July 2004 Director of ASahi INTECC USA, INC.
- January 2005 Deputy General Manager in charge of General Affairs Group and Intellectual Property and Law Group
- July 2006 Deputy General Manager of Medical Division
- December 2006 Deputy General Manager of Device Division
- July 2009 President and Director of ASahi INTECC HANOI CO., LTD.
- May 2010 Deputy of General Manager of Business Administration
- December 2012 Group Manager of Human Resource Development Department
- September 2013 Auditor of Toyoflex Corporation
- May 2015 General Manager of Office of the Chairman
- September 2016 General Manager of the Internal Audit
- September 2018 Director (Full-Time Audit and Supervisory Committee Member) (current position)



Audit and Supervisory Committee Member (Outside)  
Ryuji Tomida

Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of a legal expert. He has been elected as Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.

- October 2001 Registered with Nagoya Bar Association (currently Aichi Bar Association)
- April 2006 Joined Higashi Sakura Law Firm
- December 2006 Part-Time Lecturer at Law Department, Nagoya University of Economics
- October 2007 Opened Tomida&Yamauchi Law Firm (currently Tomida & Partners)
- April 2010 Member of Research Office of Aichi Bar Association
- April 2011 Part-Time Lecturer at Aichi Law School
- May 2011 Member of Japan Federation of Bar Associations Inquiry System Committee (current position)
- April 2013 Member of Kasugai City Information Disclosure & Personal Information Protection Committee (current position)
- April 2016 Vice President of Aichi Bar Association
- September 2018 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)
- April 2020 General Manager of Aichi Bar Association Inquiry Research Office



Audit and Supervisory Committee Member (Outside)  
Yasunari Hanano

Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of an accounting expert. He has been elected as Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.

- October 1988 Joined Tohmatsu Aoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
- August 1993 Registered as a Certified Public Accountant
- October 2001 Opened Business Inspire
- June 2004 Opened Hanano C.P.A. Office
- Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants
- March 2005 Registered as a Certified Tax Accountant
- April 2006 Associate Professor at Graduate School of Accounting, Aichi University
- August 2007 Member of the Special Training System Council, the Japanese Institute of Certified Public Accountants
- April 2011 Part-Time Lecturer at Aichi University
- April 2012 Auditor of Green Association of Nagoya, Public Interest Incorporated Foundation

Executive Officers

- Ippei Yugawa
- Yuichi Iizuka
- Toshiya Osawa
- Yukio Watanabe
- Yo Nobuta
- Kazuo Chiba
- Yasuyuki Kawahara
- Masashi Muto
- Kazuhiro Ishihara

## 7-2 | Corporate Governance

## ■ Skills Matrix (as of the end of FYE June 2022)

Name	Current position in the Company		Management	R&D	Manufacturing technology	Global expansion	Industry knowledge -medical devices	Industry knowledge -industrial devices	Finance & accounting	Legal affairs	M&A	ESG	DX-IT	Nomination and Compensation Advisory Committee	Attendance rate of Board of Directors meeting	Attendance rate of Audit and Supervisory Committee meeting	Attendance rate of Nomination and Compensation Advisory Committee meeting
Masahiko Miyata	President & CEO		●	●		●	●						●	●	100 %	-	100 %
Kenji Miyata	Executive Vice President and COO		●	●	●			●						●	100 %	-	100 %
Tadakazu Kato	Senior Executive Director			●	●		●								100 %	-	-
Munehika Matsumoto	Executive Director			●	●			●				●			100 %	-	-
Yoshinori Terai	Director					●	●				●				100 %	-	-
Mizuho Ito	Director								●		●	●			100 %	-	-
Makoto Nishiuchi	Director			●			●						●		100 %	-	-
Kiyomichi Ito	Outside Director	Independent (Outside)	●			●									100 %	-	-
Akinori Shibazaki	Outside Director	Independent (Outside)	●								●			●	100 %	-	100 %
Masami Sato	Outside Director	Independent (Outside)								●	●	●			100 %	-	-
Hiroshi Ota	Director (Full-Time Audit and Supervisory Committee Member)									●		●			100 %	100 %	-
Ryuji Tomida	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)								●	●	●		●	100 %	100 %	100 %
Yasunari Hanano	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)							●		●			●	100 %	100 %	100 %

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List of Directors and Executive Officers (after resolution at General Meeting of Shareholders held on September 29, 2022)



President & CEO  
Masahiko Miyata

Having served as President & CEO since 2009, Mr. Masahiko Miyata has driven the Company's Group management and appropriately fulfilled the role of enhancing the Company's corporate value with his global management perspective, speedy decision-making, and good relationships built with medical professionals, partners, and other stakeholders. He has been elected as Director because he is essential to the further development of the Company as the leader of the Group and in expectation of his further contribution going forward.

November 1994	Joined the Company General Manager of Planning Office, Supervisory Division	March 2004	Executive Vice President and Representative Director President & CEO of CompassMed Integration Co., Ltd.
December 1995	Director Director, General Manager of Corporate Planning Department	March 2006	President & CEO Director of ASAHI INTECC THAILAND CO., LTD. (current position)
March 1999	Executive Director Assistant to General Manager of Medical Division	August 2006	ASAHI INTECC THAILAND CO., LTD. CEO
		June 2007	President & CEO (current position)
		September 2009	President & CEO of Filmecc Co., Ltd.
July 2000	General Manager of Production Engineering Department General Manager of Medical Division	July 2016	Director of Filmecc Co., Ltd.
September 2001	Senior Executive Director		
September 2003	Director of ASAHI INTECC THAILAND CO., LTD.		



Executive Vice President and COO  
Kenji Miyata

Mr. Kenji Miyata is well versed in production technology for stainless steel processing, the source of the Company's technology, as General Manager of the Device Division for many years, and has assisted the President & CEO in overall management as Executive Vice President and COO as well as promoted the reconstruction of buyout proposals and leadership in the Medical Division in recent years. He has been elected as Director in expectation of his further contribution going forward.

April 1993	Joined the Company	January 2015	Director of ASAHI INTECC THAILAND CO., LTD. (current position)
January 1997	Executive Vice President and Director of ASAHI INTECC THAILAND CO., LTD.		Director of ASAHI INTECC HANOI CO., LTD.
July 1997	Director	July 2015	President and Director of ASAHI INTECC HANOI CO., LTD.
August 2002	Deputy General Manager of Device Division General Manager of Quality Assurance Department	September 2015	Executive Vice President and Director
October 2004	Director of ASAHI INTECC THAILAND CO., LTD.	July 2016	General Manager of Quality Assurance Division Chairperson and Director of ASAHI INTECC HANOI CO., LTD. (current position)
July 2006	General Manager of Device Division	September 2016	Executive Vice President and COO (current position)
July 2009	Director of GMA Co., Ltd.	July 2017	Director of TOYOFLEX CEBU CORPORATION (current position)
September 2010	Executive Director	July 2018	Director of FICUS Co., Ltd. (current position)
July 2011	President & CEO of ASAHI INTECC GMA Co., Ltd.	July 2020	General Manager of Device Business Division (current position)
September 2013	President & CEO of Toyoflex Corporation (current position)	May 2022	Director of walkey Inc. (current position)
	TOYOFLEX CEBU CORPORATION President & CEO	September 2022	Director of Nihon Chemical Coat Co., Ltd. (current position)



Senior Executive Director  
Tadakazu Kato

Since joining the Company, Mr. Tadakazu Kato has consistently been engaged in the Medical Division and contributed to the development of medical devices. Currently, he works as General Manager of Medical Division and is well versed not only in development but also in a variety of fields including production and sales and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

June 1992	Joined the Company
February 2004	Group Manager of Quality Assurance Group, Medical Division
October 2004	Group Manager of Research and Development Group, Medical Division
January 2005	Deputy General Manager of Medical Division
March 2006	Executive Officer
September 2007	Director of ASAHI INTECC HANOI CO., LTD. (current position)
September 2008	Director
July 2009	General Manager of Medical Division
April 2012	Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)
October 2013	Director of ASAHI INTECC THAILAND CO., LTD. (current position)
September 2014	Executive Director
July 2016	Director of Filmecc Co., Ltd. (current position)
July 2019	General Manager of Medical Division (current position) Director of TOYOFLEX CEBU CORPORATION (current position)
September 2021	Senior Executive Director (current position)
September 2021	Senior Executive Director (current position)



Executive Director  
Munechika Matsumoto

Since joining the Company, Mr. Munechika Matsumoto has consistently been engaged in the Device Division and contributed to development of stainless-steel components, the Company's core technology. He is currently serving as General Manager of Research Division, and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

June 1979	Joined the Company
July 2000	Head of Takaishi Factory, Industrial Device Division
May 2003	Group Head of Development Group III supervising Osaka area, Device Division
July 2006	Group Manager of Development Group, Device Division
July 2009	Deputy General Manager of Device Division
July 2011	Executive Officer
July 2013	General Manager of Device Division
September 2016	Director
July 2020	General Manager of Research Division (current position)
July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)
September 2021	Executive Director (current position)
September 2022	Director of FICUS Co., Ltd. (current position)
September 2021	Executive Director (current position)



Director  
Yoshinori Terai

Mr. Yoshinori Terai has been engaged in the Overseas Sales unit for medical devices for many years and currently serves as President & CEO of ASAHI INTECC USA, INC, a sales subsidiary in the U.S. He has contributed to the Company's global development and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

October 1998	Joined the Company
July 2004	President & CEO of ASAHI INTECC USA, INC. (current position)
November 2006	Director of RetroVascular Inc. (currently ASAHI Medical Technologies, Inc.) (current position)
September 2008	Executive Officer
September 2013	Director (current position)
July 2019	General Manager of New Business Development Division (current position)
February 2020	Director of ASAHI INTSCC EUROPE B.V. (current position)
July 2020	Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Division (current position) Director of ASAHI INTECC Deutschland GmbH (current position)
June 2021	CEO of Filmecc USA, Inc. (current position)
July 2021	CEO of Pathways Medical Corporation (current position) Director of Rev.1 Engineering, Inc. (current position)
	Director of ASAHI INTECC Deutschland GmbH (current position)
June 2021	CEO of Filmecc USA, Inc. (current position)
July 2021	CEO of Pathways Medical Corporation (current position) Director of Rev.1 Engineering, Inc. (current position)



Director  
Mizuho Ito

As General Manager of Corporate Strategic Office, Ms. Mizuho Ito has been engaged in finance, accounting, IR, and M&A projects for many years. She is currently serving as Executive Officer and General Manager of Administration Division, leading efforts to strengthen the function of the Head Office as head of the Company's Corporate unit, and is appropriately fulfilling the role of enhancing the Company's corporate value. She has been elected as Director in expectation of her further contribution going forward.

May 2003	Joined the Company
May 2005	Deputy General Manager of Corporate Strategic Office
April 2008	Auditor of ASAHI INTECC HANOI CO., LTD. (current position)
September 2008	General Manager of Corporate Strategic Office (current position)
April 2012	Auditor of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)
December 2013	Group Manager of Accounting Group, Administration Division
July 2015	Executive Officer
July 2016	General Manager of Administration Division (current position) Auditor of ASAHI INTECC J-sales, INC. (current position)
September 2016	Director (current position)
July 2021	Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)

7-2 | Corporate Governance

List of Directors and Executive Officers (after resolution at General Meeting of Shareholders held on September 29, 2022)



Director  
Makoto Nishiuchi

Since joining the Company, Mr. Makoto Nishiuchi has consistently been engaged in the Medical Division and contributed to the development of medical devices. With his abundant experience and track record in the R&D and technology-related fields, he currently works as General Manager of Medical Brand Business Unit of Medical Division and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been elected as Director in expectation of his further contribution going forward.

- October 2005: Joined the Company
- July 2008: Deputy Group Manager of Medical Research and Development Group, Medical Division
- May 2010: Group Manager of Research and Development Group, Medical Division
- July 2015: Executive Officer
- July 2016: Director of ASAH I INTECC USA, INC. (current position)
- January 2017: Chief Research and Development Officer, Medical Division
- October 2017: Senior Executive Officer
- July 2018: Director of RetroVascular Inc. (currently ASAH I Medical Technologies, Inc.) (current position)
- September 2018: Director (current position)
- July 2019: General Manager of Medical Brand Business Unit of Medical Division (current position)
- July 2022: Chief Digital Officer (current position)



Director (Outside)  
Kiyomichi Ito

Mr. Kiyomichi Ito has reflected his extensive knowledge gained through many years of experience in corporate management and as a professor of business management at a university and has been strengthening corporate governance. He has been elected as Director in expectation of his further contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward.

- April 1974: Joined Toyota Motor Sales Co., Ltd.
- August 1985: Section Head of Engineering Section, Overseas Planning Department and Section Chief of System Planning Section of TOYOTA MOTOR CORPORATION
- January 1994: Secretary seconded to Toyota Motor Manufacturing Canada, Inc.
- January 1999: Chief of Marine Business Division of TOYOTA MOTOR CORPORATION
- July 2000: Chief of Americas Sales Department of TOYOTA MOTOR CORPORATION
- July 2002: President of Toyota Kirloskar Auto Parts Pvt. Ltd.
- March 2008: Professor at School of Management, Chukyo University
- September 2013: Outside Director of the Company (current position)
- April 2015: Visiting Professor at School of World Englishes, Chukyo University (current position)



Director (Outside)  
Takahiro Kusakari

Mr. Takahiro Kusakari has served as Fund Manager and Chief Investment Officer of an investment trust management firm. He has been elected as Outside Director, with the expectation that he will offer suggestions for improving the Company's corporate value based on his experience in corporate analysis gained through dialogue with countless companies.

- July 2007: Joined SBI Real Marketing Co., Ltd.
- October 2008: Joined Sawakami Asset Management Inc.
- November 2010: Fund Manager of Sawakami Asset Management Inc.
- January 2013: Chief Investment Officer of Sawakami Asset Management Inc.
- June 2015: Director and Chief Investment Officer of Sawakami Asset Management Inc.
- July 2022: Joined Sawakami Holdings, Inc (current position)

Directors Who are Audit and Supervisory Committee Members



Audit and Supervisory Committee Member (Outside)  
Ryuji Tomida

Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of a legal expert. He has been elected as Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.

- October 2001: Registered with Nagoya Bar Association (currently Aichi Bar Association)
- Joined Higashi Sakura Law Firm
- April 2006: Part-Time Lecturer at Law Department, Nagoya University of Economics
- December 2006: Nagoya Municipal Advisor (current position)
- October 2007: Opened Tomida&Yamauchi Law Firm (currently Tomida & Partners)
- April 2010: Member of Research Office of Aichi Bar Association
- April 2011: Part-Time Lecturer at Aichi Law School
- May 2011: Member of Japan Federation of Bar Associations Inquiry System Committee (current position)
- April 2013: Member of Kasugai City Information Disclosure & Personal Information Protection Committee (current position)
- April 2016: Vice President of Aichi Bar Association
- September 2018: Outside Director of the Company (Audit and Supervisory Committee Member) (current position)
- April 2020: General Manager of Aichi Bar Association Inquiry Research Office
- December 2021: Public Interests Member of Aichi Prefectural Labour Relations Commission (current position)



Audit and Supervisory Committee Member (Outside)  
Yasunari Hanano

Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of an accounting expert. He has been elected as Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward.

- October 1988: Joined Tohmatsu Aoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
- August 1993: Registered as a Certified Public Accountant
- October 2001: Opened Business Inspire
- Opened Hanano C.P.A. Office
- June 2004: Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants
- March 2005: Registered as a Certified Tax Accountant
- April 2006: Associate Professor at Graduate School of Accounting, Aichi University
- August 2007: Member of the Special Training System Council, the Japanese Institute of Certified Public Accountants
- April 2011: Part-Time Lecturer at Aichi University
- April 2012: Auditor of Green Association of Nagoya, Public Interest Incorporated Foundation
- May 2013: Member of the Completion Inspection Management Committee, the Japanese Institute of Certified Public Accountants
- April 2014: Part-Time Lecturer at Nanzan Business School
- June 2016: Vice President of Tokai Association, the Japanese Institute of Certified Public Accountants
- September 2018: Outside Director of the Company (Audit and Supervisory Committee Member) (current position)



Audit and Supervisory Committee Member (Outside)  
Ryoko Fukaya

Ms. Ryoko Fukaya is deemed appropriate to fulfill the duties of Outside Director who is an Audit and Supervisory Committee Member such as monitoring the Company's overall management using her expertise and ample experience as a certified public accountant and by providing advice for and checking on the Company's business execution. Accordingly, she has been elected as Outside Director who is an Audit and Supervisory Committee Member.

- October 1999: Joined Chuo Audit Corporation
- April 2003: Registered as a Certified Public Accountant
- August 2007: Joined KPMG AZSA LLC
- April 2011: Opened Ryoko Fukaya Accounting Office
- June 2016: Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants
- March 2017: Registered as a Certified Tax Accountant
- March 2019: Completed program for training women executives (Aichi) FY2018 Cabinet Office
- Member of Accounting-Literacy-Map & Educational Materials Study Group of the Basic Education Promotion Council in Accounting, the Japanese Institute of Certified Public Accountants (current position)
- May 2019: Chairwoman of the Public Relations Committee of the Japanese Institute of Certified Public Accountants Tokai Association
- June 2019: Member of the Public Relations Committee of the Japanese Institute of Certified Public Accountants (current position)
- August 2019: Member of the Public Relations Committee of the Japanese Institute of Certified Public Accountants (current position)

Executive Officers

- Ipppei Yugawa
- Yuichi Iizuka
- Toshiya Osawa
- Yukio Watanabe
- Yo Nobuta
- Kazuo Chiba
- Yasuyuki Kawahara
- Kazuhito Ishihara
- Hideki Tamura
- Tomoya Eguchi

7-2 | Corporate Governance

■ Skills Matrix (after resolution at General Meeting of Shareholders held on September 29, 2022)

Name	Current position in the Company	Management	R&D	Manufacturing technology	Global expansion	Industry knowledge - medical devices	Industry knowledge - industrial devices	Finance & accounting	Legal affairs	M&A	Equity market & IR	ESG (incl. personnel development)	DX・IT	Nomination and Compensation Advisory Committee
Masahiko Miyata	President & CEO	●	●		●	●					●		●	●
Kenji Miyata	Executive Vice President and COO	●	●	●			●					●		●
Tadakazu Kato	Senior Executive Director		●	●		●								
Munechika Matsumoto	Executive Director		●	●			●					●		
Yoshinori Terai	Director				●	●				●				
Mizuho Ito	Director							●		●	●	●		
Makoto Nishiuchi	Director		●			●							●	
Kiyomichi Ito	Outside Director	Independent (Outside)	●		●									●
Takahiro Kusakari	Outside Director	Independent (Outside)	●								●			
Ryuji Tomida	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)							●	●		●		●
Yasunari Hanano	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)						●		●				●
Ryoko Fukaya	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)						●		●				

## 7-2 | Corporate Governance

## Corporate Governance Policy and Structure

### Basic Policy

In order to achieve continuous stable growth and expand corporate value, we believe that it is necessary to speed up decision-making and increase the transparency of its management. As such, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

### Promotional Structure

Asahi Intecc has adopted a system of company with an audit and supervisory committee to further strengthen its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board as well as to increase corporate value over the medium to long term through these efforts. By appointing a number of Outside Directors and granting voting rights at the Board of Directors' meetings to Directors that are Audit and Supervisory Committee Members including multiple Outside Directors, we have determined that supervisory and monitoring functions have been strengthened, that this will further enhance and strengthen the corporate governance structure, and that it will contribute to the improvement of our corporate value. Our Board of Directors consists of 10 Directors (excluding Directors who are Audit and Supervisory Committee Members) and 3 Directors who are Audit and Supervisory Committee Members, and of the 13 Directors, 5 Directors (38.5% of the total Directors) are Outside Directors who are

considered Independent Directors that have no conflict of interests with general shareholders as required by the Tokyo Stock Exchange.

### Board of Directors

Asahi Intecc's Board of Directors consists of total of 13 Members, including ten Directors excluding Directors who are Audit and Supervisory Committee Member (three of whom are Outside Directors and one is a female Director) and three Directors who are Audit and Supervisory Committee Members (two of whom are Outside Directors). The Board of Directors has the function of deliberating and deciding on important matters such as management policies and supervising the execution of operations, with emphasis on speediness, efficiency, and transparency in management. The Board of Directors meetings are held once a month as a regular meeting and extraordinary meetings are held flexibly as necessary.

### Audit and Supervisory Committee

Asahi Intecc has an Audit and Supervisory Committee as it is a company with an audit and supervisory committee. The Audit and Supervisory Committee consists of three Audit and Supervisory Committee Members, including two Outside Directors, which audits the legality and appropriateness of decision-making by Directors regarding the execution of their duties, the establishment and operation of internal control systems, and the methods and results of audits by accounting auditors, and evaluates and decides whether or not to appoint or dismiss accounting auditors. In preparation for the case that the legally required number of Audit and Supervisory Committee Members becomes vacant, a substitute Audit and Supervisory Committee Member has

been appointed in advance at the 44th Annual General Meeting of Shareholders held on September 29, 2020.

### Nomination and Compensation Advisory Committee

Our company has a Nomination and Compensation Advisory Committee. The structure of the Nomination and Compensation Advisory Committee shall be composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among independent Outside Directors, and such independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member. The Nomination and Compensation Advisory Committee deliberates on the composition of the Board of Directors, policies, and standards for the selection and dismissal of Directors, and basic policies and compensation amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) in response to the Board of Directors' consultation, and reports the results of its deliberations to the Board of Directors.

### Business Liaison Committee

Our company has introduced an executive officer system to clarify responsibilities for business execution and speed up the decision-making process. The Business Liaison Committee, which consists of Managing Directors, a Director who is an Audit and Supervisory Committee Member, and Executive Officers, holds monthly meeting in order to deliberate on important matters related to business operations, report on execution results, and share information across the company.

7-2 | Corporate Governance

## Strengthening Corporate Governance

### Status of Election of Directors

In accordance with Asahi Intecc's rules and regulations, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors, have a discussion based on the report to the Board of Directors, and then the Directors shall be determined at the General Meeting of Shareholders upon the nomination of candidates by the Board of Directors. The nomination of Directors shall be based on their performance in their respective areas of responsibility, their expertise and insight into corporate management, and their specializations. In accordance with Asahi Intecc's rules and regulations, the election or dismissal of Executive Directors and Directors shall be decided at Board of Directors' meetings. Of these, the election or dismissal of Executive Directors shall be examined and decided based on the report of the Nomination and Compensation Advisory Committee. Furthermore, in the unlikely event that the dismissal of a Director is objectively deemed appropriate, such as due to violation of laws, regulations, and the Articles of Incorporation, etc., or due to significant damaging of the Asahi Intecc's corporate value, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors and make a proposal based on the report to the Board of Directors. Thereafter, the matter shall be sufficiently deliberated at a Board of Director's meeting with Independent Outside Directors in attendance, and will then be proposed to the General Meeting of Shareholders, where the matter shall be settled.

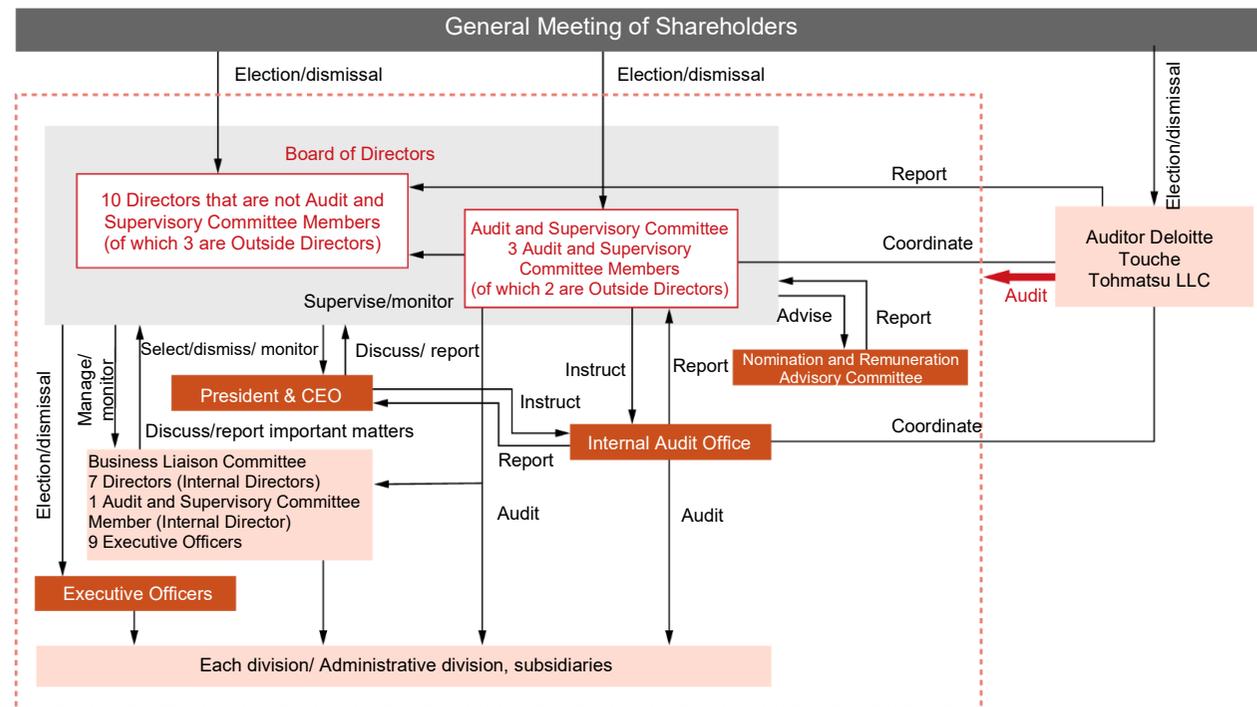
### Status of Evaluating the Effectiveness of the Board of Directors

Asahi Intecc believes that the Board of Directors as a whole has been effective because its Directors, who have diverse experience and knowledge, examine each proposal from a variety of perspectives, and because the structure ensures that matters pointed out by Outside Directors, which includes Audit and Supervisory Committee Members, are reflected upon resolution.

In terms of analyzing and evaluating the effectiveness of Board of Directors' meetings, from the perspective of improving the functions of Board of Directors, the operations and proceedings of the Board of Directors are discussed when necessary at Board of Directors' meetings and among Directors, and improvements are made to the operations, etc., of the Board of Directors and other matters as appropriate. As a result, Asahi Intecc has confirmed that the Board of Directors is effective in its current form and operations.

### Corporate Governance Structure

FYE June 2022



## 7-2 | Corporate Governance

**Remuneration of Directors****Details of the Policy for Determining the Amounts of Remuneration of Officers or the Method of Calculating the Amounts, and the Method of Determining Said Policy**

At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the total annual amount of Director remuneration was determined to be a maximum of ¥1,000 million (including not more than ¥100 million for Outside Directors) for Directors (excluding Directors who are Audit and Supervisory Committee Members), and a maximum of ¥40 million for Directors who are Audit and Supervisory Committee Members, and each Director's remuneration is determined pursuant to the following policy within the limits of this total amount.

The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) elected at the 40th Annual General Meeting of Shareholders was nine and the number of Directors who are Audit and Supervisory Committee Members was three. The Board of Directors of the Company has passed a resolution on the following policy. The Board of Directors of the Company has confirmed that the method of determining the details of individual remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) pertaining to the FYE June 2022, as well as the contents of the determined remuneration, are in line with the following policy.

**1) Policy on Determining the Overall Remuneration of Directors (excluding Directors Who Are Audit and Supervisory Committee Members)**

The remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee so that the total amounts of fixed remuneration, long-term performance-linked remuneration, and short-term performance-linked remuneration portions fall within the total amount of remuneration determined by a General Meeting of Shareholders resolution. In FYE June 2022, the Board of Directors requested the above to the Nomination and Compensation Advisory Committee and received the report on the result deliberated at the committee.

**2) Policy on Determining the Amounts of the Portion of****Base Remuneration and the Portion of Remuneration for Share Purchase (Linked to Improvements in Long-Term Performance), Which Are Components of Remuneration of Directors (excluding Directors Who are Audit and Supervisory Committee Members)**

As for the portion of base remuneration and the portion of remuneration for share purchase, the payment amount shall be determined in consideration of Director's position, duties, tenure, and the state of the Asahi Intecc Group.

**3) Policy on Determining the Amount of Portion of Performance-Linked Remuneration (Director Bonuses Commensurate with Short-Term Results), Which Is a Component of Remuneration of Directors (excluding Directors Who Are Audit and Supervisory Committee Members)**

The portion of performance-linked remuneration is paid in consideration of each Director's position, duties, tenure, and the state of the Asahi Intecc Group., provided that the consolidated performance of Asahi Intecc is expected to significantly exceed the sales and profit plans disclosed to the public, using a portion of the excess as the source of remuneration.

**4) Policy on Determining the Timing of Remuneration of Directors (excluding Directors Who Are Audit and Supervisory Committee Members)**

The portion of base remuneration and the portion of remuneration for share purchase are paid monthly. If the portion of performance-linked remuneration is to be paid, the payment is made once a year within three months from the end of a fiscal year.

**5) Policy on Determining the Ratio of Portion of Base Remuneration, Portion of Remuneration for Share Purchase (Linked to Improvements in Long-Term Performance), and Portion of Performance-Linked Remuneration (Director Bonuses Determined by Performance for Short Period.), Which Are Components of Remuneration of Directors (excluding Directors Who are Audit and Supervisory Committee Members), in Individual Remuneration of Directors**

The ratio of remuneration is determined by the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee. In FYE June 2022, the Board of Directors requested the above to the Nomination and Compensation Advisory Committee and received the report on the result deliberated at the committee.

**Director remuneration**

Total amount of remuneration, etc., by type of Director, total amount of remuneration, etc., by type of remuneration, and number of eligible Directors

Type of Director	Total amount of remuneration, etc. (million yen)	Portion of base remuneration	Portion of remuneration for share purchase	Portion of performance-linked remuneration	Number of eligible Directors (person)
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	399	364	34	-	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	15	14	1	-	1
Outside Directors	40	37	3	-	5
Total	455	415	39	-	14

(Note 1) The above descriptions include the remuneration during service for one Director who retired at the 44th Annual General Meeting of Shareholders held on September 29, 2020.

(Note 2) Portion of remuneration for share purchase is remuneration which is linked to improvement in long-term performance.

(Note 3) Portion of performance-linked remuneration is Director bonuses determined by performance for short period.

## 7-2 | Corporate Governance

### 6) Policy on Determining the Contents of Individual Remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

President & CEO Masahiko Miyata, who has been delegated the authority by the Board of Directors, determines the amounts of the portion of base remuneration, the portion of remuneration for share purchase, and the portion of performance-linked remuneration paid to each individual, in compliance with the basic policy passed by a resolution of the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee. The reason for the delegation to the President & CEO is because the President & CEO, who is in a position to oversee the business execution of the entire Company and maintain a complete picture of the Company's performance, is best suited to evaluate each Director. In FYE June 2022, the resolution of the above basic policy was made based on the report of the committee in response to a request from the Board of Directors.

### 7) Remuneration of Directors Who Are Audit and Supervisory Committee Members

Remuneration for Directors who are Audit and Supervisory Committee Members is determined through negotiations by Directors who are Audit and Supervisory Committee Members, within the limits of total amount of remuneration determined by a General Meeting of Shareholders resolution.

### Director Training (Inside and Outside Directors)

At Asahi Intecc, if there are important legal amendments, systemic changes, etc., necessary for Directors (excluding Directors who are Audit and Supervisory Committee Members) to execute their duties, the relevant departments will provide them with appropriate information while opportunities to attend external seminars will also be

provided at the expense of Asahi Intecc. Directors who are Audit and Supervisory Committee Members endeavor to acquire knowledge continuously by becoming members of the Japan Audit & Supervisory Board Members Association, etc. In addition, at meetings, etc., where all Directors are present, training and discussions take place on Asahi Intecc's management, human resource system, compliance, ESG, insider training policies, etc.

### Successor Training (Succession Plan)

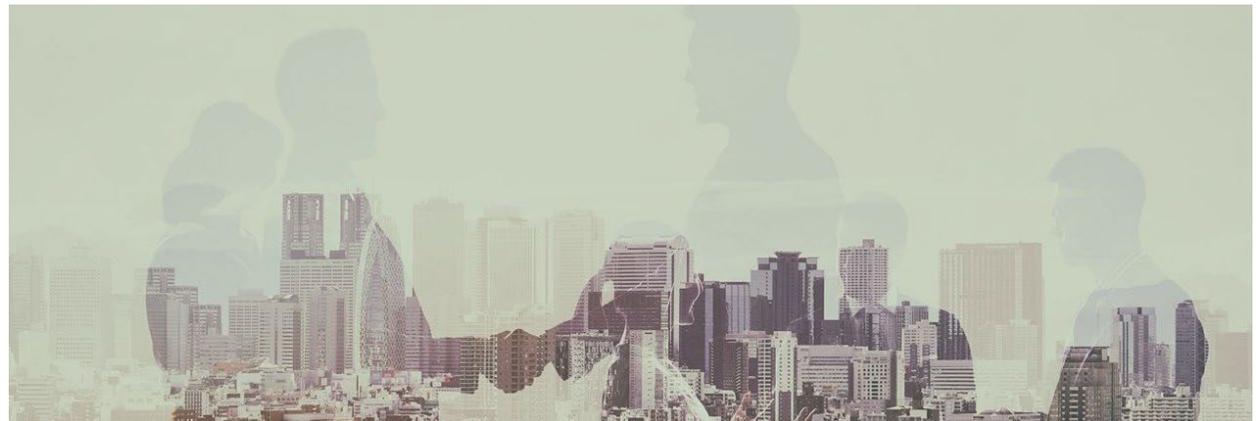
Concerning matters related to the succession plan, the Nomination and Compensation Advisory Committee deliberates on the appropriateness of the plan and periodically reviews candidates, etc., and reports the deliberation results to the Board of Directors and submits opinions when necessary.

### Governance of Asahi Intecc Group

Our Group is composed of Asahi Intecc, seven domestic subsidiaries (four consolidated subsidiaries and three non-consolidated subsidiaries), and fourteen overseas

subsidiaries (all consolidated subsidiaries).

In accordance with Asahi Intecc's and its subsidiaries' regulations on administrative authority and rules for managing related parties, each subsidiary is required to, depending on the content, receive Asahi Intecc's approval or report on matters including matters related to management policies and management strategies, budgets, business performance, important decisions, litigations, other necessary matters, etc. In addition, Asahi Intecc promotes an integrated approach to risk management and compliance management by dispatching Asahi Intecc's Directors or employees to subsidiaries as Directors, to ensure compliance with laws, regulations, and other rules, and each subsidiary's Director reports monthly to Asahi Intecc's Director and General Manager of the Administrative Division concerning the existence and details of any violations of laws, regulations, or the Articles of Incorporation, or any other important matters concerning compliance, and further, important matters discussed at the subsidiaries' board of directors' meetings are reported monthly to Asahi Intecc's Board of Directors.



## 7-3 | Risk Management

### Basic Policy

In order to ensure the continuation of operations based on safety and reliability, our Group has established a company-wide risk management system that correctly identifies risk factors related to our Group's business activities, and continuously examines and implements measures to reduce the likelihood of occurrence of such risks and to minimize losses in the event of occurrence of such risks.

### Promotional Structure

Asahi Intecc's Board of Directors has established various rules and regulation such as crisis management rules and rules for managing related parties, etc., in order to prevent risks that could significantly impact our Group's operations and to manage losses that have occurred, and it has also established a risk management system that spans across the entire Group. Regular risk management concerning our Group's day-to-day operations are carried out appropriately within the scope granted to each department in accordance with the regulations on administrative authority. In addition, each department in the Administration Division verifies and

confirms the risk management status of each division of our Group based on their expertise and knowledge of each business process. Each department is supposed to report any problems to the Board of Directors.

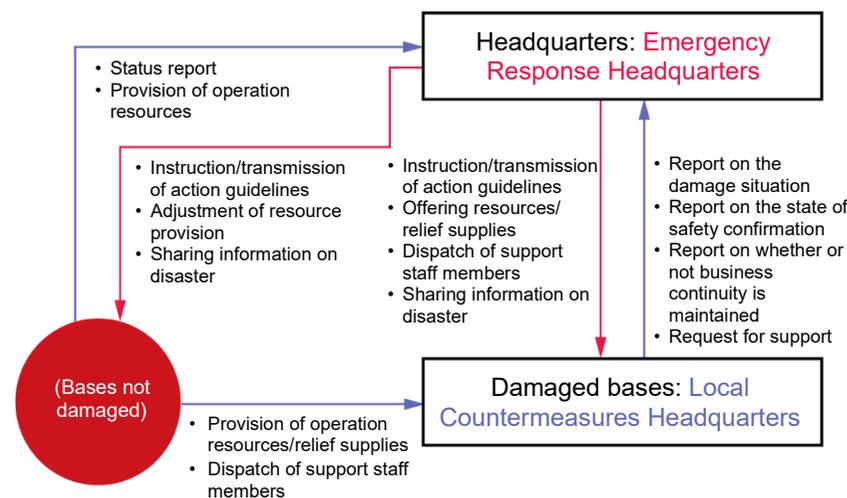
### Response to Large-Scale Disasters

#### <Basic Thinking>

Our Group aims to rapidly become an international company by developing and stably supplying products that consistently exceed the expectations and the needs of the

market by establishing the highest levels of reliability and safety and by contributing to medical care around the world. In normal times, our Group will plan and implement countermeasures against risks such as large-scale disasters and pandemics. In the event of an emergency, the highest priority will be given to ensuring human lives and safety, and will continue to provide relief and support in the affected areas and supply products stably.

#### Roles of Emergency Response Headquarters



**<Emergency Response Headquarters>**  
In the event of occurrence of emergency such as a disaster, etc., to our Group, the emergency response headquarters headed by the CEO shall be responsible for crisis management in accordance with the crisis management rules, in order to ensure quick and appropriate response. By establishing a centralized information communication system, etc., we will protect the safety of the employees and the local community while endeavoring to stably supply products.

7-3 | Risk Management

**BCP (Business Continuity Plan)**

Our Group is proceeding with formulating “Asahi Intecc Group BCP (Business Continuity Planning)” with the aim of continuity/early restoration of our business activities and the system of delivery of our products to our customers in case of emergency. We define tasks to realize continuity/early restoration of priority operations and indispensable tasks for corporate operations for each group, and take measures in the case of emergency based on this planning.

**BCP Basic Policy**

1. Give a top priority to securing the safety in the life and body of each person.
2. Assess the damage situation, and strive for early restoration to the normal operation activities of

3. Make contributions to the damaged region/society through cooperation in activities for regional alliances in the region.

**BCP (Business Continuity Plan) for Production Bases**

As part of our Group’s BCP (Business Continuity Plan), production diversification is underway at the Thailand Factory, the Hanoi Factory, and the Cebu Factory. In addition to moving forward with the production transfer from the Thailand Factory to the Hanoi Factory, production transfer is also underway from the Hanoi Factory to the Cebu Factory. Concerning the transfer, manufacturing facilities, equipment, and jigs designed and manufactured at the Thailand Factory and the Hanoi Factory will be

introduced to the Cebu Factory, establishing a stable production line. Our Group is required to build a system for stable delivery of our products under any circumstances as a duty of a medical device manufacturer, which brings products involved in the lives of patients to society. The mass production capabilities of our Group belong to our overseas factories. We utilize lessons learned from the past events including production stop and difficulty in transportation during disasters such as the flood in Thailand, and emergencies such as the spread of the COVID-19 infection; we will organize functions available in taking part in some parts of production during emergency, such as clean rooms in the new building that is scheduled to be completed in June 2024.

**Disaster Prevention Handbook**



## 7-3 | Risk Management

### Information Security Basic Policy

#### (1) Basic Policy

In order to deal with the information security risks that are becoming increasingly serious day by day, in addition to complying with laws and regulations, guidelines, and other societal norms concerning information security, we have implemented information security measures necessary to protect Asahi Intecc's clients and business operation based on the perspectives outlined below.

#### (2) Information Security Risk Management System

Our Group has appointed a Chief Security Officer to promote an information security system, manage risks concerning information security, and ensure the organization-wide implementation of various measures, and the entire company works towards information security.

### Initiatives to Strengthen Information Security

#### Implementation of Information Security Measures

Our Group implements human, organizational, and technical measures to reduce the risk of information asset leakage, alteration, loss, and information system outages due to cyber attacks, damage to facilities, and communication troubles. In addition, to respond to increasingly sophisticated and diverse information security risks, we periodically review our measures and continue to implement them.

#### Information Security Training

As part of information security training, our Group provides group training when employees join the Company and individual information security training opportunities to each department, with the purpose of fostering a sense of ethics and security awareness. Furthermore, we aim to maintain and improve security awareness by regularly disseminating information about incidents that have occurred either inside or outside of the Company that could serve as lessons, as well as the latest trends in suspicious emails and viruses that are mainstream in the public domain. Going forward, in addition to enhancing the content of the information security training that our Group has provided to date, we will also strengthen our ability to respond to incidents by conducting training that simulates incidents.

#### Incident Response

We are working on a series of measures necessary to respond to incidents, such as accepting and supporting responses in the event of an incident such as information leakage or loss, and considering measures to prevent recurrence. In order to limit the spread of damage and the occurrence of secondary damage, our Group continually reviews the necessary systems and procedures to enable prompt and effective incident response, and continuously enhances its ability to respond to incidents.

#### Internal Audit

Internal audits are conducted regularly to ensure information security. We specifically emphasize audit results concerning the handling of personal and confidential information, and we have a system in place to follow up on the completion of improvement measures when improvement is deemed necessary.



7-3 | Risk Management

**Reference: Risk Model**

(Examples of Possible Risks)

The chart to the right shows a wide range of risks, including risks that could impact investor decisions. Forward-looking statements in the text are based on the judgments made by our Group as of the end of FYE June 2022 and can be associated with the seven key issues of sustainability.

**(1) Medical Field**

**Key issues**

Legal Regulations	→	Supplying safe and secure products
Health Care Reforms	→	Supplying safe and secure products
Quality Control System	→	Supplying safe and secure products
Dependence on Specific Products	→	On-site problem solving through innovation
Response to Technological Innovation	→	On-site problem solving through innovation

**(2) Industrial Field**

Customer Specification		
Competitive Landscape	→	On-site problem solving through innovation

**(3) Common Issues in Each Field**

Overseas Business	→	Strengthening risk management
Dependence on Overseas Production	→	Supply chain management
Price Increase in Raw Materials	→	Supply chain management
Intellectual Property Rights	→	On-site problem solving through innovation
Natural Disasters and Large-Scale Disasters	→	Strengthening Risk Management

**(4) Company-Wide Matters**

Foreign Exchange Risks		
Equity Risks	→	Strengthening Corporate Governance
Acquisition Risks	→	Strengthening Corporate Governance
Information Security	→	Strengthening risk management
Industrial Safety and Product Safety Risks	→	Supplying safe and secure products
Securing Global Human Resources	→	Strengthening Global Human Resources
Human Rights Risks	→	Supply chain management
Corruption Prevention	→	Supply Chain Management

## 7-4 | Compliance

### Basic Policy and Action Guidelines

In order to realize sustainable contributions to society over the long run through the delivery of our one-and-only technologies and number one products, which are found in our Group’s mission, we believe that it is essential to have the trust of society and all stakeholders including clients, business partners, development partners, employees, and shareholders, regarding compliance with laws and other rules. This is indicated in the Charter of Corporate Behavior: “Asahi Intecc shall comply with all laws and regulations, international rules, and the spirit of these rules, regardless of their origin, whether domestic or international, and shall act in a socially sensible manner.”

### Promotional Structure

Under the supervision of the Director and General Manager of the Administrative Division, the Legal, General Affairs, and Human Resource Divisions are responsible for understanding the information contained in laws and regulations, considering the impact that these could have on business operations, reflecting this upon internal regulations, disclosure items, and operational procedures, and implementing company-wide awareness and education.

### ■ Charter of Corporate Behavior (in five languages)

<p>Charter of Corporate Behavior Mission</p> 	<p style="text-align: center;"><b>Charter of Corporate Behavior</b></p> <p>Asahi Intecc shall comply with all laws and regulations, international rules, and the spirit of these rules, regardless of their origin, whether domestic or international, and shall act in a socially sensible manner, in accordance with the following 10 principles. We shall strive to be an economic entity that pursues profit through fair competition, and at the same time, to be socially useful to society.</p> <ol style="list-style-type: none"> <li>1. We shall develop and provide socially useful products and services while giving due consideration to ensuring product safety, environmental conservation, and protection of personal and customer information. We shall earn the satisfaction and trust of customers and others, thereby contributing to the improvement of people's lives and the development of the economy and society.</li> <li>2. Recognizing that addressing environmental issues is an issue common to all humankind, and is essential to the existence and activities of companies, we shall voluntarily and actively take action in all our business activities from a broad perspective, including global environmental issues and resource recycling.</li> <li>3. We shall communicate widely with shareholders and society, and actively and fairly disclose corporate information.</li> <li>4. We shall achieve the feeling of free of pressure and affluence in employees and secure safe and comfortable environments for them, and respect the diversity, personalities, and individual characters of employees.</li> <li>5. As a good corporate citizen, we shall actively support local community activities.</li> <li>6. We shall strongly condemn antisocial forces and groups that threaten the order and security of civil society.</li> <li>7. In our international business activities, we shall comply with international rules, local laws, and their spirit, respect the culture and customs of the country, and contribute to the development of the local community.</li> <li>8. We shall maintain healthy and normal relations with politicians and administration.</li> <li>9. We shall strictly comply with relevant laws and regulations, conduct honest corporate activities within social norms, and engage in fair, transparent, and free trade and competition.</li> <li>10. In order to realize the spirit of this Charter, top management shall take the lead in thoroughly disseminating information to the relevant parties and in establishing an internal system. In the event of a situation that violates the Charter, top management shall take the lead in resolving the problem, promptly and accurately disclosing information, and making efforts to prevent the recurrence of similar incidents, and shall take strict disciplinary measures.</li> </ol>
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### Internal Reporting System

The ASAHI Intecc Group Compliance Hotline has been established as a reporting mechanism to report violations of laws and regulations, the Articles of Incorporation, the Charter of Corporate Behavior, and other internal rules. In addition to the internal contact points for reporting and consultation, we have established an external contact point attended by an attorney, and the name of any whistleblower shall not be disclosed to parties related to the Company without the consent of the whistleblower. Based on the internal reporting regulations, the Compliance Committee, headed by the Director and General Manager of the Administrative Division, shall fairly investigate the contents of the reports without prejudice against the whistleblower, and if it is clear that an infraction has taken place, it will promptly implement corrective measures. In addition, when the subject of reporting is a matter involving a Director or an Executive Officer, the Compliance Committee shall respond to the matter while being monitored by Outside Directors and Outside Audit and Supervisory Committee Members.

### Compliance Training

We provide training to new graduates and mid-career hires that are joining the company to ensure compliance with regulations on personal information, corporate secrets, and insider trading. We also provide training to business personnel on specific topics such as the basics of contracts, subcontracting laws, laws and regulations concerning sales, debt collection, and confidentiality agreements, etc. In addition, we provide group training to those involved in operations regarding specific topics that require special attention, such as EU competition laws and compensation rules for health care professionals.

### Appropriate Relations with Healthcare Professionals

We have established internal rules on payments to medical institutions, etc., that clarify standards in accordance with

relevant laws and regulations, such as the Fair Competition Code Concerning Restriction on Premium Offers in the Medical Devices Industry and the National Public Service Ethics Code, and the Legal Division ensures compliance with these internal rules prior to all payments to healthcare professionals, etc. In addition, in accordance with Japan Federation of Medical Devices Associations’ Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organizations, we publicly disclose payments to healthcare professionals. With regards to overseas payments to medical professionals, etc., we follow industry rules such as MedTech Europe Code of Ethical Business Practice, Mecomed Code of Ethical Business Practice, ApacMed Code of Ethical Conduct for Interactions with Health Care Professionals, and AdvaMed Code of Ethics on Interactions with Health Care Professionals, and disclose payments in accordance with the United States’ Physician Payments Sunshine Act and France’s Bertrand Law.

### Monitoring of Domestic and Overseas Related Companies

Asahi Intecc’s Directors or employees are dispatched to subsidiaries as Directors to ensure compliance with laws, regulations, and other rules, and each subsidiary’s Director reports monthly to Asahi Intecc’s Director and General Manager of the Administrative Division concerning the existence and details of any violations of laws, regulations, or the Articles of Incorporation, or any other important matters concerning compliance. In addition, planned visiting audits to subsidiaries by Directors who are Audit and Supervisory Committee Members and visiting audits by the Internal Audit Office are conducted systematically.

## 7-4 | Compliance

### Respect for Human Rights (1) Harassment /Discrimination Prevention

Our Group advocates in the Chapter of Corporate Behavior that “We shall achieve the feeling of free of pressure and affluence in employees and secures safe and comfortable environments for them, and respect the diversity, personalities, and individual characters of employees,” and we respect the human rights of each employee and prevent discrimination and harassment. As harassment and discrimination are socially impermissible act of unjustly harming an individual’s dignity, we are working to prevent them. Regarding harassment, our Directors and managers have received harassment training from external experts, all participants have submitted written pledges, and when discovered, it will be dealt with in accordance with the rules for disciplinary action. In addition, since June 1, 2022, the contact point established in the Human Resources Division has been integrated in The ASAHI Intecc Group Compliance Hotline that is an internal reporting contact point, in order to create a contact point system that makes it easier for users to understand as a contact point for all forms of harassment.

### Respect for Human Rights (2) Prevention of Forced Labor and Child Labor

Our Charter of Corporate Behavior states that “In our international business activities, we shall comply with international rules, local laws, and their spirit, respect the culture and customs of the country, and contribute to the development of the local community,” and we are committed to business activities that take human rights into consideration, including the prevention of forced labor and child labor. From FYE June 2022, our Group has added items related to compliance with laws and social norms to its questionnaires that have been conventionally implemented for suppliers. As such, we, through our entire corporate activities, are taking measures that take human rights into consideration, such as the prevention of forced labor and child labor.

### Dealing with Antisocial Forces

Our Group’s Charter of Corporate Behavior clearly states that compliance with laws and regulations is fundamental to our activities. In accordance with this Charter, Asahi Intecc’s basic policy is not to have any relationship with antisocial forces that pose a threat to social order and safety, and all

Directors and employees are informed of this through public awareness. As part of this policy, as a basic rule, all contracts with new business partners in Japan include an article regarding the elimination of antisocial forces, and memorandums of understanding on the elimination of antisocial forces are concluded with long-standing business partners. In addition, the General Affairs Group oversees the collection of information concerning measures against antisocial forces, and takes appropriate measures in a resolute manner by consulting with experts such as attorneys and police as needed.

### Corruption Prevention

While bribery is obviously prohibited, we also examine and confirm that this is the case to ensure that inappropriate payments are not made, such as payments to public or quasi-public servants based upon requests or contracts to obtain permission. In addition, we have also obtained anti-bribery pledges from its overseas distributors.

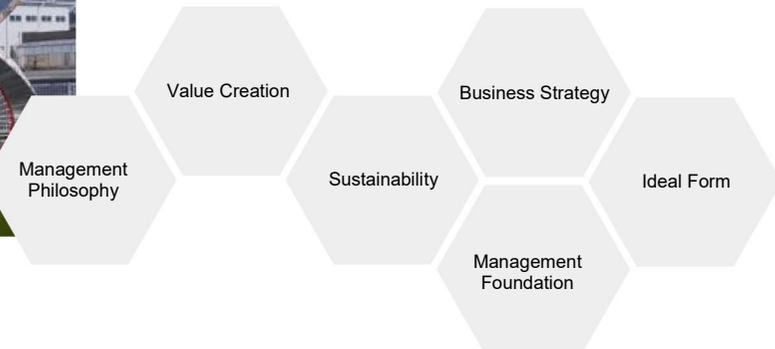


## Chapter 8

# Performance and Company Information

Performance and corporate information

- 8-1 | Financial Summary
- 8-2 | Non-Financial Summary
- 8-3 | Company and Stock Information



## 8-1 | Financial Summary

	37th Fiscal Year ended June 2013	38th Fiscal Year ended June 2014	39th Fiscal Year ended June 2015	40th Fiscal Year ended June 2016	41st Fiscal Year ended June 2017	42nd Fiscal Year ended June 2018	43rd Fiscal Year ended June 2019	44th Fiscal Year ended June 2020	45th Fiscal Year ended June 2021	46th Fiscal Year ended June 2022
Revenue (Million yen)	19,968	28,145	35,323	39,511	42,709	50,124	57,216	56,546	61,507	77,748
Operating income excluding goodwill amortization, etc. (Million yen)	4,403	6,047	8,034	10,004	10,797	13,774	15,317	12,595	12,944	16,893
EBITDA (Million yen)	5,581	7,561	9,994	12,291	13,350	16,660	18,778	16,794	17,764	22,712
Operating income (Million yen)	4,351	5,995	7,976	10,002	10,795	13,773	15,168	12,445	12,795	15,239
Operating income margin (%)	21.8	21.3	22.6	25.3	25.3	27.5	26.5	22.0	20.8	19.6
Ordinary income (Million yen)	4,802	6,099	8,399	9,521	10,941	13,740	14,833	12,310	13,196	16,326
Net Income attributable to parent company shareholders (Million yen)	3,004	4,360	5,828	6,907	7,725	10,042	11,237	9,178	9,984	10,857
Comprehensive income (Million yen)	5,288	4,392	7,940	4,126	9,490	10,623	11,335	9,251	10,753	17,297
Total assets (Million yen)	36,587	42,967	51,049	50,286	63,246	72,104	84,358	93,729	115,427	155,127
Net assets (Million yen)	21,924	25,736	32,592	32,263	44,659	53,599	65,450	71,975	92,938	121,130
Equipment investment (Million yen)	3,027	2,390	3,784	3,836	5,169	8,183	9,702	11,361	11,764	8,933
Depreciation and goodwill amortization (Million yen)	1,178	1,513	1,959	2,286	2,552	2,886	3,460	4,198	4,819	6,439
R&D expenses (Million yen)	1,954	2,714	3,230	3,886	4,496	5,052	6,036	6,579	7,524	8,869
Net assets per share (Yen)	85.79	100.32	126.97	127.47	173.11	207.34	251.37	276.13	349.18	439.80
Earnings per share (Yen)	12.36	17.06	22.73	27.31	30.43	38.88	43.29	35.25	38.25	40.01
Equity ratio (%)	59.6	59.9	63.8	64.1	70.6	74.3	77.6	76.8	80.5	77.0
ROE (Return On Equity) (%)	16.8	18.3	20.0	21.3	20.1	20.4	18.9	13.4	12.1	10.2
ROIC (Return On Invested Capital) (%)	-	-	-	-	-	-	20.0	13.5	11.7	10.9
Price earnings ratio (x)	24.5	30.5	46.1	45.5	42.0	53.9	61.3	87.0	69.4	51.2
Cash flows from operating activities (Million yen)	3,653	5,015	6,666	8,622	10,257	11,717	11,720	11,166	8,920	17,302
Cash flows from investing activities (Million yen)	-2,837	-1,125	-3,249	-3,841	-5,268	-10,537	-10,849	-10,389	-16,327	-18,703
Cash flows from financing activities (Million yen)	3,661	-2,920	-1,311	-4,552	1,598	-3,749	267	-850	10,110	11,368
Cash and equivalents, end of period (Million yen)	9,899	10,915	13,344	12,935	19,992	17,494	18,777	18,554	21,358	32,321
(Reference) Consolidated dividend payout ratio (%)	25.0	25.0	25.0	27.5	25.0	25.0	25.0	25.0	30.0	30.0
Number of employees (consolidated) (Persons)	3,127	4,831	5,233	5,545	6,220	6,998	7,810	8,761	9,409	10,435

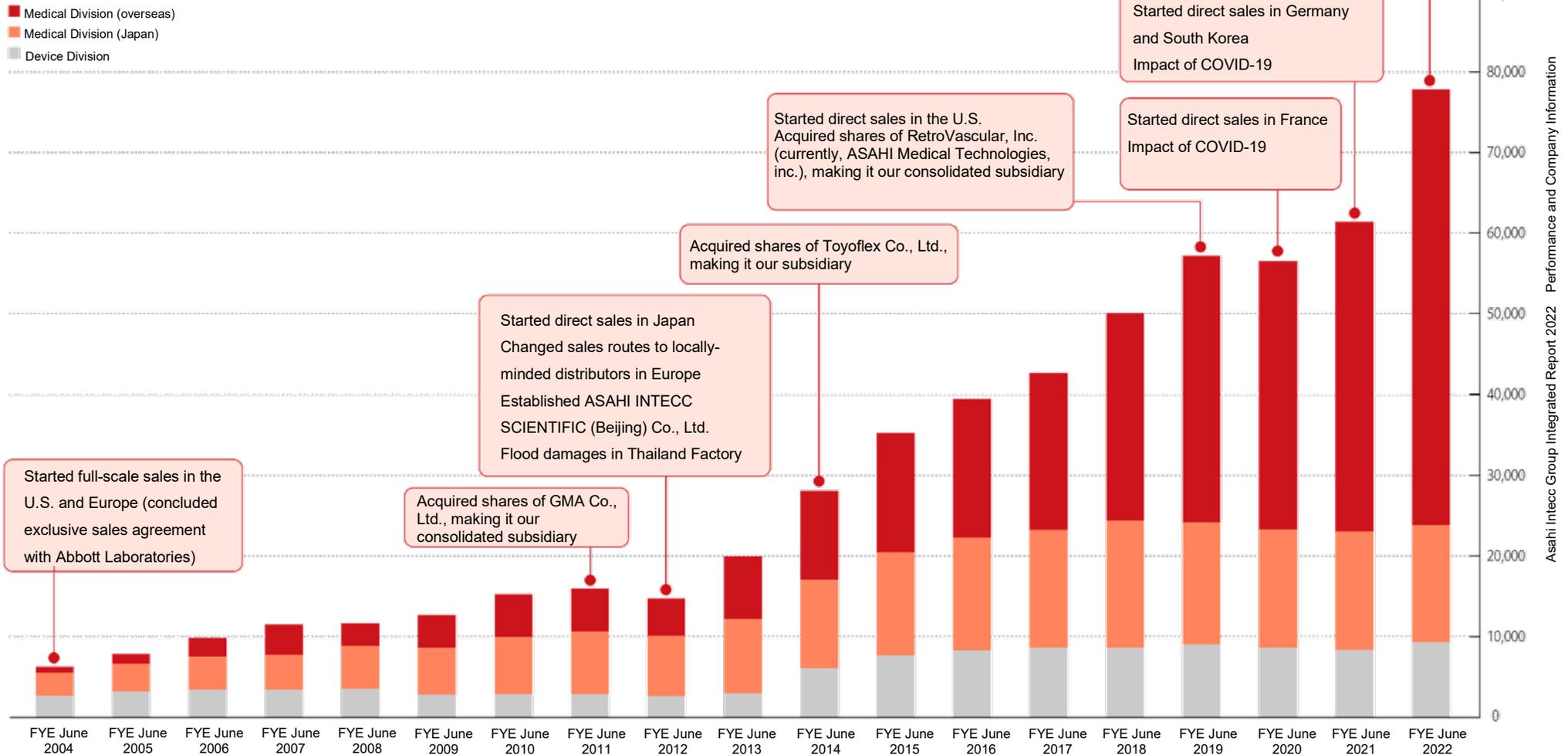
- The Company conducted a two-for-one split of its common shares on January 1, 2014, August 1, 2015, January 1, 2018, and July 1, 2019. Accordingly, the net assets per share, earnings per share, and diluted earnings per share are calculated on the assumption that such split of shares was conducted at the beginning of the FYE June 2013.
- ROIC (return on invested capital) is calculated based on the following formula:  

$$\text{ROIC} = \text{net operating income after tax} / \text{invested capital (working capital} + \text{fixed assets (average of beginning and ending balances))}$$

8-1 | Financial Summary

Trend of Revenue by Segment

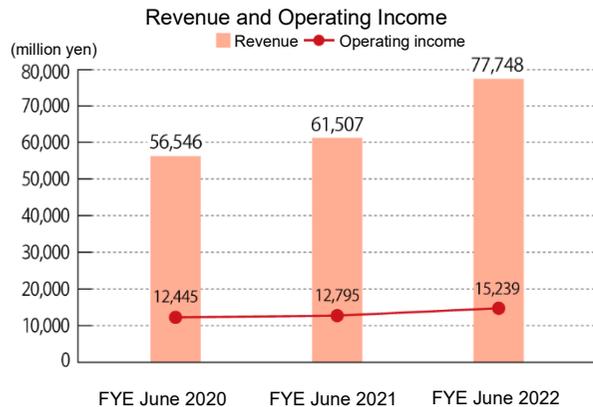
Medical Division has grown significantly due to improved performance in the overseas market.



## 8-1 | Financial Summary

### Revenue and Operating Income

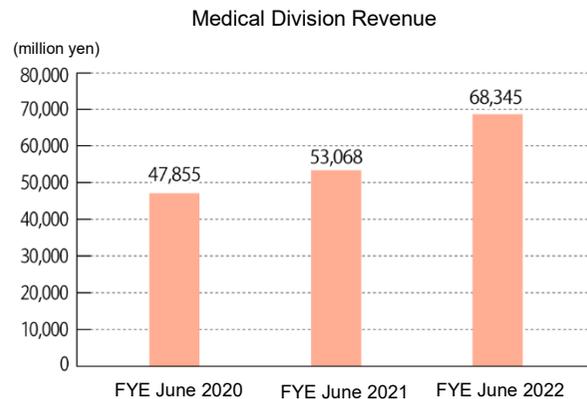
Revenue of our Group for the fiscal year under review amounted to 77,748 million yen (an increase of 26.4% year on year), thanks to a significant increase in overseas net sales primarily in Europe and China mainly due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, an increase in the market needs, benefits from acquisition of multiple companies, and promotion of direct sales in Germany. Operating income was 15,239 million yen (an increase of 19.1% year on year), despite an increase in selling, general, and administrative expenses, such as an increase in sales-related expenses associated with net sales growth in the overseas market and the promotion of direct sales, expenses of target companies and an increase in goodwill amortization associated with realization of the acquisitions, and an increase in R&D expenses for reinforcing development.



### Revenue by Business Division

#### (1) Medical Division

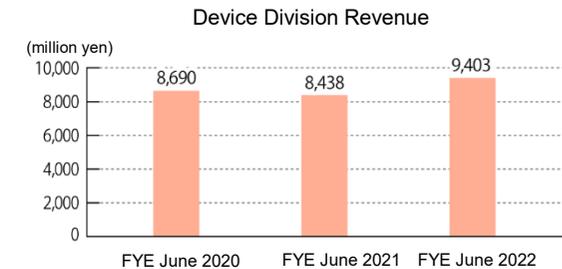
In the Medical Division, revenue increased thanks to a significant increase in overseas net sales primarily in Europe and China due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, benefits from acquisition of multiple companies, and promotion of direct sales in Germany. In the domestic market, revenue remained flat mainly due to reductions of reimbursement prices, returns of gastrointestinal products in connection with the shift to direct sales, and a decrease in OEM transactions, though PCI guide wires and catheters for treatment in the cardiovascular field, peripheral vascular products and neurovascular products were steady. In the overseas market, we experienced very strong results in all regions, primarily for PCI guide wires and penetration catheters in the cardiovascular field, mainly thanks to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, growth of net sales due to benefits from acquisition of KARDIA S.R.L. and Rev 1. Engineering, Inc., and promotion of direct sales in Germany.



Also in the non-cardiovascular field, we experienced strong results, mainly for neurovascular products, peripheral vascular products, and OEM products. The impact of deterioration of the Russia and Ukraine situation is immaterial.

#### (2) Device Division

In the Device Division, revenue increased mainly due to growth of the market needs led by recovery from the impact of COVID-19. The impact of damage to the Cebu Factory from a typhoon disaster is immaterial. As for medical components, revenue decreased in the domestic market. However, in the overseas market, revenue increased mainly due to increases in transactions of cardiovascular inspection catheter components and cardiovascular ultrasonic catheter components for the US companies. As for industrial components, net sales decreased due to a decrease in construction-related and automobile-related transactions both in the domestic and overseas markets, despite strong results for leisure-related transactions in the overseas market.



## 8-1 | Financial Summary

## ■ Consolidated Balance Sheet

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2021)	Current Consolidated Fiscal Year (FYE June 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposit	21,358	32,321
Bills / accounts receivable	10,110	13,987
Electronically recorded monetary claims – operating	1,575	1,607
Merchandise and finished goods	5,389	7,294
Work in process	7,818	12,493
Raw materials and supplies	6,699	7,168
Others	8,215	4,933
Allowance for doubtful accounts	-34	-196
Total current assets	61,132	79,609
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	24,419	31,800
Accumulated depreciation	-6,669	-10,101
Buildings and structures, net	17,749	21,698
Machinery, equipment and vehicles	23,287	27,324
Accumulated depreciation	-14,743	-18,060
Machinery, equipment, and vehicles, net	8,543	9,263
Land	6,150	6,381
Construction in progress	3,673	3,905
Others	10,695	10,062
Accumulated depreciation	-6,021	-5,749
Others, net	4,673	4,313
Total tangible fixed assets	40,790	45,561
<b>Intangible assets</b>		
Goodwill	2,549	8,200
Others	3,714	11,157
Total intangible assets	6,264	19,358
<b>Investments and other assets</b>		
Investment securities	4,685	7,052
Shares of subsidiaries and associates	200	205
Deferred tax assets	396	611
Others	2,030	2,815
Allowance for doubtful accounts	-74	-86
Total investments and other assets	7,238	10,598
Total fixed assets	54,294	75,517
<b>Total assets</b>	<b>115,427</b>	<b>155,127</b>

	Previous Consolidated Fiscal Year (FYE June 2021)	Current Consolidated Fiscal Year (FYE June 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bills payable / accounts payable	1,694	3,180
Electronically recorded obligations – operating	594	700
Short-term debt	4,593	5,815
Account payable-other	1,825	1,726
Accrued corporate tax, etc.	1,811	2,927
Provision for bonuses	1,160	1,371
Others	2,992	5,039
Total current liabilities	14,672	20,761
<b>Fixed liabilities</b>		
Short-term debt	3,450	6,364
Deferred tax liabilities	1,447	3,703
Provision for retirement benefits for directors (and other officers)	20	20
Retirement benefit liability	1,846	2,033
Others	1,050	1,112
Total fixed liabilities	7,816	13,234
<b>Total liabilities</b>	<b>22,488</b>	<b>33,996</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	12,647	18,860
Capital surplus	15,517	21,727
Retained earnings	61,155	69,018
Treasury stock	-7	-7
Total shareholders' equity	89,312	109,599
<b>Accumulated other comprehensive income</b>		
Valuation difference on available for-sale securities	1,767	1,872
Foreign currency translation adjustment	1,868	7,898
Remeasurements of defined benefit plans	-79	89
Total accumulated other comprehensive income	3,556	9,860
Stock acquisition rights	44	—
<b>Noncontrolling interests</b>	<b>25</b>	<b>1,670</b>
<b>Total net assets</b>	<b>92,938</b>	<b>121,130</b>
<b>Total liabilities and net assets</b>	<b>115,427</b>	<b>155,127</b>

## ■ Consolidated Statements of Income

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2021)	Current Consolidated Fiscal Year (FYE June 2022)
<b>Revenue</b>	<b>61,507</b>	<b>77,748</b>
<b>Cost of sales</b>	<b>20,039</b>	<b>26,666</b>
<b>Gross profit</b>	<b>41,468</b>	<b>51,082</b>
<b>Selling, general, and administrative expenses</b>	<b>28,673</b>	<b>35,843</b>
<b>Operating income</b>	<b>12,795</b>	<b>15,239</b>
<b>Non-operating income</b>		
Interest income	11	24
Dividend income	55	71
Foreign exchange gains	360	983
Others	239	381
Total non-operating income	666	1,460
<b>Non-operating expense</b>		
Interest expense	99	141
Loss on sale and retirement of non-current assets	82	—
Provision of allowance for doubtful accounts	—	105
Share issuance cost	49	82
Others	33	43
Total non-operating expense	265	373
<b>Ordinary income</b>	<b>13,196</b>	<b>16,326</b>
<b>Extraordinary gain</b>		
Gain on step acquisitions	—	615
Gain on reversal of asset retirement obligations	114	—
Total extraordinary gain	114	615
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	95	445
Loss on disaster	—	609
Loss on valuation of shares of subsidiaries and associates	—	156
Loss on business compensation	80	—
Others	2	—
Total extraordinary loss	177	1,211
<b>Income before income taxes and others</b>	<b>13,132</b>	<b>15,730</b>
<b>Income taxes – current</b>	<b>3,489</b>	<b>4,688</b>
<b>Income taxes – deferred</b>	<b>-342</b>	<b>49</b>
<b>Total income taxes</b>	<b>3,146</b>	<b>4,738</b>
<b>Net income</b>	<b>9,986</b>	<b>10,992</b>
<b>Profit attributable to non-controlling interests</b>	<b>1</b>	<b>134</b>
<b>Net income attributable to parent company shareholders</b>	<b>9,984</b>	<b>10,857</b>

## 8-1 | Financial Summary

## ■ Consolidated Statement of Comprehensive Income (Million yen)

	Previous Consolidated Fiscal Year (FYE June 2021)	Current Consolidated Fiscal Year (FYE June 2022)
<b>Profit</b>	9,986	10,992
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	613	104
Foreign currency translation adjustment	58	6,030
Remeasurements of defined benefit plans	95	169
Total other comprehensive income	767	6,304
<b>Comprehensive income</b>	10,753	17,297
(Breakdown)		
Comprehensive income attributable to parent company shareholders	10,751	17,162
Profit attributable to non-controlling interests	1	134

## ■ Consolidated Statements of Changes in Shareholders' Equity (Previous Consolidated Fiscal Year) (Million yen)

	Shareholders' equity					Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights		
Balance at the beginning of current period	6,403	9,295	53,466	-7	69,158	1,154	1,809	-175	2,788	4	23	71,975
Restated balance	6,403	9,295	53,466	-7	69,158	1,154	1,809	-175	2,788	4	23	71,975
Changes during the period												
Issuance of new shares	6,243	6,243			12,487							12,487
Dividends of surplus			-2,295		-2,295							-2,295
Profit attributable to parent company shareholders			9,984		9,984							9,984
Purchase of shares of consolidated subsidiaries		-22			-22							-22
Net changes in items other than shareholders' equity			7,688			613	58	95	767	39	1	808
Total changes during the period	6,243	6,221	61,155	—	20,154	613	58	95	767	39	1	20,963
Balance at the beginning of the period	12,647	15,517		-7	89,312	1,767	1,868	-79	3,556	44	25	92,938

## ■ Consolidated Statements of Changes in Shareholders' Equity (Current Consolidated Fiscal Year) (Million yen)

	Shareholders' equity					Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights		
Balance at the beginning of current period	12,647	15,517	61,155	-7	89,312	1,767	1,868	-79	3,556	44	25	92,938
Restated balance	12,647	15,517	61,155	-7	89,312	1,767	1,868	-79	3,556	44	25	92,938
Changes during the period												
Issuance of new shares	6,213	6,213			12,427							12,427
Dividends of surplus			-2,994		-2,994							-2,994
Profit attributable to parent company shareholders			10,857		10,857							10,857
Purchase of shares of consolidated subsidiaries		-3			-3							-3
Net changes in items other than shareholders' equity			7,863			104	6,030	169	6,304	-44	1,645	7,905
Total changes during the period	6,213	6,210	7,863	—	20,286	104	6,030	169	6,304	-44	1,645	28,192
Balance at the beginning of the period	18,860	21,727	69,018	-7	109,599	1,872	7,898	89	9,860	—	1,670	121,130

## ■ Consolidated Statements of Cash flows (Million yen)

	Previous Consolidated Fiscal Year (FYE June 2021)	Current Consolidated Fiscal Year (FYE June 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes and others	13,132	15,730
Depreciation	4,819	6,439
Increase (decrease) in allowance for doubtful accounts	21	160
Increase (decrease) in provision for bonuses	652	136
Increase (decrease) in retirement benefit liability	292	187
Interest income and dividend income	-66	-96
Interest expenses	99	141
Amortization of goodwill	149	1,034
Loss (gain) on valuation of investment securities	95	445
Increase (decrease) in trade and other receivables	-2,754	-1,624
Increase (decrease) in inventories	-2,387	-3,260
Increase (decrease) in trade and other payables	-199	1,189
Increase (decrease) in accounts payable	199	-223
Increase (decrease) in accrued income	-211	471
Others	-1,028	73
Subtotal	12,814	20,805
Interest and dividends received	66	95
Interest paid	-133	-162
Income taxes paid	-3,827	-3,436
Cash flows from operating activities	8,920	17,302
<b>Cash flows from investing activities</b>		
Purchase of investment securities	-466	-2,656
Purchase of tangible fixed assets	-9,906	-7,981
Purchase of intangible assets	-1,582	-579
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-3,690	-6,934
Others	-680	-551
Cash flows from investing activities	-16,327	-18,703
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term debt	1,550	-1,550
Proceeds from long-term loans payable	—	5,262
Repayment of long-term loans payable	-1,549	-1,603
Dividends paid	-2,295	-2,994
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,447	12,383
Repayments of lease obligations	-98	-125
Others	57	-4
Cash flows from financing activities	10,110	11,368
Effect of exchange rate change on cash and cash equivalents	100	995
Increase (decrease) in cash and cash equivalents	2,804	10,962
Cash and cash equivalents at beginning of period	18,554	21,358
Cash and cash equivalents at end of period	21,358	32,321

## 8-2 | Non-Financial Summary

Environmental data (see page 59-64)

### ■ CO<sub>2</sub> emissions\*<sup>1</sup>

	FYE June 2020	FYE June 2021	FYE June 2022
SCOPE1(t-CO <sub>2</sub> )	1,790	1,877	2,349
SCOPE2(t-CO <sub>2</sub> )	35,573	39,281	44,385
Subtotal (t-CO <sub>2</sub> )	37,363	41,158	46,734
SCOPE3 <sup>2</sup> (t-CO <sub>2</sub> )	-	-	74,045
Total (t-CO <sub>2</sub> )	37,363	41,158	120,779
Emissions by basic sales unit* <sup>3</sup> (t-CO <sub>2</sub> /1 million yen)	0.66	0.67	0.60

### ■ CO<sub>2</sub> emissions in FYE June 2022 (by category of SCOPE3)

	Contents	Emissions (t-CO <sub>2</sub> )	Calculation method
Category 1	Purchased goods and services	49,490	Calculated by multiplying the amount of materials and services purchased by each emission intensity.
Category 2	Capital goods	11,398	Calculated by multiplying the amount of capital goods purchased by the emission intensity
Category 3	Fuel-and-energy-related activities not included in Scope 1 or 2	-	Not to be calculated because there are no applicable fuel and energy activities
Category 4	Upstream transportation and distribution	10,373	Calculated by multiplying the transportation ton-km of purchased materials and other logistics cost borne by the Company by emission intensity for each transportation method
Category 5	Waste generated in operations	70	Calculated by multiplying the consignment amount of waste treatment by the emission intensity for each type of waste
Category 6	Business travel	135	Calculated by multiplying the number of employees by the emission intensity
Category 7	Employee commuting	573	Calculated by multiplying the number of commuters divided by work type and city group by each emission intensity
Category 8	Upstream leased assets	-	Not to be calculated because the Company does not hold applicable leased assets
Category 9	Downstream transportation and distribution	1,771	Calculated by multiplying the transportation ton-km of sold products, etc. (those not covered by the Company's own expenses) by the emission intensity for each transportation method.
Category 10	Processing of sold products	33	Calculated by multiplying each type of sold intermediate product weight by the emission intensity
Category 11	Use of sold products	-	Not to be calculated because there are no applicable products
Category 12	Disposal of sold products	201	Calculated by multiplying the consignment weight of waste treatment in sold products by the emission intensity
Category 13	Downstream leased assets	-	Not to be calculated because the Company does not hold applicable leased assets
Category 14	Franchises	-	Not to be calculated due to lack of franchise agreement
Category 15	Investments	-	Not to be calculated, because there are no applicable investments
Total		74,045	

### ■ Tap water consumption\*<sup>4</sup>

	FYE June 2020	FYE June 2021	FYE June 2022
Tap water consumption (1000 m <sup>3</sup> )	306	319	354

- \*1 The calculation method has been reexamined in the past since FYE June 2022.  
 \*2 Calculation of SCOPE 3 started targeting Asahi Intecc only from FYE June 2022.  
 \*3 Calculated by dividing the total of SCOPE1+SCOPE2 by revenue.  
 \*4 Sales sites are excluded, because the water consumption of such sites is extremely limited and cannot be individually identified.

## 8-2 | Financial Summary

## Human Resources Data (see pages 52-57)

## ■ Employee Data

	FYE June 2020	FYE June 2021	FYE June 2022
Number of employees/consolidated (persons)*1	8,761	9,409	10,435
Female	6,701	7,253	8,052
Male	2,060	2,156	2,383
Ratio of female employees (%)*1	76.5	77.1	77.2
Ratio of female managers (%)*1	32.2	32.5	33.9
Employment ratio of foreigners (%)*1	88.1	87.7	84.5
Ratio of foreign managers (%)*1	59.3	64.3	65.3
Ratio of mid-career hires in managerial positions (%)	58.9	59.9	61.4
Employment ratio of people with disabilities*2	2.27	2.78	2.33
Employment ratio of new female graduates (%)*2	19.4	24.5	14.9
Employment ratio of new female graduates in technical positions (%)*2	15.4	18.2	12.9
Length of service (years)*2	7.0 Years	7.4 Years	7.3 Years
Female	5.9 Years	6.1 Years	6.0 Years
Male	7.5 Years	7.8 Years	7.7 Years

## ■ Work-Life Balance

	FYE June 2020	FYE June 2021	FYE June 2022
Over time (hours)*2	23.5	23.5	24.3
Rate of taking paid leave (%)*2	66.0	65.3	69.2
Number of sites with flextime system (sites)*2	4	4	5
Rate of taking childcare leave by male employees (%)*2*3	-	-	20.7
Voluntary full-time employee turnover rate (%)*2	3.7	3.0	5.6

## ■ Human Resources Vision

	FYE June 2020	FYE June 2021	FYE June 2022
Number of Meisters (persons)*2	6	5	5
Practical competence improvement projects Number of registered groups (groups)*1	138	138	152
Number of foreign language training participants (persons)*2	7	10	10
Ratio of R&D personnel (%)*2	47.3	48.8	47.9

\*1 Scope: Asahi Intecc Group

\*2 Scope: Full-time employee in Japan (Asahi Intecc only)

\*3 Years covered: Tabulation has started since FYE June 2021.

## 8-3 | Company and Stock Information

### Company Profile

- Trade Name ..... ASAHI INTECC CO., LTD.  
(ASAHI INTECC CO., LTD.)
- Date of Establishment ..... July 8, 1976
- Capital stock ..... 18,860.79 million yen (as of end of June 30, 2022)
- Number of Employees ..... Consolidated: 10,435 persons/Asahi Intecc Co., Ltd.:  
1,041 persons (as of June 30, 2022)
- Stock Listing ..... Tokyo Stock Exchange: Prime Market  
Nagoya Stock Exchange: Premier Market
- Contents of Main Businesses
  - (1) Development, manufacturing, and sale of minimally invasive treatment products used mainly in endovascular treatment (guide wire, catheter)
  - (2) Development, manufacturing and sale of components in medical field and industrial field

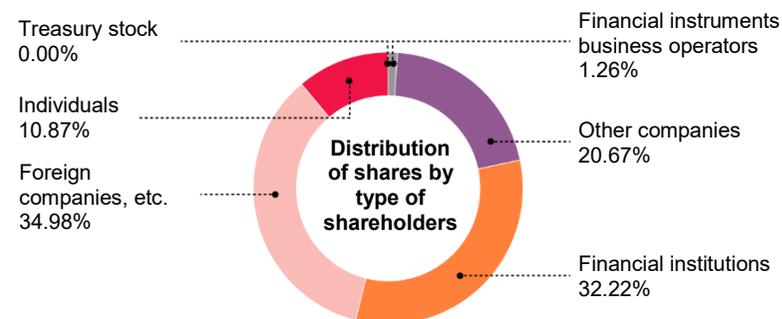
### Matters regarding Shares of Asahi Intecc (as of June 30, 2022)

- Total number of authorized shares ..... 800,000,000 shares
- Total number of issued shares ..... 271,633,600 shares (including 7,878 shares of treasury stock)
- Number of shareholders ..... 17,022 persons

#### ■ Major Shareholders

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	44,156,900	16.25
Custody Bank of Japan, Ltd. (trust account)	23,251,500	8.56
Bo-en Holdings Co., Ltd.	23,084,032	8.49
HI-LEX Corporation	8,100,000	2.98
Y.K. ICSP	7,200,000	2.65
SSBTC CLIENT OMNIBUS ACCOUNT	5,850,436	2.15
Masahiko Miyata	5,809,800	2.13
Kenji Miyata	5,263,600	1.93
THE BANK OF NEW YORK MELLON 140041	4,665,529	1.71
JP MORGAN CHASE BANK 385632	4,352,665	1.60

Shareholding ratio is calculated after deducting treasury stock (7,878 shares)





Your dreams. Woven together.

**ASAHI INTECC CO.,LTD.**