

05 Sustainability Bolstering Non-Financial Capital

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In Tokyo R&D Center

5-1 On-Site Problem Solving Through Innovation

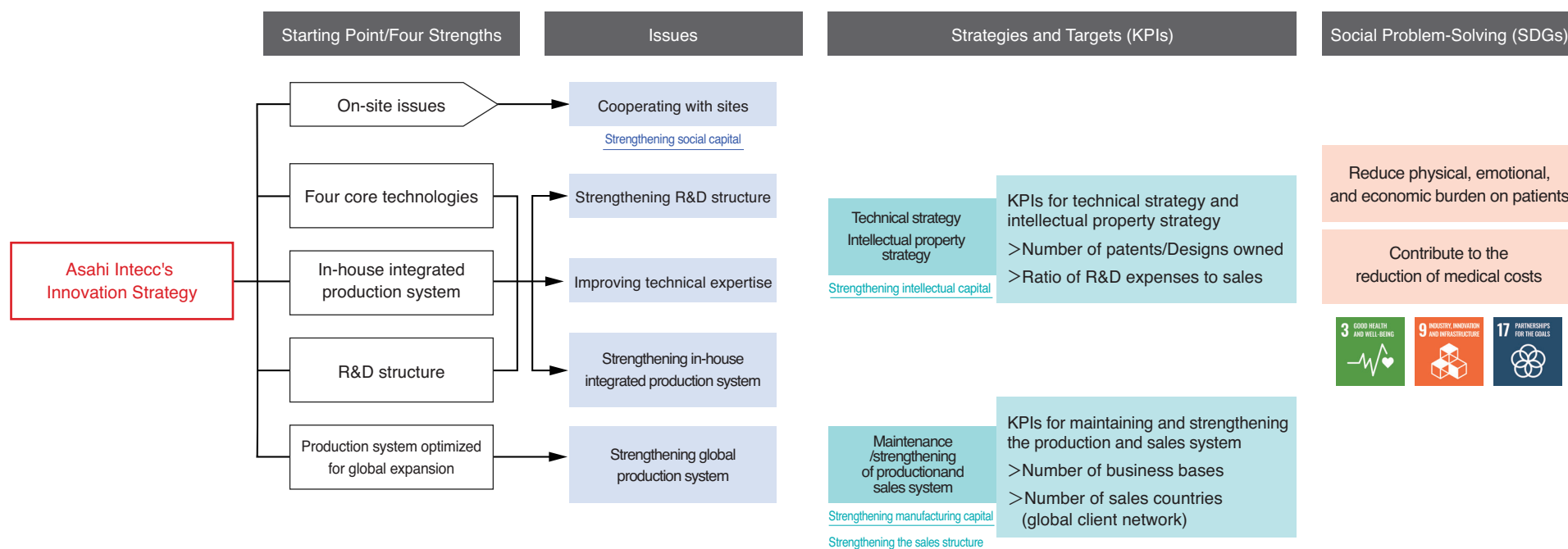
We are working to further create innovation by bolstering non-financial capital.

» 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) who inherit 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

Contribute to the reduction of medical costs



② Specific Measures

Developing products that reduce the physical, emotional, and economic burden on patients (Medical Division)

Developing products to meet customers' needs (Device Division)

Our Group has developed and marketed products such as PCI guidewires 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 contributing to improvements in treatment success rates and to reductions in treatment durations through increasing choices at medical facilities. In addition, we share the on-site issues of our customers, including medical device manufacturers and industrial equipment manufacturers, and go back to the material level through repeated trial and error to develop and supply component products with high-value added functions. By doing so, we strive to satisfy customer needs.

New Products and Technologies

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

[Medical Division]

One of Asahi Intecc Group's current key strategies is to expand the range of products in the non-cardiovascular field.

In the fiscal year ended June 2024, we are strengthening the commercialization of products in the peripheral vascular and neurovascular fields.

In the peripheral vascular field, we developed and launched the CROSSLEAD PENETRATION 14 and CROSSLEAD PENETRATION 18 with the aim of adding to our lineup of peripheral vascular guide wires in the CROSSLEAD series. CROSSLEAD PENETRATION excels in operability and penetration, enabling it to demonstrate its superiority in hard lesions (CTO lesions).

In the neurovascular field, we strengthened the development of guiding catheters with balloons for use in the event of stroke and guide wires for neurovascular treatment. For guiding catheters with balloons, we have developed the BRANCHOR X as an additional line-up to the BRANCHOR series. This product has been improved in inducibility and stability compared to conventional products and has the potential to contribute to shortening procedure times.

We also developed the CHIKAI X014 as an additional line-up to the CHIKAI series guide wires for neurovascular treatment.

The number of new medical device products launched in FYE June 2024 was four. We will continue to create new medical items. In addition to these guidewire and catheter products, we are also developing software to support catheter treatment, and have completed ESPELUX VIEW. ESPELUX VIEW is software developed for the analysis of angiographic images and the provision of information to support treatment. It has begun being used in a limited number of medical facilities. We also launched the educational software for ESPELUX VIEW.

5-1 On-Site Problem Solving Through Innovation

We have also undertaken multiple innovation initiatives, including the development of guidewires using plasma energy with new added value and the joint R&D project in which overseas startup's sensors are incorporated in the guidewires developed and manufactured by our company for contributing to the evolution of neurovascular treatment.

[Devices Division]

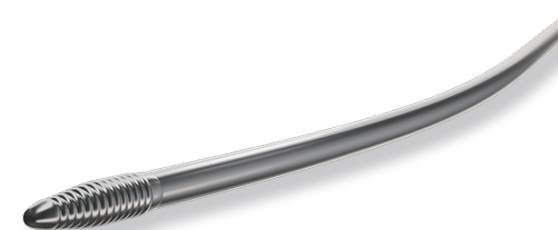
Asahi Intecc also possess high-precision machining technology in the Devices Division to design mechanisms that meet customer needs and to realize products that meet their design philosophy, in addition to metal-based and resin-based medical components, and is working to expand and deepen such technologies.

The technological development capabilities of the Devices Division contributed to the enhancement of our own medical treatment products in Medical Division. We developed metal components for the CROSSLEAD Tracker and CROSSLEAD PENETRATION, guidewires for peripheral vascular treatment, and CHIKAI X 014, guidewires for neurovascular treatment, and resin components for the Branchor X series, guiding catheters with balloons for neurovascular treatment.

As an R&D-oriented company, we will continue to deepen and expand our company's core technologies and create new value by integrating our company technologies with a variety of new technologies in order to meet diversifying social and customer needs.



Guide wire for peripheral vascular treatment CROSSLEAD



Guide wire for peripheral vascular treatment CROSSLEAD Penetration



Balloon guiding catheter for neurovascular treatment Branchor X Series



Guide wire for neurovascular treatment CHIKAI X 014

5-1 On-Site Problem Solving Through Innovation

③ Entry into New Business

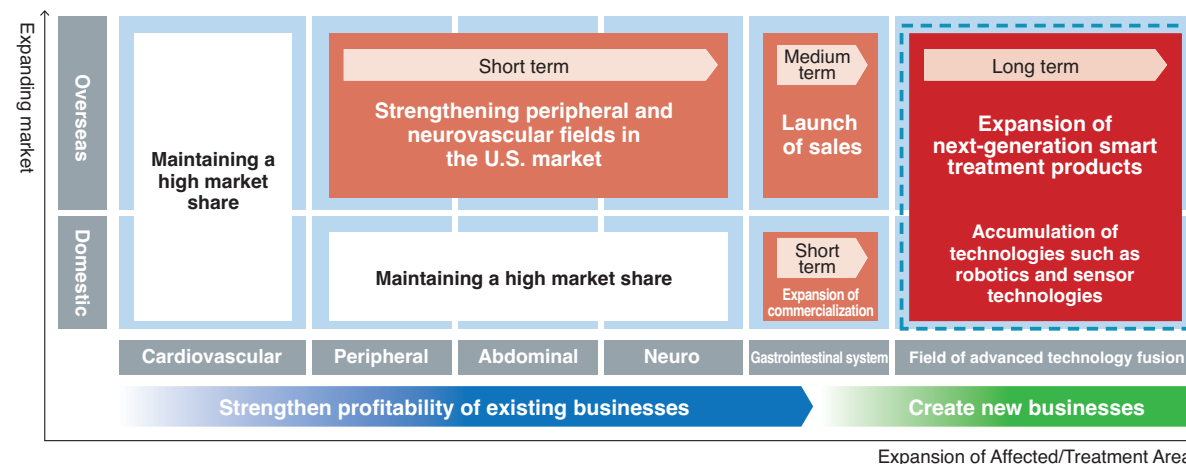
Efforts to realize next-generation smart treatments

With the aim of improving the quality of life of patients around the world, our Group is promoting initiatives to realize next-generation smart treatments. As a phased approach, we are developing plasma guide wires, entering the field of robotics and developing navigation systems.

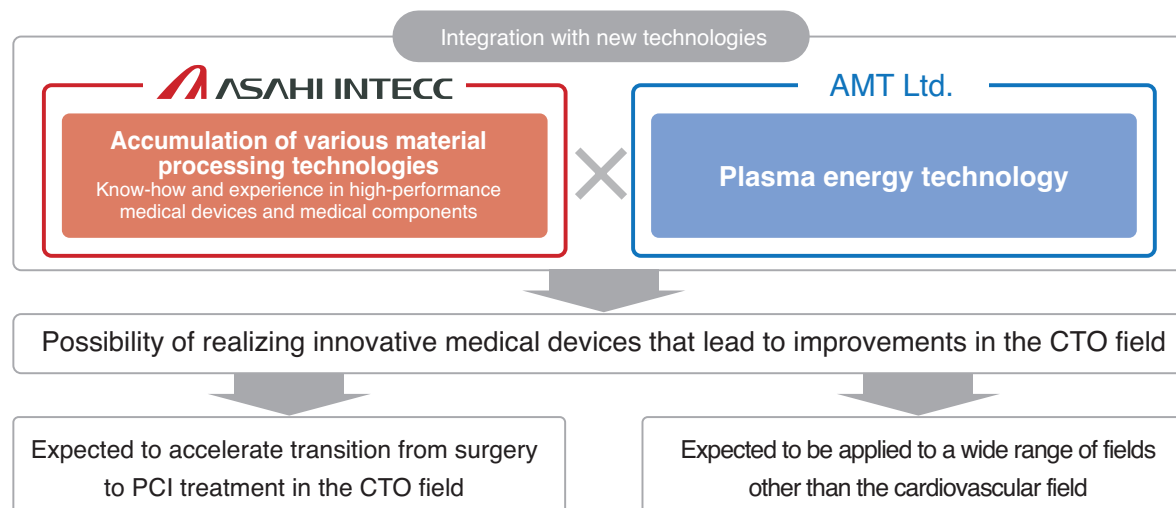
Efforts to develop plasma guide wires

Our company is developing plasma guide wires that use plasma energy to add new value to existing guidewires. With plasma energy, this product can pass through the target part, which is difficult with the conventional guide wire penetration mechanism.

Expansion of Business Portfolio



Development of Plasma Guide Wires



5-1 On-Site Problem Solving Through Innovation

Efforts in Robotics

In the field of robotics, ASAHI SURGICAL ROBOTICS CO., LTD., one of our consolidated subsidiaries, has developed the laparoscopic surgery support robot, the ANSUR Surgical Unit (ANSUR). ANSUR is a surgery support robot with a unique concept that is different from existing robots in that it ensures visual field expansion and serves as an assistant to pull organs, according to the operator's intention. It is expected that the assistant robot will reduce the number of assistants involved in surgery and accordingly that the work-life balance of doctors will be improved.



Laparoscopic surgery
support robot
ANSUR

Efforts to Develop Navigation Systems

Our Group has established Magnaire Co., Ltd. in partnership with MagneDesign Corporation, which owns GSR sensor technology, to plan, develop, and manufacture new catheters and guide wires using GSR sensors. The GSR sensor is a magnetic sensor that enables unprecedented ultra-miniaturization and ultra-high sensitivity. We think that the use of the GSR sensor enables high-precision catheter navigation systems and other technologies that are essential for the development of advanced medical care in the future.

Efforts for Preventive Medicine

In May 2022, our Group established walkey Inc., a joint venture company with Quantum Inc., for the purpose of providing walking training services in the field of gait. Our Group will contribute to improving the quality of life of all people, not just patients with current diseases, by expanding its business into the field of preventive medicine as well as conventional treatment.



5-1 On-Site Problem Solving Through Innovation

Strengthening Social Capital 1

» Cooperating with Sites

Medical Division

In recent years, we have developed products matching the needs of medical practice by strengthening our joint R&D system with highly experienced top doctors in each medical field. We sign contracts with top doctors and medical institutions in cardiology, peripheral vascular, neurovascular, and gastrointestinal fields, 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.

In the simulation room located at the Global Headquarters and R&D Center, which recreates an actual operating room, we have top Japanese and foreign doctors try out our Group's technologies and products on proprietary human models that reproduce clinical issues for each developed product, so we can immediately apply their desires and feedback to our product development. We also conduct joint research with several universities, research institutes and hospitals in software research and 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.



5-1 On-Site Problem Solving Through Innovation

Strengthening Social Capital 2

» Cooperating with Sites

Our Group has signed contracts with top doctors and medical institutions in each field, and together we develop products based on the needs we hear about in clinical settings. In addition, by exchanging opinions with local doctors at conferences held around the world, we incorporate the needs of clinical practice into our product development.

We will open new doors for minimally invasive treatments in response to the voices of doctors around the world.

Cardiovascular Field



Prof. Dr. med. Kambis Mashayekhi
MEDICLIN Heart Center Lehr



Asahi Intecc understood what was needed for a global company. In addition, the company understood the importance of an approach satisfying the needs of each professional.

This is why they are developing the business in a way that is appropriate for markets around the world.



Lei Ge MD, PhD
Fudan University Zhongshan
Hospital



Without Asahi Intecc's products, it would be impossible to perform complex CTO (chronic total occlusion) treatments. Thanks to its dedicated devices newly launched in China, the success rate and effectiveness of treatment of complex PCI procedures has dramatically improved.

Peripheral Vascular Field



Jihad A. Mustapha, MD, FACC,
FSCAI
Marion Heart Associates,
P.A. Ocala Florida

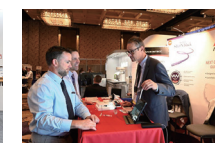


I have seen Asahi Intecc deliver its innovative technologies that defy conventional common sense. Asahi Intecc's unique technologies, such as wires and catheters, have dramatically changed the course and outcome of patients after treatment.

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



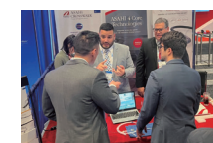
CCT (Japan)



SCAI (USA)



EURO CTO (Europe)



IENT (USA)



JSES (Japan)

Neurovascular Field



Adnan H. Siddiqui, MD, PhD,
FACS, FAHA
Jacobs Institute



The strength of Asahi Intecc's technology lies in the manufacturing of wires. As it controls the entire manufacturing process in house, Asahi Intecc is able to be much more flexible than its competitors in coating, resin, and wire types and shapes.

Abdominal Vascular Field



Daisuke Abo, MD, PhD.
Hokkaido University Hospital



The Veloute19DM (abdominal vascular products) solves the trade-off problem of conventional technology and brings new value to the user by realizing a new concept. We are confident that this is an outcome that can be achieved only because of its advanced technology, and that this product represents Asahi Intecc's innovation and solid capabilities.

Gastrointestinal Field

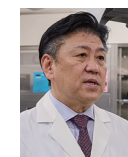


Hirofumi Kogure, MD, PhD.
Nihon University Itabashi Hospital



Since Asahi Intecc has advanced guidewire technology, they have developed several new guidewires since entering the field of endoscopes, which we have experience using. I have the expectation that they make guide wires beyond our imagination.

Surgery Support Robot ANSUR



Masaaki Ito, MD, PhD.
National Cancer Center Hospital East



The major feature of this product is that it enables one surgeon to accurately perform operations performed by three surgeons. In fact, we have already performed over 20 surgeries using surgical robots since it was released. I feel that this technology will surely be used in the future, not only in Japan but all over the world.

5-1 On-Site Problem Solving Through Innovation

Strengthening Intellectual Capital 1

Strengthening R&D Structure

About Our R&D

As an R&D-oriented company, our Group has positioned R&D activities as one of the most important management priorities since its founding. Our group has advanced and highly original material processing technologies based on its four core technologies (wire drawing technology, wire forming technology, coating technology, torque technology). In addition, by establishing an integrated production system from raw materials to finished products, we are able to develop and manufacture products with our own unique materials and functions.

This is an unusual strength specific to our Group, including technology circulation in the medical and industrial equip-

ment fields, and technology collaboration between research and development bases in Japan and overseas production bases, which is rarely seen among our competitors. Taking advantage of these unique capabilities, recently, we have strengthened the collaborative R&D structure with top doctors in various fields with extensive experience at the medical site and developed products closely related to the medical frontlines. This integration is a major factor in differentiating ourselves from competitors in the medical device field and continuing to supply products with competitive advantages.

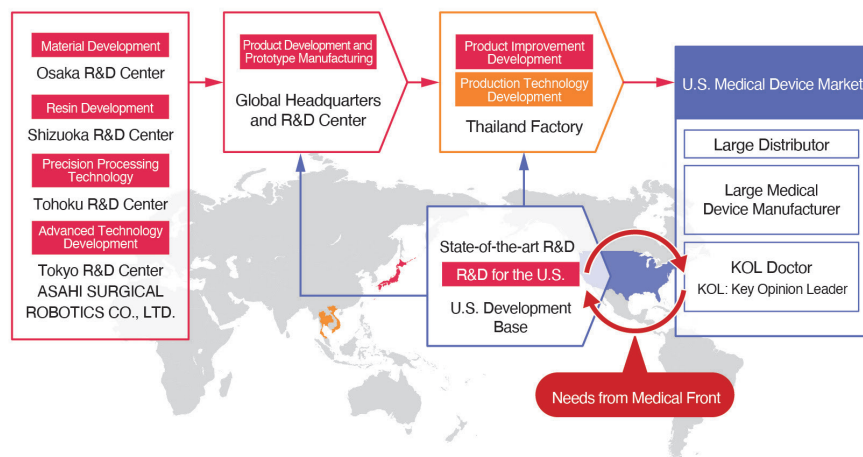
Measures to Strengthen/Improve Our R&D Structure

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.

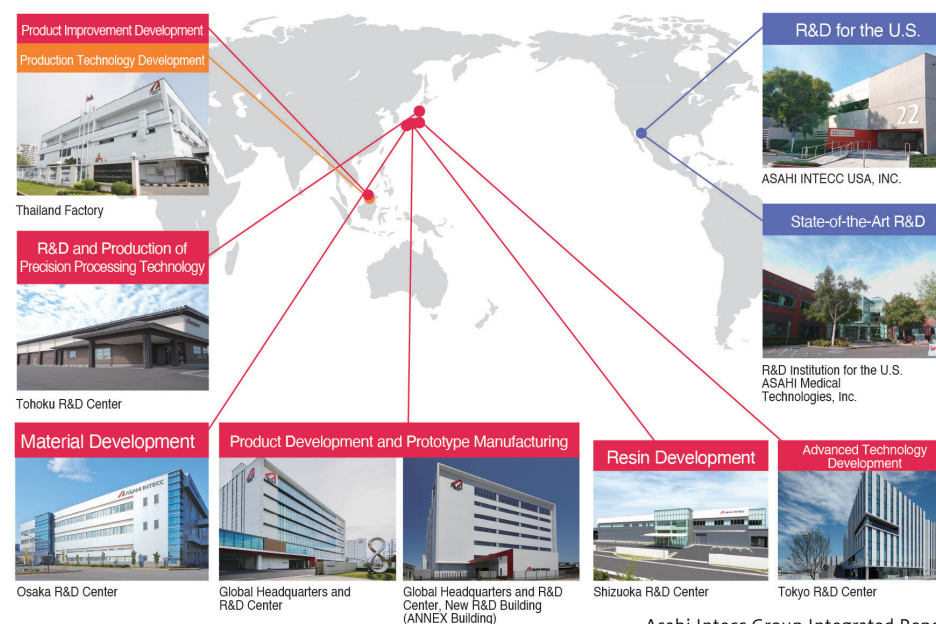
In Japan, which is the main R&D base, we have constructed a new building in the premises of Seto Factory, which is the center of the Group's R&D, and created an R&D environment identical to a clinical setting. In recent years, we have further enhanced our domestic R&D structure by opening the Tokyo R&D Center and building a new R&D building (ANNEX Building) within our Global Headquarters and R&D Center.

R&D System Covering Product Development from Upstream to Downstream

We strengthen our practical competence through the 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 such as 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 the fruits of our new technology obtained by technical development as the foundation of our Group's activities by applying for and obtaining patents. However, to avoid disclosing technologies 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. On the other hand, in light of respecting the patent rights of other companies, all of our products are subject to patent clearance before they are put on the market.

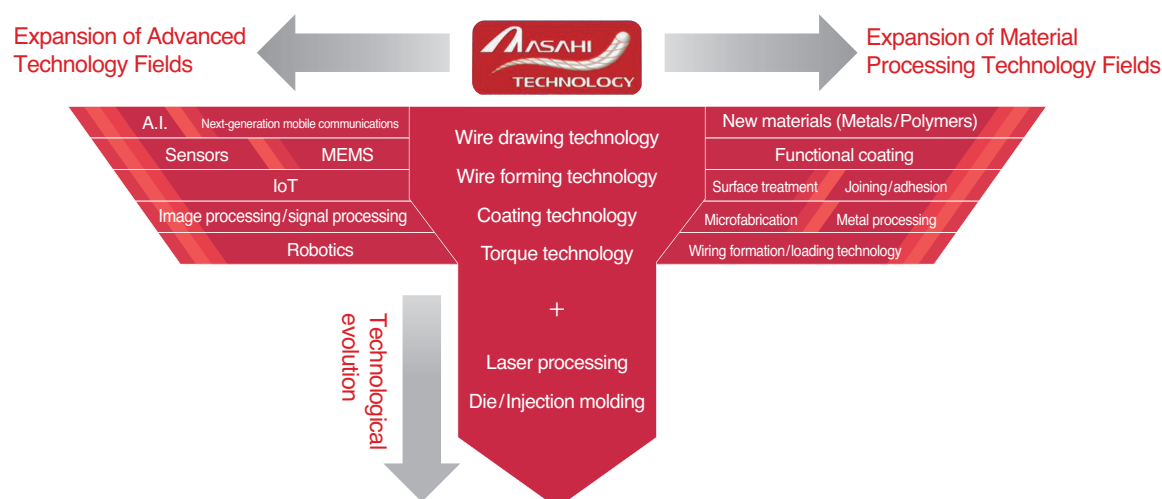
As part of our efforts to strengthen and protect our com-

pany brand, we are actively involved in trademark and design registrations for products and technologies. As of the end of the fiscal year ended June 2024, we held 938 patents and design rights worldwide.

〈Actions for Patent Infringement and Lawsuits〉

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 with 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 currently specializes in the R&D and prototyping in Japan, while we have established the 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]). From the perspectives of risk management and BCP (business continuity plan), we are working to establish a system that enables 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.

■ 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 learned 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 plat-

form.

In addition, we have enhanced the Cebu factory's mass production system to promote the BCP (business continuity plan). We have transferred production of the products manufactured at the Thailand factory and the Hanoi factory to the Cebu factory, increasing the number of products that can be manufactured there. For the transfer, we installed in the Cebu factory manufacturing equipment, machinery and jigs designed and built in the Thailand factory and the Hanoi factory, establishing a stable production line.

Develop R&D System Optimized for Global Expansion

Development/Prototyping /Production transfer

Japan

- Expand prototype line for passing on technology
- Focus on R&D, but maintaining a prototype line for technology transfer



Global Headquarters and R&D Center



Global Headquarters and R&D Center, New R&D Building (ANNEX Building)



Tohoku R&D Center

Thailand Factory

- Shifted to new development base with the roles of rolling-up development system and smooth production transfer of development project, from conventional mass production/trial production factory



- Restructure production bases to improve production efficiency and decentralize to meet BCP requirements
- In areas where local production is required, consider establishing new production bases that are closely linked to the area while considering regulations

Mass production /Increase production efficiency

Hanoi Factory (Vietnam)

- Pursue production efficiency as a mass production factory
- Construct the new factory for further mass production



Cebu Factory (Philippines)

- Pursue production efficiency as a mass production factory
- Launch mass production of finished products in addition to the industrial equipment field



Medical factory

5-1 On-Site Problem Solving Through Innovation

Promotion of Digital Transformation (DX)

» Promotion of Company-wide DX through the Establishment of the AIX Promotion Office

Basic Policy for DX Promotion

Our group is promoting DX, internally referred to as AIX (Asahi Intecc Transformation), with the aim of transforming operations, business models, and corporate culture by leveraging data and digital technologies to further enhance the company's competitiveness. This initiative aims to contribute to our group's business growth and solving social issues through the promotion activities by focusing on two types of DX: CX (Customer eXperience), which enhances the value of products and services based on the needs of customers and society, and EX (Employee eXperience), which utilizes data and improves business processes based on the needs of employees.



DX internally referred to as "AIX"
Asahi Intecc Transformation

Development of AIX Promotion System

In order to effectively promote AIX, we introduced the position of the Chief Digital Officer (CDO) in the fiscal year ended June 2023, and established the AIX Promotion Office in July 2023 to promote and strengthen company-wide DX initiatives. The AIX Promotion Office works with existing organizations to support the promotion of individual projects, improve the environment, raise awareness within the company, develop human resources, and explore cutting-edge technologies in order to enable each organization to move forward with value creation and problem solving based on the hands-on approach. In addition, the AIX Promotion Committee was established to formulate and promote the basic policy, strategy and action plan for DX for the entire company. The committee shares the status of activities across the Business Divisions once a quarter to make investment decisions and identify issues.

Specific Initiatives to Promote AIX

In the fiscal year ended June 2024, in terms of the CX, we are researching new technologies, developing new products, and conducting commercialization studies, centering on the R&D department. For EX, we are building a company-wide data management infrastructure to promote the use of data. In addition, we are deploying a generated AI application environment at all sites in Japan and using it in business operations. We are also developing a system for retrieval-augmented generation (RAG) and proceeding with trials of extended use of in-house

data. In terms of human resource development, we are working to improve business processes leading to higher productivity by supporting the development and retention of skills in the use of various no-code and low-code tools. With regard to human resource development related to the DX promotion, we consider the succession of "Challenge," "Practical Competence," "Self-Support," "Global Best," and "Creative Manufacturing Group," which are our DNA, as the basic policy and aim of improving DX literacy on a company-wide basis and further acquiring the digital skills of specialists who will be responsible for promoting DX. In the fiscal year ended June 2024, the number of EX projects, including small-scale projects, exceeded 50, with a wide range of initiatives, including in-house data utilization, business use of generated AI, business automation using RPA, business application development, and construction of information dissemination sites. In the future, we plan to develop this beyond our bases in Japan, and through the promotion of AIX, we will continue to bring about innovation from the perspective of sustainability throughout the Group, promote value creation and solve problems, and carry out reforms on a daily basis.

