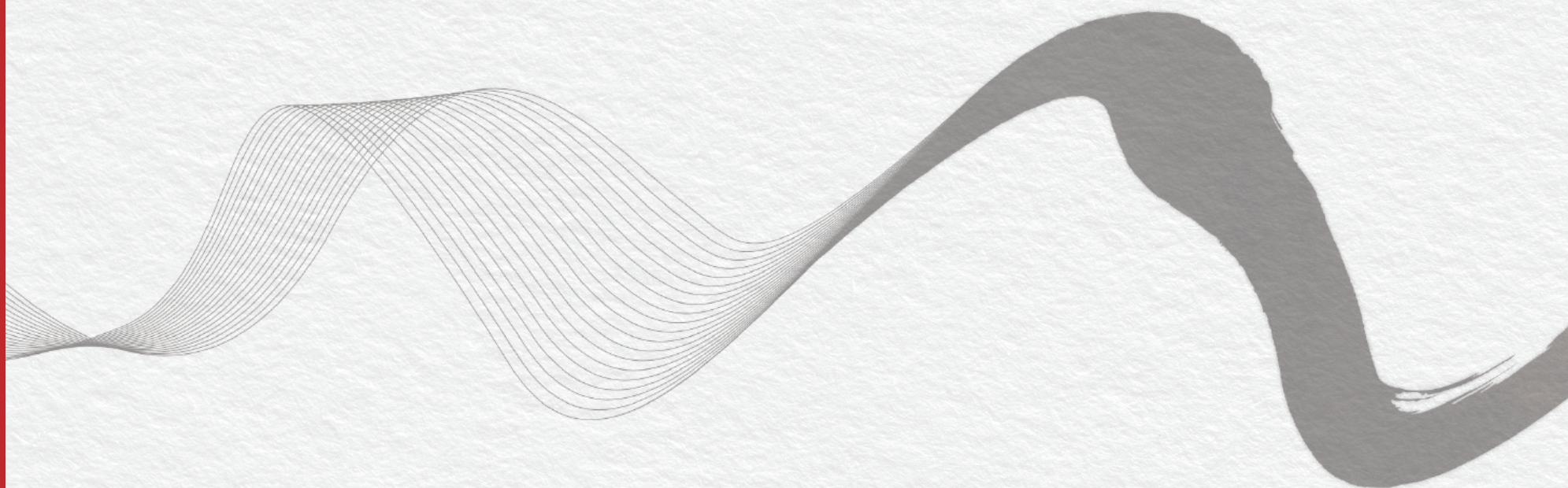


# Asahi Intecc Group Integrated Report 2023

**Your dreams. Woven together.**

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



 **ASAHI INTECC CO.,LTD.**

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

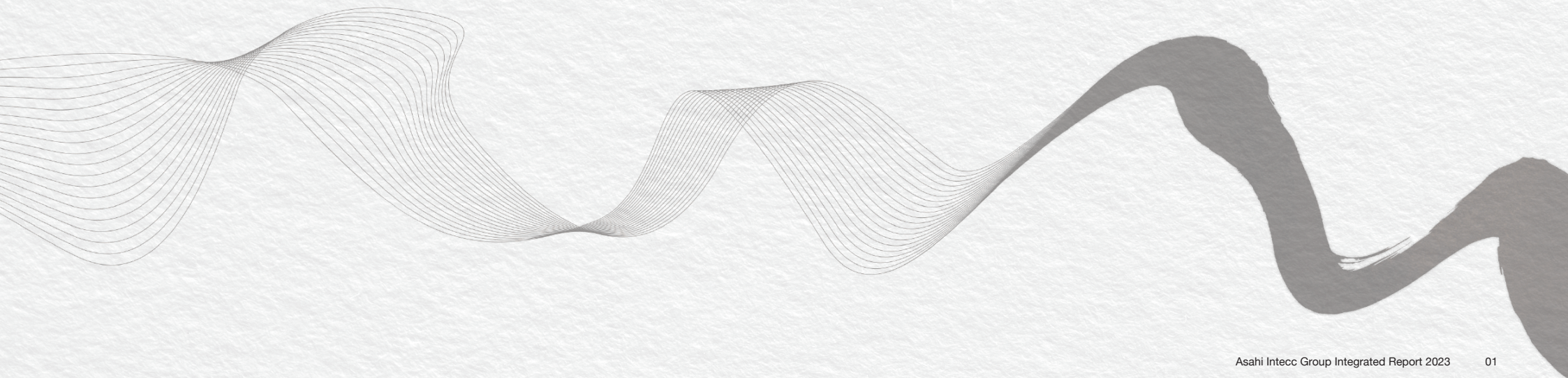
Securities Code: 7747

Japanese version issued on September 29, 2023  
English version issued on December 25, 2023

## Mission

We will make efforts to help all of our customers achieve their “dreams” thereby contributing widely to society through providing 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.

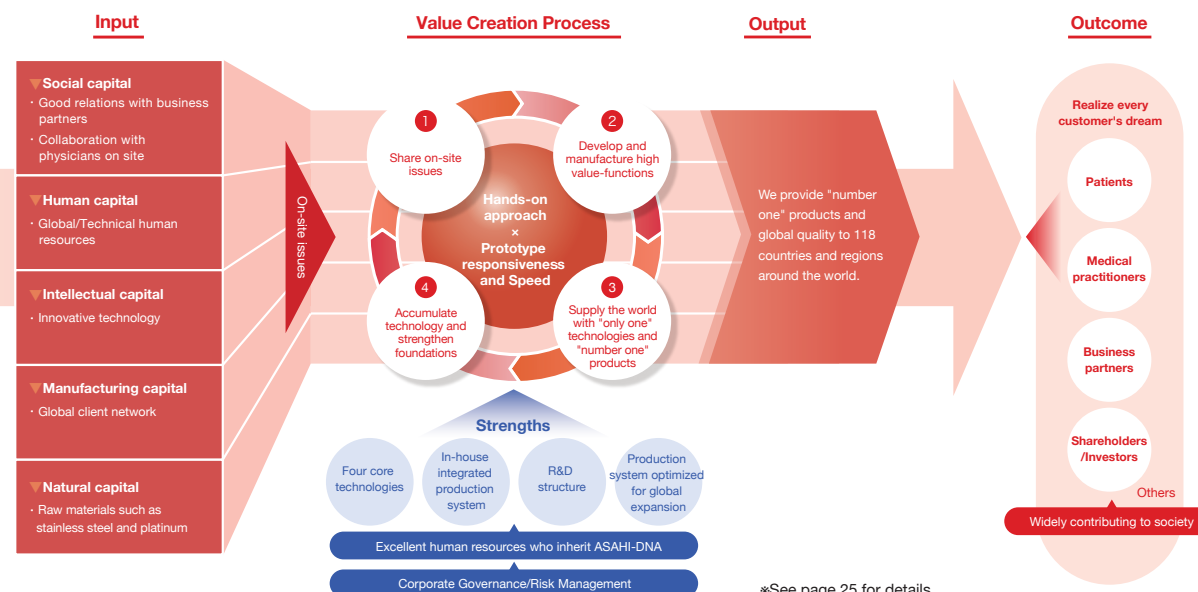
1. “Development of Technology” is vital for us, thus challenging to create new technologies and products.
2. Based on the “Customer First” motto, we provide our customers with the best quality products and services.
3. We seriously pursue “Good Results” while pursuing happiness for both the company and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



## Purpose

By continuing to challenge the needs of physicians and business partners around the world with our unique technologies, we will provide "number one" products of high added value with global quality and realize the dreams of customers around the world.

We aim to contribute to the sustainable development of society and remain a global niche-leading company by constantly looking at the global market and taking bold challenges.

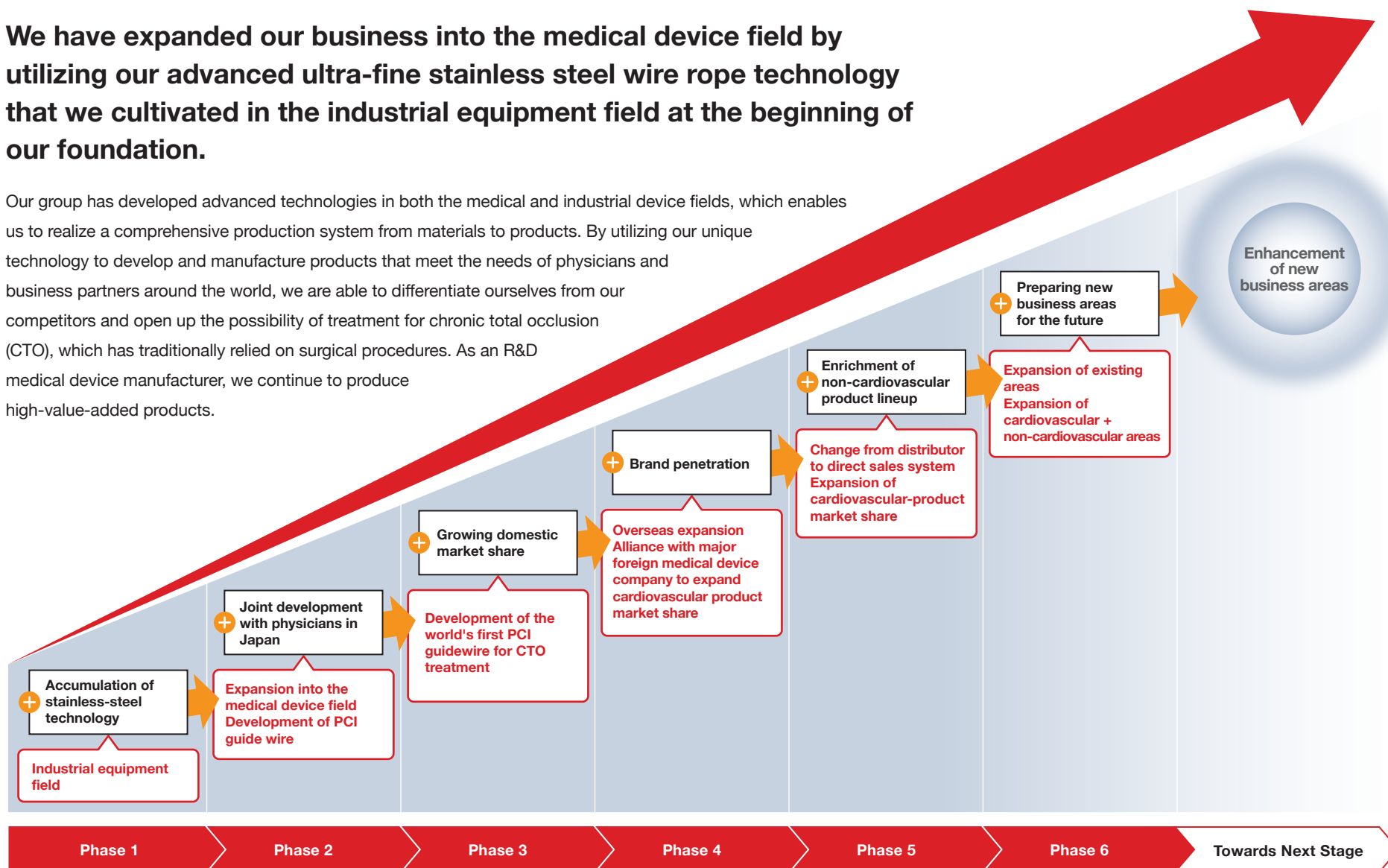


※See page 25 for details.

## Our Growth Phase

**We have expanded our business into the medical device field by utilizing our advanced ultra-fine stainless steel wire rope technology that we cultivated in the industrial equipment field at the beginning of our foundation.**

Our group has developed advanced technologies in both the medical and industrial device fields, which enables us to realize a comprehensive production system from materials to products. By utilizing our unique technology to develop and manufacture products that meet the needs of physicians and business partners around the world, we are able to differentiate ourselves from our competitors and open up the possibility of treatment for chronic total occlusion (CTO), which has traditionally relied on surgical procedures. As an R&D medical device manufacturer, we continue to produce high-value-added products.



## At a Glance

With its outstanding development capabilities and manufacturing technology in the medical device field, Asahi Intecc has a high share around the world.

### Contributing to global health and people

Improving healthcare and people's QOL around the world  
Number of patients saved by our products\*<sup>1</sup>



**3.54** million a year

Revenue **90,101** million yen

Operating income **18,030** million yen



Sales growth CAGR over past 10 years

**13.8** %



Certified as a "Global Niche Top 100" by the Ministry of Economy, Trade and Industry in 2020

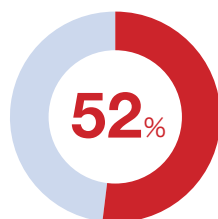
### Expanding business globally



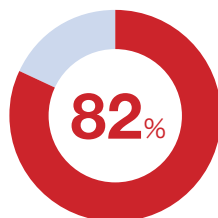
Hands-on approach × Speed  
Number of bases and countries in which we sell

**44** bases in **118** countries

PCI guide wire global share\*<sup>1</sup>



Ratio of overseas sales



### R&D-oriented company



Ratio of R&D expenses to sales

**10.8** %



Number of patents/designs owned

**806**

### Human resources who inherit ASAHI-DNA



Number of employees (global)

**10,187**



Ratio of foreign managers\*<sup>2</sup> (global) (%)

**65.9** %



Ratio of female managers\*<sup>2</sup> (global) (%)

**36.3** %

### Measures to reduce environmental burden



■ Scope 1 + 2 reduction targets

By 2030  
(compared to  
FYE June 2022) **30** %  
to reduce

■ Scope 3 reduction target

Maintain the level of emissions per unit of sales for FYE June 2023

\*<sup>1</sup> Source: Asahi Intecc Group

\*<sup>2</sup> Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

## Our Business and Products

Asahi Intecc has expanded its business into the medical device field, starting with the manufacture of wire ropes for industrial equipment.

Asahi Intecc Group 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\*.

\* 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 treatment in 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.

Device Division 13%

Medical Division 87%

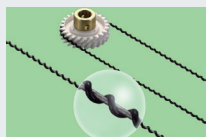
Industrial equipment field 5%

Medical device field 95%

### Industrial components



Torque rope

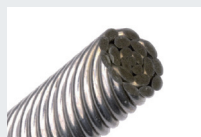


Synchro mesh wire rope

### Medical components



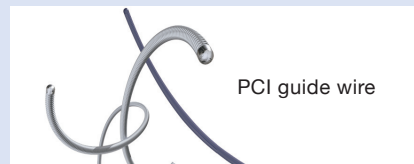
Cable tube



Wire rope

### Own brand products and OEM supplies

〈Main own-brand products〉



PCI guide wire

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.



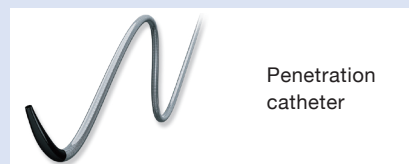
PCI balloon catheter

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 a balloon with a diameter of 1 to 5 mm placed on top.



PCI guiding catheter

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.



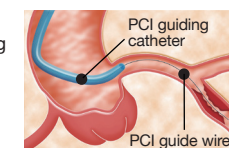
Penetration catheter

A catheter that assists a PCI guide wire in passing through a blocked blood vessel.

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

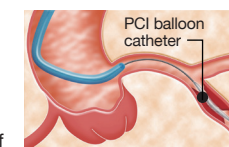
#### ① Passing through of PCI guide wire

A small-sized tube called a PCI guiding catheter is inserted into a blood vessel and a PCI guide wire is fed through this tube.



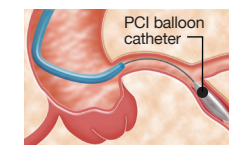
#### ② Insertion of PCI balloon catheter

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



#### ③ Dilation of PCI balloon catheter

The balloon is dilated to push the blood vessel out from the inside.



#### ④ Removal of PCI balloon catheter

The narrowed portion is widened and blood flow improves.



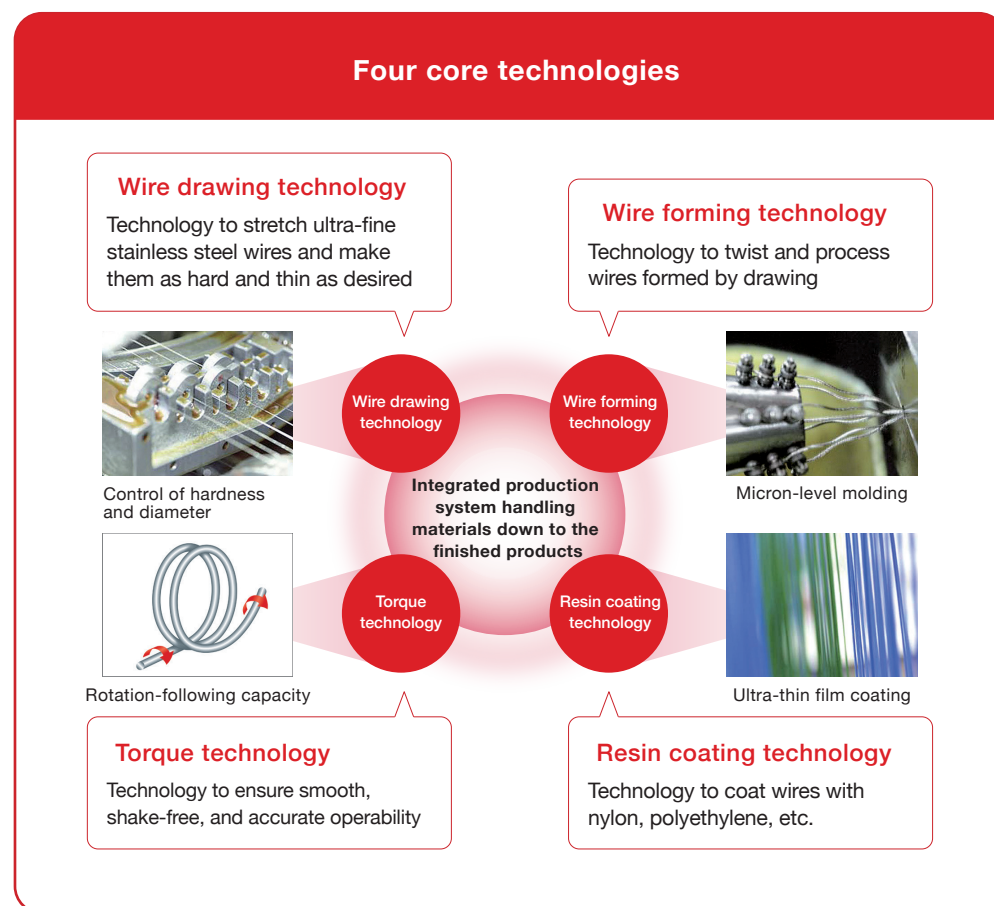
At the time of establishment

Present

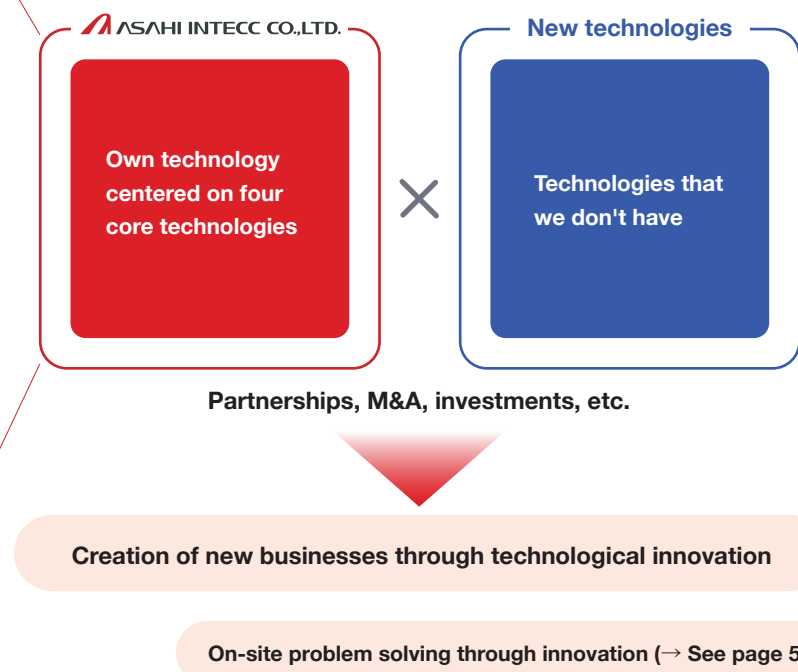
## Sources of Competitiveness and Technological Innovation

**We combine core technologies to create high-performance products.**

As an R&D-oriented company, Asahi Intecc Group 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 create high-performance products by combining them under a comprehensive production system from materials to products.



**We aim to create new businesses through technological innovation by combining new technologies gained from M&A and partnership with partner companies with Asahi Intecc's expertise in core technologies and medical devices.**

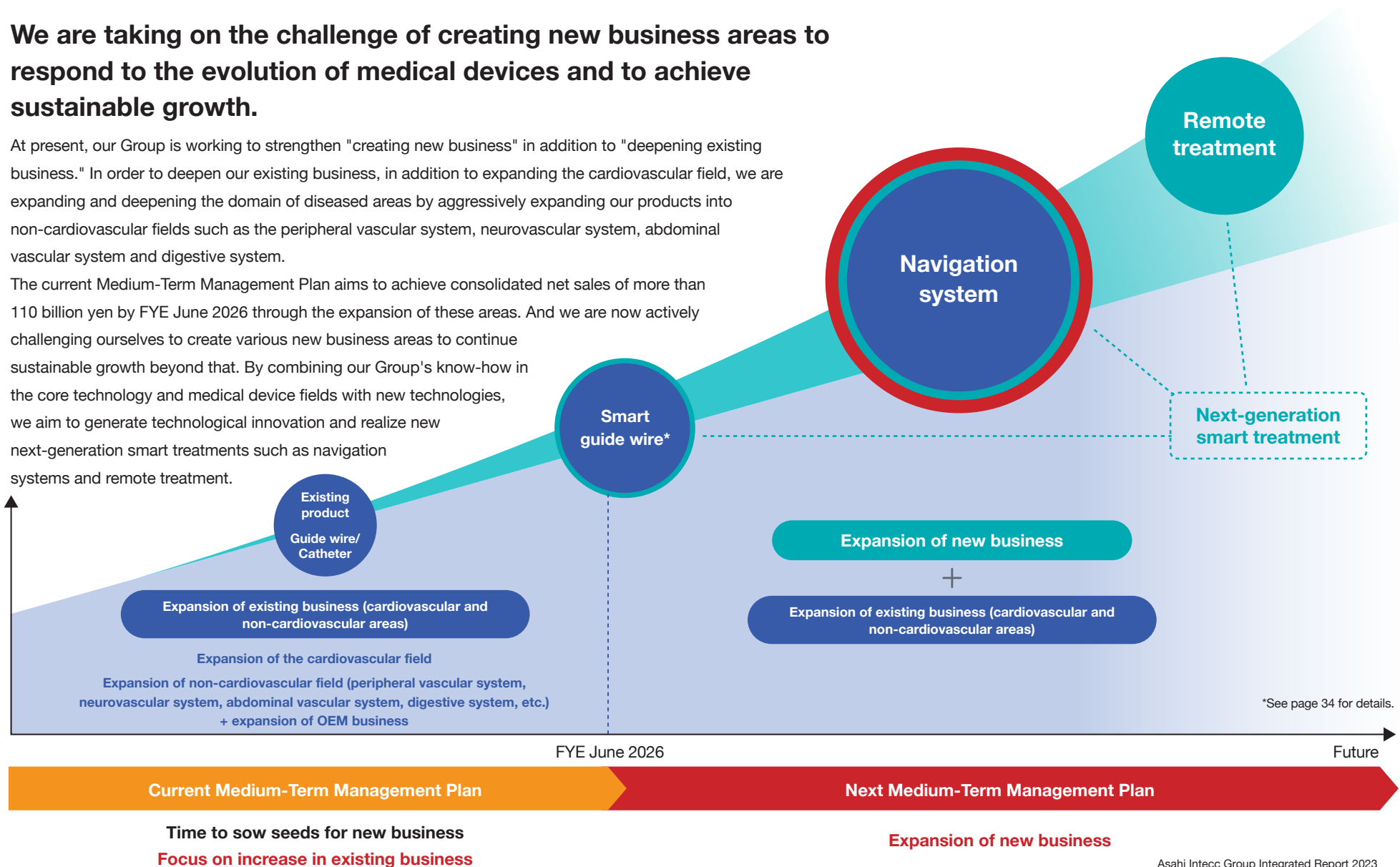


## Future Vision

### We are taking on the challenge of creating new business areas to respond to the evolution of medical devices and to achieve sustainable growth.

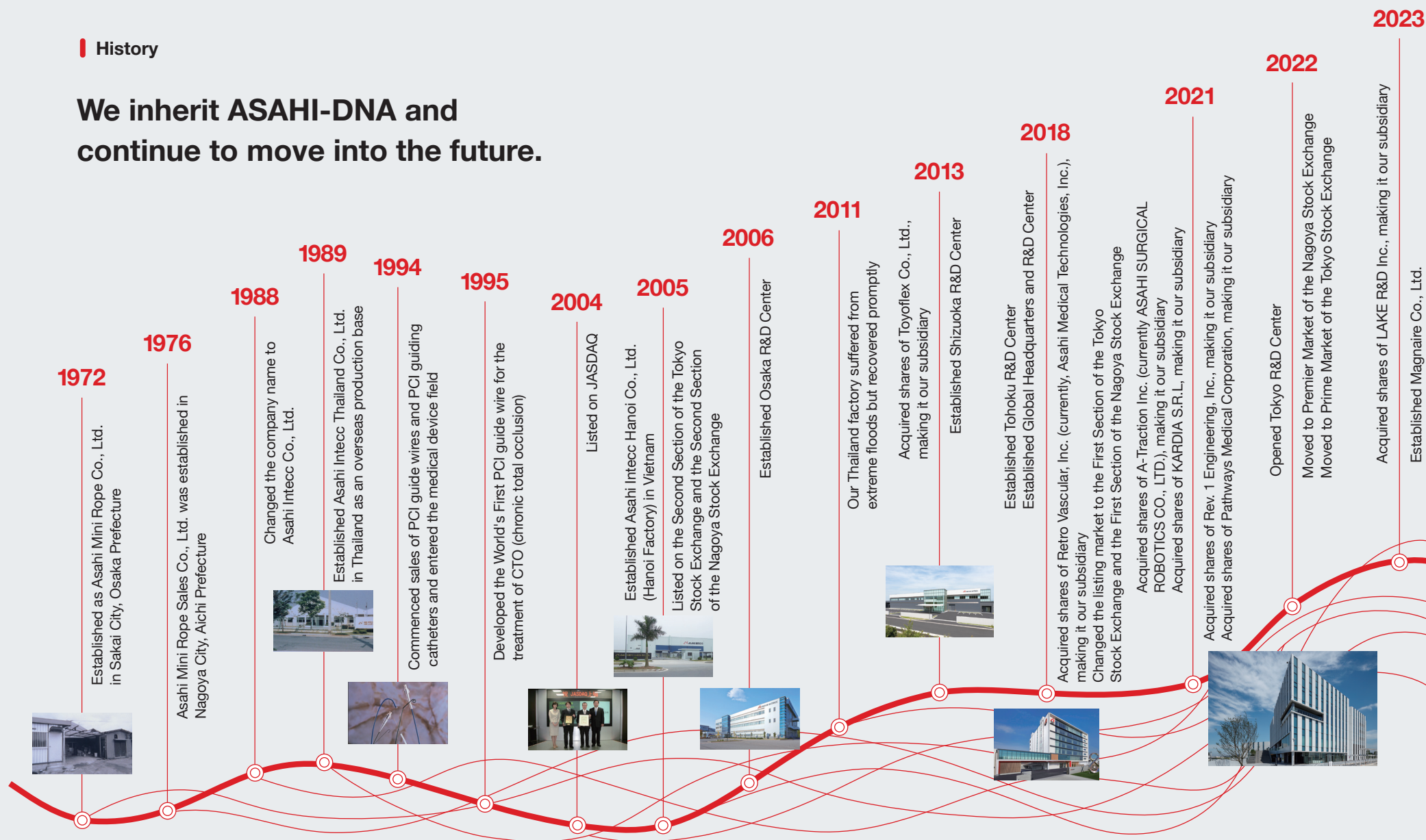
At present, our Group is working to strengthen "creating new business" in addition to "deepening existing business." In order to deepen our existing business, in addition to expanding the cardiovascular field, we are expanding and deepening the domain of diseased areas by aggressively expanding our products into non-cardiovascular fields such as the peripheral vascular system, neurovascular system, abdominal vascular system and digestive system.

The current Medium-Term Management Plan aims to achieve consolidated net sales of more than 110 billion yen by FYE June 2026 through the expansion of these areas. And we are now actively challenging ourselves to create various new business areas to continue sustainable growth beyond that. By combining our Group's know-how in the core technology and medical device fields with new technologies, we aim to generate technological innovation and realize new next-generation smart treatments such as navigation systems and remote treatment.



## History

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





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〈Scope of reporting〉

Asahi Intecc Co., Ltd. and its consolidated subsidiaries

〈Reporting period〉

July 1, 2022 - June 30, 2023

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

〈Date of issuance of the Japanese version〉

September 29, 2023

〈Date of issuance of the English version〉

December 25, 2023

# 01

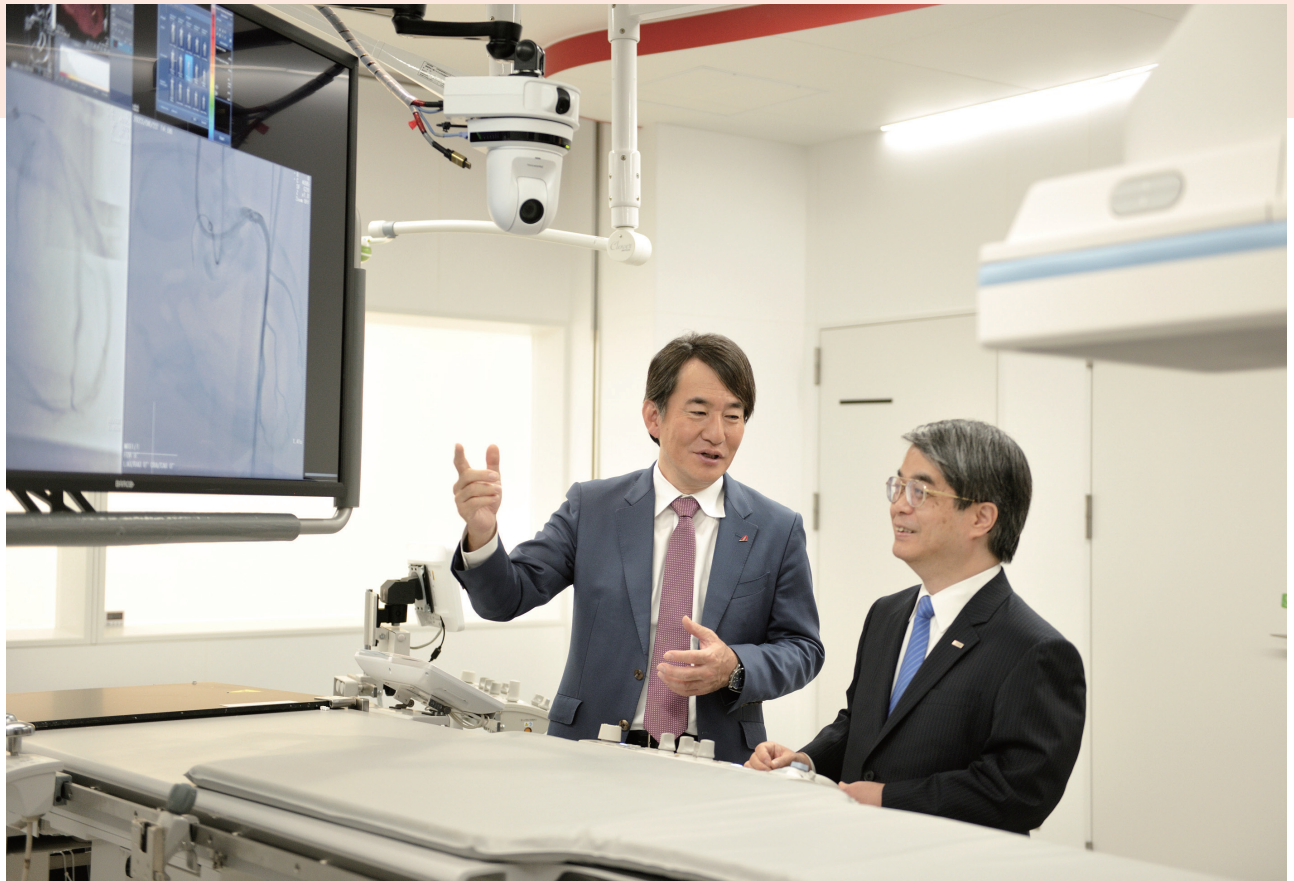
## President and Investor Dialogue

# President and Investor Dialogue

## Message from the President 1-1

## President and Investor Dialogue 1-2

- Story of joining Asahi Intecc and progress since listing
- Sowing seeds and laying the foundation for the next growth
- Initiatives to achieve sustainable growth



Simulation Room in Global Headquarters and R&D Center

## Message from the President

1-1

**We will promote sustainable management that will ensure successful results over the medium to long term and enhance the sustainability of our business.**

Thank you for reading our Asahi Intecc Group Integrated Report 2023. I am Masahiko Miyata, President & CEO of Asahi Intecc Co., Ltd.

It is almost 30 years since our company entered the medical device business.

I joined Asahi Intecc in 1994 when our company, whose main business was industrial equipment, entered the medical device field in earnest.

Since 2009, I have been at the helm of management as President & CEO. However, it has not been a smooth road for me to manage the business of our company to this day, owing to the flooding of our main plant in Thailand in 2011, the COVID-19 pandemic in 2020, and changes in the business environment such as increased M&A activity by competitors and the reform of the healthcare system.

Amid this situation, our company has steadily expanded its global business by directly marketing its products in Japan, the United States and Europe. No matter what the circumstances, we have been able to steadily progress toward growth step by step by overcoming each challenge with our employees under the strong belief that with our technology, we will create products that can save the lives of as many patients as possible and deliver them around the world.



Global Headquarters and R&D Center

## Message from the President

1-1



GHQ Studio, Global Headquarters and R&amp;D Center

We are currently operating our business in line with the Medium-Term Management Plan "ASAHI Going Beyond 1000." We are pursuing "ambidextrous management" in order to achieve sustainable growth by deepening existing business and creating new business. We have continued to make forward-looking investments even during the COVID-19 pandemic.

And I have taken leadership in strengthening initiatives related to next-generation smart treatments with the aim of creating new business, particularly smart guide wires, navigation systems, and remote treatment.

During the COVID-19 pandemic, Web conferencing, non-face-to-face medical care, and digital transformation (DX) spread throughout the world, which enabled rapid dissemination of new technologies and behaviors that

were expected to be realized in the distant future. Like these changes, I feel that the transformation in our medical device industry is going much faster than we originally thought.

In times of rapid change, we believe that adapting to change and making decisions with a sense of speed are extremely important.

I am strongly committed and determined to make steady progress with a sense of speed toward the realization of the future we envision, especially in the creation of new areas for new medical innovations.

As we move forward with these challenges, we will continue to strive to meet the needs of our client physicians and customers with speed and good faith, and our company's underlying technology- and field-oriented DNA will not change. We will continue to contribute to society by taking advantage of the unique characteristics of Asahi Intecc and building a strong position as the "Global Niche Top" company by delivering our unique value to our stakeholders.

Business is not operated solely by and for the sake of companies. I believe that companies have the responsibility to fulfill their duties and meet expectations from society from the environmental, social and economic perspectives. To this end, as a member of society, Asahi Intecc will address environmental and social issues head-on, while at the same time implementing sustainable management that enhances

business sustainability by steadily achieving good performance in economic activities over the medium to long term.

As a conclusion to the President's message, I promise the following:

1. We will pursue our Medium-Term Management Plan "ASAHI Going Beyond 1000."
2. Looking ahead to our company's long-term growth, we will vigorously promote the launch of new business aimed at realizing next-generation smart treatments.
3. As a driving force for growth, we will create continuous technological innovation by combining existing and new technologies.
4. We will promote sustainability initiatives at the company-wide level from both the top down and the bottom up.
5. We will fulfill our responsibilities to our stakeholders and engage in dialogue with them.

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

President & CEO, Asahi Intecc Co., Ltd.

## President and Investor Dialogue

1-2



Global Headquarters and R&D Center

**Theme1** **My story of joining Asahi Intecc and progress since listing**  
**As an R&D-oriented company, Asahi Intecc has rapidly grown since it was listed on the stock market, inheriting DNA that values technology and manufacturing.**

**Watanabe:** The image of the president of Asahi Intecc as you, Mr. Miyata, has completely taken root. There are good and bad aspects of family management, but I feel that top-down management works well at Asahi Intecc. First of all, please tell me the details of how you joined the company. Can you also tell me about the difficulties you've had since joining the company, what you've found challenging, and how you've studied management?

**Miyata:** I was born when the former president (my father Naohiko Miyata, the founder) became independent, and he had already started the industrial wire business. Growing up as the son of an entrepreneur, I had a vague feeling from childhood that I would one day take over the family business, but I also wanted to pursue my own dreams, so I couldn't make up my mind which to choose. I probably should have studied metal engineering at university to take over the family business, but I majored in electronics in the information system and entered NTT DATA Communications Systems Corporation (now NTT DATA CORPORATION). At that time, my father's company had moved from the industrial wire business to the medical field and had changed its internal situation, during which I made my decision to join NTT DATA. The reason I chose NTT DATA was because I wanted to

## President and Investor Dialogue

1-2

learn how to manage a big organization and the style of carrying out projects in a huge company that represents Japan, even if I was to take over my father's company someday. It sounds good when I say that I worked on the design of intelligent buildings at NTT DATA, which was a pioneer in the information and communications field in Japan. However, unlike my expectation, I was forced to spend a lot of time on construction sites, and there learned the rigor of the work, the importance of the site, and the hierarchy of the construction industry that oversees many contractors, which became valuable experiences for me. Just when I was getting attached to the finished building for which I made much effort and beginning to feel the enjoyment of my work, I was asked by my father to join the company. It was time for Asahi Intecc to expand its business into the medical field full scale. When I joined the company, I was told by my father that when I became the president, I would be allowed to run a business other than industrial wire, and that he wanted the company to become a public company eventually and said that the foundation for that would be the medical business. I thought it would be interesting if I could handle the medical device business myself, so I decided to join Asahi Intecc.



**Watanabe:** I think there is a hint in such your decision that explains the reason you are who you are today. When you are told by your father, "You can do a lot of things," "We want to go public, for this, we will start the medical business," it doesn't seem to ring a bell for young people of age 27 to 28. Were you convinced because you had been aware from your childhood that you might take over the family business? Please also tell me what attracted you to the medical business.

**Miyata:** For the industrial wire business, we receive specific product specifications mainly from customers who are manufacturers, and supply the parts. In the case of medical devices, we were very interested in being able to develop products with doctors. It was also interesting because it was an unknown field. When I joined Asahi Intecc, it was a small company with about 200 to 300 employees. As the company invested the money earned from the industrial equipment business in the preparation to start the medical device business, the employees of the industrial equipment business had an impression that the medical business was spending so much money. I was made to sign a loan agreement as a co-guarantor when I joined the company. I was shocked to know later that we had the same amount of debt as sales, but the situation where we were forced to go public encouraged us as trigger, and we worked hard with my father to make the company public.

**Watanabe:** Did the company's medical business start after you joined the company?

**Miyata:** I joined the company in 1994, when the company had established its foundation for a medical business and was about to start commercialization. So, nobody knew the name of Asahi Intecc, especially as a medical device company. The managing director, who was the head of the medical business at the time, told me that an ace employee had quit the company and that I should be in charge of dealing with doctors instead. He thought that doctors would meet me, being the son of the president, and that I was good at sales.

**Watanabe:** I think you must have had a hard time until you built a connection with doctors and turned it into a business. How did you become able to be accepted by doctors?

## President and Investor Dialogue

1-2

Was it largely due to the personality of President Miyata?

**Miyata:** First of all, overwhelming technical ability is important. If a company does not have the technical ability to realize the needs of doctors, they will not meet us. I've worked hard on the medical knowledge I need to build a connection with doctors, but in addition to that, I need to have an ability to make a good proposal and to understand the background. Fortunately, I was able to cultivate it through my career after graduating from university, and I was able to utilize it in communications with KOL (Key Opinion Leader) doctors, including Dr. Osamu Kato, a pioneer in the field of cardiac catheterization. This successful experience that began in the cardiac field was able to be extended to proposals to doctors in other therapeutic areas. At that time, there was a culture where agents and distributors basically controlled communications with doctors, and a medical device manufacturer like our company was a subcontractor, but eventually we wanted to break that down and sell our products directly by ourselves. As I talked to doctors many times, I realized that they wanted to talk to manufacturers who actually make devices. For this reason, I thought that by accumulating our strengths, we would be able to sell directly, and also obtain directly the information necessary for manufacturing. Since we were a subcontractor, I have maintained my commitment to direct sales.

**Watanabe:** Your story gives me a sense of what the pioneer group did at the time. It is generally said that such technology-oriented corporate culture fades as organizations grow, but why does it remain so strong at Asahi Intecc?

**Miyata:** As we are a family-owned company, we have deep roots in the DNA of the founder who valued technology and manufacturing. I myself grew up learning from what my father had done. The value underlying Asahi Intecc is that we spend the most on research and development. That's why we have been always aware that R&D should and can be a hero. I would like to convey to our employees that if our DNA, speed, instantaneous strength and stamina were lost, Asahi Intecc would rapidly deteriorate.

**Watanabe:** Now that the organization has grown, I think it is very difficult to communicate with all employees. Do you think that the DNA of Asahi Intecc took root by repeatedly communicating it to department heads and executives?

**Miyata:** I think that's part of it, but I think a lot of it is transmitted through daily communication with people on site. I often visit the site, so there are many opportunities for employees on site to see me. In addition, when some employees accompany me to top sales, I think they may feel something from me.

**Watanabe:** Looking back on the events since the listing, when do you think was the key turning point?

**Miyata:** The biggest turning point was when we signed an exclusive distributor agreement with Abbott Laboratories in the United States. It was a foothold for us to develop business in Europe and the United States, serving as an opportunity to introduce the Asahi Intecc brand to the world. Up until then, we continued to share the technical capabilities of Japanese doctors with the world.



## President and Investor Dialogue

1-2



## Theme2 Sowing seeds and laying the foundation for the future growth

### Challenging new areas based on solid technical capabilities and a trusting relationship with physicians

**Watanabe:** Your business related to interventions in the fields of peripheral (peripheral vascular system), neuro (cerebrovascular system), and digestive organs seems to be progressing very well. Through mergers and acquisitions, you have added areas beyond the traditional business model. Tell me how you see your current progress towards the second half of the 2020s.

**Miyata:** The success in the cardiovascular field was a big deal for our company, and the fact that we were able to expand overseas was an even bigger deal. Through this success story, I felt strongly that we could develop Japanese technology laterally. Investors sometimes say that we don't have to do any unnecessary business, just wire, but from around 2010 to 2015, when I took office as president, I thought that it would become more

difficult for us to deal only with cardiovascular devices. In addition to the decline in medical device reimbursement prices, we had already gained some market share, so we began to feel the need to expand the affected areas for our products considering future growth potential. So, we expanded our business into non-cardiovascular areas including peripheral, neuro, and abdominal vasculature fields in addition to the cardiovascular field, and have already established a high market share in these areas in the domestic market. Our way of expanding the domestic success overseas in the cardiovascular field worked well in peripheral field, but didn't go well in the neuro field. We had expected that the success story of attaining a market share of 70 to 80% in Japan would go well overseas, too, but in reality, we realized that such methods didn't succeed overseas. We learned that the way of disseminating products was different between Japan and overseas depending on the affected area, and we changed our strategy to promote development through dialogue not only with Japanese doctors but also with KOL doctors around the world.

**Watanabe:** Does it mean that neuro field is more technologically oriented than the peripheral field?

**Miyata:** There is no difference in the quality of wire between both. As for the neuro field, coils, which are used in the last step of a treatment process, are the star product, and Asahi Intecc's products are wires for carrying. Wires are essential devices that are used in any treatment. Through our various efforts, we have learned that in the cardiovascular field, it is important to make sure that the wires pass through the affected areas, but that the neuro field, particularly in overseas markets, has a different background. Therefore, in the U.S. market, we are developing and commercializing products that meet the needs of KOL doctors there. The neuro field in the U.S. market is attractive because the unit price of neuro products is high with high added value. Further market expansion is expected, so we will strengthen it as a priority area.

**Watanabe:** What about the medical robot area that you will be promoting in the future?

## President and Investor Dialogue

1-2

**Miyata:** In the future, we expect not only devices but also software, robotics and AI will prevail, and we wanted to be one of the first to enter this field in some way. One is the medical intervention area, where smart guide wires and plasmas\* are major themes. The other is ANSUR, a laparoscopic surgery support robot. I'm more confident about ANSUR now than two years ago when we acquired the start-up that developed it. The reason is that the concept is completely different from that of the da Vinci system. ANSUR is specialized in the assistant function to support an operator, and it seems that many hospitals that cannot introduce the da Vinci system are interested in it for solving problems of labor shortages and work-style reform. A certain level of needs can be expected because those for whom it is difficult to buy the da Vinci system owing to restriction of costs may introduce ANSUR. The first model will be completed soon, but the demand is stronger than originally expected. We would like to develop this product in various fields in the future.

**Watanabe:** To what degree do you think smart guide wires and ANSUR have reached now? When you think about them in the span of 10, 20, 30 years, you may see a different landscape.

**Miyata:** It is difficult to say what degree, but automatic assistance using AI, for example, is easy to visualize and I think it can be realized. By developing one product to establish a foothold as a first stage, I think we can see a variety of information as an application.

**Watanabe:** Do you do research to find ideas?

**Miyata:** Since wires are required to convey the hand movements of the operator, we believe that Asahi Intecc's strengths can be applied to such ideas. Based on these ideas, we explored and came up with the ANSUR project.

**Watanabe:** In the "ambidextrous management," which combines the deep exploration of existing business with exploration of new business, exploration often fails even in large



companies. What drives the high success rate in M&A of your company?

**Miyata:** For example, when we move into a new field such as surgery or robotics, I study on my own and build a network with academic societies and famous physicians and researchers. We knew that the da Vinci was the strongest player, so we did not enter the field competing with it and aimed to develop ANSUR with a different concept. We have some knowledge about every department and venture, so when we get referrals from M&A brokers, we already get information through our own information network. There is quite a lot of advice from top physicians. I think it's important how much new information we can catch.

**Watanabe:** I think it shows the merit of the top-down approach. How do you think employees feel?

**Miyata:** If anything, they may think I am rushing forward. I have a feeling that they think they have to keep up and catch up with me. The existing business that produces proceeds to cover the present operation is important. On the other hand, it is necessary to develop new

\*See page 34 for details.

## President and Investor Dialogue

1-1

business with a view to the future. In my mind, I am balancing existing business and new business. I think that we can map new areas such as digestive organs without bias by deepening understanding and making the right judgements.

**Watanabe:** I feel that your company has started to build a strong foundation since the start of the 2020s, but is it progressing in the way that President Miyata envisioned? When do you think you'll be ready for the next phase?

**Miyata:** In the 2020s, we were finally able to sell new business. If we accumulate results so far, we can take on the next big application in a year or two. Ultimately, we want to develop our own navigation and software technologies to enable remote treatment with robots, as well as our own sensors and semiconductors for this purpose. I think remote treatment is also necessary for the future, but in reality it is not progressing well. There was a doctor who was interested in medical robot treatment at Nayoro in Hokkaido before. If a patient in Wakkanai suffers ACS (acute coronary syndrome), there is no physician who can provide catheter treatment, so s/he cannot be treated locally. The patient will die without an air ambulance (doctor helicopter). If there is a medical robot in



Wakkanai, the doctor in Nayoro can operate the wire remotely and inflate the balloon to save the patient's life. I think robots are one solution to medicine in a society with a declining population. I don't think robots can do or should do 100% of the work, but I think it's very valuable that we can leave treatment to robots to some extent.

**Watanabe:** I sometimes think that your passion for remote treatment has not been well communicated to investors. Could you talk again about the positioning of remote treatment for Asahi Intecc and the reasons and background for the expansion into the field of remote treatment?

**Miyata:** Asahi Intecc ultimately aims to improve the quality of life of patients around the world, and we recognize that remote treatment is one of the means by which to achieve such goal. In the United States, there is an intervention robot called CorPath (robots that allow doctors to remotely control guide wires and catheters in the catheter room and away from the patient) that was created to reduce radiation exposure for doctors, without any benefit to patients. But if it is a case of remote treatment like Wakkanai, it is meaningful. Once the intervention robots are complete, the idea will change radically, and devices such as specialized wires will be needed. The business in Japan is difficult because of its severe regulations, so we have been considering Africa recently. There are many patients and no regulations in Africa. So people cannot receive enough treatment. We are currently in the experimental stage, but we would like to take on the development of our business in Kenya, to refine our skills there and bring them back to Japan.

**Watanabe:** Robotics, rather than remote therapy, may leap Asahi Intecc to a radically different level in technology and treatment. Do you mean that it can be utilized in the areas where Asahi Intecc currently does business?

**Miyata:** We are also working on sensor technology for this purpose. It could also be a smart guide wire, and if the position of the guide wire can be seen other than by X-ray, remote control will be possible, which is a very interesting area to tackle. The main players

## I President and Investor Dialogue

1-2

of remote treatment systems are diagnostic companies, but Asahi Intecc is a company who engages in treatment devices. Treatment device companies are more aware of the details of physicians' needs, so if remote treatment devices using robotics go well, we can create value. We don't have to leave everything to robots, but if they cover simple treatment for acute strokes and ACS, we can save lives by improving blood flow. That alone makes the robot worthwhile. When I visited less-populated communities to see their medical situation, I was absolutely convinced that there was a business opportunity. Technology is necessary to reach the final goal. As for the plasma wire, Asahi Intecc is able to develop not only the plasma hardware but also the navigation software, and has acquired approval. We believe that we need to aim for generalized and standardized treatment by utilizing navigation software in addition to conventional artisanal technology.

**Watanabe:** Do you mean that you will continue to consider M&A as necessary to supplement the technical aspects? When do you think your current efforts will bear fruit?

**Miyata:** We expect that it will take more than five years for remote treatment because we proceed with it in a technology-oriented manner. The smart wires and robots that form the foundation for that started step by step this year, and the results are about to appear.

### Theme3 About sustainable growth. Possibilities and constraints, strengths and challenges, dreams and realities

#### Aiming to achieve sustainable growth based on the keywords of global niche and technology orientation

**Watanabe:** What do you think Asahi Intecc will look like 30 or 50 years from now? Please tell me what the company's possibilities and constraints, strengths and challenges, dreams and realities are, both from internal and external perspectives?

**Miyata:** I can't clearly picture the long span of 30 years, but I hope that Asahi Intecc will



be as sharp as ever, and that the company will be counted on by doctors all over the world. Currently, we are recognized by doctors for our sincere commitment to niche and global markets that large companies cannot cope with. We want to keep such position and reputation, and I think it is the raison d'être of our company. If we have the same stance as big companies, we won't be able to show the best of our company. We will communicate this company-wide by using the keywords "global niche" and "technology-oriented."

One of our next challenges is business succession. Two years ago, we started top-gun training to train future executive candidates considering how to pass our culture on to the next generation. Since not only the management but also engineers need to pass on what they have now to the next generation, we have systematically established a human development course by dividing the management career course and the skill career course. While proceeding from the top down, we are reviewing the personnel system and welfare benefits programs together with the necessary members. We have focused on investment in R&D so far, so I know that we are behind in developing internal infrastructure.

**Watanabe:** What is your motivation for holding the position of president?

## President and Investor Dialogue

1-2

**Miyata:** When I think that employees are always watching me, I cannot cut corners in my job. Most of all, for me, it's interesting to enter new territory and meet and talk to doctors. While they place high expectations on us, it's fun to think about what Asahi Intecc could do. Also, it's wonderful to see KOL doctors taking care of patients and researching new technologies, working hard day and night. At the same time, as a person who breathes the same air, I have to work hard and I don't want to lose out. I will spare no effort for that.

**Watanabe:** Your attitude as the president has been passed down as a corporate culture.

**Miyata:** I hope so. I believe that we must always be honest about technology and that there must be no lies in manufacturing. Doctors often say that Asahi Intecc's engineers are honest and serious, perhaps because they separate the possible from the impossible. And in other companies, engineers rarely talk to doctors in person, but in our company, engineers and doctors talk a lot. People often say that this is the source of innovation. That is the difference between Asahi Intecc and other companies, and it may lead to our strength.

**Watanabe:** What about governance? I would like to ask about your expectations for the Board.

**Miyata:** Family management and going public may seem contradictory at first glance. I think that the power that comes from being a family management is a good aspect, but on the other hand, it is important to have good governance around me to check the concentration of authority. Since the introduction of the outside director system, we have always listened to the voices of outside directors who have made us aware of things that were not noticed by internal members alone. We also receive feedback from doctors. The balance between the accelerator and the brake is important in management, and if the balance is achieved, the overall governance is good. In our company, outside directors and CFO Ito play the role of brake.

**Watanabe:** With regard to sustainability, I believe the challenge is how to address the diverse stakeholders. What are your thoughts on sustainability?

**Miyata:** About two years ago, I met European people at a meeting and they talked that they couldn't do business if the earth disappeared. It was for the first time that I truly realized that business cannot continue without the earth and how important it is for companies to be committed to saving the environment. So we're really trying to work from both the top down and the bottom up in terms of society and the environment, too. I think that companies that are able to engage in ESG properly have the power to grow and are highly evaluated by capital markets. We are just starting, but we will make continuous efforts to promote sustainability initiatives.

**Watanabe:** As a sell-side analyst, I not only follow business results but also use the thoughts of management and companies as a basis for judgment. Non-financial information allows me to intuitively judge whether the company has qualitative value, and eventually, companies having qualitative value continue to receive high ratings from investors. The ESG concept does not break down all the elements, but we recognize that it is easy to understand companies through a factorization. You, President Miyata, spoke about sustainability directly to me, which encouraged me as an analyst.



# 02

## Value creation story

# Value Creation Story

Raison d'Etre	2-1
Growth History	2-2
Source of Competitiveness	2-3
Value Creation Process	2-4
Environmental Awareness and Key Issues (Materiality)	2-5
Initiatives and Progress on Key Issues (Materiality)	2-6



Global Headquarters and R&D Center

## Raison d'Etre

2-1

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 (the UN 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."

Build relationships of trust with stakeholders



Address our value creation to fulfill our mission

Establish the Asahi Brand (corporate brand)

Stakeholders	Our Relationship/Responsibility
Employees	Developing human resources and creating a fulfilling workplace
Patients/Doctors	Sharing on-site issues and co-creating value
Partners/Suppliers	Procuring sustainably
Local community	Supporting local community development as a corporate citizen
Global community	Solving social issues through business
Shareholders/Investors	Holding constructive dialogue
Natural environment	Reducing environmental burden

## Growth History

2-2

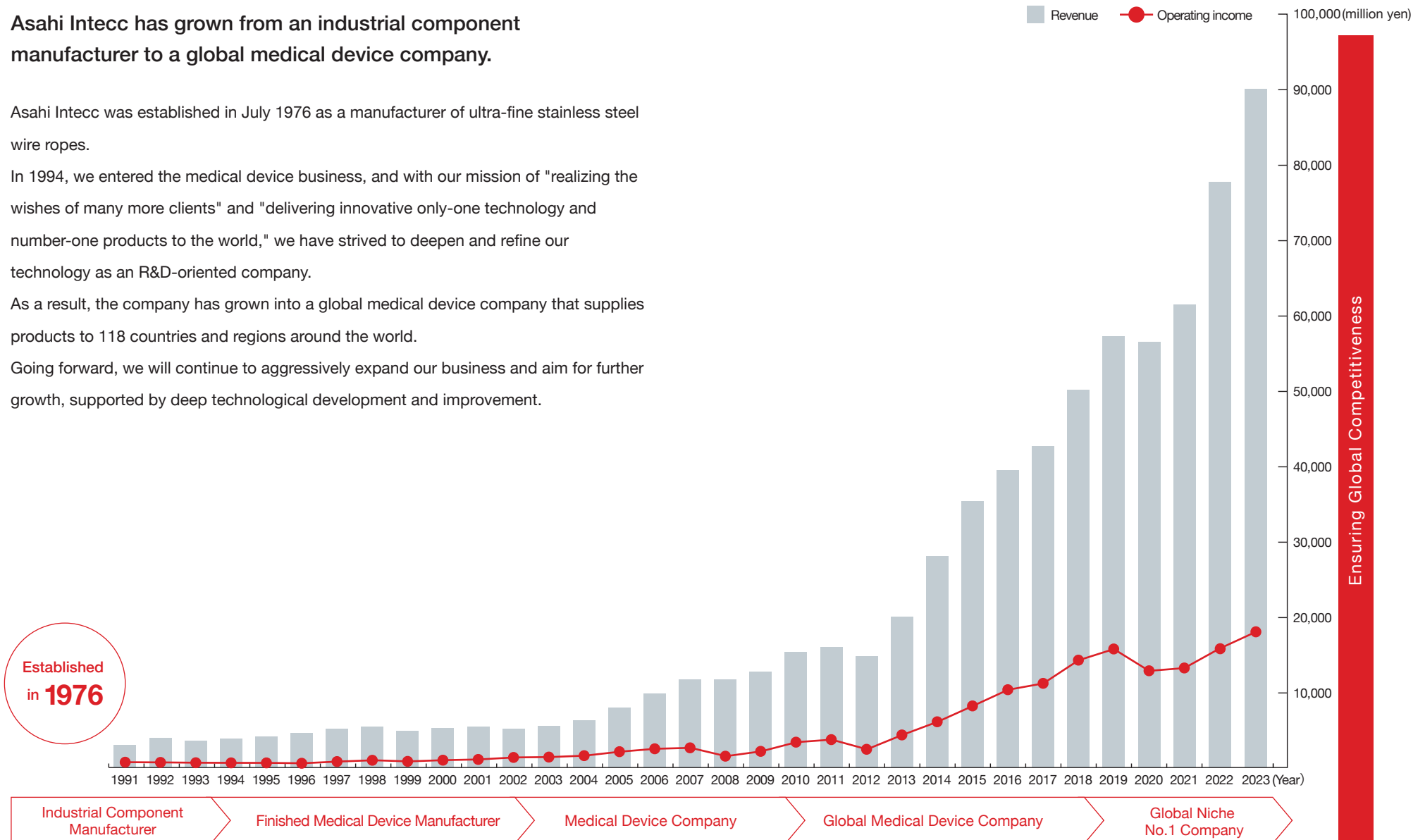
**Asahi Intecc has grown from an industrial component manufacturer to a global medical device company.**

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 "realizing the 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 118 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.



## Source of Competitiveness

2-3

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 the Asahi DNA hands-on approach that has remained unchanged since our founding, and our prototype responsiveness and speed, 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 four core technologies can be utilized. Our advanced torque technology, in particular, provides a significant competitive advantage in faithfully conveying a physician's fingertip sensation to the guide wire.

For our company, the major turning point was a request from a leading catheterization 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 that notion 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 treatments, 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 physicians who have used our company products and their success overseas.



Hands-on approach

Advanced and highly unique material  
processing technology based on four core  
technologies

Integrated production system handling  
materials down to finished products



Prototype responsiveness  
and Speed

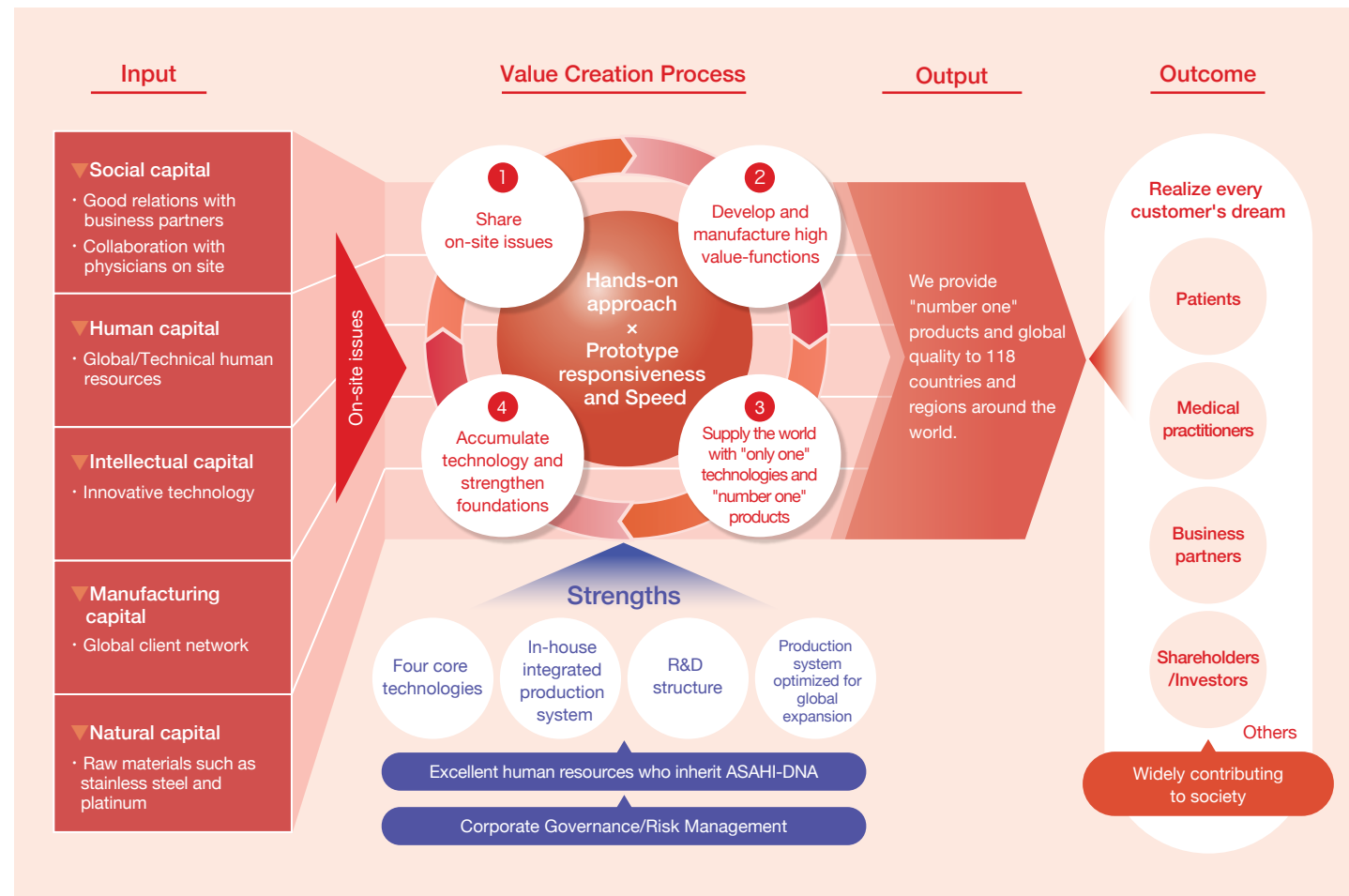
## Value Creation Process

2-4

By continuing to challenge the needs of physicians and business partners around the world with our unique technologies, 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 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. And, accumulating new technologies through field-oriented efforts 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.

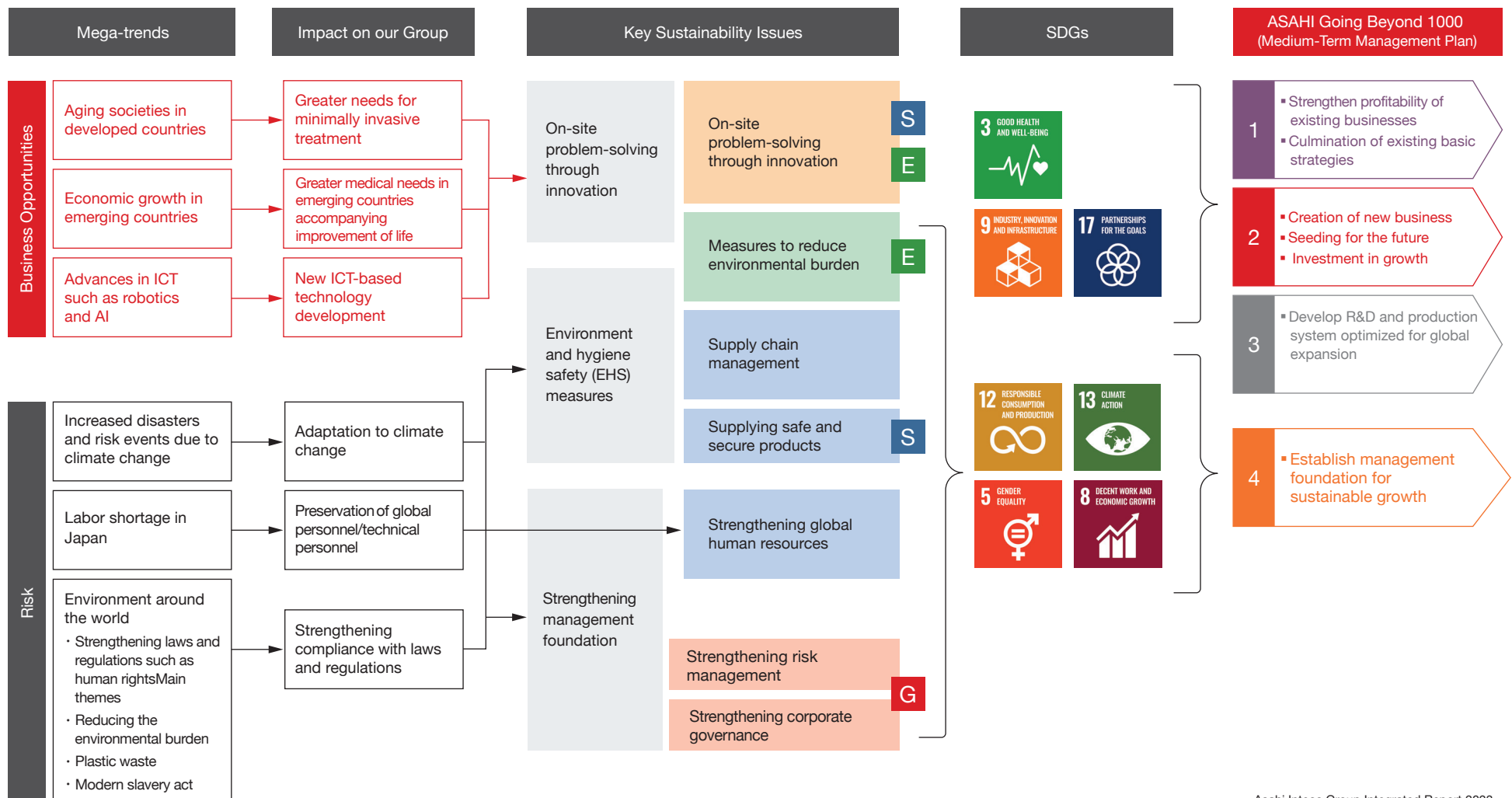


## Environmental Awareness and Key Issues (Materiality)

2-5

Considering the impact that the business environment may have on Asahi Intecc Group, we have examined key issues regarding sustainability.

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



## Initiatives and Progress on Key Issues (Materiality)

2-6

The following is Asahi Intecc Group's efforts, indicators, and results for each key issue.

Key Issues		Efforts	Indicators and Results
On-site problem-solving through innovation	On-site problem solving through innovation (→ See page 57)	<ul style="list-style-type: none"><li>●Developing products that reduce the physical, emotional, and economic burden on patients (Medical Division)</li><li>●Developing products to meet customers' needs (Device Division)<ul style="list-style-type: none"><li>・ Cooperating with sites</li><li>・ Strengthening R&amp;D structure</li><li>・ Improving technical expertise (technical strategy/IP strategy)</li><li>・ Strengthening global production system</li><li>・ Promotion of DX</li></ul></li></ul>	Improving healthcare and people's QOL around the world <b>Number of patients saved by Asahi Intecc's products (based on our estimate) : 3.54 million per year</b> <ul style="list-style-type: none"><li>・ Ratio of R&amp;D expenses to sales: 10.8%</li><li>・ Number of patents/design rights owned: 806</li><li>・ Equipment investment: 14,456 million yen</li></ul>
Environment and hygiene safety (EHS) measures	<b>E</b> Measures to reduce the environmental burden (→ See page 79)	<ul style="list-style-type: none"><li>● Promotion of efforts to reduce CO<sub>2</sub> emissions and use of renewable energy</li><li>● Implementing environmental protection activities at each site, including community cleanup activities</li></ul>	<ul style="list-style-type: none"><li>・ Scope 1 + 2 reduction targets → 30% reduction by 2030 compared to FYE June 2022</li><li>・ Scope 3 reduction target → Maintain the level of emissions per unit of sales for FYE June 2023</li></ul>
	<b>S</b> Supply chain management (→ See page 86)	<ul style="list-style-type: none"><li>● Compliance with laws, regulations and social norms based on "Asahi Intecc Group Procurement Policy"</li><li>● Auditing suppliers to maintain stable supply and high quality</li></ul>	Establishing a stable global supply system
	Supplying safe and secure products (→ See page 88)	<ul style="list-style-type: none"><li>● Development of quality assurance based on the "Quality Policy" based on the Group's common policy</li><li>● Acquisition of quality management system certification and acceptance of external audits</li></ul>	
Strengthening management foundation	Strengthening global human resources (→ See page 66)	<ul style="list-style-type: none"><li>● Human resources management (Penetration of human resources vision and human resource system reform)</li><li>● Creating a fulfilling workplace (Health management and diversity promotion)</li></ul>	<ul style="list-style-type: none"><li>・ Ratio of foreign managers (global) *1 65.9%</li><li>・ Ratio of female managers (global)*1 36.3%</li><li>・ Ratio of female managers (Asahi Intecc only)*2 12.0%</li><li>・ Employment ratio of new female graduates in technical positions 21.9%</li></ul>
	<b>G</b> Strengthening risk management (→ See page 114)	<ul style="list-style-type: none"><li>● Response to large-scale disasters, BCP (Business Continuity Plan)</li><li>● Strengthening information security</li></ul>	Business continuity based on safety and trust
	Strengthening corporate governance (→ See page 110)	<ul style="list-style-type: none"><li>● Improving the effectiveness of the Board of Directors</li><li>● Establishment of Nomination and Remuneration Advisory Committee</li></ul>	Enhancing diversity among directors (ratio of female directors: 16.7%)

\*1 Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

\*2 Calculated by applying the disclosure standards of the Annual Securities Report.

# 03

Long-Term Management Vision and  
Medium-Term Management Plan

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

### Long-term Management Vision 3-1

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

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

### "Develop R&D and Production System Optimized for Global Expansion" Dialogue between Executive Vice President and Senior Executive Director 3-3



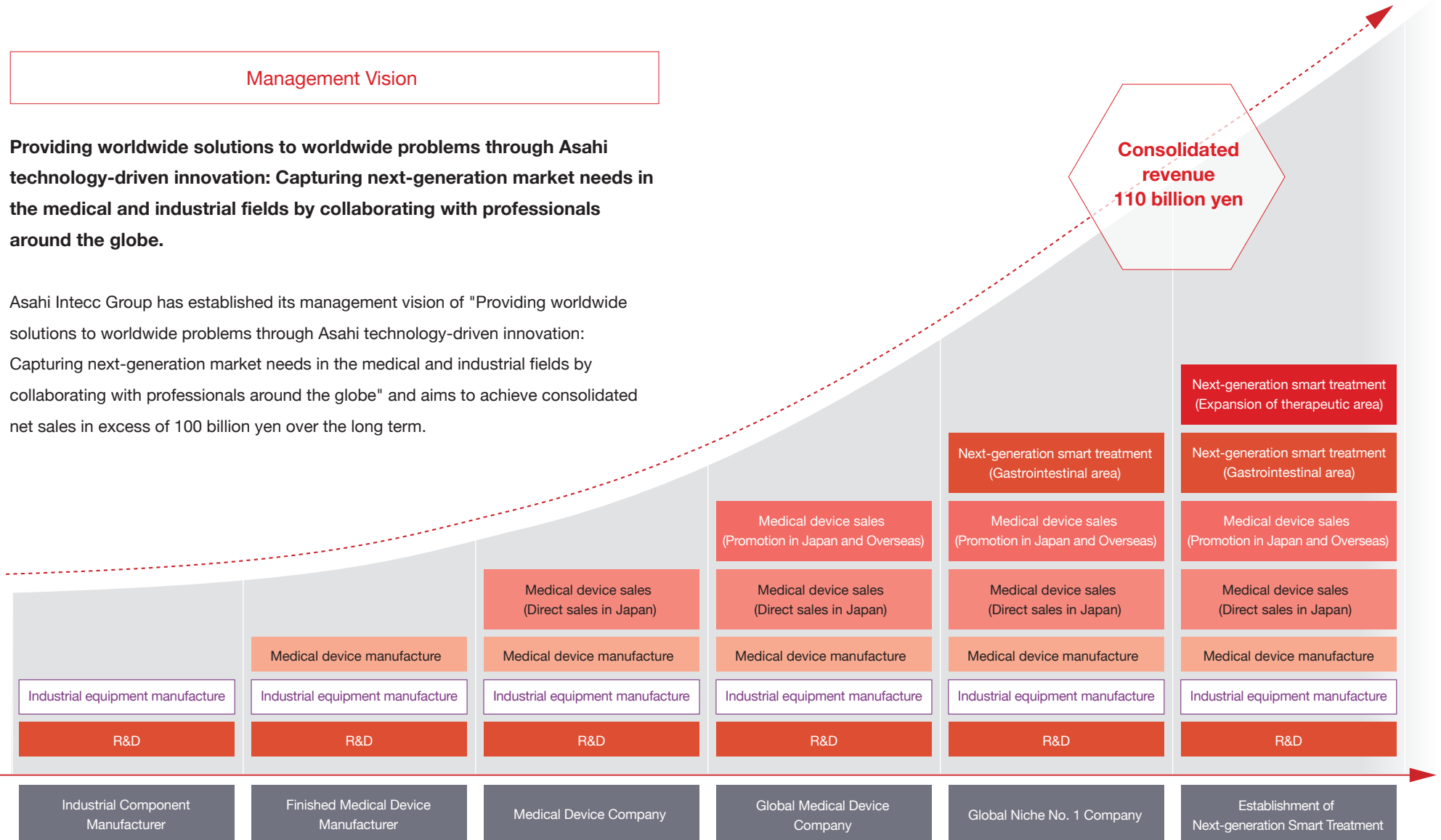
# Long-term Management Vision

3-1

## 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 has 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.



## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

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 five years to the FYE 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 our aim to "Create New Business in a 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.

### ASAHI Going Beyond 1000

Building a business portfolio for further growth with consolidated revenue exceeding 100 billion yen



## Medium-Term Management Plan "ASAHI Going Beyond 1000"

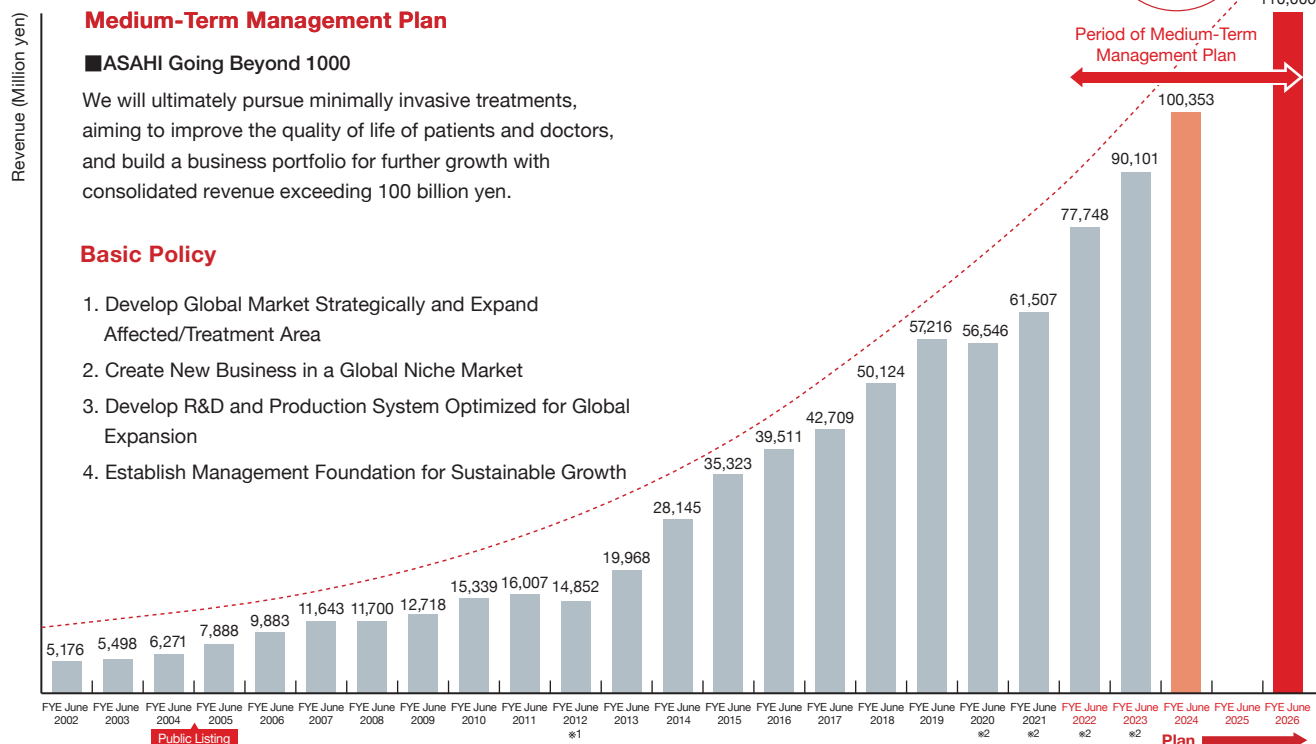
### We aim to expand our corporate value by steadily advancing our growth strategy through ambidextrous management.

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 areas, 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.

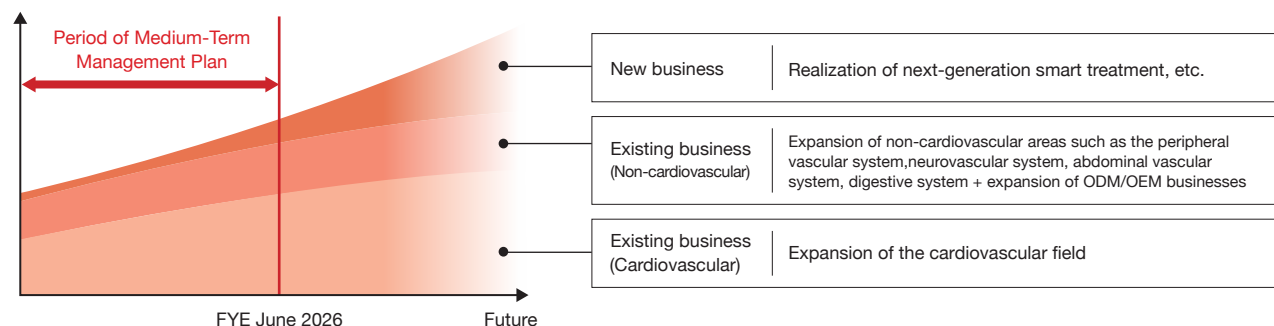
We place importance on new businesses as a business area that will drive continued growth after the period of the Medium-Term Management Plan, and we are working on a variety of businesses, including the robotics field, to sow seeds for this purpose.

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.



\*1 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 owing to the Thai floods.

\*2 Owing to the COVID-19 pandemic, the number of cases has decreased from the usual level.



## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

## Basic Policy

1

Develop Global Market Strategically and  
Expand Affected/Treatment Area

## Develop Global Market Strategically

Asahi Intecc Group currently sells products to 118 countries and regions around the world. The number of cases of intravascular diseases for which our Group products are used is expected to continue to grow on a global scale, particularly in emerging countries. Amid this backdrop, we will strengthen our earnings base on a global scale by further enhancing our sales and marketing functions in each region.

## Japan

**Strengthen profit structure through direct sales system**  
**Actively launch new products despite the impact of falling medical device reimbursement prices**

In Japan, we sell our own brand products directly to hospitals, etc., and we are working to gain market share. We are also actively promoting the introduction of new products in the non-cardiovascular field, utilizing our direct sales system to sell other companies' products and strengthening our own brand products in the digestive field.

In addition, we have started sales of products in the robotics field to create new businesses and will strive to expand our revenues and business areas.

## U.S.

**Reinforce sales by leveraging the 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.

Positioning peripheral vascular systems and cerebrovascular systems in the non-cardiovascular field as priority markets, we will actively launch new products and further enhance our marketing and sales functions to enable us to grasp market trends more quickly in close contact with physicians who are end customers in order to further promote sales and expand our market share. We will actively expand our ODM and OEM business and strive to further increase earnings, besides our own-brand products.

## EU

**Gain high market share through community-based agencies**  
**Aim to increase revenues by gradually shifting to direct marketing**

In the European market, we have gained a high market share mainly in the cardiovascular area through direct sales and through several agencies who are closely involved in the field. In some regions of the European market, we are gradually shifting to direct marketing -- in France in July 2019, in Germany in January 2021, and in Italy in July 2021. Through these activities, we will continue to expand our market share and earnings.

## China

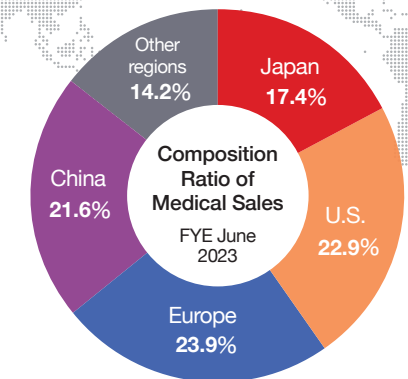
**The spread of PCI treatment has led to a surge in cases, particularly in inland areas**  
**Seek to expand share in the booming Chinese market**

In China, we sell products through local agencies. The number of cases in both cardiovascular and non-cardiovascular areas is increasing steadily, mainly in the inland areas, and the China market is expected to experience particularly high growth and development in the global market. Despite the ongoing changes in the business environment, including the introduction of a bidding system, we will continue to strive to further expand earnings in light of market conditions by introducing new products, enhancing marketing and sales activities, and strengthening the backup system closely linked to local agencies.

## Other Regions

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

In Asia, the Middle East, Oceania, South America, and other regions, we are strengthening our sales structure with community-based local agencies, mainly in emerging countries with growth potential. In some regions, we have moved to direct marketing. By continuing these strategies, we aim to further increase earnings in both the cardiovascular and non-cardiovascular sectors.



## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

## 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 the lineup of products for the treatment of common lesions, thereby solidifying our overall "Number One" position.

In addition, 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 promote measures to strengthen product development not only in the cardiovascular fields but also in non-cardiovascular fields such as the peripheral vascular system, cerebrovascular system, abdominal vascular system and digestive system. In the non-cardiovascular fields, we will expand new products by laterally applying the technologies cultivated in the cardiovascular fields. At the same time, we will strengthen our sales structure, especially 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 in some cases mainly in overseas markets. Amid this backdrop, Asahi Intecc Group has developed and

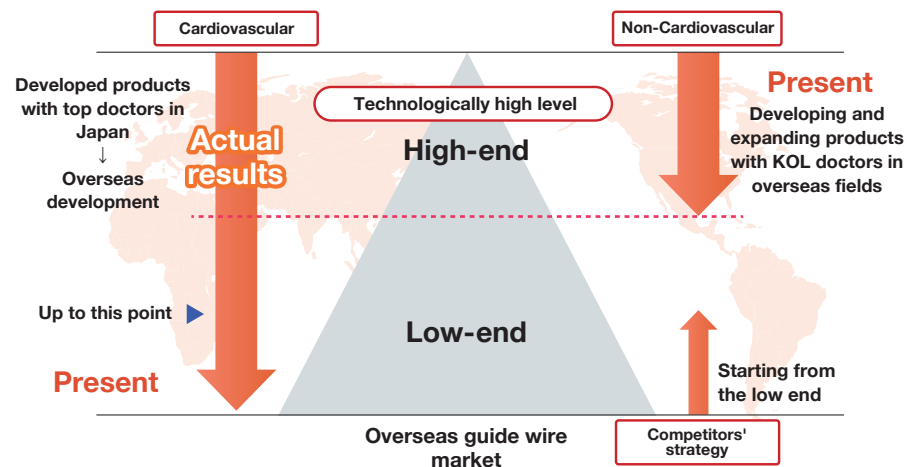
marketed products necessary for minimally invasive treatments such as PCI guide wires and penetration catheters, which have a high product advantage unmatched by other companies and are capable of CTO treatment, and have contributed to expanding the selection rate of PCI treatment in the CTO field. As an R&D-oriented company, we will continue to develop

products that retain new functions using advanced technologies, such as plasma guide wire (cardiovascular system and peripheral vascular system) and stroke smart guide wire (cerebrovascular system), and contribute to the spread and development of minimally invasive treatments.

## Guide Wire Strategy

Why non-cardiovascular products, unlike cardiovascular products, can increase market share

- **Cardiovascular segment:** The high-end market has been occupied by top players, and there is room to gain share only in the low-end market.
- **Non-cardiovascular segment:** We are going to enter the high-end market ⇒ Our products will penetrate the market smoothly.



## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

### Basic Policy

# 2

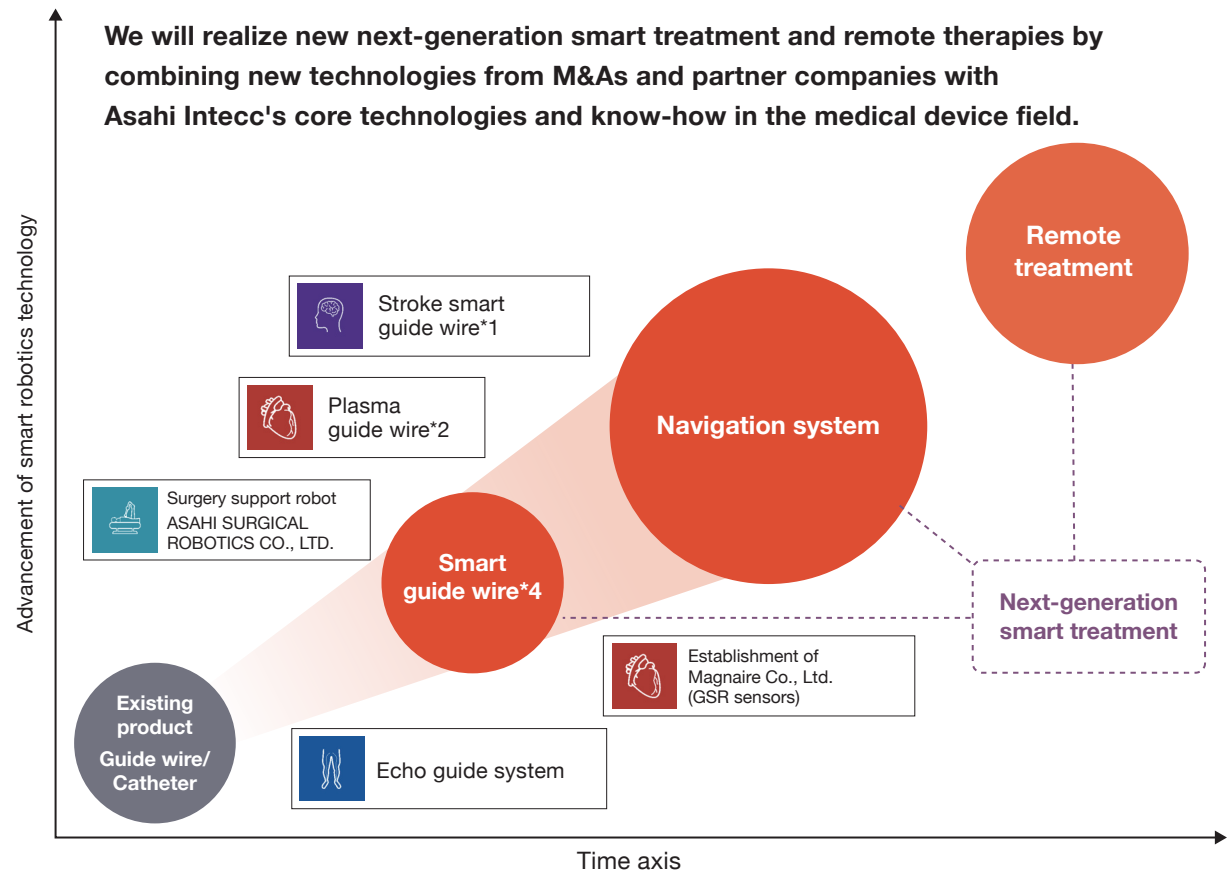
## Create New Business in Global Niche Market



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 from now, and have begun to advance into new fields such as the gastrointestinal, neurovascular and robotics fields by strengthening our Group'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.



\*1 Refers to an innovative guide wire that makes it possible to identify the nature and composition of the thrombus resulting from a cerebral infarction by adding the sensor technology of Sensome SAS, French company to our guide wire.

\*2 Refers to an innovative guide wire that enables to passage hard thrombosed lesions by generating plasma energy from the tip of guide wire, and also enables even inexperienced surgeons to perform CTO\*3 treatment, which used to require a high level of skill on the part of the surgeons.

\*3 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.

\*4 This is a generic term for innovative guidewires that add functional value to our guide wires by adding new technologies such as the Smart Stroke Guidewire and Plasma Guidewire mentioned above.

## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

## 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 the R&D activities in Japan, we have constructed a new building on the premises of the Group's main R&D base in Seto Factory, and in 2018 we developed an R&D environment identical to a clinical setting. In February 2022, we opened our 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, which is a direct sales base in the U.S., we have built an R&D structure that is able

to reflect the needs and feedback of doctors, our core customers, directly in our products, even at the prototype level. We are expanding the R&D bases at another consolidated subsidiary, ASAHI INTECC THAILAND CO., LTD. (Thailand factory), which enables us to promote more proactive improvement of existing products, including the examination of product specifications. Furthermore, at ASAHI INTECC HANOI CO., LTD. (our Hanoi factory), we will continue to improve our research and development functions with a focus on factory development. 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\*, 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 emergencies 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



- Center for R&D
- Maintain an emergency production backup system
- Construct a new building at the Global Headquarters and R&D Center to expand development functions

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



ASAHI INTECC THAILAND CO., LTD.

- Decentralize production to Hanoi/Cebu Factory
- Support the launch of Hanoi/Cebu Factory



ASAHI INTECC HANOI CO., LTD.

- Accept decentralized production from Thailand Factory
- Start-up a new plant to expand production
- Transfer production to Cebu Plant



TOYOFLEX CEBU CORPORATION

- Acquired as BCP (Business Continuity Plan)
- Establish production systems not only in the industrial equipment field but also in the medical device field
- Currently launching mass production of finished medical devices

### Directly deliver products to customers worldwide

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

## Medium-Term Management Plan "ASAHI Going Beyond 1000"

3-2

### Basic Policy

# 4

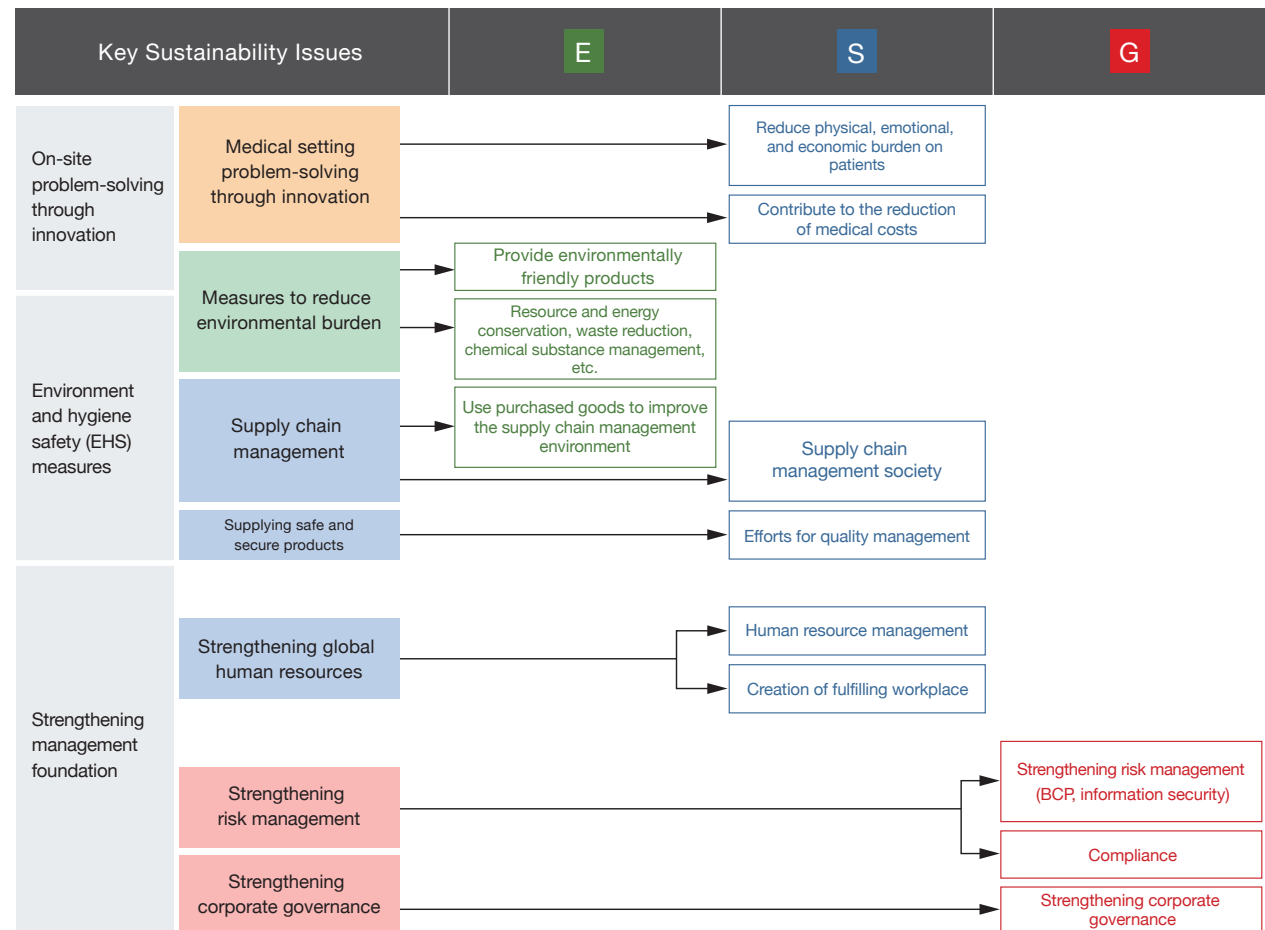
## Establish Management Foundation for Sustainable Growth



The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale owing 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 is increasing. Under such circumstances, Asahi Intecc Group aims to solve issues on the site by developing, manufacturing, and selling innovative medical devices using our unique technologies and to improve the quality of life (QOL) of patients all over the world.

Amid increasing risk events such as large-scale natural disasters and pandemics, our Group is working to strengthen its risk management, including its Business Continuity Plan (BCP) as a global medical device company that supplies products to medical facilities around the world. We will respond to environmental and human rights regulations around the world by looking at the entire supply chain. Considering the impact that these changes may have on Asahi Intecc Group'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 our Group.

As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review the key issues accordingly.



## Dialogue between Vice President and Senior Managing Director

3-3

We will continue to actively challenge the global market by adhering to our integrated production system and hands-on approach.

**"Only one" technology and "number one" products from two businesses, Medical and Device**

— Tell me about how you joined Asahi Intecc and the business you have been involved in.

**Miyata:** As the second son of the founder, I learned about the business by working part-time since I was a student. After officially joining the company as a regular employee, I have been involved in all aspects of the value chain, including development, production, quality assurance and claims processing. Around the year 2000, I was assigned to a factory in Thailand to build a manufacturing plant for medical devices, and I and only three to four staff started it up and worked to build a mass production system. Currently, as the General Manager of the Device Business Division, I am in charge of all development, production, and sales of the device business. The President is in charge of sales, and I, as the Vice President, am in charge of production, including factories, and we manage the whole company while each assumes separate

responsibilities.

**Kato:** I joined the company mid-career in 1992 in charge of medical device development and have been involved in the launch of the medical device business. Around the year 2000, I was assigned to the Thailand factory to start up the manufacturing plant exclusively for medical devices. At that time, there was a medical manufacturing line in the device factory, and I worked on the medical device assembly, etc. For setting up the dedicated medical plant, we introduced sterilizers and built a system to manufacture finished products in about two and a half years. Currently, as the General Manager of the Medical Division, I am in charge of the overall management of the whole medical business, focusing on production and development.

**Miyata:** At the time of setting up of the Thailand factory, the founder, the former president of the company, took the lead and transferred all of the device business processes from Japan to the Thailand factory. The layout of the Thailand factory was patchy, as the factory was



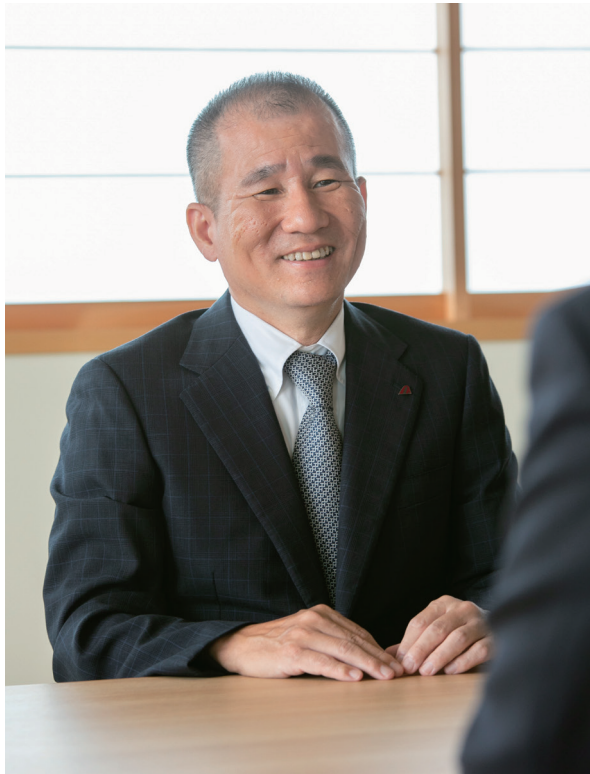
Senior Executive Director  
General Manager of  
Medical Division  
**Tadakazu Kato**

Executive Vice President  
and COO  
General Manager of Device  
Business Division  
**Kenji Miyata**

Global Headquarters and R&D Center

## Dialogue between Vice President and Senior Managing Director

3-3



built in stages, first with ropes and then with assemblies. Rather than building a large factory and then filling the inside like the equipment industry, I think the company was working in line with the founder's policy of "As for the transfer, it is better to do it carefully one by one." I think that this way of doing things is part of Asahi Intecc's uniqueness, which still prevails today.

—Both of you are in charge of the management of the

**manufacturing plant, so you have something in common so far. Currently, Mr. Miyata is in charge of the device business processing from the materials to the in-process stage, and Mr. Kato will take it over and is in charge of the medical business covering the in-process to the finished product.**

**Kato:** Recently, the Medical Division has transferred all important processes from the materials/raw materials to the in-process stages of manufacturing medical devices to the Device Division. This has made it possible to clearly separate the roles of the two of us, thereby clarifying the functions and roles of the two divisions. At the medical plant, we conduct product design, processing, assembly, and sterilization, mainly with the components and work-in-progress received from the Device Division to finish them. And the Device Division consistently undertakes everything from materials and raw materials to parts processing.

A good blend of the two functions makes a "number one" product with a high "only one" quality.

**Miyata:** We are able to produce medical equipment in an integrated manner like this. It is an attractive feature of Asahi Intecc that other companies don't have. Major manufacturers procure component materials from many suppliers, but Asahi Intecc procures raw materials such as stainless steel lumps and resins to manufacture component materials in-house. Materials are processed to be suitable for the products, then passed to the

Medical Division, where processed materials are assembled. What realizes our company's "only one" product is our technical ability to trace information from doctors back to upstream processes and materialize it. I think that led to the superiority of Asahi Intecc products.

**The key to the success of our mother factory in Thailand is a corporate culture in which management and employees work together**  
**Field-based strength during floods and the COVID-19 pandemic**

—Our factories are located in Thailand, Hanoi and Cebu, and the Thailand factory is positioned as the mother factory. Although we are in a special situation where the mother factory is located overseas, there have been few quality problems, and it seems to have been operating smoothly even during the COVID-19 pandemic. What is the secret?

**Miyata:** Yes, our mother factory is now located in Thailand, not in Japan. As the company decided that it would focus on R&D activities in Japan and establish production processes in Thailand, the Thailand factory needs to secure a certain level of quality for products. I think it was our company's friendly and family corporate culture that enabled us to do that.

At the time of starting up of the plant, many trainees from Thailand, sometimes dozens, came to our Headquarters

## Dialogue between Vice President and Senior Managing Director

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in Seto City, Aichi Prefecture. Since then, whenever I travel to Thailand on business, I am willing to communicate with Thai employees in detail. Another reason is that our team is united. For example, the Thailand factory has received support from business travelers and dispatched employees from Japan from product launch to project completion.

At the Thailand factory, the employees themselves make various suggestions. We often talk about more efficient methods and ways to achieve quality stability among Japanese people, but at the Thailand factory, good ideas come more quickly from local employees, too. In terms of maintenance, production of jigs and tools, and process design, decisions are made more quickly in Thailand than Japan.

At present, we transfer the technology and know-how from the Thailand factory to the Hanoi factory, and from the Hanoi factory to the Cebu factory. I think there is a culture of passing down technology from Japan to the mother factory in Thailand and on to the next factory.

**Kato:** I think this is because management members such as Vice President Miyata and myself have experience working in overseas factories and have some understanding of their country's culture and ideas. In addition, while other manufacturing companies have only production engineers in their production plants, Asahi Intecc places the equipment team and production technology team in its production plants, with about 150 members for the Medical Division in the Thailand factory and the Hanoi factory alone. The key to success is that

we make various improvements and developments with so many people on a daily basis.

### —What do you think is the reason why we have made good progress even during the COVID-19 pandemic?

**Miyata:** I think we have a strong sense of responsibility for handling medical devices and a sense of mission to steadily deliver them to customers. During the COVID-19 pandemic, it was difficult to travel to and from overseas factories, but the employees who had watched and learned what we did are now inheriting the Asahi Intecc culture. The local people are highly motivated and have a sense of mission. I feel it's a sign that the culture is rooted.

**Kato:** Mr. Miyata and I, as well as employees from Japan, often participate in parties held by locals, so we feel very close to them.

**Miyata:** Since I was a student, I have learned from the behaviors of the founder, the former president. When I visited Thailand on a business trip for the first time with the founder, Thailand was in the middle of a coup. Even when the coup took place and tanks appeared in the city, the founder did not hesitate to travel to Thailand, and I felt that the person in charge had to go there under any circumstances. I think people in our company have inherited a culture where if something happens, we will fly there right away to check for ourselves.

—The close relationship between the executives and the site and the fact that they go to the site themselves lead to Asahi Intecc's uniqueness, and I think value creation is possible based on that.

**Miyata:** I think so. At the time of the Thai flood, I wanted to check it with my own eyes, so I went there right away. At that time, Thai employees worked hard to load



## Dialogue between Vice President and Senior Managing Director

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sandbags around the factory and evacuate important products to the second floor, even though their lives and homes were in a difficult situation due to the flood. Eventually, everything in the factory was submerged in water, but I thought it was important to act with the desire to protect the factory, and I was very happy about such feelings of all of them. Thanks to the Thai people who worked really hard and didn't give up, we were able to restore the plant very quickly. In addition, when the Thailand factory was closed, Thai employees moved in their hundreds to Hanoi and Japan to support the replacement production at full capacity. We concentrated on the production of medical products and component products that could only be produced by Asahi Intecc. We really worked together globally to cope with the difficult situation. As a result, we became more and more united. As another benefit, we were able to transfer the high skills of the Thailand plant to the Hanoi plant. We have been able to overcome the recent typhoon disaster at our Cebu factory in 2021 with the solidarity and cooperation of local employees. Typhoon damage in Cebu was also severe, but I think we were able to respond calmly because we had the experience of flooding in Thailand.

**Kato:** I think the decision was made quickly because Asahi Intecc is a family-owned company.

**Miyata:** Given what the management would never have known if they had been in Japan, I think that we can make

appropriate decisions because the management is in the field. It might be Asahi Intecc's ability to do that.

**—Even during the COVID-19 pandemic, I think we were able to respond to production needs without stopping production or delaying delivery times during the lockdown.**

**Miyata:** When the lockdown hit overseas, most companies temporarily suspended operations of their local factories. In our case, when a lockdown hit, we received a report for the situation and a call from local people saying, "As long as we stay here and do not go out, we can operate the factory, so we want to keep producing." I refused their request twice because I didn't want my employees to have such a hard time, and I didn't want them to take such a risk. But, a few hours after, I received a call from the overseas plant saying, "We have already taken care of securing a place to stay, a bed and a shower, so let us do it." If they go that far, I can't refuse them anymore. I think it's the field-based strength. Appropriate decisions can be made only at the field. I cannot know in Japan. We have the belief that if we can't get through, we'll do it ourselves, which has penetrated the field, and I think that's what Asahi Intecc is all about. That's why we were able to continue production and supply. I really appreciate the local members.

**— It's a real story very unique to our company. I think it is the culture and climate that has been**

**accumulated over many years. On a slightly different note, do you think it is important to have a certain amount of spare capacity when dealing with risks such as BCP?**

**Miyata:** Yes, I think it is important to have spare capacity. Mr. Kato is also aware of how many development themes are currently being developed in parallel, so I think he is



## Dialogue between Vice President and Senior Managing Director

3-3



always conscious of a manufacturing line that can cover future production needs. In order for us to be able to launch a new product line as soon as it is approved, we still have to have enough space in the factory and spare capacity in production facilities. Having that kind of spare room and capacity work well when something happens.

**Kato:** We cannot start production as soon as the equipment of the factory is completed. For example, in

our case, production of medical equipment requires clean rooms. It takes about 10 months to build a clean room, and then we have to install equipment there and verify the quality. The longer the line, the longer it takes. After that, production starts, but in our case, the production process covered by automation is small, so we need to hire more people and train them. Therefore, it is not uncommon for us to take more than five years from start-up to operation. If we don't prepare well in advance, we might run out of capacity even after having taken orders.

**Enhance the integrated production system by tirelessly improving the skills of employees and automating the system, leading to an increase in added value**

**—Mr. Miyata is also dealing with labor issues. Do you have any difficulties with the pressure to raise wages?**

**Miyata:** I honestly believe that a wage increase in tune with the development of the country where we operate would be a good thing for our local employees from the perspective of economic development in that market. However, we need to think about how our company will maintain the profit margins while watching the trend of wage increases. For this, it is important for each factory to take responsibility for adding value, such as by further promoting automation, which Mr. Kato is currently working on.

**Kato:** Now, the Thailand factory is ahead of Japan in terms of facility development. As each factory strives to add value, we are improving the skills of our employees. The skill level of Thai employees is equal to or higher than that of Japanese employees, and everyone is working with passion towards their goals. Wages are up compared to 20 years ago, but skills are also up, so added value has increased considerably. And, by promoting automation, we will be able to reduce the number of employees required for production, which will result in an increase in added value. We plan to further promote automation.

**Miyata:** Our company's goal of automation is not to automate all processes, but to achieve uniform quality. Core technologies are manually handled by skilled experts. It's like automating things anyone can do and passing them to the hands of skilled workers. In order to improve the theme of the development projects and to increase the added value, we have to make the equipment by our own hands because it needs to be customized. Our company, for example, acquired Meisen, Ltd. in 2015. Meisen is highly skilled and the only one company capable of producing highly functional twistors handled by our company. Like this, having such an excellent equipment manufacturing company as a Group company, we are realizing in-house manufacturing in Thailand. It is one of Asahi Intecc's management obsessions to make everything self-produced.

**— In-house manufacturing is our basic policy, and**

## Dialogue between Vice President and Senior Managing Director

3-3

**capital investment is necessary because spare capacity is always needed. Also, even if wages increase, you think that automation of facilities will lead to an increase in added value in the medium to long term, don't you?**

**Kato:** Yes. At the Thailand factory, we have been working hard to recruit and train our employees. This has enabled us to develop in-house manufacturing of our facilities, thanks to the availability of highly skilled personnel at the manufacturing site and the improved ability of the factory.

**Miyata:** We can deal with BCP because we have been prepared. Even if we are damaged by a disaster, we are ready to restart quickly and to respond when something happens to our clients. We also make daily efforts to reduce cost ratios while making investments. The main difference between our company and other manufacturing companies is that we make products in an integrated manner from raw materials to finished products. Manufacturing from raw materials means that the inventory volume of the previous process will increase, and we need to manage the length of the project and work in progress. A company dealing with medical devices is a life support industry, so we believe that our mission is not to run out of stock in order to meet a deadline. It is also possible to incorporate our company's unique know-how and technology into products because all the production process is operated in-house.



Global Headquarters and R&amp;D Center

### — What do you think about the next stage?

**Kato:** I think the manufacturing in emerging countries is one of the challenges. In addition, as the COVID-19 pandemic has ended and demand has increased, domestic demand will need to be expanded because productivity and sales capacity will increase rapidly. Looking at the trends of the times, I would like to reinforce the production system in our Group, including production overseas. Asahi Intecc is a medical device manufacturer, and I believe that stable production and quality are important as a base and

the foundation of our corporate value.

**Miyata:** We will promote measures to improve production efficiency, such as automation. Although it is difficult to make change all at once because it requires upfront investment, we are determined to make improvements in the medium to long term and continue to respond to the ever-increasing need for medical devices overseas by actively providing our company's unique products.

〈Interviewer: Mizuho Ito, Director, General Manager of Administration Division, Asahi Intecc Co., Ltd.〉

# 04

## Financial strategy

# Financial strategy

## CFO and Investor Dialogue

4-1

- Role of CFO
- M&A Strategy and Capital Policy
- Promotion of Sustainability Management

## Financial Strategy

4-2



Global Headquarters and R&D Center



## CFO and Investor Dialogue

4-1

As a balancer with a bird's-eye view of the entire company, I place great importance on providing objective opinions based on numerical values.

### Role of CFO

#### Development of the management base as part of the growth strategy

**Watanabe:** I have watched your company as an analyst from its listing up to 2020. Your growth since the IPO has been remarkable, and I believe that the company has also undergone a major in-house transformation during this process.

Today, I would like to ask you about the background to the growth, what you have been thinking about as a CFO, and your future mindset.

**Ito:** Thank you for your time. Asahi Intecc has been growing gradually while experiencing various changes since it went public.

I am still very grateful to Mr. Watanabe for continuing to deliver relevant and important information to the stock market, even during times where we had twists and turns, we were in a transition period and we received severe market evaluations. I'm glad to have this opportunity with you.

**Watanabe:** Looking back on the history of Asahi Intecc, I

think it can be classified into several stages. The first stage is the initial growth through a partnership with Abbott Laboratories. The second stage is the expansion of your global market share by strengthening your product lineup while gradually changing the sales structure in each region, focusing on Abbott. The third stage is to further expand your business areas, including M&A, and strengthen new fields. Now, you are on the third stage. During this period, you have not only expanded your business areas, but also conducted M&As to strengthen your defenses from the perspective of BCP. You have also implemented deep business strategies that cannot be measured based on the stereotype of simply going from growth to the next step. Looking back over a long period of time, I can only say that you have successfully achieved the growth stage up to now. Actually, I think there were some efforts and difficulties as CFO during this period, and I would like to ask you what you think looking back.

**Ito:** Thank you for your great review. Looking back over the past 20 years, we can deduce that the stage has changed in such a way, but the strategy that we set out when we went public is still ongoing, and we have a sense that the

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

Mizuho Securities Co., Ltd.  
Director of Equity Research  
Department  
**Hidekatsu Watanabe**

## I CFO and Investor Dialogue

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main framework of our strategy has not changed and that there have been various unexpected events in the process of implementation, and we have responded to them each time.

We have experienced a lot of things that happened, but surprisingly, there were no such difficulties or internal confusion that people outside the company thought. The management, including the former and current presidents, have great confidence in our achievements in steadily responding to the needs of doctors and customers with the technical capabilities that form the basis of Asahi Intecc, so I think we have always held the belief that there is essentially nothing to worry about if we have that ability. I am keenly aware that this has been communicated to all employees and that's why we have overcome difficulties. I also think that we had decades of preparatory period before the company went public, and efforts during this period bore fruit.

The responsibility of the current management is how to continue and connect to the next stage.

**Watanabe:** I thought there was a lot going on from the outside, but the management team had strong technical skills, strong relationships with customers, and strong unwavering conviction, so you have been able to move forward without change for the past 20 years, haven't you?

I would like to ask you one more question. In the 20 years since its listing, Asahi Intecc has grown incomparably in size and market capitalization. How have you strengthened the internal structure? Many young companies may encounter a

growth barrier in the process of rapid growth due to structural factors that the organization and system cannot keep up with, such as the retirement of core personnel, the deterioration of products and services, or the exposure of problems arising from lack of attention of management. But this will not apply to Asahi Intecc. The role of the CFO will also change depending on the growth stage and the situation of the company. Could you tell me why, including your role and work so far?

**Ito:** During the period of the former CFO, we were in the early stage, including the period before the IPO, and we invested all of our management resources in R&D and sales, so we were not able to invest sufficiently in the administrative function. I joined the company about two years before it went public (in 2003), and I have been closely watching the internal affairs for many years while gaining practical experience under the former CFO. After the retirement of the former CFO, I was appointed to take over the position in 2016, and I think we have been working to build a system that suits the scale of the company. We have been gradually devoting management resources to overall management, including the complete replacement of core IT systems, which urgently needed to be modernized, and maintenance, the introduction of a common approval authority system on a global scale, the improvement of systems with a particular focus on overseas governance, and the enhancement of internal systems capable of global M&As. I know the administrative functions are generally referred to as a cost center that

does not generate profits, but strengthening and implementing these administrative foundations was essential for future growth strategies. We are still only halfway through the process, and I believe there are still many issues to be addressed in order to establish the foundation for the company's administration.

**Watanabe:** In your case, you mean that you were not only responsible for the duties of a CFO, but also assumed CIO or CHRO-like duties, such as IT systems and personnel management, don't you? I think it must have been difficult, but since you were able to manage the administrative departments integrally, you were able to support the growth of Asahi Intecc. If the authority had been finely distributed and your duties were only focused on finance, I think it might have caused a lot of problems.



## CFO and Investor Dialogue

4-1



**Ito:** Currently, the organization has grown in size, and the HR Department and the PR Department have been changed to come under the direct control of the President. I am grateful that I was able to manage the core systems and accounting in a unified and consistent manner for the past several years. In the times of the former CFO, it was a rewarding experience that he accepted my opinions and entrusted me with such a big role. There are still many issues to be addressed, but the number of highly qualified and trustworthy subordinates who have a common understanding of essential issues and problems is steadily increasing, and organizational skills are increasing. I have a sense that it is becoming possible to solve problems systematically rather than individually as in the past.

**Watanabe:** Another important role of the CFO is to consolidate opinions within the company and communicate with outside stakeholders, and to coordinate opinions between the outside and inside of the company. Are there any points or challenges you pay attention to in performing that role?

**Ito:** Our company's internal directors are those specialized in technology, development, production, sales, etc., respectively and all have a high level of experience. Most of the members are on the side of executing and managing the business, and I am the only person in an administrative function. The business side naturally wants to invest a lot of management resources for business growth. Under this circumstance, as the CFO, who is required by institutional investors to make the company grow in line with stock prices, annual budgeting is always a challenge. While each division is responsible for making decisions about the detailed allocation of resources for business operations, it is also important for the company to consider the large allocation of resources and capital efficiency of the entire company. Therefore, there is no end to the discussion among directors on the executive side about whether the allocation is appropriate and how to improve profits. President Miyata listens directly to the demands of capital markets through IR activities, so he understands both positions and makes a final decision. I sometimes talk to CFOs of other companies. As a person who communicates the voice of the capital market within the

company, I think there are challenges not only in our company but also in every company in balancing the allocation of management resources and the capital efficiency of the entire company. Especially in the short term rather than the medium to long term, I think it is an eternal issue for business companies to decide how to find a compromise between the voices of the stock market and internal demands.

**Watanabe:** When I was an analyst for your company, I remember you being rather careful in your choice of words. I think you explained the difference between what analysts thought about earnings forecasts and what your company thought, and you were concerned about how to implement controls for over- or under-expectations of growth. In addition, I believe that your IR system was well balanced in that President Miyata sent out positive strategies and drives while Ms. Ito suppressed them. You said, "As the CFO, who is required by institutional investors to make the company grow in line with stock prices, annual budgeting is always a challenge." I think, this means that, differently from your formal attitude towards the outside stakeholders, you sometimes explain to the members within the company with the attitude, "If we don't improve our growth potential, we won't be able to gain confidence from the stock market." By the way, what is the calculated capital cost? What is the current ROE level?

**Ito:** We have set the capital cost at 5%. ROE for the FYE

## I CFO and Investor Dialogue

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June 2022 was 10.2%. (Capital cost is 5.5% and ROE is 10.4% for the FYE June 2023)

**Watanabe:** I think 5% is a little low. What do you think? Also, the equity spread is about 5%. Is the concept of capital cost rooted in your Board of Directors, including in M&A cases?

**Ito:** Some institutional investors have suggested that the capital costs disclosed by our company could be higher. According to the calculation based on current financial and market trends, the figure is 5%. I believe that investors are requesting the disclosure of capital costs, including the stance that profit growth rate should be higher. Regarding whether the concept of capital cost is rooted, major new products and projects are discussed at each responsible level using the NPV (Net Present Value) method and the IRR (Internal Rate of Return) method, and of course, they apply capital costs to this process. We also consider and make decisions on large-scale investment projects, such as M&As, based on DCF, taking into account capital costs. In that sense, it's not perfect, but I think it's rooted.

At the time of the previous financing, institutional investors pointed out that there was little discussion on B/S. They were of the opinion that a company with this scale is no longer sufficient simply with the idea that if P/L is good, B/S will inevitably improve. As a result, we introduced ROIC as an important management indicator after discussion at the Board of Directors.

**Watanabe:** A proper B/S is one of the perennial unanswered questions, but I think the important thing is that you are able to talk to investors all the time and how open the doors are. In last year's Integrated Report, there was an in-depth discussion about the previous finances. Do you feel that the opinions and responses of investors and capital markets following the financing or following the Integrated Report last year are properly understood in the company?

**Ito:** In the previous Integrated Report, I had a frank discussion about it with Mr. Hyogo, Chief Fund Manager of Mitsubishi UFJ Trust and Banking Corporation, which is one of our Institutional Investors. After that, we received comments and responses from many people, including from investors and business companies, saying, "Well, you posted the conversation as it was." I hope they also understand our company's transparency. To bring it back to the original topic, there were various options, such as a regular public offering, a method that emphasizes cash on hand at the time of the M&A, or a bank loan. As a result, it was decided after an internal review that it was important to obtain cash on hand before the M&A. We received harsh opinions, but on the other hand, it was important for us to obtain funding at any timing. For this reason, we have received opinions from institutional investors with a high ownership ratio that we should make returns properly by growing in the future. Financing is based on the premise of future growth, and it is important for the Board of Directors to take responsibility for

future growth over the medium to long term.

**Watanabe:** For financing, there may be many things that you cannot talk about, differently from the side of the capital markets. Is there a side where the scenery we see is different?

**Ito:** I think there are various things such as which time frame we are thinking about and how we think about the advantages of being listed. Because we understand that the opinions of capital



## CFO and Investor Dialogue

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markets on financing are also important, I think it is important to bring investors' opinions back to the company and improve it. This is why we recently reviewed and clarified our policies regarding B/S and capital allocation. While it is a good thing that our company's market capitalization is valued higher than the size of its financial statements, it also comes with responsibilities, so we recognize that the voices of the market must be taken seriously.

**Watanabe:** It is important to give answers to the market



with the P/L results and to be accountable. If your earnings and stock prices decline after financing, it will affect reliability over a long period of time.

**Ito:** I believe that our investors have placed their trust in our growth potential, and I am grateful for that. It is important to fulfill the responsibility for that. We are looking at the medium to long term, not the short term. IR is not only for good times, so I would like to continue to be upfront and respond sincerely in any situation.

**Watanabe:** Since I was the analyst for your company, I have been impressed by your sincere attitude of dialogue. Not only did you make a good disclosure, but also you taught us what Asahi Intecc was thinking about from multiple perspectives and where its strong feelings and worries lay through dialogue. Also, you provide IR and information disclosure in exactly the same tone in good times and bad times.

In terms of growth potential, I think that one of the CFO's roles is to control various things, such as while the president is driving the strategy, the CFO should control the risk. How is it actually?

**Ito:** I fully agree with the president's strong desire to grow the business, including the M&A strategy. However, I believe that it is the role of the CFO to comment on the risks behind business growth, because I think it is important to make investment decisions based on the knowledge that there are risks. In addition, if the figures do not match those of the strategic

side, of course, the CFO must make that clear. It's quite difficult.

**Watanabe:** Hearing what you told me, I have the impression that the CFO's role is not just as a brake against the accelerator (the president) but also one of a balancer who determines how to balance and control capital markets and the president's ideas, business divisions and management divisions, short-term and long-term opportunities and risks.

**Ito:** There are some points that don't work well, but I think I assume such position and role. From the point of view of the internal business unit, the CFO may only be listening to the capital markets. Therefore, it is important to increase the background explanation of why the market wants to do so and the quantitative discussion of why the figure is what it is in addition to qualitative talks. I also think there are internal issues there.

**Watanabe:** In the stock market, I believe that not only long-term returns but also short-term returns have been required year by year. Some people see this as a negative effect of the short-term perspective, but in reality, the stock market has become more volatile, including macro-events, and it is not just that the long term performance will be okay, but also that the long-term perspective continuing from the short term has become important. In this sense, the level of demand from the stock market for issuers, especially the CFOs who act as a window for dialogue, has increased.

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**Ito:** The important thing is medium- to long-term growth, and that is our main focus. However, of course, we understand the voices of short-term perspectives such as quarterly earnings forecasts, and we try to explain them carefully.

Asahi Intecc is considered to be a conservative company in terms of its earnings forecasts, but I think that we are not too conservative because our earnings forecasts are based on the aforementioned discussion. However, we need to improve accuracy.

**Watanabe:** From what you've said so far, it seems that you balance expansion investment with growth while listening closely to market voices. In addition, considering the fact that the company aims to grow in such a way and uses funds to cover such expenses and to make investments, it seems that the buyback and cancellation of treasury shares that you made recently are in opposite direction to the current capital allocation and your financing from the market. What do you actually think about this?

**Ito:** As you can see from our current free cash flow (FCF), our company has not had much surplus funds in recent years. That's because we need strategic funds for growth. I don't think we are going to move to the next phase of growth if we're not putting money there.

The share buybacks you mentioned will cover a shortage of money to be allocated for strategic funds for future growth, so we consider them to be the next priority, including discussions on dividend increases. Of course, decisions will change when there is extra capital available or when we move from the

growth stage to the maturity stage, but I believe that the most important thing now is how to fund growth investments. The idea that all strategic funds can be procured from capital markets is, of course, too simplistic and contradictory. Through dialogue, I have the impression that institutional investors who expect medium- to long-term growth, rather than short-term growth, are more likely to believe that allocation to strategic funds is the most important. We want to follow a consistent policy, not only in the immediate future, but also to respond flexibly to changes in the environment, as otherwise, it contradicts the motivation behind the recent financing.

**Watanabe:** As the CFO, do you think the current state of capital efficiency is acceptable? Or do you need to further increase capital efficiency?

**Ito:** I think we should be more conscious of the capital efficiency indicators including ROIC. We do not operate with only capital efficiency in mind, but we believe that the pursuit of return on investment should be balanced appropriately. There are various points of view, such as the difference between a short-term perspective and a medium- to long-term perspective.

**Watanabe:** Are you conscious of capital efficiency for all investments?

**Ito:** For example, we carefully consider M&A deals because they involve risks. But it is difficult to ensure that all investments are

successful and profitable. Of course, we recognize that we should achieve returns overall. I think we have to make necessary investments, but we also need to clarify the return and payback period.

## M&A Strategy and Capital Policy

### Management decisions to be made because of leadership and discernment

**Watanabe:** Looking back at your company's history, I think there have been many important M&As.

The main purpose of M&A is to attain future growth, but you conducted M&As for BCP rather than growth purposes, which other companies cannot think of. What do you think about the division of roles between the president and other executives, as well as the role of the CFO, in terms of these various management decisions, business operations, and strategic planning?



## I CFO and Investor Dialogue

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**Ito:** Thanks in part to the strong leadership of the former president and current President Miyata, the strategy of each M&A has been clear. I am in a position to express my opinion from an objective point of view regarding the execution of due diligence and the appropriateness of the acquisition price, including future earnings, but I believe that the value depends on the leadership and appropriate discernment on the business side, which is essential.

**Watanabe:** As the CFO, what do you think of KPIs for directors?

**Ito:** The director in charge of each department has responsibility for that. In addition to that, all officers are together responsible for the consolidated figures of the entire company. There is a KPI tree developed from ROIC, but currently each item is not tied to a director. On the other hand,

the supervisory function of the Board of Directors does not work only by a KPI setting, so it is important how to raise common awareness and bring it to the discussion, including the background of KPIs and other invisible points. Our issue is whether the entire Board of Directors can look in the same direction and have fair discussions based on that. The other issue is how to change the role of outside directors and the position of the Board of Directors in the midst of an increase in the number of outside directors and a transition toward separation of supervision and execution.

**Watanabe:** It has often been said that the Board of Directors needs to be more effective, but in reality, it seems to largely vary depending on companies. In the case of your company, President Miyata has a large presence, but on the other hand, I think a major theme in the future is to reduce the dependence on him. How do you feel from the perspective of the CFO, including the atmosphere of the Board? In addition, the importance of outside directors has been mentioned in particular recently. Could you tell me what it seems to be in the case of your company?

**Ito:** As you mentioned at the beginning of this dialogue, our company is currently in the third stage in search of new markets. At such a turning point, it is important for the company that the president himself has a robust belief in strategy and takes strong leadership, and I see it as a real necessity. However, in the process, there must be a lot of things that need to be done by those around him, such as whether the necessary and sufficient input has been

provided to the management and whether they made enough discussion. As we have high growth potential, I feel that we are building a foundation as we progress, so I think there are still issues to be addressed. However, the issues themselves are shared by all directors, both internal and external. At present, all of our internal directors are also executive officers, but I think there is a common understanding that we should aim to separate management and execution in the future, and that we are in a transitional stage.

**Watanabe:** If a director in charge of the business segment stands on the viewpoint of such business division, the CFO has a role to have a conversation with him from the perspective of the whole company. Is there anything you should be careful about in such cases?

**Ito:** I place importance on making objective opinions based on the figures. If there is only qualitative discussion but no quantitative discussion, we may sometimes make factual errors or suffer from a lack of objectivity. However, we have still many issues to address.

In addition, it is important to take a company-wide and long-term perspective, while at the same time linking the voices of the capital markets to the Board of Directors for discussion. As the premises for that, there should be a common objective of improving corporate value over the medium to long term. We can't have a necessary discussion if directors are opposing each other in various situations. I believe that it is necessary to face up to the

## I CFO and Investor Dialogue

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issues and problems, to see them as our own problems, and to have fair and open discussions.

**Watanabe:** You have to tell directors what they don't want to hear. The CFO is required to play a difficult role.

**Ito:** Of course, all of my opinions are not accepted right away, but the reason why I can openly express my opinion is that there is a culture in which the president, who is at the top of the company, listens to the opinions of his subordinates sincerely, and I may have some advantages because I am a woman. It is said that women are too detailed, but I try to take things from a big perspective. When it comes to numerical values, there is always the image of being detailed, but since numerical management is a critical element of management, it is important that both strategy and numerical values are intertwined, and when it comes to detailed discussion, it is a problem that essential discussions are switched and cannot be properly discussed.

Also, I don't work alone in such a role. The administrative organization is gradually solidifying, and I feel that it is connected to risk control every day.

**Watanabe:** One of the things that the CFO is required to do is act as a controller and balancer who oversees the entire company in a cross-sectional manner. I think that's your essential role as the CFO. Also, a head of an independent IR department tends to make superficial communication, but you, Ms. Ito, who knows practical

matters, is realistic and we can communicate well.

**Ito:** Thank you very much. As for the management strategy, President Miyata, who essentially leads the business, is more persuasive than anyone else in conducting IR, so I recognize that I am insufficient for that role. However, since I work close to the president, I am able to deepen my understanding of the actual state of the business. I also believe that the business explanation and the numerical explanation are one, and I have the responsibility to perform the numerical explanation.

## Promotion of Sustainability Management

### Balancing quantitative goals and practical efforts

**Watanabe:** In the case of medical device companies, because the very reason for their existence is social, I have the impression that they have a weaker focus on ESG than companies in other industries. On the other hand, sustainability is an important selection factor in business these days. How do you intend to address it from the standpoint of the CFO?

**Ito:** For the environment issue, we started implementing measures to comply with CDP from this fiscal year, and we are actively working to comply with the GHG emission scope 1, 2, and 3. With regard to diversity in human capital, more than 30% of our managers globally are female, and there is no climate or mechanism that prevents women from

becoming a manager. We are required to clarify the expected figures for non-financial information. We would like to respond to it step-by-step. How to present them is important, but I think it is typical of Asahi Intecc to focus on whether there are essential issues and, if so, to look at the actual situation of solving them.

**Watanabe:** The technology of the medical device segments results from a combination of various elemental technologies such as not only metal and resin processing, but also pharmaceutical science, chemistry, software, robotics, and ergonomics. It often comes from communication with doctors and nurses as well as basic development in the laboratory. Unlike pharmaceuticals, where pipelines and unmet needs are somewhat easy to imagine in advance, in the medical device sector, the



## CFO and Investor Dialogue

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Global Headquarters and R&amp;D Center

combination of various technologies to develop new products is attractive. However, in recent years, there has been an impression that the development of new large-scale products has not progressed globally. I think one of the efforts to overcome this is the integration with robots, which Asahi Intecc is also strengthening.

**Ito:** For the medical device segment, doctors and patients have never-ending needs, and I believe that our company's essential raison d'être is to meet those needs. I think that

the growth we have achieved so far results from that.

**Watanabe:** From a patient's perspective, medical devices have the advantages of having undergone a dramatic evolution in both the diagnostic and therapeutic fields, and I think they have great benefits not only in terms of the results of treatment but also in terms of healthcare economics. However, it has been pointed out that the size of the medical device market in Japan is smaller than that in the United States. I believe that the medical device

industry is an extremely important and promising area from a corporate, patient, and healthcare economic perspective. Next is the last question, what do you want investors to understand about Asahi Intecc in particular? Or what is the appeal of Asahi Intecc?

**Ito:** I believe that Asahi Intecc is a company that is always willing to change. We have grown from an industrial equipment company to a medical device company, from Japan to the global market, from distributor business to direct sales business, from cardiovascular to non-cardiovascular fields, and even to robotics by always actively responding without fearing changes. I believe that we will continue to constantly transform while retaining the advantages of our corporate culture and the fact that we are an R&D-oriented company that serves as the foundation of Asahi Intecc. Behind this, we have the constant desire to contribute to social issues by solving the needs of doctors, patients and clients with our technological capabilities.

I believe that there will be many twists and turns in the growth process in the future, but our company values dialogue with the capital markets and wants to continue to engage in sincere dialogue at all times.

We appreciate your continued understanding and support. Thank you.

## Financial Strategy

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### Basic Approach to Financial Strategy

Our Group will further strengthen the financial base by improving capital efficiency, etc., and aim to achieve sustainable growth, secure stable earnings, and increase corporate value by optimally allocating funds to aggressive growth investments and stable and continued shareholder returns.

We will also strive to contribute to all stakeholders by implementing management that is conscious of capital costs and maximizing corporate value. In order to realize returns that exceed the capital costs, we will improve return on capital (ROE and ROIC) using the ROIC tree and strengthen investment decision-making based on the capital costs.

### Capital Allocation

Our Group has established the Medium-Term Management Plan "ASAHI Going Beyond 1000" for five years through June 2026. Based on the strategies incorporated in this plan, in addition to the growth of existing businesses (cardiovascular and non-cardiovascular fields), we are also promoting the launch of new businesses and are actively laying the groundwork for further growth, exceeding the final year target of 110 billion yen in net sales under 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 acquisition of shares and alliances, including M&A, capital investments, and R&D investments. Amid this backdrop, while emphasizing the balance between growth and financial strategies, we consider capital allocation providing for discipline and distribution of funds for cash flow for the growth as follows. This capital allocation was reviewed flexibly through dialogue with institutional investors in FY2022.

As the source of funds is cash on hand and operating cash flows, we strive to improve our ability to generate funds and its efficiency. To improve ability to generate funds, we evaluate major investments and new product and business projects using the evaluation methods with capital cost and cash flow such as the Net Present Value (NPV) method and the Internal Rate of Return (IRR) method. To improve fund efficiency, we consolidate surplus funds of our Group companies in Japan, the United States and Europe into Asahi Intecc using a global cash management system. In addition, the use of the cash management system enables us to centrally manage assets and liabilities denominated in foreign currencies, thereby reducing exchange rate risks. If we need external financing, we will procure funds through the method we consider most appropriate, such as borrowing from a financial institution, based on various conditions such as the amount, timing, and duration.



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

## Financial Strategy

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### Our Group's Key Management Indicators and Capital Costs

Our Group's key management indicators are net sales, operating income, and operating income ratio. The operating income ratio is set at 20%, and the EBITDA (operating income + amortization of goodwill + depreciation) ratio, which is the key performance of management, is set at 30%.

As for financial indicators, we have used ROE (Return On Equity) and ROIC (Return on Invested Capital) as noteworthy indicators. ROE and ROIC (calculated using "working capital + fixed assets" as invested capital) are both set at a basic level of over 10%, and we aim to improve them. Our Group believes that the use of interest-bearing debt plus shareholders' equity as invested capital does not accurately reflect the actual situation of our company because our interest-bearing debt increases owing to foreign currency borrowing for the purpose of currency hedging. Therefore, ROIC is calculated using working capital plus fixed assets as invested capital.

The weighted average cost of capital (WACC) of our Group is considered to be 5.5% as of FYE June 2023. We have periodically revised the WACC taking into account risk-free rates and stock market trends.

For major investments and new products and business projects, the NPV (Net Present Value) method and IRR (Internal Rate of Return) method using the capital costs are applied.



#### Our ROIC = NOPAT ÷ (Working capital + Fixed assets)

**NOPAT** = Operating income x (1 - Statutory tax rate (currently 30.6%))

**Working Capital** = Current assets - Current liabilities  
 = Trade and other receivables + Inventories + Accrued income -  
 Trade and other payables - Account payables - Advances  
 received

**Fixed Assets** = Fixed assets on the balance sheet

	Basic Level	Actual Results for FYE June 2022	Actual Results for FYE June 2023
EBITDA	30%	29.2%	29.7%
ROE	10%	10.2%	10.4%
ROIC	10%	10.9%	10.7%
WACC	—	5.0%	5.5%

## Financial Strategy

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### International Taxation

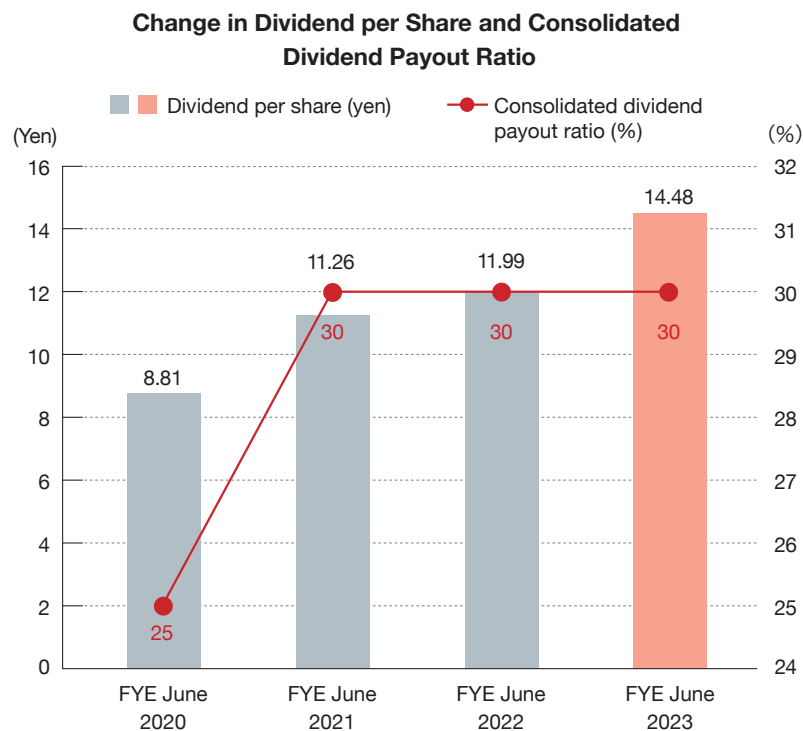
As we expand globally, international taxation is becoming increasingly important.

As for the taxation issues, with the support of outside experts such as tax accountants, we work in good faith to address tax issues and ensure transparency and credibility with tax authorities in the countries where we operate. With respect to transfer prices, we strive to manage them appropriately so that they become arm's-length prices by complying with local tax laws and OECD guidelines. For transactions with high transfer price tax risk, we reduce tax risk by utilizing the APA (Advance Pricing Agreement) system.



### 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 key 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, capital investments, and business investments, which are essential for future growth. This way, the company will endeavor to improve its business performance and strengthen its financial position.



# 05

## Sustainability Bolstering Non-financial Capital

# Sustainability Bolstering Non-financial Capital

## On-site problem-solving through innovation

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- Social Issues to be Solved and Measures
- Strengthening Social Capital
- Strengthening Intellectual Capital
- Strengthening Manufacturing Capital
- Promotion of Digital Transformation (DX)

## Strengthening global human resources

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- Human Resource Management
- Creating Fulfilling Workplace



ASAHI INTECC USA, INC.

# On-site problem-solving through innovation

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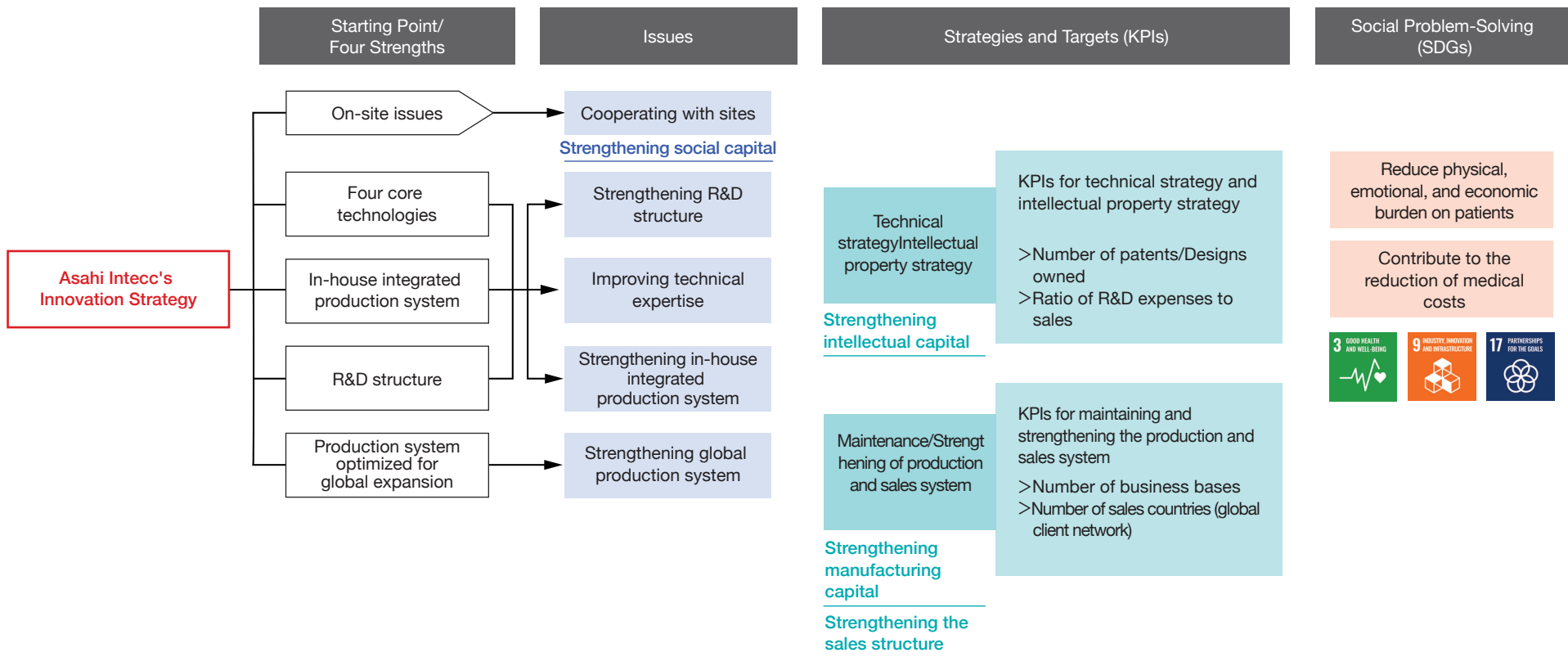
We are working to further create innovation by bolstering non-financial capital.

## 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.



## I On-site problem-solving through innovation

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## 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)**

**Developing Products to Meet Customers' Needs (Device 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 treatments 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 rates and to reductions in treatment durations by 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.

In FYE June 2023, our company launched the new CROSSLEAD series in order to strengthen the guide wire for peripheral vascular treatment in the guide wire business that is our strong point, and developed the CROSSLEAD 35 as the first in the line-up thereof. CROSSLEAD 35 is a new product with a large diameter (0.89 mm/0.035"), which greatly improves the ability to rotate in steep meandering areas, which was difficult in the past with a large diameter, and also improves the support required to guide the catheter and the penetration of the narrowed area. Because of its product superiority, it has

the potential to reduce treatment time and medical costs. The number of new medical device products launched in FYE June 2023 was two. We continue to create new medical items every term.

In recent years, in addition to developing conventional devices for treatment and testing, we have also developed software to support catheter treatment. Besides the treatment using plasma guide wire, which is currently undergoing clinical trials, we are also developing the product with a view to using it alone.

We also undertook multiple innovation initiatives, including applying an overseas startup's sensors to our guide wires in a joint R&D project contributing to the evolution of cerebrovascular therapy. 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.



## Social Issues to be Solved and Measures

### ③ Entry into New Businesses

#### ■ 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 expanding into the field of robotics and developing navigation systems.

#### 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.

We have also developed the WATSON EVUS Guide System (WATSON) in collaboration with FUJII CORPORATION. By holding the ultrasound probe, WATSON is able to produce a stable ultrasound image without shaking even when the position is fixed for a long time, and it is possible to support an environment in which EVUS procedures\* can be performed without limitations on human resources or skills.

#### 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.



#### WATSON EVUS guide system

\*EVUS procedure is a method of treating lower extremity blood vessels using ultrasound imaging, which can reduce the burden of radiation exposure on patients and healthcare professionals.

#### ■ 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.



## I On-site problem-solving through innovation

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# Strengthening social capital

## 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 blood vessels, 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 addition, 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.



## I On-site problem-solving through innovation

5-1

## Strengthening social capital

### Cooperating with sites

Our Group has signed contracts with top doctors and medical institutions in each field, and together develop products based on the needs we hear of 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



**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 increasingly vigorous investment in research and physician education via the activities of a small nimble sales force.



**Prof. Junbo Ge**

Academician of Chinese Academy of Sciences, Director of Department of Cardiology, Zongshan Hospital, Fudan University



I guess, maybe in the next few 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 to promote PCI. And the more local hospitals, especially in rural districts, also now get involved in handling 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 a synonym of great technology and great products. I have always felt that the quality associated with Asahi is of a very high standard. This became very true when I started using a lot of the Asahi products. You start feeling 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 many 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 will have a new family of products coming out of Asahi.

#### Peripheral Vascular Field



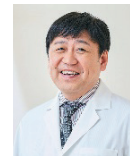
**Craig Walker, M.D.**

Founder and President, Cardiovascular Institute of the South, Founder and Chairman, New Cardiovascular Horizons (NCVH)



Asahi is the world leader in creating guidewires and support catheters that facilitate crossing of obstructive arterial and venous lesions and delivery of interventional devices. Innovation in design has improved my ability to more effectively treat patients.

#### Gastrointestinal Field



**Masaaki Ito, MD, PhD.**

Deputy Director, National Cancer Center Hospital East, Head of the Department of Colorectal Surgery and the Department of Medical Device Development and Promotion



ANSUR was developed from the voices of the medical fields. As work-style reform efforts progress, I believe that it will meet needs not only of small and medium-sized hospitals with limited manpower but also of large hospitals with a large number of cases. I believe that our mission from now on is to start clinical use and promote it to physicians with needs in Japan and overseas.

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



CCT (Japan)



SCAI (USA)



EURO CTO (Europe)



CIT (China)



IEST (USA)



JSES (Japan)



**Kei Ito, MD, PhD.**

Director of Center of Gastroenterology, Sendai City Medical Center Sendai Open Hospital



I am quite impressed by the ability and speed at which Asahi Intecc 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.

## On-site problem-solving through innovation

5-1

# Strengthening Intellectual Capital 1

## Strengthening R&D structure

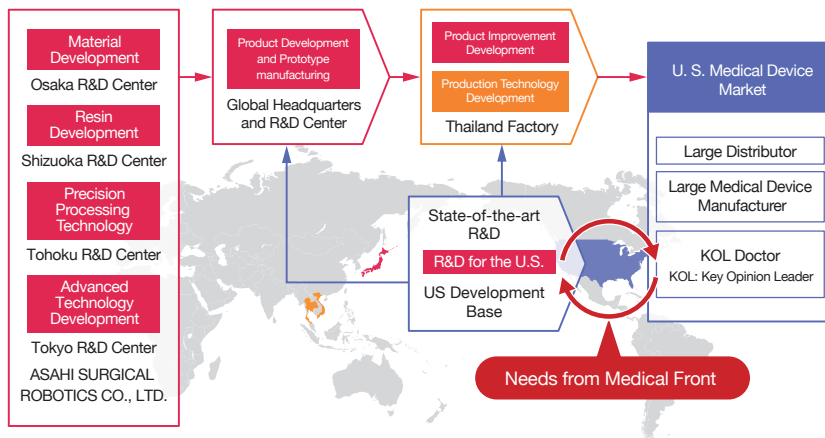
### Measures to Strengthen/Improve Our R&D Structure

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 35).

### 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



## 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

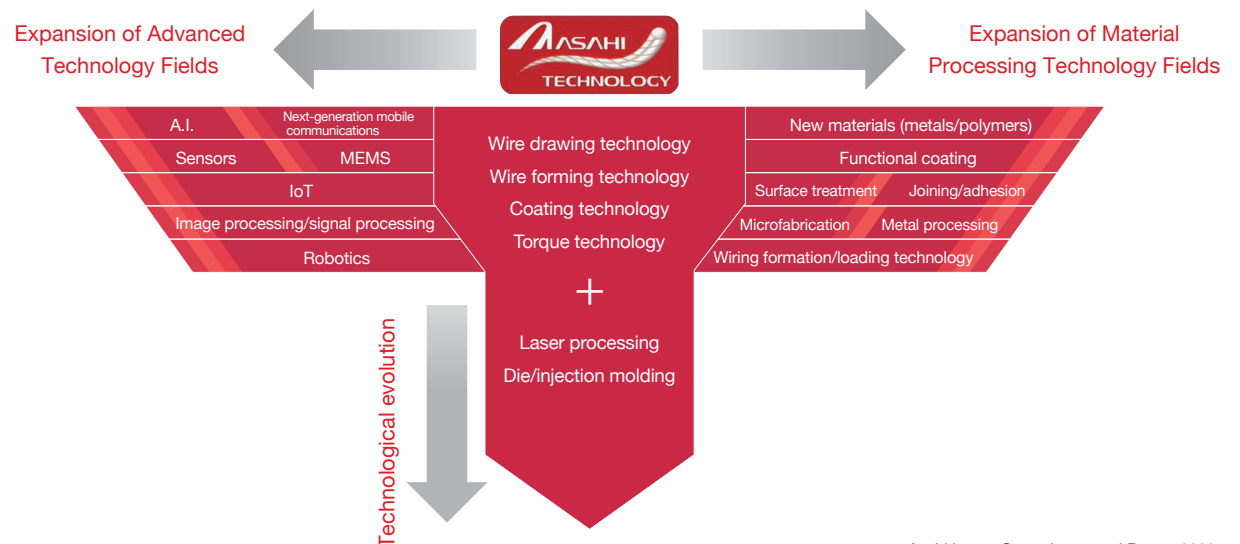
Asahi Intecc Group has established the intellectual property management rules to manage intellectual property. We protect the fruits of our new technology obtained by technical development as the foundation of our Group's activities by applying for and obtaining patents. However, to avoid disclosing 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 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



## I On-site problem-solving through innovation

5-1

## Strengthening manufacturing capital

### ➡ Measures to Enhance Production System

#### Production System

Our Group currently specializes in 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, 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. In addition, at our production base in Japan (Asahi Intecc Co., Ltd.), which currently does not have a mass-production function, we plan to secure mass-production facilities at our new R&D building (scheduled to be completed in June 2024), which will allow us to substitute some products in the event of 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 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 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 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 Hanoi factory, establishing a stable production line.

### Development of Production System Optimized for Global Expansion

#### Development/Prototyping/Product on transfer

##### Japan

- Expand prototype line for passing on technology
- Maintain production back-up system in case of emergency although R&D is the main focus



Global Headquarters and R&amp;D Center



Tohoku R&amp;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
- Plan to build the new factory for further mass production



##### Cebu Factory (Philippines)

- Pursue production efficiency as a mass production factory
- Enable the factory to manufacture medical device products



Medical Plant

## Promotion of Digital Transformation (DX)

### ➡ Promotion of Company-wide DX through the Establishment of the AIX Promotion Office

#### Launch of DX Promotion Project

In order to promote and strengthen DX initiatives throughout the company, under the Group-wide cross-sectional project to promote DX named AIX (Asahi Intecc Transformation), which was launched in FYE June 2022, we have examined the definition of DX, the organizational structure, and human resources to effectively promote DX activities, and the promotion schedule. In FYE June 2023, we also supported the promotion of small-scale trial projects and conducted in-house awareness activities to standardize the promotion process and accumulate knowledge for future

company-wide expansion.

Based on these processes, we established the AIX Promotion Office in July 2023. The AIX Promotion Office aims to contribute to improving our Group's competitiveness 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. In the first year, we will continue to support the promotion of small-scale projects and deepen the exploration of data and digital technologies that can be utilized in AIX, while cultivating the basis for our activities by promoting the internal penetration of the AIX promotion vision and the discovery of human resources to

promote DX.

At present, the AIX promotion portal site has been newly established to provide information company-wide and enable two-way communication.

In addition, in order to enable internal organizations and employees to take initiatives in DX promotion activities, we will work to reform business processes and create and provide new value by developing an environment where they can utilize the services of large language model AI such as OpenAI and an analysis base using various data. Through DX promotion, we will continue to promote value creation and problem solving based on the hands-on approach while inheriting the ASAHI-DNA, which is the root of our Group's value creation.



DX internally referred to as "AIX"

Asahi Intecc Transformation



AIX Promotion Portal Site

# Strengthening global human resources

5-2

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 established global human resource functions, 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.

		Issues	Strategies and Targets (KPIs)		Actual Results for FYE June 2023	Goal
Strengthening global human resources	Human resource management	Penetration of human resources vision	Inheritance of ASAHI-DNA	Number of Meisters (Asahi Intecc only) (persons)	5	-
			Fostering self-support	Practical competence improvement projects Number of registered groups (global) (groups)	155	-
			Training global human resources	Number of foreign language training participants (Asahi Intecc only) (persons)	10	-
		Reform of personnel system	Forming a creative manufacturing group	Ratio of R&D personnel (Asahi Intecc only) (%)	43.5	-
	Creation of fulfilling workplace	Creating safe and healthy workplaces	Health management Correcting long working hours	Average monthly overtime (Asahi Intecc only) (hours)	24.4	-
				Rate of taking paid leave (Asahi Intecc only) (%)	74.6	-
		Creating workplaces for a diverse workforce	Promoting the employment of people with disabilities	Employment ratio of people with disabilities (Asahi Intecc only) (%)	25.7	-
				Promoting the success of women	Ratio of female managers (global) (%) <sup>*1</sup>	36.3
		Promoting diversity	Promoting the success of women	Ratio of female managers (Asahi Intecc only) (%) <sup>*2</sup>	12.0	13% or more as of FYE June 2026
				Employment ratio of new female graduates (Asahi Intecc only) (%)	26.5	Maintain 25% or more
				Employment ratio of new female graduates in technical positions (Asahi Intecc only) (%)	21.9	Maintain 20% or more
				Diversifying human resources	Ratio of foreign employees (global) (%)	86.2
			Ratio of foreign managers (global) (%) <sup>*1</sup>	65.9	-	

<sup>\*1</sup> Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

<sup>\*2</sup> Calculated by applying the disclosure standards of the Annual Securities Report.

## Strengthening global human resources

5-2

# 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 each layer and required roles, and supports continuous growth of staff members. Particularly as an R&D-oriented company striving for globalization in each field of sales, production, and development, we will focus more on engineer education and global education. The total annual hours of training offered to staff members is 12,211 hours, and the cumulative annual number of staff members receiving training is 901 in FYE June 2023.

## 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 the 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 2023)**

■ **Five employees became certified Meisters (as of the end of June 2023)**

### Human Resources Vision

	<div>ASAHI-DNA</div> <ul style="list-style-type: none"><li>• Viewpoint of ASAHI-DNA</li><li>• Catch the Wave</li><li>• Speed × Decision × Response × Solidarity</li><li>• Three Actuals (Actual Place, Actual Material, Actual Situation)</li><li>• Hands-on approach</li></ul>	<div>Viewpoint of ASAHI-DNA</div>
<div>Global Best</div> <ul style="list-style-type: none"><li>• Contribution to customers</li><li>• Pursuit of best practice on a global basis</li><li>• Only One×Number One</li></ul>	<div><div>Challenge</div><div>Challenge</div><div>Passion</div><div>Dream</div><div>Realization of dream</div><div>Challenge boldly</div></div>	<div>Creative Manufacturing Group</div> <ul style="list-style-type: none"><li>• Pursuit of technical skills and expertise</li><li>• Meister team</li><li>• Technological innovation</li></ul>
<div>Asahi-likeness/Viewpoint of Specialized Abilities</div>	<div>Self-support</div> <ul style="list-style-type: none"><li>• Succeed as a self-supporting person</li><li>• Self-starting and collaborative, capable of working in a team</li><li>• Pursuit of performance: Contribution to business growth and expansion of business performance</li></ul>	

## I Strengthening global human resources

5-2

# 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 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 155 groups as of the FYE June 2023. 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 support a smooth transfer overseas by providing language training to those who wish to, or those who are scheduled to, be transferred overseas and strengthening their global communication skills.

And as part of our efforts to reinforce the development of global human resources, we are working to expand the Global Human Resources Development Program, including management for the directors of overseas bases. We will offer training on 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 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 43.5% (as of FYE June 2023) globally, and we will further enhance our development capacity in order to realize the Mid-Term Management Plan "Asahi Going Beyond 1000."



ASAHI INTECC EUROPE B.V.

## Strengthening global human resources

5-2

# 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

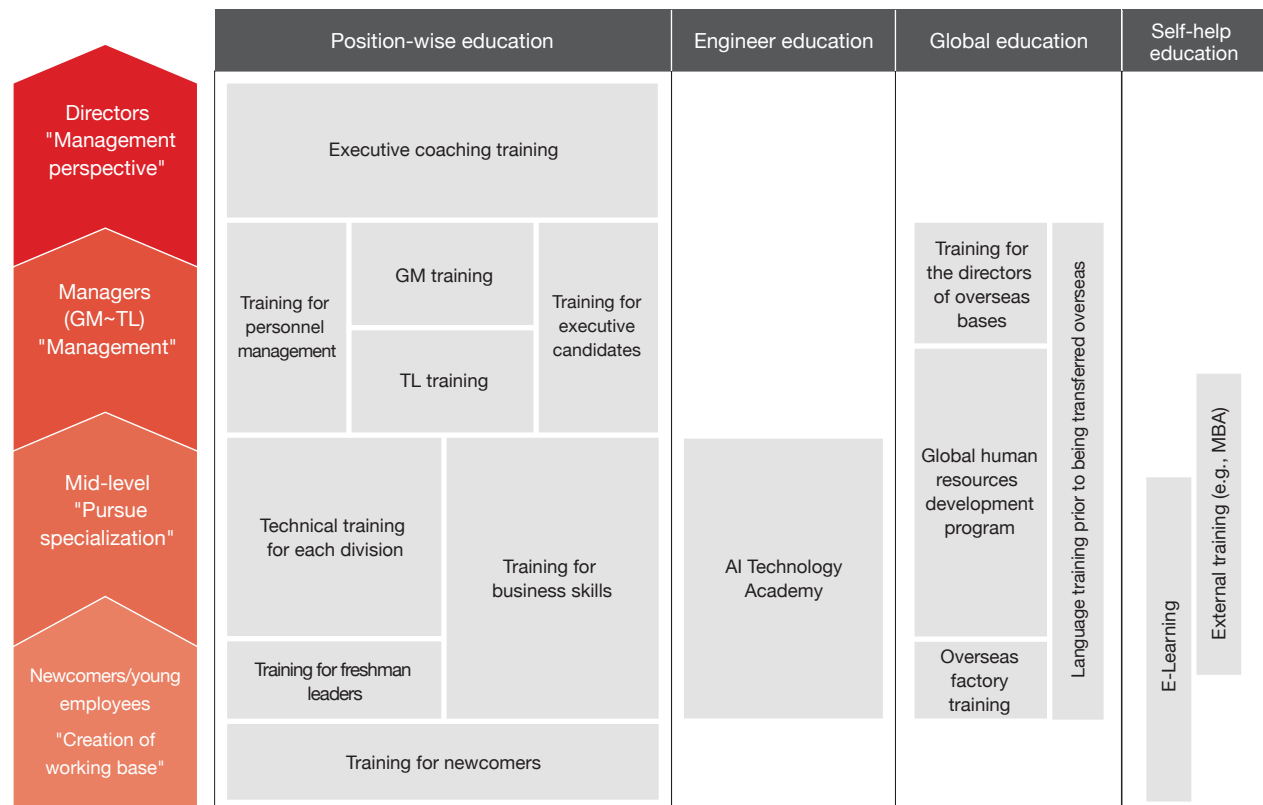
In order to achieve the above policy, we introduced a new personnel evaluation system in June 2020 as a measure to properly evaluate and motivate each employee.

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.



## Strengthening global human resources

5-2

# 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 toward 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.

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

#### ③ Others

- System for shorter working hours for childcare, • slide working system, • daycare use system
- Paid leave system that allows people to take a paid leave on an hourly basis

### Measures toward Work-Life Balance

	FYE June 2021	FYE June 2022	FYE June 2023
Average monthly overtime (Asahi Intecc only) (hours)	23.5	24.3	24.4
Rate of taking paid leave (Asahi Intecc only) (%)	65.3	69.2	74.6
Flextime system Number of sites with flextime systems (in Japan) (sites)	4	5	6
Voluntary turnover rate of regular employees (Asahi Intecc only)* (%)	3.0	5.6	6.1

\*Recruitment activities have increased with the end of the COVID-19 pandemic, and the turnover rate has increased. But we recognize that our turnover rate is very low compared to other companies' averages.

### Support for Balancing Medical Treatments and Jobs

To support employees that need cancer treatment, special work programs have been introduced. 18 employees have used the system to continue working, as of the end of FYE June 2023.

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

### Setting up a Training Gym and Distributing Training Videos

We have set up a training gym in our Global Headquarters and R&D Center to provide an environment for employees to use. In addition, we are promoting initiatives to improve employee health by

distributing training videos internally by our company employees and fitness trainers to the entire Group.



### Cafeteria Operation

The cafeteria established at our Global Headquarters serves not only lunch but also breakfast and dinner. Since our Group has many employees who live alone or live away from home, we have created an environment where those employees can easily eat three nutritious meals. In this way, we are working to improve the health of our employees through food, which is a fundamental aspect of health.



## Creating Fulfilling Workplace

### ② Creating Workplaces for a Diverse Workforce

#### Respect for Human Rights

##### ① Basic Thinking

Human rights are the most important and universal rights that every human being has, and at a time when human rights issues are becoming more and more of a concern, we believe that it is difficult to remain as a company that is needed in a global society without respect for human rights.

As a global company contributing to healthcare around the world, Asahi Intecc Group will recognize the importance of respecting human rights in our business activities and earnestly work on preventing the occurrence of human rights issues and resolving them. Our Group has been taking measures and providing employee training to respect human rights for a long time. Now, with the aim of spreading our view on human rights throughout the Company and enhancing its effectiveness, we have formulated "Asahi Intecc Group Human Rights Policy" with the approval of the Board of Directors. \*See our websites for details of Human Rights Policy.

[Asahi Intecc Group Human Rights Policy](#) 

##### ② Participation in International Initiatives

Asahi Intecc signed the United Nations Global Compact (hereinafter referred to as "UNGC"), which is advocated

by the United Nations, and was registered as a participant on May 15, 2023. We will continue to contribute to the realization of a sustainable society by supporting and practicing the Ten Principles of the UNGC and further strengthening our commitment to sustainability.

## WE SUPPORT



##### ③ Education and Enlightenment

Regarding harassment, our Directors and managers have received harassment training from external experts. In this training, all participants have submitted written pledges, and if discovered, harassment will be dealt with strictly in accordance with the rules for disciplinary action. See pages 74 and 119 for details.

##### ④ Correction and Relief

The ASAHI Group Compliance Hotline has been established as an internal reporting system for internal human rights issues such as harassment.

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 or reasonable grounds.

See page 118 for details.

##### ⑤ Response to the Modern Slavery Act

Regarding matters related to the Modern Slavery Act, we constantly check legal and regulatory trends, including those overseas. We are working to establish a system that will allow us to respond without delay if implementation is required.

##### ⑥ Approaches to Business Partners

Our Group also asks its suppliers and other business partners to respect human rights. From FYE June 2022, our Group has added items related to compliance with laws and social norms and environmental considerations to its questionnaires that have been conventionally implemented for suppliers. As such, through our entire supply chain, we have been strengthening our efforts to respect human rights. We will continue to steadily implement measures to protect human rights by commanding a view of the entire supply chain. See pages 86 and 87 for details.

## Strengthening global human resources

5-2

# Creating Fulfilling Workplace

## ② Creating Workplaces for a Diverse Workforce

### ⑦ Human Rights Due Diligence

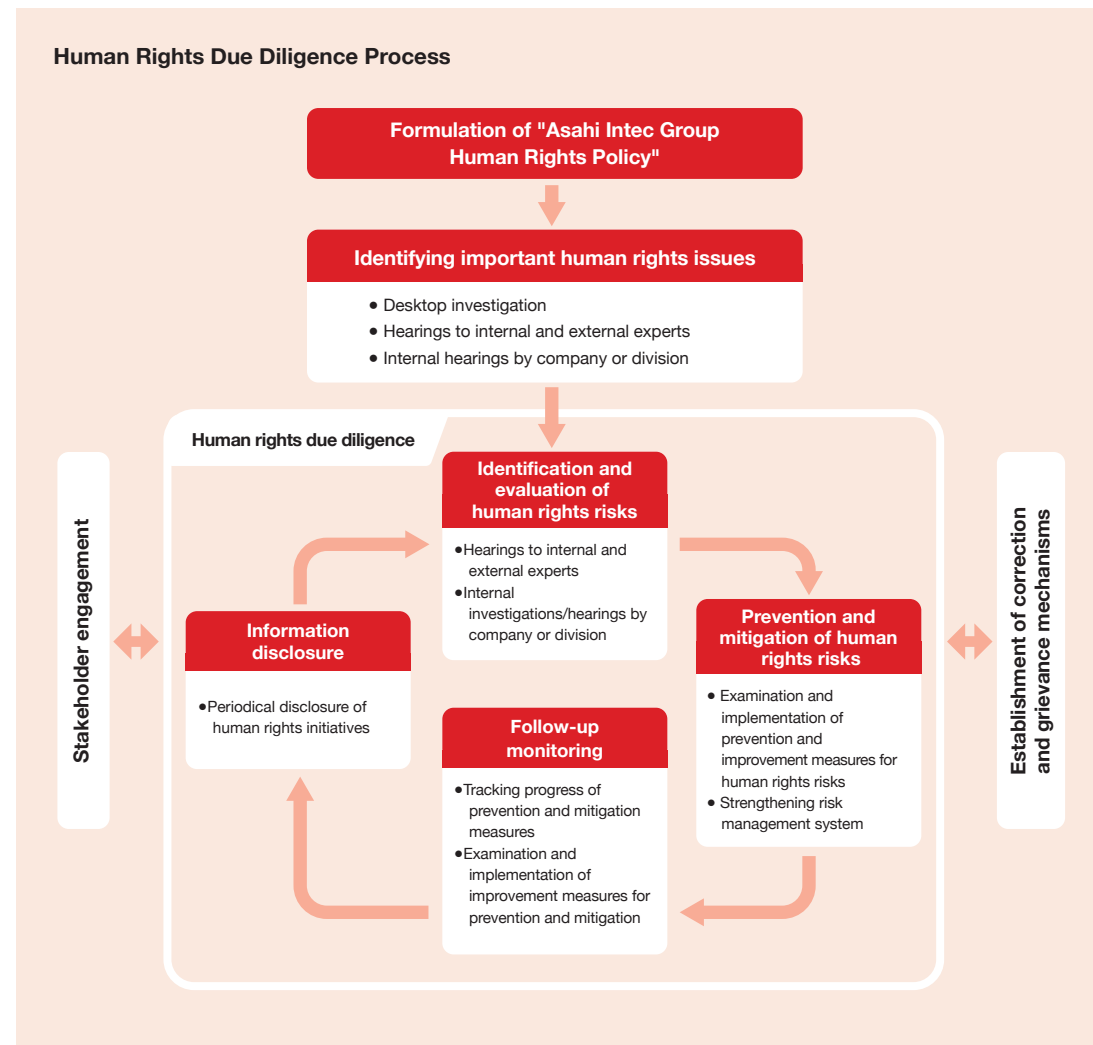
Asahi Intecc Group has established a mechanism for human rights due diligence to prevent or mitigate adverse impacts on human rights, by evaluating and identifying potential or actual risks and setting countermeasures for them.

Regarding the planning and execution of human rights due diligence, we will refer to the procedures outlined in the "United Nations Guiding Principles on Business and Human Rights," and proceed in stages from the items with the highest impact on society.

### ■ Promotional Structure

In FYE June 2023, Asahi Intecc Group has established the Human Rights Due Diligence Secretariat to strengthen the system for addressing human rights issues throughout the Company. The Secretariat is composed of members from several departments, mainly the Legal Affairs Group, and is directed and supervised by the Director and General Manager of the Administration Division.

In the event that human rights issues are identified during the due diligence process, they will be addressed in coordination with department heads from relevant companies in Japan and overseas.



## Strengthening global human resources

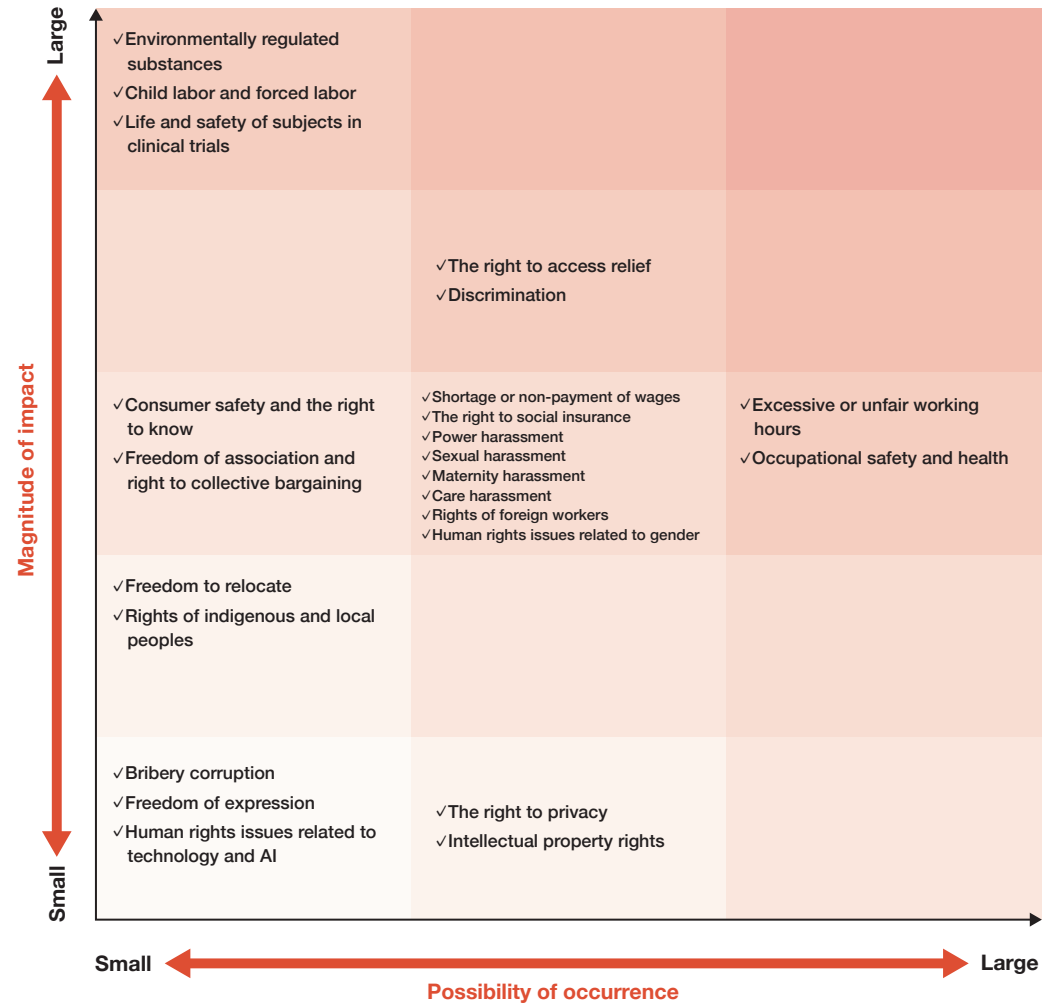
5-2

# Creating Fulfilling Workplace

## ② Creating Workplaces for a Diverse Workforce

### ■ Risk Assessment

We have implemented the mapping for human rights issues that may be negatively affected by our Group's business activities. We consider these items to be the priority risk items to be dealt with in our Group, and we will implement a detailed risk assessment based on the human rights due diligence process. We will work to solve problems for actual human rights risks and take measures to prevent and mitigate negative impacts on the potential risks.



## Strengthening global human resources

5-2

# Creating Fulfilling Workplace

## ② Creating Workplaces for a Diverse Workforce

### Prevention of Harassment

Asahi Intecc Group has set the "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 upper 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 contributions to society. In 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 2.57% (FYE June 2023), maintaining the legally mandated rate of 2.3%. In addition, July 2023, Ficus Co., Ltd. moved its head office, and is steadily expanding its business scale while contributing to society with it as our unconsolidated subsidiary.

\*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 capable of working under employment contracts.



## Strengthening global human resources

5-2

# Creating Fulfilling Workplace

## ③Promoting 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 employees 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.

We have established the Diversity Promotion Project to reform corporate culture and are working on 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.

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, because we have already secured sufficient diversity.

### Ratio of foreign employees/Ratio of foreign managers

	FYE June 2021	FYE June 2022	FYE June 2023
Ratio of foreign employees (global) (%)	87.7	84.5	86.2
Ratio of foreign managers (global)* (%)	64.3	65.3	65.9

\*Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

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

	FYE June 2021	FYE June 2022	FYE June 202
Ratio of mid-career hires in managerial positions (global)* (%)	59.9	61.4	54.7

\*Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

## Promoting the Success of Women

Asahi Intecc Group proactively promotes the success of women such as recruitment of female employees and appointment to managerial positions. We have arranged 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. In the survey of employees' attitudes, these measures have earned a reputation for being "a comfortable work place for female employees."

In Asahi Intecc Group, the ratio of women in management positions is relatively high at 36.3%, and we believe that the organizational culture of actively appointing women in managerial positions has taken root globally. On the other hand, the ratio of women in management positions is 12.0% at Asahi Intecc, which shows that overseas employees have higher motivation to become a manager than Japanese employees. To reform such a corporate culture, we conducted panel discussions in which not only our female managers and employees participated but also female managers from other companies were invited. In the discussions, they talked about their experiences of how those who originally did not aim to become managers have changed since becoming managers, the benefits of becoming managers, and the balance between family and work. By sharing their experiences, we encourage female employees to come into contact with new values and raise their awareness of managers.

The content of the panel discussions is distributed throughout the Company using the internal E-Learning system, and we also conduct surveys and solicit opinions from employees.

The ratio of women in managerial positions is maintained at

30% or more for the entire Group, and we have set the goal of exceeding 13% at Asahi Intecc.

### Ratio of female employees/Ratio of female managers

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Ratio of female employees (global) (%)	77.1	77.2	76.2	—
Ratio of female managers (global)*1 (%)	32.5	33.9	36.3	Maintain 30% or more
Ratio of female managers (Asahi Intecc only)*2 (%)	7.7	7.9	12.0	13% or more as of FYE June 2026

\*1 Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

\*2 Calculated by applying the disclosure standards of the Annual Securities Report.

### Gender pay gap

	FYE June 2021	FYE June 2022	FYE June 2023
Gender pay gap (Asahi Intecc only) (%)	—	—	61.1
Gender pay gap of regular workers*1	—	—	82.0
Gender pay gap of part-time and fixed-term workers*2	—	—	24.3

\*1 Although there is no difference in wages between men and women in the wage system and wage structure, the difference is attributable to the small proportion of female workers in the upper level of regular workers and the fact that the average length of service of women is about two years shorter than that of men.

\*2 Although there is no difference in wages between men and women in the wage system and wage structure, the difference in the wages of men and women, such as part-time and fixed-term workers, is attributable to differences in employment status based on employment contracts. Treatment of re-employment employees after retirement age is determined based on the job description and qualifications prior to retirement, which is a factor causing differences.

### Employment ratio of new female graduates/Employment ratio of new female graduates in technical positions

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Employment ratio of new female graduates (Asahi Intecc only) (%)	24.5	14.9	26.5	Maintain 25% or more
Employment ratio of new female graduates in technical positions (Asahi Intecc only) (%)	18.2	12.9	21.9	Maintain 20% or more

## Strengthening global human resources

5-2

# Creating Fulfilling Workplace

## Promotion of Taking Childcare Leave

Our Group recommends both male and female employees to take childcare leave.

In order to promote a culture in which both men and women can actively take childcare leave, we hold panel discussions among male and female employees who have taken childcare leave. During the panel discussions, we encouraged our employees to get in touch with new values and overcome the hurdles of taking childcare leave, regardless of gender, by asking male managers with respect to the new values, knowledge, and experience they have gained through the experience of single childcare leave (a wife returning to work and a husband taking a leave of absence alone to become the full childcare provider), as well as asking female managers to talk about their concerns during their leave of absence and when they return to work, and the support they wish to receive in balancing work and family life.

The content of the panel discussions is distributed throughout the Company using the internal E-Learning system, and we also conduct surveys and solicit opinions from employees. The ratio of men taking childcare leave is currently 54.5%, and we aim to maintain the rate at 50% or higher in the future.

### ■Rate of taking childcare leave by male and female employees

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Rate of taking childcare leave by female employees (Asahi Intecc only) (%)	100.0	100.0	100.0	—
Rate of taking childcare leave by male employees (Asahi Intecc only) (%)	7.4	20.7	54.5	Maintain 50% or more

## Measures to Promote Diversity (LGBT)

Asahi Intecc Group respects the diversity of its employees and promotes an environment in which individual employees can work to be themselves.

In August 2023, we endorsed the Seto City LGBT Friendly Corporation System, which is being implemented by Seto City, home of our Global Headquarters and R&D Center, and registered with the System.

This system was introduced by Seto City "To contribute to the promotion of understanding of LGBT and other sexual minorities, with the aim of realizing a society in which individuals respect human rights, recognize the diversity of sexuality, live to be themselves and succeed and thrive."

Our Group will continue to develop an environment for a fulfilling workplace while striving to coexist with local communities in the future.

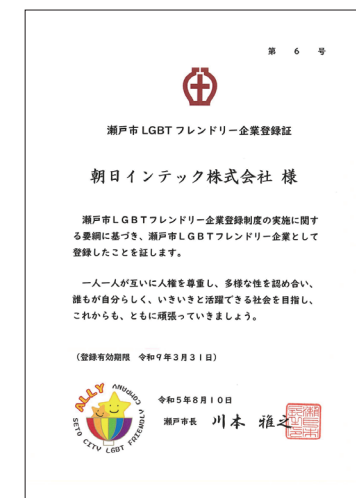
### Diversity promotion project



Panel discussion to increase the rate of taking childcare leave by male employees



Panel discussion to further promote the advancement of women by inviting female managers from other companies



Seto City LGBT Friendly Company  
Registration Certificate

## Strengthening global human resources

5-2

# Creating Fulfilling Workplace

## Internal Interviews

Asahi Intecc Group is striving to create an environment in which individual employees can fully demonstrate their abilities and be duly recognized for their achievements regardless of nationality, race, gender, age, or disability. Although there are many overseas bases in our Group, exchanges between local employees and between local employees and Japanese employees are also taking place proactively, creating a corporate culture in which all employees work together in the same direction regardless of their individual circumstances, such as nationality, race or gender. We will continue to respect diversity and promote the creation of an environment in which individual employees can work as they are, thereby increasing corporate value through the diversification of human resources.



**Mr. Kriengkrai Prasongsukarn**

ASAHI INTECC THAILAND CO., LTD.  
(Thailand Factory)  
Executive Vice President and Director

I have been deeply involved in the management of Asahi Intecc's Thailand Factory since its inception, including the establishment of its overall corporate functions such as the establishment of organizational structures and regulations, and coordination with the Thai government and related organizations.

Regarding diversity, I believe that different cultural backgrounds lead to different approaches to problem solving. In addition, I believe that foreign employees are important in providing valuable and diverse perspectives when solving problems. I think that by promoting cross-cultural exchange and collaboration, companies can solve problems from a broader perspective and foster a culture of innovation. The Thailand Factory ensures that there is no unreasonable discrimination in recruitment, employee retention, training, or employee capability development based on age, disability, gender (including transsexuals), or other non-work-related issues. I feel that society and the work environment can grow and prosper when all employees have mutual understanding, trust and respect.



**Ms. Sarunrat Chayatavaj**

ASAHI INTECC THAILAND CO., LTD.  
(Thailand Factory)  
Junior Board

As a member of the Junior Board, I have participated in the creation of a transparent procurement system, and in order to ensure a smooth business operation system in the company, including tax incentives, I have established a management system while coordinating with the Thai government and related organizations.

I believe that creating a culturally diverse workplace is not just about being "right," but also about being better for business. In some industries, there may be a shortage of human resources with expertise domestically, but recruiting from a global human resources pool can help fill this gap. By leveraging the skills and knowledge of global human resources regardless of nationality or race, companies can gain a competitive advantage and drive organizational growth. At the Thai Factory, we always promote creativity and respect diversity among our employees, and I feel that the variety of solutions created by the various experiences of our employees has led to an increase in productivity throughout the company.



**Ms. Simona Bruni**

KARDIA S.R.L (Kardia)  
Account Manager

I joined Kardia, which was an Italian distributor at the time of the M&A, and as an Account Manager, I have been deeply involved in the smooth integration of management and the establishment of the management system after the integration.

When I joined Kardia, it had just entered the Asahi Intecc Group, giving me the opportunity to meet wonderful new colleagues from multiple organizations and countries around the world. On the one side, I could absorb the best of what each person and each culture had to offer. On the other side, I entered a diverse, stimulating, and harmonious environment where I feel safe and appreciated, regardless of any gender barriers. Being part of such a dynamic and challenging reality empowers me to contribute to a healthier future for all, ensuring quality, innovation, and patient safety woven together.

## 06

# Sustainability Environmental and Social

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Supply Chain Management	6-2
Supplying Safe and Secure Products	6-3
Social Contribution	6-4



## Measures to Reduce Environmental Burden

6-1

We will promote measures to reduce the 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 the 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.

### Promotion of Company-wide Environmental Activities

Asahi Intecc Group has launched "Company-wide Environmental Activities" as a global environmental initiative with the participation of all our Group employees, with the aim of raising environmental awareness among all employees by setting "continuous company-wide promotion and penetration of ESG centered on the environment" in our management policy. In addition to raising employees' awareness for the environment through company-wide participation, we intend to accumulate ideas and know-how that are effective in reducing the environmental burden by sharing excellent activities, and to strengthen company-wide response capabilities to environmental problems.

### 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.

## Measures to Reduce Environmental Burden

6-1

### Obtaining ISO 14001 Certification

#### Environment Management System

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

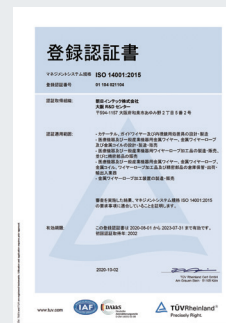
We have not obtained ISO 14001 in our medical division.

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

Asahi Intecc's products consider the impact on the environment and select more environmentally friendly materials and processes from the design stage. In addition, our Group's guide wires use a proprietary construction based on our Group's 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. Moreover, 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.

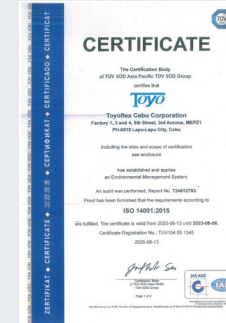
Status of ISO 14001 Certification (as of the end of FYE June 2023)



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



ASAHI INTECC  
THAILAND CO.,LTD.



TOYOFLEX CEBU  
CORPORATION



TOYOFLEX CORPORATION

## I Measures to Reduce Environmental Burden

6-1



### 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.

Based on our experience with past flood damage in Thailand and typhoon damage in Philippines, Asahi Intecc Group recognizes that addressing environmental issues, including climate change, is one of the critical challenges. Our Group declared our endorsement for TCFD Recommendations in August 2022. We will actively promote disclosure of information on climate change in accordance with 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.

Our Group has 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.

#### Strategy

As the environmental burden on the earth increases, we believe that it is impossible to carry out corporate activities without realizing a sustainable society. In particular, for life-saving medical devices, we believe that disruptions to the supply chain and a decline in the ability to supply 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 in accordance with the 1.5°C scenario (NZE 2050)\* presented by the IEA (International Energy Agency), the 2°C (and less than 2°C) scenario (SDS)\*, and the 4°C scenario (RCP 8.5)\* presented by the IPCC (Intergovernmental Panel on Climate Change), etc. See page 82 for details on scenario analysis.

#### Risk Management

Concerning the matters that have a significant impact on our Group's 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 that are assessed and identified. For risk management, each department implements measures to respond to risks. Climate change-related risks are recognized by the Corporate Strategic Office, and important risks are reported to the Board of Directors. We will continue to follow up on climate-related risks based on the TCFD Recommendations and will continue the establishment of a management system of climate-related risks, including collaboration with company-wide risk management.



\*Scenarios for limiting the global average temperature to around 1.5°C/2°C (and less than 2°C)/4°C compared with levels prior to the industrial revolution.

## Measures to Reduce Environmental Burden

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### Analysis of Impacts on Climate Change

In the 1.5°C scenario and 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 developing intravascular 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.

In order to deepen the analysis of the impact of climate change on our Group's business and to further study countermeasures, we conducted a quantitative assessment of the financial impact (estimated value) of climate change on our Group. As a part of the review of this quantitative assessment, we are also reviewing risk and opportunity items that may affect our Group's business.

Based on these predictions, each Group company conducts risk and opportunity analysis for each business field and shares it with the Board of Directors meetings.

In calculating the impact shown on the right, we referred to the materials available from the IEA, IPCC and the materials disclosed by the Ministry of Land, Infrastructure, Transport and Tourism, etc. at the time of calculation, and made calculations using a reasonable method. However, research results, information, and data that serve as sources of information for each scenario are based on the time of calculation, and the impact estimates analyzed and calculated based on these scenarios are inherently uncertain.

The medium-term forecast is for about 10 years and the long-term forecast is for about 30 years. In terms of importance, those estimated to have a financial impact (an absolute value) of less than 500 million yen on our Group are considered small, those estimated to have an impact of 500 million yen or more are considered medium, and those estimated to have an impact of 1 billion yen or more are considered large.

Risks/ opportunities	Important risks	Risks and opportunities in our Group	Impact (period in which impact becomes obvious/financial impact/importance)		Countermeasures	
Transition risks	Strengthened decarbonization policies and regulations	Risks of increased costs due to tighter regulations on greenhouse gas emissions and the introduction of carbon taxes and emissions trading	Medium term	1.5°C scenario: Approx. -900 million yen (2030) 2°C scenario: Approx. -900 million yen (2030)	Large	・Promotion of initiatives to reduce CO <sub>2</sub> emissions ・Use of renewable energy
		Risks of increased costs due to increase in infrastructure-related costs accompanied by various tighter regulations, including regulations on greenhouse gas emissions		1.5°C scenario: Approx. -700 million yen (2030)		
	Reduction of plastics, shift to materials with low environmental burden, and increase in material prices	Risks of rising prices of key raw materials	Medium term	1.5°C scenario: Approx. +600 million yen (2030) 2°C scenario: Approx. +100 million yen (2030)	Medium	・Switching to low-carbon alternatives ・Weight reduction of packaging ・Globalization of pharmaceutical organization ・Strengthening research on new materials
		Risks of increased R&D and SG&A expenses due to the search for new materials, changes in product design, and response to pharmaceutical issues		-		
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 destinations	Long term	4°C scenario: Approx. -200 million yen	Small	・Climate change risk assessment for suppliers ・Conducting questionnaire for suppliers ・Examination of alternative purchasing methods ・Examination of alternative production and sales routes
		Risks of inundation of the factory and equipment due to river flooding around the manufacturing site, resulting in temporary difficulties in operation	Long term	4°C scenario: Approx. -2.1 billion yen	Large	・Climate change risk assessment at production bases ・Diversification of production bases ・Examination of measures for bases where large-scale inundation is expected
		Risks of submergence and incapacity of manufacturing sites due to rising sea levels associated with rising temperatures		4°C scenario: Approx. -30.3 billion yen		
		Rise in temperature	Risks of increased maintenance and management costs for production facilities due to higher average temperatures	Long term	-	Small
Opportunities	Increased risks of developing intravascular diseases	Opportunities to supply products that can contribute to increased efficiency at medical workplaces	Long term	4°C scenario: Approx. +3.3 billion yen (2050)	Large	・ Strengthened R&D

## Measures to Reduce Environmental Burden

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### Metrics and Targets

In line with SBTi'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 (Scope 1 + 2) from our Group's business activities by 30% from FYE June 2022 by 2030.

As for CO<sub>2</sub> emissions from the supply chain (Scope 3), we target to maintain the level of FYE June 2023 by basic sales unit. In Scope 3, the majority are emissions in Category 1 (purchased products and services). However, since our Group's main business is the manufacturing and sale of medical devices, it is more difficult than in other industries to make changes to purchased products. Therefore, we believe that it will be difficult to significantly reduce emissions. On the other hand, reducing CO<sub>2</sub> emissions is also an important issue for our Group to address, so we are working on the reduction not only in our Group, but also in cooperation with our suppliers throughout the entire supply chain.

\*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 by 5.5% year on year as for our Group as a whole owing to an increase in production volume. However, emissions decreased by 9.0% by basic sales

unit, owing to an increase in sales.

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 (Scope 1 + Scope 2)

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Scope1(t-CO <sub>2</sub> )	1,877	2,349	2,367	—
Scope2*(t-CO <sub>2</sub> )	39,281	44,385	46,929	—
Total	41,158	46,734	49,296	30% reduction by 2030 compared to FYE June 2022
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	0.67	0.60	0.55	—

\*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 CO<sub>2</sub> emissions throughout its entire supply chain by, for example, conducting a questionnaire regarding environmental considerations for major suppliers and selecting more environmentally friendly materials after considering the

impact on the environment from the design stage.

In FYE June 2022, we calculated Scope 3 emissions for Asahi Intecc only, but in FYE June 2023, Scope 3 emissions were calculated for the entire Group. The results of this calculation show that Category 1 (purchased products and services) accounts for the majority of emissions in Scope 3. However, since our Group's main business is the manufacturing and sale of medical devices, it is more difficult than in other industries to make changes to purchased products. Therefore, we believe that it will be difficult to significantly reduce emissions. On the other hand, reducing CO<sub>2</sub> emissions is also an important issue for our Group to address, so we are working on the reduction not only in our Group, but also in cooperation with our suppliers throughout the entire supply chain.

#### CO<sub>2</sub> Emissions (Scope 3)

	FYE Jun 2022	FYE June 2023	Goal
Scope3(t-CO <sub>2</sub> )	74,045*	134,448	—
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	—	1.49	Maintain the level of FYE June 2023

\*Asahi Intecc only  
See Non-Financial Summary (page 126) for data by category.

## Measures to Reduce Environmental Burden

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### 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 associated with business activities, and promotes these measures across the entire Group.

#### Specific Measures

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

### Participation in Environmental Protection Activities



Seashore cleanup activities  
(Cebu Factory)



Activities for planting mangroves  
(Cebu Factory)



Marigold planting activities by Asahi Intecc Loveledge Nagoya and cleanup activities around their home ground  
(Global Headquarters and R&D Center)

### Reducing, Separating, and Recycling Waste

Our Group works to reuse resources and reduce waste in the following ways:

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

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 through the following measures:

- 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 in the following ways:

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

## Measures to Reduce Environmental Burden

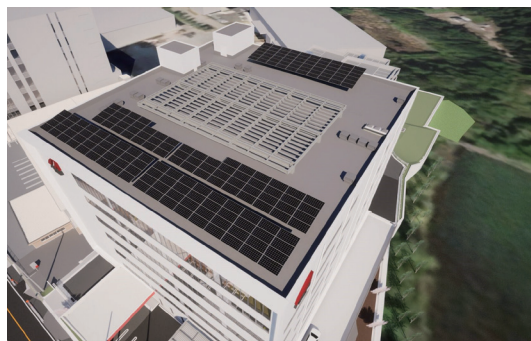
6-1

### Utilizing Purchased Goods Useful for Environmental Improvement

Our Group is promoting the introduction of energy-saving boilers and the use of green procurement office supplies at its production factories, installing solar panels at its production factories, and planning to install solar panels at the new building of the Global Headquarters and R&D Center (scheduled to be completed in June 2024). In addition, we are replacing existing equipment and introducing new equipment in consideration of energy consumption and energy optimization.



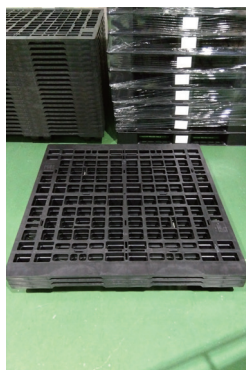
Installing solar panels at Cebu Factory



Installing solar panels at the new building of the Global Headquarters and R&D Center (\*image)



Installing energy-saving chillers



Using recycled pallets



Installing cafeteria equipment such as water-saving dishwashers



Promoting returnable bobbins and their reuse

### 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 water cooling. 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 2021	FYE June 2022	FYE June 2023
Tap water consumption (1000 m <sup>3</sup> )	319	354	362

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

## Supply Chain Management

6-2

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 the "Asahi Intecc Group's Procurement Policy" and has been strengthening compliance with laws and social norms. We value the partnerships we have built with our business partners and aim to strengthen our relationships further based on fair, impartial, and transparent transactions. Part of our Group's social responsibility is the stable provision of high-quality medical care achieved 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, and 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.



## I Supply Chain Management

6-2

### ② Questionnaire and Audit for Suppliers

We regularly conduct the Forecast Questionnaire (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 in an audit if a risk, etc. occurs.

We also conduct an on-site audit regularly and systematically for our partners that manufacture quality-relevant components according to the rules of purchase control. An 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 the two aspects of quality control system and product quality.

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

Our Group, procuring many valuable metals and reagents, puts efforts into the BCP (Business Continuity Plan) of procurement for stable delivery of our products to our customers even amid a large-scale disaster or 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 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.



## Supplying Safe and Secure Products

6-3

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

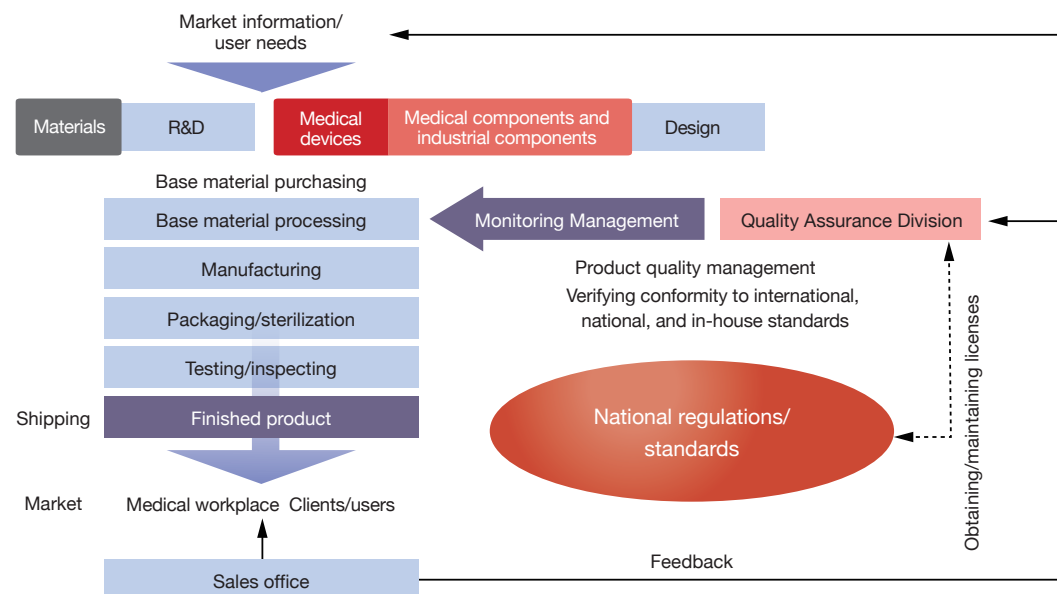
Our Group has established a quality management system that applies the international standards framework of ISO 9001 and ISO 13485 in order to reliably provide our customers with high-quality products and medical devices, and we have developed a structure to assure uniform quality across research, design 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 118 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, and 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.



## 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 2023. 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, research, and 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, the administrative authority, and our customers. In addition, internal auditors conduct periodic and irregular audits; in FYE June 2023 we underwent 45 external audits and conducted 29 internal audits.

#### ■ Status of Quality Management System Certification (as of the end of June 2023)

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 • MDSAP
TOYOFLEX CORPORATION	• ISO9001
TOYOFLEX CEBU CORPORATION	• EN ISO 13485 / ISO 13485 • ISO9001
Filmecc Co., Ltd.	• EN ISO 13485
ASAHI INTECC USA, INC.	• ISO 13485

## I Supplying Safe and Secure Products

6-3

### ➔ 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 testers 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 237 as of the end of June 2023.

### Instruction on Product Use

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 use, 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, Use, 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 118 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 implementing 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 the "Global Niche Top 100 Companies" (the Ministry of Economy, Trade and Industry) for our indispensable role in the global supply chain.

## Social Contribution

6-4

### 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 professional golfer Mayu Hattori from Nagoya as an athlete affiliated with Asahi Intecc and a sponsorship agreement with

Hiromu Ono, a promising local professional golfer from Gifu who became a professional with a second-place finish in 2016. We leverage our strengths, and this is one aspect of our CSR activities which aim to revitalize the community by supporting local athletes. We hope to contribute to the community by supporting these athletes.



Mayu Hattori



Hiromu Ono

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

In February 2022, we concluded the 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 2017, 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.



Aina Kakiuchi



Kurumi Saito



Chiina Kamiya



Momo Miura

## Social Contribution

6-4

Utilizing Professional Soccer Player Maya  
Yoshida for Our Advertisements

We have been utilizing Maya Yoshida as a character for our advertisements since 2018. Maya Yoshida is Chairman of the Pro-Footballers Association of Japan and was Japan National Team member and captain

of Japan Team at the FIFA World Cup Qatar 2022. By using this world-renowned player for our advertisements, we hope that we will have more opportunities to have many people understand our philosophy of promoting minimally invasive treatment from Japan to the world. We also believe that Mr. Yoshida, as a player who performs on the world stage, 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, played with 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

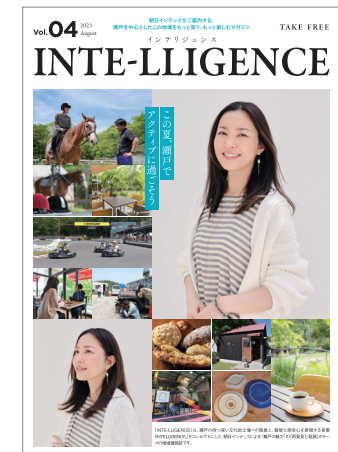
We have donated to the Fund for Children's Now and Future in Seto City (Seto City in Aichi Prefecture) every year since 2021. The Fund for Children's Now and Future in Seto City was established by Seto City to promote measures to enable each child and young person to grow up healthily toward his/her 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.



The photo shows the presentation ceremony in November 2021.

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 is created with the hope of contributing to 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, Ozone Station, and Sakaemachi Station). We plan to continue publishing INTE-LLIGENCE every six month to contribute to the development of the community.



## Social Contribution

6-4

## 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. The 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 also in FY2023 following last year.

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 45th 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.
Number of pages:	28 pages
ISBN:	978-4-86693-585-0
List price:	1,320 yen (main unit 1,200 yen + tax)



## Social Contribution

6-4

### Environmental Promotion Activities with Asahi Intecc Loveledge Nagoya

#### ●Cleanup Activities

As part of our environmental promotion activities, we conducted cleanup activities around the CS Asset Minato Soccer Stadium, which is the home ground of Asahi Intecc Loveledge Nagoya, together with Asahi Intecc employees and players and staff members of Loveledge Nagoya (about 40 persons in total) in preparation for the opening of Division 1 of the 2023 Plenus Nadeshiko League.



#### ●Planting Activities with Seto City Flower and Green Community Development Promotion Liaison Council

People from Seto City Flower and Green Community Development Promotion Liaison Council, which engages in activities for realizing sustainable flower and green community development in Seto City, and players from Asahi Intecc Loveledge Nagoya planted 280 seedlings of marigolds (10 cases) along the banks of the Seto River. Ten is the number of wins by Loveledge Nagoya in Division 1 of the 2022 Plenus Nadeshiko League. We will continue to contribute to the local community through environmental promotion activities together with Asahi Intecc Loveledge Nagoya.



### Ground Construction on the Site of Former Koseto Elementary School

We will construct and maintain the training ground for Asahi Intecc Loveledge Nagoya at the site of former Koseto Elementary School in Seto City. Completion is scheduled for June 2024.

This facility will be used as a training base for Asahi Intecc Loveledge Nagoya and welfare facility for our employees, and also rented out to local residents to promote sports in the region. We also plan to use this facility as a base for various community contribution activities through sports, in cooperation with Seto City.



Completed image of the ground

# 07

## Sustainability Governance

# Sustainability Governance

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In front of the Global Headquarters and R&D Center

## Outside Director and Investor Dialogue

7-1

We share our vision for sustainable growth and encourage efforts to address various issues, such as fostering organizational culture.

### Asahi Intecc Governance

#### Role as Outside Director

**Hyogo:** I have many opportunities to talk with outside directors of various companies, but I feel that the role of outside directors varies depending on the company. The purpose of the dialogue with outside directors is to confirm whether governance is functioning. I sometimes ask board members to share the views of minority shareholders, and by talking with outside directors who are not executives or investors and who view the company from a slightly stepped back position, I sometimes become aware of corporate culture or corporate structure that I had not previously realized. I would like to get this kind of awareness today, so thank you in advance. First of all, if Asahi Intecc's governance is to be divided into two, the management board and the monitoring board, could you please tell me which one you recognize for Asahi Intecc's governance, Mr. Kusakari?

**Kusakari:** At present, I recognize it as the management board. However, when I first became an outside director,

the board was willing and examining to move to a monitoring board in the future even though it is currently a management board. From the perspective of an investor, I make suggestions to the management regarding the move to a monitoring board. It is very difficult for an organization to change instantly, and it takes time to establish the structure. Right now, the board is in transition, and I feel it on my skin that the move will start changing.

**Hyogo:** The fact that Mr. Kusakari has been appointed as outside director implies the Company's stance of changing the governance. I understand that it will take time for the management board to change to the monitoring board. I would like to keep an eye on the future progress. By the way, Mr. Kusakari, you are in the position of outside director while being an investor. What do you think are the advantages and disadvantages?

**Kusakari:** I think Asahi Intecc is a rapidly growing company from an investor's perspective. Naturally, there



Asahi Intecc Co., Ltd.  
Outside Director

Takahiro Kusakari

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

Mr. Shinichiro Hyogo

In Tokyo R&D Center

## I Outside Director and Investor Dialogue

7-1

are both positive and negative aspects in the process, and I believe it is an invaluable experience and benefit to be involved in both as a board member. There are few disadvantages, but I can't invest freely in the company that is expected to grow in the future.

### Functions and Effectiveness of the Board of Directors

**Hyogo:** What is your understanding about the effectiveness of the Board of Directors of Asahi Intecc?



Since the corporate governance report alone is not enough to understand the actual situation, please tell me about your evaluation of the Board of Directors, the atmosphere, outstanding points and issues.

**Kusakari:** While various agenda are put on the table and are discussed in detail in the board, I think it is a challenge to draw a line between what extent the Board of Directors should take and what extent the executives should take. In addition, when an agenda agreed by executive management members is discussed at the Board of Directors meeting, internal officers are required to switch heads as members of the Board of Directors and to step away from the executive side. I consider it important to be able to discuss matters once again as a director without preconceptions. Otherwise, internal directors and external directors may conflict. In order not to do so, I believe that my challenge is to have a common goal with them and to be able to discuss the matters with deeper insight.

**Hyogo:** Many companies recognize that the Board of Directors has too many topics to be discussed, which prolongs the time of the Board of Directors meetings and prevents sufficient discussion. I think an increasing number of companies are holding executive management meetings and trying to reduce the agenda of their board meetings. In moving to a monitoring board, I think it is practically difficult for internal and external directors to discuss each agenda on an equal footing because their expertise and amount of information differ. Are you getting enough support from the company side to fill the gap?



**Kusakari:** I have enough support, but I don't always need it for everything.

I'm a portfolio manager, so I adopt a style of doing my own research and expressing my opinions. It doesn't make much sense to discuss matters that come up from within the company with people within the company, so I would rather make proposals from completely different aspects after researching and chewing over the matters on my own. If I have unclear points, I seek cooperation by contacting the CFO and others and asking questions.

## I Outside Director and Investor Dialogue

7-1

**Hyogo:** I personally think that understanding the history of the company, the environment in which the industry is located, the industry's own rules, and the barriers to entry are necessary to some extent for outside directors to make a judgement for various agenda. Healthcare is one of the industries that is difficult for third parties to understand. I believe that executive support is essential for specificity of the industry.

**Kusakari:** Originally, as a portfolio manager, I was conducting corporate research for Asahi Intecc, so I made a smooth entry to the Company, but I think it would have been difficult otherwise. Understanding for positioning, business models, and barriers to entry are necessary after all. In addition, an investor's viewpoint beyond a simple skills map is required as a background of outside directors. In addition to giving advice after understanding the business model and giving advice based on respective expertise, I think that all outside directors must have their own opinions.

## Succession Plan and Authority Transfer

### Human Resources Development for Sustainable Growth

**Hyogo:** What about the fostering of the next generation of executives and the transfer of authority to realize sustainable profit growth? When considering the growth process of Asahi Intecc, I can't help but think that President Miyata, who came from the owner's family, has a great influence. Even in large companies, there are cases of struggling with the succession problem among

the companies in which management has a strong influence. From that point of view, what about the transfer of authority?

**Kusakari:** President Miyata has a strong desire to absorb information, and I think he listens to people very well. Right now, I think that the Company's style is going along with and moving toward President Miyata's vision. When I once told President Miyata that the CEO and executive directors should have heated discussions about the intention of the directors in charge if the authority has been transferred to them, he said that he would like to change the Company by absorbing such opinions. I feel strongly that he is willing to move toward the transfer of authority.

**Hyogo:** As the scale of the Company has increased significantly compared to the past, I believe that the transfer of authority and the fostering of the next executives are essential for further growth. We, as investors, can only contact the people of the companies at events such as financial results briefings, individual interviews and company tours. Furthermore, since President Miyata and CFO Ito are the main players of such events, it is difficult to know whether the transfer of authority and the development of human resources are progressing in the Company. I would like Mr. Kusakari to have discussions at the board meetings from this perspective.

### Sharing the Picture and the Vision the Company Wants to Be

**Kusakari:** President Miyata has a sense of crisis that the current business alone has no future. While most directors on the execution side of business focus on the issues and tasks at hand, President Miyata is looking further ahead and considering new businesses, including M&A. Filling that gap and the timeline difference is critical. Looking at the IR materials, we can clearly understand President Miyata's thoughts, but it is difficult to realize from outside that he is sending messages with such a sense of crisis. In addition, most directors rarely appear in IR, so their individual abilities are not well promoted. For my part, I propose that directors give presentations at factory tours or technical briefings so that investors know that there are many talented human resources. If investors see examples of improvements in the field, they will deepen their understanding and have higher expectations for the Company. I believe that by providing such opportunities, the investors will be able to understand our efforts for fostering executive human resources.



## I Outside Director and Investor Dialogue

7-1



**Hyogo:** In realizing his vision, I believe that President Miyata is implementing a wide range of strategies, including M&A. However, President Miyata's picture and vision of what he wants the Company to be in the future are difficult to understand from outside and are not shared fully with us, although it may be partly because of my lack of understanding. As an investor, I always think that sharing of and empathy for the vision is important in attracting long-term investors regardless of short-term fluctuations in performance. By all means, I would like you to send messages on various occasions to share the vision and deepen empathy for the vision not only internally but also externally.

**Kusakari:** As you say, visualizing and sharing the vision is our challenge, and I would like to address it firmly. Currently, the entire company is moving toward President Miyata's vision, but we may need to examine whether we

can continue to do so, whether we need a charismatic leader to lead the organization, or whether we can develop a system for that as an organization.

**Hyogo:** I was able to understand the current situation of the Company by listening to you, Mr. Kusakari. I hope you will continue to make efforts to share the picture and the vision the Company wants to be with outside people.

### Sustainability

#### Fostering Organizational Culture and Diversity to Realize Sustainable Growth

**Hyogo:** Although the importance of sustainability management is increasing these days, I believe that there are still not many Japanese medical device companies that are promoting sustainability management progressively. The medical device industry generally has relatively low carbon dioxide emissions and is focused on growth investments, so ESG initiatives and non-financial information disclosures tend to lag behind other industries. Mr. Kusakari, how about Asahi Intecc's ESG initiatives from your perspective?

**Kusakari:** As an initiative to contribute to local communities, Asahi Intecc has been recently working on a project to rent and renovate the site of an abolished elementary school near the Global Headquarters in Seto City, Aichi Prefecture into a public facility (scheduled for completion in June 2024). The facility is used as the main training ground for the soccer team Asahi Intecc

Loveledge Nagoya, for which Asahi Intecc served as a sponsor. The Company is contributing to local communities since the ground is also used as a place of rest and relaxation for the community when there is no training. It's a good idea to use an abolished school, and it's also a good initiative in the sense of cooperation with local municipalities, so I think the Company should promote this initiative more. In addition, regarding the CO2 emissions you mentioned, we have established a director in charge of the environment and director in charge of ESG, and we are also establishing a system in which management and supervision are conducted directly by the Board of Directors. So, I understand non-financial information is also gradually being disclosed in the Integrated Reports. We are not very progressive, but I have an awareness that we are responding steadily.

**Hyogo:** I think that the disclosure of sustainability, including ESG, is required to be a somewhat different perspective from the SDGs, so it would be appreciated if you could take this a step further. On a slightly different topic, what about human capital initiatives? Please let me know if you have any challenges such as human resource development or recruitment.

**Kusakari:** I think there is probably a shortage in terms of hiring human resources because the Company is growing rapidly. In particular, it takes time to develop human resources between execution and operations. Employees who joined the Company around 2000, about 20 years ago, have experience in surviving rough times. However,

## Outside Director and Investor Dialogue

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In Tokyo R&amp;D Center

in recent years, employees who joined the Company as mid-career hires have been given more fragmented jobs owing to the expanded organization size, which makes a big difference in their growth opportunities. From now on, our challenge is how to foster the human resources we have hired. A system for creating career plans by consulting with supervisors using the human resources evaluation system has already been established and is in the phase of functioning.

**Hyogo:** How to build corporate organization and culture in the future is important. I think that what the Company

requires of people who joined the Company when the growth rate was high and the company was small is different from what it requires of people who have joined the Company recently after the Company expanded and its reputation became higher. I feel that fostering an organizational culture is a challenge for your company's future growth. In terms of advancement of women, there are role models such as CFO Ito, but such an initiative is not progressing well in the medical device industry as a whole, and there are few positions in which women can play an active role.

**Kusakari:** The Board of Directors is examining the human resources responsible for the next generation from among women and foreigners. The ratio of female managers in Asahi Intecc is still 12%, while it exceeds 30% globally. Diversity has been fostered as a culture, but there are few people who want it, especially in Japan. We must create an environment in which women themselves can seek managerial positions and become managers. I hope there will be a lot of women who want to become section chiefs. In order to do so, men must also change. It is a current reality that many people say that balancing work and family is a challenge.

**Hyogo:** I think you're right. I expect that change will be encouraged in that way. I feel that diversity penetration is important in securing and fostering talented human resources and directing the Company to sustainable growth. I would like to continue watching how things change in your company. In addition, I also think that awareness of sustainability initiatives is gradually increasing in your company, so I would appreciate it if information disclosure could be further enhanced. Today, talking with you Mr. Kusakari, I learned that you and I have a commonality from the investor's perspective, and I have found that there are many things towards which I feel empathy. I hope that you will continue to play an active role as an outside director in enabling medium- to long-term sustainable profit growth and not affecting the medium- to long-term benefits of minority shareholders. Thank you very much for today.

## Corporate Governance

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### List of Directors and Executive Officers (as of the end of FYE June 2023)

#### Internal Directors



1 Masahiko Miyata, President & CEO

2 Kenji Miyata, Executive Vice President and COO

3 Tadakazu Kato, Senior Executive Director

4 Munechika Matsumoto, Executive Director

5 Yoshinori Terai, Director

6 Mizuho Ito, Director

7 Makoto Nishiuchi, Director

#### Outside Directors



1 Kiyomichi Ito, Outside Director

2 Takahiro Kusakari, Outside Director

3 Ryuji Tomida, Outside Director  
(Audit and Supervisory Committee Member)

4 Yasunari Hanano, Outside Director  
(Audit and Supervisory Committee Member)

5 Ryoko Fukaya, Outside Director  
(Audit and Supervisory Committee Member)

## Corporate Governance

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## List of Directors and Executive Officers (as of the end of FYE June 2023)

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 contributions going forward.

November 1994	Joined the Company	March 2004	Executive Vice President and Representative Director
	General Manager of Planning Office, Supervisory Division	March 2006	President & CEO of CompassMed Integration Co., Ltd.
December 1995	Director	August 2006	Director of ASAHI INTECC HANOI CO., LTD. (current position)
	Director, General Manager of Corporate Planning Department	June 2007	ASAHI INTECC THAILAND CO., LTD. CEO
March 1999	Executive Director	September 2009	President & CEO (current position)
	Assistant to General Manager of Medical Division		President & CEO of Filmecc Co., Ltd.
	General Manager of Production Engineering Department	July 2016	Director of Filmecc Co., Ltd.
July 2000	General Manager of Medical Division	April 2023	President & CEO of Magnaire Co., Ltd. (current position)
September 2001	Senior Executive Director		
September 2003	ASAHI INTECC THAILAND CO., LTD. Director (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 the 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 contributions 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)

Executive Director  
Munechika Matsumoto

Since joining the Company, Mr. Munechika Matsumoto has consistently been engaged in the Device Division and contributed to the development of stainless-steel components, the Company's core technology. He is currently serving as General Manager of the 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 contributions 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)

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 contributions going forward.

April 1993	Joined the Company	July 2015	President and Director of ASAHI INTECC HANOI CO., LTD.
January 1997	Executive Vice President and Director of ASAHI INTECC THAILAND CO., LTD.	September 2015	Executive Vice President and Director
July 1997	Director	July 2016	General Manager of Quality Assurance Division
August 2002	Deputy General Manager of Device Division		Chairperson and Director of ASAHI INTECC HANOI CO., LTD. (current position)
	General Manager of Quality Assurance Department	September 2016	Executive Vice President and COO (current position)
October 2004	Director of ASAHI INTECC THAILAND CO., LTD.	July 2017	Director of TOYOFLEX CEBU CORPORATION (current position)
July 2006	General Manager of Device Division		Director of FICUS Co., Ltd. (current position)
July 2009	Director of GMA Co., Ltd.	July 2018	General Manager of Device Business Division (current position)
September 2010	Executive Director	July 2020	Director of walkey Inc. (current position)
July 2011	President & CEO of ASAHI INTECC GMA Co., Ltd.	May 2022	Director of Filmecc Co., Ltd. (current position)
September 2013	President & CEO of TOYOFLEX Corporation (current position)	September 2022	Director of Nihon Chemical Coat Co., Ltd. (current position)
	TOYOFLEX CEBU CORPORATION President & CEO	January 2023	President & CEO of LAKE R&D Inc. (current position)
January 2015	Director of ASAHI INTECC THAILAND CO., LTD. (current position)		
	Director of ASAHI INTECC HANOI CO., LTD.		

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 contributions 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.)
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 INTECC EUROPE B.V. (current position)
July 2020	Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Division
	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)
April 2023	Director of Magnaire Co., Ltd. (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 General Manager of the 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 contributions 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)
April 2023	Director of Magnaire Co., Ltd. (current position)

## Corporate Governance

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### List of Directors and Executive Officers (as of the end of FYE June 2023)

	<b>Director</b> <b>Makoto Nishiuchi</b>		<b>Director (Outside)</b> <b>Kiyomichi Ito</b>		<b>Director (Outside)</b> <b>Takahiro Kusakari</b>
<p>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&amp;D and technology-related fields, he currently works as General Manager of the Medical Brand Business Unit of the 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 contributions going forward.</p>		<p>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 contributions to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward.</p>		<p>Mr. Takahiro Kusakari has served as Fund Manager and Chief Investment Officer of an investment trust management firm. He has been elected as an 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.</p>	
<p>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)  July 2022    Chief Digital Officer (current position)</p>		<p>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  April 2023    Senior Adviser to the CEO of YUKEN INDIA. LTD. (current position)</p>		<p>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.  September 2022    Outside Director of the Company (current position)  March 2023    Joined Japan Catalyst, Inc.  June 2023    Director and Co-President of Japan Catalyst, Inc. (current position)</p>	

### Directors Who are Audit and Supervisory Committee Members

	<b>Audit and Supervisory Committee Member (Outside)</b> <b>Ryuji Tomida</b>		<b>Audit and Supervisory Committee Member (Outside)</b> <b>Yasunari Hanano</b>		<b>Audit and Supervisory Committee Member (Outside)</b> <b>Ryoko Fukaya</b>
<p>Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of an 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 Director in expectation of his further contributions going forward.</p>		<p>Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of an 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 Director in expectation of his further contributions going forward.</p>		<p>Ms. Ryoko Fukaya is deemed appropriate to fulfill the duties of an 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 an outside director who is an Audit and Supervisory Committee member.</p>	
<p>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    Nagoya Municipal Advisor (current position)  April 2010    Opened Tomida &amp; Yamauchi Law Firm (currently Tomida &amp; Partners)  April 2011    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 &amp; Personal Information Protection Committee  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)</p>		<p>October 1988    Joined Tohmatsu Aoki &amp; 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  March 2005    Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants  April 2006    Registered as a Certified Tax Accountant  August 2007    Associate Professor at Graduate School of Accounting, Aichi University  April 2011    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  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)</p>		<p>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  June 2019    Chairwoman of the Public Relations Committee of the Japanese Institute of Certified Public Accountants Tokai Association  November 2021    Auditor of Fuji Logitech Holdings, Inc. (current position)  September 2022    Outside Director of the Company (Audit and Supervisory Committee Member) (current position)  April 2023    Auditor of Incorporated Educational Institution Sugiyama Jogakuen (current position)</p>	

### List of Executive Officers

Ippei Yugawa, Executive Officer  
Yuichi Iizuka, Executive Officer  
Toshiya Osawa, Executive Officer  
Yukio Watanabe, Executive Officer  
Yo Nobuta, Executive Officer  
Kazuo Chiba, Executive Officer  
Yasuyuki Kawahara, Executive Officer  
Kazuhiro Ishihara, Executive Officer  
Hideki Tamura, Executive Officer  
Tomoya Eguchi, Executive Officer

## Corporate Governance

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### Skills Matrix (as of the end of FYE June 2023)

Name	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	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%	–	–
Munechika Matsumoto	Executive Director			●	●			●					●			100%	–	–
Yoshinori Terai	Director					●	●				●					100%	–	–
Mizuho Ito	Director								●		●	●	●			100%	–	–
Makoto Nishiuchi	Director			●			●							●		100%	–	–
Kiyomichi Ito	Outside Director	Independent (Outside)	●			●									●	100%	–	100%
Takahiro Kusakari	Outside Director	Independent (Outside)	●									●				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%
Ryoko Fukaya	Outside Director (Audit and Supervisory Committee Member)	Independent (Outside)							●		●					100%	100%	–

## Corporate Governance

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## List of Directors and Executive Officers (after resolution at General Meeting of Shareholders held on September 28, 2023)

**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 contributions going forward.

November 1994	Joined the Company	March 2004	Executive Vice President and Representative Director
	General Manager of Planning Office, Supervisory Division	March 2006	President & CEO of CompassMed Integration Co., Ltd.
December 1995	Director	August 2006	Director of ASAHI INTECC HANOI CO., LTD. (current position)
	Director, General Manager of Corporate Planning Department	June 2007	ASAHI INTECC THAILAND CO., LTD. CEO
March 1999	Executive Director	September 2009	President & CEO (current position)
	Assistant to General Manager of Medical Division		President & CEO of Filmecc Co., Ltd.
	General Manager of Production Engineering Department	July 2016	Director of Filmecc Co., Ltd.
July 2000	General Manager of Medical Division	April 2023	President & CEO of Magnaire Co., Ltd. (current position)
September 2001	Senior Executive Director		
September 2003	Director of ASAHI INTECC THAILAND 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 the 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 contributions 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)

**Executive Director**  
Munechika Matsumoto

Since joining the Company, Mr. Munechika Matsumoto has consistently been engaged in the Device Division and contributed to the development of stainless-steel components, the Company's core technology. He is currently serving as General Manager of the 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 contributions 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)

**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 contributions going forward.

April 1993	Joined the Company	July 2015	President and Director of ASAHI INTECC HANOI CO., LTD.
January 1997	Executive Vice President and Director of ASAHI INTECC THAILAND CO., LTD.	September 2015	Executive Vice President and Director
July 1997	Director	July 2016	General Manager of Quality Assurance Division
August 2002	Deputy General Manager of Device Division		Chairperson and Director of ASAHI INTECC HANOI CO., LTD. (current position)
	General Manager of Quality Assurance Department	September 2016	Executive Vice President and COO (current position)
October 2004	Director of ASAHI INTECC THAILAND CO., LTD.	July 2017	Director of TOYOFLEX CEBU CORPORATION (current position)
July 2006	General Manager of Device Division		
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.		
September 2013	President & CEO of TOYOFLEX Corporation	May 2022	Director of walkey Inc. (current position)
	TOYOFLEX CEBU CORPORATION President & CEO	September 2022	Director of Filmecc Co., Ltd. (current position)
January 2015	Director of ASAHI INTECC THAILAND CO., LTD. (current position)		Director of Nihon Chemical Coat Co., Ltd. (current position)
	Director of ASAHI INTECC HANOI CO., LTD.	January 2023	President & CEO of LAKE R&D Inc. (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 contributions 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 INTECC EUROPE B.V. (current position)
July 2020	Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Division
	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)
April 2023	Director of Magnaire Co., Ltd. (current position)

**Director**  
Mizuho Ito





Ms. Mizuho Ito has been engaged in management, accounting, IR, M&A and governance building for many years. She is currently leading efforts to strengthen the function of corporate governance, and is appropriately fulfilling the role of enhancing the Company's corporate value. She has been elected as Director in expectation of her further contributions going forward.

May 2003	Joined the Company
May 2005	Deputy General Manager of Corporate Strategic Office
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)
April 2023	Director of Magnaire Co., Ltd. (current position)




## Corporate Governance

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### List of Directors and Executive Officers (after resolution at General Meeting of Shareholders held on September 28, 2023)

 <p><b>Director</b> Makoto Nishiuchi</p>	 <p><b>Director (Outside)</b> Kiyomichi Ito</p>	 <p><b>Director (Outside)</b> Takahiro Kusakari</p>	 <p><b>Director (Outside)</b> Akihiro Taguchi</p>
<p>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&amp;D and technology-related fields, he currently works as General Manager of the Medical Brand Business Unit of the 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 contributions going forward.</p>	<p>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 contributions to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward.</p>	<p>He has served as a Fund Manager and Chief Investment Officer at an investment trust management firm, and his experience in corporate analysis through dialogue with numerous companies has led him to make recommendations for improving our company's corporate value. He has been elected as an outside director in expectation of his further contributions to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate analysis going forward.</p>	<p>Mr. Akihiro Taguchi has been elected as an outside director with the expectation that he will supervise the management of the Company and offer suggestions for improving the Company's corporate value based on his ample experience and broad insight in the medical industry, including serving as President and Representative Director for Olympus Medical Systems Corp.</p>
<p>October 2005 Joined the Company</p> <p>July 2008 Deputy Group Manager of Medical Research and Development Group, Medical Division</p> <p>May 2010 Group Manager of Research and Development Group, Medical Division</p> <p>July 2015 Executive Officer</p> <p>July 2016 Director of ASAHI INTECC USA, INC. (current position)</p> <p>January 2017 Chief Research and Development Officer, Medical Division</p> <p>October 2017 Senior Executive Officer</p> <p>July 2018 Director of RetroVascular, Inc. (currently ASAHI Medical Technologies, Inc.) (current position)</p> <p>September 2018 Director (current position)</p> <p>July 2019 General Manager of Medical Brand Business Unit of Medical Division (current position)</p> <p>July 2022 Chief Digital Officer (current position)</p>	<p>April 1974 Joined Toyota Motor Sales Co., Ltd.</p> <p>August 1985 Section Head of Engineering Section, Overseas Planning Department and Section Chief of System Planning Section of TOYOTA MOTOR CORPORATION</p> <p>January 1994 Secretary seconded to Toyota Motor Manufacturing Canada, Inc.</p> <p>January 1999 Chief of Marine Business Division of TOYOTA MOTOR CORPORATION</p> <p>July 2000 Chief of Americas Sales Department of TOYOTA MOTOR CORPORATION</p> <p>July 2002 President of Toyota Kirloskar Auto Parts Pvt. Ltd.</p> <p>March 2008 Professor at School of Management, Chukyo University</p> <p>September 2013 Outside Director of the Company (current position)</p> <p>April 2015 Visiting Professor at School of World Englishes, Chukyo</p> <p>April 2023 Senior Adviser to the CEO of YUKEN INDIA. LTD. (current position)</p>	<p>July 2007 Joined SBI Real Marketing Co., Ltd.</p> <p>October 2008 Joined Sawakami Asset Management Inc.</p> <p>November 2010 Fund Manager of Sawakami Asset Management Inc.</p> <p>January 2013 Chief Investment Officer of Sawakami Asset Management Inc.</p> <p>June 2015 Director and Chief Investment Officer of Sawakami Asset Management Inc.</p> <p>July 2022 Joined Sawakami Holdings, Inc.</p> <p>September 2022 Outside Director of the Company (current position)</p> <p>March 2023 Joined Japan Catalyst, Inc.</p> <p>June 2023 Director and Co-President of Japan Catalyst, Inc. (current position)</p>	<p>April 1980 Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)</p> <p>June 2010 Corporate Executive Officer of Olympus Corporation</p> <p>April 2012 Senior Corporate Managing Officer of Olympus Corporation President and Representative Director, Olympus Medical Systems Corp.</p> <p>April 2013 Outside Director of Sony Olympus Medical Solutions Inc.</p> <p>April 2015 Head of Sales &amp; Marketing Group and Business Management Officer of Medical Business of Olympus Corporation</p> <p>June 2015 Director and Senior Corporate Managing Officer of Olympus Corporation</p> <p>April 2019 Executive Officer and COO of Olympus Corporation</p> <p>April 2020 Executive Officer and CTO of Olympus Corporation</p> <p>July 2022 Adviser of HCL JAPAN LTD. (current position)</p> <p>August 2022 Independent Director of SATORI ELECTRIC CO., LTD. (current position)</p>

### Directors Who are Audit and Supervisory Committee Members

 <p><b>Audit and Supervisory Committee Member (Outside)</b> Ryuji Tomida</p>	 <p><b>Audit and Supervisory Committee Member (Outside)</b> Yasunari Hanano</p>	 <p><b>Audit and Supervisory Committee Member (Outside)</b> Ryoko Fukaya</p>	<p><b>List of Executive Officers (after October 1, 2023)</b></p>
<p>Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of an 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 Director in expectation of his further contributions going forward.</p>	<p>Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of an 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 Director in expectation of his further contributions going forward.</p>	<p>Ms. Ryoko Fukaya is deemed appropriate to fulfill the duties of an 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 an outside director who is an Audit and Supervisory Committee member.</p>	<p>Yuichi Iizuka, Senior Executive Officer</p> <p>Yo Nobuta, Senior Executive Officer</p> <p>Ipppei Yugawa, Executive Officer</p> <p>Toshiya Osawa, Executive Officer</p> <p>Yukio Watanabe, Executive Officer</p> <p>Kazuo Chiba, Executive Officer</p> <p>Yasuyuki Kawahara, Executive Officer</p> <p>Kazuhiro Ishihara, Executive Officer</p> <p>Hideki Tamura, Executive Officer</p> <p>Tomoya Eguchi, Executive Officer</p> <p>Gen Nakashima, Executive Officer</p> <p>Shinjiro Ootani, Executive Officer</p> <p>Tatsuji Higashi, Executive Officer</p>
<p>October 2001 Registered with Nagoya Bar Association (currently Aichi Bar Association)</p> <p>April 2006 Joined Higashi Sakura Law Firm</p> <p>December 2006 Part-Time Lecturer at Law Department, Nagoya University of Economics</p> <p>October 2007 Nagoya Municipal Advisor (current position)</p> <p>April 2010 Opened Tomida &amp; Yamauchi Law Firm (currently Tomida &amp; Partners)</p> <p>April 2011 Member of Research Office of Aichi Bar Association</p> <p>May 2011 Part-Time Lecturer at Aichi Law School</p> <p>April 2013 Member of Japan Federation of Bar Associations Inquiry System Committee (current position)</p> <p>April 2016 Member of Kasugai City Information Disclosure &amp; Personal Information Protection Committee</p> <p>September 2018 Vice President of Aichi Bar Association</p> <p>April 2020 General Manager of Aichi Bar Association Inquiry Research Office</p> <p>December 2021 Public Interests Member of Aichi Prefectural Labour Relations Commission (current position)</p>	<p>October 1988 Joined Tohmatsu Aoki &amp; Sanwa (currently Deloitte Touche Tohmatsu LLC)</p> <p>August 1993 Registered as a Certified Public Accountant</p> <p>October 2001 Opened Business Inspire</p> <p>June 2004 Opened Hanano C.P.A. Office</p> <p>March 2005 Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants</p> <p>April 2006 Registered as a Certified Tax Accountant</p> <p>August 2007 Associate Professor at Graduate School of Accounting, Aichi University</p> <p>April 2011 Member of the Special Training System Council, the Japanese Institute of Certified Public Accountants</p> <p>April 2012 Part-Time Lecturer at Aichi University</p> <p>May 2013 Auditor of Green Association of Nagoya, Public Interest Incorporated</p> <p>April 2014 Member of the Completion Inspection Management Committee, the Japanese Institute of Certified Public Accountants</p> <p>June 2016 Part-Time Lecturer at Nanzan Business School</p> <p>September 2018 Vice President of Tokai Association, the Japanese Institute of Certified Public Accountants</p> <p>Outside director of the Company (Audit and Supervisory Committee Member) (current position)</p>	<p>October 1999 Joined Chuo Audit Corporation</p> <p>April 2003 Registered as a Certified Public Accountant</p> <p>August 2007 Joined KPMG AZSA LLC</p> <p>April 2011 Opened Ryoko Fukaya Accounting Office</p> <p>June 2016 Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants</p> <p>March 2017 Registered as a Certified Tax Accountant</p> <p>June 2019 Chairwoman of the Public Relations Committee of the Japanese Institute of Certified Public Accountants Tokai Association</p> <p>November 2021 Auditor of Fuji Logitech Holdings, Inc. (current position)</p> <p>September 2022 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)</p> <p>April 2023 Auditor of Incorporated Educational Institution Sugiyama Jogakuen (current position)</p> <p>July 2023 Part-Time Lecturer at Graduate School of Management, Kyoto University (current position)</p> <p>August 2023 Member of The Specialist Committee of Investigation and Research Committee, Japanese Institute of Certified Public Accountants (current position)</p>	<p>Asahi Intecc Group Integrated Report 2023</p>

## Corporate Governance

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### Skills Matrix (after resolution at General Meeting of Shareholders held on September 28, 2023)

Name	Position in the Company		Management	R&D	Manufacturing technology	Global expansion	Industry knowledge – medical devices	Industry knowledge – industrial devices	Quality assurance pharmaceutical	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)	●										●			●
Akihiro Taguchi	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)								●	●	●				●

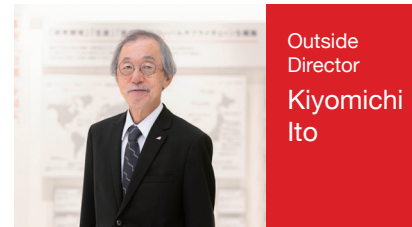
## Corporate Governance

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## Message from Outside Directors



In front of the Global Headquarters and R&amp;D Center



Outside  
Director  
Kiyomichi  
Ito

Asahi Intecc is a company whose primary mission is to improve the quality of life of patients through the use of catheter technology in medical care around the world. I think that rapid growth of revenues in recent years can be regarded as evidence of the Company's executing management appropriately.

On the other hand, we must not forget that the rapid expansion of the scope and scale of our organization and operations through sharp growth has also created the new challenge of management evolution. In order for the Company to grow further, I recognize that outside directors, who oversee the Company's management from an objective standpoint independent from business executors, are also required to evolve management supervision commensurate with the new scope and scale. I hope I can make a contribution to the realization, if only a little, by taking advantage of my experience in teaching and researching at a university and experience in working in the automotive industry.



Outside  
Director  
Takahiro  
Kusakari

Asahi Intecc is one of the few companies that have continued to grow nonlinearly, taking on the challenge of medical devices with a focus on manufacturing, amid concerns about the Japanese economy and the deterioration of corporate competitiveness since the 2000s. Above all, we have been praised for our active use of the capital market to invest in production technology and R&D aggressively. Partly at the request of the Tokyo Stock Exchange, discussions on corporate governance and capital efficiency have been active also in Japan. Our company has been actively engaged in dialogue with investors. The scale and scope of our business are expanding from the perspectives of the global aging population, medical resources, and quality of life. So, I think that we will be required to take measures at a higher level in all aspects. Leveraging my experience as an investor and manager, I will contribute to the Company's sustainable growth and enhancement of corporate value by invigorating the discussions of the Board of Directors without allowing any exception from an independent perspective.

## Corporate Governance

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## Message from Outside Directors



Global Headquarters and R&amp;D Center



In September 2018, I was elected as an outside director serving as Audit and Supervisory Committee member. As a lawyer, I strive to contribute to compliance management of Asahi Intecc with a legal mind. In addition, I would like to contribute to our company by taking advantage of my past extensive experience in the field of personnel and labor in corporate legal affairs, and my knowledge gained by serving as a Public

Interests Member of Aichi Prefectural Labour Relations Commission in recent years. Social conditions surrounding companies are changing every day, and labor laws are also changing. Companies are required not only to catch up but also to take more active measures, such as realization of work-style reform. It is also essential to address global human resources and diversity. In the field of "people," which support the corporate organization and technology and is a source of growth energy for the Company, I will make the most of my strengths and make every effort to achieve sustainable growth of the Company and to enhance corporate value over the medium to long term by valuing the voices of people in the field that I have heard while visiting the bases in Japan and overseas.



These days, companies are required to carry out management with an awareness of capital costs, and outside directors are also expected to be involved in management from an investor's perspective. In addition, as an Audit and Supervisory Committee member, I am also required not only to audit business execution of Directors but also to oversee the appointment, dismissal and remuneration of Directors. In order to fulfill these roles, I utilize my knowledge gained from my previous experience as a certified public accountant auditing various operating companies. Asahi Intecc has been growing at an annual rate of more than 10% and is expected to continue growing. This includes expansion of the medical care area in the medical device field and advancement into the robotics field. For this reason, I place special emphasis on whether the corporate governance system that addresses these issues is effectively developed and operated. To cope with the revision of the Corporate Governance Code, the Board of Directors is engaged in discussions on the direction the Board of Directors will take in the future. I would like to actively participate in this discussion and play a part in enhancing corporate value.



One year has passed since I assumed the position of Audit and Supervisory Committee member in September 2022. I have been involved in the finance and accounting of many companies as a certified public accountant. In particular, corporate finance is one of my strengths and an important point of view in my decisions as an outside director. In addition, being a woman, I think I am also expected to play a role in terms of diversity. From this term, I have also become a member of the Nomination and Compensation Advisory Committee. I would like to brace myself and work harder. In our company, which is expanding into new areas, clear evaluation indicators, such as the comparative examination of profitability in each area, are important for the optimal allocation of management resources. All directors, including managing directors, must always be aware of the responsibilities to be assumed including management indicators. I would like to make efforts to improve corporate value, including reconfirmation of such awareness as an Audit and Supervisory Committee member.

## 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 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 a 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 nine Directors (excluding Directors who are Audit and Supervisory Committee members) and three Directors who are Audit and Supervisory Committee members, and of the 12 Directors, six Directors (46.2% 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 a total of 12 members, including nine Directors excluding Directors who are

Audit and Supervisory Committee members

(Chairperson/President & CEO Masahiko Miyata, Executive Vice President and COO Kenji Miyata, Senior Executive Director Tadakazu Kato, Executive Director Munechika Matsumoto, Director Yoshinori Terai, Director Mizuho Ito, Director Makoto Nishiuchi, Outside Director Kiyomichi Ito, and Outside Director Takahiro Kusakari) and three Directors who are Audit and Supervisory Committee members (Outside Director Ryuji Tomida, Outside Director Yasunari Hanano, and Outside Director Ryoko Fukaya). 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, who are outside directors (Chairperson/Outside Director Yasunari Hanano, Outside Director Ryuji Tomida, and Outside Director Ryoko Fukaya), 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. At the 46th Annual General Meeting of Shareholders held on September 29, 2022, in order to further enhance the independence of the Audit and Supervisory Committee, all members of the Audit and Supervisory Committee were appointed from independent outside directors. In addition, in case the statutory number of directors who are Audit and Supervisory Committee members is insufficient, one Director who is a substitute Audit and Supervisory Committee member was appointed.

### 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 (President & CEO Masahiko Miyata, Executive Vice President and COO Kenji Miyata, Senior Executive Director Tadakazu Kato, Executive Director Munechika Matsumoto, Director Yoshinori Terai, Director Mizuho Ito, Director Makoto Nishiuchi), and executive officers (Ippei Yugawa, Yuichi Iizuka, Toshiya Osawa, Yukio Watanabe, Yo Nobuta, Kazuo Chiba, Yasuyuki Kawahara, Kazuhito Ishihara, Hideki Tamura, Tomoya Eguchi), holds a monthly meeting in order to deliberate on important matters related to business operations, report on execution results, and share information across the Company. General Manager of the Internal Audit Office attends the Business Liaison Committee as an assistant to the Audit and Supervisory Committee, and collects information necessary for the audit duties by the Audit and Supervisory Committee and shares it with the Audit and Supervisory Committee.



## Corporate Governance

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### 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 (of which two are outside directors) 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 FYE June 2023, as well as the content 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 (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) so that the total amounts of the base remuneration, the portion of performance-linked remuneration (director bonuses commensurate with short-term results), and the portion of remuneration for share purchase (linked to improvements in long-term performance) fall within the total amount of remuneration

determined by a General Meeting of Shareholders resolution. In FYE June 2023, 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 a share purchase (linked to improvements in long-term performance), 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 (director bonuses commensurate with short-term results) is paid in consideration of each Director's position, duties, and tenure, 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 a share purchase (linked to improvements in long-term performance) are paid monthly. If the portion of performance-linked remuneration (director bonuses commensurate with short-term results) 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 Commensurate with Short-Term Results), 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 (President and Representative Director, who has been delegated in accordance with 6) below) upon receiving reports from the Nomination and Compensation Advisory Committee. In FYE June 2023, 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 (persons)
Director (excluding Audit and Supervisory Committee members and outside directors)	411	375	35	-	7
Director (Audit and Supervisory Committee members) (excluding outside directors)	4	3	0	-	1
Outside Directors	38	35	3	-	7
Total	454	415	39	-	15

(Note 1) Portion of remuneration for share purchase is remuneration which is linked to improvement in long-term performance.

(Note 2) Portion of performance-linked remuneration is director bonuses commensurate with short-term results.

(Note 3) The above descriptions include the remuneration during service for two Directors (excluding Directors who are Audit and Supervisory Committee members) and one Director (who is Audit and Supervisory Committee member) who retired at the 46th Annual General Meeting of Shareholders held on September 29, 2022.

## Corporate Governance

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### 6) Policy on Determining the Content 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 (linked to improvements in long-term performance) and the portion of performance-linked remuneration (director bonuses commensurate with short-term results) 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 2023, 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)

Asahi Intecc provides appropriate opportunities to attend seminars required for Directors (excluding those who are Audit and Supervisory Committee members) to perform their duties. In addition, if there are important legal amendments, systemic changes, etc., 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.

Moreover, 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, eight domestic subsidiaries (three consolidated subsidiaries and five 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 Administration Division concerning the existence and details of any matters causing significant damage to subsidiaries, 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.



# Risk Management

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## 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.

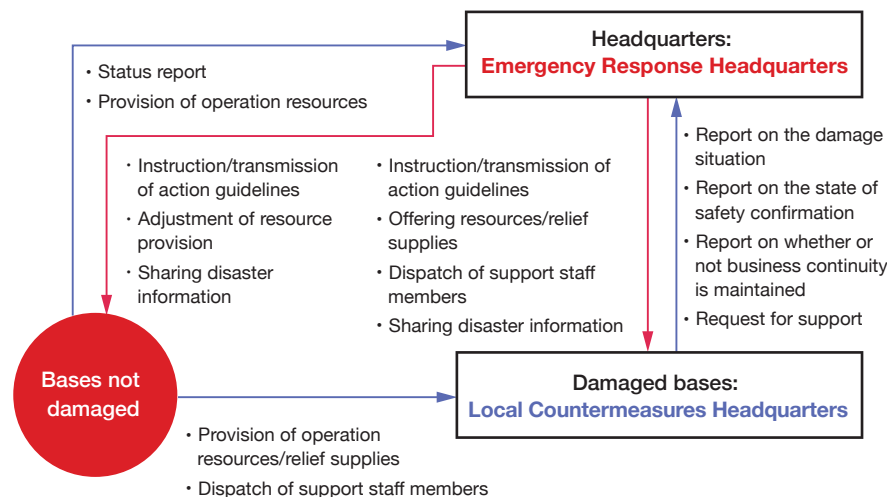
## Response to Large-Scale Disasters

### Basic Thinking

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 we 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 an emergency, such as a disaster, in our Group, the emergency response headquarters headed by the President & 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 employees and local community while endeavoring to stably supply products.

## Risk Management

7-3

### BCP (Business Continuity Plan)

Our Group is proceeding with formulating the 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 essential tasks for corporate operations for each group, and take measures in the case of emergency based on this planning.

#### BCP Basic Policy

1. Give top priority to securing the safety of each person.
2. Assess the damage situation, and strive for early restoration to normal operation activities of the corporation to minimize the effects on our customers.

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 past events during disasters such as the flood in Thailand, and emergencies such as the spread of the COVID-19 infection; we will organize functions available by taking part in some parts of production during an emergency, such as clean rooms in the new R&D building that is scheduled to be completed in June 2024.

## Disaster Prevention Handbook



## Risk Management

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### 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 problems. In addition, to respond to increasingly sophisticated and diverse information security risks, we periodically review our measures, appropriately

prioritize the risks that could occur, and continue to implement security measures.

#### Information Security Training

As part of information security training, our Group provides group training when employees join the Company and distributes security education content utilizing E-learning, with the purpose of fostering a sense of ethics and security awareness. Furthermore, we aim to maintain and improve security awareness by implementing targeted attack email training and 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, we will continuously add security training content and expand types and frequencies of training to enhance the content of the information security training that our Group has provided to date.

#### 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.



## Risk Management

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### 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 2023 and can be associated with the seven key issues of sustainability.

		Key Issues
① Medical Field	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
	Dependence on Sales in Specific Regions	Strengthening risk management
	Response to Technological Innovation	On-site problem-solving through innovation
	Purchase from Specific Suppliers	Supply chain management
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
	Impact of Epidemics and Infectious Diseases	Strengthening risk management
	Risks due to Climate Change	Measures to reduce environmental burden
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

## Compliance

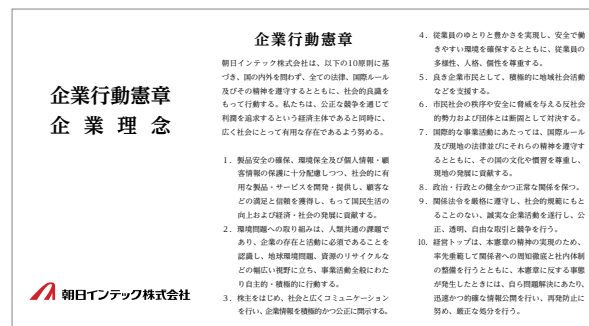
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### Basic Policy and Action Guidelines

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 Administration 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.



### 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 or harassments. 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 or reasonable grounds. Based on the internal reporting regulations, the Compliance Committee, headed by the Director and General Manager of the Administration Division, shall fairly investigate the content 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. At overseas bases, we have established a contact point for receiving consultation and reports at each base.

### 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. 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. For all employees, we also distribute E-learning content in which explanations are provided on basic knowledge of contract, procedures until conclusion of contract, and compliance and control with regulations on insider trading.

### 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 the 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.

## Compliance

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### 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 Administration 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 the existence of disputes or administrative dispositions. 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.

### Respect for Human Rights① Harassment/Discrimination Prevention

Our Group advocates in the Charter of Corporate Behavior that "We shall achieve the feeling in our employees of being free of pressure and affluence, secure 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 acts 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.

### Respect for Human Rights ③ Formulation of Human Rights Policy.

Our Group formulated the "Asahi Intec Group Human Rights Policy" on May 15, 2023. This policy was formulated in order for the Asahi Intecc Group to respect human rights in its business activities and fulfill its responsibilities in society. As a company concerned with human life and safety, we support and respect the United Nations Guiding Principles on Business and Human Rights, and strive to investigate and prevent important human rights issues to be addressed, such as the prohibition of modern slavery, prevention of discrimination and harassment, appropriate management of employee working conditions, occupational health and safety,

compliance with laws and regulations concerning environmentally controlled substances and hazardous substances, and protection of the rights of human subjects in clinical trials. We also ask our business partners to respect human rights. In accordance with the Human Rights Policy, we have also begun conducting human rights due diligence (efforts to identify, prevent and mitigate negative impacts on human rights) on the above issues.

### 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.

# 08

## Performance and Company Information

# Performance and Company Information

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# Financial Summary

8-1

(Consolidated)

	38th Fiscal Year FYE June 2014	39th Fiscal Year FYE June 2015	40th Fiscal Year FYE June 2016	41st Fiscal Year FYE June 2017	42nd Fiscal Year FYE June 2018	43rd Fiscal Year FYE June 2019	44th Fiscal Year FYE June 2020	45th Fiscal Year FYE June 2021	46th Fiscal Year FYE June 2022	47th Fiscal Year FYE June 2023 (Current Consolidated Fiscal Year)
Revenue (million yen)	28,145	35,323	39,511	42,709	50,124	57,216	56,546	61,507	77,748	90,101
Operating income excluding goodwill amortization, etc. (million yen)	6,047	8,034	10,004	10,797	13,774	15,317	12,595	12,944	16,893	19,934
EBITDA (million yen)	7,561	9,994	12,291	13,350	16,660	18,778	16,794	17,764	22,712	26,742
Operating income (million yen)	5,995	7,976	10,002	10,795	13,773	15,168	12,445	12,795	15,239	18,030
Operating income margin (%)	21.3	22.6	25.3	25.3	27.5	26.5	22.0	20.8	19.6	20.0
Ordinary income (million yen)	6,099	8,399	9,521	10,941	13,740	14,833	12,310	13,196	16,326	17,635
Net income attributable to parent company shareholders (million yen)	4,360	5,828	6,907	7,725	10,042	11,237	9,178	9,984	10,857	13,106
Comprehensive income (million yen)	4,392	7,940	4,126	9,490	10,623	11,335	9,251	10,753	17,297	16,280
Total assets (million yen)	42,967	51,049	50,286	63,246	72,104	84,358	93,729	115,427	155,127	172,644
Net assets (million yen)	25,736	32,592	32,263	44,659	53,599	65,450	71,975	92,938	121,130	134,300
Equipment investment (million yen)	2,390	3,784	3,836	5,169	8,183	9,702	11,361	11,764	8,933	14,456
Depreciation and goodwill amortization (million yen)	1,513	1,959	2,286	2,552	2,886	3,460	4,198	4,819	6,439	7,513
R&D expenses (million yen)	2,714	3,230	3,886	4,496	5,052	6,036	6,579	7,524	8,869	9,723
Net assets per share (yen)	100.32	126.97	127.47	173.11	207.34	251.37	276.13	349.18	439.80	487.12
Earnings per share (yen)	17.06	22.73	27.31	30.43	38.88	43.29	35.25	38.25	40.01	48.25
Equity ratio (%)	59.9	63.8	64.1	70.6	74.3	77.6	76.8	80.5	77.0	76.6
ROE (Return On Equity) (%)	18.3	20.0	21.3	20.1	20.4	18.9	13.4	12.1	10.2	10.4
ROIC (Return On Invested Capital) (%)	-	-	-	-	-	20.0	13.5	11.7	10.9	10.7
Price earnings ratio (x)	30.5	46.1	45.5	42.0	53.9	61.3	87.0	69.4	51.2	58.3
Cash flows from operating activities (million yen)	5,015	6,666	8,622	10,257	11,717	11,720	11,166	8,920	17,302	19,138
Cash flows from investing activities (million yen)	- 1,125	- 3,249	- 3,841	- 5,268	- 10,537	- 10,849	- 10,389	- 16,327	- 18,703	- 15,135
Cash flows from financing activities (million yen)	- 2,920	- 1,311	- 4,552	1,598	- 3,749	267	- 850	10,110	11,368	- 2,342
Cash and equivalents, end of period (million yen)	10,915	13,344	12,935	19,992	17,494	18,777	18,554	21,358	32,321	34,884
(Reference) Consolidated dividend payout ratio (%)	25.0	25.0	27.5	25.0	25.0	25.0	25.0	30.0	30.0	30.0
Number of employees/consolidated (persons)	4,831	5,233	5,545	6,220	6,998	7,810	8,761	9,409	10,435	10,187

1. 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 FYE June 2014.

2. ROIC (Return On Invested Capital) is calculated based on the following formula.

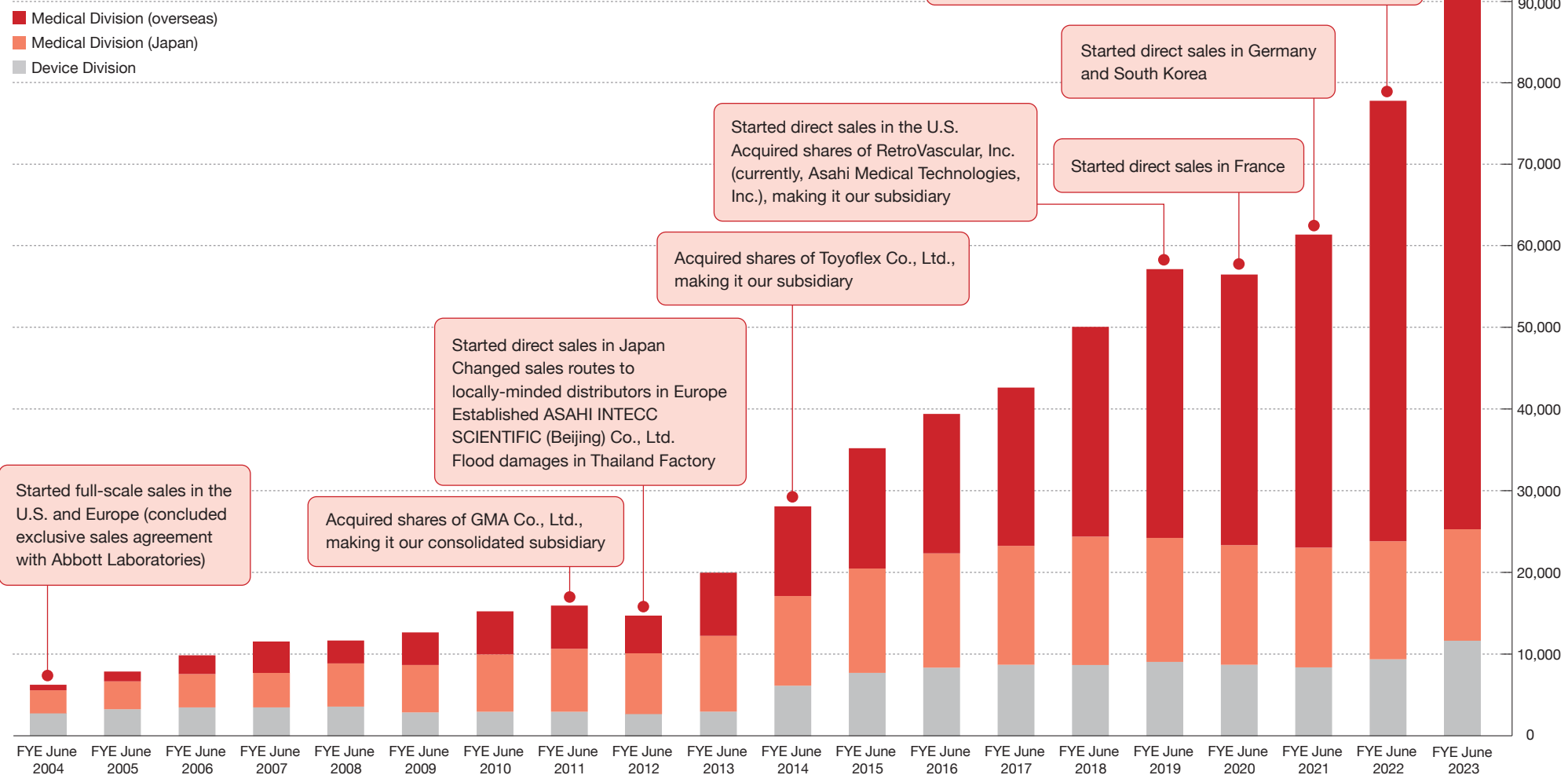
ROIC = net operating income after tax / invested capital (working capital + fixed assets (average of beginning and ending balances))

## Financial Summary

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## Trend of Revenue by Segment

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



Impact of COVID-19

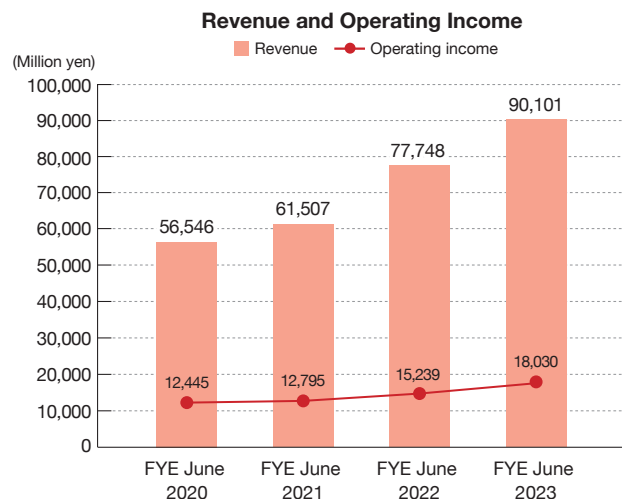
## Financial Summary

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## Revenue and Operating Income

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

Gross profit totaled 58,832 million yen (an increase of 15.2% year on year), owing to the increase in revenue. Operating profit was 18,030 million yen (an increase of 18.3% year on year), despite an increase in selling, general and administrative expenses, such as an increase in sales-related expenses mainly associated with reinforcement of sales promotion, an increase in R&D expenses and strengthening of the management structure.

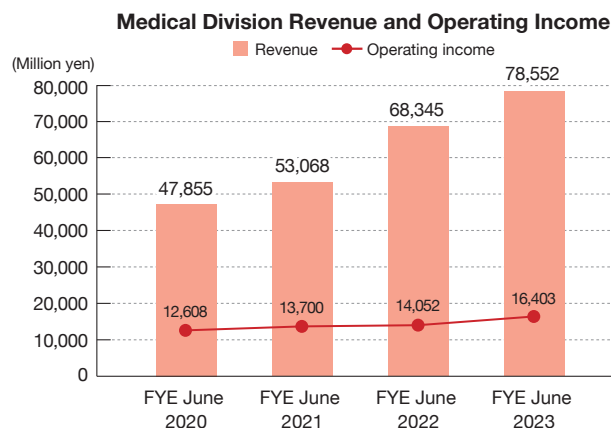


## Revenue by Business Division

### ① Medical Division

In the Medical Division, revenue increased significantly owing to steady market penetration of our products primarily in the overseas market in addition to positive external environmental factors such as the impact of the number of cases, which decreased owing to the spread of COVID-19 becoming less significant in many regions, and a weaker yen. In the overseas market, revenue increased owing to strong results for PCI guide wires, penetration catheters and other existing products, primarily in the cardiovascular field, as well as steady contracting transactions for development by Rev. 1 (U.S.), an acquired consolidated subsidiary, and increased orders for OEM and ODM transactions from overseas medical device manufacturers in the non-cardiovascular field, in addition to a recovery in the number of cases and favorable currency movements.

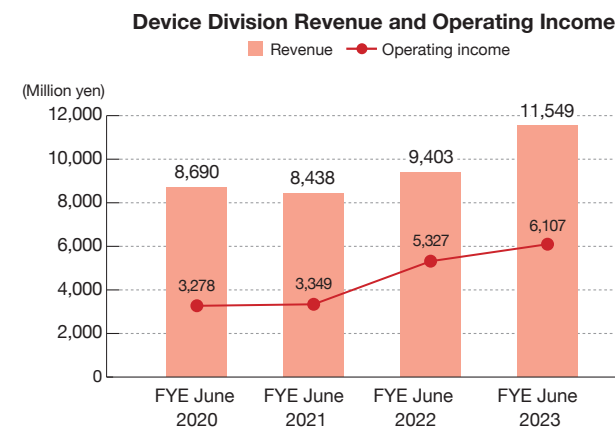
As a result, revenue totaled 78,552 million yen (an increase of 14.9% year on year). Segment profit amounted to 16,403 million yen (an increase of 16.7% year on year).



### ② Device Division

In the Device Division, revenue increased primarily for medical components in the overseas market, mainly owing to growth of the market needs following a recovery from the impact of COVID-19 and a weaker yen. As for medical components, revenue remained flat in the domestic market. However, in the overseas market, revenue increased mainly owing to increases in transactions of cardiovascular ultrasonic catheter components and cardiovascular inspection catheter components. As for industrial components, revenue remained flat owing to strong results for leisure-related transactions in the overseas market and favorable currency movements, despite a decrease in construction-related transactions in the domestic market.

As a result, revenue totaled 11,549 million yen (an increase of 22.8% year on year). Segment profit amounted to 6,107 million yen (an increase of 14.6% year on year), owing to increases in external revenue and intersegment transactions.



## Financial Summary

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### Consolidated Balance Sheet

(Million yen)

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

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2022)	Current Consolidated Fiscal Year (FYE June 2023)
<b>Liabilities</b>		
Current liabilities		
Bills payable/accounts payable	3,180	2,856
Electronically recorded obligations – operating	700	883
Short-term debt	5,815	10,361
Account payable – other	1,726	2,043
Accrued corporate tax, etc.	2,927	2,309
Provision for bonuses	1,371	1,784
Others	5,039	6,076
Total current liabilities	20,761	26,316
Fixed liabilities		
Long-term debt	6,364	3,892
Deferred tax liabilities	3,703	3,921
Provision for retirement benefits for Directors (and other officers)	20	19
Retirement benefit liability	2,033	2,496
Asset retirement obligations	—	15
Others	1,112	1,683
Total fixed liabilities	13,234	12,028
Total liabilities	33,996	38,344
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,860	18,860
Capital surplus	21,727	21,727
Retained earnings	69,018	78,867
Treasury stock	–7	–7
Total shareholders' equity	109,599	119,448
Accumulated other comprehensive income		
Valuation difference on available for-sale securities	1,872	2,033
Foreign currency translation adjustment	7,898	10,867
Re-measurements of defined benefit plans	89	–36
Total accumulated other comprehensive income	9,860	12,864
Noncontrolling interests	1,670	1,987
Total net assets	121,130	134,300
Total liabilities and net assets	155,127	172,644

### Consolidated Statements of Income

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2022)	Current Consolidated Fiscal Year (FYE June 2023)
Revenue	77,748	90,101
Cost of sales	26,666	31,268
Gross profit	51,082	58,832
Selling, general, and administrative expenses	35,843	40,802
Operating income	15,239	18,030
Non-operating income		
Interest income	24	50
Dividend income	71	73
Foreign exchange gains	983	—
Others	381	184
Total non-operating income	1,460	308
Non-operating expense		
Interest expenses	141	308
Foreign exchange loss	—	298
Provision of allowance for doubtful accounts	105	12
Share issuance cost	82	—
Others	43	84
Total non-operating expense	373	703
Ordinary income	16,326	17,635
Extraordinary gain		
Gain on step acquisitions	615	—
Disaster insurance income	—	305
Total extraordinary gain	615	305
Extraordinary loss		
Loss on valuation of investment securities	445	196
Loss on disaster	609	—
Others	156	1
Total extraordinary loss	1,211	197
Profit before income taxes and others	15,730	17,743
Income taxes – current	4,688	4,715
Income taxes – deferred	49	–248
Total income taxes	4,738	4,467
Net income	10,992	13,276
Profit attributable to noncontrolling interests	134	170
Profit attributable to parent company shareholders	10,857	13,106

## Financial Summary

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### Consolidated Statement of Comprehensive Income

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2022)	Current Consolidated Fiscal Year (FYE June 2023)
Net income	10,992	13,276
Other comprehensive income		
Valuation difference on available for-sale securities	104	161
Foreign currency translation adjustment	6,030	2,968
Re-measurements of defined benefit plans	169	-126
Total other comprehensive income	6,304	3,003
Comprehensive income	17,297	16,280
(Breakdown)		
Comprehensive income attributable to parent company shareholders	17,162	16,015
Profit attributable to non-controlling interests	134	264

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

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Noncontrol ling 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	Re-measureme nts of defined benefit plans	Total accumulated other comprehensive income			
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
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
Acquisition of treasury stock												
Purchase of shares of consolidated subsidiaries		-3			-3							-3
Net changes in items other than shareholders' equity						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 Changes in Shareholders' Equity (Current Consolidated Fiscal Year)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Noncontrol ling 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	Re-measureme nts of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	18,860	21,727	69,018	-7	109,599	1,872	7,898	89	9,860	—	1,670	121,130
Changes during the period												
Issuance of new shares												
Dividends of surplus			-3,256		-3,256							-3,256
Profit attributable to parent company shareholders			13,106		13,106							13,106
Acquisition of treasury stock				-0	-0							-0
Purchase of shares of consolidated subsidiaries												
Net changes in items other than shareholders' equity						161	2,968	-126	3,003	—	316	3,320
Total changes during the period	—	—	9,849	-0	9,849	161	2,968	-126	3,003	—	316	13,169
Balance at the beginning of the period	18,860	21,727	78,867	-7	119,448	2,033	10,867	-36	12,864	—	1,987	134,300

### Consolidated Statements of Cash flows

(Million yen)

	Previous Consolidated Fiscal Year (FYE June 2022)	Current Consolidated Fiscal Year (FYE June 2023)
Cash flows from operating activities		
Profit before income taxes and others	15,730	17,743
Depreciation	6,439	7,513
Increase (decrease) in allowance for doubtful accounts	160	33
Increase (decrease) in provision for bonuses	136	383
Increase (decrease) in retirement benefit liability	187	145
Interest income and dividend income	-96	-124
Interest expenses	141	308
Amortization of goodwill	1,034	1,198
Loss (gain) on valuation of investment securities	445	196
Disaster insurance income received	—	-305
Increase (decrease) in trade and other receivables	-1,624	-340
Increase (decrease) in inventories	-3,260	-2,793
Increase (decrease) in trade and other payables	1,189	-256
Increase (decrease) in accounts payable	-223	291
Increase (decrease) in advances received	1,868	741
Increase (decrease) in accrued income	471	254
Others	-1,794	-1,088
Subtotal	20,805	23,902
Interest and dividends received	95	95
Interest paid	-162	-261
Insurance income received	—	305
Income taxes paid	-3,436	-4,903
Cash flows from operating activities	17,302	19,138
Cash flows from investing activities		
Purchase of investment securities	-2,656	-1,123
Purchase of tangible fixed assets	-7,981	-12,291
Purchase of intangible assets	-579	-422
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-6,934	—
Others	-551	-1,298
Cash flows from investing activities	-18,703	-15,135
Cash flows from financing activities		
Net increase (decrease) in short-term debt	-1,550	5,165
Proceeds from long-term loans payable	5,262	—
Repayment of long-term loans payable	-1,603	-3,927
Dividends paid	-2,994	-3,256
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,383	—
Repayments of lease obligations	-125	-322
Others	-4	0
Cash flows from financing activities	11,368	-2,342
Effect of exchange rate change on cash and cash equivalents	995	902
Increase (decrease) in cash and cash equivalents	10,962	2,563
Cash and cash equivalents at beginning of period	21,358	32,321
Cash and cash equivalents at end of period	32,321	34,884

# Non-Financial Summary

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## Environmental Data(see pages 79-85)

### CO<sub>2</sub> emissions (Scope 1 + Scope 2)

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Scope1(t-CO <sub>2</sub> )	1,877	2,349	2,367	—
Scope2(t-CO <sub>2</sub> )	39,281	44,385	46,929	—
Total	41,158	46,734	49,296	30% reduction by 2030 compared to FYE June 2022
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	0.67	0.60	0.55	—

### CO<sub>2</sub> emissions (Scope 3)

	FYE June 2022	FYE June 2023	Goal
Scope3(t-CO <sub>2</sub> )	74,045*	134,448	—
Emissions by basic sales unit (t-CO <sub>2</sub> /1 million yen)	—	1.49	Maintain the level of FYE June 2023

\*Asahi Intecc only

### Tap water consumption

	FYE June 2021	FYE June 2022	FYE June 2023
Tap water consumption (1000 m <sup>3</sup> )	319	354	362

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

### CO<sub>2</sub> emissions (Scope 3)

	Contents	Emissions (t-CO <sub>2</sub> )	Calculation method
Category 1	Purchased goods and services	92,610	Calculated by multiplying the amount of materials and services purchased by each emission intensity
Category 2	Capital goods	22,034	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	10,897	Calculated by multiplying the transportation ton-km of purchased materials and other logistics costs borne by the Company by emission intensity for each transportation method
Category 5	Waste generated in operations	—	Calculated by multiplying the consignment amount of waste treatment by the emission intensity for each type of waste
Category 6	Business travel	213	Calculated by multiplying the number of employees by the emission intensity
Category 7	Employee commuting	4,590	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	3,836	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	36	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	233	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 owing to lack of franchise agreement
Category 15	Investments	—	Not to be calculated because there are no applicable investments
Total		134,448	

## Non-Financial Summary

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## Human Resources Data (see pages 66-77)

### Employee Data

	FYE June 2021	FYE June 2022	FYE June 2023
Number of employees/consolidated (global) (persons)	9,409	10,435	10,187
Female	7,253	8,052	7,762
Male	2,156	2,383	2,425
Medical Division	6,623	6,482	6,188
Device Division	2,310	3,400	3,425
Company-wide (common)	476	553	574
Number of employees (Asahi Intecc only) (persons)	925	1,041	1,016
Female	252	282	291
Male	673	759	725
Medical Division	576	639	607
Device Division	242	285	293
Company-wide (common)	107	117	116
Length of service (Asahi Intecc only) (years)*	7.4	7.3	7.3
Female	6.1	6.0	6.0
Male	7.8	7.7	7.8
Average age (Asahi Intecc only) (years old)	36.4	36.6	36.7
Average annual salary (Asahi Intecc only) (10,000Yen)	613	616	628

\* The short length of service is due to the large number of mid-career hires.

### Work-Life Balance

	FYE June 2021	FYE June 2022	FYE June 2023
Average monthly overtime (Asahi Intecc only) (hours)	23.5	24.3	24.4
Rate of taking paid leave (Asahi Intecc only) (%)	65.3	69.2	74.6
Voluntary turnover rate of regular employees (Asahi Intecc only)* (%)	3.0	5.6	6.1
Number of sites with flextime systems (in Japan) (sites)	4	5	6

\*Recruitment activities have increased with the end of the COVID-19 pandemic, and the turnover rate has increased. But we recognize that the turnover rate is very low compared to other companies' averages.

## Technology-related Data

### Number of Patents/Designs Owned

	FYE June 2021	FYE June 2022	FYE June 2023
Number of patents/designs owned (global)	654	731	806

### Indicators regarding Diversity Promotion

	FYE June 2021	FYE June 2022	FYE June 2023	Goal
Ratio of female employees (global) (%)	77.1	77.2	76.2	—
Ratio of female managers (global)*1 (%)	32.5	33.9	36.3	Maintain 30% or more
Ratio of female managers (Asahi Intecc only)*2 (%)	7.7	7.9	12.0	13% or more as of FYE June 2026
Employment ratio of new female graduates (Asahi Intecc only) (%)	24.5	14.9	26.5	Maintain 25% or more
Employment ratio of new female graduates in technical positions (Asahi Intecc only) (%)	18.2	12.9	21.9	Maintain 20% or more
Gender pay gap (Asahi Intecc only) (%)	-	-	61.1	—
Gender pay gap of regular workers*3	-	-	82.0	—
Gender pay gap of part-time and fixed-term workers*4	-	-	24.3	—
Rate of taking childcare leave by female employees (Asahi Intecc only) (%)	100.0	100.0	100.0	—
Rate of taking childcare leave by male employees (Asahi Intecc only) (%)	7.4	20.7	54.5	Maintain 50% or more
Ratio of foreign employees (global) (%)	87.7	84.5	86.2	—
Ratio of foreign managers (global)*1 (%)	64.3	65.3	65.9	—
Ratio of mid-career hires in managerial positions (global)*1 (%)	59.9	61.4	54.7	—
Employment ratio of people with disabilities (%)	2.78	2.33	2.57	—

\*1 Calculated based on the managerial position criteria set forth in Asahi Intecc Group's rules and regulations.

\*2 Calculated by applying the disclosure standards of the Annual Securities Report.

\*3 Although there is no difference in wages between men and women in the wage system and wage structure, the difference is attributable to the small proportion of female workers in the upper level of regular workers and the fact that the average length of service is about two years shorter than that of men.

\*4 Although there is no difference in wages between men and women in the wage system and wage structure, the difference in the wages of men and women, such as part-time and fixed-term workers, is attributable to differences in employment status based on employment contracts. Treatment of re-employment employees after retirement age is determined based on the job description and qualifications prior to retirement, which is a factor causing differences.

### Ratio of Male and Female Employees by Type of Employment (as of the End of FYE June 2023)

	Male	Female	Total
Ratio of male and female employees by type of employment (Asahi Intecc only) (%)	65.3	34.7	100.0
Regular workers	63.0	20.7	83.7
Re-employment after retirement age	1.7	0.1	1.8
Fixed-term contract employees	0.3	0.3	0.6
Part-timers	0.3	13.5	13.9

### Indicators regarding Human Resources Vision

	FYE June 2021	FYE June 2022	FYE June 2023
Number of Meisters (Asahi Intecc only) (persons)	5	5	5
Number of registered groups for practical competence improvement projects (global) (groups)	138	152	155
Number of foreign language training participants (Asahi Intecc only) (persons)	10	10	10
Ratio of R&D personnel (Asahi Intecc only) (%)	48.8	47.9	43.5

### R&D Expenses

	FYE June 2021	FYE June 2022	FYE June 2023
R&D expenses (million yen)	7,524	8,869	9,723
Ratio of R&D expenses	12.2	11.4	10.8

# Company and Stock Information

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## Company Profile

- **Trade Name** ..... 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: 10,187 persons/  
Asahi Intecc Co., Ltd.: 1,016 persons (as of June 30, 2023)
- **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

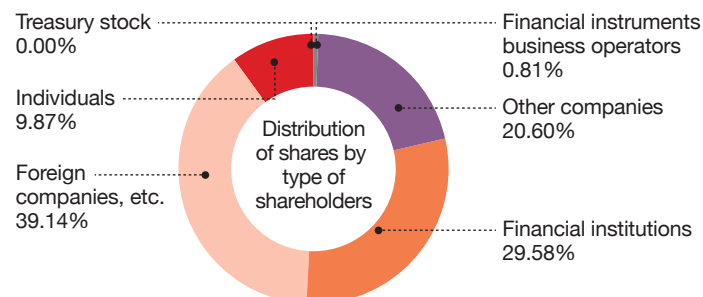
## Matters regarding Shares of Asahi Intecc(as of June 30, 2023)

- **Total number of authorized shares** ..... 800,000,000 shares
- **Total number of issued shares** ..... 271,633,600 shares  
(including 7,912 shares of treasury stock)
- **Number of shareholders** ..... 14,020 persons

### ■ Major shareholders (Top 10)

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	40,106,200	14.76
Bo-en Holdings Co., Ltd.	23,084,032	8.49
Custody Bank of Japan, Ltd. (trust account)	20,830,900	7.66
HI-LEX Corporation	8,100,000	2.98
SSBTC CLIENT OMNIBUS ACCOUNT	7,468,149	2.74
Y. K. ICSP	7,200,000	2.65
Masahiko Miyata	5,813,700	2.14
Kenji Miyata	5,266,900	1.93
JP MORGAN CHASE BANK 385632	4,679,534	1.72
STATE STREET BANK AND TRUST COMPANY 505225	3,884,668	1.43

\*Shareholding ratio is calculated after deducting treasury stock (7,912 shares).





Your dreams. Woven together.

**ASAHI INTECC CO.,LTD.**