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(Securities Code 7747)
September 1, 2023

To Our Shareholders:

Masahiko Miyata
President & CEO
ASAHI INTECC CO., LTD.
3-100 Akatsuki-cho, Seto-shi,
Aichi 489-0071 Japan

Notice of Convocation of the 47th Annual General Meeting of Shareholders

ASAHI INTECC CO., LTD. (the “Company”) announces that the 47th Annual General Meeting of Shareholders of the Company will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company provides information that constitutes the content of reference materials for the general meeting of shareholders, etc. in electronic format (the “matters subject to measures for providing information in electronic format”), which is posted on the internet. Please access the following websites to confirm the details.

The Company’s website:

<http://asahi.irbridge.com/en/stock/meeting.html>

<http://asahi.irbridge.com/ja/stock/meeting.html> (in Japanese)

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

Please enter “ASAHI INTECC” in the “Issue name (company name)” field or the Company’s securities code “7747” in the “Code” field to run a search, and select “Basic information” and then “Documents for public inspection/PR information” to confirm the details in the section of “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”

Instead of attending this General Meeting of Shareholders in person, you may exercise your voting rights via internet or by mail. Please exercise your voting rights by either of these methods by 5:45 p.m. on Wednesday, September 27, 2023.

- 1. Date and Time:** Thursday, September 28, 2023 at 10:00 a.m.
2. Place: “Main Hall” on the 3rd floor of Nagoya Convention Hall located at Global Gate, 4-60-12 Hiraike-cho, Nakamura-ku, Nagoya-shi, Aichi, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 47th Fiscal Year (from July 1, 2022, to June 30, 2023), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 47th Fiscal Year (from July 1, 2022, to June 30, 2023)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members)

4. Matters decided upon convocation:

- (1) Among the matters subject to measures for providing information in electronic format, the system to ensure the properness of business, basic policy on the control of the company, consolidated statement of changes in equity, notes to consolidated financial statements, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements are not included in the documents to be delivered to shareholders who make request for the delivery of hard copies, based on laws and regulations and Article 14 of the Articles of Incorporation of the Company. Accordingly, said documents are part of the documents audited by the Accounting Auditor and the Audit and Supervisory Committee when creating an accounting audit report.
 - (2) If you exercise your voting rights both via internet and in writing, the vote exercised via internet shall be treated as valid.
Moreover, if you exercise your voting rights multiple times via internet, the vote made last shall be treated as valid.
 - (3) If there is no indication of a vote for or against any proposal on a returned voting rights exercise form, it will be treated as an indication of a vote for the proposal.
- ◎ Any revisions to the matters subject to measures for providing information in electronic format will be provided as detailed before and after the revisions on the websites listed on the preceding page.
- ◎ Souvenirs will not be provided to shareholders attending the General Meeting of Shareholders starting this year, in light of fairness, etc., between shareholders who visit the venue and those who have difficulty visiting the venue. The Company thanks you for your understanding.

5. Instructions for Exercising Voting Rights: There are three ways to exercise your voting rights as described below:

Attending the Annual General Meeting of Shareholders

Present the enclosed voting rights exercise form to the receptionist at the meeting.

Date and Time: Thursday, September 28, 2023, at 10:00 a.m.

(1) Mailing the voting rights exercise form

Complete the enclosed voting rights exercise form by indicating your vote for or against each of the agenda items and return it.

Votes to be received by Wednesday, September 27, 2023, at 5:45 p.m.

(2) Exercising voting rights via internet

Review the following Guidance for Exercising Voting Rights via the Internet, and follow the instructions on the screen to vote on the agenda items.

Votes to be cast by Wednesday, September 27, 2023, at 5:45 p.m.

Note: The following website is available for use only in the Japanese language and by registered shareholders in Japan.

Inquiries regarding the operation of the voting rights exercise website:

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division

Toll free (within Japan) 0120-173-027 (Hours of operation: 9:00 a.m. to 9:00 p.m., free of charge)

To Institutional Shareholders:

Institutional investors that have applied in advance to use the voting rights exercise platform operated by ICJ, Inc. may exercise voting rights via said platform.

Guidance for Exercising Voting Rights via the Internet

If you exercise your voting rights via the internet, please access the voting rights exercise website using a smartphone or personal computer, etc., and exercise your voting rights by following the on-screen instructions.

Exercise deadline: Votes received by Wednesday, September 27, 2023, at 5:45 p.m.

Method by scanning the QR Code using a smartphone

You can log into the voting website by scanning the “Login QR Code” without entering the “Login ID” and “Temporary Password.”

1. Scan the QR Code
With your smartphone, please scan the “Login QR Code” printed on the side slip (right side) of the enclosed voting rights exercise form.
2. Select the method to exercise your voting rights
The exercise method selection screen appears. Please select a method to exercise your voting rights.
3. Select approval or disapproval for each proposal
Please select your vote for or against each of the proposals by following the on-screen instructions.

Exercise is completed by following the on-screen instructions.

Method by entering Login ID and Temporary Password using a personal computer

Voting rights exercise website: <https://evote.tr.mufg.jp/>
(QR code is a registered trademark of DENSO WAVE INCORPORATED.)

1. Access the voting rights exercise website
Click “Next screen”
2. Enter the “Login ID” and “Temporary Password” indicated on the side slip (right side) of the enclosed voting rights exercise form
Click “Login”
3. Enter a new password in both the “New password” field and the “New password (confirmation)” field
Click “Send”

From here, please vote for or against the proposals by following the on-screen instructions.

Information on On-demand Video Distribution (Post-meeting Distribution)

1. Access the following website designated by the Company

Distribution date: Thursday, October 5, 2023 to Monday, November 6, 2023

Distribution URL: <http://asahi.irbridge.com/ja/stock/meeting.html>

Access the URL above and select “The 47th Annual General Meeting of Shareholders On-demand Video Distribution.”

2. Enter the following ID and password to log in when the screen for entering ID and password appears.

ID: “Shareholder number” (8-digit number)

*Of the 15-digit number on the voting rights exercise form, the middle 8-digit number is your shareholder number.

Password: “Postal code” (7-digit number, no hyphen)*

*If your registered address is outside of Japan, etc. and your postal code is not indicated on the voting rights exercise form, please enter the postal code of the address (within Japan) where you have designated to receive the notification.

3. Please click the play button to view the video.

<Notes>

- Viewing of the video is restricted to shareholders who have voting rights as of June 30, 2023. Providing IDs and passwords to third parties is strictly prohibited.
- Filming, recording, storing or posting the distribution on social networking sites, etc. are strictly prohibited.
- Please note that you may not be able to view the video, or a distortion of the video and audio or an interruption of the distribution may occur depending on your devices, the communications environment, and other factors.
- Fees for Internet access and use must be borne by the shareholder.
- Please be aware that, for filming the video for distribution, while we take care to avoid filming the appearance of shareholders attending the meeting, there may be unavoidable circumstances in which they may be filmed.

Information on Acceptance of Preliminary Questions

Question to be received by: Thursday, September 21, 2023, at 5:00 p.m.

Send to: shitsumon@asahi-intecc.com

Method for sending: Please include the following items in the text of the e-mail.

“Shareholder number” (8-digit number)

*Of the 15-digit number on the voting rights exercise form, the middle 8-digit number is your shareholder number.

“Name or corporate name (if a corporation, please indicate name of department, title, and name of the person sending the question)

“Description of question”

| |
|--|
| Among the questions received, the Company will answer questions that are deemed to be of particular interest to shareholders on the day of the General Meeting of Shareholders. We will report the details of the briefing at the meeting by e-mail to shareholders who have sent preliminary questions. |
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Proposals and References

Proposal 1: Appropriation of Surplus

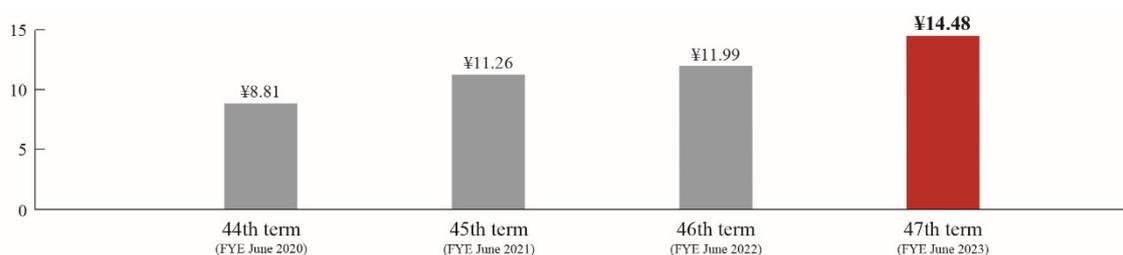
Regarding the distribution of earnings, the Company considers the return of earnings to shareholders to be one of the most important management issues and the payment of stable dividends on a continuing basis to be its basic policy. Regarding the year-end dividends for the fiscal year under review, the Company proposes a dividend of ¥14.48 per common share (Dividend payout ratio of 30%) to be paid based on a long-term perspective and in comprehensive consideration of consolidated financial results for the fiscal year under review, future outlooks, the level of internal reserves, etc.

Matters regarding year-end dividends

1. Type of dividend property
Cash
2. Matters regarding allotment of dividend property to shareholders and its total amount
¥14.48 per common share of the Company
Total amount: ¥3,933,139,962
3. Effective date of distribution of surplus
Friday, September 29, 2023

Trends of dividends

| | 44th term | 45th term | 46th term | 47th term |
|----------|-----------|-----------|-----------|-----------|
| Dividend | ¥8.81 | ¥11.26 | ¥11.99 | ¥14.48 |



Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the Amendment

The Company proposes to partially amend the purpose of business defined in Article 2 of the current Articles of Incorporation to clarify the content of business in line with the current state of our business and respond to the diversification of business activities in the future.

2. Content of the Amendment

The content of the Amendment is as follows.

(Amendments are shown with underline)

| Current Provisions | Proposed Amendments |
|---|---|
| <p>(Purpose)</p> <p>Article 2 The Company has been established for the purpose of engaging in the following business activities:</p> <ol style="list-style-type: none"> 1. To be entrusted with business activities related to the manufacturing, development, sale, import and export of medical devices, and the provision of technical assistance therefor; 2. To be entrusted with business activities related to the manufacturing, processing, sale, import and export of metallic wire ropes and springs, and the provision of technical assistance therefor; 3. To be entrusted with business activities related to the manufacturing, processing, sale, import and export of metallic wire rods such as a stainless steel wire, iron wire and piano wire, and the provision of technical assistance therefor; 4. To be entrusted with business activities related to the manufacturing, sale, import and export of business equipment, printing equipment and parts for cars and other products, and the provision of technical assistance therefor; (Newly established) <u>5.</u> To be entrusted with business activities related to the manufacturing, processing, sale, import and export of plastic products for medical and industrial use, and the provision of technical assistance therefor; <u>6.</u> To manufacture, sell, import and export machinery and equipment, and parts for use in the manufacturing of the products as stated above 1 to <u>5</u>; <u>7.</u> To act as an agent for import and export business related to equipment and parts for use in the business activities as stated above 1 to <u>5</u>; | <p>(Purpose)</p> <p>Article 2 The Company has been established for the purpose of engaging in the following business activities:</p> <ol style="list-style-type: none"> 1. To be entrusted with business activities related to the manufacturing, development, sale, <u>leasing, repair</u>, import and export of medical devices <u>and veterinary medical devices</u>, and the provision of technical assistance therefor; 2. To be entrusted with business activities related to the manufacturing, processing, sale, import and export of metallic wire ropes and springs, and the provision of technical assistance therefor; 3. To be entrusted with business activities related to the manufacturing, processing, sale, import and export of metallic wire rods such as a stainless steel wire, iron wire and piano wire, and the provision of technical assistance therefor; 4. To be entrusted with business activities related to the manufacturing, sale, import and export of business equipment, printing equipment and parts for cars and other products, and the provision of technical assistance therefor; <u>5. To be entrusted with business activities related to the manufacturing, development, sale, leasing, maintenance, import and export of machinery and equipment and electronic devices, and the provision of technical assistance therefor;</u> <u>6.</u> To be entrusted with business activities related to the manufacturing, processing, sale, import and export of plastic products for medical and industrial use, and the provision of technical assistance therefor; <u>7.</u> To manufacture, sell, import and export machinery and equipment, and parts for use in the manufacturing of the products as stated above 1 to <u>6</u>; <u>8.</u> To act as an agent for import and export business related to equipment and parts for use in the business activities as stated above 1 to <u>6</u>; |

| Current Provisions | Proposed Amendments |
|--|---|
| <p data-bbox="384 241 612 275">(Newly established)</p> <p data-bbox="229 405 751 517"> <u>8.</u> To hold and manage securities; <u>9.</u> To act as a non-life insurance agent; and <u>10.</u> To conduct any other business activities in accordance with the preceding items. </p> | <p data-bbox="842 241 1385 398"> <u>9.</u> <u>To be entrusted with business activities related to the development, sale, leasing, maintenance, import and export of software and systems, and the provision of technical assistance therefor;</u> </p> <p data-bbox="842 405 1366 517"> <u>10.</u> To hold and manage securities; <u>11.</u> To act as a non-life insurance agent; and <u>12.</u> To conduct any other business activities in accordance with the preceding items. </p> |

Proposal 3: Election of Ten (10) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The term of office of all nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the number of Directors will be increased by one (1) in order to enhance the management system and governance system and the election of ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members) is proposed.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are listed as follows:

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|--|--|-------------------------------------|---|
| 1 | Masahiko Miyata (March 15, 1967) [Reappointment] | <p>November 1994 Joined the Company, General Manager of Planning Office, Supervisory Division</p> <p>December 1995 Director, General Manager of Corporate Planning Department</p> <p>March 1999 Executive Director, Assistant to General Manager of Medical Division and General Manager of Production Engineering Department</p> <p>July 2000 General Manager of Medical Division</p> <p>September 2001 Senior Executive Director</p> <p>September 2003 Director of ASAHI INTECC THAILAND CO., LTD. (current position)</p> <p>March 2004 Executive Vice President and Representative Director</p> <p>March 2006 President & CEO of CompassMed Integration Co., Ltd.</p> <p>August 2006 Director of ASAHI INTECC HANOI CO., LTD. (current position)</p> <p>June 2007 CEO of ASAHI INTECC THAILAND CO., LTD.</p> <p>September 2009 President & CEO (current position)</p> <p> President & CEO of Filmecc Co., Ltd.</p> <p>July 2016 Director of Filmecc Co., Ltd.</p> <p>April 2023 Representative Director and President of Magnaire Co., Ltd. (current position)</p> | 5,813,700 | 13/13 (100%) |
| [Reason for nomination as candidate for Director] | | | | |
| 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 is essential to the further development of the Company as the leader of the Group and in expectation of his further contribution going forward and has been renominated as Director. | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|--|--|---|-------------------------------------|---|
| 2 | Kenji Miyata (July 16, 1970) [Reappointment] | April 1993 Joined the Company January 1997 Executive Vice President and Director of ASAHI INTECC THAILAND CO., LTD. July 1997 Director June 1999 General Manager of Production Management Department, Industrial Device Division July 2000 Executive Officer, General Manager of Control Office, Industrial Device Division July 2001 General Manager of Medical Device Department, Device Division August 2002 Deputy General Manager of Device Division General Manager of Quality Assurance Department September 2003 Director October 2004 Director of ASAHI INTECC THAILAND CO., LTD. July 2006 General Manager of Device Division July 2009 Director of GMA Co., Ltd. July 2010 General Manager of Improvement Promotion Office September 2010 Executive Director July 2011 President & CEO of ASAHI INTECC GMA Co., Ltd. July 2013 General Manager of Technological Improvement Office September 2013 President & CEO of Toyoflex Corporation President & CEO of TOYOFLEX CEBU CORPORATION January 2015 Director of ASAHI INTECC THAILAND CO., LTD. (current position) Director of ASAHI INTECC HANOI CO., LTD. July 2015 President and Director of ASAHI INTECC HANOI CO., LTD. September 2015 Executive Vice President and Director July 2016 General Manager of Quality Assurance Division Chairperson and Director of ASAHI INTECC HANOI CO., LTD. (current position) September 2016 Executive Vice President and COO (current position) July 2017 Director of TOYOFLEX CEBU CORPORATION (current position) July 2018 Director of FICUS Co., Ltd. (current position) July 2020 General Manager of Device Business Division (current position) May 2022 Director of walkey Inc. (current position) September 2022 Director of Filmecc Co., Ltd. (current position) Director of Nihon Chemical Coat Co., Ltd. (current position) January 2023 President & CEO of LAKE R&D Inc. (current position) | 5,266,900 | 13/13 (100%) |
| <p>[Reason for nomination as candidate for Director]</p> <p>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 renominated as Director in expectation of his further contribution going forward.</p> | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|---|--|-------------------------------------|---|
| 3 | Tadakazu Kato (July 25, 1954) [Reappointment] | <p>June 1992 Joined the Company</p> <p>May 2003 Deputy General Manager of Quality Assurance Department, Medical Division</p> <p>February 2004 Group Manager of Quality Assurance Group, Medical Division</p> <p>October 2004 Group Manager of Research and Development Group, Medical Division</p> <p>January 2005 Deputy General Manager of Medical Division</p> <p>March 2006 Executive Officer</p> <p>September 2007 Director of ASAHI INTECC HANOI CO., LTD. (current position)</p> <p>September 2008 Director</p> <p>July 2009 General Manager of Medical Division</p> <p>April 2012 Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)</p> <p>October 2013 Director of ASAHI INTECC THAILAND CO., LTD. (current position)</p> <p>September 2014 Executive Director</p> <p>July 2016 Director of Filmecc Co., Ltd. (current position)</p> <p>July 2019 General Manager of Medical Business Division (current position)</p> <p> Director of TOYOFLEX CEBU CORPORATION (current position)</p> <p>September 2021 Senior Executive Director (current position)</p> | 270,300 | 13/13 (100%) |
| [Reason for nomination as candidate for Director] | | | | |
| <p>Since joining the Company, Mr. Tadakazu Kato has consistently been engaged in the Medical Division and contributed to the development of medical devices. Currently, he works as General Manager of Medical Business 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 renominated as Director in expectation of his further contribution going forward.</p> | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|--|--|-------------------------------------|---|
| 4 | Munechika Matsumoto (November 16, 1954) [Reappointment] | 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 July 2015 Senior Executive Officer July 2016 Director of ASAHI INTECC THAILAND CO., LTD. September 2016 Director July 2017 General Manager of GMA Division July 2019 Director of TOYOFLEX CEBU CORPORATION 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) | 81,900 | 13/13 (100%) |
| [Reason for nomination as candidate for Director] Since joining the Company, Mr. Munechika Matsumoto has consistently been engaged in the Device Division and contributed to development of stainless-steel components, the Company's core technology. He is currently serving as General Manager of Research Division, and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been renominated as candidate for Director in expectation of his further contribution going forward. | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|---|--|-------------------------------------|---|
| 5 | Yoshinori Terai (September 13, 1963) [Reappointment] | October 1998 Joined the Company, Assistant Section Manager of Research and Development Department, Medical Division January 2000 Assistant Section Manager belonging to Medical Division July 2000 General Manager of U.S. Representative Office, Medical Division 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, in charge of Overseas Business July 2009 Overseas Sales Supervisor of Medical Division January 2010 Marketing Supervisor of Medical Division April 2012 Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd September 2013 Director (current position) July 2014 Supervisor of Sales and Marketing, Medical Division March 2016 General Manager of Global Business Development Office, Medical Division July 2016 Director of ASAHI INTECC J-sales, INC. July 2019 General Manager of New Business Development Division (current position) Supervisor of Sales and Marketing of Medical Brand Business Unit of Medical Business Division February 2020 Director of ASAHI INTECC CIS LLC Director of ASAHI INTSCC EUROPE B.V. (current position) July 2020 Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Business 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) | 159,500 | 13/13 (100%) |
| [Reason for nomination as candidate for Director] 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 renominated as Director in expectation of his further contribution going forward. | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|--|--|-------------------------------------|---|
| 6 | Mizuho Ito (September 8, 1973) [Reappointment] | May 2003 Joined the Company | 34,500 | 13/13 (100%) |
| | | 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) | | | | |
| September 2009 Auditor of GMA Co., Ltd. | | | | |
| October 2010 Auditor of Filmecc Co., Ltd. | | | | |
| April 2012 Auditor of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position) | | | | |
| September 2013 Auditor of Toyoflex Corporation | | | | |
| 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 2018 Director of RetroVascular Inc. (currently ASAHI Medical Technologies, Inc.) | | | | |
| July 2021 Director of A-Traction Inc. (currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position) | | | | |
| April 2023 Director of Magnaire Co., Ltd. (current position) | | | | |
| [Reason for nomination as candidate for Director] | | | | |
| Ms. Mizuho Ito has been engaged in management/accounting, IR, M&A and governance building for many years. She is 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 renominated as candidate for Director in expectation of her further contribution going forward. | | | | |
| 7 | Makoto Nishiuchi (August 15, 1964) [Reappointment] | October 2005 Joined the Company | 44,600 | 13/13 (100%) |
| | | July 2008 Deputy Group Manager of Medical Research and Development Group, Medical Division | | |
| May 2010 Group Manager of Medical 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 | | | | |
| 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 Business Division (current position) | | | | |
| July 2022 Chief Digital Officer (current position) | | | | |
| [Reason for nomination as candidate for Director] | | | | |
| Since joining the Company, Mr. Makoto Nishiuchi has consistently been engaged in the Medical Division and contributed to the development of medical devices. With his abundant experience and track record in the R&D and technology-related fields, he currently works as General Manager of Medical Brand Business Unit of Medical Business Division and is appropriately fulfilling the role of enhancing the Company's corporate value. He has been renominated as candidate for Director in expectation of his further contribution going forward. | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|--|---|-------------------------------------|---|
| 8 | Kiyomichi Ito (February 7, 1950) [Reappointment] [Outside] [Independent] | <p>April 1974 Joined Toyota Motor Sales Co., Ltd.</p> <p>August 1985 Section Chief of System Planning Section, Section Head of Engineering Section, Overseas Planning Department 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 University</p> <p>April 2023 Senior Adviser to the CEO of YUKEN INDIA. LTD. (current position)</p> | 9,500 | 13/13 (100%) |
| [Matters regarding independence] The Company has registered Mr. Kiyomichi Ito as Independent Director stipulated in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the election of Mr. Ito is approved, he will continue to serve as an Independent Director. | | | | |
| [Reason for nomination as candidate for Outside Director and Overview of Expected Roles] 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 will have served as Outside Director for ten (10) years at the conclusion of this Annual General Meeting of Shareholders and he has been renominated as candidate for Outside Director in expectation of his contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate management going forward. | | | | |
| 9 | Takahiro Kusakari (March 14, 1979) [Reappointment] [Outside] [Independent] | <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> | 100 | 10/10 (100%) |
| [Matters regarding independence] The Company has registered Mr. Takahiro Kusakari as Independent Director stipulated in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the election of Mr. Kusakari is approved, he will continue to serve as an Independent Director. | | | | |
| [Reason for nomination as candidate for Outside Director and Overview of Expected Roles] Mr. Takahiro Kusakari has served as Fund Manager and Chief Investment Officer of an investment trust management firm and has been offering suggestions for improving the Company's corporate value based on his experience in corporate analysis gained through dialogue with countless companies. He will have served as Outside Director for one (1) year at the conclusion of this Annual General Meeting of Shareholders and he has been renominated as candidate for Outside Director in expectation of his contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate analysis going forward. | | | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities in the Company, and significant concurrent positions | Number of company shares held | Status of attendance at the Board of Directors |
|---|--|--|-------------------------------------|---|
| 10 | Akihiro Taguchi (January 26, 1958) [New appointment] [Outside] [Independent] | <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 of Olympus Medical Systems Corp.</p> <p>April 2013 Outside Director of Sony Olympus Medical Solutions Inc.</p> <p>April 2015 Head of Sales & 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> | 0 | — |
| <p>[Matters regarding independence]</p> <p>If the election of Mr. Akihiro Taguchi is approved, the Company will register him as an Independent Director stipulated in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.</p> <p>Transaction amounts between the Company and Olympus Corporation, for which he served as Executive Officer and CTO until March 31, 2022, are less than 1% of consolidated net sales in the consolidated financial statements of the Company. Accordingly, the Company has determined that it is not a “major business partner” within the meaning of the independence criteria stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.</p> | | | | |
| <p>[Reason for nomination as candidate for Outside Director and Overview of Expected Roles]</p> <p>Mr. Akihiro Taguchi has been nominated as a candidate for 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 of Olympus Medical Systems Corp.</p> | | | | |

(Notes)

- There is no special interest between the above candidates for Directors and the Company.
- Messrs. Kiyomichi Ito, Takahiro Kusakari and Akihiro Taguchi are candidates for Outside Directors.
- The Company has entered into agreements with Messrs. Kiyomichi Ito and Takahiro Kusakari to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to the provision of Article 427, Paragraph 1 of the said Act. The limit of liability under such agreement shall be the amount prescribed by laws and regulations. If the reelection of Messrs. Ito and Kusakari is approved, the Company will continue the agreements under the same terms and conditions, and if the election of Mr. Akihiro Taguchi is approved, the Company will enter into an agreement with him under the same terms and conditions.
The overview of the content of the agreement is as follows.
 - If an Outside Director is liable for any damage to the Company attributable to negligence of his duties, his liability shall be limited to the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act.
 - The aforementioned liability limitation shall be applied only in cases where such an Outside Director has executed his duties that have caused the liability in good faith and without gross negligence.
- The Company has concluded a liability insurance contract with an insurance company for directors and officers. The relevant insurance policy covers damages and legal expenses incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in connection with his/her duties as an officer of the Company. All insurance premiums are paid by the Company. If this proposal is approved and each candidate assumes the office of Director, he/she will be included as an insured person under the relevant insurance policy. In addition, the Company plans to renew the policy with the same contents at the next renewal.
- CompassMed Integration Co., Ltd changed its name to ASAHI INTECC J-sales, Inc. in January 2010.
- GMA Co., Ltd. changed its name to ASAHI INTECC GMA Co., Ltd. from July 2010. The Company acquired ASAHI INTECC GMA Co., Ltd. through an absorption-type merger on October 1, 2013.
- Toyota Motor Sales Co., Ltd. merged with Toyota Motor Co., Ltd. in 1982 and changed the name to Toyota Motor Corporation.

8. RetroVascular, Inc. changed its name to ASAHI Medical Technologies, Inc. in December 2018.
9. A-Traction Inc. changed its name to ASAHI SURGICAL ROBOTICS CO., LTD. in August 2021.
10. The Company acquired all shares of LAKE R&D Inc., making it a wholly owned subsidiary on January 5, 2023.
11. The Company acquired Toyoflex Corporation through an absorption-type merger on July 1, 2023.
12. Magnaire Co., Ltd. was established on April 3, 2023 as a joint venture company, in which the Company holds a 60% stake. The Company acquired all shares of Magnaire Co., Ltd., making it a wholly owned subsidiary on June 2, 2023.

(Reference) Skill matrix for the Board of Directors after the conclusion of this Annual General Meeting of Shareholders

| Name | Current position in the Company | Management | R&D | Manufacturing technology | Global expansion |
|---------------------|---|------------|-----|--------------------------|------------------|
| 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) | | | | |

| Name | Industry knowledge - medical devices | Industry knowledge - industrial devices | Quality assurance - pharmaceutical affairs | Finance & accounting | Risk management & legal affairs | M&A | Equity market & IR | ESG (incl. personnel development) | DX / IT | Nomination and Compensation Advisory Committee |
|---------------------|--------------------------------------|---|--|----------------------|---------------------------------|-----|--------------------|-----------------------------------|---------|--|
| Masahiko Miyata | ✓ | | | | | | ✓ | | ✓ | ✓ |
| Kenji Miyata | | ✓ | ✓ | | ✓ | | | ✓ | | ✓ |
| Tadakazu Kato | ✓ | | ✓ | | | | | | | |
| Munechika Matsumoto | | ✓ | | | | | | ✓ | | |
| Yoshinori Terai | ✓ | | | | | ✓ | | | | |
| Mizuho Ito | | | | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Makoto Nishiuchi | ✓ | | ✓ | | | | | | ✓ | |
| Kiyomichi Ito | | | | | | | | | | |
| Takahiro Kusakari | | | | | | | ✓ | | | ✓ |
| Akihiro Taguchi | ✓ | | ✓ | | | | | | | |
| Ryuji Tomida | | | | | ✓ | ✓ | | ✓ | | ✓ |
| Yasunari Hanano | | | | ✓ | ✓ | ✓ | | | | |
| Ryoko Fukaya | | | | ✓ | ✓ | ✓ | | | | ✓ |

Attachments

Business Report

(From July 1, 2022
to June 30, 2023)

1. Current State of the Corporate Group

1. Business progress and results

The Asahi Intecc Group aims to improve the QOL of doctors and patients by ultimately pursuing minimally invasive treatments. Based on the current medium-term management plan “ASAHI Going Beyond 1000,” we work to develop our business portfolio in order to achieve further growth with consolidated net sales exceeding 100 billion yen, and have formulated the following four basic policies.

- 1) Strategic development of the global market and expansion of affected areas and treatment areas
- 2) Creating new businesses in global niche markets
- 3) Develop an R&D and production system optimized for global expansion
- 4) Establish management structure for sustainable growth

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

- 1) We launched sales of “CROSSLEAD,” a new product of peripheral vascular guide wires, in the U.S. market.
- 2) We concluded a basic agreement with Penumbra, Inc. (U.S.) for the exclusive sales of a peripheral vascular thrombus aspiration device in the Japanese market.
- 3) We concluded an exclusive sales agreement with Dingke Medical Technology (Suzhou) Co., Ltd. for sales of the “DK Score Coronary Scoring Balloon Dilatation Catheter” in the Chinese market.
- 4) We acquired shares of LAKE R&D Inc. for the purpose of strengthening the gastrointestinal field.
- 5) We established Magnaire Co., Ltd. (current wholly owned subsidiary) for the purpose of planning, developing and manufacturing guide wires and catheters using GSR sensors that are ultra-compact and ultra-sensitive.
- 6) We issued the Integrated Report for the first time as the Group.

Also in the future, we will aim to increase corporate value by promoting growth strategies based on the medium-term management plan in a steady manner.

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

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

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

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

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

Business results by segment were as follows:

(1) Medical Division

Development, manufacturing, and sales of minimally invasive treatment products (guide wires and catheters for treatments) mainly used for intravascular treatments

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

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

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

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

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

Net sales composition ratio: 87.2%

Net sales: 78,552 million yen

Year-on-year: Up 14.9%

(2) Device Division

Development and manufacturing of components in the medical device field and industrial device field (including ultra-fine stainless-steel wire ropes), and sales of those products to manufacturers worldwide

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

As for medical components, net sales remained flat in the domestic market. However, in the overseas market, net sales increased mainly due to increases in transactions of cardiovascular ultrasonic catheter components and cardiovascular inspection catheter components.

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

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

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

Net sales composition ratio: 12.8%

Net sales: 11,549 million yen

Year-on-year: Up 22.8%

2. State of assets and income

| Item | 44th Fiscal Year ended June 30, 2020 | 45th Fiscal Year ended June 30, 2021 | 46th Fiscal Year ended June 30, 2022 | 47th Fiscal Year ended June 30, 2023 (Fiscal year under review) |
|---|---|---|---|--|
| Net sales (Million yen) | 56,546 | 61,507 | 77,748 | 90,101 |
| Operating profit (Million yen) | 12,445 | 12,795 | 15,239 | 18,030 |
| Operating margin (%) | 22.0 | 20.8 | 19.6 | 20.0 |
| Ordinary profit (Million yen) | 12,310 | 13,196 | 16,326 | 17,635 |
| Profit attributable to owners of parent (Million yen) | 9,178 | 9,984 | 10,857 | 13,106 |
| Basic earnings per share (Yen) | 35.25 | 38.25 | 40.01 | 48.25 |
| R&D expenses (Million yen) | 6,579 | 7,524 | 8,869 | 9,723 |
| Ratio of net sales to R&D expenses (%) | 11.6 | 12.2 | 11.4 | 10.8 |
| Total assets (Million yen) | 93,729 | 115,427 | 155,127 | 172,644 |
| Net assets (Million yen) | 71,975 | 92,938 | 121,130 | 134,300 |
| Equity ratio (%) | 76.8 | 80.5 | 77.0 | 76.6 |
| EBITDA/net sales (%) | 29.7 | 28.9 | 29.2 | 29.7 |
| ROE (%) | 13.4 | 12.1 | 10.2 | 10.4 |
| ROIC (%) | 13.5 | 11.7 | 10.9 | 10.7 |

(Note) EBITDA = operating profit + depreciation and amortization

ROIC (return on invested capital) is calculated based on the following formula:

ROIC = net operating profit after tax / invested capital (working capital + non-current assets (average of beginning and ending balances))

3. Issues to be addressed

(1) Long-term management vision

The Asahi Intecc Group has established the 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.” As a long-term goal, we aim to achieve further growth with consolidated net sales exceeding 100 billion yen.

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.

(2) Medium-term management plan

The Asahi Intecc Group aims to improve the QOL of doctors and patients by ultimately pursuing minimally invasive treatments. Based on the current medium-term management plan “ASAHI Going Beyond 1000,” we work to develop our business portfolio in order to achieve further growth with consolidated net sales exceeding 100 billion yen, and have formulated the following four basic policies.

- 1) Strategic development of the global market and expansion of affected areas and treatment areas
- 2) Creating new businesses in global niche markets
- 3) Develop an R&D and production system optimized for global expansion
- 4) Establish management structure for sustainable growth

Going forward, we will seek to increase our corporate value by steadily implementing our growth strategies based on this medium-term management plan.

At the Asahi Intecc Group, we use net sales, operating profit, and operating margin as key performance indicators for management. Under the medium-term management plan, we target an operating margin of roughly 20%, and as an additional measure indicating key management performance, we aim for an EBITDA (operating profit + depreciation and amortization) margin of around 30%.

As for financial indicators, we have defined ROE (return on equity) and ROIC (return on invested capital) as indicators to be monitored. As for ROE and ROIC (calculated using “working capital + non-current assets” as invested capital), we will seek to improve both ROE and ROIC, with a basic level of over 10%.

Basic policy 1) Strategic development of the global market and expansion of affected areas and treatment areas
<Strategic development of the global market>

The Asahi Intecc Group currently supplies its products to 118 countries and territories worldwide. The number of cases of intravascular diseases, for which the Asahi Intecc Group’s products are used, is expected to continue increasing across the world, especially in emerging countries. Given this outlook, we intend to reinforce our global revenue base by further enhancing sales and marketing functions in each region.

EU

Securing high market shares through locally-minded distributors
Seeking to increase earnings by gradually shifting to direct sales

In the EU market, we have secured high market shares mainly in the cardiovascular field via direct sales and through multiple distributors with strong connections with medical institutions. Furthermore, we are gradually shifting to direct sales in certain regions of the EU market, having transitioned into direct sales in France from July 2019, in Germany from January 2021, and in Italy from July 2021. We will seek to further increase our market shares and earnings through these efforts, etc. going forward.

China

Increasing number of cases mainly in the inland area following the expansion of PCI treatments
Aiming for an expansion in the rapidly growing Chinese market

In the Chinese market, we are conducting sales through local distributors. The number of cases is increasing significantly in both the cardiovascular field and the non-cardiovascular field, mainly in the inland areas, and strong growth and development are particularly expected in the global market. Although the environment surrounding our business such as bidding systems is changing, we will continue striving to further increase our earnings by offering new products, enhancing marketing and sales activities, and reinforcing the support system that maintains close relationships with local distributors, while paying attention to market conditions.

Note: percutaneous coronary intervention (PCI) (catheterization)

PCI is a procedure using guide wires and catheters inserted from outside the body to treat narrowed or blocked cardiac blood vessels (coronary arteries) caused by atherosclerosis.

Japan

Reinforcing our earnings structure with direct sales system
Actively launching new products albeit the impact of a drop in reimbursement prices

In the Japanese market, we engage in direct sales of in-house brand products to hospitals and other institutions and strive to increase our market shares. Furthermore, we are actively offering new products with a focus on the non-cardiovascular field and engage in sales of other companies' products by leveraging our direct sales system and development of our own brand products in the gastrointestinal field. To create new businesses, we plan to sell robotics field products and will strive to expand our earnings and business scope.

U.S.

Reinforcing sales by leveraging direct sales system
Enhancing the lineup of peripheral vascular and neurovascular products to increase earnings

In the U.S. market, we engage in direct sales of in-house brand products.

We are actively launching new products, positioning the peripheral vascular and neurovascular areas in the non-cardiovascular field as our priority market. Additionally, in order to further promote sales, we will further enhance systems for our marketing and sales functions that enable us to identify market trends more quickly through close relationships with physicians who are our end clients, and aim to expand our market share.

In addition, we are actively expanding products from our own brand, as well as the ODM and OEM businesses and will

seek to further increase our earnings.

Other regions

Continuously reinforcing sales structures mainly in emerging markets with growth potential

We are reinforcing sales structures mainly in emerging markets with growth potential in Asia, the Near and Middle East, Oceania and South America, in collaboration with locally-minded distributors. In certain regions, we have shifted to direct sales. By continuing these strategic initiatives, we will seek to further increase our earnings in both the cardiovascular field and the non-cardiovascular field.

| Net sales composition ratio of the Medical Division for the 47th Fiscal Year (Fiscal year ended June 30, 2023) (%) | | | | |
|---|------|------|-------|---------------|
| Japan | U.S. | EU | China | Other regions |
| 17.4 | 22.9 | 23.9 | 21.6 | 14.2 |

<Expansion of affected areas and treatment areas>

(Number One product strategy)

As for PCI guide wires, our mainstay product category in the cardiovascular field, we will focus on developing products for chronic total occlusion (CTO), the area in which we excel despite the difficulty of treatments. We will also strive to expand our product lineup for ordinary lesions that are more common, in order to solidify our number one position across the field.

Penetration catheters and guiding catheters are our next mainstay products that will supplement PCI guide wires. We will further enhance and expand our product lineup in the catheter field to further establish such mainstay products.

Furthermore, we will maintain our efforts to expand our products from the cardiovascular field to non-cardiovascular fields such as peripheral, neurovascular, and abdominal fields. In the non-cardiovascular field, we will horizontally apply the technology developed in the cardiovascular field and expand the new product lineup while enhancing our sales system mainly in overseas areas in an effort to acquire market share on a global scale.

(One-and-only product strategy)

PCI treatment of CTO, whose treatment is still difficult, is not perfect even in Japan, where the technique has advanced the most. Some cases are still treated with bypass surgeries, especially in overseas markets. In this context, the Asahi Intecc Group has contributed to the increase in the ratio of PCI treatments in the CTO field by developing and selling products required for minimally invasive treatments, including PCI guide wires and penetration catheters fit for CTO treatments, that have a strong advantage over those from other companies. As an R&D-focused company, we will continue contributing to the spread and development of minimally invasive treatments by developing products with new features using advanced technology, such as plasma guide wires (for cardiovascular and peripheral vascular) and stroke smart guide wires (for neurovascular).

Note: chronic total occlusion (CTO)

CTO is a lesion that has been completely obstructed for a long period of time. These lesions used to be treated through surgeries (bypass surgeries), but PCI treatments (catheterization) have now become the mainstream in Japan thanks to our

success in the development of PCI guide wires that may be used for CTO.

Basic policy 2) Creating new businesses in global niche markets

The Asahi Intecc Group, which is an R&D-focused company, has unique and advanced material processing technologies centered around four core technologies (Wire Drawing Technology, Wire Forming Technology, Polymer Coating Technology, and Torque Technology). In addition to these technologies, we have developed an integrated production system that covers everything from raw materials to final products, enabling us to develop and manufacture products that feature unique materials and functions. This is an unparalleled strength of the Asahi Intecc Group, which has a footing in the industrial device field in addition to the medical device field, and is a large factor in differentiating ourselves from competitors in the medical device field in terms of cost and technology.

In order to stay ahead of the global competition and to remain a company that continues to grow perpetually beyond consolidated net sales of 100 billion yen, we recognize that it is necessary to start working on measures that will become our future cornerstones. To this end, we have begun to enter new domains, such as the gastrointestinal, neurovascular, and robotics fields, by enhancing our advanced technological capabilities. In addition, when our development process calls for new technologies, we are utilizing methods such as technological alliances, M&As, and investments as a minority shareholder more actively than before, and we are promoting strategic alliances with major partners that would include introduction of new technologies from external parties.

By creating new businesses in global niche markets, we will strive to enhance our business portfolio and become a global company capable of sustained growth.

Basic policy 3) Develop R&D and production system optimized for global expansion

To globalize our R&D system, we have developed an R&D structure at ASAHI INTECC USA, INC., our consolidated subsidiary that serves as the base for direct sales in the U.S., capable of creating prototypes and directly reflecting the needs and feedback of physicians who are our end clients. In addition, we will invest more resources into improving our existing products, including the review of product specifications, by further expanding the R&D base of our consolidated subsidiary ASAHI INTECC THAILAND CO., LTD.

In Japan, we engage in product development in an environment that better resembles the actual clinical setting at the Global Headquarters and R&D Center (Seto-shi, Aichi), major R&D bases of the Asahi Intecc Group. Furthermore, we engage in the expansion of our facilities, including the expansion of the Osaka R&D Center to reinforce our core technology research, and the Tokyo R&D Center for R&D of next-generation medical equipment technology. In addition, we are now constructing new buildings adjacent to the Global Headquarters and R&D Center to strengthen our R&D functions, with completion scheduled for mid-2024. We will continue enhancing our domestic R&D structure.

Furthermore, the Asahi Intecc Group specializes in R&D and prototyping in Japan while mass production is generally transferred to consolidated subsidiaries overseas, a system that enables integrated production from materials to finished product in overseas factories (ASAHI INTECC THAILAND CO., LTD. [Thailand Factory], ASAHI INTECC HANOI CO., LTD. [Hanoi Factory], and TOYOFLEX CEBU CORPORATION [Cebu Factory]). Within this, we are optimizing production bases across the entire Asahi Intecc Group for the sake of risk management and business continuity plan (BCP) 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 that production. In addition to these intentions, we will expand the Hanoi Factory to establish a system to further increase production. We will also utilize the new building, which is under construction adjacent to the Global Headquarters and R&D Center, and other facilities to hold mass production facilities so that the Company, which currently does not have mass production capabilities, will also be able to cover production in the future.

Going forward, we will continue laying the groundwork for our growth strategies by developing and expanding an R&D and production system optimized for global expansion.

Basic policy 4) Establish management structure for sustainable growth
Initiatives on key sustainability issues

We have built a structure for promoting sustainability initiatives and formulated basic policies on various key sustainability issues to strategically promote our initiatives.

We are now advancing our initiatives across the Asahi Intecc Group with a focus on the seven key issues we have identified.

We will disclose our views on sustainability and related efforts in the Integrated Report and on our website as appropriate.

(3) Asahi Intecc's sustainability

· *Raison d'Etre*

The Asahi Intecc Group's mission is to supply the world with one-and-only technologies and number one products as an R&D 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 contributes to curbing medical costs by enabling them to leave the hospital earlier.

As an R&D company, we always manufacture products at a high level, and this has been made possible because of the numerous unique technologies that we have developed in the process of responding to the advanced needs of our customers. These advanced and unique technologies are backed by the material processing expertise that we have developed over many years of manufacturing ultra-fine stainless-steel wire rope for the industrial components field and our on-site responsiveness which has been a part of our DNA since the founding of Asahi Intecc.

As an R&D company, we will continue to contribute to the world's medical and industrial fields by honing our unique technological expertise.

· *Value creation process*

The main source of our competitiveness comes from the four strengths of (1) technological expertise based on our four core technologies, (2) integrated production system, (3) R&D Structure, and (4) production system optimized for global distribution, which are underpinned by our excellent human resources that pass on the ASAHI DNA.

The starting point of our value creation is our hands-on approach and our prototype responsiveness. We will 1) share an understanding of the people on the ground by diligently listening to the 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, trying continuously to solve on-site issues creates high-added value and leads to realizing customers' dreams.

Moreover, accumulating new technologies through efforts with on-site thinking and strengthening technology bases enable us to try to solve new issues. This series of events is what makes up Asahi Intecc's unique value creation process.

One of the products that was developed through this series of processes is the PCI guide wire used for CTO treatment.

Chronic total occlusion, or CTO, is a lesion that has been completely obstructed for a long period of time. Treatments for these types of lesions have traditionally been considered to have a high level of difficulty, which makes minimally invasive PCI treatments difficult, so treatment most commonly lies in the domain of surgery (bypass surgery). However, we started a joint development with doctors in response to a request from a Japanese doctor who was the world's authority on the subject, and in 1995, we were able to develop the world's first high-performance PCI guide wire used for CTO treatments that accurately reflected the advanced techniques and precise sensations of a doctor. Since then, PCI treatment for CTO lesions has become mainstream in Japan, and this trend is now spreading throughout the world.

· *Key sustainability issues*

The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale due to population aging around the world, especially in developed countries, and economic growth in emerging countries, and mainly in emerging economies the number of catheterization cases are increasing. Under these circumstances, the Asahi Intecc Group aims to improve the quality of life (QOL) of patients all over the world through our business by solving issues on the ground while advancing our medical devices through our unique technologies

On the other hand, with a rise in the number of large-scale natural disasters and risk events such as pandemic, we will strengthen our risk management measures, starting with our business continuity plans (BCP)*, and we will also take measures to comply with environmental and human rights, etc., regulations in countries around the world, upon taking a bird's-eye view of our entire supply chain.

In view of the impact that these changes may have on the 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 the Asahi Intecc Group.

Key Issue 1. On-Site Problem-Solving Through Innovation

Key Issue 2. Measures to Reduce Our Environmental Burden

Key Issue 3. Supply Chain Management

Key Issue 4. Supplying Safe and Secure Products

Key Issue 5. Strengthening Global Human Resources

Key Issue 6. Strengthening Risk Management

Key Issue 7. Strengthening Corporate Governance

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

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

4. State of capital investment and financing

(1) Capital investment

The total amount of capital investment conducted during the fiscal year under review was 14,456 million yen.

Capital investments included enhancement of production facilities at overseas production subsidiaries (Note 1) and enhancement of R&D facilities at R&D bases (Note 2) in and outside of Japan, which can be broken down to 7,841 million yen for the Medical Division, 6,300 million yen for the Device Division, and 315 million yen for the Headquarters (administrative divisions).

Note 1: ASAHI INTECC THAILAND CO., LTD. (Thailand Factory), ASAHI INTECC HANOI CO., LTD. (Hanoi Factory), and TOYOFLEX CEBU CORPORATION (Cebu Factory)

Note 2: Global Headquarters and R&D Center, Osaka R&D Center, Shizuoka R&D Center, Tohoku R&D Center, Tokyo R&D Center, ASAHI INTECC THAILAND CO., LTD. (Thailand Factory), and ASAHI INTECC USA, INC.

(2) Financing

During the fiscal year under review, the Company procured 1,995 million yen in USD-denominated short-term debt to reduce USD-denominated foreign exchange risk.

5. State of business transfers or successions, mergers or company splits, and acquisitions or disposals of shares

The Company transferred its ODM and OEM business in the medical device field to its consolidated subsidiary, Filmecc Co., Ltd. through a company split (simplified absorption-type company split) on July 1, 2022.

6. Description of principal businesses

| Business division | Description of business |
|-------------------|--|
| Medical Division | The Division engages in development, manufacturing, and sales of minimally invasive treatment products (guide wires and catheters for treatments) mainly used for intravascular treatments. |
| Device Division | The Division engages in development and manufacturing of components in the medical device field and industrial device field (including ultra-fine stainless-steel wire ropes), and sales of those products to manufacturers worldwide. |

7. State of significant subsidiaries

| Company name [Location] | Capital stock | The Company's voting rights ratio (%) | Description of principal businesses |
|--|-------------------------|---|---|
| ASAHI INTECC THAILAND CO., LTD. [Pathum Thani, Thailand] | 270,000 thousand THB | 100.0 | Development, manufacturing, and sales of components and other products for medical devices and industrial devices |
| ASAHI INTECC HANOI CO., LTD. [Hanoi, Vietnam] | 24,000 thousand USD | 100.0 | Manufacturing of medical devices |
| TOYOFLEX CEBU CORPORATION [Cebu, The Philippines] | 664,300 thousand PHP | 100.0 (100.0) | Manufacturing of components and other products for medical devices and industrial devices |
| Filmecc Co., Ltd. [Moriyama-ku, Nagoya-shi, Aichi] | 99 million yen | 100.0 | Development, manufacturing and sales of medical devices |
| ASAHI INTECC J-Sales CO., LTD. [Minato-ku, Tokyo] | 200 million yen | 100.0 | Sales of medical devices |
| ASAHI INTECC USA, INC. [California, U.S.A.] | 5 thousand USD | 100.0 | Development and sales of components and other products for medical devices and industrial devices |
| ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. [Beijing, China] | 5,000 thousand CNY | 100.0 | Sales of medical devices |
| ASAHI INTECC EUROPE B.V. [Amsterdam, The Netherlands] | 300 thousand EUR | 100.0 | Sales of medical devices |

(Note) The figures in parentheses in the voting rights ratio column are the ratios of indirect ownership.

8. State of principal offices and factories, and employees

(1) State of offices and factories

Asahi Intecc Co., Ltd. and consolidated subsidiaries

1) Japan: Asahi Intecc Co., Ltd.

Twenty locations including sales offices

| | |
|------------------|--|
| Headquarters | Global Headquarters and R&D Center (Seto-shi, Aichi) |
| | Nagoya Satellite Office (Nakamura-ku, Nagoya-shi, Aichi) |
| R&D | Seven locations (including two consolidated subsidiaries) |
| Production | Three locations (including one consolidated subsidiary) |
| Sales | Twelve locations (including two consolidated subsidiaries) |
| Key subsidiaries | ASAHI INTECC J-Sales CO., LTD. Filmecc Co., Ltd. |

2) Europe: Five locations including sales offices

| | |
|------------------|---|
| Sales | Five locations (including four consolidated subsidiaries) |
| Key subsidiaries | ASAHI INTECC EUROPE B.V. (The Netherlands) |

3) China: Three locations including sales offices

| | |
|------------------|---|
| Sales | Three locations (including one consolidated subsidiary) |
| Key subsidiaries | ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (China) |

4) The U.S.: Seven locations including sales offices

| | |
|------------------|---|
| R&D | Five locations (including five consolidated subsidiaries) |
| Sales | Five locations (including five consolidated subsidiaries) |
| Key subsidiaries | ASAHI INTECC USA, INC. (U.S.A.) |

5) Other regions (e.g., Asia): Eleven locations including sales offices

| | |
|---------------------------------|---|
| R&D | One location (including one consolidated subsidiary) |
| Production | Three locations (including three consolidated subsidiaries) |
| Sales | Eight locations (including one consolidated subsidiary) |
| Regions where our locations are | Asia, the Near and Middle East, South America |
| Key subsidiaries | ASAHI INTECC THAILAND CO., LTD. (Thailand) ASAHI INTECC HANOI CO., LTD. (Vietnam) TOYOFLEX CEBU CORPORATION (The Philippines) |

- (Notes) 1. The same location may possess multiple functions.
2. Non-consolidated subsidiaries' locations are not included in the number of locations.

(2) State of employees

1) State of employees of the corporate group

| Business division | Number of employees (persons) | |
|---|-------------------------------|-------|
| Medical Division | 6,188 | (96) |
| Device Division | 3,425 | (74) |
| Headquarters (Administrative divisions) | 574 | (7) |
| Total | 10,187 | (177) |

(Notes) 1. Number of employees is the number of people in employment.

2. The figures in parentheses in the number of employees column are the annual average number of temporary employees, which are not included in the preceding figures.

2) State of employees of the Company

| Gender | Number of employees (persons) | Increase (decrease) from the end of the previous fiscal year (persons) | Average age (years old) | Average years in employment (years) |
|--------|-------------------------------|--|-------------------------|-------------------------------------|
| Male | 725 | (34) | 37.1 | 7.8 |
| Female | 291 | +9 | 35.6 | 6.0 |
| Total | 1,016 | (25) | 36.7 | 7.3 |

(Notes) 1. Number of employees is the number of people in employment and does not include those seconded to subsidiaries and associates.

2. In addition to the above, 136 part-time workers (annual average based on 7 hours and 45 minutes per workday) are in employment at the Company.

9. Major lenders and borrowings

Outstanding borrowings as of the end of the fiscal year under review were 14,254 million yen. Major lenders and the corresponding outstanding borrowings were as follows:

| Major lenders | Outstanding borrowings (Million yen) |
|-------------------------------------|--------------------------------------|
| Mizuho Bank, Ltd. | 7,580 |
| Sumitomo Mitsui Banking Corporation | 4,008 |
| MUFG Bank, Ltd. | 2,348 |
| The Aichi Bank, Ltd. | 130 |
| The Bank of Nagoya, Ltd. | 130 |

2. Shares of the Company

(As of June 30, 2023)

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

4. Major shareholders (ten largest shareholders)

| 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 |

(Note) Shareholding ratio is calculated after deducting treasury shares (7,912 shares).

| Distribution of shares by type of shareholders (%) | | | | | |
|--|------------------------|-----------------|-------------|--|-----------------|
| Foreign companies, etc. | Financial institutions | Other companies | Individuals | Financial instruments business operators | Treasury shares |
| 39.14 | 29.58 | 20.60 | 9.87 | 0.81 | 0.00 |

3. Company Officers

1. Names and details of Directors

(As of June 30, 2023)

| Position | Name | Responsibilities and significant concurrent positions |
|---|---------------------|---|
| President & CEO | Masahiko Miyata | |
| Executive Vice President and COO | Kenji Miyata | General Manager of Device Business Division President & CEO of Toyoflex Corporation Chairperson and Director of ASAHI INTECC HANOI CO., LTD. |
| Senior Managing Director | Tadakazu Kato | General Manager of Medical Business Division |
| Executive Director | Munechika Matsumoto | General Manager of Research Division |
| Director | Yoshinori Terai | General Manager of New Business Development Division Supervisor of Global Sales and Marketing of Medical Brand Business Unit of Medical Business Division President & CEO of ASAHI INTECC USA, INC. |
| Director | Mizuho Ito | General Manager of Administration Division General Manager of Corporate Strategic Office |
| Director | Makoto Nishiuchi | General Manager of Medical Brand Business Unit of Medical Business Division Chief Digital Officer |
| Director | Kiyomichi Ito | Senior Adviser to the CEO of YUKEN INDIA. LTD. |
| Director | Takahiro Kusakari | Director and Co-President of Japan Catalyst, Inc. |
| Director (Audit and Supervisory Committee Member) | Ryuji Tomida | Lawyer |
| Director (Audit and Supervisory Committee Member) | Yasunari Hanano | Certified Public Accountant Certified Tax Accountant |
| Director (Audit and Supervisory Committee Member) | Ryoko Fukaya | Certified Public Accountant Certified Tax Accountant |

- (Notes) 1. Directors Kiyomichi Ito and Takahiro Kusakari are Outside Directors, and they are Independent Directors stipulated in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.
2. Directors (Audit and Supervisory Committee Members) Ryuji Tomida, Yasunari Hanano and Ryoko Fukaya are Outside Directors (Audit and Supervisory Committee Members), and they are Independent Directors stipulated in the listing rules of the Tokyo Stock Exchange and Nagoya Stock Exchange.
3. Director (Audit and Supervisory Committee Member) Yasunari Hanano has considerable knowledge of finance and accounting as a certified public accountant and certified tax accountant.
4. Director (Audit and Supervisory Committee Member) Ryoko Fukaya has considerable knowledge of finance and accounting as a certified public accountant and certified tax accountant.
5. The Company has established an administration office of the Audit and Supervisory Committee, consisting of employees of the Internal Audit Office, to support the duties of the Audit and Supervisory Committee, which collects information on a daily basis, such as by attending important meetings and inspecting important documents, and conducts periodic hearings, etc. from operating divisions. In addition, the Audit and Supervisory Committee ensures the effectiveness of audits by combining organizational audits using the Internal Control Systems and audit activities conducted by the Committee itself as needed. Accordingly, the Company does not appoint a Full-Time Audit and Supervisory Committee Member.
6. The Company carried out an absorption-type merger of Toyoflex Corporation on July 1, 2023.

2. Outline of liability limitation agreements

The Company and its Directors (excluding executive Directors) have entered into liability limitation agreements to limit the liabilities for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum amount of liabilities specified in Article 425, Paragraph 1 of the said Act, pursuant to the provisions of Article 427, Paragraph 1 of

the said Act.

3. Outline of the directors and officers liability insurance agreement

(1) Scope of the insured

Directors of the Company and officers of its subsidiaries are specified as the insured.

(2) Outline of the insurance policy

The relevant insurance policy covers damages and legal expenses incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in connection with his/her duties as a corporate officer. All insurance premiums are paid by the Company. The policy excludes certain cases from its coverage, including criminal acts such as bribery, as well as damages incurred by officers who intentionally performed unlawful acts, so that the properness of the execution of duties by Directors and officers is not hindered.

4. Remuneration of Directors

(1) Details of the policy for determining the amounts of remuneration of officers or the method of calculating the amounts, and the method of determining the said policy

The total amount of remuneration of Directors was determined at the 40th Annual General Meeting of Shareholders held on September 28, 2016 to be no more than 1,000 million yen per year for Directors (excluding Directors who are Audit and Supervisory Committee Members), including 100 million yen per year for Outside Directors, and no more than 40 million yen per year for Directors who are Audit and Supervisory Committee Members. Remuneration of each Director 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 (including two 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 contents of individual remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) pertaining to the fiscal year under review, as well as the contents of the determined remuneration, are in line with the following policy.

1) Policy for determining the overall remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Board of Directors determines the total amount of each type of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) within the limits of total amount of remuneration determined by a resolution of the General Meeting of Shareholders, upon receiving reports from the Nomination and Compensation Advisory Committee. The Nomination and Compensation Advisory Committee consists of three or more members who are Directors selected by a resolution of the Board of Directors. A majority of the members are selected from among Independent Outside Directors, and at least one of those Independent Outside Directors must be a Director who is an Audit and Supervisory Committee Member. The types of remuneration are base remuneration, performance-linked remuneration (Director bonuses commensurate with short-term results), and remuneration for share purchase (linked to improvements in long-term performance).

- 2) Policy on determining the amounts of base remuneration and 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)

Amounts to be paid as the base remuneration component and the remuneration for share purchase component (linked to improvements in long-term performance) are determined in consideration of each Director's position, duties, and tenure, as well as the state of the Asahi Intecc Group.

- 3) Policy on determining the amount 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 performance-linked remuneration component (Director bonuses commensurate with short-term results) is paid in consideration of each Director's position, duties, and tenure, only when the consolidated performance of the Company is expected to exceed the sales and profit plan disclosed to the public by a considerable margin, 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 base remuneration component and the remuneration for share purchase component (linked to improvements in long-term performance) are paid monthly. If the performance-linked remuneration component (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 base remuneration, remuneration for share purchase (linked to improvements in long-term performance), and 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 & CEO who has been delegated the authority as per 6) below) upon receiving reports from the Nomination and Compensation Advisory Committee.

- 6) Policy on determining the contents of individual remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

President & CEO Masahiko Miyata, who has been delegated the authority by the Board of Directors, determines the amounts of the base remuneration component, the remuneration for share purchase component (linked to improvements in long-term performance), and the performance-linked remuneration component (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.

- 7) Remuneration of Directors who are Audit and Supervisory Committee Members

Remuneration of Directors who are Audit and Supervisory Committee Members is determined by discussion among Directors who are Audit and Supervisory Committee Members, within the limits of total amount of

remuneration determined by a resolution of the General Meeting of Shareholders.

(2) Amounts of remuneration of Directors

| Category | Number of eligible Directors (persons) | Total amount of remuneration (Million yen) | | | |
|---|--|--|---|---|---|
| | | | Total amount of base remuneration component | Total amount of remuneration for share purchase component | Total amount of performance-linked remuneration component |
| Directors (excluding Audit and Supervisory Committee Members) (of which, Outside Directors) | 11 (4) | 429 (17) | 391 (15) | 37 (1) | - (-) |
| Directors (Audit and Supervisory Committee Members) (of which, Outside Directors) | 4 (3) | 25 (21) | 23 (19) | 2 (1) | - (-) |
| Total | 15 | 454 | 415 | 39 | - |

- (Notes) 1. The above amounts include remuneration paid to two Directors (excluding Audit and Supervisory Committee Members) and one Director (Audit and Supervisory Committee Member) who retired at the conclusion of the 46th Annual General Meeting of Shareholders held on September 29, 2022.
2. The remuneration for share purchase component is remuneration linked to improvements in long-term performance.
3. The performance-linked remuneration component is Director bonuses commensurate with short-term results.

5. Outside Directors

- (1) Relationships between the Company and companies at which Outside Directors hold significant concurrent positions

Not applicable.

(2) Main activities during the fiscal year under review

| Category | Name | State of activities |
|---|-------------------|--|
| Director | Kiyomichi Ito | He attended 13 out of 13 meetings of the Board of Directors held during the fiscal year under review, and made remarks that contribute to the enhancement of corporate governance from a professional standpoint based on his past experience in corporate management and extensive knowledge as a professor of business management. In addition, he serves as a member of the Nomination and Compensation Advisory Committee, established for the purpose of ensuring fairness and objectivity in nomination and remuneration of Directors. |
| Director | Takahiro Kusakari | After assuming office as Director, he attended 10 out of 10 meetings of the Board of Directors held during the fiscal year under review, and made remarks that contribute to the enhancement of the Company's corporate value based on his past experience as Fund Manager and Chief Investment Officer of an investment trust management firm. |
| Director (Audit and Supervisory Committee Member) | Ryuji Tomida | He attended 13 out of 13 meetings of the Board of Directors and 16 out of 16 meetings of the Audit and Supervisory Committee held during the fiscal year under review, and made remarks on legal affairs and risk management primarily from a professional standpoint as a lawyer. In addition, he serves as a member of the Nomination and Compensation Advisory Committee, established for the purpose of ensuring fairness and objectivity in nomination and remuneration of Directors. |
| Director (Audit and Supervisory Committee Member) | Yasunari Hanano | He attended 13 out of 13 meetings of the Board of Directors and 16 out of 16 meetings of the Audit and Supervisory Committee held during the fiscal year under review, and made remarks that contribute to the enhancement of corporate governance primarily from a professional standpoint in relation to finance and accounting as a certified public accountant. In addition, he serves as a member of the Nomination and Compensation Advisory Committee, established for the purpose of ensuring fairness and objectivity in nomination and remuneration of Directors. |
| Director (Audit and Supervisory Committee Member) | Ryoko Fukaya | After assuming office as Director (Audit and Supervisory Committee Member), she attended 10 out of 10 meetings of the Board of Directors and 11 out of 11 meetings of the Audit and Supervisory Committee held during the fiscal year under review, and made remarks on corporate finance and corporate governance primarily from a professional standpoint, by leveraging various working experiences as a certified public accountant. |

- (Notes) 1. Director Takahiro Kusakari was appointed as Director at the 46th Annual General Meeting of Shareholders held on September 29, 2022.
2. Director (Audit and Supervisory Committee Member) Ryoko Fukaya was appointed as Director (Audit and Supervisory Committee Member) at the 46th Annual General Meeting of Shareholders held on September 29, 2022.

4. Accounting Auditor

1. Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

2. Amount of remuneration of the Accounting Auditor

| | |
|---|----------------|
| 1) Amount of remuneration for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act | 51 million yen |
| 2) Total amount of monetary and other economic benefits paid by the Company and subsidiaries of the Company | 51 million yen |

- (Notes)
- The Company does not clearly separate the amount of remuneration for audits by the Accounting Auditor under the Companies Act from the amount of remuneration for audits by the Accounting Auditor under the Financial Instruments and Exchange Act, and the two cannot be practically separated. Therefore, the amount of remuneration in the above table is the total amount of the two types of remuneration.
 - The Audit and Supervisory Committee of the Company, after receiving explanation on the audit plan (audit policy, audit items, estimated time for audit, etc.) from the Accounting Auditor, examined its details and the amount of estimated remuneration by comparing them with the plan, results, total amount of remuneration, remuneration per hour, etc. for the previous fiscal year and checking with the accounting and other relevant departments for information and opinions, in light of the evaluation of results for the previous fiscal year. As a result of the examination, the Audit and Supervisory Committee has determined that the amount of remuneration is appropriate, and given a consent stipulated in Article 399, Paragraph 1 of the Companies Act.
 - Some of the consolidated subsidiaries of the Company are audited by certified public accountants or audit firms other than the Company's Accounting Auditor.
 - In addition to the above-mentioned remuneration for the fiscal year under review, the Company paid 6 million yen as additional remuneration for the previous fiscal year.

3. Details of non-audit services

Not applicable.

4. Policy on determining the dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee of the Company will dismiss the Accounting Auditor upon unanimous consent of all Audit and Supervisory Committee Members. In this case, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee will report on the dismissal of the Accounting Auditor and reasons for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

Moreover, if the Audit and Supervisory Committee deems it necessary for reasons such as the Accounting Auditor having difficulties in executing their duties, the Audit and Supervisory Committee will decide on the contents of a proposal on dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Consolidated Balance Sheet

(As of June 30, 2023)

(Million yen)

| Account | Amount | Account | Amount |
|---|----------------|--|----------------|
| Assets | | Liabilities | |
| Current assets | 90,261 | Current liabilities | 26,316 |
| Cash and deposits | 34,884 | Notes and accounts payable - trade | 2,856 |
| Notes and accounts receivable - trade | 14,678 | Electronically recorded obligations – operating | 883 |
| Electronically recorded monetary claims – operating | 1,728 | Short-term borrowings | 10,361 |
| Securities | 2,000 | Accounts payable-other | 2,043 |
| Merchandise and finished goods | 10,077 | Income taxes payable | 2,309 |
| Work in process | 13,473 | Provision for bonuses | 1,784 |
| Raw materials and supplies | 7,807 | Other current liabilities | 6,076 |
| Other current assets | 5,842 | Non-current liabilities | 12,028 |
| Allowance for doubtful accounts | (231) | Long-term borrowings | 3,892 |
| Non-current assets | 82,383 | Deferred tax liabilities | 3,921 |
| Property, plant and equipment | 53,683 | Provision for retirement benefits for directors (and other officers) | 19 |
| Buildings and structures | 21,623 | Retirement benefit liability | 2,496 |
| Machinery, equipment and vehicles | 10,500 | Asset retirement obligations | 15 |
| Land | 6,678 | Other non-current liabilities | 1,683 |
| Construction in progress | 8,472 | Total liabilities | 38,344 |
| Other property, plant and equipment | 6,407 | Net assets | |
| Intangible assets | 18,369 | Shareholders' equity | 119,448 |
| Goodwill | 7,737 | Share capital | 18,860 |
| Other intangible assets | 10,632 | Capital surplus | 21,727 |
| Investments and other assets | 10,329 | Retained earnings | 78,867 |
| Investment securities | 6,177 | Treasury shares | (7) |
| Shares of subsidiaries and associates | 220 | Accumulated other comprehensive income | 12,864 |
| Deferred tax assets | 929 | Valuation difference on available-for-sale securities | 2,033 |
| Other investments and other assets | 3,096 | Foreign currency translation adjustment | 10,867 |
| Allowance for doubtful accounts | (93) | Remeasurements of defined benefit plans | (36) |
| | | Non-controlling interests | 1,987 |
| | | Total net assets | 134,300 |
| Total assets | 172,644 | Total liabilities and net assets | 172,644 |

Consolidated Statement of Income

(From July 1, 2022
to June 30, 2023)

(Million yen)

| Account | Amount | |
|--|--------|--------|
| Net sales | | 90,101 |
| Cost of sales | | 31,268 |
| Gross profit | | 58,832 |
| Selling, general and administrative expenses | | 40,802 |
| Operating profit | | 18,030 |
| Non-operating income | | |
| Interest and dividend income | 124 | |
| Other non-operating income | 184 | 308 |
| Non-operating expenses | | |
| Interest expenses | 308 | |
| Foreign exchange losses | 298 | |
| Provision of allowance for doubtful accounts | 12 | |
| Other non-operating expense | 84 | 703 |
| Ordinary profit | | 17,635 |
| Extraordinary income | | |
| Disaster insurance income | 305 | 305 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 196 | |
| Other extraordinary losses | 1 | 197 |
| Profit before income taxes | | 17,743 |
| Income taxes – current | 4,715 | |
| Income taxes – deferred | (248) | 4,467 |
| Profit | | 13,276 |
| Profit attributable to non-controlling interests | | 170 |
| Profit attributable to owners of parent | | 13,106 |

Non-consolidated Balance Sheet

(As of June 30, 2023)

(Million yen)

| Account | Amount | Account | Amount |
|--|----------------|--|----------------|
| Assets | | Liabilities | |
| Current assets | 61,832 | Current liabilities | 31,859 |
| Cash and deposits | 25,447 | Notes payable – trade | 87 |
| Notes receivable – trade | 29 | Electronically recorded obligations – operating | 541 |
| Securities | 2,000 | Accounts payable – trade | 5,231 |
| Electronically recorded monetary claims – operating | 142 | Short-term borrowings | 7,459 |
| Accounts receivable – trade | 14,671 | Current portion of long-term borrowings | 2,891 |
| Merchandise and finished goods | 2,678 | Accounts payable-other | 1,910 |
| Work in process | 119 | Accrued expenses | 359 |
| Raw materials and supplies | 466 | Income taxes payable | 1,591 |
| Prepaid expenses | 438 | Advances received | 493 |
| Short-term loans receivable from subsidiaries and associates | 12,051 | Deposits received | 10,364 |
| Other current assets | 3,914 | Provision for bonuses | 891 |
| Allowance for doubtful accounts | (127) | Other current liabilities | 36 |
| Non-current assets | 65,462 | Non-current liabilities | 5,215 |
| Property, plant and equipment | 21,216 | Long-term borrowings | 3,892 |
| Buildings | 9,044 | Provision for retirement benefits | 1,303 |
| Structures | 362 | Provision for retirement benefits for directors (and other officers) | 19 |
| Machinery and equipment | 2,172 | Total liabilities | 37,075 |
| Vehicles | 0 | Net assets | |
| Tools, furniture and fixtures | 1,540 | Shareholders' equity | 88,194 |
| Land | 4,446 | Share capital | 18,860 |
| Construction in progress | 3,649 | Capital surplus | 21,661 |
| Intangible assets | 2,382 | Legal capital surplus | 18,753 |
| Patent right | 96 | Other capital surplus | 2,907 |
| Software | 2,209 | Retained earnings | 47,679 |
| Other intangible assets | 76 | Legal retained earnings | 39 |
| Investments and other assets | 41,863 | Other retained earnings | 47,639 |
| Investment securities | 6,157 | (Reserve for tax purpose reduction entry) | [146] |
| Shares of subsidiaries and associates | 12,581 | (General reserve) | [75] |
| Investments in capital of subsidiaries and associates | 6,846 | (Retained earnings brought forward) | [47,418] |
| Long-term loans receivable from subsidiaries and associates | 14,826 | Treasury shares | (7) |
| Deferred tax assets | 469 | Valuation and translation adjustments | 2,025 |
| Other investments and other assets | 2,566 | Valuation difference on available-for-sale securities | 2,025 |
| Allowance for doubtful accounts | (1,584) | Total net assets | 90,219 |
| Total assets | 127,294 | Total liabilities and net assets | 127,294 |

Non-consolidated Statement of Income

(From July 1, 2022
to June 30, 2023)

(Million yen)

| Account | Amount | |
|--|--------|--------|
| Net sales | | 63,736 |
| Cost of sales | | 30,659 |
| Gross profit | | 33,076 |
| Selling, general and administrative expenses | | 20,807 |
| Operating profit | | 12,269 |
| Non-operating income | | |
| Interest and dividend income | 432 | |
| Foreign exchange gains | 43 | |
| Other non-operating income | 71 | 546 |
| Non-operating expenses | | |
| Interest expenses | 440 | |
| Provision of allowance for doubtful accounts | 11 | |
| Other non-operating expense | 62 | 514 |
| Ordinary profit | | 12,301 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 196 | |
| Loss on valuation of shares of subsidiaries and associates | 512 | |
| Provision of allowance for doubtful accounts | 1,496 | |
| Other extraordinary losses | 1 | 2,205 |
| Profit before income taxes | | 10,095 |
| Income taxes – current | 2,993 | |
| Income taxes – deferred | (127) | 2,866 |
| Profit | | 7,229 |