

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities Code 7747)
September 1, 2022

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 46th Annual General Meeting of Shareholders

ASAHI INTECC CO., LTD. (the “Company”) announces that the 46th Annual General Meeting of Shareholders of the Company will be held for the purposes as described below.

In order to prevent the spread of COVID-19, please exercise your voting rights in writing or via internet as much as possible rather than visiting the site. Please review the following Proposals and References and exercise your voting rights by the end of our business day (5:45 p.m.) on Wednesday, September 28, 2022.

- 1. Date and Time:** Thursday, September 29, 2022 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 46th Fiscal Year (from July 1, 2021, to June 30, 2022), 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 46th Fiscal Year (from July 1, 2021, to June 30, 2022)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)
Proposal 4: Election of Three (3) Directors who are Audit and Supervisory Committee Members
Proposal 5: Election of One (1) Director who is a Substitute Audit and Supervisory Committee Member

4. 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 29, 2022, 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 28, 2022, at 5:45 p.m.

(2) Exercising voting rights via internet

Access the Company's designated website for voting (<https://evote.tr.mufg.jp/>), enter the "Log-in ID" and the "Temporary Password" provided in the enclosed voting rights exercise form, and follow the instructions on the screen to vote on the agenda items.

Votes to be cast by Wednesday, September 28, 2022, at 5:45 p.m.

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

To Institutional Shareholders:

The ICJ platform, an electronic voting platform for institutional investors via the ProxyEdge® system of Broadridge, is available. For further details, please contact your custodians, nominees and/or brokers.

Note 1: If you exercise your voting right both by mail and via internet, the vote exercised via internet shall be treated as valid and the vote exercised by mail shall not count.

Note 2: You can vote more than once (revote) via internet. In this case, however, only the last vote shall be treated as valid. Only the last vote shall be treated as valid if a voting right is exercised more than once by personal computer, smartphone, and/or mobile phone. All prior votes shall not count.

Note 3: Any revisions to the reference material for the Annual General Meeting of Shareholders will be published on the Company's website (<http://asahi.irbridge.com/en/stock/meeting.html>)

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 indicated in the Notice of Convocation of the 46th Annual General Meeting of Shareholders since they are posted on our website (<http://www.asahi-intecc.co.jp/>) based on laws and regulations and Article 14 of the Articles of Incorporation of the Company. Accordingly, the document attached to the Notice of Convocation of the 46th Annual General Meeting of Shareholders is part of the consolidated financial statements and financial statements audited by the Accounting Auditor and the Audit and Supervisory Committee when creating an accounting audit report.

Moreover, we will post the reference material for the 46th Annual General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Financial Statements on our website (<http://www.asahi-intecc.co.jp/>) when they are amended.

Proposals and References

Proposal 1: Appropriation of Surplus

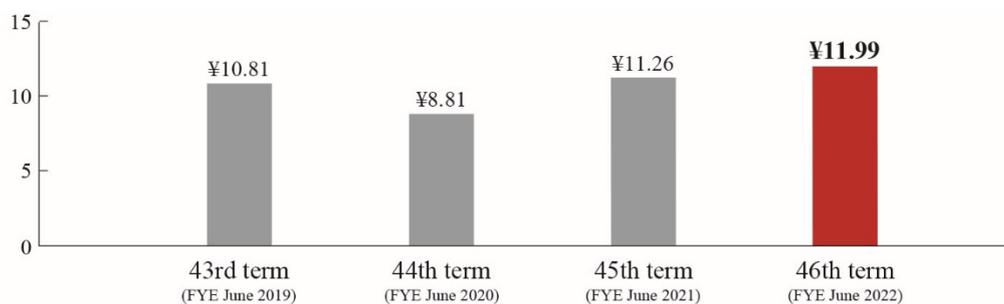
Regarding the distribution of earnings, the Company considers the return of earnings to shareholders to be one of the most important management issues and the payment of stable dividends on a continuing basis to be its basic policy. Regarding the year-end dividends for the fiscal year under review, the Company proposes a dividend of ¥11.99 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
¥11.99 per common share of the Company
Total amount: ¥3,256,792,407
3. Effective date of distribution of surplus
Friday, September 30, 2022

Trends of dividends

	43rd term	44th term	45th term	46th term
Dividend	¥21.61	¥8.81	¥11.26	¥11.99
After retrospective application	¥10.81	¥8.81	¥11.26	¥11.99



* The Company conducted a two-for-one split of its common shares on July 1, 2019. Accordingly, the dividend per share is calculated on the assumption that such split of shares was conducted at the beginning of the 43rd term (from July 1, 2018 to June 30, 2019).

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the Amendment

The amended provisions provided for in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) came into effect on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for providing materials for general meetings of shareholders in electronic format, the Company proposes to amend its Articles of Incorporation as follows.

- (1) The proposed Article 14, Paragraph 1 will stipulate that information that constitutes the content of reference materials for the general meeting of shareholders, etc. shall be provided in electronic format.
- (2) The proposed Article 14, Paragraph 2 will establish a provision to limit the scope of matters to be included in the paper-based documents to be sent to shareholders who have requested them.
- (3) The provision related to the internet disclosure and deemed provision of reference materials for the general meeting of shareholders, etc. (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of provisions, supplementary provisions related to transitional treatment will be established.

2. Content of the Amendment

The content of the Amendment is as follows.

(Amendments are shown with underline)

Current Provisions	Proposed Amendments
<p><u>(Internet disclosure and deemed provision of reference materials for the general meeting of shareholders, etc.)</u></p> <p><u>Article 14 When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference materials for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures for providing information in electronic format)</u></p> <p><u>Article 14 When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference materials for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. So long as they are provided in electronic format, the Company may exclude all or some of items designated by the Ministry of Justice Order from statements in the paper-based documents to be sent to shareholders who have requested the delivery of paper-based documents by the record date of voting rights.</u></p>

<p>(Newly established)</p>	<p>Supplementary Provisions <u>Article 2</u> <u>Notwithstanding the provisions of Article 14 (Measures for providing information in electronic format) of the Articles of Incorporation, Article 14 (Internet disclosure and deemed provision of reference materials for the general meeting of shareholders, etc.) of the Articles of Incorporation shall remain in effect regarding any general meeting of shareholders held on a date within six months from September 1, 2022 (the “Date of Enforcement”).</u></p>
<p>(Newly established)</p>	<p><u>Article 3</u> <u>Article 2 of these Supplementary Provisions and this article shall be deleted after the lapse of six months from the Date of Enforcement or the lapse of three months from the date of the general meeting of shareholders provided for in the preceding article, whichever is later.</u></p>

Proposal 3: Election of Nine (9) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The term of office of all ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members).

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>	5,809,800	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>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.</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
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 (current position), 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)	5,263,600	13/13 (100%)
[Reason for nomination as candidate for Director] 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.				

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]	June 1992 Joined the Company May 2003 Deputy General Manager of Quality Assurance Department, Medical Division February 2004 Group Manager of Quality Assurance Group, Medical Division October 2004 Group Manager of Research and Development Group, Medical Division January 2005 Deputy General Manager of Medical Division March 2006 Executive Officer September 2007 Director of ASAHI INTECC HANOI CO., LTD. (current position) September 2008 Director July 2009 General Manager of Medical Division April 2012 Director of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position) October 2013 Director of ASAHI INTECC THAILAND CO., LTD. (current position) September 2014 Executive Director July 2016 Director of Filmecc Co., Ltd. (current position) July 2019 General Manager of Medical Business Division (current position) Director of TOYOFLEX CEBU CORPORATION (current position) September 2021 Senior Executive Director (current position)	267,700	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <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>				
4	Munehika 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)	80,300	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Munehika 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 nominated as candidate for 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
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 (current position) 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 Global Head Quarter February 2020 Director of ASAHI INTECC CIS LLC (current position) 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 (current position) Director of ASAHI INTECC Deutschland GmbH (current position) June 2021 CEO of Filmecc USA, Inc. (current position) July 2021 CEO of Pathways Medical Corporation (current position) Director of Rev. 1 Engineering, Inc. (current position)	158,700	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 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]	<p>May 2003 Joined the Company</p> <p>May 2005 Deputy General Manager of Corporate Strategic Office</p> <p>April 2008 Auditor of ASAHI INTECC HANOI CO., LTD. (current position)</p> <p>September 2008 General Manager of Corporate Strategic Office (current position)</p> <p>September 2009 Auditor of GMA Co., Ltd.</p> <p>October 2010 Auditor of Filmecc Co., Ltd. (current position)</p> <p>April 2012 Auditor of ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (current position)</p> <p>September 2013 Auditor of Toyoflex Corporation</p> <p>December 2013 Group Manager of Accounting Group, Administration Division</p> <p>July 2015 Executive Officer</p> <p>July 2016 General Manager of Administration Division (current position), Auditor of ASAHI INTECC J-sales, INC. (current position)</p> <p>September 2016 Director (current position)</p> <p>July 2018 Director of RetroVascular Inc. (currently ASAHI Medical Technologies, Inc.) (current position)</p> <p>July 2021 Director of A-Traction Inc.(currently ASAHI SURGICAL ROBOTICS CO., LTD.) (current position)</p>	33,200	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>As General Manager of Corporate Strategic Office, Ms. Mizuho Ito has been engaged in finance, accounting, IR, and M&A projects for many years. She is currently serving as Executive Officer and General Manager of Administration Division, leading efforts to strengthen the function of the Head Office as head of the Company's Corporate unit, and is appropriately fulfilling the role of enhancing the Company's corporate value. She has been nominated as candidate for Director in expectation of her further contribution going forward.</p>				
7	Makoto Nishiuchi (August 15, 1964) [Reappointment]	<p>October 2005 Joined the Company</p> <p>July 2008 Deputy Group Manager of Medical Research and Development Group, Medical Division</p> <p>May 2010 Group Manager of Medical Research and Development Group, Medical Division</p> <p>July 2015 Executive Officer</p> <p>July 2016 Director of ASAHI INTECC USA, INC. (current position)</p> <p>January 2017 Chief Research and Development Officer</p> <p>October 2017 Senior Executive Officer</p> <p>July 2018 Director of RetroVascular Inc. (currently ASAHI Medical Technologies, Inc.) (current position)</p> <p>September 2018 Director (current position)</p> <p>July 2019 General Manager of Medical Brand Business Unit of Medical Business Division (current position)</p> <p>July 2022 Chief Digital Officer (current position)</p>	43,500	13/13 (100%)
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Makoto Nishiuchi has consistently been engaged in the Medical Division and contributed to the development of medical devices. With his abundant experience and track record in the R&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 nominated as candidate for 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
8	Kiyomichi Ito (February 7, 1950) [Reappointment] [Outside] [Independent]	April 1974 August 1985 January 1994 January 1999 July 2000 July 2002 March 2008 September 2013 April 2015	Joined Toyota Motor Sales Co., Ltd. Section Chief of System Planning Section, Section Head of Engineering Section, Overseas Planning Department of TOYOTA MOTOR CORPORATION Secretary seconded to Toyota Motor Manufacturing Canada, Inc. Chief of Marine Business Division of TOYOTA MOTOR CORPORATION Chief of Americas Sales Department of TOYOTA MOTOR CORPORATION President of Toyota Kirloskar Auto Parts Pvt. Ltd. Professor at School of Management, Chukyo University Outside Director of the Company (current position) Visiting Professor at School of World Englishes, Chukyo University (current position)	9,200	13/13 (100%)
[Matters regarding independence] The Company has registered Mr. Kiyomichi Ito as Independent Director as specified 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 nine (9) years at the conclusion of this Annual General Meeting of Shareholders and he has been nominated as candidate for 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) [New appointment] [Outside] [Independent]	July 2007 October 2008 November 2010 January 2013 June 2015 July 2022	Joined SBI Real Marketing Co., Ltd. Joined Sawakami Asset Management Inc. Fund Manager of Sawakami Asset Management Inc. Chief Investment Officer of Sawakami Asset Management Inc. Director and Chief Investment Officer of Sawakami Asset Management Inc. Joined Sawakami Holdings, Inc (current position)	0	-
[Matters regarding independence] If the election of Mr. Takahiro Kusakari is approved, the Company will register him as an Independent Director as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.					
[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. He has been nominated as a candidate for Outside Director, with the expectation that he will offer suggestions for improving the Company's corporate value based on his experience in corporate analysis gained through dialogue with countless companies.					

(Notes)

1. There is no special interest between the above candidates for Directors and the Company.
2. Messrs. Kiyomichi Ito and Takahiro Kusakari are candidates for Outside Directors.
3. The Company has entered into an agreement with Mr. Kiyomichi Ito to limit his liability for damages specified 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 Mr. Ito is approved, the Company will continue the agreement under the same terms and conditions, and if the election of Mr. Takahiro Kusakari 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.

4. 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.
5. CompassMed Integration Co., Ltd changed its name to ASAHI INTECC J-sales, Inc. in January 2010.
6. 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.
7. 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.

Proposal 4: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The term of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of three (3) Directors who are Audit and Supervisory Committee Members is proposed.

The Audit and Supervisory Committee has previously given its consent regarding this Proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are 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	Status of attendance at the Audit and Supervisory Committee
1	Ryuji Tomida (April 3, 1975) [Reappointment] [Outside] [Independent]	<p>October 2001 Registered with Nagoya Bar Association (currently Aichi Bar Association) Joined Higashi Sakura Law Firm</p> <p>April 2006 Part-Time Lecturer at Law Department, Nagoya University of Economics</p> <p>December 2006 Nagoya Municipal Advisor (current position)</p> <p>October 2007 Opened Tomida&Yamauchi Law Firm (currently Tomida & Partners)</p> <p>April 2010 Member of Research Office of Aichi Bar Association</p> <p>April 2011 Part-Time Lecturer at Aichi Law School</p> <p>May 2011 Member of Japan Federation of Bar Associations Inquiry System Committee (current position)</p> <p>April 2013 Member of Kasugai City Information Disclosure & Personal Information Protection Committee (current position)</p> <p>April 2016 Vice President of Aichi Bar Association</p> <p>September 2018 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)</p> <p>April 2020 General Manager of Aichi Bar Association Inquiry Research Office</p> <p>December 2021 Public Interests Member of Aichi Prefectural Labour Relations Commission (current position)</p>	800	13/13 (100%)	16/16 (100%)
[Matters regarding independence] The Company has registered Mr. Ryuji Tomida as Independent Director as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the election of Mr. Tomida is approved, he will continue to serve as an Independent Director.					
[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and Overview of Expected Roles] Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of a legal expert. He will have served as Outside Director who is an Audit and Supervisory Committee Member for four (4) years at the conclusion of this Annual General Meeting of Shareholders and has been nominated as candidate for Outside Director who is an Audit and Supervisory Committee Member 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	Status of attendance at the Audit and Supervisory Committee
2	Yasunari Hanano (April 28, 1964) [Reappointment] [Outside] [Independent]	October 1988 Joined Tohmatsu Aoki & Sanwa (currently Deloitte Touche Tohmatsu LLC) August 1993 Registered as a Certified Public Accountant October 2001 Opened Business Inspire Opened Hanano C.P.A. Office June 2004 Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants March 2005 Registered as a Certified Tax Accountant April 2006 Associate Professor at Graduate School of Accounting, Aichi University August 2007 Member of the Special Training System Council, the Japanese Institute of Certified Public Accountants April 2011 Part-Time Lecturer at Aichi University April 2012 Auditor of Green Association of Nagoya, Public Interest Incorporated Foundation May 2013 Member of the Completion Inspection Management Committee, the Japanese Institute of Certified Public Accountants April 2014 Part-Time Lecturer at Nanzan Business School June 2016 Vice President of Tokai Association, the Japanese Institute of Certified Public Accountants September 2018 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)	1,000	13/13 (100%)	16/16 (100%)
[Matters regarding independence] The Company has registered Mr. Yasunari Hanano as Independent Director as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange. If the election of Mr. Hanano is approved, he will continue to serve as an Independent Director.					
[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and Overview of Expected Roles] Mr. Yasunari Hanano has expertise and ample experience as a certified public accountant and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of an accounting expert. He will have served as Outside Director who is an Audit and Supervisory Committee Member for four (4) years at the conclusion of this Annual General Meeting of Shareholders and has been nominated as candidate for Outside Director who is an Audit and Supervisory Committee Member 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	Status of attendance at the Audit and Supervisory Committee
3	Ryoko Fukaya (May 12, 1973) [New appointment] [Outside] [Independent]	<p>October 1999 Joined Chuo Audit Corporation</p> <p>April 2003 Registered as a Certified Public Accountant</p> <p>August 2007 Joined KPMG AZSA LLC</p> <p>April 2011 Opened Ryoko Fukaya Accounting Office</p> <p>June 2016 Secretary of Tokai Association, the Japanese Institute of Certified Public Accountants</p> <p>March 2017 Registered as a Certified Tax Accountant</p> <p>March 2019 Completed program for training women executives (Aichi) FY2018 Cabinet Office</p> <p>May 2019 Member of Accounting-Literacy-Map & Educational Materials Study Group of the Basic Education Promotion Council in Accounting, the Japanese Institute of Certified Public Accountants</p> <p>June 2019 Chairwoman of the Public Relations Committee of the Japanese Institute of Certified Public Accountants Tokai Association</p> <p>August 2019 Member of the Public Relations Committee of the Japanese Institute of Certified Public Accountants</p>	0	-	-
[Matters regarding independence] If the election of Ms. Ryoko Fukaya is approved, the Company will register her as an Independent Director as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.					
[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and Overview of Expected Roles] Ms. Ryoko Fukaya is deemed appropriate to fulfill the duties of Outside Director who is an Audit and Supervisory Committee Member such as monitoring the Company's overall management using her expertise and ample experience as a certified public accountant and by providing advice for and checking on the Company's business execution. Accordingly, she has been nominated as candidate for Outside Director who is an Audit and Supervisory Committee Member.					

(Notes)

- There is no special interest between the above candidates for Directors and the Company.
- Mr. Ryuji Tomida, Mr. Yasunari Hanano, and Ms. Ryoko Fukaya are candidates for Outside Directors.
- The Company has entered into an agreement with each of Mr. Ryuji Tomida and Mr. Yasunari Hanano to limit their liability for damages specified 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 Mr. Tomida and Mr. Hanano is approved, the Company will continue the agreement under the same terms and conditions, and if the election of Ms. Ryoko Fukaya is approved, the Company will enter into an agreement with her under the same terms and conditions.
The overview of the content of the agreement is as follows.
 - If a Director who is an Audit and Supervisory Committee Member is liable for any damage to the Company attributable to negligence of his/her duties, his/her 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 a Director who is an Audit and Supervisory Committee Member has executed his/her 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.

(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	Industry knowledge - medical devices	Industry knowledge - industrial devices	Finance & accounting	Legal affairs	M&A	Equity market & IR	ESG (incl. personnel development)	DX / IT	Nomination and Compensation Advisory Committee
Masahiko Miyata	President & CEO	✓	✓		✓	✓					✓		✓	✓
Kenji Miyata	Executive Vice President and COO	✓	✓	✓			✓					✓		✓
Tadakazu Kato	Senior Executive Director		✓	✓		✓								
Munehika Matsumoto	Executive Director		✓	✓			✓					✓		
Yoshinori Terai	Director				✓	✓				✓				
Mizuho Ito	Director							✓		✓	✓	✓		
Makoto Nishiuchi	Director		✓			✓							✓	
Kiyomichi Ito	Outside Director Independent (Outside)	✓			✓									✓
Takahiro Kusakari	Outside Director Independent (Outside)	✓									✓			
Ryuji Tomida	Outside Director (Audit and Supervisory Committee Member) Independent (Outside)								✓	✓		✓		✓
Yasunari Hanano	Outside Director (Audit and Supervisory Committee Member) Independent (Outside)							✓		✓				✓
Ryoko Fukaya	Outside Director (Audit and Supervisory Committee Member) Independent (Outside)							✓		✓				

Proposal 5: Election of One (1) Director who is a Substitute Audit and Supervisory Committee Member

To prepare for a contingency in which the number of Audit and Supervisory Committee Members becomes less than the number required by laws and regulations, the Company proposes the election of one (1) Director who is a Substitute Audit and Supervisory Committee Member.

The effective term of a resolution for the election of a Director who is a Substitute Audit and Supervisory Committee Member shall be up to the conclusion of the Annual General Meeting of Shareholders held in the last fiscal year ending within two (2) years of his/her election. However, the election may be cancelled by resolution of the Board of Directors of the Company with the consent of the Audit and Supervisory Committee provided it is before the candidate assumes the office of Audit and Supervisory Committee Member.

The Audit and Supervisory Committee has previously given its consent regarding this Proposal.

The candidate for Director who is a Substitute Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions		Number of company shares held
Shigeki Moriguchi (July 23, 1957) [Outside] [Independent]	April 1981 March 2001 November 2006 June 2011 April 2019 June 2021 April 2022	Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.) Deputy General Manager of Operations Planning Division of Mitsubishi Tokyo Financial Group, Inc. (currently Mitsubishi UFJ Financial Group, Inc.) Member of the Board, General Manager of Shin-Nagoya Ekimae Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Managing Executive Officer of Mitsubishi UFJ Research and Consulting Co., Ltd. Managing Director of Aichi-ken Credit Guarantee Corporation Part-time Audit & Supervisory Board Member of Credit Guarantee Servicer Inc. Advisor of Aichi-ken Credit Guarantee Corporation (current position)	0
[Matters regarding independence] If Mr. Shigeki Moriguchi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company will register him as an Independent Director as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.			
[Reason for nomination as candidate for Outside Director who is a Substitute Audit and Supervisory Committee Member and Overview of Expected Roles] Mr. Shigeki Moriguchi is deemed appropriate to fulfill the duties of Outside Director who is an Audit and Supervisory Committee Member, such as by providing advice for and checking on the Company's business execution, using his wide-ranging knowledge of overall corporate management based on ample experience at financial institutions, think tanks, and consulting firms. Accordingly, he has been nominated as candidate for Outside Director who is a Substitute Audit and Supervisory Committee Member.			

(Notes)

- There is no special interest between the above candidate for Outside Director who is a Substitute Audit and Supervisory Committee Member and the Company.
- Mr. Shigeki Moriguchi is a candidate for Outside Director who is a Substitute Audit and Supervisory Committee Member.
- If the candidate Mr. Shigeki Moriguchi assumes the office of a Director who is an Audit and Supervisory Committee Member, the Company will enter into an agreement with him to limit his liability for damages specified 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.
The overview of the content of the agreement is as follows.
 - If a Director who is an Audit and Supervisory Committee Member is liable for any damage to the Company attributable to negligence of his/her duties, his/her 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 a Director who is an Audit and Supervisory Committee Member has executed his/her 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 Mr. Shigeki Moriguchi assumes the office of Director who is an Audit and Supervisory Committee Member, he 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.

Attachments

Business Report

(From July 1, 2021
to June 30, 2022)

1. Current State of the Corporate Group

1. Business progress and results

The Asahi Intecc Group has been developing its business portfolio in order to achieve further growth with consolidated revenue exceeding 100 billion yen, based on the medium-term management plan “ASAHI Going Beyond 1000,” which covers the five years from the fiscal year ended June 30, 2022 through the fiscal year ending June 30, 2026, formulated in August 2021. To develop the business portfolio, we have advanced strategic development of the global market and expansion of affected areas and treatment areas as a culmination of the basic strategy we have taken thus far. We are also creating new businesses in global niche markets by reinforcing the revenue base of existing businesses and making ongoing investments for future growth. Through these efforts, we aim to increase our presence in the global niche market and further increase our corporate value. Moreover, as the business foundation to support these growth strategies, we have developed an R&D and production system optimized for global expansion, and sought to establish a management structure for sustainable growth.

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

- 1) We acquired four companies in July 2021, namely A-Traction Inc. (Japan: for advancing the adoption of robotics; the company name changed to ASAHI SURGICAL ROBOTICS CO., LTD. on August 1, 2021), KARDIA S.R.L (Italy: a local distributor for advancing the shift to direct sales), Pathways Medical Corporation (the U.S.: for acquiring the technology to form electrical wiring with an ultra-thin film on the surface of guide wires), and Rev. 1 Engineering, Inc. (the U.S.: a design and development support company for enhancing ODM and OEM).
- 2) We entered into a sales alliance agreement to sell a new model of brain aneurysm embolization coils of KANEKA CORPORATION in the U.S. market.
- 3) We realized a shift to the Prime Market.
- 4) We opened the Tokyo Training Center for the purpose of providing operational training opportunities of a next-generation surgery support robot.
- 5) We made a resolution to transfer the ODM and OEM businesses in the medical device field to Filmecc Co., Ltd., our wholly owned consolidated subsidiary for the purpose of active advancement of these businesses.
- 6) We established a joint venture company for the purpose of conducting a walking training service business.
- 7) We entered into an exclusive domestic sales agreement with Olympus Corporation for the endoscope treatment dilator “Tornus ES” developed by the Asahi Intecc Group in the biliary and pancreatic fields.

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.

In addition, although the Device Division, etc. at our consolidated subsidiary, TOYOFLEX CEBU CORPORATION (Cebu Factory) suffered damage from Typhoon No. 22 that directly hit the Philippines on December 16, 2021, operations restarted successively from mid-January. In the fiscal year under review, a part of losses related to damage from this typhoon was recorded as extraordinary losses. However, there was no significant impact on the operating results of the entire Asahi Intecc Group for the fiscal year under review.

Under these circumstances, net sales of the Asahi Intecc Group for the fiscal year under review amounted to 77,748 million yen (an increase of 26.4% year on year), thanks to a significant increase in overseas net sales primarily in Europe and China mainly due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, an increase in the market needs, benefits from acquisition of multiple companies, and promotion of direct sales in Germany.

Gross profit totaled 51,082 million yen (an increase of 23.2% year on year), due to the increase in net sales.

Operating profit was 15,239 million yen (an increase of 19.1% year on year), despite an increase in selling, general and administrative expenses, such as an increase in sales-related expenses associated with net sales growth in the overseas market and the promotion of direct sales, expenses of target companies and an increase in goodwill amortization associated with realization of the acquisitions, and an increase in R&D expenses for reinforcing development.

Ordinary profit was 16,326 million yen (an increase of 23.7% year on year) due to an increase in foreign exchange gains.

Profit attributable to owners of parent was 10,857 million yen (an increase of 8.7% year on year) due to extraordinary income from gain on step acquisitions of 615 million yen and recording of 609 million yen as extraordinary loss 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 thanks to a significant increase in overseas net sales primarily in Europe and China due to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, benefits from acquisition of multiple companies, and promotion of direct sales in Germany.

In the domestic market, net sales remained flat mainly due to reductions of reimbursement prices, returns of gastrointestinal products in connection with the shift to direct sales, and a decrease in OEM transactions, though PCI guide wires and catheters for treatment in the cardiovascular field, peripheral vascular products and neurovascular products were steady.

In the overseas market, we experienced very strong results in all regions, primarily for PCI guide wires and penetration catheters in the cardiovascular field, mainly thanks to a year-on-year recovery trend of the market size which shrunk due to the impact of COVID-19, weaker yen, growth of net sales due to benefits from acquisition of KARDIA S.R.L. and Rev 1. Engineering, Inc., and promotion of direct sales in Germany. Also in the non-cardiovascular field, we experienced strong results, mainly for neurovascular products, peripheral vascular products, and OEM products. The impact of deterioration of the Russia and Ukraine situation is immaterial.

As a result, net sales totaled 68,345 million yen (an increase of 28.8% year on year).

Segment profit amounted to 14,052 million yen (an increase of 2.6% year on year).

Revenue composition ratio: 87.9%

Revenue: 68,345 million yen

Year-on-year: Up 28.8%

(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 mainly due to growth of the market needs led by recovery from the impact of COVID-19. The impact of damage to the Cebu Factory from a disaster is immaterial.

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

As for industrial components, net sales decreased due to a decrease in construction-related and automobile-related transactions both in the domestic and overseas markets, despite strong results for leisure-related transactions in the overseas market.

As a result, net sales totaled 9,403 million yen (an increase of 11.4% year on year).

Segment profit amounted to 5,327 million yen (an increase of 59.0% year on year), due to an increase in external net sales

and intersegment transactions.

Revenue composition ratio: 12.1%

Revenue: 9,403 million yen

Year-on-year: Up 11.4%

2. State of assets and income

Item	43rd Fiscal Year ended June 30, 2019	44th Fiscal Year ended June 30, 2020	45th Fiscal Year ended June 30, 2021	46th Fiscal Year ended June 30, 2022 (Fiscal year under review)
Revenue (Million yen)	57,216	56,546	61,507	77,748
Operating income (Million yen)	15,168	12,445	12,795	15,239
Operating margin (%)	26.5	22.0	20.8	19.6
Ordinary income (Million yen)	14,833	12,310	13,196	16,326
Net income attributable to parent company shareholders (Million yen)	11,237	9,178	9,984	10,857
Earnings per share (Yen)	43.29	35.25	38.25	40.01
R&D expenses (Million yen)	6,036	6,579	7,524	8,869
Ratio of revenue to R&D expenses (%)	10.6	11.6	12.2	11.4
Total assets (Million yen)	84,358	93,729	115,427	155,127
Net assets (Million yen)	65,450	71,975	92,938	121,130
Equity ratio (%)	77.6	76.8	80.5	77.0
ROE (%)	18.9	13.4	12.1	10.2
ROIC (%)	20.0	13.5	11.7	10.9

- (Notes) 1. The Company conducted a stock split on July 1, 2019 (44th Fiscal Year) at a ratio of two common shares per one common share. Accordingly, earnings per share were calculated as if this stock split was conducted at the beginning of the 43rd Fiscal Year.
2. ROIC (return on invested capital) is calculated based on the following formula:

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

3. Issues to be addressed

(1) Long-term management vision

The Company 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 revenue 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 has been developing its business portfolio in order to achieve further growth with consolidated revenue exceeding 100 billion yen, based on the medium-term management plan “ASAHI Going Beyond 1000,” which covers the five years through the fiscal year ending June 30, 2026. To develop the business portfolio, we have advanced strategic development of the global market and expansion of affected areas and treatment areas as a culmination of the basic strategy we have taken thus far. We are also creating new businesses in global niche markets by reinforcing the revenue base of existing businesses and making ongoing investments for future growth. Through these efforts, we aim to increase our presence in the global niche market and further increase our corporate value. Moreover, as the business foundation to support these growth strategies, we have developed an R&D and production system optimized for global expansion, and sought to establish a 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 revenue, operating income, 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 income + depreciation and amortization) margin of around 30%.

As for financial indicators, while we had focused on ROE, we decided to add ROIC (return on invested capital) to our scope of indicators to be monitored from the fiscal year under review. Previously, we emphasized items included in statements of income (P/L) and did not have targets for financial indicators, given that improvements in P/L terms lead to enhancement of balance sheet (B/S) items. That said, through our dialogue with investors, we were made more aware that the investors are placing increased importance on the Asahi Intecc Group’s strategy on the B/S front. In light of how crucial it is to clarify our stance to also emphasize B/S going forward and pursue greater profits commensurate with capital costs, we have decided to include these indicators in our focus.

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 110 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 by selling our PCI guide wires, penetration catheters, and other mainstay products via direct sales and through multiple distributors with strong connections with medical institutions. Going forward, we will continue supplying a comprehensive range of products by seeking to expand the share of existing products and actively launching new products into the market, including those that are well-received in Japan. 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 earnings through these efforts going forward.

China

Revamping our distributor policies to address the centralized bidding system
Aiming for an expansion in the rapidly growing Chinese market

In the Chinese market, we are conducting sales through local distributors. Growth in China is particularly strong compared with other global markets, and continued development is expected. We are further expanding our market share such as by launching new products and reinforcing our sales structure with a multiple distributor system. Although the surrounding environment such as bidding systems is changing, we will continue striving to further increase our earnings by increasing the number of distributors, enhancing marketing and sales activities through ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd., our consolidated subsidiary, and reinforcing the support system that maintains close relationships with local distributors, while paying attention to market conditions.

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. We will strive to increase our market share by leveraging this sales structure and seek to expand sales through synergistic effects with products from other domestic and foreign companies by making use of the trading company function of ASAHI INTECC J-Sales CO., LTD., in an effort to reinforce our earnings structure. Furthermore, we began direct sales of certain products under our brand in the gastrointestinal field in July 2021. In the Japanese market, we will strive to expand our earnings and business scope by accelerating the rollout of robotics products, while seeking to establish our next mainstay products such as by launching new products into the Japanese market ahead of other countries.

U.S.

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

In the U.S. market, we engage in direct sales of in-house brand products. In order to further promote sales, we will build 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 strive to expand sales by increasing the efficiency of sales activities by making use of online sales and other methods amid restrictions associated with the COVID-19 pandemic. Furthermore, we will aim to expand our market share by actively launching new products, positioning the peripheral vascular field as our priority market. In addition, we will seek to increase our earnings by actively expanding products from our own brand, as well as the ODM and OEM businesses.

Other regions

Continuously reinforcing sales structures mainly in emerging markets with growth potential

We will seek to further increase our earnings by reinforcing sales structures in emerging markets with growth potential, mainly in Asia other than China and South America. Although the impact of COVID-19 still persists in certain regions, we will continue seeking to further reinforce sales through locally-minded efforts by making use of methods such as online sales.

Revenue composition ratio of the Medical Division for the 46th Fiscal Year (year ended June 30, 2022) (%)				
Japan	U.S.	EU	China	Other regions
21.3	20.5	24.1	21.9	12.2

<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.

In addition, we will further enhance and expand our product lineup in the catheter field to establish our next mainstay products that will supplement PCI guide wires.

Furthermore, we will maintain our efforts to expand our products from the cardiovascular field to non-cardiovascular fields such as peripheral, abdominal, and neurovascular fields. In the non-cardiovascular field, we will horizontally apply the technology developed in the cardiovascular field while actively developing overseas markets 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. We will continue contributing to the spread and development of minimally invasive treatments by developing and launching unique and highly competitive products and new products with better functions on an ongoing basis as an R&D-focused company.

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 (minimally invasive treatments in the cardiovascular field) 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 revenue 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, robotics, and neurovascular 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 built a new building within the premises of Seto Factory, a major R&D base of the Asahi Intecc Group, in 2018 to create an R&D environment that better resembles the actual clinical setting. Furthermore, we expanded the Osaka R&D Center to reinforce our core technology research, and established the Tokyo R&D Center for R&D of next-generation medical equipment technology. In addition, we plan to construct new buildings at the Global Headquarters and R&D Center (Seto-shi, Aichi) to strengthen our R&D functions. We will continue enhancing our domestic R&D structure.

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. We will also utilize the new building at the headquarters and others 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. We are now developing systems to strategically promote our initiatives and compiling information on our initiatives.

Going forward, we will advance 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 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 (endovascular catheterization) 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 (endovascular catheterization) 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, Asahi Intecc aims to improve the quality of life (QOL) of patients all over the world through our business by solving issues on the ground while advancing our medical devices through our unique technologies

On the other hand, with a rise in the number of large-scale natural disasters and risk events such as pandemic, we will strengthen our risk management measures, starting with our business continuity plans (BCP)*, and we will also take measures to comply with environmental 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 Asahi Intecc's business environment, we have examined key issues regarding sustainability. By addressing these key issues in terms of both growth strategy and the strengthening of the management base, we aim to realize sustainability of society and the Asahi Intecc Group.

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 8,933 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 5,713 million yen for the Medical Division, 2,959 million yen for the Device Division, and 261 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, capital stock and legal capital surplus have each increased by 5,971 million yen for a total of 11,943 million yen due to the issuance of new shares upon exercise of the 4th share acquisition rights with exercise price amendment clause. In addition, capital stock and legal capital surplus have each increased by 241 million yen for a total of 483 million yen due to the issuance of new shares upon exercise of the 3rd share acquisition rights. Moreover, the Company procured 5,262 million yen in long-term debt.

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

In the Asahi Intecc Group, effective July 1, 2021, the Company acquired 85.3% of shares in A-Traction Inc. (for a total of 100% after the acquisition; company name changed to ASAHI SURGICAL ROBOTICS CO., LTD. on August 1, 2021), 100% of shares in Pathways Medical Corporation, and 70% of equity interest in KARDIA S.R.L. On the same date, ASAHI INTECC USA, Inc., a wholly-owned subsidiary of the Company, acquired 100% of shares in Rev. 1 Engineering, Inc.

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]	16,000 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	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 one consolidated subsidiary)
Production	Three locations (including one consolidated subsidiary)
Sales	Eleven 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.: Five 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)

- (Note)
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	6,482	(96)
Device Division	3,400	(77)
Headquarters (Administrative divisions)	553	(7)
Total	10,435	(180)

- (Note) 1. Number of employees is the number of people in employment.
 2. The figures in parentheses in the number of employees column are 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	759	+86	37.0	7.7
Female	282	+30	35.6	6.0
Total	1,041	+116	36.6	7.3

- (Note) 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, 154 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 12,179 million yen. Major lenders and the corresponding outstanding borrowings were as follows:

Major lenders	Outstanding borrowings (Million yen)
Mizuho Bank, Ltd.	6,108
Sumitomo Mitsui Banking Corporation	3,779
MUFG Bank, Ltd.	1,572
The Aichi Bank, Ltd.	307
The Bank of Nagoya, Ltd.	307

2. Shares of the Company

(As of June 30, 2022)

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

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

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

Distribution of shares by type of shareholders (%)					
Foreign companies, etc.	Financial institutions	Other companies	Individuals	Financial instruments business operators	Treasury stock
34.98	32.22	20.67	10.87	1.26	0.00

3. Company Officers

1. Names and details of Directors

(As of June 30, 2022)

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 Executive Director	Tadakazu Kato	General Manager of Medical Business Division
Executive Director	Munehika 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
Director	Kiyomichi Ito	Visiting Professor at School of World Englishes, Chukyo University
Director	Akinori Shibazaki	President and Representative Director of CDS Co., Ltd.
Director	Masami Sato	Lawyer
Director (Audit and Supervisory Committee Member)	Hiroshi Ota	—
Director (Audit and Supervisory Committee Member)	Ryuji Tomida	Lawyer
Director (Audit and Supervisory Committee Member)	Yasunari Hanano	Certified Public Accountant Certified Tax Accountant

- (Notes)
- Directors Kiyomichi Ito, Akinori Shibazaki, and Masami Sato are Outside Directors, and they are Independent Directors as specified in the listing regulations established by the Tokyo Stock Exchange and Nagoya Stock Exchange.
 - Directors (Audit and Supervisory Committee Members) Ryuji Tomida and Yasunari Hanano are Outside Directors (Audit and Supervisory Committee Members), and they are independent officers stipulated in the listing rules of the Tokyo Stock Exchange and Nagoya Stock Exchange.
 - To enhance the effectiveness of audits by the Audit and Supervisory Committee, the Company has appointed Hiroshi Ota as Full-Time Audit and Supervisory Committee Member, who efficiently conducts audits and supervision by collecting information within the Company, sharing information, providing instructions to the Internal Audit Department and others, and receiving relevant reports.
 - Director (Audit and Supervisory Committee Member) Yasunari Hanano has considerable knowledge of finance and accounting as a certified public accountant and certified tax accountant.

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 specified 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)	10 (3)	433 (27)	395 (24)	37 (2)	- (-)
Directors (Audit and Supervisory Committee Members) (of which, Outside Directors)	3 (2)	31 (15)	28 (14)	2 (1)	- (-)
Total	13	464	424	40	-

- (Notes) 1. The remuneration for share purchase component is remuneration linked to improvements in long-term performance.
 2. 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.
Director	Akinori Shibasaki	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 and the promotion of global management based on his ample experience in corporate 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	Masami Sato	He attended 13 out of 13 meetings of the Board of Directors held during the fiscal year under review, and made remarks on legal affairs and risk management by leveraging his expert knowledge as a lawyer and experience as the Company's Auditor and Outside Director (Audit and Supervisory Committee Member) over many years.
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.

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	57 million yen
2) Total amount of monetary and other economic benefits paid by the Company and subsidiaries of the Company	86 million yen

- (Notes)
1. 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.
 2. 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.
 3. Some of the consolidated subsidiaries of the Company are audited by certified public accountants or audit firms other than the Company's Accounting Auditor.
 4. In addition to the above-mentioned remuneration, the Company paid 4 million yen as additional remuneration for the previous fiscal year.

3. Details of non-audit services

Advisory services on ways to address TCFD recommendations on climate-related financial disclosures

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, 2022)

(Million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	79,609	Current liabilities	20,761
Cash and deposit	32,321	Bills payable / accounts payable	3,180
Bills / accounts receivable	13,987	Electronically recorded obligations – operating	700
Electronically recorded monetary claims – operating	1,607	Short-term debt	5,815
Merchandise and finished goods	7,294	Account payable-other	1,726
Work in process	12,493	Accrued corporate tax, etc.	2,927
Raw materials and supplies	7,168	Provision for bonuses	1,371
Other current assets	4,933	Other current liabilities	5,039
Allowance for doubtful accounts	(196)	Fixed liabilities	13,234
Fixed assets	75,517	Long-term debt	6,364
Tangible fixed assets	45,561	Deferred tax liabilities	3,703
Buildings and structures	21,698	Provision for retirement benefits for directors (and other officers)	20
Machinery, equipment and vehicles	9,263	Retirement benefit liability	2,033
Land	6,381	Other fixed liabilities	1,112
Construction in progress	3,905	Total liabilities	33,996
Other tangible fixed assets	4,313	Net assets	
Intangible assets	19,358	Shareholders' equity	109,599
Goodwill	8,200	Capital stock	18,860
Other intangible assets	11,157	Capital surplus	21,727
Investments and other assets	10,598	Retained earnings	69,018
Investment securities	7,052	Treasury stock	(7)
Shares of subsidiaries and associates	205	Accumulated other comprehensive income	9,860
Deferred tax assets	611	Valuation difference on available-for-sale securities	1,872
Other investments and other assets	2,815	Foreign currency translation adjustment	7,898
Allowance for doubtful accounts	(86)	Remeasurements of defined benefit plans	89
		Non-controlling interests	1,670
		Total net assets	121,130
Total assets	155,127	Total liabilities & net assets	155,127

Consolidated Statement of Income

(From July 1, 2021
to June 30, 2022)

(Million yen)

Account	Amount	
Revenue		77,748
Cost of sales		26,666
Gross profit		51,082
Selling, general and administrative expenses		35,843
Operating income		15,239
Non-operating income		
Interest and dividend income	96	
Foreign exchange gains	983	
Other non-operating income	381	1,460
Non-operating expense		
Interest expenses	141	
Provision of allowance for doubtful accounts	105	
Share issuance cost	82	
Other non-operating expense	43	373
Ordinary income		16,326
Extraordinary gain		
Gain on step acquisitions	615	615
Extraordinary loss		
Loss on valuation of investment securities	445	
Loss on disaster	609	
Loss on valuation of shares of subsidiaries and associates	156	1,211
Income before income taxes and others		15,730
Income taxes – current	4,688	
Income taxes – deferred	49	4,738
Net income		10,992
Profit attributable to non-controlling interests		134
Net income attributable to parent company shareholders		10,857

Non-consolidated Balance Sheet

(As of June 30, 2022)

(Million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	60,707	Current liabilities	27,086
Cash and deposit	22,959	Notes payable – trade	172
Notes receivable – trade	150	Electronically recorded obligations – operating	700
Electronically recorded monetary claims – operating	148	Accounts payable – trade	9,983
Accounts receivable – trade	18,926	Short-term debt	1,798
Merchandise and finished goods	2,335	Current portion of long-term borrowings	4,010
Work in process	158	Account payable-other	1,677
Raw materials and supplies	507	Accrued expenses	265
Prepaid expenses	543	Accrued corporate tax, etc.	2,233
Short-term loans receivable from subsidiaries and associates	11,121	Advances received	307
Other current assets	3,995	Deposits received	5,132
Allowance for doubtful accounts	(139)	Provision for bonuses	771
Fixed assets	60,163	Other current liabilities	32
Tangible fixed assets	18,138	Fixed liabilities	7,571
Buildings	9,313	Long-term debt	6,359
Structures	403	Provision for retirement benefits	1,191
Machinery and equipment	2,399	Provision for retirement benefits for directors (and other officers)	20
Vehicles	0	Total liabilities	34,658
Tools, furniture and fixtures	1,401	Net assets	
Land	4,266	Shareholders' equity	84,347
Construction in progress	352	Capital stock	18,860
Intangible assets	2,812	Capital surplus	21,786
Patent right	77	Legal capital surplus	18,753
Software	2,362	Other capital surplus	3,032
Other intangible assets	372	Retained earnings	43,706
Investments and other assets	39,212	Legal retained earnings	39
Investment securities	7,035	Other retained earnings	43,666
Shares of subsidiaries and associates	8,613	(Reserve for tax purpose reduction entry)	[148]
Investments in capital of subsidiaries and associates	5,654	(General reserve)	[75]
Long-term loans receivable from subsidiaries and associates	15,621	(Retained earnings brought forward)	[43,443]
Deferred tax assets	396	Treasury stock	(7)
Other investments and other assets	1,968	Valuation and translation adjustments	1,865
Allowance for doubtful accounts	(77)	Valuation difference on available-for-sale securities	1,865
		Total net assets	86,212
Total assets	120,870	Total liabilities & net assets	120,870

Non-consolidated Statement of Income

(From July 1, 2021
to June 30, 2022)

(Million yen)

Account	Amount	
Revenue		63,474
Cost of sales		33,244
Gross profit		30,230
Selling, general and administrative expenses		19,264
Operating income		10,965
Non-operating income		
Interest and dividend income	292	
Foreign exchange gains	1,960	
Other non-operating income	323	2,576
Non-operating expense		
Interest expenses	134	
Provision of allowance for doubtful accounts	105	
Share issuance cost	82	
Other non-operating expense	32	354
Ordinary income		13,186
Extraordinary gain		
Gain on sale of businesses	165	165
Extraordinary loss		
Loss on valuation of investment securities	445	
Loss on valuation of shares of subsidiaries and associates	156	602
Profit before income taxes		12,750
Income taxes – current	3,154	
Income taxes – deferred	71	3,226
Net income		9,524