To Our Shareholders:

The 50th Annual General Meeting of Shareholders
Other Matters Subject to the Electronic Provision Measures
(Matters for Which Document Delivery is Omitted)

Current State of the Corporate Group
Issues to Be Addressed
Description of Principal Businesses
State of Principal Offices and Factories, and Employees
Major lenders and Borrowings
Shares of the Company
Accounting Auditor
System to Ensure the Properness of Businesses
Basic Policy on the Control of the Company
Consolidated Balance Sheet
Consolidated Statement of Income
Consolidated Statement of Changes in Equity
Notes to Consolidated Financial Statements
Non-consolidated Balance Sheet
Non-consolidated Statement of Income
Non-consolidated Statement of Changes in Equity
Notes to Non-consolidated Financial Statements

(from July 1, 2025 to June 30, 2026)

ASAHI INTECC CO., LTD.

The above matters are not included in the documents to be delivered to shareholders who make request for the delivery of hard copies, based on laws and regulations and Article 14 of the Articles of Incorporation of the Company.

I. Current State of the Corporate Group

1. Issues to be addressed

(1) Management policy

The Asahi Intecc Group's mission is to supply the world with one-and-only technologies and number one products in the fields of medical devices and industrial components as an R&D company so that, based on safety and reliability, we realize dreams and contribute to society as a whole. In particular, in the Group's medical device field business, we develop, manufacture, and sell minimally invasive treatment products that reduce pain by minimizing the size of wounds. We believe that this is a business of great significance that reduces the physical, emotional, and economic burden on patients as well as contributes to curbing medical costs. We aim to grow further as a company highly recognized by society and the market with our commitment to be a company contributing to society.

(2) The Company's management strategy over the medium- and long-term

1) Long-term management vision

The Asahi Intecc Group has set forth its vision for 2035; that is, we aim to become "a global niche-leading company capable of offering comprehensive solutions to clinical issues in the minimally invasive treatment field with the mission of contributing to longer, healthier lives."

To realize this long-term management vision, the Group has revised its long-term targets based on changes in the business environment, the progress of each business, future growth opportunities, and other factors, and aims to achieve consolidated net sales of 330.0 billion yen and an operating profit margin of 33% in the fiscal year ending June 30, 2035.

2) Medium-term management plan

To realize our vision for 2035, we have positioned the period of the new medium-term management plan "Building the Future 2030" (5 fiscal years from the fiscal year ended June 30, 2026 to the fiscal year ending June 30, 2030) as "5 years to re-accelerate growth strategy." During this plan period, which we regard as an important period for achieving our long-term targets in the fiscal year ending June 30, 2035, we will work on the following priority themes with the key policy of building a business portfolio and strengthening profitability. As our new businesses (high value-added treatment devices, etc.) are expected to contribute to revenue at full-scale from the fiscal year ending June 30, 2031 and onward, during the period of the medium-term management plan, our growth will be supported by strengthening profitability of existing businesses.

The Group has revised the numerical targets of the medium-term management plan in light of its business performance during the first year of the plan and its outlook for future growth. We aim to enhance corporate value further by promoting the growth strategies based on the medium-term management plan in a steady manner, with revised goals of consolidated net sales of 212.5 billion yen and operating profit margin of 32.0% to be achieved in the fiscal year ending June 30, 2030.

Priority theme 1: Build a business portfolio to re-accelerate growth in the global market

1) Maintain and reinforce the global niche-leading position in the cardiovascular field
2) Enhance the sales strategy and product portfolio with an aim to become a global niche-leading company in the non-cardiovascular field
3) Create new businesses and enter the high value-added treatment device field

The Asahi Intecc Group currently supplies its products to more than 121 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.

(Net sales composition ratio of the Medical Division)

Japan	U.S.	EU	China	Other regions
13.5%	20.7%	22.0%	29.5%	14.4%

(Japan)

In the Japanese market, we engage in direct sales of in-house brand products to hospitals and other institutions, and have secured high market shares in both the cardiovascular field and the non-cardiovascular field. In the cardiovascular field, we aim to keep our high share by further strengthening our relationships with physicians who have a global reach. In the non-cardiovascular field, we will strive to enhance our multifaceted sales capabilities by such initiatives as reinforcing sales of other companies' products by leveraging our direct sales system, in addition to sales of our in-house brand products. In spite of a challenging external environment with reimbursement price declines and other factors, we will continue to strive to expand our market shares and earnings.

(U.S.)

In the U.S. market, we engage in direct sales of in-house brand products in both the cardiovascular field and the non-cardiovascular field.

In addition to continued growth in the cardiovascular field, we are actively launching new products and reinforcing our sales structure and activities so that physicians can fully see our products' competitiveness and clinical value, with positioning the peripheral vascular, neurovascular and abdominal vascular areas in the non-cardiovascular field as our priority market. With these initiatives, we are aiming to expand our market share and earnings.

(EU)

In the EU market, we sell in-house brand products via direct sales and through multiple distributors with strong connections with medical institutions, and have secured high market shares mainly in cardiovascular products. Furthermore, we are gradually shifting to direct sales, having transitioned into direct sales in France from July 2019, in Germany from January 2021, and in Italy from July 2021. As a result, half of our sales in EU are via direct sales. Launching new products in this region takes more time due to pharmaceutical affairs law revisions and other factors. However, we will seek to further expand our market share and earnings by strengthening relationships with physicians and reinforcing our sales.

(China)

In the Chinese market, we are conducting sales primarily of in-house brand products via local distributors through logistics platforms, and have secured high market shares mainly in cardiovascular products. The number of cases is increasing significantly in both the cardiovascular field and the non-cardiovascular field in the Chinese market, and its strong growth and development are particularly expected in the global market.

Although the environment surrounding our business such as bidding systems is changing, we will strive to further increase our market share and earnings by building a cooperative relationship with multiple local distributors through logistics platforms and reinforcing the support system, strengthening relationships with physicians, offering new products, enhancing sales activities, and other measures.

(Other regions)

Mainly in emerging markets with growth potential in Asia, the Near and Middle East, Oceania and South America, we sell in-house brand products primarily through local distributors and have secured high market shares in cardiovascular products. We will seek to further increase our market share and earnings in both the cardiovascular field and the non-cardiovascular field through reinforced sales activities such as supporting local distributors.

<Expansion of affected areas and treatment areas>

(Niche-leading Number One product strategy)

As for PCI guide wires and penetration catheters, our mainstay product categories in the cardiovascular field, we will continue to enhance our comprehensive product line up in order to solidify our number one position across the field.

Furthermore, we will maintain our efforts to expand our products from the cardiovascular field to non-cardiovascular fields such as the fields of medical care for animals and robotics (surgery) in addition to the peripheral vascular, neurovascular, abdominal vascular, and gastrointestinal fields. In the non-cardiovascular field, we will horizontally apply the technology developed in the cardiovascular field and strengthen business partnerships to expand the new product lineup while enhancing our sales system mainly in overseas areas in an effort to acquire market share on a global scale.

(One-and-only product and high value-added product strategy)

We will strive to enter the high value-added treatment product area as part of our expansion of strategic products. We recognize that calcified lesions, for which treatment is thought to be difficult, still have clinical challenges to be addressed in both cardiovascular and non-cardiovascular (peripheral) fields.

The Asahi Intecc Group has contributed to the increase in the ratio of PCI treatments in the CTO field by developing products fit for highly difficult treatments including CTO treatments, mainly in the cardiovascular field.

As an R&D-focused company, we will continue contributing to the spread and development of minimally invasive treatments by developing products with new features using advanced technology to address clinical issues such as calcified lesions, including CTO.

Furthermore, we are aiming to expand our product line-ups including high value-added products mainly in the non-cardiovascular field (neuro), pursuing synergies. To this end, in addition to the development of in-house products, we will take measures such as technological alliances, M&As, and investments as a minority shareholder, as necessary, and also consider introduction of new technologies from external parties and strategic alliances with major partners.

We will strive to enhance our business portfolio and become a global company capable of sustained growth.

Note: chronic total occlusion (CTO)

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

Priority theme 2: Build a strong management foundation and strengthen profitability for sustainable growth
1) Reinforce R&D and production system optimized for global expansion
2) Initiatives for increasing productivity

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

In Japan, we engage in product development that maintains close ties with the actual clinical setting at the Global Headquarters and R&D Center (Seto-shi, Aichi), major R&D bases of the Asahi Intecc Group. Furthermore, we will further engage in the expansion of our facilities, including the expansion of the Osaka R&D Center to reinforce our core technology research, the Tokyo R&D Center for R&D of next-generation medical equipment technology, the Shizuoka R&D Center to reinforce our resin technology development, and the Tohoku R&D Center to reinforce our development of high-precision processing technology, shifting our R&D system in Japan to focus on development of products of higher added value while dispersing development functions to manage risks.

Furthermore, the Asahi Intecc Group specializes in R&D and prototyping in Japan while mass production is generally transferred to consolidated subsidiaries overseas, a system that enables integrated production from materials to finished product in overseas factories (ASAHI INTECC THAILAND CO., LTD. [Thailand Factory], ASAHI INTECC HANOI CO., LTD. [Hanoi Factory], and TOYOFLEX CEBU CORPORATION [Cebu Factory]). Within this, we are optimizing production bases across the entire Asahi Intecc Group for the sake of risk management and business continuity plan (BCP) so that in the event of one or more factories ceasing operation due to local factors or otherwise, another factory can cover the majority of that production. In addition to these intentions, we are expanding the Hanoi Factory to establish a system to further increase production.

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.

3) Build a management foundation aligned with business strategies

Under the "Building the Future 2030," we will implement concrete measures for sustainable value creation centering on business strategies, and, for reinforcing the management foundation which supports such actions, strive to increase our corporate value and shareholder value by driving financial strategy and non-financial strategy.

We will strive to grow net sales, operating profit, and operating profit margin, which are the Group's key performance indicators for management, by strengthening profitability through sales growth, productivity enhancement, appropriate cost control and others, with the aforementioned measures, etc. taken. We will thus sustainably enhance our cash generation ability as well as capital efficiency.

In addition, we will implement our capital policy of considering cost of capital while maintaining financial soundness. The Group has revised the KPIs for ROE (return on equity) and ROIC (return on invested capital), both of which are key financial indicators, in light of its business performance during the first year of the plan and its outlook for future growth. With revised targets of 20.0% or higher for ROE and 19.0% or higher for ROIC in the fiscal year ending June 30, 2030, we will seek further improvement. We will analyze and monitor progress of these KPIs on an ongoing basis and develop and implement improvement measures to reinforce our initiatives with an awareness of cost of capital.

As for non-financial strategy, we will work on reinforcement of human capital, promotion of DX, optimization of corporate governance, promotion of sustainability, and other initiatives.

(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 expansion, 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 a field-oriented approach and strengthening technology bases enable us to try to solve new issues. This series of events is what makes up Asahi Intecc's unique value creation process.

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

- *Key sustainability issues*

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

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

In view of the impact that these changes may have on the Asahi Intecc Group's business environment, we have examined key issues regarding sustainability. By addressing these key issues in terms of both growth strategy and the strengthening of the management base, we aim to realize sustainability of society and the Asahi Intecc Group.

Key Issue 1. On-Site Problem-Solving Through Innovation
Key Issue 2. Measures to Reduce Our Environmental Burden
Key Issue 3. Supply Chain Management
Key Issue 4. Supplying Safe and Secure Products
Key Issue 5. Strengthening Global Human Resources
Key Issue 6. Strengthening Risk Management
Key Issue 7. Strengthening Corporate Governance

* 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.

2. 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.

3. 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.

Nineteen locations including sales offices

Headquarters	Global Headquarters and R&D Center (Seto-shi, Aichi)
	Nagoya Satellite Office (Nakamura-ku, Nagoya-shi, Aichi)
R&D	Seven locations (including two consolidated subsidiaries)
Production	Five locations (including one consolidated subsidiary)
Sales	Twelve locations (including three 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	Two locations (including one consolidated subsidiary)
Production	One location (including one consolidated subsidiary)
Key subsidiaries	ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd. (China)

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

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

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

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

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

(2) State of employees

1) State of employees of the corporate group

Business division	Number of employees (persons)	
Medical Division	5,781	(86)
Device Division	3,904	(94)
Headquarters (Administrative divisions)	492	(4)
Total	10,177	(184)

(Notes) 1. Number of employees is the number of people in employment.
2. The figures in parentheses in the number of employees column are the annual average number of temporary employees, which are not included in the preceding figures.

2) State of employees of the Company

Gender	Number of employees (persons)	Increase (decrease) from the end of the previous fiscal year (persons)	Average age (years old)	Average years in employment (years)
Male	867	+47	38.3	8.2
Female	418	+42	35.9	6.0
Total	1,285	+89	37.5	7.5

(Notes) 1. Number of employees is the number of people in employment and does not include those seconded to subsidiaries and associates.
2. In addition to the above, 137 part-time workers (annual average based on 7 hours and 45 minutes per workday) are in employment at the Company.

4. Major lenders and borrowings

Outstanding borrowings as of the end of the fiscal year under review were 6,633 million yen. Major lenders and the corresponding outstanding borrowings were as follows:

Major lenders	Outstanding borrowings (Million yen)
Mizuho Bank, Ltd.	3,177
MUFG Bank, Ltd.	1,612
Sumitomo Mitsui Banking Corporation	1,000
The Aichi Bank, Ltd.	399
The Bank of Nagoya, Ltd.	399
Development Bank of Japan Inc.	43

II. Shares of the Company

(As of June 30, 2026)

1. Total number of authorized shares 800,000,000 shares

2. Total number of issued shares 265,332,300 shares (including 7,977 treasury shares)

3. Number of shareholders 12,906

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)	37,549,900	14.15
Custody Bank of Japan, Ltd. (trust account)	23,089,600	8.70
Bo-en Holdings Co., Ltd.	23,084,032	8.70
THE CHASE MANHATTAN BANK, N. A. LONDON	7,776,529	2.93
Y.K. ICSP	7,200,000	2.71
STATE STREET BANK AND TRUST COMPANY 505001	6,796,549	2.56
Masahiko Miyata	5,823,800	2.19
THE BANK OF NEW YORK MELLON 140044	5,104,803	1.92
Kenji Miyata	5,077,200	1.91
STATE STREET BANK AND TRUST COMPANY 505103	4,931,738	1.85

(Note) Shareholding ratio is calculated after deducting treasury shares (7,977 shares).

Distribution of shares by type of shareholders (%)					
Foreign companies, etc.	Financial institutions	Other companies	Individuals	Financial instruments business operators	Treasury shares
40.00	28.91	17.67	8.80	4.62	0.00

5. Other important matters regarding shares

1) Acquisition of treasury shares

As resolved at the Board of Directors' meeting held on May 15, 2025, the Company acquired treasury shares as follows, pursuant to Article 165, Paragraph 3 of the Companies Act.

Class of shares acquired: Common stock of the Company
Total number of shares acquired: 6,301,300 shares
Total share acquisition price: 14,999,843,461 yen
Acquisition period: From May 16, 2025 to October 30, 2025 (on a trade date basis)
Acquisition method: Market purchases on the Tokyo Stock Exchange based on a discretionary trading contract

2) Cancellation of treasury shares

As resolved at the Board of Directors' meeting held on May 15, 2025, the Company cancelled treasury shares as follows, pursuant to Article 178 of the Companies Act.

Class of shares cancelled: Common stock of the Company
Total number of shares cancelled: 6,301,300 shares
Cancellation date: November 28, 2025

III. 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	62 million yen
2)	Total amount of monetary and other economic benefits paid by the Company and subsidiaries of the Company	62 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 remuneration for the consolidated fiscal year under review, there is additional remuneration of 3 million yen relating to the previous consolidated fiscal year.

3. Details of non-audit services

Not applicable.

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

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

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

IV. System to Ensure the Properness of Businesses

1. Outline of the resolution

At a meeting of the Board of Directors, the Company passed a resolution to adopt a company policy regarding the development of systems stipulated in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act (hereinafter, the "Internal Control Systems") for the corporate group comprising the Company and its subsidiaries (hereinafter, the "Group") as follows.

(1) System to ensure the execution of duties by the Group's Directors and employees complies with the laws and regulations as well as the Articles of Incorporation

1) Directors of the Company shall strive to establish a management structure that is highly transparent for all stakeholders, including its shareholders. Directors shall also ensure the execution of duties by Directors and employees complies with the laws and regulations, the Articles of Incorporation, and internal rules, and ensure such duties are executed efficiently.

2) The Company shall establish a Charter of Corporate Behavior to foster a corporate culture in which the Group's Directors and employees conduct business activities in compliance with the laws and regulations as well as the Articles of Incorporation. Each Director shall act in compliance with the Charter of Corporate Behavior to lead by example, while seeking to thoroughly instill its concept throughout the Group.

3) The Group's Directors and employees shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, or if they receive a report to that effect, immediately report their findings to the Company's Directors. In addition, Directors who are Audit and Supervisory Committee Members (hereinafter, the "Audit and Supervisory Committee Members") may, if they believe there is an issue with the Group's legal compliance system, state their opinion and request the formulation and implementation of improvement measures.

4) The Group shall not have any relationships with antisocial forces or similar organizations whatsoever, and shall ensure that the Group's Directors and employees are fully aware of the Group's determination to take a resolute stance against such forces as the entire organization. Moreover, the Group shall develop and operate systems to eliminate antisocial forces.

5) The Internal Audit Office, which reports directly to the President of the Company, shall monitor the effectiveness of the Group's Internal Control Systems and examine and verify the systems for ensuring compliance with the laws and regulations as well as the Articles of Incorporation.

6) As a reporting system in case someone discovers a fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation by the Group, the Company shall establish internal reporting regulations and operate an internal reporting system in which an external attorney directly receives the information. The Company shall report important matters notified through internal reporting to Directors including Audit and Supervisory Committee Members.

(2) System regarding the retention and management of information pertaining to the execution of duties by Directors

1) Pursuant to the confidential information handling regulations, the Company shall prescribe methods of handling information, authority required, and other details, and develop an information management system by assigning a specific rank to each piece of information, which must be observed by all officers and employees from Directors to temporary employees.

2) In the document storage regulations, the Company shall prescribe storage periods according to the importance of each document, and keep the documents available for perusal throughout the applicable period.

(3) Regulations and other systems regarding the management of risk of loss by the Group

1) The Board of Directors of the Company shall, in order to prevent risks that pose a material impact on the business execution by the Group and to manage losses that have occurred, develop crisis management rules, rules for managing related parties, and other various regulations, and develop an all-encompassing risk management system that covers the entire Group.

2) Pursuant to the regulations on administrative authority, each department shall appropriately perform ordinary risk management in relation to the everyday business execution at the Group within the scope of authority that has been granted.

3) Each department of the Administrative Division of the Company shall verify and confirm the status of risk management by each department of the Group based on expert knowledge and deep insight into various work processes. If they discover an issue, they shall report the findings to the Board of Directors.

4) If the Group suffers an unforeseen dire emergency, such as natural disaster, the Group shall establish a disaster response headquarters headed by the President of the Company. The headquarters shall oversee crisis management to prevent and mitigate damages.

(4) System to ensure efficiency in the execution of duties by the Group’s Directors

1) The Company shall, as the basis to ensure efficiency in the execution of duties by Directors, hold regular meetings of the Board of Directors once a month and extraordinary meetings as needed. In addition, the Company shall hold meetings of the Management Executive Committee once a month, whose participants are the Group’s Directors (excluding Outside Directors) and the Company’s Executive Officers, to discuss business execution.

2) Each year, the Board of Directors shall clearly establish the Group’s business plan based on the management policy and management strategies. The Group’s Directors (excluding non-executive Directors) shall execute business in accordance with the policies of the business plan.

3) With regard to business execution, the Group’s Directors (excluding non-executive Directors) shall strive to execute business efficiently through means such as education, delegation of authority, and performance evaluations of employees pursuant to the organization rules, regulations on division of duties, regulations on administrative authority, and other regulations.

(5) System to ensure the properness of businesses of the Group

1) The Company shall, pursuant to the rules for managing related parties applicable to subsidiaries, require each subsidiary to request the Company’s approval, report to the Company, or consult with the Company regarding important matters of the subsidiary. In addition, the Company shall develop a system in which important cases of subsidiaries are brought to the Management Executive Committee or the Board of Directors of the Company for deliberation depending on its content, thereby ensuring the properness of businesses of subsidiaries.

2) The Company shall appoint officers in charge of Group companies who will be responsible for business execution at each subsidiary.

3) The Group’s Directors shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation at subsidiaries, immediately report their findings to the Company’s Directors.

4) The Company’s Audit and Supervisory Committee and Internal Audit Office shall conduct monitoring of subsidiaries as needed.

(6) Matters regarding Directors and employees assigned to assist the duties of the Audit and Supervisory Committee

1) The Audit and Supervisory Committee may provide instructions and orders necessary for performing their duties to employees assigned to the Internal Audit Office, who function as support staff to the Audit and Supervisory Committee.

2) Support staff to the Audit and Supervisory Committee shall be in charge of administrative work related to the duties, operation, etc. of the Audit and Supervisory Committee, in addition to the tasks described in 1) above.

(7) Matters regarding the independence of Directors and employees in the preceding (6) from other Directors (excluding Audit and Supervisory Committee Members), and matters regarding a system to ensure the effectiveness of instructions to Directors and employees in the preceding (6)

1) Support staff to the Audit and Supervisory Committee shall, when performing the supporting tasks instructed or ordered by the Audit and Supervisory Committee, perform their duties under the command of the Audit and Supervisory Committee and Audit and Supervisory Committee Members as employees who are independent from other Directors.

2) Evaluations, assignments, and transfers of support staff to the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee.

(8) System for the Group’s Directors and employees to file a report to the Audit and Supervisory Committee

1) The Company’s Directors and employees shall, if they discover a fact that would incur significant damage to the Company, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to the Audit and Supervisory Committee.

2) Directors, Auditors, and employees of subsidiaries shall, if they discover a fact that would incur significant damage to the subsidiary, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to a Director or employee of the Company. If the person who received the report is a Director or employee of the Company, the person shall immediately report their findings to the Audit and Supervisory Committee of the Company.

3) Directors and employees of the Company shall report scheduled dates of important meetings, events, audit visits by the Accounting Auditor, etc. to the Audit and Supervisory Committee.

(9) System to ensure those who filed a report will not be treated disadvantageously on the grounds of filing the report

1) The Group shall not treat any Director, Auditor, or employee of the Group who filed a report to the Audit and Supervisory Committee (hereinafter, the "Whistleblower") disadvantageously in their transfers, personnel evaluations, disciplinary actions, etc. on the grounds of filing the report.

2) If the Audit and Supervisory Committee requests a disclosure of reasons for a transfer, personnel evaluation, disciplinary action, etc. of a Whistleblower, the Group shall comply with the request.

(10) Procedures for advance payment or reimbursement of expenses that arise in relation to the execution of duties by Audit and Supervisory Committee Members, and other matters regarding the policy pertaining to the handling of expenses or obligations that arise in relation to the execution of the said duties

If an Audit and Supervisory Committee Member requests an advance payment of expenses that would arise in relation to the execution of their duties, reimbursement of expenses incurred, or repayment of obligations assumed, the Company shall comply with the request unless it can be proven that such expenses or obligations did not arise from the execution of duties of Audit and Supervisory Committee Members.

(11) Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee

1) All Directors (excluding Audit and Supervisory Committee Members) shall respond to requests by the Audit and Supervisory Committee for individual interviews, in which the Director shall report the state of compliance with Directors' duty of care and duty of loyalty, the laws and regulations, and the Articles of Incorporation. Furthermore, each Director shall sign an Attestation of the Execution of Directors' Duties to make a representation that they have performed their duties in good faith, and submit it to the Audit and Supervisory Committee at the end of each fiscal year.

2) Agenda of meetings of the Board of Directors shall be distributed to all Audit and Supervisory Committee Members prior to the day of the meeting of the Board of Directors, so that they can understand the details in advance.

3) Important cases other than agenda items at meetings of the Board of Directors shall be reported to Audit and Supervisory Committee Members promptly after the approval through the support staff to the Audit and Supervisory Committee.

(Note) Effective July 1, 2026, the above "Company Policy Regarding the Development of Internal Control Systems" has been partially revised. The revision consists of changes to the provisions concerning assistants to the Audit and Supervisory Committee in connection with the establishment of the administration office of the Audit and Supervisory Committee.

2. Overview of the operation status of the system

The Company has developed Internal Control Systems in accordance with the abovementioned basic policy and is appropriately managing them. Main initiatives are as follows.

(1) Compliance system

1) The Group has set up the ASAHI Group Compliance Hotline as an internal reporting system to reveal and remedy any violation of laws and regulations and other compliance issues at the Group. Consultations and reports are accepted through internal and external contact points. The Group has also set up contact points for consultation and reporting for each overseas base.

2) To facilitate the use of the internal reporting system, the internal reporting regulations clearly state that Whistleblowers will not be treated disadvantageously in any way on the grounds of filing a report pursuant to the regulations. The Group communicates this policy throughout the Group using the in-house intranet and company newsletters.

(2) Risk management system

1) In accordance with the BCP basic policy, the Group has defined expected risks and carried out efforts to manage the risks. In addition, emergency responses have been determined under the crisis management rules in case of an emergency.

2) To prepare for unforeseen events such as disasters or accidents, the Group periodically conducts disaster drills, safety check system drills, and other training programs.

(3) Ensuring the properness of businesses of the Group

1) To ensure the properness of businesses of the Group, the administrative divisions of the Company have developed subsidiary management control systems. In addition to overseeing the management control of subsidiaries, the administrative divisions request subsidiaries to provide periodic reports on the business execution in accordance with the rules for managing related parties, and hold discussions on important cases.

2) The Group is clarifying and enhancing the reporting system for risk information including matters that would incur significant damage to the Company and important matters regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation. In addition, the Board of Directors of the Company examines and discusses important cases that would affect the profit or loss of the Group.

3) The Internal Audit Office formulates audit implementation plans based on annual audit policies, conducts internal audits of each subsidiary, and performs efficient monitoring geared toward Group management.

(4) Execution of duties by Directors

1) The Board of Directors is comprised of nine Directors (excluding Audit and Supervisory Committee Members), two of whom are Outside Directors, as well as three Directors who are Audit and Supervisory Committee Members, all of whom are Outside Directors. They deliberate and make decisions on important matters stipulated in the laws and regulations or the Articles of Incorporation, as well as management issues.

2) Meetings of the Board of Directors were held 13 times during the fiscal year under review, in which deliberation on each agenda item and supervision of the status of business execution were conducted. Opinions were exchanged actively, ensuring the effectiveness of the decision-making and supervision.

(5) Execution of duties by the Audit and Supervisory Committee

1) Audit and Supervisory Committee Members verify the status of the development and operation of the Internal Control Systems by attending meetings of the Board of Directors and reviewing the minutes of or requesting support staff to the Audit and Supervisory Committee to attend and participate in important meetings such as meetings of the Management Executive Committee to gather information necessary for the Audit and Supervisory Committee to perform its audit and other duties.

2) The Audit and Supervisory Committee receives reports on internal audits conducted by the Internal Audit Office, and works in coordination with the Internal Audit Office to efficiently audit various business sites and subsidiaries.

3) The Audit and Supervisory Committee periodically holds liaison meetings with the Accounting Auditor to exchange information.

V. Basic Policy on the Control of the Company

1. Basic policy on the control of the Company

Shares in the Company, which is a listed company, may be traded at will by shareholders and investors. Even if a proposal for large-scale purchase of the Company's shares is made or a similar action is taken, the Company believes it should not be unilaterally denounced, and final decisions should be left to the shareholders' free will. However, recently in the Japanese capital market, a trend to force a proposal for large-scale purchase or a similar action without sufficient discussion is becoming more apparent.

The Company believes that those who control the decisions on the Company's financial and business policies must fully understand the Company's mission, various sources of its corporate value, and relationships of mutual trust with stakeholders who support the Company. Furthermore, those who take control must ensure and increase the Company's corporate value over the medium to long term, which in turn translates to the common interests of shareholders. Therefore, the Company believes that an entity conducting an inappropriate proposal for large-scale purchase or a similar action that may hinder the Company's corporate value and the common interests of shareholders is not fit to become an entity controlling the decisions on the Company's financial and business policies.

From the Company's perspective, it will work to secure and improve corporate value of the Group and shared benefits with shareholders while seeking provision of required and adequate information for shareholders to make decisions on the benefits of working with a party seeking a large-scale purchase of the Company's shares. At the same time, the Company will disclose opinions of the Board of Directors, etc., with due care given to the opinions of Independent Outside Directors, and while working to secure time and information for shareholders to make considerations, and the Company will put in place appropriate measures based on the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations.

2. Initiatives to help realizing the basic policy

The Company is carrying out the following initiatives to increase its corporate value, which leads to the common interests of shareholders, over the medium to long term.

(1) Management mission

The Group's mission is to supply the world with one-and-only technologies and number one products in the fields of medical devices and industrial components as an R&D company so that, based on safety and reliability, we realize dreams and contribute to society as a whole. In particular, the Group's business in the medical device field mainly develops, manufactures, and sells minimally invasive treatment products that reduce pain by minimizing the size of wounds. The Group believes this is a significantly meaningful business, which alleviates the physical, mental, and financial burdens on patients while helping to curb medical costs. Going forward, the Group is committed to making a further growth as a company highly valued by both society and the markets, by continuing to be a company that contributes to society.

(2) The Company's strengths and sources of corporate value

The Company has focused on the development, manufacturing, and sales of ultra-fine stainless-steel wire ropes in the industrial device field since its founding in 1976, and has established the largest market share in Japan. In 1991, the Company entered the medical device field, and in 1992, became the first company in Japan to successfully launch PCI guide wires and guiding catheters for cardiovascular treatments, to be used in treatment of myocardial infarction. Furthermore, the Company also succeeded in the development of PCI guide wires for cardiovascular treatment that can be used for treatments in the chronic total occlusion (CTO) field, which had been a surgical field until then. The Company's PCI guide wires for cardiovascular treatment now maintains the largest share in the Japanese market. The key factor that has enabled the Company to continue growing is the technological expertise the Company has accumulated and fostered over the many years.

The main technological components at the core of the Company's technological expertise are four core technologies of wire drawing technology, wire forming technology, polymer coating technology, and torque technology. The Company's strength is its ability to manufacture products from raw materials without outsourcing based on these technologies. Moreover, our strength of handling everything from materials to finished products in-house is made possible because the Company has the industrial device field in its portfolio. Leveraging these strengths, we can quickly develop and offer products that meet the needs of physicians and other users.

Human resources who engage in R&D and product development, as well as sales and marketing structures and systems that accurately convey market needs to the development teams, are especially crucial for the Company to increase its corporate value. We believe their effects will be maximized if and only if we maintain management with strong leadership and prompt decision-making, productive corporate culture, and organic balance with stakeholders.

(3) Initiatives to strengthen corporate governance

The Company considers strengthening corporate governance as one of the key management issues, and has worked on increasing the transparency of management, enhancing supervisory functions, and providing appropriate incentives for increasing corporate value.

The Company introduced a remuneration for share purchase in 2005, as a type of remuneration linked to long-term business performance improvement, and adopted a stock option plan in 2009. The Company has appointed multiple Outside Directors since 2013.

Furthermore, the Company made a partial amendment to the Articles of Incorporation at the 40th Annual General Meeting of Shareholders held on September 28, 2016 to transition into a company with an audit and supervisory committee. As of June 30, 2026, five out of twelve Directors in total (a ratio of 41.7%) are independent Outside Directors, further enhancing the independence of the Board of Directors.

Moreover, in relation to the nomination of the Company's Directors and the remuneration of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company established a Compensation Advisory Committee in September 2019 for the purpose of further enhancing the corporate governance system by ensuring fairness and objectivity with appropriate involvement and advice from Outside Directors. The Committee's function was expanded in June 2020 to establish the Nomination and Compensation Advisory Committee.

3. Judgement of the Company's Board of Directors on the specific initiatives and reasons therefor

The initiatives that help realize the abovementioned basic policy are meant to ensure and increase the Company's corporate value, which leads to the common interests of shareholders, over the medium to long term. They are in line with the Company's basic policy and are not for the purpose of maintaining the positions of the Company's officers.

Consolidated Balance Sheet

(As of June 30, 2026)

(Million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	121,569	Current liabilities	32,124
Cash and deposits	64,264	Notes and accounts payable - trade	4,652
Notes and accounts receivable - trade	18,923	Electronically recorded obligations – operating	1,242
Electronically recorded monetary claims – operating	2,080	Short-term borrowings	2,357
Merchandise and finished goods	10,111	Accounts payable - other	2,602
Work in process	10,482	Income taxes payable	7,416
Raw materials and supplies	9,240	Provision for bonuses	4,062
Other current assets	6,791	Other current liabilities	9,790
Allowance for doubtful accounts	(325)	Non-current liabilities	11,803
		Long-term borrowings	4,275
Non-current assets	96,716	Deferred tax liabilities	1,938
Property, plant and equipment	63,087	Provision for retirement benefits for directors (and other officers)	19
Buildings and structures	34,518	Retirement benefit liability	3,147
Machinery, equipment and vehicles	9,171	Asset retirement obligations	201
Land	7,841	Lease liabilities	2,031
Construction in progress	4,700	Other non-current liabilities	189
Other property, plant and equipment	6,854	Total liabilities	43,927
		Net assets	
Intangible assets	5,118	Shareholders' equity	149,148
Other intangible assets	5,118	Share capital	18,860
		Capital surplus	18,872
Investments and other assets	28,510	Retained earnings	111,434
Investment securities	24,251	Treasury shares	(18)
Shares of subsidiaries and associates	0	Accumulated other comprehensive income	24,258
Deferred tax assets	1,641	Valuation difference on available-for-sale securities	2,429
Other investments and other assets	3,519	Foreign currency translation adjustment	21,601
Allowance for doubtful accounts	(901)	Remeasurements of defined benefit plans	227
		Non-controlling interests	951
		Total net assets	174,358
Total assets	218,285	Total liabilities and net assets	218,285

(Note) Amounts presented are rounded down to the nearest million yen.

Consolidated Statement of Income

(From July 1, 2025 to June 30, 2026)

(Million yen)

Account	Amount	
Net sales		145,419
Cost of sales		42,972
Gross profit		102,447
Selling, general and administrative expenses		57,228
Operating profit		45,218
Non-operating income		
Interest income	220	
Dividend income	89	
Subsidy income	241	
Other non-operating income	196	747
Non-operating expenses		
Interest expenses	133	
Commission for purchase of treasury shares	94	
Foreign exchange losses	258	
Provision of allowance for doubtful accounts	156	
Other non-operating expense	137	780
Ordinary profit		45,185
Extraordinary income		
Gain on sale of investment securities	1,527	1,527
Extraordinary losses		
Impairment losses	1,061	
Loss on valuation of investment securities	156	
Loss on valuation of shares of subsidiaries and associates	794	
Other extraordinary losses	6	2,018
Profit before income taxes		44,695
Income taxes – current	12,581	
Income taxes – deferred	(37)	12,544
Profit		32,150
Profit attributable to non-controlling interests		75
Profit attributable to owners of parent		32,075

(Note) Amounts presented are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

(From July 1, 2025 to June 30, 2026)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	18,860	21,779	97,947	(4,453)	134,134
Changes during period					
Dividends of surplus			(6,534)		(6,534)
Net income attributable to parent company shareholders			32,075		32,075
Purchase of treasury shares				(10,553)	(10,553)
Cancellation of treasury shares		(2,907)	(12,080)	14,988	—
Increase in retained earnings of subsidiaries due to change in scope of consolidation			26		26
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,907)	13,487	4,434	15,014
Balance at end of period	18,860	18,872	111,434	(18)	149,148

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	2,008	14,315	99	16,424	795	151,354
Changes during period						
Dividends of surplus						(6,534)
Net income attributable to parent company shareholders						32,075
Purchase of treasury shares						(10,553)
Cancellation of treasury shares						—
Increase in retained earnings of subsidiaries due to change in scope of consolidation						26
Net changes in items other than shareholders' equity	420	7,285	127	7,834	155	7,989
Total changes during period	420	7,285	127	7,834	155	23,004
Balance at end of period	2,429	21,601	227	24,258	951	174,358

Notes to Consolidated Financial Statements

I. Significant accounting policies for preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries 20

(2) Names of significant consolidated subsidiaries

ASAHI INTECC THAILAND CO., LTD.
ASAHI INTECC HANOI CO., LTD.
TOYOFLEX CEBU CORPORATION
Filmecc Co., Ltd.
ASAHI INTECC J-Sales CO., LTD.
ASAHI INTECC USA, INC.
Filmecc USA, Inc.
ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd.
ASAHI INTECC EUROPE B.V.

During the fiscal year under review, Nitta Mold Co., Ltd. and its subsidiary, NITTA M&T (THAILAND) CO., LTD., were included in the scope of consolidation due to an increase in materiality.

(3) Names of non-consolidated subsidiaries

Nihon Chemical Coat Co., Ltd.
FICUS Co., Ltd.
walkey Inc.
LAKE R&D Inc.
Magnaire Co., Ltd.

Reason for exclusion from the scope of consolidation

The five non-consolidated subsidiaries are small in size, and the total assets, revenue, profit or loss (the Company's share), retained earnings (the Company's share), etc. of these companies do not have a material impact on the consolidated financial statements.

2. Application of the equity method

(1) Names of major non-consolidated subsidiaries and affiliates not accounted for using the equity method

Nihon Chemical Coat Co., Ltd.
FICUS Co., Ltd.
walkey Inc.
LAKE R&D Inc.
Magnaire Co., Ltd.

Reason for not applying the equity method

As for the seven non-consolidated subsidiaries and affiliates not accounted for using the equity method, the impact of excluding them from the scope of equity method on the consolidated financial statements is minimal given their profit or loss (the Company's share), retained earnings (the Company's share), etc., and the impact is immaterial as a whole.

3. Fiscal years of consolidated subsidiaries

Out of the Company's consolidated subsidiaries, ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd., Asahi Intecc Medical Device (Nanning) Co., Ltd., and ASAHI INTECC CIS LLC end their fiscal years on December 31.

When preparing the consolidated financial statements, financial statements based on a provisional settlement of accounts conducted as of the consolidated fiscal year-end are used for these companies.

4. Accounting policies

(1) Basis and method of valuation of important assets

1) Basis and method of valuation of securities

a. Securities to be held to maturity

Cost method

b. Available-for-sale securities

Securities other than shares that do not have a market value

Measured at fair value

(Valuation differences are reported as a component of net assets. The cost of securities sold is calculated using the moving-average method.)

Shares that do not have a market value

Measured at cost using the moving-average method

2) Basis and method of valuation of inventories

a.Merchandise and finished goods, work in process, and raw materials	Measured at cost, primarily determined by the periodic average method (The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)
b.Supplies	Measured at cost, determined by the last purchase price method (The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

(2) Method of depreciation and amortization of important depreciable and amortizable assets

1) Property, plant and equipment (excluding leased assets)	Depreciated mainly using the straight-line method. The range of useful lives is as follows: Buildings and structures 8 to 47 years Machinery, equipment and vehicles 5 to 10 years
2) Intangible assets	Amortized using the straight-line method. The Company and its consolidated subsidiaries in Japan amortize software for internal use over the expected useful life within respective companies (five years).
3) Leased assets (Note)	Amortized using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

(Note) Leased assets are presented as part of other property, plant and equipment under property, plant and equipment.

(3) Basis for recording important provisions

1) Allowance for doubtful accounts

At the Company and its consolidated subsidiaries in Japan, allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

At overseas consolidated subsidiaries, allowance for doubtful accounts is provided at an amount determined based on an individual estimate of uncollectible amounts.

2) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year under review to provide for future bonus payments to employees.

3) Provision for retirement benefits for directors (and other officers)

The Company abolished the officer retirement benefit system in September 2005. The balance of provision for retirement benefits for directors (and other officers) as of the end of the fiscal year under review is the estimated amount to be paid to officers who were in office when the system was abolished. The payments will be made when each officer retires.

(4) Basis for accounting treatments on retirement benefit

Retirement benefit liability is recorded at an estimated amount of retirement benefit obligations and pension assets as of the end of the fiscal year under review to provide for future retirement benefits to employees.

1) Method for attributing estimated retirement benefits to individual periods of service

In calculating the retirement benefit obligations, the benefit formula basis is adopted for the purpose of attributing estimated retirement benefits to the period up to the end of the fiscal year under review.

2) Calculation of actuarial gain or loss and prior service cost

Actuarial gain or loss is amortized from the following fiscal year on a straight-line basis over a certain period shorter than the average remaining years of service of the eligible employees at the time of the gain or loss arising during each fiscal year (primarily five years).

Prior service cost is amortized on a straight-line basis over a certain period (12 years), which is within the average remaining years of service period of the eligible employees at the time the cost arising.

3) Adoption of short-cut method at small companies, etc.

Certain consolidated subsidiaries apply the short-cut method when calculating retirement benefit liability and retirement benefit expenses, under which the amount of retirement benefit that must be paid if employees retire for personal reasons at the end of the fiscal year is deemed to be the amount of retirement benefit obligations.

(5) Significant revenue and expense recognition standards

The details of main performance obligations in main businesses related to revenue arising from contracts with customers of the Company and its consolidated subsidiaries and the usual timing of fulfillment of the performance obligation (the usual timing of revenue recognition) are as follows.

The Medical Division mainly engages in sales of medical products and the Device Division mainly engages in sales of industrial products. Regarding sales of these products, revenue is mainly recognized when goods and products are each delivered to a customer, because at such time, legal ownership, physical possession, material risk associated with ownership, and economic value of those goods and products are transferred to the customer and the right to receive payment is finalized.

The consideration under sales contracts of the Group's products is generally received within one to three months after delivery of products to a customer based on contracts with customers and does not include significant financial elements.

(6) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the end of the consolidated fiscal year and resulting exchange gains and losses are included in net profit or loss. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rate prevailing on the respective fiscal year-ends of those subsidiaries. Income and expenses are translated at the average rate during the fiscal year and resulting translation adjustments are included in net assets as foreign currency translation adjustment under accumulated other comprehensive income.

(7) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over five to twenty years.

II. Notes on Changes in Accounting Policies

(Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules," etc.)

The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024), etc. from the beginning of the fiscal year under review.

The impact of this change in accounting policy on the consolidated financial statements is immaterial.

III. Notes on Changes in Presentation

(Consolidated statement of income)

"Commission for purchase of treasury shares" (8 million yen for the previous fiscal year) and "provision of allowance for doubtful accounts" (9 million yen for the previous fiscal year), which were included in "other non-operating expense" for the previous fiscal year, are presented separately in the fiscal year under review due to an increase in financial materiality.

IV. Notes on Accounting Estimates

Not applicable.

V. Notes on the Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 64,767 million yen

VI. Notes on the Consolidated Statement of Income

1. Impairment losses

During the fiscal year under review, the Company recorded impairment losses related to the following asset groups.

Company (Location)	Use	Type	Impairment loss (Million yen)
ASAHI INTECC CO., LTD. (Seto-shi, Aichi)	Business assets	Other investments and other assets	1,061

The Group defines asset groups based on managerial accounting units, grouping them by the smallest units that generate independent cash flows.

The Company and Magnaire Co., Ltd. had been jointly developing products with MagneDesign Corporation. However, during the current fiscal year, the sales and development plans were revised. Following this revision, and considering the future business environment and business plans, it was determined that the investment was no longer recoverable mainly due to a decline in profitability. Accordingly, an impairment loss was recorded on other investments and other assets.

The recoverable amount was calculated based on value in use. However, following a review of future plans, the cash outflows required to maintain and operate the assets were determined to exceed the cash inflows generated by their use, and accordingly, the value in use was calculated as zero.

VII. Notes on the Consolidated Statement of Changes in Equity

1. Class and total number of shares issued Common stock 265,332,300 shares

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on September 25, 2025	Common stock	6,534	24.23	June 30, 2025	September 26, 2025

(2) Dividends whose record date falls in the current fiscal year and the effective date of dividend falls in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on September 29, 2026	Common stock	Retained earnings	12,799	48.24	June 30, 2026	September 30, 2026

(Note) Breakdown of dividend per share

Ordinary dividend: 42.21 yen

Commemorative dividend: 6.03 yen

VIII. Notes on Financial Instruments

1. State of financial instruments

(1) Policy for financial instruments

The Group’s policy is to manage funds using low-risk financial instruments such as deposits and to procure funds primarily through bank loans. The Group uses derivative transactions to avoid the exchange rate fluctuation risk and interest rate fluctuation risk associated with borrowings, and does not engage in speculative transactions. Of note, the Group did not engage in derivative transactions during the fiscal year under review.

(2) Types of financial instruments and associated risks

Bills / accounts receivable and electronically recorded monetary claims – operating, which are trade receivables, are exposed to the customer credit risk. Trade receivables and trade payables denominated in foreign currencies are exposed to the currency exchange risk.

Shares and bonds that are investment securities are exposed to the market price fluctuation risk.

Bills payable / accounts payable, electronically recorded obligations – operating, and accounts payable - other, which are trade payables, all have due dates within one year and the liquidity risk (the risk of becoming unable to make payments on due dates) exists.

(3) Risk management system pertaining to financial instruments

1) Management of credit risk (risks related to business partners not fulfilling their contractual obligations and others)

The Company, in accordance with the credit management regulations, has developed a system to manage due dates and outstanding balances (credit limits) for each counterparty. Furthermore, when starting transactions with a new counterparty or revising a credit limit, the Company determines whether the credit limit is appropriate in light of the counterparty’s credit status. In addition, the Company assesses the credit status of each major counterparty every fiscal year, and reviews the appropriateness of the credit limits based on the new credit status.

As for derivative transactions, the Company regards the credit risk as minimal, because counterparties are limited to financial institutions with high ratings.

2) Management of market risk (risks of fluctuations in exchange rates, interest rates, etc.)

The Company identifies and manages, on a currency-by-currency basis, the exchange rate fluctuation risks associated with foreign-currency-denominated trade receivables, trade payables, and loans receivable, and seeks to mitigate such risks by matching the balances of foreign-currency-denominated assets and liabilities.

All of the shares that are exposed to the market price fluctuation risk are shares of companies with which the Company has business relationships. The Company has developed a system to periodically assess their fair values to manage the risk.

The Company regards the credit risk on bonds as minimal, because the Company holds bonds with high ratings only.

3) Management of liquidity risk pertaining to funds procurement (risk of becoming unable to make payments on due dates)

Trade payables and borrowings that contain a liquidity risk are managed by methods including the preparation of monthly cash flow plans, in addition to having each Group company keep track of due dates and outstanding balances for each counterparty.

2. Fair values of financial instruments

The carrying amounts, fair values, and their differences as of June 30, 2026 are as follows. The following table does not include shares that do not have market prices (Note). "Cash and deposit," "bills / accounts receivable," "electronically recorded monetary claims – operating," "bills payable / accounts payable," "electronically recorded obligations – operating," "short-term debt," "accounts payable - other," and "accrued corporate tax, etc." are omitted, because these items comprise cash, are settled within a short time frame and their fair values are thus approximately the same as their carrying amounts.

	Carrying amount (Million yen)	Fair value (Million yen)	Difference (Million yen)
Investment securities Available-for-sale securities	22,421	22,421	—
Total assets	22,421	22,421	—
Long-term debt (including current portion)	6,633	6,545	(88)
Total liabilities	6,633	6,545	(88)
Derivative transactions	—	—	—

(Notes) 1. Unlisted shares, etc. (carrying amount of 1,829 million yen) and shares of subsidiaries and associates (carrying amount of 0 million yen) are not included in the above table.

2. Notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheet are omitted. The amount of these investments recorded on the consolidated balance sheet is 1,331 million yen.

3. Breakdown of financial instruments by fair value level

Fair values of financial instruments are classified into the following three levels based on the observability and significance of inputs used when measuring such fair values.

Level 1 fair value: Fair values measured using (unadjusted) quoted prices for the same asset or liability in an active market

Level 2 fair value: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair values measured using significant unobservable inputs

When multiple inputs with a significant impact are used to measure fair value, such fair value is classified into the fair value measurement level with the lowest priority among the levels those inputs belong to.

(1) Financial assets and liabilities whose fair values are used as carrying amounts

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	4,348	—	—	4,348
Bonds	—	18,073	—	18,073
Total assets	4,348	18,073	—	22,421

(2) Financial assets and liabilities whose fair values are not used as carrying amounts

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Long-term debt (including current portion)	—	6,545	—	6,545
Total liabilities	—	6,545	—	6,545

(Note) Valuation methods and inputs used to measure fair value

Assets

Investment securities

Fair value of listed shares and bonds is measured using quoted prices. Because listed shares held by the Company are mostly traded on active markets, their fair value is classified into Level 1. Meanwhile, bonds mostly have low trading volume, and their prices are not deemed to be quoted prices on active markets. Accordingly, fair value of bonds is classified into Level 2.

Liabilities

Long-term debt

Fair value of long-term debt is classified into Level 2. It is measured at present value, calculated by discounting the sum of principal and interest using an assumed interest rate on equivalent new borrowings.

IX. Notes on Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

(1) Breakdown by product category

	Reportable segment (Million yen)		
	Medical Division	Device Division	Total
Cardiovascular	94,778	—	94,778
Non-cardiovascular	24,370	—	24,370
OEM	7,650	—	7,650
Medical components	—	11,859	11,859
Industrial components	—	6,760	6,760
Total	126,798	18,620	145,419

(2) Breakdown by geographical region

	Reportable segment (Million yen)		
	Medical Division	Device Division	Total
Japan	17,111	3,732	20,844
North America	26,186	6,624	32,811
Europe	27,873	575	28,449
China	37,417	564	37,982
Other	18,209	7,122	25,332
Total	126,798	18,620	145,419

2. Underlying information for understanding revenue from contracts with customers

Underlying information for understanding revenue is as stated in “I. Significant accounting policies for preparation of consolidated financial statements, 4. Accounting policies, (5) Significant revenue and expense recognition standards.”

3. Relationship between satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and information on amounts and timing of revenue expected to be recognized in following fiscal years from contracts with customers existing as of the end of the fiscal year under review

(1) Balance of contract liabilities

	Balance of contract liabilities
Contract liabilities (beginning balance)	9,184 million yen
Contract liabilities (ending balance)	5,204 million yen

Contract liabilities are associated with advances received from customers. Contract liabilities are reduced as revenue is recognized.

The amount of revenue recognized during the fiscal year under review that was included in the beginning balance of contract liabilities was 9,184 million yen. The decrease of 3,980 million yen in contract liabilities during the fiscal year under review was owed to a decrease in advances received.

(2) Transaction prices allocated to remaining performance obligations

Since the Group does not have any significant transactions with an initial estimated contract period of over one year, information on remaining performance obligations is omitted, applying a practical expedient.

Consideration arising from contracts with customers does not contain any significant amount not included in transaction prices.

X. Notes on Per Share Information

Net assets per share	653.57 yen
Earnings per share	120.59 yen

XI. Notes on Significant Subsequent Events

Not applicable.

Non-consolidated Balance Sheet

(As of June 30, 2026)

(Million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	98,709	Current liabilities	50,428
Cash and deposits	49,874	Electronically recorded obligations – operating	1,224
Notes receivable – trade	31	Accounts payable – trade	8,585
Electronically recorded monetary claims – operating	182	Current portion of long-term borrowings	2,357
Accounts receivable – trade	23,689	Accounts payable-other	3,008
Merchandise and finished goods	2,485	Accrued expenses	531
Work in process	234	Income taxes payable	6,449
Raw materials and supplies	759	Advances received	357
Prepaid expenses	342	Deposits received	25,845
Short-term loans receivable from subsidiaries and associates	15,850	Provision for bonuses	2,064
Other current assets	5,407	Other current liabilities	3
Allowance for doubtful accounts	(149)		
Non-current assets	76,974	Non-current liabilities	6,285
Property, plant and equipment	29,283	Long-term borrowings	4,275
Buildings	17,698	Provision for retirement benefits	1,648
Structures	564	Provision for retirement benefits for directors (and other officers)	19
Machinery and equipment	3,020	Asset retirement obligations	181
Vehicles	0	Other non-current liabilities	160
Tools, furniture and fixtures	1,797		
Land	5,028	Total liabilities	56,714
Construction in progress	1,172	Net assets	
Other non-current assets	1	Shareholders' equity	116,547
Intangible assets	1,322	Share capital	18,860
Leasehold interests in land	39	Capital surplus	18,753
Patent right	441	Legal capital surplus	18,753
Software	553	Retained earnings	78,952
Other intangible assets	287	Legal retained earnings	39
Investments and other assets	46,368	Other retained earnings	78,912
Investment securities	24,251	(Reserve for tax purpose reduction entry)	[538]
Shares of subsidiaries and associates	6,493	(General reserve)	[75]
Investments in capital of subsidiaries and associates	11,902	(Retained earnings brought forward)	[78,298]
Long-term loans receivable from subsidiaries and associates	2,513	Treasury shares	(18)
Deferred tax assets	1,109	Valuation and translation adjustments	2,421
Other investments and other assets	1,489	Valuation difference on available-for-sale securities	2,421
Allowance for doubtful accounts	(1,390)	Total net assets	118,969
Total assets	175,684	Total liabilities and net assets	175,684

(Note) Amounts presented are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(From July 1, 2025 to June 30, 2026)

(Million yen)

Account	Amount	
Net sales		99,750
Cost of sales		38,458
Gross profit		61,291
Selling, general and administrative expenses		29,508
Operating profit		31,783
Non-operating income		
Interest income	212	
Dividend income	3,953	
Interest on securities	133	
Foreign exchange gains	669	
Other non-operating income	149	5,118
Non-operating expenses		
Interest expenses	325	
Commission for purchase of treasury shares	94	
Provision of allowance for doubtful accounts	358	
Other non-operating expense	148	926
Ordinary profit		35,975
Extraordinary income		
Gain on sale of investment securities	1,527	1,527
Extraordinary losses		
Impairment losses	1,061	
Loss on valuation of investment securities	156	
Loss on valuation of shares of subsidiaries and associates	794	
Other extraordinary losses	6	2,018
Profit before income taxes		35,485
Income taxes – current	9,257	
Income taxes – deferred	(568)	8,688
Profit		26,796

(Note) Amounts presented are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

(From July 1, 2025 to June 30, 2026)

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward
Balance at beginning of period	18,860	18,753	2,907	21,661	39	560	75	70,095
Changes during period								
Dividends of surplus								(6,534)
Reversal of reserve for tax purpose reduction entry						(21)		21
Net income								26,796
Purchase of treasury shares								
Cancellation of treasury shares			(2,907)	(2,907)				(12,080)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	(2,907)	(2,907)	—	(21)	—	8,203
Balance at end of period	18,860	18,753	—	18,753	39	538	75	78,298

	Shareholders' equity			Valuation and translation adjustments	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Total retained earnings				
Balance at beginning of period	70,770	(4,453)	106,839	2,001	108,840
Changes during period					
Dividends of surplus	(6,534)		(6,534)		(6,534)
Reversal of reserve for tax purpose reduction entry	—		—		—
Net income	26,796		26,796		26,796
Purchase of treasury shares	—	(10,553)	(10,553)		(10,553)
Cancellation of treasury shares	(12,080)	14,988	—		—
Net changes in items other than shareholders' equity				420	420
Total changes during period	8,181	4,434	9,708	420	10,129
Balance at end of period	78,952	(18)	116,547	2,421	118,969

Notes to Non-consolidated Financial Statements

I. Notes on Significant Accounting Policies

1. Basis and method of valuation of assets

(1) Basis and method of valuation of securities

1) Shares of subsidiaries

Measured at cost using the moving-average method

2) Securities to be held to maturity

Cost method

3) Available-for-sale securities

Securities other than shares that do not have a market value

Measured at fair value

(Valuation differences are reported as a component of net assets. The cost of securities sold is calculated using the moving-average method.)

Shares that do not have a market value

Measured at cost using the moving-average method

(2) Basis and method of valuation of inventories

1)Merchandise and finished goods, work in process, and raw materials	Measured at cost, primarily determined by the periodic average method (The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)
2)Supplies	Measured at cost, determined by the last purchase price method (The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

2. Method of depreciation and amortization of non-current assets

(1) Property, plant and equipment (excluding leased assets)	Depreciated using the straight-line method. The range of useful lives is as follows:	
	Buildings	8 to 47 years
	Machinery and equipment	7 to 10 years
(2) Intangible assets	Amortized using the straight-line method. The Company amortizes software for internal use over the expected useful life within respective companies (five years).	
(3) Leased assets	Amortized using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.	

(Note) Leased assets are presented as part of other property, plant and equipment under property, plant and equipment.

3. Basis for recording provisions

(1) Allowance for doubtful accounts

At the Company, allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

(2) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year under review to provide for future bonus payments to employees.

(3) Provision for retirement benefits

Retirement benefit liability is recorded at an estimated amount of retirement benefit obligations as of the end of the fiscal year under review to provide for future retirement benefits to employees.

1) Method for attributing estimated retirement benefits to individual periods of service

In calculating the retirement benefit obligations, the benefit formula basis is adopted for the purpose of attributing estimated retirement benefits to the period up to the end of the fiscal year under review.

2) Calculation of actuarial gain or loss

Actuarial gain or loss is amortized from the following fiscal year on a straight-line basis over a certain period shorter than the average remaining years of service of the eligible employees at the time of the gain or loss arising during each fiscal year (five years).

Prior service cost is amortized on a straight-line basis over a certain period (12 years), which is within the average remaining years of service period of the eligible employees at the time the cost arising.

(4) Provision for retirement benefits for directors (and other officers)

The Company abolished the officer retirement benefit system in September 2005. The balance of provision for retirement benefits for directors (and other officers) as of the end of the fiscal year under review is the estimated amount to be paid to officers who were in office when the system was abolished. The payments will be made when each officer retires.

4. Revenue and expense recognition standards

The details of main performance obligations in main businesses related to revenue arising from contracts with customers of the Company and the usual timing of fulfillment of the performance obligation (the usual timing of revenue recognition) are as follows.

The Medical Division mainly engages in sales of medical products and the Device Division mainly engages in sales of industrial products. Regarding sales of these products, revenue is mainly recognized when goods and products are each delivered to a customer, because at such time, legal ownership, physical possession, material risk associated with ownership, and economic value of those goods and products are transferred to the customer and the right to receive payment is finalized.

The consideration under sales contracts of the Company’s products is generally received within one to three months after delivery of products to a customer based on contracts with customers and does not include significant financial elements.

5. Translation of assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the end of the fiscal year and resulting exchange gains and losses are included in net profit or loss.

6. Other significant accounting policies for preparation of non-consolidated financial statements

(1) Accounting treatments on retirement benefit

The basis for accounting treatments of unrecognized actuarial gain or loss and unrecognized prior service cost in relation to retirement benefits differs from the basis for accounting treatments for this gain or loss in the consolidated financial statements.

II. Notes on Changes in Accounting Policies

(Application of the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules,” etc.)

The Company has applied the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (Practical Solution No. 46, March 22, 2024), etc. from the beginning of the fiscal year under review.

The impact of this change in accounting policy on the non-consolidated financial statements is immaterial.

III. Notes on Changes in Presentation

(Non-consolidated statement of income)

“Commission for purchase of treasury shares” (8 million yen for the previous fiscal year) and “provision of allowance for doubtful accounts” (9 million yen for the previous fiscal year), which were included in “other non-operating expense” for the previous fiscal year, are presented separately in the fiscal year under review due to an increase in financial materiality.

IV. Notes on Accounting Estimates

(Significant accounting estimates for the valuation of loans receivable from subsidiaries and associates)

1. Amounts recorded in the non-consolidated financial statements for the current fiscal year

	Current fiscal year
Short-term loans receivable from subsidiaries and associates (including the current portion of long-term loans receivable)	15,850 million yen
Long-term loans receivable from subsidiaries and associates	2,513 million yen
Allowance for doubtful accounts for loans receivable from subsidiaries and associates	1,239 million yen

2. Information on details of significant accounting estimates related to identified items

For loans receivable from subsidiaries and associates, the Company classifies the receivables based on an examination of the financial position and debt repayment capacity of each subsidiary or associate. For specific receivables, such as doubtful receivables, the Company records an allowance for doubtful accounts for the amount individually estimated to be uncollectible.

The loans receivable from subsidiaries and associates recorded in the non-consolidated financial statements for the current fiscal year mainly consist of loans of 14,400 million yen to TOYOFLEX CEBU CORPORATION. The Company has provided these loans to fund capital investments and working capital associated with the transfer of production from ASAHI INTECC THAILAND CO., LTD. and ASAHI INTECC HANOI CO., LTD. At the end of the current fiscal year, the Company assessed TOYOFLEX CEBU CORPORATION’s financial position and its ability to repay its debts based on cash inflows generated from operating activities and its future business plan. As a result, the Company determined that significant issues with debt repayment were unlikely to arise, classified the loans receivable from the subsidiary as general receivables, and determined that no allowance for doubtful accounts needed to be recorded on an individual basis.

The future business plan uses an increase in future sales volume as a key assumption. However, if the future business plan needs to be revised due to uncertain changes in the market environment, such as a decline in capacity utilization, a loss may be recognized in the non-consolidated financial statements for the next fiscal year as a result of recording an allowance for doubtful accounts for the loans receivable from the subsidiary.

V. Notes on the Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment — 15,827 million yen

2. Receivables and payables for subsidiaries and associates

Short-term receivables	22,686 million yen
Short-term payables	33,921 million yen

VI. Notes on the Non-consolidated Statement of Income

1. Volume of transactions with subsidiaries and associates

Revenue	76,731 million yen
Purchases	26,982 million yen
Other operating transactions	5,172 million yen
Non-operating transactions	4,809 million yen

2. Impairment losses

During the fiscal year under review, the Company recorded impairment losses related to the following asset groups.

Company (Location)	Use	Type	Impairment loss (Million yen)
ASAHI INTECC CO., LTD. (Seto-shi, Aichi)	Business assets	Other investments and other assets	1,061

The Company defines asset groups based on managerial accounting units, grouping them by the smallest units that generate independent cash flows.

The Company and Magnaire Co., Ltd. had been jointly developing products with MagneDesign Corporation. However, during the current fiscal year, the sales and development plans were revised. Following this revision, and considering the future business environment and business plans, it was determined that the investment was no longer recoverable mainly due to a decline in profitability. Accordingly, an impairment loss was recorded on other investments and other assets.

The recoverable amount was calculated based on value in use. However, following a review of future plans, the cash outflows required to maintain and operate the assets were determined to exceed the cash inflows generated by their use, and accordingly, the value in use was calculated as zero.

VII. Notes on the Non-consolidated Statement of Changes in Equity

Matters concerning the class and number of treasury shares

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase (Note)	Decrease	Number of shares at the end of the fiscal year under review
Treasury shares	1,964,677 shares	4,344,600 shares	6,301,300 shares	7,977 shares

(Notes) 1. The number of treasury shares increased by 4,344,600 shares due to the acquisition of treasury shares based on a resolution of the Board of Directors.

2. The number of treasury shares decreased by 6,301,300 shares due to the cancellation of treasury shares based on a resolution of the Board of Directors.

VIII. Notes on Tax Effect Accounting

Breakdown of major causes of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Income taxes payable	399 million yen
Provision for bonuses	649 million yen
Loss on valuation of inventories	92 million yen
Allowance for doubtful accounts	484 million yen
Provision for retirement benefits	518 million yen
Excess of depreciation	83 million yen
Loss on valuation of investment securities	855 million yen
Loss on valuation of shares of subsidiaries and associates	2,842 million yen
Impairment losses	334 million yen
Other	363 million yen
Subtotal of deferred tax assets	6,625 million yen
Valuation allowance	(4,261) million yen
Total deferred tax assets	2,364 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(965) million yen
Reserve for tax purpose reduction entry	(247) million yen
Other	(41) million yen
Total deferred tax liabilities	(1,254) million yen
Net deferred tax assets	1,109 million yen

IX. Notes on Revenue Recognition

Useful information on disaggregation of revenue from contracts with customers has been omitted as it is identical to the content presented in “Notes to Consolidated Financial Statements IX. Notes on Revenue Recognition.”

X. Notes on Transactions with Related Parties

1. Subsidiaries, etc.

Attribution	Company name	Percentage of voting rights, etc. held	Relationship with related party	Details of transaction	Transaction amount (Million yen)	Account	Balance at end of period (Million yen)
Subsidiary	ASAHI INTECC THAILAND CO., LTD.	Direct 100.0%	Manufacturing of the Company's products, etc. Interlocking officers	Compensated provision of raw materials, etc. (Note 1)	3,101	Accounts receivable - other	1,154
				Purchase, etc. of products and materials (Note 1)	14,179	Accounts payable - trade	2,848
Subsidiary	ASAHI INTECC HANOI CO., LTD.	Direct 100.0%	Manufacturing of the Company's products, etc. Interlocking officers	Compensated provision of raw materials, etc. (Note 1)	1,933	Accounts receivable - other	743
				Purchase, etc. of products and materials (Note 1)	7,451	Accounts payable - trade	1,986
Subsidiary	ASAHI INTECC USA, INC.	Direct 100.0%	Sales of the Company's products, etc. Interlocking officers	Sales of products, etc. (Note 1)	6,291	Accounts receivable - trade	2,602
Subsidiary	Filmecc USA, Inc.	Indirect 100.0%	Sales of the Company's products, etc. Deposit of funds Interlocking officers	Sales of products, etc. (Note 1)	8,844	Accounts receivable - trade	3,492
				Interest paid (Note 3)	66	Deposits received	4,292
Subsidiary	ASAHI INTECC SCIENTIFIC (Beijing) Co., Ltd.	Direct 100.0%	Sales of the Company's products, etc. Interlocking officers	Sales of products, etc. (Note 1)	33,111	Accounts receivable - trade	3,833

Attri-bution	Company name	Percentage of voting rights, etc. held	Relationship with related party	Details of transaction	Transaction amount (Million yen)	Account	Balance at end of period (Million yen)
Subsi-diary	ASAHI INTECC J-Sales CO., LTD.	Direct 100.0%	Sales of the Company's products, etc. Deposit of funds Interlocking officers	Sales of products, etc. (Note 1)	10,871	Accounts receivable - trade	3,336
				Interest paid (Note 3)	24	Deposits received	5,787
Subsi-diary	TOYOFLEX CEBU CORPORATION	Direct 100.0%	Manufactur-ing of the Company's products, etc. Provision of funding Interlocking officers	Purchase, etc. of products and materials (Note 1)	4,810	Accounts payable - trade	2,096
				Recovery of funds Interest received (Note 2)	500 141	Short-term loans receivable	14,400
Subsi-diary	ASAHI INTECC EUROPE B.V.	Direct 100.0%	Sales of the Company's products, etc. Deposit of funds Interlocking officers	Sales of products, etc. (Note 1)	17,402	Accounts receivable - trade	3,798
				Interest paid (Note 3)	40	Deposits received	4,333
Subsi-diary	ASAHI Medical Technologies, Inc.	Direct 17.4% Indirect 82.6%	Deposit of funds Interlocking officers	Interest paid (Note 3)	54	Deposits received	3,364
Subsi-diary	KARDIA S.R.L.	Direct 90.0%	Deposit of funds	Interest paid (Note 3)	41	Deposits received	4,773

Terms and conditions of transactions and policies on determination thereof

(Notes)
1. Transaction prices are determined by taking general market prices into consideration.
2. Interest rates for loans to subsidiaries are determined in a rational manner by taking market interest rates into consideration.
3. Loans to subsidiaries and deposits from subsidiaries are related to the CMS (cash management system), and interest rates are determined in a rational manner by taking market interest rates into consideration.

2. Officers and individual major shareholders, etc.

Type	Company, etc. name or party name	Percentage of voting rights, etc. held (owned)	Relationship with related party	Details of transaction	Transaction amount (Million yen)	Account	Balance at end of period (Million yen)
Close relative of officer	Naohiko Miyata (Note 2)	Owning Direct 0.2%	Advisor of the Company	Payment of remuneration for advisors (Note 1)	36	—	—

(Notes) 1. Terms and conditions of transactions and policies on determination thereof
The amount of remuneration for advisors is determined by the Company's Board of Directors.
2. Mr. Naohiko Miyata is the father of Chairman & Director Masahiko Miyata and President & CEO Kenji Miyata. He has been involved in corporate management and R&D as Chairman of the Company and provides guidance and advice to the Company based on his many years of experience, knowledge and extensive personal connections.

XI. Notes on Per Share Information

Net assets per share	448.39 yen
Basic earnings per share	100.74 yen

XII. Notes on Significant Subsequent Events

Not applicable.