

1-2 Chairman and President in Dialogue

In lieu of farewell and inaugural messages from former and new presidents.



Kenji Miyata

President & CEO
Asahi Intecc Co., Ltd.

Masahiko Miyata

Chairman and Director
Asahi Intecc Co., Ltd.

As of September 1, 2024, Masahiko Miyata passed on the baton as President & CEO of Asahi Intecc to Kenji Miyata. In this interview, we would like to look back on the progress we have made so far and tell the readers about the background that led to the change of the president, what we hope for in the next generation, what we want to continue to protect, and what the new president envisions for the future.

- First of all, please tell us again about the background of the decision of Chairman Masahiko Miyata (former President) to step down.

Chairman: In early August, I asked the company to replace me owing to my health. Asahi Intecc is in a growth phase and a sense of speed is important. My top priority was not to stop growing the company. As I have not been in perfect physical condition, I thought I should not make the company's progress slow down, so I have volunteered to resign from the president's position.

President: In response to a request from the chairman, the board of directors made a resolution.

As we two had managed the company as President and Vice President together, I believe that the company's policy and axis will not be shaken by this organizational change.

- Tell us about the division of roles between you two so far.

President: Chairman Masahiko Miyata was responsible

for the overall medical business and medical sales, while I (President Kenji Miyata) was responsible for the production and supply chain of the entire company and the device business. I think it was an ideal relationship to fill in the missing pieces.

Chairman: We have always discussed and made decisions on important business judgments and major issues, regardless of such division of roles, and I don't think there have been any major disagreements so far. I will continue to maintain this good relationship and

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support the new president even under the new organization.

- Chairman Masahiko Miyata took over as president in 2009 from the company's founder, former President Naohiko Miyata. During the past 15 years, there had been many major decisions, including the full-scale expansion into overseas markets, switching to direct sales, and setting the stage for new business areas. Among them, if you could choose one thing in which you particularly demonstrated leadership and put effort into, what would it be? Also, what kind of policies have you applied to the management of the company?

Chairman: There have been many turning points since our company launched the medical device business, but if I could focus on one, it would be our global strategy. When I became president in 2009, I outlined three major policies such as (i) globalization, (ii) technological innovation, and (iii) practical competence. At that time, overseas sales in the medical business accounted for about 45% of our total sales of approximately 12 billion yen. However, in order for our company to achieve sustainable growth, we believed that we first and foremost needed to become a company that could compete on a global scale. I believe that during my 15 years as president I had achieved most of the goals I had envisioned since I first took office, including the establishment of a world-class value chain, the establishment of the ASAHI brand, the establishment of a direct sales system that accurately meets on-site needs, and an investment and collaboration structure to realize new

technological innovation.

- External investors have often asked whether the current level of overseas sales of the company is due to the former president's excellent diplomatic and marketing skills, especially in dealing with key opinion leader (KOL) doctors in overseas markets. They also have concern about our business and management risks, such as whether the company has a system in place that enables such approach to be carried out systematically in the future. What do you think about that?

Chairman: I sensed and grasped the on-site needs by visiting the frontline myself. But I was able to do that because our sales and development staff had built strong, trusting relationships with KOL doctors on a daily basis. I believe that we have already been able to respond systematically as a company, and I trust that you have taken over the very idea of valuing the frontline. I would also like to continue working for the future of medical care without forgetting the sense of valuing the frontline.

President: It is true that the chairman has taken the lead in building a relationship with doctors, but in recent years we have been communicating with them as an organization and will continue to follow this under the new system. So I do not think there will be any major changes, crises or risks. Specifici-

cally, Executive Director, Nishiuchi, who is in charge of Research and Development for Medical Business, takes the lead in building relationships with doctors. (See page 34.)

- In addition, the chairman had led the new business with strong leadership. What will it be in the future?

President: Certainly, the chairman has been actively involved in the establishment of new businesses so far. Now, the company has established the New Business Development Division, which is headed by Director Terai. (See page 122.) We have dealt with it as an organization, not as an individual, and we will continue to do so. Also, the chairman is not leaving the company, so I would like him to continue to be involved.

Chairman: In order to develop new businesses, there is an aspect in which the top management must make



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strong efforts to advance, and I think this was especially true in the initial stage. However, I have never dealt with it alone, but with other people as an organization. There are a variety of new business projects, some of which are disclosed in IR and some of which are not, but I would like the new president to select what is necessary for Asahi Intecc in the future and develop it into the future.

In taking over the baton of management

- Could you, Chairman Masahiko Miyata, tell us what you expect from President Kenji Miyata?

Chairman: As the new president has developed his career centered on technology with a focus on manufacturing, I expect that he will not only continue to follow the current management policy, but also take advantage of his strengths to further enhance our position as a manufacturing company.

President: I have been involved in our company as a part-time worker since I was a student, and I have learned our company's manufacturing from scratch. After joining the company as a regular employee, I have been involved in all aspects of the value chain, including development, production, quality assurance and claims processing. So far, I have mainly been in charge of the Device Division. And basically, parts and materials used by the Medical Division are manufactured and delivered by the Device Division. Each business division deals in different end products, but the two businesses are closely linked in our company. Production lines of both divisions are located in the same overseas

manufacturing plants. In that sense, my strongest points are the integrated in-house production that is the source of our company's competitiveness, and the hands-on approach that supports it.

New Asahi Intecc enters a new stage

- Please let me ask you some questions. Since you took office as President & CEO on September 1, 2024, it has only been a short time. Can you tell us about your current business environment and what strategies you intend to implement to improve corporate value? Also, what kind of company would you like to make? Do you have an ideal?

President: The business environment has become increasingly severe owing to a decline in reimbursement prices resulting from the medical cost-reduction policy in Japan, rising costs for materials and personnel not only in Japan but worldwide, and extreme fluctuations in the currency exchange rate. The pace of change is accelerating and uncertainty is increasing. However, whatever the circumstances are, what our company should do is just one thing: continue to secure stable supply of high-quality products to customers around the world. To achieve this, we will develop value-added products that only our company can offer, manufacture high-quality products with high productivity, and never stop investing for the future while securing appropriate profits. I think that continuing this cycle without stopping will lead to sustainable enhancement of corporate value and further contributions to society.



When I became company president, I established and announced a company-wide policy of returning to the starting point. We will reaffirm a common understanding of our company's strengths and the essence of our business activities throughout the company and carry out our beliefs and basic actions correctly without compromising them.

- In fiscal 2024, the Management Executive Committee was established, and I feel that we are moving to a more collegial governance structure while maintaining the speed of management decisions. Are there any issues, such as the effectiveness of the Board of Directors or the role of the Management Executive Committee?

President: I think that the strong leadership that comes from the founding family and the ability to think about improving corporate value over the medium to long term rather than the short term is one of our company's strengths. At the same time, I recognize that top-down management by ownership alone cannot achieve sustainability and diversity of the company. To this end, I

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listen carefully to the opinions of our employees on a daily basis and intend to create an environment and a system where it is easy to express opinions.

The establishment of the Management Executive Committee and the enhancement of executive officers who will manage our company in the next generation are also part of this effort. In our company, we prioritize a sense of speed and a sense of valuing the frontline. Currently, directors are also in charge of execution, but we are gradually separating execution from supervision. We are working closely with outside directors and have a common understanding. As a result, the division of roles and issues between the Board of Directors and the Management Executive Committee have become clear, and I feel that discussions are more active and deeper than ever before.

- Let me know if you have a favorite phrase or motto.

President: My motto is “human strength.” I think human strength is the ability to show more power than usual when a person is in a desperate situation. Life is not always good. Of course, there will be tough times. That’s when the real strength is tested. The overall ability of a person is human strength, and of course people around us see it. I myself spend my days thinking that I would like to devote myself to improving my human strength.

- In the last year’s integrated report, we discussed plant management. I have heard from people outside the company that the new president’s personality is reflect-

ed in that report, and that it has been helpful in providing a sense of security for the change of president. What is the origin of the culture and philosophy of valuing employees expressed as you expressed it in that discussion?

President: I think that our company’s corporate culture (DNA) of “practical competence (Three Actuals, and hands-on approach)” has a great influence on this. Both the chairman and I have visited clinical sites, academic conferences, and production plants in person to obtain fresh and first-line information because we highly value the frontline. Of course, there are leaders and employees in the field, so the distance between the management and employees is inevitably getting closer in our company. Our company has become a corporate group with approximately 10,000 employees on a consolidated basis, but we cannot expect any further growth unless each and every one of our employees plays an active role. As the management, I would like us to create an environment in which we can maximize our capabilities as an organization.

- Once again, please tell us your ambition and message as President.

President: Our company will fulfill its mission as a medical device manufacturer so that it can achieve the business growth required of our company as a listed company, and save the lives of as many patients as possible with its products. Going forward, our company will not change its speed-oriented and straightforward approach to meeting the needs of doctors and custom-

ers, nor will its underlying technology- and field-oriented DNA change. Taking advantage of these unique characteristics of Asahi Intecc, we will continue to provide products that contribute to the safety of medical care and the future with its unique technology and manufacturing capabilities, and to deliver our unique value and create new value. By this, we will realize our next stage of growth, contribute to society, and achieve sustainable enhancement of the corporate value. We look forward to your continued support. Thank you very much.

Interviewers: Mizuho Ito, Director, Member of Board & CFO, Asahi Intecc Co., Ltd. and Yuki Kuroyanagi, President’s Office, Asahi Intecc Co., Ltd.

