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## Analysts x Management Discussion over the New Medium-Term Management Plan: Part 1

### Challenging future growth with *monozukuri* (manufacturing) as our starting point

The content of the New Medium-Term Management Plan of the company announced in August 2025 is truly crossing solidity with challenges. It powerfully incorporates the challenges in new fields while steadily accumulating stable growth from existing businesses. In this discussion, honest opinions were exchanged with analysts about the direction the company is aiming for and the intention incorporated in the plan, and discussion was made in detail on the expectations for and evaluation of our company, as well as the changes that are taking place in the field.



Photo taken at Shinagawa Office, Asahi Intecc Co., Ltd.

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#### 1. Impression of the Medium-Term Management Plan

**Miyata:** Thank you very much for participating today despite your busy schedules. The opportunity to talk directly to you like this is very valuable to us. In this round table discussion, I would like to think about our future direction together with you while listening to your frank opinions and impressions about our Medium-Term Management Plan. So, I appreciate your cooperation.

**Ito:** Please allow me to also serve as moderator of this discussion. First, could you please give your honest impression of the new Medium-Term Management Plan announced in August?

**Mr. Hidemaru Yamaguchi:** Thank you. As for my honest impression, I felt that this Medium-Term Management Plan was very solid. The figures for five years and ten years are lined up. Stable profits will be generated with existing products in the first five years, followed by the introduction of new products; the word stable growth perfectly matches with this flow. However, from the outside, the plan is not as much of a full-on surprise as the previous plan, such as "the share will grow rapidly in the U.S." or "this product will dominate the market." While the plan is easy to understand, investors who expect explosive growth may be unsatisfied. I think it partly reflects the president's character, but the evaluation of the shift from growth to stable growth will be divided among investors. Personally, I think it is a good Medium-Term Management Plan because it is easy to understand and reassuring.

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**Miyata:** Thank you, Mr. Yamaguchi. Institutional investors have also evaluated that this is a down-to-earth medium-term management plan, and we are also conscious of this. We are also conscious of this. We are going to steadily plant the next



seeds of growth while aiming for stable growth.

I myself try to set realistic goals by listening to the voices of the sites and valuing the spirit of *monozukuri* (manufacturing), which is the starting point of our company. I hope that we are a company that will receive long-term support from our investors assuredly.

**Mr. Motoya Kohtani:** Thank you, President Miyata. The improvement in the gross profit margin being firmly shown in this Medium-Term Management Plan is data that makes me feel rest assured as an investor. There have been short-term issues such as a large amount of capital investment and loss (impairment loss) in some businesses in the past, but I have the impression that these issues are being addressed

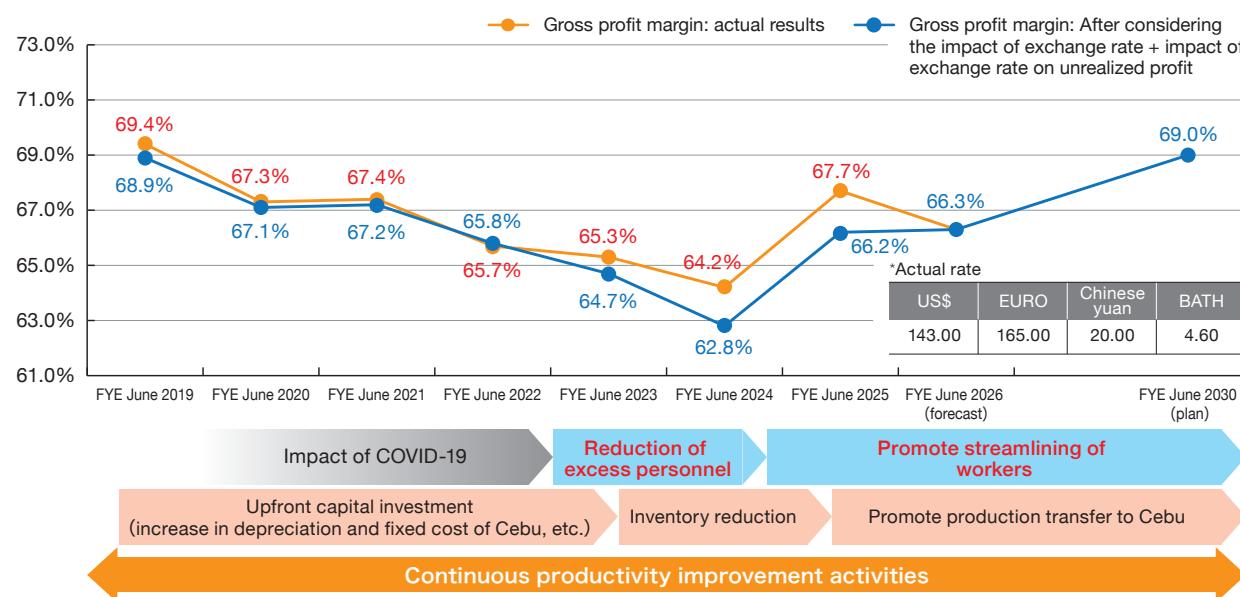


properly.

In addition, in the latter half of the plan, growth in areas other than the cardiovascular field — for example, the peripheral, neurovascular, and the abdominal — is expected. Particularly, I think it is good that the product lineup is expanded in the peripheral field and the growth story after FYE June 2030 is concretely seen.

Furthermore, as for expansion to treatment devices for calcified lesions, which is a new strategy, the company has set a very large goal of aiming at a 5% market share of about 600 billion yen in the world. I honestly think this may be an area where you feel the pressure, but it is a big challenge and a dream for the company. I'm looking forward to it. In any case, I highly evaluate for the company's stance of returning to the starting point and working for manufacturing and technological development steadily.

#### Changes in gross profit margin (assuming same exchange rates in the new Medium-Term Management Plan) (as of August 2025 plan)



**Miyata:** Thank you. We have established this Medium-Term Management Plan as the first step for our vision in ten years. The medical device market itself cannot be realized without a long-term perspective, and I am also aware of the management's willingness to realize long-term growth and our *raison d'être*, including our social contributions.

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**Ms. Tomoko Yoshihara:** The KPI shown in this Medium-Term Management Plan — numerical values of sales, gross profit margin, operating profit, etc. which the company has set as targets — are not largely different from what I had assumed in advance, which makes me feel at ease. Since the figures and goals of the plan are realistic and set within a reasonable range, investors have a sense of trust that the company will proceed steadily.

On the other hand, it is also true that some investors seek the company to be aggressive, wanting a more offensive stance or for the company to show more bold growth strategies.

Especially in the latter half of the plan, the time when the challenges for new products and technologies will take effect, there is a growing expectation of what new challenges your company will take on.

In addition, as a leading medical device manufacturer representing Japan, we strongly hope the company will further enhance its presence in the global market. Currently, medical device manufacturers in the U.S. and China are growing at a tremendous speed, increasing their market share and influence in the medical field around the world. Under such circumstances, the high technical capabilities and the high product quality of your company should be genuine “weapons”. I would like you to actively take on challenges looking at the next stage without being satisfied with past results.

**Miyata:** This Medium-Term Management Plan aims at balancing between proactive efforts to take on new challenges while maintaining profit growth. Our major theme is to balance between achieving profit growth and profit margin improvement and making necessary development investment.

**Ms. Yoshihara:** I feel this new Medium-Term Management Plan is different from the previous ones. Did you change anything about how to formulate it?

**Miyata:** Since this Medium-Term Management Plan is the first full-scale formulation of the plan after I became president, I was strongly aware of not only a top-down plan as in the past, but also formulating it throughout the entire organization. All of the directors of the company have always gathered together, and discussion has been held over many times. In the process, I saw anew on-site issues, the company's strengths, the future direction and other various things. I feel that we formulated the plan that made all of us feel that we can do this and feel convinced.” Of course, we well understand that there are issues and opinions as we heard today. We believe that the management plan does not end once it is formulated and that we will continue to make improvements by accepting your opinions and changes in the market. We will listen to the voices of investors and those inside and outside the company, and continue to make efforts to create a better company.



## 2. Market

### Chinese market

**Ito:** Next, I would like to ask you how you and the market see our net sales growth, especially the trends in the U.S. and Chinese markets.

**Mr. Yamaguchi:** China certainly has grown, but I also feel risks. I am also concerned about the move toward domestic production and the competitive environment. I have heard that your company is promoting the launch of a local factory to respond to the move toward domestic production, but looking at it from outside, it would be better to disseminate more information on how to control risks amid other companies struggling.

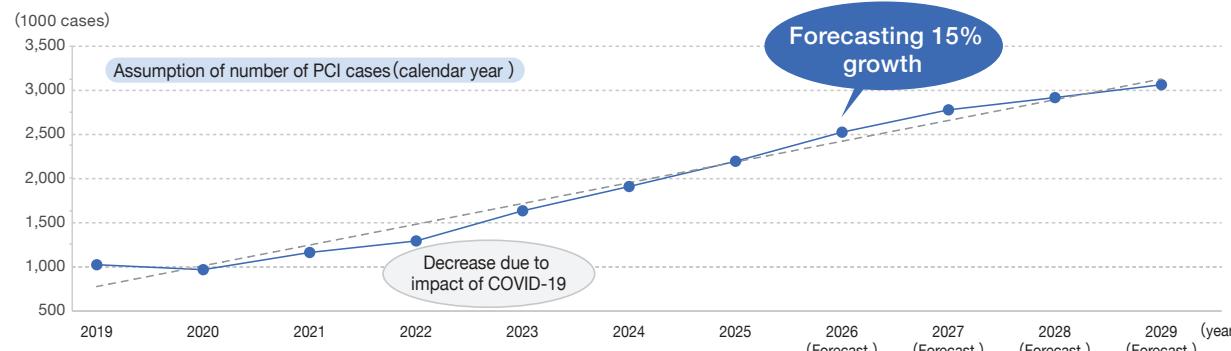
**Miyata:** Thank you for your suggestion. There is certainly a risk in the Chinese market, but we are working to respond the move toward domestic production by launching a local factory. In China, as you all know, there is a move toward domestic production (domestic preference policy). The Chinese market has about 1.9 million cases per year and its growth rate is about 15%, which is a major important market.

We are preparing to establish a factory to operate in 2030 in Nanning in China, which is close to Hanoi factory, our current main factory.

**Nishiuchi:** The medical practice in China varies by region, and the medical environment differs between large cities such as Shanghai and local cities. We focus on building relationships with local physicians, hospitals, etc., and strive to be chosen based on our product strength.

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## Trend in the number of cases in the Chinese market (Source: Asahi Intecc)



**Miyata:** While responding to the move toward domestic production, we would like to promote differentiation based on our quality and technical capabilities.

**Mr. Kohtani:** Considering the demographic and pathological conditions, the markets of emerging countries are expected to expand in the future. Regulations and the competitive environment will change in China and India, but your technical expertise and your capability of responding to the local market should be strengths.

**Ms. Yoshihara:** The Chinese market will grow, but we need to pay attention to the competitive environment and the move toward domestic production. As an investor, I am concerned about whether the launch of a local factory and the quality control will be sufficiently implemented.

### U.S. market

**Mr. Yamaguchi:** The share increased significantly also in

the U.S. for a certain period with guide wires, but recently, it seems to be a little stagnant. In addition, I have heard that your sales method has shifted from one-item sales as before and that the product lineup has been strengthened. It is also said that efforts are being made to strengthen the local sales system in the U.S. In reality, how are hospital-unit proposals made? I would also like to ask you about the reactions of doctors on site and your thoughts on future strategies.

**Nishiuchi:** In the U.S. healthcare market, there are major differences in the way of thinking and products used between doctors called "top doctors" who can treat difficult lesions, etc. with advanced technology and experience and local doctors, in particular, who perform general treatments. We have been considering product development and sales strategies with reference to the opinions of top doctors called KOL (Key Opinion Leader), but in fact, I do not think that alone is sufficient.

For example, concerning our main product, PCI guide wires, old types of wires made 30 years ago are still widely used in

the U.S.. Many of the top doctors use the latest technology and products, but there are still many who continue to use the old products they are used to.

For this reason, I think that even if a product is improved based only on the opinions of top doctors and promotion activities are carried out at academic conferences, the information is not sufficiently communicated to local doctors, and the actual needs of the entire market cannot be covered in some cases. So, I think it's important to approach more doctors, especially those working in local hospitals, directly. Specifically, we propose products for each hospital, gather on-site opinions to make use of them for product improvement, and accumulate steady activities. Through these efforts, we hope to make our company products available to more doctors throughout the U.S. market.



**Mr. Kohtani:** My opinion is related to the previous question of Mr. Yamaguchi, but I think that the U.S. market needs to consider strategies separately for cardiac treatment (cardiovascular) and other areas (non-cardiovascular). Particularly, in the cardiovascular field, bundling is progressing, while in the peripheral field, bundling may be difficult because of the limited product lineup.

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**Nishiuchi:** It is true that bundling is an impediment in the cardiovascular field, but in the peripheral field, we think that collective purchasing by the group purchasing organization (GPO) is more of a barrier than bundling. In the peripheral field, since manufacturers with an all-product lineup are limited, the scope of bundling is less likely to be expanded compared to the cardiovascular field.

However, in the U.S., there is a strong contract system where the GPO purchases products collectively, and it is difficult to make a proposal for individual hospitals and to have them adopt our products. For this reason, in the peripheral field, we will expand our product lineup and look for strategies tailored to local needs so that we can utilize the GPO system. We would like to gradually expand the possibilities of bundling and individual proposals while carefully listening to the on-site opinions.

We are also strengthening the nurturing of local staff and hospital-unit proposal activities. We have received opinions from doctors on-site that it is easy to use.



**Mr. Kohtani:** The non-cardiovascular field is highly competitive, and the challenge is to further increase the level of awareness of your company products and enhance the product lineup. I look forward to development tailored to local needs, including bundling and hospital-unit proposals.

**Ms. Yoshihara:** The U.S. market has different situations depending on the region. Therefore, I can feel relieved if I can have more concrete examples and information, such as why your company is chosen by the local medical front, bundling and hospital-unit proposals.

### 3. Production System and Utilization of DX/AI

**Ito:** Recently, we held a briefing session on production improvement at the Osaka R&D Center in response to the needs of institutional investors. Improvement in the gross profit margin is an important theme in the Medium-Term Management Plan, and the briefing session was conducted to make our investors feel convinced about its feasibility.

**Mr. Yamaguchi:** The technical briefing was really convincing. Usually, I often hear from the management and the person responsible for IR, but this time, the people who actually work on site directly gave explanations, and I was able to grasp precisely their ideas and activities for improvement in the field that are usually difficult to see. Recently, conversations tend to be focused more on cost reduction and gross profit



Technical briefing for institutional investors (at Osaka R&D Center)

margin, and I had some doubts as to whether it's possible to really improve it in the field. However, when people in the field explained in their own words, "We devise such a way," or "We have accumulated such improvements," I was able to feel that this is really being implemented in the field. What was particularly impressive was that overseas field staff also participated in the briefing session. In a global company, there is not much opportunity for local staff to talk directly about their efforts. Because of its freshness, the company's image has significantly changed, and I once again felt that practical competence is the strength of your company. If such briefing sessions are held more frequently, investors can understand the actual situation of your company more deeply, and I think the image viewed from the outside will change significantly. By directly listening to the voices in the field, the company's real strengths and the degree of seriousness on improvement that cannot be understood by figures alone will be communicated. So please continue to hold this kind of briefing.

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**Miyata:** Thank you. We started from the town factory and value the basis of manufacturing. Activities for doubling productivity and field-driven improvement took root, and the process efficiency using AI and DX has been progressing recently. Following the 2011 Thailand flood, we began activities to double productivity. We have now achieved more than four times greater efficiency. Abilities to make proposals and improvement activities on site are the strength of our company. Directors participate in quality meetings and productivity improvement meetings and are actively involved in the discussions. Every time, heated discussions are underway. AI is used to improve the efficiency of inspection processes and clerical work as well as for the parts that humans do not need to do. However, we believe that the final quality and the spirit of products achieved by human hands is very important. Going forward, we will continue to work on cost reduction and quality improvement while paying attention to the division of roles between human and AI.

**Nishiuchi:** The use of AI is promoted in two areas. One is to improve the efficiency for clerical work and organizing information, and the other is to utilize it on the production site. Accumulation of learning data is important, and we are continuing to expand it. In addition, we are exploring the use of AI and DX in the development area, particularly in material development, and new technologies such as quantum computing may be needed. AI has only a supporting role, and human judgment determines the final quality. In the future, we will continue to work on cost reduction and quality improvement, keeping the division of roles between humans and AI in mind.

**Mr. Kohtani:** AI and DX are not omnipotent, and they cannot



produce new values just by coordinating them. Ultimately, human experiences and instinct are important. In the development area, the issue is material development and the introduction of new technologies. Practical competence and improvement activities of your company should be strengths that support the development.

**Ms. Yoshihara:** The technical briefing was very impressive. I had heard that strengths of your company were practical competence and commitment to manufacturing, and I realized anew that the company has strengths that are truly backed by technology because people on the site specifically explained, in their own words, what kinds of technology and innovation they have. What was particularly impressive was the site is evolving with each visit. The work processes, facilities, and the content explanations were clearly updated compared to the previous visits, and I felt that such changes were linked to the motivation of people in the field. I got the message from the field staff, who talk about their efforts with confidence, that improvement had taken root as a culture of your company. It was also impressive that the utilization

of advanced technologies such as AI and DX was steadily progressing, not only for mere on-site improvements. In addition to improving the efficiency and quality control in the production site, I was told that AI and DX would be used in the future in the development area — for example, designing new medical devices and introducing technologies that have not existed before. This increased my expectations as an investor. By combining on-site wisdom with state-of-the-art digital technology, I feel that your company has the potential to further enhance its competitiveness. I am very excited about how new products and services using AI and DX will be created in the future and what impact they will have in the global market.

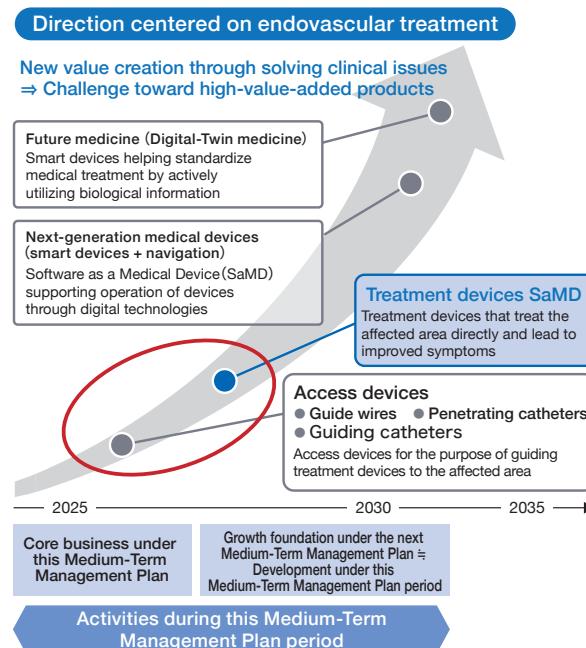


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### 4. Development / New Fields (calcification, neuro)

**Miyata:** In this Medium-Term Management Plan, we have set up the challenge into new fields as a major pillar in addition to our existing core business areas. In particular, one of our next growth strategies is to develop and launch new high-value-added treatment devices for the calcified lesions and neurovascular field. We would like to bring completely new solutions to the world while making use of the technologies and practical competence that we have cultivated through guide wires.

#### From access devices to treatment devices (cardiovascular, peripheral, neurovascular)



**Nishiuchi:** Calcified lesions are actually a very deep subject related to a wide range of clinical issues, not only related to the conventional treatment of CTO (chronic total occlusion) but also bifurcation (bifurcation of blood vessels) and restenosis, etc. At present, many people in medical practice around the world say that calcification makes treatment difficult. So, we will not simply follow the lead of other companies, but develop multifaceted solutions based on our pathological understanding of why calcification occurs and how it can be essentially treated.

We aim to create a packaged solution that combines multiple devices, targeting not only CTO areas but also non-CTO calcified lesions. We will further strengthen our structure to support devices requiring clinical trials. Taking advantage of our global expertise and the opinions of local doctors, we plan to start rolling out products that do not require clinical trials within five years. As long as we take on new challenges, we will actively engage in clinical trials to enhance our global competitiveness.

**Ito:** These clinical trial and development costs are also included substantially in the Medium-Term Management Plan. We will proactively make investments for positive growth, but we will maintain a balanced plan so as not to impair profit growth. We intended to make the content of the plan satisfactory to investors in terms of both "aggressive" and "defensive" aspects.

**Mr. Kohtani:** I think that the neurovascular field needs a packaged development that combines catheters and other devices, unlike a world where we can be competitive only with guide wires like cardiac treatment. I think collaboration with American doctors will become more important than

ever, and building a global development system should be the source of future competitiveness. In order to contribute to a wide range of fields, such as stroke (stroke treatment), aneurysm, and rare diseases, I would like you to actively promote not only internal development but also external collaboration. I expect your company to launch new products with a sense of speed by hearing more from doctors on site.

**Ms. Yoshihara:** As an investor, I am very excited about your challenge into a new field. In particular, I believe that cooperation with local doctors and hospitals will become increasingly important in order to enhance your competitiveness in the global market. Your company's technological expertise and high quality are "weapons" that can be used in the world as well, so I would like you to actively endeavor to reach a higher level as planned. I am also looking forward to product development that takes advantage of the on-site voices and rapid market launch.



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