

3-6

Overseas Market Topics

Medical : Increase in Net Sales by Region

One of the major factors behind our company's high net sales growth is the increase in overseas net sales in the Medical Division. In particular, we would like to introduce how managers in the rapidly growing U.S., European and Chinese markets have achieved this growth.



CCT (Japan)



SCAI (U.S.)



EURO CTO (Europe)

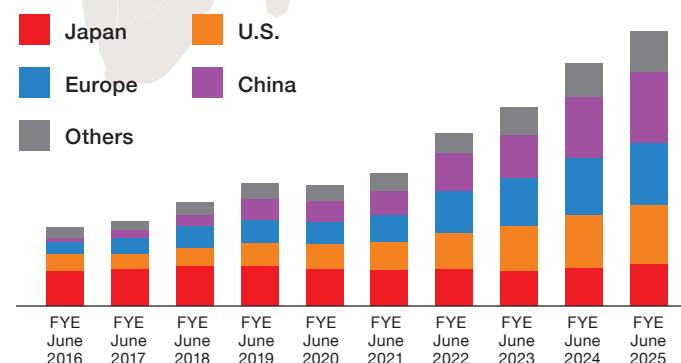


IEST (U.S.)



JSES (Japan)

Trend in Medical Division Net Sales



Progress in the field that values trust enables the development and growth of the U.S. and European markets from scratch.

Since joining the company in December 2002, I have consistently been engaged in overseas sales, and have focused on expanding sales in the U.S. and European markets in particular.

To be honest, when I first joined the company, recognition of our company brand was low, and the sales network was not sufficient either. That is why we placed the highest priority on building trust in the field. Since 2003, we have invited Japanese doctors to hold live conferences and workshops locally. By directly communicating the superiority of our products and their proper use to local medical professionals, we did not just sell them, but strove to ensure that medical professionals, who have patients' lives in their hands, use our products assuredly.

A major turning point came in 2011, when we switched distributors in Europe. The decision to switch distributors from a large agency to community-based partners was a big challenge and a lot of pressure on me as a supervisor. However, as a result of our efforts based on the belief that being close to the field creates trust, our market share has grown significantly, and our PCI guide wires have established a solid presence in Europe centered on the SION Series. The relationship of trust with our distributors is now solid, and our direct sales business continues to grow steadily. Based on this success in Europe, we established a direct sales system in the U.S. market in 2018. The U.S. was an important market, which was an unavoidable challenge for our company. There were times when sales were difficult owing to restrictions on hospital visits during the COVID-19 pandemic, but as a result of continuing to work without forgetting our starting point of delivering valuable products to doctors and patients, the market share of PCI guide wires expanded to 35% from the 26% at that time. We are building a more solid foundation after going through hardships. Most recently, we have taken on the challenge of complying with the European Medical Devices Regulation (MDR), which came into force in 2021, and strengthening sales of non-cardiovascular products in the U.S. and European markets. These efforts are also based on our strong belief that we continue to be a trusted choice in the medical field.

This progress has been supported by our relationship of trust with the company chairman, who was the former president of our company and promoted the company's overseas expansion, senior management, local employees, and, above all, numerous doctors and distributors. It is with great pride and pleasure for me that our company brand has established deep roots in the U.S. and European markets through more than 20 years of challenges. I will continue to explore new fields and collaborate with the next generation of doctors in addition to expanding our market share in existing businesses.

In order to continue to be the most trusted partner for doctors and patients, we will not merely engage in product sales but promote differentiated sales promotion activities to contribute to enhancing the value of our company.



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3-6 Overseas Market Topics

Leap of the Chinese market built with a co-creation stance and growth foundation expanding into Asia

Since joining Asahi Intecc in 2008, I have been consistently involved in the expansion of the medical business in China and Asia.

In my previous job, I was engaged in the sale of medical equipment, mainly in the Chinese market, and I was fascinated by its dynamism and potential, which was the main reason why I decided to move to our company.

At that time, Asahi Intecc's Chinese market was on the verge of growth. In 2009, the company established a representative office in Beijing and started its own pharmaceutical registration business, which had previously been outsourced to distributors. In 2011, we established a local subsidiary and gradually regained control of the Asahi Intecc brand and sales promotion activities. In addition, we have been able to build our own nationwide sales network through a drastic reform of our supply chain management.

Although we started with a small market share, it increased dramatically through restructuring our distributor network and building our own sales network. Our relationship with distributors was not limited to sales. We have been working with each and every distributor through a stance of co-creating the market together while accumulating trust. I believe that this partnership based on trust is the source of our company's competitive strength unlike any other company.

At the same time, we are building strong relationships with top doctors in China and incorporating their voices into our strategy. These steady efforts have led to us gaining the top market share in China for mainstay products such as PCI guide wires and microcatheters (abdomen). Subsequently, we established sales bases in Singapore, India, and Taiwan, and developed a distributor policy and direct sales systems tailored to the characteristics of each market. We have strengthened our business base throughout Asia while respecting the cultures and business practices of each region.

Since the COVID-19 pandemic, countries have accelerated institutional reforms aimed at curbing healthcare costs. China, in particular, is undergoing major changes that will shake up the industry structure, such as volume-based procurement (VBP), the two-invoice system, the DRG/DIP system, and the promotion of shifting to domestic production. We saw this change not as a risk but as an opportunity to



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evolve, and decided to establish a new production base in Nanning City, China. In the future, we intend to build a new business model that integrates production and development, and to expand the value of Asahi Intecc to a wider field by further deepening our collaboration in lobbying activities for governments and medical authorities in various countries.

China remains one of the most dynamically changing markets in the world. My greatest asset is the experience of working with colleagues and partners to take on challenges and build trust and achievements in the growing market. I will continue to work with this attractive market with passion and without fear of change to solidify the market position of Asahi Intecc in the broader fields.



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