

## 4-2

## Analysts x Management Discussion over the New Medium-Term Management Plan: Part 2

〈Continued from page 20〉

### 5. Growth Rate, Capital Allocation and Stock Price

#### Growth rate

**Ito:** First of all, what do investors think about the average 12.8% growth in operating profit that is proposed in the Medium-Term Management Plan? I would like to hear your assessment of our current situation and your opinion on the gap.

**Mr. Yamaguchi:** I think 12.8% is a sufficiently high growth rate. However, it is true that the expectations of the world are high. Foreign investors in particular tend to look for more aggressive numbers, and in the current global environment, even 12.8% is sometimes said to be not enough.

But realistically speaking, it's not easy to keep this growth rate steady at the scale of your company. Personally, I think the most important thing is to ensure that you can achieve it.

**Mr. Kohtani:** I have the same opinion. 12.8% is a sufficiently high level even on a global basis, and I think it is important to steadily achieve this goal. As an investor, I want to look closely at the long-term growth story, not just the short-term numbers.

**Ms. Yoshihara:** Some investors require more aggressive growth, but I think that implementing a realistic plan will lead to long-term trust. I believe that your company's approach to steadily building up business results deserves recognition.

#### Capital allocation

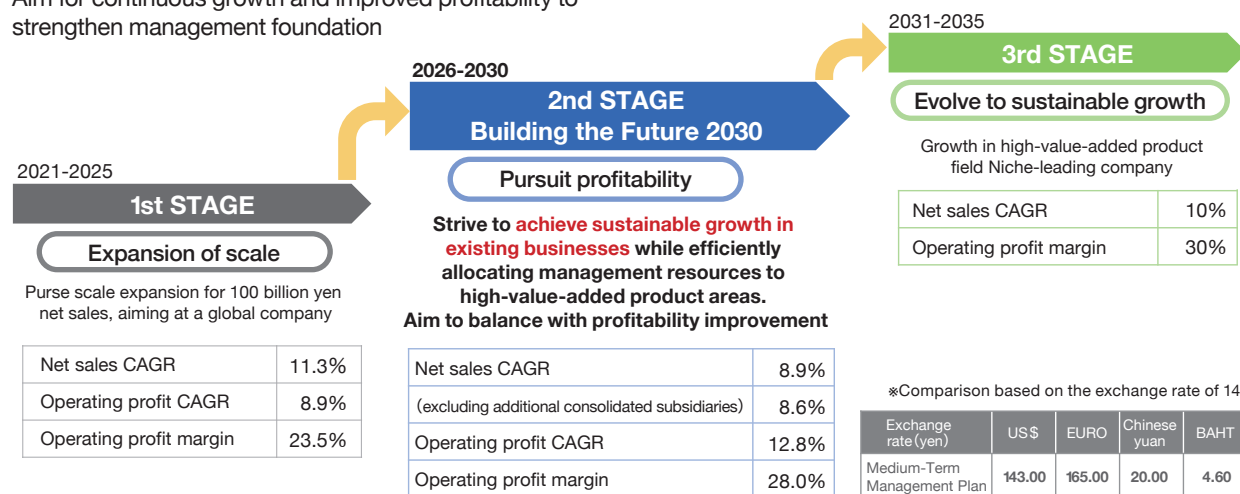
**Ito:** Next, could you tell us your opinion on capital allocation? In other words, how should the company's capital be allocated? Please tell us about your opinions on our current policy and future expectations regarding the acquisition of treasury stock, dividend policy, and investment for growth.

**Ms. Yoshihara:** I feel that the cash allocation is well-balanced. Acquisition of treasury stock and dividend policy are also reassuring for investors.

However, with regard to the use of surplus funds, I would like to see your willingness of more actively investing in growth and M&As. In particular, I would like you to proceed with growth investments and M&As while controlling the risks and assessing the scale and timing.

### Positioning of the new Medium-Term Management Plan "Building the Future 2030" (unified rate)

Aim for continuous growth and improved profitability to strengthen management foundation



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**Mr. Kohtani:** I think that capital allocation should be changed flexibly according to the growth stage of the company. Now that cash flow is stable, it is important to actively allocate capital not only for the acquisition of treasury stock and dividends but also for growth investments and M&As. As an investor, I feel reassured that your company has firmly implemented its capital policy and has continued to provide stable returns to shareholders.

**Ito:** As stated in capital allocation, the surplus of 100 billion yen generated over the next five years is primarily intended to be used for growth investment such as M&As, but if there are no M&As, it will be used for treasury stock. As you pointed

out, it is important for our company to be able to maintain sustainable growth and a high growth rate, so we are giving top priority to using funds to achieve this.

### M&A

**Ito:** As for M&As, our company has accumulated relatively small deals to date. However, now that the size of the company and its balance sheet and cash position are strong, I feel that we have gained the strength to take on larger deals. While reflecting on the past, as a matter of course, we intend to further accelerate the growth of the company by proactively undertaking a certain scale of deal.

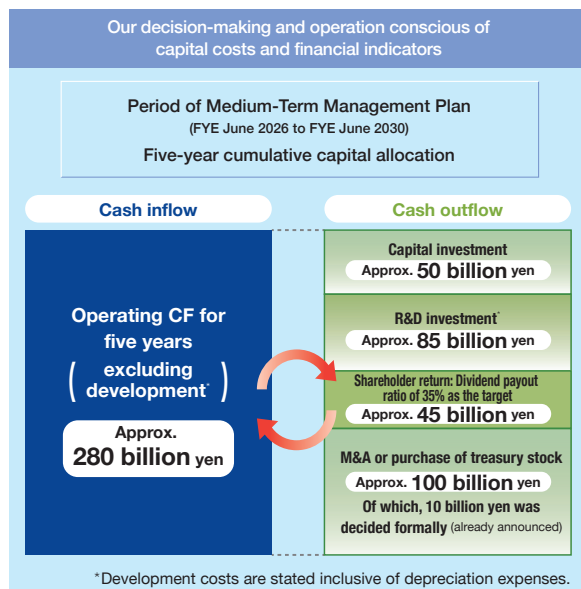
**Mr. Kohtani:** M&A certainly has its risks, but I think it is a great advantage that a company with technical capabilities like your company can access new technologies and markets faster by teaming up with venture companies in the U.S. and Europe. One strategy is to accumulate small deals as before, and in fact, major American companies are accumulating small deals and making big acquisitions at the right time. Since M&A has a big risk, I would like you to make decisions carefully and withdraw if necessary.

**Ito:** Thank you. As you pointed out, the majority of our deals were acquisitions of early-stage companies to grow them. The acquisition price range is low as early-stage companies, but it also comes with risk. Now that our company has grown in terms of size and strength, I think we can now afford to take on larger deals. I believe we can take a more cautious and flexible strategy, including not only acquiring early-stage companies but also other companies after evaluation for their products becomes clear to some degree. Going forward,

it would be good to pursue M&As with a firm focus on post-acquisition integration and synergy creation, while also working on large-scale deals as needed.

**Ms. Yoshihara:** My opinion is close to that of Mr. Kohtani. I would like you to proceed with M&As by controlling the risks while assessing the scale and timing. If you show us your willingness to take on larger deals according to the growth stage of your company, in addition to accumulating small-scale deals as before, my expectation will grow as an investor. Furthermore, by building a track record of M&As, I believe that your in-house know-how and organizational capabilities will be strengthened, and your global competitiveness will be enhanced. However, I would like you to select deals that make use of your company's unique technical capabilities and practical competence, not just blindly seeking scale.

**Mr. Yamaguchi:** M&A is a really difficult subject. If you look at American companies, there are a lot of cases where they acquired companies, but it didn't work out and impairment



## 4-2 Analysts x Management Discussion over the New Medium-Term Management Plan: Part 2

losses were recorded. In the case of your company, however, I think you have the advantage of being able to utilize your practical competence and technical capabilities and working closely with local staff and engineers at the acquired companies. With the current scale of your company, you should be able to take on a bigger challenge, not just accumulating small deals. However, as an investor, I would like to see post-acquisition integration and synergy creation, rather than just buy and end. I also look forward to hearing more specific information on how to proceed with M&As and what kind of deals you are targeting.

**Miyata:** Your opinions are very helpful. As you said, taking advantage of our past experience and reflection on M&As to date, we would like to proactively work on larger deals in accordance with the scale of our company in the future. Of course, we will thoroughly control risks and implement a strategy focusing on post-acquisition integration and synergy creation. We will proceed with flexible and strategic M&As to further accelerate company growth.

### Stock prices

**Ito:** Could you tell us your opinion on the current stock price trends and your future evaluation?

**Mr. Yamaguchi:** To be honest, MedTech as a whole is in a difficult situation with the current stock price (2,447 yen as of October 2025). Money is flowing into AI and bank stocks, while medical device and technology stocks are being sold off. It was the same in the old IT bubble. Pharma went up the moment the dot-com bubble burst. I think it's just such a phase. If your company achieves a steady 12.8% growth, I think the evaluation for your company will eventually

recover. I think the time will definitely come when there will be a premium on stable growth.

**Mr. Kohtani:** It is true that stock prices are tough now, but if stable growth continues like your company, the market will appreciate it eventually. As an investor, I want to look closely at the long-term growth story, not just short-term stock prices.

**Ms. Yoshihara:** I also think that stock prices are temporary. If your company steadily builds up its business results, the time will surely come when it will be appreciated. I'm not worried about it in the long run because right now the market money is just going to other sectors.

**Miyata:** Your opinions are very helpful. Although the current market environment is severe, I believe that the most important thing is to steadily build up our business results. We would like to pursue our efforts steadily.

## 6. Governance and Organizational Structure

**Ito:** What is your evaluation for our governance and organizational structure?

**Ms. Yoshihara:** Strengthening the functions of outside directors and the Nomination and Compensation Advisory Committee is reassuring. I would like you to continue to show that objective management is being carried out. Recently, there has been an increase in the number of healthcare companies actively appointing outside directors. I hope that your company will follow this trend and build a more transparent governance system.

**Mr. Yamaguchi:** From the outside, I still have the impression that your company's governance or organization is being operated by a small number of people. For better or worse, I think your company was viewed more like a private store. I understand that an executive officer system has recently been introduced. How will you communicate about the depth as an organization and the division of authority in the future?

**Miyata:** Thank you. We have introduced an executive officer system to promote the delegation and division of authority. We are moving to a system in which the Board of Directors decides a major direction, and executive officers are responsible for the business execution. We also work to strengthen the functions of outside directors and the Nomination and Compensation Advisory Committee, aiming for objective management. We will continue to strengthen our organization and build a highly transparent governance system. In addition, we will listen to the voices in the field and aim for growth throughout the organization.

**Mr. Kohtani:** I think the introduction of the executive officer system itself is an important point for the growth of the company and strengthening of governance. However, I have



## 4-2 Analysts × Management Discussion over the New Medium-Term Management Plan: Part 2



the impression that the number of executive officers has increased considerably in your company recently. I worry that too many people will make decision-making too slow or make the organization too complicated. In fact, when there are nearly 20 executive officers in the case of other companies, it is difficult to see who are making decisions. At your company, what are your views on the division of roles among executive officers, the speed of decision-making, and the transparency of governance? Also, if there is a system in place in which the opinions of outside directors are properly reflected in management, investors will feel secure in supporting the company. So, please let me know about this point.

**Miyata:** Thank you for your suggestion. Certainly, people tend to think that only the members who appear at briefings, etc. are the central figures of the organization, but in reality, many departments and personnel with necessary expertise work together behind it to support the company. Managers and teams function in each area, including manufacturing, development, sales, and management, and the organizational foundation is built up as a whole. We also work to strengthen the functions of outside directors and the Nomination and Compensation Advisory Committee, aiming for objective

management. We will continue to strengthen our organization and build a highly transparent governance system. In addition, we will listen to the voices in the field and aim for growth throughout the organization.

**Ito:** We have also increased the number of executive officers in response to the diversification of the fields and global expansion. However, we must avoid making decisions too late owing to an increase in the number of outside directors and executive officers. So, we will continue to make efforts to clarify the division of roles and authority, and improve the efficiency of the decision-making process. In addition, we always receive frank opinions from outside directors, and the vision for the company is always discussed among all directors. I believe that diverse opinions are reflected in management and the management of the Board of Directors and information sharing continue to be strengthened. Dialogue between outside directors (page 105), an interview with an outside director (page 117), and their frank opinions are included in this Integrated Report in a highly transparent manner. Please take a look.

**Miyata:** As for me, I think it is important to always listen to various opinions first. As for governance and organizational structure, we will continue to review our strategies flexibly through many dialogues with investors.

## 7. Earnings Forecasts and Future Prospects

**Mr. Yamaguchi:** I feel that the past earnings forecasts were ultra-conservative, but the recent earnings forecasts have been presented within a reasonable scope, which makes it easy for us, outsiders, to predict and makes us feel reassured. As an investor, I can follow forecasts feeling assured.

**Ito:** It is true that there are still issues to be addressed in the accuracy of forecasts, but we are working to improve our management for the accuracy of earnings forecasts by receiving improvement instructions from the company president in a top-down manner. We are gradually moving away from conservative revenues and high expenses at the site.

**Ms. Yoshihara:** I am also reassured as an investor that earnings forecasts are realistic. I hope you will continue to make accurate forecasts.

**Miyata:** Thank you for your valuable opinions today. We will reflect the opinions and requests we receive from you in our future management. I will continue to engage in dialogue with investors and strive to build a better company while valuing the voices of the filed. Thank you for your continued support.

**Investors:** Thank you very much. We look forward to the continued growth of your company.

