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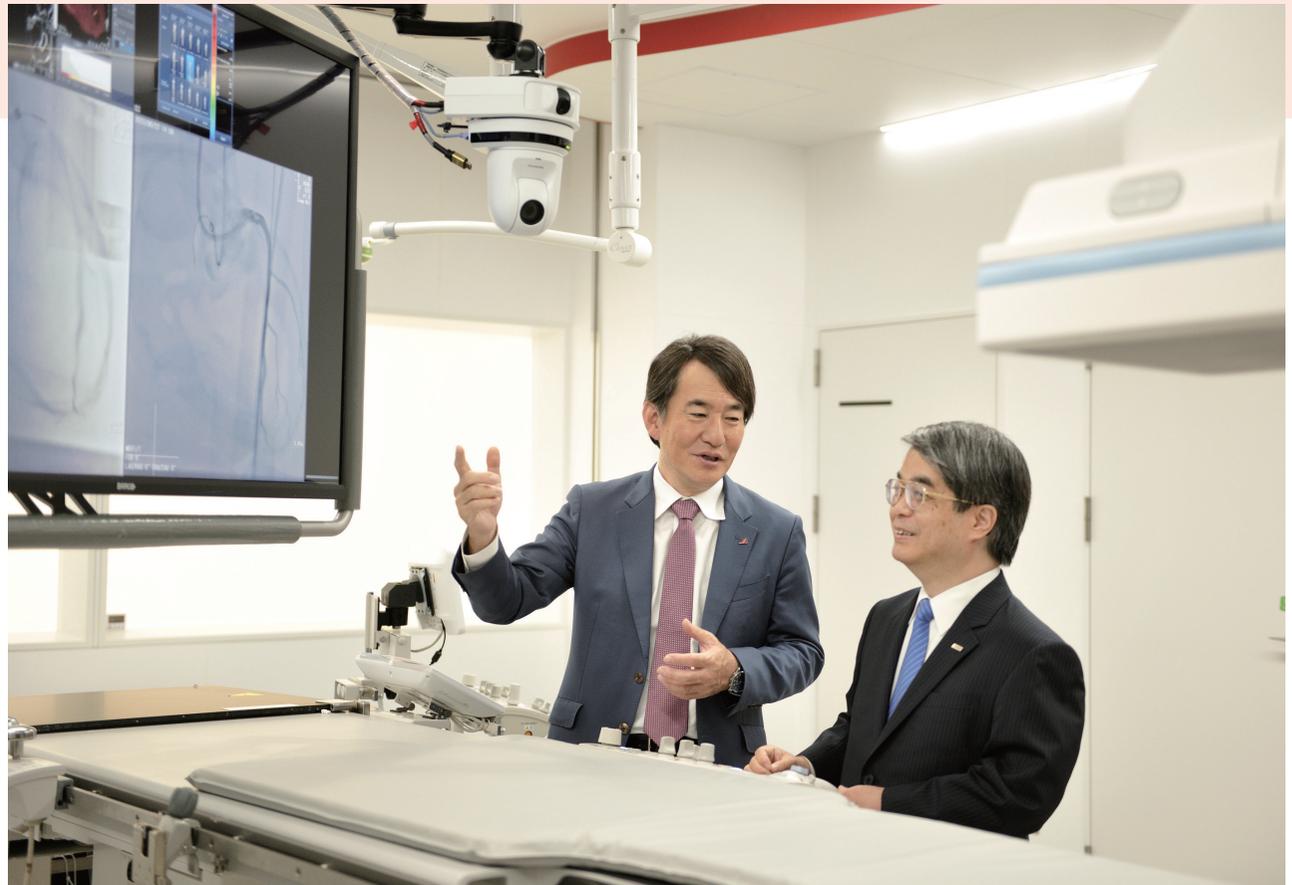
President and Investor Dialogue

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- Story of joining Asahi Intecc and progress since listing
- Sowing seeds and laying the foundation for the next growth
- Initiatives to achieve sustainable growth



Simulation Room in Global Headquarters and R&D Center

Message from the President

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We will promote sustainable management that will ensure successful results over the medium to long term and enhance the sustainability of our business.

Thank you for reading our Asahi Intecc Group Integrated Report 2023. I am Masahiko Miyata, President & CEO of Asahi Intecc Co., Ltd.

It is almost 30 years since our company entered the medical device business.

I joined Asahi Intecc in 1994 when our company, whose main business was industrial equipment, entered the medical device field in earnest.

Since 2009, I have been at the helm of management as President & CEO. However, it has not been a smooth road for me to manage the business of our company to this day, owing to the flooding of our main plant in Thailand in 2011, the COVID-19 pandemic in 2020, and changes in the business environment such as increased M&A activity by competitors and the reform of the healthcare system.

Amid this situation, our company has steadily expanded its global business by directly marketing its products in Japan, the United States and Europe. No matter what the circumstances, we have been able to steadily progress toward growth step by step by overcoming each challenge with our employees under the strong belief that with our technology, we will create products that can save the lives of as many patients as possible and deliver them around the world.



Global Headquarters and R&D Center

Message from the President

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GHQ Studio, Global Headquarters and R&D Center

We are currently operating our business in line with the Medium-Term Management Plan "ASAHI Going Beyond 1000." We are pursuing "ambidextrous management" in order to achieve sustainable growth by deepening existing business and creating new business. We have continued to make forward-looking investments even during the COVID-19 pandemic.

And I have taken leadership in strengthening initiatives related to next-generation smart treatments with the aim of creating new business, particularly smart guide wires, navigation systems, and remote treatment.

During the COVID-19 pandemic, Web conferencing, non-face-to-face medical care, and digital transformation (DX) spread throughout the world, which enabled rapid dissemination of new technologies and behaviors that

were expected to be realized in the distant future. Like these changes, I feel that the transformation in our medical device industry is going much faster than we originally thought.

In times of rapid change, we believe that adapting to change and making decisions with a sense of speed are extremely important.

I am strongly committed and determined to make steady progress with a sense of speed toward the realization of the future we envision, especially in the creation of new areas for new medical innovations.

As we move forward with these challenges, we will continue to strive to meet the needs of our client physicians and customers with speed and good faith, and our company's underlying technology- and field-oriented DNA will not change. We will continue to contribute to society by taking advantage of the unique characteristics of Asahi Intecc and building a strong position as the "Global Niche Top" company by delivering our unique value to our stakeholders.

Business is not operated solely by and for the sake of companies. I believe that companies have the responsibility to fulfill their duties and meet expectations from society from the environmental, social and economic perspectives. To this end, as a member of society, Asahi Intecc will address environmental and social issues head-on, while at the same time implementing sustainable management that enhances

business sustainability by steadily achieving good performance in economic activities over the medium to long term.

As a conclusion to the President's message, I promise the following:

1. We will pursue our Medium-Term Management Plan "ASAHI Going Beyond 1000."
2. Looking ahead to our company's long-term growth, we will vigorously promote the launch of new business aimed at realizing next-generation smart treatments.
3. As a driving force for growth, we will create continuous technological innovation by combining existing and new technologies.
4. We will promote sustainability initiatives at the company-wide level from both the top down and the bottom up.
5. We will fulfill our responsibilities to our stakeholders and engage in dialogue with them.

Asahi Intecc's long-term vision, growth strategy, corporate culture, and management structure were discussed in the President and Investor Dialogue (page 13) of this Integrated Report. I would appreciate it if you could read it.

President & CEO, Asahi Intecc Co., Ltd.

President and Investor Dialogue



Mizuho Securities Co., Ltd.
Director of Equity Research
Department
Hidekatsu Watanabe

Asahi Intecc Co., Ltd.
President & CEO
Masahiko Miyata

Aiming to enhance the quality of life of patients around the world, Asahi Intecc will continue to be counted on by doctors all over the world with the keywords of its global niche and technological orientation.

Global Headquarters and R&D Center

Theme1 My story of joining Asahi Intecc and progress since listing
As an R&D-oriented company, Asahi Intecc has rapidly grown since it was listed on the stock market, inheriting DNA that values technology and manufacturing.

Watanabe: The image of the president of Asahi Intecc as you, Mr. Miyata, has completely taken root. There are good and bad aspects of family management, but I feel that top-down management works well at Asahi Intecc. First of all, please tell me the details of how you joined the company. Can you also tell me about the difficulties you've had since joining the company, what you've found challenging, and how you've studied management?

Miyata: I was born when the former president (my father Naohiko Miyata, the founder) became independent, and he had already started the industrial wire business. Growing up as the son of an entrepreneur, I had a vague feeling from childhood that I would one day take over the family business, but I also wanted to pursue my own dreams, so I couldn't make up my mind which to choose. I probably should have studied metal engineering at university to take over the family business, but I majored in electronics in the information system and entered NTT DATA Communications Systems Corporation (now NTT DATA CORPORATION). At that time, my father's company had moved from the industrial wire business to the medical field and had changed its internal situation, during which I made my decision to join NTT DATA. The reason I chose NTT DATA was because I wanted to

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learn how to manage a big organization and the style of carrying out projects in a huge company that represents Japan, even if I was to take over my father's company someday. It sounds good when I say that I worked on the design of intelligent buildings at NTT DATA, which was a pioneer in the information and communications field in Japan. However, unlike my expectation, I was forced to spend a lot of time on construction sites, and there learned the rigor of the work, the importance of the site, and the hierarchy of the construction industry that oversees many contractors, which became valuable experiences for me. Just when I was getting attached to the finished building for which I made much effort and beginning to feel the enjoyment of my work, I was asked by my father to join the company. It was time for Asahi Intecc to expand its business into the medical field full scale. When I joined the company, I was told by my father that when I became the president, I would be allowed to run a business other than industrial wire, and that he wanted the company to become a public company eventually and said that the foundation for that would be the medical business. I thought it would be interesting if I could handle the medical device business myself, so I decided to join Asahi Intecc.



Watanabe: I think there is a hint in such your decision that explains the reason you are who you are today. When you are told by your father, "You can do a lot of things," "We want to go public, for this, we will start the medical business," it doesn't seem to ring a bell for young people of age 27 to 28. Were you convinced because you had been aware from your childhood that you might take over the family business? Please also tell me what attracted you to the medical business.

Miyata: For the industrial wire business, we receive specific product specifications mainly from customers who are manufacturers, and supply the parts. In the case of medical devices, we were very interested in being able to develop products with doctors. It was also interesting because it was an unknown field. When I joined Asahi Intecc, it was a small company with about 200 to 300 employees. As the company invested the money earned from the industrial equipment business in the preparation to start the medical device business, the employees of the industrial equipment business had an impression that the medical business was spending so much money. I was made to sign a loan agreement as a co-guarantor when I joined the company. I was shocked to know later that we had the same amount of debt as sales, but the situation where we were forced to go public encouraged us as trigger, and we worked hard with my father to make the company public.

Watanabe: Did the company's medical business start after you joined the company?

Miyata: I joined the company in 1994, when the company had established its foundation for a medical business and was about to start commercialization. So, nobody knew the name of Asahi Intecc, especially as a medical device company. The managing director, who was the head of the medical business at the time, told me that an ace employee had quit the company and that I should be in charge of dealing with doctors instead. He thought that doctors would meet me, being the son of the president, and that I was good at sales.

Watanabe: I think you must have had a hard time until you built a connection with doctors and turned it into a business. How did you become able to be accepted by doctors?

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Was it largely due to the personality of President Miyata?

Miyata: First of all, overwhelming technical ability is important. If a company does not have the technical ability to realize the needs of doctors, they will not meet us. I've worked hard on the medical knowledge I need to build a connection with doctors, but in addition to that, I need to have an ability to make a good proposal and to understand the background. Fortunately, I was able to cultivate it through my career after graduating from university, and I was able to utilize it in communications with KOL (Key Opinion Leader) doctors, including Dr. Osamu Kato, a pioneer in the field of cardiac catheterization. This successful experience that began in the cardiac field was able to be extended to proposals to doctors in other therapeutic areas. At that time, there was a culture where agents and distributors basically controlled communications with doctors, and a medical device manufacturer like our company was a subcontractor, but eventually we wanted to break that down and sell our products directly by ourselves. As I talked to doctors many times, I realized that they wanted to talk to manufacturers who actually make devices. For this reason, I thought that by accumulating our strengths, we would be able to sell directly, and also obtain directly the information necessary for manufacturing. Since we were a subcontractor, I have maintained my commitment to direct sales.

Watanabe: Your story gives me a sense of what the pioneer group did at the time. It is generally said that such technology-oriented corporate culture fades as organizations grow, but why does it remain so strong at Asahi Intecc?

Miyata: As we are a family-owned company, we have deep roots in the DNA of the founder who valued technology and manufacturing. I myself grew up learning from what my father had done. The value underlying Asahi Intecc is that we spend the most on research and development. That's why we have been always aware that R&D should and can be a hero. I would like to convey to our employees that if our DNA, speed, instantaneous strength and stamina were lost, Asahi Intecc would rapidly deteriorate.

Watanabe: Now that the organization has grown, I think it is very difficult to communicate with all employees. Do you think that the DNA of Asahi Intecc took root by repeatedly communicating it to department heads and executives?

Miyata: I think that's part of it, but I think a lot of it is transmitted through daily communication with people on site. I often visit the site, so there are many opportunities for employees on site to see me. In addition, when some employees accompany me to top sales, I think they may feel something from me.

Watanabe: Looking back on the events since the listing, when do you think was the key turning point?

Miyata: The biggest turning point was when we signed an exclusive distributor agreement with Abbott Laboratories in the United States. It was a foothold for us to develop business in Europe and the United States, serving as an opportunity to introduce the Asahi Intecc brand to the world. Up until then, we continued to share the technical capabilities of Japanese doctors with the world.



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Theme2 Sowing seeds and laying the foundation for the future growth Challenging new areas based on solid technical capabilities and a trusting relationship with physicians

Watanabe: Your business related to interventions in the fields of peripheral (peripheral vascular system), neuro (cerebrovascular system), and digestive organs seems to be progressing very well. Through mergers and acquisitions, you have added areas beyond the traditional business model. Tell me how you see your current progress towards the second half of the 2020s.

Miyata: The success in the cardiovascular field was a big deal for our company, and the fact that we were able to expand overseas was an even bigger deal. Through this success story, I felt strongly that we could develop Japanese technology laterally. Investors sometimes say that we don't have to do any unnecessary business, just wire, but from around 2010 to 2015, when I took office as president, I thought that it would become more

difficult for us to deal only with cardiovascular devices. In addition to the decline in medical device reimbursement prices, we had already gained some market share, so we began to feel the need to expand the affected areas for our products considering future growth potential. So, we expanded our business into non-cardiovascular areas including peripheral, neuro, and abdominal vasculature fields in addition to the cardiovascular field, and have already established a high market share in these areas in the domestic market. Our way of expanding the domestic success overseas in the cardiovascular field worked well in peripheral field, but didn't go well in the neuro field. We had expected that the success story of attaining a market share of 70 to 80% in Japan would go well overseas, too, but in reality, we realized that such methods didn't succeed overseas. We learned that the way of disseminating products was different between Japan and overseas depending on the affected area, and we changed our strategy to promote development through dialogue not only with Japanese doctors but also with KOL doctors around the world.

Watanabe: Does it mean that neuro field is more technologically oriented than the peripheral field?

Miyata: There is no difference in the quality of wire between both. As for the neuro field, coils, which are used in the last step of a treatment process, are the star product, and Asahi Intecc's products are wires for carrying. Wires are essential devices that are used in any treatment. Through our various efforts, we have learned that in the cardiovascular field, it is important to make sure that the wires pass through the affected areas, but that the neuro field, particularly in overseas markets, has a different background. Therefore, in the U.S. market, we are developing and commercializing products that meet the needs of KOL doctors there. The neuro field in the U.S. market is attractive because the unit price of neuro products is high with high added value. Further market expansion is expected, so we will strengthen it as a priority area.

Watanabe: What about the medical robot area that you will be promoting in the future?

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Miyata: In the future, we expect not only devices but also software, robotics and AI will prevail, and we wanted to be one of the first to enter this field in some way. One is the medical intervention area, where smart guide wires and plasmas* are major themes. The other is ANSUR, a laparoscopic surgery support robot. I'm more confident about ANSUR now than two years ago when we acquired the start-up that developed it. The reason is that the concept is completely different from that of the da Vinci system. ANSUR is specialized in the assistant function to support an operator, and it seems that many hospitals that cannot introduce the da Vinci system are interested in it for solving problems of labor shortages and work-style reform. A certain level of needs can be expected because those for whom it is difficult to buy the da Vinci system owing to restriction of costs may introduce ANSUR. The first model will be completed soon, but the demand is stronger than originally expected. We would like to develop this product in various fields in the future.

Watanabe: To what degree do you think smart guide wires and ANSUR have reached now? When you think about them in the span of 10, 20, 30 years, you may see a different landscape.

Miyata: It is difficult to say what degree, but automatic assistance using AI, for example, is easy to visualize and I think it can be realized. By developing one product to establish a foothold as a first stage, I think we can see a variety of information as an application.

Watanabe: Do you do research to find ideas?

Miyata: Since wires are required to convey the hand movements of the operator, we believe that Asahi Intecc's strengths can be applied to such ideas. Based on these ideas, we explored and came up with the ANSUR project.

Watanabe: In the "ambidextrous management," which combines the deep exploration of existing business with exploration of new business, exploration often fails even in large



companies. What drives the high success rate in M&A of your company?

Miyata: For example, when we move into a new field such as surgery or robotics, I study on my own and build a network with academic societies and famous physicians and researchers. We knew that the da Vinci was the strongest player, so we did not enter the field competing with it and aimed to develop ANSUR with a different concept. We have some knowledge about every department and venture, so when we get referrals from M&A brokers, we already get information through our own information network. There is quite a lot of advice from top physicians. I think it's important how much new information we can catch.

Watanabe: I think it shows the merit of the top-down approach. How do you think employees feel?

Miyata: If anything, they may think I am rushing forward. I have a feeling that they think they have to keep up and catch up with me. The existing business that produces proceeds to cover the present operation is important. On the other hand, it is necessary to develop new

*See page 34 for details.

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business with a view to the future. In my mind, I am balancing existing business and new business. I think that we can map new areas such as digestive organs without bias by deepening understanding and making the right judgements.

Watanabe: I feel that your company has started to build a strong foundation since the start of the 2020s, but is it progressing in the way that President Miyata envisioned? When do you think you'll be ready for the next phase?

Miyata: In the 2020s, we were finally able to sell new business. If we accumulate results so far, we can take on the next big application in a year or two. Ultimately, we want to develop our own navigation and software technologies to enable remote treatment with robots, as well as our own sensors and semiconductors for this purpose. I think remote treatment is also necessary for the future, but in reality it is not progressing well. There was a doctor who was interested in medical robot treatment at Nayoro in Hokkaido before. If a patient in Wakkanai suffers ACS (acute coronary syndrome), there is no physician who can provide catheter treatment, so s/he cannot be treated locally. The patient will die without an air ambulance (doctor helicopter). If there is a medical robot in



Wakkanai, the doctor in Nayoro can operate the wire remotely and inflate the balloon to save the patient's life. I think robots are one solution to medicine in a society with a declining population. I don't think robots can do or should do 100% of the work, but I think it's very valuable that we can leave treatment to robots to some extent.

Watanabe: I sometimes think that your passion for remote treatment has not been well communicated to investors. Could you talk again about the positioning of remote treatment for Asahi Intecc and the reasons and background for the expansion into the field of remote treatment?

Miyata: Asahi Intecc ultimately aims to improve the quality of life of patients around the world, and we recognize that remote treatment is one of the means by which to achieve such goal. In the United States, there is an intervention robot called CorPath (robots that allow doctors to remotely control guide wires and catheters in the catheter room and away from the patient) that was created to reduce radiation exposure for doctors, without any benefit to patients. But if it is a case of remote treatment like Wakkanai, it is meaningful. Once the intervention robots are complete, the idea will change radically, and devices such as specialized wires will be needed. The business in Japan is difficult because of its severe regulations, so we have been considering Africa recently. There are many patients and no regulations in Africa. So people cannot receive enough treatment. We are currently in the experimental stage, but we would like to take on the development of our business in Kenya, to refine our skills there and bring them back to Japan.

Watanabe: Robotics, rather than remote therapy, may leap Asahi Intecc to a radically different level in technology and treatment. Do you mean that it can be utilized in the areas where Asahi Intecc currently does business?

Miyata: We are also working on sensor technology for this purpose. It could also be a smart guide wire, and if the position of the guide wire can be seen other than by X-ray, remote control will be possible, which is a very interesting area to tackle. The main players

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of remote treatment systems are diagnostic companies, but Asahi Intecc is a company who engages in treatment devices. Treatment device companies are more aware of the details of physicians' needs, so if remote treatment devices using robotics go well, we can create value. We don't have to leave everything to robots, but if they cover simple treatment for acute strokes and ACS, we can save lives by improving blood flow. That alone makes the robot worthwhile. When I visited less-populated communities to see their medical situation, I was absolutely convinced that there was a business opportunity. Technology is necessary to reach the final goal. As for the plasma wire, Asahi Intecc is able to develop not only the plasma hardware but also the navigation software, and has acquired approval. We believe that we need to aim for generalized and standardized treatment by utilizing navigation software in addition to conventional artisanal technology.

Watanabe: Do you mean that you will continue to consider M&A as necessary to supplement the technical aspects? When do you think your current efforts will bear fruit?

Miyata: We expect that it will take more than five years for remote treatment because we proceed with it in a technology-oriented manner. The smart wires and robots that form the foundation for that started step by step this year, and the results are about to appear.

Theme3 About sustainable growth. Possibilities and constraints, strengths and challenges, dreams and realities

Aiming to achieve sustainable growth based on the keywords of global niche and technology orientation

Watanabe: What do you think Asahi Intecc will look like 30 or 50 years from now? Please tell me what the company's possibilities and constraints, strengths and challenges, dreams and realities are, both from internal and external perspectives?

Miyata: I can't clearly picture the long span of 30 years, but I hope that Asahi Intecc will



be as sharp as ever, and that the company will be counted on by doctors all over the world. Currently, we are recognized by doctors for our sincere commitment to niche and global markets that large companies cannot cope with. We want to keep such position and reputation, and I think it is the raison d'etre of our company. If we have the same stance as big companies, we won't be able to show the best of our company. We will communicate this company-wide by using the keywords "global niche" and "technology-oriented."

One of our next challenges is business succession. Two years ago, we started top-gun training to train future executive candidates considering how to pass our culture on to the next generation. Since not only the management but also engineers need to pass on what they have now to the next generation, we have systematically established a human development course by dividing the management career course and the skill career course. While proceeding from the top down, we are reviewing the personnel system and welfare benefits programs together with the necessary members. We have focused on investment in R&D so far, so I know that we are behind in developing internal infrastructure.

Watanabe: What is your motivation for holding the position of president?

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Miyata: When I think that employees are always watching me, I cannot cut corners in my job. Most of all, for me, it's interesting to enter new territory and meet and talk to doctors. While they place high expectations on us, it's fun to think about what Asahi Intecc could do. Also, it's wonderful to see KOL doctors taking care of patients and researching new technologies, working hard day and night. At the same time, as a person who breathes the same air, I have to work hard and I don't want to lose out. I will spare no effort for that.

Watanabe: Your attitude as the president has been passed down as a corporate culture.

Miyata: I hope so. I believe that we must always be honest about technology and that there must be no lies in manufacturing. Doctors often say that Asahi Intecc's engineers are honest and serious, perhaps because they separate the possible from the impossible. And in other companies, engineers rarely talk to doctors in person, but in our company, engineers and doctors talk a lot. People often say that this is the source of innovation. That is the difference between Asahi Intecc and other companies, and it may lead to our strength.

Watanabe: What about governance? I would like to ask about your expectations for the Board.

Miyata: Family management and going public may seem contradictory at first glance. I think that the power that comes from being a family management is a good aspect, but on the other hand, it is important to have good governance around me to check the concentration of authority. Since the introduction of the outside director system, we have always listened to the voices of outside directors who have made us aware of things that were not noticed by internal members alone. We also receive feedback from doctors. The balance between the accelerator and the brake is important in management, and if the balance is achieved, the overall governance is good. In our company, outside directors and CFO Ito play the role of brake.

Watanabe: With regard to sustainability, I believe the challenge is how to address the diverse stakeholders. What are your thoughts on sustainability?

Miyata: About two years ago, I met European people at a meeting and they talked that they couldn't do business if the earth disappeared. It was for the first time that I truly realized that business cannot continue without the earth and how important it is for companies to be committed to saving the environment. So we're really trying to work from both the top down and the bottom up in terms of society and the environment, too. I think that companies that are able to engage in ESG properly have the power to grow and are highly evaluated by capital markets. We are just starting, but we will make continuous efforts to promote sustainability initiatives.

Watanabe: As a sell-side analyst, I not only follow business results but also use the thoughts of management and companies as a basis for judgment. Non-financial information allows me to intuitively judge whether the company has qualitative value, and eventually, companies having qualitative value continue to receive high ratings from investors. The ESG concept does not break down all the elements, but we recognize that it is easy to understand companies through a factorization. You, President Miyata, spoke about sustainability directly to me, which encouraged me as an analyst.

