



## Chapter 1

# President and Investor Dialogue

Dialogue with investors

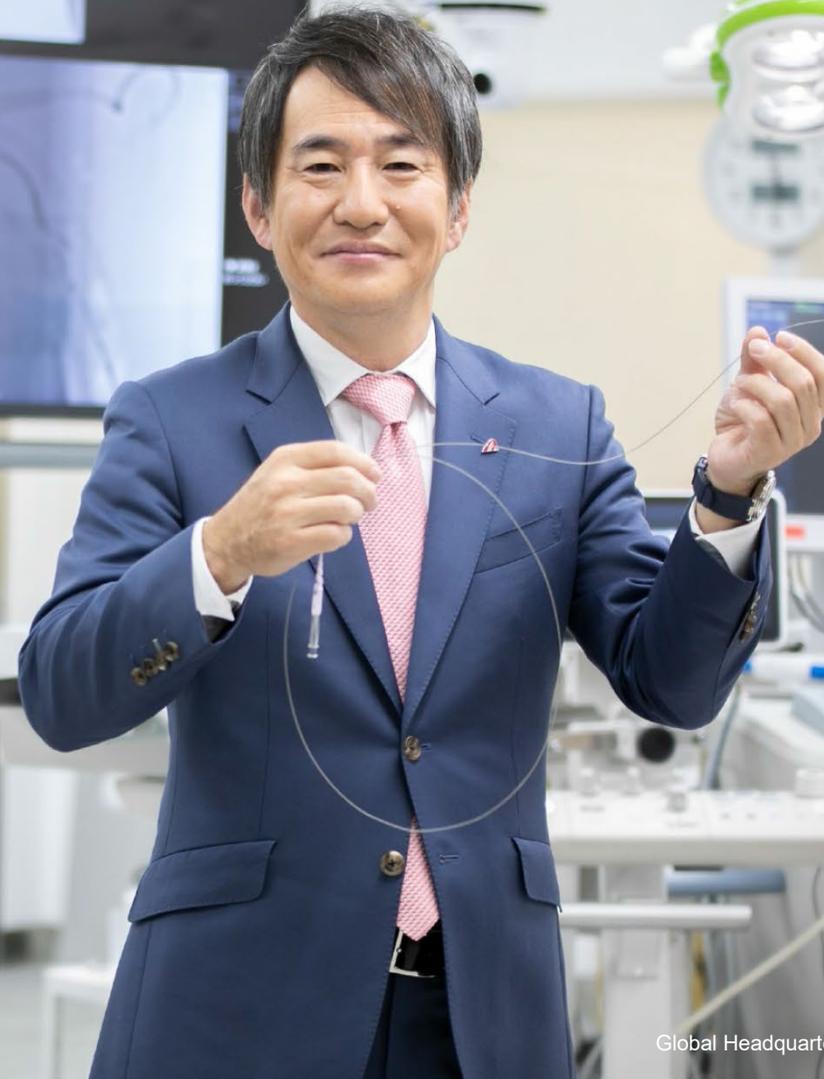
- 1-1 | Message from the President
- 1-2 | President and Investor Dialogue
  - About Asahi Intecc
  - Long-term Outlook and Growth Strategy
  - Corporate Culture
  - Sustainability



## 1-1 | Message from the President

We will continue to work to resolve issues in the medical device and industrial equipment fields, and achieve good performance through sustainable management.

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



Global Headquarters and R&D Center

## 1-1 | Message from the President

Thank you for reading our “Asahi Intecc Group Integrated Report 2022.”

I am Masahiko Miyata, President & CEO of Asahi Intecc Co., Ltd.

I joined Asahi Intecc in 1994, at the timing when our company, whose main business was industrial equipment, was going to enter the medical device field.

At that time, the medical device field was an unknown new field, but I myself have been working to promote the medical business with the strong belief that “With our company's technological capabilities, we hope to create products that will save the lives of as many patients as possible and bring the products to the world market.” Asahi Intecc's products are now available in more than 110 countries and regions, and our products are highly regarded not only in Japan but all over the world.

Since 2009, I have taken over the management of the company as the successor of the founder. In 2011, flooding in Thailand caused damage to our main production base in Thailand. In addition, since 2020 we have faced a major change in the business environment due to the COVID-19 pandemic. In this way, the journey of our business operations was neither easy nor smooth, but we were able to grow as an organization by working as one to overcome individual challenges.

Today, we are listed on the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange Premier Market, and I realize that our social responsibility is growing in line with the growth stage of our company.

Our company's mission is to solve the problems faced by our customers in both the medical device and industrial equipment fields by leveraging our technological capabilities and responsiveness we have developed through transactions with many customers. For this reason, in order to directly understand the needs of doctors, I take the initiative to visit medical sites by myself and carry out activities putting importance on the sites. Furthermore, amid the COVID-19 crisis, we will continue our efforts to resolve medical issues on an ongoing basis into the future, such as continuing investments without stopping.

As it is said "a company is a public entity of society," business operations are not conducted by a company alone. We believe that it is our duty to fulfill our responsibilities to various stakeholders surrounding the company and meet their expectations.

To this end, as a member of society, our company will

address social and environmental issues head-on, while at the same time implementing sustainable management that enhances business sustainability by steadily achieving good results in our economic activities over the medium to long term.

Asahi Intecc's long-term vision, growth strategy, corporate culture, and management structure were discussed in the President and Investor dialogue (page 13 to 19) of this Integrated Report. I would appreciate it if you could read it.

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

## 1-2 | President and Investor Dialogue



CEO

Asahi Intecc Co., Ltd.

President & CEO

Masahiko Miyata

Asahi Intecc aims to enhance the quality of life (QOL) of patients around the world and establish the “Asahi Brand” worldwide by proactively disseminating minimally invasive treatment products from Japan to the world.

### ■ About Asahi Intecc

Continue to be a “keen company” that responds to the advanced needs of doctors through “R&D-oriented manufacturing” / “global,” “technological innovation,” and “practical competence”

**Hyogo:** I thought that I knew your company well because I have had a deep dialogue with your company since the listing, but I read the book titled “The Soul of Engineering” by the founder, Mr. Naohiko Miyata, and felt anew that Asahi Intecc Group has developed today because it has been obsessed with technology and manufacturing since its foundation, as well as meeting the needs of medical care. As the second-generation president following the founder, what is the founder’s spirit that must be passed down? On the other hand, what have you changed?

**Miyata:** Since I was a child, I have grown up watching the life of the founder, who has been obsessed with technology, and I have naturally learned that many things can be done with technology.



Institutional Investor

Mitsubishi UFJ Trust and Banking Corporation

Chief Analyst, Asset Management  
Department

& Chief Fund Manager (Domestic Stock)

Mr. Shinichiro Hyogo



In this sense, I believe that the manufacturing spirit that underlies Asahi Intecc, which places the greatest importance on technological capabilities, is the DNA that must be inherited.

On the other hand, there are things that I have clarified rather than changed since I became President. In 2009, when I became the President, I established the President policy based on the keywords "global," "technological innovation," and "practical competence." I defined Asahi Intecc's characteristics other than manufacturing by clearly indicating the direction of the Company to our employees, and sought to improve the Asahi Intecc Brand.

When thinking about how to satisfy all of our stakeholders, especially our valued shareholders, customers, and employees, I thought that enhancing the corporate brand would be a good idea to increase satisfaction of all stakeholders.

**Hyogo:** Of course, they will include patients and investors. In that sense, could you explain what Asahi Intecc should

be that you, President Miyata, are portraying, including how you will expand your customers?

**Miyata:** As described in the Long-term Management Vision, we aim to become a "Global Niche No. 1 Company with unique technologies." The advantage of our company is that we are an "R&D-oriented manufacturer," and this will not change in the future. Since we entered the medical field, we have responded to the advanced demands of doctors with our technological capabilities, and we want to continue to be a "keen company" with both technical expertise and clinical knowledge.

**■ Long-term Outlook and Growth Strategy**  
**We will enter into the gastroenterology field and contribute to realizing next-generation smart treatments through the ambidextrous management of "Deepening Existing Businesses" and "Creating New Businesses."**

**Hyogo:** What strategies are you promoting for future growth?

**Miyata:** Our Medium-Term Management Plan, "ASAHI Going Beyond 1000" (FYE June 2022 to FYE June 2026), focuses on "ambidextrous management" for existing and new businesses. While strengthening the profitability of existing businesses, we will also focus on new businesses so that we can put emphasis on the next stage of growth. We will step up the growth stage.

**Hyogo:** What are concrete measures to become a stepped up company?

**Miyata:** So far, as for the therapeutic fields, we have been focused on the cardiovascular and other vascular systems, but we will also enter into non-cardiovascular fields. To this end, we will develop catheter technology in the field of digestive organs as a pillar of the next therapeutic area.

As for the combined field with advanced technologies, we aim to realize next-generation smart treatment.

By combining with new technologies, we will establish new treatment and diagnosis methods that are different from conventional methods. For example, by adding sensors and plasma energy to our existing high-operability wire technology, we are developing next-generation wires, such as smart guidewires that can identify blood clots and plasma guide wires that can perform CTO treatments.

In addition, we will adopt robotics technology to our new technologies to respond to the next-generation smart treatments. Specifically, we are focusing on the development of an echo guide system to be operated by robots on behalf of engineers in the field of catheter treatment for lower limbs, next-generation surgery support robots in the field of surgery, and software for use in plasma guide wires. In 2022, we established the Tokyo R&D Center to promote the development of advanced technologies to meet the evolving convergence of mechanical devices with digital and software technologies.

In addition, we believe that telemedicine can be realized if navigation technology is developed.

For example, a patient with myocardial infarction in Wakkanai, Hokkaido, has no hospital within 200 kilometers from the site and has no choice but to fly a doctor's helicopter to Nayoro. However, if the weather is bad, the helicopter cannot fly and there is a possibility that the patient may die there. Having seeing such medical sites up close, I thought it would be good if doctors could diagnose and treat patients remotely. If the navigation technology is developed, this can be realized. I believe that providing technologies that can help realize telemedicine is consistent with the social significance of our company. It costs money to have the technology for smart treatment, but we cannot think of further growth until we get there. We feel the need to invest in one of these promising areas, and the reason why we are pursuing M&A and joint developments with various companies is because we feel that if we do not do it now, it will be too late.

**Hyogo:** Is it correct to understand that the most recent M&A deal was inevitable to fill an important part considering 10 to 15 years in the future?

**Miyata:** Yes. Guide wires alone can bring some growth, but we cannot miss the next big wave of innovation.

**Hyogo:** What phase is your company in now, from the perspective of the longer term?

**Miyata:** We have been making good products together with top doctors in Japan since about 1995 and

disseminating them out to the world. Based on this experience, we have received requests from doctors in Japan to listen to the opinions of American and European doctors in order to make products. I think we have entered a phase where we can disseminate our company products around the world. In order for us to seek further growth, it will be important in the medium to long term to move into new fields by forming alliances with doctors who are key opinion leaders with excellent skills and ideas in the relevant fields all over the world.

**Hyogo:** I understood your long-term concept utilizing advanced technology. Within that concept, what are your company's core competencies?

**Miyata:** Whether in the internal medicine department or the surgical department, our company's core competence is the technology to transmit the operation of the doctor to the end that touches the affected area, as accurately as possible. For example, a smart guide wire cannot be used in clinical practice if it cannot be carried into the body, even if there is a good sensor. In addition, it must be used as a guide wire for treatment as soon as the inspection is over. It is extremely important to realize such technology in order to use the products in clinical practice. Our company's core competency technology is there. We believe that adding value to these products is what is needed now.

**Hyogo:** So far, your company has used agents to sell products or conducted the OEM-based business, but there are various options, such as changing to a business entity that is closer to customers or as it is. What do you

think your company should be in the next 10 to 15 years?

**Miyata:** Our company was founded as a material manufacturer that produce wires for industrial equipment, and has since expanded its business into the medical field. When we first entered the market, we did not have much knowledge about the medical field, and most of our sales were made by agents. Therefore, as a manufacturing company, we felt frustrated that we did not received information directly from customers in a timely manner. Therefore, we have switched to direct sales in Japan, the U.S., and other countries, because we believe it is important to be close to our customers. To create a good product that incorporates the needs, I think this will work. However, in areas where our knowledge is lacking, we can accumulate information through our agents, so we will also develop ODM, OEM, and other businesses. We will lead the business by making the best of both.





## ■ Corporate Culture

### Enhance employee motivation by maintaining "Speed and Responsiveness" through "Hands-on approach"

**Hyogo:** I believe that one of the growth drivers of your company is the "family business." How do you recognize its advantages and challenges?

**Miyata:** I think that the good things that the family business can do are "inheritance of DNA," "speed and responsiveness," and "penetration of the President's policy." At the time of its founding, our company was a so-called "flat organization." As it is an owner company, information can be passed through easily, which leads to "speed and responsiveness." The issue is how far the organization can maintain its top-down structure as it grows.

And there is another problem arising from expansion of the organization; how to delegate the decision authority. Since I became the President, I've been gradually handing over the decision authority to other management. I have to avoid the structure that employees work only with a view to their immediate boss. I want to leave the atmosphere where employees believe that the top management understands them.

**Hyogo:** Let me ask you what is the corporate culture of your company?

**Miyata:** The most important thing for our company is "speed and responsiveness" as I mentioned earlier. Act quickly and take proper responses. I think this is our company's merit. For example, by making the utmost use of our own technology to achieve the fine sense of the advanced technique of doctors, we can quickly apply it to other products. This means our quick responsiveness. I believe we must continue to maintain our "speed and responsiveness."

**Hyogo:** Looking at the history of Asahi Intecc, it seems to me that the key to its global growth is listening to the knowledge and needs of doctors and applying them to your product development. Can I consider this the main growth scenario?

**Miyata:** Our company needs a key opinion leader to grow in the medical field. Doctors, on the other hand, believe

that tie-ups with manufacturers are essential for realizing ideas. In that sense, we and doctors are equal partners. One of our areas of success is the circulatory system, especially minimally invasive treatment of the vascular system. In the past, many medical devices used in medical practice in Japan were imported from Europe and the United States, but the technique using our products made in collaboration with Japanese doctors has become recognized around the world, and it is now possible to export them from Japan to the rest of the world.

**Hyogo:** Asahi Intecc currently employs 10,000 people around the Group. I think it will be difficult to foster a corporate culture that is exactly the same as when the company was founded, or to instill a corporate philosophy into the company. What initiatives do you take, President Miyata?

**Miyata:** In our DNA, it is particularly important to instill the "hands-on approach." If the top management acts according to the hands-on approach, the employees act. I myself try to go to medical sites and factories as often as possible. I also distribute videos of my New Year greetings to all our employees and messages in English to our overseas bases, and use every opportunity to communicate my thoughts directly. On site, employees hold contests where they make presentations of activities to improve the practical competence in each section. Through these efforts, we are trying to convey the importance of the hands-on approach to each and every employee.

**Hyogo:** Since you became the President, how have employees on site changed their approach?

**Miyata:** When a massive flood disaster occurred in Thailand in 2011, the way each worker worked at the site was put to the test. On the day after the flood, my staff and I went to Thailand, but due to the flood, we had no choice but to cross to the factory by ferry, and even if the water receded, we were worried about whether we would be able to resume manufacturing medical equipment, for sanitary reasons. The factory was suspended for six months. So I took the lead and took pictures of the Thai factory and went to a factory in Vietnam. There, I asked the Vietnam factory to double production and to receive Thai workers who had lost their jobs. We brought about 300 employees of the Thai factory to the Vietnam plant and 200 other employees to Japan to engage in the alternative production. At that time, we clearly told our staff in Thailand and Vietnam what we had to do, which created a sense of unity. During their six months in Vietnam, highly experienced and talented Thai employees provided Vietnam workers with good guidance, which helped to bring the plant's technological capabilities to almost the same level. In our response, we were able to turn the disaster into a good result under strong solidarity.



**Hyogo:** A little while ago, I visited the cafeteria on the top floor of Global Headquarters, and it was very nice. Has the level of employee satisfaction improved?

**Miyata:** I hope the employee satisfaction level will increase. In moving our head office from Nagoya City to Seto City, we wanted to create a working environment and create a facility where employees would be happy to work there. Therefore, the new Global Headquarters building has fitness facilities and a free space on the top floor besides the cafeteria. In addition, the company makes contribution to the employee shareholding program, hoping that the company's growth will lead to personal affluence of our employees for their asset building over their lifetime.

The good thing about working on medical devices is that our business has the social significance of saving lives. I think that motivates our engineers who work with top doctors.

And unlike our generation, the younger generation today is very sensitive to environmental issues. Our company will put emphasis on ESG, too, to motivate our young employees.

### ■ Sustainability

**Link social significance and ESG initiatives with dialogue to realize sustainable management that leads to tomorrow's society**

**Hyogo:** As your company works to promote ESG, why do

you think ESG is important and what are your initiatives?

**Miyata:** To be honest, I didn't know how ESG would be linked to our core business until a little while ago, but as we deepen our discussions, I feel anew that companies that are rooted in ESG considerations will grow sustainably and perform well as a result. Understanding environmental and social issues is essential for sustainability.

As for environmental issues, we have a strong awareness that if the earth is devastated, no company can carry out any activities, and we are working to reduce our environmental impact. With regard to social issues, our company's business itself is highly relevant, so we will contribute to society by firmly implementing our core businesses. And for governance, we will strengthen our company by addressing the matters required by society one by one, taking into account that governance itself is attracting public attention.

**Hyogo:** You mentioned earlier about the BCP initiatives in Thailand. From the perspective of risk management, there are too numerous issues to mention, including climate change, cybersecurity issues, geopolitical risks, and others. What is your approach to risk management?

**Miyata:** When the Thailand Plant was hit by a flood, I felt frustrated that we could not make products as a manufacturing company. I have a strong sense of crisis against climate change, as we recently experienced typhoon damage at our Cebu Plant. I am keenly aware of the need to create an environment in which we can back up

production in Japan so that we can continue production no matter which factories in Asia are affected by disaster. We have been in Thailand since before our company was involved in the medical field. The biggest advantage at that time was labor costs, and the availability of many workers was also attractive. Times have changed and Bangkok has grown into an industrial area. In all regions, the process to increase productivity has changed to investing in automation.

At the same time, it is time to reconsider production in Japan. Considering that all of our manufacturing know-how is overseas, we continue to develop and maintain important processes in Japan, from the perspective of handing down our core technologies.

**Hyogo:** I believe that the current young generation will be at the core of the company in 2030 and 2050. What measures do you take to enhance expertise while cultivating an organizational culture with mid-career and new graduate hires and developing human resources?

**Miyata:** Before the initial public offering of our stocks, the company was not well known and it was difficult to hire new graduates, so we hired mid-career employees. Since the IPO, the number of new graduates employed has been gradually increasing, and they have grown to become the mainstay of our R&D while inheriting the ASAHI-DNA. I think that a corporate culture of fostering OJT and training has emerged. The next challenge is job rotation. I feel that it is necessary to build a strong organization by having our employees experience working in various departments.

**Hyogo:** What is your motivation as the President of the company?

**Miyata:** It is often said that a company does not develop beyond the capacity of its top management, and I believe that it is important for me to expand my capabilities and improve myself to achieve the highest level. That's motivation. I will resign from the Presidency if I feel that my job is no longer rewarding and that I cannot foster myself to reach higher level. I still think that I am immature as the President, so I have no feelings that I have done it all. There's still a lot to do.

**Hyogo:** It seems to me that all of your employees see your attitude. As a vital part of the company, I believe, if the president has such awareness and takes initiative, the employees become more aware that they need to grow and move on to the next stage. However, your company has been expanding business rapidly, so I think there is a limit to what President Miyata alone can do by himself. It is important to develop a layer comprising candidates for the next management team. Are you smoothly promoting this?

**Miyata:** We have started a training system to select and nurture future executive candidates in order to increase the motivation of employees in their 30s and 40s, who will take an active role for the next generation of our company. In the future, we will expand the system and increase opportunities to develop relevant human resources.



**Hyogo:** How do you evaluate the skill set of the board of directors at your company?

**Miyata:** Our internal directors cover certain skill sets such as sales and R&D. And outside directors such as lawyers, scholars, and managers of other company join our management and express their opinions from a variety of perspectives.

Over the past few years since we adopted the outside director system, the discussion at the meetings of the board of directors has changed considerably. The internal directors are also responsible for business divisions and HQs, and they have roles of both directors and officers. When we started the Management Committee, discussion

was often like a practical working meeting, but now the general management agenda is being discussed with the opinions of outsiders. I think it is important to realize that what was common sense at Asahi Intecc is actually not common sense.

When the company executes a business agreement, outside directors ask me that they want to know what process we took for such dealing. When so asked, I realize the importance of following the process. Of course, they often point out unfavorable things to me, but I appreciate their opinions by fully reviewing them by myself.

**Hyogo:** What is your understanding about the roles of the CEO and CFO?

**Miyata:** I think my role as CEO is an accelerator and the CFO's role is a brake. For better investment, we need a proper limit up to which we may invest in the short term for the next generation growth. To this end, I discuss with the CFO.

**Hyogo:** How will you recoup your investment in the acquisition you made this time? And what are your thoughts on the industrial products business and how will you develop it?

**Miyata:** The recent acquisition was inevitable to fill in the important part considering the company's future in the next 10 to 15 years. It's a big challenge for us, but I think it was necessary for the company to get to the next phase. As it is a synergy between of medium and long terms, it is difficult to see the efficiency and profitability in a short period of time, but we are sure to conduct PMI and promote it. As for the industrial equipment business, which has been completely conducted on B-to-B basis until now, we believe it is important to develop the business a little closer to consumers, and we are trying to change the business. We will quickly shift to another business any business for which Asahi Intecc's continuation has no meaning. The robotics business is handled by industrial equipment engineers, but the fact remains that the advanced technology used there originally came from application of our industrial technologies. For further improvement of people's QOL, if Asahi Intecc's wire technology can be used in the medical treatment of "walking," I think it is important as one of the social significance.

In the past two years, due to the COVID-19 pandemic, communications have been mainly conducted remotely, so I feel that it is difficult for investors to hear the real voice of the management of the company. In the future, we will place greater importance on the "hands-on approach," which is part of our company's DNA, and work closer to our stakeholders.

