

03

Long-Term Management Vision and Medium-Term Management Plan

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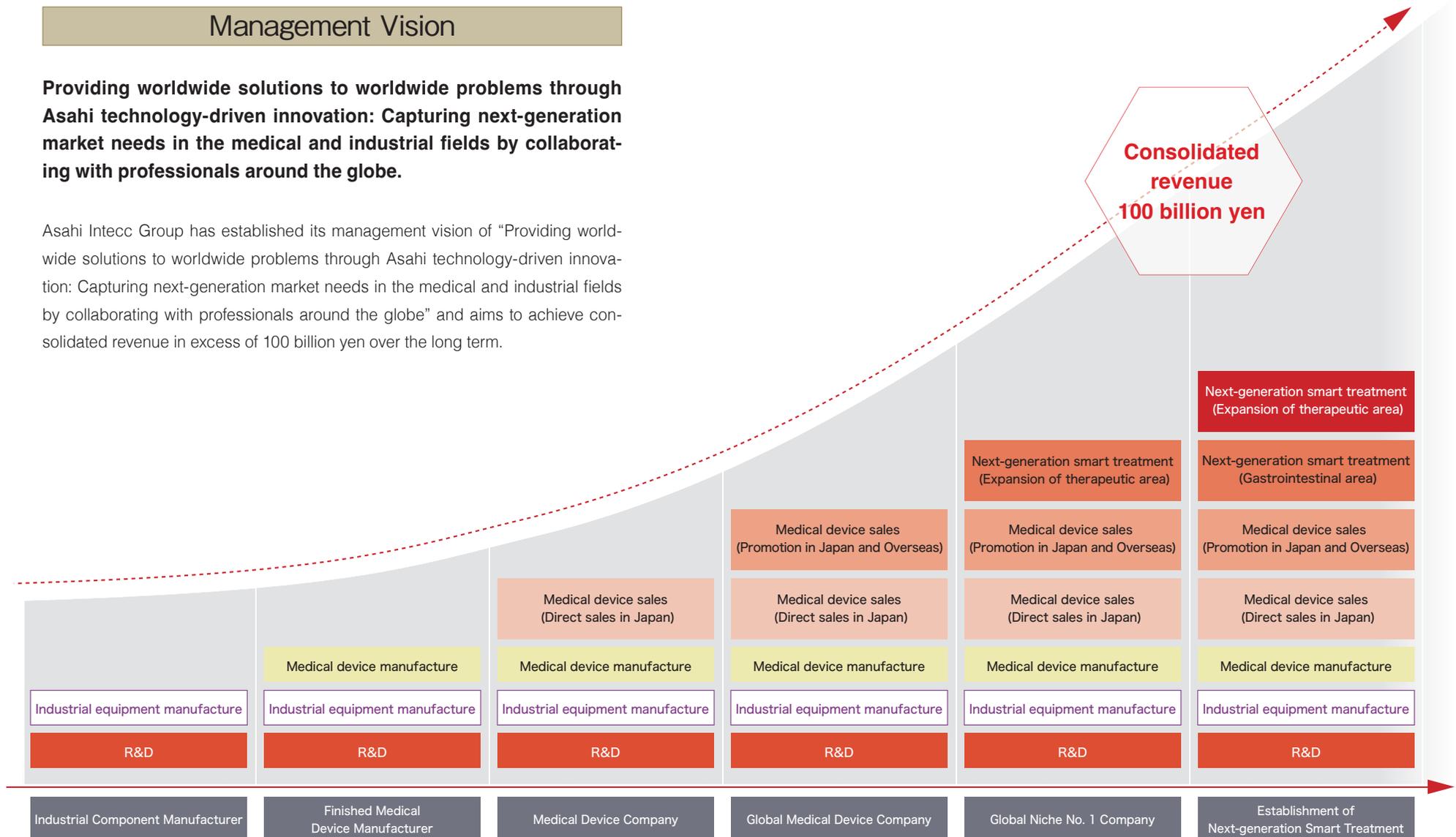


3-1 Long-Term Management Vision

Management Vision

Providing worldwide solutions to worldwide problems through Asahi technology-driven innovation: Capturing next-generation market needs in the medical and industrial fields by collaborating with professionals around the globe.

Asahi Intecc Group has established its management vision of “Providing worldwide solutions to worldwide problems through Asahi technology-driven innovation: Capturing next-generation market needs in the medical and industrial fields by collaborating with professionals around the globe” and aims to achieve consolidated revenue in excess of 100 billion yen over the long term.



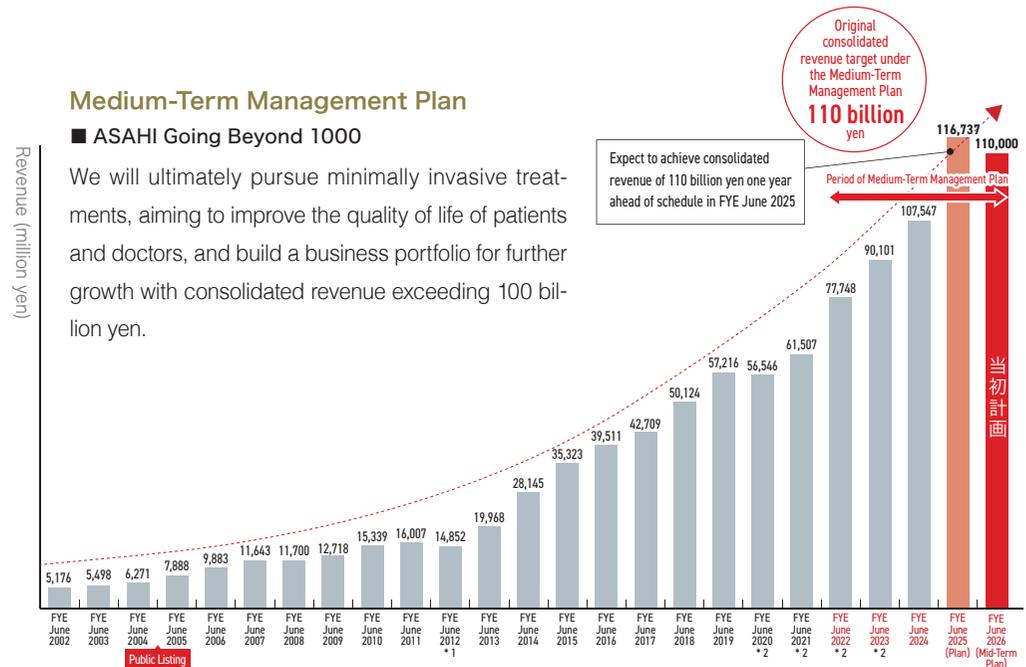
3-2 Medium-Term Management Plan “ASAHI Going Beyond 1000”

We aim to expand our corporate value by steadily advancing our growth strategy through ambidextrous management.

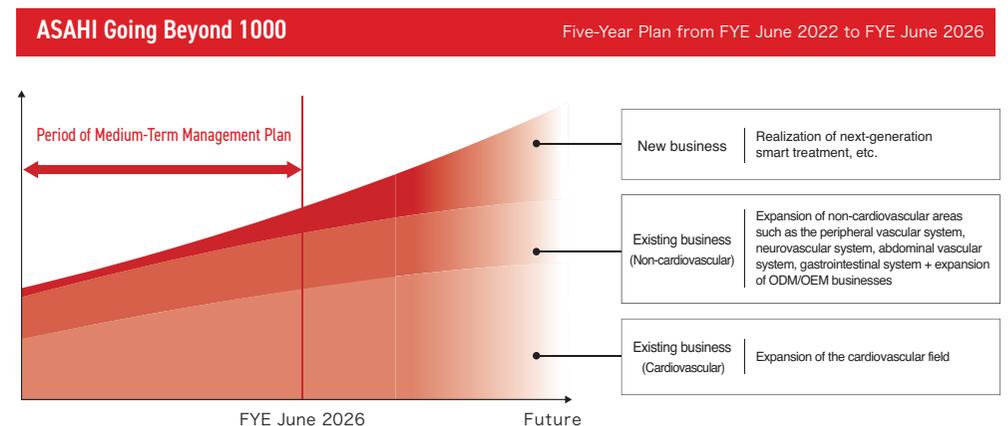
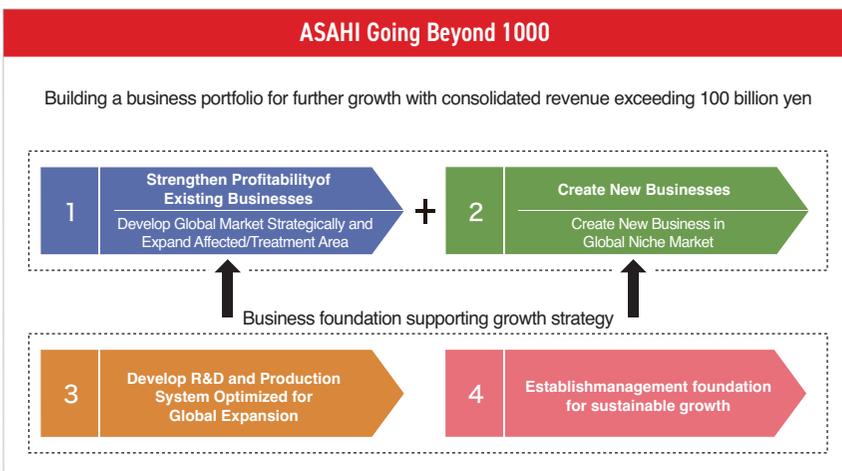
We, Asahi Intecc Group, are striving to “Develop Global Market Strategically and Expand Affected/Treatment Area” to build a business portfolio for further growth with consolidated revenue exceeding 100 billion yen based on our Medium-Term Management Plan “ASAHI Going Beyond 1000 ” for the five years to FYE June 2026. Going forward, we aim to expand our corporate value by steadily advancing our growth strategy. The current medium-term management plan aimed to achieve consolidated revenue of 110 billion yen in the fiscal year ending June 2026, but as of November 2024, we expect to achieve this goal one year ahead of schedule, in the fiscal year ending June 2025.

Our basic strategy for achieving further growth in excess of 110 billion yen in consolidated revenue remains largely unchanged from that outlined in the current medium-term management plan.

As for the next medium-term management plan, we will disclose it when we are certain to achieve our goal ahead of schedule.



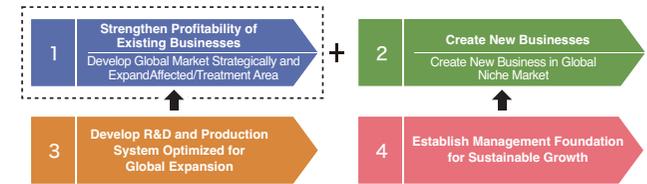
*1 In FYE June 2012, revenue and profits temporarily declined because our consolidated subsidiary ASAHI INTECC THAILAND CO., LTD., which is our Group's main plant, temporarily suspended operations and was forced to reduce production owing to the Thai floods. *2 Owing to the COVID-19 pandemic, the number of cases has decreased from the usual level.



Basic Policy

1

Develop Global Market Strategically and Expand Affected/Treatment Area



» Develop Global Market Strategically

Asahi Intecc Group currently sells products to more than 110 countries and regions around the world. The number of cases of intravascular diseases for which our Group products are used is expected to continue to grow on a global scale, particularly in emerging countries. Amid this backdrop, we will strengthen our earnings base on a global scale by further enhancing our sales and marketing functions in each region.

Japan

Actively launch new products despite the impact of falling medical device reimbursement prices / Start selling robotics products

In Japan, we sell our own brand products directly to hospitals and other institutions, and we have a high share in both cardiovascular and non-cardiovascular products. In the non-cardiovascular field, we sell other companies' products through our direct sales system as well as strengthen our own brand products in the gastrointestinal field.

In addition, as our new business, we started selling ANSUR surgery support robots from this fiscal year. We will continue to strive to expand earnings and business domains.

Europe

Gradually shift to direct sales / Gain high market share through direct sales and community-based distributors

In the European market, we sell our own brand products directly and through several community-based distributors, and we have a high share mainly in cardiovascular products. In some regions of the European market, we are gradually shifting to direct marketing -- in France in July 2019, in Germany in January 2021, and in Italy in July 2021.

Going forward, we will strive to further increase profits by expanding our market share.

U.S.

Reinforce sales by leveraging the direct sales system / Enhance products mainly in the peripheral vascular field to increase profits

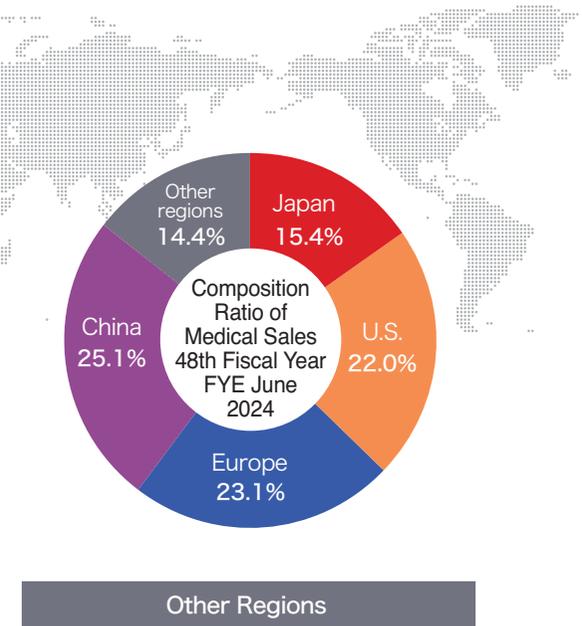
We sell our own branded products directly in the U.S. market. In addition to expanding our business in the cardiovascular field, we have positioned peripheral vascular systems and neurovascular systems in the non-cardiovascular field as priority markets, and will actively launch new products and further enhance our marketing and sales functions to enable us to grasp market trends more quickly in close contact with physicians who are end customers in order to further promote sales and expand our market share. Through these strategies, we will strive to further increase earnings.

China

Number of cases tending to rise after the COVID-19 pandemic Seek to expand share in the booming Chinese market

In the Chinese market, we mainly sell our own brand products through local distributors, and we have a high share mainly in cardiovascular products. The number of cases in both cardiovascular and non-cardiovascular fields is increasing steadily, and the China market is expected to experience particularly high growth and development in the global market.

Despite the ongoing changes in the business environment, including the introduction of a bidding system, we will continue to strive to further expand earnings in light of market conditions by introducing new products, enhancing marketing and sales activities, and strengthening the backup system closely linked to local distributors.



Other Regions

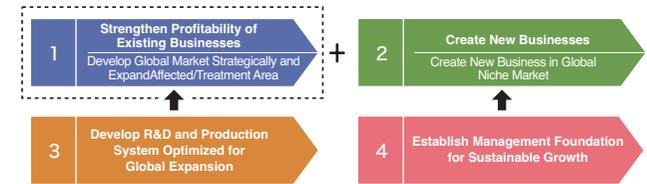
Continue to strengthen sales, focusing on emerging markets with growth potential

Focusing on emerging countries with growth potential in Asia, the Middle East, Oceania, South America, and other regions, we sell our own branded products, mainly through locally based community distributors, and have a high market share in cardiovascular products. We aim to further expand earnings in both the cardiovascular and non-cardiovascular fields.

Basic Policy

1

Develop Global Market Strategically and Expand Affected/Treatment Area



» Expand Affected/Treatment Area

“Number One” Product Strategy

In the field of our mainstay PCI guide wires in the cardiovascular field, we will focus on the development of products for CTO that are difficult to treat but in which our technology has strengths. In addition, we will strive to expand the lineup of products for the treatment of common lesions, thereby solidifying our overall number one position.

In addition, we will further strengthen and expand our product lineup in the catheter field in order to establish a second and third mainstay product after PCI guide wires. In addition, we will continue to promote measures to strengthen product development not only in the cardiovascular fields but also in non-cardiovascular fields such as the peripheral vascular system, neurovascular system, abdominal vascular system and gastrointestinal system. In the non-cardiovascular fields, we will expand new products by laterally applying the technologies cultivated in the cardiovascular fields. At the same time, we will strengthen our sales structure, especially overseas, to gain market share on a global scale.

“Only One” Product Strategy

Currently, PCI treatment for CTOs, which are considered

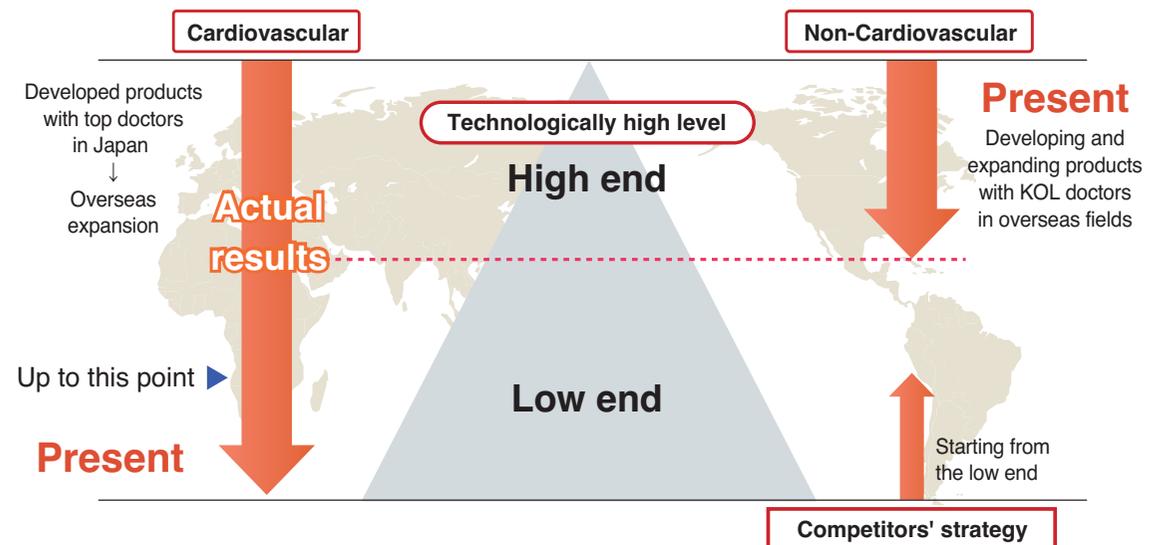
difficult to treat, is not absolutely perfect even in Japan, which is an advanced country in PCI treatment, and bypass surgery is still used in some cases mainly in overseas markets.

Amid this backdrop, Asahi Intecc Group has developed and marketed products necessary for minimally invasive treatments such as PCI guide wires and penetration catheters, which have a high product advantage unmatched by other companies and are capable of CTO treatment,

and has contributed to expanding the selection rate of PCI treatment in the CTO field.

As an R&D-oriented company, we will continue to develop products that retain new functions using advanced technologies, such as plasma guide wire (cardiovascular system and peripheral vascular system) and stroke smart guide wire (neurovascular system), and contribute to the spread and development of minimally invasive treatments.

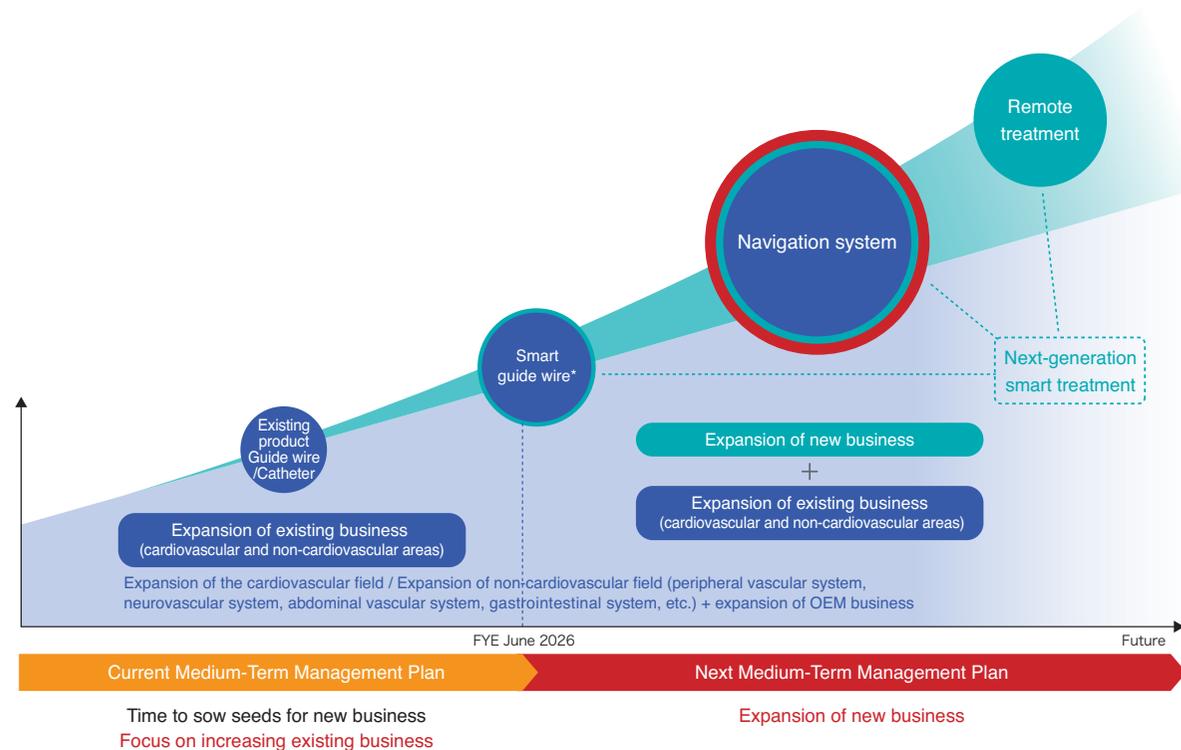
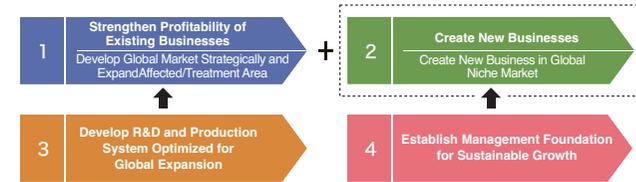
Guide Wire Strategy



Basic Policy
2

Create New Business in Global Niche Market

As an R&D-oriented company, Asahi Intecc Group has advanced and highly unique material processing technologies based on four core technologies. In addition to these technologies, we have established an integrated production system from raw materials to products, which enables us to develop and manufacture products with unique materials and functions. This is a strength unique to our Group, which engages in both the industrial equipment field and the medical device field, and is a major factor in differentiating the Group from competitors in the medical device field in terms of cost and technology. In order to win global competition and continue to grow and prosper as a company with consolidated revenue exceeding 100 billion yen, we recognize the necessity to set the measures that will be the foundation of our business from now, and have begun to advance into new fields such as the gastrointestinal, neurovascular and robotics fields by strengthening our Group's advanced technological capabilities. In addition, when we require the fusion of our technologies with new ones, we are more active in promoting strategic alliances with leading partners, including the introduction of new technologies from outside, by making full use of technological alliances, M&As, and minority investment. By creating new businesses in global niche markets, we will strive to strengthen our business portfolio and aim to become a company with sustainable global growth.



*Smart guide wires: A generic term for innovative guide wires with more functional values by adding new technologies to our existing guide wires.

Basic Policy

3

Develop R&D and Production System Optimized for Global Expansion

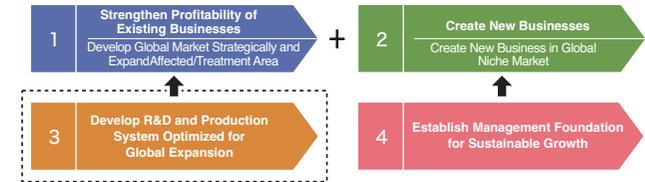
As for the globalization of R&D, at Asahi Intecc USA, Inc., our consolidated subsidiary, which is a direct sales base in the U.S., we have built an R&D structure that is able to reflect the needs and feedback of doctors, our core customers, directly in our products, even at the prototype level. At Asahi Intecc Thailand Co., Ltd., another consolidated subsidiary, we have enhanced the R&D base, enabling more proactive improvement of existing products, including considering product specifications.

In Japan, we develop products under an environment close to clinical sites at our Group's Global Headquarters and R&D Center (Seto City, Aichi Prefecture), which serve as the core of our Group's R&D bases. In addition to expanding the Osaka R&D Center, which is to strengthen the development of core technologies, and the Tokyo R&D Center, which is designed to

develop next-generation medical device technologies, we will further enhance our domestic R&D structure by building a new R&D building (ANNEX Building), which serves as an R&D base centered on new product development, on the premises of the Headquarters.

Currently, while our Group specializes in R&D and prototyping in Japan, mass production is generally transferred to our consolidated subsidiaries overseas such as Asahi Intecc Thailand Co., Ltd. [Thailand factory], Asahi Intecc Hanoi Co., Ltd. [Hanoi factory], and Toyoflex Cebu Corporation [Cebu factory], where a system that enables integrated production from materials to finished product is in place.

In this context, from the perspectives of risk management and BCP*, we are optimizing production bases across



the entire Group by enabling all three factories to manufacture the same products so that in the event of one or more factories ceasing operations due to local factors or otherwise, another factory can cover the majority of the lost production. In addition to these objectives, we are currently expanding our Hanoi factory in order to build a structure to further increase production.

Going forward, we intend to support our Group's growth strategy by building and expanding R&D bases and production systems that are ideal for global expansion.

*BCP (business continuity plan): A plan of a company to set out appropriate activities and methods and means for business continuity in emergencies such as a natural disaster, a large fire, or a terrorist attack, to minimize the damage to business assets and enable continuation or early restoration of the core business

Expansion and decentralization of production capacity across the Group

Japan
Global Headquarters and R&D Center

- Center for R&D
- R&D functions are decentralized in Seto, Osaka, Shizuoka, Tohoku, Tokyo, etc.
- New R&D Building (ANNEX Building) was built in the premises of the Headquarters and started operation

Thailand Factory
ASAHI INTECC THAILAND CO.,LTD.

- Decentralize production to Hanoi/Cebu Factory
- Support the launch of Hanoi/Cebu Factory

Hanoi Factory
ASAHI INTECC HANOI CO.,LTD.

- Accept decentralized production from Thailand Factory
- Transfer production to Cebu Factory
- Build a new plant to increase production

Cebu Factory
TOYOFLEX CEBU CORPORATION

- Accept decentralized production from Hanoi Factory
- Launch mass production of finished products in the medical equipment field in addition to the industrial equipment field

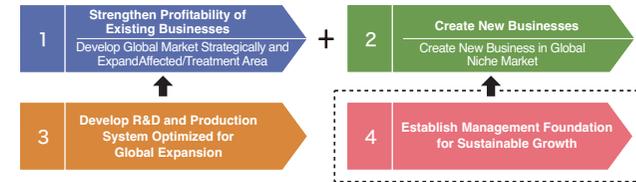
Directly deliver products to customers worldwide

- Expand overseas sales warehouses
- Optimize the movement of the entire supply chain and build a timely supply system

Basic Policy

4

Establish Management Foundation for Sustainable Growth

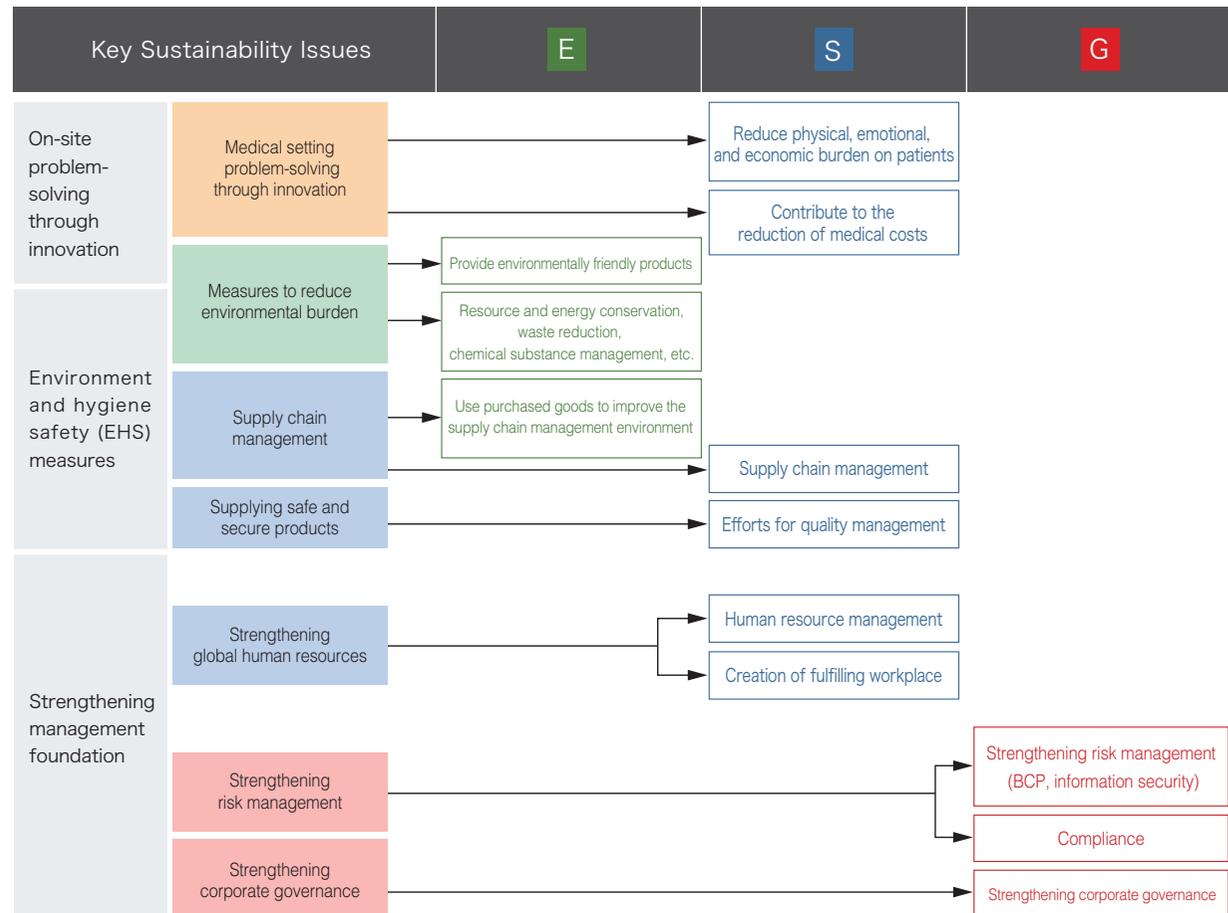


The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale owing to population aging around the world, especially in developed countries, and economic growth in emerging countries, and mainly in emerging economies the number of catheterization cases is increasing. Under such circumstances, Asahi Intecc Group aims to solve issues on the site by developing, manufacturing, and selling innovative medical devices using our unique technologies and to improve the quality of life (QOL) of patients all over the world.

Amid increasing risk events such as large-scale natural disasters and pandemics, our Group is working to strengthen its risk management, including its business continuity plan (BCP) as a global medical device company that supplies products to medical facilities around the world. We will respond to environmental and human rights regulations around the world by looking at the entire supply chain.

Considering the impact that these changes may have on Asahi Intecc Group's business environment, we have examined key issues regarding sustainability. By addressing these key issues in terms of both growth strategy and the strengthening of the management base, we aim to realize sustainability of society and our Group.

As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review the key issues accordingly.



3-3 Interview with Executive Director in charge of Research and Development for Medical Business

We will strengthen the development of high-value-added products through dialogue with doctors while further promoting existing business.



Makoto Nishiuchi
Executive Director
Asahi Intecc Co., Ltd.

From aircraft industry to Asahi Intecc Contribute to medical industry that is more closely connected to daily life

- Executive Director Nishiuchi joined our company in 2005 from the aircraft industry, which is a different industry from ours and has led our company's medical business as head of the R&D Department. Please tell me why you joined our company and why you changed your career.

Nishiuchi: I was engaged in the development of aircrafts at my previous job. The aircraft industry had a long development period and did not have many opportunities to develop new models. When I felt that the project I was in charge of at that time had come to an end, I decided to change my job because I wanted to work in a workplace where I could experience social contributions more closely and where there were many development opportunities. In addition to this preference, I came to know Asahi Intecc when I was looking for a new job at a manufacturing company where I could utilize my experience in engineering activities. I had the opportunity to meet Advisor Momota, who was the Chief Technical Advisor at that time (he was at the company until 2022), and I was able to hear about how

3-3 Interview with Executive Director in charge of Research and Development for Medical Business

the company connected the needs of doctors based on their sensitivity to manufacturing. Advisor Momota, who had moved to Asahi Intecc from a major medical device company in Japan, was a developer of a test catheter that had become a worldwide sensation in his previous career, and I was greatly inspired by his story about the development process in which he worked with doctors. Me, too, I used to quantify the pilot's sensory evaluation in simulated flight tests carried out on the simulator, and to reflect it in the development in my previous job, so I felt a sense of familiarity with it. I was also interested in the idea of contributing to medical care, which is more closely linked to daily life, so I decided to change career, and that's why I am here today.

- While the company is growing, we have made up for organizational shortfalls with mid-career recruits, and I think the situation is the same in the R&D Department. In the past, many mid-careers came from other industries like you, Mr. Nishiuchi. But in recent years, the number of those who join our company from the same industry, i.e., medical equipment, has been increasing. As a whole, our company seems to have a diverse organizational structure. Can you tell us how this diversity is utilized in the R&D function, which is the core of the company?

Nishiuchi: While it is true that the development of medical devices has certain aspects that are unique to it, there are many common things in thinking processes and approaches regardless of the type of industry.

Those who have worked in different industries, including myself, can see things from a wide range of perspectives that are not limited to medical devices and can broaden the range of perspectives and thoughts on problem solving throughout the organization.

In recent years, as our company became famous, more and more people with experience in medical device development have joined the company. This allows us to add a new perspective that we did not have thus far to the development process, even for the same medical device.

As a result, we believe that by working together with people with various experiences, we are able to face the issues at the development site without being bound by stereotypes, and that we are effectively making the most of our technological strengths, including core technologies.

For the past 15 years or so, we have been able to hire a certain number of new graduates every year, and the flexible thinking skills of young engineers are also a great source of energy. I believe that our current environment, where employees can view the development from a broad perspective, is effective also in terms of human resource development for young engineers.

Product development resulting from direct dialogue with KOL doctors

- Our strengths are that we have an integrated in-house production system, and that we can also handle prototyping in-house during development. I be-

lieve that these bases enables us to quickly respond to the needs of KOL doctors in-house. Do you have a global framework in place for the R&D Department to directly respond to the needs of doctors? Please tell us about it in detail.

Nishiuchi: Both in Japan and all regions of the world, communication with doctors about product development is basically conducted directly by engineers in the development department, not through sales or marketing departments.

Of course, cooperation with the marketing department is essential, but on the other hand, in the manufacturing process, the engineers in the R&D Department hear directly from doctors about their needs, raise questions about them, and discuss with them using prototype samples to more accurately understand and realize the needs of the medical site, so direct dialogue is very important.

More concretely, as is common in any product development, we create prototypes to materialize doctors' requests easily, delve deeper into more specific needs based on this, and share the ideal vision we should aim for. By repeating this process, we develop the concept and then the product specifications. At the same time, in order to verify conformity to the needs of doctors, we are building a verification environment that is closer to actual clinical practice, and we are constantly conducting research and development in consultation with doctors. This is one of our company's significant strengths.

3-3 Interview with Executive Director in charge of Research and Development for Medical Business

Research and development in the medical business What are the enhancement points for the future?

- Please tell us about the collaboration with the Device Division in material processing development. In order to materialize our company's products, I think collaboration is necessary from material processing to product development. What do you think?

Nishiuchi: When developing medical devices, we first collect the requirements for parts and materials with staff who are in charge of processing the materials at each development site to realize the needs of the medical frontline at a high level while making the most of the elemental technologies accumulated in our Group.

With regard to the prototyping, we are also strengthening our response with a sense of speed by involving overseas production bases from an early stage while utilizing the prototype facilities in our new Headquarters.

We have intentionally decentralized our R&D functions, for example, stainless steel materials are developed in Osaka, plastics are in Shizuoka, mold and injection moldings are in Tohoku, trial production and mass production technologies are in Thailand, and medical device products are in the Headquarters in Seto. But we always work closely together, with a sense of unity.

- What will be the key points for strengthening R&D in the medical business? Please tell us what you can disclose.

Nishiuchi: It is strengthening of the non-cardiovascular field, I think. Our current focuses are peripheral vascular, neurovascular, the gastrointestinal system, etc., and we are developing products that take advantage of our strengths to meet the clinical needs of these areas. In the future, we will put more emphasis on development in the non-cardiovascular field, but the cardiovascular field is also the backbone of our company and remains an important axis of R&D. In both the cardiovascular and non-cardiovascular fields, the technical basis is the same, there are many parts in common, and I believe we can horizontally expand the development. So, we promote the product development in each therapeutic area by leveraging technological synergies.

Also, in addition to the development of guidewires, we are considering the development of high-value-added products.

The Medium-Term Management Plan also calls for entering new fields. This is not in enclaves, but in areas where we can leverage our company's core technologies. We will continue to explore and develop products that can create new value by integrating our company's core technologies with new technologies.

- Is there any change in the business activities of the medical business due to the change of president? Many institutional investors also pointed out that this change in top management would result in fewer top sales to overseas doctors, which could be a risk.

Nishiuchi: Our basic policy as a company has not

changed, so there has been no change in the business activities. In the early stages of growth, we had to rely on top sales in some aspects, but as we have grown as a company, we are now making progress in developing our organizational structure and are able to respond to most of these needs as an organization. Top management diplomacy is also effective because the R&D, sales and marketing departments have built trust with doctors on a daily basis. Of course, there are still situations where top management's sales are needed, but in those cases, I myself, as Head of the department, deal with them. As far as I'm concerned, I am, not only in Japan, but also in Europe and the United States, participating in an increasing number of international academic conferences. I try to travel as much as I can in my schedule. I maintain a strong network with doctors from around the world and strive to experience firsthand the voices of people in the field. I would like to promote our business while fully taking into account the thoughts valuing the medical frontlines built by the chairman, who is the former president.

- With regard to medical devices, needs are always coming from the medical frontlines where they are being used, and I believe that new things will be born by meeting these needs. That's why we can say that development never ends. What are the on-site issues you would like to solve in the future?

Nishiuchi: I believe that the premise that medical devices will generate from medical frontlines remains

3-3 Interview with Executive Director in charge of Research and Development for Medical Business

true. An important factor is what challenges exist on-site. They include emerging challenges, chronic potential challenges, and challenges in realizing new treatments.

Among these clinical issues, our company intends to address those existing on a global scale that are not addressed by major competitors, although they are niche issues that are highly demanded by medical sites, which can lead to improvements in the safety and efficacy of treatments, and which can leverage our strengths. I will refrain from explaining the details, but I would like to promote development activities that lead to solving problems at various levels, such as improving the safety of treatments, increasing the success rate of treatments, and making impossible treatments possible.

- The Board of Directors has discussed what the budget should be and the profitability many times. In particular, from the fiscal year ending June 2025, we resolved that the budget should be made under strong guidelines for the entire company rather than the business side. What do you think about the accuracy of budget?

Nishiuchi: Although the accuracy of the budget has improved considerably, there are still many points that need to be improved, and we need to continue efforts to improve accuracy. Sales budgets tend to be conservative and expense budgets tend to be large as we consider too much about the market environment and market information of each site, especially risks. How-

ever, discussions are getting better not only from the viewpoint of the development sites but also from the guidelines for the entire company, and the budgets have shifted a standard level, and I think it is moving in a good direction.

As for the sales budgets, as a matter of course, we are steadily improving its accuracy based on trends of past results, current sales conditions, the future market and its trends, competitors' trends, and the spillover effects of sales promotions from academic conferences and sales activities.

In terms of expenses, I feel that there is a strong tendency for budgets to be based on aggressive action plans that reflect our company's sense of speed. On the other hand, we still have challenges as there are many variable factors such as changes in issues and countermeasures at the development stage, interactions with regulatory authorities at the regulatory application stage, and responses to unexpected problems. We will work to improve the accuracy of the budgets by strengthening the alignment of the action plans among divisions.

New Medium-Term Management Plan for the Medical Division

- We are currently formulating a new Medium-Term Management Plan. As the head of the Medical Division, please tell us what you can about the new Medium-Term Management Plan.



Nishiuchi: We plan to strengthen next-term new business centering on the development of high-value-added products while promoting further expansion of existing business. First of all, it is necessary that existing business, which is our foundation, is solid, and it goes without saying that strengthening existing business will continue to be important. In existing business, there is no change in our current business activities, which focus on the timely introduction of new products.

On the other hand, in the next new business, we aim to create new value by integrating new and existing technologies, such as plasma guide wires and PCI treatment support software, which we are currently developing, and we intend to accelerate the shift from products to services.

Asahi Intecc remains a development-oriented manufacturing company. Based on this foundation, I believe that we will accelerate our development.

<Interviewer: Mizuho Ito, Director, CFO, Asahi Intecc Co., Ltd.>

3-4 Interview with Senior Executive Officer in charge of Domestic Sales for Medical Business

As a leading guide wire company based on our unique sales structure, we strategically develop the global market.



Yuichi Iizuka

Senior Executive Officer
Asahi Intecc Co., Ltd.

We expand the global share by switching to direct sales

- Previously, our Group sold products through distributors in all regions, but the proportion of direct sales has gradually increased globally, and currently they account for 50% of our medical business. Japan was the first country in which we switched distributor sales to direct sales. Senior Executive Officer Iizuka joined our company to launch direct sales in Japan and you surely established the first direct sales channel of our company. Could you tell me more about why you joined the company and your background?

Iizuka: Previously, I worked for a foreign company selling medical equipment in Japan and handled medical equipment for cardiovascular diseases in general. Foreign-based companies are often subject to M&As, and on each such occasion their products and corporate policies change. This made it extremely difficult for me to do business while having sufficient talks with doctors on the clinical frontline, and I felt the difficulties in doing activities rooted in the medical frontline. At that time, I was approached by Asahi Intecc to start direct sales. Since I had been dealing with Asahi Intecc's products for nearly 30 years since my previous job, I

3 - 4 Interview with Senior Executive Officer in charge of Domestic Sales for Medical Business

was familiar with them, and so I decided to join the company immediately because I wanted to work from the standpoint of the manufacturer.

- When we switched to direct sales, our market share was around 55%, but it is now over 80%. Many said that it would be difficult for us to sell products directly because we are a manufacturer, but after switching, we were able to keep increasing our market share without ever decreasing it. I think in this process there were various difficulties at the frontlines of sales. Could you tell me if there are any memorable episodes or things you have been conscious of?

lizuka: Immediately after the launch, the number of products we handled was limited. There were six people in charge of sales and our sales amount for the year before the launch started at about 100 million yen. After that, we began to handle the second major line of products such as penetrating catheters, and by handling the products necessary for CTO*1 procedures, we gained recognition for our direct sales. Five years after the sales company was established, Masahiko Miyata, who was the president at that time, decided to start direct sales of PCI guidewires and asked me to prepare for it. Then what I did first was to change the company's name. We thought it would be better to call ourselves Asahi Intecc if we were to sell its core products, so we changed our name to Asahi Intecc J-sales. At the time, the revenue of the whole company was around 15 billion yen and sales of guidewire products in Japan were around 3 billion yen, so I felt a great sense of tension. After that, as we are a sales company

directly under a manufacturer, sales staff need to be trained so that they have enough product knowledge to talk about product features and benefits. So the product marketing department of the Headquarters trained them for two years. At first, they received detailed training on PCI guidewires for CTO and then received explanations on materials, structures, and features of each product lineup to deepen their knowledge. I was originally in charge of sales in the cardiovascular field, so I had some knowledge about clinical practice and autopsy, but I think I was able to use this opportunity to deepen my understanding of the products.

*1 CTO (chronic total occlusion): It means a lesion in which the blood vessels are completely blocked and left untreated for a long time. Among catheter treatment cases, it has been considered especially difficult to treat.

- It was very tough work and a burden to supply products to over 1,000 facilities across the country, and I think that was the biggest challenge at that time. How did you deal with that?

lizuka: We made preparations to deliver products to customers in a stable and speedy manner by improving the supply chain and logistics, moving to new warehouses, and improving ordering and receiving operations. At that time, we had only about 10 sales staff, but we realized that we needed at least about 30 sales staff to cover the entire country. We also realized that we needed the operation to set up a base covering all areas in Japan, and to expand our back offices, and we worked on these measures



while discussing them. I thought we couldn't achieve the purpose of the launch if the market share went down, though we became a direct sales company of the manufacturer. At that time, we had already gained an overwhelming share of the market for PCI guidewires for CTOs, so the key point was how to expand our market share of workhorse*2 guidewires. I believe that we were able to increase our market share by promoting sales activities unique to a technological manufacturer, under the slogan of "conveying the passion of the manufacturer," and by firmly appealing to doctors with the improved performance that comes from incorporating our company's technology.

*2 Workhorse: Guidewires used for general disease cases

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We realize multi-selling to maximize our company's strengths

- I hear that doctors would rather talk to engineers than sales people, but judging from what you said, I think the strength of our company sales people is that they can talk about technology. A high percentage of salespeople are mid-career employees, and many of them moved from other companies in the same industry, but I think they had few opportunities to talk about technology in their previous jobs. Tell me how they have been trained.

lizuka: It was probably a new realization for doctors to learn that the performance of a product that was recognized in the market could also lead to clinical benefits. I heard that when Asahi Intecc entered the PCI guidewire market, American products almost dominated the market and it was difficult to gain market share at first. The reason we were able to increase our market share after the launch of Miracle, a PCI guidewire for CTOs, in 1995 was mainly because doctors recognized there was a right product for treatment while they had compromised and given up on the quality and operability of conventional PCI guidewires until then.

- Our company is currently promoting a strategy to expand our guidewire business beyond the cardiovascular field to peripheral, neurovascular, abdominal, and even gastrointestinal fields. In Japan, we are already gaining a high share in these new fields. In the cardiovascular field, we have come to understand the

needs of KOL (Key Opinion Leader) doctors in Japan and have commercialized the products through joint development. Also, we place importance on product performance and have worked together with doctors to improve the quality of cardiovascular treatment, including on-site education on the use of wires. I think this led to maintaining a high market share. Is there a similar trend in the fields we are going to expand? In the past, it was common understanding in the industry that there were dedicated sales representatives in each field, but in the process of expanding the field, you are now moving forward with a multi-sales system of sales representatives who can cover all fields. Tell me how you have been transforming it?

lizuka: I think that our company's passion for improving the performance of guidewires and our eagerness to make better products are rooted in each product. For example, in the cardiovascular and peripheral vascular fields, we have developed our products upon understanding the required performance. As our sales representatives who understand and believe that our products offer high performance explain it to doctors, I feel that they will be able to understand the features of our guidewires. Our competitors tend to adopt a divisional system, but because our company is a technology seller, each sales representative has the skills to properly explain the features and performance of guidewires that are appropriate to specific lesions and disease conditions in any clinical department. They may need to acquire a high level of knowledge, but in terms of helping customers understand our products,



I think multi-selling is the best way to maximize our company's strengths. As for access devices, for example, in order to sell the same group of products in all departments, I think that we can build a sense of trust when sales representatives promote our company's technology. It is important for each sales staff to acquire knowledge about various clinical departments in order to develop future products. As for guidewires, I think they are common to all fields. I think the fact that we currently hold the top market share proves the reliability of our product performance.

- Currently, we are gradually switching to direct sales overseas, too, and expanding our sales staff, but I feel that having sales representatives understand the technology and sell the products is common around

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the world. For example, in Japan, how long does it take for a sales person to become a full-fledged sales representative?

lizuka: It takes time for them to become full-fledged. When we enter a new clinical department, we employ highly specialized personnel and place one such specialized person in each area to promote advance sales activities. While leaving the mark of our company's entry into this field, we will educate our staff gradually through lectures, role-playing, and on-the-job training so that they are able to cover multi fields. So I think it will take one to two years. I think it will take about three to five years for a department like neuro, which we have entered for the first time, because we need to

enhance the way we approach it.

- I believe that it is the assets of our company that you have established a system to nurture our company's most important human resources and to raise the value of the company. In the medical device industry, there is a tendency that sales representatives are paid relatively high compensation and easily move to other companies. However, many of our sales representatives have worked for the company for a relatively long time, and the ES survey shows that they are highly satisfied. What is the

secret behind our success in realizing a structure and operations that differ from the industry trends?

lizuka: As an R&D-oriented company, we, Asahi Intecc, would like to be committed to contributing to medical care spotlighting our products. Salespeople should be evaluated based on how helpful they are rather than how much they sell. I would like to value the manner in which qualitative aspects lead to high evaluations. Those who want to be evaluated by sales amount will be successful as sales representatives in different industries. I think it's very important to secure human resources who have a sense of fulfillment or accomplishment by contributing to health care, who prefer to engage in a job that benefits

others with a sense of altruism. As a result, they can talk to doctors with a great sense of security and confidence in our product capabilities. I think that kind of satisfaction makes our staff stay longer at the company. The profit structure of the industry changes owing to revised reimbursement prices. And when considering how to invest resulting profits, we need to change the quality of our investments in people. To this end, we balance satisfaction and reward. Recently, we have started hiring new graduates and young people with no experience. Industry practices and structures also need to change in response to changes in society, and our company is beginning to address this.

- You mean the purpose of the organization is gradually penetrated and understood throughout the group companies?

lizuka: It is important to clearly present what we will be working for. I think top management is required to constantly communicate what this company is for and what kind of company it wants to be, so that employees' can adjust and correct their work goals little by little.

Supply chain management changing the industry practices

- In domestic sales, we have adopted a vendor managed inventory (VMI) system, which is a unique scheme in which we keep an inventory of our products at clinics or hospitals so that doctors can use them

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whenever necessary and the products used by doctors become our sales. As our products are subject to expiration of sterilization, the management of inventory and distribution is complicated, and operational management is important to avoid write-downs. What improvements have you made so far to make such process more rational and appropriate?

lizuka: As I have worked in sales and marketing functions for a long time, I did not place importance on inventory management, and I had thought that the products with the expiration of sterilization was a necessary promotion cost. However, when I reported a large amount of obsolete products at a meeting, the founder Miyata got angry and yelled at me, saying "You threw away the products we worked so hard on without even opening the seal!" I still remember the shock I felt at that time. I learned firsthand the essence of a manufacturing company. After that, we launched an in-house project to improve on-site capabilities and began working to reduce obsolete products due to expiration of sterilization. We have been working on this problem as a priority issue for more than ten years, and the number of these obsolete products and relevant loss have been less than that time. The system jointly established by the operation group and the sales division has been effective, which allows us to check the consigned inventory on a periodic basis and to relocate facilities to which we place our inventory efficiently. I believe this is a testament to our company's ability to play a role as a sales company under a manufacturing company. Considerable parts of the medical device industry are an-



alog, so I think there are many issues in supply chain management. Going forward, we would like to further advance digitalization and build an industry standard model to become a company that can lead DX in the medical device industry.

We will strengthen the aspect of a sales organization selling technology to cultivate new markets

- Our company will also sell medical robots such as ANSUR. Please tell me how to promote robot sales.

lizuka: This was our first entry into the field of surgery, and it was an entirely new endeavor, in part because it required a budget approval from hospitals for non-consumable products. As in past sales transfers, we needed to hire staff who can serve as a pilot with experience and connections in the relevant field.

Furthermore, in order to ensure the safe use and dissemination of the robots, it is necessary to carry out procedures associated with its introduction, such as conducting prior training for medical professionals and attending surgeries in accordance with rules, so we have formed a team of clinical specialists separate from the sales department. In addition, since surgical societies are organized by organ, we need to coordinate with each society regarding regulations for the qualification of robotic surgery. Therefore, as the ability to work with doctors in important positions such as key persons at academic conferences was necessary, we faced a very high hurdle to lead the surgical business. Currently, our robots are being used for operations for colon, gallbladder, and appendix. We will promote this business in consultation with doctors so that they will use the robots in gynecology and hernia fields. As surgical support robots are attracting attention for their potential to contribute to the Work Style Reform for Doctors introduced in 2024, I would like to carefully promote them to become the next pillar of our company.

- Based on what you've said so far, I think there's a culture ingrained in our company where if there's a need, employees should go beyond their scope without sticking to their area or role. Taking advantage of these strengths, you are now focusing on promoting direct sales from Japan to Asia, especially Korea. Are there any differences in the way you conduct business in each country or region?

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lizuka: Our philosophy of contributing to medical care is universal in all countries and regions. There is no difference in terms of strengthening the aspect of a sales organization that sells technology, but I have the impression that it will take time to gain understanding. In Japan, we have been consistently communicating what we should be and our ideal vision to our employees since we first hired them. We teach and succeed the way of thinking and behavior to them through meetings and accompanying sales activities. This kind of corporate climate cannot be generated overnight. Therefore, we place importance on motivating employees and conveying our company's values to them. In addition, there are differences in business practices and values, so we try to quantify and explain the need

so that our people understand it. First of all, I try to actively accept the culture and customs of their country and region in order to build a relationship of trust and an environment where people can listen to me. In Korea especially, I think there are many opportunities to communicate over meals. The food is delicious and there are many friendly people, which is helpful. In Korea, as for Seoul, our company sales representatives sell directly to hospitals. With regard to regional areas, we are building a hybrid organization that covers the whole country while using distributors to conduct sales activities together. However, we will keep the Asahi-ism for our sales style and promote technology with our products as the main focus.

People are becoming familiar with our approach and finally showing a certain level of understanding. As part of our efforts to develop sales representatives, we have been working to communicate in what situations our products are useful and how to use them through role-playing with the setting of the background of doctors and treatments, and to gain common knowledge. As a result, we feel that our know-how to sell clinically useful and needed products has taken root. In local areas, as we are selling mainly through distributors, we need to exchange opinions on inventory management with them. It is becoming common knowledge at our Korean branch that inventory management is very important not only for direct sales but also for sales through distributors and agents.

- Our company is currently positioning the enhancement of non-cardiovascular areas as one of our major strategies in overseas markets, particularly in the peripheral and neurovascular areas in the United States. Direct selling and the expansion of the therapeutic fields means that you will aim to realize the current trend in Japan overseas. What are your thoughts on this?

lizuka: We need to consider what kind of coverage we plan depending on the country and the number of hospitals. There may be a hybrid type like Korea, and depending on a clinical department, we can think of using a distributor or agency. We need to build a sales organization that focuses on products and increases coverage. We also need to instill in our distributors the awareness that we are a company that sells technology by focusing on products, even if it is direct sales. For example, if we can obtain a high share in the cardiovascular field, we can expect a high share in the peripheral field as well, and I think the same is true for areas other than the neurovascular field. I believe the key is to build a sales structure and an organization that takes advantage of our company's strengths.

- So in that sense, we still need to expand our product lineup, don't we?

lizuka: Our company is developing new product lines by repurposing our proprietary technologies, introducing technologies we don't have, and improving the performance of existing products. In enhancing our

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product portfolio, I think that we will be able to develop better products than those of other companies, improve products that were initially inferior in performance to better ones, and develop products that doctors want. I also believe that we can continue to rotate the cycle of informing our headquarters of the opinions of doctors we have heard at medical frontlines. When our company's value is proven in this way, we, those who are working on-site, can work with confidence in our company's technology. I feel that we are proud that our domestic sales representatives who have worked for us for a long time meet the expectations of doctors and contribute to medical care.

- I think there can be disagreements between marketing and sales departments and development departments because they have different roles, objectives, and expectations. What about cross-sectional relations among departments in our company?

lizuka: At present, there is still room for improvement, and we would like to promote the creation of an environment where development staff can have more contact with medical frontlines. Since the development work is diverse, it is necessary to increase opportunities to directly observe the procedures in the medical field and to ask doctors' opinions on the products. In order for our company to develop better products, it needs to make doctors want us to listen to their requests. It is the responsibility of sales representatives to lay the groundwork for that. And, we would like to

build a cycle in each clinical department in which development staff make better products based on the opinions brought by sales staff. On the sales side, we are increasing the number of clinical departments for which our development staff will accompany the sales visit and the frequency of such visits in order to build a sense of trust in clinical departments in which we have newly entered. In this way, we would like to expand our resources to make better products in the future.

We connect the power of individuals to the power of organizations

- Given the growing importance of human capital, it is imperative that our group moves ahead with the transfer of authority and strengthens its organizational structure. What are your thoughts on nurturing the next generation and strengthening the organization?

lizuka: The issue of nurturing the next generation has been discussed for a long time, partly because what is required is changing owing to the historical background and changes in the environment. In order to create an environment in which young people can work comfortably and play an active role, it may be necessary to make flexible organizational changes and revise the direction. What I've been trying to do was to give the person who is going to be my successor a book that will help him or her understand the nec-



essary knowledge and know-how, to convey what I had experienced, and to make the successor actually experience my work. I will express my expectation to employees who can be the core of the company so that they will aim for important roles and positions. I believe that when they understand the gaps between expectations and their actual situation, they are motivated to make efforts. Once we have accumulated a certain amount of experience, we don't feel difficulties in doing daily tasks, and the job becomes routine, which can slow down the speed of our growth, but I have experienced many times that I can accelerate my growing speed by setting goals and expectations. I feel that raising awareness of meeting expectations will lead to strengthening organizational capabilities. At the same time as enhancing individual capabilities,

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we believe that the synergistic effect of multiplication of capabilities is important for maximizing business performance. Therefore, we have started to make the concept of the development of human resources with abilities to think for themselves and the strengthening of cooperative organizations, which was mentioned in our last Integrated Report, more concrete and have examined how organizational communication should be to increase employee engagement. Companies don't get better on their own. I feel that we can strengthen our organization little by little if each of the employees thinks proactively about what we should do, speaks up, and continues to act without giving up. In that sense, rather than dictating the corporate purpose and importance for existence, it is better for the management to increase opportunities to interact with employees and subordinates so that they will be always conscious of the purpose, etc., which may lead to both human resource development and organizational strengthening.

Toward further enhancing our corporate value

- The other day, the president was replaced on short notice. External people often ask me about how this replacement of the company president will affect the value or advantage of our top sales scheme developed based on the relationship between Mr. Miyata, the former president, and top doctors, and who will assume such role in the future. They also ask about risks and losses. Please tell me the situation regarding those aspects.

Iizuka: It has not been long since the replacement, so I think there are quite a few items that need to be considered. Our company's corporate value has steadily increased thanks to the current chairman's top-level diplomacy. He has devoted his time to sales activities while traveling around the world and leading our company. Watching him doing this for long time, we have learned a great deal from him. The chairman's thoughts and efforts are well known not only to employees in Japan but

also to employees at overseas bases. It's time for us to do what he has taught us. At the same time, the new president has supported our company's strength as a manufacturing company, the company's starting point of "monozukuri (manufacturing)". I am confident that we will be able to make further strides in the future based on a stable foundation for creating better products and the trust that the chairman has built up in his global sales operations. I believe that the establishment of a new



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corporate style by our executives will further enhance the growth of our mid-level employees who are currently active in their respective fields and enhance our corporate value. I feel that we are now at a transition point where technological progress and succession, as well as the growth of our human resources and organization, will take place at a high level so that our company can exist for a long time.

- What do you think the management issues and business risks for further growth of our company are?

lizuka: At present, our strength lies in our small but elite team. But as the company is growing at a rapid pace and the scale of the company is becoming larger, I think there will be a risk that the allocation of personnel and the change of organizational structure will follow behind and that the organization will become more complex. It will become even more important for us as an organization to raise the level of our expertise. I would also like to promote the building of an organization under our jurisdiction with a concrete image of what kind of organizational structure we need in the future and what kind of skill set our employees will have to lead the organization. We will also need to take unprecedented measures to verify product performance and quality when entering new clinical departments. Our successful model is to work with KOL doctors to gather clinical needs and realize specific product performance requirements. In new fields, it is increasingly necessary to expand the

channels of feedback. It is also necessary to build supply chains and complex business processes that are not existing business models. Based on the knowledge and experience we have gained so far, we will continue to develop environments for new medical contributions.

- The key challenge is to systematically strengthen the middle-level employees, isn't it?

lizuka: Our scale is no longer small enough to cover everything. Even in Japan, when we are in the process of moving from an organization having 100 employees and 15 billion yen in sales to that with 100 billion yen in sales, nobody can see everything from start to finish. If we express what we will do, determine the roles of each division, and incorporate them into our operations, I think the synergistic effect will add value to the company. And the level of growth and evolution and collaboration of each department will be more important than ever.

About the future

- Finally, based on your experience and our company's strengths, what are your aspirations for the future?

lizuka: I believe that one of our company's strengths is its sales system, which is close to clinical frontlines. Since the use and combination of access devices affect the results, it is necessary to thoroughly understand the features of each product. I believe that our sales structure is excellent in that we have built a

strong relationship of trust with doctors through the opportunity to exchange specific opinions with them on a case-by-case basis. Based on the strength of our sales structure that we have built to date, I would like to strengthen our global sales capabilities by utilizing my knowledge and experience as a manager of a domestic sales company. As a leading guidewire company, we aim to capture the world's top share of guidewires in every field. I would also be very happy if we could provide innovative therapeutic devices by accumulating our company's technologies. I would like to further increase the value of our company by the synergy effect of the development and marketing departments that never give up on creating better products, and the sales department that can convey our good points to customers.

<Interviewer: Mizuho Ito, Director, CFO, Asahi Intecc Co., Ltd.>