



Chapter 3

Long-Term Management Vision and Medium-Term Management Plan

Long-term vision and medium-term plan

3-1 | Long-term Management Vision

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

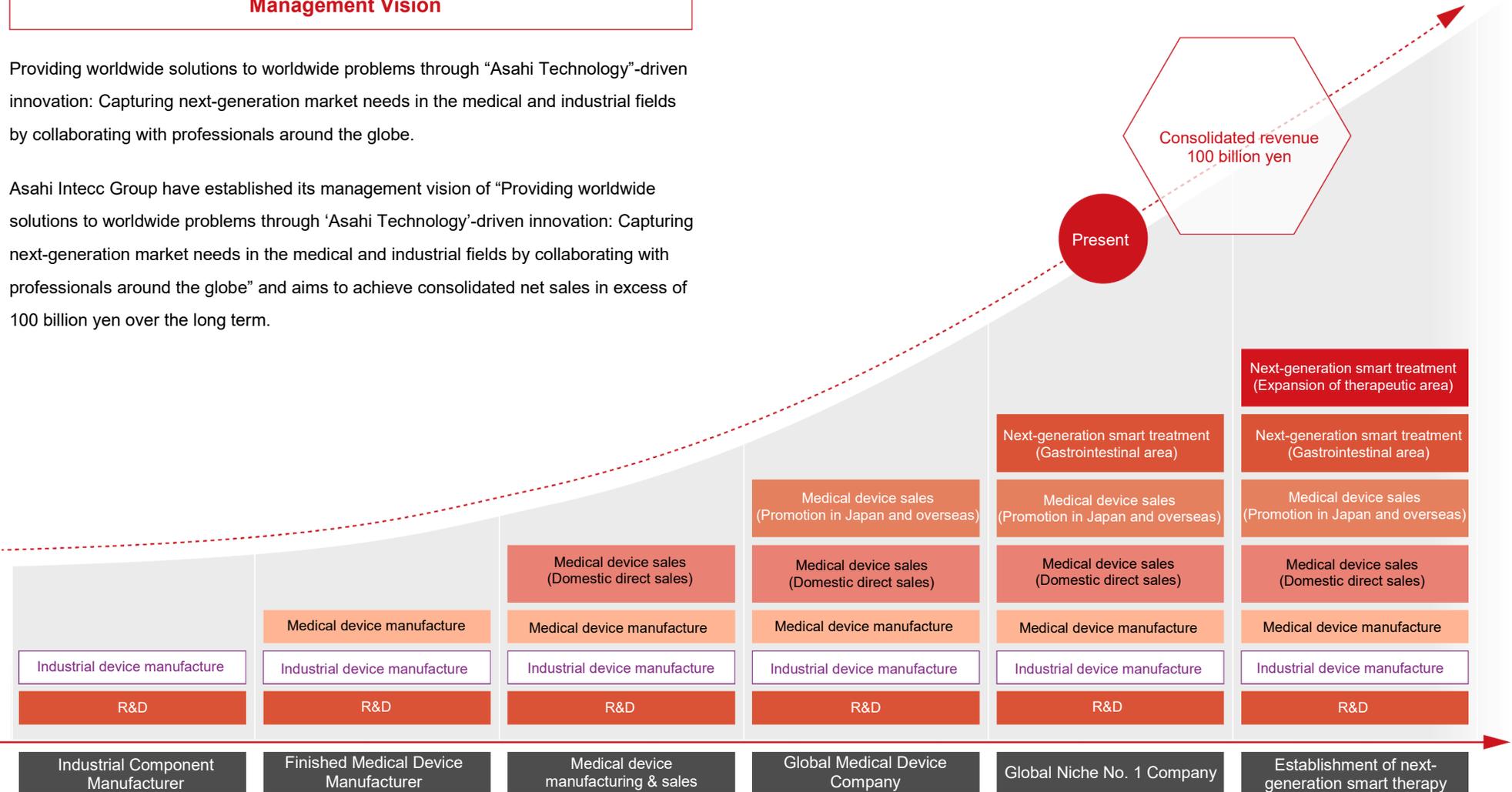


3-1 | Long-term Management Vision

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 have 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 net sales in excess of 100 billion yen over the long term.



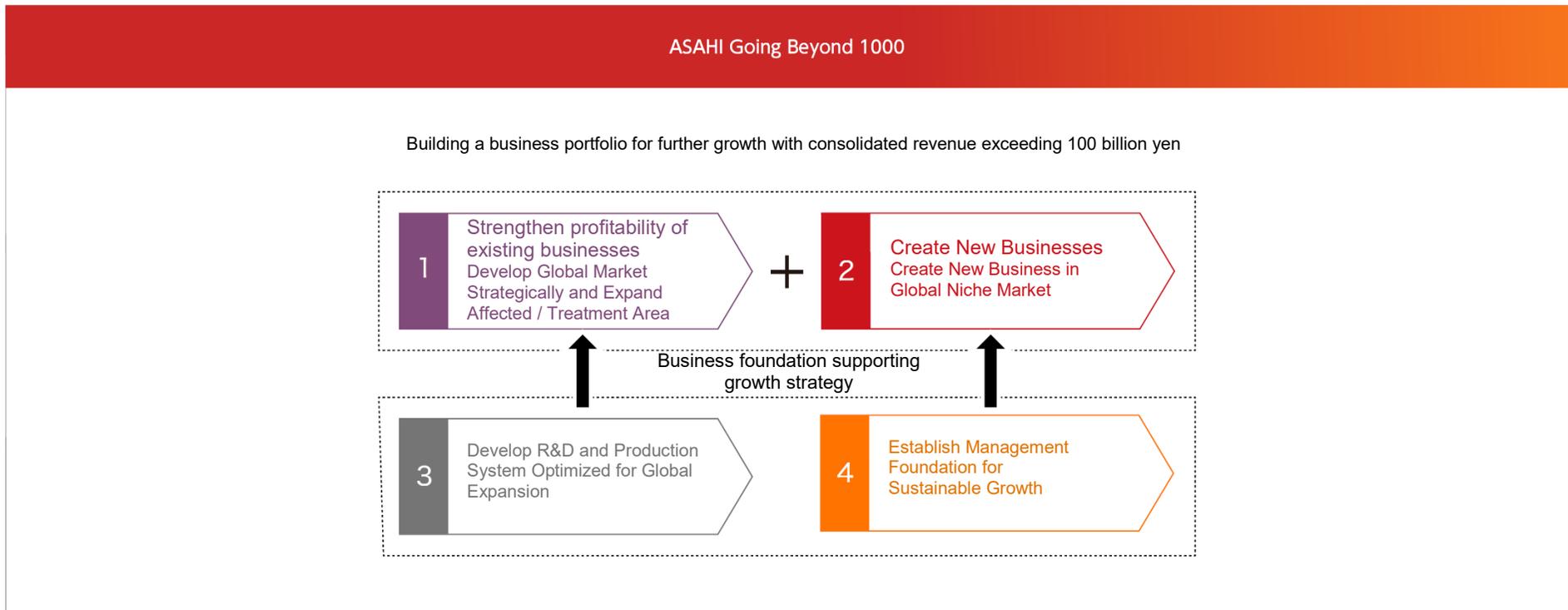
3-2 | Medium-Term Management Plan “ASAHI Going Beyond 1000”

Looking ahead 10 years into the future, we have clarified our vision for future growth in the medium to long term.

We, Asahi Intecc Group, are promoting “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 5 years to the fiscal year ending June 2026. By consolidating our basic strategy to date,

strengthening the earnings base of our existing businesses, and continuing to invest in future growth, we have realized “Create New Business in Global Niche Market.” In this way, we aim to strengthen our company's presence in global niche markets and further enhance our corporate value. As a business foundation to support our growth strategy, we have worked to “Develop R&D and Production System

Optimized for Global Expansion” and “Establish Management Foundation for Sustainable Growth.” Going forward, we aim to expand our corporate value by steadily advancing our growth strategy based on the Medium-Term Management Plan.

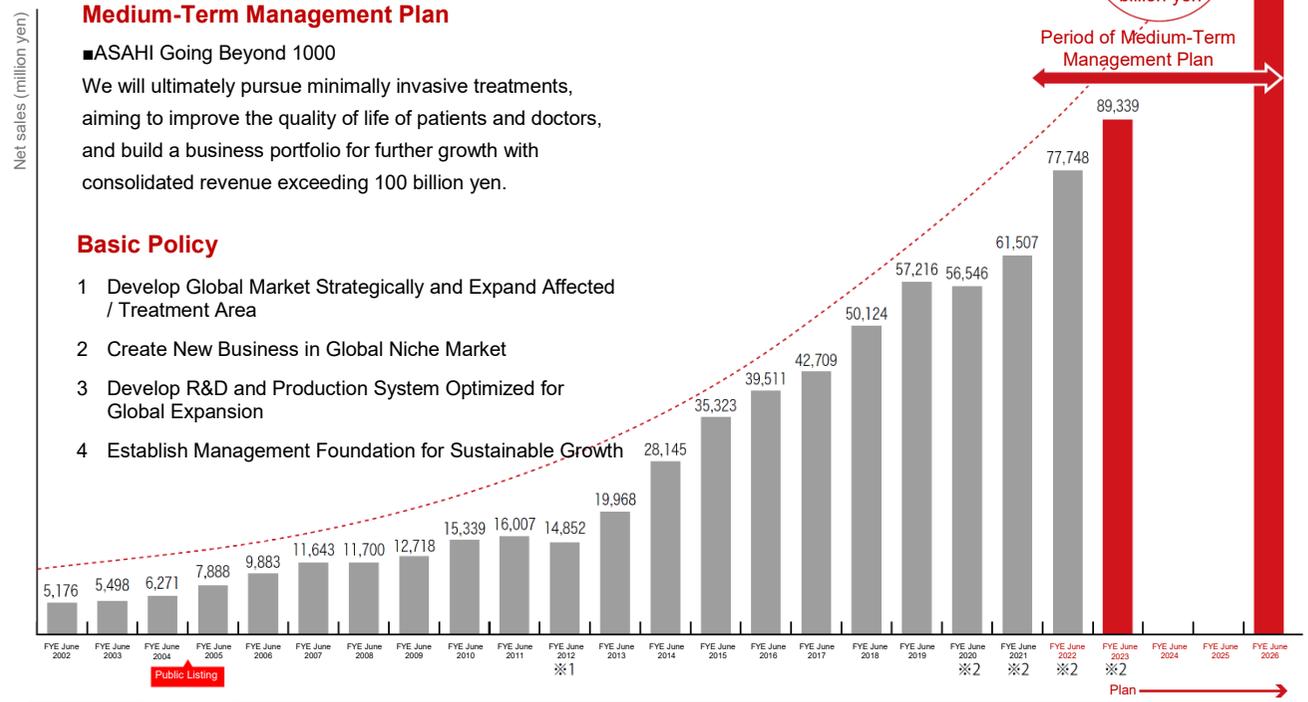


3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

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

Our Group has set a revenue target of 110 billion yen for the FYE June 2026 in its Medium-Term Management Plan "ASAHI Going Beyond 1000." During the period of the Medium-Term Management Plan, it is the non-cardiovascular segment of the existing business that will drive sales growth. The non-cardiovascular segment comprises peripheral blood vessels, neurovascular, abdominal blood vessels, and gastrointestinal fields, as well as ODM and OEM businesses. It is a growing market on a global scale, as well as a market in which our Group has much room to expand its market share through the development of new products. By aggressively developing new products and strengthening global sales activities, we will work to achieve the targets set in the Medium-term Management Plan.

We place importance on new businesses as a business area that will drive continued growth after the period of the Medium-Term Management Plan, and we are engaged in various businesses to sow seeds for this purpose. Asahi Intecc Group will continue to focus on ambidextrous management of "Strengthening profitability of existing businesses" and "Creating new businesses" to be a company that can continue to grow 10 to 20 years from now.



Medium-Term Management Plan

■ASAHI Going Beyond 1000

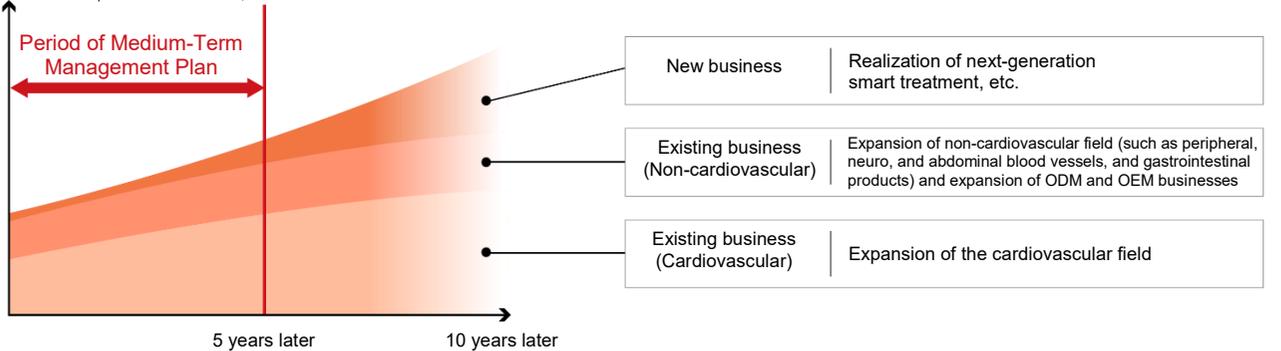
We will ultimately pursue minimally invasive treatments, aiming to improve the quality of life of patients and doctors, and build a business portfolio for further growth with consolidated revenue exceeding 100 billion yen.

Basic Policy

- 1 Develop Global Market Strategically and Expand Affected / Treatment Area
- 2 Create New Business in Global Niche Market
- 3 Develop R&D and Production System Optimized for Global Expansion
- 4 Establish Management Foundation for Sustainable Growth

ASAHI Going Beyond 1000 Five-Year Plan from FYE June 2022 to FYE June 2026

¹ In the FYE June 2012, net sales 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 due to Thai flood.
² Due to the pandemic of the COVID-19, the number of cases has decreased from the usual level.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

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 increase on a global scale, particularly in emerging countries. Against this backdrop, we will strengthen our earnings base on a global scale by further enhancing our sales and marketing functions in each region.

Japan

Reinforce our earnings structure through direct sales system
Actively launch new products despite the impact of falling medical reimbursement prices

In Japan, we sell our own brand products directly to hospitals. In addition to taking advantage of this sales structure to further gain market share, we will strive to strengthen our profit structure by expanding sales through synergies with other products in Japan and overseas by utilizing the trading company functions of ASAHI INTECC J-sales, INC. In July 2021, we also began direct sales of some of our own brand products in the field of digestive organs. In the Japanese market, we aim to establish second and third core products by launching new products ahead of the rest of the world, and we will strive to expand earnings and business domains by promoting the launch of robotics products.

EU

Secure high market share through locally-minded distributors
Aim to increase earnings by gradually shifting to direct sales

In Europe, we sell our mainstay products such as PCI guide wires and penetration catheters through direct sales and through multiple distributors that are closely connected to the market, which enables us to acquire a high market share. Going forward, we will continue to expand our market share of existing products as well as aggressively market new products that are highly regarded in Japan to promote comprehensive product supply. In certain regions of the European market, we are gradually shifting to direct marketing with shifting to direct sales in France in July 2019, in Germany in January 2021, and in Italy in July 2021. Through these activities, we aim to further expand earnings.

U.S.

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

In the U.S., we sell our own brand products directly to hospitals. In order to further promote sales, we will establish a marketing and sales system that enables us to grasp market trends more quickly in close contact with doctors, who are our final customers. We will also strive to expand sales by improving the efficiency of sales activities through the use of online sales and other means in the face of the COVID-19 pandemic. In addition, we will position the peripheral vascular field as a key market and strive to increase market share by aggressively launching new products.

We will actively expand our ODM and OEM business and strive to increase earnings, besides our own brand products.

China

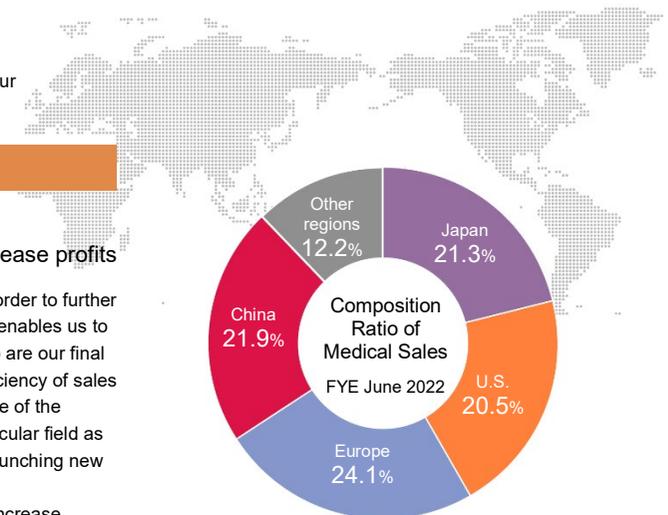
Revamp agency policy as a countermeasure to the centralized bidding system to expand in the rapidly growing Chinese market

In China, we sell products through local agents. Among the global markets, China is expected to show remarkable growth and further development. We are further expanding our market share by launching new products and strengthening our sales system through the multiple agent system. Despite the ongoing changes in the environment surrounding our Group, including the introduction of a bidding system, we will continue to strive to further expand earnings in light of market conditions by increasing the number of agents, enhancing marketing and sales activities through our consolidated subsidiary, Asahi Intecc Scientific (Beijing) Co., Ltd., and strengthening its backup system closely linked to local agents.

Other Regions

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

We aim to further expand earnings by strengthening our sales structure in emerging markets with growth potential, particularly in Asia and South America. Although the effects of COVID-19 pandemic will remain in some regions, we will further strengthen sales through activities closely tied to local communities, including online sales.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

Basic Policy (1) | Develop Global Market Strategically and Expand Affected / Treatment Area



Expand Affected / Treatment Area

■ "Number One" Product Strategy

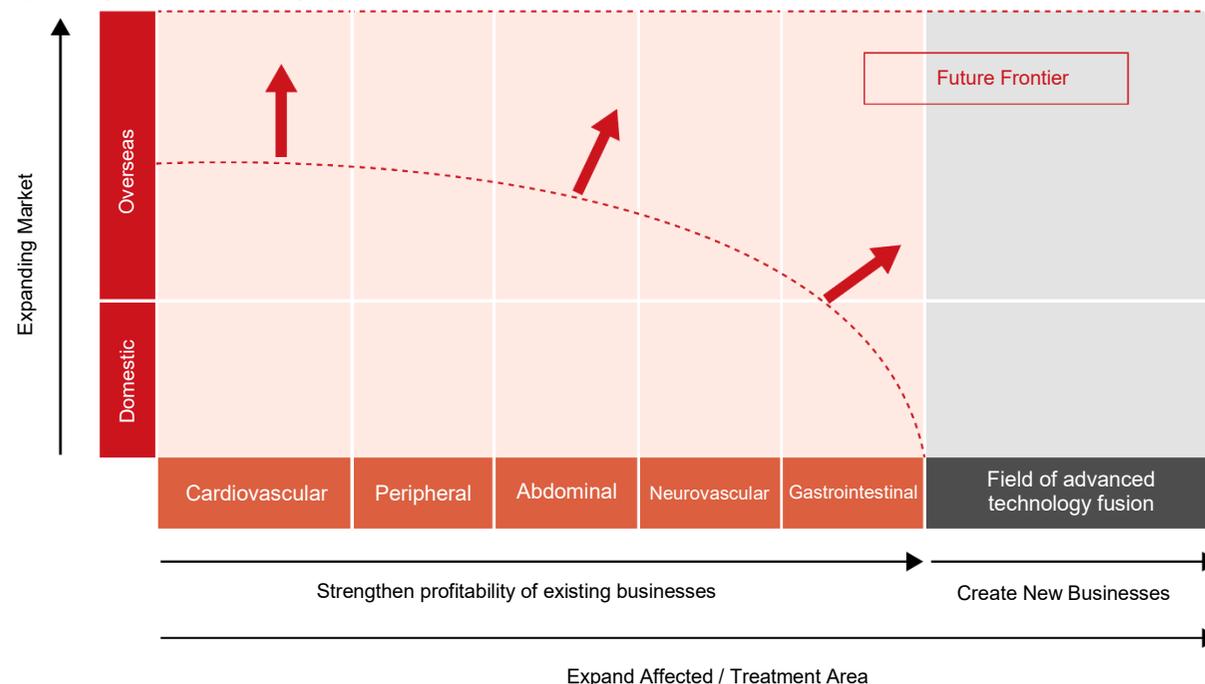
In the field of our mainstay PCI guide wires in the cardiovascular field, we will focus on the development of products for CTO that are difficult to treat, but in which our technology has strengths. In addition, we will strive to expand its lineup of products for the treatment of common lesions, thereby solidifying our overall "Number One" position. Besides, 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 develop products from the cardiovascular field to non-cardiovascular fields such as the peripheral, abdominal, neurovascular, and gastrointestinal fields. In the non-cardiovascular fields, we will expand our business laterally by applying technologies cultivated in the cardiovascular fields. At the same time, we will aggressively expand our business 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 mainly in overseas markets.

Against this backdrop, our 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 have contributed to expanding the selection rate of PCI treatment in the CTO field.

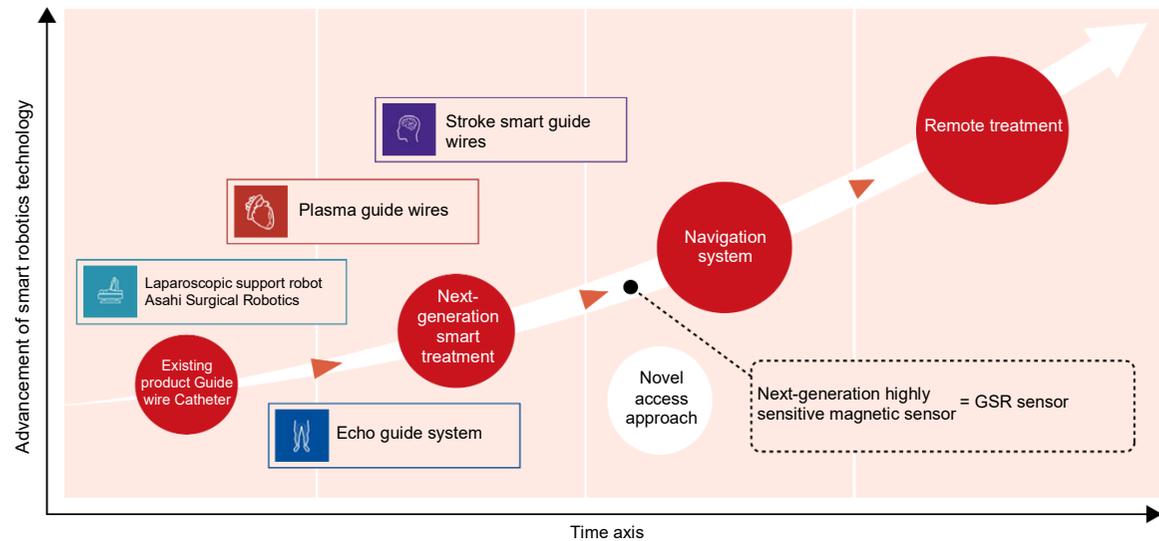
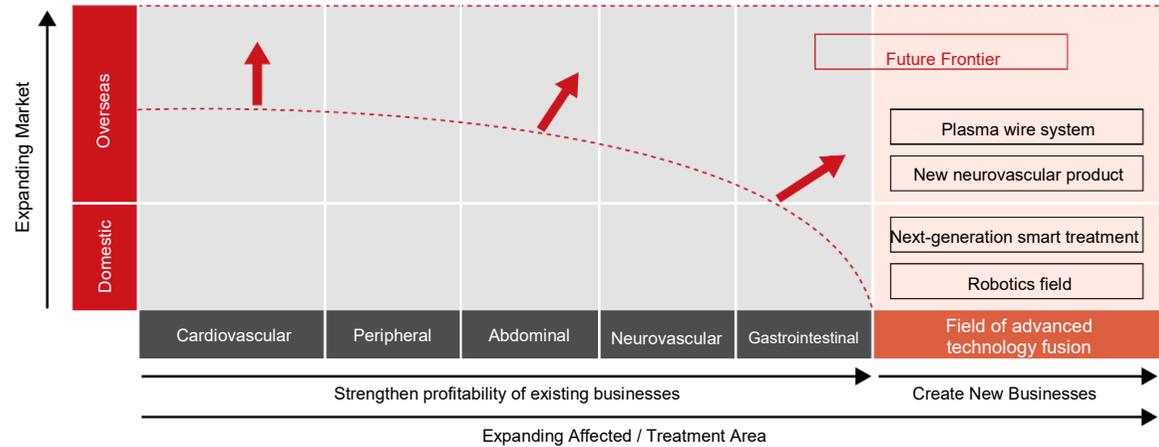
As an R&D-oriented company, we will continue to develop and commercialize highly competitive, original products and new products with advanced functions, thereby contributing to the spread and development of minimally invasive treatments.



3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

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, and aim to advance into new fields such as the gastrointestinal, robotics, and neurovascular fields by strengthening our company'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.

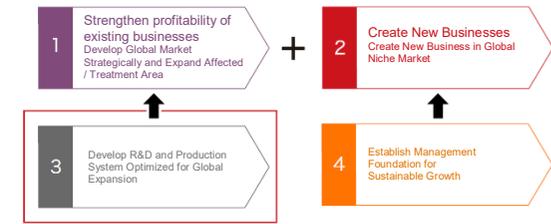


3-2 | Medium-Term Management Plan “ASAHI Going Beyond 1000”

Basic Policy (3) | Develop R&D and Production System Optimized for Global Expansion

Currently, Asahi Intecc Group specializes in R&D and prototyping in Japan, and in principle transfers mass production to overseas consolidated subsidiaries. For R&D in Japan, we have constructed a new building in the premises of the Group’s main R&D base in the Seto Factory, and in 2018 we developed an R&D environment identical to a clinical setting. In February 2022, we opened Tokyo R&D Center for further strengthening R&D functions, and we are scheduled to build a new building at the Global Headquarters and R&D Center (Seto City, Aichi Prefecture) in June 2024.

As for the globalization of the R&D, at Asahi Intecc USA, Inc., our consolidated subsidiary for selling directly in the U.S., we have built an R&D structure that reflects the needs and feedback of doctors, our core customers, directly in our products, even at the prototype level. With Asahi Intecc Thailand Co., Ltd. (Thai Factory), another consolidated subsidiary, we have increased our number of R&D bases, enabling more proactive improvement of existing products, including considering product specifications. For production, we have established the integrated production system from materials to finished product, which is one of the Group’s strengths, in overseas factories (Asahi Intecc Thailand Co., Ltd. [Thailand factory], Asahi Intecc Hanoi Co., Ltd. [Hanoi factory], and Toyoflex Cebu Corporation [Cebu factory]).



In this context, from the perspectives of risk management and BCP* (Business Continuity Planning), 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 operation due to local factors or otherwise, another factory can cover the majority of the lost 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 planning): A plan of a company to set out appropriate activities and methods and means for business continuity in emergency 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

- Center for R&D
- Maintain an emergency production backup system

Based on country risk, the same products can be produced at these 3 factories.



Thailand Factory

ASAHI INTECC THAILAND CO.,LTD.

- Plan to use and expand production capacity at the new plant
- Decentralize production to Hanoi/Cebu Factory



Hanoi Factory

ASAHI INTECC HANOI CO.,LTD.

- Accept decentralized production from Thailand Factory



Cebu Factory

TOYOFLEX CEBU CORPORATION

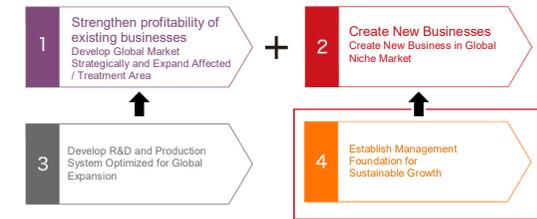
Toyoflex Co., Ltd. was acquired as a base for BCP (Business Continuity Planning), to establish the production system not only in the industrial equipment field but also in the medical device field.

Directly deliver products to worldwide customers

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

3-2 | Medium-Term Management Plan "ASAHI Going Beyond 1000"

Basic Policy (4) | Establish Management Foundation for Sustainable Growth



Address Key Sustainability Issues

The demand for minimally invasive treatments that are less burdensome, both physically and economically, is increasing on a global scale due 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 are increasing. Under these circumstances, Asahi Intecc aims to improve the quality of life (QOL) of patients all over the world through our business by solving issues on the ground while advancing our medical devices through our unique technologies. On the other hand, with a rise in the number of large-scale natural disasters and risk events such as pandemic, we will strengthen our risk management measures, starting with our business continuity plans (BCP), and we will also take measures to comply with environmental, human rights, and other regulations in countries around the world, upon taking a bird's-eye view of our entire supply chain. In view of the impact that these changes may have on Asahi Intecc'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 the Asahi Intecc Group. As the importance of sustainability increases worldwide, the megatrends that may affect our business are constantly changing, and we will review Key Issues accordingly.

