



Your dreams. Woven together.

New Medium-Term Management Plan “ASAHI Going Beyond 1000”

August 13, 2021

(Security code:7747 First Section of the Tokyo Stock Exchange.
First Section of the Nagoya Stock Exchange)



Long-Term 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.

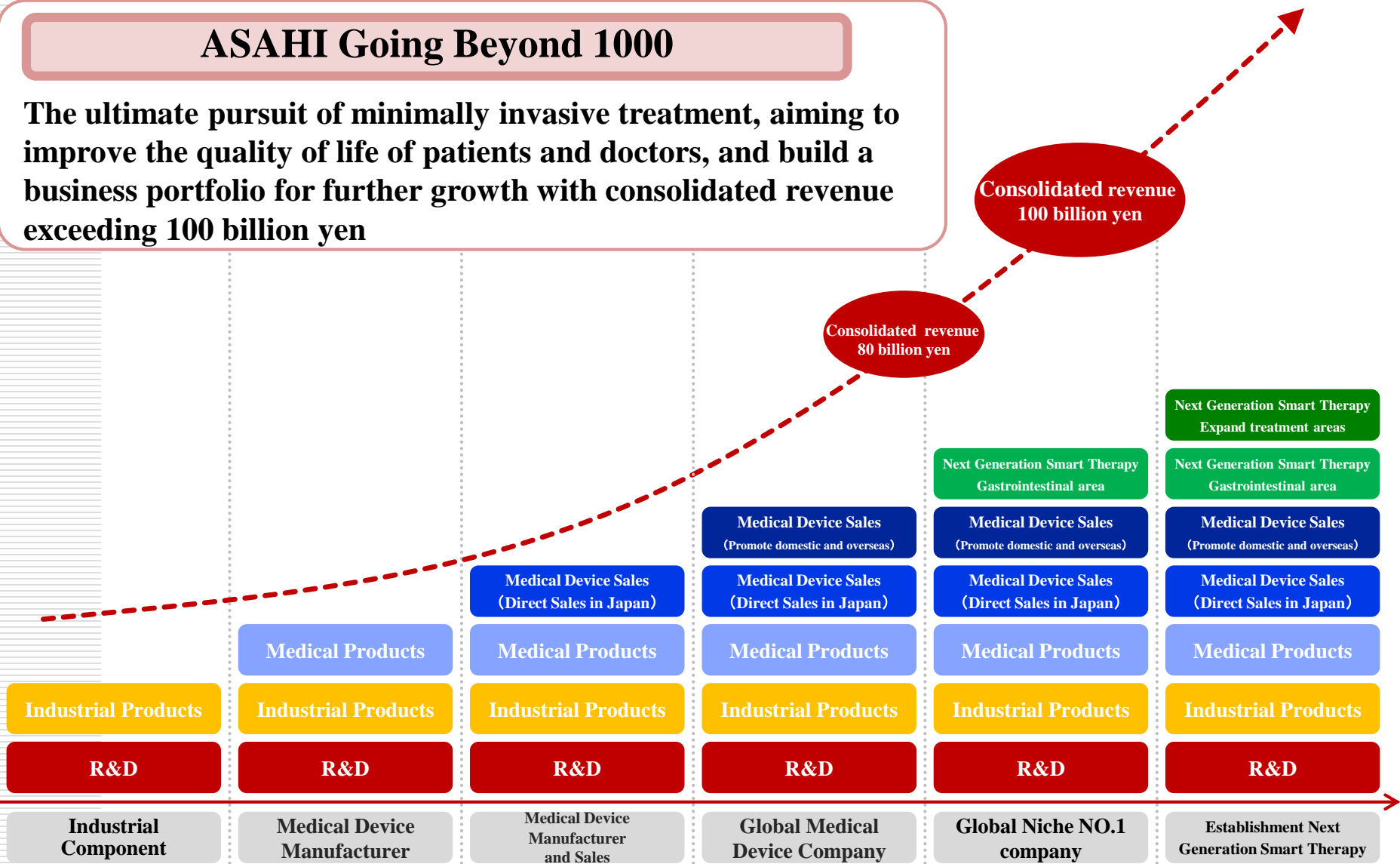
Aim to become a global niche NO.1 company with unique technologies



Aiming to be a Global Niche No. 1 Company

ASAHI Going Beyond 1000

The ultimate pursuit of minimally invasive treatment, 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





Background of the Formulation of the New Medium-Term Management Plan “ASAHI Going Beyond 1000”

(External factors)

That the impact of the decrease in the number of cases on a global scale due to COVID-19 was unexpected.

(Internal factors)

That the strategic M&A of the four companies in July 2021 exceeded the current medium-term management plan period (~2023) and was intended for long-term expansion.

It was determined that it should be during the period of the current medium-term management plan “ASAHI Road to 1000” and it is necessary to clarify the image of further long-term future growth.



New medium-term management plan **”ASAHI Going Beyond 1000”**

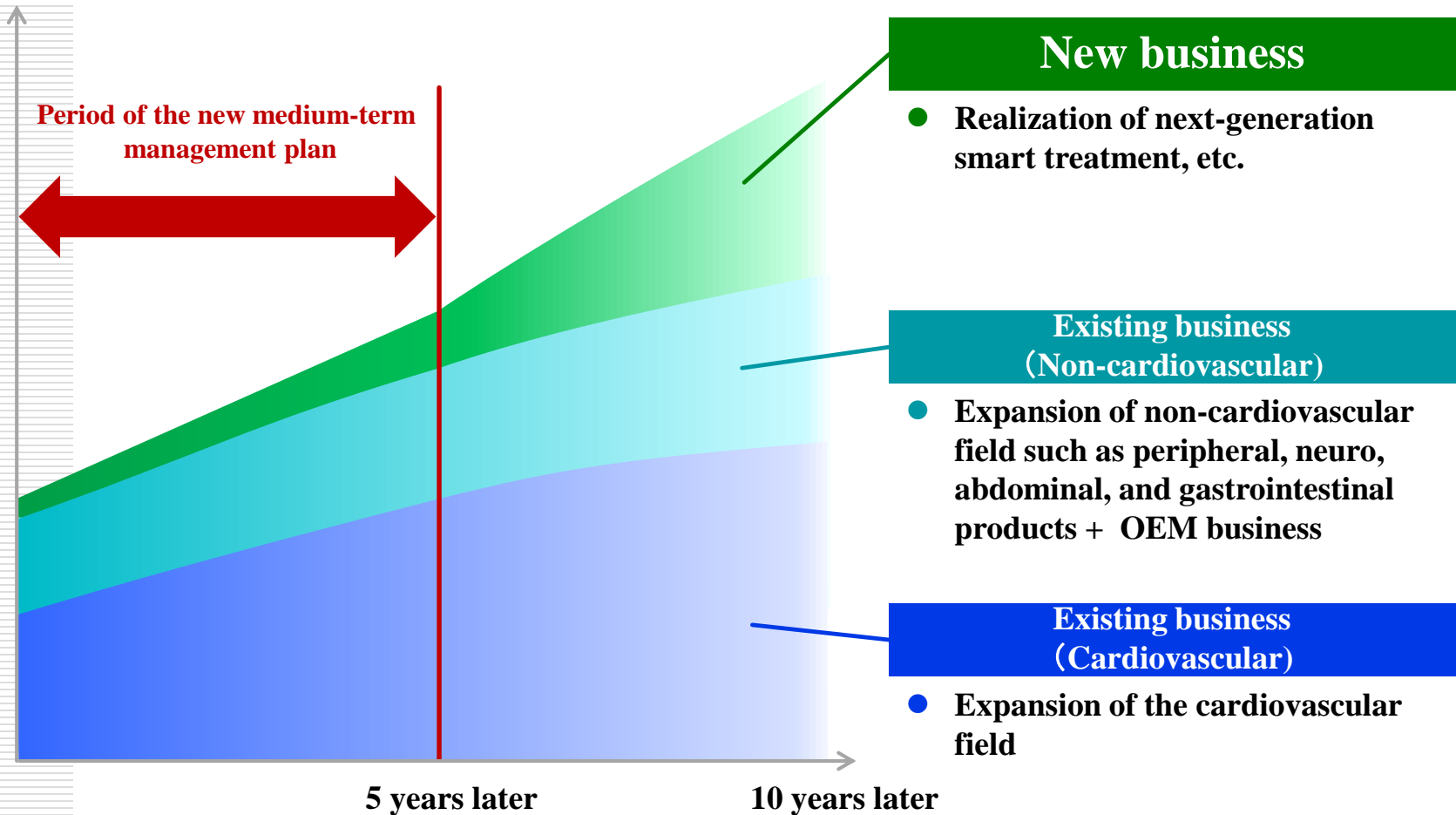
July 2021~End of June 2026 5-year plan

The basic strategic outline will continue

By ultimately pursuing minimally invasive treatments, we will aim to improve the QOL of doctors and patients and proceed with building a business portfolio to grow further with consolidated sales exceeding 100 billion yen.



Image of Sales Composition that Anticipates 10 Years Ahead



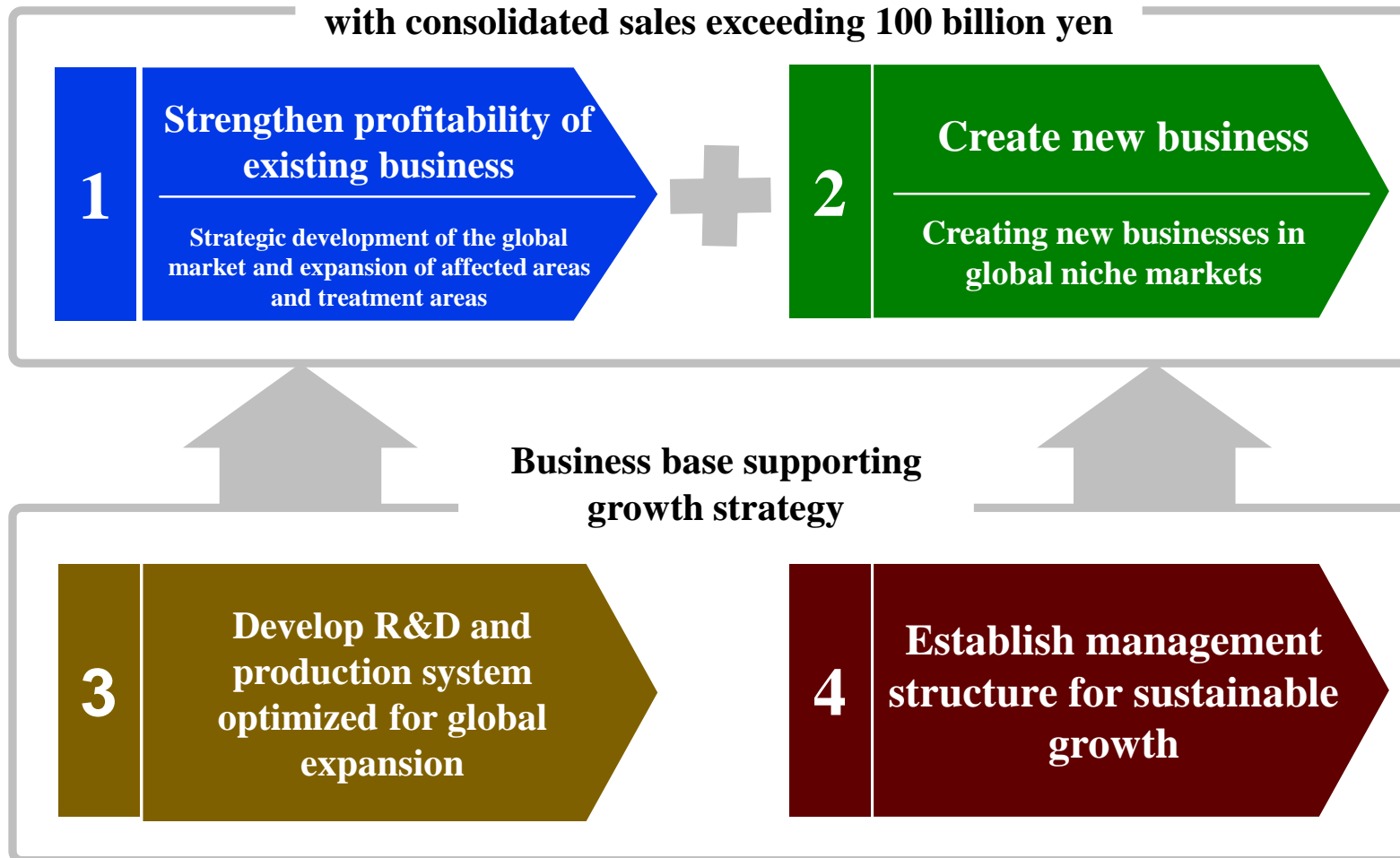
**Promote growth and expansion of three axes (1) Existing business (cardiovascular)
 (2) Existing business (Non-cardiovascular) (3) New business**



Basic Strategy of the New Medium-Term Management Plan (FYE June 2022 ~ FYE June 2026)

“ASAHI Going Beyond 1000”

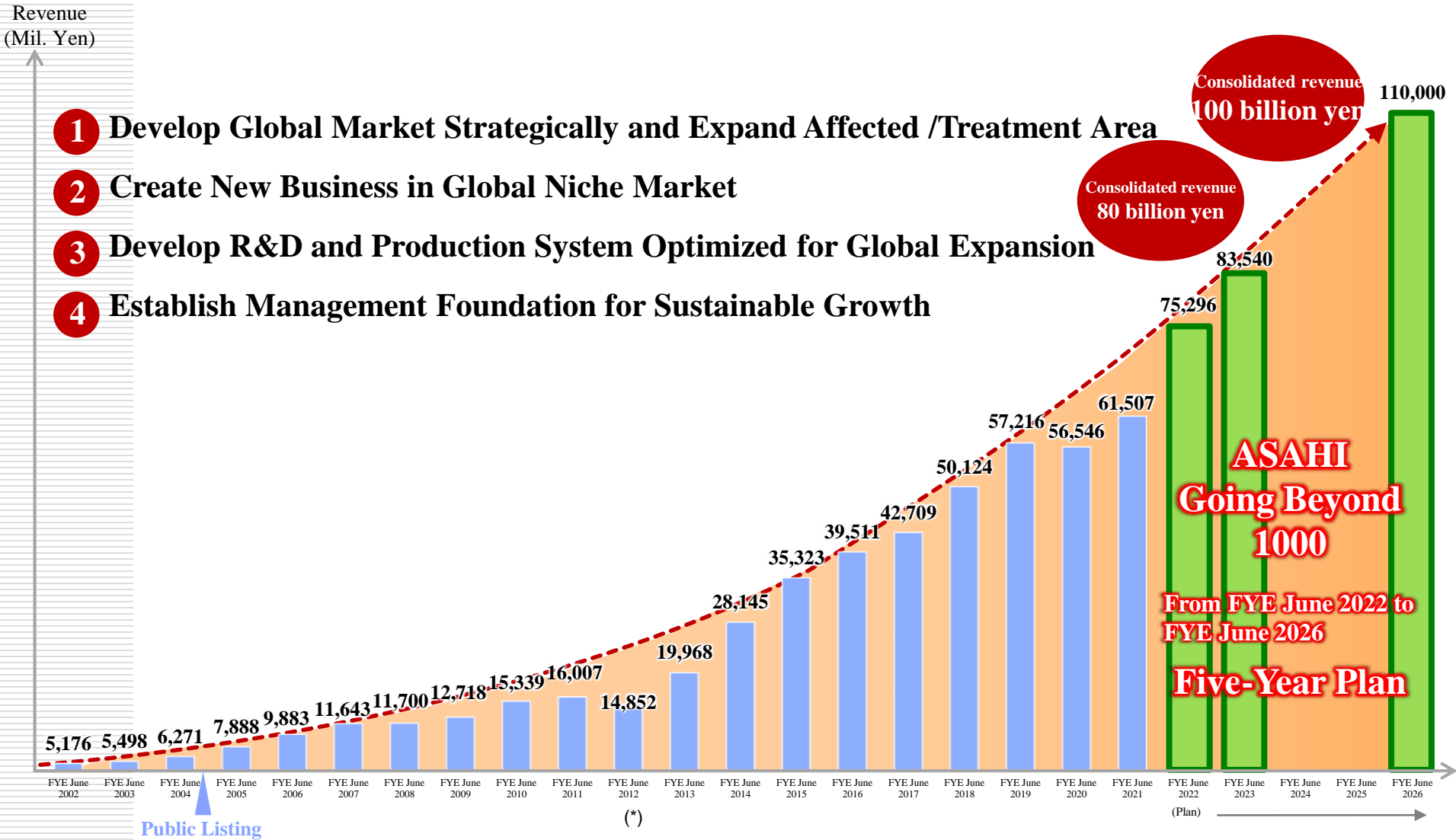
Building a business portfolio for further growth
with consolidated sales exceeding 100 billion yen





New Medium-Term Management Plan “ASAHI Going Beyond 1000”

- 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



(※) Due to the impact of the Thai flood, revenue and profits temporarily declined.



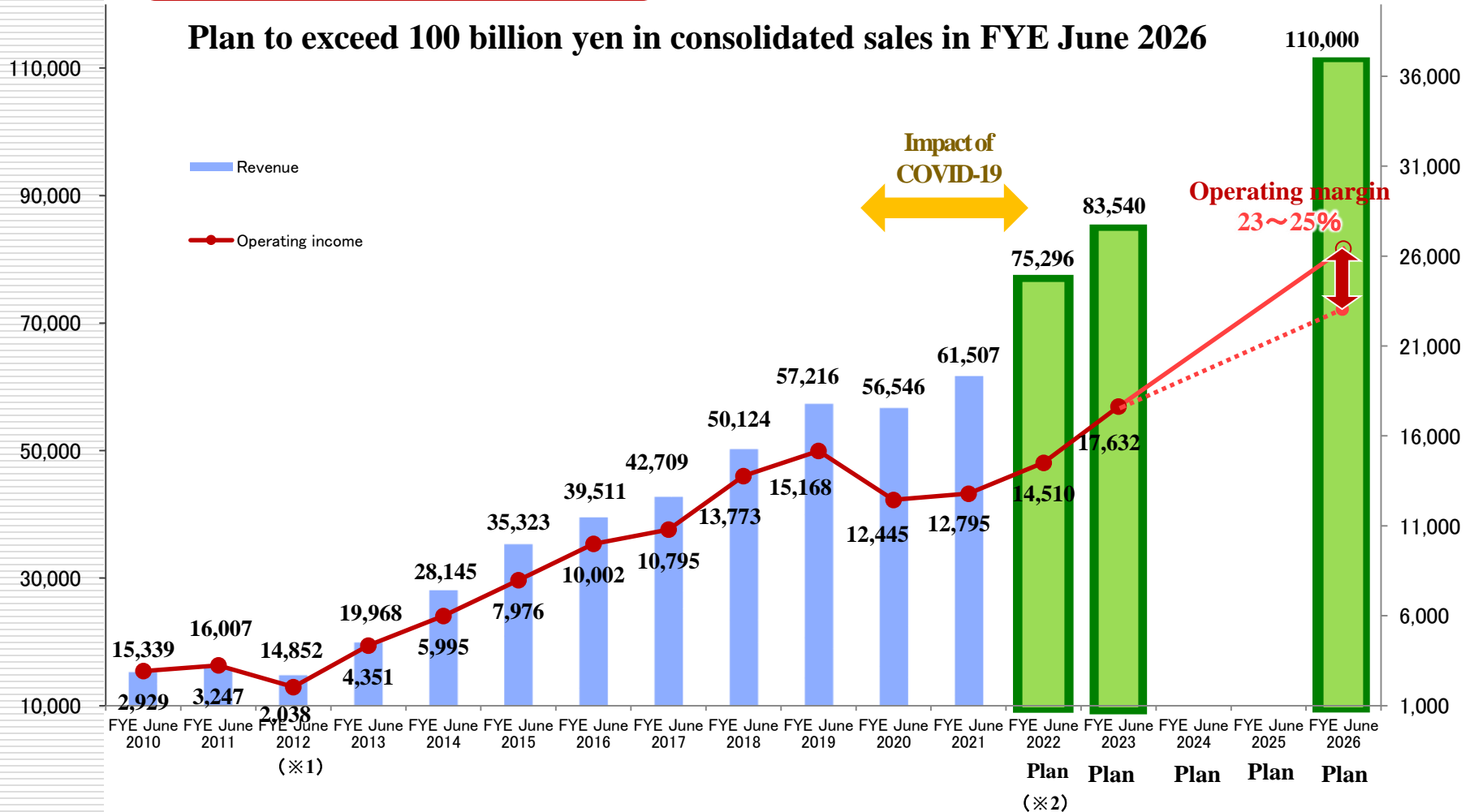
New Medium-Term Management Plan: Profit Goals to FYE June 2026

ASAHI Going Beyond 1000

Revenue
(Mil. Yen)

Operating Income
(Mil. Yen)

Plan to exceed 100 billion yen in consolidated sales in FYE June 2026



(※1) Due to the impact of the Thai flood, revenue and profits temporarily declined.

(※2) The impact of COVID-19 is planned on the assumption that it will recover, except in some areas.



New Medium-Term Management Plan “ASAHI Going Beyond 1000”

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



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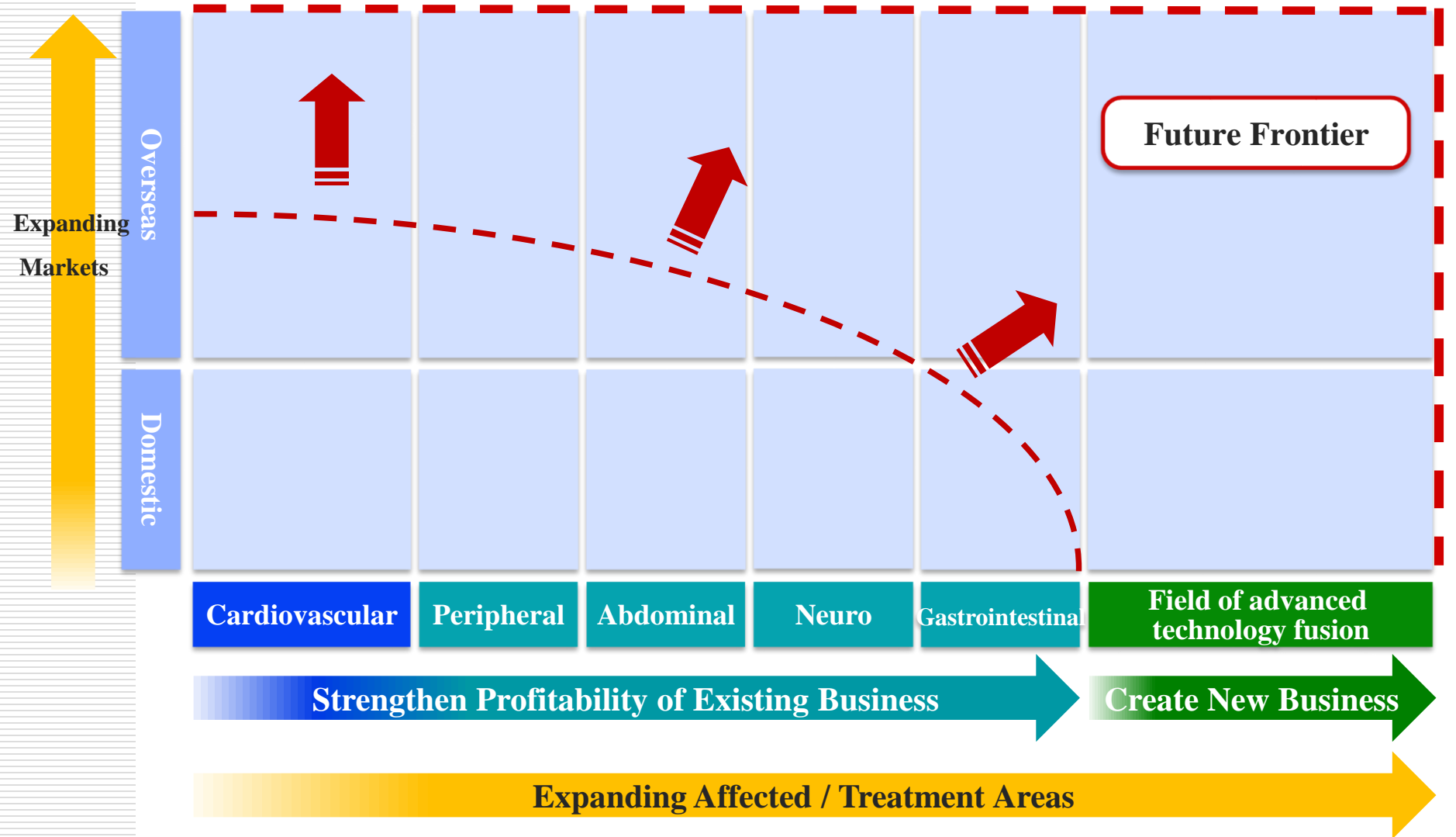
Develop R&D and Production System Optimized for
Global Expansion

4

Establish Management Foundation for Sustainable Growth



Strengthen Profitability of Existing Business and Create New Business





Increase Profit Base Globally

■ **Products (mainly of cardiovascular segment) being sold in over 110 countries and areas**

Overseas Sales and Distribution Network





Sales Strategy Matrix by Area

		Medical Treatment Areas				
		Cardiovascular		Peripheral	Abdominal	Neurovascular
		PTCA-GW	Non-PTCA-GW			
Sales Area	Japan	Entire product line-ups were switched to direct sales. Aim to further expand market share by launching new products				
	Sales destination	Direct Sales (from Jan. 2012)	Direct Sales (from June 30, 2014)		Direct Sales (from July 2013)	
	US	Shifted to direct sales for all products. Aim to increase market share by strengthening sales promotion activities				
	Sales destination	Direct Sales (from July 2018)	Direct Sales	Direct Sales (from July 2015)	Direct Sales	Direct Sales (from January 2021)
	EU/ Middle East	Distribution agent changed from Abbott to local distributors in July 2011. Promoting a gradual switch to direct sales				
Sales destination	_____ Local Dist. → Direct sales for some areas _____					
Asia (inc. China)	Increase share in cardiovascular products and promote other treatment areas. Along with market expansion, distributor business to be further emphasized, taking into consideration decentralized distribution.					
Sales destination	_____ Local Dist. _____					



Growth strategies for each region

■ Japan

- Maintaining and increasing the No.1 market share in both cardiovascular and Non-cardiovascular mainly on GW
- Started sales of plasma guidewire (cardiovascular system)
- Strengthen development of new products in the gastro-intestinal field
- Started revenue of robotics products (peripheral vascular and surgical fields)
- Decrease revenue of existing businesses (cardiovascular and non-cardiovascular) slightly due to the impact of reimbursement price reduction

■ US

- Increase market share of PTCA GW (50% at FYE June 2024)
 - Increase market share in hospitals
 - Strengthen SION series, MINAMO series
- Maintaining and improving the NO.1 position of CTO guide wires
- Sales expansion through the launch of new products in peripheral vascular and neurovascular products
 - Strengthening further of sales structure
- Strengthen OEM business by utilizing Rev1

■ Europe

- Increase market share in direct sales regions (France, Germany and Italy)
 - Increase in sales due to consolidation of Kardia S.R.L.
- Step-by-step promotion of direct sales (mainly in West Europe)
- Sales expansion through the launch of new products in the peripheral vascular field
- Risk of delays in pharmaceutical application due to tighter regulations by MDR
 - Increase cost due to structure enhancement

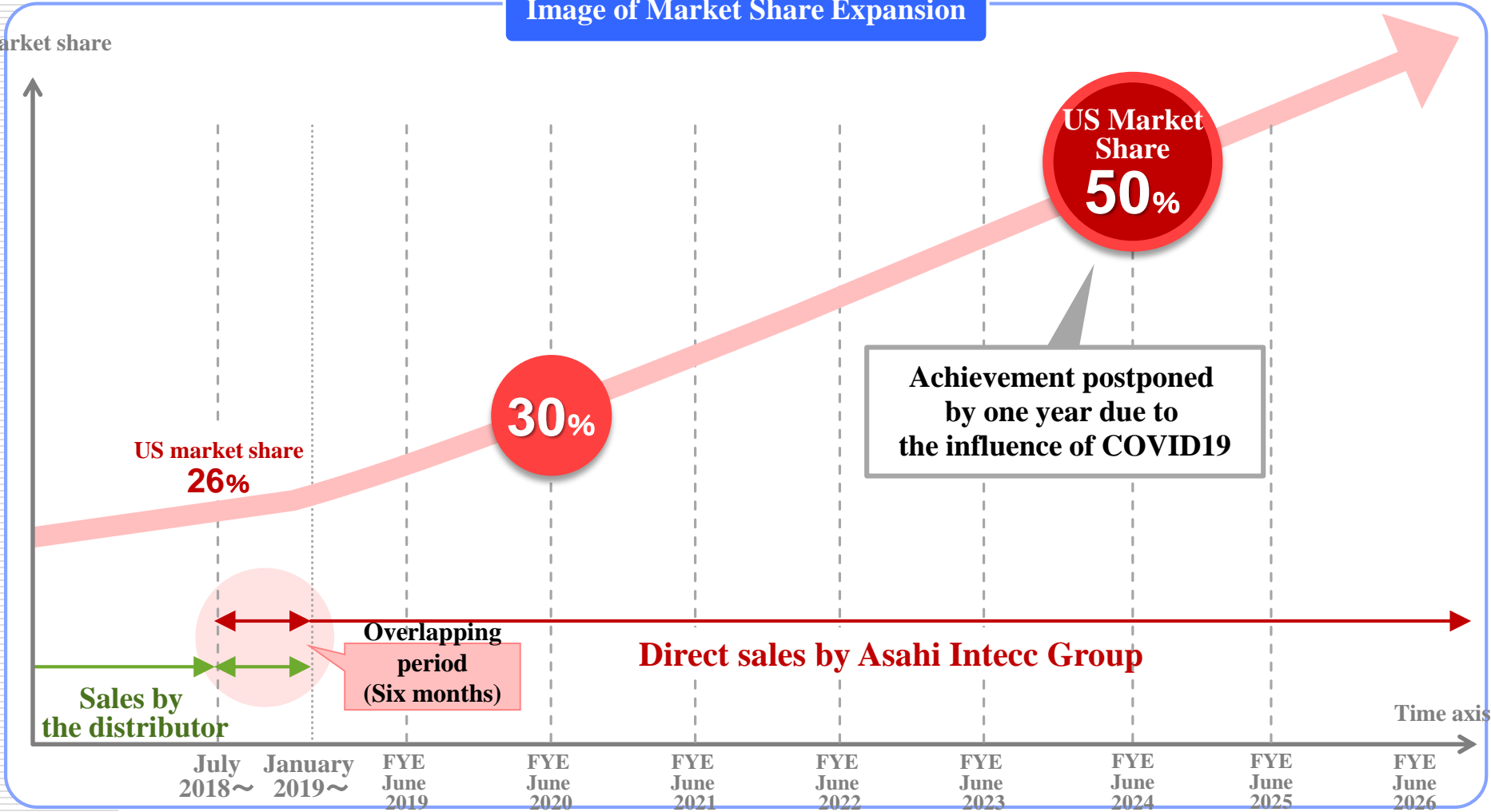
■ China

- Expand sales by launching products with a proven global track record (cardiovascular, neurovascular products)
 - New product introduction and sales promotion
 - enhancement of penetration catheter and guiding catheter
- Appropriate response to the centralized bidding system
 - Implement measures based on a comprehensive assessment of product strength, pricing policy, distributor policy, etc.
- For the time being, price decline is absorbed by distributor policy, but there will be a risk of decline in the future



US : Image of Market Share Expansion by Direct Sales

Image of Market Share Expansion



Aiming to expand market share with the target of 50% at the end of FYE June 2024



Europe: Promoting Direct Sales

**Direct sales in Italy will start in July 2021
by making the current distributor in Italy a consolidated subsidiary**

Structure of direct sales

France

Neurovascular Product (June, 2014~)
Peripheral Vascular Product (September, 2018~)
Cardiovascular Product (July 2019~)

FRANCE BRANCH

Germany

Neurovascular Product (February, 2016~)
Cardiovascular Product (January, 2021~)
Peripheral Vascular Product (January, 2021~)
Abdominal Vascular Product (January, 2021 ~)

**ASAHI INTECC EUROPE B.V.
ASAHI INTECC
Deutschland GmbH**

Italy

Cardiovascular Product (July, 2021~)
Peripheral Vascular Product (July, 2021~)
Neurovascular Product (July, 2021~)

KARDIA S.R.L

Hospitals,
etc.



About 34 % of sales in the European market is sold directly



China: Expand Market Share by Brush-up of Multiple Distributor System



Reformed Sales Channels for Cardiovascular Products (Add New Distributors)

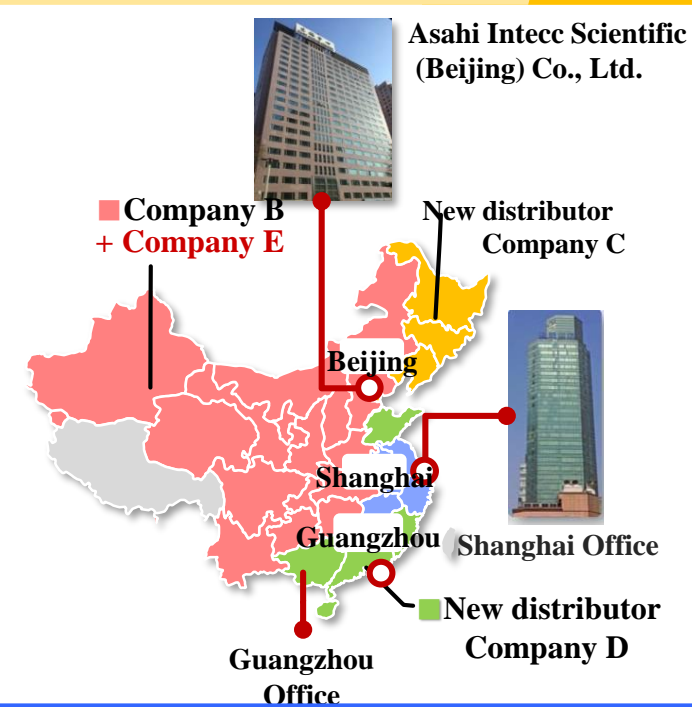
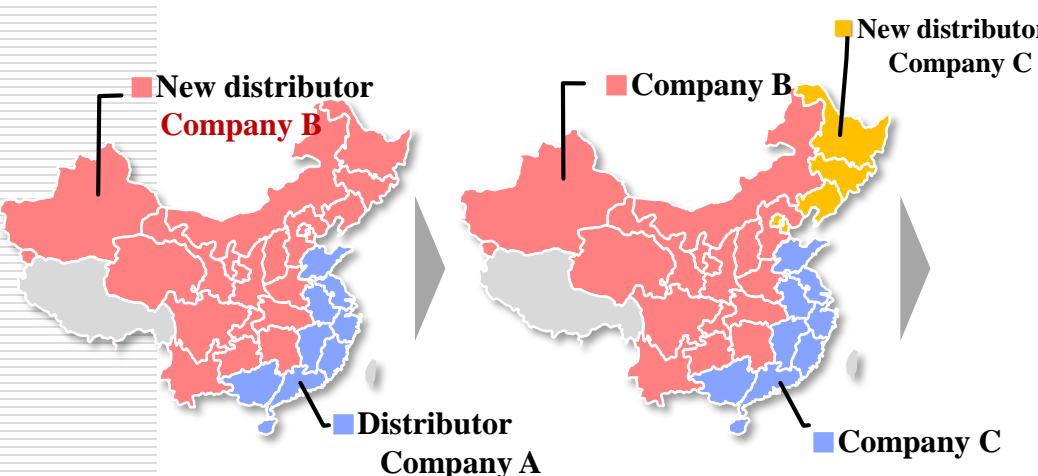
July, 2016
Changed to multiple distributor system
2 companies

January, 2017
3 companies

August, 2017
4 companies

December, 2019
5 companies
9 companies including affiliated companies

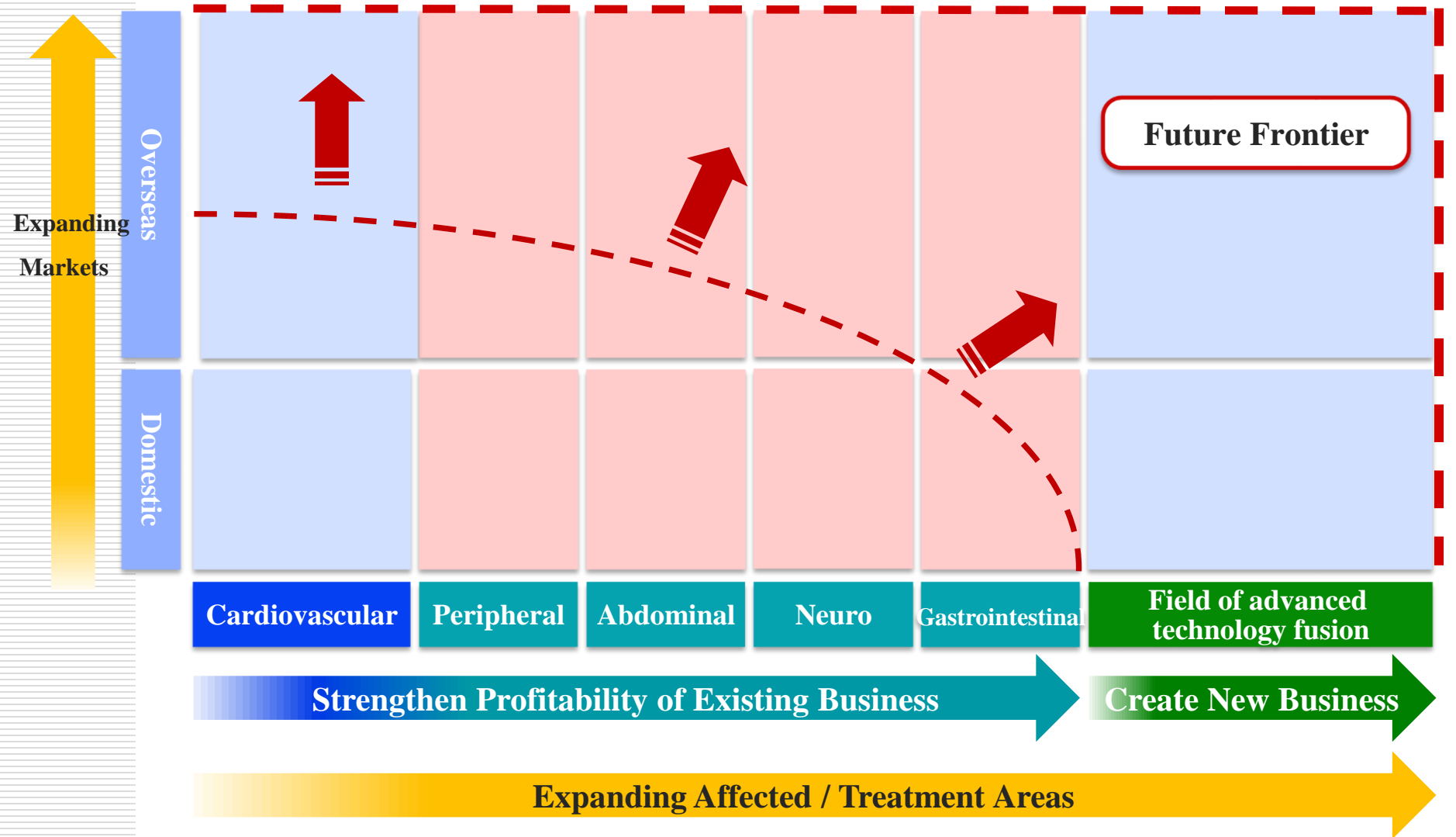
Promote multiple distributor system



Expect further market share expansion by utilizing the distributor system



Expansion of Existing Business (Non-cardiovascular)

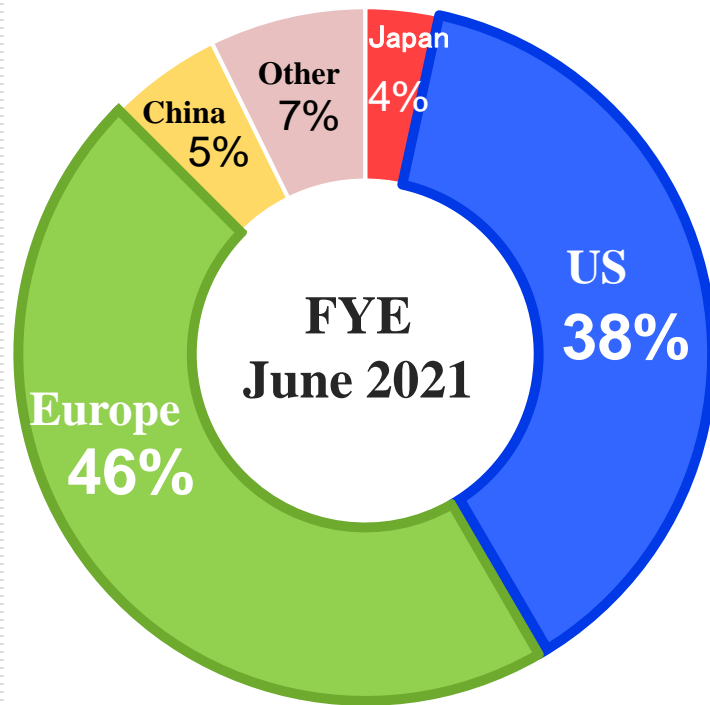




Enhancement of global expansion for peripheral Vascular Products



Peripheral vascular ratio of number of cases by region



Data source: Our research

- The peripheral vascular market is the second largest affected area next to cardiovascular market. (Mainly, US and Europe)
- Aim for further sales expansion by introducing new products introduction such as guide wires and penetration catheters etc., starting in Japan and the US, and then expanding globally.

Enforcement of peripheral vascular products in the US and Europe



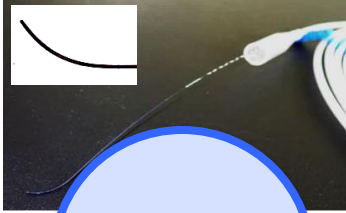
Development of Gastrointestinal Device



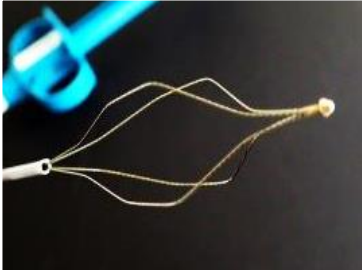
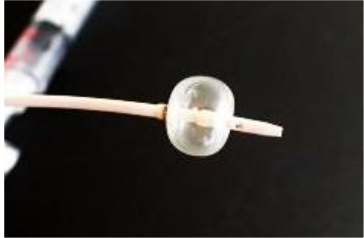
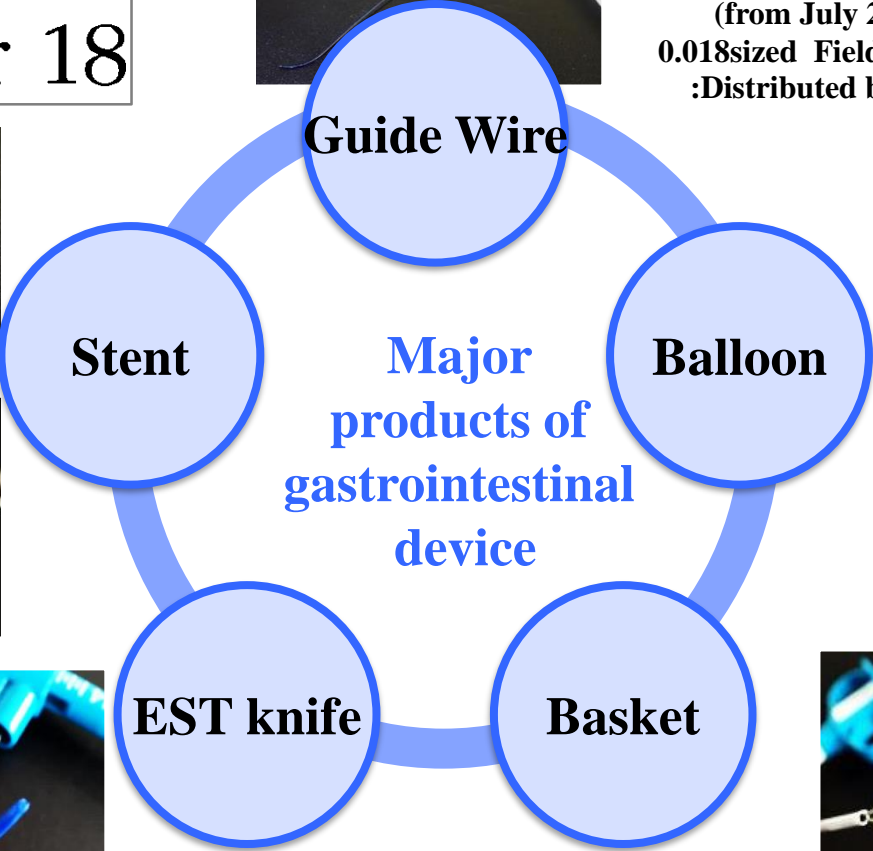
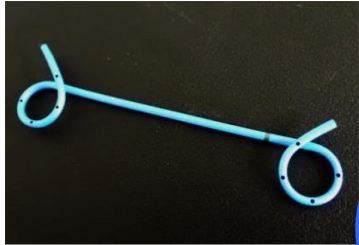
Plans to increase product lineup and expand into overseas as well as Japan

M-Through

Fielder 18



<Domestic Market>
0.025 sized M-Through
: Shifted to direct sales
(from July 26, 2021)
0.018 sized Fielder 18
: Distributed by Olympus Corporation



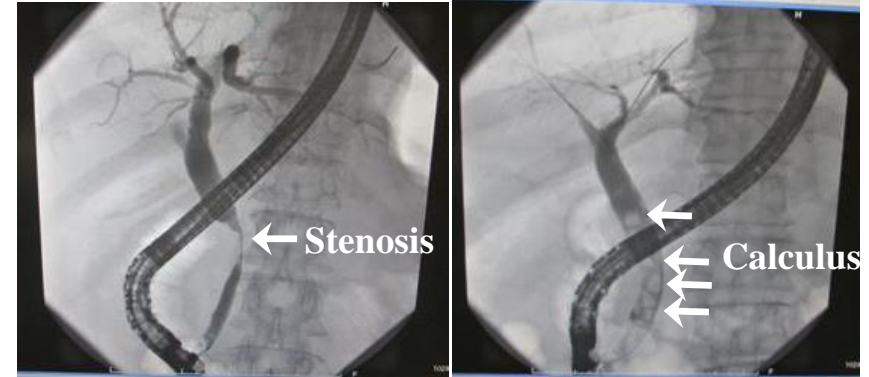


Gastrointestinal ERCP Treatment

ERCP: Endoscopic Retrograde Cholangio-Pancreatography

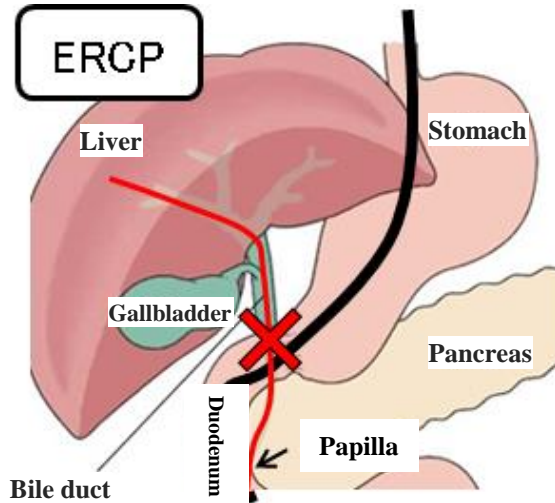
Lesion of Biliary Duct and Pancreatic Duct

- **Stenosis due to tumor**
→ Dilation, securing of the route is necessary
- **Lithiasis** → Removal of calculus is necessary

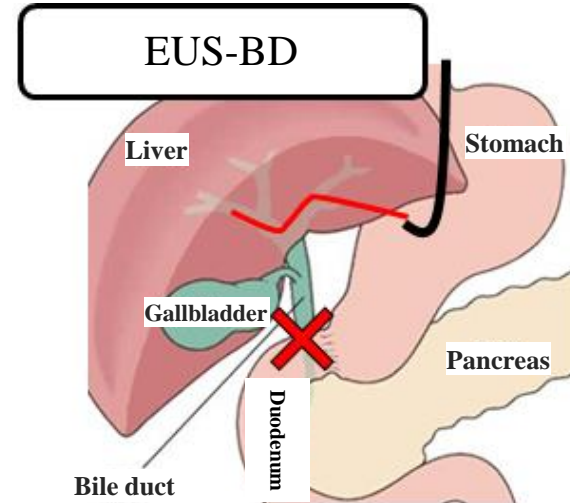


Treatment method

- **ERCP (Endoscopic)** is the mainstream procedure
- **Implement Interventional-EUS with ultrasonic endoscope** when ERCP is not applicable



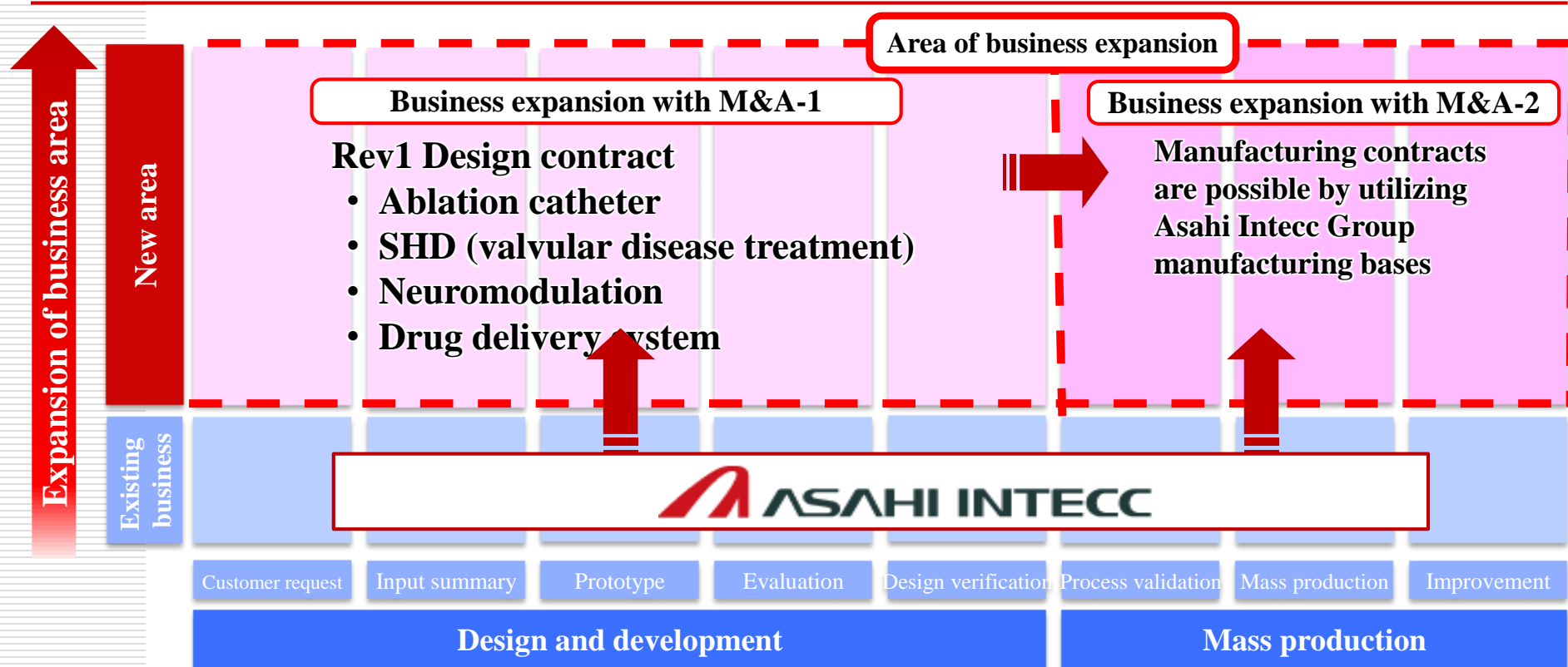
Approach from papilla (gallstone removal / stent placement)



Approach from stomach and duodenum (stent placement)



Expansion of OEM Business



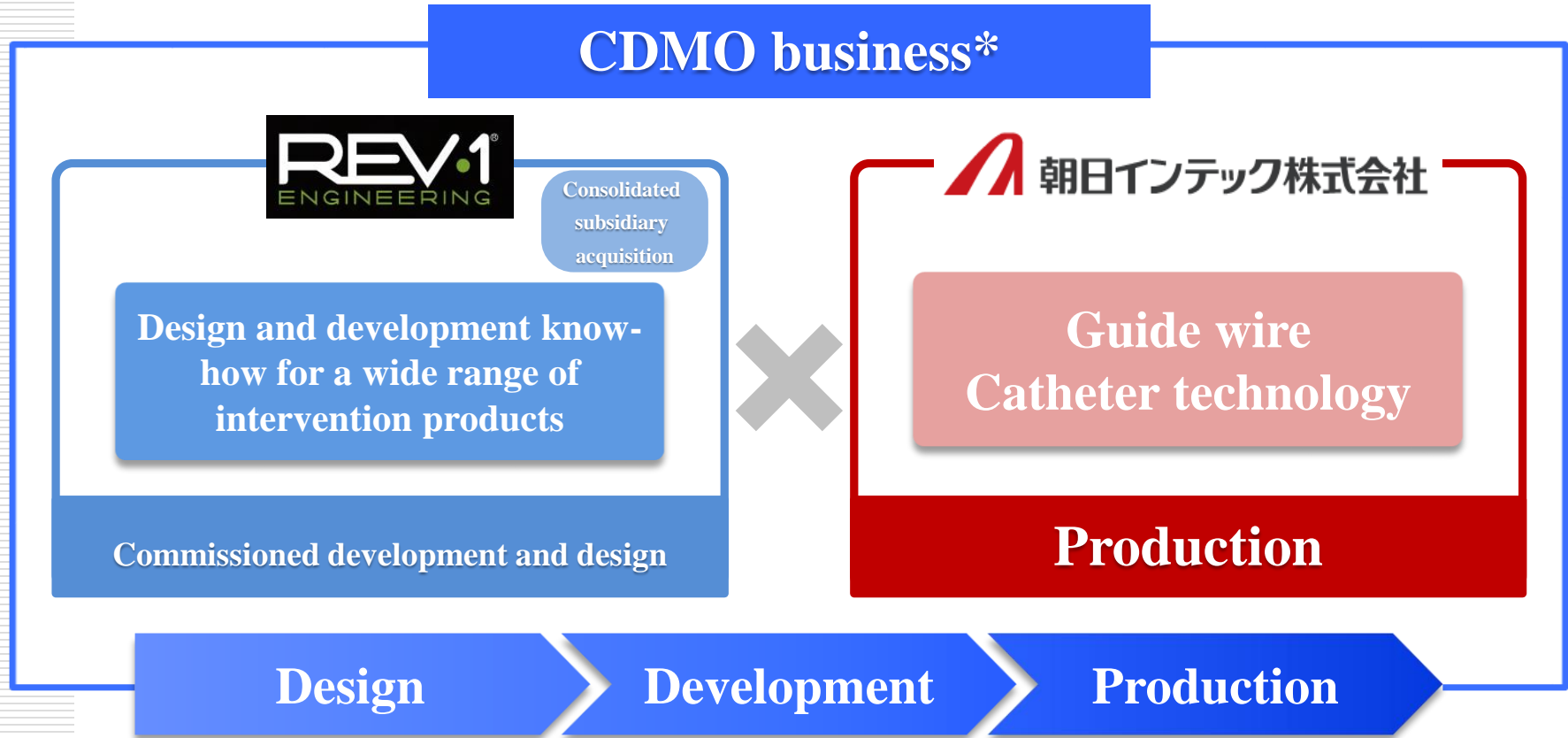
Business expansion with M&A

1. By making Rev. 1 a subsidiary, which has a wide range of design and development know-how of interventional product especially cutting-edge catheters, etc. it leads to strengthening the development of catheters.
2. By utilizing Asahi Intecc Group's manufacturing bases, it will be possible to contract from design development to manufacturing about the existing business of Rev. 1 company, whose main business has been mainly design development contracts

Expect to expand OEM business centering on the US market



Entry into CDMO Business Through M&A



*CDMO business (Contract Development Manufacturing Organization)

- Medical device development and manufacturing support business. A business where an entrustment is received from a company and comprehensive services (one stop service) from development to production of pharmaceuticals and medical devices are provided.



Device Business Strategy

Medical Component

Business development utilizing the superiority of material processing technology and "ASAHI TECHNOLOGY"



- **Utilization of medical materials in Rev.1's CDMO business**
- **Market expansion through collaborations with major medical device companies**
- **Product development for new technologies in collaboration with medical device venture companies**

Industrial Component

Entry into new business (B to C business) by utilizing our technology

- **Improving consumer usability using our technology**
- **Wide contribution to the healthcare field as a medical device company**



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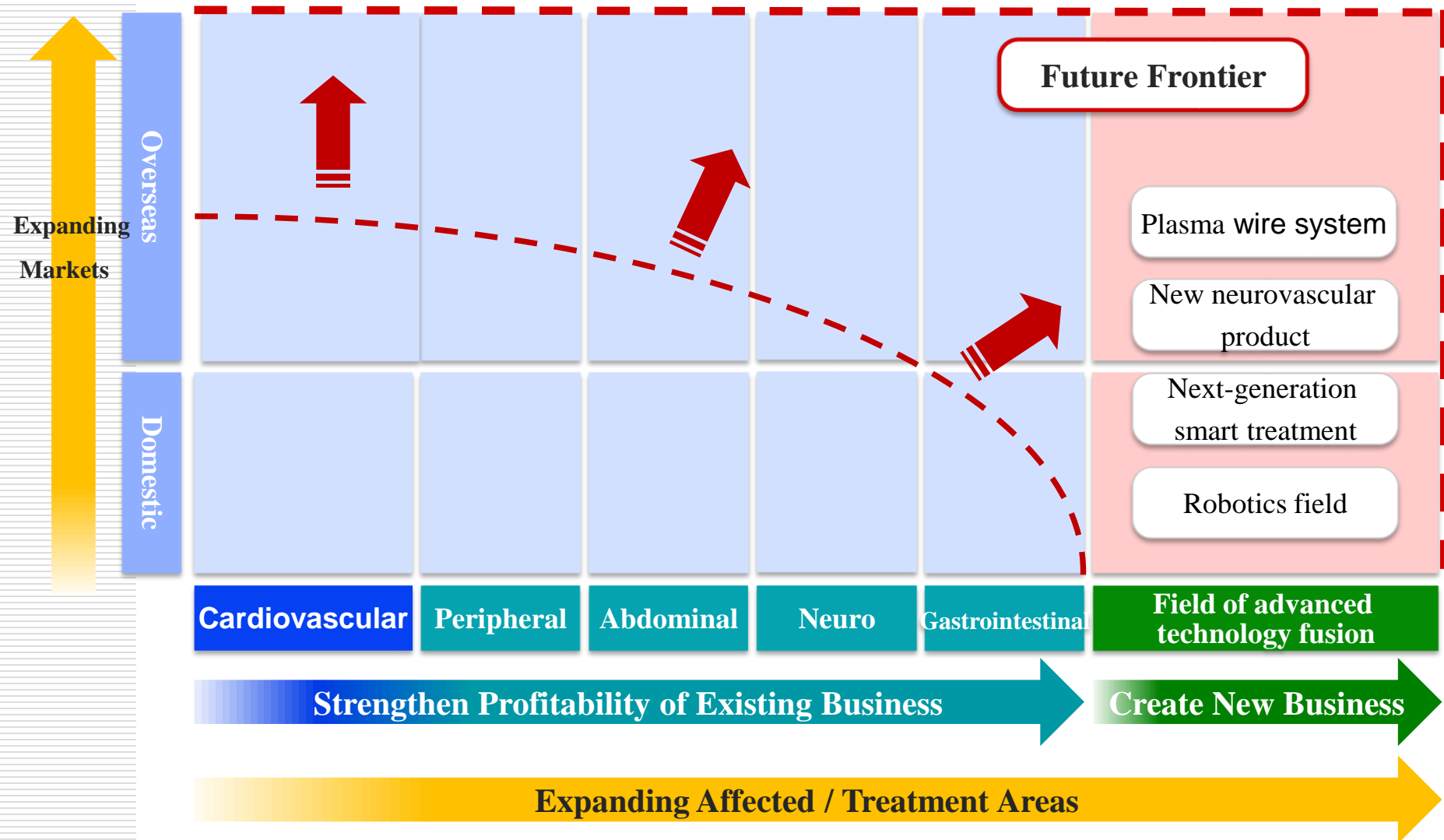
Develop R&D and Production System Optimized for Global Expansion

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Establish Management Foundation for Sustainable Growth

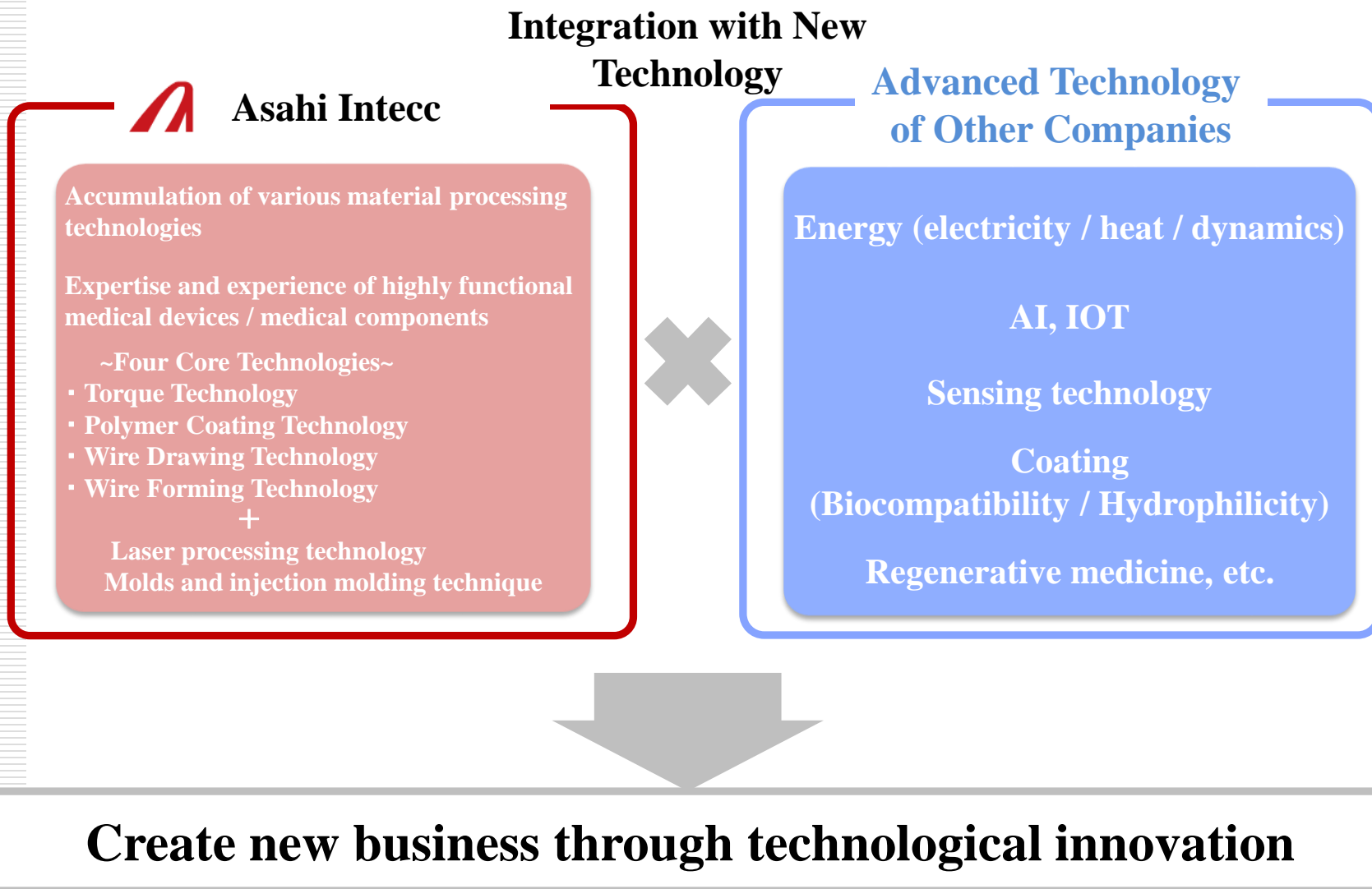


Create New Business



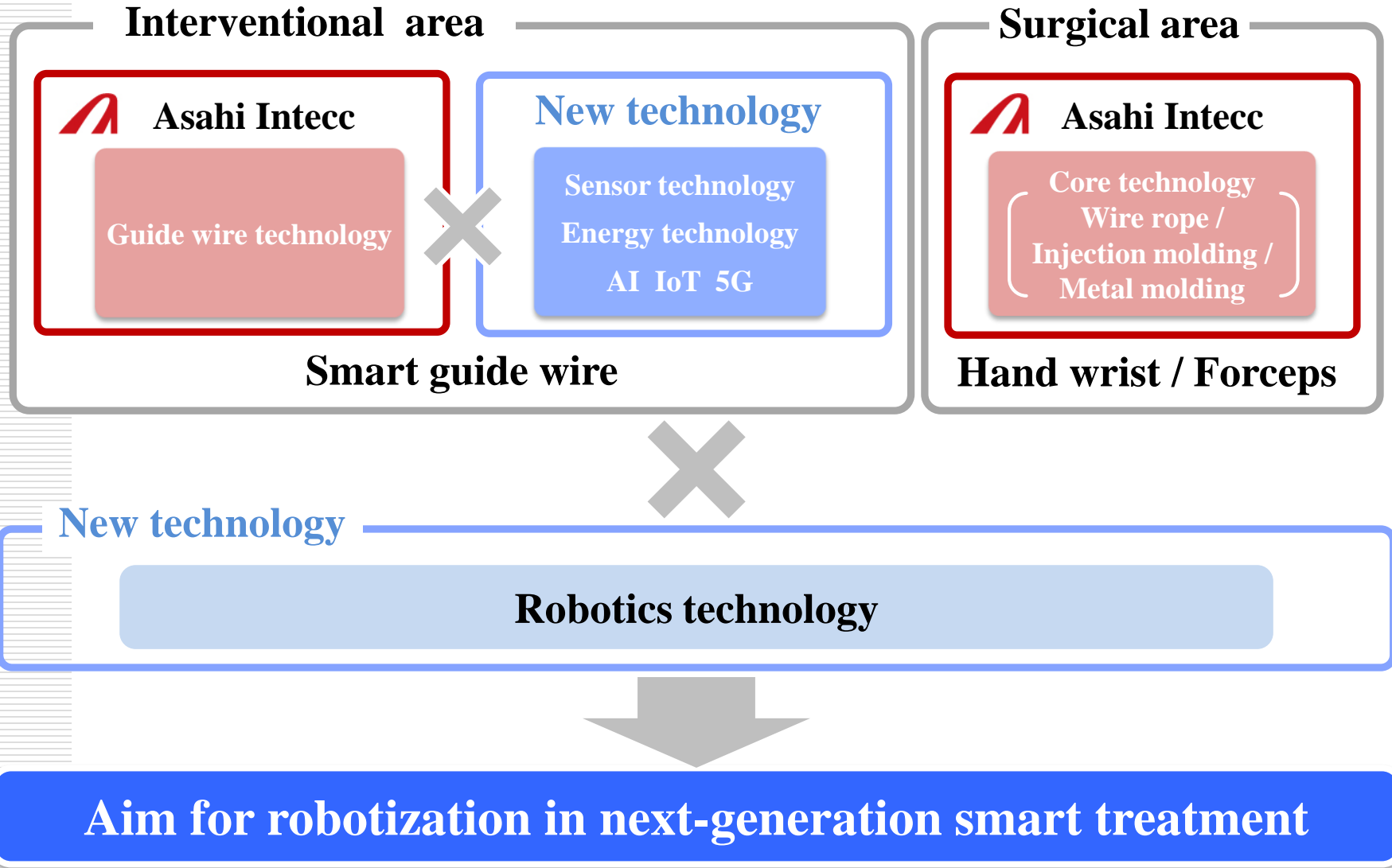


Exploration of Advanced Technology and Integration with In-house Technology





Initiatives for Next-Generation Smart Treatment

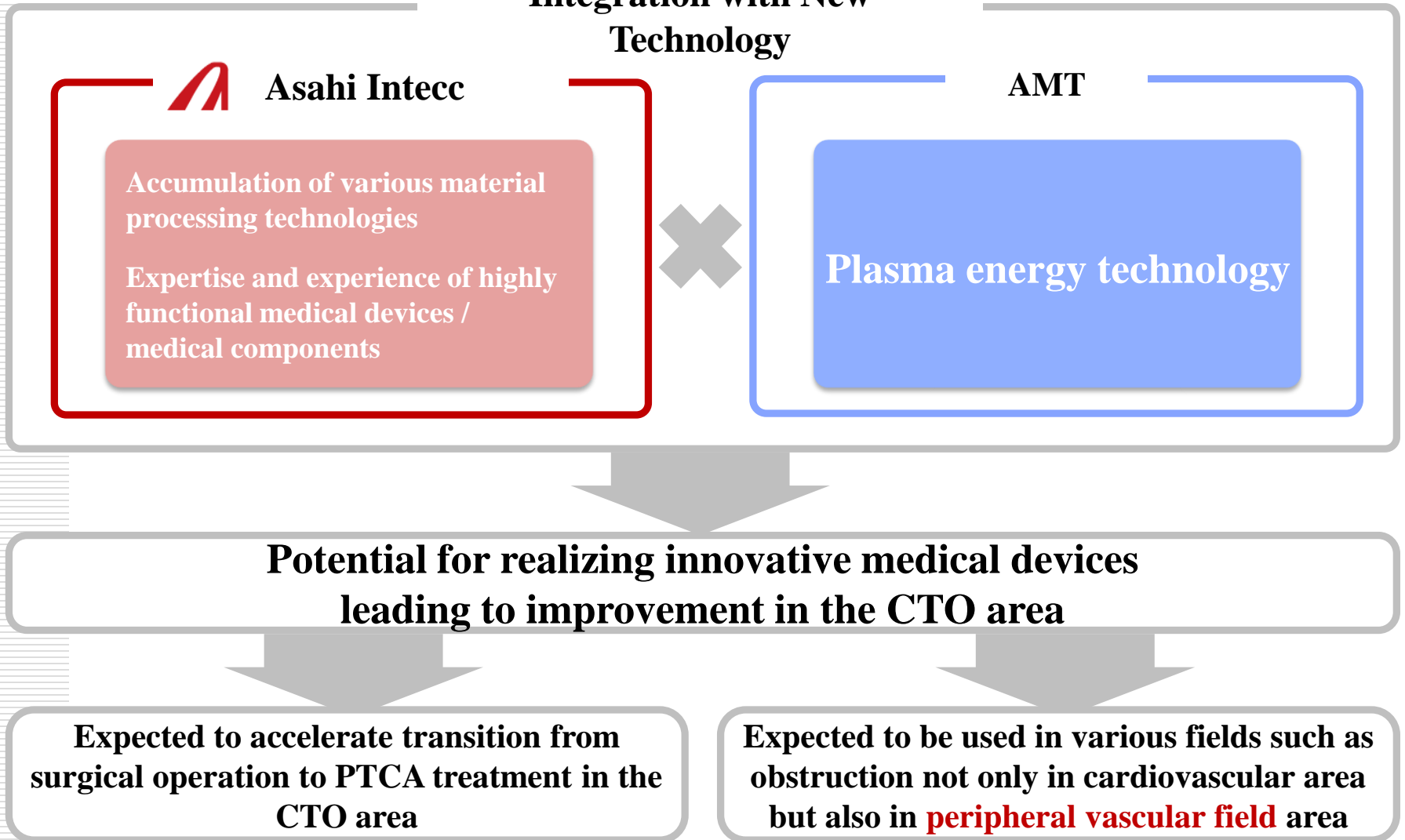




Development of Plasma Guide Wires



Integration with New Technology





Development of Plasma Guide wires

The Future of Plasma Guide wires



Efficacy and safety of plasma wire has been confirmed through clinical studies

Issues for widespread dissemination

Improving the operability of plasma wires

Navigation software development for usability improvement



Aiming for commercialization and sales within the period of this mid-term business plan

In addition to the cardiovascular field, we plan to expand into the peripheral vascular field.



Strengthen development of new products in the field of neurovascular field



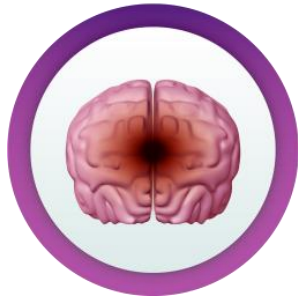
AVF / AVM



Aneurysm



Stroke



Existing business

New business

● Added to lineup of guide wires

● Microcatheter for AVF

● Support catheter for cerebral aneurysm

● Microcatheter for cerebral aneurysm

● Balloon guide catheter

● Coil for cerebral aneurysm embolization

● Smart guide wire for stroke

● Thrombus recovery device

Aiming to expand market share by enhancing the product lineup for the treatment of each disease, mainly in Japan and the U.S.

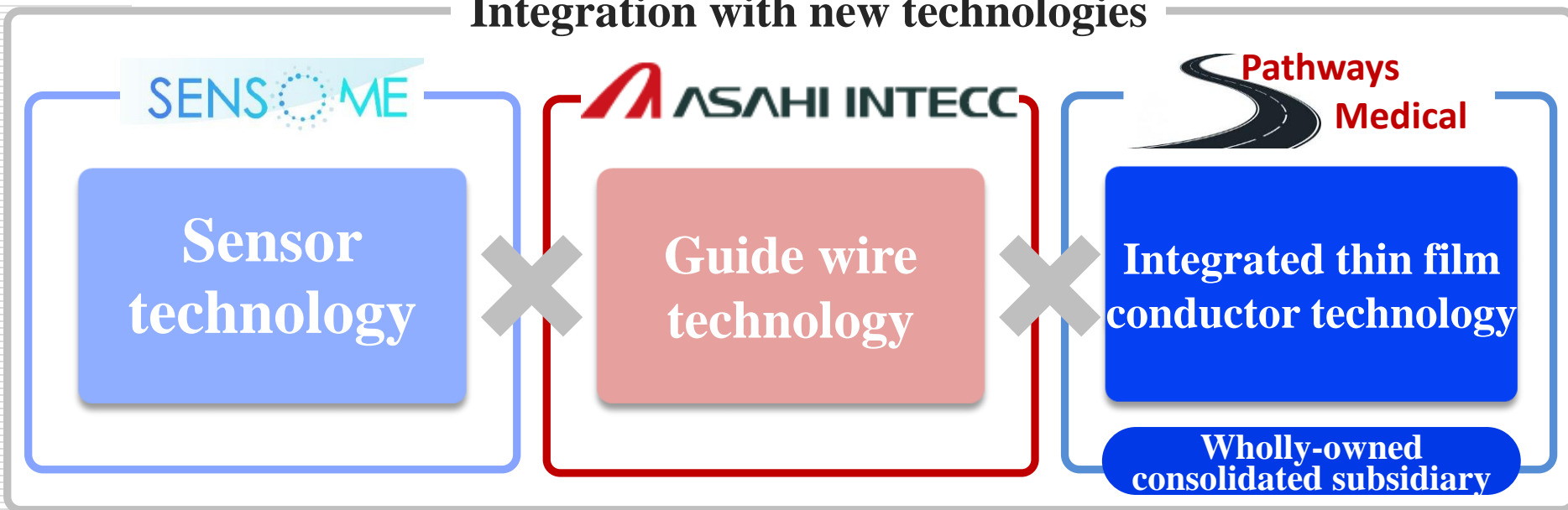


Collaborative Development of Stroke Smart Guide Wire Realization of Stroke Smart Guide Wires



By forming a conductive layer of an ultra-thin film on the thin curved surface of the guide wire, it makes it possible to maintain basic performance as a guide wire such as torque, rigidity, and strength

Integration with new technologies



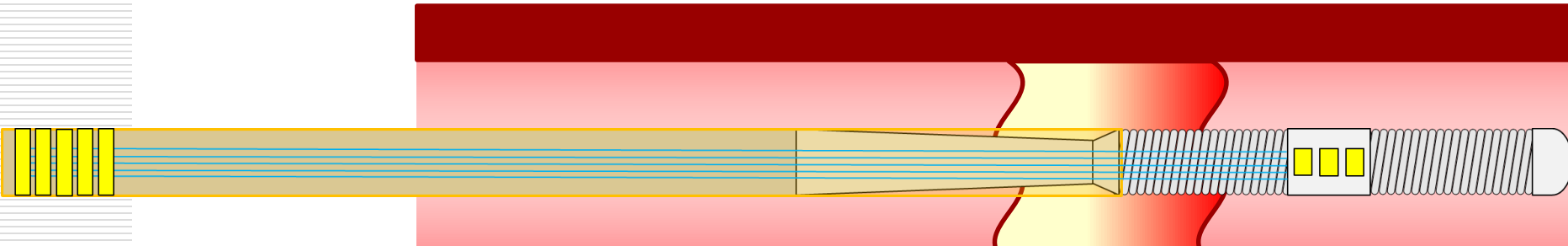
This will lead to enhanced development of sensor-equipped guide wires and catheters. This can lead to the development of innovative new products.



Collaborative Development of Stroke Smart Guide Wires Equipping Identification Sensor of Blood Clot on Wire



Selection of optimal device by discriminating properties of blood clot

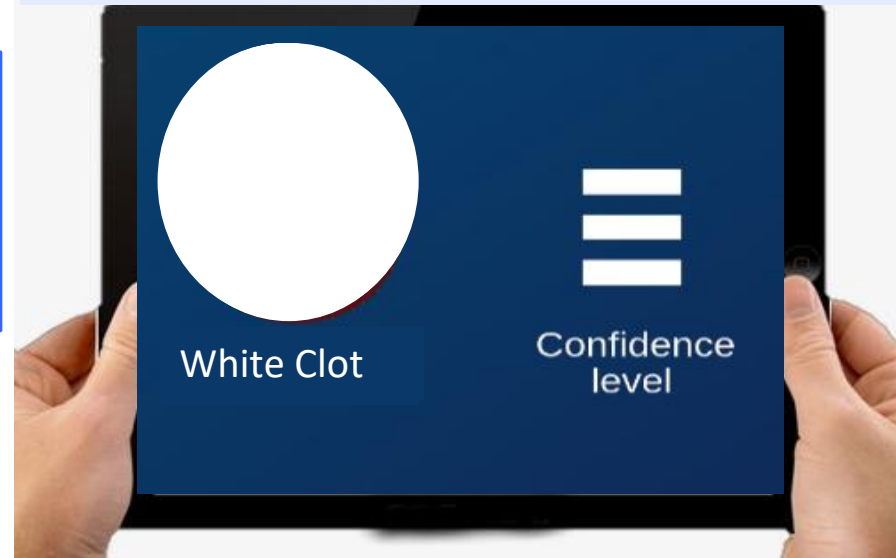


After sensor wire and tablet communicate by Bluetooth, AI judges “blood” “white blood clot” “mixed blood clot” “red blood clot” and displays classification

The appropriate treatment depends on the type of blood clot

- Red blood clot is soft, brittle, and easy to scatter
- White blood clot is hard, sticky and difficult to recover

Knowing the type of blood clot in advance will enable quick and safe treatment





Collaborative Development of Stroke Smart Guide Wires Expansion of Diversity due to Integration of Technologies

Strengthen the development of guide wires and catheters with sensors to promote **the realization of next-generation smart treatment**

Integration with new technologies

New technology

Sensor technology

Energy technology

Electrical control technology, etc.



Guide wire
/Catheter
technology



Integrated thin film
conductor technology

Wholly-owned
consolidated subsidiary

Realization and expansion of new business areas
such as **robotics of next-generation smart treatment**



Challenge to the Robotics Field

Interventional Area

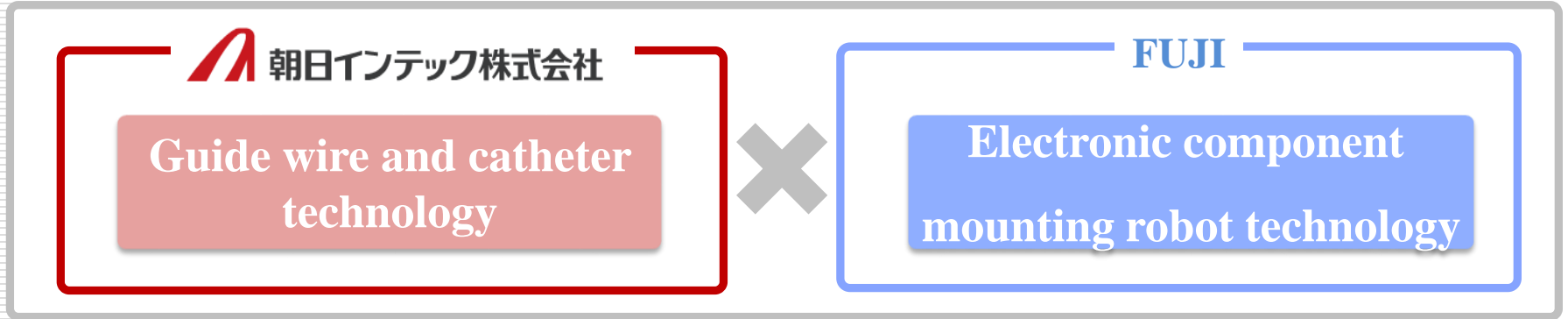
- **Next-generation medical devices in the field of catheter treatment**
 - **Developed an echo guide system in collaboration with Fuji Co., Ltd.**

Surgical Area

- **Supply of materials to next-generation surgery support robots**
 - **Strengthen sales of surgical support robot "ANSUR"**
 - **A-Traction Co., Ltd. changed its name to "Asahi Surgical Robotics Co., Ltd."**
- **MIS laparoscopic surgical device**
(Minimally Invasive Surgery)
 - **Manual robot device utilizing Toyoflex's molding technology**

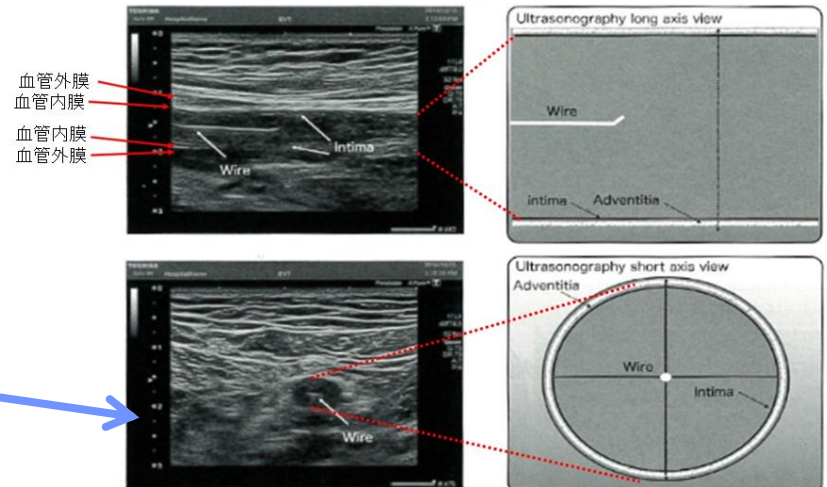
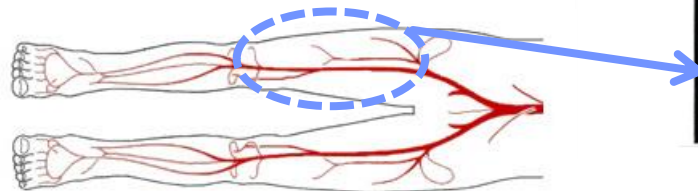


Collaborative Development of Echo Guide System



Joint development of next-generation medical devices in the field of catheterization

"Echo guide system"
A system that allows a robot to follow a narrowed part of a blood vessel on behalf of an operator. The doctor can easily pass the guide wire through the center of the blood vessel while looking at the ultrasound image.





Development of Next-generation Surgery Support Robot



Surgery support robot

ANSUR

Another surgeon



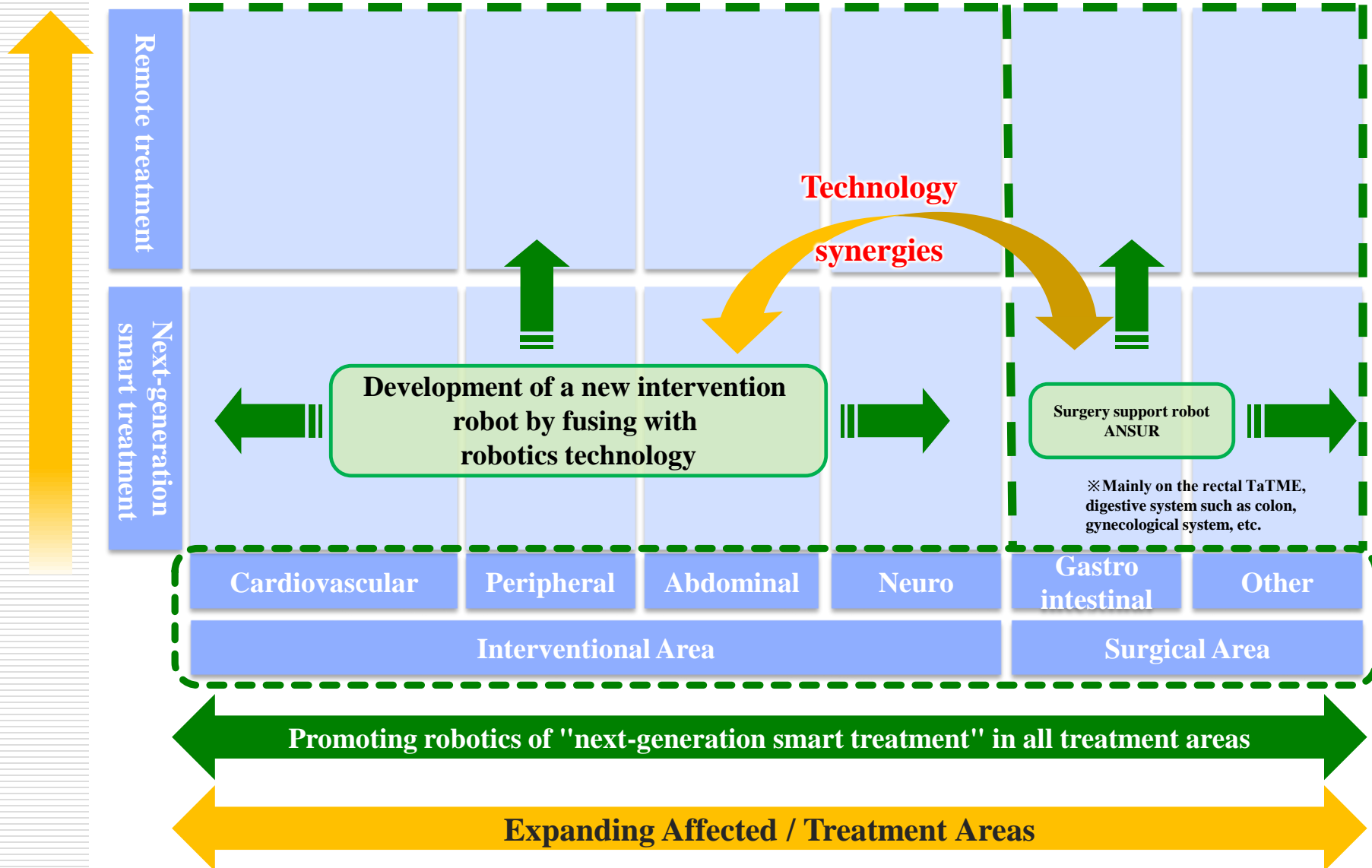
- **Mainly used in laparoscopic surgery**
- **Two assistant physicians play a role**
- **While the surgeon operates the robot himself, the surgery is performed by standing beside the patient in the same way as conventional laparoscopic**

Specializing in assistant functions that support the surgeon, such as securing a field of view and applying traction to organs, with a unique concept different from existing robots

ANSUR



Aiming to Establish Next-generation Smart Treatment

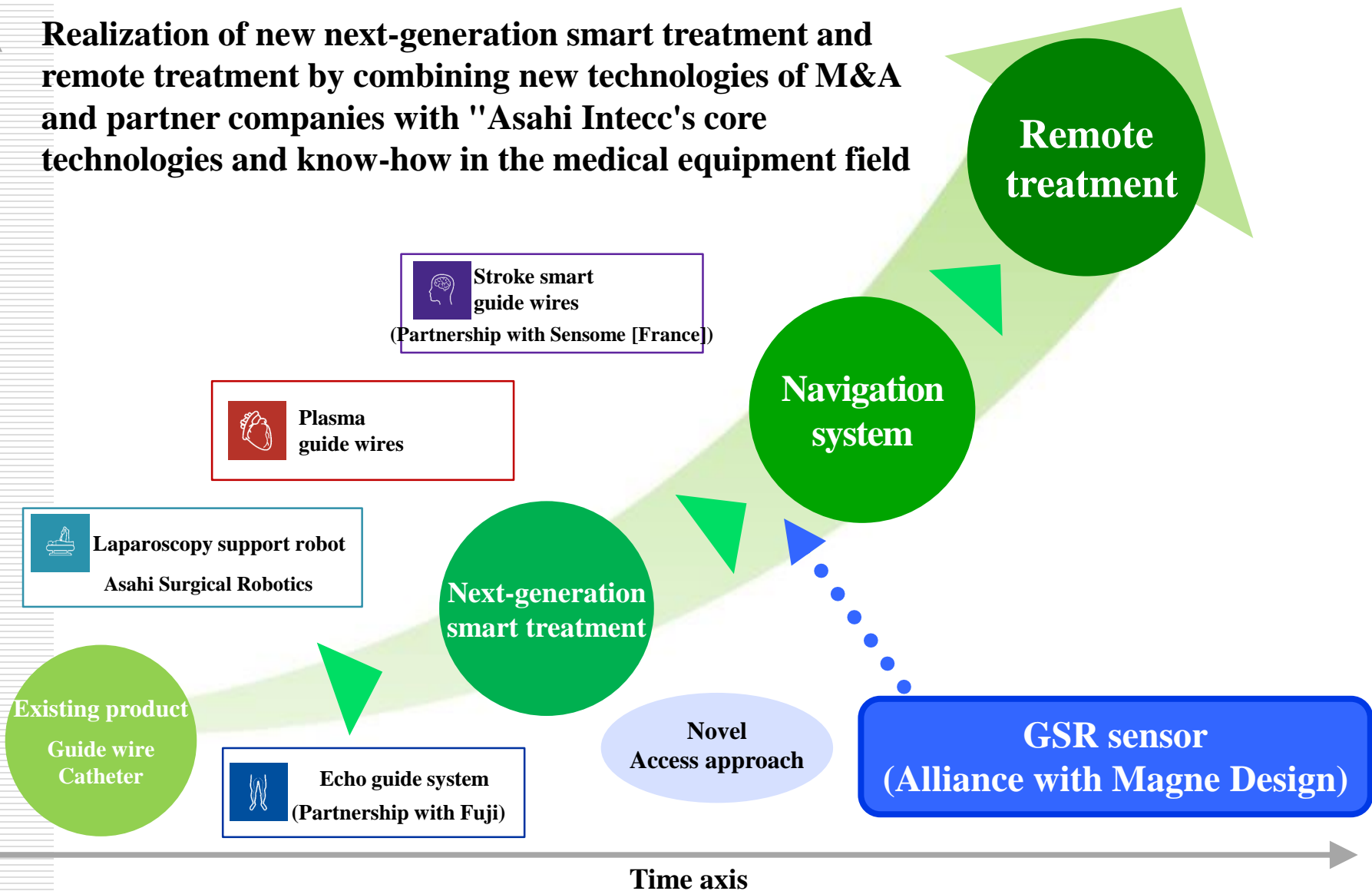




Toward the realization of remote treatment in the future

Realization of new next-generation smart treatment and remote treatment by combining new technologies of M&A and partner companies with "Asahi Intecc's core technologies and know-how in the medical equipment field"

Advancement of smart robotics technology



Time axis



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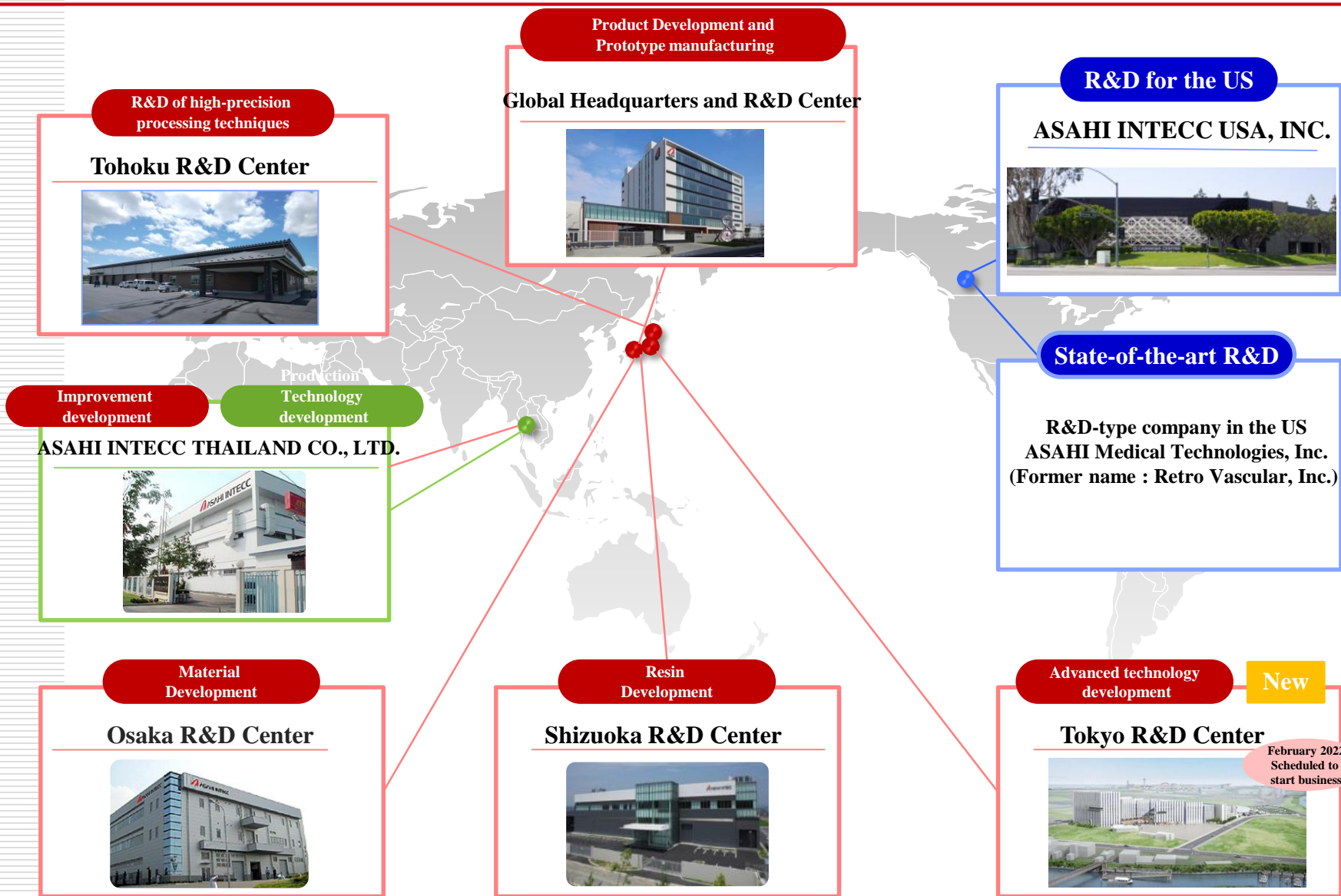
Develop R&D and Production System Optimized for Global Expansion

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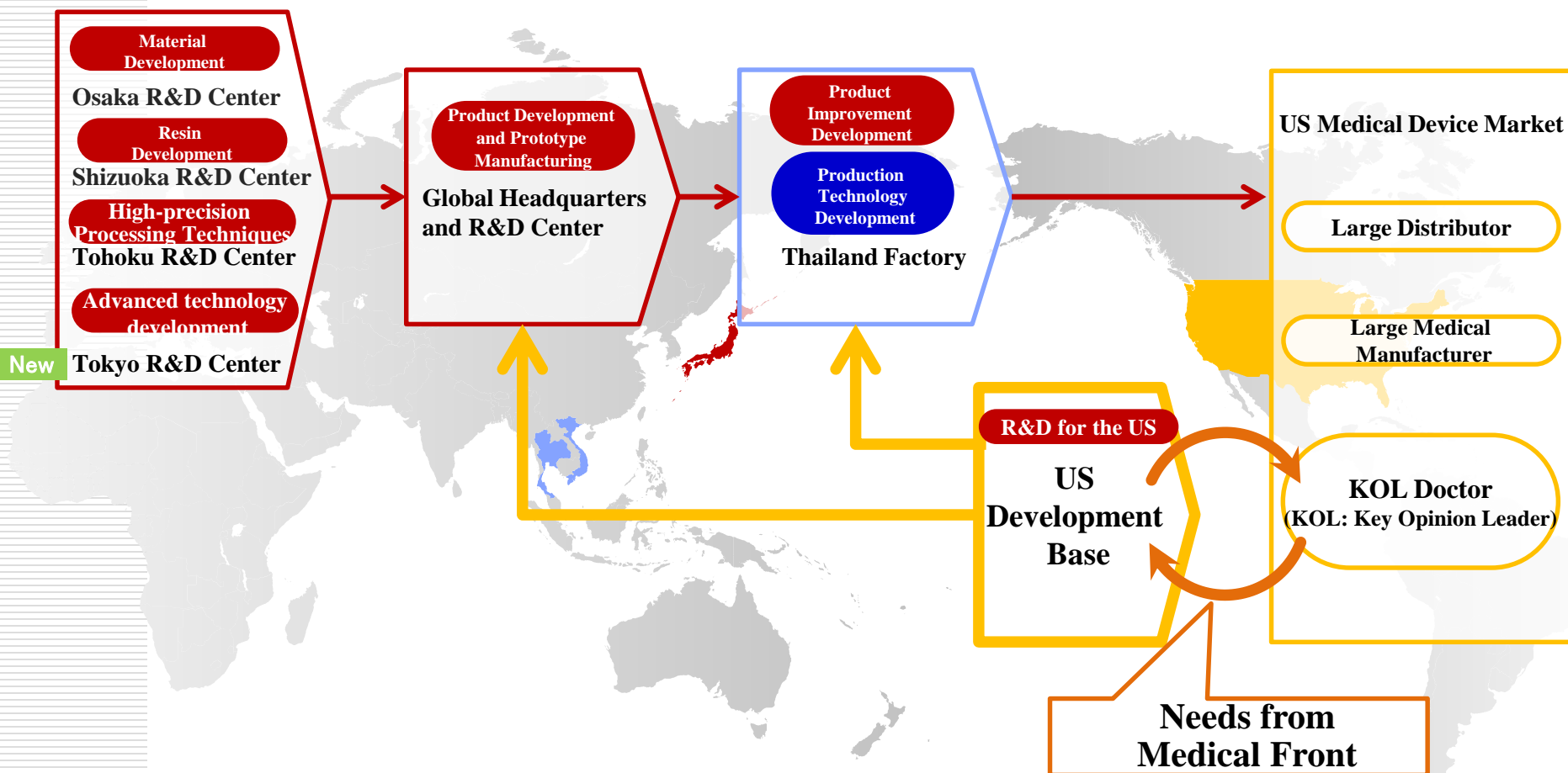
Development of R&D System Optimized for Global Expansion





R&D System Encompassing the Entire Process of Product Development

Enhance “practical competence” through globalization of R&D structure, including prototype manufacturing

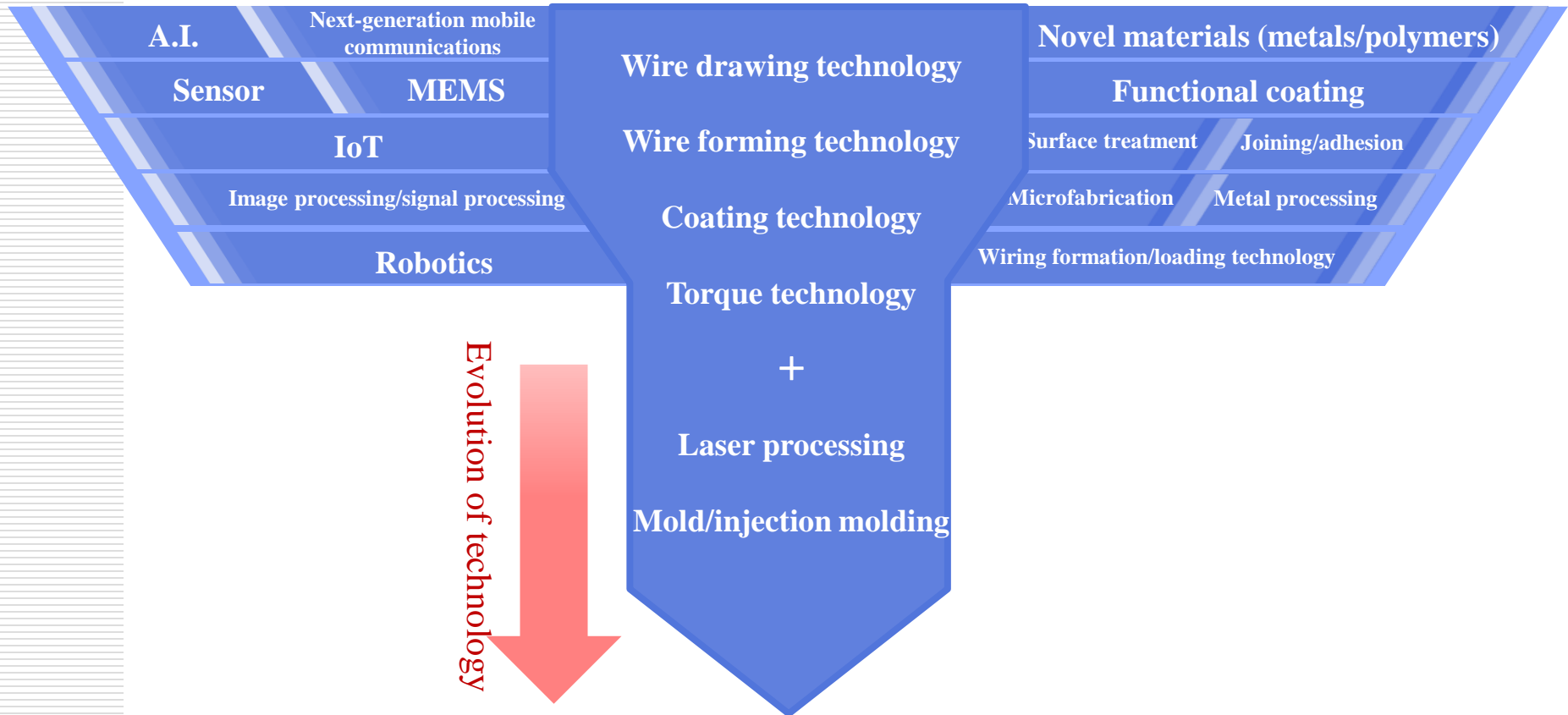




Evolution and Spread of our Technology

Expansion of advanced technology fields

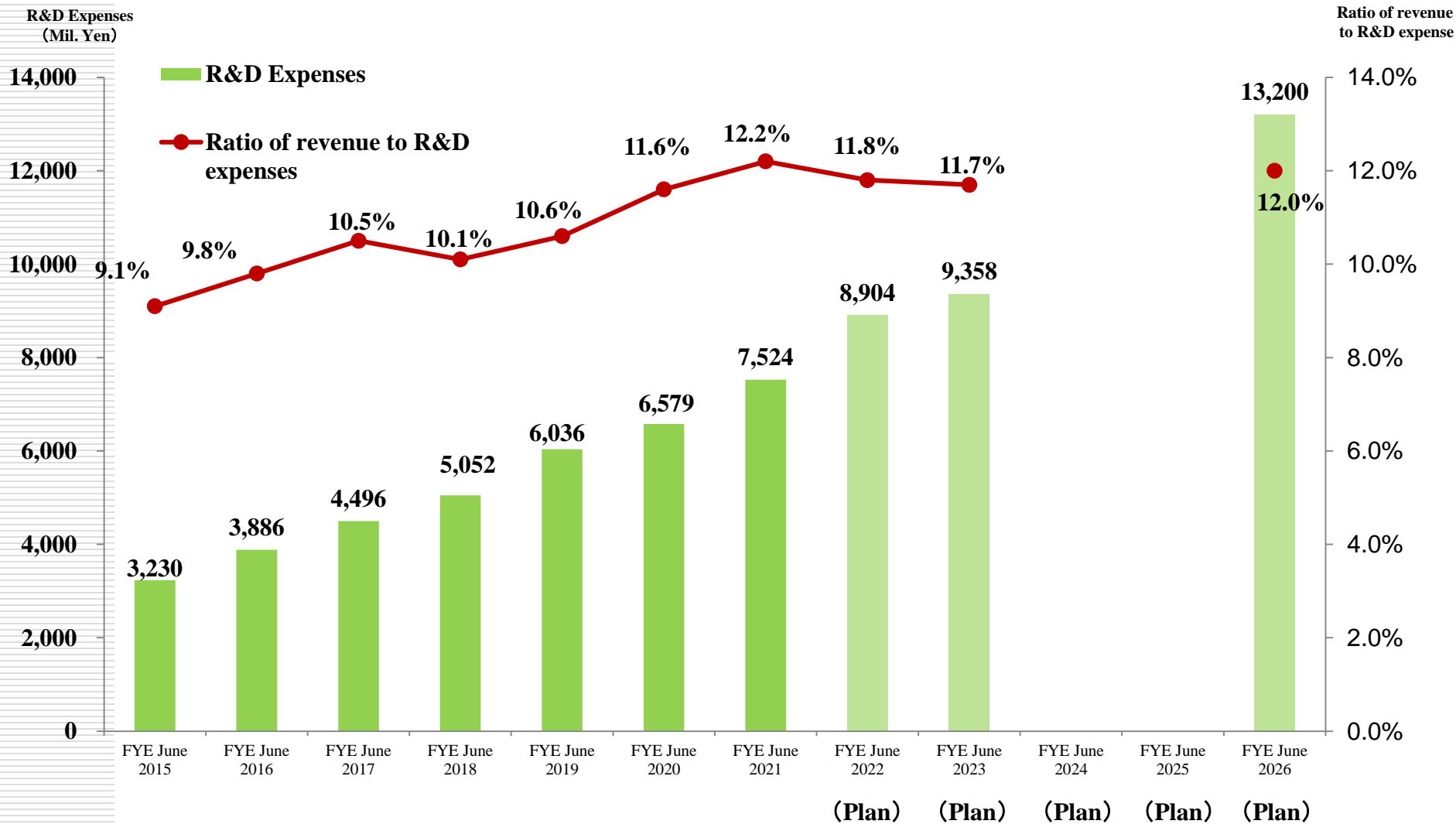
Expansion of material processing technology field





R&D Expenses

Continue to invest R&D expenses for further growth with a sales ratio of 12%





Development of Production System Optimized for Global Expansion

- Reorganization of production bases for the purpose of improving production efficiency and decentralizing for BCP
- In areas where origination is required, consider establishing new production bases that are closely linked to the area, while considering regulations

Development / Prototyping / Production transfer

Japan

- Expand prototype line for passing on technology
- Maintain production back-up system in case of emergency although R&D is the main body

< Global Headquarters and R&D Center >



< Tohoku R&D Center >



Thailand Factory

- Shifted to new development base with roles of “Rolling-up development system” and “Smooth production transfer of development project,” from conventional “Mass production / Trial production factory”



Mass production / Increase production efficiency

Hanoi Factory (Vietnam)

- Pursue production efficiency as “Mass production factory”
- Plan to utilize the remaining capacity of the new factory for further mass production



Cebu Factory (Philippines)

- Pursue production efficiency as “Mass production factory”
- Establish system that can produce medical devices by constructing a new medical factory
<Medical factory>



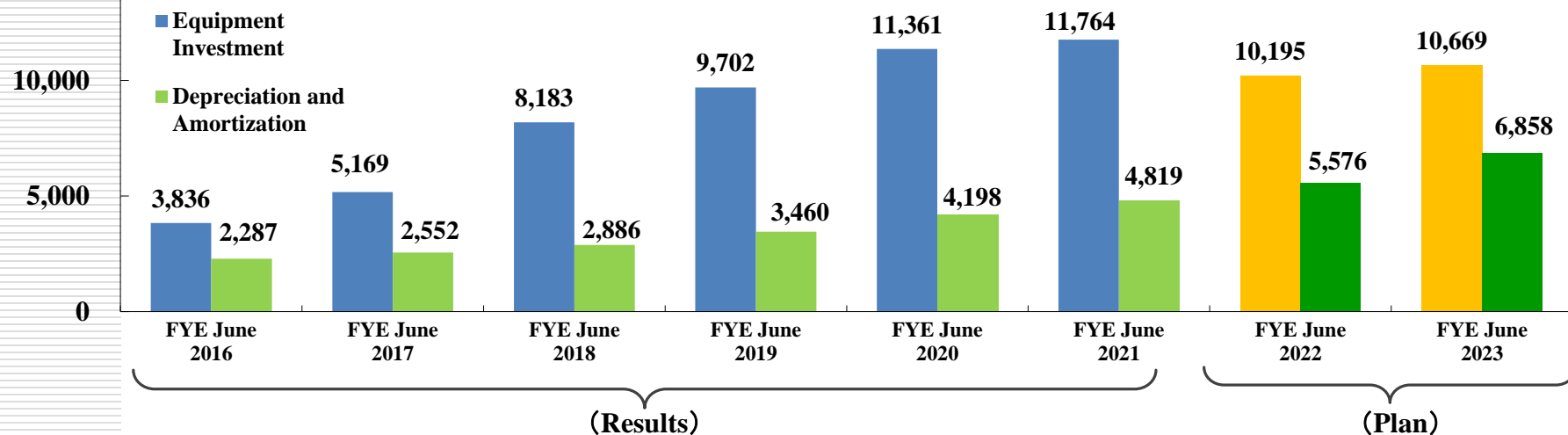


Results and Plan for Equipment Installation

Expansion of development bases and overseas factory bases to increase production in the future

(Mil. Yen)

Main investment matter	FYE June 2019 (Results)	FYE June 2020 (Results)	FYE June 2021 (Results)	FYE June 2022 (Plan)	FYE June 2023 (Plan)
Construction of New Building at Seto factory	2,154		157	81	2,831
Establishment of Tohoku R&D Center	294		249	2,038	
Expansion of Osaka R&D Center			3,710		
Land and Building (New Thai Medical factory)		1,574	258		
Expansion of Thai Medical factory	1,478	267	211	346	
Construction of First Cebu Medical factory	302			636	
Construction of Second Cebu Medical factory	478	961	945	686	
Land and Building(New Cebu Device factory)		881	20		
Introduction of core information system (SAP)(Start operation in July 2021)	507	954	1,125	595	300





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Sustainability Report

Aiming to realize sustainability for society and Asahi Intecc Group by tackling important sustainability issues both from the perspective of growth strategies and strengthening the management base.

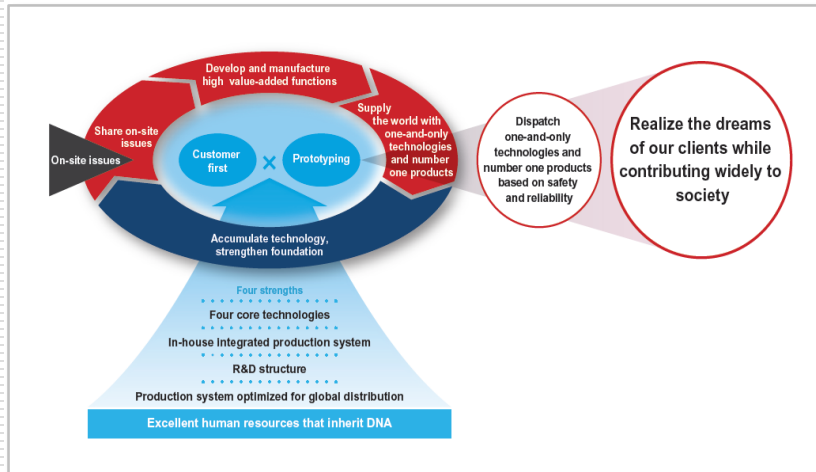
▶ “Sustainability Report 2021”



■ Excerpt from “Sustainability Report 2021”

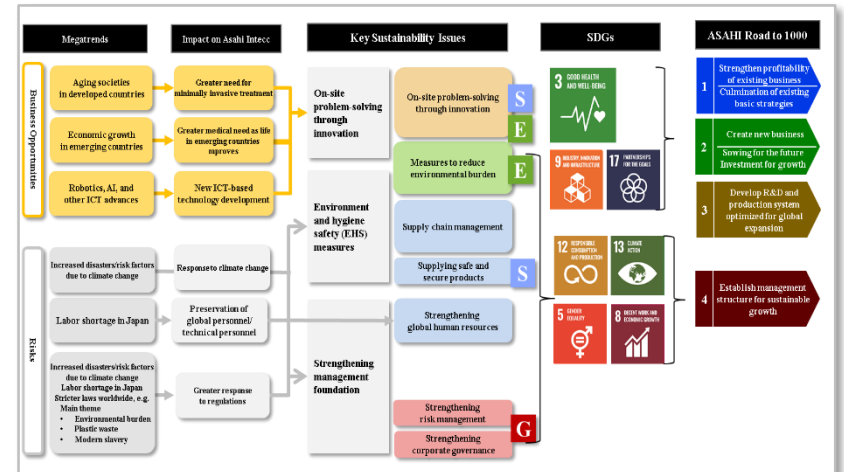
Asahi Intecc’s value creation process

Trying continuously to solve on-site issues creates high-added value. Accumulating new technologies through efforts with on-site thinking and strengthening technology bases enable us to try to solve new issues.



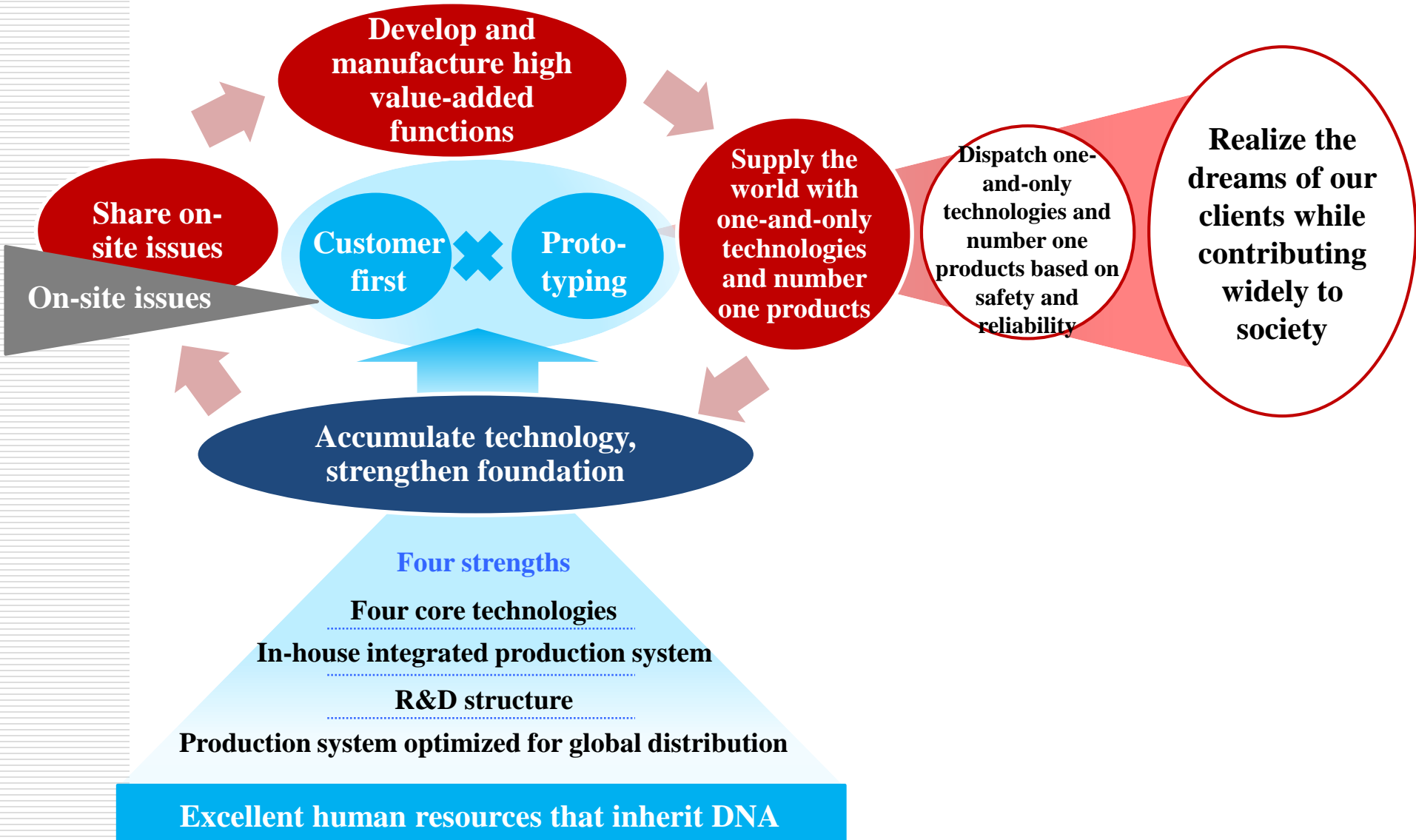
Key sustainability issues

Addressing changes in the environment and working on both growth strategies and strengthening of the management base.





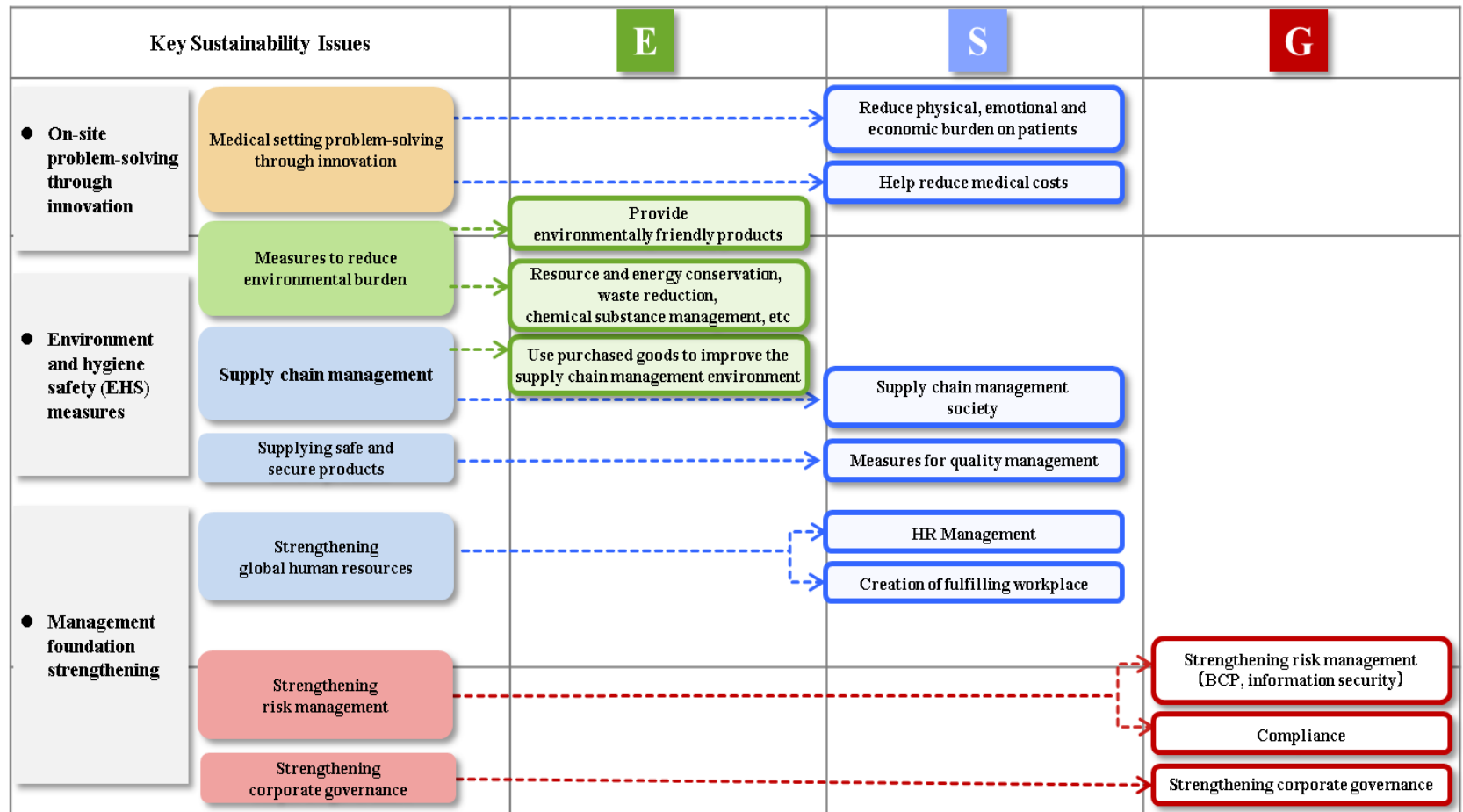
ESG: Value Creation Process





Approach to ESG (Environment, Society, Governance)

- In addition to consideration for the environment and society, we will strengthen our human resource management and governance to bolster the management foundation and technology base and establish a system that can secure profitability at a global scale





New Medium-Term Management Plan “ASAHI Going Beyond 1000”

- 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



Public Listing

(※) Due to the impact of the Thai flood, revenue and profits temporarily declined.



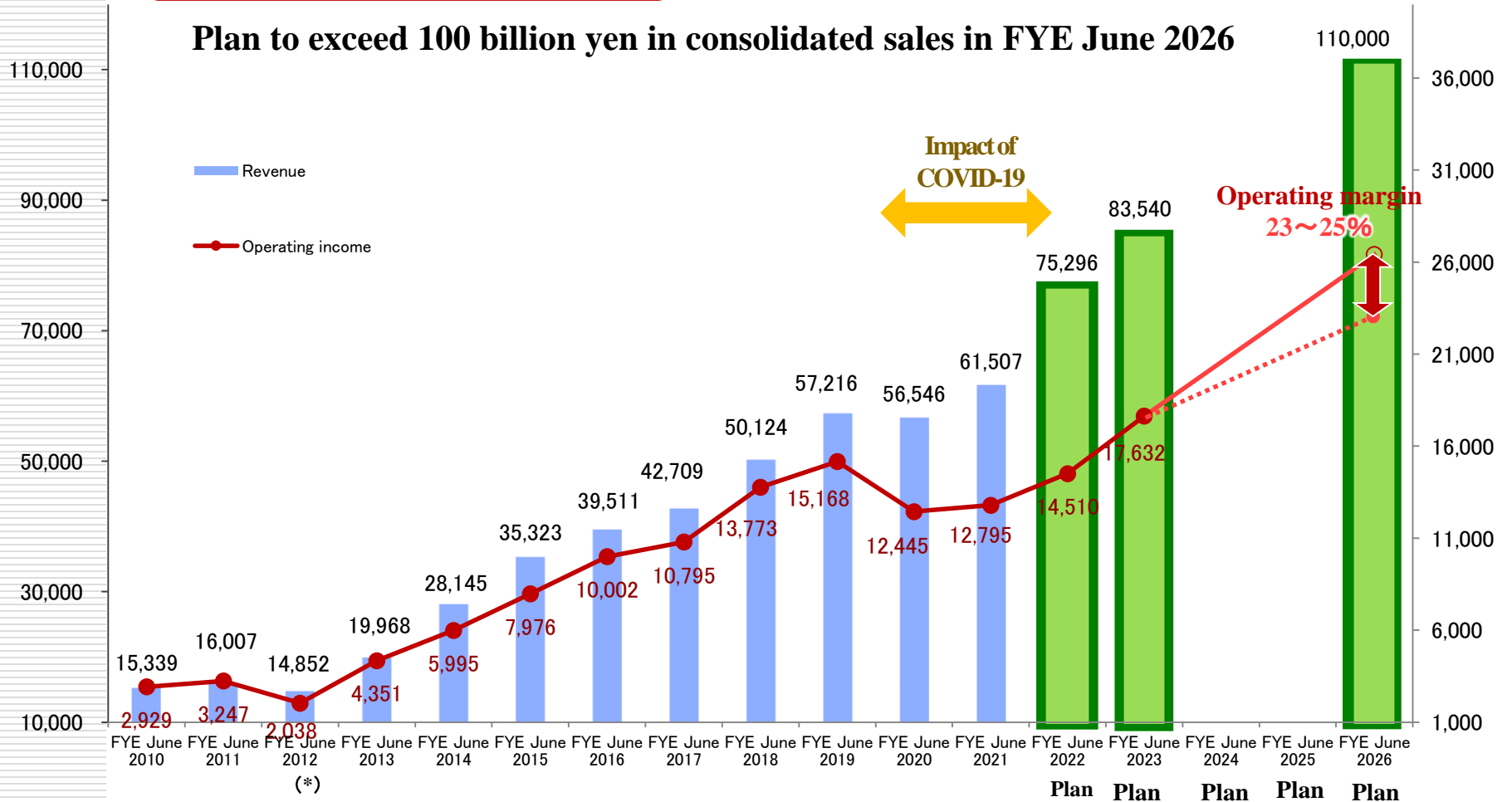
New Medium-Term Management Plan: Profit Goals to FYE June 2026

ASAHI Going Beyond 1000

Revenue
(Mil. Yen)

Operating Income
(Mil. Yen)

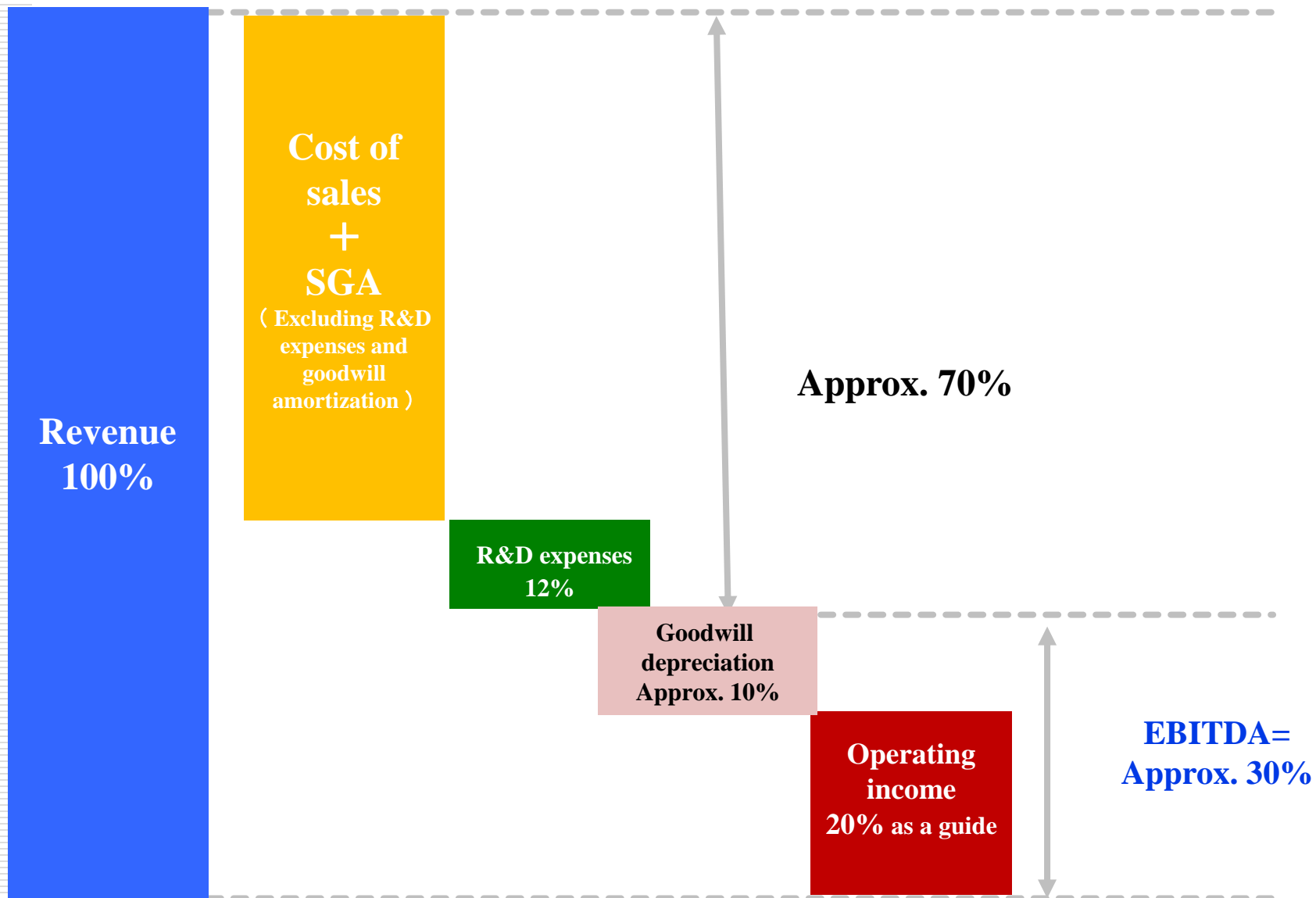
Plan to exceed 100 billion yen in consolidated sales in FYE June 2026



(*) In FYE June 2012, a temporary decrease in revenue and profit occurred due to reduced production. The reason for such was that our main factory of our consolidated subsidiary company, Asahi Intecc Thailand was forced to suspend operations temporarily when flooding hit Thailand at that time.



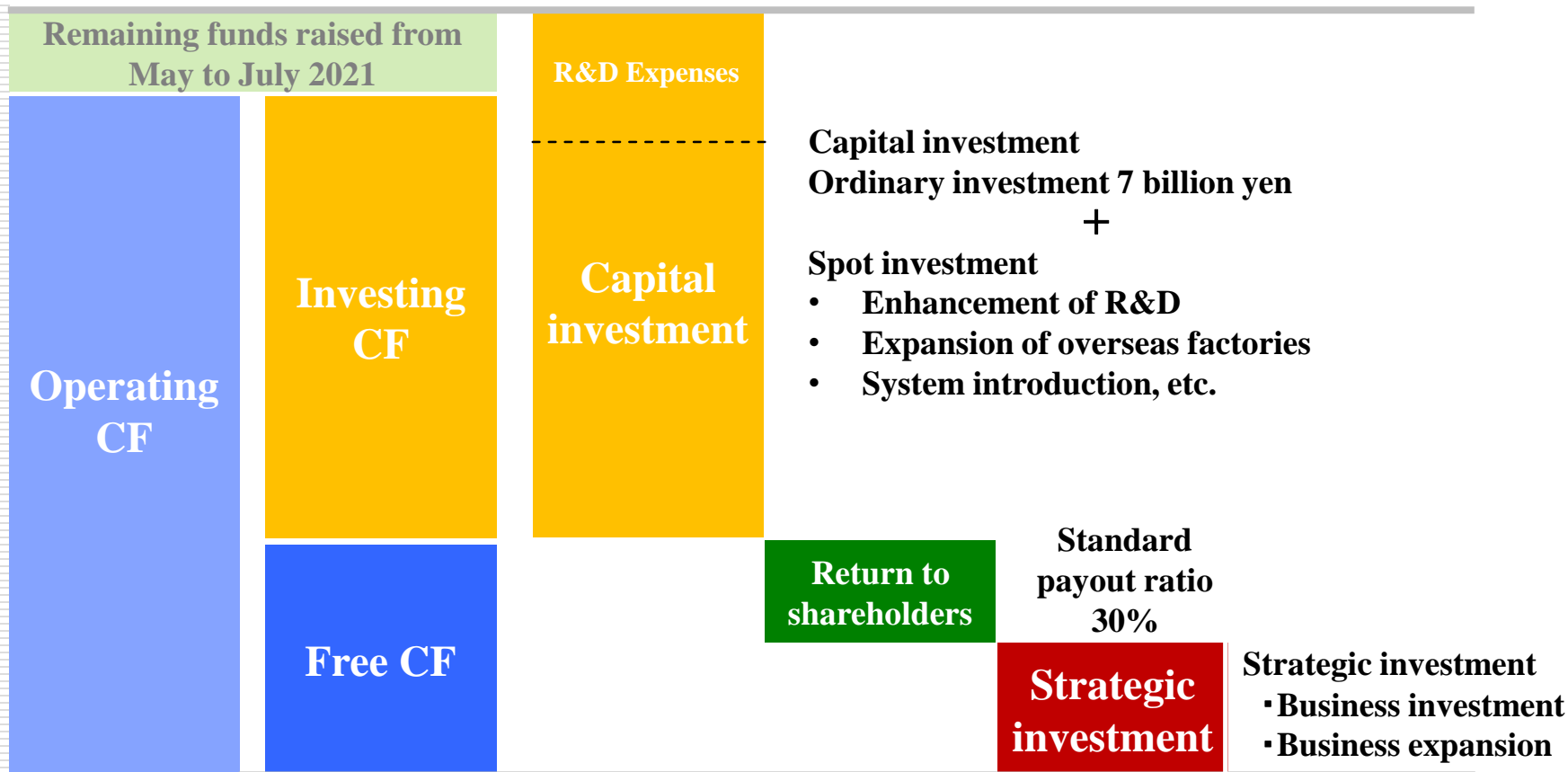
Basic Idea of Profit-and-Loss Statement





Capital Allocation

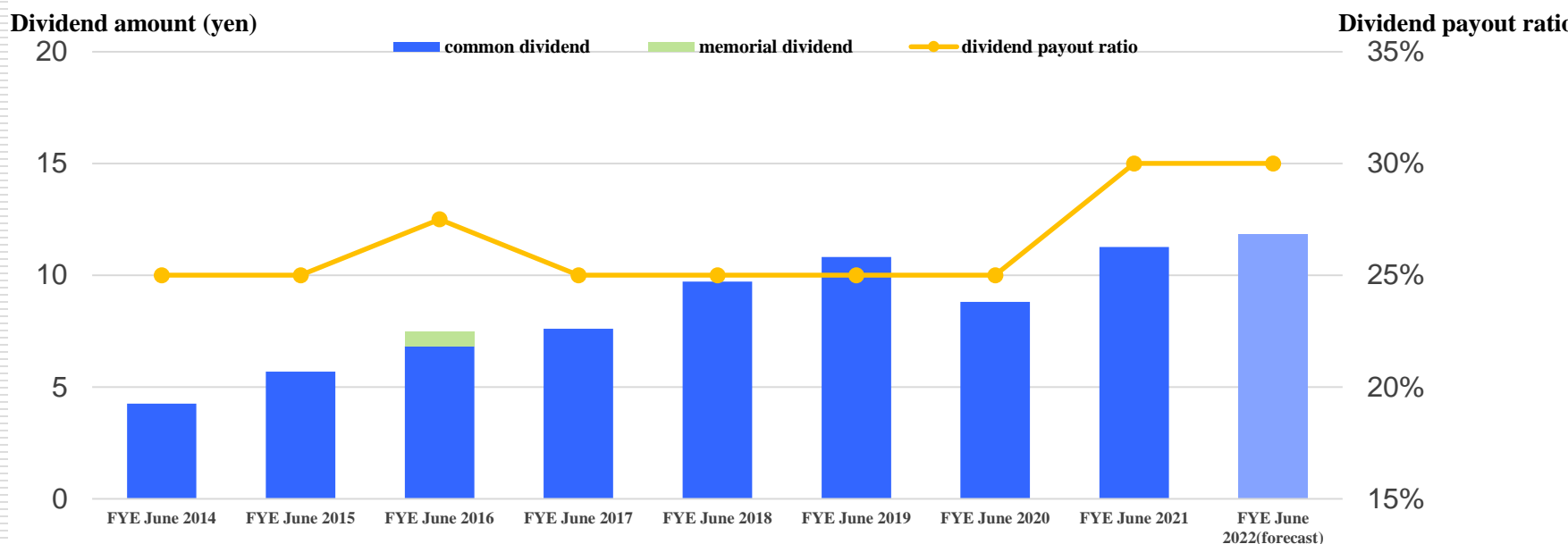
Part of operating CF will be allocated to strategic investment





Partial Change in Shareholder Dividend Policy

- The basic policy of the Company is to pay stable dividends over the long term, while aiming to increase dividends through medium- to long-term profit growth.
- In order further enhance the return of profits to shareholders and expand the shareholder base, revision of the target consolidated dividend payout ratio and **raising of the consolidated dividend payout ratio from 25% to 30%** from the dividend of surplus for the current fiscal year.
- During the period of the medium-term management plan, the company will make a decision with an aimed consolidated dividend payout ratio of approximately 30%, taking into consideration business performance and outlook, level of internal reserves, etc.



*Regarding the period from 14/6 to 19/6

A stock split at a ratio of 2 shares per share was performed on January 1, 2014, 2 shares per share on August 1, 2015, 2 shares per share on January 1, 2018, and 2 shares per share on 2019/7/1. Thus, from June 2014 to June 2019, retroactive adjustments in consideration of the impact of the stock split were implemented.



Caution Regarding Information Presented

All forward looking statements contained herein, including revenue forecasts, outlooks, and strategic plans, are based on the best currently available data; however, risk and uncertainty are involved in these statements. Please note that actual results may differ greatly from plans presented here.

【 IR contact 】

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