

March 11, 2021

To All Concerned Parties,

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Representative: Masahiko Miyata, President & CEO  
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## Notice Regarding Acquisition of Shares of A-Traction (Subsidiary Company)

Asahi Intecc Group announces that it passed a resolution at its board of directors' meeting held on March 11, 2021, to have Asahi Intecc acquire shares of A-Traction Inc. (A-Traction) and make A-Traction a wholly owned subsidiary, as set forth below.

### 1. Reasons for Acquisition of Shares

A-Traction is a certified venture of the National Cancer Center working on the development of laparoscopic surgery support robots based on needs from clinical practice. Until now, A-Traction and Asahi Intecc Group have had a cooperative relationship from development to manufacturing such as in concluding a basic agreement on application of pharmaceutical affairs and commissioned manufacturing of replacement parts described in "Notice Regarding Basic Agreement on Laparoscopic Surgery Support Robot with A-Traction Inc." disclosed on February 14, 2020. Wires, the core competence of Asahi Intecc Group, are applied as drive wires for the hands of these surgical robots and play an important role.

Based on a unique concept, the laparoscopic surgery support robot developed by A-Traction is a robot that specializes in the functions of assistants who support the surgeon, such as by securing the surgeon's field of view and the traction of organs as well as by maintaining tension. The most prominent feature is that the surgeon himself/herself can operate this robot while performing normal laparoscopic surgery. Centering on TaTME (Note) of the rectum, this robot can be applied to a wide range of fields such as the gastrointestinal system including the colon as well as gynecology. It is expected that laparoscopic surgery can be performed more safely and that the number of assistants involved in surgery can be significantly reduced. Therefore, the robot can be effective in resolving the shortage of doctors and curbing medical expenses.

In recent years, laparoscopic surgery, which reduces the burden on patients and shortens the length of hospitalization, has become widespread in surgical operations for gastrointestinal tumors due to advancements in surgical instruments and technology, and surgical wounds have become smaller than in open surgery. In recent years, there has been an increase in the number of cases of surgery using laparoscopic surgery support robots that accurately reproduce the movements of human hands and enable more precise surgery. While the "da Vinci" system of Intuitive Surgical of the United States is increasing its global share as a laparoscopic surgery support robot, domestic and overseas robot manufacturers have been competing in development from the viewpoint of patent expiration date. The laparoscopic surgery support robot of A-Traction is a robot that specializes in the function of an assistant who supports the surgeon with a unique concept that is completely different from these other manufacturers.

For the time being, it is assumed that A-Traction will develop, manufacture, and sell this robot, and Asahi Intecc Group will directly supply disposable consumables such as forceps required when using this robot to medical institutions.

In the future, by fusing A-Traction's robotics technology with the technology and know-how in the medical device field that Asahi Intecc Group possesses, in addition to the spread of this robot expanding, not only in the gastrointestinal field but also other areas of medical care, the possibility of realizing a new, epoch-making medical robot will be heightened. Asahi Intecc believes that realizing such will lead it to contribute to the spread of minimally invasive treatment that reduces the burden of patients and medical institutions as well as the reduction of medical expenses. Consequently, we have resolved to acquire the shares of A-Traction.

Asahi Intecc Group has a medium- to long-term strategy of “expanding affected/treatment areas” and “creating new businesses.” By making A-Traction a subsidiary, we will continue to make efforts to help improve the quality of life (QOL) of patients and spread minimally invasive treatment products in a wide range of fields.

(Note) TaTME (transanal total mesorectal excision) is a surgical procedure to remove a rectal tumor by approaching both the abdominal side and the anal side. By excising the lesion around the anus, which is difficult only from the abdominal side, it is possible to improve the curability of the cancer and preserve the anus depending on the location of the tumor and the degree of infiltration, which contributes to the improvement of the patient’s QOL.

## 2. Summary of Acquisition of Shares

### (1) Overview of the subsidiary company (A-Traction Inc.) to be changed

①	Company name	A-Traction Inc.		
②	Location	Lab. 1, NEXT Medical Device Innovation Center, National Cancer Center Hospital East, 6-5-1, Kashiwanoha, Kashiwa-shi, Chiba, Japan		
③	Title and name of Representative	CEO Takehiro Ando		
④	Description of business	Development of laparoscopic surgery support robots		
⑤	Capital (Including capital surplus)	976 million yen (As of December 31, 2020)		
⑥	Date of establishment	August 7, 2015		
⑦	Major shareholders and their shareholding ratios	MPI-1 Investment Limited Partnership 50.92% Asahi Intecc Co., Ltd. 14.94% Others (One company, etc. / Three individuals) (*1) 34.14% (As of December 31, 2020)		
⑧	Relationships between the listed company and the relevant company	Capital relationship	Asahi Intecc has 14.94% share of the relevant company.	
		Personnel relationship	There is no personal relationship between Asahi Intecc and the relevant company that should be disclosed.	
		Business relationship	Asahi Intecc provides components to the relevant company.	
⑨	Recent results of operations and financial condition of the relevant company (non-consolidated)			
	Fiscal year	Dec.2018	Dec.2019	Dec.2020
	Net assets	211 million yen	552 million yen	301 million yen
	Total assets	220 million yen	605 million yen	352 million yen
	Net asset per share (*2)	11,770 yen	23,597 yen	12,872 yen
	Net sales	0 million yen	- million yen	- million yen
	Operating income	-50 million yen	-160 million yen	-225 million yen
	Ordinary Income	-50 million yen	-163 million yen	-225 million yen
	Net income	-50 million yen	-208 million yen	-251 million yen
	Net income per share (*2)	-2,825 yen	-8,883 yen	-10,725 yen
	Dividend per share	-	-	-

\*1: Others include two major shareholders (individuals) who hold 10% or more of the shares of the relevant company, but they are not disclosed upon the request of the shareholders.

\*2: As of March 29, 2019, the relevant company implemented stock split at the rate of 10-for-1stock. For this reason, net assets per share and net income per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 2018.

### (2) Overview of the company selling shares

①	Name	MPI-1 Investment Limited Partnership
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②	Location	3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo	
③	Grounds for the establishment, etc.	Legal related to investment limited partnership contract	
④	Purpose of formation	Investing in stock company that is expected to be listed and other similar distribution conditions during the composition period	
⑤	Formation date	November, 2013	
⑥	Total amount of capital investment	6 billion yen	
⑦	Investors, their investment ratios and overview of the investors	INCJ, Ltd. Mizuho Bank, Ltd. MedVenture Partners, Inc.	
⑧	Overview of operating partners	Name	MedVenture Partners, Inc.
		Location	Nihonbashi Muromachi Mitsui Tower 7F, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo
		Title and name of Representative	President & CEO Hajime Oshita
		Description of business	Management and operation of medical device incubation fund.
⑨	Relationship between the listed company and the relevant fund	Relationship between the listed company and the relevant fund	There is no capital, personal and business relationship between Asahi Intecc and the relevant fund.
		Relationship between the listed company and operating partners	

\* In addition to the above, Asahi Intecc plans to acquire its shares from one company, etc. and seven individuals. There is no capital, personal and business relationship with the relevant company and individuals that should be disclosed.

(3) Number of shares to be acquired, acquisition price and share ownership before and after acquisition

①	Number of shares held before change	3,500 shares (Number of voting rights: 3,500) (Percentage of voting rights held: 14.94%)
②	Shares to be acquired	20,330 shares and 1,030 share acquisition rights (Number of voting rights: 20,330)
③	Acquisition price	Lump Sum 2,680 million yen As a milestone in response to the achievement of certain conditions in the future, payments of up to 860 million yen may occur by December 2023. The acquisition funds is scheduled to be allocated by cash on hand, etc.
④	Number of shares after change	23,830 shares (Number of voting rights: 23,830) (Percentage of voting rights held: 100.00% )

(4) Time line of share acquisition

①	Resolution at Board of Directors' meeting	March 11, 2021
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②	Conclusion of Contract	March 11, 2021
③	Execution of share transfer	July 1, 2021

### 3. Future Prospects

The impact of the share acquisition of this time on consolidated financial results for the fiscal year ending June 2021 will be minimal. In addition, the impact on the consolidated financial results for the fiscal year ending June 2022 is currently under scrutiny. Financial forecast for the fiscal year ending June 2022 will be disclosed later.

(Reference) Forecast of consolidated business performance for the fiscal year ending June 2021(announced on August 14, 2020) and consolidated actual business performance for the fiscal year ended June 2020

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to parent company shareholders
Consolidated forecast for the current fiscal year (FYE June 2021)	60,542 million yen	12,619 million yen	12,496 million yen	9,193 million yen
Consolidated actual business performance for the previous fiscal year (FYE June 2020)	56,546 million yen	12,445 million yen	12,310 million yen	9,178 million yen