

April 12, 2021

To All Concerned Parties,

Company: Asahi Intecc Co., Ltd.
Representative: Masahiko Miyata, President & CEO
(Securities code: 7747, First section of Tokyo Stock Exchange and Nagoya Stock Exchange)
Contact:
Mizuho Ito, Member of Board & CFO, General Manager of Administration
(TEL. +81-561-48-5551)

Notice Regarding Conclusion of Basic Agreement on Acquisition of Shares of Pathways Medical Corporation (Subsidiary Company)

Asahi Intecc Group announces that it passed a resolution at its board of directors' meeting held on April 12, 2021, to conclude a basic agreement on acquisition of shares of Pathways Medical Corporation (Pathways Medical) to consider making Pathways Medical a wholly owned subsidiary.

Not all matters related to the acquisition of shares have been fixed. If there are any important developments in the future, Asahi Intecc will disclose them in a timely and appropriate manner.

1. Reasons for Considering Acquisition of Shares

Pathways Medical is a U.S. company that possesses unique technology related to electrical wiring which can be formed on the surface of guide wires, etc.

Asahi Intecc recently signed a basic agreement to consider acquiring 100% of the shares of Pathways Medical with the aim of applying its technology to the smart guide wire (Note 1) that Asahi Intecc has been developing jointly with SENSOME in France.

Pathways Medical has the technology to form electrical wiring with an ultra-thin film on the surface of guide wires, etc. and a unique technology for connecting the wiring to sensors. In 2019, it completed the first-in-man study on the guide wire equipped with the sensor, and the technical feasibility has been proved.

By using the technology of Pathways Medical, a very thin and uniform film can be laminated on thin and curved surfaces, such as those found on guide wires or catheters. When a conductive layer is formed, pattern etching with a laser can realize electrical wiring with a high degree of freedom and accuracy. In general, as the guide wire that attaches the sensor requires the transmission of electrical signals and power, the structure is often such that the wire is passed through the pipe. Therefore, there is a demerit that the basic performance as a guide wire such as torque, rigidity, and strength is significantly reduced.

On the other hand, the surface wiring, which is the technology of Pathways Medical, has few design restrictions and can fully satisfy the basic performance as a guide wire because there is no need to change the basic structure of the wire and the wiring can be formed with an ultra-thin film.

Therefore, it is possible to realize a stroke smart guide wire that maintains the same level of torque (rotation trackability), which is Asahi Intecc's strength, as the normal guide wire and to commercialize it with a competitive advantage.

By making Pathways Medical a subsidiary, Asahi Intecc Group will incorporate these technological capabilities under its umbrella, which will lead to the strengthening of the development of guide wires and catheters with sensors centered on smart guide wires (Note 2). Asahi Intecc believes that this will lead to the realization and expansion of Asahi Intecc Group's new medium- to long-term business areas, as it will be possible to apply these technological capabilities to new and epoch-making products.

Asahi Intecc Group has set "expanding affected / treatment areas" and "creating new businesses" as its medium- to long-term strategies. By making Pathways Medical a subsidiary, Asahi Intecc will continue to strive to promote digitizing medical care and help spread minimally invasive treatment products in a wide range of fields and improve the quality of life of patients.

(Note 1) Smart guide wire: An epoch-making guide wire that makes it possible to identify the properties of blood clots causing cerebral infarction by combining the sensor technology of SENSOME in France and guide wire technology of Asahi Intecc.

(Note 2) General term for the wires with advanced functions added to conventional products by combining guide wires with sensors and energy technology

2. Summary of Acquisition of Shares

(1) Overview of the subsidiary company (Pathways Medical Corporation) to be changed

| | | | |
|---|---|--|--|
| ① | Company name | Pathways Medical Corporation | |
| ② | Location | 1013 Centre Road Suite 403S Wilmington, New Castle, Delaware 19805, United States of America | |
| ③ | Title and name of Representative | Nitin Patil, Chief Executive Officer | |
| ④ | Description of business | Research and development of guide wire with sensor utilizing a thin film electrical conductor technology | |
| ⑤ | Capital | 12,501 thousand US dollars (1,328 million yen) | |
| ⑥ | Date of establishment | March 11, 2020 *Pathways Medical is a company established for the purpose of cutting out the technology for which the development has been completed. | |
| ⑦ | Major shareholders and their shareholding ratios | Cygnus Investment Corporation 79.5% Nitin Patil 12.0% Phil Houle 6.0% Goutam Dutta 2.0% Vyanjana Pandya 0.5% | |
| ⑧ | Relationships between the listed company and the relevant company | Capital relationship | There is no capital relationship between Asahi Intecc and the relevant company that should be disclosed. |
| | | Personnel relationship | There is no personnel relationship between Asahi Intecc and the relevant company that should be disclosed. |
| | | Business relationship | There is no business relationship between Asahi Intecc and the relevant company that should be disclosed. |
| ⑨ Recent results of operations and financial condition of the relevant company (non-consolidated) | | | |
| | Fiscal year | Aug.2020 | |
| | Net assets | 12,501 thousand US dollars (1,328 million yen) | |
| | Total assets | 12,501 thousand US dollars (1,328 million yen) | |
| | Net asset per share | 12.50 US dollars (1,328 yen) | |
| | Net sales | - | |
| | Operating income | - | |
| | Ordinary Income | - | |
| | Net income | - | |
| | Net income per share | - | |
| | Dividend per share | - | |

*Convert one US dollar into 106.25 yen

(2) Overview of the other party selling shares

| | | |
|---|----------------------------------|--|
| ① | Name | Cygnus Investment Corporation |
| ② | Location | Grand Cayman, Cayman Islands |
| ③ | Title and name of Representative | Donna Ebanks, Solaris Corporate Services Ltd., Corporate Officer |

| | | | | | | |
|------------------------|--|---|----------------------|--|------------------------|-----------------------|
| ④ | Description of business | Investment | | | | |
| ⑤ | Capital | Not disclosed in accordance with the confidentiality obligations with the other party | | | | |
| ⑥ | Date of establishment | July 10, 2012 | | | | |
| ⑦ | Net assets and total assets in the preceding fiscal year | Not disclosed in accordance with the confidentiality obligations with the other party | | | | |
| ⑧ | Major shareholders and their shareholding ratios | Not disclosed in accordance with the confidentiality obligations with the other party | | | | |
| ⑨ | Relationship between the listed company and the relevant company | <table border="1"> <tr> <td>Capital relationship</td> <td rowspan="3">There is no capital, personnel and business relationship between Asahi Intecc and the relevant company that should be disclosed.</td> </tr> <tr> <td>Personnel relationship</td> </tr> <tr> <td>Business relationship</td> </tr> </table> | Capital relationship | There is no capital, personnel and business relationship between Asahi Intecc and the relevant company that should be disclosed. | Personnel relationship | Business relationship |
| Capital relationship | There is no capital, personnel and business relationship between Asahi Intecc and the relevant company that should be disclosed. | | | | | |
| Personnel relationship | | | | | | |
| Business relationship | | | | | | |

| | | |
|---|---|---|
| ① | Name and Address | Nitin Patil, Danville, California, USA |
| ② | Relationship between the listed company and the relevant individual | There is no capital, personnel and business relationship between Asahi Intecc and the relevant individual that should be disclosed. |

| | | |
|---|---|---|
| ① | Name and Address | Phil Houle, Sunnyvale, California, USA |
| ② | Relationship between the listed company and the relevant individual | There is no capital, personnel and business relationship between Asahi Intecc and the relevant individual that should be disclosed. |

| | | |
|---|---|---|
| ① | Name and Address | Goutam Dutta, Karnataka, India |
| ② | Relationship between the listed company and the relevant individual | There is no capital, personnel and business relationship between Asahi Intecc and the relevant individual that should be disclosed. |

| | | |
|---|---|---|
| ① | Name and Address | Vyanjana Pandya, Centreville, Virginia, USA |
| ② | Relationship between the listed company and the relevant individual | There is no capital, personnel and business relationship between Asahi Intecc and the relevant individual 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 | 0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0.00%) |
| ② | Shares to be acquired | 1,000,000 shares (Number of voting rights: 1,000,000) |
| ③ | Acquisition price | Lump Sum 23,000 thousand US dollars (2,444 million yen) As a milestone in response to the achievement of certain conditions in the future, payments of up to 7,000 thousand US dollars (744 million yen) may occur by July,2023 The funds for the acquisition will be applied by the funds procured through the payment and exercise of the 4th share acquisition rights (the share acquisition rights) through a third-party allotment resolved at the board of directors' meeting held today. If the funds would not be raised as expected due to the exercise status of the share acquisition rights or changes in the |

| | | |
|---|-------------------------------|---|
| | | share price at the time of exercise, the funds for the acquisition will be applied by the funds procured through borrowing from financial institutions, etc. |
| ④ | Amount of goodwill, etc. | Currently under discussion with the audit firm, amount of goodwill, etc. has not been fixed. For goodwill and patent rights, the amount is expected to be about 1.9 billion yen and the amortization period is expected to be about 10 years. |
| ⑤ | Number of shares after change | 1,000,000 shares (Number of voting rights: 1,000,000) (Percentage of voting rights held: 100.00%) |

(4) Time line of share acquisition

| | | |
|---|---|----------------|
| ① | Resolution at Board of Directors' meeting | April 12, 2021 |
| ② | Conclusion of Contract | April 12, 2021 |
| ③ | Scheduled to execute share transfer | July 1, 2021 |

3. Future Prospects

The impact of the share acquisition of this time on Asahi Intecc Group's 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 |