

March 10, 2022

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:  
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Notice Regarding Company Split with Consolidated Subsidiary  
(Simplified Absorption-type Company Split)

Asahi Intecc Co., Ltd. (hereinafter the “Company”) hereby announces that the Board of Directors resolved to transfer its ODM/OEM\* business in the medical device field to its consolidated subsidiary, Filmecc Co., Ltd. (hereinafter the “Filmecc”) through company split (simplified absorption-type company split) at the meeting of the Board of Directors held on March 10 2022. The details are as follows.

The Company omits certain disclosures and details of the company split, since this is a simplified absorption-type company split between the Company and its wholly owned consolidated subsidiary.

1. Purpose of the Company Split

One of our key strategies is to actively promote ODM/OEM business in the medical device field by further improving services to our customers. As part of this strategy, the Company's ODM/OEM business in medical device field will be transferred to Filmecc, a wholly owned subsidiary of the Company.

The main purpose of this policy is as follows.

- (1) Strengthen product development in order to meet customer needs promptly  
To further expand ODM/OEM business, deepen and speed up product development by promoting QMS construction specific to ODM/OEM in order to promptly respond to diverse customer needs.
- (2) Speed up operations and improve efficiency by direct transactions with overseas factories  
To simplify commercial distribution and improve operational speed by establishing a system in which Filmecc directly handles transactions with overseas factories.

From now on, Filmecc will manage the Company group’s ODM/OEM business globally through this company split. In addition, Filmecc USA, Inc. (a consolidated subsidiary specializing in this business established on June 9, 2021 and scheduled to start operations on July 1, 2022) will work with Rev. 1 Engineering Inc. that became a consolidated subsidiary on July 1, 2021 to expand its business in the U.S. market, where significant growth is expected in the ODM/OEM business.

The Company group will steadily promote the growth strategy based on the medium-term management plan and strive to further enhance its corporate value.

(\*)ODM is an abbreviation for Original Design Manufacturing, and refers to the design and production under the client’s brand. OEM is an abbreviation for Original Equipment Manufacturing or Original Equipment Manufacturer, and refers to the production under the client’s brand.

2. Outline of the Company Split

(1) Schedule of the Company Split

Date of the resolution of the Board of Directors to approve the absorption-type split agreement: March 10, 2022

The date of conclusion of the absorption-type company split agreement: March 10, 2022

Effective date of the Company Split: July 1, 2022 (Planned)

\*The approval at the respective Company's General Meeting of shareholders will be omitted since the Company Split is a simplified absorption-type company split pursuant to Paragraph 2 of Article 784 of the Companies Act of Japan for the Company, and simplified absorption-type company split pursuant to Paragraph 1 of Article 796 of the Companies Act of Japan for Filmecc.

- (2) Method of the Company Split  
A simplified absorption-type company split in which the Company will be the splitting company and Filmecc will be the successor company.
- (3) Details of the allotment related to the Company Split  
There will be no allotment of shares or other monetary items upon the Company Split.
- (4) Handling of stock acquisition rights and bonds with stock acquisition rights upon the Company Split  
Not applicable
- (5) Change in capital due to the Company Split  
There will no change in the Company's share capital as a result of the Company Split.
- (6) Rights and obligations to be transferred to the successor company  
Filmecc will succeed to certain assets, liabilities, and other rights and obligations related to the Company's ODM/OEM business in the medical device field to the scope stipulated in the agreement.
- (7) Expected fulfillment of obligations  
The Company believes that there are no issues with the prospect of fulfilling such obligations with regard to the obligations to be borne by the successor company in connection with the Company Split.

3. Overview of the companies involved in the Company Split (As of December 31, 2021)

	Splitting company	Successor company
(1) Name	ASAHI INTECC CO., LTD.	Filmecc Co., Ltd.
(2) Location	3-100 Akatsuki-cho, Seto-shi, Aichi	1703 Wakita-cho, Moriyama-ku, Nagoya-shi, Aichi
(3) Name and title of representative	Masahiko Miyata, President & CEO	Toshiya Osawa, President & CEO
(4) Description of business	Development, manufacturing and sale of medical devices Development, manufacturing and sale of ultra-fine stainless steel wire ropes, terminal processed products, etc.	ODM/OEM of medical devices (development, manufacturing and sales)
(5) Capital	18,860 million yen	99 million yen
(6) Date of establishment	July 8, 1976	September 20, 1996
(7) Number of outstanding shares	271,633,600 shares	1,980 shares
(8) Book closing date	June	June
(9) Major shareholder and Shareholding ratio	The Master Trust Bank of Japan Ltd. (trust account) 13.47% Bo-en Holdings Co. Ltd. 8.49% Custody Bank of Japan Ltd. (trust account) 8.06% HI-LEX Corporation 2.98% Y.K. ICSP 2.65%	ASAHI INTECC CO., LTD. 100%
(10) Financial conditions and operating results for the latest fiscal year (FYE June 2021)		

	Splitting company (Consolidated)	Successor company (Non-consolidated)
Net assets	92,938 million yen	344 million yen
Total assets	115,427 million yen	498 million yen
Book value per share	349.18 yen	173,846 yen
Revenue	61,507 million yen	895 million yen
Operating income	12,795 million yen	119 million yen
Ordinary income	13,196 million yen	121 million yen
Net income attributable to parent company shareholders	9,984 million yen	80 million yen
Earnings per share	38.25 yen	40,404 yen

#### 4. Overview of the business to be split

##### (1) Description of the business to be split

ODM/OEM business in the medical device field

##### (2) Operating results of the business to be split (FYE June 2021)

Revenue: 4,806 million yen (External revenue: 2,529 million yen)

##### (3) Items and amounts of assets and liabilities to be split (As of June 30, 2021)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	2 million yen	Current liabilities	63 million yen
Fixed assets	133 million yen	Fixed liabilities	-
Total	135 million yen	Total	63 million yen

\*The above amounts are estimates based on the balance sheet as of June 30, 2021, and may change as of the effective date.

#### 5. Status after the Company Split

Name, location, name and title of representative, description of business, capital, and book closing date of the Company remain unchanged after the Company Split.

#### 6. Future outlook

There will be no impact on the Company's consolidated results of operations since the Company Split is a simplified absorption-type company split between the Company and its wholly-owned consolidated subsidiary.

(Reference) Consolidated financial results forecasts for the current fiscal year (released on August 13, 2021) and actual consolidated results for the previous fiscal year

	Consolidated revenue	Consolidated operating income	Consolidated ordinary income	Net income attributable to parent company shareholders
Consolidated financial results forecasts for the current fiscal year (Fiscal year ending June, 2022)	75,296 million yen	14,510 million yen	14,458 million yen	10,498 million yen
Actual consolidated results for the previous fiscal year (Fiscal year ended June, 2021)	61,507 million yen	12,795 million yen	13,196 million yen	9,984 million yen