

June 23, 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)  
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Notice Regarding Acquisition of Shares of Rev. 1 Engineering, Inc.  
Through Consolidated Subsidiary of Asahi Intecc  
(Sub-Subsidiary Company)

Asahi Intecc Group announces that it passed a resolution at its board of directors' meeting held on June 23, 2021, to conclude a stock purchase agreement to make Rev. 1 Engineering, Inc. as a subsidiary (sub-subsidiary of Asahi Intecc) through ASAHI INTECC USA INC., a wholly-owned subsidiary of Asahi Intecc, after discussing and negotiating the details for the final agreement to acquire all the shares of Rev. 1 Engineering, Inc. to make it a wholly-owned consolidated subsidiary as announced in the "Notice Regarding Conclusion of Basic Agreement on Acquisition of Shares of Rev. 1 Engineering, Inc. (Subsidiary Company)" on April 12, 2021.

1. Reasons for Acquisition of Shares

Established by former engineers from major medical device manufacturers, Rev. 1 Engineering, Inc. (Rev. 1) undertakes design and development of medical devices, mainly in interventions (Note), in the U.S. market.

Asahi Intecc Group recently resolved to conclude a stock purchase agreement to acquire 100% of the shares of Rev. 1 through ASAHI INTECC USA INC., a wholly-owned subsidiary of Asahi Intecc, with the aim of expanding its original equipment manufacturer (OEM) business in the U.S. market.

Rev. 1 has been entrusted with business from design and development of interventional products to manufacturing of prototypes by various major medical device manufacturers, and possesses design and development know-how of a wide range of interventional products such as cutting-edge catheters. By making Rev. 1 a subsidiary, Asahi Intecc Group will incorporate said know-how under its umbrella, which will lead to the strengthening of catheter development, and by utilizing Asahi Intecc Group's manufacturing bases, Rev. 1's existing business will be expanded from design and development contracts to manufacturing. In addition, because it is close to Asahi Intecc Group's U.S. R&D base, the ease of cooperation would be also an advantage. Accordingly, Asahi Intecc expects that it will be possible to expand its OEM business mainly in the U.S. market.

Asahi Intecc Group has set "expanding affected / treatment areas" and "creating new businesses" as its medium-to long-term strategies. By making Rev. 1 a subsidiary, Asahi Intecc will continue to strive to help spread minimally invasive treatment products in a wide range of fields and improve the quality of life of patients.

(Note) Intervention: A general term for treatment methods inserting catheters into blood vessels for diseases such as cardiovascular, brain, peripheral, and abdominal fields.

2. Summary of Acquisition of Shares

(1) Overview of the sub-subsidiary company (Rev. 1 Engineering, Inc.) to be changed

①	Company name	Rev. 1 Engineering, Inc.
②	Location	41693 Date St, Murrieta, CA 92562, United States of America
③	Title and name of Representative	Eric Johnson, Chief Executive Officer

④	Description of business	Contracting business of design and development of medical devices		
⑤	Capital	459 thousand US dollars (50 million yen)		
⑥	Date of establishment	November 2, 2009		
⑦	Major shareholders and their shareholding ratios	Eric Johnson, Deanna Johnson (Johnson Family Trust) 50.0% Phillip C. Burke, Michelle A. Burke (Burke Family Living Trust) 50.0%		
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	Dec.2018	Dec.2019	Dec.2020
	Net assets	1,452 thousand US dollars (159 million yen)	2,467 thousand US dollars (270 million yen)	2,121 thousand US dollars (232 million yen)
	Total assets	4,183 thousand US dollars (459 million yen)	5,827 thousand US dollars (639 million yen)	2,948 thousand US dollars (323 million yen)
	Net asset per share	1.81 US dollars (198 yen)	3.08 US dollars (338 yen)	2.65 US dollars (290 yen)
	Net sales	3,663 thousand US dollars (402 million yen)	5,366 thousand US dollars (588 million yen)	5,777 thousand US dollars (634 million yen)
	Operating income	1,190 thousand US dollars (130 million yen)	2,048 thousand US dollars (224 million yen)	2,029 thousand US dollars (222 million yen)
	Ordinary Income	1,194 thousand US dollars (131 million yen)	2,066 thousand US dollars (226 million yen)	3,056 thousand US dollars (335 million yen)
	Net income	1,194 thousand US dollars (131 million yen)	2,066 thousand US dollars (226 million yen)	3,056 thousand US dollars (335 million yen)
	Net income per share	1.49 US dollars (163 yen)	2.58 US dollars (283 yen)	3.82 US dollars (419 yen)
	Dividend per share	-	-	-

\*Convert one US dollar into 109.76 yen

(2) Overview of the other party selling shares

①	Name and Address	Eric Johnson (Johnson Family Trust) , 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 individual that should be disclosed.

①	Name and Address	Deanna Johnson (Johnson Family Trust) , 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 individual that should be disclosed.

①	Name and Address	Phillip C. Burke (Burke Family Living Trust) , 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 individual that should be disclosed.

①	Name and Address	Michelle A. Burke (Burke Family Living Trust) , 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 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 share (Number of voting rights: 0) (Percentage of voting rights held: 0.00%)
②	Shares to be acquired	800,000 shares (Number of voting rights: 800,000)
③	Acquisition price	Lump Sum 27,446 thousand US dollars (3,012 million yen) 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 on April 12, 2021. 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 yet. For goodwill, etc., the amount is expected to be about 2.4 to 2.6 billion yen and the amortization period is expected to be about 5 years
⑤	Number of shares after change	800,000 shares (Number of voting rights: 800,000) (Percentage of voting rights held: 100.00% )

\*Convert one US dollar into 106.25 yen

(4) Time line of share acquisition

①	Resolution at Board of Directors' meeting	June 23, 2021
②	Conclusion of Contract	June 23, 2021
③	Scheduled to execute share transfer	July 1, 2021

3. Future Prospects

The impact of the share acquisition of this time on Asahi Inecc 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