

March 15, 2023

To All Concerned Parties,

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

Notice Regarding Establishment of Joint Venture Company (Subsidiary) with MagneDesign Corporation.

Asahi Intecc Co., Ltd. (hereinafter the “Company”) hereby announces that the Board of Directors resolved to establish a joint venture company with MagneDesign Corporation (hereinafter the “MagneDesign”) for the purpose of manufacturing and selling GSR sensors (*) mainly related to medical field at the meeting held on March 15 2023.

1. Purpose of the establishment of joint venture company

The Company and MagneDesign have decided to establish a new joint venture company, Magnaire Co.,Ltd. (hereinafter the “Magnaire”, investment ratio: 60% by the Company, 40% by MagneDesign)

MagneDesign is engaged in research and development related to magnetic technology and in 2015 discovered the GSR principle that enables ultra-compact and ultra-sensitive magnetic sensors. We began collaborating with MagneDesign in 2017 and have been conducting research and development in the medical field using GSR sensors. In addition, we have been involved in the development of special metal ultrafine wires, which are indispensable for GSR sensors.

Magnaire will manufacture GSR sensors based on the technology and know-how of GSR sensors mainly related to medical field owned by MagneDesign. The Company will also use the GSR sensors manufactured by Magnaire to develop products in various medical fields. We believe that the GSR sensor will enable high-precision catheter navigation systems and detection of biomagnetic signals in the general environment, and will be an indispensable technology for the development of advanced medical care in the future.

The Company’s group is pursuing the spread of minimally invasive treatment in a wide range of fields and the improvement of patients' quality of life (QOL), as stated in the current Mid-term Business Plan, which includes “expand affected/treatment areas” and “create new business”. We will continue to strive to enhance our corporate value by creating new innovations through the exploration and acquisition of new technologies, in addition to the deepening of our existing core technologies.

(*): GSR sensor is a sensor that utilizes the phenomenon (GSR principle) that magnetization changes and induced voltage is generated by the skin effect when a GHz pulse is energized to a magnetic wire, enabling ultra-compact and ultra-sensitive compared to conventional magnetic sensors.

2. Outline of a joint venture company

(1) Overview of a joint venture company

① Name	Magnaire Co.,Ltd.
② Location	Nabi Sirakane 412, Nagoya Business Incubator, 2-9-33, Fukue, Showa-ku, Nagoya-shi, Aichi (Registered head office: 1703 Wakita-cho, Moriyama-ku, Nagoya-shi, Aichi)

③ Name and title of representative	Masahiko Miyata, Representative Director	
④ Description of business	Manufacture and sale of GSR sensors mainly related to medical field	
⑤ Capital	10 million yen	
⑥ Date of establishment	April 3, 2023	
⑦ Book closing date	June	
⑧ Net assets and total assets	Net assets: 10 million yen Total assets: 10 million yen	
⑨ Investment ratio	Asahi Intecc Co., Ltd. (The Company) 60% MagneDesign Corporation. 40%	
⑩ Relationships between the Company and said company	Capital relationship	The Company plans to make a 60% investment in the said company.
	Personnel relationship	One representative director, five directors, and one auditor of the Company will serve concurrently as executives. Employees of the Company are scheduled to be seconded to the said company.
	Business relationship	The Company holds all the rights to use GSR sensors for guide wires and catheter products and plan to consign manufacturing to the said company. The said company will manufacture products other than guide wires and catheter products, and either the Company or the said company will sell the products to its customers.

3. Overview of the counterparty to the joint venture

① Name	MagneDesign Corporation	
② Location	Nabi Sirakane 408, Nagoya Business Incubator, 2-9-33, Fukue, Showa-ku, Nagoya-shi, Aichi	
③ Name and title of representative	Yoshinobu Honkura, President and CEO	
④ Description of business	Research, development, manufacturing and sales of magnetic sensors and magnetic measuring instruments and applied software	
⑤ Capital	90 million yen	
⑥ Date of establishment	September 21, 2012	
⑦ Relationship between the Company and said company	Capital relationship	There is no capital relationship to be noted between the Company and said company.
	Personnel relationship	There is no personnel relationship to be noted between the Company and said company.
	Business relationship	The Company pays the said company development consignment fees and other expenses for the purpose of developing magnetic detection sensors.

(Note 1) There is no reason that the said company and the Company are related parties.

(Note 2) Due to the intention of the said company, consolidated operating results and consolidated financial positions for the last three years are not disclosed.

4. Timetable of the joint venture establishment

Date of conclusion of the agreement	March 15, 2023
Date of establishment of the company	April 3, 2023

Date of commencement of business	April 3, 2023
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5. Future outlook

The impact on the Company's consolidated financial results for the current FYE June 2023 will be minor and we do not revise our consolidated business forecast for the full year announced on August 12, 2022. In view of the materiality of the impact on business performance, Magnaire Co.,Ltd. will become a non-consolidated subsidiary of the Company at this time.