

May 14, 2019

## **Life Science Institute Reaches Agreement on Strategic Capital Partnership with PHC Holdings**

Life Science Institute, Inc.

Life Science Institute, Inc. (LSII; Head office: Chiyoda-ku, Tokyo; President: Seiichi Kiso) is pleased to announce its agreement on a strategic capital partnership with PHC Holdings Corporation (PHCHD; Head office: Minato-ku, Tokyo; President: Michael Kloss), which engages in the healthcare business in Japan and overseas. LSII will exchange all of its shares in LSI Medience Corporation (LSIM; Head office: Chiyoda-ku, Tokyo; President: Haruo Watanabe) for a part of PHCHD shares (treasury stock), resulting in capital participation of 13.7% in PHCHD. This move aims at expanding and strengthening LSII group's healthcare business in Japan and around the world.

PHCHD and LSII plan to complete the share exchange by the end of July, pending competition law-related regulatory approval.

As an LSII subsidiary, LSIM's business operations encompass clinical testing, diagnostic reagents and instruments, and drug discovery solutions, primarily in Japan, and it holds the third-largest share in the nation's clinical testing market, based on Japanese medical institutions' high regard for its analytical capabilities and related services.

On the other hand, PHCHD's businesses in Japan and overseas include diabetes care represented by self-monitoring systems for blood glucose, diagnostics, life sciences represented by research and healthcare support equipment such as ultra-low temperature freezers for storage of samples and reagents, and healthcare IT, including electronic patient record systems. It holds the leading market shares in Japan and overseas for its self-monitoring systems for blood glucose and ultra-low temperature freezers thanks to their accuracy and high quality. The company's electronic patient record systems boast a high market share among clinics in Japan due to their usability and strong support capabilities. PHCHD works across a broad range of healthcare business platforms, backed by strong channels established with medical institutions and pharmaceutical companies in Japan and around the world.

Japan's healthcare market is expected to show continued expansion due to the growth of the nation's elderly population, enhanced measures on preventive care and health management, more advanced medical care, and other factors. Similar growth is anticipated overseas due to advances in medical care and diagnostic technology. In particular, demand for healthcare is expanding in China and ASEAN countries, on the back of economic growth and rising health consciousness.

Under this environment, PHCHD and LSII offer a broad range of clinical testing and healthcare IT solutions to Japanese medical institutions by mutually using PHCHD and LSIM business platforms. In overseas markets, meanwhile, both companies will accelerate growth in the worldwide diagnosis and life science business. Their shared commitment to pursuing further expansion of corporate value through these initiatives resulted in this partnership agreement.

LSII President Seiichi Kiso commented, “We will globally combine PHCHD’s advanced device development capabilities, production technology capabilities, healthcare IT platform, and overseas channels with LSIM’s expertise and customer base accumulated over many years in the clinical testing business. I believe this allows us to create one of the largest clinical testing, diagnostic, and IT platforms in Japan, and offer a whole new value to the market.”

The partnership is also expected to speed up efforts currently under way to develop and commercialize Muse cell products in the regenerative medicine field through synergy with PHCHD’s life science business.

#### Overview of PHCHD

Company name:	PHC Holdings Corporation
Head office:	38-5 Nishishimbashi 2-chome, Minato-ku, Tokyo
Representatives:	Michael Kloss, President, Member of the Board, Chief Executive Officer Shoji Miyazaki, Executive Vice President, Chief Operating Officer
Incorporation:	March 2014 (as Panasonic Healthcare Holdings Co., Ltd.)
Net sales:	192.6 billion yen (as of March 31, 2019)
Capital:	31.3 billion yen
Shareholders:	Kohlberg Kravis Roberts & Co. L.P., Mitsui & Co., Ltd., Panasonic Corporation
Number of employees:	Approximately 5,400 (as of March 31, 2019)
Business activities:	Development, manufacture and sale of healthcare devices and services (Diabetes care, diagnostics, life sciences, and healthcare IT)

For further information, please contact:

Legal & Administration Department

Life Science Institute, Inc.

Tel: [+81] (0)3-6896-8743

Public Relations and Investor Relations Office

Mitsubishi Chemical Holdings Corporation

Tel: [+81] (0)3-6748-7140