

To Whom It May Concern

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## **Announcement of Acquisition of Shares (Ownership) in Icon Genetics GmbH, a German Bio-pharmaceutical R&D Company**

DENKI KAGAKU KOGYO KABUSHIKI KAISHA (Headquartered at: Chuo-ku, Tokyo; Shinsuke Yoshitaka, President & CEO, hereinafter "**Denka**") is pleased to announce that, it has agreed and entered into a share transfer agreement on August 6, 2015 with Nomad Bioscience GmbH (Headquartered at: Munich, Germany; Prof. Dr. Yuri Gleba, CEO, hereinafter "**Nomad**") regarding its acquisition (the "**Acquisition**") in two phases of all of the shares of Icon Genetics GmbH (Headquartered at: Halle, Sachsen-Anhalt, Germany; Prof. Dr. Yuri Gleba, CEO, hereinafter "**Icon**"), a German Bio-pharmaceutical R&D Company. Nomad is the parent company of Icon.

### **1. Purpose of Acquisition**

In the field of health and medicine, Denka Group is engaged in the business of macromolecular sodium hyaluronate manufactured based on its original cultural method and the business of various vaccines and diagnostic reagents developed and manufactured by Denka Seiken Co., Ltd. (Headquartered at: Chuo-ku, Tokyo; Tetsuro Maeda, President & Representative Director, hereinafter "**Denka Seiken**"), a major group company of Denka. Denka has announced that it will focus its management resources on the field of health and medicine, one of the growth fields under the Denka 100 management plan, which set out "Focus management resources on new growth drivers and develop next-generation products" as the Group's growth strategy. One of the most important themes is to develop the business of vaccines and diagnostic reagents conducted by Denka Seiken.

"**magnICON®**", a technical platform held by ICON, is a technology to produce high molecular proteins such as antibodies and vaccine antigens by using plant-based genetic modification technology. magnICON® is also an innovative platform which enables the mass manufacturing of high molecular proteins safely, at a low cost and in a short time, compared with the method of using microbiological culture or insect and mammalian cell culture. It has been highly evaluated by an external specialized institution for its competitiveness in terms of yield and production costs as compared to other similar plant-based technologies.

As a result of the Acquisition, Denka Group is committed to developing norovirus vaccine and other vaccines which have never been produced by the Group and, in relation to seasonal influenza vaccines currently produced by Denka Seiken, creating a brand new production technology that could replace the traditional one, as well as improving manufacturing technologies of antibodies to be used for test reagents. Denka Group is expanding its business toward the next 100 years by enhancing its existing products and businesses, while accelerating the research and development of next-generation products and beyond.

## 2. Outline of Acquisition

Denka will acquire 51% of Icon's shares from Nomad (the "**First Phase**") as a result of which Icon will become a subsidiary of Denka, and after two years of implementation of the First Phase, Denka will acquire the remaining 49% of Icon's shares, resulting in Icon becoming a wholly owned subsidiary of Denka. Based on the agreement with Nomad, after the Acquisition, Icon will carry out research and development in the vaccines and diagnostic reagents business (the "**Target Business**").

The implementation of the First Phase is scheduled to be made on August 20, 2015 after completing the necessary procedures for the Acquisition.

(1) Target Company and Target Business	Icon, Vaccines and Diagnostic Reagents Business Commercialization rights in the businesses other than the above will be transferred to Nomad.
(2) R&D Location	Halle, Sachsen-Anhalt, Federal Republic of Germany
(3) Number of Employees	14 (as of the end of July 2015)
(4) Acquisition Amount	Total of EUR 75 million in maximum (approximately, JPY10 billion based on JPY135 per EUR)

(Note) The acquisition amount set out above is an estimated amount, which may change subject to price adjustment prescribed in the share transfer agreement.

## 3. Outline of Icon

(1) Name	Icon Genetics GmbH
(2) Location	Halle, Sachsen-Anhalt, Germany
(3) Title and Name of Representative	Prof. Dr. Yuri Gleba, CEO
(4) Details of Business	Research and development, contracted research and provision of services for biopharmaceuticals
(5) Amount of Capital	EUR 25 thousand
(6) Date of Incorporation	1999
(7) Major Shareholder and Stockholding Ratio	100% owned by Nomad
(8) Relationship between Denka and Icon	In March 2015, Denka is granted an exclusive license by Icon to develop, manufacture, use and sell CRP antibodies and norovirus antigens.

(9) Total Assets	Approximately EUR 995 thousand (for the year of 2014)
(10) Total Sales	Approximately EUR 1,915 thousand (for the year of 2014)

#### 4. Outline of Nomad

(1) Name	Nomad Bioscience GmbH
(2) Location	Munich, Bayern, Germany
(3) Title and Name of Representative	Prof. Dr. Yuri Gleba, CEO
(4) Details of Business	Research and development and provision of services for energies, food-safety, biomaterials and agricultural characters
(5) Date of Incorporation	2008
(6) Relationship between Denka and Nomad	N/A

#### 5. Future Prospects

The impact of the Acquisition on the consolidated results of Denka Group for the year ending on March 2016 will be minimal and it is anticipated at this point of time that no change will be made on the consolidated business forecasts for that year.

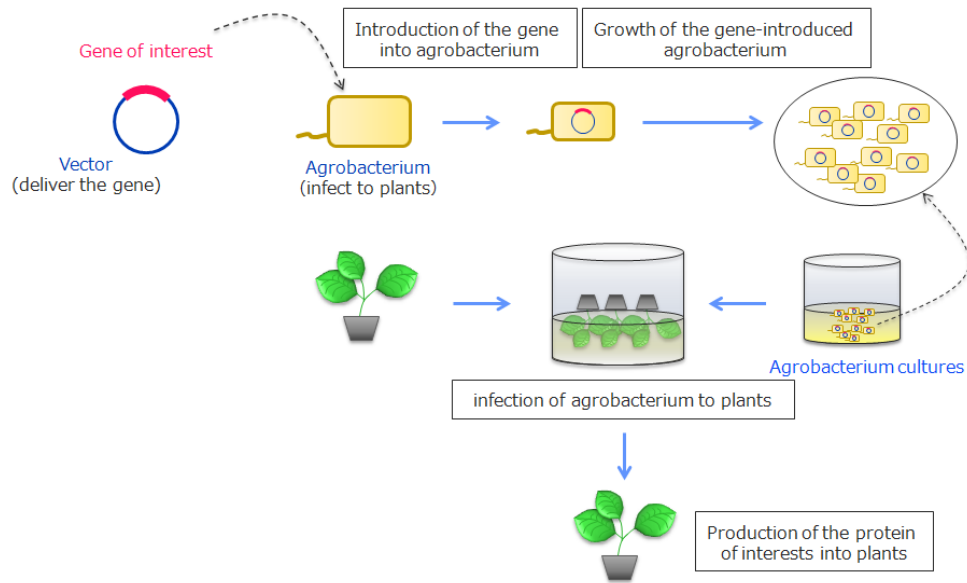
#### 6. Reference Information

##### (1) What is magnICON®?

Icon's magnICON® is a plant-based genetic modification technology.

Using magnICON®, a protein producing gene is inserted into a vector\*, which is a vehicle to deliver the relevant gene, and this vector is introduced to the agrobacterium. The gene-introduced agrobacterium is multiplied by culture. Then, the subject plants are immersed in the gene-introduced agrobacterium cultures and these infected plants are grown to produce the relevant protein. magnICON® enhances the ability of plants to produce the relevant proteins by introducing vectors that deliver protein-producing genes.

\* Vector: a vehicle which can deliver to a host cell a gene of the protein of interest which needs to be expressed.



(2) What is genetic modification?

Genetic modification means giving a new nature to animals or plants by incorporating specific genetic material extracted from living creatures into plant cells.

(3) Safety issues

The traditional method of manufacturing proteins uses animals, animal cells or insect cells. Also, in the course of manufacturing, raw materials including animal by-products are often used.

The investigation of the external specialized institution has confirmed that the safety levels of plant-based proteins are much higher than animal-based proteins in respect of commingling of disease agents affecting humans.

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