

July 30, 2019
Denka Company Limited

Denka to Step up Business Alliance with Taiwan-Based PlexBio through the Acquisition of Shares Offered via Third-Party Allotment

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Manabu Yamamoto; hereinafter “Denka”) hereby announces that it has filed an application aimed at obtaining approval from Taiwan’s financial authority with regard to the acquisition of shares in PlexBio Co., Ltd. (headquarters: Taipei; CEO: Dr. Dean Tsao; hereinafter “PB”),¹ a Taiwan-based company serving as Denka’s strategic partner in the life innovation field. This move is intended to strengthen the alliance between the two companies. PB will offer its shares via a third-party allotment, enabling Denka’s capital participation.

Once the third-party allotment is successfully tendered, Denka will own a 33.4% equity stake in PB on a fully diluted basis.

Thanks to the September 2016 signing of a business alliance agreement between PB and a Denka subsidiary, the Denka Group has been granted exclusive marketing rights in Japan and the ASEAN region for the IntelliPlexTM system² created by PB. Under this agreement, the Group also acquired rights pertaining to the development and sale of diagnostic reagents used in said system. Employing the IntelliPlexTM system, development efforts are now under way at the Denka Group’s domestic facilities to create diagnostic reagents for detecting pathogenic microorganisms and identifying drug resistant bacteria genes.

In January 2018, Denka signed a basic agreement with PB to initiate the co-development of an infectious disease diagnostic testing system comprising a set of new equipment and reagents, with the aim of shortening the time it takes to detect pathogenic microorganisms and identify drug resistant bacteria genes.

Denka has decided to acquire PB shares as it highly appreciates the strengths of the IntelliPlexTM system. In fact, the Company has become ever more convinced in the course of co-development that the system will lend it significant competitive advantages due to its unique and state-of-the-art technologies.

Stepping up our partnership with PB via this investment, we will accelerate the development of an innovative infectious disease diagnostic testing system. By doing so, we will contribute to drug-resistant bacteria countermeasures³ in an effort to help resolve a major public health issue the international community is now confronting.

Looking ahead, we will take full advantage of the IntelliPlex™ system's features, including its multiplex-assay capability, superior sensitivity and versatility to carry out both immunoassay and gene-based analysis, while drawing on technological resources possessed by the Group to achieve breakthroughs in the field of disease diagnosis. We will thereby help protect people's health and well-being and contribute to the realization of United Nations Sustainable Development Goals (SDGs), which specify the universal issues human society is now confronting.

Note: Third-party allotment of PB shares was approved by PB's general meeting of shareholders held on June 24, 2019.

References:

Press release dated September 20, 2016, titled "Denka Seiken to Expand Its Healthcare-Related Operations via a Business Alliance with the Taiwan-based PlexBio Co., Ltd."

https://www.denka.co.jp/eng/storage/news/pdf/150/20160920_plexbio_e2.pdf

Press release dated January 25, 2018, titled "Denka to Step Up Collaboration with the Taiwan-Based PlexBio, Co-Developing an Infectious Disease Diagnostic Testing System"

https://www.denka.co.jp/eng/storage/news/pdf/189/20180125_plex_e.pdf

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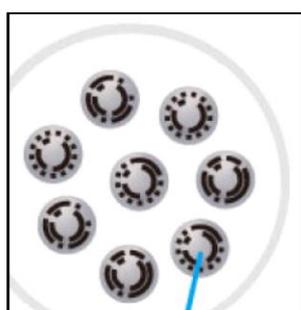
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1. Outline of PlexBio

① Company name	PlexBio Co., Ltd.
② Main business	Development, manufacture and sale of medical equipment and biotechnology services
③ Establishment	December 17, 2009
④ Headquarters	Taipei, Taiwan
⑤ Representative	Dr. Dean Tsao
⑥ Capital	Approximately ¥2,440 million
⑦ Employees	Approximately 70 (as of April 30, 2019)

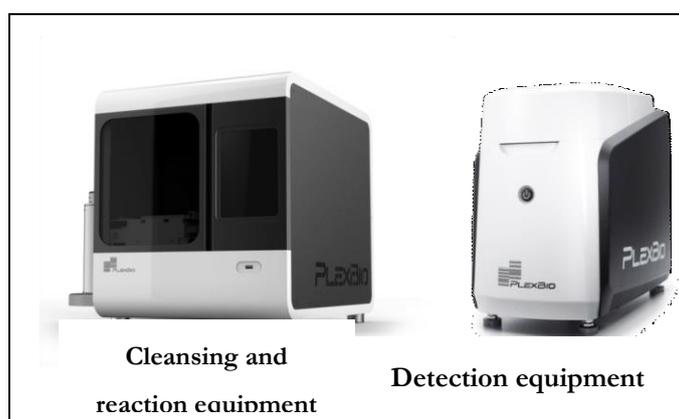
2. The IntelliPlex™ system and π code technology: A key component of the IntelliPlex™ system created by PB, π code technology involves the use of magnetic micro discs engraved with a unique pattern. These discs can be attached to probes used for antibody and genetic measurement to help identify substances under examination and enables simultaneous multiplex assays. The combination of π code technology and measurements based on fluorescence spectroscopy utilizing fluorescent tagging—a highly sensitive detection method conventionally limited to one target at a time—ensures that the IntelliPlex™ system is not only capable of highly sensitive detection but the simultaneous analysis of multiple items as it employs image recognition to read the probe discs.

Image of π code



Diameter: 50 μ m or smaller

Pictures of laboratory instruments developed by PlexBio



Cleansing and
reaction equipment

Detection equipment

Note: IntelliPlex™ is a registered trademark of PlexBio Co., Ltd. For more details of PlexBio, the IntelliPlex™ system and π code technology, please also visit PlexBio's corporate website (<http://www.plexbio.com>).

3. Drug-resistant bacteria countermeasures: Drug-resistant bacteria are a type of bacteria capable of withstanding antibacterial drugs that had once been lethal to them. Some of these bacteria are intrinsically equipped with drug-resistant capacities, while others may have obtained such capacities from other bacteria. An excessive dose of antibacterial drugs can also be a contributor to the emergence of such bacteria.

While a growing number of patients are infected with drug-resistant bacteria in regions around the globe, the lineup of mainstay antibacterial drugs has seen few updates in recent years, prompting major public concern regarding the difficulty in subduing a possible outbreak of new types of drug-resistant bacteria. Addressing this concern, the World Health Assembly, held in May 2015, adopted a global action plan to tackle antimicrobial resistance (AMR), requiring member countries, Japan included, to formulate national action plans to counter this phenomenon in two years. In response, discussions led by Japan's Ministry of Health, Labour and Welfare, have been under way in the country to comprehensively review what must be done by medical industries. Also, with relevant cabinet ministers engaging in deliberation on how to address the international threat of emerging infectious diseases, the Cabinet has put in place a special council in charge of discussing AMR issues and promoting coordination between government agencies. Based on conclusions reached through these discussions, the first of a kind national action plan has been announced on April 5, 2016. Having defined "public awareness and education"; "surveillance and monitoring"; "infection prevention and control"; "proper use of antimicrobial agents"; "research & development and drug development"; and "international cooperation" as six major goals, this plan is largely based on five objectives set forth in the aforementioned global action plan endorsed by the World Health Assembly, but has been tailored to the country's circumstances with the addition of "international cooperation" to those objectives.

About Denka Company Limited

In 1915, Denka was founded in Tokyo, Japan as a manufacturer of calcium carbide and fertilizers. Over the course of our century-strong history, we have evolved into a corporate group that operates globally and handles a wide variety of operations, ranging from synthetic rubber and other acetylene derivatives to petrochemicals, electronic materials and polymer

processing products to pharmaceuticals. With 42 consolidated subsidiaries worldwide, the Company's consolidated net sales for the fiscal year ended March 31, 2019 totaled ¥413.1 billion.

Looking ahead, Denka will continue to take on the challenge of expanding the possibilities of chemistry and, to this end, will relentlessly strive to enhance its manufacturing technologies.

For more information, visit <https://www.denka.co.jp/eng/index.html>.