



March 20, 2018
TRANS GENIC INC.
(Code No.2342 TSE Mothers)

BioSafety Research Center Inc. to Acquire CRO Business from Public Interest Incorporated
Foundation BioSafety Research Center

TRANS GENIC INC. (CEO: Kenji Fukunaga, Fukuoka, Japan) hereby announces that, on March 20, 2018 at the board meeting, it has resolved that BioSafety Research Center Inc., (subsidiary of New Drug Research Center Inc., sub-subsidiary of TRANS GENIC) will acquire CRO business from Public Interest Incorporated Foundation BioSafety Research Center (“BSRC”). This business transfer is based on the discussion between TRANS GENIC and BSRC (please refer to the announcement “TRANS GENIC and BSRC to start discussions concerning capital and business alliance”, released on January 18, 2018).

1. Reason for the business acquisition

In the mid-term management plan “Vision 2020” published in May 2017, TRANS GENIC set its task on providing differentiated and high value-added services in the entire group business and promoting M&A activity, and actively implements the measures to build up the business structure for sustainable growth. In order to achieve this goal, TRANS GENIC promotes business collaboration with companies holding advanced technological capabilities that can complement TRANS GENIC’s business deployment.

BSRC has been established in 1978 and conducts safety testing based on the results and reliability accumulated for 40 years. BSRC provides safety evaluation of chemical substances such as medical products, foods, food additives, pesticides, feed additives, and general industrial chemical products in GLP (Good Laboratory Practice)-conforming laboratories and AAALAC (American Association for Accreditation of Laboratory Animal Care)-conforming laboratories.

By this business acquisition, TRANS GENIC group will be able to enhance safety testing service in addition to non-clinical pharmacodynamics/pharmacological testing service in CRO business. The comprehensive testing service for drug application will catch the attention of potential customers. Furthermore, by sharing each clients and broad sales network, TRANS GENIC’s CRO business will be reinforced and expanded. Also, the “opportunity loss of order” problem of New Drug Research Center that it had to miss an opportunity during busy period because of equipment shortage (exceeding the capacity of testing), is expected to be solved by using GLP-conforming laboratories and AAALAC-conforming laboratories of BSRC.

TRANS GENIC group will promote technological innovation and service expansion to satisfy various customers’ needs, and aim to enhance corporate value by realizing sustainable growth.

2. Overview of the business acquisition

(1) Content of the acquired business

Safety evaluation service of chemical substances such as medical products, pesticides, food-related substances, and industrial chemical products

(2) Operating performance of the acquired business (unit: thousand yen)

| Fiscal term | FY2014 | FY2015 | FY2016 |
|-----------------------------|----------|----------|---------|
| Ordinary revenue | 813,104 | 673,772 | 655,837 |
| Change in ordinary profit | △144,030 | △185,711 | △80,459 |
| Change in general net asset | △144,260 | △190,685 | △81,047 |

(Note) This operating performance is referred to the statement of changes in net assets drawn up on the basis of public interest corporation accounting standard.

(3) Assets and liabilities of acquired business (as of March 20, 2018)

The amount of assets and liabilities of acquired business is 430 million yen of tangible fixed assets, 4.5 million yen of investments, current assets including accounts receivable and work-in-process at the date of business transfer, and current liabilities and fixed liabilities including advance received and lease obligations.

(4) Buyout price and transaction

Buyout price is not disclosed at BSRC's request.

3. Overview of BSRC

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|----------------------------|--|
| (1) Name of the company | Public Interest Incorporated Foundation BioSafety Research Center (BSRC) |
| (2) Location: | 582-2, Shioshinden, Iwata-City, Shizuoka, Japan |
| (3) Representative | President: Isao Narama |
| (4) Established | September, 1978 |
| (5) Relationship with BSRC | No capital, personal, or transactional relationship with BSRC |

4. Schedule

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|--------------------|---|
| (1) March 20, 2018 | Resolution by the board of directors of TRANS GENIC |
| (2) March 26, 2018 | Resolution by the board of trustees of BSRC |
| (3) March 28, 2018 | Date of execution |
| (4) April 1, 2018 | Due date of business transfer |

5, Future prospects

The effect this business acquisition will be included in the business forecast in the statement of accounts in FY2018 (will be issued on May 11, 2018).

◆Glossary : GLP(Good Laboratory Practice)

Good laboratory practice or GLP is a set of principles intended to assure the quality and safety of non-clinical laboratory studies, including equipment/devices of facilities, organization, personnel, inspection process, and its results.

AAALAC International (The Association for Assessment and Accreditation of Laboratory Animal Care International)

AAALAC International is the only third-party organization that promotes the

humane treatment of animals in science. The activity of AAALAC International is based on the 3Rs principle: Reduction (methods which minimize the number of animals used per experiment), Replacement (methods avoid or replace the use of animals), and Refinement (methods which minimize animal suffering and improve welfare). AAALAC accreditation has been earned by more than 900 pharmaceutical/biotech companies, universities, hospitals and other research institutions in the world, and recognized as the proof of ethical animal care and use.

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