PSS Mid-term Business Plan

December 25, 2013

Precision System Science Co., Ltd.
Main points of Mid-term Business Plan

- **Mid-term Business Plan**
  Next 3 Fiscal Years (Business segments & Income Statement)

- **Molecular diagnostic market’s trend**
  Shift from R&D purpose to Clinical diagnostic

- **PSS’ Business field & Strategy**
  ✓ Promote new products from Laboratory (R&D) automation to Clinical diagnostic field to the full scale.
  ✓ Accelerate PSS business from new product revenue including reagent tied to instruments.
Mid-term Business Plan

& Molecular diagnostic market’s trend
Mid-term Business Plan (Business segments)

- Expect Business Growing in the diagnostic field for next 3 Fiscal Years ①
- After 3 years, reagent for diagnostic will be the main revenue②

(Unit: Million Yen)
Mid-term Business Plan (Income Statement)

- The net sales will be increased 90% for next 3 years

(Unit: Million Yen)

*Extraordinary gain by the sales of investment securities (FY2013, FY2014)
Molecular diagnostic market’s trend

- Molecular diagnostic market’s trend shift from R&D purpose to Clinical diagnostic
- While Laboratory (R&D) automation is a steady growing market.

(Unit:Billion USD)

*Jain PharmaBiotech, "Molecular Diagnostics", July 2013*
PSS Business field & strategy
Mid-term Business Plan (Product sales strategy)

Products sales in business segment are PSS new products

FY2013 (End)  FY2014 (Forecast)  FY2015 (Forecast)  FY2016 (Forecast)
Main products are DNA Auto Extractors for automating R&D Laboratory Center
Next prospective field is Sample preparation for DNA sequencing and Epigenomics.

(Unit: Million Yen)
Majority of market share is occupied by Roche, LT, illumina. With the exception of illumina, we have supplied OEM sample preparation for sequencing and can propose new products in this field.

GenePrepPlanner VI

- SIMPLE
- COMPACT
- EASY MAINTENANCE

(Sample preparation for sequencing)

Press Release

(Sep 24, 2013) PSS and Roche enter into a new Development Agreement concerning emPCR Automation Instrument to be developed by PSS

Jain PharmaBiotech, “Molecular Diagnostics”, July 2013
Clinical diagnostic Field

- Diagnostic instruments, Reagent, Plastic consumable in the Molecular Diagnostic Field
- The main user is POCT* whose products are not only immunoassay diagnostic, but also sample preparation for sepsis, fully automated diagnostic products for expanding the revenue considering market trend

(Unit: Million Yen)

*「Near the patient」、「Bed side in clinic」

<table>
<thead>
<tr>
<th></th>
<th>FY2013 (End)</th>
<th>FY2014 (Forecast)</th>
<th>FY2015 (Forecast)</th>
<th>FY2016 (Forecast)</th>
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</thead>
<tbody>
<tr>
<td>Clinical diag. (Instruments)</td>
<td>77</td>
<td>163</td>
<td>1,092</td>
<td>1,708</td>
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<tr>
<td>Clinical diag. (Reagent &amp; Consumable)</td>
<td>846</td>
<td>1,092</td>
<td>643</td>
<td>2,271</td>
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<tr>
<td>Total</td>
<td>913</td>
<td>1,256</td>
<td>1,708</td>
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</table>
The symptom of Sepsis shows SIRS in the body by invading pathogen (bacteria etc..) into blood, when immune system is seriously damaged by infection disease etc.

Early diagnose of minor germs is very effective for preventing Sepsis.

**Effective early diagnostic (Sepsis) in the Clinic**

- The symptom of Sepsis shows SIRS in the body by invading pathogen (bacteria etc..) into blood, when immune system is seriously damaged by infection disease etc..
- Early diagnose of minor germs is very effective for preventing Sepsis

**Press Release**

- PSS reaches Development Agreement with Abbott to develop and manufacture a front-end sample preparation instrument (Mar 26, 2012)
- PSS reaches Desalter Development Agreement with Abbott (Jun 24, 2013)

**Business opportunity in the clinic (POCT Market)**

PSS new technology Bellowla® will be equipped

*Jain PharmaBiotech, "Molecular Diagnostics", July 2013*
(Fully automated DNA diagnostic)

geneLEAD ① Strong point

- System Concept 「Simple, Compact, Easy Maintenance」
  ⇒ Automated diagnostic products for “Anytime, Anywhere, Anyone” aiming at further utilization of genetic information.

High Performance (Sensitivity & Reproducibility)

- New Market*
  - PSS targeted system field
    - Small hospital
    - Clinic

- Current Molecular diagnostic field
  - Big hospital
  - Laboratory center

- Total system cost (Including consumable & maintenance)

High

Low

*Create new customer by high cost performance system

geneLEAD I

geneLEAD XII

Prepacked Reagent & Consumable
Clinical diagnostic instruments
Reach the agreement for Joint Development, Distribution and Supply
DNA extraction reagent will be provided by PSS products

ElITech Group

PSS and ELITech Group enter into a Joint Development, Distribution and Supply Agreement on PSS's "geneLEAD", a fully automated, sample-to-result, Real-Time PCR analyzer (Apr 12, 2013)

LG Life Sciences

PSS and LG Life Sciences enter into a Supply and Distribution Agreement for PSS's "geneLEAD", a fully automated, sample-to-result system for NAT (Aug 08, 2013)

Targeted Market for "geneLEAD"

①Companion diagnostics for cancer (EGFR, K-ras, Her2)

②Infection disease in clinic (MRSA, SA, C. difficile, VRE)

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(Fully automated DNA diagnostic)

geneLEAD② Achievement

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Jain PharmaBiotech, "Molecular Diagnostics", July 2013
1. Develop new reagent for sample preparation & diagnostic (DNA & RNA) The same protocol for PSS automated system

2. Sample preparation reagent for geneLEAD
   Establish world-wide reagent business model through distribution channel of ELITech

3. Invest in a reagent manufacturing facility for making a full-scale entry into reagent market
   Establish Odate Reagent Center for developing & manufacturing PSS reagent
PSS fully automated products

Promote fully automated diagnostic systems in various fields of examination (combined with a kit of PSS original reagent and designated consumables)

**geneLEAD®**
- Fully automated NAT system
  - Sample extraction with amplification and detection
  - Virus detection of infectious disease (HIV/HBV/HCV, HPV, etc.)
  - Personalized medicine (K-ras, EGFR, BCL-ABL, IL28B, CYP etc.)

**LuBEA®**
- Multiplex ELISA / DNA typing
  - Thyroid hormone (TSH, T3, T4, FT3, FT4 etc.)
  - Tumor Maker
  - Allergy Test (Specific IgE)
  - Cytokine

**SpeLIA**
- Veterinary Clinic
  - Canine CRP, TBA, NH3 etc.
- Clinical Chemistry
  - γ-GTP, GOT, HDL, LDL etc.
## Contents

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<th>Contents</th>
<th>Instruments</th>
<th>Target</th>
<th>Diagnostic Method</th>
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</thead>
<tbody>
<tr>
<td>Stevens-Johnson syndrome</td>
<td>LuBEA®</td>
<td>SNPs</td>
<td>Preventive care for serious side effects of taking the medicines</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>It is possible to prospect by diagnosing SNPs</td>
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<tr>
<td>Deng fever</td>
<td>geneLEAD®</td>
<td>Virus</td>
<td>Diagnose Deng Virus</td>
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<tr>
<td>B type hepatitis</td>
<td>LuBEA® geneLEAD®</td>
<td>Protein Virus</td>
<td>Decide medical treatment plan for diagnosing B type hepatitis</td>
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<td></td>
<td></td>
<td></td>
<td>Monitor acute hepatitis by HBV occult infection by diagnosing virus</td>
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<tr>
<td>Anti cancer drug</td>
<td>LuBEA® geneLEAD®</td>
<td>Mutation SNPs</td>
<td>It is possible to prospect the effectiveness of Anti cancer drug by diagnosing Mutation</td>
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<tr>
<td></td>
<td></td>
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<td>It is possible to prospect the side effect of Anti cancer drug by diagnosing SNPs</td>
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</table>
This mid-term Business plan contains forward-looking statements based on information currently available. Consequently the Company’s actual results may differ materially from the projected values due to various future factors.

December 25, 2013
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