

May 15, 2017

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**Notice on Capital & Business Alliance with Hitachi High-Technologies Corporation,  
Issuance of New Shares through Third-Party Allotment and Change of Major  
Shareholders (Plan)**

Precision System Science, Co., Ltd. (“PSS”) hereby announces that its Board of Directors has resolved at the meeting held on May 15, 2017 to conclude a capital and business alliance with Hitachi High-Technologies Corporation (“Hitachi High-Tech”) (this alliance hereinafter referred to as the “Capital and Business Alliance”) and to issue new shares through a third-party allotment to Hitachi High-Tech (hereinafter referred to as the “Third-Party Allotment”) and that it has entered into a capital and business alliance contract with Hitachi High-Tech as of the said date (hereinafter, the “Capital and Business Alliance Contract”) as follows.

Please also be informed that in conjunction with the Third-Party Allotment, PSS expects a change of its major shareholders.

Outline of the Capital and Business Alliance

1. Purpose and reason for the Capital and Business Alliance

Since listing on TSE Mothers in February 2001, PSS has consistently been operating in the bio-related industry, engaging in the development, manufacturing and distribution of various types of systems and instruments for laboratory automation and clinical diagnosis with a focus on automated nucleic acid isolation system using its original technologies. PSS also produces and distributes the reagents and plastic consumables used in these systems. PSS supplies these products worldwide primarily through OEM partnership with the industry’s

leading global companies (distribution by the brand of the other party).

In the recent years, PSS has also been focusing on the genetic testing field where market expansion is anticipated. We are engaged in the development of fully automated genetic diagnostic systems and original reagents to be loaded on these systems by leveraging our original technologies. In particular, PSS regards the reagents business as its second core business and has been pursuing strategies for business expansion such as the establishment of a reagents manufacturing site in November 2014.

Furthermore, although PSS thus far has distributed products primarily through OEM partners, we have also begun on a full scale to sell proprietary products directly as we advance our initiatives toward building an operating structure that enables us to disperse risks also in terms of the earnings structure.

Meanwhile, listed on the first section of the Tokyo Stock Exchange, Hitachi High-Tech - the scheduled allottee - is recognized to be a company with social credibility. Based on its corporate vision of "To consistently aim to be Global Top in high-tech solutions" and setting the mission of contributing to the greatest extent possible "To Turn our Customers into Fast-moving, Cutting-edge Businesses", the Hitachi High-Tech engages in global businesses in the four segments of science & medical systems, electronic device systems, industrial systems, and advanced industrial products. Given that the firm's bio medical business in the science & medical systems segment, in particular, has affinity with the core business field of PSS, the two companies came to share the common recognition that combining the management resources of Hitachi High-Tech and PSS would generate synergistic effects and lead to reinforcing the said business field. As such, the companies have agreed to enter into a business alliance for the development and distribution of fully automated genetic diagnostic systems and reagents as well as form a capital alliance in order to establish a collaborative structure between the two companies and ensure a firm business alliance.

PSS and Hitachi High-Tech have been conducting business activities in the genetic diagnosis domain respectively to date, and the two companies began holding periodic discussions on the possibility of alliance in the development of genetic diagnostic systems and reagents, with capital alliance in mind as an option. As a result, we have decided to conclude a capital and business alliance.

PSS will provide its nucleic acid isolation system and fully automated genetic diagnostic instruments, which represent the strength of the company, as well as reagents to be loaded on these systems and instruments while receiving cooperation in various aspects, including technology, production, sales network and manpower, from Hitachi High-Tech and deepening interaction with the firm. We believe that this alliance will enable us to further strengthen our business platform as a biotechnology company.

Based on the above, we have reached judgment that the alliance would lead to reinforcing our business platform in terms of both operations and funding and contribute to maximizing our shareholder value, and have decided to conduct a capital increase through Third-Party Allotment with Hitachi High-Tech as the allottee.

## 2. Contents of the capital and business alliance

### (1) Contents of the capital alliance

PSS, based on the Third-Party Allotment, will allot 2,310,000 shares of its common stock to Hitachi High-Tech (hereinafter, "Allotted Shares"; Ratio of voting rights after the Third-Party Allotment: 10.02%, holding ratio against the total number of issued and outstanding shares: 10.01%; Ratios based on the shareholder register as of December 31, 2016). Under the Capital and Business Alliance Contract, PSS must, when intending to take any action that might lower the voting rights ratio of Hitachi High-Tech against PSS or that might have any other material impact on the management status, hold discussions with Hitachi High-Tech. Meanwhile, Hitachi High-Tech must, when transferring the Allotted Shares to a party other than PSS, notify PSS in advance. Hitachi High-Tech is expected to be a major shareholder of PSS.

Further, PSS and Hitachi High-Tech have agreed to submit a proposal to appoint an individual nominated by Hitachi High-Tech as a member of the PSS board of directors to the ordinary general shareholders' meeting of PSS.

### (2) Contents of the business alliance

- (i) Hitachi High-Tech shall distribute the nucleic acid isolation systems and the associated reagents developed by PSS.
- (ii) Hitachi High-Tech shall sell the compact genetic diagnostic instruments and the associated reagents developed by PSS.
- (iii) Hitachi High-Tech shall develop mid-size genetic diagnostic instruments by utilizing the technologies of PSS and Hitachi High-Tech. Reagents shall be developed by PSS and a

third party and distributed by Hitachi High-Tech.

3. Contents of capital increase through third-party allotment

(1) Class and number of shares to be issued	Common stock: 2,310,000 shares
(2) Issue price	371.68 yen per share
(3) Total value of issues	858,580,800 yen
(4) Capitalization	429,290,400 yen (185.84 yen per share)
(5) Payment due date	May 31, 2017
(6) Offering or allotment method	By the method of third-party allotment (Allottee: Hitachi High-Technologies Corporation)
(7) Use of funds	Funds will be appropriated to part of the funds for developing new products and new technologies in order to enhance the lineups of fully automated genetic diagnostic systems and reagents for the IVD market.