

## News Release

# **Konica Minolta and INCJ Agree to Acquire Ambry Genetics in a Deal Valued at US\$1 billion**

**Advances Konica Minolta strategy to establish a leadership position in precision medicine**

**Contributes to diagnostic solutions in oncology and drug discovery through a combination of technologies from Ambry Genetics and Konica Minolta**

**Introduces highly comprehensive cutting-edge genetic diagnostic solutions to Japan**

Tokyo (July 6, 2017) – Konica Minolta, Inc. (Konica Minolta) and Innovation Network Corporation of Japan (INCJ) today announced they agreed to acquire U.S.-based genetic testing company, Ambry Genetics Corporation (Ambry). Ambry is headquartered in Aliso Viejo, California, and is a privately-held company, led by President and Chairman, Charles L.M. Dunlop.

The transaction is valued at \$1.0 billion in total (including contingent consideration) with Konica Minolta and INCJ holding stakes of 60% and 40% respectively. \$800 million<sup>1</sup> will be paid upon closure, and there will be an additional payment of up to \$200 million based on certain financial metrics over the next two years.

This acquisition is the first in a series of strategic initiatives to secure a leading position for Konica Minolta in the precision medicine (personalized medical treatment) field. Konica Minolta and INCJ view the precision medicine field as having high future potential for diagnostic solutions in oncology and other therapeutic areas.

Precision medicine is an emerging approach to healthcare and disease management using genetic, proteomic, or other molecular analyses to match patients with the most appropriate treatment or cost-saving preventative intervention for their specific disease. This allows for a far more precise diagnosis of their condition and the use of advanced treatments that target the molecular cause of their disease. This has the potential to contribute to reducing national medical costs.

Precision medicine allows physicians to know – in advance – which therapy is most effective to better treat a patient's disease. Patients can avoid ineffective treatments to be administered and allow the disease to progress. Precision medicine avoids the costs of unnecessary treatments by taking a patient's molecular profile into consideration. It may also be used to reduce side effects, and contribute to the improvement of the patient's Quality of Life (QOL).

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<sup>1</sup> Equivalent to approximately 88 billion yen at an exchange rate where 1 US dollar = 110 yen.

Moreover, combining Ambry's genetic testing and Konica Minolta's proteomic capabilities, allows the discovery of effective biomarkers and accelerates drug discovery innovation. This increases the efficiency of pharmacological tests by enabling the accurate prediction of drug efficacy in clinical studies and a shorter duration and scale of clinical trials, which will dramatically improve new drug development.

With the world's most advanced genetic diagnostic technology, advanced product development capabilities, diversified testing options, high processing capacity, and strong genetic counselor channels, Ambry has established its position as a leader in the U.S. genetic testing market in oncology, cardiology, neurology and pulmonology. To date, Ambry has conducted more than one million genetic tests and has identified over 45,000 mutations in 500 types of genes.

With this acquisition, Konica Minolta has committed to providing the most advanced genetic diagnostic technology in the world, using cutting edge IT analytical technology that makes full use of bioinformatics. Through Ambry's state-of-the-art testing laboratory, the ability to offer large-scale services is further expanded. By combining Konica Minolta's High Sensitive Tissue Testing (HSTT), proprietary protein-sensitive quantitative detection technology, with Ambry's genetic diagnostic technology, Konica Minolta and Ambry bring together two core technologies which are indispensable for patient grouping and drug development. Based on the technologies of both companies, Konica Minolta will ensure further growth and position itself as a global leader by expanding Ambry's services to Japan, Asia, and Europe from the US.

In Japan, Konica Minolta initially plans to introduce genetic testing services in 2018 leveraging Ambry's experience in areas such as breast ovarian and colorectal cancer. Cancer has recently become the leading cause of death in Japan. Using this new analytical capability with the scale of genetic information unique to Japanese people, Konica Minolta and Ambry are positioned to play an important role in the advancement of medical, diagnostic, and medical scientific innovations. Together, the two companies will contribute to the genome strategy and the medical industry of Japan, ultimately playing an important role in the improvement of an individual's QOL.

INCJ decision to participate in this acquisition is in line with its vision to promote innovation, infrastructure development and enhance the value of businesses in Japan. In this case, INCJ saw an opportunity to promote the growth of precision medicine, a new trend in approaching medical treatment in Japan. Through this acquisition, INCJ aims not only to help establish a business platform for precision medicine in Japan, but to also promote open innovation among Japanese companies, academia and medical institutions. This creates added value to the health/medical industry, such as "promotion of personalized treatment in Japan" and "commercialization of unique technology from Japan and development of overseas business".

### **About HSTT**

Konica Minolta's proprietary technology, High Sensitive Tissue Testing (HSTT)<sup>2</sup> uses fluorescent nanoparticles to detect and quantify the proteins that drive disease states and offers far greater precision and accuracy than conventional immunostaining techniques. With initial applications in oncology, the proprietary technology can determine the exact cellular location and amount of specific proteins that manifest in cells, offering an early-stage, highly precise diagnosis and insights into a patient's disease that can inform research and a clinicians' treatment plan.

### **About Ambry Genetics**

Company	Ambry Genetics Corporation
Established year	1999
Head office location	Aliso Viejo, CA
Number of employees	600
Business	Genetic diagnostics for cancer, including breast and colon cancer
Sales	Approx. US \$ 288 million (Approx. 31.6 billion yen) (June 2016)
Listed/Not listed	Not listed

The transaction is expected to complete and close in October 2017<sup>3</sup>. After completion, Ambry will become a consolidated subsidiary of Konica Minolta. The Ambry brand and its business operations will remain based in Aliso Viejo, California ,US.

### **About Konica Minolta**

Konica Minolta, Inc. (Konica Minolta) aims to become a digital company with insight into implicit challenges, offering inspired solutions in the healthcare field and in precision medicine, in particular. Konica Minolta commits to revitalize and create value to help grow business and contribute to the well-being of society. Konica Minolta will achieve this through digital innovation by drawing on its strengths to digitalize images utilizing evolved input devices and to realize the visualization of invisible things. Based on its assets, core technologies including imaging, materials, nano-fabrication and optics, and its customer base of two million global companies, Konica Minolta can visualize the challenges of each type of industry. This enables the Company to contribute to productivity improvement and workflow change, and provide leading-edge service solutions in the IoT era.

### **About INCJ**

INCJ was established in July 2009 as a public-private investment company that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. INCJ has the capacity to invest up to JPY2 trillion (approx. US\$20 billion). INCJ's management team is drawn from the private sector with diverse experience in investment, technologies and management. Through its Innovation Network Committee, INCJ assesses investment opportunities that contribute to industrial innovation in Japan in line with criteria set by the government.

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<sup>2</sup> A portion of the HSTT research was commissioned under a project by the New Energy and Industrial Technology Development Organization (NEDO), Japan.

<sup>3</sup> This is a provisional closure date and is subject to customary regulatory approvals.

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For Further Information

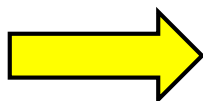
Konica Minolta, Inc., Communications Group, TEL : 03-6250-2100

INCJ Group PR: Irie, Sakai, TEL: 03-5218-7202

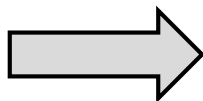
**Target** : Ambry Genetics Corporation

**Outline** : Genetic testing services for breast cancer, colon cancer, and other diseases

**Authorized investment** : USD 400M (maximum)



- Investment
- Management support
- Support to establish Japanese market

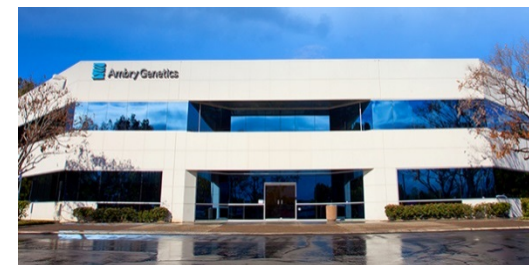


- Investment
- Management support
- Transfer of technology and sales support
- Development of Japanese market through cooperation with other players



## Ambry Genetics®

- Provides genetic testing services in oncology and other diseases, including heart and neurological disease and respiratory diseases, such as cystic fibrosis
- Conducted more than one million genetic tests to date and has identified over 45,000 mutations in 500 types of genes



- Promote commercialization of unique technology from Japan and expansion of overseas business by combining Konica Minolta's protein-sensitive quantitative detection technology with Ambry's genetic diagnostic technology
- Establish genetic testing business to contribute to the promotion of precision medicine in Japan