

March 27, 2018

NEWS RELEASE

Notice of Share Acquisition of Accelovance, Inc.  
a U.S. company (Corporate Acquisition)

Linical Co., Ltd. (headquartered in Yodogawa-ku, Osaka; hereinafter referred to as “Linical”) announced that it has entered into a Merger Agreement pursuant to which it will acquire all of the outstanding shares of Accelovance, Inc. (a Maryland corporation; hereinafter referred to as “Accelovance”). In order to effect the transaction, Linical’s wholly-owned subsidiary, LINICAL USA, INC (headquartered in New York, USA; hereinafter referred to as “LUI”), will form an acquisition subsidiary, Magnolia Acquisition Corp. (a Maryland corporation; hereinafter referred to as “MAC”).

At the effective time of the merger, Accelovance will merge with and into MAC in a “reverse triangular merger” with Accelovance being the surviving corporation and its shareholders receiving cash in exchange for their shares of Accelovance stock pursuant to the Maryland General Corporation Law. Accelovance will then become a wholly-owned subsidiary (indirectly) of Linical through LUI.

Note

1. Reasons for Share Acquisition

In recent years, international competition among Clinical Research Organizations (“CRO”) in the development of new pharmaceutical products has intensified. To obtain new drug approval and market authorization successfully and rapidly in multiple countries, multinational clinical trials have become an integral part of CRO strategy. In order to adapt to industry needs and market changes, Linical has been building a global development function and structure by establishing subsidiaries in the U.S., Korea, and Taiwan, as well as through mergers and acquisitions in Korea and the E.U.

The North America CRO market is currently the largest, accounting for over 45% of the worldwide total market. (source: ISR report 2015)

Accelovance, headquartered in the U.S., has extensive experience in clinical development (especially within oncology) in the U.S., the E.U., and China where our company is focused. In addition, Accelovance has expertise in multinational clinical trials with major global pharmaceutical and biotech companies. Accelovance has been awarded the “Vaccine Industry Excellence (ViE) Best CRO” for three consecutive years (2009, 2010 and 2011) at the World Vaccine Congress, in recognition of excellent and high-quality service to clients worldwide. Linical’s and Accelovance’s business direction and strategy are aligned, and their combination is expected to generate significant synergy with their existing infrastructures.

This acquisition enables Linical to expand its global capacity and capability of conducting large-scale multinational clinical trials to meet its clients’ needs. Additionally, the geographical expansion through Accelovance’s own subsidiaries in the U.K., the Netherlands, and Romania in Europe and in mainland China, in addition to the U.S., will create further business opportunities to acquire more multinational clinical trials from pharmaceutical companies, especially in Japan, the U.S. and the E.U. Through cooperation between Accelovance’s subsidiary in China and Linical’s Taiwan (R.O.C.) subsidiary, building a foothold to direct entry into the Chinese market is anticipated, on top of multiple synergistic effects between the two subsidiaries. For the above-mentioned reasons, Linical has decided to acquire all shares of Accelovance.

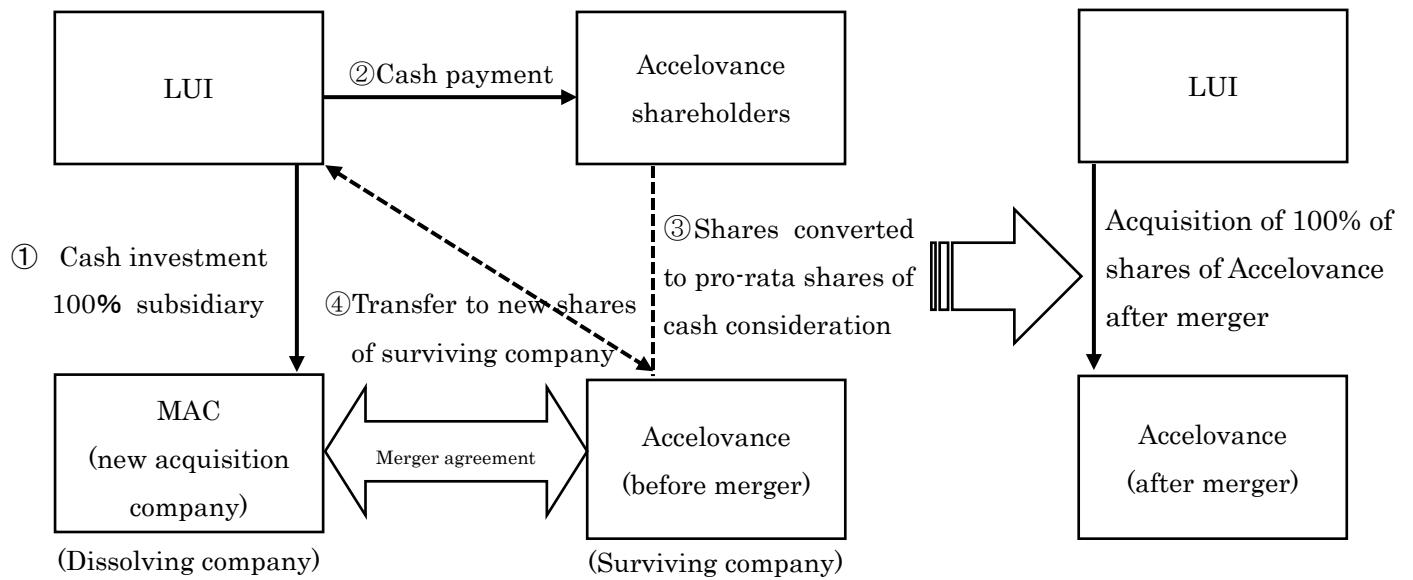
## 2. Transaction Details

The acquisition will be effected through a “reverse triangular merger” with the shareholders of Accelovance receiving cash in exchange for their shares of Accelovance stock, with Accelovance as the surviving corporation and MAC merging with and into Accelovance, pursuant to Maryland General Corporation Law.

Upon the merger, shareholders of Accelovance will receive cash from LUI and all outstanding shares of Accelovance will be cancelled. Shares of MAC owned by LUI will automatically be converted into common stock of Accelovance, the surviving company, with LUI owning all such shares.

As of the closing, LUI will own 100% of the shares of Accelovance and Accelovance will indirectly become a wholly-owned subsidiary of Linical through LUI.

<Figure representing this acquisition scheme>



The acquisition is expected to be funded by bank loans.

### 3. Company Overview of the Target Subsidiary (Accelovance: Surviving company)

- Trade name: Accelovance, Inc.
- Location: 2275 Research Blvd., Suite 700, Rockville, MD 20850, USA
- Representative: President & CEO  
Stephen J. Trevisan
- Business description: Contract Research Organization
- Stated capital: US\$ 108 thousand
- Establishment: March 24, 2004
- Shareholders and ownership ratio: Stephen J. Trevisan 12.87%  
S&S Investment Partnership 5.52%  
Clinquest Group B.V. 5.43%
- Relation with LINICAL Group No capital, personnel, or business relationship
- Consolidated business results and financial position for the recent fiscal years  
(Unit thousand US\$)

	FYF Dec.2017
Net asset	24,210
Total asset	34,758
Net assets per share	US\$ 2.23
Net sales	21,653
Dividends per share	US\$ 0.70

Accelovance sold a part of its business in the fiscal year ended Dec. 31, 2017. Consequently, the consolidated results of operations and financial position before the fiscal year ended Dec. 31, 2016 are not stated as the actual condition of the company is not properly represented. In addition, consolidated net sales exclude sales of businesses sold.

### 4. Company Overview of the Acquisition Subsidiary (MAC: Dissolving company)

- Trade name: Magnolia Acquisition Corp.
- Location: 2275 Research Blvd., Suite 700, Rockville, MD 20850, USA
- Representative: CEO, Isao Sakamoto
- Business description: Acquisition vehicle for merger transaction
- Stated capital: US\$ 1,000

- Establishment: March 22, 2018
- Shareholders and ownership ratio: LINICAL USA, INC. 100%

## 5. Overview of Current Holders of the Shares

- Trade name: Stephen J. Trevisan
  - Location: Not disclosed due to the confidentiality
  - Relation with LINICAL Group: None
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- Trade name: S&S Investment Partnership
  - Location: Not disclosed due to the confidentiality
  - Representative: Not disclosed due to the confidentiality
  - Purpose of establishment: Not disclosed due to the confidentiality
  - Stated capital: Not disclosed due to the confidentiality
  - Establishment: Not disclosed due to the confidentiality
  - Net asset: Not disclosed due to the confidentiality
  - Total assets: Not disclosed due to the confidentiality
  - Shareholders and ownership ratio: Not disclosed due to the confidentiality
  - Relation with LINICAL Group: No capital, personnel, or business relationship
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- Trade name: Clinquest Group B.V.
  - Location: Not disclosed due to the confidentiality
  - Representative: Not disclosed due to the confidentiality
  - Purpose of establishment: Not disclosed due to the confidentiality
  - Stated capital: Not disclosed due to the confidentiality
  - Establishment: Not disclosed due to the confidentiality
  - Net asset: Not disclosed due to the confidentiality
  - Total assets: Not disclosed due to the confidentiality
  - Shareholders and ownership ratio: Not disclosed due to the confidentiality
  - Relation with LINICAL Group: No capital, personnel, or business relationship

In addition to the above, our company will acquire shares from ninety-six additional shareholders of funds and individual persons. There is no capital, personnel or business relationship between Linical Group and funds or individual persons to be specified.

## 6. Ownership of Shares after Acquisition

- Number of shares held before transfer: 0 shares  
(number of voting rights: 0)  
(voting rights holding ratio: 0%)
- Acquisition price: Approximately 33 million yen  
including advisory expenses,  
compensation and other expenses \*1,\*2
- Number of shares held after transfer: 1,000 shares  
(number of voting rights: 1,000)  
(voting rights holding ratio: 100%)

\*1 The acquisition price has been negotiated with Accelovance based on their disclosed information and also on our assessment of enterprise value by a third party, and thereafter it has been decided.

\*2 The actual purchase price shall be subject to the price adjustments stipulated in the merger agreement.

## 7. Schedule

- Resolution by the board of directors: March 27, 2018
- Contract date: March 27, 2018
- Closing of transaction: April, 2018 (plan)

## 8. Outlook for the Future

The impact of this acquisition on the overall business performance is currently being analyzed and Linical will announce the impact of this once verified.