



Gene Techno Science Co., Ltd.

Financial Results for 3Q/FY2019 (Fiscal Year Ending March 2020)

February 4, 2020

Cautionary Statement

This information material is provided for understanding Gene Techno Science (“GTS”), not for soliciting investment in GTS shares.

Information provided in this material may contain so-called “forward looking statements”. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements. Risks and uncertainties include success ratio of R&D projects, new regulations, and rules, relations with partners in the future, etc.



Overview of Financial Highlight in 3Q/FY2019

Financial Highlight

Financial Highlight in 3Q/FY2019

- ✓ Financial results was in line with the forecast
- ✓ Expenses for R&D was controlled almost as planned

Financial Results for 3Q/FY2019

◆ Financial Result for 3Q/FY2019 (April to December 2019)

(M JPY)

	Sales	Selling, general and administrative expenses		Operating profit	Ordinary profit	Comprehensive income attributable to owners of the parent	Net income per share (in yen)
		Total	R&D expenses included				
Results for 3Q/FY2019 (A)	733	1,221	(685)	-932	-953	-6,892	-249.32
(Reference) Forecasts for FY2019	1,050		1,200	-1,220	-1,260	-7,260	

Key points

- Sales of filgrastim biosimilars is expected to achieve the sales target in FY2019.
- Revenue from milestone and royalty were recorded.

- R&D spending was mainly on the biosimilar operations.

Impairment loss of 5,938M JPY was recorded in 1Q/FY2019 in relation to the one-time depreciation of goodwill

Financial Results for 3Q/FY2019 (Non-consolidated)

◆ Financial Result for 3Q/FY2019 (April to December 2019)

(M JPY)

	Sales	Selling, general and administrative expenses		Operating profit	Ordinary profit	Net income for the year
		Total	R&D expenses included			
Gene Techno Science						
Results for 3Q/FY2019 (A)	639	1,145	(652)	-749	-764	-6,699
Results for 3Q/FY2018 (B)	618	860	(524)	-466	-477	-524
Change (A – B)	20	284	127	-282	-286	-6,175
Advanced Cell Technology + Remcare						
Results for 3Q/FY2019	93	82	(33)	-189	-189	-192

Loss on valuation of stocks of subsidiaries and affiliates (impairment loss) of 5,938M JPY was recorded in Q/FY2019 in non-consolidated base in relation to the one-time depreciation of goodwill in consolidated base.



Overview of Business Highlight in 3Q/FY2019



Business Highlight for 3Q/FY2019

New Biologics

- Continuing activities for license-out of Anti-RAMP2 antibodies
- Joint development agreement with Sapporo Medical University for a development of an anticancer drug using antibodies with an ability of entering cancer cell
- Joint development agreement with MabGenesis Inc. to obtain new antibodies with the effect of killing cancer cells

Biosimilars

- Received the manufacturing and marketing approval for the biosimilar of darbepoetin alpha in Japan → Started marketing
- Joint development agreement with Kishi Kasei Co., Ltd. for a commercialization of Aflibercept Biosimilars

New Biotech (Cell Therapy)

- Sign a joint research and development agreement with ORTHOREBIRTH
- Academia-industry Collaboration with Showa University for a Development of Treatments in Cell Therapy Field
- Joint Research Agreement with Showa for a Development of Treatments for Bone-related Diseases
- Joint Research Agreement with Gifu Pharmaceutical University for a Development of Treatments for an Ophthalmologic
- Signed a Contract for Sale of SHED with Summit Pharmaceuticals International Corporation
- Investment in Heartseed Inc., Regenerative Medicine Venture Company
- Joint research agreement with Tokyo Metropolitan Institute of Medical Science, Nagoya University Hospital, and Tokyo Medical and Dental University for research and development of new therapeutic treatments for cerebral palsy.

Others

- Conversion of Advanced Cell Technology and Engineering into Wholly-Owned Subsidiary of GTS
- Changes in Financing Arrangement
- Establishment of Remcare Ltd.
- Appointment of Scientific Advisor
- Bank loan arranged by Mizuho Bank, Ltd.
- Business Alliance Agreement with Eil Inc. for Business Development in Regenerative Medicine and Healthcare Area

Business Highlight for 3Q/FY2019

Newly signed agreements for joint development

■ Sapporo Medical University

- ✓ Development of new anti-cancer drugs combining antibodies with an ability to enter cancer cells possessed by Sapporo Medical University and our expertise of handling proteins

■ MabGenesis

- ✓ Development of therapeutic treatment using new cancer-killing antibodies created from innovative phage antibody library possessed by MabGenesis

■ Tokyo Metropolitan Institute of Medical Science, Nagoya University Hospital, and Tokyo Medical and Dental University

- ✓ Development of therapeutic treatment that suppress dysfunction in cerebral palsy and promote function acquisition utilizing the superior nerve regeneration ability and inflammation suppression ability of stem cells from human exfoliated deciduous teeth



Financing Arrangements

Financing arrangements to **accelerate our growth** for achieving **GTS 3.0**

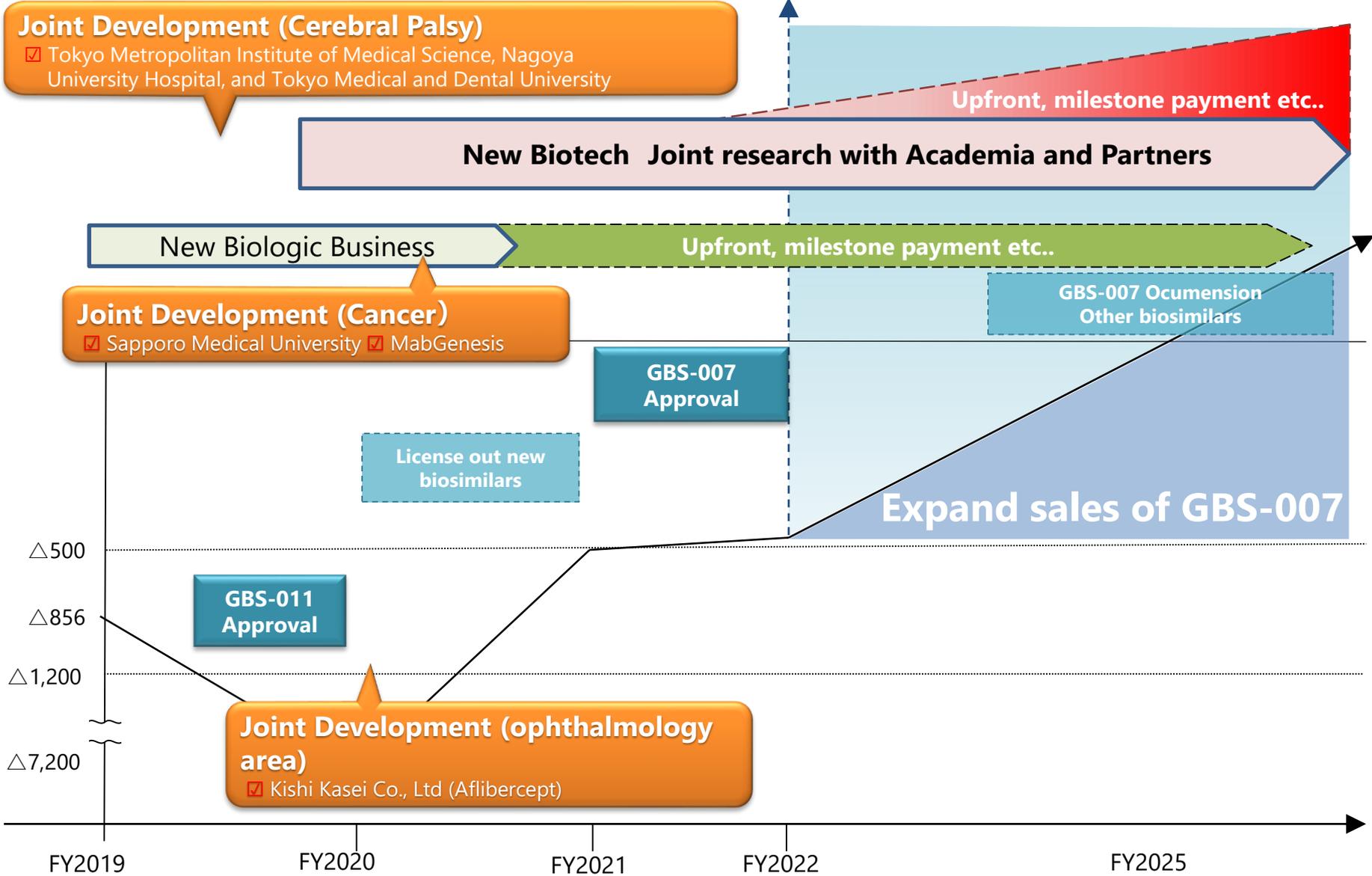
Point

- ✓ Approximately 1.7 billion yen in total
(Currently 1.2 billion yen secured * Balance at the end of 3Q
approx. 2.5 billion yen)
- ✓ Financing from foreign investors (CVI/Heights Capital Management)
(convertible bond and stock acquisition rights)
- ✓ Loan arranged by Mizuho Bank, Ltd.
- ✓ Accelerate development of each pipelines and
promote expansion of new projects

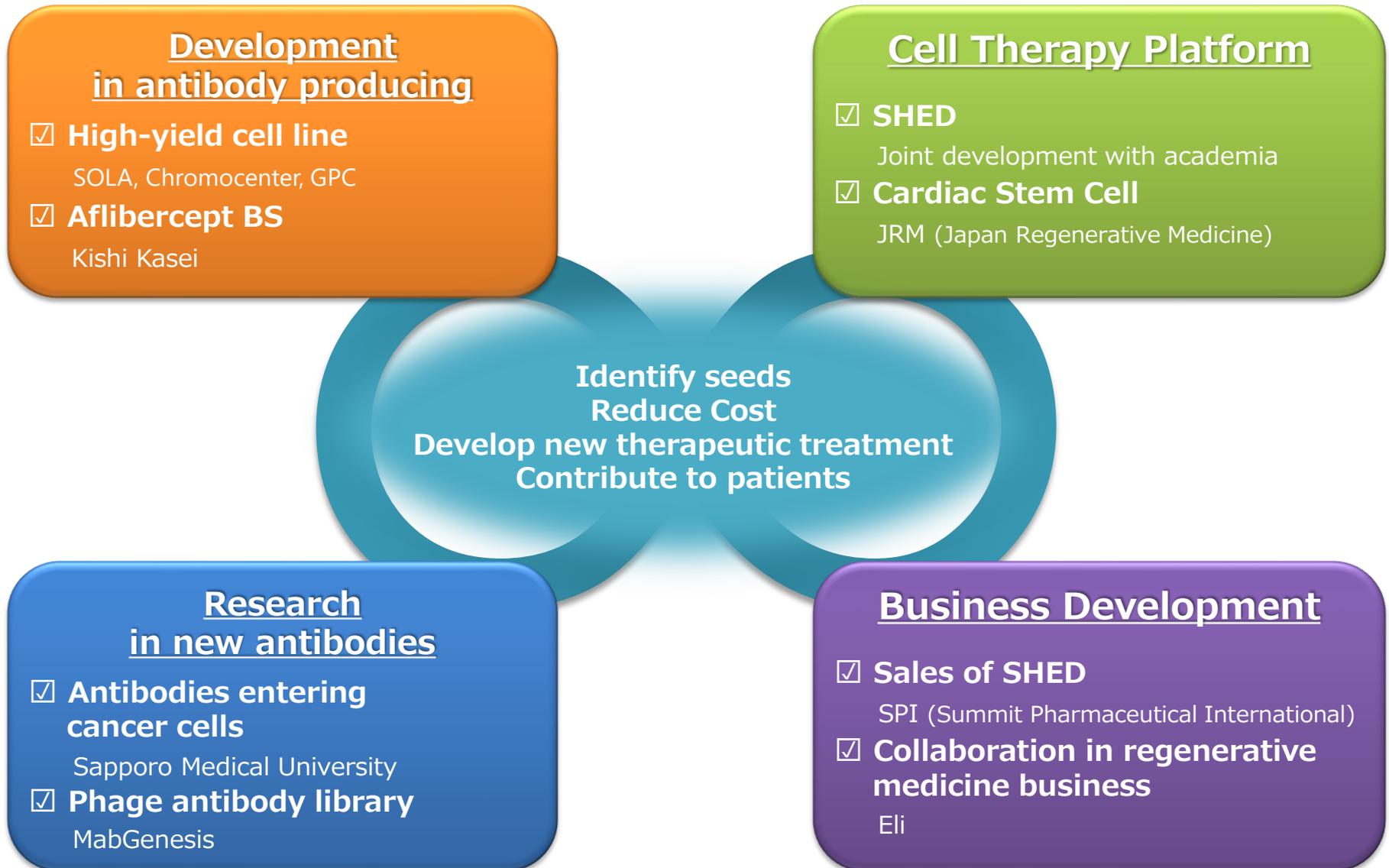


GTS3.0 Business Development

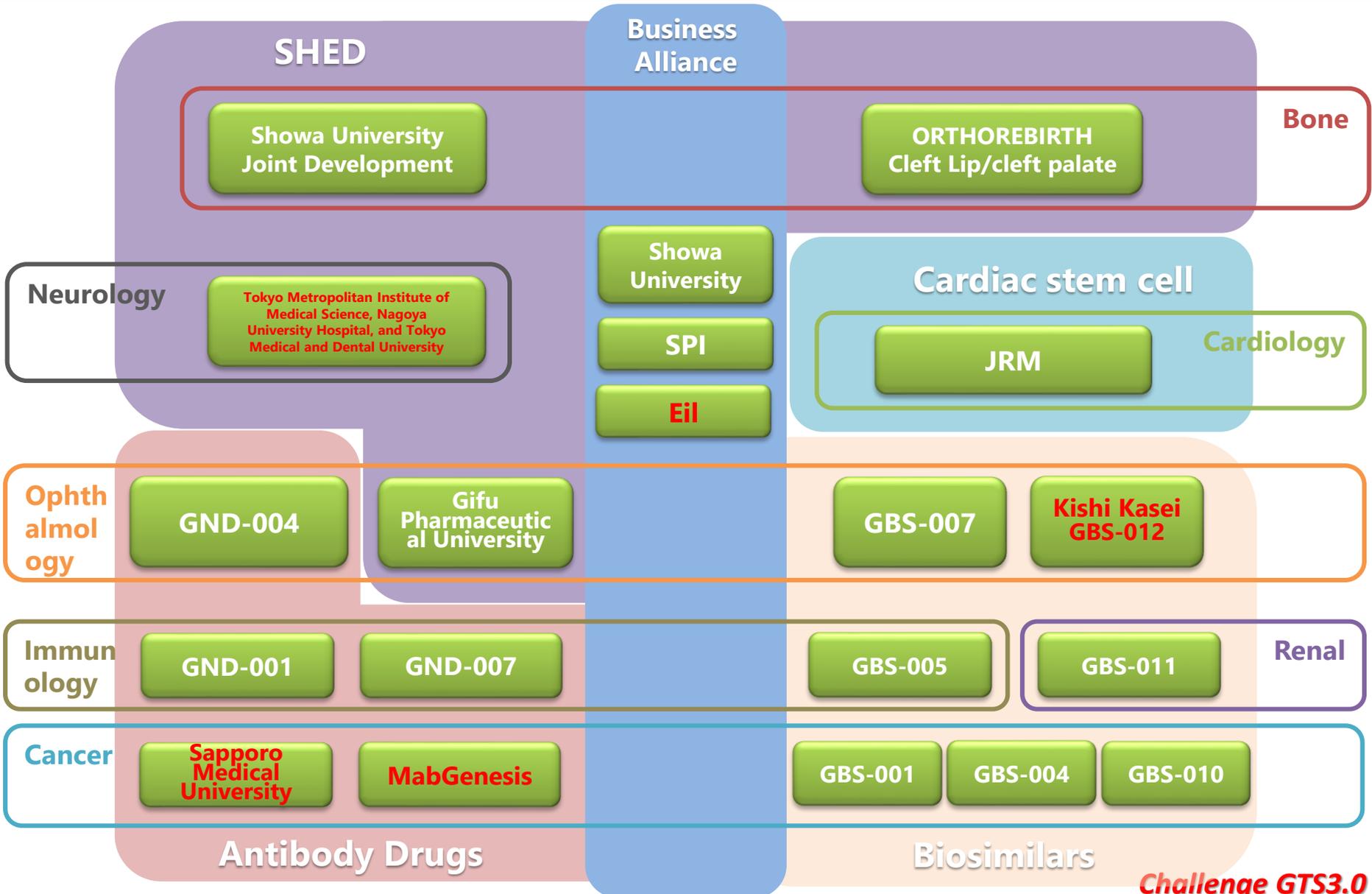
Action Plan in GTS3.0



GTS3.0 - Striving for value creation



GTS3.0 – toward the new therapeutic treatment





Product Pipeline Update

Pipeline Update

(1) Biosimilars

Project	Therapeutic Area	Development Research	Clinical Trial		Application/Marketing/Approval/Launch	Partner
			Phase 1	Phase 3		
GBS-001 Filgrastim	Oncology					Fuji Pharma Co., Ltd. Mochida Pharmaceutical Co., Ltd.
GBS-004 Bevacizumab	Oncology					
GBS-005 Adalimumab	Immunological disease					Terminating an agreement with Changchun Changsheng Life Sciences Limited (China) and searching new partners
GBS-007 Ranibizumab	Ophthalmic disease					Senju Pharmaceutical Co., Ltd. License out to Ocumension Therapeutics (China and Taiwan)
GBS-008 Palivizumab	Infectious disease					
GBS-010 PEG-filgrastim	Oncology					
GBS-011 Darbepoetin alfa	Renal disease					Sanwa Kagaku Kenkyusho Co., Ltd.
GBS-012 Aflibercept	Ophthalmic disease					Kishi Kasei Co., Ltd.

(2) New Biologics

Project	Therapeutic Area	Basic Research	Development Research	Clinical Trial			Application/Marketing/Approval/Launch	Partner
				Phase 1	Phase 2	Phase 3		
GND-001 <i>Anti alpha-9 integrin antibody</i>	Immunological disease, Oncology							Kaken Pharmaceutical Co., Ltd.
GND-004 <i>Anti RAMP2 antibody</i>	Ophthalmic disease, Oncology							Looking for partners
GND-007	Immunological disease							
New Antibody	Oncology							Sapporo Medical University
	Oncology							MabGenesis Co., Ltd.

Pipeline Update

(3) New Biotech Business (Cell Therapy)

Project	Basic Research	Clinical Trial	Conditional and Time-limited Authorization ※	Marketing (Further confirmation on safety and efficacy)	Marketing Authorization	Marketing Continues	Partner
GCT-101 Cell therapy using SHED for alveolar cleft							Orthorebirth Co., Ltd.
JRM-001 Cell therapy using cardiac stem cell for hypoplastic left heart syndrome							Japan Regenerative Medicine Co., Ltd.
Stem Cell from Human Exfoliated Deciduous Teeth	Bone-related Diseases						Showa University School of Medicine
	Ophthalmologic Diseases						Gifu Pharmaceutical University
	Cerebral palsy						<ul style="list-style-type: none"> • Tokyo Metropolitan Institute of Medical Science • Nagoya University Hospital • Tokyo Medical and Dental University

※ Expedited approval system for regenerative medicine

Post-marketing safety measures must be taken, including prior informed consent of risk to patients.

Other Partners

Category	Partner	Project
Business Succession	Juntendo University Junten Bio Co., Ltd.	Induction of immune tolerance for organ transplant
Investment	Sapporo Medical University Minerva Medica Co., Ltd.	Cell therapy using mesenchymal stem cell derived from bone marrow for diabetic nephropathy
	Heartseed Inc.	Myocardial regenerative medicine using iPS cells

Gene Techno Science



***Biotech Engineering Company,
striving for value creation***