



GENE TECHNO SCIENCE

Boundless Capability of Drug Discovery from the Ground

Gene Techno Science Co.,Ltd.

Results of Operations

for the First Half of the Fiscal Year Ending March 31, 2015 (FY3/15)

November 19, 2014

Stock code: 4584

Financial Highlights

◆ First Half of FY3/15 Review of Operations

	Net sales (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income (Million yen)	Net income per share (Yen)
Forecast announced on May 14, 2014 (A)	155	(830)	(807)	(808)	(339.10)
Results (B)	145	(396)	(369)	(370)	(155.51)
Change (B-A)	(9)	434	437	437	

Sales of filgrastim were basically as planned, although there was a slight difference in the volume of deliveries

Carefully studied development processes
 ↓
 Succeeded in spreading out expenditures without any delays in development activities!
 ↓
 Significantly reduced risks associated with development activities!

FY3/15 Forecast

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
FY3/14 Results (A)	301	(512)	(516)	(519)	(240.15)
FY3/15 Forecast (B)	310	(970)	(946)	(948)	(397.97)
Change (B-A)	9	(458)	(430)	(429)	

Sales include only confirmed orders for filgrastim



Aggressively pursuing opportunities for higher sales!

(1) Development expenditures involving manufacturing are peaking as we aim to start clinical trials for the second and third biosimilars



Our goal is to increase added value greatly while selling licenses to pharmaceutical companies!

(2) The amount that development expenses declined in the first half is included in the budget for new projects that are currently under consideration

How will the Japanese government hold down healthcare expenditures?

The use of generic drugs is increasing, so why aren't healthcare expenditures falling?



The benefits of switching to generic drugs have been offset by the use of very expensive biopharmaceutical products.



In fact, biopharmaceutical products account for the majority of the largest drug purchases by major cancer treatment hospitals in Japan.



Biosimilars will be essential to holding down healthcare expenditures!

Sales of the Filgrastim Biosimilar and Outlook

The filgrastim launch was more successful than expected!

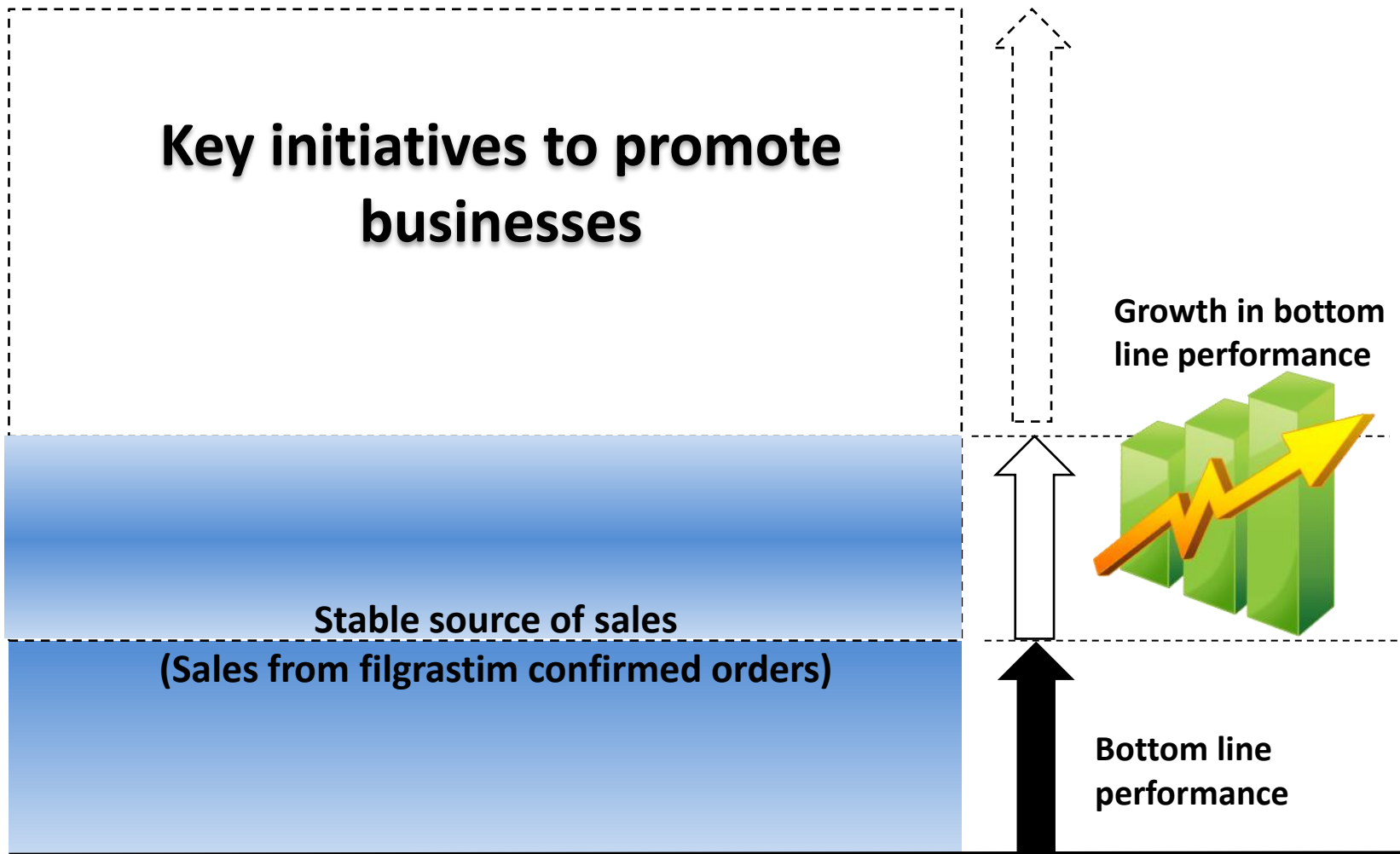
- (1) About 30% of the medical institutions that prescribe filgrastim are using biosimilars.
- (2) Furthermore, many high-potential medical institutions have decided to use filgrastim or are considering its use.
- (3) Fuji Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd. account for about 70% of the filgrastim biosimilar market.

(Source: Brief summary of documents on the Fuji Pharma website)

Good prospects for strong sales growth!

We are currently studying how filgrastim will affect our performance in the current and next fiscal years. An announcement will be made once we have sufficient information to determine an estimate.

The Potential for Growth in Sales from Stable Sources (FY3/16)



The Market for Next-generation Filgrastim (PEG-filgrastim)

Point 1

Potential

- If filgrastim can be a success, then prospects are excellent for the next version, too!
- Market is much larger than just filgrastim – Europe/U.S. is ¥500 billion!

Point 2

Steady progress with development

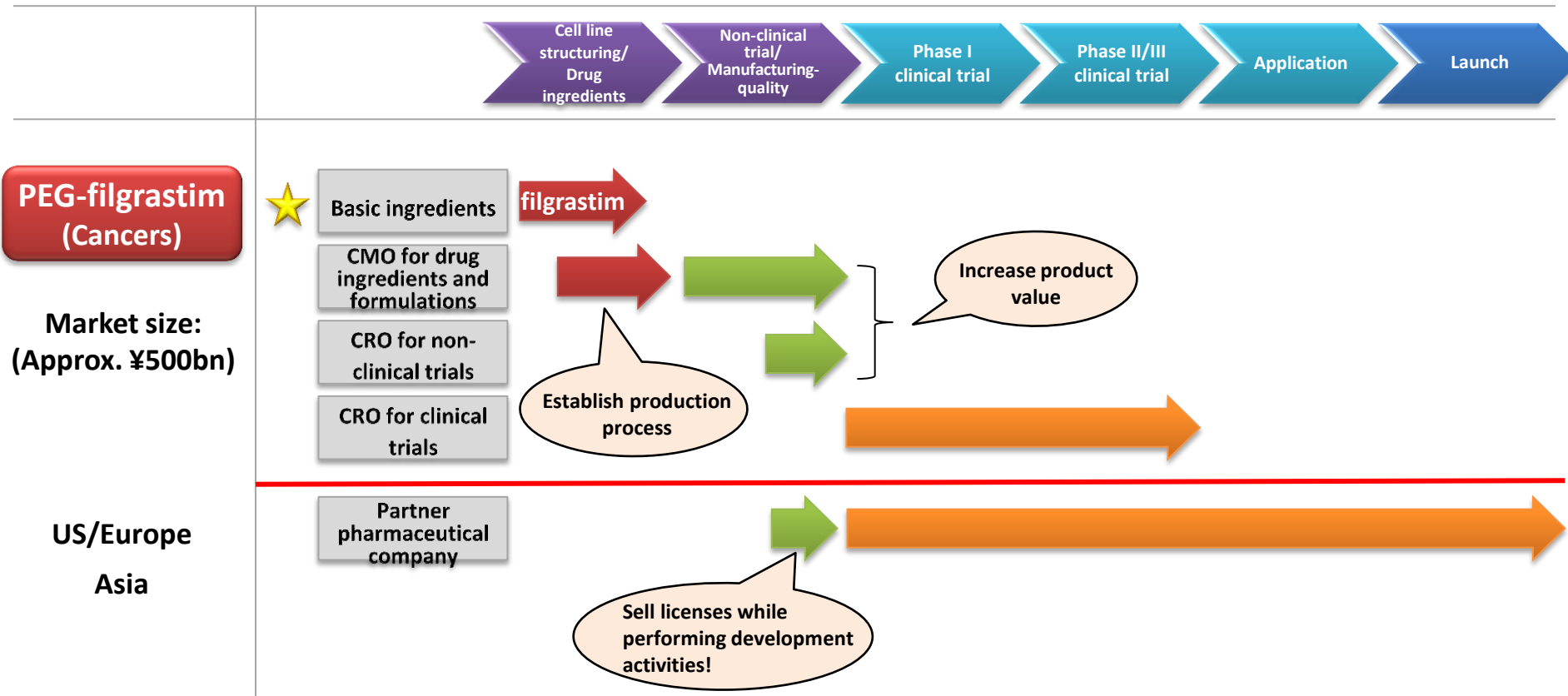
Non-clinical trials have started!

Point 3

Expect income from alliances

Advancing from the investment stage to the investment return stage!

Development Schedules (PEG-filgrastim)



★ Secure
 → Activities up to end of FY3/14
 → Progress in FY3/15
 → Planned progress in fiscal FY3/16 onward

Steady Progress with Development of Products to

Follow the Filgrastim Biosimilar

darbepoetin alfa

(Treatment for renal anemia)

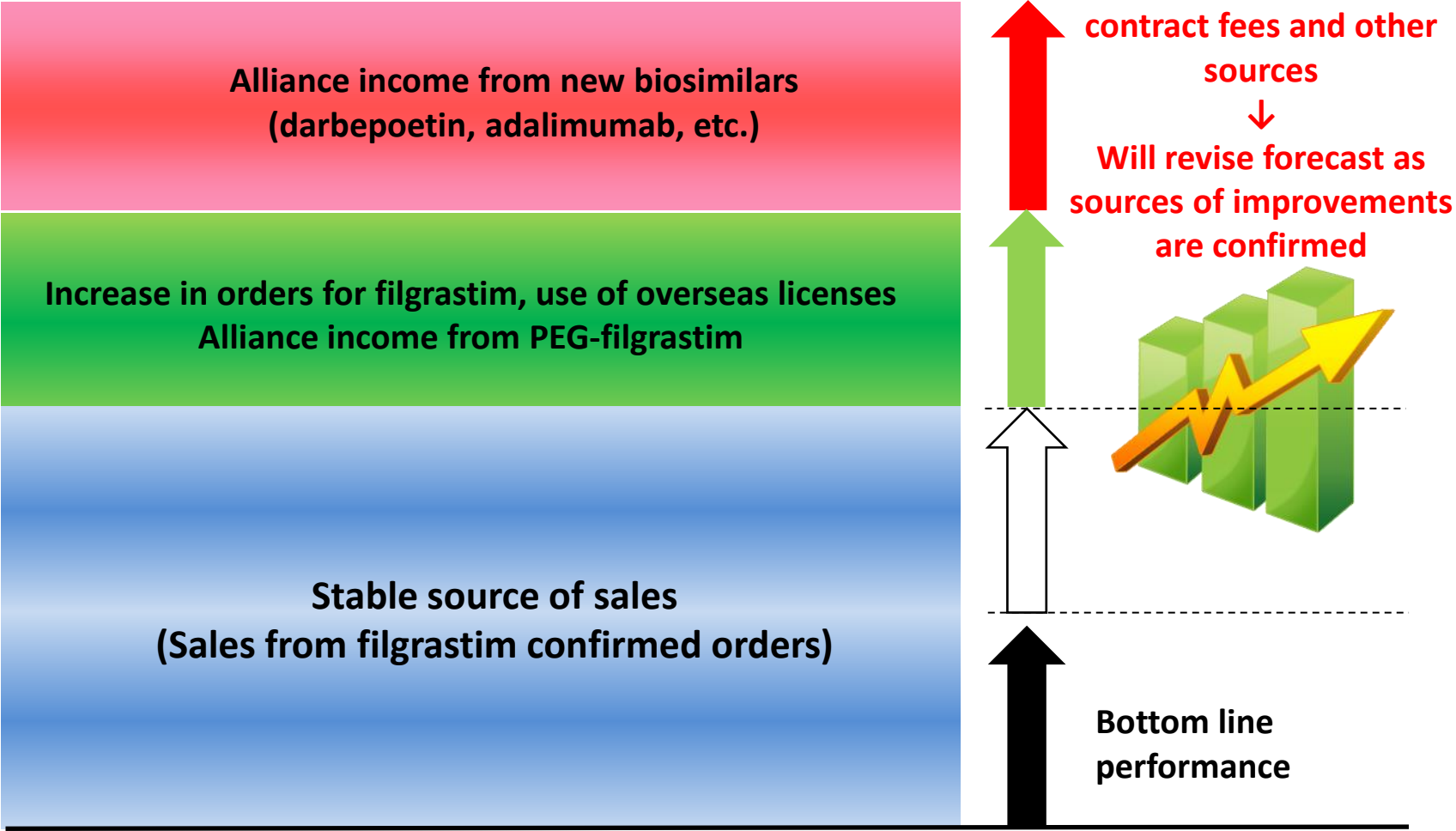
- A major drug category with annual sales of ¥60 billion in Japan
- Have established a value chain with a pharmaceutical company (creates source of future income)
- Steady progress with joint development activities to prepare for quickly starting clinical trials

adalimumab

(Treatment for rheumatoid arthritis)

- An enormous drug category with annual global sales of about ¥1,000 billion
- Plan to form alliances with pharmaceutical companies in Japan and other countries based on the results of development activities

Progress Toward Sales Growth



Priority Fields

1. Healthcare sector
2. Diagnostic drugs that use a new mechanism and companion diagnostic drugs that combine with drugs
3. Medical equipment and materials
4. Regenerative medicine



Quickly start operations in these fields while evaluating growth potential and risk factors!

Capital and Business Alliance with ORTHOREBIRTH

Objectives:

1. Quickly build a stronger foundation for sales and earnings
2. Use synthetic bone as a means of entering the regenerative medicine field

Company Overview

ORTHOREBIRTH CO., LTD.

Established on June 20, 2011

3-17-43, Chigasaki Higashi, Tsuzuki-ku, Yokohama

President & CEO, Yasutoshi Nishikawa

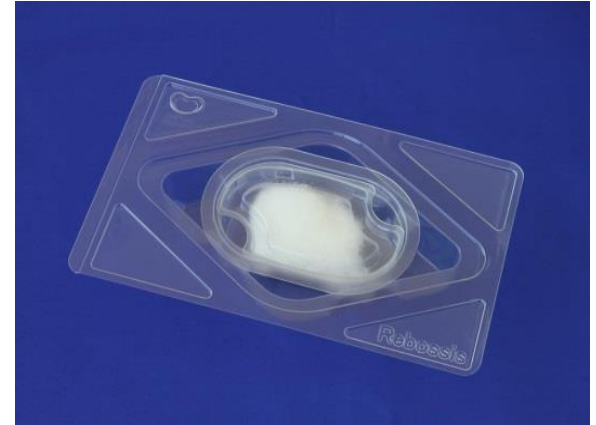
Business: Research and development, manufacturing and sales of cottony flexible synthetic bone



Rebossis™ – A New Type of Synthetic Bone

Raw material

Composite material of calcium carbonate (CaCO_3), silicon (Si), polylactic acid (PLLA), β -calcium phosphate tribasic (β -TCP)



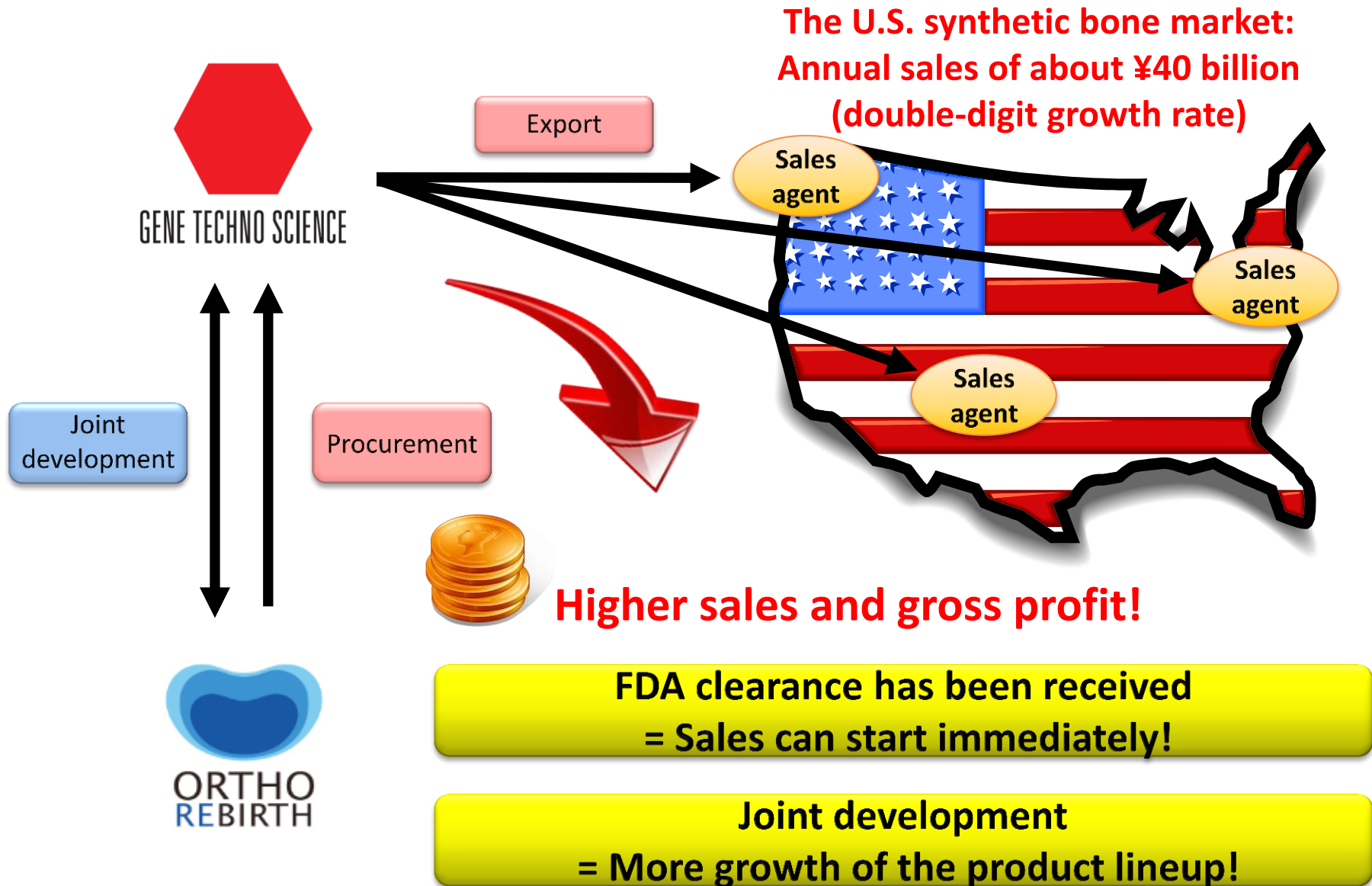
Features

- Due to its cottony texture, this synthetic bone can be used in many applications, easily processed and shaped, and easily used during surgery
- The cottony texture provides flexibility because this synthetic bone can easily combine with BMA (bone marrow aspirate), blood, natural bone and other substances
- Reduces the amount of natural bone needed for MIS (minimally invasive spine surgery)

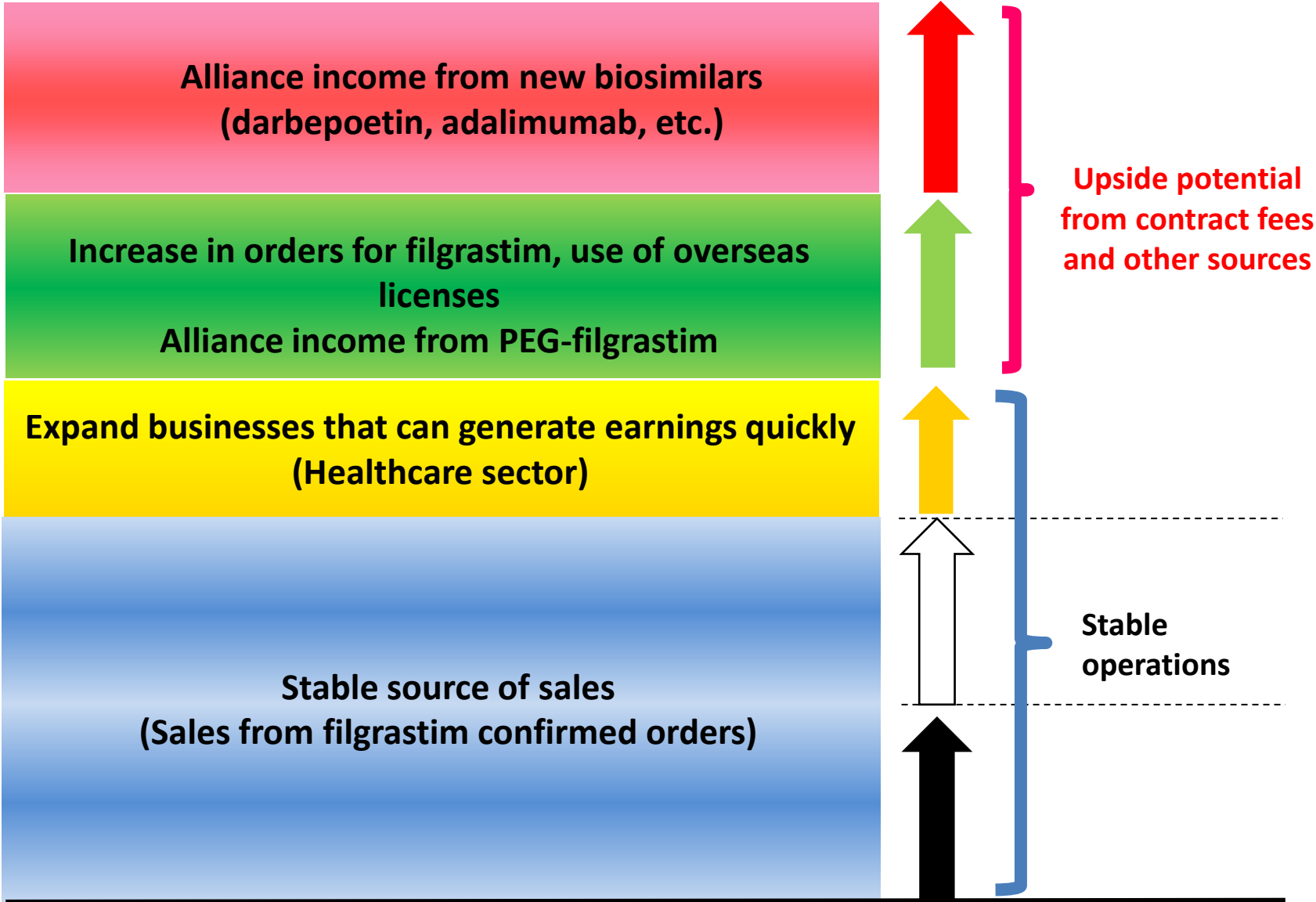
(Source: ORTHOREBIRTH)

Increasing Sales of Rebossis Synthetic Bone

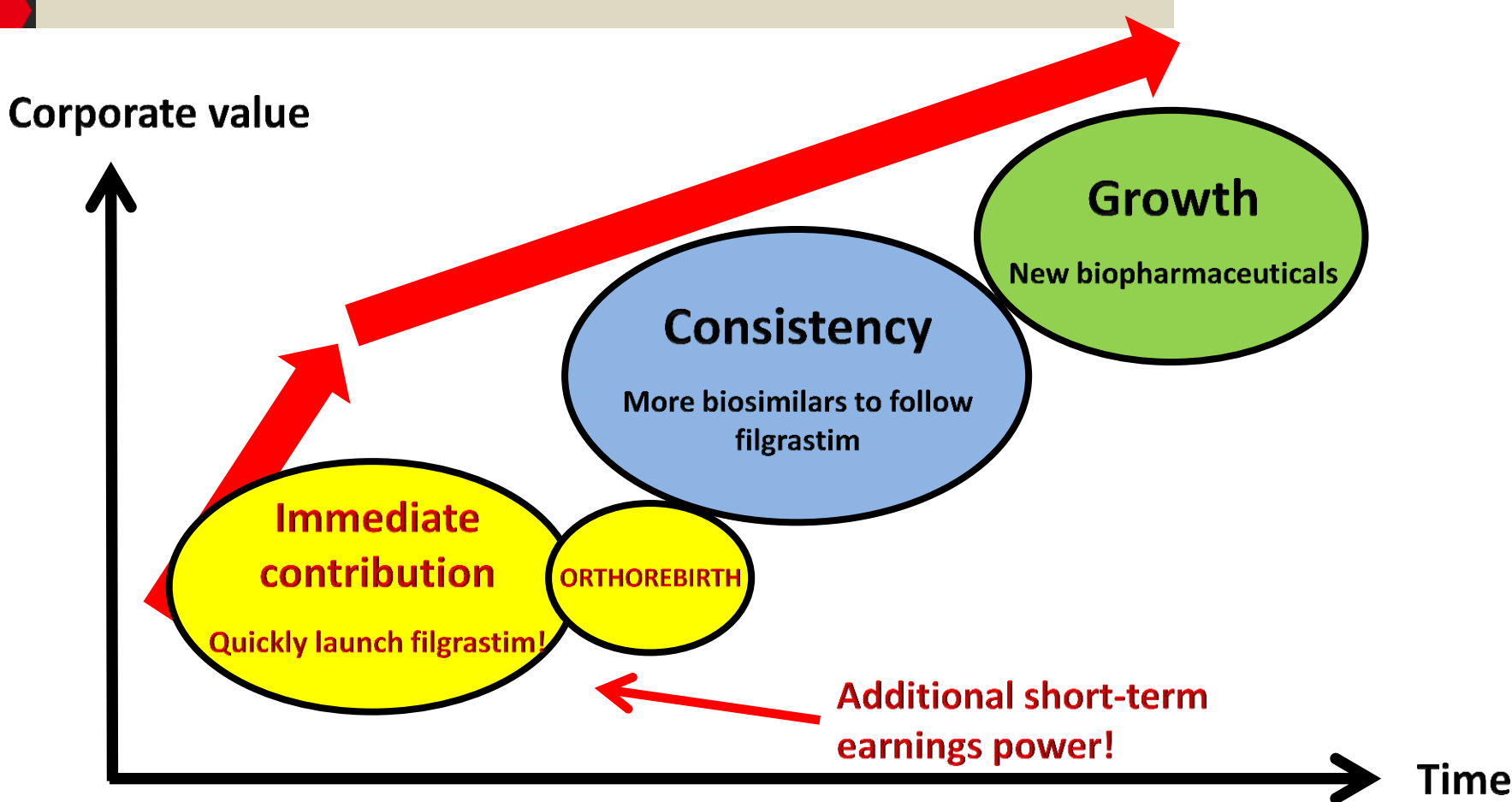
(Expected to become the next profit center alongside biosimilars)



Moving Faster to Build a Base for Growth!



Our goal: Be an Outstanding Bio-venture Firm with Profitability!



Become a profitable and innovative bio-venture firm!



Gene Techno Science is constantly aiming for higher goals!

 **Disclaimer**

This presentation was prepared for the purpose of providing information about the current operations of Gene Techno Science Co.,Ltd.

Information in this presentation is based on the current economic and social situation as well as assumptions that Gene Techno Science Co.,Ltd. believes are reasonable. This information may be revised without prior notice due to a change in the operating environment or for other reasons.

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