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Mothers
Security Code：4584

Gene Techno Science Co., Ltd.

Financial Results for 3Q/FY2018 (Fiscal Year Ending March 2019)

February 5, 2019

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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.

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Overview of Business/Financial Highlight

Financial Highlight

- 3Q financial results was in line with the forecast
  - Filgrastim biosimilars achieved the sales target as planned
    - Lower sales compared with the previous year was due to the timing difference of the shipment of Filgrastim. No impact on FY18 forecasts

Business Highlight

- Acquisition of 100% of Advanced Cell Technology and Engineering (ACTE) by the Share Exchange
- Execution of exclusive licensing agreement with Ocumension Therapeutics on biosimilar in ophthalmologic field

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Overview of 3Q/FY2018 Financial Results

Financial Results for 3Q/FY2018

	Sales (in millions of yen)	Selling, general and administrative expenses (in millions of yen) Total	Selling, general and administrative expenses (in millions of yen) R&D expenses included	Operating profit (in millions of yen)	Ordinary profit (in millions of yen)	Net income for the year (in millions of yen)	Net income per share (in yen)
Results for 3Q/FY2018 (A)	618	860	(524)	-466	-477	-524	-27.10
Results for 3Q/FY2017 (B)	777	991	(656)	-515	-512	-513	-26.85
Change (A-B)	- 159	-131	(-132)	49	35	-11	
(Reference) Forecasts for FY2018	1,060		1,300	-1,180	-1,180	-1,182	

Key points

1. Steady earnings

Due to timing of shipment, Filgrastim biosimilar sales decreased vs. PY, but, no changes on FY18 forecasts. Milestone revenue in biosimilars portfolio was recorded.

2. Steady progress of development

R&D spending was mainly on the biosimilar operations. (Development is going smoothly)

3. SG&A expenses on schedule

Special payment in relation to the retirement of GTS chairman (45 million yen: extraordinary loss)

- The company split each share into two shares on July 1, 2018. Net income per share for the quarter is calculated based on the assumption that the split was conducted at the beginning of FY2018.

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Acquisition of 100% ownership of Advanced Cell Technology and Engineering(ACTE) by the Share Exchange

GTS and ACTE - Strategic Rationale

GTS will realize the following objectives by integrating
our R&D experiences and know-how into
dental pulp stem cell treatment platform of ACTE

1. **Expand alliances with various partners**
2. **Accelerate developments of new products and treatments**
3. **Provide patients with higher-level solutions early and stably**

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Research and Development with SHEDs

What are SHEDs ?

One type of dental pulp stem cells that extracts from a human exfoliated deciduous teeth

Especially, ACTE runs **a stock business of the stem cells from human exfoliated deciduous teeth (SHED)**

Features of SHED	Benefits in Research and Development
➢ **More opportunities** to extract as it is exfoliated deciduous teeth and **less burden** on a donor	➢ Due to more opportunities for extraction, possible to secure a **wealth of resources** for R&D, and it enables to provide pharmaceutical companies with the stem cells
➢ **Easy to differentiate** into bone, cartilage and nerve cells	➢ **Applicable for nervous system diseases** such as spinal cord injury from its differentiation characteristics
➢ **More active** as the stem cell is extracted from exfoliated deciduous teeth	➢ As it is young stem cells, it has higher capability of differentiation, proliferation. **Higher tissue regeneration ability** is expected.

Enable to realize solid research and development - low-risk and high certainty by securing the stable stem cells platform and qualifying the targeted disease area.

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For Successful Research & Development in Cell Therapy

The key success factor is

"Wealth of Resources" × "Adaptability to target diseases" × "Clarification of Mechanism"

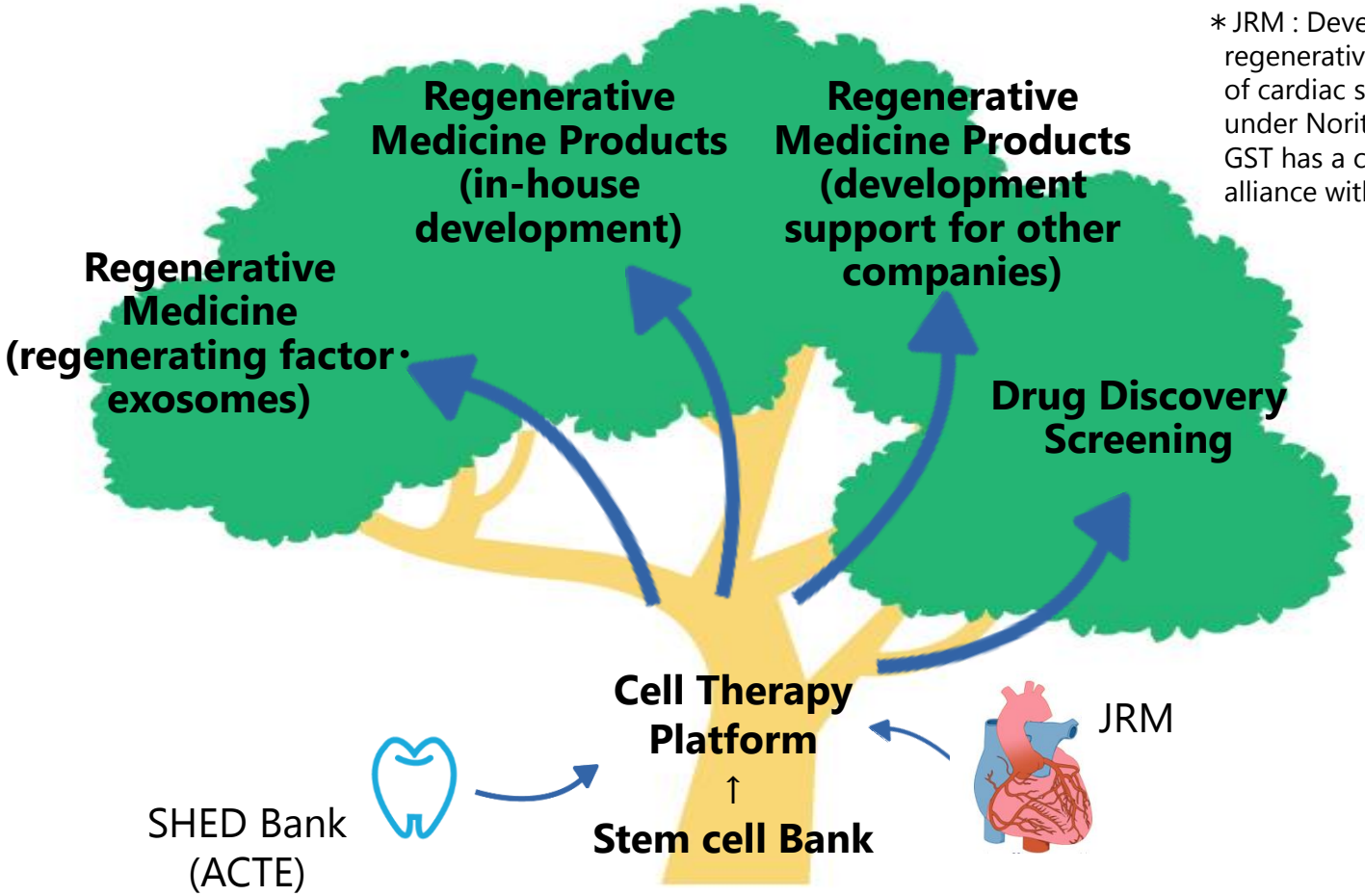
Wealth of Resources	Utilize ACTE's SHED bank and provide pharmaceutical companies with stem cells
Adaptability to target diseases	Evaluate and qualify the disease area from the characteristics of SHEDs
Clarification of mechanism	Since cell therapy, which is the next generation medical treatment, is still at the research stage, it is difficult to ascertain the full effectiveness. However pursuing its mechanism (why it worked) in accordance with demonstration of the effect is a key to success

Based on the above the KSF, GTS secures following resources and prepares a plan which are critical for realization of cell therapy

- ✔ Stable supply of stem cells which is mandatory for R&D (SHED bank platform)
- ✔ R&D resources, network and have qualified target disease area (GTS, academia, partners)
- ✔ Alliance with clinical institute to evaluate an effectiveness at earlier phase and concrete plan (Class II clinical research under the Act on the Safety of Regenerative Medicine)

Future Business Development in Regenerative Medicine

Explore the developments in regenerative medicine business with our cell therapy platform
ACTE's **"SHEDs"** and **"cardiac stem cells"** of GTS/JRM*



＊JRM : Developing the regenerative medicine business of cardiac stem cells. Currently under Noritsu Koki Group and GST has a capital and business alliance with JRM.

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Market Size of Growing Regenerative Medicine Business

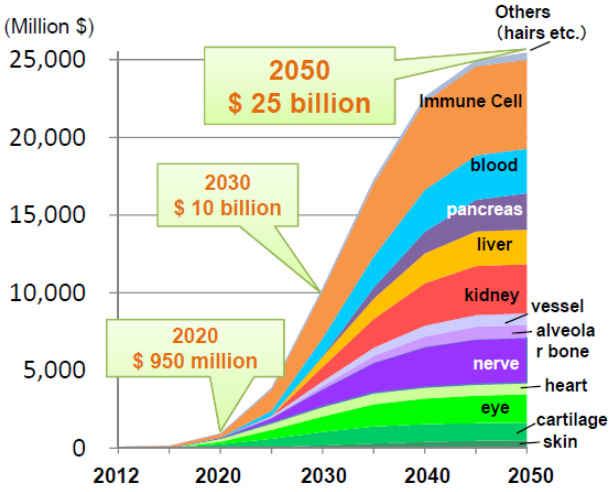
Estimated market size of regenerative medicine

INVEST JAPAN

Regenerative medicine market expands rapidly both in Japan and in the world.

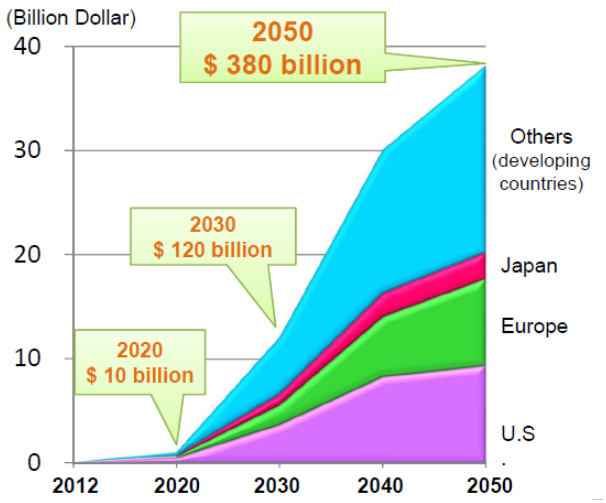
Japan

2012	2020	2030	2050
$ 90mill.	$ 950mill.	$ 10bn.	$ 25bn.



Global

2012	2020	2030	2050
$ 1bn.	$ 10bn.	$ 120bn	$ 380bn



Full-scale entry into growing regenerative medicine market by leveraging the GTS's original cell therapy platform

Source: Ministry of Economy, Trade and Industry (METI) Japan "New Era of Regenerative Medicine with New Legal Framework"

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GBS-007 Overseas Activities
Execution of exclusive licensing agreement with Ocumension

Execution of exclusive licensing agreement with Ocumension in ophthalmologic field (China and Taiwan)

<Key Points>

- Obtaining marketing authorization in China and Taiwan
- Receiving milestone payment per development stage and royalty per sales

<Ocumension Therapeutics>

- Established in May, 2018, 100% funded by 6 Dimensions Capital (investment fund specialized in Chinese and US healthcare)
- Aiming at business expansion in ophthalmologic drugs in Chinese market by recruiting professionals who have track record and experience in ophthalmologic field at global pharma

< Overview of Chinese market>

Sales size of drugs in ophthalmology ※1	2018 3,000 oku-yen	➡	2023 5,400 oku-yen
Ref) Number of AMD patients worldwide※2	2020 196 million	➡	2040 288 million

＊Population is aging in China and the number of people over 65 years old will be 170 million(※3) (5 times as large as those in Japan) in 2020 . So, the market is growing

(※1) "Market Scope: China's Ophthalmic Market to grow 11.3% to $4.5 Billion in 2023" Market Scope
(※2) "Global prevalence of age-related macular degeneration" Jost B Jonas
https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(13)70163-3/fulltext
(※3) "Databook of International Labour Statistics 2017", The Japan Institute for Labour Policy and Training

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Product Pipeline Update

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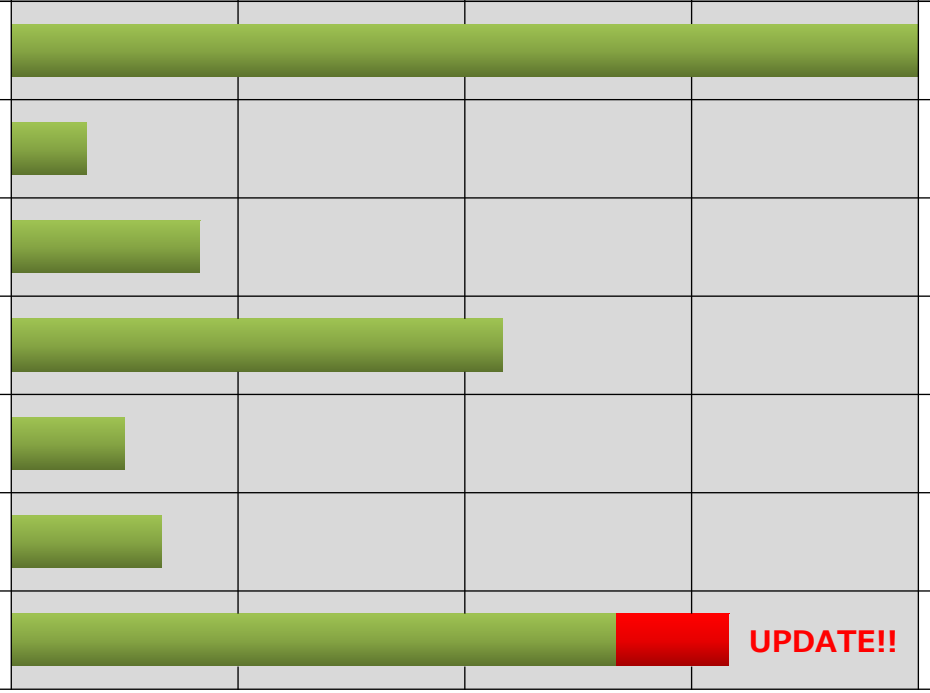
Progress in each pipeline

(1) Biosimilars Business

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	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				UPDATE!!	Sanwa Kagaku Kenkyusho Co., Ltd.



***New Drug Application in Japan of Darbepoetin alfa Biosimilar was submitted on September 28th, 2018**

Progress in each pipeline

(2) New biologics business

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

(3) New biotech business (regenerative medicine)

Project	Basic Research	Clinical Trial	Conditional and Time-limited Authorization※	Marketing (Further confirmation on safety and efficacy)	Marketing Authorization	Marketing Continues	Partner
Cell therapy using cardiac stem cell for hypoplastic left heart syndrome							Japan Regenerative Medicine Co., Ltd.
Induction of immune tolerance for organ transplant							Juntendo University Junten Bio Co., Ltd.
Cell therapy using mesenchymal stem cell derived from bone marrow for diabetic nephropathy							Sapporo Medical University Minerva Medica Co., Ltd.

※Expedited approval system for regenerative medicine
Post-marketing safety measures must be taken, including prior informed consent of risk to patients.

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Towards Gene Techno Science 3.0

Our Strategic Direction in GTS 3.0

GTS 3.0

Biotech Engineering Company, striving for value creation

－Aiming at providing comprehensive healthcare solutions for patients as well as families and caregivers -

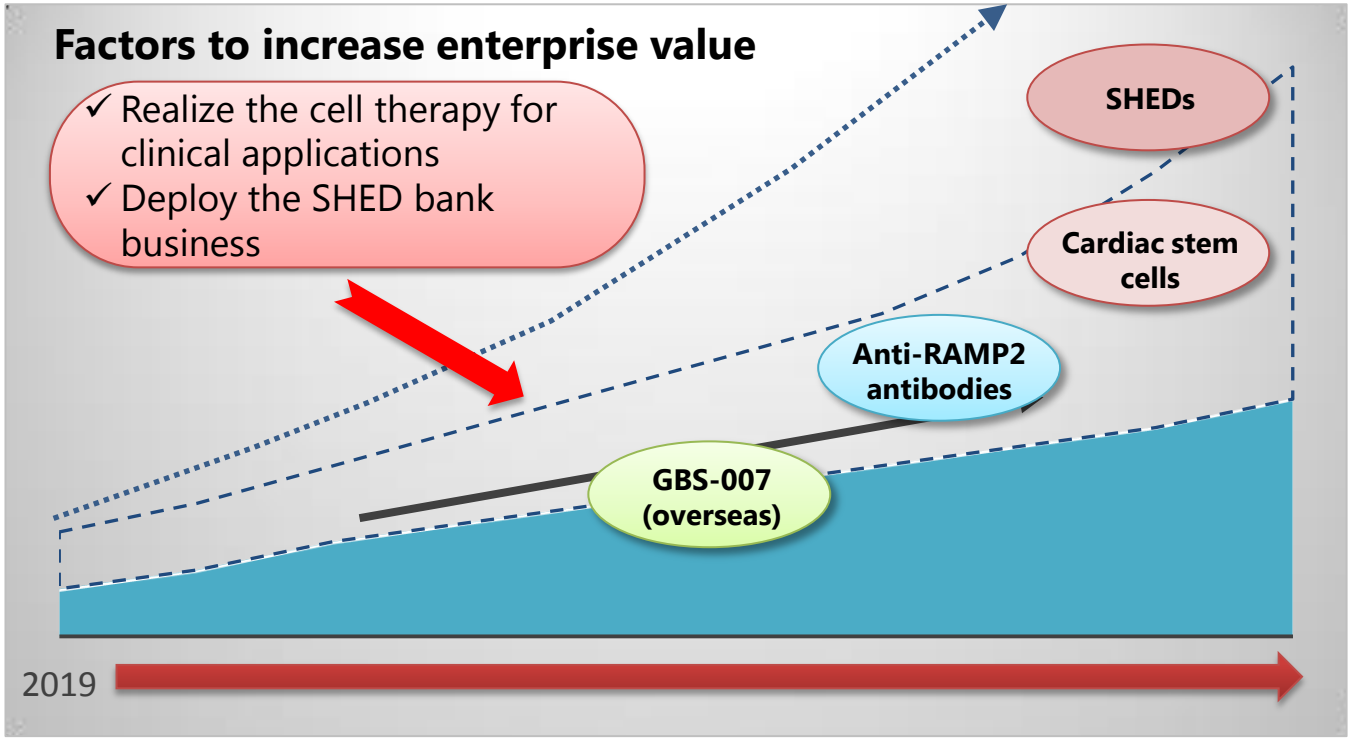
Explore new business opportunities by providing a healthcare solution for the therapeutic areas where a current solutions is insufficient

Our Focus

- Pediatric disease (including juvenile one)
- Orphan disease
- Intractable disease
- Asia-endemic disease

Realization of Maximum Impact on Enterprise Value

1. Biosimilars	2. New Biologics & New Biotech (cell therapy)
● Achieve sales plan by progressing current pipeline on schedule ● Develop new pipeline and find partners in a timely manner ● Pursue licensing out outside Japan → Create revenue base with BSs to promote new biologics and new biotech business	● Develop new pipeline and partners ● Upfront, license out, and milestone payments ● Develop partners with cell therapy platform (sales of SHEDs, collaborative research) ● Early recognition of profit from SHED bank business ● Accelerate development of new biologics



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Biotech Engineering Company,
striving for value creation