



February 17, 2020
Gene Techno Science Co., Ltd.
Code: 4584 (TSE Mothers)
Masaharu Tani, President & CEO

Announcement of Acquisition of Shares of Japan Regenerative Medicine Co., Ltd.

Tokyo, February 17, 2020 – Gene Techno Science Co., Ltd. (“GTS”) resolved to acquire the shares of Japan Regenerative Medicine Co., Ltd. (“JRM”) and make JRM a subsidiary of our company at a meeting of the Board of Directors held on February 17, 2020.

1. Purpose of this acquisition

Noritsu Koki Co., Ltd. (“NK”) considered the future business expansions and possibilities of its subsidiary JRM from various perspectives, and concluded that it is the best option for JRM to be transferred to GTS, a capital and business alliance partner, which could make possible to create an environment where both companies could grow their businesses by concentrating management resources. Based on this point of view, GTS and JRM have agreed that the best way to promote the commercialization of JRM's cardiac stem cells (“CSCs”) business more smoothly and promptly is the subsidiary acquisition and business succession by GTS that has multiple experiences of the launching of biopharmaceuticals and owns cell therapy business.

JRM is conducting research and development using CSCs, the multipotent somatic stem cells in the heart, to provide the world's first therapeutic treatments for severe heart disease centered on pediatric congenital heart disease (Development code: JRM-001). Pediatric congenital heart disease is a case where a heart has some abnormalities from birth. For example, the heart usually has four chambers formed by the left and right atriums and ventricles, but only has two chambers for some cases, or there are other symptoms occurred by less blood flow with a narrow heart valve. If other small symptoms are included, it is said that heart diseases occur 1 in 100 newborns, and thus very frequent as a disease existing at birth.

In order to ameliorate these symptoms, JRM conducts research and development on treatments that improve cardiac functionality by administrating CSCs that has high self-renewal capacity and differentiation capability into myocardial cells, which are

cultured from sections obtained in surgery. In Japan, where the hurdles of cardiac transplantation are still high, CSCs have great potential as cell sources for treating severe heart disease.

Meanwhile, our company has a track record of obtaining the first manufacturing and marketing approval in accordance with the Japanese biosimilar guidelines, and has strengths in expertise for technology and development of biopharmaceuticals, including antibody drugs. In addition, in recent years, cell therapy business centered on stem cells from human exfoliated deciduous teeth became fully in progress, and the experience and knowledge in cell therapy is also accumulated. We believe that GTS could effectively develop JRM-001 by taking advantage of these strengths, and furthermore, make full use of our capability to create value with biotechnology, which is the essence of our company, that is, project management ability and broad resource networks. Not only to JRM-001, those will be able to lead to further business development in the field of cardiac disease.

Based upon the above background, GTS has determined that undertaking JRM will contribute to enhancing the enterprise value of both parties. To move forward, we will work hard to promote clinical development of JRM-001 as a product development of our group, deliver new treatments to patients as soon as possible, pursue the synergy in new businesses in the field of cardiac disease and our business, and achieve the expansion of GTS3.0 and its early realization.

2. Acquisition scheme

Based on a share transfer agreement concluded with NK today, GTS will obtain 121,000,000 shares, which is 94.7% of the issued shares held by NK, and will convert JRM into a wholly owned subsidiary of GTS.

3. Outline of JRM

1	Company Name	Japan Regenerative Medicine Co., Ltd.		
2	Location	2-5-5, Shibadaimon, Minato-ku, Tokyo		
3	CEO	Ryo Noguchi		
4	Main business	Research and development of regenerative medicine technology and products of cell therapy		
5	Capital	10 million Japanese Yen		
6	Established	October 16, 2013		
7	Shareholding ratio	Noritsu Koki Co., Ltd.	94.7%	
		Gene Techno Science	5.3%	
8	Financial status for past 3 years	(Japanese Yen)		
	Fiscal year	Fiscal year	Fiscal year	Fiscal year

	ended March 2017	ended March 2018	ended March 2019
Net asset	798 million	515 million	230 million
Total asset	836 million	536 million	254 million
Net asset per share	6.25	4.03	1.80
Revenue	—	—	—
Operating profit	-438 million	-282 million	-282 million
Ordinary loss	-473 million	-282 million	-282 million
Net loss	-473 million	-282 million	-285 million
Net loss per share	-4.58	-2.21	-2.23

4. Schedule

1	Date of resolution	February 17, 2020
2	Date of signing share transfer agreement	February 17, 2020
3	Date of share transfer	February 17, 2020

5. Future outlook

The acquisition of shares in the consolidated business results due to the conversion of JRM to a subsidiary is scheduled to be considered March 31, 2020 as the acquisition date. With regard to the impact on the business results for the fiscal year ending March 31, 2020, GTS plans to record an extraordinary loss associated with the acquisition of the shares (loss on the stage acquisition).

About Gene Techno Science Co., Ltd.

GTS announced GTS 3.0 “Biotech Engineering Company, striving for value creation” a new business stage starting from this fiscal year, which targeted the pediatric disease in addition to the areas GTS has been engaged in such as the orphan disease and intractable disease. By leveraging the knowhow and expertise about biotechnology acquired in the past business activities, GTS is working on the development and provision of new medicines and therapeutic treatment for the purpose of achieving comprehensive healthcare solutions for the patients suffering from these diseases as well as families and caregivers.

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