



May 11, 2018

Summary of Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

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Listing: Tokyo Stock Exchange
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2018
 Scheduled date of filing of Annual Securities Report: June 29, 2018
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	1,059	Δ2.7	Δ913	-	Δ903	-	Δ904	-
Fiscal year ended Mar. 31, 2017	1,089	Δ6.2	Δ1,184	-	Δ1,176	-	Δ1,224	-

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	Δ94.54	-	Δ29.9	Δ26.8	Δ86.2
Fiscal year ended Mar. 31, 2017	Δ137.01	-	Δ63.5	Δ43.6	Δ108.7

Reference: Equity in income (loss) of affiliates (million yen) Fiscal year ended Mar. 31, 2018: -
 Fiscal year ended Mar. 31, 2017: -

(Note) Even though there is a calculation of dilutive shares available, there is no reporting on net income per share after an adjustment of dilutive shares as the company recorded net loss.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2018	3,025	2,604	85.0	268.74
As of March 31, 2017	3,706	3,500	93.8	363.39

Reference: Shareholders' equity Mar. 31, 2018: 2,571 million yen
 Mar. 31, 2017: 3,476 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	Δ438	Δ50	-	1,891
Fiscal year ended Mar. 31, 2017	Δ1,759	Δ149	3,471	2,379

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio	Dividend on net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2017	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Mar. 31, 2018	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	0.00	-	0.00	0.00		-	

3. Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,060	0.0	△1,180	-	△1,180	-	△1,182	-	△123.54

(Note) Since the Company mainly manages its results on an annual basis, only a full year forecast is provided from the fiscal year ending March 31, 2019.

*** Notes**

(1) Changes in accounting policies and accounting-based estimates, and restatements

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(2) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

At the end of the fiscal year ended March 31, 2018:	9,567,923 shares
At the end of the fiscal year ended March 31, 2017:	9,567,923 shares

2) Number of treasury shares at the end of period

At the end of the fiscal year ended March 31, 2018:	- shares
At the end of the fiscal year ended March 31, 2017:	- shares

3) Average number of shares outstanding during the period

At the end of the fiscal year ended March 31, 2018:	9,567,923 shares
At the end of the fiscal year ended March 31, 2017:	8,937,905 shares

*This summary report on Gene Techno Science's financial statements is not subject to audit procedures.

Cautionary statement with respect to forward-looking statements, and other special items

(Notes to information regarding future)

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and the information available to Gene Techno Science at the time these materials were made. These materials on future performances are not promises by the Company. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of business results (4) Future outlook" on page 4 of the attachments for forecast assumptions and notes of caution for usage.

(How to obtain supplemental financial information)

Gene Techno Science plans to hold a financial results meeting for institutional investors and securities analysts on Wednesday, May 16, 2018. Materials distributed at this meeting will be available on the Company's website immediately thereafter.

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1. Overview of business results

(1) Overview of business results for the current fiscal year

During the current fiscal year, the Japanese economy has been slowly recovering due to governmental economic policies. There have been positive economic growth cycles seen as consumer spending has been gradually increasing and the employment and income environment also have been improving. On the other hand, in the world economy, geopolitical risk continues to remain as a concern, and the future of the overall economy remains unclear as seen by growing tensions regarding North Korea and a sense of caution regarding the policy trends of the U.S. government. However, even under these conditions, the overall world economy is recovering slowly, especially in the U.S. and Europe.

In the field of the drugs and medicines that our company is involved in, in order to control medical costs that keep increasing as the aging of the population proceeds, the government continues to discuss and promote measures using biosimilars. As one example, the "Basic Policy on Economic and Fiscal Management and Reform 2017" was approved by the cabinet in June 2017. According to the policy, the government will aim to double the number of biosimilars by the end of 2020, while enhancing supporting measures for the research and development of biopharmaceuticals and biosimilar pharmaceuticals. These measures are laying the groundwork for promoting biosimilars, as well as low-molecular-weight generic drugs. Also, the government is also promoting measures to improve the development environment for Japan to become a drug development powerhouse, while aiming to control medical costs. Based on the "Strategy of SAKIGAKE as a Package - Lead the world through the practical application of innovative medical products" as announced by the Health, Labour and Welfare Ministry in June 2014, the government is facilitating further development of the Japanese pharmaceutical industry by offering an environment to companies in which they can actively work on the drug discovery and development. One of the examples of government's supports is to give priority in the approval process to innovative technologies and drugs. Our core business in the biosimilar operations, new biologics and regenerative medicines operations, which are considered to drive our Company's future growth, is in alignment with the policies and measures promoted by the government, and we believe it will bring a synergistic effect and accelerate to our research and development process further.

Under these conditions, our Company's biosimilar business continues to exhibit steady growth by working together with Fuji Pharma Co., Ltd. and Mochida Pharmaceutical Co., Ltd. to increase sales of the neutropenia medicine "Filgrastim BS." In addition, in September 2016, we started the Phase III clinical trial for the biosimilar of Darbepoetin alpha in Japan, which is developed together with Sanwa Kagaku Kenkyusho Co., Ltd. In December 2016, a collaborating business contract for biosimilars in the area of cancer treatment was entered into with Mochida Pharmaceutical Co., Ltd., and the companies started co-development to obtain a marketing authorization for biosimilars. Further, the Company entered into a capital and business alliance with ITOCHU CHEMICAL FRONTIER Corporation in March 2017 to develop a new biosimilar product. During the current fiscal year, we have been moving forward steadily with our businesses. In September of this fiscal year, a business collaboration with Changchung Changsheng Life Sciences Limited has become more active with adalimumab biosimilar in China. In addition, in November of this fiscal year, we started the Phase III clinical trial in Japan for the biosimilars which we are developing together with Senju Pharmaceutical Co., Ltd. Through these business transactions, the Company will strive to bring biologics with high quality and lower costs to many patients in an appropriate and prompt manner, and grow further by ensuring a steady progress of the development of our existing products and the development of new products as noted in the following projects:

- (i) Development of "Pegfilgrastim (PEG-G-CSF) biosimilar" that is the next generation of Filgrastim (G-CSF)
- (ii) Domestic development collaboration of biosimilars of Darbepoetin alpha with Sanwa Kagaku Kenkyusho Co., Ltd.
- (iii) Business alliance with Mochida Pharmaceutical Co., Ltd. for biosimilars for cancer treatments
- (iv) Capital and business alliance with Senju Pharmaceutical Co., Ltd. for biosimilars in ophthalmology
- (v) Business collaboration with Changchung Changsheng Life Sciences Limited for adalimumab biosimilar in China
- (vi) Upgrading and expansion of other biosimilar product development

In the new biologics operation, the Company was successful in creating a new antibody which blocks the formation of neovascular vessels through the research and development of next-generation antibody drugs. In September 2017, a patent application for the antibody was filed as a drug candidate for ophthalmic treatment and antitumor effects in oncology area. In addition, the Company is carrying out a nucleic acid collaborative operation with GeneDesign, Inc., which has become a subsidiary of Ajinomoto Co., Inc. as of December 2016, to explore opportunities in the use of nucleic acid for medicines. We are also working toward developing new technologies with exosome, and the Company filed for a patent application for exosome together with the National Cancer Center Japan.

In the regenerative medicine operation, which is our new biotech business operation, the Company entered into a capital and business alliance contract with Japan Regenerative Medicine Co., Ltd. ("JRM," hereafter), a fellow member of the Noritsu Koki Group as of October 2016. The whole group is working together to expand regenerative medicine opportunities through commercializing regenerative medicine products such as using the cardiac stem cells that JRM is currently developing. In

addition, the Company's collaborative research and development project with Juntendo University ("Juntendo," hereafter) for new immunosuppression treatments utilizing immunotolerance ability entered into an outsourcing contract with Medinet Co., Ltd. in September 2017 in which Medinet Co., Ltd. will develop a manufacturing platform for cell processing. With such development at Medinet, the Company and Juntendo are collaborating toward laying the ground work to start a clinical trial and aiming to commercialize this technology. The project is moving toward laying the groundwork to start a clinical trial. In May 2017, the Company co-founded a regenerative medicine bioventure, Minerva Medica Co., Ltd., together with local businesses and a financial services company in Hokkaido. Minerva Medica and Sapporo Medical University are collaborating on research and development of treatment of diabetic nephropathy using a patient's own bone marrow mesenchymal stem cells. The Company is making steady business progress in this area.

Further, in April 2018, the Company entered into a capital and business alliance contract with NanoCarrier Co., Ltd. and Noritsu Koki Co., Ltd. to start drug development with the purpose of creating innovative technologies and pharmaceuticals by combining technologies and knowledge that each company owns under the cooperation of the three companies.

In addition to the above, to strengthen our business foundation to support the development of pharmaceuticals, which often takes a long time, we are exploring business opportunities in the healthcare industry, such as medical devices and diagnostic products.

As a result, the sales amount was 1,059,727 thousand yen (a 2.7% decrease compared to the previous year), operational loss was 913,499 thousand yen (operational loss for the previous year was 1,184,408 thousand yen), ordinary loss was 903,215 thousand (ordinary loss for the previous year was 1,176,763 thousand yen) and net loss for the year was 904,557 thousand yen (net loss for the previous year was 1,224,554 thousand yen).

(2) Overview of financial conditions for the current fiscal year

(Current assets)

The balance of current assets at the end of this fiscal year was 2,692,358 thousand yen, which was a decrease of 21.3% from the balance at the end of the previous fiscal year. This decrease was mainly due to a decrease in cash and cash equivalents of 488,625 thousand yen and a decrease in accounts receivable of 182,429 thousand yen. A decrease in cash and cash equivalents is mostly due to payments relating to the development of biosimilars. The account receivable balance at the end of the year can be higher or lower by a large amount than the balance of the previous fiscal year end depending on the timing of a transaction around the end of fiscal year, as the Company has a limited number of business transactions and each transaction amount is relatively large.

(Non-current assets)

The balance of non-current assets at the end of this fiscal year was 332,813 thousand yen, which was an increase of 17.1% from the end of the previous fiscal year. This is mainly due to an increase in the balance of investment in an affiliated company of 50,000 thousand yen.

(Current liabilities)

The balance of total current liabilities at the end of this fiscal year was 404,991 thousand yen, which was higher than the balance at the end of the previous fiscal year by 113.9%. This is due to an increase in the accounts payable balance of 60,134 thousand yen and in the accrued liabilities balance of 179,774 thousand yen even though there was a decrease in the income taxes payable balance of 25,215 thousand yen.

(Non-current liabilities)

The balance of non-current liabilities at the end of this fiscal year was 16,142 thousand yen, which was a decrease of 2.9% from the balance at the end of the previous fiscal year. This decrease is mainly due to a decrease in deferred tax liabilities of 297 thousand yen and a decrease in the allowance for retirement benefits of 180 thousand yen.

(Shareholders' equity)

The balance of shareholders' equity at the end of this fiscal year was 2,604,037 thousand yen, which was a decrease of 25.6% from the balance at the end of the previous fiscal year. This decrease is mainly due to the recording of a net loss for the current year of 904,557 thousand yen.

(3) Overview of cash flows for the current fiscal year

Cash and cash equivalents (collectively, "cash" hereafter) at the end of this fiscal year decreased by 488,625 thousand yen from the balance at the end of the previous year, with a balance of 1,891,271 thousand yen. The status and variation factors for

each cash flow activity for this fiscal year are as follows:

(Cash flows from operating activities)

Cash outflows from operating activities were 438,372 thousand yen (outflows for the previous year were 1,759,243 thousand yen). This is mainly due to a decrease in accounts receivable of 182,429 thousand yen and the recording of a net loss before tax for the year of 902,657 thousand yen, while there was an increase in the accounts payable balance of 60,134 thousand yen and an increase in the accrued liabilities balance of 179,774 thousand yen.

(Cash flows from investing activities)

Cash outflows from investing activities were 50,252 thousand yen (outflows for the previous year were 149,902 thousand yen). This is due to an acquisition of shares of an affiliated company of 50,000 thousand yen.

(Cash flows from financing activities)

There was no change in cash flows from financing activities for the current year (inflows for the previous year were 3,471,699 thousand yen).

(4) Future outlook

The outlook for the Japanese economy for the following fiscal year is expected to continue to show positive effects of the economic measures taken by the government for a better employment and income environment, along with an expectation of a gradual recovery of the world economy. However, the outlook for geopolitical issues in Europe, the Middle East and the Korean Peninsula remain unclear, and we need to keep paying attention to the outlook for financial markets and consumer trends.

However, in the pharmaceutical industry, many positive factors that could change the industry, such as easing of regulations and promotions for generic medicines to cut down on social security spending, are expected to be in effect, together with the growth strategies by the government. Under supportive measures by the government, the Company plans to monetize the biosimilars actively through upfront payments or developmental milestone payments of the contracts with alliance partners. Further, in the new biologics and regenerative medicine operations where the most advanced technologies are utilized, there is a practice of the "SAKIGAKE review designation system" being implemented, and an environment in which the companies can perform their research in new technologies is being set up. The Company believes that all of them can have positive effects on the Company's research and development projects in the areas of new biologics business and new biotech business including regenerative medicine. The sales of Filgrastim BS, which is considered as the base of the Company's sales, will be affected by the revision of drug prices, but its shipping volume has been increasing. Considering the above facts, the forecast for the following fiscal year's sales amount is 1,060,000 thousand yen, which is similar to that of the previous year.

The Company plans to continue to strive in the following years in the development of biosimilars, as we consider that the current condition with the government implementing various promotional measures in the biosimilars is a business opportunity. Specifically, the biosimilar product of Darbepoetin alpha, which we are developing together with Sanwa Kagaku Kenkyusho Co., Ltd., and the biosimilar in ophthalmology through a business collaboration contract with Senju Pharmaceutical Co., Ltd. are in the Phase III clinical trials, which is the final stage prior to the approval from the authority. The biosimilars for cancer treatments through a business alliance with Mochida Pharmaceutical Co., Ltd. and the adalimumab biosimilar through collaboration with Changchung Changsheng Life Sciences Limited are both under development in preparation for clinical trials. For other pipeline candidates for biosimilars, the Company will continue to work on process development for manufacturing and non-clinical studies. The Company will try to collaborate with existing or new business partners to bring these products to the clinical trial stage.

In the new biologics business in the current fiscal year, the Company was successful in creating a groundbreaking new antibody which blocks formation of neovascular vessels based on a new mechanism which can be an antibody candidate for a new antibody drug. A patent application for that product has already been filed. The Company will continue to investigate intellectual properties, as well as move toward to the new biologics business.

The Company is collaborating with Japan Regenerative Medicine Co., Ltd., an affiliate of Noritsu Koki Group, to commercialize regenerative medicine products using cardiac stem cells that Japan Regenerative Medicine Co., Ltd. is currently developing. In addition, the Company has a collaborative research project with Juntendo University on new immunosuppression treatments utilizing immunotolerance ability. The Company also co-founded a regenerative medicine bioventure, Minerva Medica Co., Ltd., together with local businesses and a financial services company in Hokkaido. Minerva Medica and Sapporo Medical University are conducting collaborative research for treatment of diabetic nephropathy using a patient's own bone marrow mesenchymal stem cells. Finally, the Company entered into a capital and business alliance contract with NanoCarrier Co., Ltd. and Noritsu Koki Co., Ltd. to start drug development with the purpose of creating innovative technologies and pharmaceuticals by combining technologies and knowledge that each company owns under the collaboration of all three companies. The Company is striving to collaborate or enter into business alliance contracts with other companies and research institutes that have promising resources in order to ensure our future business growth.

In the future, the Company plans to stabilize business foundation by commercializing the biosimilars that follow Filgrastim BS and to grow its new biologics business and new biotech business including regenerative medicines operations that the Company has already been working on. The Company hopes to increase its corporate value in both stability and growth, and plans to keep striving in the following year. The forecast for the total research and development expenses, including those above for the following year, is 1,300,000 thousand yen (the actual amount for the current year is 1,107,411 thousand yen).

Accordingly, the business forecasts for the following year include sales of 1,060,000 thousand yen (the actual sales amount for the current fiscal year was 1,059,727 thousand yen), operating loss of 1,180,000 thousand yen (the actual operating loss amount for the current fiscal year was 913,499 thousand yen), ordinary loss of 1,180,000 thousand yen (the actual ordinary loss amount for the current fiscal year was 903,215 thousand yen) and net loss of 1,182,000 thousand yen (the actual net loss amount for the current fiscal year was 904,557 thousand yen). The Company hopes to have better results than the forecasts

by working on the opportunities mentioned above.

The financial forecasts are derived utilizing the currently available information obtained by the Company and are based on assumptions the Company deemed reasonable. The forecasts are by no means guarantees of the Company's performance. The actual results may differ significantly due to various factors.

2. Fundamental policy on adoption of the accounting standards

As the Company does not prepare consolidated financial statements, the Company's financial statements are prepared according to the accounting standards in Japan by considering a burden on the reporting process under both Japanese accounting standards and International Financial Reporting Standards. The Company plans to appropriately decide whether or not the company would adopt the International Financial Reporting Standards by considering various domestic and overseas situation.

3. Financial statements and notes to financial statements

(1) Balance sheet

(in thousand yen)

	As of the end of the previous fiscal year (March 31, 2017)	As of the end of the current fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	2,379,896	1,891,271
Accounts receivable	587,375	404,946
Advance payments	414,949	391,017
Prepaid expenses	3,551	5,099
Other current assets	36,126	24
Total current assets	3,421,899	2,692,358
Non-current assets		
Tangible fixed assets		
Building	2,446	2,446
Accumulated depreciation	△792	△991
Building (net)	1,653	1,454
Furniture and fixtures	5,088	5,219
Accumulated depreciation	△4,939	△4,894
Furniture and fixtures (net)	148	324
Total tangible fixed assets	1,802	1,779
Intangible fixed assets		
Trademark rights	171	133
Total intangible fixed assets	171	133
Investments and other assets		
Investment securities	275,864	274,545
Shares of affiliated companies	—	50,000
Guaranteed deposits	6,487	6,355
Total investments and other assets	282,351	330,901
Total non-current assets	284,324	332,813
Total assets	3,706,224	3,025,172
Liabilities		
Current liabilities		
Accounts payable	—	60,134
Accrued liabilities	154,404	334,178
Accrued expenses	5,702	6,368
Income taxes payable	27,115	1,900
Deposits payable	2,135	2,410
Total current liabilities	189,358	404,991
Non-current liabilities		
Deferred tax liabilities	1,739	1,442
Allowance for retirement benefits	14,880	14,700
Total non-current liabilities	16,619	16,142
Total liabilities	205,978	421,134

(in thousand yen)		
	As of the end of the previous fiscal year (March 31, 2017)	As of the end of the current fiscal year (March 31, 2018)
Shareholders' equity		
Shareholders' capital		
Common stock	4,194,243	100,000
Additional paid-in capital		
Capital reserve	4,097,510	3,372,985
Total additional paid-in capital	4,097,510	3,372,985
Retained earnings		
Other retained earnings		
Accumulated retained earnings	△4,818,768	△904,557
Total retained earnings	△4,818,768	△904,557
Total shareholders' capital	3,472,985	2,568,427
Valuation, translation adjustments and others		
Valuation difference on available-for-sale securities	3,872	2,850
Total valuation, translation adjustments and others	3,872	2,850
Equity warrant	23,389	32,759
Total shareholders' equity	3,500,246	2,604,037
Total liabilities and shareholders' equity	3,706,224	3,025,172

(2) Income statement

(in thousand yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Gross sales		
Sales of goods	1,003,067	908,166
Service revenue	—	29,800
Income from intellectual properties	86,293	121,761
Total gross sales	1,089,360	1,059,727
Cost of goods sold		
Cost of goods		
Beginning inventory	—	—
Purchases during the year	397,265	422,430
Sub-total	397,265	422,430
Ending inventory	—	—
Cost of goods	397,265	422,430
Total cost of goods sold	397,265	422,430
Net sales	692,095	637,296
Selling, general and administrative expenses		
Depreciation expenses	315	282
Research and development expenses	1,433,170	1,107,411
Other expenses	443,018	443,102
Total selling, general and administrative expenses	1,876,504	1,550,796
Operating loss (△ means loss)	△1,184,408	△913,499
Non-operating income		
Interest income	157	157
Subsidized income	20,000	—
Insurance premiums refund through cancellation	—	7,285
Income from sale of materials	14,388	3,380
Foreign exchange gain	26	—
Miscellaneous income	1,064	214
Total non-operating income	35,637	11,037
Non-operating expenses		
Interest expense	3,434	—
Stock delivery expense	22,096	—
Foreign exchange loss	—	753
Miscellaneous expense	2,460	—
Total non-operating expenses	27,991	753
Ordinary loss (△ means loss)	△1,176,763	△903,215
Extraordinary gain		
Reversal of equity warrant	—	557
Total extraordinary gain	—	557
Extraordinary loss		
Loss on valuation of investment securities	45,371	—
Total extraordinary loss	45,371	—
Net loss for the year before taxes (△ means loss)	△1,222,134	△902,657
Corporate, residential and enterprise taxes	2,420	1,900
Total corporate and other taxes	2,420	1,900
Net loss for the year (△ means loss)	△1,224,554	△904,557

(3) Statement of changes in shareholders' equity

Previous fiscal year (April 1, 2016 to March 31, 2017)

(in thousand yen)

	Shareholders' capital						
	Common stock	Additional paid-in capital			Retained earnings		Total shareholders' capital
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Other retained earnings Accumulated retained earnings	Total retained earnings	
Balance at the beginning of the year	2,037,041	1,940,308	—	1,940,308	△3,594,214	△3,594,214	383,135
Changes during the year							
Issuance of new shares	2,157,202	2,157,202		2,157,202			4,314,404
Transfer from common stock to retained earnings							—
Transfer from capital reserve to retained earnings							—
Deficit disposition							—
Net loss for the year (△ means loss)					△1,224,554	△1,224,554	△1,224,554
Changes in balances other than shareholders' capital accounts (net change)							
Total changes in balances for the year	2,157,202	2,157,202	—	2,157,202	△1,224,554	△1,224,554	3,089,849
Balance at the end of the year	4,194,243	4,097,510	—	4,097,510	△4,818,768	△4,818,768	3,472,985

	Valuation, translation adjustments and others		Equity warrant	Total shareholders' equity
	Valuation difference on available-for-sale securities	Valuation, translation adjustments and others		
Balance at the beginning of the year	△981	△981	21,136	403,290
Changes during the year				
Issuance of new shares				4,314,404
Transfer from common stock to retained earnings				—
Transfer from capital reserve to retained earnings				—
Deficit disposition				—
Net loss for the year (△ means loss)				△1,224,554
Changes in balances other than shareholders' capital accounts (net change)	4,853	4,853	2,252	7,106
Total changes in balances for the year	4,853	4,853	2,252	3,096,955
Balance at the end of the year	3,872	3,872	23,389	3,500,246

Current fiscal year (April 1, 2017 to March 31, 2018)

(in thousand yen)

	Shareholders' capital						
	Common stock	Additional paid-in capital			Retained earnings		Total shareholders' capital
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Other retained earnings Accumulated retained earnings	Total retained earnings	
Balance at the beginning of the year	4,194,243	4,097,510	—	4,097,510	△4,818,768	△4,818,768	3,472,985
Changes during the year							
Issuance of new shares							—
Transfer from common stock to retained earnings	△4,094,243		4,094,243	4,094,243			—
Transfer from capital reserve to retained earnings		△724,525	724,525	—			—
Deficit disposition			△4,818,768	△4,818,768	4,818,768	4,818,768	—
Net loss for the year (△ means loss)					△904,557	△904,557	△904,557
Changes in balances other than shareholders' capital accounts (net change)							
Total changes in balances for the year	△4,094,243	△724,525	—	△724,525	3,914,211	3,914,211	△904,557
Balance at the end of the year	100,000	3,372,985	—	3,372,985	△904,557	△904,557	2,568,427

	Valuation, translation adjustments and others		Equity warrant	Total shareholders' equity
	Valuation difference on available-for-sale securities	Valuation, translation adjustments and others		
Balance at the beginning of the year	3,872	3,872	23,389	3,500,246
Changes during the year				
Issuance of new shares				—
Transfer from common stock to retained earnings				—
Transfer from capital reserve to retained earnings				—
Deficit disposition				—
Net loss for the year (△ means loss)				△904,557
Changes in balances other than shareholders' capital accounts (net change)	△1,021	△1,021	9,370	8,348
Total changes in balances for the year	△1,021	△1,021	9,370	△896,208
Balance at the end of the year	2,850	2,850	32,759	2,604,037

(4) Statement of cash flows

(in thousand yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Net loss for the year before taxes (Δ means loss)	△1,222,134	△902,657
Depreciation expenses	347	313
Changes in allowance for retirement benefits (Δ means decrease)	3,810	△180
Valuation gain/loss of investment securities (Δ means gain)	45,371	—
Interest or dividends received	△157	△157
Interest expense	3,434	—
Stock delivery expense	22,096	—
Reversal of equity warrant	—	△557
Changes in accounts receivable (Δ means increase)	△388,007	182,429
Changes in advance payments (Δ means increase)	62,307	23,932
Changes in accounts payable (Δ means decrease)	△69,336	60,134
Changes in accrued expenses (Δ means decrease)	△53,463	179,774
Changes in advance receipts (Δ means decrease)	△145,000	—
Other changes	△13,337	20,858
Sub-total	△1,754,068	△436,110
Interest and dividends received	157	157
Interest paid	△3,434	—
Payment of corporate and other taxes	△1,897	△2,420
Cash flows from operating activities	△1,759,243	△438,372
Cash flows from investing activities		
Purchase of investment securities	△149,600	—
Acquisition of shares of affiliated companies	—	△50,000
Purchase of fixed assets	—	△252
Payment for guaranteed deposits	△302	—
Cash flows from investing activities	△149,902	△50,252
Cash flows from financing activities		
Net increase/decrease in short-term borrowings (Δ means decrease)	△460,080	—
Issuance of stocks	2,787,993	—
Issuance of stocks through exercising equity warrant	1,143,786	—
Cash flows from financing activities	3,471,699	—
Effect of exchange rate changes on cash and cash equivalents	—	—
Increase/decrease in cash and cash equivalents (Δ means decrease)	1,562,554	△488,625
Cash and cash equivalents at the beginning of the year	817,342	2,379,896
Cash and cash equivalents at the end of the year	2,379,896	1,891,271

(5) Notes to financial statements

(Notes on going concern assumption)

There is no reporting item applicable to this matter.

(Profit/loss from equity method)

For the previous fiscal year:

There is no reporting item applicable to this matter.

For the current fiscal year:

The affiliated company's impact on the Company's profit and retained earnings amounts is deemed immaterial, and therefore, the reporting of this item is omitted.

(Segment information and other related information)

a. Segment information

The Company is an independent entity in the field of pharmaceutical development, and therefore, the reporting in this section is omitted.

b. Other related information

Previous operational fiscal year (April 1, 2016 to March 31, 2017)

1. Information per product and service of the Company

The reporting for this section is omitted as sales of individual products and services to outside customers consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

2. Information for each local area

(1) Sales

The reporting for this section is omitted as sales to outside customers within Japan consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

(2) Tangible fixed assets

There are no tangible fixed assets located outside of Japan, and therefore, reporting in this section is omitted.

3. Information per major customer

Name of customer	Sales amount (in thousand yen)	Business
Fuji Pharma Co., Ltd.	822,701	Pharmaceutical development
Company A	125,000	Pharmaceutical development

(Note) There is a non-disclosure clause existing in the contract with Company A, and therefore, the company name is undisclosed.

Current operational fiscal year (April 1, 2017 to March 31, 2018)

1. Information per product and service of the Company

The reporting for this section is omitted as sales of individual products and services to outside customers consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

2. Information for each local area

(1) Sales

The reporting for this section is omitted as sales to customers in Japan consist of more than 90% of the Company's total sales amount reported on the Company's income statement.

(2) Tangible fixed assets

There are no tangible fixed assets located outside of Japan, and therefore, reporting in this section is omitted.

3. Information per major customer

Name of customer	Sales amount (in thousand yen)	Business
Fuji Pharma Co., Ltd.	852,600	Pharmaceutical development

c. Information regarding losses from tangible fixed assets per reporting segment

There is no reporting item applicable to this matter.

d. Information regarding amortization amount and the unamortized balance of goodwill per reporting segment

There is no reporting item applicable to this matter.

e. Information regarding profit from a negative goodwill per reporting segment

There is no reporting item applicable to this matter.

(Per share information)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Net asset per share	363.39 yen	268.74 yen
Net loss per share	137.01 yen	94.54 yen

- (Note) 1. There is no reporting on net income per share after an adjustment of dilutive shares as the Company recorded a net loss even though there is a calculation of dilutive shares available.
2. The following chart shows the basis of the calculation of net loss per share.

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Net loss for the year (in thousand yen)	1,224,554	904,557
Net loss for the year not pertaining to common shareholders (in thousand yen)	—	—
Net loss for the year pertaining to common stock (in thousand yen)	1,224,554	904,557
Average number of shares outstanding during the year (number of shares)	8,937,905	9,567,923
The number of dilutive shares not included in the calculation of net income per share as there is no dilutive effect.	Three kinds of equity warrants (285 rights).	Three kinds of equity warrants (270 rights).

(Significant subsequent events)

There is no reporting item.