April 9, 2018

Press Release

Company name: NanoCarrier Co., Ltd.
Name of representative: President and CEO, Ichiro Nakatomi
(Code: 4571, TSE Mothers)
Contact: Board of Directors, CFO and Head of CEO's Office, Tetsuhito Matsuyama
(TEL: 03-3241-0553)

Company name: Noritsu Koki Co., Ltd.
Name of representative: Representative Director, President and CEO, Hirotsugu Nishimoto
(Code: 7744, First Section of TSE)
Contact: Director and CFO, Yuta Yamamoto
(TEL: 03-3505-5053)

Company name: Gene Techno Science Co., Ltd.
Name of representative: President, Masaharu Tani
(Code: 4584, TSE Mothers)
Contact: Corporate Officer, Masakuni Ueno
(TEL: 011-876-9571)

Notice regarding Capital and Business Alliance between NanoCarrier Co., Ltd., Noritsu Koki Co., Ltd. and Gene Techno Science Co., Ltd.

It is hereby announced that NanoCarrier Co., Ltd. (President and CEO: Ichiro Nakatomi; head office: Kashiwa, Chiba; hereinafter referred to as "NanoCarrier"), Noritsu Koki Co., Ltd. (Representative Director, President and CEO; Hirotsugu Nishimoto; head office: Minato-ku, Tokyo; hereinafter referred to as "Noritsu Koki") and Gene Techno Science Co., Ltd. (President: Masaharu Tani; head office: Chuo-ku, Sapporo; hereinafter referred to as "Gene Techno Science") each resolved at meetings of their respective boards of directors held on April 9, 2018 to enter into a business alliance agreement to create the biological business that combines the commercialization expertise of these three companies (hereinafter referred to as the "Agreement").

In addition to the execution of the Agreement, NanoCarrier and Noritsu Koki each passed the following resolutions: NanoCarrier resolved to make an investment in Gene Techno Science by acquiring the 500,000 shares of common stock of Gene Techno Science held by Noritsu Koki Bio Holdings LLC (hereinafter referred to as "Noritsu Koki Bio Holdings"), all equity in which Noritsu Koki holds indirectly; and Noritsu Koki resolved to make an investment in NanoCarrier by acquiring the 1,500,000 shares of common stock of NanoCarrier that NanoCarrier will issue through private placement to Noritsu Koki Bio Holdings.

To stimulate the business of the entire biological industry in future, efficient activities to create innovative technologies and pharmaceuticals including DDS, biological drugs and the regenerative medicine business will be considered under the collaborative system.

1. Reasons for and purposes of the capital and business alliance

NanoCarrier develops innovative pharmaceuticals, specifically an anticancer drug that uses micellar nanoparticles containing low-molecular, nucleic acid, and peptide drugs by utilizing its micellar nanoparticles technology, which is the most advanced nanotechnology to have been commenced in Japan.

Noritsu Koki mainly engages in the manufacturing, healthcare, drug discovery, senior and lifestyle, and agriculture and food businesses by utilizing materials development technologies. Gene Techno Science is a subsidiary of Noritsu Koki and engages in the drug discovery business.

Gene Techno Science develops biological drugs and pharmaceuticals for regenerative medicine as one of the group companies of Noritsu Koki in collaboration with the other drug discovery business of the

Noritsu Koki Group, by utilizing the antibody technologies developed through the biosimilars business. It was Japan's first company to offer biosimilars to the market based on Japan's guidelines for them.

NanoCarrier, Noritsu Koki and Gene Techno Science decided to enter into the capital and business alliance announced herein to create new products for medical treatment and encourage an expansion in the commercialization of outstanding biological technologies worldwide by taking advantage of the technologies and strengths of the three companies; namely, the micellar nanoparticles technology of NanoCarrier, the drug discovery technology in biological drugs of Gene Techno Science and the advantages of the regenerative medicine business that constitutes part of the drug discovery business of the Noritsu Koki Group.

2. Conditions for the capital and business alliance

(1) Outline of the business alliance

Under the business alliance, the three companies will consider business activity targeting diseases for which existing medical treatment does not work well, specifically by putting together the technologies and expertise obtained through the research and development of NanoCarrier's nanotechnology in medicine, Gene Techno Science's biological drugs, and the regenerative medicine of a subsidiary of Noritsu Koki, Japan Regenerative Medicine Co., Ltd. (hereinafter referred to as "JRM").

One of the intended collaborations is to generate new medications by merging the expertise and experience of NanoCarrier and Gene Techno Science, specifically by combining the drug discovery technologies antibody/drug conjugate-micelle (ADCM) of the former with the technologies with antibody drugs and other drugs developed in the biological drugs business of the latter. In addition, NanoCarrier and Gene Techno Science consider that it will also be possible to collaborate in the regenerative medicine business in which JRM and a partner company of Gene Techno Science engage. Accordingly, the creation of new products for regenerative medicine will be considered through this collaboration.

Cooperation among the companies with different advantages should expand ways to overcome research challenges that cannot be resolved only with the individual technologies, thereby leading to the creation of a culture for innovative technologies. Through this system of collaboration, it is expected that the respective corporate value of each of these companies will be enhanced and the business activity of the entire biological industry will be stimulated, thereby contributing to the development of Japan's healthcare industry.

(2) Outline of the capital alliance

With the start of the operations for creating new biological drugs under the collaborative system, to strengthen ties among the companies participating in the collaboration, NanoCarrier will make an investment in Gene Techno Science by acquiring the 500,000 shares of common stock of Gene Techno Science that is held by the parent company of Gene Techno Science, Noritsu Koki Bio Holdings (5.23% of the total number of issued shares of Gene Techno Science), at the acquisition price of 1,216,000,000 yen.

In addition, Noritsu Koki will acquire 1,500,000 new shares of common stock of NanoCarrier, which will be issued by private placement (3.47% of the total number of issued shares of NanoCarrier) at the acquisition price of 1,209,000,000 yen.

Through this capital alliance, a system for collaboration with capital ties among the three companies will be established. With the transfer of part of the shares of Gene Techno Science held by Noritsu Koki Bio Holdings, all equity in which is indirectly held by Noritsu Koki, to NanoCarrier, the ratio of the voting rights that Noritsu Koki has with respect to Gene Techno Science will become 49.51%, which is less than a majority. However, the structure of the board of directors of Gene Techno Science, which consists of four directors, including two part-time directors dispatched from Noritsu Koki, will not be changed, and the parent-subsidiary relationship between these two companies will be maintained because the criteria for effective control are judged to be met. While there will be no significant change to the existing system for collaboration between Noritsu Koki and Gene Techno Science, the independency of Gene Techno Science's business management will be enhanced to promote the establishment of a system for collaboration between bio-ventures similar to the one in the Agreement. Noritsu Koki will also support the drug discovery business under the Agreement by utilizing its technologies, expertise and networks in the fields of drug discovery and healthcare.

As stated above, the alliance between companies with promising technologies should activate the

business throughout the industry. The establishment of the capital and business alliance under the Agreement will be the first step in achieving this.

3. Outline of companies

(1) Outline of NanoCarrier

(1)	Name	NanoCarrier Co., Ltd.	
(2)	Address	Chuou 144-15, 226-39 Wakashiba, Kashiwa, Chiba	
(3)	Title and name of representative	President and CEO, Ichiro Nakatomi	
(4)	Description of major business	Research and development of pharmaceuticals using micellar nanoparticles technology	
(5)	Capital	11,085 million yen	
(6)	Date of establishment	June 14, 1996	
(7)	Large shareholders and shareholding ratio (as of September 30, 2017) (Note)	Shin-Etsu Chemical Co., Ltd.	6.16%
		Ichiro Nakatomi	2.68%
		CYNTEC CO., LTD.	1.44%
		Matsui Securities Co., Ltd.	0.92%
		CHUGAI PHARMACEUTICAL CO., LTD.	0.90%
		THE BANK OF NEW YORK 133524 (standing proxy: Mizuho Bank, Ltd.)	0.79%
		THE BANK OF NEW YORK 133652 (standing proxy: Mizuho Bank, Ltd.)	0.73%
		Teruo Okano	0.72%
		Shoichi Ota	0.46%
		Tosei Kaku	0.46%
(8)	Relationships between the company described above and the listed companies	Relationships with Noritsu Koki Co., Ltd.	
		Capital relationship	Not applicable.
		Human relationship	Not applicable.
		Business relationship	Not applicable.
		Applicability of the related party	Not applicable.
		Relationships with Gene Techno Science Co., Ltd.	
		Capital relationship	Not applicable.
		Human relationship	Not applicable.
		Business relationship	Not applicable.
		Applicability of the related party	Not applicable.

(9) Business results and financial conditions of the company described above for the last three years			
Fiscal year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net assets	14,501 million yen	12,128 million yen	10,067 million yen
Total assets	14,704 million yen	15,386 million yen	12,939 million yen
Net assets per share	338.35 yen	278.82 yen	227.75 yen
Net sales	675 million yen	243 million yen	218 million yen
Operating income	-1,108 million yen	-2,082 million yen	-2,712 million yen
Ordinary income	-171 million yen	-2,381 million yen	-2,619 million yen
Net income	-207 million yen	-2,537 million yen	-2,676 million yen
Net income per share	-5.12 yen	-59.53 yen	-62.07 yen
Dividend per share	- yen	― yen	― yen

(Note) With respect to Whiz Partners Inc., which is a general partner of Whiz Healthcare PE 1 Investment Limited Partnership and Whiz Healthcare Japan 2.0 Investment Limited Partnership, both of which sold their entire holding of NanoCarrier shares on March 12, 2018: The fact of the said sales was reported by Whiz Partners Inc. upon the submission of the large shareholding report (change report) to the director-general of the Kanto Local Finance Bureau on March 19, 2018. Accordingly, these shareholders are not included in the table above based on the number of shares held that is stated in the said large shareholding report (change report), which is zero (0) shares.

(2) Outline of Noritsu Koki

(1)	Name	Noritsu Koki Co., Ltd.
(2)	Address	1-10-10, Azabujuban, Minato-ku, Tokyo
(3)	Title and name of representative	Representative Director, President and CEO, Hirotsugu Nishimoto
(4)	Description of major business	Manufacturing, healthcare, drug discovery, senior and lifestyle, and agriculture and food business
(5)	Capital	7,025 million yen
(6)	Date of establishment	November 16, 1981
(7)	Large shareholders and shareholding ratio (as of September 30, 2017) (Note)	Sanku Planning K.K. 41.49% Kayo Nishimoto 6.63% The Master Trust Bank of Japan, Ltd. (trust unit) 3.88% Japan Trustee Services Bank, Ltd. (trust unit) 3.54% Trust & Custody Services Bank, Ltd. (securities investment trust unit) 2.39% Japan Trustee Services Bank, Ltd. (trust units: 9) 1.88% THE BANK OF NEW YORK 133524 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) 1.70% THE BANK OF NEW YORK 133652 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services 1.56%

	Department) Sumitomo Mitsui Banking Corporation 1.49% DFA INTL SMALL CAP VALUE PORTFOLIO 1.38% (standing proxy: Citibank, N.A., Tokyo Branch)	
(8) Relationships between the company described above and the listed companies	Relationships with NanoCarrier Co., Ltd.	
	Capital relationship	Not applicable.
	Human relationship	Not applicable.
	Business relationship	Not applicable.
	Applicability of the related party	Not applicable.
	Relationships with Gene Techno Science Co., Ltd.	
	Capital relationship	Noritsu Koki Co., Ltd. indirectly holds common stock of Gene Techno Science in the number of 5,235,916 shares through its lower-tier subsidiary, Noritsu Koki Bio Holdings LLC.
	Human relationship	Yosuke Matsushima and Yuta Yamamoto, directors of Noritsu Koki Co., Ltd., concurrently serve as directors of Gene Techno Science Co., Ltd.
	Business relationship	Not applicable.
	Applicability of the related party	Noritsu Koki Co., Ltd. is a related party because it is the parent company that holds shares of Gene Techno Science Co., Ltd.

(9) Business results and financial conditions of the company described above for the last three years

Fiscal year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Equity attributable to owners of parent	56,219 million yen	52,574 million yen	57,292 million yen
Total assets	121,469 million yen	102,873 million yen	116,309 million yen
Equity attributable to owners of parent per share	1,578.57 yen	1,476.23 yen	1,607.72 yen
Sales revenue	35,598 million yen	43,145 million yen	50,045 million yen
Operating income	1,943 million yen	2,030 million yen	4,611 million yen
Profit attributable to owners of parent	2,250 million yen	-2,955 million yen	4,290 million yen
Basic profit per share	63.21 yen	-82.97 yen	120.46 yen

Dividend per share	8 yen	8 yen	10 yen

(3) Outline of Gene Techno Science

(1)	Name	Gene Techno Science Co., Ltd.	
(2)	Address	9-1, Kita Nijo Nishi, Chuo-ku, Sapporo	
(3)	Title and name of representative	President, Masaharu Tani	
(4)	Description of major business	Research and development of biological drugs, etc.	
(5)	Capital	100 million yen	
(6)	Date of establishment	March 1, 2001	
(7)	Large shareholders and shareholding ratio (as of September 30, 2017) (Note)	Noritsu Koki Bio Holdings LLC	54.72%
		JSR Corporation	3.59%
		ITOCHU CHEMICAL FRONTIER Corporation	2.96%
		Senju Pharmaceutical Co., Ltd.	2.90%
		SBI SECURITIES Co., Ltd.	1.94%
		MSIP CLIENT SECURITIES (standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1.51%
		Rakuten Securities, Inc.	1.08%
		Yuichi Kakinuma	1.05%
		The Hokkaido Bank, Ltd.	0.75%
		Koichiro Matsumoto	0.57%
(8)	Relationships between the company described above and the listed companies	Relationships with NanoCarrier Co., Ltd.	
		Capital relationship	Not applicable.
		Human relationship	Not applicable.
		Business relationship	Not applicable.
		Applicability of the related party	Not applicable.
		Relationships with Noritsu Koki Co., Ltd.	
		Capital relationship	Noritsu Koki Co., Ltd. indirectly holds 5,235,916 shares of common stock of Gene Techno Science through its lower-tier subsidiary, Noritsu Koki Bio Holdings LLC.
		Human relationship	Yosuke Matsushima and Yuta Yamamoto, directors of Noritsu Koki Co., Ltd., concurrently serve as directors of Gene Techno Science Co., Ltd.
		Business relationship	Not applicable.

	Applicability of the related party	Noritsu Koki Co., Ltd. is a related party because it is the parent company that holds shares of Gene Techno Science Co., Ltd.

(9) Business results and financial conditions of the company described above for the last three years

Fiscal year	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net assets	270 million yen	403 million yen	3,500 million yen
Total assets	1,146 million yen	1,694 million yen	3,706 million yen
Net assets per share	104.14 yen	66.22 yen	363.39 yen
Net sales	321 million yen	1,160 million yen	1,089 million yen
Operating income	-824 million yen	-820 million yen	-1,184 million yen
Ordinary income	-790 million yen	-785 million yen	-1,176 million yen
Net income	-792 million yen	-787 million yen	-1,224 million yen
Net income per share	-331.86 yen	-151.45 yen	-137.01 yen
Dividend per share	－ yen	－ yen	－ yen

4. Schedule

(1)	Date of resolution of the board of directors of the respective companies	April 9, 2018
(2)	Date of execution of the Agreement	April 9, 2018
(3)	Date of execution of the private allocation agreement for the private allocation of the shares of NanoCarrier to Noritsu Koki	April 9, 2018
(4)	Date of execution of the share transfer agreement for transfer of the shares of Gene Techno Science	April 9, 2018
(5)	Date of allocation of the shares of NanoCarrier to Noritsu Koki	April 27, 2018
(6)	Date of execution of transfer of the shares of Gene Techno Science to NanoCarrier	April 27, 2018

5. Future outlook

This capital and business alliance will have an insignificant impact on the operating results for the fiscal year ending March, 31, 2019 of NanoCarrier; however, it is expected to contribute to the improvement of the business results in the medium to long term.

This capital and business alliance will have an insignificant impact on the consolidated operating results of Noritsu Koki for the fiscal year ending March 31, 2109; however, it is expected to contribute to an improvement in the business results over the medium to long terms.

This capital and business alliance will have an insignificant impact on the operating results of Gene Techno Science for the fiscal year ending March 31, 2019; however, it is expected to contribute to an improvement in business results over the medium to long terms.

End.