



BIOTECHNOLOGY-RELATED BUSINESS

The Biotechnology-related Business Environment

Interest in healthcare and the biotechnology-related businesses is growing year by year as life expectancies increase, and people become more health conscious. At the same time, however, extended periods of time are required for the biotechnology-related businesses' research and development, along with significant business risks such as not being able to achieve the intended drug effects. Given such circumstances, the SBI

Group is steadily working toward overall profitability of the entire business segment from a medium- to long-term perspective. Corporate resources will be focused on the medical drugs utilizing 5-Aminolevulinic Acid (5-ALA), which is expected to be applied to the treatment of various diseases, as well as for the development and manufacturing of healthcare and cosmetic products utilizing 5-ALA.

Principal Companies

Intermediate Holding Company: SBI ALApharma

SBI Pharmaceuticals	SBI ALApharma Canada
SBI ALApromo photonamic	Photonics Healthcare SBI Biotech
NX Development Corp.	Quark Pharmaceuticals

Full-year Profit before Income Tax Expense of the Biotechnology-related Business (Based on IFRSs)

	(Millions of yen)	
	FY2018	FY2019
SBI Biotech	(166)	16
Quark Pharmaceuticals	(8,193)	(7,668)
5-ALA-related business		
SBI Pharmaceuticals	(1,395)	(1,272)
SBI ALApromo	263	193
photonamic	412	173

Principal Initiatives in FY2019 and Future Priority Measures

> SBI Biotech

- Having concluded an exclusive licensing contract with ASAHI KASEI PHARMA for the autoimmune disease drug SBI-3150, there are now a total of four out-licensed pipeline drugs.
- The development of the licensed pipeline drug is steadily progressing, therefore profitable business performance throughout the fiscal year is expected to be sustained.
- Management resources will be shifted to the development of cancer immunotherapeutics, and we will endeavor to out-license the pipeline at an early stage.

> Quark Pharmaceuticals

- Clinical trial costs for research and development expenses continue to be incurred, such as those for the drug to prevent acute kidney injury (AKI), which is in final Phase III clinical trials.
- Under the new CEO, measures to reduce expenses, including personnel costs, are moving forward. Plans call for expenses for the fiscal year through March 2021 to be reduced to about 60% of the ¥7.5 billion recorded for the fiscal year ended March 31, 2020.
- Future plans may also include the sale of the company, pending consideration of factors including the results of clinical trials in the drug discovery pipeline.

> 5-ALA-related business

- photonamic acquired the oncology business of MolecuLight, from Canada, to advance the application of photodynamic diagnostics in the breast cancer field.
- SBI ALApromo is accelerating its development of products labeled as foods with functional claims, with plans to produce numerous foods with functional claims products during the fiscal year ending March 31, 2021. The items include the renewal of "Hatsugagenmai no Sokojikara," and new items that improve depression, or an item that combines 5-ALA and salacinol which increases metabolism while suppressing sugar absorption.

5-ALA-related Products

Ethical drug



ALAGLIO®
Divided Granules 1.5g

Health foods and cosmetics



ALA PLUS
Tou (Sugar) Down



ALA PLUS Fukai
Nemuri
(Deep Sleep)



ALA PLUS
Karada Active



ALA PLUS
Gold



ALA PLUS
Karada Shape



ALA PLUS
Cosmetic Series