



October 3, 2018
TRANS GENIC INC.
(Code No.2342 TSE Mothers)

TRANS GENIC to Enter into Business Collaboration Agreement with Kyo Diagnostics Co., LTD. on Non-clinical Study using PDSX

TRANS GENIC INC. (CEO: Kenji Fukunaga, Fukuoka-city, Fukuoka, Japan, hereinafter “TRANS GENIC”) hereby announces that, at the Board of Directors meeting held on October 3, 2018, it has resolved to enter into business collaboration agreement with Kyoto University-originated venture company, Kyo Diagnostics Co., LTD. (President: Kensei Sumita, Kyoto-city, Kyoto, Japan, hereinafter “Kyo Diagnostics”) on non-clinical study using PDSX ^{*1}. This method uses the mouse model in which human cancer stem cell spheroid (human cancer stem cells cultured three-dimensionally) was transplanted.

1, Purpose of this business collaboration

TRANS GENIC was established in 1998 as a bio-venture company originating from Kumamoto University. TRANS GENIC Group provide wide variety of drug discovery support tools, such as basic research support including genetically-engineered mouse production, service for non-clinical/clinical study, and diagnosis. The corporate goal is to contribute to the society through facilitating the drug development.

Kyo Diagnostics was established in 2016 as a bio-venture company originating from Kyoto University. It was founded to operationalize the research achievement of Professor Makoto Mark Taketo, Division of Experimental Therapeutics, Graduate School of Medicine, Kyoto University. Kyo Diagnostics develops diagnostic and therapeutic method of distant metastasis of digestive system cancer. PDSX developed by Kyo Diagnostics is superior to PDX in the period of evaluation, reproducibility, and reliability. It is reported that the result of chemotherapy administration to PDSX agrees with the effects on the colorectal cancer patients.

TRANS GENIC will integrate PDSX of Kyo Diagnostics and cancer stem cell spheroid bank held by Kyoto University into its non-clinical testing technology. This new service is expected to contribute to the drug discovery research on cancer therapeutics.

Through this business collaboration, TRANS GENIC will provide pharmaceutical companies and drug discovery startups with non-clinical testing service using PDSX which can mimic human tumor, and promote growth strategy of CRO business division.

2, Overview of business collaboration

TRANS GENIC will provide non-clinical testing service using PDSX produced by Kyo Diagnostics.

3. Overview of Kyo Diagnostics

(1) Name of the company	Kyo Diagnostics Co., LTD.
(2) Location:	46-29, Yoshida-shimoadachi-cho, Sakyo-ku, Kyoto City, Kyoto, Japan
(3) Representative	President: Kensei Sumita
(4) Established	November, 2016
(5) Capital	8,000 thousand yen
(6) Business outline	a, Development of diagnostic agent for prognosis assessment using the phosphorylated Trio protein as an indicator b, Research on individualized medicine using PDX model of colorectal cancer and spheroid cultivation
(7) Major Stockholder and Its shareholding ratio	Makoto Taketo 27.3% Academic Industry Research Inc. 18.2% Japan Strategic Capital Co., LTD. 18.2%
(8) Relationship with TRANS GENIC	No capital, personal, or transactional relationship with TRANS GENIC
(9) Operating Results and Financial Condition *	
Fiscal period	September 2017
Net assets	1,577 thousand yen
Total assets	1,615 thousand yen
Net Asset per Stock	5,258 thousand yen
Net Sales	-
Operating Loss	1,384 thousand yen
Ordinary Loss	1,384 thousand yen
Net Deficit	1,384 thousand yen
Net Deficit per Stock	4 thousand yen

*Since Kyo Diagnostics was established in November 2016, result of one fiscal term is provided.

4, Schedule

October 3, 2018	Resolution by the board of directors of TRANS GENIC
October 3, 2018	Entered into business collaboration agreement
October 3, 2018	Launched new business

5, Future prospects

TRANS GENIC does not expect the signing of the business collaboration agreement to have a material impact on the consolidated financial results of FY2018 at this stage, however, it will immediately issue an announcement if any possibility of a material impact arises in the future.

TRANS GENIC will actively promote non-clinical testing service using PDSX for the enhancement of business performance of CRO division.

(Reference) Consolidated business forecast of FY2018 (as of May 11,2018) and consolidated financial result of 1st half of FY2017

	Consolidated sales amount	Consolidated Operating profit	Consolidated ordinary profit	Net profit attributable to shareholders of parent company
Consolidated business forecast (FY2018)	8,500 million yen	300 million yen	250 million yen	150 million yen
Financial result (FY2017/1 st half)	3,601 million yen	60 million yen	14 million yen	20 million yen

◆Related Service of TRANS GENIC Group

Drug efficiency and Pharmacological study service (New Drug Research Center Inc.)

<http://www.ndrcenter.co.jp/business/nostrum/pharmacology.php>

◆Glossary

※1 PDSX (Patient-Derived Spheroid Xenograft)

PDSX is a mouse model which can create an environment that allows for the natural growth of human cancer. Cancer stem cells from a patient's tumor are cultured to form spheroid (3D cellular aggregate) and transplanted into an immunodeficient mice.

PDSX can be created with high reproducibility, at low cost, in a short term (about two months), and useful for pathological condition analysis and assessment of anticancer drug.

※2 PDX (Patient-Derived Tumor Xenograft)

PDX is a mouse model of human cancer. The tissue from a patient's tumor is transplanted into an immunodeficient mice, and passaged repeatedly to maintain tumors in immunodeficient mice.

PDX is useful for pathological condition analysis and assessment of anticancer drug.

◆Reference

Molecular Cancer Therapeutics, E-pub, doi: 10.1158/1535-7163.MCT-18-0128
A Chemosensitivity Study of Colorectal Cancer Using Xenografts of Patient-Derived Tumor
Initiating Cells.
Maekawa H, et al.

Oncotarget. 2018 Apr 24;9(31):21950-21964.
An improved method for culturing patient-derived colorectal cancer spheroids.
Miyoshi H, et al.

Contact for inquiries and additional information :
TRANS GENIC INC.
Yutaka Funabashi, Director
Telephone +81-(0)3-6551-2601