Securities Code●4559

64th

Business Report

From April 1st, 2017 to March 31st, 2018

Contents

ゼリア新薬
ZERIA

To Our Shareholders

We, Zeria Pharmaceutical Co., Ltd. (“Zeria”) would like to express our thanks for your particular support.
We are pleased to report the business results of fiscal year 2017 (64th business operations) for the period from April 1st, 2017 to March 31st, 2018.

President and COO
Mitsuhiro Ibe

Chairman and CEO
Sachiaki Ibe

During the fiscal year under review, the Japanese economy proceeded with moderate recovery based on the background of improvements in the environment for employment and income. These improvements occurred despite factors that continue to cause a sense of uncertainty regarding the impact on the Japanese economy. These factors include trade friction between the United States and China, current monetary policy in the United States and the political situation on the Korean Peninsula.

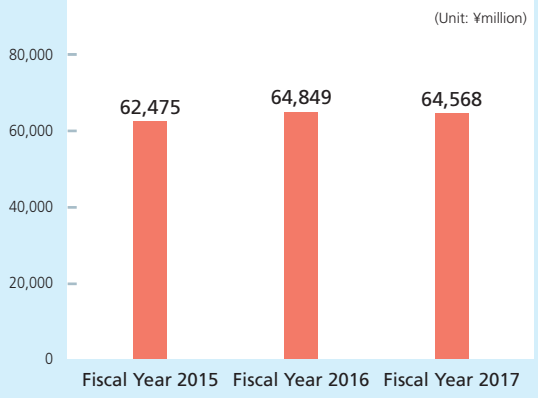
For the pharmaceutical industry, both ethical pharmaceuticals and OTC drugs remain in a severe situation. Regarding ethical pharmaceuticals, the drug price system was fundamentally revised by the government and generic brand pharmaceutical utilization promotion has been strongly accelerated compared with previous years, both as part of initiatives to curtail healthcare expenditures. With respect to OTC drugs, competition in the market is continuing to intensify.

Under such circumstances, the Zeria Group started the 9th Mid-Term Management Plan (three-year term starting from fiscal year 2017 to fiscal year 2019). The Group has proactively invested resources in the business during the fiscal year under review, the first year of the plan, to ensure the strong growth of the Ethical Pharmaceuticals and the Consumer Healthcare businesses while accelerating the global expansion.

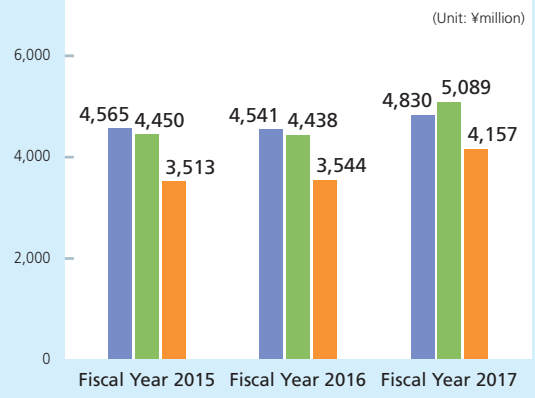
As a result of these activities, net sales for the current fiscal year were 64,568 million yen (down 0.4% from the previous fiscal year). However, due to the contribution of bullish overseas performance combined with efficient use of expenses such as research and development expenses, operating profit was 4,830 million yen (up 6.4%), ordinary profit was 5,089 million yen (up 14.7%) and profit attributable to owners of parent was 4,157 million yen (up 17.3%).

In the current fiscal year, the overseas sales to net sales ratio was 26.3%, compared with 24.6% in the previous fiscal year.

Net sales



Operating profit (■)/Ordinary profit (■)/ Profit attributable to owners of parent (■)

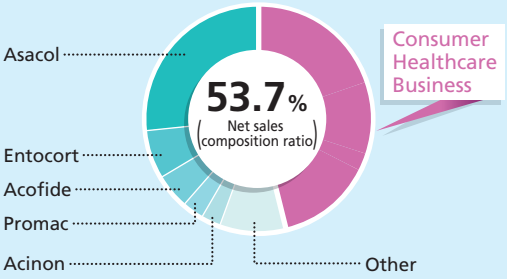


Ethical Pharmaceuticals Business

Net sales

¥34,583 million (▶ up 0.4% from the previous fiscal year)

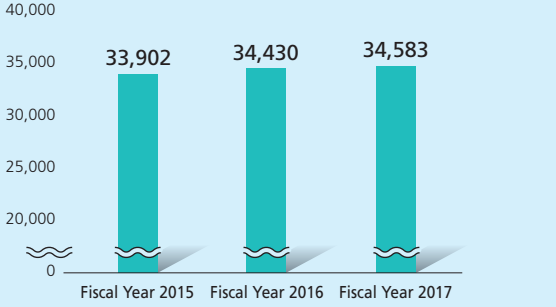
Net sales of major products



Asacol	¥16.98 billion
Entocort	¥4.46 billion
Acofide	¥3.30 billion
Promac	¥2.05 billion
Acinon	¥1.80 billion

Consolidated net sales in Ethical Pharmaceuticals Business

(Unit: ¥million)



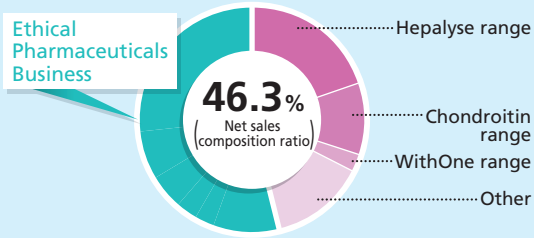
In the Ethical Pharmaceuticals business, according to basis of compliance with promotion codes, Zeria sought to improve the quality of its medical representatives (MRs), and took steps to upgrade its medical information activities in medical institutions.
As for the main product, Asacol®, a therapeutic agent for ulcerative colitis, domestic sales faced tight competition due to the impact of generic brands and other competitive products. This struggle occurred despite securing approval for once-per-day usage and dosage in May 2017, which improved product competitiveness. However, sales grew satisfactorily overseas due to expansion in areas such as the U.K. and Northern Europe, securing increased earnings overall. Additionally, domestic sales for Entocort, the inflammatory bowel disease therapeutic agent (domestic sales name: Zentacort®), grew steadily as dosing period limits were lifted and long-term prescriptions became possible in December 2017. However, overall sales increased only slightly due to business development that was slower than planned in some overseas regions, after the transfer of sales control from AstraZeneca. Furthermore, sales for Acofide®, the therapeutic agent for functional dyspepsia, are expanding but market development is behind schedule. We are continually aiming for progress, working to uncover potential functional dyspepsia patients, primarily at medical institutions that conduct endoscopies. Also, we began a joint promotion of Infliximab BS for I.V. Infusion 100 mg "Nichiiko" with Nichi-Iko Pharmaceutical Co., Ltd., the producer of the product, in November 2017. This initiative is aimed at providing options for inflammatory bowel disease treatment and strengthening our product line-up.
As a result of these, net sales in the business amounted to 34,583 million yen (up 0.4% from the previous fiscal year).

Consumer Healthcare Business

Net sales

¥**29,831** million (▶ down 1.5% from the previous fiscal year)

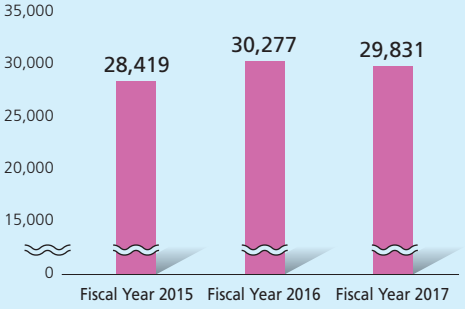
Net sales of major products



Hepalyse range	¥**12.84** billion
Chondroitin range	¥**6.59** billion
WithOne range	¥**1.64** billion

Consolidated net sales in Consumer Healthcare Business

(Unit: ¥million)



In the Consumer Healthcare business, on the progress of the super-aged society, Zeria worked to develop markets through the supply of products which support self-medication for the consumer.

As for its main brand, the Hepalyse® range, Zeria has attempted to improve product awareness by developing intensive advertising activities such as TV advertisements. During the fiscal year under review, we strengthened our product line-up by launching two new products, Hepalyse® Super Pastille Type and Hepalyse® W Premium Pastille Type. Thanks to these sales expansion measures, sales continued to grow. Additionally, shipment of Hepalyse® W Premium Kiwami, launched in April 2018, began in March of the same year. Sales also grew steadily for the WithOne® range of herbal laxatives, despite a shrinking laxative market. Meanwhile, regarding Chondroitin product range, overwhelming market share has been maintained firmly as a result of sales activities that promoted its efficacy, safety and high quality as a range of pharmaceuticals and clearly distinguished it from health foods. The market share was maintained despite a hard fight due to intensified market competition.

As a result, net sales in the business amounted to 29,831 million yen (down 1.5% from the previous fiscal year).


OTC drugs


Hepalyse® W series

Status of Research and Development

In the Research and Development division, Zeria is actively promoting domestic and overseas clinical trials of its own original drugs. At the same time, Zeria acquires in-licensed drugs that have gained global success and develops them for the Japanese market.

As part of its efforts to strengthen its new drug pipeline in the priority gastrointestinal field, Zeria jointly conducted a Phase III trial with Kyowa Hakko Kirin Co., Ltd. for additional once-per-day usage and dosage of Z-206 (Asacol®) targeting ulcerative colitis, and obtained approval for it in May 2017. Regarding development of Asacol® in China, Zeria also submitted an application for its approval in May 2013 following the completion of a Phase III trial. It is currently under regulatory review by the Chinese authorities.

As for Zeria's own original drug Z-338 (Acofide®), it is conducting a Phase III trial in patients with functional dyspepsia in Europe.

Zeria has completed the Phase III trial for Z-213, a treatment for iron deficiency anemia and in-licensed drug from Vifor (International) AG in Switzerland, and applied for approval for its manufacture and sale in March 2018.

In addition, Zeria is conducting a global Phase III clinical trial for Z-100 which is targeting for cure of cervical cancer, in the Asian region including Japan.

As for Z-360, Zeria is implementing a global Phase II clinical trial in the Asian region including Japan in patients with pancreatic cancer.

In the area of Consumer Healthcare products, as well as pushing ahead with the development of European herbal medicines, Zeria also launched new products one after the other.

Meanwhile, Tillotts Pharma AG is developing therapeutic drugs for lower gastrointestinal disease primarily in Europe. Tillotts Pharma AG completed a Phase III trial for improved formulation of mesalazine (TP05), using new technologies, targeting ulcerative colitis and submitted an application for approval in Europe in January 2017.

In addition, upon re-examination of both development plans, we decided to discontinue development of Z-215, a long lasting proton pump inhibitor in-licensed from EA Pharma Co., Ltd., and a therapeutic agent (TP09) targeting familial adenomatous polyposis that was being co-developed by Tillotts Pharma AG and Cancer Prevention Pharmaceuticals, Inc. (USA).

Meanwhile, in March 2018, we decided to acquire in-licensed Veltassa (generic name: Patiromer), a therapeutic agent for hyperkalemia, from Vifor (International) AG and are preparing for clinical trials.

As a result of these activities, research and development expenses for the current fiscal year decreased from the results of the previous fiscal year to 7,331 million yen (down 13.3% from the previous fiscal year).

Research and Development Pipeline

● Status of Pipeline of New Drugs

I. Domestic

(As of May 11, 2018)

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
NDA filed	Z-213/Ferric carboxymaltose	Zeria	Iron deficiency anemia	Intravenous iron replacement	In-licensed
Phase III (Asia Global Development)	Z-100	Zeria	Cervical cancer	Immunomodulator	Original
Phase II (Asia Global Development)	Z-360	Zeria	Pancreatic cancer	Gastrin CCK_2 receptor antagonist	Original
Clinical Study in preparation	Patiromer	Zeria	Hyperkalemia	Potassium binder	In-licensed

Products developed and launched

Launch Date	Development Code/ Generic Name	Development	Indications	Classification	Notes
May 18, 2017	Z-206/Mesalazine (Asacol® additional dosage and administration)	Zeria (Co-development with Kyowa Hakko Kirin)	Ulcerative colitis	pH-dependent controlled-release formulation	Original (Tillotts Pharma AG)

II. Overseas

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
NDA filed (China)	Z-206/Mesalazine	Co-development of Zeria and Tillotts Pharma	Ulcerative colitis	pH-dependent controlled-release formulation	Original (Tillotts Pharma AG)
Phase III (Europe)	Z-338/Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Original
Phase III (Asia)	Z-100	Zeria	Cervical cancer	Immunomodulator	Original
NDA filed (Europe)	TP05/Mesalazine	Tillotts Pharma	Ulcerative colitis	OPTICORE formulation	Original (Tillotts Pharma AG)
Phase II completed (North America)	Z-338/Acotiamide	Zeria	Functional dyspepsia	Upper gastrointestinal motility modulator	Original
Phase II (Asia)	Z-360	Zeria	Pancreatic cancer	Gastrin CCK_2 receptor antagonist	Original

Reference

Phase I Clinical Trials

After confirmation of the efficacy and safety by animal studies, "drug candidates" are tested on a small group of healthy subjects. These trials aim for determination of not only safety, but also how long it takes for the body through an absorption of the drug and the degree to which the body excretes the drug.

Phase II Clinical Trials

After safety has been confirmed by Phase I clinical trials, the efficacy and safety of the "drug candidate," as well as the appropriate method of use such as dosage and administration method, are tested on a small number of patients against placebo*.

Phase III Clinical Trials

By administering to a large number of patients, the efficacy, safety and method of use of the "drug candidate" are studied as a final stage. During this phase, the "drug candidate" is tested against other drugs on the market or placebo*. In many cases, stringent testing methods called double-blind trials are performed.

* Placebo: A fake drug that does not contain the active ingredient, but which is indistinguishable from the "drug candidate" by outer appearance or taste, etc.

Status of Production and Distribution

In Zeria's Production and Distribution division, operation is proceeding with the securing of quality set as top priority. In departments related to Production, we are focusing on the securing of even higher quality while reducing the cost of goods. Meanwhile, distribution costs in departments related to Distribution are rising steeply, and we are working to reduce costs by further raising operational efficiency.

Furthermore, we are utilizing improved equipment at the Tsukuba Plant, which completed renovation work aimed at increasing production capacity during the previous fiscal year, in order to provide a stable supply of drink products such as the Hepalyse® range.

Close-up

New product launch of Hepalyse® W Pastille Type

We have begun sales of our Hepalyse® W Premium Pastille Type dietary supplement, which contains ingredients such as liver extract, turmeric extract (curcumin), extract of black pepper and chondroitin, at convenience stores nationwide.

Characteristics of Hepalyse® W Premium Pastille Type

- **Easily portable pastille type**

  We condensed 250 mg of liver extract, which is the same amount as Hepalyse® W Premium, and turmeric extract (curcumin) into three tablets in conveniently portable packaging.

- **Also includes other delightful ingredients**

  Also includes chondroitin, vitamins and extract of black pepper, which aids the absorption of curcumin.

Outlook for Fiscal Year 2018

Regarding outlook for the consolidated results of fiscal year 2018 (ending March 31, 2019), Zeria forecasts that it will secure increases in both sales and profits, with net sales of 68.0 billion yen (up 5.3% from the previous fiscal year), operating profit of 5.2 billion yen (up 7.7%), ordinary profit of 5.2 billion yen (up 2.2%), and profit attributable to owners of parent of 4.3 billion yen (up 3.4%).

Net sales

In the Ethical Pharmaceuticals business, Zeria expects increased earnings due to growth in overseas markets for Asacol® and Entocort and domestic market expansion for Acofide® and Zentacort® despite continuing difficult domestic conditions involving NHI price reductions and the impact of generic brands. In the Consumer Healthcare business, Zeria expects increases in sales due to sales growth driven by main products including the Hepalyse® product range.

Profit

Despite expectations that research and development expenses, advertising expenses and other expenses will increase, Zeria forecasts higher operating profit, ordinary profit and profit attributable to owners of parent compared with the fiscal year under review, due to increased sales.

	64th Term	65th Term (Forecast)
Net Sales	¥64,568 million (down 0.4% from the previous fiscal year)	¥68,000 million (up 5.3% from the previous fiscal year)
Operating Profit	¥4,830 million (up 6.4% from the previous fiscal year)	¥5,200 million (up 7.7% from the previous fiscal year)
Ordinary Profit	¥5,089 million (up 14.7% from the previous fiscal year)	¥5,200 million (up 2.2% from the previous fiscal year)
Profit Attributable to Owners of Parent	¥4,157 million (up 17.3% from the previous fiscal year)	¥4,300 million (up 3.4% from the previous fiscal year)

Special Offers to Our Shareholders

Zeria offers a hospitality program to its shareholders in recognition of their constant support.
Shareholders who own 1,000 or more of Zeria's shares can choose from one of the six options A to F. Shareholders who own 100 or more but less than 1,000 of Zeria's shares receive option G.
Zeria hopes its shareholders will try the gift products for better understanding of its wide-ranging product structure.

Option A

Soft drinks, Designated quasi-drug, Food for specified health uses

Set of aluminum can drinks and Hepalyse® W

Option B

Health drink

2 bottles of Chondrobe® Concentrate, JUNKOU®

Option C

Cosmetics and health products

Set of ChondroMax® and Aposty®

Option D

Chondroitin-Content Intensive Nighttime Essence

2 bottles of ZZ:CC® ADSORB ESSENCE (30g)

Option E

Three-product Quality Moisturizer Set

IONA Three-product Basic Skincare Set

Option F

High-purity chondroitin with natural ions to moisturize and give firmness to aging skin

IONA R Two-product Special Care Set

Option G

Drink containing liver extract and turmeric extract

10 bottles of Hepalyse® W

● Options D to F are available at the Zeria online store (http://www.zeriaonline.com/).

Applied for approval to manufacture and sell Z-213, a treatment for iron deficiency anemia

On March 29, 2018, Zeria submitted an application for approval to manufacture and sell this iron injection treatment for iron deficiency anemia (generic name: Ferric carboxymaltose) to the Ministry of Health, Labor and Welfare.

This treatment is a non-dextran intravenous iron replacement therapy drug with an active ingredient of ferric carboxymaltose that was developed by Vifor (International) AG (headquarters: St. Gallen, Switzerland). This treatment has gained marketing authorization in 75 countries worldwide for the treatment of iron deficiency where oral iron preparations are ineffective or cannot be used. Zeria anticipates that this treatment will become a new and contributive option for iron deficiency anemia patients and medical personnel in Japan as well.

Entered into an exclusive licensing agreement for the domestic development and sale of VELTASSA, a therapeutic agent for hyperkalemia.

In March 2018, Zeria entered into an exclusive licensing agreement with Vifor (International) AG for the domestic development and sale of Veltassa (generic name: Patiromer), a therapeutic agent for hyperkalemia.

Hyperkalemia is a condition in which potassium concentration in the blood is abnormally high and occurs at a high rate in patients of chronic kidney disease (CKD), high blood pressure, diabetes and heart failure. It is a serious condition that can lead to life-threatening arrhythmia or sudden death.

Veltassa improves hyperkalemia conditions when taken orally by binding with excess potassium in the intestinal tract and then being excreted with the feces. It should be used once per day and has very little odor or taste, for a pharmaceutical formulation that is easy to use.

This product has been sold in the United States since December 2015 and received approval in Europe from the European Medicines Agency in July 2017. Zeria anticipates that Veltassa will become a new treatment option for hyperkalemia in Japan as well.

Launch of Hepalyse® W Premium Kiwami, the topmost product in the Hepalyse® W Series

Zeria began selling Hepalyse® W Premium Kiwami (a soft drink) at convenience stores nationwide on April 2, 2018.

We have been selling Hepalyse® W series, which includes Hepalyse® W Premium, at convenience stores, and the series has been very popular.
With Hepalyse® W Premium Kiwami, we increased the amount of liver extract to 400 mg, the highest in the Hepalyse® W series and additionally included ingredients that are good for the body. By adding this product to our line-up, we support all people who care for their own health.

Characteristics of Hepalyse® W Premium Kiwami

The topmost product in the Hepalyse® W series

This product includes 400 mg of liver extract, the highest amount in the Hepalyse® W Series, as well as turmeric extract (45 mg of curcumin) and chondroitin. We additionally included 300 mg of ornithine as well as royal jelly and hirami lemon extract.

A crisp and satisfying citrus flavor

We formulated this product to have a crisp citrus flavor that is satisfying to drink. The same delicious and smooth taste has been preserved, even with higher levels of liver extract.

A fancy label

A gold hot stamp on a black background with a lamé (fabric with interwoven gold or silver threads) and "Kiwami" written in silver letters. This label was designed to inspire a sense of luxury.

Financial Statements (Consolidated)

Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (As of March 31, 2017)	Current Fiscal Year (As of March 31, 2018)
Assets		
Current Assets	**38,764**	**39,255**
Cash and Deposits	9,250	10,166
Notes and Accounts Receivable-Trade	16,620	15,613
Inventories	8,608	9,375
Deferred Tax Assets	718	750
Other	3,599	3,372
Allowance for Doubtful Accounts	(33)	(22)
Noncurrent Assets	**75,592**	**76,830**
Property, Plant and Equipment	**24,154**	**23,340**
Buildings and Structures	8,252	7,709
Machinery, Equipment and Vehicles	3,764	3,267
Land	11,698	11,701
Construction in Progress	58	292
Other	379	370
Intangible Assets	**33,884**	**32,337**
Investments and Other Assets	**17,553**	**21,152**
Investment Securities	9,206	6,935
Deferred Tax Assets	31	25
Net Defined Benefit Asset	7,686	13,571
Other	670	659
Allowance for Doubtful Accounts	(41)	(40)
Total Assets	**114,357**	**116,086**

Item \ Term	Previous Fiscal Year (As of March 31, 2017)	Current Fiscal Year (As of March 31, 2018)
Liabilities		
Current Liabilities	**45,178**	**36,159**
Notes and Accounts Payable-Trade	2,272	2,072
Short-Term Loans Payable	33,061	24,926
Other	9,843	9,160
Noncurrent Liabilities	**5,674**	**14,230**
Long-Term Loans Payable	2,884	8,676
Net Defined Benefit Liability	757	750
Asset Retirement Obligations	54	54
Other	1,978	4,748
Total Liabilities	**50,853**	**50,390**
Net Assets		
Shareholders' Equity	**57,928**	**54,773**
Capital Stock	**6,593**	**6,593**
Capital Surplus	**11,685**	**11,685**
Retained Earnings	**39,654**	**42,096**
Treasury Stock	**(5)**	**(5,600)**
Accumulated Other Comprehensive Income	**5,423**	**10,758**
Valuation Difference on Available-for-Sale Securities	**231**	**752**
Foreign Currency Translation Adjustment	**2,520**	**3,260**
Remeasurements of Defined Benefit Plans	**2,670**	**6,745**
Non-Controlling Interests	**152**	**163**
Total Net Assets	**63,504**	**65,696**
Total Liabilities and Net Assets	**114,357**	**116,086**

Unit: ¥million rounded down to nearest million

Consolidated Statements of Income (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Net Sales	64,849	64,568
Cost of Sales	18,168	18,341
Gross Profit	46,680	46,226
Reversal of Provision for Sales Returns	58	48
Provision for Sales Returns	48	38
Gross Profit-Net	46,691	46,235
Selling, General and Administrative Expenses	42,149	41,405
Operating Profit	4,541	4,830
Non-Operating Income	337	490
Non-Operating Expenses	440	231
Ordinary Profit	4,438	5,089
Extraordinary Income	810	691
Extraordinary Loss	327	203
Profit before Income Taxes	4,920	5,577
Income Taxes-Current	600	869
Income Taxes-Deferred	744	524
Net Profit	3,575	4,183
Profit Attributable to Non-Controlling Interests	31	25
Profit Attributable to Owners of Parent	3,544	4,157

Unit: ¥million rounded down to nearest million

Consolidated Statements of Cash Flows (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2016 to March 31, 2017)	Current Fiscal Year (From April 1, 2017 to March 31, 2018)
Net Cash Provided by (Used in) Operating Activities	7,238	8,821
Net Cash Provided by (Used in) Investing Activities	(703)	1,563
Net Cash Provided by (Used in) Financing Activities	(8,982)	(9,628)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(644)	159
Net Increase (Decrease) in Cash and Cash Equivalents	(3,092)	916
Cash and Cash Equivalents at Beginning of Year	12,210	9,118
Cash and Cash Equivalents at End of Year	9,118	10,034

Unit: ¥million rounded down to nearest million

Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2017 to March 31, 2018)

(Unit: ¥million*)

	Shareholders' Equity					Accumulated Other Comprehensive Income				Non-Controlling Interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of Current Period	6,593	11,685	39,654	(5)	57,928	231	2,520	2,670	5,423	152	63,504
Changes of Items during the Period											
Dividends from Surplus			(1,716)		(1,716)						(1,716)
Profit Attributable to Owners of Parent			4,157		4,157						4,157
Purchase of Treasury Stock				(5,595)	(5,595)						(5,595)
Net Changes of Items Other than Shareholders' Equity						520	739	4,074	5,334	10	5,345
Total Changes of Items during the Period	-	-	2,441	(5,595)	(3,154)	520	739	4,074	5,334	10	2,191
Balance at the End of Current Period	6,593	11,685	42,096	(5,600)	54,773	752	3,260	6,745	10,758	163	65,696

Unit: ¥million rounded down to nearest million

Company Information (As of March 31, 2018)

Company Outline

Established:	December 1955
Paid-in Capital:	¥6,593,398,500
Number of Employees:	1,753 (Consolidated)
Business Activities:	1. Manufacturing, sales, import and export of pharmaceuticals, quasi-drugs and reagents.
	2. Manufacturing, sales, import and export of cosmetics, health foods, soft drinks, hygienic goods and medical devices.

Directors and Audit & Supervisory Board Members

Chairman and CEO	Sachiaki Ibe
President and COO	Mitsuhiro Ibe
Executive Vice President	Hirokazu Endo
Managing Director	Makoto Kishimoto
Director	Tetsuo Komori
Director	Kikuo Nomoto
Director	Hiroki Kato
Director	Yoshihiro Hiraga
Director	Katsuyuki Ishii
Director	Toshiaki Kawagoe
Director	Mitsuyuki Yoshijima
Director	Kenji Kusano
Director	Hiroyasu Nishioka
Audit & Supervisory Board Member	Shigeya Furuhata
Audit & Supervisory Board Member	Koujirou Takami
Audit & Supervisory Board Member (Outside)	Yukiko Naka
Audit & Supervisory Board Member (Outside)	Hiroshi Wakabayashi

Place of Business

- Headquarters
- Sapporo Branch
- Sendai Branch
- Tokyo Branch
- Tokyo 3rd Sales Office
- Kanagawa Sales Office
- Saitama Sales Office
- Chiba Sales Office
- Kita Kanto Sales Office
- Koshinetsu Sales Office
- Nagoya Branch
- Shizuoka Sales Office
- Osaka Branch
- Osaka 2nd Sales Office
- Kobe Sales Office
- Keiji Sales Office
- Hokuriku Sales Office
- Chugoku & Shikoku Branch
- Okayama Sales Office
- Takamatsu Sales Office
- Fukuoka Branch
- Central Research Laboratories
- Saitama Plant
- Tsukuba Plant
- Sapporo Distribution Center
- Tokyo Distribution Center
- Saitama Distribution Center
- Osaka Distribution Center
- Kyushu Distribution Center
- Other Sales Office: Aomori, Utsunomiya, Kanetsu, Takasaki, Yamaguchi, Yonago, Matsuyama, Kochi, Nagasaki, Kumamoto, Oita, Kagoshima, Okinawa

Number of Consolidated Subsidiaries: 13

- Tillotts Pharma AG (Switzerland)
- ZPD A/S (Denmark)
- Zeria Healthway Co., Ltd.
- Tillotts Pharma AB (Sweden)
- Tillotts Pharma Ltd. (Ireland)
- Tillotts Pharma UK Ltd. (United Kingdom)
- Tillotts Pharma Czech s.r.o. (Czech Republic)
- Tillotts Pharma Spain S.L.U. (Spain)
- Tillotts Pharma GmbH (Germany)
- Tillotts Pharma France SAS (France)
- IONA INTERNATIONAL CORPORATION
- Zevice Co., Ltd.
- Pharmaceutical Joint Stock Company of February 3rd (Vietnam)

Share Information (As of March 31, 2018)

Status of Shares

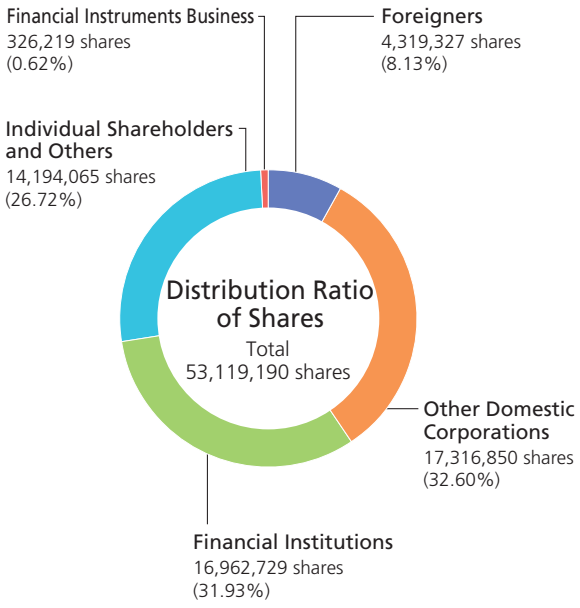
(i) Number of authorized shares:	119,860,000 shares
(ii) Number of shares outstanding:	53,119,190 shares
(iii) Number of shareholders:	12,124

Major Shareholders

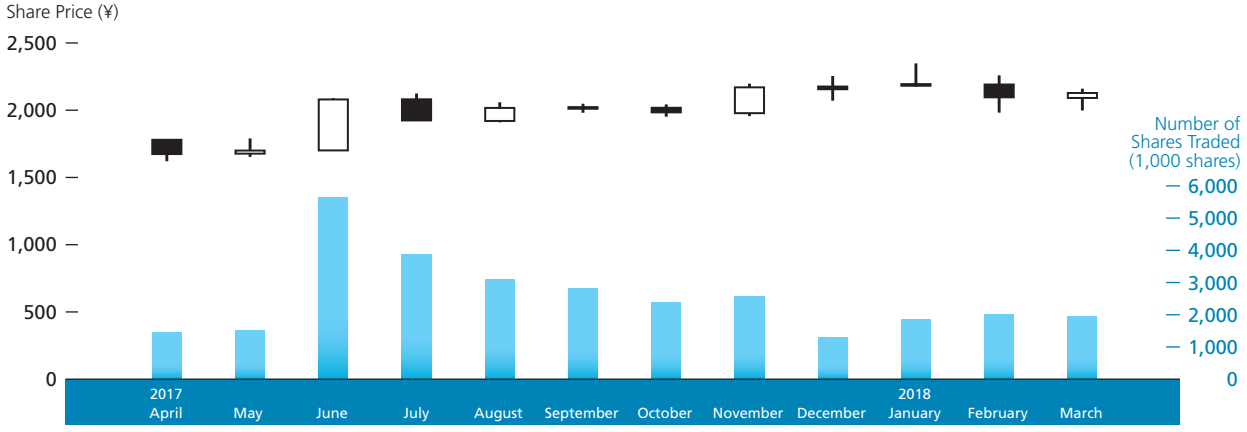
Name of Shareholder	Number of Shares Held	Percentage Held (%)
Ibe Corporation	4,741,847	9.4
Japan Trustee Service Bank, Ltd. (Trust Account)	2,300,100	4.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,107,050	4.2
Morinaga Milk Industry Co., Ltd.	2,040,215	4.1
Sachiaki Ibe	1,592,967	3.2
Sumitomo Mitsui Banking Corporation	1,406,131	2.8
Mizuho Bank, Ltd.	1,406,053	2.8
Resona Bank, Limited	1,182,385	2.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,109,600	2.2
Zeria Pharmaceutical Co., Ltd. Employee Stockholding Plan	1,105,044	2.2

(Note) The percentage held is calculated by subtracting treasury stock (totaling 2,743,545 shares).

Distribution of Shares by Shareholder Type



Share Price and Trading Volume



Shareholder Memo

Fiscal Year	From April 1st of each year to March 31st of the following year
Ordinary General Meeting of Shareholders	Late June of each year
Record Date	Ordinary General Meeting of Shareholders and end of term dividend: March 31 of each year Interim dividend: September 30 of each year
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Account Management Institution for Special Account	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Mailing Address **(Inquiry information)**	Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 TEL: 0120-782-031 (toll-free) Handling operation is conducted in main branch and all domestic branches of Sumitomo Mitsui Trust Bank, Limited.

●**Applications for change of address or for purchase demands of fractional shares, etc.**

Please send such notifications or applications to the securities company where your account is held.

For shareholders for whom a special account has been opened because there is no account held by a securities company, please send such notifications or applications to Sumitomo Mitsui Trust Bank, Limited, the account management institution for the special account.

●**Applications for payment of dividends payable**

Please send such applications to the transfer agent, Sumitomo Mitsui Trust Bank, Limited.

●**Statement of Dividend Calculation**

The "Statement of Dividend Calculation" that is sent to shareholders at the time of dividends payment serves as your "Payment Notification Statement," based on the provisions of the Act on Special Measures Concerning Taxation. When you file your final tax return, you can use this document as the accompanying documentation.

Shareholders who receive payment of dividends by the dividend warrant shall also receive the "Statement of Dividend Calculation." Shareholders who file final tax returns should store this document in a secure place.

Please refer to latest IR information on our website.

The Company has set up a website for the purpose of providing accurate information on a timely basis. The website contains a broad array of information useful for shareholders and investors, from IR information to the latest news.

http://www.zeria.co.jp/english/

Customer Service, Zeria Pharmaceutical Co., Ltd.

10-11 Nihonbashi-kobunacho, Chuo-ku, Tokyo 103-8351
TEL 03-3663-2351 (Main) FAX 03-3663-2352
03-3661-2080
http://www.zeria.co.jp/

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