Securities Code 4559

63rd

Business Report

From April 1st, 2016 to March 31st, 2017

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Shareholder Memo

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 2016 (63rd business operations) for the period from April 1st, 2016 to March 31st, 2017.

Chairman and CEO
Sachiaki Ibe

President and COO
Mitsuhiro Ibe

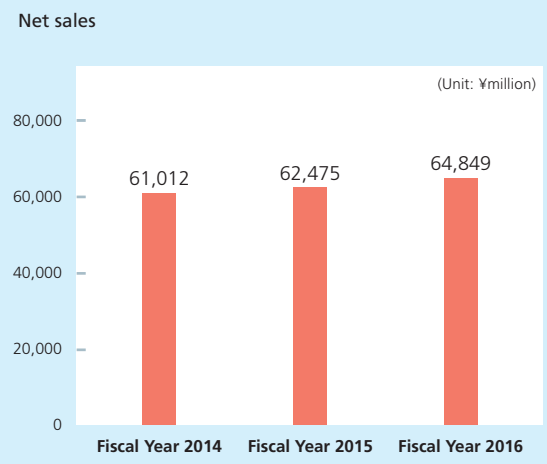
During the fiscal year under review, the Japanese economy is proceeding with moderate recovery based on background of improvements in the environment for employment and income. However, the outlook was increasingly unclear regarding the effect of political and economic trends overseas on future prospects for financial markets, including stock and currency exchange markets, and on corporate earnings. This was the result of lower growth rates across emerging markets, particularly China, the UK leaving the EU, the rise of protectionism represented by the start of the Trump administration, and increased political tension on the Korean peninsula.

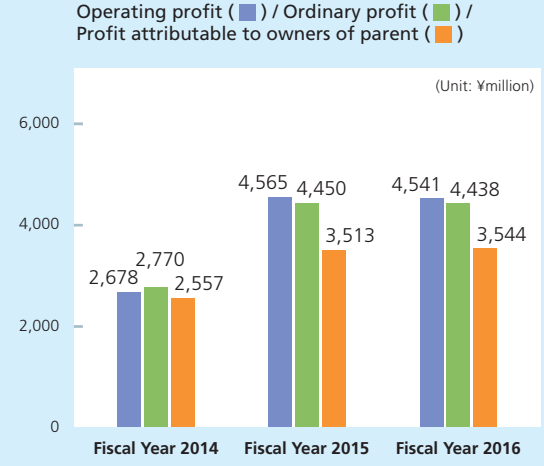
For the pharmaceutical industry, among ethical pharmaceuticals, the government's revision of the drug price system and promotion of the utilization of generic brand pharmaceuticals, which are initiatives to curtail healthcare expenditures, have been accelerated strongly compared with previous years, and competition in OTC drugs market is getting harder. As a consequence, both ethical pharmaceuticals and OTC drugs remain in such severe situation.

Under such circumstances, the Zeria Group has proactively invested resources on business during the fiscal year under review, the final year of the 8th Mid-Term Management Plan (3 year term starting from fiscal year 2014 to fiscal year 2016), to ensure the strong growth of the Ethical Pharmaceuticals and the Consumer Healthcare businesses, which have long been regarded as the inseparable "two wheels of a cart" of the Group, while actively expanding overseas business.

As a result of these activities, net sales for the fiscal year under review were 64,849 million yen (up 3.8% from the previous fiscal year). Operating profit was 4,541 million yen (down 0.5%), ordinary profit was 4,438 million yen (down 0.3%) and profit attributable to owners of parent was 3,544 million yen (up 0.9%).

In fiscal year 2016, the overseas sales to net sales ratio was 24.6%, compared with 20.0% in the previous fiscal year.





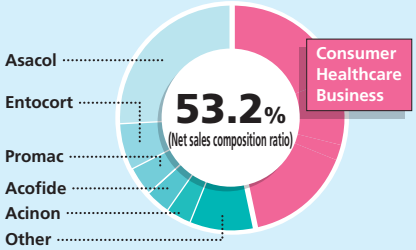
Ethical Pharmaceuticals Business

Net sales

¥34,430 million

[▶ up 1.6% from the previous fiscal year]

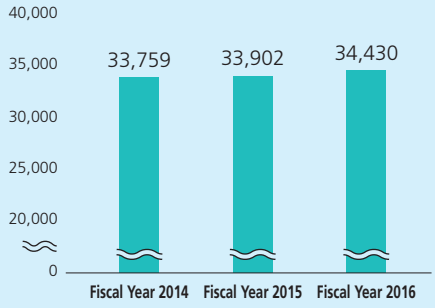
Net sales of major products



Asacol	¥16.65 billion
Entocort	¥4.35 billion
Promac	¥2.56 billion
Acofide	¥2.49 billion
Acinon	¥2.22 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.

As for the main product Asacol®, a therapeutic agent for ulcerative colitis, sales struggled in Japan following the impact of the revision of NHI drug prices in April 2016, and the impact of generic brands. Overseas, however, sales grew satisfactorily primarily due to expansion in the U.K. Furthermore, in regard to the inflammatory bowel disease therapeutic agent, Entocort®, whose global rights excluding the united states were acquired from AstraZeneca by Tillotts Pharma AG, a wholly owned subsidiary of Zeria, the succession of those rights for the manufacture and sale of Entocort® in principal countries such as in Europe and Canada was completed by the end of the fiscal year under review, and sales are currently expanding satisfactorily. Also, Entocort® was put on sale in Japan in November 2016 under the name of Zentacort® as a therapeutic agent for Crohn's disease, and we are working to quickly achieve market penetration. As for Acofide®, the therapeutic agent for functional dyspepsia, although the development of the market is behind schedule, we are working to promote development by raising awareness of both disease and treatment methods in medical institutions.

As a result of these, net sales in the business amounted to 34,430 million yen (up 1.6% from the previous fiscal year).

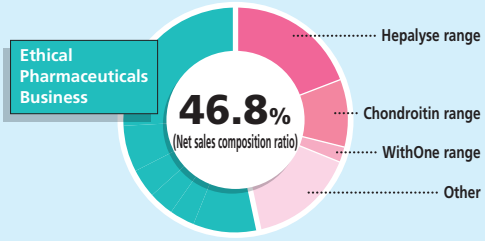
Consumer Healthcare Business

Net sales

¥30,277 million

[▶ up 6.5% from the previous fiscal year]

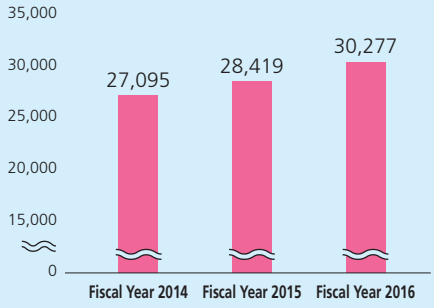
Net sales of major products



Hepalyse range	¥12.58 billion
Chondroitin range	¥7.11 billion
WithOne range	¥1.59 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 the main product range, Hepalyse® range, intensive advertising activities such as TV advertisements resulted in further enhancement of product awareness and continuing sales growth. In this range, Hepalyse® W Premium (a soft drink) for convenience stores that was launched in March 2016 contributed significantly to sales. Also, we strengthened the product line-up with the launch in October 2016 of Hepalyse® KING PLUS (second-class OTC drug) and Hepalyse® KING EX (second-class OTC drug) as top-of-the-line mini drinks for drug stores. Regarding Chondroitin product range, overwhelming market share has been maintained firmly as a result of sales activities that promoted its effectiveness, safety and high quality as a range of pharmaceuticals and clearly distinguished it from health foods.

As a result, net sales in the business amounted to 30,277 million yen (up 6.5% 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 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 dosages and administration of Z-206 (Asacol®) targeting ulcerative colitis, and submitted an application for its approval in July 2016. Zeria 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.

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 acquired approval for the manufacture and sale of Zentacort®, a therapeutic agent for Crohn's disease, in September 2016 and began sales in November 2016.

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.

Zeria is conducting a Phase III trial for Z-213, a treatment for iron deficiency anemia and in-licensed drug from Vifor (International) AG, Switzerland.

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, being co-developed with Cancer Prevention Pharmaceuticals, Inc. (USA), Tillotts Pharma AG is conducting a Phase III trial in Europe and the USA for a therapeutic agent (TP09) targeting familial adenomatous polyposis.

As a result of these activities, research and development expenses for the fiscal year under review decreased from the results of the previous fiscal year to 8,458 million yen (down 1.4% from the previous fiscal year).

Research and Development Pipeline

● Status of Pipeline of New Drugs

I. Domestic

(As of June 16, 2017)

1) Gastrointestinal field

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
Approval	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)
Phase II (Asia Global Development)	Z-360	Zeria	Pancreatic cancer	Gastrin CCK_2 receptor antagonist	Original

2) Other fields

Stage	Development Code/ Generic Name	Development	Indications	Classification	Source
Phase III (Asia Global Development)	Z-100	Zeria	Cervical cancer	Immunomodulator	Original
Phase III	Z-213/Ferric carboxymaltose	Zeria	Iron deficiency anemia	Intravenous iron replacement	In-licensed

Products developed and launched

Launch Date	Development Code/ Generic Name	Development	Indications	Classification	Notes
November 29, 2016	Budesonide (Product name: Zentacort®)	AstraZeneca	Crohn's disease	Glucocorticoid	In-licensed

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 III (Europe, USA)	TP09/CPP-1X·Sulindac	Tillotts Pharma (Co-development with Cancer Prevention Pharmaceuticals)	Familial adenomatous polyposis	Polyamine biosynthesis suppression	In-licensed
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 excrete 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. In departments related to Distribution, meanwhile, Zeria outsourced logistic operations, and further improvement in operational efficiency and cost reductions are being achieved as a result.
Furthermore, following renovation work at the Saitama Plant in the previous fiscal year, in order to achieve stable supply of drink products whose demand is expected to rise, Zeria has been carrying out renovation work at the Tsukuba Plant aiming to increase production capacity in the fiscal year under review. This renovation was completed in March 2017 and operation has begun.

Close-up

A refresh of New Hepalyse® Drink and Hepalyse® Hi

We launched new products with a refreshed formula for New Hepalyse® Drink and Hepalyse® Hi.

Hepalyse® Drink II

Hepalyse® Drink II, a nutrient tonic for physical fatigue and exhaustion, is a refresh of New Hepalyse® Drink. In addition to ingredients such as liver hydrolysate and diisopropylamine dichloroacetate that assist the functions of the liver and digestive system, we added lycium fruit and astragalus root to the formula. Hepalyse® Drink II improves the functions of the digestive system from within the body, relieves physical fatigue, and more.

Hepalyse® Hi PLUS

Hepalyse® Hi PLUS is a refresh of Hepalyse® Hi. In addition to ingredients supporting the liver and digestive system function, such as liver hydrolysate and diisopropylamine dichloroacetate, it has six types of natural medicinal ingredients providing effective relief from physical fatigue and exhaustion, including cuscuta chinensis and epimedium grandiflorum, which are effective for anti-fatigue and work as a pick-me-up. We recommend this product to people who experience prolonged fatigue.

Outlook for Fiscal Year 2017

Regarding outlook for the consolidated results of fiscal year 2017 (ending March 31, 2018), Zeria forecasts that it will secure increases in both sales and profits, with net sales of 68.0 billion yen (up 4.9% from the previous fiscal year), operating profit of 5.0 billion yen (up 10.1%), ordinary profit of 5.0 billion yen (up 12.7%), and profit attributable to owners of parent of 3.8 billion yen (up 7.2%).

Net sales

In the Ethical Pharmaceuticals business, Zeria expects an increase in sales resulting from overseas sales growth of Asacol® which is a therapeutic agent for ulcerative colitis, contribution of Entocort® which is a therapeutic agent for inflammatory bowel disease, and the development of buildup of the domestic market for Acofide® which is a therapeutic agent for functional dyspepsia, despite continuing difficult conditions. In the Consumer Healthcare business, Zeria expects increases in sales due to sales growth of main products including the Hepalyse® product range.

Profit

Despite expectations that research and development expenses will continue to be high because of the progress in clinical trials being conducted in and outside Japan, and advertising expenses will be increased, 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 of main products.

	63rd Term	64th Term (Forecast)
Net Sales	¥64,849 million (up 3.8% from the previous fiscal year)	¥68,000 million (up 4.9% from the previous fiscal year)
Operating Profit	¥4,541 million (down 0.5% from the previous fiscal year)	¥5,000 million (up 10.1% from the previous fiscal year)
Ordinary Profit	¥4,438 million (down 0.3% from the previous fiscal year)	¥5,000 million (up 12.7% from the previous fiscal year)
Profit Attributable to Owners of Parent	¥3,544 million (up 0.9% from the previous fiscal year)	¥3,800 million (up 7.2% 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)

* This product is available at the Zeria online store http://www.zeriaonline.com/.

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

* This product is available at the Zeria online store http://www.zeriaonline.com/.

Option G

Drink containing liver extract and turmeric extract

10 bottles of Hepalyse® W

Zentacort® Capsule 3 mg, a therapeutic agent for Crohn's disease, is launched

On November 29, 2016, Zeria launched Zentacort® Capsule 3 mg, a therapeutic agent for Crohn's disease.

Crohn's disease is a chronic inflammatory bowel disease of unknown cause. Symptoms include abdominal pain, diarrhea, bloody stool, and weight loss. This illness can cause inflammation and ulcers on any part of the digestive tract, from the mouth to the anus, but symptoms occur most frequently from the end of the small intestine to the large intestine.

Zentacort® is sold as Entocort® in over 40 nations around the world. It's made with budesonide, which is recommended in overseas guidelines as the first choice for treating Crohn's disease.

In Japan, AstraZeneca received a development request from the Ministry of Health, Labour and Welfare, and began development in December 2010. In July 2015, Tillotts Pharma AG, a subsidiary of Zeria in Switzerland, acquired the global rights to Entocort®, excluding the United States, from AstraZeneca Subsequently, Zeria submitted an application for approval to manufacture and sell Entocort® in October 2015, and began sales on November 29, 2016.

Zentacort® is an enteric-coated sustained-release product designed to release its active ingredient, budesonide, in the small intestine and near the colon, and is effective in treating the mild to moderate symptoms of Crohn's disease during its active period. Budesonide, a locally-acting glucocorticoid, has a high first-pass metabolism after absorption and fewer systemic side effects than traditional glucocorticoids.

Zeria believes that by selling Zentacort® Capsule 3 mg it can provide a new option for treating Crohn's disease.

Hepalyse® KING PLUS and Hepalyse® KING EX are launched

On October 1, 2016, Zeria launched two mini drinks that are nutrient tonics for physical fatigue and exhaustion, Hepalyse® KING PLUS (second-class OTC drug) and Hepalyse® KING EX (second-class OTC drug).

In its range of Hepalyse® brand OTC drugs, Zeria has been selling Hepalyse® PLUS II tablets, and the mini drinks Hepalyse® Drink II, Hepalyse® Hi PLUS, and Hepalyse® KING. These products have become immensely popular.
Hepalyse® KING PLUS and Hepalyse® KING EX are new top-of-the-line products in the Hepalyse® KING series that contain increased liver hydrolysate, natural medicinal ingredients to fortify the stomach and increase vigor, and royal jelly. These products support people who suffer from fatigue.

Character of Hepalyse® KING PLUS

In addition to containing 300 mg of liver hydrolysate, the most among the Hepalyse® drink series, Hepalyse® KING PLUS has natural medicinal ingredients to fortify the stomach, such as double the amount of ginger of Hepalyse® King and the new ingredient cinnamon bark. These ingredients fortify weakened livers and digestive system and provide effective relief from physical fatigue and exhaustion.

Character of Hepalyse® KING EX

Hepalyse® KING EX is the topmost product in the Hepalyse® drink series. In addition to containing 300 mg of liver hydrolysate, it contains various natural medicinal ingredients that are effective for anti-fatigue and work as a pick-me-up/metabolic stimulant, such as eleutherococcus senticosus rhizome, royal jelly, and more. Hepalyse® KING EX relieves fatigue, etc., caused by a weakened liver as well as persistent exhaustion.

Financial Statements (Consolidated)

Consolidated Balance Sheets (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current Assets	**39,695**	**38,764**
Cash and Deposits	12,343	9,250
Notes and Accounts Receivable-Trade	14,763	16,620
Inventories	8,013	8,608
Deferred Tax Assets	744	718
Other	3,869	3,599
Allowance for Doubtful Accounts	(39)	(33)
Noncurrent Assets	**79,482**	**75,592**
Property, Plant and Equipment	**23,274**	**24,154**
Buildings and Structures	8,428	8,252
Machinery, Equipment and Vehicles	2,635	3,764
Land	11,671	11,698
Construction in Progress	143	58
Other	394	379
Intangible Assets	**35,783**	**33,884**
Investments and Other Assets	**20,424**	**17,553**
Investment Securities	12,471	9,206
Deferred Tax Assets	13	31
Net Defined Benefit Asset	7,113	7,686
Other	870	670
Allowance for Doubtful Accounts	(43)	(41)
Total Assets	**119,178**	**114,357**

Item \ Term	Previous Fiscal Year (As of March 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current Liabilities	**48,245**	**45,178**
Notes and Accounts Payable-Trade	2,041	2,272
Short-Term Loans Payable	39,037	33,061
Other	7,166	9,843
Noncurrent Liabilities	**6,865**	**5,674**
Long-Term Loans Payable	4,653	2,884
Net Defined Benefit Liability	643	757
Asset Retirement Obligations	75	54
Other	1,492	1,978
Total Liabilities	**55,110**	**50,853**
Net Assets		
Shareholders' Equity	**56,454**	**57,928**
Capital Stock	**6,593**	**6,593**
Capital Surplus	**12,055**	**11,685**
Retained Earnings	**37,810**	**39,654**
Treasury Stock	**(4)**	**(5)**
Accumulated Other Comprehensive Income	**7,280**	**5,423**
Valuation Difference on Available-for-Sale Securities	**879**	**231**
Foreign Currency Translation Adjustment	**4,212**	**2,520**
Remeasurements of Defined Benefit Plans	**2,188**	**2,670**
Non-Controlling Interests	**332**	**152**
Total Net Assets	**64,067**	**63,504**
Total Liabilities and Net Assets	**119,178**	**114,357**

Unit: ¥million rounded down to nearest million

Consolidated Statements of Income (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net Sales	62,475	64,849
Cost of Sales	17,930	18,168
Gross Profit	44,544	46,680
Reversal of Provision for Sales Returns	62	58
Provision for Sales Returns	58	48
Gross Profit-Net	44,548	46,691
Selling, General and Administrative Expenses	39,982	42,149
Operating profit	4,565	4,541
Non-Operating Income	352	337
Non-Operating Expenses	467	440
Ordinary profit	4,450	4,438
Extraordinary Income	1,091	810
Extraordinary Loss	280	327
Profit before Income Taxes	5,262	4,920
Income Taxes-Current	602	600
Income Taxes-Deferred	1,127	744
Net Profit	3,532	3,575
Profit Attributable to Non-Controlling Interests	18	31
Profit Attributable to Owners of Parent	3,513	3,544

Unit: ¥million rounded down to nearest million

Consolidated Statements of Cash Flows (Summary)

(Unit: ¥million*)

Item \ Term	Previous Fiscal Year (From April 1, 2015 to March 31, 2016)	Current Fiscal Year (From April 1, 2016 to March 31, 2017)
Net Cash Provided by (Used in) Operating Activities	5,694	7,238
Net Cash Provided by (Used in) Investing Activities	(32,709)	(703)
Net Cash Provided by (Used in) Financing Activities	22,416	(8,982)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(1,070)	(644)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,669)	(3,092)
Cash and Cash Equivalents at Beginning of Year	17,880	12,210
Cash and Cash Equivalents at End of Year	12,210	9,118

Unit: ¥million rounded down to nearest million

Consolidated Statements of Changes in Net Assets (Summary) (From April 1, 2016 to March 31, 2017)

(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	12,055	37,810	(4)	56,454	879	4,212	2,188	7,280	332	64,067
Changes of Items during the Period											
Dividends from Surplus			(1,699)		(1,699)						(1,699)
Profit Attributable to Owners of Parent			3,544		3,544						3,544
Purchase of Treasury Stock				(0)	(0)						(0)
Change in Ownership Interest of Parent due to Transactions with Non-Controlling Interests		(370)			(370)						(370)
Net Changes of Items Other than Shareholders' Equity						(647)	(1,691)	482	(1,856)	(179)	(2,036)
Total Changes of Items during the Period	-	(370)	1,844	(0)	1,473	(647)	(1,691)	482	(1,856)	(179)	(562)
Balance at the End of Current Period	6,593	11,685	39,654	(5)	57,928	231	2,520	2,670	5,423	152	63,504

Unit: ¥million rounded down to nearest million

Company Information (As of March 31, 2017)

Company Outline

Established:	December 1955
Paid-in Capital:	¥6,593,398,500
Number of Employees:	1,767 (Consolidated)
Business Activities:	1. Manufacaturing, 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	Akira Ohno
Director	Tetsuo Komori
Director	Hiroki Kato
Director	Yoshihiro Hiraga
Director	Katsuyuki Ishii
Director	Toshiaki Kawagoe
Director	Mitsuyuki Yoshijima
Audit & Supervisory Board Member	Koujirou Takami
Audit & Supervisory Board Member	Shigeya Furuhata
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 1st and 2nd 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
- Tokyo Distribution Center
- Sapporo 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, 2017)

Status of Shares

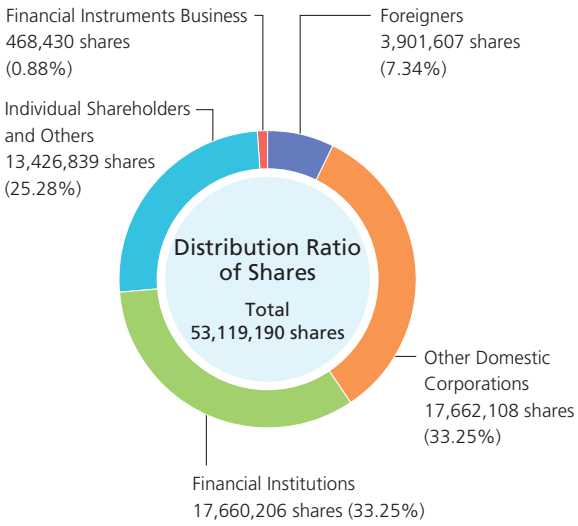
(i) Number of authorized shares:	119,860,000 shares
(ii) Number of shares outstanding:	53,119,190 shares
(iii) Number of shareholders:	15,549

Major Shareholders

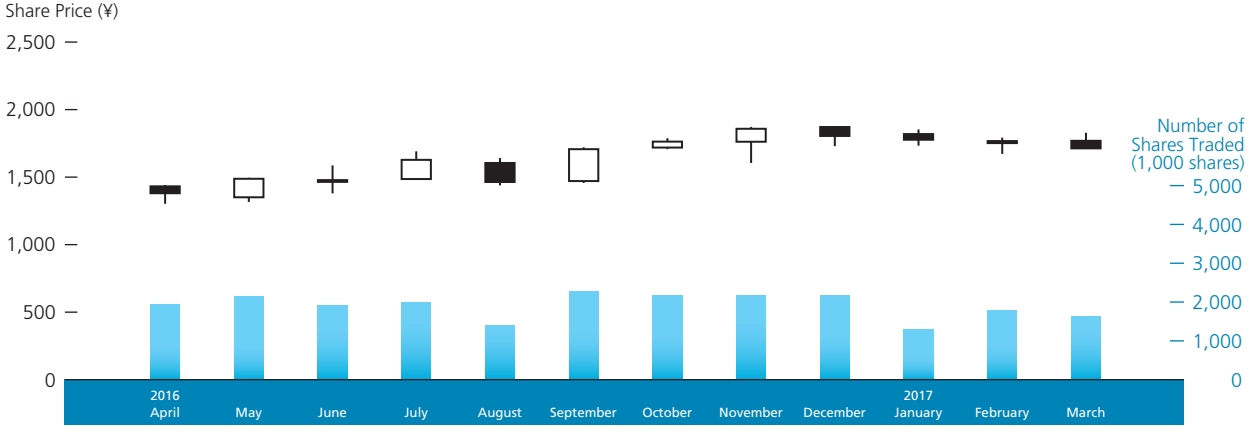
Name of Shareholder	Number of Shares Held	Percentage Held (%)
Ibe Corporation	4,741,847	8.9
Japan Trustee Service Bank, Ltd. (Trust Account)	2,569,400	4.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,107,050	4.0
Morinaga Milk Industry Co., Ltd.	2,040,215	3.8
Sachiaki Ibe	1,592,967	3.0
Sumitomo Mitsui Banking Corporation	1,406,131	2.6
Mizuho Bank, Ltd.	1,406,053	2.6
Zeria Pharmaceutical Co., Ltd. Employee Stockholding Plan	1,273,129	2.4
Resona Bank, Limited	1,182,385	2.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	991,000	1.9

(Note) The percentage held is calculated by subtracting treasury stock (totaling 4,192 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/

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03-3661-2080
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