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Revision of Forecast of Financial Results for FY2014 and Reduction of Board Members' Compensation

We hereby announces that we have revised our forecast of financial results for FY2014 (May 1, 2014 to April 30, 2015) which was previously announced on June 12, 2014 and that we have decided to reduce the board members' compensation.

1. Revision of forecast of financial results for FY2014 (May 1, 2014 to April 30, 2015)

[Consolidated]

(Millions of yen, %)

	Business revenue	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Net income(loss) per share
Forecast announced previously (A)	10,418	4,483	4,466	3,564	Yen 168.04
Revised forecast (B)	51	(1,984)	(1,884)	(2,080)	(99.52)
Change (B-A)	(10,367)	(6,467)	(6,350)	(5,644)	—
Change (%)	(99.5)	—	—	—	—
Reference: Previous year results (FY2013)	107	(1,518)	(1,523)	(1,525)	(77.77)

[Non-consolidated]

(Millions of yen, %)

	Business revenue	Ordinary income (loss)	Net income (loss)	Net income(loss) per share
Forecast announced previously (A)	5,146	2,142	1,980	Yen 99.62
Revised forecast (B)	129	(1,068)	(1,260)	(60.31)
Change (B-A)	(5,016)	(3,211)	(3,240)	—
Change (%)	(97.5)	—	—	—
Reference: Previous year results (FY2013)	56	(1,067)	(1,068)	(54.45)

Note: The performance forecast was prepared based on information obtained as of the time of announcement. Actual results may differ significantly from the forecast due to various subsequent factors.

Note: Net income (loss) per share is calculated with the average number of shares outstanding including 1,270,000 shares which was issued through public offering on July 9, 2014. Hence, net income (loss) per share for FY2013 has been adjusted to reflect this public offering.

2. Reasons of revision

There are three major factors in revising our forecast of financial results for FY2014 as stated below.

(1) Changing the development plan of the hemostat in Japan

We were expecting to have the approval for manufacturing and marketing of the hemostat in Japan during this fiscal year and to earn revenues from milestone payment associated with the approval and product sales.

The company has submitted the application for the approval to Pharmaceuticals and Medical Devices Agency, Japan (PMDA) on May 31, 2011. Since the precise validation of efficacy of the hemostat was deemed necessary to obtain the approval through consultations between PMDA and the company, we decided to withdraw the application as of March 13, 2015, conduct a subsequent clinical trial, and reapply for the approval.

This change of the development plan led us conclude that the probability of recognition of the revenue resulting from the approval during this fiscal year has significantly deteriorated and that our revenue plan should be revised. The subsequent clinical trial is planned to start in FY2015. The company will make its best efforts to submit the reapplication for the approval early after the completion of the subsequent clinical trial; however, the specific schedule is still under review.

(2) Delay of execution of sales partnership agreement for the hemostat in EU/US

We were expecting to obtain revenues from milestone payment and product sales associated with the execution of sales partnership agreement for the hemostat mainly in EU/US market. The group has been under negotiation with several companies. Reviewing the progress of the negotiation from the third quarter to the fourth quarter of this fiscal year made us anticipate that the agreement would not be executed by the end of FY2014. Since revenues from milestone payment and product sales are unlikely to be expected during FY2014, we decided to revise our revenue plan.

(3) Amount of expense and profit

Cost of goods sold in FY2014 is expected to decrease with the change of the revenue plan stated above. Operating expense including selling and general administrative expense is also reduced.

Therefore, the previously forecasted business revenue of ¥10,418 million was revised downward to ¥51 million and each projection for income including operating income was also revised downward.

3. Major tasks for the future

(1) Earnings from the hemostat

The company's group will make best efforts to execute sales partnership agreement mainly in EU in FY2015. Direct sales to influential hospitals in EU countries has started since the fourth quarter of FY2014. We will also build our sales structure of the hemostat in Asia, Oceania, and Latin America.

(2) Obtaining the manufacturing and marketing approval for the hemostat in Japan

Note: The performance forecast was prepared based on information obtained as of the time of announcement. Actual results may differ significantly from the forecast due to various subsequent factors.

For the hemostat business in Japan, the company will make best efforts to conduct the subsequent clinical trial and to obtain the manufacturing and marketing approval. Reapplication for the approval is planned to be submitted early after the completion of the subsequent clinical trial. However, the specific schedule is still under review.

4. Reduction of the board members' compensation

We have decided to reduce compensation for directors in order to clarify the responsibility of management. We also announce that auditors have offered to voluntarily return a part of their compensation.

(1) Detail of reduction of the board members' compensation

Representative Director	Reduced by 50% of monthly compensation
Director	Reduced by 20% of monthly compensation
Auditor	Reduced by 10% of monthly compensation

(2) Term

6 months (from March to August, 2015)

[For reference]

Revision of mid-term business plan (consolidated)

We have also revised our mid-term business plan as follows mainly because the schedule milestone payments income and product sales revenue recognized was reviewed, which was originally expected in FY2014. For details, please refer to our notification "Revision of mid-term business plan" also announced on the same date.

(Millions of yen)

	Business revenue	Operating income (loss)	Ordinary income (loss)	Net income (loss)
FY2014 (forecast)	51	(1,984)	(1,884)	(2,080)
FY2015 (target)	3,694	731	714	171
FY2016 (target)	11,345	4,377	4,361	3,000

Note: Figures above are extracted from the company's revised mid-term business plan announced on March 13, 2015.

Note: The performance forecast was prepared based on information obtained as of the time of announcement. Actual results may differ significantly from the forecast due to various subsequent factors.