

## Summary of Financial Report for the FY ending March 2021 (Non-Consolidated)

April 28, 2021

Listed Company Name: Japan Tissue Engineering Co., Ltd.  
Stock Code: 7774  
Representative: Ken-ichiro Hata, President and CEO  
Contact: Masahito Obayashi, Director

Listed Securities Exchange: JQ  
URL <http://www.jppte.co.jp>  
TEL (0533) 66-2020

(Rounding down to the nearest million yen)

### 1. Results for the FY2020 (April 1, 2020 to March 31, 2021)

(1) Business Results (% indicate increase / decrease on previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2020	2,257	-2.3	-466	-	-462	-	-466	-
FY2019	2,309	-2.0	-235	-	-229	-	-287	-

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating Income Ratio
	yen	yen	%	%	%
FY2020	-11.49	-	-6.3	-5.6	-20.7
FY2019	-7.07	-	-3.7	-2.7	-10.2

Note: Profit (Loss) on investment FY2020 - million yen FY2019 - million yen

### (2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2020	8,119	7,164	88.2	176.42
FY2019	8,451	7,631	90.3	187.91

Note: Shareholders' equity FY2020: 7,164 million yen FY2019: 7,631 million yen

### (3) Cash Flow

	Operating cash flow	Investing cash flow	Financing cash flow	Cash and equivalents at end of term
	million yen	million yen	million yen	million yen
FY2020	-399	125	-1	1,875
FY2019	-84	209	-3	2,150

## 2. Cash Dividends

	Dividends per share					Total dividend paid	Payout ratio	Ratio of total amount of dividends to net assets
	Q1 end	Q2 end	Q3 end	Term end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY2019	-	0.00	-	0.00	0.00	0	-	0.0
FY2020	-	0.00	-	0.00	0.00	0	-	0.0
FY2021 (Forecast)	-	0.00	-	0.00	0.00		-	

## 3. Forecast for FY2021 (April 1, 2021 to March 31, 2022)

(% indicate increase/decrease on previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY2021	2,758	22.2	-297	-	-292	-	-295	-	-7.29

\*Disclaimer regarding appropriate use of forecasts and related points of note

The above-mentioned forecasts are based on the information available on the date of release of these materials and on various assumptions made on the date of release of these materials including uncertain factors and may affect future earnings. Actual operating results may differ significantly from those forecasts as a consequence of various factors.

**Japan Tissue Engineering Co., Ltd.**  
**Non-consolidated Financial Statements for FY2020**  
**(April 1, 2020 - March 31, 2021)**

**(1) Non-consolidated Balance Sheets**

(Thousands of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	5,750,876	5,275,871
Notes receivable - trade	86,970	52,786
Accounts receivable - trade	594,628	769,659
Merchandise and finished goods	2,798	3,569
Work in process	12,946	12,037
Raw materials and supplies	150,298	188,464
Advance payments to suppliers	40,486	46,999
Prepaid expenses	11,057	5,221
Other	166,777	189,990
Total current assets	6,816,839	6,544,600
Non-current assets		
Property, plant and equipment		
Buildings	1,927,905	1,931,255
Accumulated depreciation	-1,070,736	-1,142,676
Buildings, net	857,168	788,578
Structures	20,382	20,382
Accumulated depreciation	-17,936	-18,378
Structures, net	2,446	2,004
Machinery and equipment	424,838	447,367
Accumulated depreciation	-319,175	-336,281
Machinery and equipment, net	105,663	111,085
Tools, furniture and fixtures	313,673	330,132
Accumulated depreciation	-243,173	-263,730
Tools, furniture and fixtures, net	70,499	66,401
Land	582,770	582,770
Leased assets	7,206	3,720
Accumulated depreciation	-4,385	-2,108
Leased assets, net	2,820	1,612
Construction in progress	-	2,610
Total property, plant and equipment	1,621,368	1,555,063
Intangible assets		
Trademark right	63	29
Software	9,680	13,282
Other	264	3,264
Total intangible assets	10,008	16,575
Investments and other assets		
Investments in capital	20	20
Long-term prepaid expenses	112	-
Other	3,204	2,926
Total investments and other assets	3,337	2,946
Total non-current assets	1,634,714	1,574,585
Deferred assets		
Share issuance costs	9	-
Total deferred assets	9	-
Total assets	8,451,563	8,119,186

(Thousands of yen)

	<b>FY2019</b>	<b>FY2020</b>
	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	67,942	116,052
Accounts payable - trade	51,863	31,414
Lease obligations	1,368	866
Accounts payable - other	235,976	337,434
Accrued expenses	21,426	21,943
Income taxes payable	29,301	14,394
Advances received	17,889	47,689
Deposits received	7,811	8,638
Provision for bonuses	127,576	134,001
Provision for bonuses for directors (and other officers)	6,406	4,824
Other	216,398	201,749
Total current liabilities	783,961	919,009
Non-current liabilities		
Lease obligations	1,678	874
Provision for retirement benefits for directors (and other officers)	34,900	34,900
Total non-current liabilities	36,578	35,774
<b>Total liabilities</b>	<b>820,539</b>	<b>954,784</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,958,763	4,958,763
Capital surplus		
Legal capital surplus	2,788,763	2,788,763
Total capital surplus	2,788,763	2,788,763
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-116,215	-582,837
Total retained earnings	-116,215	-582,837
Treasury shares	-287	-287
Total shareholders' equity	7,631,024	7,164,401
<b>Total net assets</b>	<b>7,631,024</b>	<b>7,164,401</b>
<b>Total liabilities and net assets</b>	<b>8,451,563</b>	<b>8,119,186</b>

## (2) Non-consolidated Statements of Income

(Thousands of yen)

	FY2019 Fiscal year ended March 31, 2020	FY2020 Fiscal year ended March 31, 2021
Net sales		
Revenue of entrusted development	813,450	721,631
Net sales of merchandise and finished goods	1,496,401	1,535,978
Total net sales	*1 2,309,851	*1 2,257,609
Cost of sales		
Cost of entrusted development	491,872	458,953
Cost of merchandise and finished goods sold		
Beginning inventory of merchandise and finished goods	124	2,798
Cost of purchased goods	22,050	4,485
Cost of products manufactured	617,919	643,978
Total	640,094	651,261
Transfer to other account	*2 7,470	*2 6,007
Ending inventory of merchandise and finished goods	2,798	3,569
Cost of merchandise and finished goods sold	629,825	641,684
Total cost of sales	1,121,698	1,100,637
Gross profit	1,188,152	1,156,972
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	76,866	68,552
Salaries and allowances	384,339	401,186
Bonuses	51,283	49,938
Provision for bonuses for directors (and other officers)	6,406	4,824
Provision for bonuses	51,532	42,710
Retirement benefit expenses	4,208	4,324
Rent expenses on land and buildings	27,757	25,732
Taxes and dues	54,878	52,692
Depreciation	16,279	19,882
Research and development expenses	*3 340,939	*3 468,895
Commission expenses	31,645	130,100
Supplies expenses	19,361	20,457
Donations	9,745	7,553
Other	348,085	326,983
Total selling, general and administrative expenses	1,423,330	1,623,833
Operating loss	-235,178	-466,861
Non-operating income		
Interest income	3,479	3,039
Dividend income	0	0
Income from employee	871	908
Miscellaneous income	1,290	990
Total non-operating income	5,642	4,938
Non-operating expenses		
Foreign exchange losses	92	747
Miscellaneous losses	148	112
Total non-operating expenses	241	859
Ordinary loss	-229,777	-462,782
Loss before income taxes	-229,777	-462,782
Income taxes - current	3,840	3,840
Income taxes - deferred	53,481	-
Total income taxes	57,321	3,840
Loss	-287,099	-466,622

### (3) Non-consolidated Statements of Changes in Equity

#### FY2019 (Year ended March 31, 2020)

(Thousands of yen)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at beginning of period	4,958,763	2,788,763	170,883	-287	7,918,123	7,918,123
Changes during period						
Loss			-287,099		-287,099	-287,099
Total changes during period	-	-	-287,099	-	-287,099	-287,099
Balance at end of period	4,958,763	2,788,763	-116,215	-287	7,631,024	7,631,024

#### FY2020 (Year ended March 31, 2021)

(Thousands of yen)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at beginning of period	4,958,763	2,788,763	-116,215	-287	7,631,024	7,631,024
Changes during period						
Loss			-466,622		-466,622	-466,622
Total changes during period	-	-	-466,622	-	-466,622	-466,622
Balance at end of period	4,958,763	2,788,763	-582,837	-287	7,164,401	7,164,401

#### (4) Non-consolidated Statements of Cash Flows

(Thousands of yen)

	<b>FY2019</b> Fiscal year ended March 31, 2020	<b>FY2020</b> Fiscal year ended March 31, 2021
Cash flows from operating activities		
Loss before income taxes	-229,777	-462,782
Depreciation	124,143	128,233
Increase (decrease) in provision for bonuses	9,017	6,425
Increase (decrease) in provision for bonuses for directors (and other officers)	1,253	-1,582
Interest and dividend income	-3,480	-3,040
Decrease (increase) in trade receivables	52,208	-140,847
Decrease (increase) in inventories	-19,768	-38,027
Increase (decrease) in trade payables	29,390	27,660
Increase (decrease) in accounts payable - other	-49,567	107,550
Increase (decrease) in accrued consumption taxes	55,998	-43,764
Other, net	-66,345	21,134
Subtotal	-96,928	-399,041
Interest and dividends received	4,113	3,146
Income taxes refund (paid)	8,230	-3,691
Net cash provided by (used in) operating activities	-84,584	-399,586
Cash flows from investing activities		
Payments into time deposits	-3,600,000	-3,400,000
Proceeds from withdrawal of time deposits	3,900,000	3,600,000
Purchase of property, plant and equipment	-86,492	-62,211
Purchase of intangible assets	-4,744	-12,180
Other, net	292	278
Net cash provided by (used in) investing activities	209,054	125,886
Cash flows from financing activities		
Repayments of lease obligations	-3,195	-1,305
Net cash provided by (used in) financing activities	-3,195	-1,305
Net increase (decrease) in cash and cash equivalents	121,275	-275,005
Cash and cash equivalents at beginning of period	2,029,601	2,150,876
Cash and cash equivalents at end of period	• 2,150,876	• 1,875,871

## Notes to non-consolidated financial statements

### [Balance Sheets]

- \* The assets and debts to affiliated company

(Thousands of yen)

	<b>FY2019</b> As of March 31, 2020	<b>FY2020</b> As of March 31, 2021
Accounts receivable	125,977	-

### [Statements of income]

- \*1 Sales includes transaction with affiliated company as follows.

(Thousands of yen)

	<b>FY2019</b> Year ended March 31, 2020	<b>FY2020</b> As of March 31, 2021
Sales to affiliated company	375,865	304,584

- \*2 Details of transfer to other accounts are as follows.

(Thousands of yen)

	<b>FY2019</b> Year ended March 31, 2020	<b>FY2020</b> As of March 31, 2021
R&D expenses	4,561	5,221
Advertising expenses	2,908	785
Total	7,470	6,007

- \*3 Major items and amounts of R&D costs included in the overhead expenses are as follows.

(Thousands of yen)

<b>FY2019</b> Year ended March 31, 2020	<b>FY2020</b> Year ended March 31, 2021
Salaries and allowances 188,696	Salaries and allowances 220,139
Fee payment 96,344	Fee payment 155,124
Raw materials used in R&D 42,634	Raw materials used in R&D 83,590
Amount of offset by grant income -145,077	Amount of offset by grant income -173,497

### [Statements of cash flows]

- \* Relationship between the balance at the end of the period for cash and cash equivalents and the amounts of items listed in the balance sheets is as follows.

(Thousands of yen)

	<b>FY2019</b> Year ended March 31, 2020	<b>FY2020</b> As of March 31, 2021
Cash and deposit accounts	5,750,876	5,275,871
Time deposits that exceed 3 months	-3,600,000	-3,400,000
Cash and cash equivalents	2,150,876	1,875,871