



Translation

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Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 1, 2026

Stock exchange listings:
Tokyo Growth

Company name Japan Tissue Engineering Co. Ltd

Securities code 7774 URL <https://www.jppe.co.jp>

Representative (Title) Representative Director, President & CEO Kazuto Yamada

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Date of general shareholders' meeting (as planned) June 19, 2026 Dividend payable date (as planned) —

Annual securities report filing date (as planned) June 19, 2026

Supplemental material of annual results : Yes

Convening briefing of annual results : Yes (For institutional investors and equity analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	2,182	(11.1)	(549)	—	(537)	—	(734)	—
March 31, 2025	2,455	(2.3)	(238)	—	(234)	—	(255)	—

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2026	(18.09)	—	(13.5)	(8.8)	(25.2)
March 31, 2025	(6.29)	—	(4.3)	(3.5)	(9.7)

	For the fiscal		For the fiscal
Reference: Investment profit (loss) on equity method	year ended	— Millions of yen	year ended
	March 31, 2026		March 31, 2025
		— Millions of yen	

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	5,682	5,090	89.6	125.35
March 31, 2025	6,512	5,825	89.4	143.44

Reference: Owner's equity	As of March 31, 2026	5,090 Millions of yen	As of March 31, 2025	5,825 Millions of yen
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(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2026	(488)	253	—	1,450
March 31, 2025	(148)	(232)	(0)	1,685

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio	Ratio of total amount of dividends to net assets
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2026	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2027 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Non-consolidated financial forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2027	3,070	40.6	100	—	110	—	100	—	2.46

Note: Non-consolidated financial forecast for the fiscal year ending March 31, 2027. Due to the nature of our business, our performance is significantly affected by external factors and may fluctuate considerably during the period; therefore, we have omitted a performance forecast for the cumulative second-quarter period.

* Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : None

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(2) Number of issued shares (common shares)

① Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

② Number of treasury stock at the end of fiscal year

③ Average number of shares

As of March 31, 2026	40,610,200shares	As of March 31, 2025	40,610,200shares
As of March 31, 2026	250shares	As of March 31, 2025	250shares
Fiscal year ended March 31, 2026	40,609,950shares	Fiscal year ended March 31, 2025	40,609,951shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution Regarding Forward-Looking Statements)

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. They are not intended as a guarantee that such results will be achieved. Actual results may differ significantly due to various factors.

For the assumptions underlying the earnings forecasts and notes on their use, please refer to page 4 of the attached materials, “1. Overview of Business Results (4) Future Outlook.”

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1. Overview of Business Results

(1) Overview of Business Results for the Current Fiscal Year

During the current fiscal year (April 1, 2025 to March 31, 2026), the Japanese economy maintained a moderate recovery trend, supported by the continued increase in inbound demand and consumption driven by wage growth. On the other hand, uncertainties about the economic outlook persist due to factors such as prolonged geopolitical risks, including escalating tensions involving Iran.

Under these circumstances, the Company operated its regenerative medicine products business, regenerative medicine contract business, and LabCyte business, while also actively working on the development of new pipelines.

In addition, from the first quarter of the current fiscal year, in order to further strengthen and develop business activities centered on the LabCyte brand and to more clearly express the nature of the business, the name of the reporting segment previously referred to as the “Research and Development Support Business” has been changed to the “LabCyte Business.”

The overview of each segment and notable matters regarding new pipeline development are as follows.

[Regenerative Medicine Products Business]

Net sales in the regenerative medicine products business for the current fiscal year amounted to 1,354,493 thousand yen (down 9.3% year-on-year).

Dermatology Field: Autologous Cultured Epidermis JACE

In the area of severe burns, although the number of eligible patients declined throughout the fiscal year, the product remains widely recognized as one of the standard treatments for this condition, and orders showed a recovery trend in the fourth quarter. Encouraged by the high evaluation in severe burns, we will continue to contribute to further lifesaving.

For congenital giant melanocytic nevus and epidermolysis bullosa, orders decreased as the pool of eligible patients was largely exhausted; however, the Company will evaluate treatment outcomes and promote initiatives aimed at wider adoption.

Dermatology Field: Autologous Cultured Epidermis Containing Melanocytes JACEMINE

Although it took time to prepare for introduction at certain medical institutions, progress was made in initiatives to improve patient access through collaboration with facilities focused on vitiligo treatment. As a result, the number of core facilities expanded to 42, and toward the end of the fiscal year, orders were secured from new facilities, laying the groundwork for full-scale revenue growth.

Cartilage Field: Autologous Cultured Cartilage JACC

With the expansion of indications to osteoarthritis of the knee and its listing for insurance reimbursement effective January 1, 2026, the product has been repositioned as a key product supporting mid- to long-term growth. Continued use at existing facilities progressed significantly through seminars highlighting efficacy and safety and proposals for new surgical techniques. The number of contracted facilities expanded to 125 nationwide, and in March, a record-high monthly total of 30 cases was achieved, with the number of orders increasing significantly toward the end of the fiscal year.

Corneal Field: Autologous Cultured Corneal Epithelium NEPIC / Autologous Cultured Oral Mucosal Epithelium OCURAL

Orders declined due to sluggish growth in new patients at existing facilities. On the other hand, through collaboration with Nidek Co., Ltd., which is responsible for sales, efforts have been made to develop new facilities and raise awareness of treatment among potential patients. These efforts have yielded results, including adoption at

leading new facilities nationwide with a track record in corneal transplantation. The Company will continue to promote the establishment of treatment at new facilities and raise awareness among potential patients.

[Regenerative Medicine Contract Business]

Net sales in the regenerative medicine contract business for the current fiscal year amounted to 546,371 thousand yen (down 23.5% year-on-year).

Revenue declined due to factors including the postponement to the following fiscal year of milestone achievements related to Teijin Limited, as well as the absence of spot income from specific customers recorded in the previous fiscal year in general customer contracts.

On the other hand, through the Company's unique value proposition of providing end-to-end support up to commercial production, multiple projects have progressed into high value-added phases. Specifically, projects with Actualize Inc., VC Cell Therapy Co., Ltd., Metcela Inc., and AlliedCel Inc. have steadily advanced, driving a shift toward a robust business portfolio that does not depend on specific customers. The Company will continue to focus on building a framework as an "innovation partner" that supports clients in commercializing their seeds.

[LabCyte Business]

Net sales in the LabCyte business for the current fiscal year amounted to 281,879 thousand yen (up 13.5% year-on-year).

In Europe, there has been strong interest in EpiSensA, which drove revenue growth, with the number of regular customers reaching eight companies. Preparations are underway to establish a subsidiary in Germany for full-scale expansion. In India, interest is increasing not only in epidermal models but also in corneal models, and the Company is actively conducting sales activities tailored to local needs. In Japan, in addition to providing technical training on EpiSensA procedures, the Company strengthened its operational structure through collaboration with Teijin Structural Analysis Center, resulting in expanded orders. For the new product, a research-use intestinal epithelial model, technology transfer from Osaka University is being advanced to enhance the product lineup, while also promoting development aimed at expansion into new industries such as drug discovery and food.

[Development of New Pipelines, etc.]

Dermatology Field

The allogeneic (donor-derived) cultured epidermis (development code: Allo-JaCE03), indicated for skin defects including burns, had an application for manufacturing and marketing approval submitted in March 2026. It features the ability to achieve both "long-term storage at room temperature" and "immediate use (rapid availability)" through proprietary drying technology. The Company aims to enable rapid supply in emergency settings while also considering expansion into overseas markets.

Cartilage Field

For autologous cultured cartilage JACC, partial change approval to add osteoarthritis of the knee as an indication was obtained on May 13, 2025, and it was listed for insurance reimbursement effective January 1, 2026. In addition, the Company is jointly working with Teijin Limited on the development of new products aimed at knee treatment.

Oncology Field

An autologous CAR-T cell therapy product* manufactured by the Company has entered an investigator-initiated clinical trial for acute lymphoblastic leukemia (ALL) at Nagoya University, and a Phase I/II investigator-initiated trial is currently underway. Leveraging cost-efficient manufacturing technology for autologous CAR-T cell-derived therapies, the Company is also considering expanding into diseases beyond cancer.

At the Kashiwa-no-ha “Regenerative Medicine Platform,” the Company is accelerating business development in collaboration with Teijin Limited, National Cancer Center Japan East, and Mitsui Fudosan Co., Ltd..

*Development of a low-cost autologous CAR-T cell-derived therapeutic product targeting CD19-positive acute lymphoblastic leukemia, based on patent license agreements with Nagoya University and Shinshu University.

As a result of the above, net sales for the current fiscal year amounted to 2,182,745 thousand yen (down 11.1% year-on-year). Operating loss was 549,445 thousand yen (compared to an operating loss of 238,315 thousand yen in the previous fiscal year), ordinary loss was 537,443 thousand yen (compared to an ordinary loss of 234,487 thousand yen in the previous fiscal year), and net loss was 734,751 thousand yen (compared to a net loss of 255,304 thousand yen in the previous fiscal year). This was mainly due to the recording of an extraordinary loss of 149,999 thousand yen from valuation losses on investment securities.

By segment, net sales were as follows: regenerative medicine products business, 1,354,493 thousand yen (down 9.3% year-on-year); regenerative medicine contract business, 546,371 thousand yen (down 23.5% year-on-year); and LabCyte business, 281,879 thousand yen (up 13.5% year-on-year).

(2) Overview of Financial Position for the Current Fiscal Year

At the end of the current fiscal year, total assets were 5,682,993 thousand yen (a decrease of 829,996 thousand yen from the previous fiscal year-end), total liabilities were 592,709 thousand yen (a decrease of 95,245 thousand yen), and net assets were 5,090,284 thousand yen (a decrease of 734,751 thousand yen).

The analysis of assets, liabilities, and net assets for the current fiscal year is as follows:

(Current Assets)

The balance of current assets at the end of the current fiscal year was 4,182,077 thousand yen, a decrease of 642,872 thousand yen from the end of the previous fiscal year. This was mainly due to decreases in cash and deposits and trade receivables.

(Non-current Assets)

The balance of non-current assets at the end of the current fiscal year was 1,500,916 thousand yen, a decrease of 187,124 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in investment securities.

(Current Liabilities)

The balance of current liabilities at the end of the current fiscal year was 560,509 thousand yen, a decrease of 76,720 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in accrued consumption taxes included in “other” current liabilities.

(Non-current Liabilities)

The balance of non-current liabilities at the end of the current fiscal year was 32,200 thousand yen, a decrease of 18,525 thousand yen from the end of the previous fiscal year. This was mainly due to decreases in the provision for directors’ retirement benefits and the provision for retirement benefits.

(Net Assets)

The balance of net assets at the end of the current fiscal year was 5,090,284 thousand yen, a decrease of 734,751 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of net loss for the period.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the current fiscal year decreased by 234,983 thousand yen from the end of the previous fiscal year to 1,450,465 thousand yen.

The status of cash flows for the current fiscal year is as follows:

(Cash Flows from Operating Activities)

Net cash used in operating activities was 488,020 thousand yen (compared to 148,365 thousand yen used in the previous fiscal year). This was mainly due to loss before income taxes (730,775 thousand yen) and depreciation (157,382 thousand yen).

(Cash Flows from Investing Activities)

Net cash provided by investing activities was 253,035 thousand yen (compared to 232,526 thousand yen used in the previous fiscal year). This was mainly due to expenditures for time deposits (1,800,000 thousand yen) and proceeds from the withdrawal of time deposits (2,200,000 thousand yen).

(Cash Flows from Financing Activities)

There was no change in cash flows from financing activities (compared to 3 thousand yen used in the previous fiscal year).

(4) Future Outlook

For the current fiscal year, the Company forecasts revenue growth driven by expansion in the regenerative medicine products business, regenerative medicine contract business, and LabCyte business, with net sales of 3,070 million yen (up 40.6% year-on-year), operating profit of 100 million yen, ordinary profit of 110 million yen, and net profit of 100 million yen.

(Reference) Trends in Cash Flow-Related Indicators

	2022 FY March	2023 FY March	2024 FY March	2025 FY March	2026 FY March
Equity Ratio (%)	87.7	86.3	87.0	89.4	89.6
Equity Ratio: market value basis (%)	274.2	307.4	396.9	285.0	425.9
Interest-bearing debt to cash flow ratio (years)	—	—	—	—	—
Interest Coverage Ratio (times)	—	—	—	—	—

Equity ratio : Shareholders' equity / Total assets

Market-based equity ratio : Market capitalization / Total assets

Interest-bearing debt to cash flow ratio : Interest-bearing debt / Cash flow

Interest coverage ratio : Cash flow / Interest payments

(Notes)

1. Market capitalization is calculated as the closing stock price at the end of the fiscal year × the number of shares outstanding at the end of the fiscal year.
2. Cash flow refers to operating cash flow.
3. Interest-bearing debt includes all liabilities recorded on the balance sheet on which interest is paid.
4. For the fiscal years ended March 2022, March 2023, March 2025, and March 2026, the interest-bearing debt to cash flow ratio and the interest coverage ratio are not presented because operating cash flow was negative and there was no interest-bearing debt.
5. For the fiscal year ended March 2024, the interest-bearing debt to cash flow ratio and the interest coverage ratio are not presented because there was no interest-bearing debt.

(Reference) Overview of Each Business

[Regenerative Medicine Products Business]

The Company manufactures and sells JACE (autologous cultured epidermis), JACC (autologous cultured cartilage), NEPIC (autologous cultured corneal epithelium), OCURAL (autologous cultured oral mucosal epithelium), and JACEMIN (autologous cultured epidermis containing melanocytes) as part of its regenerative medicine products business.

• JACE (Autologous Cultured Epidermis) (Dermatology Field)

JACE, the first regenerative medicine product in Japan, was listed for insurance coverage in January 2009 for the treatment of severe burns and has since expanded its indications to include congenital giant melanocytic nevus and epidermolysis bullosa (dystrophic and junctional types). Regarding insurance coverage for JACE, there is a limit on the number of sheets that can be reimbursed per patient manufacturing series. The reimbursement limits are 40 sheets for burn treatment (up to 50 sheets if medically necessary), 30 sheets for congenital giant melanocytic nevus treatment, and 50 sheets for epidermolysis bullosa (dystrophic and junctional types).

• JACC (Autologous Cultured Cartilage) (Cartilage Field)

JACC, the second regenerative medicine product in Japan, was listed for insurance coverage in April 2013 and is indicated for traumatic cartilage defects or osteochondritis dissecans in the knee joint (excluding osteoarthritis of the knee). In January 2019, a partial change approval was obtained to use an artificial collagen membrane in place of the patient's own periosteum, which had previously been used during transplantation, thereby reducing surgical invasiveness and simplifying the procedure. In June 2022, the post-marketing surveillance re-examination was completed, reconfirming the efficacy and safety established at the time of approval. On May 13, 2025, approval was obtained for a partial change to add osteoarthritis of the knee as an indication, and it was listed for insurance reimbursement effective January 1, 2026.

• NEPIC (Autologous Cultured Corneal Epithelium) (Corneal Field)

NEPIC, the first regenerative medicine product in Japan in the ophthalmology field, was listed for insurance coverage in June 2020 and is indicated for limbal stem cell deficiency (excluding patients with conditions such as Stevens-Johnson syndrome, ocular cicatricial pemphigoid, graft-versus-host disease, aniridia and other congenital disorders causing abnormalities in corneal epithelial stem cell formation, recurrent pterygium, and idiopathic limbal stem cell deficiency).

• OCURAL (Autologous Cultured Oral Mucosal Epithelium) (Corneal Field)

OCURAL is indicated for limbal stem cell deficiency and was listed for insurance coverage in December 2021. It is the world's first regenerative medicine product capable of treating bilateral limbal stem cell deficiency using oral mucosal epithelial cells.

• JACEMIN (Autologous Cultured Epidermis Containing Melanocytes) (Dermatology Field)

JACEMIN is an epidermal cell sheet cultured to retain melanocytes (pigment cells). It was listed for insurance coverage in October 2024 for the treatment of vitiligo that is ineffective or unsuitable for non-surgical therapies.

[Regenerative Medicine Contract Business]

In its regenerative medicine contract business, the Company provides contract development of regenerative medicine products, consulting services, and contract manufacturing of specified processed cells.

• Contract Development of Regenerative Medicine Products

The Company provides contract development and manufacturing (CDMO) and contract research (CRO) services to academia and companies aiming to obtain approval for regenerative medicine products. These services support the entire process, from design in the research and development stage to commercial production. Leveraging expertise accumulated through in-house product development and manufacturing, as well as GCTP-compliant facilities, the Company offers seamless support regardless of cell type or product form. In recent years, high-value-added projects—such as iPS cell-derived products developed through the Company's own business development efforts—have increased, promoting diversification of the business portfolio.

• Consulting and Contract Manufacturing of Specified Processed Cells

The Company supports medical institutions providing regenerative medicine by assisting in the preparation of treatment plans and the operation of cell processing facilities, while also undertaking the manufacture of specified processed cells at facilities licensed by the Ministry of Health, Labour and Welfare.

[LabCyte Business]

In the LabCyte business, the Company manufactures and sells human cultured tissues for research purposes, applying advanced cultivation technologies accumulated through the development of its own products.

•LabCyte Series

The LabCyte series of human cultured tissues for research use are reagents that serve as alternatives to animal testing. They are sold to companies handling chemical substances, including manufacturers of daily goods, pharmaceuticals, cosmetics, and chemicals. The product lineup includes the human three-dimensional cultured epidermis Epi-Model / EPI-KIT and the human three-dimensional cultured corneal epithelial model. Test methods using Epi-Model 24—such as skin irritation tests, skin corrosion tests, and a skin sensitization test method (EpiSensA) developed by Kao Corporation—as well as eye irritation test methods using the corneal model 24, have been included in the test guidelines of the Organisation for Economic Co-operation and Development as standard methods. These models hold a leading market share in Japan. Furthermore, the skin irritation test method for medical devices using Epi-Model 24 has been included in the international standard ISO 10993-23.

2. Basic Approach to the Selection of Accounting Standards

The Company prepares its financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963) in order to ensure comparability between companies and across fiscal periods.

In addition, the Company is undertaking initiatives in preparation for the future adoption of International Financial Reporting Standards (IFRS), including the acquisition of knowledge of IFRS, analysis of differences between Japanese standards and IFRS, and assessment of the impact of implementation. However, the timing of IFRS adoption has not yet been determined.

3. Financial Statements and Key Notes

(1) Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	3,885,449	3,250,465
Notes receivable – trade	4,371	-
Accounts receivable – trade	539,201	512,669
Electronically recorded monetary claims – operating	50,625	33,918
Merchandise and finished goods	1,928	208
Work in process	17,142	20,284
Raw materials and supplies	162,629	214,705
Prepaid expenses	30,969	28,601
Other	132,630	121,223
Total current assets	4,824,949	4,182,077
Non-current assets		
Property, plant and equipment		
Buildings	2,017,226	2,018,656
Accumulated depreciation	(1,408,924)	(1,478,312)
Buildings, net	608,302	540,344
Structures	20,382	20,382
Accumulated depreciation	(18,974)	(19,043)
Structures, net	1,408	1,338
Machinery and equipment	537,305	552,472
Accumulated depreciation	(386,758)	(426,293)
Machinery and equipment, net	150,547	126,179
Tools, furniture and fixtures	410,803	414,991
Accumulated depreciation	(348,236)	(369,910)
Tools, furniture and fixtures, net	62,566	45,081
Land	582,770	582,770
Construction in progress	14,660	41,126
Total property, plant and equipment	1,420,255	1,336,840
Intangible assets		
Software	76,753	29,681
Other	19,997	20,364
Total intangible assets	96,750	50,045
Investments and other assets		
Investment securities	150,000	100,000
Investments in capital	20	20
Long-term prepaid expenses	20,107	12,019
Other	906	1,990
Total investments and other assets	171,034	114,030
Total non-current assets	1,688,040	1,500,916
Total assets	6,512,990	5,682,993

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable – trade	24,890	27,563
Electronically recorded obligations - operating	84,391	79,332
Accounts payable – other	187,195	177,597
Accrued expenses	21,260	19,942
Income taxes payable	21,264	12,841
Contract liabilities	39,798	23,733
Deposits received	10,210	9,008
Provision for bonuses	127,186	124,236
Provision for bonuses for directors (and other officers)	3,397	449
Other	117,633	85,803
Total current liabilities	637,229	560,509
Non-current liabilities		
Provision for retirement benefits	4,725	2,200
Provision for retirement benefits for directors (and other officers)	46,000	30,000
Total non-current liabilities	50,725	32,200
Total liabilities	687,954	592,709
Net assets		
Shareholders' equity		
Share capital	4,958,763	3,997,673
Capital surplus		
Legal capital surplus	2,788,763	1,827,673
Total capital surplus	2,788,763	1,827,673
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,922,179)	(734,751)
Total retained earnings	(1,922,179)	(734,751)
Treasury shares	(311)	(311)
Total shareholders' equity	5,825,035	5,090,284
Total net assets	5,825,035	5,090,284
Total liabilities and net assets	6,512,990	5,682,993

(2) Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales		
Outsourcing service income	732,064	554,971
Net sales of merchandise and finished goods	1,723,410	1,627,773
Total net sales	2,455,474	2,182,745
Cost of sales		
Cost of contracted services	256,347	193,413
Cost of merchandise and finished goods sold		
Beginning inventory of merchandise and finished goods	-	1,928
Cost of products manufactured	694,838	723,076
Total	694,838	725,004
Transfer to other account	5,017	2,816
Ending inventory of merchandise and finished goods	1,928	208
Cost of merchandise and finished goods sold	687,892	721,978
Total cost of sales	944,240	915,392
Gross profit	1,511,234	1,267,353
Selling, general and administrative expenses		
Personnel expenses	758,912	767,860
Rent expenses on land and buildings	16,193	18,642
Taxes and dues	55,971	42,186
Depreciation	41,920	41,208
Research and development expenses	506,730	497,323
Commission expenses	57,379	71,305
Supplies expenses	16,053	16,317
Donations	79	68
Other	407,939	464,570
Total selling, general and administrative expenses	1,749,550	1,816,798
Operating loss	(238,315)	(549,445)
Non-operating income		
Interest income	1,641	9,784
Interest on securities	969	-
Dividend income	0	0
Miscellaneous income	1,875	3,882
Total non-operating income	4,487	13,667
Non-operating expenses		
Foreign exchange losses	579	458
Miscellaneous losses	80	1,206
Total non-operating expenses	659	1,665
Ordinary loss	(234,487)	(537,443)
Extraordinary income		
Subsidy income	10,360	31,816
Total extraordinary income	10,360	31,816
Extraordinary losses		
Loss on retirement of non-current assets	-	43,332
Loss on tax purpose reduction entry of non-current assets	10,360	31,816
Loss on valuation of investment securities	-	149,999
Total extraordinary losses	10,360	225,148
Loss before income taxes	(234,487)	(730,775)
Income taxes – current	20,816	3,976
Total income taxes	20,816	3,976
Loss	(255,304)	(734,751)

(3) Statement of Changes in Shareholders' Equity
 Previous Fiscal Year (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity						Total net assets
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward			
Balance at beginning of period	4,958,763	2,788,763	-	(1,666,875)	(308)	6,080,342	6,080,342
Changes during period							
Transfer from share capital to other capital surplus							
Transfer from legal capital surplus to other capital surplus							
Deficit disposition							
Profit (loss)				(255,304)		(255,304)	(255,304)
Purchase of treasury shares					(3)	(3)	(3)
Total changes during period	-	-	-	(255,304)	(3)	(255,307)	(255,307)
Balance at end of period	4,958,763	2,788,763	-	(1,922,179)	(311)	5,825,035	5,825,035

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

(Thousands of yen)

	Shareholders' equity						Total net assets
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward			
Balance at beginning of period	4,958,763	2,788,763	-	(1,922,179)	(311)	5,825,035	5,825,035
Changes during period							
Transfer from share capital to other capital surplus	(961,089)		961,089			-	-
Transfer from legal capital surplus to other capital surplus		(961,089)	961,089			-	-
Deficit disposition			(1,922,179)	1,922,179		-	-
Profit (loss)				(734,751)		(734,751)	(734,751)
Purchase of treasury shares							
Total changes during period	(961,089)	(961,089)	-	1,187,428	-	(734,751)	(734,751)
Balance at end of period	3,997,673	1,827,673	-	(734,751)	(311)	5,090,284	5,090,284

(4) Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Loss before income taxes	(234,487)	(730,775)
Depreciation	158,474	157,382
Increase (decrease) in provision for bonuses	(34,605)	(2,949)
Increase (decrease) in provision for bonuses for directors (and other officers)	3,397	(2,947)
Increase (decrease) in provision for retirement benefits	4,725	(2,525)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11,100	(16,000)
Loss on retirement of non-current assets	—	43,332
Loss on valuation of investment securities	—	149,999
Loss on tax purpose reduction entry of non-current assets	10,360	31,816
Subsidy income	(10,360)	(31,816)
Interest and dividend income	(2,612)	(9,784)
Decrease (increase) in trade receivables	14,458	47,611
Decrease (increase) in inventories	46,864	(53,498)
Increase (decrease) in trade payables	25,693	(2,385)
Increase (decrease) in accounts payable - other	(757)	(12,881)
Increase (decrease) in accrued consumption taxes	(28,370)	(69,148)
Other, net	(86,624)	5,642
Subtotal	(122,742)	(498,928)
Interest and dividends received	1,627	9,854
Income taxes paid	(27,250)	1,054
Net cash provided by (used in) operating activities	(148,365)	(488,020)
Cash flows from investing activities		
Payments into time deposits	(2,200,000)	(1,800,000)
Proceeds from withdrawal of time deposits	2,200,000	2,200,000
Purchase of property, plant and equipment	(76,119)	(74,646)
Subsidies received	10,360	31,816
Purchase of investment securities	(150,000)	(100,000)
Purchase of intangible assets	(17,755)	(3,050)
Other, net	987	(1,084)
Net cash provided by (used in) investing activities	(232,526)	253,035
Cash flows from financing activities		
Purchase of treasury shares	(3)	—
Net cash provided by (used in) financing activities	(3)	—
Effect of exchange rate change on cash and cash equivalents	—	(0)
Net increase (decrease) in cash and cash equivalents	(380,894)	(234,983)
Cash and cash equivalents at beginning of period	2,066,344	1,685,449
Cash and cash equivalents at end of period	1,685,449	1,450,465

(5) Notes to the Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

(Significant Accounting Policies)

1. Valuation Standards and Methods for Securities
Other securities
Securities other than shares, etc. without market prices
The fair value method is applied (valuation differences are recognized directly in net assets in full, and the cost of sales is calculated using the moving-average method).
Shares, etc. without market prices
The cost method based on the moving-average method is applied.
2. Valuation Standards and Methods for Inventories
The cost method based on the weighted-average method (with balance sheet values determined by write-downs based on declines in profitability) is applied.
3. Depreciation Methods for Fixed Assets
 - (1) Tangible fixed assets (excluding lease assets)
The straight-line method is applied.
The main useful lives are as follows:
Buildings 2 to 31 years
Machinery and equipment 2 to 7 years
 - (2) Intangible fixed assets (excluding lease assets)
The straight-line method is applied.
For software for internal use, the method is based on the estimated useful life within the Company (5 years).
 - (3) Lease assets
The straight-line method is applied with the lease term as the useful life and a residual value of zero.
4. **Standards for Recognition of Provisions**
 - (1) Provision for bonuses
To provide for the payment of employee bonuses, the amount attributable to the current fiscal year is recorded based on the estimated payment amount.
 - (2) Provision for directors' bonuses
To provide for the payment of bonuses to directors, the estimated payment amount for the current fiscal year is recorded.
 - (3) Provision for retirement benefits
To provide for the payment of employee retirement benefits, the amount required to be paid at the end of the fiscal year based on internal regulations is recorded.
 - (4) Provision for directors' retirement benefits
To provide for the payment of directors' retirement benefits, the amount required to be paid at the end of the fiscal year based on internal regulations is recorded.
5. **Standards for Recognition of Revenue and Expenses**

The main performance obligations in the Company's major businesses related to revenue arising from contracts with customers, and the usual timing of satisfying those performance obligations (i.e., the usual timing of revenue recognition), are as follows:

 - (1) Sales of goods and products
In the regenerative medicine products business and the LabCyte business, the Company manufactures and sells regenerative medicine products and human cultured tissues for research use. Revenue from such sales of goods and products is recognized at the point in time when each product is delivered to the customer.
For sales transactions in which the Company is determined to act as an agent, revenue is recognized on a net basis, calculated as the amount received in exchange for goods provided by another party minus the amount paid to that party.
 - (2) Provision of contract development and manufacturing services
In the regenerative medicine contract business, the Company provides contract development and manufacturing (CDMO) services specialized in regenerative medicine products under the Pharmaceuticals and Medical Devices Act, as well as contract research (CRO) services, and consulting and contract manufacturing services for specified processed cells under the Act on the Safety of Regenerative Medicine. Revenue from such services is recognized at the point in time when the deliverables or services stipulated in the contract are completed.
6. **Scope of Funds in the Statement of Cash Flows**

Funds consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible into cash and subject to only insignificant risk of changes in value.

(Changes in Presentation)
(Statement of Income)

The Company has partially changed the presentation of its financial statements from the current fiscal year.

(1) The account titles previously presented as "Contract Development Revenue" and "Contract Development Cost" have been changed to "Service Contract Revenue" and "Service Contract Cost," respectively, from the current fiscal year. This change has been made to more appropriately reflect the substance of transactions, as the Company's contract services are not limited to development activities but also include various service provisions. This change relates only to account titles and does not affect the recognition methods or amounts of revenue and expenses.

(2) For the purpose of improving readability, personnel-related expenses in selling, general and administrative expenses have been aggregated and presented as "Personnel expenses" from the current fiscal year.

(3) "Employee Parking Fee Income," which was separately presented under non-operating income in the previous fiscal year, has been included in "Miscellaneous Income" in the current fiscal year, as its proportion of non-operating income has fallen to 10% or less and its significance has decreased. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified. As a result, in the statement of income for the previous fiscal year, "Employee Parking Fee Income" of 957 thousand yen, which was presented under "Non-operating Income," has been included in "Miscellaneous Income," resulting in "Miscellaneous Income" of 1,875 thousand yen.

(Notes to the Balance Sheet)

※ In the current fiscal year, due to the receipt of government subsidies, the Company applied compression accounting of 31,816 thousand yen to tangible fixed assets. The cumulative amount of compression accounting related to tangible fixed assets resulting from the receipt of government subsidies is as follows:

	Previous FY (April 1 2024 to March 31 2025)	Current FY (April 1 2025 to March 31 2026)
Fixed Tangible Assets	132,483 thousand yen	164,300 thousand yen
Intangible Fixed Assets	8,666	8,666
Total	141,150	172,966

(Notes regarding the Statement of Profit and Loss)

*1 The breakdown of transfers to other accounts is as follows:

	Previous FY (April 1 2024 to March 31 2025)	Current FY (April 1 2025 to March 31 2026)
R&D Expenses	3,749 thousand yen	1,329 thousand yen
Advertising Expenses	1,267	1,487
Total	5,017	2,816

※2 Breakdown of personnel expenses is as follows:

	Previous FY (April 1 2024 to March 31 2025)		Current FY (April 1 2025 to March 31 2026)
Remuneration, salaries and allowances	580,696 thousand yen	Salaries and Allowances	607,625 thousand yen
Bonuses and provision for bonuses	47,218	Research Material Costs	49,502
Retirement benefit expenses, etc.	25,576	Depreciation	8,046
Other	105,420	Subsidy Income Offset	102,685

(Note) "Bonuses and provision for bonuses" includes bonuses, provision for bonuses, and provision for bonuses for directors (and other officers).

(Note) "Retirement benefit expenses, etc." includes retirement benefit expenses, retirement benefits for directors (and other officers), and provision for retirement benefits for directors (and other officers).

※3 The principal items and amounts of research and development expenses included in general and administrative expenses are as follows:

	Previous FY (April 1 2024 to March 31 2025)		Current FY (April 1 2025 to March 31 2026)
Salaries and Allowances	209,204 thousand yen	Salaries and Allowances	214,387 thousand yen
Research Material Costs	60,885	Research Material Costs	70,574
Depreciation	44,894	Depreciation	47,889
Subsidy Income Offset	△78,124	Subsidy Income Offset	△67,914

(Notes to the Statement of Cash Flows)

※ The relationship between the ending balance of cash and cash equivalents and the amounts of the corresponding items presented on the balance sheet is as follows:

	Previous FY (April 1 2024 to March 31 2025)	Current FY (April 1 2025 to March 31 2026)
Cash and Deposits	3,885,449 thousand yen	3,250,465 thousand yen
Time Deposits Greater Than 3 Months	△2,200,000	△1,800,000
Cash and Cash Equivalents	1,685,449	1,450,465

(Equity Method Income/Loss, etc.)

Previous fiscal year (From April 1, 2024 to March 31, 2025)
Not applicable, as there are no affiliated companies.

Current fiscal year (From April 1, 2025 to March 31, 2026)
Not applicable, as there are no affiliated companies.

(Notes on Segment Information, etc.)
[Segment Information]

1. Overview of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are subject to regular review by the Board of Directors—the chief operating decision-making body—for the purpose of determining the allocation of management resources and evaluating performance.

The Company operates in three business areas: "Regenerative Medicine Products Business," "Regenerative Medicine Contract Business," and "Lab Site Business," which are designated as its reportable segments.

The "Regenerative Medicine Products Business" engages in the manufacture and sale of products such as autologous cultured epidermis JACE and autologous cultured cartilage JACC. The "Regenerative Medicine Contract Business" provides contract services including product development and manufacturing of regenerative medicine products, clinical development operations, as well as consulting under the Act on the Safety of Regenerative Medicine and contract manufacturing of specified cell-processed products. The "Lab Site Business" engages in the manufacture and sale of human cultured tissues for research purposes by applying advanced cell culture technologies accumulated through the development of in-house products.

2. Methods for Calculating Amounts of Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting methods used for the reported business segments are consistent with those described in "Significant Accounting Policies."

Segment profit is measured on an operating income basis.

3. Information on Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment
Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segments				Reconciling items	Per financial statements
	Regenerative Medicine Business	Regenerative Medicine Contract Business	LabCyte Business	Reportable segments		
Sales						
Revenues from external customers	1,493,211	713,964	248,298	2,455,474	—	2,455,474
Transactions with other segments	—	—	—	—	—	—
Net sales	1,493,211	713,964	248,298	2,455,474	—	2,455,474
Operating profit (loss)	218,639	411,876	67,511	698,028	(936,344)	(238,315)
Assets	1,288,056	288,907	95,747	1,672,711	4,840,278	6,512,990
Other items						
Depreciation	66,307	10,384	5,022	81,714	76,760	158,474
Increase in property, plant and equipment and intangible assets	23,516	3,430	1,687	28,634	33,437	62,072

(Notes)

- Adjustments are as follows:
Adjustments to segment profit or loss (Δ) include corporate expenses, etc., that are not allocated to each reportable segment. Corporate expenses mainly consist of new development costs and general and administrative expenses that are not attributable to any reportable segment.
Adjustments to segment assets include new development assets and corporate assets that are not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits, and head office buildings, etc.
- Segment profit or loss (Δ) is consistent with operating loss reported in the statement of profit and loss.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Thousands of yen)

	Reportable segments				Reconciling items	Per financial statements
	Regenerative Medicine Business	Regenerative Medicine Contract Business	LabCyte Business	Reportable segments		
Sales						
Revenues from external customers	1,354,493	546,371	281,879	2,182,745	—	2,182,745
Transactions with other segments	—	—	—	—	—	—
Net sales	1,354,493	546,371	281,879	2,182,745	—	2,182,745
Operating profit (loss)	78,298	327,441	52,774	458,514	(1,007,959)	(549,445)
Assets	1,236,276	201,559	105,409	1,543,244	4,139,748	5,682,993
Other items						
Depreciation	65,040	7,118	4,111	76,269	81,113	157,382
Increase in property, plant and equipment and intangible assets	26,739	2,708	1,558	31,006	39,705	70,712

(Notes)

- Adjustments are as follows:
Adjustments to segment profit or loss (Δ) include corporate expenses, etc., that are not allocated to each reportable segment. Corporate expenses mainly consist of new development costs and general and administrative expenses that are not attributable to any reportable segment.
Adjustments to segment assets include new development assets and corporate assets that are not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits, and head office buildings, etc.
- Segment profit or loss (Δ) is consistent with the operating loss reported in the statement of profit and loss.
- Changes in reportable segments, etc.:
Effective from the first quarter, the name of the reportable segment formerly referred to as the “Research and Development Support Business” has been changed to the “Lab Site Business.” This change pertains only to the segment name and has no impact on segment information. The segment information for the previous fiscal year has also been presented using the revised name.

[Related Information]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

1. Information by product and service

(Unit : Thousand Yen)

	Regenerative Medicine Product Business	Regenerative _Medicine Contract Business	LabCyte Business	Total
Net Sales to External Customers	1,493,211	713,964	248,298	2,455,474

2. Information by Geographic Area

(1) Net sales

As net sales to external customers in Japan account for more than 90% of total net sales reported in the statement of profit and loss, disclosure is omitted.

(2) Tangible fixed assets

As the amount of tangible fixed assets located in Japan accounts for 100% of the total tangible fixed assets reported on the balance sheet, disclosure is omitted.

3. Information by Major Customers

(Unit : Thousand Yen)

Name of Customer	Net Sales	Related Segment
Teijin Regenet Co., Ltd.	307,083	Regenerative Medicine Contract Business

Current fiscal year (From April 1, 2025 to March 31, 2026)

1. Information by product and service

(Unit : Thousand Yen)

	Regenerative Medicine Product Business	Regenerative _Medicine Contract Business	LabCyte Business	Total
Net Sales to External Customers	1,354,493	546,371	281,879	2,182,745

2. Information by Geographic Area

(1) Net sales

As net sales to external customers in Japan account for more than 90% of total net sales reported in the statement of profit and loss, disclosure is omitted.

(2) Tangible fixed assets

As the amount of tangible fixed assets located in Japan accounts for 100% of the total tangible fixed assets reported on the balance sheet, disclosure is omitted.

3. Information by Major Customers

As there are no customers accounting for 10% or more of net sales to external customers, disclosure is omitted.

[Information on Impairment Loss of Fixed Assets by Reportable Segment]

Not applicable.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Not applicable.

[Information on Gain on Negative Goodwill by Reportable Segment]

Not applicable.

(Per Share information)

Item	Previous FY (April 1 2024 to March 31 2025)	Current FY (April 1 2025 to March 31 2026)
Net Assets Per Share	143.44 yen	125.35 yen
Net Loss Per Share (△)	△6.29 yen	△18.09 yen

(Notes) 1 Diluted net income per share is not presented because net loss per share is reported and there are no potential shares.

2. The basis for calculating net loss per share is as follows.

Item	Previous FY (April 1 2024 to March 31 2025)	Current FY (April 1 2025 to March 31 2026)
Net Loss (△) (thousand yen)	△255,304	△734,751
Amount not Attributable to Common Shareholders (thousand yen)	—	—
Net Loss Attributable to Common Shares (△) (thousand yen)	△255,304	△734,751
Weighted Average Number of Common Shares Outstanding During the Period (shares)	40,609,951	40,609,950

(Significant Subsequent Events)

Not Applicable.