

Summary of Financial Report for the FY2021 (Non-Consolidated)

April 26, 2022

Listed Company Name: Japan Tissue Engineering Co., Ltd. Listed Securities Exchange: Tokyo Growth
 Stock Code: 7774 URL <http://www.jpte.co.jp>
 Representative: Ken-ichiro Hata, President and CEO
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(Rounding down to the nearest million yen)

1. Results for the FY2021 (April 1, 2021 to March 31, 2022)

(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	%
FY2021	2,103	-6.8	-498	—	-494	—	-497	—
FY2020	2,257	-2.3	-466	—	-462	—	-466	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating income ratio
	yen	yen	%	%	%
FY2021	-12.26	—	-7.2	-6.3	-23.7
FY2020	-11.49	—	-6.3	-5.6	-20.7

Note: Profit (Loss) on investment FY2021 — million yen FY2020 — million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2021	7,598	6,666	87.7	164.16
FY2020	8,119	7,164	88.2	176.42

Note: Shareholders' equity FY2021: 6,666 million yen FY2020: 7,164 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
FY2021	-225	-116	-0	1,533
FY2020	-399	125	-1	1,875

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	%	%
FY2020	—	0.00	—	0.00	0.00	—	—	—
FY2021	—	0.00	—	0.00	0.00	—	—	—
FY2022 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast for FY2022 (April 1, 2022 to March 31, 2023)

(% 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
FY2022	2,540	20.8	-389	—	-384	—	-388	—	-9.57

*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 FY2021
(April 1, 2021 – March 31, 2022)

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	FY2020 As of March 31, 2021	FY2021 As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,275,871	4,933,319
Notes receivable - trade	52,786	89,562
Accounts receivable - trade	769,659	406,930
Merchandise and finished goods	3,569	—
Work in process	12,037	28,837
Raw materials and supplies	188,464	158,448
Advance payments to suppliers	46,999	58,330
Prepaid expenses	5,221	18,135
Other	189,990	252,372
Total current assets	6,544,600	5,945,936
Non-current assets		
Property, plant and equipment		
Buildings	1,931,255	2,013,328
Accumulated depreciation	-1,142,676	-1,199,663
Buildings, net	788,578	813,664
Structures	20,382	20,382
Accumulated depreciation	-18,378	-18,629
Structures, net	2,004	1,752
Machinery and equipment	447,367	484,537
Accumulated depreciation	-336,281	-348,839
Machinery and equipment, net	111,085	135,698
Tools, furniture and fixtures	330,132	367,015
Accumulated depreciation	-263,730	-288,013
Tools, furniture and fixtures, net	66,401	79,001
Land	582,770	582,770
Leased assets	3,720	3,720
Accumulated depreciation	-2,108	-2,852
Leased assets, net	1,612	868
Construction in progress	2,610	—
Total property, plant and equipment	1,555,063	1,613,755
Intangible assets		
Trademark right	29	—
Software	13,282	21,033
Other	3,264	15,234
Total intangible assets	16,575	36,267
Investments and other assets		
Investments in capital	20	20
Other	2,926	2,175
Total investments and other assets	2,946	2,195
Total non-current assets	1,574,585	1,652,219
Total assets	8,119,186	7,598,156

(Thousands of yen)

	FY2020 As of March 31, 2021	FY2021 As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	116,052	73,239
Accounts payable - trade	31,414	43,853
Lease liabilities	866	803
Accounts payable - other	337,434	275,164
Accrued expenses	21,943	21,192
Income taxes payable	14,394	26,001
Contract liabilities	—	25,774
Advances received	47,689	1,000
Deposits received	8,638	8,919
Provision for bonuses	134,001	126,668
Provision for bonuses for directors (and other officers)	4,824	3,643
Other	201,749	290,369
Total current liabilities	919,009	896,630
Non-current liabilities		
Lease liabilities	874	133
Provision for retirement benefits for directors (and other officers)	34,900	34,900
Total non-current liabilities	35,774	35,033
Total liabilities	954,784	931,664
Net assets		
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	-582,837	-1,080,727
Total retained earnings	-582,837	-1,080,727
Treasury shares	-287	-307
Total shareholders' equity	7,164,401	6,666,491
Total net assets	7,164,401	6,666,491
Total liabilities and net assets	8,119,186	7,598,156

(2) Non-consolidated Statements of Income

(Thousands of yen)

	FY2020 Fiscal year ended March 31, 2021	FY2021 Fiscal year ended March 31, 2022
Net sales		
revenue of entrusted development	721,631	391,208
Net sales of merchandise and finished goods	1,535,978	1,712,235
Total net sales	2,257,609	2,103,443
Cost of sales		
cost of entrusted development	458,953	165,358
Cost of merchandise and finished goods sold		
Beginning inventory of merchandise and finished goods	2,798	3,569
Cost of purchased goods	4,485	—
Cost of products manufactured	643,978	694,351
Total	651,261	697,921
Transfer to other account	*1 6,007	*1 15,319
Ending inventory of merchandise and finished goods	3,569	—
Cost of merchandise and finished goods sold	641,684	682,602
Total cost of sales	1,100,637	847,960
Gross profit	1,156,972	1,255,483
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	68,552	61,177
Salaries and allowances	401,186	462,050
Bonuses	49,938	52,770
Provision for bonuses for directors (and other officers)	4,824	3,643
Provision for bonuses	42,710	41,954
Retirement benefit expenses	4,324	4,653
Rent expenses on land and buildings	25,732	17,579
Taxes and dues	52,692	52,856
Depreciation	19,882	17,838
Research and development expenses	*2 468,895	*2 561,857
Commission expenses	130,100	72,059
Supplies expenses	20,457	37,364
Donations	7,553	6,442
Other	326,983	361,418
Total selling, general and administrative expenses	1,623,833	1,753,666
Operating loss	-466,861	-498,182
Non-operating income		
Interest income	3,039	2,401
Dividend income	0	0
Employment adjustment for persons with disabilities	93	1,115
Income from employee	908	943
Miscellaneous income	896	1,236
Total non-operating income	4,938	5,696
Non-operating expenses		
Foreign exchange losses	747	13
Loss on retirement of non-current assets	25	1,407
Miscellaneous losses	87	142
Total non-operating expenses	859	1,563
Ordinary loss	-462,782	-494,049
Loss before income taxes	-462,782	-494,049
Income taxes - current	3,840	3,840
Total income taxes	3,840	3,840
Loss	-466,622	-497,889

(3) Non-consolidated Statements of Changes in Equity

FY2020 (Year ended March 31, 2021)

(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
Cumulative effects of changes in accounting policies						-	-
Restated balance	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
Purchase of treasury shares					-	-	-
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

FY2021 (Year ended March 31, 2022)

(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	-582,837		-287	7,164,401	7,164,401
Cumulative effects of changes in accounting policies						-	-
Restated balance	4,958,763	2,788,763	-582,837		-287	7,164,401	7,164,401
Changes during period							
Loss			-497,889			-497,889	-497,889
Purchase of treasury shares					-20	-20	-20
Total changes during period	-	-	-497,889		-20	-497,910	-497,910
Balance at end of period	4,958,763	2,788,763	-1,080,727		-307	6,666,491	6,666,491

(4) Non-consolidated Statements of Cash Flows

(Thousands of yen)

	FY2020 Fiscal year ended March 31, 2021	FY2021 Fiscal year ended March 31, 2022
Cash flows from operating activities		
Loss before income taxes	-462,782	-494,049
Depreciation	128,233	125,523
Increase (decrease) in provision for bonuses	6,425	-7,333
Increase (decrease) in provision for bonuses for directors (and other officers)	-1,582	-1,180
Interest and dividend income	-3,040	-2,402
Decrease (increase) in trade receivables	-140,847	325,952
Decrease (increase) in inventories	-38,027	16,785
Increase (decrease) in trade payables	27,660	-30,375
Increase (decrease) in accounts payable - other	107,550	-86,225
Increase (decrease) in accrued consumption taxes	-43,764	2,009
Other, net	21,134	-73,703
Subtotal	-399,041	-224,998
Interest and dividends received	3,146	3,670
Income taxes refund (paid)	-3,691	-3,920
Net cash provided by (used in) operating activities	-399,586	-225,248
Cash flows from investing activities		
Payments into time deposits	-3,400,000	-3,400,000
Proceeds from withdrawal of time deposits	3,600,000	3,400,000
Purchase of property, plant and equipment	-62,211	-88,310
Purchase of intangible assets	-12,180	-28,920
Other, net	278	751
Net cash provided by (used in) investing activities	125,886	-116,479
Cash flows from financing activities		
Repayments of lease liabilities	-1,305	-803
Purchase of treasury shares	-	-20
Net cash provided by (used in) financing activities	-1,305	-823
Net increase (decrease) in cash and cash equivalents	-275,005	-342,551
Cash and cash equivalents at beginning of period	2,150,876	1,875,871
Cash and cash equivalents at end of period	* 1,875,871	* 1,533,319

Notes to non-consolidated financial statements

[Statements of income]

*1 Details of transfer to other accounts are as follows.

(Thousands of yen)

	FY2020	FY2021
	Year ended March 31, 2021	Year ended March 31, 2022
R&D expenses	5,221	13,337
Advertising expenses	785	1,981
Total	6,007	15,319

*2 Major items and amounts of R&D costs included in the general and administrative expenses are as follows.

(Thousands of yen)

FY2020		FY2021	
Year ended March 31, 2021		Year ended March 31, 2022	
Salaries and allowances	220,139	Salaries and allowances	278,744
Fee payment	155,124	Fee payment	183,604
Raw materials used in R&D	83,590	Raw materials used in R&D	95,111
Amount of offset by grant income	-173,497	Amount of offset by grant income	-218,847

[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)

	FY2020	FY2021
	Year ended March 31, 2021	Year ended March 31, 2022
Cash and deposit accounts	5,275,871	4,933,319
Time deposits that exceed 3 months	-3,400,000	-3,400,000
Cash and cash equivalents	1,875,871	1,533,319