

Summary of Financial Report for the FY2022 (Non-Consolidated)

April 27, 2023

Listed Company Name: Japan Tissue Engineering Co., Ltd. Listed Securities Exchange: Tokyo Growth
 Stock Code: 7774 URL <https://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 FY2022 (April 1, 2022 to March 31, 2023)

(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	%
FY2022	2,032	-3.4	-728	—	-725	—	-729	—
FY2021	2,103	-6.8	-498	—	-494	—	-497	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating income ratio
	yen	yen	%	%	%
FY2022	-17.96	—	-11.6	-10.0	-35.8
FY2021	-12.26	—	-7.2	-6.3	-23.7

Note: Profit (Loss) on investment FY2022 — million yen FY2021 — million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2022	6,883	5,937	86.3	146.20
FY2021	7,598	6,666	87.7	164.16

Note: Shareholders' equity FY2022: 5,937 million yen FY2021: 6,666 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
FY2022	-622	1,124	-0	2,034
FY2021	-225	-116	-0	1,533

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	%	%
FY2021	—	0.00	—	0.00	0.00	—	—	—
FY2022	—	0.00	—	0.00	0.00	—	—	—
FY2023 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast for FY2023 (April 1, 2023 to March 31, 2024)

(% 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
FY2023	2,749	35.3	83	—	85	—	75	—	1.85

*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 FY2022
(April 1, 2022 – March 31, 2023)

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	FY2021 As of March 31, 2022	FY2022 As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,933,319	4,134,570
Notes receivable - trade	38,334	201
Accounts receivable - trade	406,930	520,015
Electronically recorded monetary claims - operating	51,228	56,012
Work in process	28,837	30,833
Raw materials and supplies	158,448	206,788
Advance payments to suppliers	58,330	10,207
Prepaid expenses	18,135	21,642
Other	252,372	231,091
Total current assets	5,945,936	5,211,363
Non-current assets		
Property, plant and equipment		
Buildings	2,013,328	2,016,403
Accumulated depreciation	△1,199,663	△1,269,803
Buildings, net	813,664	746,600
Structures	20,382	20,382
Accumulated depreciation	△18,629	△18,800
Structures, net	1,752	1,582
Machinery and equipment	484,537	495,221
Accumulated depreciation	△348,839	△364,503
Machinery and equipment, net	135,698	130,718
Tools, furniture and fixtures	367,015	384,235
Accumulated depreciation	△288,013	△307,347
Tools, furniture and fixtures, net	79,001	76,888
Land	582,770	582,770
Leased assets	3,720	3,720
Accumulated depreciation	△2,852	△3,596
Leased assets, net	868	124
Construction in progress	-	28,800
Total property, plant and equipment	1,613,755	1,567,483
Intangible assets		
Software	21,033	19,954
Other	15,234	73,626
Total intangible assets	36,267	93,580
Investments and other assets		
Investments in capital	20	20
Long-term prepaid expenses	-	8,798
Other	2,175	2,074
Total investments and other assets	2,195	10,892
Total non-current assets	1,652,219	1,671,956
Total assets	7,598,156	6,883,320

(Thousands of yen)

	FY2021 As of March 31, 2022	FY2022 As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	73,239	27,420
Accounts payable - trade	43,853	40,291
Electronically recorded obligations - operating	—	68,209
Lease liabilities	803	133
Accounts payable - other	275,164	313,949
Accrued expenses	21,192	20,818
Income taxes payable	26,001	23,561
Contract liabilities	25,774	61,881
Advances received	1,000	—
Deposits received	8,919	11,648
Provision for bonuses	126,668	127,352
Provision for bonuses for directors (and other officers)	3,643	3,685
Other	290,369	212,292
Total current liabilities	896,630	911,246
Non-current liabilities		
Lease liabilities	133	—
Provision for retirement benefits for directors (and other officers)	34,900	34,900
Total non-current liabilities	35,033	34,900
Total liabilities	931,664	946,146
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	△1,080,727	△1,810,045
Total retained earnings	△1,080,727	△1,810,045
Treasury shares	△307	△307
Total shareholders' equity	6,666,491	5,937,173
Total net assets	6,666,491	5,937,173
Total liabilities and net assets	7,598,156	6,883,320

(2) Non-consolidated Statements of Income

(Thousands of yen)

	FY2021 Fiscal year ended March 31, 2022	FY2022 Fiscal year ended March 31, 2023
Net sales		
revenue of entrusted development	391,208	419,306
Net sales of merchandise and finished goods	1,712,235	1,613,142
Total net sales	2,103,443	2,032,448
Cost of sales		
cost of entrusted development	165,358	177,239
Cost of merchandise and finished goods sold		
Beginning inventory of merchandise and finished goods	3,569	—
Cost of products manufactured	694,351	724,330
Total	697,921	724,330
Transfer to other account	※ ¹ 15,319	※ ¹ 5,721
Cost of merchandise and finished goods sold	682,602	718,609
Total cost of sales	847,960	895,848
Gross profit	1,255,483	1,136,599
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	61,177	56,045
Salaries and allowances	462,050	505,500
Bonuses	52,770	57,663
Provision for bonuses for directors (and other officers)	3,643	3,685
Provision for bonuses	41,954	52,507
Retirement benefit expenses	4,653	5,041
Rent expenses on land and buildings	17,579	15,370
Taxes and dues	52,856	49,574
Depreciation	17,838	21,353
Research and development expenses	※ ² 561,857	※ ² 573,319
Commission expenses	72,059	75,906
Supplies expenses	37,364	16,445
Donations	6,442	1,289
Other	361,418	431,017
Total selling, general and administrative expenses	1,753,666	1,864,719
Operating loss	△498,182	△728,119
Non-operating income		
Interest income	2,401	1,144
Dividend income	0	0
Employment adjustment for persons with disabilities	1,115	540
Income from employee	943	953
Miscellaneous income	1,236	1,077
Total non-operating income	5,696	3,716
Non-operating expenses		
Foreign exchange losses	13	1,075
Loss on retirement of non-current assets	1,407	0
Miscellaneous losses	142	0
Total non-operating expenses	1,563	1,075
Ordinary loss	△494,049	△725,477
Loss before income taxes	△494,049	△725,477
Income taxes - current	3,840	3,840
Total income taxes	3,840	3,840
Loss	△497,889	△729,317

(3) Non-consolidated Statements of Changes in Equity

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
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

FY2022 (Year ended March 31, 2023)

(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	△1,080,727	△307	6,666,491	6,666,491
Changes during period						
Loss			△729,317		△729,317	△729,317
Total changes during period	—	—	△729,317	-	△729,317	△729,317
Balance at end of period	4,958,763	2,788,763	△1,810,045	△307	5,937,173	5,937,173

(4) Non-consolidated Statements of Cash Flows

(Thousands of yen)

	FY2021 Fiscal year ended March 31, 2022	FY2022 Fiscal year ended March 31, 2023
Cash flows from operating activities		
Loss before income taxes	△494,049	△725,477
Depreciation	124,973	131,453
Increase (decrease) in provision for bonuses	△7,333	684
Increase (decrease) in provision for bonuses for directors (and other officers)	△1,180	41
Interest and dividend income	△2,402	△1,145
Decrease (increase) in trade receivables	325,952	△79,735
Decrease (increase) in inventories	16,785	△50,336
Increase (decrease) in trade payables	△30,375	18,829
Increase (decrease) in accounts payable - other	△86,225	2,044
Increase (decrease) in accrued consumption taxes	2,009	△6,334
Other, net	△73,153	89,684
Subtotal	△224,998	△620,292
Interest and dividends received	3,670	1,145
Income taxes refund (paid)	△3,920	△3,453
Net cash provided by (used in) operating activities	△225,248	△622,600
Cash flows from investing activities		
Payments into time deposits	△3,400,000	△2,100,000
Proceeds from withdrawal of time deposits	3,400,000	3,400,000
Purchase of property, plant and equipment	△102,577	△149,063
Purchase of intangible assets	△14,653	△26,934
Other, net	751	651
Net cash provided by (used in) investing activities	△116,479	1,124,654
Cash flows from financing activities		
Repayments of lease liabilities	△803	△803
Purchase of treasury shares	△20	—
Net cash provided by (used in) financing activities	△823	△803
Net increase (decrease) in cash and cash equivalents	△342,551	501,250
Cash and cash equivalents at beginning of period	1,875,871	1,533,319
Cash and cash equivalents at end of period	※ 1,533,319	※ 2,034,570

Notes to non-consolidated financial statements

[Statements of income]

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

(Thousands of yen)

	FY2021 Year ended March 31, 2022	FY2022 Year ended March 31, 2023
R&D expenses	12,919	4,079
Advertising expenses	1,981	1,641
Other	417	-
Total	15,319	5,721

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

(Thousands of yen)

FY2021 Year ended March 31, 2022		FY2022 Year ended March 31, 2023	
Salaries and allowances	278,744	Salaries and allowances	261,881
Fee payment	183,604	Fee payment	208,683
Raw materials used in R&D	95,111	Raw materials used in R&D	95,141
Amount of offset by grant income	-218,847	Amount of offset by grant income	-217,108

[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)

	FY2021 Year ended March 31, 2022	FY2022 Year ended March 31, 2023
Cash and deposit accounts	4,933,319	4,134,570
Time deposits that exceed 3 months	-3,400,000	-2,100,000
Cash and cash equivalents	1,533,319	2,034,570