

Summary of Financial Report for the FY2023 (Non-Consolidated)

April 30, 2024

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 FY2023 (April 1, 2023 to March 31, 2024)

(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	%
FY2023	2,514	23.7	144	—	147	—	143	—
FY2022	2,032	-3.4	-728	—	-725	—	-729	—

	Net income per share	Net income per share, diluted	Return on equity	Return on assets	Operating income ratio
	yen	yen	%	%	%
FY2023	3.53	—	2.4	2.1	5.7
FY2022	-17.96	—	-11.6	-10.0	-35.8

Note: Profit (Loss) on investment FY2023 — million yen FY2022 — million yen

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY2023	6,988	6,080	87.0	149.73
FY2022	6,883	5,937	86.3	146.20

Note: Shareholders' equity FY2023: 6,080 million yen FY2022: 5,937 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
FY2023	274	-242	-0	2,066
FY2022	-622	1,124	-0	2,034

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	%	%
FY2022	—	0.00	—	0.00	0.00	—	—	—
FY2023	—	0.00	—	0.00	0.00	—	—	—
FY2024 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Forecast for FY2024 (April 1, 2024 to March 31, 2025)

(% 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
FY2024	2,944	17.1	120	-17.0	123	-16.3	87	-39.2	2.14

*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 FY2023
(April 1, 2023 – March 31, 2024)

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	FY2022 As of March 31, 2023	FY2023 As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,134,570	4,266,344
Notes receivable - trade	201	4,371
Accounts receivable - trade	520,015	521,923
Electronically recorded monetary claims - operating	56,012	*1 82,362
Work in process	30,833	55,679
Raw materials and supplies	206,788	172,886
Advance payments to suppliers	10,207	-
Prepaid expenses	21,642	32,059
Other	231,091	203,651
Total current assets	5,211,363	5,339,279
Non-current assets		
Property, plant and equipment		
Buildings	2,016,403	2,016,976
Accumulated depreciation	-1,269,803	-1,339,491
Buildings, net	746,600	677,485
Structures	20,382	20,382
Accumulated depreciation	-18,800	-18,904
Structures, net	1,582	1,477
Machinery and equipment	495,221	497,224
Accumulated depreciation	-364,503	-372,761
Machinery and equipment, net	130,718	124,462
Tools, furniture and fixtures	384,235	391,777
Accumulated depreciation	-307,347	-330,389
Tools, furniture and fixtures, net	76,888	61,387
Land	582,770	582,770
Leased assets	3,720	-
Accumulated depreciation	-3,596	-
Leased assets, net	124	-
Construction in progress	28,800	63,296
Total property, plant and equipment	1,567,483	*2 1,510,880
Intangible assets		
Software	19,954	23,165
Other	73,626	79,362
Total intangible assets	93,580	*2 102,527
Investments and other assets		
Investments in capital	20	20
Long-term prepaid expenses	8,798	34,172
Other	2,074	1,894
Total investments and other assets	10,892	36,086
Total non-current assets	1,671,956	1,649,495
Total assets	6,883,320	6,988,774

(Thousands of yen)

	FY2022 As of March 31, 2023	FY2023 As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable - trade	27,420	-
Accounts payable - trade	40,291	19,573
Electronically recorded obligations - operating	68,209	64,014
Lease liabilities	133	-
Accounts payable - other	313,949	210,469
Accrued expenses	20,818	19,646
Income taxes payable	23,561	35,443
Contract liabilities	61,881	82,395
Deposits received	11,648	16,972
Provision for bonuses	127,352	161,792
Provision for bonuses for directors (and other officers)	3,685	-
Other	212,292	263,224
Total current liabilities	911,246	873,531
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	34,900	34,900
Total non-current liabilities	34,900	34,900
Total liabilities	946,146	908,431
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	-1,810,045	-1,666,875
Total retained earnings	-1,810,045	-1,666,875
Treasury shares	-307	-308
Total shareholders' equity	5,937,173	6,080,342
Total net assets	5,937,173	6,080,342
Total liabilities and net assets	6,883,320	6,988,774

(2) Non-consolidated Statements of Income

(Thousands of yen)

	FY2022 Fiscal year ended March 31, 2023	FY2023 Fiscal year ended March 31, 2024
Net sales		
revenue of entrusted development	419,306	865,533
Net sales of merchandise and finished goods	1,613,142	1,648,656
Total net sales	2,032,448	2,514,190
Cost of sales		
cost of entrusted development	177,239	182,316
Cost of merchandise and finished goods sold		
Cost of products manufactured	724,330	667,131
Total	724,330	667,131
Transfer to other account	*1 5,721	*1 25,891
Cost of merchandise and finished goods sold	718,609	641,239
Total cost of sales	895,848	823,556
Gross profit	1,136,599	1,690,634
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	56,045	51,528
Salaries and allowances	505,500	426,440
Bonuses	57,663	48,486
Provision for bonuses for directors (and other officers)	3,685	—
Provision for bonuses	52,507	86,984
Retirement benefit expenses	5,041	4,571
Rent expenses on land and buildings	15,370	15,113
Taxes and dues	49,574	59,500
Depreciation	21,353	23,850
Research and development expenses	*2 573,319	*2 407,014
Commission expenses	75,906	53,187
Supplies expenses	16,445	9,686
Donations	1,289	93
Other	431,017	359,670
Total selling, general and administrative expenses	1,864,719	1,546,127
Operating profit (loss)	-728,119	144,506
Non-operating income		
Interest income	1,144	782
Dividend income	0	0
Employment adjustment for persons with disabilities	540	—
Income from employee incentive	953	929
Miscellaneous income	1,077	717
Total non-operating income	3,716	3,429
Non-operating expenses		
Foreign exchange losses	1,075	927
Miscellaneous losses	0	0
Total non-operating expenses	1,075	927
Ordinary profit (loss)	-725,477	147,009
Extraordinary income		
Subsidy income	—	130,789
Total extraordinary income	—	130,789
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	130,789
Total extraordinary losses	—	130,789

Profit (loss) before income taxes	-725,477	147,009
Income taxes - current	3,840	3,840
Total income taxes	3,840	3,840
Profit (loss)	-729,317	143,169

(3) Non-consolidated Statements of Changes in Equity

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						
Profit (loss)			-729,317		-729,317	-729,317
Purchase of treasury shares				-	-	-
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

FY2023 (Year ended March 31, 2024)

(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	-1,810,045	-307	5,937,173	5,937,173
Changes during period						
Profit (loss)			143,169		143,169	143,169
Purchase of treasury shares				0	0	0
Total changes during period	-	-	143,169	0	143,168	143,168
Balance at end of period	4,958,763	2,788,763	-1,666,875	-308	6,080,342	6,080,342

(4) Non-consolidated Statements of Cash Flows

(Thousands of yen)

	FY2022 Fiscal year ended March 31, 2023	FY2023 Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	-725,477	147,009
Depreciation	131,453	134,048
Increase (decrease) in provision for bonuses	684	34,439
Increase (decrease) in provision for bonuses for directors (and other officers)	41	-3,685
Interest and dividend income	-1,145	-782
Subsidy income	-	-130,789
Loss on tax purpose reduction entry of non-current assets	-	130,789
Decrease (increase) in trade receivables	-79,735	-32,428
Decrease (increase) in inventories	-50,336	9,056
Increase (decrease) in trade payables	18,829	-52,333
Increase (decrease) in accounts payable - other	2,044	-49,221
Increase (decrease) in accrued consumption taxes	-6,334	79,003
Other, net	89,684	12,114
Subtotal	-620,292	277,219
Interest and dividends received	1,145	689
Income taxes paid	-3,453	-3,770
Net cash provided by (used in) operating activities	-622,600	274,138
Cash flows from investing activities		
Payments into time deposits	-2,100,000	-2,200,000
Proceeds from withdrawal of time deposits	3,400,000	2,100,000
Purchase of property, plant and equipment	-149,063	-195,909
Subsidies received	-	130,789
Purchase of intangible assets	-26,934	-77,291
Other, net	651	180
Net cash provided by (used in) investing activities	1,124,654	-242,230
Cash flows from financing activities		
Repayments of lease liabilities	-803	-133
Purchase of treasury shares	-	0
Net cash provided by (used in) financing activities	-803	-134
Net increase (decrease) in cash and cash equivalents	501,250	31,773
Cash and cash equivalents at beginning of period	1,533,319	2,034,570
Cash and cash equivalents at end of period	* 2,034,570	* 2,066,344

Notes to non-consolidated financial statements

[Balance sheets]

*1 Electronically recorded monetary claims due on the last day of the accounting period

Accounting for electronically recorded monetary claims due on the last day of the accounting period is processed on the payment date. Since the last day of the FY2023 accounting period was a holiday for financial institutions, the following electronically recorded monetary claims due on the last day of the accounting period are included in the balance at the end of FY2023 accounting period.

(Thousands of yen)

	FY2022	FY2023
	Year ended March 31, 2023	Year ended March 31, 2024
Electronically recorded monetary claims	-	2,784

*2 During FY2023, due to the receipt of national government subsidies, we made a reduction of 130,789 thousand yen in our books. The cumulative amount of reductions in non-current assets due to receipt of government subsidies is as follows.

(Thousands of yen)

	FY2022	FY2023
	Year ended March 31, 2023	Year ended March 31, 2024
Property, plant and equipment	-	122,122
Intangible assets	-	8,666
Total	-	130,789

[Statements of income]

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

(Thousands of yen)

	FY2022	FY2023
	Year ended March 31, 2023	Year ended March 31, 2024
R&D expenses	4,079	24,499
Advertising expenses	1,641	1,392
Total	5,721	25,891

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

(Thousands of yen)

FY2022	FY2023	
Year ended March 31, 2023	Year ended March 31, 2024	
Salaries and allowances	261,881	296,932
Fee payment	208,683	104,542
Raw materials used in R&D	95,141	77,629
Amount of offset by grant income	-217,108	-370,644

[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)

	FY2022	FY2023
	Year ended March 31, 2023	Year ended March 31, 2024
Cash and deposit accounts	4,134,570	4,266,344
Time deposits that exceed 3 months	-2,100,000	-2,200,000
Cash and cash equivalents	2,034,570	2,066,344