

Consolidated Financial Results for the Fiscal Year Ended January 31, 2019 [Japanese GAAP]



March 15, 2019

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4592
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 Scheduled date of the Annual General Meeting of Shareholders: April 26, 2019
 Scheduled date of commencing dividend payments: —
 Scheduled date of filing annual securities report: April 26, 2019
 Availability of supplementary briefing material on financial results: No
 Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2019 (February 1, 2018 to January 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2019	741	51.2	(3,733)	—	(2,919)	—	(2,920)	—
January 31, 2018	490	(48.3)	(4,378)	—	(3,947)	—	(3,940)	—

(Note) Comprehensive income: Fiscal year ended January 31, 2019: ¥(3,073) million [–%]
 Fiscal year ended January 31, 2018: ¥(3,791) million [–%]

	Net income per share	Diluted net income per share	Return on Equity	Ordinary income to total assets	Operating income to operating revenue
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2019	(60.17)	—	(60.2)	(30.5)	(503.5)
January 31, 2018	(86.85)	—	(145.6)	(68.7)	(892.6)

(Reference) Equity earnings (losses) of affiliates: Fiscal year ended January 31, 2019: ¥ – million
 Fiscal year ended January 31, 2018: ¥ – million

(Note) Diluted net income per share is not stated as net loss per share was recorded although there are potential shares with dilutive effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
January 31, 2019	13,975	8,909	63.5	178.42
January 31, 2018	5,193	853	16.1	18.33

(Reference) Equity: As of January 31, 2019: ¥8,873 million
 As of January 31, 2018: ¥833 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2019	(3,968)	(1,007)	12,719	12,453
January 31, 2018	(1,906)	658	982	4,654

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
January 31, 2018	–	0.00	–	0.00	0.00	–	–	–
January 31, 2019	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending January 31, 2020 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2020 (February 1, 2019 to January 31, 2020)

(% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	284	(31.4)	(3,445)	–	(3,196)	–	(3,197)	–	(64.29)
Full year	713	(3.7)	(5,887)	–	(5,390)	–	(5,395)	–	(108.48)

Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - January 31, 2019: 49,732,868 shares
 - January 31, 2018: 45,492,281 shares
 - 2) Total number of treasury shares at the end of the period:
 - January 31, 2019: 190 shares
 - January 31, 2018: 115 shares
 - 3) Average number of shares during the period
 - Fiscal year ended January 31, 2019: 48,537,135 shares
 - Fiscal year ended January 31, 2018: 45,370,570 shares

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended January 31, 2019 (February 1, 2018 to January 31, 2019)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2019	—	—	(807)	—	(712)	—	(7,653)	—
January 31, 2018	—	(100.0)	(567)	—	(679)	—	(672)	—

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
January 31, 2019	(157.68)	—
January 31, 2018	(14.82)	—

(Note) Diluted net income per share is not stated as net loss per share was recorded although there are potential shares with dilutive effect.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2019	13,127	8,909	67.6	178.44
As of January 31, 2018	7,978	5,604	70.0	122.78

(Reference) Equity: As of January 31, 2019: ¥8,874 million

As of January 31, 2018: ¥5,585 million

*These financial results are outside the scope of audit procedures by a certified public accountant or an audit corporation.

* Explanation of the proper use of the financial results forecast and other notes

(Note on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and the Company does not assure the achievement of any of these. Furthermore, actual results may vary significantly due to various factors. For the assumptions and notes for earnings forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 3 of the attachment.

(Change in the presentation method of dates)

The presentation method of dates in the original Japanese documents has been changed from the Japanese calendar to the western calendar starting from these “Consolidated Financial Results for the Fiscal Year Ended January 31, 2019.”

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

Both the Japanese and US economies during the fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019) entered an adjustment phase as corporate earnings, employment environment, and personal consumption that remained robust in both countries showed some stability.

In the Japanese regenerative medicine industry, amid ongoing promotion of the industry by implementation of the Act on the Safety of Regenerative Medicine and the Revised Pharmaceutical Affairs Act of November 2014, the approval for conditional and time-limited sales was granted for the first time in September 2015 under the new program to accelerate the process of drug approval for regenerative medicines developed in Japan. The accelerated delivery of regenerative medical products to the market is rapidly becoming a reality. In addition, the 21st Century Cures Act was passed in the US in December 2016. Under the new legal system, regenerative medicine will be identified as a new category of advanced medical treatment (RMAT: Regenerative Medicine Advanced Therapy) while the establishment of an approval system and approval of new drugs, pertaining to regenerative medicine-related products, are expected to be accelerated.

In this environment, the Group (hereinafter referring to both the Company and its consolidated subsidiary, SanBio, Inc. of Mountain View, California, US) pressed ahead with development and commercialization, both in Japan and the US, of our unique regenerative cell medicine, SB623, as a new drug candidate for central nervous system diseases. A Phase 2 clinical trial for the treatment of chronic motor deficit from traumatic brain injury (“development program for treatment of chronic traumatic brain injury”), which has been conducted independently by the Group in the US and Japan, completed enrollment of 61 patients in April 2018. The Group announced positive results in November 2018 that the “patients treated with SB623 cells demonstrated a statistically significant improvement in their motor function compared to the control group, and primary endpoint was met.” Accordingly, as to the development program for treatment of chronic traumatic brain injury in Japan, the Group aims to apply for approval for manufacture and sales of regenerative medical products during the fiscal year ending January 31, 2020 (from February 2019 to January 2020) utilizing the conditional and time-limited marketing approval system for regenerative medical products in Japan. The Group therefore started in the fiscal year under review to establish manufacturing, logistics, and sales systems designed for distribution of SB623 in Japan following the approval. As a part of the preparation for the establishment of logistics and sales systems, the Group initiated joint research with four companies including CareNet, Inc. Meanwhile, as for the Phase 2b clinical trial of SB623 for the treatment of chronic motor deficit from ischemic stroke (“development program for treatment of chronic stroke”), which has been conducted by the Group jointly with Sumitomo Dainippon Pharma Co., Ltd. in the US with 163 patients, the Group announced in January 2019 that analytic results indicated that it did not meet the primary endpoint. Detailed results are currently being analyzed, and the Group will formulate development and business plans for the future reflecting factors such as the results of the analysis.

The Group issued the 13th Share Acquisition Rights with an exercise price adjustment clause by third-party allotment in March 2018, for a procurement amount of ¥11,058 million. In addition, the Group signed a long-term commitment line agreement in November 2018 with Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. for ¥1,000 million and ¥2,000 million, respectively, and in December 2018 with Mizuho Bank, Ltd. for ¥2,000 million. The Group thus secured funding for future investment for growth.

Under these circumstances, for the fiscal year ended January 31, 2019, operating revenue totaled ¥741 million (operating revenue of ¥490 million for the previous fiscal year), reflecting proceeds from the development support fee, etc. received from the joint development and sales license agreements of SB623 concluded by the Group with Sumitomo Dainippon Pharma Co., Ltd. in North America. Operating loss was ¥3,733 million (operating loss of ¥4,378 million for the previous fiscal year), due to the recording of ¥3,721 million of research and development expenses as clinical trial expenses and other expenses related to the two abovementioned development programs for the treatments of chronic motor deficit from ischemic stroke and chronic motor deficit from traumatic brain injury. Ordinary loss was ¥2,919 million (ordinary loss of ¥3,947 million for the previous fiscal year) mainly due to the recording of ¥927 million of non-operating income as a grant from the California Institute for Regenerative Medicine (CIRM), while net loss attributable to owners of parent was ¥2,920 million (net loss attributable to owners of parent of ¥3,940 million for the previous fiscal year).

The Group consists of a single business segment, regenerative cell therapy using modified allogeneic stem cells. Therefore, description of business performance by segment is omitted.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Current assets)

The balance of current assets at the end of the fiscal year under review was ¥13,058 million, an increase of ¥7,982 million compared to the end of the previous fiscal year (¥5,076 million), mainly due to an increase of ¥7,798 million in cash and deposits.

(Non-current assets)

The balance of non-current assets at the end of the fiscal year under review was ¥917 million, an increase of ¥800 million compared to the end of the previous fiscal year (¥116 million), mainly due to an increase of ¥828 million in investment securities.

(Current liabilities)

The balance of current liabilities at the end of the fiscal year under review was ¥1,066 million, a decrease of ¥1,040 million compared to the end of the previous fiscal year (¥2,106 million), mainly due to decreases of ¥206 million in accounts payable - other and ¥802 million in advance received.

(Non-current liabilities)

The balance of non-current liabilities at the end of the fiscal year under review was ¥4,000 million, an increase of ¥1,766 million compared to the end of the previous fiscal year (¥2,233 million), due to an increase of ¥1,766 million in long-term loans payable.

(Net assets)

Total net assets at the end the fiscal year under review were ¥8,909 million, an increase of ¥8,055 million compared to the end of the previous fiscal year (¥853 million). This was primarily due to increases of ¥5,556 million each in capital stock and capital surplus due to the exercise of share acquisition rights with an exercise price adjustment clause, despite the listing of ¥2,920 million in net loss attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review were ¥12,453 million. Cash flows in each area of activity are as follows.

(Cash flows from operating activities)

Net cash used in operating activities for the fiscal year under review was ¥3,968 million (outflow of ¥1,906 million for the previous fiscal year). This was primarily due to a loss before income taxes of ¥2,919 million recorded and subsidy income of ¥927 million.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was ¥1,007 million (inflow of ¥658 million for the previous fiscal year). This was primarily due to purchase of investment securities of ¥999 million.

(Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year under review was ¥12,719 million (inflow of ¥982 million for the previous fiscal year). This was primarily due to proceeds from long-term loans payable of ¥1,800 million and proceeds from issuance of shares resulting from exercise of subscription rights to shares of ¥10,945 million.

(4) Future Outlook

In order to obtain the earliest approval for manufacture and sales for the development program of regenerative cell medicine, SB623, for the treatment of chronic traumatic brain injury, the Group aims to apply for approval for manufacture and sales of pharmaceuticals in the fiscal year ending January 31, 2020, utilizing the conditional and time-limited marketing approval system for regenerative medical products in Japan. At the same time, in anticipation of the sales approval, the Group has already started and will continue its effort to

establish manufacturing, logistics, and sales systems designed for distribution of SB623 in Japan. As for the development program for treatment of chronic stroke and other diseases, the Group will formulate a development plan for them and an overall business plan reflecting factors such as the results of detailed analysis of the program, as stated earlier in “(1) Overview of Operating Results for the Fiscal Year Under Review.”

Based on the above, in regard to the earnings forecast for the fiscal year ending January 31, 2020, the Group expects operating revenue of ¥713 million due to the recording of proceeds from the development support fee, etc. related to the SB623 development program for the treatment of chronic stroke (North America), based on the joint development and sales license agreements with Sumitomo Dainippon Pharma Co., Ltd.

In terms of expenses, the Group expects to incur operating expenses of ¥6,601 million in total, including expenses to develop the SB623 development program for treatment of chronic traumatic brain injury and expenses to establish manufacturing, logistics, and sales systems in Japan following its launch. As a result, the Group forecasts an operating loss of ¥5,887 million. The Group expects that non-operating income of ¥495 million will be recorded as subsidy income from the CIRM, and forecasts an ordinary loss of ¥5,390 million. The Group forecasts net loss attributable to owners of parent of ¥5,395 million.

The forecast is based on an exchange rate of ¥110.00 per U.S. dollar.

(5) Basic Policy for Distribution of Profit and Dividends for FY2019.1 and FY2020.1

The Company recognizes that the return of profits to shareholders is one of its most important management policies. We determine dividends after taking into account the buildup of internal reserves in preparation for investments into research and development.

The Company has a basic principle of distributing dividends once a year at the fiscal year-end if dividends from surplus are to be paid. The General Meeting of Shareholders is the decision-making body for the payment.

Additionally, the Company stipulates in its Articles of Incorporation that payment of interim dividends is subject to the resolution of the Board of Directors, with July 31 of each year as the record date.

As to the fiscal year ended January 31, 2019, no dividend will be paid, as there is no distributable amount pursuant to Article 461 of the Companies Act and Article 149 of the Ordinance on Accounting of Companies. For the time being, the Company does not expect to pay dividends, in order to proactively engage in the research and development of medicine, and intends to use its internal reserves from profits for reinvestments.

2. Basic Policy on Selection of Accounting Standards

The Group will prepare its consolidated financial statements based on Japanese GAAP for the time being, given its comparability from period to period and between companies.

The Group plans to appropriately respond to the application of International Financial Reporting Standards (IFRS) upon considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2018	As of January 31, 2019
Assets		
Current assets		
Cash and deposits	4,654,820	12,453,031
Advance payments	372,901	519,009
Other	49,103	86,872
Total current assets	5,076,825	13,058,913
Non-current assets		
Property, plant and equipment		
Buildings and structures	68,312	69,727
Tools, furniture and fixtures	204,102	208,938
Accumulated depreciation	(178,284)	(211,876)
Construction in progress	6,775	7,376
Total property, plant and equipment	100,906	74,165
Intangible assets	5,351	2,601
Investments and other assets		
Investment securities	–	828,828
Other	10,470	11,467
Total investments and other assets	10,470	840,295
Total non-current assets	116,728	917,061
Total assets	5,193,554	13,975,975
Liabilities		
Current liabilities		
Current portion of long-term loans payable	66,640	33,380
Accounts payable - other	522,308	315,509
Accrued expenses	202,462	157,902
Advance received	1,292,269	489,282
Other	23,243	70,780
Total current liabilities	2,106,923	1,066,854
Non-current liabilities		
Long-term loans payable	2,233,380	4,000,000
Total non-current liabilities	2,233,380	4,000,000
Total liabilities	4,340,303	5,066,854
Net assets		
Shareholders' equity		
Capital stock	3,875,072	9,431,953
Capital surplus	7,586,514	13,143,396
Retained earnings	(10,754,555)	(13,675,118)
Treasury shares	(180)	(837)
Total shareholders' equity	706,851	8,899,393
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(171,147)
Foreign currency translation adjustment	126,936	145,293
Total accumulated other comprehensive income	126,936	(25,854)
Subscription rights to shares	19,463	35,580
Total net assets	853,251	8,909,120
Total liabilities and net assets	5,193,554	13,975,975

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended January 31, 2018	For the fiscal year ended January 31, 2019
Operating revenue	490,509	741,614
Operating expenses		
Research and development expenses	4,156,101	3,721,042
Other selling, general and administrative expenses	712,790	754,492
Total operating expenses	4,868,891	4,475,534
Operating loss	(4,378,381)	(3,733,919)
Non-operating income		
Interest income	24,766	13,063
Subsidy income	679,150	927,159
Other	851	23,709
Total non-operating income	704,769	963,932
Non-operating expenses		
Interest expenses	26,143	33,836
Foreign exchange losses	180,955	–
Financing expenses	67,128	59,447
Share issuance expenses	–	56,652
Total non-operating expenses	274,228	149,936
Ordinary loss	(3,947,840)	(2,919,923)
Extraordinary income		
Gain on reversal of subscription rights to shares	8,723	570
Total extraordinary income	8,723	570
Loss before income taxes	(3,939,117)	(2,919,353)
Income taxes - current	1,210	1,210
Total income taxes	1,210	1,210
Net loss	(3,940,327)	(2,920,563)
Net loss attributable to owners of parent	(3,940,327)	(2,920,563)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2018	For the fiscal year ended January 31, 2019
Net loss	(3,940,327)	(2,920,563)
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(171,147)
Foreign currency translation adjustment	148,578	18,357
Total other comprehensive income	148,578	(152,790)
Comprehensive income	(3,791,748)	(3,073,353)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(3,791,748)	(3,073,353)
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended January 31, 2018 (From February 1, 2017 to January 31, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,852,012	7,563,454	(6,814,228)	(146)	4,601,091
Changes of items during period					
Issuance of new shares	23,059	23,059			46,119
Net loss attributable to owners of parent			(3,940,327)		(3,940,327)
Purchase of treasury shares				(33)	(33)
Net changes of items other than shareholders' equity					
Total changes of items during period	23,059	23,059	(3,940,327)	(33)	(3,894,240)
Balance at end of current period	3,875,072	7,586,514	(10,754,555)	(180)	706,851

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	–	(21,642)	(21,642)	15,548	4,594,998
Changes of items during period					
Issuance of new shares					46,119
Net loss attributable to owners of parent					(3,940,327)
Purchase of treasury shares					(33)
Net changes of items other than shareholders' equity	–	148,578	148,578	3,914	152,493
Total changes of items during period	–	148,578	148,578	3,914	(3,741,747)
Balance at end of current period	–	126,936	126,936	19,463	853,251

For the fiscal year ended January 31, 2019 (From February 1, 2018 to January 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,875,072	7,586,514	(10,754,555)	(180)	706,851
Changes of items during period					
Issuance of new shares	5,556,881	5,556,881			11,113,762
Net loss attributable to owners of parent			(2,920,563)		(2,920,563)
Purchase of treasury shares				(657)	(657)
Net changes of items other than shareholders' equity					
Total changes of items during period	5,556,881	5,556,881	(2,920,563)	(657)	8,192,542
Balance at end of current period	9,431,953	13,143,396	(13,675,118)	(837)	8,899,393

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	–	126,936	126,936	19,463	853,251
Changes of items during period					
Issuance of new shares					11,113,762
Net loss attributable to owners of parent					(2,920,563)
Purchase of treasury shares					(657)
Net changes of items other than shareholders' equity	(171,147)	18,357	(152,790)	16,117	(136,673)
Total changes of items during period	(171,147)	18,357	(152,790)	16,117	8,055,869
Balance at end of current period	(171,147)	145,293	(25,854)	35,580	8,909,120

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2018	For the fiscal year ended January 31, 2019
Cash flows from operating activities:		
Loss before income taxes	(3,939,117)	(2,919,353)
Depreciation	53,665	36,861
Share-based compensation expenses	12,648	27,922
Increase (decrease) in provision for bonuses	(13,099)	–
Interest income	(24,766)	(13,063)
Foreign exchange losses (gains)	48,390	(21,079)
Subsidy income	(679,150)	(927,159)
Interest expenses	26,143	33,836
Share issuance expenses	–	56,652
Financing expenses	67,128	59,447
Gain on reversal of subscription rights to shares	(8,723)	(570)
Decrease (increase) in notes and accounts receivable - trade	17,350	–
Decrease (increase) in advance payments	103,657	(147,275)
Increase (decrease) in accounts payable - other	403,104	(210,662)
Increase (decrease) in accrued expenses	4,057	(47,123)
Decrease (increase) in other current assets	4,059	(42,243)
Increase (decrease) in other current liabilities	6,474	50,202
Other	8,191	(724)
Subtotal	(3,909,985)	(4,064,334)
Interest income received	23,004	16,264
Interest expenses paid	(24,643)	(32,702)
Subsidy income received	2,007,886	112,475
Income taxes paid	(3,031)	(45)
Net cash provided by (used in) operating activities	(1,906,769)	(3,968,342)
Cash flows from investing activities		
Payments into time deposits	(2,519,100)	–
Proceeds from withdrawal of time deposits	3,216,529	–
Purchase of property, plant and equipment	(32,497)	(6,359)
Purchase of investment securities	–	(999,975)
Other	(6,655)	(757)
Net cash provided by (used in) investing activities	658,275	(1,007,092)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100,000)	–
Proceeds from long-term loans payable	1,650,000	1,800,000
Repayments of long-term loans payable	(549,980)	(66,640)
Payments of financing expenses	(63,680)	(59,004)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	46,110	10,945,876
Proceeds from issuance of subscription rights to shares	–	100,000
Other	(33)	(657)
Net cash provided by (used in) financing activities	982,416	12,719,575
Effect of exchange rate change on cash and cash equivalents	44,322	54,071
Net increase (decrease) in cash and cash equivalents	(221,753)	7,798,211
Cash and cash equivalents at beginning of period	4,876,574	4,654,820
Cash and cash equivalents at end of period	4,654,820	12,453,031

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

None

(Segment information)

<Segment information>

I. For the fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

Segment information is omitted as the Group consists of a single business segment, regenerative cell therapy using modified allogeneic stem cells.

II. For the fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

Segment information is omitted as the Group consists of a single business segment, regenerative cell therapy using modified allogeneic stem cells.

<Related information>

Fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

1. Information by products and services

This information is omitted because operating revenue from external customers from a single product and service category accounted for more than 90% of the operating revenue recorded in the consolidated statements of income.

2. Information by geographical segment

(1) Operating revenue

This information is omitted because operating revenue from external customers in Japan accounted for more than 90% of operating revenue recorded in the consolidated statements of income.

(2) Property, plant and equipment

(Thousand yen)

Japan	US	Total
—	100,906	100,906

3. Information by major customer

(Thousand yen)

Name of customer	Operating revenue	Name of related segment
Sumitomo Dainippon Pharma Co., Ltd.	490,509	Regenerative cell therapy using allogeneic stem cells

Fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

1. Information by products and services

This information is omitted because operating revenue from external customers from a single product and service category accounted for more than 90% of the operating revenue recorded in the consolidated statements of income.

2. Information by geographical segment

(1) Operating revenue

This information is omitted because operating revenue from external customers in Japan accounted for more than 90% of operating revenue recorded in the consolidated statements of income.

(2) Property, plant and equipment

(Thousand yen)		
Japan	US	Total
—	74,165	74,165

3. Information by major customer

(Thousand yen)		
Name of customer	Operating revenue	Name of related segment
Sumitomo Dainippon Pharma Co., Ltd.	741,614	Regenerative cell therapy using allogeneic stem cells

<Information concerning impairment loss on non-current assets by reporting segment>

Fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

None

Fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

None

<Information concerning amortization and unamortized balance of goodwill by reporting segment>

Fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

None

Fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

None

<Information concerning gain on bargain purchase by reporting segment>

Fiscal year ended January 31, 2018 (from February 1, 2017 to January 31, 2018)

None

Fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

None

(Per share information)

(Yen)

	For the fiscal year ended January 31, 2018	For the fiscal year ended January 31, 2019
Net assets per share	18.33	178.42
Net (loss) per share	(86.85)	(60.17)

(Notes) 1. Diluted net income per share is not stated, despite the existence of potential shares, due to the posting of net loss per share.

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

	For the fiscal year ended January 31, 2018	For the fiscal year ended January 31, 2019
Net (loss) attributable to owners of parent (Thousand yen)	(3,940,327)	(2,920,563)
Amount not attributable to common shareholders (Thousand yen)	—	—
Net (loss) attributable to owners of parent associated with common shares (Thousand yen)	(3,940,327)	(2,920,563)
Average number of shares during the period (Shares)	45,370,570	48,537,135
Outline of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effects	None	None

(Significant subsequent events)

None