

Summary of Financial Report for the 2nd Quarter of FY ending March 2021 (Non-Consolidated)

October 30, 2020

Listed Company Name: Japan Tissue Engineering Co., Ltd.
Stock Code: 7774
Representative: Ken-ichiro Hata, President and CEO
Contact: Masahito Obayashi, Director

Listed Securities Exchange: JQ
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(Rounding down to the nearest million yen)

1. Results for the 2nd Quarter of FY2020 (April 1, 2020 to September 30, 2020)

(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	%
2 nd quarter of FY2020	916	-6.8	-272	—	-270	—	-272	—
2 nd quarter of FY2019	983	-3.9	-271	—	-269	—	-271	—

	Net income per share	Net income per share, diluted
	yen	yen
2 nd quarter of FY2020	-6.70	—
2 nd quarter of FY2019	-6.68	—

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2 nd quarter of FY2020	8,159	7,358	90.2
FY2019	8,451	7,631	90.3

Note: Shareholders' equity 2nd quarter of FY2020: 7,358 million yen FY2019: 7,631 million yen

2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2019	—	0.00	—	0.00	0.00
FY2020	—	0.00	—	—	—
FY2020 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to cash dividends this quarter No

3. Forecast for FY2020 (April 1, 2020 to March 31, 2021)

The 2019 novel coronavirus infection has spread worldwide and has a great impact on the business environment in Japan and overseas. Since there are many uncertainties that will affect our business due to the spread of infection, it is difficult to reasonably calculate the business forecast for the fiscal year ending March 2021 at this point. We will make an announcement as soon as the situation has settled and it is possible to calculate the earnings forecast.

*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 2nd Quarter of FY2020
(April 1, 2020 – September 30, 2020)

(1) Non-consolidated Balance Sheets

(Thousands of yen)

	FY2019 As of March 31, 2020	FY2020 Q2 As of September 30, 2020
Assets		
Current assets		
Cash and deposits	5,750,876	5,505,213
Notes and accounts receivable - trade	681,598	479,401
Merchandise and finished goods	2,798	12,451
Work in process	12,946	70,156
Raw materials and supplies	150,298	180,780
Other	218,321	305,078
Total current assets	6,816,839	6,553,082
Non-current assets		
Property, plant and equipment		
Buildings, net	857,168	824,756
Land	582,770	582,770
Other, net	181,429	181,938
Total property, plant and equipment	1,621,368	1,589,464
Intangible assets	10,008	13,416
Investments and other assets	3,337	3,318
Total non-current assets	1,634,714	1,606,199
Deferred assets	9	-
Total assets	8,451,563	8,159,282
Liabilities		
Current liabilities		
Notes and accounts payable - trade	119,806	106,059
Income taxes payable	29,301	24,044
Provision for bonuses	127,576	137,067
Provision for bonuses for directors (and other officers)	6,406	1,608
Other	500,871	495,581
Total current liabilities	783,961	764,361
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	34,900	34,900
Other	1,678	1,276
Total non-current liabilities	36,578	36,176
Total liabilities	820,539	800,537
Net assets		
Shareholders' equity		
Share capital	4,958,763	4,958,763
Capital surplus	2,788,763	2,788,763
Retained earnings	-116,215	-388,495
Treasury shares	-287	-287
Total shareholders' equity	7,631,024	7,358,744
Total net assets	7,631,024	7,358,744
Total liabilities and net assets	8,451,563	8,159,282

(2) Non-consolidated Statements of Income

(Thousands of yen)

	FY2019 Q2	FY2020 Q2
	April 1 - September 30, 2019	April 1 - September 30, 2020
Net sales	983,432	916,908
Cost of sales	530,480	433,866
Gross profit	452,952	483,042
Selling, general and administrative expenses	724,753	755,321
Operating loss	-271,801	-272,279
Non-operating income		
Interest and dividend income	1,759	1,575
Other	1,020	1,056
Total non-operating income	2,780	2,632
Non-operating expenses		
Foreign exchange losses	4	489
Other	32	13
Total non-operating expenses	36	503
Ordinary loss	-269,058	-270,150
Loss before income taxes	-269,058	-270,150
Income taxes - current	2,172	2,128
Income taxes - deferred	-124	-
Total income taxes	2,048	2,128
Loss	-271,106	-272,279

(3) Non-consolidated Statements of Cash Flows

(Thousands of yen)

	FY2019 Q2	FY2020 Q2
	April 1 - September 30, 2019	April 1 - September 30, 2020
Cash flows from operating activities		
Loss before income taxes	-269,058	-270,150
Depreciation	63,055	62,437
Increase (decrease) in provision for bonuses	9,887	9,491
Increase (decrease) in provision for bonuses for directors (and other officers)	-3,017	-4,798
Interest and dividend income	-1,759	-1,575
Decrease (increase) in trade receivables	282,843	202,197
Decrease (increase) in inventories	-25,585	-97,345
Increase (decrease) in trade payables	-20,280	-13,747
Increase (decrease) in accounts payable - other	-87,299	-48,337
Increase (decrease) in accrued consumption taxes	25,841	-49,062
Other, net	-45,649	7,001
Subtotal	-71,022	-203,889
Interest and dividends received	1,776	1,494
Income taxes (paid) refund	8,561	-3,439
Net cash provided by (used in) operating activities	-60,684	-205,833
Cash flows from investing activities		
Payments into time deposits	-1,700,000	-1,500,000
Proceeds from withdrawal of time deposits	2,000,000	1,700,000
Purchase of property, plant and equipment	-54,673	-33,785
Purchase of intangible assets	-4,744	-5,171
Other, net	144	-94
Net cash provided by (used in) investing activities	240,725	160,948
Cash flows from financing activities		
Repayments of lease obligations	-2,228	-778
Net cash provided by (used in) financing activities	-2,228	-778
Net increase (decrease) in cash and cash equivalents	177,812	-45,662
Cash and cash equivalents at beginning of period	2,029,601	2,150,876
Cash and cash equivalents at end of period	2,207,414	2,105,213