

## Summary of Financial Report for the 2<sup>nd</sup> Quarter of FY ending March 2019 (Non-Consolidated)

October 30, 2018

Listed Company Name: Japan Tissue Engineering Co., Ltd.  
Stock Code: 7774  
Representative: Ken-ichiro Hata, President  
Contact: Toshiyuki Hara, Director

Listed Securities Exchange: JQ  
URL <http://www.jppe.co.jp>

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(Rounding down to the nearest million yen)

### 1. Results for the 2<sup>nd</sup> Quarter of FY2018 (April 1, 2018 to September 30, 2018)

(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 <sup>nd</sup> quarter of FY2018	1,023	-6.1	-423	—	-418	—	-415	—
2 <sup>nd</sup> quarter of FY2017	1,090	42.1	84	—	84	—	67	—

	Net income per share	Net income per share, diluted
	yen	yen
2 <sup>nd</sup> quarter of FY2018	-10.23	—
2 <sup>nd</sup> quarter of FY2017	1.65	—

### (2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2 <sup>nd</sup> quarter of FY2018	8,526	7,836	91.9
FY2017	9,023	8,251	91.4

Note: Shareholders' equity 2<sup>nd</sup> quarter of FY2018: 7,836 million yen FY2017: 8,251 million yen

### 2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2017	—	0.00	—	0.00	0.00
FY2018	—	0.00	—	—	—
FY2018 (Forecast)	—	—	—	0.00	0.00

Note: Revisions to cash dividends this quarter No

### 3. Forecast for FY2018(April 1, 2018 to March 31, 2019)

(% 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
FY2018	3,080	35.6	-49	—	-42	—	-53	—	-1.32

Note: Revisions to forecast this quarter No

\*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 FY2018**  
(April 1, 2018 - September 30, 2018)

**(1) Non-consolidated Balance Sheets**

(In thousands yen)

	<b>FY2017</b>	<b>FY2018 Q2</b>
	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	6,203,808	5,825,417
Trade notes and accounts receivable	591,113	539,808
Finished goods	508	560
Work in process	25,273	45,486
Raw materials and supplies	109,405	124,113
Other	163,938	59,893
Total current assets	7,094,047	6,595,281
Noncurrent assets		
Property, plant and equipment		
Buildings, net	974,592	940,671
Land	582,770	582,770
Other, net	98,779	135,127
Total property, plant and equipment	1,656,142	1,658,569
Intangible assets	23,041	20,238
Investments and other assets		
Long-term time deposits	200,000	200,000
Other	49,751	51,885
Total Investments and other assets	249,751	251,885
Total noncurrent assets	1,928,935	1,930,693
Deferred assets	87	52
<b>Total assets</b>	<b>9,023,070</b>	<b>8,526,026</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes payable	73,842	111,265
Income taxes and enterprise taxes payable	35,690	22,992
Reserve for bonuses	84,766	123,558
Provision for directors' bonuses	3,975	1,717
Other	535,571	391,440
Total current liabilities	733,846	650,975
Noncurrent liabilities		
Reserve for directors' retirement benefits	34,900	34,900
Other	2,893	4,013
Total noncurrent liabilities	37,793	38,913
<b>Total liabilities</b>	<b>771,639</b>	<b>689,888</b>
<b>Net assets</b>		
Shareholders' equity		
Capital	4,958,763	4,958,763
Capital surplus	2,788,763	2,788,763
Retained earnings	504,132	88,856
Treasury shares	-228	-244
Total shareholders' equity	8,251,430	7,836,138
<b>Total net assets</b>	<b>8,251,430</b>	<b>7,836,138</b>
<b>Total liabilities and net assets</b>	<b>9,023,070</b>	<b>8,526,026</b>

**(2) Non-consolidated Statements of Income**

(In thousands yen)

	<b>FY2017 Q2</b>	<b>FY2018 Q2</b>
	April 1 - September 30, 2017	April 1 - September 30, 2018
Net Sales	1,090,080	1,023,228
Cost of sales	458,156	467,666
Gross profit	631,924	555,561
Selling, general and administrative expenses	547,024	978,663
Operating income (loss)	84,900	-423,101
Non-operating income		
Interest income	2,405	1,948
Dividends income	0	0
Refunded consumption taxes	-	1,318
Other	1,308	2,017
Total non-operating income	3,714	5,285
Non-operating expenses		
Amortization of stock issuance expenses	4,470	35
Foreign exchange losses	-	184
Other	41	50
Total non-operating expenses	4,511	270
Ordinary income (loss)	84,102	-418,086
Net income(loss) before income taxes	84,102	-418,086
Income taxes including inhabitants' and enterprise taxes	17,074	191
Income taxes - deferred	-	-3,001
Total income taxes	17,074	-2,810
Net income (loss)	67,028	-415,276

### (3) Non-consolidated Statements of Cash Flows

(In thousands yen)

	<b>FY2017 Q2</b>	<b>FY2018 Q2</b>
	April 1 - September 30, 2017	April 1 - September 30, 2018
<b>Cash flows from operating activities</b>		
Net income(loss) before income taxes	84,102	-418,086
Depreciation and amortization	57,309	57,323
Increase / decrease in provision for bonuses (-: decrease)	1,141	38,792
Increase / decrease in provision for directors' bonuses (-: decrease)	1,775	-2,257
Interest and dividends income	-2,405	-1,949
Increase / decrease in trade receivables ( -: increase)	336,661	51,304
Increase / decrease in inventory assets ( -: increase)	8,029	-34,973
Increase / decrease in accounts payable ( -: decrease)	21,070	37,423
Increase / decrease in other accounts payable (-: decrease)	-27,983	-52,055
Increase / decrease in accrued consumption taxes (-: decrease)	-76,595	-2,790
Other	67,350	-45,899
<b>Sub-total</b>	<b>470,456</b>	<b>-373,168</b>
Interest and dividends income received	1,761	4,291
Income taxes paid	-34,834	-10,662
<b>Net cash provided by (used in) operating activities</b>	<b>437,383</b>	<b>-379,539</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-400,000	-2,000,000
Proceeds from withdrawal of time deposits	-	1,900,000
Payments for purchase of tangible fixed assets	839	2,808
Payments for purchase of intangible fixed assets	-754	325
Other	326	867
<b>Net cash provided by (used in) investing activities</b>	<b>-399,588</b>	<b>-95,997</b>
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	-3,331	-2,837
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	18,314	-
Purchase of treasury shares	-	-16
<b>Net cash provided by (used in) financial activities</b>	<b>14,982</b>	<b>-2,853</b>
<b>Net increase / decrease in cash and cash equivalents ( -: decrease)</b>	<b>52,778</b>	<b>-478,390</b>
Cash and cash equivalents at beginning of period	2,189,734	2,403,808
<b>Cash and cash equivalents at end of period</b>	<b>2,242,512</b>	<b>1,925,417</b>