

May 13, 2021



## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

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Listing: Tokyo Stock Exchange  
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Scheduled date of Annual General Meeting of Shareholders: June 29, 2021  
 Scheduled date of filing of Annual Securities Report: June 30, 2021  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	996	-7.5	-969	-	-991	-	-1,001	-
Fiscal year ended Mar. 31, 2020	1,077	-	-1,161	-	-1,187	-	-7,316	-

(Note) Comprehensive income

Fiscal Year Ended March 31, 2021: -776 million yen (- %), Fiscal Year Ended March 31, 2020: -7,339 million yen (-%)

	Net income per share	Diluted net income per share	Return on Equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	-34.79	-	-68.5	-26.3	-97.3
Fiscal year ended Mar. 31, 2020	-264.65	-	-511.6	-33.1	-107.8

(Reference) Equity in net income of affiliates

Fiscal Year Ended March 31, 2021: - million yen (- %), Fiscal Year Ended March 2020: - million yen (-%)

(Note)

- The percentage for year-on-year changes in the fiscal year ended March 31, 2020 is not recorded due to the change to consolidated financial statement from the fiscal year ended March 31, 2020. Since the return equity and the ratio of ordinary income to total assets are the first year of consolidation, they are calculated based on the year-end equity and total assets.
- Even though there is a calculation of dilutive shares available, there is no reporting on net income per share after an adjustment of dilutive shares as the company recorded net loss.

## (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	3,933	1,610	38.0	50.44
As of Mar. 31, 2020	3,592	1,487	39.8	51.73

(Reference) Shareholders' equity March 31, 2021: 1,494 million yen, March 31, 2020: 1,430 million yen

## (3) 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
	Million yen	Million yen	Million Yen	Million Yen
As of Mar. 31, 2021	-1,267	-22	718	1,461
As of Mar. 31, 2020	-1,325	-137	1,221	2,032

**2. Dividends**

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended Mar. 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Mar. 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	0.00	-	0.00	0.00		-	

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,900	90.7	-1,720	-	-1,740	-	-1,741	-	-58.18

(Note) Forecast for the fiscal year is only described as the Company controls business performance on an annual basis.

**\* Notes**

1. Changes in significant subsidiaries during the period (change in specified subsidiaries which accompanies a change in the range of consolidation): Yes

New: None

Excluded: Advanced Cell Technology and Engineering Ltd.

2. Changes in accounting policies and accounting-based estimates, and restatements

a. Changes in accounting policies due to revisions in accounting standards, others: None

b. Changes in accounting policies other than a) above: None

c. Changes in accounting-based estimates: None

d. Restatements: None

3. Number of outstanding shares (common stock)

a. Number of shares outstanding at the end of period (including treasury shares)

At the end of the fiscal year ended March 31, 2021: 29,622,847 shares

At the end of the fiscal year ended March 31, 2020: 27,646,986 shares

b. Number of treasury shares at the end of period

At the end of the fiscal year ended March 31, 2021: 92 shares

At the end of the fiscal year ended March 31, 2020: 92 shares

c. Average number of shares outstanding during the period

At the end of the fiscal year ended March 31, 2021: 28,788,906 shares

At the end of the fiscal year ended March 31, 2020: 27,645,408 shares

(Reference) Summary of Parent Company (GTS only) Performance

Parent Company (GTS only) performance of the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Parent Company (GTS only) business performance (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	967	0.3	-780	-	-956	-	-1,001	-
Fiscal year ended Mar. 31, 2020	964	-5.6	-969	-	-1,007	-	-7,316	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	-34.79	-
Fiscal year ended Mar. 31, 2020	-264.65	-

## (2) Parent Company (GTS only) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	3,897	1,610	38.3	50.44
As of Mar. 31, 2020	3,524	1,487	40.6	51.73

(Reference) Shareholders' equity March 31, 2021: 1,494 million yen, March 31, 2020: 1,430 million yen

\*This summary report on the Company's financial statements is not subject to audit procedures.

\*Cautionary statement with respect to forward-looking statements, and other special items

(Notes to information regarding future)

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and the information available to the Company at the time these materials were made. These materials on future performances are not promises by the Company. Actual performance may differ significantly from these forecasts for several reasons. Please refer to "II. Outlook" on page 5 and 6 of the attachments for forecast assumptions and notes of caution for usage.

(How to obtain supplemental financial information)

Materials for the supplemental financial information is available on the Company's website (<http://www.g-gts.com/en/>).

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## I. Financial Results in FY 2020

As a result of FY 2020, the sales amount was 996,543 thousand yen (7.5% decrease compared to the previous consolidated fiscal year), operational loss was 969,687 thousand yen (operational loss for the previous consolidated fiscal year was 1,161,396 thousand yen), ordinary loss was 991,166 thousand yen (ordinary loss for the previous consolidated fiscal year was 1,187,254 thousand yen) and net loss attributable to owners of the parent was 1,001,461 thousand yen (net loss attributable to owners of the parent for the previous consolidated fiscal year was 7,316,396 thousand yen). There is no impact on business performance due to the COVID-19 pandemic for the end of the current fiscal year.

## II. Outlook

The consolidated business forecasts for the following year include sales of 1,900,000 thousand yen (the actual sales amount for the current fiscal year was 996,543 thousand yen), operating loss of 1,720,000 thousand yen (the actual operating loss amount for the current fiscal year was 969,687 thousand yen), ordinary loss of 1,740,000 thousand yen (the actual ordinary loss amount for the current fiscal year was 991,166 thousand yen) and net loss attributable to owners of the parent of 1,741,000 thousand yen (the actual net loss amount for the current fiscal year was 1,001,461 thousand yen). The Company will pursue to have better results than the forecasts by working on the opportunities mentioned below.

The sales in the next fiscal year comprise (1) sales of biosimilar products (marketed products) and expansion of profits related to royalties, (2) sales of the product for development of manufacturing process of the fourth biosimilar product aiming to be launched by 2025, and (3) revenue related to the completion of the master cell bank (MCB), which is the basis for commercializing SHED (stem cell human exfoliated deciduous teeth) as regenerative medicine. Therefore, the sales in the next fiscal year estimate at 1,900,000 thousand yen. In addition, (2) and (3) are temporary items required in the development process, and both are classified, for accounting purposes, as sales, which are equivalent to the manufacturing costs. The basis of our mid-to-long term profit structure is the profit related to biosimilars in (1), which maintains the same profit margin of the previous year and will be further improved by investment in cost reduction measures.

As for biosimilar business, Senju Pharmaceutical Co., Ltd. applied for manufacturing and sales in Japan of the biosimilar product in the field of ophthalmic treatment to the Ministry of Health, Labour and Welfare on September 18, 2020, which was jointly developed with the Company (project name: GBS-007), and by continuous investment in future cost reductions, we have been establishing a stable profit base in the biosimilar business. For the increase of the value of the Company, the Company has been pursuing a stable profit and business growth with new biologics business and new biotech business in the cell therapy field of regenerative medicine as future growth drivers.

Accordingly, forecasts for the following year include R&D expenses of 1,800,000 thousand yen (the actual R&D expense for the current fiscal year was 963,868 thousand yen). The main breakdown of these R & D expenses is the development cost for commercial production of GBS-007, clinical trial and final product manufacturing of JRM-001 and this occurs at the final stage of development process temporarily. For JRM-001 and GBS-007, the amount of R&D expenses carried over into FY2021 is included, but this does not affect the original development schedule. Furthermore, to maximize GBS-007 profits in the future, the Company estimates development costs related to cost reduction measures.

As to the investment policy for R&D expenses in the medium term in the future, as mentioned above, it is expected that large-scale investment in major development products will peak out. More Specifically, excluding the temporary and final costs of GBS-007 and JRM-001, mid-to-long term investment in R&D estimates to be between 500 million and 1 billion yen. Based on our project management strategy, the Company will collaborate with partners and effectively control R&D expenses.

As shown in the mid-term strategic plan, the Company will turn profitable in the fiscal year ending March 2023, and after that, the Company continues its research and development activities under the policy of pursuing business growth without making large-scale investments.

The financial forecasts are derived utilizing the currently available information obtained by the Company and are based on assumptions the Company deemed reasonable. The forecasts are by no means guarantees of the Company's performance. The actual results may differ significantly due to various factors. Since it is difficult to properly forecast the impact on business performance due to the COVID-

19 pandemic, we have not included this impact in our business forecast.

### III. Fundamental policy on adoption of the accounting standards

The Group adopts the Japanese Accounting Standards by considering various burdens to prepare financial statements based on the International Financial Reporting Standards.

## IV. Financial statements and notes to financial statements

## (A) Consolidated balance sheet

(in thousand yen)

	As of the end of the previous fiscal year (March 31, 2020)	As of the end of the current fiscal year (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,032,575	1,461,158
Trade receivables	651,686	816,737
Products	—	70,712
In-process inventory	254,260	380,039
Advance payments	274,954	431,718
Other current assets	108,856	185,943
<b>Total current assets</b>	<b>3,322,333</b>	<b>3,346,310</b>
Non-current assets		
Tangible fixed assets		
Building	56,488	2,396
Accumulated depreciation	-11,636	-698
Accumulated impairment loss	-43,130	—
<b>Building (net)</b>	<b>1,720</b>	<b>1,697</b>
Tools, equipment and fixtures	66,343	11,500
Accumulated depreciation	-23,966	-5,737
Accumulated impairment loss	-42,120	-4,236
<b>Tools, equipment and fixtures (net)</b>	<b>256</b>	<b>1,526</b>
<b>Total tangible fixed assets</b>	<b>1,977</b>	<b>3,223</b>
Intangible fixed assets	57	2,622
Investments and other assets		
Investment securities	249,161	563,159
Other assets	18,608	18,636
<b>Total investments and other assets</b>	<b>267,770</b>	<b>581,795</b>
<b>Total non-current assets</b>	<b>269,805</b>	<b>587,641</b>
<b>Total assets</b>	<b>3,592,139</b>	<b>3,933,952</b>
<b>Liabilities</b>		
Current liabilities		
Trade payables	8,763	109,739
Short-term debts	25,000	—
Accrued expenses	208,370	367,817
Income taxes payable	46,935	28,461
Deposit payable	222,978	216,000
Reserve for loss on orders	355,243	379,243
Other current liabilities	13,688	13,058
<b>Total current liabilities</b>	<b>880,979</b>	<b>1,114,319</b>
Non-current liabilities		
Convertible bonds	600,000	500,000
Long-term debts	600,000	600,000
Deferred tax liabilities	—	89,491
Allowance for retirement benefits	19,320	19,755
Other non-current liabilities	4,448	—
<b>Total liabilities</b>	<b>1,223,768</b>	<b>1,209,246</b>
<b>Total liabilities</b>	<b>2,104,748</b>	<b>2,323,566</b>

(in thousand yen)

	As of the end of the previous fiscal year (March 31, 2020)	As of the end of the current fiscal year (March 31, 2021)
Shareholders' equity		
Shareholders' capital		
Common stock	611,711	1,032,179
Capital surplus	9,917,311	10,337,779
Retained earnings	-9,077,244	-10,078,706
Treasury stock	-73	-73
Total shareholders capital	1,451,704	1,291,179
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-21,540	202,965
Total accumulated other comprehensive income	-21,540	202,965
Equity warrants	57,226	116,240
Total shareholders' equity	1,487,390	1,610,385
Total liabilities and shareholders' equity	3,592,139	3,933,952



(B) Statement of consolidated income and comprehensive income  
(Statement of consolidated income)

(in thousand yen)

	Previous fiscal year (April 1, 2019 to March 31, 2020)	As of the end of the current fiscal year (April 1, 2020 to March 31, 2021)
Gross sales	1,077,737	996,543
Cost of goods sold	653,158	119,571
Gross profit	424,579	876,971
Selling, general and administrative expenses		
Retirement benefits cost	4,800	5,040
Research and development expenses	898,158	963,868
Salaries and allowances	187,716	246,723
Other expenses	495,301	631,027
Total selling, general and administrative expenses	1,585,975	1,846,659
Operating loss	-1,161,396	-969,687
Non-operating income		
Interest income	117	52
Income from sale of materials	—	1,000
Miscellaneous income	1,380	1,499
Total non-operating income	1,498	2,552
Non-operating expenses		
Interest expense	5,207	15,688
Stock issuance expenses	1,847	4,534
Commission paid	18,000	—
Foreign exchange loss	1,524	3,028
Miscellaneous loss	776	780
Total non-operating expenses	27,355	24,031
Ordinary loss	-1,187,254	-991,166
Extraordinary gain		
Profits on Investment securities sold	4,419	—
Reversal of equity warrant	1,173	—
Total extraordinary gain	5,592	—
Extraordinary loss		
Loss on retirement of fixed assets	854	0
Loss on sales of stocks of subsidiaries and affiliates	—	7,064
Impairment loss	5,982,139	1,449
Loss in relation to the acquisition phase	149,600	—
Total extraordinary loss	6,132,594	8,513
Net loss for the year before taxes adjustments	-7,314,255	-999,680
Corporate, residential and enterprise taxes	2,140	1,781
Total corporate and other taxes	2,140	1,781
Net loss for the year	-7,316,396	-1,001,461
Net loss attributable to owners of the parents	-7,316,396	-1,001,461

## (Statement of consolidated comprehensive income)

(in thousand yen)

	Previous fiscal year (April 1, 2019 to March 31, 2020)	As of the end of the current fiscal year (April 1, 2020 to March 31, 2021)
Net loss for the year	-7,316,396	-1,001,461
Other comprehensive income		
Valuation difference on available-for-sale securities	-23,151	224,505
Total other comprehensive income	-23,151	224,505
Comprehensive income for the year	-7,339,548	-776,955
(breakdown)		
Comprehensive income attributable to owners of the parent	-7,339,548	-776,955
Comprehensive income attributable to non-controlling interests	—	—

## (C) Statement of consolidated cash flows

(in thousand yen)

	Previous fiscal year (April 1, 2019 to March 31, 2020)	As of the end of the current fiscal year (April 1, 2020 to March 31, 2021)
<b>Cash flows from operating activities</b>		
Net loss for the year before taxes adjustments	-7,314,255	-999,680
Depreciation expenses	382	992
Impairment loss	5,982,139	1,449
Profits or loss on sales of stocks of subsidiaries and affiliates	—	7,064
Balance in relation to the acquisition phase (- means profit)	149,600	—
Increase/decrease in reserve for loss on orders (- means decrease)	355,243	24,000
Interest or dividends received	-117	-52
Interest expense	5,207	15,688
Profits or loss on Investment securities sold (- means decrease)	-4,419	—
Commission paid	18,000	—
Changes in trade receivables (- means increase)	-89,711	-174,617
Changes in inventory (- means increase)	-101,099	-196,491
Changes in advance payments (- means increase)	-55,861	-156,763
Changes in trade payables (- means decrease)	-82,311	107,399
Changes in accrued expenses (- means decrease)	-125,236	158,630
Other changes	-54,291	-37,080
Sub-total	-1,316,732	-1,249,462
Interest and dividends received	117	52
Interest payment	-5,922	-15,630
Payment of corporate and other taxes	-2,521	-2,430
Cash flows from operating activities	-1,325,059	-1,267,471
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	-1,935	—
Purchase of Intangible fixed assets	—	-3,254
Purchase for investment securities	-100,349	—
Income due to sale of investment securities	4,720	—
Income for acquisition of shares of subsidiary due to change in scope of consolidation	12,934	—
Payment for sale of shares of subsidiary due to change in scope of consolidation	—	-14,291
Loan advances to subsidiaries and associates	-50,000	—
Other payments	-2,576	-4,745
Cash flows from investing activities	-137,206	-22,290
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings (- means decrease)	—	-25,000
Proceeds from long-term debts	582,000	—
Proceeds from issuance of convertible bonds	599,708	599,710
Proceeds from issuance of stocks through exercising equity warrants	40,325	138,860
Proceeds from issuance of equity warrants	3,272	4,774
Others	-3,534	—
Cash flows from investing activities	1,221,771	718,345
Effect of exchange rate changes on cash and cash equivalents	—	—
Increase/decrease in cash and cash equivalents (- means decrease)	-240,494	-571,417
Cash and cash equivalents at the beginning of the year	2,009,373	2,032,575
Increase/decrease in cash and cash equivalents due to stock exchange	263,696	—
Cash and cash equivalents at the end of the year	2,032,575	1,461,158