

May 25, 2020



## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

[Japanese GAAP]

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Listing: Tokyo Stock Exchange  
 URL: <http://www.g-gts.com/en/>

Scheduled date of Annual General Meeting of Shareholders: June 30, 2020  
 Scheduled date of filing of Annual Securities Report: July 31, 2020  
 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, 2020 (April 1, 2019 – March 31, 2020)

	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, 2020	1,077	-	-1,161	-	-1,187	-	-7,316	-
Fiscal year ended Mar. 31, 2019	-	-	-	-	-	-	-	-

(Note) Comprehensive income

Fiscal Year Ended March 31, 2020: -7,339 million yen (- %), Fiscal Year Ended March 2019: - 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, 2020	-264.65	-	-511.6	-33.1	-107.8
Fiscal year ended Mar. 31, 2019	-	-	-	-	-

(Reference) Equity in net income of affiliates

Fiscal Year Ended March 31, 2020: - million yen (- %), Fiscal Year Ended March 2019: - million yen (-%)

(Note)

- The result in the fiscal year ended March 31, 2019 and percentage for year-on-year changes are not recorded due to the change to consolidated financial statement from the fiscal year ended Mar. 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 March 31, 2020	3,592	1,487	39.8	51.73
As of March 31, 2019	-	-	-	-

(Reference) Shareholders' equity Mar. 31, 2020: 1,430 million yen, Mar. 31, 2019: - million yen

(Note) The result in the fiscal year ended Mar. 31, 2019 is not recorded due to the change to consolidated financial statement from the fiscal year ended Mar. 31, 2020.

### (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 March 31, 2020	-1,325	-137	1,221	2,032
As of March 31, 2019	-	-	-	-

The result in the fiscal year ended Mar. 31, 2019 is not recorded due to the change to consolidated financial statement from the fiscal year ended Mar. 31, 2020.

## 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, 2019	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Mar. 31, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Mar. 31, 2021 (forecasts)	-	0.00	-	0.00	0.00		-	

## 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	972	-9.8	-1,672	-	-1,688	-	-1,691	-	-60.31

(Note) Forecast for the fiscal year is only described as the Company controls business performance 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: Advanced Cell Technology and Engineering Ltd.

Excluded: None

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, 2020: 27,646,986 shares

At the end of the fiscal year ended March 31, 2019: 20,342,446 shares

b. Number of treasury shares at the end of period

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

At the end of the fiscal year ended March 31, 2019: - shares

c. Average number of shares outstanding during the period

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

At the end of the fiscal year ended March 31, 2019: 19,530,307 shares

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

Parent Company (GTS only) performance of the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	964	-5.6	-969	-	-1,007	-	-7,316	-
Fiscal year ended Mar. 31, 2019	1,021	-3.6	-805	-	-816	-	-856	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	-264.65	-
Fiscal year ended Mar. 31, 2019	-43.84	-

## (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 March 31, 2020	3,524	1,487	40.6	51.73
As of March 31, 2019	3,151	2,731	85.6	132.55

(Reference) Shareholders' equity March 31, 2020: 1,430 million yen, Mar. 31, 2019: 2,696 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

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 "A. Overview of business results D. Outlook" on page 2, 3 and 5 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. Overview of business results

### A. Overview of business results for the current fiscal year

Gene Techno Science (the Company) announced GTS 3.0 “Biotech Engineering Company, striving for value creation” a new business stage, which targeted the pediatric disease in addition to the areas the Company has been engaged in such as the orphan disease and intractable disease. By leveraging the know-how and expertise about biotechnology acquired in the past business activities, the Company is working on the development and provision of new medicines and therapeutic solutions with the aim of achieving comprehensive healthcare solutions for the patients suffering from these diseases as well as families and caregivers. More specifically, the Company has been pursuing the business growth with new biologics business, and new biotech business centered on the cell therapy field in regenerative medicine, while establishing a stable profit base in the biosimilars business.

The progress of each business in the current fiscal year is as follows.

#### 1. Biosimilar Business

Following the neutropenia medicine "Filgrastim BS" by Fuji Pharmaceutical Co., Ltd. and Mochida Pharmaceutical Co., Ltd., the biosimilar of darbepoetin alfa jointly developed with Sanwa Kagaku Kenkyusho Co., Ltd., has been on sale from November 27, 2019. The Company will receive royalties according to the sales of this product. As a result of efforts to further expand the biosimilar business, the Company entered into a joint development agreement on biosimilar of aflibercept with Kishi Kasei Co., Ltd. in December 2019 and started development. As for biosimilar of ranibizumab jointly developed with Senju Pharmaceutical Co., Ltd., the observation period for final patient in Phase 3 clinical trial was completed in February 2020.

#### 2. New Biologics Business

In the new biologics business, the Company entered into a joint research agreement with Sapporo Medical University on anti-cancer drug using antibody with cancer cell invasion ability and with MabGenesis for the acquisition of new antibodies with cancer cell killing effect in January 2020.

#### 3. New Biotech Business

In order to succeed in the regenerative medicine business which the Company positions as an important growth driver, the Company will aggressively promote the research and development in this field for the next terms. The Company executed the acquisition of 100% ownership of Advanced Cell Technology and Engineering (ACTE) and Japan Regenerative Medicine Co., Ltd. (JRM), which research and develop stem cells from exfoliated deciduous teeth (SHED) and cardiac stem cells as important research sources in research and development of the regenerative medicine business, and the Company is promoting projects utilizing SHED and cardiac stem cells, joint research and alliances with academia and companies.

Regarding SHED, the Company evaluated SHED suitability for diseases and the possibility of new treatment methods for bone-related and neurological diseases were appraised by several academia and companies and expanded our pipeline. Specifically, the Company entered into joint research agreement with Showa University for bone-related diseases, Gifu Pharmaceutical University for eye-related diseases, Tokyo Metropolitan Institute of Medical Science, Nagoya University Hospital, and Tokyo Medical and Dental University for cerebral palsy, Oita University for peripheral nerve palsy and Nagoya University for spinal cord injury. Furthermore, the Company entered into a joint research and development agreement with Orthorebirth Co., Ltd. to create new method for cleft lip and palate in May 2019 and a joint development agreement with Mochida Pharmaceutical Co., Ltd. for regenerative medicine products such as congenital isolated hypoganglionosis in March 2020.

Regarding cardiac stem cells, the Company acquired 100% ownership of JRM and added to our pipeline JRM's development (project name JRM-001) for regenerative medicine mainly targeting functional monoventricular disease, which is a serious heart disease of children.

As an important step to develop the business in the field of regenerative medicine, through the development experience and know-how of the Company and Japan Regenerative Medicine Co., Ltd., the Company improved the master cell bank (MCB) manufacturing method through the business alliance with Nikon Co., Ltd., which is the basis for the production of regenerative medicine with SHED, and established the master cell bank (MCB) manufacturing method in March 2020. Furthermore, in order

to strengthen collaboration with partner companies for clinical trials, since the Company started to establish a manufacturing method for final products using MCB as a raw material, provision for order loss reserve (Cost of goods sold) of 355,243 thousand yen was recorded as an amount exceeding the initial contract amount at the current fiscal year.

As a result, the sales amount was 1,077,737 thousand yen, operational loss was 1,161,396 thousand yen, ordinary loss was 1,187,254 thousand yen and net loss attributable to owners of the parent 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.

B. Overview of financial conditions for the current fiscal year

(Assets)

The balance of assets at the end of this fiscal year was 3,592,139 thousand yen which consists mainly of cash and cash equivalents of 2,032,575 thousand yen, trade receivables of 651,686 thousand yen, advance payments of 274,954 thousand yen and investment securities of 249,161 thousand yen.

(Liabilities)

The balance of liabilities at the end of this fiscal year was 2,104,748 thousand yen, which consists mainly of reserve for order loss of 355,243 thousand yen, convertible bonds of 600,000 thousand yen and long-term debts of 600,000 thousand yen.

(Shareholders' equity)

The balance of shareholders' equity at the end of this fiscal year was 1,487,390 thousand yen, which consists mainly of common stock of 611,711 thousand yen, capital reserve of 9,917,311 thousand yen and retained earnings of -9,077,244 thousand yen.

C. Overview of cash flows for the current fiscal year

The balance of cash and cash equivalents (hereafter "capital") at the end of this fiscal year was 2,032,575 thousand yen. The status and variation factors for each cash flow activity for this fiscal year are as follows:

(Cash flows from operating activities)

Cash outflows from operating activities were 1,325,059 thousand yen. This is mainly due to an increase in reserve for loss on orders of 355,243 thousand yen and the recording of net loss for the year before taxes adjustments of 7,314,255 thousand yen including impairment loss of 5,982,139 thousand yen, an increase in inventory of 101,099 thousand yen and an decrease in accrued liabilities of 125,236 thousand yen.

(Cash flows from investing activities)

Cash outflows from investing activities were 137,206 thousand yen. This is mainly due to the purchase of investment securities of 100,349 thousand yen the loan arrangement for the affiliates of 50,000 thousand yen.

(Cash flows from financing activities)

Cash inflows from financing activities were 1,221,771 thousand yen. This is mainly due to an income of long-term debts of 582,000 thousand yen, proceeds from the issuance of convertible bonds of 599,708 thousand yen and the exercise of equity warrant of 40,325 thousand yen.

## D. Outlook

The forecast for the following fiscal year is as follows.

### 1. Biosimilar Business

Regarding the sales status of Filgrastim BS, which is the basis of our sales, the Company maintains stable sales, and with the launch of darbepoetin alfa BS, the Company will receive royalty income, and as a result, it is expected that sales for the next fiscal year can be maintained at the same level as the previous year.

Regarding ranibizumab biosimilar jointly developed with Senju Pharmaceutical Co., Ltd., the observation period for final patient in Phase 3 clinical trial was completed in February 2020, and the Company will continue to work with them to obtain manufacturing and marketing approval, and will actively work in parallel for the out-licensing following Ocumension Therapeutics. Furthermore, the Company will continue to work on development activities for biosimilar of aflibercept with Kaken Kasei Co., Ltd. The Company will try to collaborate with existing or new business partners to bring these products to the clinical trial stage.

### 2. New Biologics Business

As a result of research and development for next-generation antibody drugs, the Company entered into a joint research agreements with Sapporo Medical University on development of anti-cancer drug using antibody with cancer cell invasion ability and with MabGenesis for the acquisition of new antibody with cancer cell killing effect in January 2020, and the Company will continue to promote development for the next term.

In addition, to expand new drug discovery, the Company will promote research and development activities at our research laboratory in cooperation with other research institutes such as academia and business partners.

### 3. New Biotech Business

In order to realize GTS3.0, the Company is aggressively driving new biotech business in regenerative medicine field. The Company completed the acquisition of 100% ownership of Advanced Cell Technology and Engineering (ACTE) and Japan Regenerative Medicine Co., Ltd. (JRM), which research and develop stem cells from exfoliated deciduous teeth (SHED) and cardiac stem

cells respectively as important research sources in research and development of the regenerative medicine business, and the Company is promoting projects utilizing stem cells from exfoliated deciduous teeth (SHED) and cardiac stem cells, and achieved joint research and alliances with academia and companies.

Regarding SHED, having evaluated SHED suitability for diseases and had the possibility of new treatment methods for bone-related and neurological diseases apprised by several academia and companies, the Company has expanded its R&D pipeline. Specifically, the Company is promoting collaborative research with Showa University for bone-related diseases, Gifu Pharmaceutical University for eye-related diseases, Tokyo Metropolitan Institute of Medical Science, Nagoya University Hospital and Tokyo Medical and Dental University for cerebral palsy, Oita University for peripheral nerve palsy and Nagoya University for spinal cord injury.

Furthermore, the Company entered into joint research and development agreement with Orthorebirth Co., Ltd. to create new treatment method for cleft lip and palate in May 2019 and joint development agreement with Mochida Pharmaceutical Co., Ltd. for regenerative medicine products such as congenital isolated hypoganglionosis in March 2020, and the Company has been establishing stable development records. Although above developments are still in the basic research stage, the Company will continue to work diligently toward further progress.

The Company acquired 100% ownership of Japan Regenerative Medicine Co., Ltd. (JRM) and will accelerate development by further improving the efficiency of collaboration between JRM and the Company which has experience in launching biopharmaceuticals. JRM-001, its important pipeline is a regenerative medicine product mainly targeting functional monoventricular disease, which is a serious heart disease of children, and has already undergone clinical trials. The Company

and JRM will continue to work diligently as a group to obtain approval for JRM-001. The Company will utilize both stem cells to achieve our goals such as the establishment of treatments for rare diseases, intractable diseases and pediatric diseases, and accelerate research and development on cell therapy of regenerative medicine and joint research and alliance with academia and companies.

Accordingly, while aiming to stabilize the profitability by driving the biosimilar business, the Company has positioned the new biologics business and new biotech business including the regenerative medicine business as our future growth driver, and the Company will continue to promote our business to increase our corporate value from both stability and growth perspectives. Consequently, the total research and development expenses will be 1,720,000 thousand yen (the actual research and development expenses for the current fiscal year was 898,158 thousand yen), for the next fiscal year.

Accordingly, the consolidated business forecasts for the following year include sales of 972,000 thousand yen (the actual sales amount for the current fiscal year was 1,077,737 thousand yen), operating loss of 1,672,000 thousand yen (the actual operating loss amount for the current fiscal year was 1,161,396 thousand yen), ordinary loss of 1,688,000 thousand yen (the actual ordinary loss amount for the current fiscal year was 1,187,254 thousand yen) and net loss attributable to owners of the parent of 1,691,000 thousand yen (the actual net loss amount for the current fiscal year was 7,316,396 thousand yen). The Company will pursue to have better results than the forecasts by working on the opportunities mentioned above.

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.

## II. 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.

## III. Financial statements and notes to financial statements

## A. Consolidated balance sheet

	(in thousand yen)
	As of the end of the current fiscal year (March 31, 2020)
<b>Assets</b>	
Current assets	
Cash and cash equivalents	2,032,575
Trade receivables	651,686
In-process inventory	254,260
Advance payments	274,954
Other current assets	108,856
Total current assets	3,322,333
Non-current assets	
Tangible fixed assets	
Building	56,488
Accumulated depreciation	-11,636
Accumulated impairment loss	-43,130
Building (net)	1,720
Tools, equipment and fixtures	66,343
Accumulated depreciation	-23,966
Accumulated impairment loss	-42,120
Tools, equipment and fixtures (net)	256
Total tangible fixed assets	1,977
Intangible fixed assets	57
Investments and other assets	
Investment securities	249,161
Other assets	18,608
Total investments and other assets	267,770
Total non-current assets	269,805
Total assets	3,592,139
<b>Liabilities</b>	
Current liabilities	
Trade payables	8,763
Accrued liabilities	25,000
Accrued expenses	208,370
Income taxes payable	46,935
Deposit payable	222,978
Reserve for loss on orders	355,243
Other current liabilities	13,688
Total current liabilities	880,979
Non-current liabilities	
Convertible bonds	600,000
Long-term debts	600,000
Allowance for retirement benefits	19,320
Other non-current liabilities	4,448
Total non-current liabilities	1,223,768
Total liabilities	2,104,748

(in thousand yen)	
As of the end of the current fiscal year (March 31, 2020)	
<b>Shareholders' equity</b>	
Shareholders' capital	
Common stock	611,711
Capital surplus	9,917,311
Retained earnings	-9,077,244
Treasury stock	-73
<b>Total shareholders capital</b>	<b>1,451,704</b>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	-21,540
<b>Total accumulated other comprehensive income</b>	<b>-21,540</b>
<b>Equity warrants</b>	<b>57,226</b>
<b>Total shareholders' equity</b>	<b>1,487,390</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,592,139</b>

## B. Statement of consolidated income and comprehensive income

(Statement of consolidated income)

(in thousand yen)

	Current fiscal year (April 1, 2019 to March 31, 2020)
Gross sales	1,077,737
Cost of goods sold	653,158
Gross profit	424,579
Selling, general and administrative expenses	
Retirement benefits cost	4,800
Salaries and allowances	187,716
Research and development expenses	898,158
Other expenses	495,301
Total selling, general and administrative expenses	1,585,975
Operating loss	-1,161,396
Non-operating income	
Interest income	117
Miscellaneous income	1,380
Total non-operating income	1,498
Non-operating expenses	
Interest expense	5,207
Commission paid	18,000
Foreign exchange loss	1,524
Miscellaneous expense	2,624
Total non-operating expenses	27,355
Ordinary loss	-1,187,254
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
Impairment loss	5,982,139
Loss in relation to the acquisition phase	149,600
Total extraordinary loss	6,132,594
Net loss for the year before taxes adjustments	-7,314,255
Corporate, residential and enterprise taxes	2,140
Total corporate and other taxes	2,140
Net loss for the year	-7,316,396
Net loss attributable to non-controlling shareholders	—
Net loss attributable to owners of the parent	-7,316,396

(Statement of consolidated comprehensive income)

	(in thousand yen)
	Current fiscal year (April 1, 2019 to March 31, 2020)
Net loss for the year	-7,316,396
Other comprehensive income	
Valuation difference on available-for-sale securities	-23,151
Total other comprehensive income	-23,151
Comprehensive income	-7,339,548
(Breakdown)	
Comprehensive income attributable to owners of the parent	-7,339,548
Comprehensive income attributable to non-controlling shareholders	—

## C. Statement of consolidated changes in shareholders' equity

Current fiscal year (April 1, 2019 to March 31, 2020)

(in thousand yen)

	Shareholders' capital				
	Common stock	Capital reserve	Retained earnings	Treasury stock	Total shareholders capital
Balance at the beginning of the year	591,338	3,864,323	-1,760,848	—	2,694,813
Changes during the year					
Issuance of new shares	20,372	20,372			40,745
Increase due to stock exchange		6,032,615			6,032,615
Net loss attributable to owners of the parent			-7,316,396		-7,316,396
Purchase of own shares				-73	-73
Changes in balances other than shareholders' capital accounts (net change)					
Total changes in balances for the year	20,372	6,052,988	-7,316,396	-73	-1,243,108
Balance at the end of the year	611,711	9,917,311	-9,077,244	-73	1,451,704

	Accumulated other comprehensive income		Equity warrant	Total shareholders' equity
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the beginning of the year	1,611	1,611	34,844	2,731,269
Changes during the year				
Issuance of new shares				40,745
Increase due to stock exchange				6,032,615
Net loss attributable to owners of the parent				-7,316,396
Purchase of treasury stock				-73
Changes in balances other than shareholders' capital accounts (net change)	-23,151	-23,151	22,381	-769
Total changes in balances for the year	-23,151	-23,151	22,381	-1,243,878
Balance at the end of the year	-21,540	-21,540	57,226	1,487,390

## D. Statement of consolidated cash flows

	(in thousand yen)
	Current fiscal year (April 1, 2019 to March 31, 2020)
<b>Cash flows from operating activities</b>	
Net loss for the year before taxes adjustments	-7,314,255
Depreciation expenses	382
Impairment loss	5,982,139
Balance in relation to the acquisition phase (- means profit)	149,600
Increase/decrease in reserve for loss on orders (- means decrease)	355,243
Interest or dividends received	-117
Interest expense	5,207
Profits or loss on Investment securities sold (- means decrease)	-4,419
Loss on retirement of non-current assets	-854
Payment commissions	18,000
Changes in trade receivables (- means increase)	-89,711
Changes in inventory (- means increase)	-101,099
Changes in advance payments (- means increase)	-55,861
Changes in trade payables (- means decrease)	-82,311
Changes in accrued expenses (- means decrease)	-125,236
Other changes	-55,145
Sub-total	-1,316,732
Interest and dividends received	117
Interest payment	△5,922
Payment of corporate and other taxes	△2,521
Cash flows from operating activities	-1,325,059
<b>Cash flows from investing activities</b>	
Purchase of fixed assets	-1,935
Payment for investment securities	-100,349
Income due to sale of investment securities	4,720
Payment for acquisition of shares of subsidiary due to change in scope of consolidation	12,934
Payments for loans receivable	-50,000
Other payments	-2,576
Cash flows from investing activities	-137,206
<b>Cash flows from financing activities</b>	
Proceeds from long-term debts	582,000
Proceeds from issuance of convertible bonds	599,708
Proceeds from issuance of stocks through exercising equity warrants	40,325
Proceeds from issuance of equity warrants	3,272
Others	-3,534
Cash flows from financing activities	1,221,771
Effect of exchange rate changes on cash and cash equivalents	-
Increase/decrease in cash and cash equivalents (- means decrease)	-240,494
Cash and cash equivalents at the beginning of the year	2,009,373
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

## E. Notes to consolidated financial statements

(Notes on going concern assumption)

There is no reporting item applicable to this matter.

(Segment information and other related information)

## 【Segment information】

The group has a single reporting segment, “Pharmaceutical development business” and therefore, the reporting in this section is omitted.

## 【Other related information】

Current fiscal year (April 1, 2019 to March 31, 2020)

## 1. Information per product and service of the Company

(in thousand yen)

	Biosimilars Business	New biologics business and New biotech business	New biotech business	Total
Sales to external customers	864,345	-	213,391	1,077,737

## 2. Information for each local area

## (a) Sales

The reporting for this section is omitted as sales to outside customers within Japan consist of more than 90% of the Company’s total sales amount reported on the Company’s income statement.

## (b) Tangible fixed assets

There are no tangible fixed assets located outside of Japan, and therefore, reporting in this section is omitted.

## 3. Information per major customer

Name of Customer	Sales amount (in thousand yen)	Business
Fuji Pharma Co., Ltd.	683,062	Pharmaceutical development business
A	164,208	Pharmaceutical development business

(Note) The company name of A is not disclosed due to a confidentiality clause in the contract with A.

## 【Information regarding impairment losses from tangible fixed assets per reporting segment】

Our group is a single segment of the pharmaceutical development business, and therefore, reporting in this section is omitted.

## 【Information regarding amortization amount and the unamortized balance of goodwill per reporting segment】

There is no reporting item applicable to this matter.

## 【Information regarding profit from a negative goodwill per reporting segment】

There is no reporting item applicable to this matter

(Per share information)

	Current fiscal year (April 1, 2019 to March 31, 2020)
Net asset per share	51.73 yen
Net loss per share	264.65 yen

(Note) 1. There is no reporting on net income per share after an adjustment of dilutive shares as the Company recorded a net loss even though there is a calculation of dilutive shares available.

2. The following chart shows the basis of the calculation of net loss per share.

	Current fiscal year (April 1, 2019 to March 31, 2020)
Net loss attributable to owners of the parent (in thousand yen)	7,316,396
Net loss for the year not pertaining to common shareholders (in thousand yen)	—
Net loss attributable to owners of the parent for the year pertaining to common stock (in thousand yen)	7,316,396
Average number of shares outstanding during the year pertaining to common stock (number of shares)	27,645,408
The number of dilutive shares not included in the calculation of net income per share as there is no dilutive effect.	2nd convertible bond (Total amount of funds procured: JPY 600,000,000) And five kinds of equity warrants (8,678 rights).

(Significant subsequent events)

Issuance of the 3rd series of convertible bond with stock acquisition rights and the 10th series of stock acquisition rights

The Company completed the issuance of the 3rd series of convertible bond with stock acquisition rights and the 10th series of stock acquisition rights to CVI Investments, Inc. and confirmed the payment of the fund on March 23, 2020.

## 1. 3rd series of convertible bond

(1) Total amount of Issuances	600,000,000円
(2) Issue amount	JPY100 per face value of JPY100
(3) Closing date (Issuance date)	April 8, 2020
(4) Subscription for shares and issuing method	CVI Investments, Inc.
(5) Coupon	0%
(6) Redemption price	JPY100 per face value of JPY100
(7) Maturity date	July 31, 2023
(8) Items on stock acquisition rights	
① Number of issuances	30 units
② Types of shares subject to stock acquisition rights	Ordinary stock
③ Number of shares subject to stock acquisition rights	The number of ordinary stocks newly issued or our ordinary stock exercised by the Company is the number of the total payment amount of the bond issued for the exercise request divided by the conversion price stated in ④ below.  However, fractions less than one share resulting from exercise will be rounded down and no cash adjustment will be made.
④ Exercise Price	JPY479 per share (Reference price)  9 months after the closing date, and semiannually thereafter, the conversion price will be adjusted to the lesser of either; (i) 91% (fractions less than one will be rounded up) of the then prevailing market price, the average (fractions less than one will be rounded up) of the two lowest volume weighted average prices for the common shares during the 15 trading day period immediately preceding the applicable date or (ii) the prevailing conversion price on the CB adjustment date. However, if the adjusted conversion price on the CB adjustment date falls below 240 yen, the conversion price will be the minimum conversion price.
⑤ Exercise period	From April 8, 2020 to July 31, 2023
⑥ Amount of capital in case of issuing shares subject to stock acquisition rights	The amount shall be obtained by multiplying the amount of capital increase limit in accordance with Article 17 of the Company Calculation Regulations by 0.5. The amount of additional capital reserves shall be obtained by subtracting the amount of additional capital from the amount of capital increase limit.
(9) Guarantee	None
(10) Purpose for fund	This fund will be used mainly for promoting JRM-001 aiming at Phase 3 clinical trial.

## 2. Overview of the 10th series of stock acquisition rights

(1) Closing date (Issuance date)	April 8, 2002
(2) Subscription for shares and issuing method	CVI Investments, Inc.
(3) Number of issuances	16,284 units
(4) Types of shares subject to stock acquisition rights	Ordinary stock
(5) Number of shares subject to stock acquisition rights	1,628,400 shares
(6) Total amount of Issuances for stock acquisition rights	4,852,632 yen
(7) Issue amount for stock acquisition rights	298 yen per stock acquisition right
(8) Total amount of property at exertion of stock acquisition rights	780,003,600 yen*
(9) Terms and conditions for price adjustment	JPY479 per share (Reference price)  9 months after the closing date, and semiannually thereafter, the conversion price will be adjusted to the lesser of either; (i) 90% (fractions less than one will be rounded up) of the then prevailing market price, the average (fractions less than one will be rounded up) of the two lowest volume weighted average prices for the common shares during the 15 trading day period immediately preceding the applicable date or (ii) the prevailing exercise price on the effective date of the subscription rights. However, if the adjusted conversion price on the CB adjustment date falls below 240 yen, the conversion price will be the minimum conversion price.
(10) Exercise period	From April 9, 2020 to July 9, 2024
(11) Amount of capital in case of issuing shares subject to stock acquisition rights	The amount shall be obtained by multiplying the amount of capital increase limit in accordance with Article 17 of the Company Calculation Regulations by 0.5. The amount of additional capital reserves shall be obtained by subtracting the amount of additional capital from the amount of capital increase limit.
(12) Purpose for fund	This fund will be used mainly for promoting development of regenerative medicine using cardiac stem cells.

\*Note: The total amount is assumed that all of the stock acquisition rights have been exercised at the initial exercise price. If the exercise price is modified or adjusted, the amount will be reduced. If the stock acquisition rights are not exercised during the exercise period, or if our stock acquisition rights are canceled, the amount will decrease.