

Financial Results for the Fiscal Year ended March 31, 2019 [Japanese GAAP] (non-consolidated)

May 10, 2019

BrightPath Biotherapeutics Co., Ltd. Listed Market Mothers, TSE
TSE Code 4594 URL <https://www.brightpathbio.com/english/index.html>
Representative (Title) President & CEO (Name) Kenichi Nagai
Contact (Title) Director (Name) Katsuhiko Kobayashi (TEL) +81-3-5840-7697
Scheduled date of annual meeting of stockholders : June 19, 2019
Scheduled date of dividend payment commencement : —
Scheduled date of submission of securities report : June 20, 2019
Supplementary materials for financial statements : Yes
Briefing of financial results : Yes (for analysts and institutional investors)

(Millions of yen, rounded down to the nearest million)

1. Projected financial results for fiscal year 2019 (April 1, 2018 – March 31, 2019)

(1) Results of Operation (Percentages represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	155	-56.0	-1,665	—	-1,678	—	-1,884	—
Fiscal year ended March 31, 2018	354	-33.1	-1,452	—	-1,569	—	-1,577	—

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ratio of ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	-44.95	—	-31.6	-26.8	-1,069.0
Fiscal year ended March 31, 2018	-41.25	—	—	—	—

(Notes) 1. Return on shareholders' equity, Ratio of ordinary income to total assets and Operating margin for the fiscal year ending March 31, 2018 are not stated, because the company began preparing non-consolidated financial statements from the fiscal year ended March 31, 2019.

2. Fully diluted net income per share is not stated as net loss was recorded for this period although there are residual shares.

(2) Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	5,304	5,096	94.7	119.66
As of March 31, 2018	7,237	6,950	95.2	164.78

(Reference) Shareholders' equity As of March 31, 2019 5,025 Million yen
As of March 31, 2018 6,893 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
Fiscal year ended March 31, 2019	-1,457	-185	15	4,901
Fiscal year ended March 31, 2018	—	—	—	—

(Note) Cash flows for the fiscal year ending March 31, 2018 are not stated, because the company began preparing non-consolidated financial statements from the fiscal year ended March 31, 2019.

2. Dividends

	Annual Dividends per share					Total dividends paid (annual)	Payout ratio	Ratio of dividends to net assets
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2018	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Projected financial results for fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4	—	-2,417	—	-2,417	—	-2,437	—	-58.03

(Note) The company manages business results on an annual basis, and therefore only the full-year financial forecasts are disclosed.

[Notes]

(1) Changes in significant accounting policies, changes in accounting estimates and restatements

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|--|--------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc. | : None |
| 2) Changes in accounting policies due to other reasons than above 1) | : None |
| 3) Changes in accounting estimates | : None |
| 4) Restatements | : None |

(2) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of fiscal term (including treasury stocks)	As of March 31, 2019	41,993,500 shares	As of March 31, 2018	41,835,400 shares
2) Number of treasury stocks at the end of fiscal term	As of March 31, 2019	— shares	As of March 31, 2018	— shares
3) Average number of shares during the fiscal term (cumulative from beginning of quarter)	Year ended March 31, 2019	41,916,428 shares	Year ended March 31, 2018	38,234,840 shares

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

* Explanations regarding appropriate use of forecasts and projections of financial results, and other specific notes.

- All forecasts and projections contained in this presentation are based on the information currently available to the management and they are not intended to represent our promise to attain them as a goal. Furthermore, due to various reasons, actual results may differ substantially.
- As the result of waiver of claims for a subsidiary (Advanced Immunotherapy Co., Ltd.), the company shift to non-consolidated settlement of accounts from the fiscal year ending March 2019.

Financial statements

(1) Balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	6,528,053	4,901,177
Accounts receivable - trade	77,012	841
Merchandise and finished goods	990	—
Work in process	3,006	—
Raw materials and supplies	23,573	—
Short-term loans receivable	180,000	—
Other	252,465	259,629
Allowance for doubtful accounts	-152,245	—
Total current assets	6,912,856	5,161,647
Non-current assets		
Property, plant and equipment		
Buildings, net	53,161	0
Machinery and equipment, net	191	0
Tools, furniture and fixtures, net	201,798	90,760
Total property, plant and equipment	255,152	90,760
Intangible assets		
Software	13,514	0
Total intangible assets	13,514	0
Investments and other assets		
Shares of subsidiaries and associates	0	—
Long-term prepaid expenses	7,380	0
Other	48,531	52,055
Total investments and other assets	55,911	52,055
Total non-current assets	324,578	142,815
Total assets	7,237,434	5,304,463

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	8,769	28,333
Accounts payable - other	165,479	74,001
Accrued expenses	6,431	6,234
Income taxes payable	34,996	31,920
Advances received	8,931	1,943
Deposits received	6,030	6,383
Total current liabilities	230,638	148,816
Non-current liabilities		
Deferred tax liabilities	4,700	4,819
Provision for retirement benefits	31,465	33,142
Asset retirement obligations	20,059	21,612
Total non-current liabilities	56,225	59,574
Total liabilities	286,863	208,390
Net assets		
Shareholders' equity		
Capital stock	5,419,931	5,427,836
Capital surplus		
Legal capital surplus	5,403,516	5,411,421
Total capital surpluses	5,403,516	5,411,421
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-3,929,896	-5,814,215
Total retained earnings	-3,929,896	-5,814,215
Total shareholders' equity	6,893,551	5,025,042
Share acquisition rights	57,019	71,029
Total net assets	6,950,570	5,096,072
Total liabilities and net assets	7,237,434	5,304,463

(2) Statements of operations

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales		
Revenue from research and development	325,495	124,920
Net sales of goods	4,055	7,348
Other sales	24,860	23,540
Total net sales	354,410	155,808
Cost of sales		
Research and development costs	313,014	66,712
Cost of goods sold		
Beginning goods	180	990
Cost of purchased goods	2,970	3,000
Total	3,150	3,990
Ending goods	990	—
Cost of goods sold	2,160	3,990
Total cost of sales	315,174	70,702
Gross profit	39,235	85,106
Selling, general and administrative expenses	1,491,591	1,750,655
Operating loss	-1,452,355	-1,665,548
Non-operating income		
Interest income	1,085	1,762
Subsidy income	300	14,084
Technical advisory fee	43,123	3,600
Other	2,625	665
Total non-operating income	47,134	20,111
Non-operating expenses		
Foreign exchange losses	—	4,033
Share issuance cost	11,772	—
Provision of allowance for doubtful accounts for subsidiaries and affiliates	152,245	28,614
Other	409	—
Total non-operating expenses	164,426	32,647
Ordinary loss	-1,569,648	-1,678,084

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	2,549	7,200
Impairment loss	—	194,829
Other	—	415
Total extraordinary losses	2,549	202,445
Loss before income taxes	-1,572,198	-1,880,529
Income taxes - current	4,354	3,670
Income taxes - deferred	590	118
Total income taxes	4,944	3,788
Loss	-1,577,142	-1,884,318

(3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Shareholders' equity					Total shareholders' equity	Share acquisition rights	Total net assets
	Capital stock	Capital assets surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of current period	3,774,413	3,757,998	3,757,998	-2,352,753	-2,352,753	5,179,658	20,216	5,199,874
Changes of items during period								
Issuance of new shares	1,645,517	1,645,517	1,645,517			3,291,035		3,291,035
Loss				-1,577,142	-1,577,142	-1,577,142		-1,577,142
Net changes of items other than shareholders' equity							36,803	36,803
Total changes of items during period	1,645,517	1,645,517	1,645,517	-1,577,142	-1,577,142	1,713,892	36,803	1,750,696
Balance at end of current period	5,419,931	5,403,516	5,403,516	-3,929,896	-3,929,896	6,893,551	57,019	6,950,570

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity					Capital stock	Share acquisition rights Capital assets surplus	Total net assets Retained earnings
	Capital stock	Capital assets surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of current period	5,419,931	5,403,516	5,403,516	-3,929,896	-3,929,896	6,893,551	57,019	6,950,570
Changes of items during period								
Issuance of new shares	7,905	7,905	7,905			15,810		15,810
Loss				-1,884,318	-1,884,318	-1,884,318		-1,884,318
Net changes of items other than shareholders' equity							14,010	14,010
Total changes of items during period	7,905	7,905	7,905	-1,884,318	-1,884,318	-1,868,508	14,010	-1,854,498
Balance at end of current period	5,427,836	5,411,421	5,411,421	-5,814,215	-5,814,215	5,025,042	71,029	5,096,072

(4) Statements of cash flows

(Thousands of yen)

Fiscal year ended
March 31, 2019

Cash flows from operating activities	
Loss before income taxes	-1,880,529
Depreciation	82,770
Share-based compensation expenses	14,010
Impairment loss	194,829
Loss on valuation of shares of subsidiaries and associates	7,200
Provision of allowance for doubtful accounts for subsidiaries and affiliates	28,614
Increase (decrease) in retirement benefit liability	1,677
Interest and dividend income	-1,762
Subsidy income	-14,084
Decrease (increase) in notes and accounts receivable - trade	76,171
Decrease (increase) in inventories	27,569
Increase (decrease) in notes and accounts payable - trade	19,564
Increase (decrease) in advances received	-6,988
Other, net	-17,092
Subtotal	-1,468,048
Interest and dividend income received	63
Proceeds from subsidy income	14,084
Income taxes paid	-3,670
Net cash provided by (used in) operating activities	-1,457,571
Cash flows from investing activities	
Purchase of property, plant and equipment	-173,164
Purchase of intangible assets	-2,093
Purchase of shares of subsidiaries	-7,200
Payments of loans receivable	-8,200
Collection of loans receivable	10,000
Payments for guarantee deposits	-4,323
Proceeds from collection of guarantee deposits	800
Payments for asset retirement obligations	-934
Net cash provided by (used in) investing activities	-185,115
Cash flows from financing activities	
Proceeds from issuance of shares resulting from exercise of share acquisition rights	15,810
Net cash provided by (used in) financing activities	15,810
Net increase (decrease) in cash and cash equivalents	-1,626,876
Cash and cash equivalents at beginning of period	6,528,053
Cash and cash equivalents at end of period	4,901,177