

Consolidated Financial Results
for the Fiscal Year Ended January 31, 2025
[Japanese GAAP]



March 17, 2025

Company name: SanBio Company Limited
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4592
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 Scheduled date of the Annual General Meeting of Shareholders: April 23, 2025
 Scheduled date of commencing dividend payments: —
 Scheduled date of filing annual securities report: April 23, 2025
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 (February 1, 2024 to January 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2025	—	—	(3,516)	—	(3,022)	—	(2,882)	—
January 31, 2024	—	—	(4,539)	—	(2,824)	—	(2,644)	—

(Note) Comprehensive income: Fiscal year ended January 31, 2025: ¥(3,524) million [–%]

Fiscal year ended January 31, 2024: ¥(4,083) million [–%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenue
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2025	(41.86)	—	(139.2)	(71.2)	—
January 31, 2024	(40.48)	—	(80.5)	(46.7)	—

(Reference) Equity earnings (losses) of affiliates: Fiscal year ended January 31, 2025: ¥– million

Fiscal year ended January 31, 2024: ¥– million

(Note) Diluted net income per share is not stated as net loss per share was recorded although there are potential shares with dilutive effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2025	3,447	1,762	45.1	21.93
As of January 31, 2024	5,047	2,792	51.3	38.08

(Reference) Equity: As of January 31, 2025: ¥1,555 million

As of January 31, 2024: ¥2,586 million

(3) Consolidated 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2025	(3,603)	(4)	2,091	2,853
January 31, 2024	(4,765)	(19)	2,370	4,389

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
January 31, 2024	–	0.00	–	0.00	0.00	–	–	–
January 31, 2025	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending January 31, 2026 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2026 (February 1, 2025 to January 31, 2026)

(% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	–	–	(1,911)	–	(1,943)	–	(1,943)	–	(27.05)
Full year	–	–	(3,509)	–	(3,551)	–	(3,554)	–	(49.41)

Notes:

- (1) Significant changes in the scope of consolidation during the period under review: No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
January 31, 2025: 70,927,202 shares
January 31, 2024: 67,929,202 shares
 - 2) Total number of treasury shares at the end of the period:
January 31, 2025: 518 shares
January 31, 2024: 278 shares
 - 3) Average number of shares during the period:
Fiscal year ended January 31, 2025: 68,866,442 shares
Fiscal year ended January 31, 2024: 65,322,652 shares

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended January 31, 2025 (February 1, 2024 to January 31, 2025)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2025	–	–	(1,540)	–	(750)	–	(3,545)	–
January 31, 2024	–	–	(1,621)	–	416	(77.6)	(4,133)	–

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
January 31, 2025	(51.49)	–
January 31, 2024	(63.29)	–

(Note) Diluted net income per share is not stated as net loss per share was recorded although there are potential shares with dilutive effect.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2025	3,159	1,650	45.7	20.35
As of January 31, 2024	4,623	2,701	54.0	36.74

(Reference) Equity: As of January 31, 2025: ¥1,443 million

As of January 31, 2024: ¥2,495 million

*Non-Consolidated Operating Results compared to the previous fiscal year

A change in ordinary income from the previous fiscal year is mainly due to a decrease in the recorded amount of foreign exchange gains resulting from fluctuations in foreign exchange rates. A change in net loss from the previous fiscal year is mainly due to a decrease in provision of allowance for doubtful accounts for subsidiaries and associates and loss on valuation of shares of subsidiaries and associates.

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

* Explanation of the proper use of the financial results forecast and other notes

(Note on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and the Company does not assure the achievement of any of these. Furthermore, actual results may vary significantly due to various factors. For the assumptions and notes for earnings forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5 of the attachment.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

In the Japanese regenerative medicine industry, amid ongoing promotion of the industry by implementation of the Act on the Safety of Regenerative Medicine and the Revised Pharmaceutical Affairs Act of November 2014, 21 products were approved for manufacture and marketing as regenerative medicine products by the end of January 2025. In addition, in the US, the Regenerative Medicine Advanced Therapy (RMAT) Designation program was established under the 21st Century Cures Act which was passed in December 2016, which enables expedited approval of regenerative medicine products for the purpose of treatment of serious diseases. In 2021, biologics license applications (BLAs) were approved for three products designated as RMAT, including one that received BLA approval as an RMAT-designated product for the first time, and in 2024, three RMAT-designated items received BLA approval. As described above, the practical application of regenerative medicine has continued to make steady progress in Japan and US.

In this environment, the Group (hereinafter referring to two companies: the Company and SanBio, Inc. of Oakland, California, US) has promoted research and development aiming at the commercialization of its unique cell therapeutic agent, SB623, mainly for central nervous system diseases with high unmet medical needs.

For the SB623 development program for treatment of chronic traumatic brain injury (hereinafter the “Program”), in the Phase 2 global clinical trial including Japan and involving 61 patients, the Group obtained positive results in November 2018 that the “patients treated with SB623 cells demonstrated a statistically significant improvement in their motor function compared to the control group, and the primary endpoint was met.” In April 2019, the Program in Japan was chosen as a designated regenerative medical product by the Ministry of Health, Labour and Welfare under the “SAKIGAKE Designation System.” Thereafter, under the designation framework, the Company submitted the application for approval of manufacture and marketing of regenerative medicine products in Japan in March 2022, and in June 2024, the Pharmaceutical Affairs Council’s Subcommittee on Regenerative Medicine Products concluded that approval may be granted, subject to conditions and time limit, to the Program as “AKUUGO® suspension for intracranial implantation; hereinafter ‘AKUUGO®,’” the therapeutic agent for improving chronic motor paralysis resulting from traumatic brain injury. On July 31, the Company received, from the Ministry of Health, Labour and Welfare, the approval of manufacture and marketing of AKUUGO® in Japan with conditions and a time limit attached, of which efficacy/effectiveness is “to improve chronic motor paralysis associated with traumatic brain injury.” Since then, the Company manufactured AKUUGO® with the assumption of obtaining conformity for about two times of commercially available products to confirm the equivalence and homogeneity of the product, one of the conditions for the approval. Once to date, the manufactured product has met all standard values in specification testing and characteristic analysis, being deemed compliant. The Company has already started to manufacture the product to obtain conformity for the remaining one time, and if it is found to be compliant, we will submit an application for partial revision using the results to obtain authorization to ship the product. Consequently, the shipment of AKUUGO® is expected to be possible in the second quarter (May 2025 to July 2025). Going forward, the Company plans to obtain the official approval of the Program by vitalizing the promotion of AKUUGO® in Japan, and in tandem with this initiative, implementing the clinical trial for post manufacture and marketing period and other trials within the seven years of the time limit for approval of manufacture and marketing, the second condition for the approval.

Moreover, there have been no changes in the Company’s policy, where the Company will go back to its vision of “Globally promoting regenerative medicine originating in Japan,” which has not changed since its foundation, and proceed again with its global business. The Company will focus on the US, which will be the largest market, and restarted to negotiate with regulatory authorities in the US toward implementing new clinical trials for chronic traumatic brain injury based on the results of AKUUGO® in Japan. Also the company plans to negotiate with regulatory authorities in Japan and the US toward implementing new clinical trials for chronic ischemic stroke.

Under these circumstances, for the fiscal year ended January 31, 2025, the Company recorded ¥2,357 million in research and development expenses mainly consisting of manufacturing-related costs incurred in relation to the SB623 development program for treatment of chronic traumatic brain injury. As a result, operating loss was ¥3,516 million (operating loss of ¥4,539 million for the previous fiscal year). On the other hand, the Company recorded ¥622 million in foreign exchange gains as non-operating income, owing to the foreign exchange gains resulting from fluctuations in foreign exchange rates. Furthermore, ordinary loss was ¥3,022 million (ordinary loss of ¥2,824 million for the previous fiscal year), and net loss attributable to owners

of parent was ¥2,882 million (net loss attributable to owners of parent of ¥2,644 million for the previous fiscal year).

The Group consists of a single business segment, cell therapeutic agent using modified allogeneic stem cells. Therefore, description of business performance by segment is omitted.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Current assets)

The balance of current assets at the end of the fiscal year under review ¥3,335 million, a decrease of ¥1,601 million compared to the end of the previous fiscal year (¥4,937 million), mainly due to a decrease of ¥1,533 million in cash and deposits.

(Non-current assets)

The balance of non-current assets at the end of the fiscal year under review was ¥111 million, an increase of ¥1 million compared to the end of the previous fiscal year (¥109 million).

(Current liabilities)

The balance of current liabilities at the end of the fiscal year under review was ¥732 million, a decrease of ¥173 million compared to the end of the previous fiscal year (¥905 million), mainly due to a decrease of ¥181 million in accrued expenses.

(Non-current liabilities)

The balance of non-current liabilities at the end of the fiscal year under review was ¥952 million, a decrease of ¥396 million compared to the end of the previous fiscal year (¥1,349 million), mainly due to decreases of ¥268 million in long-term loans payable and ¥128 million in deferred tax liabilities, respectively.

(Net assets)

Total net assets at the end the fiscal year under review were ¥1,762 million, a decrease of ¥1,029 million compared to the end of the previous fiscal year (¥2,792 million), mainly due to the recording of ¥2,882 million in net loss attributable to owners of parent and a decrease of ¥642 million in foreign currency translation adjustment, despite increases of ¥1,246 million in capital stock and capital surplus, respectively, resulting from issuance of new shares by third-party allotment and exercise of subscription rights to shares.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review were ¥2,853 million, a decrease of ¥1,536 million compared to the end of the previous fiscal year (¥4,389 million).

Cash flows in each area of activity and their respective contributing factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities for the fiscal year under review was ¥3,603 million (an outflow of ¥4,765 million for the previous fiscal year). This was primarily due to the recording of a loss before income taxes of ¥3,010 million, foreign exchange gains of ¥625 million, a decrease of ¥104 million in advance payments, and a decrease of ¥193 million in accrued expenses.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was ¥4 million (an outflow of ¥19 million for the previous fiscal year). This was mainly due to an outflow of ¥4 million for purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year under review was ¥2,091 million (an inflow of ¥2,370 million for the previous fiscal year). This was primarily due to an outflow of ¥268 million for repayments of long-term loans payable, an inflow of ¥1,891 million for proceeds from issuance of shares and an inflow of ¥480 million for proceeds from issuance of shares resulting from exercise of subscription rights to shares.

(4) Future Outlook

The group will submit an application for partial revision of AKUUGO® using the results to obtain authorization to ship the product during the current fiscal year, and will steadily proceed with preparations for its manufacturing, logistics, and sales infrastructure. At the same time, the group will focus on conducting new clinical trials for chronic traumatic brain injury and preparation toward implementing new clinical trials for chronic ischemic stroke.

Based on the above, the Group forecasts the financial results for the fiscal year ending January 31, 2026 to incur operating expenses of ¥3,509 million in total, including expenses related to receiving the approval of partial changes to the items that have been approved for the manufacture and marketing for AKUUGO® and expenses to establish manufacturing, logistics, and sales structure in Japan following its launch. As a result, the Group forecasts an operating loss of ¥3,509 million, an ordinary loss of ¥3,551 million, and net loss attributable to owners of parent of ¥3,554 million.

The forecast is based on an exchange rate of ¥155.00 per U.S. dollar.

(5) Basic Policy for Distribution of Profit and Dividends for FY2025.1 and FY2026.1

The Company recognizes that the return of profits to shareholders is one of its most important management policies. We determine dividends after taking into account the buildup of internal reserves in preparation for investments into research and development.

The Company has a basic principle of distributing dividends once a year at the fiscal year-end if dividends from surplus are to be paid. The General Meeting of Shareholders is the decision-making body for the payment.

Additionally, the Company stipulates in its Articles of Incorporation that payment of interim dividends is subject to the resolution of the Board of Directors, with July 31 of each year as the record date.

As to the fiscal year ended January 31, 2025, no dividend will be paid, as there is no distributable amount pursuant to Article 461 of the Companies Act and Article 149 of the Ordinance on Accounting of Companies. For the time being, the Company does not expect to pay dividends, in order to proactively engage in the research and development of medicine, and intends to use its internal reserves from profits for reinvestments.

2. Basic Policy on Selection of Accounting Standards

The Group will prepare its consolidated financial statements based on Japanese GAAP for the time being, given its comparability from period to period and between companies.

The Group plans to appropriately respond to the application of International Financial Reporting Standards (IFRS) upon considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	4,454,716	2,921,402
Advance payments	358,924	269,881
Other	123,729	144,296
Total current assets	4,937,370	3,335,580
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,943	22,943
Machinery, equipment and vehicles	4,570	—
Tools, furniture and fixtures	53,072	33,522
Accumulated depreciation	(45,026)	(24,906)
Construction in progress	8,761	8,761
Total property, plant and equipment	44,320	40,319
Intangible assets	43,891	43,891
Investments and other assets		
Other	21,708	27,547
Total investments and other assets	21,708	27,547
Total non-current assets	109,920	111,759
Total assets	5,047,291	3,447,339
Liabilities		
Current liabilities		
Current portion of long-term loans payable	268,000	268,000
Accounts payable - other	115,347	139,077
Accrued expenses	486,534	304,830
Income taxes payable	18,510	345
Provision for bonuses	8,313	9,593
Other	8,933	10,230
Total current liabilities	905,639	732,076
Non-current liabilities		
Long-term loans payable	397,000	129,000
Deferred tax liabilities	952,253	823,340
Total non-current liabilities	1,349,253	952,340
Total liabilities	2,254,892	1,684,417
Net assets		
Shareholders' equity		
Capital stock	3,316,504	2,496,192
Capital surplus	7,027,946	6,207,634
Retained earnings	(1,950,003)	(698,901)
Treasury shares	(933)	(1,128)
Total shareholders' equity	8,393,514	8,003,796
Accumulated other comprehensive income		
Foreign currency translation adjustment	(5,806,567)	(6,448,629)
Total accumulated other comprehensive income	(5,806,567)	(6,448,629)
Subscription rights to shares	205,451	207,754
Total net assets	2,792,398	1,762,921
Total liabilities and net assets	5,047,291	3,447,339

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended January 31, 2024	For the fiscal year ended January 31, 2025
Operating revenue	—	—
Operating expenses		
Research and development expenses	2,849,590	2,357,970
Other selling, general and administrative expenses	1,690,139	1,158,122
Total operating expenses	4,539,730	3,516,093
Operating loss	(4,539,730)	(3,516,093)
Non-operating income		
Interest income	2,465	2,399
Foreign exchange gains	1,746,375	622,754
Other	3,741	2,463
Total non-operating income	1,752,582	627,617
Non-operating expenses		
Interest expenses	10,548	8,315
Financing expenses	15,265	10,625
Share issuance costs	9,499	113,175
Other	2,424	1,800
Total non-operating expenses	37,737	133,916
Ordinary loss	(2,824,886)	(3,022,392)
Extraordinary income		
Gain on sale of non-current assets	33,551	2,424
Gain on reversal of subscription rights to shares	252,328	9,301
Total extraordinary income	285,879	11,726
Extraordinary losses		
Loss on retirement of non-current assets	3,129	—
Total extraordinary losses	3,129	—
Loss before income taxes	(2,542,135)	(3,010,666)
Income taxes - current	10,874	1,131
Income taxes - deferred	91,322	(128,912)
Total income taxes	102,196	(127,780)
Net loss	(2,644,332)	(2,882,885)
Net loss attributable to owners of parent	(2,644,332)	(2,882,885)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2024	For the fiscal year ended January 31, 2025
Net loss	(2,644,332)	(2,882,885)
Other comprehensive income		
Foreign currency translation adjustment	(1,439,017)	(642,062)
Total other comprehensive income	(1,439,017)	(642,062)
Comprehensive income	(4,083,350)	(3,524,948)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(4,083,350)	(3,524,948)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,407,189	10,118,632	(8,177,057)	(899)	8,347,864
Changes of items during period					
Issuance of new shares	1,345,008	1,345,008			2,690,016
Net loss attributable to owners of parent			(2,644,332)		(2,644,332)
Purchase of treasury shares				(34)	(34)
Transfer from share capital to other capital surplus	(4,435,693)	4,435,693			—
Deficit disposition		(8,871,387)	8,871,387		—
Net changes of items other than shareholders' equity					
Total changes of items during period	(3,090,685)	(3,090,685)	6,227,054	(34)	45,649
Balance at end of current period	3,316,504	7,027,946	(1,950,003)	(933)	8,393,514

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(4,367,549)	(4,367,549)	448,593	4,428,909
Changes of items during period				
Issuance of new shares				2,690,016
Net loss attributable to owners of parent				(2,644,332)
Purchase of treasury shares				(34)
Transfer from share capital to other capital surplus				—
Deficit disposition				—
Net changes of items other than shareholders' equity	(1,439,017)	(1,439,017)	(243,141)	(1,682,159)
Total changes of items during period	(1,439,017)	(1,439,017)	(243,141)	(1,636,510)
Balance at end of current period	(5,806,567)	(5,806,567)	205,451	2,792,398

For the fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,316,504	7,027,946	(1,950,003)	(933)	8,393,514
Changes of items during period					
Issuance of new shares	1,246,681	1,246,681			2,493,363
Net loss attributable to owners of parent			(2,882,885)		(2,882,885)
Purchase of treasury shares				(194)	(194)
Transfer from share capital to other capital surplus	(2,066,993)	2,066,993			—
Deficit disposition		(4,133,986)	4,133,986		—
Net changes of items other than shareholders' equity					
Total changes of items during period	(820,311)	(820,311)	1,251,101	(194)	(389,717)
Balance at end of current period	2,496,192	6,207,634	(698,901)	(1,128)	8,003,796

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(5,806,567)	(5,806,567)	205,451	2,792,398
Changes of items during period				
Issuance of new shares				2,493,363
Net loss attributable to owners of parent				(2,882,885)
Purchase of treasury shares				(194)
Transfer from share capital to other capital surplus				—
Deficit disposition				—
Net changes of items other than shareholders' equity	(642,062)	(642,062)	2,303	(639,759)
Total changes of items during period	(642,062)	(642,062)	2,303	(1,029,476)
Balance at end of current period	(6,448,629)	(6,448,629)	207,754	1,762,921

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2024	For the fiscal year ended January 31, 2025
Cash flows from operating activities		
Loss before income taxes	(2,542,135)	(3,010,666)
Depreciation	14,504	9,368
Share based compensation expenses	34,180	19,238
Increase (decrease) in provision for bonuses	(57,175)	1,279
Interest and dividend income	(2,465)	(2,399)
Foreign exchange losses (gains)	(1,651,512)	(625,868)
Interest expenses	10,548	8,315
Financing expenses	15,265	10,625
Share issuance costs	9,499	113,175
Gain on reversal of subscription rights to shares	(252,328)	(9,301)
Loss (gain) on sale of non-current assets	(33,551)	(2,424)
Loss on retirement of non-current assets	3,129	—
Decrease (increase) in advance payments	(294,621)	104,389
Increase (decrease) in accounts payable - other	(231,310)	21,338
Increase (decrease) in accrued expenses	137,988	(193,964)
Other	83,206	(24,074)
Subtotal	(4,756,778)	(3,580,968)
Interest and dividends received	2,465	2,399
Interest expenses paid	(10,557)	(8,317)
Income taxes paid	(783)	(16,220)
Net cash provided by (used in) operating activities	(4,765,654)	(3,603,106)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,078)	(4,891)
Proceeds from sale of property, plant and equipment	35,941	864
Purchase of intangible assets	(43,891)	—
Payments of leasehold deposits	—	(240)
Net cash provided by (used in) investing activities	(19,028)	(4,267)
Cash flows from financing activities		
Repayments of long-term loans payable	(268,000)	(268,000)
Payments of financing expenses	(12,799)	(13,605)
Proceeds from issuance of shares	—	1,891,824
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	2,651,366	480,981
Other	(34)	(194)
Net cash provided by (used in) financing activities	2,370,532	2,091,005
Effect of exchange rate change on cash and cash equivalents	128,472	(20,019)
Net increase (decrease) in cash and cash equivalents	(2,285,678)	(1,536,388)
Cash and cash equivalents at beginning of period	6,675,198	4,389,520
Cash and cash equivalents at end of period	4,389,520	2,853,132

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

None

(Segment information, etc.)

<Segment information>

For the fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

Segment information is omitted as the Group consists of a single business segment, cell therapeutic agent using modified allogeneic stem cells.

For the fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

Segment information is omitted as the Group consists of a single business segment, cell therapeutic agent using modified allogeneic stem cells.

<Related information>

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

1. Information by products and services

None

2. Information by geographical segment

(1) Operating revenue

None

(2) Property, plant and equipment

Information is omitted as the value of property, plant and equipment located in Japan exceeds 90% of that of the property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

None

Fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

1. Information by products and services

None

2. Information by geographical segment

(1) Operating revenue

None

(2) Property, plant and equipment

Information is omitted as the value of property, plant and equipment located in Japan exceeds 90% of that of the property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

None

<Information concerning impairment loss on non-current assets by reporting segment>

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

None

Fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

None

<Information concerning amortization and unamortized balance of goodwill by reporting segment>

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

None

Fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

None

<Information concerning gain on bargain purchase by reporting segment>

Fiscal year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

None

Fiscal year ended January 31, 2025 (from February 1, 2024 to January 31, 2025)

None

(Per share information)

(Yen)

	For the fiscal year ended January 31, 2024	For the fiscal year ended January 31, 2025
Net assets per share	38.08	21.93
Net (loss) per share	(40.48)	(41.86)

(Notes) 1. Diluted net income per share is not stated, despite the existence of potential shares, due to the posting of net loss per share.

2. The basis for calculating net loss per share is as follows.

	For the fiscal year ended January 31, 2024	For the fiscal year ended January 31, 2025
Net (loss) attributable to owners of parent (Thousand yen)	(2,644,332)	(2,882,885)
Amount not attributable to common shareholders (Thousand yen)	—	—
Net (loss) attributable to owners of parent associated with common shares (Thousand yen)	(2,644,332)	(2,882,885)
Average number of shares during the period (Shares)	65,322,652	68,866,442
Outline of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effects	7th, 8th, 9th, 12th, 14th, 17th, 18th, 20th, 24th, 25th, 28th through 31st, 33rd and 34th Share Acquisition Rights (total number of subscription rights to shares: 885,825)	7th, 8th, 9th, 12th, 14th, 17th, 18th, 20th, 24th, 25th, 28th through 31st, and 33rd Share Acquisition Rights (total number of subscription rights to shares: 181,225)

(Significant subsequent events)

(Issuance of new shares by third-party allotment as well as the first unsecured convertible bond-type bonds with stock acquisition rights)

At the Board of Directors' meeting held on February 14, 2025, the Company passed a resolution for issuance of new shares by third-party allotment (hereinafter referred to as the "New Shares") as well as the first unsecured convertible bond-type bonds with stock acquisition rights (hereinafter referred to as the "Bonds with Stock Acquisition Rights," the bonds alone being referred to as the "Bonds"), through which the Company raised funds in the amount of ¥2,080 million on March 3, 2025.

Summary of the issuance of the New Shares

(1) Date of payment	March 3, 2025
(2) Number of new shares to be issued	1,088,140 shares
(3) Issue price	919 yen per share
(4) Amount of funds to be procured	1,000,000,660 yen
(5) Method of subscription or disposal (subscriber)	Third-party allotment to CVI Investments, Inc.

Summary of the issuance of the Bonds with Stock Acquisition Rights

(1) Date of payment	March 3, 2025
(2) Total number of stock acquisition rights	36 units
(3) Issue price of bonds and stock acquisition rights	Bonds: 30,000,000 yen (100 yen per 100 yen of the face value of each bond) Stock acquisition rights: No cash payment shall be required in exchange for the stock acquisition rights.
(4) Number of dilutive shares arising from the issuance	881,632 shares The upper limit of conversion price is 1,225 yen. The above number of dilutive shares represents the maximum number of shares that would be issued if converted at the initial conversion price. The lower limit of conversion price is 511 yen, and the number of dilutive shares at the lower limit of conversion price is 2,113,502 shares.
(5) Amount of funds to be procured	1,080,000,000 yen
(6) Conversion price	Initial conversion price: 1,225 yen On March 3, 2026, September 3, 2026, March 3, 2027, September 3, 2027, March 3, 2028, September 3, 2028, and March 3, 2029 (hereinafter individually or collectively referred to as the "Adjustment Date"), the price will be adjusted to the amount equivalent to 90% of either of the following prices, rounded up to the nearest whole yen: (i) the closing price in regular transactions of the Company's common stock at Tokyo Stock Exchange on the previous trading day of the Adjustment Date; or (ii) the average closing price in regular transactions of the Company's common stock at Tokyo Stock Exchange over the five consecutive trading days preceding the Adjustment Date, whichever is lower. However, if the conversion price adjusted on the Adjustment Date is lower than the lower limit of conversion price, the conversion price will be the minimum conversion price, and if the conversion price adjusted on the Adjustment Date is higher than the upper limit of conversion price, the conversion price will be the maximum conversion price.
(7) Method of subscription or allotment (subscriber)	Third-party allotment to CVI Investments, Inc.
(8) Interest rate and maturity date	Interest rate: The Bonds are non-interest bearing. Maturity date: March 8, 2029
(9) Amount to be redeemed	109 yen per face value of 100 yen

(Reduction in amounts of stated capital and capital reserves and appropriation of capital surplus)

At the meeting of Board of Directors held on March 17, 2025, the Company resolved to submit to the Company's 12th annual general meeting of shareholders, to be held on April 23, 2025, a proposal to reduce the amounts of stated capital and capital reserves and to make an appropriation of capital surplus.

1. Purpose of reduction in amounts of stated capital and capital reserves and appropriation of capital surplus

With the aim of reducing the Company's tax burden through a reduction in its stated capital and capital reserves, achieving a healthier financial platform by covering this deficit, and ensuring agile capital policy, including shareholder returns (dividends and acquisition of treasury shares) for the future, the Company will carry out a reduction in the amounts of its stated capital and its capital reserves and appropriation of capital surplus.

2. Outline of reduction in amounts of stated capital and capital reserves

The Company will reduce the amounts in stated capital and capital reserves in accordance with Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, and then post these to other capital surplus.

(1) Amounts by which stated capital and capital reserves will be reduced:

Stated capital: ¥1,772,807,092 of ¥2,496,192,272

Capital surplus: ¥1,772,807,091 of ¥2,493,692,257

(2) Amount by which other capital surplus will be increased:

Other capital surplus: ¥3,545,614,183

3. Outline of appropriation of other capital surplus

Subject to the reduction in the amounts of stated capital and capital reserves (detailed above) becoming effective, the Company will, in accordance with Article 452 of the Companies Act, post the other capital surplus to retained earnings brought forward so as to cover the deficit. In doing so, the amount of retained earnings brought forward after the posting will be 0 yen.

(1) Amount by which other capital surplus will be reduced:

Other capital surplus: ¥3,545,614,183

(2) Amount by which retained earnings brought forward will be increased:

Retained earnings brought forward: ¥3,545,614,183

4. Schedule of reduction in amounts of stated capital and capital reserves and appropriation of capital surplus

(1) Date of resolution by Board of Directors: March 17, 2025

(2) Date of resolution at annual general meeting of shareholders: April 23, 2025 (planned)

(3) Deadline for submission of objections by creditors: May 30, 2025 (planned)

(4) Effective date: June 6, 2025 (planned)