

Financial Results for the Fiscal Year ended March 31, 2020 [Japanese GAAP] (non-consolidated)

May 15, 2020

BrightPath Biotherapeutics Co., Ltd. Listed Market Mothers, TSE
TSE Code 4594 URL <https://www.brightpathbio.com/english/index.html>
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Scheduled date of annual meeting of stockholders : June 26, 2020
Scheduled date of dividend payment commencement : —
Scheduled date of submission of securities report : June 29, 2020
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. Financial results for fiscal year 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	11	-92.7	-1,827	—	-1,823	—	-1,857	—
Fiscal year ended March 31, 2019	155	-56.0	-1,665	—	-1,678	—	-1,884	—

	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, 2020	-44.20	—	-45.3	-41.6	-16,170.4
Fiscal year ended March 31, 2019	-44.95	—	-31.6	-26.8	-1,069.0

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

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	3,474	3,235	91.5	75.49
As of March 31, 2019	5,304	5,096	94.7	119.66

(Reference) Shareholders' equity As of March 31, 2020 3,178 million yen
As of March 31, 2019 5,025 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, 2020	-1,784	-106	8	3,018
Fiscal year ended March 31, 2019	-1,457	-185	15	4,901

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, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2021 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Projected financial results for fiscal year 2021 (April 1, 2020 – March 31, 2021)

(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	3	-73.5	-1,894	—	-1,894	—	-1,907	—	-45.30

(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

- | | |
|--|--------|
| 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 the period (including treasury stock)	As of March 31, 2020	42,101,000 shares	As of March 31, 2019	41,993,500 shares
2) Number of shares of treasury stock at the end of the period	As of March 31, 2020	— shares	As of March 31, 2019	— shares
3) Average number of shares during the period	Year ended March 31, 2020	42,031,977 shares	Year ended March 31, 2019	41,916,427 shares

* These financial results are outside the scope of audits 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 document are based on the information available and certain assumptions deemed reasonable by the Company at this time. They are not intended to represent our promise to attain them as a goal. Actual results may differ substantially due to various reasons. For details on the assumptions and conditions for forecasts and projections as well as notes on their use, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 3 of the attachment.

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1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2020, while global economic growth was seen to follow a downward trend mainly due to the impact of protectionist trade policies, the global outbreak of the coronavirus disease (COVID-19) pandemic has led to possibly the worst post-war economic recession in 2020, and the situation has become extremely uncertain. As for the Japanese economy, while a gradual recovery trend was seen on the whole, the situation has also become uncertain, due to the sharp deceleration of inbound consumption, domestic demand, exports, and other elements amid the continuous self-restraint on economic activities to avoid the collapse of medical services caused by the spread of COVID-19.

BrightPath Biotherapeutics Co., Ltd. (the “Company”) has been committed to the field of cancer immunotherapy drugs, which continues to drive the growth of the pharmaceutical industry. In the last 5 years, cancer immunotherapy drugs brought about a revolution in cancer treatment which used to occur only around once in half a century, triggering the expansion of types of cancer indications and the diversification of modalities (drug types). Yet, despite enabling the breakthrough in cancer immunotherapy^{*1}, the single-drug response rate of immune check point inhibitor antibodies^{*2} remains approximately 10-40% for many cancer types. There are still large unmet medical needs, with much room of further innovation in cancer immunotherapy, a scientifically proven mechanism for cancer treatment.

Under such an environment, the Company aims to “enable a world where cancer patients can defeat cancer on their own.” Specializing in the field of new cancer immunotherapy drugs, the Company has been simultaneously developing multiple pipelines of cancer vaccines, cell therapy agents, and antibody drug modalities in various stages ranging from basic research to clinical trials.

A pipeline currently under clinical trial is cancer peptide vaccine (GRN-1201). A phase II clinical trial is currently underway in the US for non-small cell lung cancer (NSCLC) used in combination with immune check point inhibitor antibody *Pembrolizumab*.

Next to enter the clinical trial phase is induced pluripotent stem cell (iPSC) derived regenerating natural killer T-cell (NKT cell) therapy (iPS-NKT) in the cell therapy agent pipeline. An investigator-initiated clinical trial targeting head and neck cancer led by RIKEN and National University Corporation Chiba University is under preparation to commence shortly.

Three more drugs are under pre-clinical trials, namely, the fully personalized neoantigen cancer vaccine^{*3} (BP1101), a next generation cancer vaccine, HER2 chimeric antigen receptor (CAR) T cell (CAR-T cell) therapy (BP2301) licensed from National University Corporation Shinshu University this fiscal year, and toll-like receptor 9 (TLR9) *Agonist* (BP1401) licensed from National University Corporation Osaka University and other entities this fiscal year. All pipeline antibody drugs are self-originated in a quest to follow the success of PD-1/PD-L1 and realize best-in-class antibodies. Thus, the Company is working on antibodies that inhibit target molecules serving as immune checkpoint proteins regarding the exhaustion and suppression of T cells, the efficacy of which are in the process of being proven scientifically. Moving forward, the Company will optimize its lead products, further assess their function and obtain new higher-functioning clones.

As a result, for the fiscal year ended March 31, 2020, we recorded 1,827,349 thousand yen as operating loss (operating loss of 1,665,548 thousand yen in the previous fiscal year), 1,823,996 thousand yen as ordinary loss (ordinary loss of 1,678,084 thousand yen in the previous fiscal year), and net loss of 1,857,774 thousand yen (net loss of 1,884,318 thousand yen in the previous fiscal year).

<Glossary>

*1 cancer immunotherapy

Cancer immunotherapy evokes and increases the immune reaction against cancer cells (cancer immunity) to kill cancer cells, reduce tumors, suppress progression/metastasis and prevent recurrence.

*2 immune check point inhibitor antibodies

Cancer cells have a mechanism to suppress the immune system and evade the anticancer response of immune cells. Antibody drugs inhibit molecules called immune check points to block this suppression.

*3 fully personalized neoantigen cancer vaccine

Cancer vaccines tailored to match the neoantigens found on cancer cells of individual patients. Clinical trials are performed overseas.

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

At the end of the fiscal year under review, assets were 3,474,639 thousand yen, a decrease of 1,829,824 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 1,882,820 thousand yen in cash and deposits due to expenditures related to research and development, etc.

Liabilities were 239,401 thousand yen, an increase of 31,010 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 27,519 thousand yen in accounts payable - trade due to royalty payments based on a comprehensive business agreement with Kurume University, and an increase of 54,260 thousand yen in accounts payable - other due to a rise in research and development costs and purchases of research equipment.

Net assets were 3,235,237 thousand yen, a decrease of 1,860,834 thousand yen from the end of the previous fiscal year. The main factor for this is recording a net loss of 1,857,774 thousand yen.

As a result of the above, equity ratio was 91.5% compared to 94.7% at the end of the previous fiscal year.

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

At the end of the fiscal year under review, cash and cash equivalents (hereinafter "net cash") amounted to 3,018,356 thousand yen, a decrease of 1,882,820 thousand yen from the end of the previous fiscal year. The situation of each cash flow for the fiscal year under review and the underlying factors are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 1,784,461 thousand yen (1,457,571 thousand yen used in the previous fiscal year). This was mainly due to recording loss before income taxes of 1,859,861 thousand yen, impairment loss of 48,159 thousand yen, depreciation of 62,471 thousand yen, and a decrease in notes and accounts payable - trade of 27,519 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 106,879 thousand yen (185,115 thousand yen used in the previous fiscal year). This was mainly due to 107,282 thousand yen spent for purchase of property, plant and equipment associated with research and development equipment, etc.

(Cash flows from financing activities)

Net cash provided from financing activities amounted to 8,521 thousand yen (15,810 thousand yen provided in the previous fiscal year). This was mainly due to 10,750 thousand yen in proceeds from issuance of shares resulting from exercise of share acquisition rights.

(4) Future Outlook

The Company specializes in the field of cancer immunotherapy drugs, and has developed cancer vaccines since its foundation. With the new addition of cell therapy agents and antibody drugs, the Company will work on drug candidates in these three modalities, under a business model that covers the process from basic research to clinical trials, followed by licensing out.

The cancer peptide vaccine (GRN-1201) currently under clinical trial will be the first vaccine targeting NSCLC originating from Japan for use in combination with immune check point inhibitors and is currently under phase II clinical trial in the US. The project is currently at stage 1 of phase II clinical trial. Upon accumulating a certain number of cases, an interim assessment will be made to find if target response rates are attained, to enter stage 2 and eventually accumulate enough cases to withstand statistical evaluation.

iPS-NKT is currently slated for phase I clinical trial (investigator-initiated). It is a new master cell bank-type allogeneic cell therapy agent using regenerated NKT cells derived from iPS cells to treat solid tumors. This development project was initially led by RIKEN, and now is a joint study with the Company after it participated in 2018, obtaining the option to license in the right to exclusive development, manufacturing and marketing of

iPS-NKT cell therapy. The Company will support this investigator-initiated clinical trial for the world's first clinical use of iPS regenerated NKT cell therapy, while improving the manufacturing process with an eye to the subsequent phase II clinical trial (sponsor-initiated).

HER2 CAR-T cell therapy (BP2301) aims to expand CAR-T cell therapy, which has a response rate that may reach 70-90% for hematological cancer, to solid tumors. Yet, extending CAR-T to solid tumors has problems not found in hematological cancer, in that CAR-T cells are exhausted by local immunosuppression on the tumor, and are not able to fully function. To overcome the problem, the Company jointly created with Shinshu University, etc. a method to produce young memory T cells, long-lived in vivo, that may achieve long-term persistence of anti-tumor effects. Pre-clinical trials will be performed on this pipeline to assess drug efficacy, pharmacology, and safety to move on to clinical trials.

The fully personalized neoantigen vaccine (BP1101) is a next generation vaccine in personalized medicine. As tumor mutation burden (number of neoantigens) and response to the immune check point antibody therapy correlate, the antibody is deemed to enhance the antitumor effect of T cells, which identify neoantigens as cancer markers. To enter clinical trials, the Company is promoting joint studies with National Research and Development Agency National Cancer Center Japan, National University Corporation The University of Tokyo, Incorporated Administrative Agency Kanagawa Prefectural Hospital Organization Kanagawa Cancer Center, and National University Corporation Mie University. A bioinformatics system is being developed to support machine learning algorithms required for selecting neoantigen vaccines unique to patients. Pre-clinical trials are ongoing for this pipeline as well.

BP1401 is a TLR9 Agonist which stimulates the TLR9 receptors of dendritic cells to facilitate the active functioning of T cells with antitumor response in a strongly immunosuppressive tumor microenvironment. Depending on the cancer type and the individual patient, tumors may be a "cold tumor" which T cells cannot infiltrate to form cancer immunity. BP1401 will stimulate the TLR9 of dendritic cells, and by inducing natural immunity first, the tumor will be transferred to a "hot tumor" that facilitates T cell infiltration. As BP1401 is a lipid preparation, it can be administered into veins that run throughout the body, and differentiates from precedents that only allow local administration to tumors to secure safety. This pipeline will also undergo pre-clinical trials.

Antibody drug pipelines are at the basic research phase. BP1200 is an antibody that inhibits CD73, which is involved in producing adenosine, a key factor in generating an immunosuppressive tumor microenvironment that helps tumors proliferate. BP1210 is an antibody that inhibits the binding of TIM-3 which exhausts T cells by transmitting suppressive signals, just like PD-1/PD-L1. Seed antibodies have been produced for both BP1200 and BP1210, which indicate functional superiority over precedents. Several antibodies that react to other immune check point molecules are currently being created. Moving forward, the Company will optimize its lead products, further assess their function and obtain new higher-functioning clones.

As a result of the above, for the fiscal year ending March 31, 2021, we are planning research and development costs of 1,536 million yen to further promote research and development, and expecting an operating loss of 1,894 million yen, ordinary loss of 1,894 million yen, and net loss of 1,907 million yen.

2. Basic Stance on Choice of Accounting Standards

The Company applies accounting principles generally accepted in Japan (Japanese GAAP), and will appropriately consider the adoption of International Financial Reporting Standards (IFRS) in line with various conditions in Japan and overseas in the future.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	4,901,177	3,018,356
Accounts receivable - trade	841	659
Other	259,629	309,169
Total current assets	5,161,647	3,328,186
Non-current assets		
Property, plant and equipment		
Buildings, net	0	0
Machinery and equipment, net	0	0
Tools, furniture and fixtures, net	90,760	97,156
Total property, plant and equipment	90,760	97,156
Intangible assets		
Software	0	0
Total intangible assets	0	0
Investments and other assets		
Long-term prepaid expenses	0	0
Other	52,055	49,296
Total investments and other assets	52,055	49,296
Total non-current assets	142,815	146,452
Total assets	5,304,463	3,474,639

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	28,333	814
Accounts payable - other	74,001	128,261
Accrued expenses	6,234	1,661
Income taxes payable	31,920	34,158
Advances received	1,943	976
Deposits received	6,383	6,989
Total current liabilities	148,816	172,862
Non-current liabilities		
Deferred tax liabilities	4,819	0
Provision for retirement benefits	33,142	44,254
Asset retirement obligations	21,612	22,285
Total non-current liabilities	59,574	66,539
Total liabilities	208,390	239,401
Net assets		
Shareholders' equity		
Capital stock	5,427,836	5,433,211
Capital surplus		
Legal capital surplus	5,411,421	5,416,796
Total capital surpluses	5,411,421	5,416,796
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-5,814,215	-7,671,989
Total retained earnings	-5,814,215	-7,671,989
Total shareholders' equity	5,025,042	3,178,018
Share acquisition rights	71,029	57,219
Total net assets	5,096,072	3,235,237
Total liabilities and net assets	5,304,463	3,474,639

(2) Statements of Operations

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales		
Revenue from research and development	124,920	3,800
Net sales of goods	7,348	7,500
Other sales	23,540	—
Total net sales	155,808	11,300
Cost of sales		
Research and development costs	66,712	1,467
Cost of goods sold		
Beginning goods	990	—
Cost of purchased goods	3,000	3,000
Total	3,990	3,000
Cost of goods sold	3,990	3,000
Total cost of sales	70,702	4,467
Gross profit	85,106	6,832
Selling, general and administrative expenses	1,750,655	1,834,182
Operating loss	-1,665,548	-1,827,349
Non-operating income		
Interest income	1,762	42
Foreign exchange gains	—	3,009
Subsidy income	14,084	—
Technical advisory fee	3,600	—
Other	665	357
Total non-operating income	20,111	3,409
Non-operating expenses		
Foreign exchange losses	4,033	—
Miscellaneous loss	—	56
Provision of allowance for doubtful accounts for subsidiaries and associates	28,614	—
Total non-operating expenses	32,647	56
Ordinary loss	-1,678,084	-1,823,996
Extraordinary profit		
Gain on reversal of share acquisition rights	—	12,454
Gain on sales of non-current assets	—	95
Total extraordinary profit	—	12,550
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	7,200	—
Loss on sales of non-current assets	—	255
Impairment loss	194,829	48,159
Other	415	—
Total extraordinary losses	202,445	48,415
Loss before income taxes	-1,880,529	-1,859,861
Income taxes - current	3,670	2,732
Income taxes - deferred	118	-4,819
Total income taxes	3,788	-2,087
Net loss	-1,884,318	-1,857,774

Manufacturing Statement

1. Manufacturing statement for research and development costs

Category	Notes	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
		Amount (Thousand yen)	Composition (%)	Amount (Thousand yen)	Composition (%)
I. Material cost		368	0.6	—	—
II Labor cost		17,300	26.5	—	—
III Expenses	*1	47,637	72.9	1,467	100.0
Research and development expenses for the current period		65,306	100.0	1,467	100.0
Work in progress at the beginning of the period		3,006		—	
Total		68,312		1,467	
Transfer to other account	*2	1,600		—	
Research and development costs for the current period		66,712		1,467	

(Note) *1 Main breakdown is as follows:

(Thousand yen)

Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Outsourcing expenses	15,866	720

(Note) *2 Details of transfer to other account is as follows:

(Thousand yen)

Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Accounts receivable	1,600	—

(Cost accounting method)

The Company adopts the job-order cost system.

(3) Statement of Changes in Net Assets

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

(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	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
Net 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

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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	Total retained earnings			
Balance at beginning 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
Changes of items during period								
Issuance of new shares	5,375	5,375	5,375			10,750		10,750
Net loss				-1,857,774	-1,857,774	-1,857,774		-1,857,774
Net changes of items other than shareholders' equity							-13,810	-13,810
Total changes of items during period	5,375	5,375	5,375	-1,857,774	-1,857,774	-1,847,024	-13,810	-1,860,834
Balance at end of current period	5,433,211	5,416,796	5,416,796	-7,671,989	-7,671,989	3,178,018	57,219	3,235,237

(4) Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Loss before income taxes	-1,880,529	-1,859,861
Depreciation	82,770	62,471
Share-based compensation expenses	14,010	872
Impairment loss	194,829	48,159
Loss on valuation of shares of subsidiaries and associates	7,200	—
Provision of allowance for doubtful accounts for subsidiaries and associates	28,614	—
Gain on reversal of share acquisition rights	—	-12,454
Increase (decrease) in retirement benefit liability	1,677	11,112
Interest and dividend income	-1,762	-42
Subsidy income	-14,084	—
Decrease (increase) in notes and accounts receivable - trade	76,171	181
Decrease (increase) in inventories	27,569	—
Increase (decrease) in notes and accounts payable - trade	19,564	-27,519
Increase (decrease) in advances received	-6,988	-967
Other, net	-17,092	-4,329
Subtotal	-1,468,048	-1,782,376
Interest and dividend income received	63	42
Proceeds from subsidy income	14,084	—
Income taxes paid	-3,670	-2,127
Net cash provided by (used in) operating activities	-1,457,571	-1,784,461
Cash flows from investing activities		
Purchase of property, plant and equipment	-173,164	-107,282
Purchase of intangible assets	-2,093	-2,850
Proceeds from sales of property, plant and equipment	—	495
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	2,758
Payments for asset retirement obligations	-934	—
Net cash provided by (used in) investing activities	-185,115	-106,879
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	15,810	10,750
Repurchase of share acquisition rights	—	-2,228
Net cash provided by (used in) financing activities	15,810	8,521
Net increase (decrease) in cash and cash equivalents	-1,626,876	-1,882,820
Cash and cash equivalents at beginning of period	6,528,053	4,901,177
Cash and cash equivalents at end of period	4,901,177	3,018,356

(5) Notes to Financial Statements
 (Notes on going concern assumption)
 Not applicable.

(Statement of cash flows)
 Details of significant no-cash transactions
 Asset retirement obligations

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Significant asset retirement obligations recorded	1,892	583

(Segment information, etc.)

Segment information is omitted as the Company operates in the single business segment of the pharmaceutical development business and there is no other significant segment information.

(Per share information)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Yen	Yen
Net assets per share	119.66	75.49
Net loss per share	-44.95	-44.20

(Notes) 1. Fully diluted net income per share is not stated as net loss was recorded although there are residual shares.

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net loss (Thousands of yen)	-1,884,318	-1,857,774
Amount not attributable to common shareholders (Thousand yen)	—	—
Net loss for common stock (Thousand yen)	-1,884,318	-1,857,774
Average number of shares of common stock during the period (Shares)	41,916,427	42,031,977
Overview of residual shares not included in calculation of fully diluted net income per share due to lack of dilutive effect	—	—

3. The basis for calculating net assets per share is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total net assets (Thousand yen)	5,096,072	3,235,237
Amount deducted from total net assets (Thousand yen)	71,029	57,219
(of which, share acquisition rights) (Thousand yen)	-71,029	-57,219
Net assets at the end of the period for common stock (Thousand yen)	5,025,042	3,178,018
Number of shares of common stock at the end of the period to calculate net assets per share (Shares)	41,993,500	42,101,000

(Significant subsequent events)

Issuance of the 14th share acquisition rights

The Company issued the 14th share acquisition rights (third party allotment) on April 23, 2020 based on a resolution of the Board of Directors at a meeting held on April 7, 2020.

The total issue price of the share acquisition rights has been paid in and they were allotted on the same date. Based on the resolution of Board of Directors, the Company has entered into a third party allotment agreement with commitment clause with Merrill Lynch Japan Securities Co., Ltd. on April 23, 2020.

Details of the 14th share acquisition rights (third party allotment) are as follows:

Number of share acquisition rights	10,103 units
Number and class of shares underlying the share acquisition rights	Common stock of the Company: 10,103,000 shares
Issue price	58 yen per unit of share acquisition rights (total 585,974 yen)
Number of residual shares resulting from the issuance	Number of residual shares: 10,103,000 shares There is no maximum exercise price. Minimum exercise price is 122 yen. The number of residual shares at minimum exercise price is also 10,103,000 shares.
Exercise price and its adjustment condition	Initial exercise price: 204 yen Exercise price is adjusted to the amount equivalent to 92% of the closing price of the Company's common stock quoted on the immediately preceding trading date of the effective date of each exercise request for the share acquisition rights. If the price is below the minimum exercise price, it shall be adjusted to the minimum exercise price.
Exercise period of the share acquisition rights	From April 24, 2020 to April 25, 2022
Allottee	Merrill Lynch Japan Securities Co., Ltd.
Purpose of funds	(1) Research and development costs for cancer immunotherapeutic drug pipeline (2) Other funds for business operation
Details of third party allotment agreement with commitment clause	The Company has entered into a third party allotment agreement with commitment clause with Merrill Lynch Japan Securities Co., Ltd. The third party allotment agreement stipulates matters including designation and suspension of exercise, as well as restriction on transfer, etc. of the share acquisition rights.