

STELLA PHARMA (4888 TSE Mothers)- - - - - May 7,2021**Future growth speed depends on popularity of its cancer treatment method, BNCT**

This report is an English translation of part of the report issued on April 27, 2021.
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[4888 STELLA PHARMA Sector : Pharmaceutical]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2019	-	-	-861	-	-856	-	-859	-	-66.3	-142.6	0.0
Mar. 2020	-	-	-951	-	-959	-	-962	-	-61.7	34.6	0.0
Mar. 2021 f	205	-	-688	-	-658	-	-661	-	-33.0	-	0.0

Note: Non consolidated basis. Figures for the fiscal year ending March 2021 are the company's forecasts.
It conducted 1-to-100 stock split on November 14,2019.Per share indices are adjusted retroactively.

Bio-Venture Developing Cancer Radiotherapy Using Boron-based Drug

STELLA PHARMA is a bio-venture that develops a new cancer treatment method called boron neutron capture therapy (BNCT). The origin of the company goes back to when Tomoyuki Asano, the Chairman & CEO of the company, worked for STELLA CHEMIFA (4109 TSE First Section). He started development of BNCT by focusing on the technology to obtain a high concentration of boron isotope (10B), which was held by STELLA CHEMIFA. STELLA PHARMA was established as STELLA CHEMIFA's subsidiary in June 2007.

BNCT is a method to treat cancer by destroying only the cancer cells through making the cancer cells absorb the 10B compound, a stable isotope of boron, and irradiating thermal neutrons on them.

As this destroys cancer cells that selectively concentrate 10B, the impact on normal tissues around the cancer cells is small, and is said to offer better quality of life after the session due to having less side effects compared to other treatment methods.

BNCT is a drug-device combination product that combines the administration of the 10B compound and irradiation through a thermal neutron irradiation device using accelerators.

As natural boron only contains around 20% 10B, the raw material of the compound, it is necessary to concentrate 10B to make the boron compound to be used for BNCT. Since STELLA CHEMIFA is the company holding this concentration technology, STELLA PHARMA exclusively acquires highly concentrated 10B from STELLA CHEMIFA. STELLA PHARMA's product, Steboronine®, is a pharmaceutical manufactured using Borofalan containing highly concentrated 10B as the active pharmaceutical ingredient. Furthermore, its manufacturing is entrusted to an external company.

Possibility of Ordinary Loss to Continue

Regarding the company's business performance, ordinary loss is continuing since the fiscal year ended December 2016 and the corporate plan for the fiscal year ended March 2021 is also an ordinary loss. The company received approval to manufacture and sell Steboronine® as a medicine in March 2020 and as its sales is now posted on net sales starting from fiscal year ended March 2021, it could be said that there are prospects for securing profit if only looking at the sales of Steboronine® for head and neck cancer in Japan. However, as the company plans to continue its investments concerning the expansion of applicable diseases and overseas developments, ordinary loss is forecasted to continue for the next several years.

STELLA PHARMA (4888 TSE Mothers)- - - - - May 7,2021**Financial Statements**

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Nine month to Dec.2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		-	-	-	-	155	100.0
Cost of sales		-	-	-	-	18	11.7
Gross profit		-	-	-	-	137	88.3
Selling, general and administrative expenses		861	-	951	-	639	410.3
Operating profit		-861	-	-951	-	-502	-322.0
Non-operating income		4	-	4	-	2	-
Non-operating expenses		-	-	12	-	2	-
Ordinary profit		-856	-	-959	-	-502	-322.2
Profit before income taxes		-856	-	-959	-	-502	-322.2
Net profit		-859	-	-962	-	-504	-323.6

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Nine month to Dec.2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		3,361	92.8	2,401	90.3	1,969	88.8
Cash and deposits		2,991	82.6	2,007	75.5	1,519	68.5
Accounts receivable-trade		-	-	-	-	8	0.4
Inventories		280	7.7	305	11.5	364	16.5
Non-current assets		260	7.2	258	9.7	247	11.2
Property, plant and equipment		63	1.7	68	2.6	73	3.3
Intangible assets		87	2.4	90	3.4	82	3.7
Investments and other assets		109	3.0	100	3.8	91	4.1
Total assets		3,621	100.0	2,660	100.0	2,217	100.0
Current liabilities		113	3.1	307	11.6	292	13.2
Accounts payable-trade		-	-	23	0.9	10	0.5
Non-current liabilities		1,855	51.2	1,662	62.5	1,539	69.4
Net assets		1,652	45.6	690	25.9	385	17.4
Owners' equity		1,652	45.6	690	25.9	385	17.4

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020
		(mn yen)	(mn yen)
Cash flows from operating activities		-771	-913
Depreciation		24	29
Cash flows from investing activities		-14	1,557
Cash flows from financing activities		-	-68
Dividends paid		-	-
Net increase in cash and cash equivalents		-786	575
Cash and cash equivalents		1,390	1,966

Note: Non consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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