

Financial Summary
Consolidated Financial Results for the Nine Months ended December 31, 2024
(FY2024)
(Japanese standard)

January 31, 2025

Listed company name: JCR Pharmaceuticals Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Code number: 4552 URL: <https://www.jcrpharm.co.jp/>Representative: (Title) Representative Director, Chairman and President
(Name) Shin AshidaPerson in charge of inquiries: (Title) Senior Corporate Officer, Executive Director, Corporate Strategy Division
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Scheduled date to commence dividend payments: —

Preparation of supplemental information for this financial summary: Available

IR Conference: To be held (for institutional investors and analysts)

(Fractions smaller than one million yen omitted)

1. Consolidated Financial Results for 3Q FY2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentage shows year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine Months Ended								
Dec. 31, 2024	25,880	(23.2)	(754)	—	(1,380)	—	(576)	—
Dec. 31, 2023	33,718	26.3	7,809	57.7	7,388	39.6	5,160	44.6

(Reference) Comprehensive income: Nine months ended Dec. 31, 2024: 1,497 million yen ([74.8]%)

Nine months ended Dec. 31, 2023: 5,949 million yen (57.6%)

	Earnings per share (basic)	Earnings per share (diluted)
	yen	yen
Nine Months Ended		
Dec. 31, 2024	(4.63)	—
Dec. 31, 2023	41.35	41.16

(Note) “Diluted net income per share” for the third quarter of the fiscal year ending March 2025 is not stated because there was a net loss per share, even though there were residual shares.

(2) Consolidated Financial Conditions

As of	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Dec. 31, 2024	105,517	52,972	49.8
Mar. 31, 2024	102,226	56,475	54.2

(Reference) Shareholders' equity: As of Dec 31, 2024: 52,500 million yen

As of Mar.31, 2024: 55,365 million yen

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	yen	yen	yen	yen	yen
FY2023	—	10.00	—	10.00	20.00
FY2024	—	10.00	—		
FY2024 (Forecast)				10.00	20.00

(Notes) No revisions were made to the most recently announced dividend forecast.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures for the fiscal year represent the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending Mar. 31, 2025	39,000	(9.0)	1,400	(81.4)	750	(89.7)	2,200	(60.1)	17.77

(Notes) Revisions were made to the most recently announced financial results forecast.

*Note

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in the change in consolidation scope): Yes
Excluded: 1 company, Mycenax Biotech Inc.
- (2) Application of specific accounting practices for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates and restatements
1. Changes in accounting policy due to the revision of accounting standards, etc. : Yes
 2. Changes in accounting principles other than 1. : None
 3. Changes in accounting estimates : None
 4. Restatement : None

(Note) For details, please see “2. Quarterly Consolidated Financial Statements and Important notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in accounting policies)” on page 8 of the attached document.

- (4) Number of shares outstanding (common stocks)

1. Number of shares outstanding at the end of the period (including treasury stock)	As of Dec. 31, 2024	129,686,308 shares	As of Mar. 31, 2024	129,686,308 shares
2. Number of treasury stock at the end of the period	As of Dec. 31, 2024	7,861,502 shares	As of Mar. 31, 2024	4,881,914 shares
3. Average number of shares outstanding during the period (quarterly cumulative amount)	As of Dec. 31, 2024	124,422,312 shares	As of Dec. 31, 2023	124,791,093 shares

* The quarterly financial statements are outside of the scope of quarterly review by a certified public accountant or an audit firm.

* Explanation on the appropriate use of forecasts of financial results and other comments

(Note on forward-looking statements, etc.)

Forward-looking statements, such as forecasts of financial results, contained in this document are based on information currently available to the Company and certain assumption that are judged as rational. The Company does not assure the achievement of these forecasts. In addition, actual financial results may differ significantly from forecasts due to various reasons. For assumptions underlying forecasts of financial results and notes regarding the appropriate use of forecasts of financial results, please refer to “1. Overview of Financial Results, Etc., (3) Update on Full-Year Consolidated Financial Forecast” on page 3 of the attached material.

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1. Overview of Financial Results, Etc.

(1) Overview of Quarterly Financial Results

[1] Financial results for Q3 FY2024

Net sales amounted to 25,880 million yen, a 23.2% decrease compared to the same period last year.

While our recombinant human growth hormone product "GROWJECT®" saw a revision in reimbursement prices in April 2024, sales volumes increased, and "IZCARGO® 10mg for I.V. Infusion" also continued to perform well, but product sales decreased due to a decrease in sales of renal anemia treatments. Also, due to a decline in income from contractual payment and outsourced manufacturing sales, overall revenue decreased compared to the previous year.

As a result of proactive research and development activities, R&D expenses increased by 18.7%, amounting to 9,925 million yen (an increase of 1,566 million yen year-on-year).

As a result, an operating loss of 754 million yen was recorded (compared to an operating profit of 7,809 million yen in the same period last year), along with an ordinary loss of 1,380 million yen (compared to an ordinary profit of 7,388 million yen last year). Loss attributable to owners of parent was 576 million yen (compared to profit attributable to owners of parent of 5,160 million yen last year).

	Previous quarterly consolidated results (cumulative) (April 1, 2023 to December 31, 2023)	Current quarterly consolidated results (cumulative) (April 1, 2024 to December 31, 2024)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Net sales	33,718	25,880	(23.2)
Operating profit (loss)	7,809	(754)	—
Ordinary profit (loss)	7,388	(1,380)	—
Profit (loss) attributable to owners of parent	5,160	(576)	—

[2] Main components of sales

	Previous quarterly consolidated results (cumulative) (April 1, 2023 to December 31, 2023)	Current quarterly consolidated results (cumulative) (April 1, 2024 to December 31, 2024)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Human growth hormone product GROWJECT®	13,995	14,177	1.3
Treatment for mucopolysaccharidosis type II IZCARGO® for I.V. Infusion	3,969	4,456	12.3
Treatment for renal anemia Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	3,673 1,681 1,992	2,595 1,250 1,345	(29.3) (25.6) (32.5)
Regenerative medicine products TEMCELL® HS Inj.	2,699	2,296	(14.9)
Treatment for Fabry disease Agalsidase Beta BS I.V. Infusion [JCR]	998	1,149	15.1
Total	25,336	24,675	(2.6)
Income from contractual payment	7,112	517	(92.7)

[3] The Status of Research and Development (R&D)

[Lysosomal Storage Disorder (LSD) Treatments]

- We are currently focusing on the research and development of over 17 LSD treatments utilizing our proprietary blood-brain barrier (BBB) penetration technology, J-Brain Cargo®.
- For pabinafusp alfa (JR-141), a BBB-penetrating enzyme replacement therapy for Hunter syndrome, we are progressing with global Phase III clinical trials. Additionally, Cohort B, targeting patients with attenuated type, has completed the enrollment of 20 subjects, and Cohort A, targeting more neuronopathic type, has completed over 60% of its enrollment.
- For lepunafusp alfa (JR-171), a BBB-penetrating enzyme replacement therapy for mucopolysaccharidosis type I, we have completed a 13-week Phase I/II clinical trial in Japan, Brazil, and the U.S., and are continuing with extension study. This product is being developed through licensing out, and we are in discussions with potential partners.
- For JR-441, a BBB-penetrating enzyme replacement therapy for mucopolysaccharidosis type IIIA, a Phase I/II clinical trial is underway in Germany, and the planned enrollment of 12 subjects was completed in the first half of 2024. In Japan, administration of the investigational drug in a Phase I clinical trial began in October 2024. Additionally, the treatment received orphan drug designation from the European Commission (EC) in January 2022, the U.S. Food and Drug Administration (FDA) in December 2023, and the Ministry of Health, Labour and Welfare in Japan in December 2024.
- For JR-446, a BBB-penetrating enzyme replacement therapy for mucopolysaccharidosis type IIIB, we entered into an agreement with MEDIPAL HOLDINGS CORPORATION in September 2023 for overseas commercialization and co-development and commercialization agreement in Japan. In December 2024, administration of the investigational drug in a Phase I/II clinical trial began in Japan.

- For JR-471, a BBB-penetrating enzyme replacement therapy for fucosidosis, we have granted MEDIPAL HOLDINGS CORPORATION exclusive rights, including sublicensing, for the research, development, manufacturing, and commercialization of the product globally, excluding Japan, under a licensing agreement signed in October 2022. We are currently conducting necessary studies in preparation for the initiation of clinical trials.

[Creation of Platform Technologies]

- In addition to expanding the applicability of JCR's proprietary J-Brain Cargo® technology to various modalities, we are focusing on creating new platform technologies beyond J-Brain Cargo®. As one of the outcomes, a new gene therapy technology applying J-Brain Cargo® to adeno-associated virus (AAV) vectors was announced in May 2024. This technology not only enables efficient delivery of vectors to the brain but also reduces vector accumulation in the liver, which is expected to mitigate side effects. Development is underway to establish this as a new platform technology.

[Human Growth Hormone Products]

- We are currently conducting an extension study of redalsomatropin alfa (JR-142), a long-acting recombinant human growth hormone, as part of a Phase II clinical trial. In December 2024, administration of the investigational drug in a Phase III clinical trial began in Japan.

(2) Quarterly Financial Status Overview

Total assets at the end of the third quarter consolidated accounting period amounted to 105,517 million yen, an increase of 3,290 million yen compared to the end of the previous fiscal year. Total liabilities were 52,544 million yen, an increase of 6,793 million yen, while total net assets decreased by 3,502 million yen to 52,972 million yen compared to the previous fiscal year-end.

Current assets increased by 160 million yen to 57,742 million yen compared to the end of the previous fiscal year, primarily due to increases in inventories and accounts receivable - trade, and contract assets, despite a decrease in cash and deposits. Non-current assets increased by 3,130 million yen to 47,774 million yen, mainly driven by increases in property, plant and equipment, including construction in progress for the new manufacturing facility, as well as investment securities.

Current liabilities increased by 8,963 million yen to 39,099 million yen compared to the previous fiscal year-end, primarily due to an increase in short-term borrowings, despite a decrease in income taxes payable. Non-current liabilities decreased by 2,170 million yen to 13,444 million yen, mainly reflecting a reduction in long-term borrowings.

Net assets decreased by 3,502 million yen to 52,972 million yen compared to the end of the previous fiscal year. While valuation difference on available-for-sale securities increased, this decrease was driven by factors such as the recording of loss attributable to owners of parent, dividend payments, an increase in treasury shares, and a decrease in share acquisition rights.

As a result, the equity ratio at the end of the third quarter consolidated accounting period declined by 4.4 points compared to the previous fiscal year-end, standing at 49.8%.

(3) Update on Full-Year Consolidated Financial Forecast

The full-year consolidated financial forecast, originally announced on May 10, 2024, has been revised. For more details, please refer to the "Revision of Consolidated Financial Forecasts for Fiscal Year Ended March 31, 2025" released today.

Net sales have been revised to 39,000 million yen, down 2,300 million yen from the previous forecast. While product sales remain largely on track, income from contractual payment was revised downward because an overseas licensing agreement will not be concluded for JR-171 within this fiscal year.

Despite improvements in cost efficiency and a favorable product mix, higher disposal costs for manufacturing materials are expected. Accordingly, the cost of sales have been increased by 700 million yen from the previous forecast.

Based on cumulative Q3 consolidated results, etc., selling, general and administrative expenses were increased by 400 million yen, and R&D expenses by 600 million yen compared to the previous forecast.

As a result, operating profit has been revised down by 4,000 million yen to 1,400 million yen. Ordinary profit was revised down by 3,850 million yen to 750 million yen, and net profit attributable to owners of parent was reduced by 1,500 million yen to 2,200 million yen.

There are no changes to the previously announced dividend forecast.

2. Quarterly Consolidated Financial Statements and Important Notes
 (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	18,756	15,513
Accounts receivable - trade, and contract assets	14,934	15,179
Merchandise and finished goods	2,111	2,474
Work in process	6,220	6,704
Raw materials and supplies	12,602	14,850
Other	2,955	3,020
Total current assets	57,581	57,742
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,140	13,410
Land	10,587	10,587
Construction in progress	171	3,382
Other, net	5,141	4,323
Total property, plant and equipment	30,040	31,704
Intangible assets		
Patent right	2,158	1,950
Other	1,338	1,144
Total intangible assets	3,496	3,094
Investments and other assets		
Investment securities	9,120	11,648
Other	1,991	1,331
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	11,107	12,975
Total non-current assets	44,644	47,774
Total assets	102,226	105,517
Liabilities		
Current liabilities		
Accounts payable - trade	890	1,321
Short-term borrowings	8,950	20,242
Income taxes payable	1,657	35
Special suspense account for tax purpose reduction entry	11,996	11,996
Provision for bonuses	1,016	539
Provision for bonuses for directors (and other officers)	114	95
Other	5,510	4,868
Total current liabilities	30,135	39,099
Non-current liabilities		
Long-term borrowings	14,350	12,150
Provision for employee stock ownership plan	81	94
Retirement benefit liability	903	929
Other	280	270
Total non-current liabilities	15,615	13,444
Total liabilities	45,750	52,544

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	9,061	9,061
Capital surplus	10,384	10,392
Retained earnings	37,278	35,374
Treasury shares	(2,963)	(5,070)
Total shareholders' equity	53,761	49,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	741	2,326
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	731	300
Remeasurements of defined benefit plans	132	113
Total accumulated other comprehensive income	1,604	2,741
Share acquisition rights	812	75
Non-controlling interests	297	396
Total net assets	56,475	52,972
Total liabilities and net assets	102,226	105,517

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	33,718	25,880
Cost of sales	8,423	7,007
Gross profit	25,295	18,873
Selling, general and administrative expenses	17,486	19,627
Operating profit (loss)	7,809	(754)
Non-operating income		
Interest income	66	91
Dividend income	26	34
Foreign exchange gains	356	—
Other	124	75
Total non-operating income	575	200
Non-operating expenses		
Share of loss of entities accounted for using equity method	876	433
Interest expenses	63	103
Commission expenses	16	55
Depreciation	—	143
Foreign exchange losses	—	77
Other	38	12
Total non-operating expenses	995	827
Ordinary profit (loss)	7,388	(1,380)
Extraordinary income		
Gain on reversal of share acquisition rights	—	393
Gain on cancellation of contract	—	627
Other	0	44
Total extraordinary income	0	1,065
Extraordinary losses		
Loss on disposal of non-current assets	18	2
Total extraordinary losses	18	2
Profit (loss) before income taxes	7,371	(317)
Income taxes - current	2,113	35
Income taxes - deferred	85	125
Total income taxes	2,199	161
Profit (loss)	5,172	(478)
Profit attributable to non-controlling interests	11	97
Profit (loss) attributable to owners of parent	5,160	(576)

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit (loss)	5,172	(478)
Other comprehensive income		
Valuation difference on available-for-sale securities	97	1,585
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	216	6
Remeasurements of defined benefit plans, net of tax	(0)	(18)
Share of other comprehensive income of entities accounted for using equity method	463	401
Total other comprehensive income	776	1,976
Comprehensive income	5,949	1,497
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,906	1,397
Comprehensive income attributable to non-controlling interests	42	100

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

(Application of Standards for Corporate Taxes, Local Taxes, and Business Taxes)

From the beginning of the first quarter consolidated accounting period, "Accounting Standards for Corporate, Local, and Business Taxes" (Accounting Standard No. 27, October 28, 2022, hereafter referred to as the "2022 Revised Standards") have been adopted. For amendments related to the categorization of taxes on other comprehensive income, transitional provisions are followed as outlined in the exception of Article 20-3 of the 2022 Revised Standards and Article 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (Implementation Guidance No. 28, October 28, 2022, hereafter referred to as the "2022 Revised Guidance"). There is no impact from this change in accounting policy on the interim consolidated financial statements. Additionally, regarding the revised approach in the consolidated financial statements for deferred tax effects related to gains and losses on intra-group sales of subsidiary shares, the 2022 Revised Guidance has been applied from the first quarter consolidated accounting period. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the prior fiscal year have been adjusted accordingly. However, there is no impact on the quarterly consolidated financial statements for the previous quarter or the consolidated financial statements for the prior fiscal year as a result of this change.

(Segment Information)

As the group operates as a single segment focused on the pharmaceutical business, segment information has been omitted.

(Significant Changes in Shareholders' Equity)

On July 23, 2024, the Board of Directors resolved to dispose of treasury shares as stock-based compensation, and the disposal was executed during the cumulative period of the third quarter of the consolidated fiscal year. As a result, treasury shares decreased by 405 million yen (663,500 shares).

Additionally, based on a resolution by the Board of Directors on October 30, 2024, treasury shares were acquired. Consequently, during the cumulative period of the third quarter of the consolidated fiscal year, treasury shares increased by 2,530 million yen (3,672,000 shares). As of the end of the third quarter consolidated accounting period, the total value of treasury shares stood at 5,070 million yen.

(Going Concern Assumption)

There are no relevant items to report.

(Notes to the Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the cumulative period of the third quarter has not been prepared. Depreciation and amortization expenses for the cumulative period of Q3 FY2024 are as follows:

	3Q FY2023 (April 1, 2023 to December 31, 2023)	3Q FY2024 (April 1, 2024 to December 31, 2024)
Depreciation and amortization	2,271 million yen	2,506 million yen