

Financial Summary

Consolidated Financial Results for the Year ended March 31, 2024 (FY2023)

(Japanese standard)

May 10, 2024

Listed company name: JCR Pharmaceuticals Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Code number: 4552 URL: <http://www.jcrpharm.co.jp>

Representative: (Title) Representative Director, Chairman and President

(Name) Shin Ashida

Person in charge of inquiries: (Title) Senior Corporate Officer, Executive Director, Corporate Strategy Division

(Name) Yoh Ito TEL: 0797(32)1995

Scheduled date to hold the ordinary general meeting of shareholders: June 26, 2024

Scheduled date to commence dividend payments: June 27, 2024

Scheduled date to file the Securities Report: June 26, 2024

Explanatory material for business results: Available

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

(Fractions smaller than one million yen omitted)

1. Consolidated Financial Results for FY2023 (April 1, 2023 to March 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	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	42,871	24.8	7,531	51.4	7,264	34.1	5,507	46.0
March 31, 2023	34,343	(32.8)	4,975	(75.0)	5,418	(73.6)	3,772	(74.0)

(Reference) Comprehensive income: Year ended March 31, 2024: 6,836 million yen (76.1%)

Year ended March 31, 2023: 3,881 million yen ([73.3]%)

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to Net sales
Year ended	yen	yen	%	%	%
March 31, 2024	44.13	43.92	10.3	7.4	17.6
March 31, 2023	30.35	30.22	7.4	5.6	14.5

(Reference) Gains/(losses) on equity method investments: Year ended March 31, 2024 (1,090) million yen

Year ended March 31, 2023 (7) million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
Year ended	million yen	million yen	%	yen
March 31, 2024	102,226	56,475	54.2	443.62
March 31, 2023	94,937	52,413	54.2	412.11

(Reference) Shareholders' equity: As of March 31, 2024: 55,365 million yen

As of March 31, 2023: 51,421 million yen

(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
Year ended	million yen	million yen	million yen	million yen
March 31, 2024	9,312	(2,690)	(2,031)	18,756
March 31, 2023	(5,500)	(15,002)	1,948	13,278

2. Dividends

	Dividends per share					Total annual dividends (total)	Dividend pay-out ratio (consolidated)	Dividends on net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2022	—	10.00	—	10.00	20.00	2,502	65.9	4.9
FY2023	—	10.00	—	10.00	20.00	2,502	45.3	4.7
FY2024 (Forecast)	—	10.00	—	10.00	20.00		67.5	

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 March 31, 2025	41,300	(3.7)	5,400	(28.3)	4,600	(36.7)	3,700	(32.8)	29.65

*Notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in the change in consolidation scope): None
- (2) Changes in accounting policy, changes in accounting estimates and restatements
1. Changes in accounting policy due to the revision of accounting standards, etc. : None
 2. Changes in accounting principles other than 1. : None
 3. Changes in accounting estimates : None
 4. Restatements : None

(3) Number of shares outstanding (common stocks)

1. Number of shares outstanding at the end of the period (including treasury stock)
2. Number of shares treasury stock at the end of the period
3. Average number of shares outstanding during the period

As of March 31, 2024	129,686,308 shares	As of March 31, 2023	129,686,308 shares
As of March 31, 2024	4,881,914 shares	As of March 31, 2023	4,910,773 shares
As of March 31, 2024	124,793,808 shares	As of March 31, 2023	124,307,714 shares

(Reference) Summary of Individual Business Results

1. Individual Business Results for FY2023 (From April 1, 2023 to March 31, 2024)

(1) Individual Business Results (% figures represent annual changes over the preceding year)

	Net sales		Operating profit		Ordinary profit		Net income for the year	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	42,871	24.8	7,549	48.2	8,048	52.3	6,364	72.6
March 31, 2023	34,343	(32.8)	5,095	(74.7)	5,284	(74.1)	3,687	(74.5)

	Earnings per share (basic)	Earnings per share (diluted)
Year ended	Yen	Yen
March 31, 2024	51.00	50.76
March 31, 2023	29.67	29.54

(2) Individual Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
Year ended	million yen	million yen	%	yen
March 31, 2024	102,102	56,141	54.2	443.32
March 31, 2023	94,551	52,006	54.2	410.86

(Reference) Shareholders' equity: As of March 31, 2024: 55,328 million yen
As of March 31, 2023: 51,265 million yen

* These annual financial results are not subject to audits by certified public accounts and audit firms.

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

Forward-looking statements, such as forecasts of financial results, contained in this document are based on information currently available to the Company and certain assumptions that are judged as rational, which are inherently speculative, and actual results may differ materially from the forecast depending on various factors. For assumptions underlying forecasts of financial results and notes regarding the appropriate use of forecasts of financial results, please refer to page 2 of the Attached Material, "Overview of Financial Results."

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1. Overview of Financial Results, Etc.

(1) Overview of Financial Results

[1] Financial results for the year

Net sales amounted to 42,871 million yen (up 24.8% year on year).

Sales volume for our recombinant human growth hormone product GROWJECT® increased significantly in spite of an NHI price revision in April 2023. Sales were also brisk for IZCARGO® for I.V. infusion 10mg and certain other products. Strong sales of our main products and an increase in income from contractual payment ensured total net sales increased year on year although there was a decrease in income partly due to the completion of the contract to manufacture AstraZeneca K.K.'s COVID-19 vaccine solution in Japan as planned.

Operating profit increased by 51.4% year on year to 7,531 million yen, ordinary profit increased 34.1% to 7,264 million yen, and profit attributable to owners of parent increased 46.0% to 5,507 million yen.

As a result of proactive R&D activities, R&D expenses totaled 11,234 million yen (up 2,431 million yen, or 27.6%, year on year).

	Previous consolidated results (From April 1, 2022 to March 31, 2023)	Current consolidated results (From April 1, 2023 to March 31, 2024)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Net sales	34,343	42,871	24.8
Operating profit	4,975	7,531	51.4
Ordinary profit	5,418	7,264	34.1
Profit attributable to owners of parent	3,772	5,507	46.0

[2] Main components of sales

	Previous consolidated results (From April 1, 2022 to March 31, 2023)	Current consolidated results (From April 1, 2023 to March 31, 2024)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Human growth hormone product GROWJECT®	12,261	17,913	46.1
Treatment for mucopolysaccharidosis type II IZCARGO® for I.V. Infusion	4,414	5,171	17.2
Treatment for renal anemia Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	4,696 2,710 1,986	4,652 1,994 2,658	(0.9) (26.4) 33.8
Regenerative medicine products TEMCELL® HS Inj.	3,404	3,236	(4.9)
Treatment for Fabry disease Agalsidase Beta BS I.V. Infusion [JCR]	964	1,661	72.2
Income from contractual payment	6,546	7,413	13.3
AZD1222 stock solution	1,931	—	—

Note: Income from contractual payment is derived from the conclusion of licensing agreements and co-promotion agreements.

[3] The Status of R&D

[Treatments for lysosomal storage disorders]

- Currently, we are focused on research and development of new drugs that employ our unique blood-brain barrier (BBB) -penetrating technology, J-Brain Cargo®, as treatments for over 17 types of lysosomal storage disorders (LSD).
- For pabinafusp alfa (development code: JR-141), our BBB-penetrating technology product for the treatment of patients with Hunter syndrome, in the U.S. we received Rare Pediatric Disease* designation by the U.S. Food and Drug Administration (FDA) in December 2022. In February 2022, the first patient was dosed in a global Phase III clinical trial, and we are currently working to complete the enrollment of the number of patients required for the interim analysis in cohort A for patients with central nervous system symptoms during the first quarter of FY2024.
- For lepunafusp alfa (development code: JR-171), our BBB-penetrating product for the treatment of patients with mucopolysaccharidosis type I (MPS I), we have completed our 13-week-long Phase I/II clinical trial in Japan, Brazil, and the U.S., and are conducting an extension study. Preparations are underway to quickly begin the global Phase III clinical trial.
- Regarding the BBB-penetrating treatment enzyme formulation for Mucopolysaccharidosis IIIA (Sanfilippo syndrome type A) (development code: JR-441), the Paul-Ehrlich-Institute (PEI), the regulatory authority for the Federal Republic of Germany, accepted a clinical trial application (CTA) for Phase I/II clinical trial, and in October 2023, the first patient was dosed. We are now in the process of conducting patient enrollment, and case registration is expected to be completed in the second half of 2024. In December 2023, the FDA granted orphan drug designation to JR-441 in the U.S.
- As for the BBB-penetrating treatment enzyme formulation for Mucopolysaccharidosis IIIB (Sanfilippo syndrome type B) (development code: JR-446), we are currently making efforts to begin a global clinical trial at an early stage during FY2024. In September 2023, we entered into a licensing agreement with MEDIPAL HOLDINGS CORPORATION regarding overseas commercialization and a co-development and commercialization agreement in Japan.

- We have also been successively conducting R&D into other treatments for LSDs that employ J-Brain Cargo®, including a treatment for Pompe disease (development code: JR-162), a treatment for Sly syndrome (development code: JR-443), and a treatment for GM2 gangliosidosis (development code: JR-479). We will also develop each of these treatments globally. Furthermore, with regard to our fucosidosis therapeutic (development code: JR-471), based on a licensing agreement concluded in October 2022, MEDIPAL HOLDINGS CORPORATION was granted the right to obtain an exclusive license with sublicensing rights for global commercialization which includes research, development, manufacturing and marketing excluding Japan. We are currently conducting research and other activities necessary to begin a clinical trial.

[Creating platform technologies]

- In addition to research that will widen the potential for application of JCR's unique BBB-penetrating technology J-Brain Cargo® to various modalities, we are focused on creating new platform technologies following J-Brain Cargo® technology.
- In May 2023 we entered into an exclusive global development and commercialization agreement with Angelini Pharma S.p.a. for the development of novel biologic therapies applying J-Brain Cargo® technology for the treatment of epilepsy.
- In December 2023, JCR signed a Research Collaboration, Option and License Agreement with Alexion, AstraZeneca Rare Disease ("Alexion") for the development of novel oligonucleotide therapeutics using J-Brain Cargo® technology. A milestone was achieved in the research phase in March 2024, following the signing in March 2023 of a Research Collaboration, Option and License Agreement to develop therapeutic protein candidates using J-Brain Cargo® technology for neurodegenerative disease.

[Regenerative medicine products]

- We have completed a Phase I/II clinical trial of TEMCELL® HS Inj. for the additional indication of neonatal hypoxic ischemic encephalopathy (HIE) (development code: JR-031HIE). Future development plans are currently being reviewed.

[Human growth hormone product]

- In June 2023, we received partially amended approval for an expanded indication of GROWJECT® in short stature due to short stature homeobox-containing gene (SHOX) deficiency without epiphyseal closure (development code: JR-401X).
- We also have completed a Phase II clinical trial of a recombinant long-acting human growth hormone (development code: JR-142). Currently, we are conducting a follow-up trial with patients who were administered the treatment. We are also preparing to start a Phase III clinical trial during FY2024.

* Rare Pediatric Disease Designation

This designation is intended to facilitate the development of new drugs and biologics for the prevention and treatment of rare pediatric diseases. JCR may become eligible to receive a voucher for a priority review of a subsequent marketing application in the U.S.

[4] Forecast for the next term

Forecast for the next consolidated financial results are as follows.

	Current year actuals (Year ended March 2024)	Forecast for the next year (Year ending March 2025)	Increase or decrease	Increase-decrease rate
Net sales (millions of yen)	42,871	41,300	(1,571)	(3.7%)
Operating profit (millions of yen)	7,531	5,400	(2,131)	(28.3%)
Ordinary profit (millions of yen)	7,264	4,600	(2,664)	(36.7%)
Profit attributable to owners of parent (millions of yen)	5,507	3,700	(1,807)	(32.8%)

(Net sales)

We anticipate an increase in sales through steady growth of sales volume of our recombinant human growth hormone product GROWJECT® and IZCARGO® for Hunter syndrome, and sales of main products are projected to be on par with FY2023. In addition, we are continuing to work actively in licensing business. On the other hand, total net sales are expected to decrease due to a decline in contract manufacturing sales.

(Profit)

Over the next several years, we project active investment in R&D activities, which we regard as a critical element in further advancing our business. R&D expenses are expected to increase by 15.7% compared to FY2023 to 13.0 billion yen, and operating profit is forecast to decrease by 28.3% 5.4 billion yen. We accordingly anticipate ordinary profit of 4.6 billion yen (down 36.7% year on year) and profit attributable to owners of parent of 3.7 billion yen (down 32.8%).

(2) Overview of Financial Conditions

[1] Status of assets, liabilities and net assets

As of March 31, 2024, total assets amounted to 102,226 million yen (an increase of 7,288 million yen from March 31, 2023), total liabilities were 45,750 million yen (an increase of 3,226 million yen from March 31, 2023), and net assets were 56,475 million yen (an increase of 4,061 million yen from March 31, 2023).

Current assets increased by 9,779 million yen from March 31, 2023 to 57,581 million yen due to factors including increases in cash and deposits, accounts receivable – trade, and contract assets, and inventories, while there was a decrease in accounts receivable - other. Non-current assets decreased by 2,490 million yen from March 31, 2023 to 44,644 million yen, mainly due to a decrease in property, plant and equipment.

Current liabilities decreased by 5,626 million yen from March 31, 2023 to 30,135 million yen, mainly due to a decrease in short-term borrowings, which was partly offset by increases in income taxes payable and accrued consumption taxes. Non-current liabilities increased by 8,853 million yen from March 31, 2023 to 15,615 million yen mainly due to an increase in long-term borrowings. Net assets increased by 4,061 million yen from March 31, 2023 to 56,475 million yen, mainly due to recording profit attributable to owners of parent, despite the payment of dividends.

As a result, the equity ratio as of March 31, 2024 was 54.2%, the same as March 31, 2023.

In order to achieve sustainable global growth, we need to secure a flexible and stable source of funds. In the fiscal year under review, we concluded commitment line agreements with our financial institutions for a total of 40.0 billion yen for the purpose of securing operating funds as a backup plan.

Of this amount, 17.0 billion yen has been newly concluded to finance the construction of a new plant for drug product filling and finishing. The construction of this new plant has been adopted by the Ministry of Economy, Trade and Industry (METI) under the project of Establishing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production, and the subsidy from this project will be used to construct the new plant. The purpose of the commitment line agreement is to provide the necessary funds until we receive the subsidy.

[2] Status of cash flows

Cash and cash equivalents at the end of the current consolidated fiscal year was up by 5,477 million yen from the end of the previous consolidated fiscal year to 18,756 million yen. Status of each cash flows and major reasons are as stated below.

(Cash flows from operating activities)

Net cash provided by operating activities in FY2023 was 9,312 million yen (an increase of 14,813 million yen in net cash provided from the previous fiscal year). The main factors were the recording of profit before income taxes of 7,244 million yen and depreciation of 3,197, which were partly offset by increases of trade receivables of 3,797million yen and inventories of 2,437 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,690 million yen (a decrease of 12,312 million yen in net cash used from the previous fiscal year). The main uses of cash were 1,526 million yen for the purchase of property, plant and equipment and 600 million yen for the purchase of shares of subsidiaries and associates.

(Cash flows from financing activities)

Net cash used in financing activities was 2,031 million yen (an increase of 3,980 million yen in net cash used in the previous fiscal year). This was mainly attributable to dividends paid of 2,500 million yen.

(Reference) Changes in indicators related to cash flows

	Year ended March 2020	Year ended March 2021	Year ended March 2022	Year ended March 2023	Year ended March 2024
Equity ratio	66.6%	51.3%	51.8%	54.2%	54.2%
Market base equity ratio	607.9%	600.6%	287.6%	185.7%	104.9%
Ratio of cash flow and interest-bearing debts	1.8 years	1.8 years	2.0 years	— years	2.9 years
Interest coverage ratio	219.0 times	223.7 times	202.9 times	— times	93.0 times

(Note) Equity ratio means equity / total assets

Market base equity ratio means total market value of shares / total assets

Ratio of cash flow and interest-bearing debts means interest-bearing debts / cash flow

Interest coverage ratio means cash flow / interest payment

* Calculations were based on consolidated financial figures.

* Total market value of shares was calculated based on the number of outstanding shares at the end of the fiscal year after deduction of treasury stock.

* Cash flow here is the cash flow from operations of consolidated cash flow statement. Interest-bearing debts are all the debts listed on the balance sheet for which interest has been paid. Interest payment is the amount of interest paid as indicated in the cash flow statement.

* The ratio of cash flow and interest-bearing debts and interest coverage ratio in year ended March 2023 are not listed because cash flows from operating activities was negative.

(3) Basic Policy on the Distribution of Profits/Dividends for FY2023 and FY2024

The Company regards the distribution of its profits to shareholders as an important management policy.

The basic policy of the Company in regard to the declaration of dividends of earned surplus, etc., is to provide continuous and stable dividends by taking into account of factors such as business performance and cash flow while securing sufficient internal reserves for the development of new drug products and the strengthening of financial status that will be the source of future profits.

In accordance with the above policy, for the year-end dividend for the fiscal year under review, the Board of Directors resolved at its meeting on May 10, 2024 to pay a dividend of 10 yen per share. As a result, the full-year dividend, including the interim dividend, will be 20 yen per share (interim dividend of 10 yen, year-end dividend of 10 yen). Internal reserves will be put to effective use as funds for strengthening the corporate structure and contributing to sustainable profit improvement and return of profit to shareholders.

For the next fiscal year (the fiscal year ending March 31, 2025), the Company plans to pay a dividend of 20 yen per share (interim dividend of 10 yen, year-end dividend of 10 yen).

2. Basic Concept Regarding Selection of Accounting Standard

JCR group has adopted Japanese standards as its accounting standards.

As for IFRS, it is our policy to continue examination in consideration of trends in adoption of IFRS.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	13,278	18,756
Accounts receivable - trade, and contract assets	11,137	14,934
Merchandise and finished goods	1,098	2,111
Work in process	5,717	6,220
Raw materials and supplies	11,699	12,602
Other	4,870	2,955
Total current assets	47,802	57,581
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,128	14,140
Machinery, equipment and vehicles, net	1,003	3,293
Land	10,379	10,587
Construction in progress	13,008	171
Other, net	1,161	1,847
Total property, plant and equipment	32,681	30,040
Intangible assets		
Patent right	2,434	2,158
Other	1,217	1,338
Total intangible assets	3,652	3,496
Investments and other assets		
Investment securities	8,867	9,120
Retirement benefit asset	214	333
Deferred tax assets	1,357	1,288
Other	366	369
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	10,800	11,107
Total non-current assets	47,135	44,644
Total assets	94,937	102,226

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,563	890
Short-term borrowings	16,800	8,950
Current portion of bonds payable	500	—
Accounts payable - other	2,803	2,745
Income taxes payable	33	1,657
Special suspense account for tax purpose reduction entry	11,996	11,996
Provision for bonuses	974	1,016
Provision for bonuses for directors (and other officers)	114	114
Other	975	2,765
Total current liabilities	35,762	30,135
Non-current liabilities		
Long-term borrowings	5,500	14,350
Provision for employee stock ownership plan	95	81
Retirement benefit liability	924	903
Other	241	280
Total non-current liabilities	6,761	15,615
Total liabilities	42,523	45,750
Net assets		
Shareholders' equity		
Share capital	9,061	9,061
Capital surplus	10,384	10,384
Retained earnings	34,273	37,278
Treasury shares	(2,978)	(2,963)
Total shareholders' equity	50,740	53,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	555	741
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	146	731
Remeasurements of defined benefit plans	(20)	132
Total accumulated other comprehensive income	681	1,604
Share acquisition rights	740	812
Non-controlling interests	251	297
Total net assets	52,413	56,475
Total liabilities and net assets	94,937	102,226

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	34,343	42,871
Cost of sales	8,886	11,620
Gross profit	25,456	31,251
Selling, general and administrative expenses	20,480	23,719
Operating profit	4,975	7,531
Non-operating income		
Interest income	33	111
Dividend income	28	26
Foreign exchange gains	387	767
Other	91	151
Total non-operating income	541	1,056
Non-operating expenses		
Share of loss of entities accounted for using equity method	7	1,090
Interest expenses	44	86
Commission expenses	15	111
Other	32	35
Total non-operating expenses	99	1,324
Ordinary profit	5,418	7,264
Extraordinary income		
Gain on sale of investment securities	10	—
Gain on sale of non-current assets	—	0
Total extraordinary income	10	0
Extraordinary losses		
Loss on disposal of non-current assets	16	20
Total extraordinary losses	16	20
Profit before income taxes	5,412	7,244
Income taxes - current	525	1,788
Income taxes - deferred	1,099	(80)
Total income taxes	1,625	1,707
Profit	3,787	5,536
Profit attributable to non-controlling interests	14	28
Profit attributable to owners of parent	3,772	5,507

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,787	5,536
Other comprehensive income		
Valuation difference on available-for-sale securities	(63)	185
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	147	527
Remeasurements of defined benefit plans, net of tax	11	153
Share of other comprehensive income of entities accounted for using equity method	—	434
Total other comprehensive income	94	1,300
Comprehensive income	3,881	6,836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,834	6,791
Comprehensive income attributable to non-controlling interests	46	45

(3) Consolidated Statements of Changes in Net Assets
FY2022 (from April 1, 2022 to March 31, 2023)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	9,061	10,994	33,241	(3,600)	49,697
Changes during the year					
Dividends paid			(2,740)		(2,740)
Profit attributable to owners of parent			3,772		3,772
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(610)		621	10
Net changes of items other than shareholders' equity					
Total changes for the year	—	(610)	1,031	621	1,042
Ending balance	9,061	10,384	34,273	(2,978)	50,740

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	619	0	30	(32)	618	567	205	51,089
Changes during the year								
Dividends paid								(2,740)
Profit attributable to owners of parent								3,772
Purchase of treasury shares								(0)
Disposal of treasury shares								10
Net changes of items other than shareholders' equity	(63)	(0)	115	11	62	173	45	282
Total changes for the year	(63)	(0)	115	11	62	173	45	1,324
Ending balance	555	—	146	(20)	681	740	251	52,413

FY2023 (from April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	9,061	10,384	34,273	(2,978)	50,740
Changes during the year					
Dividends paid			(2,502)		(2,502)
Profit attributable to owners of parent			5,507		5,507
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				15	15
Net changes of items other than shareholders' equity					
Total changes for the year	—	—	3,005	15	3,020
Ending balance	9,061	10,384	37,278	(2,963)	53,761

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
		Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	555	—	146	(20)	681	740	251	52,413
Changes during the year								
Dividends paid								(2,502)
Profit attributable to owners of parent								5,507
Purchase of treasury shares								(0)
Disposal of treasury shares								15
Net changes of items other than shareholders' equity	185	(0)	585	153	923	71	45	1,040
Total changes for the year	185	(0)	585	153	923	71	45	4,061
Ending balance	741	(0)	731	132	1,604	812	297	56,475

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,412	7,244
Depreciation	1,997	3,197
Increase (decrease) in retirement benefit liability	56	68
Increase (decrease) in provision for bonuses	71	41
Share-based payment expenses	173	71
Interest and dividend income	(62)	(138)
Interest expenses	44	86
Foreign exchange losses (gains)	(959)	(734)
Decrease (increase) in trade receivables	4,448	(3,797)
Decrease (increase) in accounts receivable - other	(1,179)	407
Decrease (increase) in inventories	(3,877)	(2,437)
Increase (decrease) in trade payables	238	(672)
Increase (decrease) in accounts payable - other	(2,401)	391
Increase (decrease) in accrued consumption taxes	(312)	1,961
Increase (decrease) in income taxes payable	(417)	174
Decrease (increase) in prepaid expenses	(121)	(228)
Increase (decrease) in contract liabilities	417	(171)
Share of loss (profit) of entities accounted for using equity method	7	1,090
Other, net	(773)	725
Subtotal	2,762	7,280
Interest and dividends received	62	138
Interest paid	(46)	(87)
Income taxes refund (paid)	(8,279)	1,982
Net cash provided by (used in) operating activities	(5,500)	9,312
Cash flows from investing activities		
Proceeds from sale and redemption of securities	259	—
Purchase of property, plant and equipment	(7,654)	(1,526)
Purchase of intangible assets	(906)	(569)
Purchase of shares of subsidiaries and associates	(6,717)	(600)
Other, net	15	5
Net cash provided by (used in) investing activities	(15,002)	(2,690)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	(6,900)
Proceeds from long-term borrowings	4,750	9,600
Repayments of long-term borrowings	(3,050)	(1,700)
Redemption of bonds	—	(500)
Net decrease (increase) in treasury shares	10	15
Dividends paid	(2,739)	(2,500)
Other, net	(22)	(46)
Net cash provided by (used in) financing activities	1,948	(2,031)
Effect of exchange rate change on cash and cash equivalents	1,099	886
Net increase (decrease) in cash and cash equivalents	(17,454)	5,477
Cash and cash equivalents at beginning of period	30,733	13,278
Cash and cash equivalents at end of period	13,278	18,756

- (5) Notes to Consolidated Financial Statements
(Notes on premises as a going concern)
No corresponding item existed.

(Segment information)

Segment information is not disclosed since the Group has only one segment, Pharmaceuticals.

(Per share information)

The bases for calculations and the amounts of net asset per share, basic earnings per share and diluted earnings per share for the year and others are as described below.

Item	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
(1) Net asset per share (yen)	412.11	443.62
(Bases for calculations)		
Total net assets in the consolidated balance sheet (millions of yen)	52,413	56,475
Net assets associated with common shares (millions of yen)	51,421	55,365
Breakdown of major differences (millions of yen)		
Stock acquisition rights	740	812
Non-controlling interests	251	297
Number of common shares outstanding (shares)	129,686,308	129,686,308
Number of shares of treasury stock (common shares)	4,910,773	4,881,914
Number of common shares used for calculations of net asset per share (shares)	124,775,535	124,804,394

Item	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
(2) Basic earnings per share (yen)	30.35	44.13
(Bases for calculations)		
Profit attributable to owners of parent in the Consolidated Statements of Income (millions of yen)	3,772	5,507
Amount not attributable to common shares (millions of yen)	—	—
Profit attributable to owners of parent associated with common shares (millions of yen)	3,772	5,507
Average number of common shares outstanding (shares)	124,307,714	124,793,808
(3) Diluted earnings per share (yen)	30.22	43.92
(Bases for calculations)		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Major breakdown of increased number of common shares used for calculations of diluted earnings per share (shares)		
Stock acquisition rights	530,608	603,248
Increased number of common shares (shares)	530,608	603,248
Outline of dilutive shares which were not included in the calculation of “Diluted earnings attributable to owners of parent per share” because they are antidilutive for each period.	—	—

(Notes) The Company's shares held by a trust under the Employee Stock Ownership Plan, which are reported as treasury shares under Shareholders' equity, are included in the number of treasury shares excluded in the calculations of average number of shares during term for calculations of basic earnings per share and are included in the number of treasury shares excluded from the number of shares outstanding at the end of the term for calculations of net asset per share.

The average number of the said treasury shares excluded during the term for calculations of basic earnings per share were 331,246 shares for the previous consolidated accounting year, and 306,592 shares for the current consolidated accounting year, and the number of the said treasury shares excluded for calculations of net asset per share was 342,900 shares for the previous consolidated accounting year and 296,000 shares for the current consolidated accounting year.

(Important subsequent events)

None

4. Other

R&D Pipeline

Recombinant drug products

Code Nonproprietary Name	Status	Indication
		Remarks
JR-141 BBB-penetrating Iduronate-2-sulfatase (rDNA origin)	Global: Clinical Phase III trial	Mucopolysaccharidosis II (Hunter syndrome)
		ERT J-Brain Cargo®
JR-171 BBB-penetrating α-L-iduronidase (rDNA origin)	Global: Clinical Phase I/II trial	Mucopolysaccharidosis I (Hurler syndrome, etc.)
		ERT J-Brain Cargo® J-MIG System®
JR-162 J-Brain Cargo® applied acid α-glucosidase (rDNA origin)	Preclinical	Pompe disease
		ERT J-Brain Cargo®
JR-441 BBB-penetrating heparan N-sulfatase (rDNA origin)	Clinical Phase I/II trial	Mucopolysaccharidosis IIIA (Sanfilippo syndrome type A)
		ERT J-Brain Cargo®
JR-443 BBB-penetrating β-glucuronidase (rDNA origin)	Preclinical	Mucopolysaccharidosis VII (Sly syndrome)
		ERT J-Brain Cargo®
JR-446 BBB-penetrating α-N-acetylglucosaminidase (rDNA origin)	Preclinical	Mucopolysaccharidosis IIIB (Sanfilippo syndrome type B)
		ERT J-Brain Cargo®
JR-479 BBB-penetrating β-Hexosaminidase A (rDNA origin)	Preclinical	GM2 gangliosidosis (Tay-Sachs disease, Sandhoff disease)
		ERT J-Brain Cargo®
JR-471 BBB-penetrating α-L-fucosidase (rDNA origin)	Preclinical	Fucosidosis
		ERT J-Brain Cargo®
JR-142 Long-acting growth hormone (rDNA origin)	Clinical Phase II trial	Pediatric growth hormone deficiency
		J-MIG System®

(Note) ERT= Enzyme Replacement Therapy

Allogeneic regenerative medical product

Code Nonproprietary Name	Status	Indication
		Remarks
JR-031HIE Human mesenchymal stem cells	Clinical Phase I/II trial	Neonatal hypoxic ischemic encephalopathy
		Expanded indication of TEMCELL® HS