



**JCR Pharmaceuticals Co., Ltd.**

Financial Results Briefing for the Fiscal Year Ended March 2026

May 13, 2026

## Event Summary

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<b>[Company Name]</b>	JCR Pharmaceuticals Co., Ltd.	
<b>[Company ID]</b>	4552-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Financial Results Briefing for the Fiscal Year Ended March 2026	
<b>[Fiscal Period]</b>	FY2025 Q4	
<b>[Date]</b>	May 13, 2026	
<b>[Number of Pages]</b>	25	
<b>[Time]</b>	16:00 – 17:06 (Total: 66 minutes, Presentation: 32 minutes, Q&A: 34 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	5	
	Toru Ashida	Representative Director, Chairman
	Hiroyuki Sonoda, Ph.D.	Representative Director, President, Chief Scientific Officer
	Yoh Ito	Managing Executive Officer, Executive Director, Corporate Strategy Division
	Anne Bechet	Managing Executive Officer, Executive Director, Development Division, JCR Europe B.V. General Manager, JCR USA Inc. CEO
	Kazunori Tanizawa	Expert Fellow Director, New Product Planning Office, Corporate Strategy Division
<b>[Analyst Names]*</b>	Shinichiro Muraoka	Morgan Stanley MUFG Securities
	Hidemaru Yamaguchi	Citigroup Global Markets Japan
	Kazuaki Hashiguchi	Daiwa Securities
	Kota Maeda	Nomura Securities

Ryuta Kawamura  
Miyabe Yamakita  
Yuriko Ishida

SBI SECURITIES  
Jefferies Japan  
Mizuho Securities

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

## Presentation

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**Moderator:** We will now begin the financial results briefing of JCR Pharmaceuticals Co., Ltd. for the fiscal year that ended March 31, 2026. The video and script of today's presentation and Q&A session will be available on our official website at a later date. Cautions related to this briefing are as you can see.

I would like to introduce our presenters today. Toru Ashida, Chairman and Representative Director.

**Ashida:** Thank you for coming today.

**Moderator:** Hiroyuki Sonoda, Representative Director and President.

**Sonoda:** Thank you for coming today.

**Moderator:** Yoh Ito, Managing Executive Officer and Executive Director, Corporate Strategy Division.

**Ito:** Thank you for coming today.

**Moderator:** Anne Bechet, Managing Executive Officer and Executive Director, Development Division.

**Bechet:** Good afternoon.

**Moderator:** Kazunori Tanizawa, Expert Fellow and New Product Planning Office, Corporate Strategy Division.

**Tanizawa:** Thank you for coming today.

**Moderator:** These five people are our speakers today.

The materials for this briefing were released at 3:30 PM today. We apologize for the release occurring after the scheduled time. Today's session will include presentations and a question-and-answer session and is scheduled to last about one hour. Questions will be taken after all presentations have been completed. The Q&A session will last approximately 40 minutes.

I would like to begin with greetings from Chairman Ashida and then from President Sonoda. Chairman Ashida, please go ahead.

**Ashida:** Thank you very much for joining our financial results briefing today. My name is Ashida, and I assumed the position of chairman in April. I look forward to working with you. First of all, I would like to express our sincere gratitude to our shareholders, investors, business partners, and all other stakeholders who have supported us over the years.

The Company is currently strengthening its management foundation for mid- to long-term growth while responding swiftly to changes in the business environment. Under such circumstances, we will work to sustainably increase corporate value under a new management structure.

The new president, Mr. Sonoda, has long been a leader in our research field and combines a deep understanding of science and research with a forward-looking perspective. Going forward, while President Sonoda will lead the administration of business matters and further increase the speed of research and development, and its monetization, as chairman, I will support the president's efforts by upholding the founding spirit that the founders fostered, strengthening governance and the overall management direction,

and by maximizing sales of existing products in Japan, while fulfilling my role as Chairman of the Board of Directors.

Under this new structure, we intend to steadily implement our growth strategy by steadily linking our strengths in research and development and on-site capabilities to results. Your continued understanding and support will be greatly appreciated.

That is all from me. Thank you for your attendance today.

**Moderator:** President Sonoda, please go ahead.

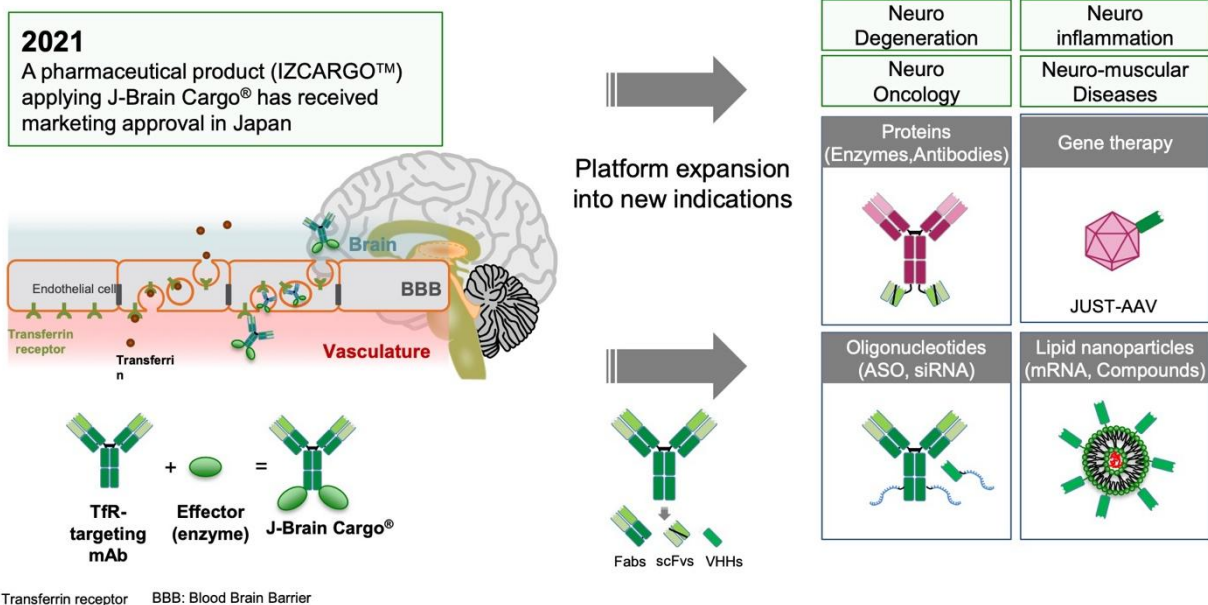
**Sonoda:** Hello everyone. I am Sonoda. Thank you very much for joining our financial results briefing today. As Ashida just mentioned, I have been working as President and Chief Scientific Officer since April. I look forward to working with you in this capacity.

We celebrated our 50th anniversary just last year, and we had a lot to talk about at that time. We have been focusing on research and manufacturing for 50 years. We still now focus on manufacturing and research, while vigorously pursuing research and development with an emphasis on the area of rare diseases. We would like to continue to invest in research and development to the maximum extent possible, and while establishing a management structure and company structure that will enable us to do so, we would like to produce as many drugs for rare diseases as possible and bring them to patients as soon as possible.



**J-Brain Cargo®: Blood–Brain Barrier-Crossing Technology and Its Advancement**

Life is Rare



First, I would like to give a presentation on our achievements to date and future prospects.

We have developed J-Brain Cargo, a technology that crosses the blood-brain barrier, and have built a pipeline of products based on this technology. The first drug to be developed, IZCARGO, will be for the treatment of Hunter syndrome, and this was approved in Japan in 2021. Five years have passed since then, and during that time we have further refined the J-Brain Cargo technology, which is now applicable to a variety of modalities.

As of 2021, J-Brain Cargo applied to enzymes was approved as IZCARGO. Today, J-Brain Cargo technology can be applied not only to enzymes and recombinant proteins, but also to antibody drugs, oligonucleotides drugs,

gene therapy vectors such as AAV (adeno-associated virus) and LNP (lipid nanoparticles). J-Brain Cargo, as the name implies, is a delivery technology to the brain. The same technology concept is also being developed to target tissues other than the brain. Based on these technologies, we are developing further pharmaceutical products and new technologies.



## Overview of Clinical or Late Preclinical Pipeline

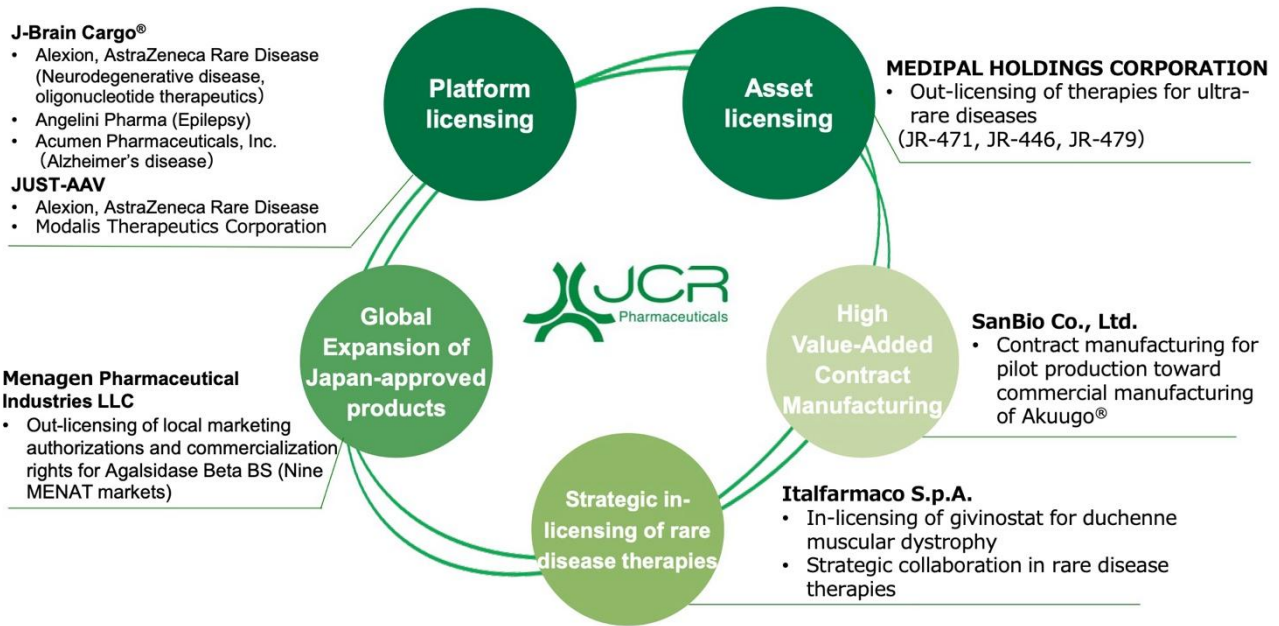
Life is Rare

Code	Indication	Status				Milestones/Comments
		Preclinical	Phase 1	Phase 2	Phase 3	
JR-141	MPS II (Hunter syndrome)	Global Ph3				<ul style="list-style-type: none"> <li>On track for ~FY2027: Approval in US, EU, Brazil</li> </ul>
JR-142	Pediatric GHD	Ph3 (Japan)				<ul style="list-style-type: none"> <li>Mar 2026: Patient enrollment completed</li> </ul>
JR-401G	Pediatric GHD	Ph3 (Japan)				<ul style="list-style-type: none"> <li>Apr 2026: Initiation of first dosing in Ph3</li> <li>Dose comparison study of GROWJECT™ aimed at changing the approved dosage</li> </ul>
JR-171	MPS I (Hurler syndrome etc.)	Global Ph1/2 completed				<ul style="list-style-type: none"> <li>Partnering activities ongoing</li> </ul>
JR-441	MPS IIIA (Sanfilippo syndrome type A)	Ph1/2 (Germany)				<ul style="list-style-type: none"> <li>Ph1/2: Achieved 1-year clinical data for the initially planned dose groups</li> <li>Ph1: Patient enrollment completed</li> <li>Actively pursuing early approval in Japan</li> </ul>
		Ph1 (Japan)				
JR-446	MPS IIIB (Sanfilippo syndrome type B)	Ph1/2 (Japan)				<ul style="list-style-type: none"> <li>Recruitment of first cohort completed</li> <li>Actively pursuing early approval in Japan</li> <li>Partnered with MEDIPAL HOLDINGS</li> </ul>
JR-471	Fucosidosis					<ul style="list-style-type: none"> <li>Mar 2026: Initiation of natural history study</li> <li>Partnered with MEDIPAL HOLDINGS</li> </ul>
JR-479	GM2 gangliosidosis (Tay-Sachs disease, Sandhoff disease)					<ul style="list-style-type: none"> <li>Partnered with MEDIPAL HOLDINGS</li> </ul>
Givinostat	Duchenne muscular dystrophy	Approved in the US, the EU and other countries				<ul style="list-style-type: none"> <li>Under discussions with PMDA toward domestic approval by 2028</li> </ul>

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This is our current development pipeline. Many of the pipelines are applied J-Brain Cargo shown here are for lysosomal diseases and rare diseases. Anne Bechet will explain the development status of these later.

Other than that, we have a total of six projects in the clinical stage, including two products from our long-acting growth hormone franchise. Givinostat, which is at the bottom of the table shown in the slide, is the drug for Duchenne muscular dystrophy licensed from Italfarmaco (Italy), which was announced at the end of last year. We would like to present information on this later as well.



This slide shows how we will increase the value of the Company and create value in the future.

First is the upper left. This shows the platform licensing. J-Brain Cargo, which I mentioned, and JUST-AAV, a new gene therapy technology that uses J-Brain Cargo, are driving forward the development of our in-house products as well as collaborations with other companies.

Assets that have come out of J-Brain Cargo are shown in the upper right corner. One of our major growth strategies is the licensing of this newly created asset.

We are also actively working to expand sales channels for products that have been approved in Japan, in countries outside of Japan.

Next, in-licensing. Until now, we have taken our own products to the outside world, but now we are taking products from overseas into Japan, which is the opposite direction of what we have been doing up until now. We would like to continue to be active in this area of rare diseases if it matches our strengths. One such product is Givinostat, which was licensed from Italfarmaco, as I mentioned.

We would also like to promote high-value-added contract manufacturing by utilizing our manufacturing experience and know-how in areas that are extremely difficult to manufacture, such as regenerative medicine and gene therapy. We would like to strike a good balance in this area while aiming for a company that can grow stably.

## 1 Multifaceted MoA: Increases muscle regeneration and reduces fibrogenesis, adipogenesis, and immune/inflammatory responses

- HDAC inhibition mechanism enabling mutation-independent use

## 2 Regulatory approvals outside Japan

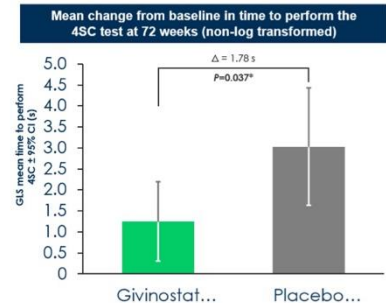
- Regulatory approvals in the US, the EU and other countries<sup>1</sup>
- Achieved the primary endpoint in a placebo-controlled Phase III clinical trial<sup>2</sup>  
(mean change in the 4SC study (shown on the right))

## 3 Ongoing Studies Aimed at Expanding Clinical Evidence

- Phase III study in non-ambulatory DMD patients ([NCT05933057](#))
- Phase II study in DMD patients aged 2-5 years ([NCT06769633](#))

## 4 Strong commercial potential in Japan

- ~3,500 individuals in Japan diagnosed with DMD<sup>3</sup>
  - Over 1,000 individuals: Ambulatory, ≥6 years of age<sup>4</sup>
  - Over 3,000 individuals: ≥6 years of age<sup>4</sup>



\*Data are means and 95% confidence intervals. The confidence intervals have not been adjusted for multiplicity and should not be used for hypothesis testing. Baseline mean values were 3.39 s and 3.48 s for the givinostat and placebo groups, respectively. All patients were also receiving systemic corticosteroids in a dose and regimen that was to remain unchanged over the follow-up period.

DMD, duchenne muscular dystrophy; HDAC, histone deacetylase; 4SC, 4-stair climb.

1. US: Approved for patients with DMD aged 6 years and older, EU: Conditionally approved for ambulatory DMD patients aged 6 years and older and already being treated with corticosteroids

2. Mercuri E et al. *Lancet Neurol.* 2024;23(4):393-403. 3. Kawai M. *No To Hattatsu.* (Japanese) 2013;45(Suppl.):S324

4. Company estimates based on Remedy (Registry of Muscular Dystrophy) and Nakamura H et al. *Orphanet J Rare Dis.* 2013;8:60

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Now I would like to tell you a little about Givinostat, a drug for the treatment of Duchenne muscular dystrophy (DMD).

Givinostat is an oral treatment. Steroids are commonly used for muscular dystrophy, but Givinostat is HDAC inhibitors, which are different from steroids. It is an inhibitor of histone deacetylase. The gene expression pattern is slightly changed due to the Duchenne muscular dystrophy. The concept of the drug will be to reverse that expression pattern as much as possible.

This will have the combined effect of promoting muscle regeneration, inhibiting fibrosis and adipogenesis, and reducing inflammation. This is how the therapeutic effect is achieved. Givinostat has already been approved in the US, EU, and several other countries after proving itself in overseas clinical trials. Additional clinical trials are currently underway as evidence is further expanded.

It has great potential for the very unmet needs of Duchenne muscular dystrophy. We recognize that it is an agent with great commercial potential.

## Toward **¥100 billion** revenue in the 2030s

Enabled by three growth drivers



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This shows the approach and figures that we are aiming for in the future.

As written at the bottom, on the left it says we would like to expand sales of domestic products and grow domestic sales firmly. We will do everything we can to increase domestic sales here, including sales of our own products, and also in-licensing products and contract manufacturing.

The second point is income from platform licensing. We would like to further refine our platform technologies, such as J-Brain Cargo and JUST-AAV, and promote technology licensing and generate income from it.

The final point is on the far right. LSD is lysosomal disease. Lysosomal disease assets and pipelines will be licensed out, partners will monetize them overseas, and a portion will be returned to JCR.

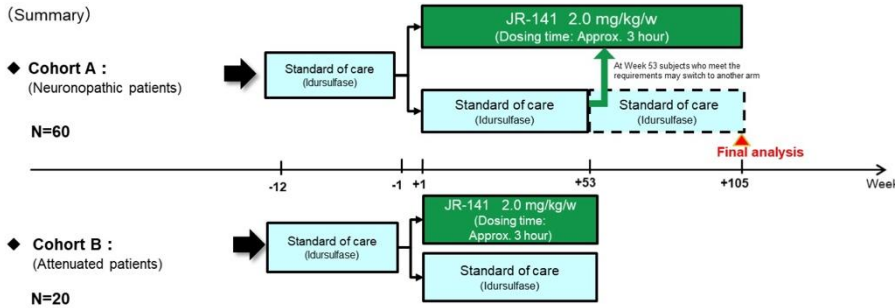
We would like to add these revenues, these three things, and move forward with the goal of achieving sales of JPY100 billion in the 2030s. The goal is not to achieve a number. We will set a number as a symbol, but I believe that once we achieve this JPY100 billion, we will be able to invest even more in R&D. At our current scale, no matter how much research and development we do, we can only develop one or two products on a global scale.

But there are still many rare diseases and many unmet needs. I believe that the value of JCR's existence lies in the extent to which we can develop new drugs or new platform technologies that will serve as a base for developing such drugs. I would like to develop these three foundations into a company that can grow solidly, generate profits, and invest in further new research and development.

That is all from me. Next, Anne Bechet will talk about some of our drug developments.

**Bechet\***: Good afternoon. My name is Anne Bechet, I'm heading the development division for JCR. Thank you for joining us today. I will be giving an update on the achievement of 2025 and on the development pipelines.

## Global Phase III study (JR-141-GS31): STARLIGHT study Overview



Constructive meeting took place with FDA in June 2025

Enrollment of the target number of 80 participants achieved in July 2025

**On track to obtain approvals in the US, EU, and Brazil in FY2027**

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As always, we will start with our lead asset, JR-141, which is a blood-brain-penetrating ERT for MPS II. We are proceeding with the continuation of our global phase 3 study called STARLIGHT. As a reminder, this is a study comprised of 80 patients with two cohorts. Cohort A with 60 neuronopathic patients, randomized one-to-one JR-141 versus the standard of care, idursulfase, and the cohort B with attenuated patients of 20 patients, randomized also one-to-one, JR-141 and standard of care. In 2025, a lot of progress has been booked and a major achievement achieved with the finalization of the enrollment of the study and the completion of the recruitment of the 80 patients achieved ahead of target in July 2025. At present, we pursue our objective to collect approvals in the US, EU, and Brazil by the end of the fiscal year 2027.

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As Sonoda-san has indicated, the applications of J-Brain cargo have been diverse and brought to several therapeutic applications, MPS II being the first one with our lead asset, JR-141. The second being for MPS I, Hurler syndrome with JR-171. We have at present completed our phase 1/2 study and the partnering activities are currently ongoing. Another asset is for MPS IIIA, Sanfilippo syndrome type A, otherwise called JR-441 at JCR. We have now completed one year of clinical data for the initially planned dose groups, all patients continue treatment. We have completed the patient enrollment. For our study in Japan, we are actively pursuing early approval. We have also an asset in MPS IIIB, Sanfilippo syndrome type B, called JR-446. The trial is ongoing in Japan during a phase 1/2. The recruitment of the first cohort at present is completed and we're pursuing early approval in Japan. I am very pleased to communicate that we have filed an IND earlier this year and that we have received the authorization from the FDA to proceed with the start of the study. This asset is partnered with MEDIPAL HOLDINGS. We have booked important progresses on Fucucidosis, JR-471, with the initiation of our planned natural history study in March of 2026, also with the strong partnership and support from MEDIPAL. And we continue our activities for JR-479, GM2 gangliosidosis, with continuing setting up our future development plan. This will be it for me today. Thank you for your attention.



## Revision to FY2024 Actual Results

Life is Rare

- The prior-year results shown in this document have been revised to reflect corrections to certain items in the Consolidated Financial Results for the Year ended March 31, 2025 (FY2024) (Japanese standard).

**Ito:** Hello, my name is Ito. Thank you for being here today. I would like to explain our financial results for the fiscal year ended March 31, 2026, and and the forecast for the fiscal year ending March 31, 2027.

Before I begin my explanation, we are releasing today a correction to the earnings results for the fiscal year that ended March 31, 2025, and in connection with that, a correction to the financial statement. We are very sorry for having to issue a release to correct the financial statements.

(Unit : million yen)

Consolidated	FY2024	FY2025		
	Results	Results	Year-on-year	
			Difference	Ratio
Net Sales	33,072	40,319	+7,247	+21.9%
Cost of Sales	10,902	10,134	(767)	(7.0)%
Gross Profit	22,169	30,185	+8,015	+36.2%
Selling, General and Administrative Expenses	28,389	29,629	+1,240	+4.4%
SG&A Expenses	12,958	12,867	(90)	(0.7)%
R&D Expenses	15,431	16,761	+1,330	+8.6%
Operating profit	(6,219)	555	+6,775	-
Non-operating Income	260	1,449	+1,188	+455.5%
Non-operating Expenses	1,088	839	(248)	(22.9)%
Ordinary profit	(7,046)	1,165	+8,212	-
Extraordinary Income	1,065	2,091	+1,026	+96.3%
Extraordinary Losses	2	32	+30	-
Profit before Income Taxes	(5,983)	3,224	+9,208	-
Income Taxes	(1,523)	1,046	+2,569	-
Profit Attributable to Owners of Parent	(4,460)	2,178	+6,638	-
Reference: R&D Expenses before Deducting Contribution Amount by Collaborative R&D Destinations	16,994	18,398	+1,403	+8.3%

### Additional Remarks

- Net sales increased mainly due to higher product sales, including IZCARGO™, as well as growth in contract-related revenue.
- The cost of sales ratio (excluding contract revenue) declined significantly year-on-year; however, excluding raw material disposal losses recorded in the prior year, it remained broadly unchanged.
- R&D expenses increased due to higher clinical development costs and upfront payment for license rights, while the prior year included inventory disposal losses.
- Non-operating income increased as a result of foreign exchange gains and gains on the sale of investment securities.
- Non-operating expenses decreased, mainly due to a reduction in equity-method investment losses and foreign exchange losses.
- Subsidy income was recorded as extraordinary income following confirmation of the subsidy for the Kobe Science Park Center (API Plant).

Net Sales	FY2024	FY2025	Difference
Cost of Sales Ratio	33.0%	25.1%	(7.9)%
Cost of Sales Ratio *Excluding contract revenue	32.2%	27.6%	(4.6)%
R&D Expenses Ratio	46.7%	41.6%	(5.1)%
Operating Profit Ratio	(18.8)%	1.4%	+20.2%

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I will explain the overview of our results. Net sales were JPY40,319 million, an increase of JPY7,247 million compared with the previous year. Operating income was a loss in the previous fiscal year, but this fiscal year's operating income is JPY555 million. Ordinary income was JPY1,165 million and net income was JPY2,178 million, resulting in an overall increase in both sales and income.

Moving ahead to the next page, I would like to explain sales by product.

(Unit: million yen)

Consolidated	FY2024	FY2025		
	Results	Results	Year-on-year	
			Difference	Ratio
<b>GROWJECT™</b>	18,098	<b>17,933</b>	(164)	(0.9)%
<b>IZCARGO™</b>	5,718	<b>6,766</b>	+1,047	+18.3%
<b>TEMCELL™ HS Inj.</b>	2,904	<b>2,831</b>	(73)	(2.5)%
<b>Treatments for renal anemia</b>	3,784	<b>3,622</b>	(162)	(4.3)%
<b>Epoetin Alfa BS Inj. [JCR]</b>	1,690	<b>1,121</b>	(569)	(33.7)%
<b>Darbepoetin Alfa BS Inj. [JCR]</b>	2,093	<b>2,501</b>	+407	+19.5%
<b>Agalsidase Beta BS I.V. Infusion [JCR]</b>	1,149	<b>1,292</b>	+142	+12.4%
<b>Total Core Products</b>	31,655	<b>32,446</b>	+790	+2.5%
<b>Contract revenue</b>	517	<b>5,549</b>	+5,032	+972.8%
<b>Other</b>	898	<b>2,323</b>	+1,425	+158.5%
<b>Total Net Sales</b>	33,072	<b>40,319</b>	+7,247	+21.9%

### Additional Remarks

- Sales of GROWJECT™, IZCARGO™, and TEMCELL™ HS Inj. remained solid and exceeded the announced plan.
- Sales of the Treatments for renal anemia were in line with the supply plan for Kissei Pharmaceutical Co., Ltd.
- Sales of Agalsidase Beta BS I.V. Infusion [JCR] were in line with the supply plan for Sumitomo Pharma Co., Ltd.
- Contract revenue consisted of upfront payments and milestone income under existing agreements.

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First, GROWJECT has sales of JPY17,933 million. Although sales were slightly down compared to the previous fiscal year, I think it can be said that sales were favorable in terms of volume considering the NHI price revision. Sales of IZCARGO totaled JPY6,766 million, up 18% from the previous year. As we have explained in our past financial results briefings, we believe that the IZCARGO business was solid in FY2025, with the progressive acquisition of new cases in the early stages of the fiscal year. TEMCELL posted sales of JPY2,831 million, a decrease of JPY73 million from the same period last year. All of these three products performed well and exceeded the announced plan.

Next is a drug for renal anemia. Total sales are JPY3,622 million. Epoetin Alfa BS was JPY1,121 million and Darbepoetin Alfa BS was JPY2,501 million. Both of these results are the same as the revised forecast announced in January.

Sales of Agalsidase Beta BS were JPY1,290 million. This is an increase of JPY140 million from the previous year but compared to the revised forecast for this fiscal year that was announced at the end of January, it is lower by approximately JPY300 million. The shipment of this product, which was expected in March, has been delayed to April, resulting in a negative forecast for FY2025.

Total product sales were JPY32,446 million, up JPY790 million compared to the previous year. Contract revenue was JPY5,549 million, an increase of JPY5,032 million compared with the previous year. Other sales were JPY2,323 million, plus JPY1,425 million. Net sales were JPY40,319 million, an increase of JPY7,247 million compared with the previous year.

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Please return one page for an overview of the P&L.

The cost of sales was JPY10,134 million. If you look at the table in the bottom righthand-side of the slide, second from the top is the cost to sales ratio, excluding contracts, which is 27.6%, and a significant decrease from the previous year. However, the previous year included the impact of the disposal of raw materials. Excluding these factors, the results were almost on par with the previous year. After subtracting the above, gross profit was JPY30.185 million, an increase of JPY8,015 million.

Next is selling, general and administrative expenses. Selling, general and administrative expenses, excluding R&D expenses, were JPY12,867 million, a slight decrease from the previous year. Research and development expenses totaled JPY16,761 million, an increase of JPY1,330 million compared with the previous year. First of all, the previous fiscal year included a loss on disposal of inventory, and the current year includes a one-time payment for the in-licensing of Givinostat, which was discussed earlier.

After subtracting the above, operating profit was JPY555 million. Non-operating income was JPY1,449 million and non-operating expenses were JPY839 million. As for non-operating income, foreign exchange gains of approximately JPY700 million and gains on sales of securities of JPY450 million were recorded. Non-operating expenses totaled JPY830 million, but this figure was JPY200 million less than the previous year. Equity in losses of affiliates or foreign exchange losses decreased. As a result, ordinary income was JPY1,165 million.

Below that, you can see that we have posted an extraordinary profit of JPY2,000 million. The subsidy for the APIplant at the Kobe Science Park Center, which we have explained to you at each previous briefing, has been finalized. Accordingly, subsidy income was recorded as extraordinary income. As a result, income before income taxes was JPY3,224 million and net income was JPY2.178 million. These are the results for the current fiscal year.

(Unit: million yen)

	End-Mar. 2025	End-Mar. 2026	Change • Main Increase/decrease		End-Mar. 2025	End-Mar. 2026	Change • Main Increase/decrease
<b>Current assets</b>	51,487	56,076	Total +4,588 • Accounts receivable - trade, and contract assets +1,927 • Inventories +1,813	<b>Current liabilities</b>	43,683	48,135	Total +16,448 • Short-term borrowings +15,637
				<b>Non-current liabilities</b>	13,431	13,741	Total (11,686) • Special suspense account for tax purpose reduction entry (11,750)
				<b>Total liabilities</b>	57,114	61,877	Total +4,762
<b>Non-current assets</b>	53,361	53,160	Total (201)	<b>Total net assets</b>	47,734	47,359	Total (375) • Dividends paid (2,442) • Profit attributable to owners of parent +2,178
<b>Total</b>	104,849	109,236	4,386	<b>Total</b>	104,849	109,236	4,386

**Additional Remarks**

- Inventories increased due to higher raw materials and supplies.
- Short-term borrowings increased due to financing for construction of the new drug product manufacturing plant and working capital.
- Following the finalization of subsidies for the Kobe Science Park Center (API plant), both the deferred subsidy account and the related subsidized tangible fixed assets decreased.

	End-Mar. 2025	End-Mar. 2026
<b>Equity ratio</b>	45.1%	42.9%

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Next is the balance sheet.

Overall, total assets amounted to JPY109,236 million, an increase of approximately JPY4,386 million compared with the end of March of the previous year. First, current assets increased by JPY4,588 million overall. Accounts receivable increased by JPY1,927 million and inventories increased by JPY1,813 million. The increase in inventories is explained in the lower part of the table and is due to an increase in raw materials and supplies.

In addition, fixed assets amounted to JPY53,160 million, down JPY201 million from the previous year. Looking at long-term liabilities, shown on the righthand side, the balance is JPY13,741 million, a decrease of JPY11,686 million. The balance of property, plant and equipment subject to subsidies, which was included in fixed assets, decreased in line with the negative JPY11,750 million shown here for the special suspense account for reduction entry. Meanwhile, the construction-in-progress account, for the new formulation plant currently under construction, increased by JPY10,200 million, resulting in a net loss of JPY200 million.

Current liabilities, shown on the right side, are JPY48,135 million, with an increase in short-term borrowings. The purpose of them is to raise funds for the construction of the new formulation plant, and for working capital. For the new formulation plant, we expect to finance it with short-term debt, and when it is completed and we receive the subsidy, we will repay the portion of the subsidy and borrow the other portion using long-term debt.

Finally, we have net worth. It is JPY47,359 million, down JPY375 million from the previous year. Dividend payments are JPY2,442 million and net income was JPY2.178 million. The equity ratio is 42.9%.

(Unit : million yen)

Consolidated	FY2025	FY2026(Forecast)		
	Results	Forecast	Year-on-year	
			Difference	Ratio
Net Sales	40,319	<b>45,700</b>	+5,381	+13.3%
Cost of Sales	10,134	<b>10,600</b>	+466	+4.6%
Gross Profit	30,185	<b>35,100</b>	+4,915	+16.3%
Selling, General and Administrative Expenses	29,629	<b>33,900</b>	+4,271	+14.4%
SG&A Expenses	12,867	<b>14,500</b>	+1,633	+12.7%
R&D Expenses	16,761	<b>19,300</b>	+2,539	+15.1%
Operating Profit	555	<b>1,100</b>	+545	+98.2%
Ordinary Profit	1,165	<b>500</b>	(665)	(57.1)%
Profit Attributable to Owners of Parent	2,178	<b>200</b>	(1,978)	(90.8)%
Reference: R&D Expenses before Deducting Contribution Amount by Collaborative R&D Destinations	18,398	<b>24,300</b>	+5,902	+32.1%

### Additional Remarks

- Net sales are forecast to exceed the previous fiscal year, mainly due to higher contract revenue.
- SG&A expenses are forecast to increase, mainly due to higher fees and commissions. R&D expenses are also forecast to rise, reflecting progress in global and domestic clinical trials.
- Operating profit is forecast to increase, as higher sales will offset higher expenses.
- Ordinary profit and profit attributable to owners of parent are forecast to decrease, as foreign exchange gains, gains on sales of securities, and subsidy income recorded in the previous fiscal year are not expected this fiscal year.

	FY2025	FY2026 (Forecast)	Difference
Net Sales			
Cost of Sales Ratio	25.1%	<b>23.2%</b>	(1.9)%
Cost of Sales Ratio *Excluding contract revenue	27.6%	<b>26.7%</b>	(0.9)%
R&D Expenses Ratio	41.6%	<b>42.4%</b>	+0.8%
Operating Profit Ratio	1.4%	<b>2.6%</b>	+1.2%

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Next, I will explain the outlook for the full fiscal year.

Net sales are expected to be JPY45,700 million, an increase of JPY5,381 million. Operating income is expected to be JPY1,100 million, an increase of approximately JPY545 million. However, ordinary income and net income are expected to decrease compared with the previous year. Operating income is expected to increase, but other income is expected to decrease.

(Unit : million yen)

Consolidated	FY2025	FY2026(Forecast)		
	Results	Forecast	Year-on-year	
			Difference	Ratio
GROWJECT™	17,933	<b>17,500</b>	(433)	(2.4)%
IZCARGO™	6,766	<b>6,900</b>	+134	+2.0%
TEMCELL™HS Inj.	2,831	<b>2,700</b>	(131)	(4.6)%
Treatments for renal anemia	3,622	<b>3,700</b>	+78	+2.2%
Epoetin Alfa BS Inj. [JCR]	1,121	<b>1,400</b>	+279	+24.9%
Darbepoetin Alfa BS Inj. [JCR]	2,501	<b>2,300</b>	(201)	(8.0)%
Agalsidase Beta BS I.V. Infusion [JCR]	1,292	<b>2,000</b>	+708	+54.8%
<b>Total Core products</b>	<b>32,446</b>	<b>32,900</b>	<b>+454</b>	<b>+1.4%</b>
Contract revenue	5,549	<b>8,100</b>	+2,551	+46.0%
Other	2,323	<b>4,500</b>	+2,177	+93.7%
<b>Total net sales</b>	<b>40,319</b>	<b>45,700</b>	<b>+5,381</b>	<b>+13.3%</b>

### Additional Remarks

- GROWJECT™ sales are forecast to decrease due to NHI drug price revisions, despite sales volume remaining largely unchanged.
- IZCARGO™ sales are forecast to continue increasing, driven by an increase in treated patients.
- TEMCELL™ sales are forecast to decrease due to changes in the competitive environment.
- Renal anemia products and Agalsidase Beta BS I.V. Infusion [JCR] are forecast to remain solid, with sales in line with supply plans for distribution partners.
- Contract revenue is forecast to exceed the previous fiscal year, driven by new product out-licensing agreements and progress in existing joint research projects.

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Let me explain the following page first. This is the breakdown of sales according to product.

We are forecasting JPY17,500 million for GROWJECT, a 2.4% decrease compared to the period that ended. Although we expect sales volume to remain at the same level as the previous fiscal year, we anticipate a decrease in sales due to the impact of the NHI drug price revision. For IZCARGO we are projecting an increase in revenue to sales of JPY6,900 million. We expect an increase in the number of cases administered, and sales of this product are expected to continue to increase. We expect a slight decrease in TEMCELL sales to JPY2,700 million.

Below that, you can see that we expect sales of renal anemia treatments and of agalsidase beta BS to be mostly steady, with sales of both expected to follow the planned supply to the customers.

Contract revenue is expected to be JPY8,100 million this fiscal year, an increase of JPY2,551 million compared with the previous fiscal year and is based on the out-licensing of JR-141 and JR-171. Other sales are at JPY4,500 million, for overall net sales of JPY45,700 million.



## FY2026 Consolidated Financial Forecasts

Life is Rare

(Unit : million yen)

Consolidated	FY2025	FY2026(Forecast)		
	Results	Forecast	Year-on-year	
			Difference	Ratio
Net Sales	40,319	45,700	+5,381	+13.3%
Cost of Sales	10,134	10,600	+466	+4.6%
Gross Profit	30,185	35,100	+4,915	+16.3%
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SG&A Expenses	12,867	14,500	+1,633	+12.7%
R&D Expenses	16,761	19,300	+2,539	+15.1%
Operating Profit	555	1,100	+545	+98.2%
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Reference: R&D Expenses before Deducting Contribution Amount by Collaborative R&D Destinations	18,398	24,300	+5,902	+32.1%

### Additional Remarks

- Net sales are forecast to exceed the previous fiscal year, mainly due to higher contract revenue.
- SG&A expenses are forecast to increase, mainly due to higher fees and commissions. R&D expenses are also forecast to rise, reflecting progress in global and domestic clinical trials.
- Operating profit is forecast to increase, as higher sales will offset higher expenses.
- Ordinary profit and profit attributable to owners of parent are forecast to decrease, as foreign exchange gains, gains on sales of securities, and subsidy income recorded in the previous fiscal year are not expected this fiscal year.

Net Sales	FY2025	FY2026 (Forecast)	Difference
Cost of Sales Ratio	25.1%	23.2%	(1.9)%
Cost of Sales Ratio *Excluding contract revenue	27.6%	26.7%	(0.9)%
R&D Expenses Ratio	41.6%	42.4%	+0.8%
Operating Profit Ratio	1.4%	2.6%	+1.2%

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Please go back one page. We expect the cost of sales to be JPY10,600 million. And, as shown in the second row of the table in the bottom righthand corner, the cost to sales ratio to be 26.7%, excluding contract fees. That would be an improvement of 0.9%. This is the effect of the product mix.

Gross profit is forecasted at JPY35,100 million. Below that you can see the selling, general and administrative expenses, which excluding R&D expenses, are expected to be JPY14,500 million, an increase of JPY1,633 million. This is assuming an increase in fees and commissions paid, etc. In addition, as explained earlier, R&D expenses are expected to increase in order to accelerate clinical trials for global development or development in Japan.

Operating income is expected to be JPY1,100 million, ordinary income JPY500 million, and net income JPY200 million, a decrease from the previous year because we do not expect to record foreign exchange gains or subsidy income this year. That concludes my explanation. Thank you very much.

**Moderator:** Thank you for listening.

## Question & Answer

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**Moderator [M]:** We will now begin the question-and-answer session. We will take questions first from analysts and then from the media. Please note that questions will be asked in a one-question-one-answer format, with each person limited to two questions at a time, but you may raise your hand as many times as you like.

We will begin the Q&A. First is Mr. Muraoka. Please go ahead and ask your questions.

**Muraoka [Q]:** Thank you. I am Muraoka, from Morgan Stanley MUFG Securities. I have two questions about the budget for the current fiscal year.

I would like to ask about contract revenue and other revenue. First of all, for contract revenue, you mentioned earlier that JR-141 and JR-171 are included. Since the amount is quite large, I would guess that these three are the main areas and probably include MEDIPAL's fourth. What I would like to ask is when this revenue can be recorded. There are four quarters, but can you give us an idea of whether revenue from these three will be spread out, or whether we will again have to wait until Q4, which is a common pattern in your company?

**Ito [A]:** I will reply. First, as to whether we are anticipating contract revenue from MEDIPAL, we have not included this in our budget for this fiscal year. Other than that, we expect to receive milestone payments from new out-licensing or progress in existing collaborations, such as JR-141 and JR-171.

As for the timing, we are currently planning to have a good balance between H1 and H2, so we will be able to report a good report for each of them. That concludes my explanation.

**Muraoka [Q]:** Thank you. I think the message for the past year or two has been that JR-171, for example, is going to take quite a long time and is going to be a difficult process. What is the background behind it starting to move so quickly, and for JR-141, Denali got approval but we are not yet seeing a sale, or are we about to see a contract? I feel that the external environment is slightly out of sync with the history of the project, but it would be helpful if you could fill in some of the gaps.

**Ito [A]:** First of all, regarding JR-171, we have not been able to give you a good report for a long time, but we have been steadily continuing our activities for out-licensing, and I think that the results have been achieved. Regarding JR-141, we are in the process of discussing a contract in light of various changes in the environment, including the Denali situation.

**Muraoka [Q]:** Thank you. Next, you plan to increase other income to JPY4.5 billion, which is up JPY2.2 billion YoY. Can you tell us what that is based on? The only thing I can think of is that something big is coming with AKUUGO, which today has a NHI price of JPY70 million, but please give us a few hints as to how we should think about this.

**Ito [A]:** Regarding this topic, first of all, the contract for AKUUGO is still in the trial manufacturing stage. Since the contract has not changed from that point, the current assumption does not include AKUUGO-related sales. As for what the other increase is, it is NPS. There are cases where IZCARGO, which has been approved in Japan, is used overseas at the request of doctors. We expect sales to increase as a result.

**Muraoka [M]:** I understand. Thank you.

**Moderator [M]:** Thank you very much. The next question is from Mr. Yamaguchi. Please go ahead.

**Yamaguchi [Q]:** I am Yamaguchi, from Citigroup Global Markets. Please forgive me that my questions will overlap with others.

I believe there was a time in the past when your company changed its stance in the area of contract revenue. Recently, I believe that you have been very firm. Am I correct in understanding that since the current financial structure was put in place, various things have progressed while that stance has remained unchanged, and that is why you have decided to include it this time? I'm wondering if your stance has changed again, or if you think the story is quite advanced now.

**Ito [A]:** I will reply. We are frequently asked about how we account for contract revenues, and our stance here has not changed from the previous fiscal year or the one before that. We are presenting these figures in that context.

**Yamaguchi [A]:** Thank you. Did you have an interim analysis of JR-141 yet? Could you confirm that, please? Global trials.

**Bechet [A]\*:** We are discussing with regulators about the appropriateness of our package. Those discussions are ongoing and we cannot disclose the timing and schedule for confidential and strategic reasons.

**Moderator [M]:** Thank you very much. The next question is from Mr. Hashiguchi. Please go ahead.

**Hashiguchi [Q]:** This is Hashiguchi. Thank you for taking my question. Contract revenue is estimated to arrive in H1 for JR-171 and in H2 for JR-141. Regarding where JR-141 is at, is it after the Phase III trial data is available or after communication with the FDA based on that data?

**Ito [A]:** We cannot answer the question you have just asked. We will make no comment on that.

**Hashiguchi [Q]:** Is it correct to understand that the conclusion of a contract is expected based on the results of the R&D activities in the current term?

**Ito [A]:** There are some aspects that are difficult to answer, but the fact that we have already accounted for them means that we have placed the figures on the assumption that they are reasonably certain, as you mentioned in your earlier question. In that sense, I think it would be better to think of the major part of this as positive evaluation of what already exists.

**Hashiguchi [Q]:** I understand. Thank you.

My second question is about AKUUGO's production. In the latest NHI calculation, 39 persons are tentatively assumed in the peak 10-year period. If use remains at 39 people, your company is not yet needed. Is it correct to say that there will be situations in which you will be responsible for further market expansion or market expansion that is anticipated in the future?

**Ito [A]:** Regarding the topic of AKUUGO, as I just mentioned, its contract is still in the trial manufacturing stage. I think it is too early to talk about what assumptions we are making for the future.

**Hashiguchi [M]:** Thank you. That concludes my questions.

**Moderator [M]:** Thank you very much. The next question is from Mr. Maeda. Please go ahead.

**Maeda [Q]:** Thank you for taking my question. The first question I would like to ask is in the area of SG&A expenses. I believe that your plan is a significant increase compared to the previous period. You have already explained this breakdown in your materials, but would it be possible to be more specific? I would like to ask what factors have contributed to the increase, especially in the area of research and development.

**Ito [A]:** I would like to talk first about the non-R&D expenses. We are also planning to increase this. I mentioned commissions and other things, but sales commissions, or JR-141, will be introduced to the market in the future, so we are considering research on that and other measures. In addition, this is not about commissions, but we have been trying to double the number of API production lines so that more than one plant can produce the same product, so there are those expenses. We are planning to record those figures as well.

**Maeda [Q]:** Thank you. Is it my understanding that what you just mentioned, including things like building up inventory of APIs, is part of this R&D plan?

**Ito [A]:** I'm sorry, I was referring to expenses outside of R&D. The aim to duplicate the production of APIs that I just mentioned is still in the preparatory stage this fiscal year. We do not plan to use that to build up inventory.

Regarding R&D expenses, Anne will give an explanation.

**Bechet [A]\*:** So compared to the past year, of course, you have heard that we have now completed the recruitment of JR-141 study, meaning that we have an accumulation of patients and the study logistics as well as the patient fees and overall maintenance fees of this study have reached their maximum level of maintenance. So this is one of the origins of the increased costs in terms of R&D. Of course, we proceed with additional expansion through other assets which contribute also to additional expenses. So we have the assets with MEDIPAL. You have just heard that we have submitted an IND and will proceed with a global study in the course of this year, which contributes to additional investment. But we also have JR-471 and additional activities for JR-479. So we continue expanding our portfolio, which of course means additional investment in order to proceed with the research. Thank you.

**Maeda [Q]:** Thank you. As a second question, I would appreciate it if you could briefly comment on what your company thinks about the weight provisions mentioned on the DNL310 label. Products approved by Denali.

**Bechet [A]\*:** So a comment on Denali's approval. First of all, I think that this is just great news for the patient community and great news for the field of rare disease. We have had quite a lot of turmoil and a lot of rare disease drug applications rejected in the past months. So we believe that this is a good signal in any case. In terms of our perspective and reach to the market, we will have to see our regulatory dialogue is proceeding well. I don't think that we encounter any specific limitation in terms of body weight.

**Maeda [M]:** I understand. I may ask you later, so thank you in advance. For now, I'm finished.

**Moderator [M]:** Thank you very much. The next question is from Mr. Kawamura. Please go ahead.

**Kawamura [Q]:** Thank you for the explanation. This is Kawamura of SBI SECURITIES. I am sorry to also be persistent on this, but I would like you to tell us about contract revenue. Considering that you are planning JPY8.1 billion for the current fiscal year and JR-141 is in the middle of Phase III, is it correct to consider that some portion of the JPY8.1 billion is for JR-141? This is my first question.

**Ito [A]:** I will reply. As for the amount, it is also difficult to answer how much, so I will refrain from commenting on that.

**Kawamura [Q]:** I understand. This is my second question. Your competitor, Denali got approval, and given this indication, I still think that the one who comes first has the advantage. Based on this, please share any comments you can make on the status of the JR-141 negotiations, the inquiries, and how they have changed before and after the competition's approval. That concludes my questions.

**Sonoda [A]:** Thank you for your question. As you say, the situation has definitely changed with Denali's early approval in the US. However, in the course of our discussions prior to that time, we were able to fully anticipate such a situation, or rather, we proceeded with various negotiations based on our assumptions. The approval did not suddenly appear out of thin air. We hope you understand that we are continuing conversations based on anticipation of this.

**Kawamura [M]:** I understand. That is all from me. Thank you.

**Moderator [M]:** Thank you very much. The next question is from Yamakita-san. Please go ahead.

**Yamakita [Q]:** I am Yamakita, from Jefferies. Thank you for the explanation. This is my first question. With the approval of Denali, and this overlaps with the question from Mr. Kawamura just now, I think the approval was based on biomarkers. Has this ever worked positively for your company in negotiations? Has there been any positive effect of the precedent set by the approval of a biomarker? Regarding negotiation. Of course your company is positive about the development, as I believe you are also gaining data on biomarkers, but is it working positively in negotiations?

**Sonoda [A]:** The answer is that this is a yes and no. Like the negotiators, the fact that Denali was approved when it was not clear what the regulators were expecting or what they were going to approve showed that the FDA was prepared to approve it with a biomarker if the biomarker had a certain persuasive power.

In the past, the FDA would basically not approve a biomarker unless it brought in solid data, so that has changed. In that sense, there is a positive feeling, also with the parties with whom we are negotiating, that new information has emerged, or a new phase has been entered. But on the other hand, it is also true that Denali got approval first, which was accelerated, because of the applicability of the biomarker. The answer is that this is a yes and no.

**Yamakita [Q]:** I understand. Thank you. This is my second question. It is about inquiries about JUST-AAV. Last year, some deaths occurred in the United States where Sarepta's gene therapy was used and in hepatotoxicity. In response, I have a feeling that your company's JUST-AAV will receive more inquiries for its technology that reduces liver tropism. Please tell us whether such inquiries are increasing or not at present, and if there are any changes.

**Sonoda [A]:** I will answer. In terms of inquiries, there has been a great increase. As you just mentioned, we have completed JUST-AAV and technology by developing separate technologies for delivering to the brain and reducing liver tropism and then combining them. In other words, we can license just the technology that reduce liver tropism. Where there is interest in that, it will be possible to use only that area.

If these facts are understood, other companies will be very interested. Several discussions about going to feasibility study are underway.

**Yamakita [Q]:** I understand. That is all from me. Thank you very much.

**Moderator [M]:** Thank you very much. The next question is from Mr. Muraoka. Please go ahead.

**Muraoka [Q]:** Thank you. Thank you for letting me ask another question.

The way the P&L guidance is made for this fiscal year, operating income is JPY1.1 billion and ordinary income is only JPY500 million. You are not expecting a foreign exchange loss at this stage, and the assumption of such a difference between operating income and ordinary income feels uncomfortable to me, so could you please explain it?

**Ito [A]:** Thank you for your question. I will reply. As to your question about what is in non-operating expenses, the first is equity in losses of affiliates. This has been recorded for the previous fiscal year, and we expect it to occur again this fiscal year. The other is interest expenses. These are the two major factors.

**Muraoka [Q]:** I understand. Thank you.

Next, similarly, you project a JPY1.6 billion increase in P&L SG&A expenses. As for your explanation of commissions paid, the assumption of sales growth for partner products for this fiscal year does not seem to grow that much. Agalsidase is in a different accounting period, and I have a sick feeling about the growth of sales and SG&A for each item. So can you explain that a little more, please?

**Ito [A]:** I understand. I will explain. This includes, of course, sales commissions, but also, as I mentioned earlier, market-related and drug price-related research as the launch of JR-141 is approaching.

To repeat what I said earlier, the increase is due to double-track manufacturing, which is not a fee, but we want to be able to produce APIs at two locations, and the cost for this is included here.

**Muraoka [Q]:** I understand. Is it correct that the increase in commissions paid is not such a large weighting in the plus JPY1.6 billion?

**Ito [A]:** That comprehension is fine.

**Muraoka [M]:** I understand. Thank you. That's all from me.

**Moderator [M]:** Thank you very much. Next is Ms. Ishida. Please go ahead.

**Ishida [Q]:** Thank you for taking my question. I am Ishida from Mizuho Securities. I would like to ask two questions.

Firstly, for Givinostat for DMD, I would like to confirm whether you have also conducted discussions with PMDA (Pharmaceuticals and Medical Devices Agency) regarding domestic trials? I would like you to tell us if you can indicate when plans for domestic development will be announced. This is my first question.

**Tanizawa [A]:** Thank you for your question. Regarding Givinostat for the treatment of DMD, the first answer is that we have already started regarding discussions with PMDA and are still on-going. As for the implementation of clinical trials, as soon as the plan is finalized, information on the outline of the trial will be made public. The status of the clinical trial has not yet been finalized, so the information is not yet publicly available.

**Ishida [Q]:** Do you have a timeline in mind?

**Tanizawa [A]:** We have drawn up a timeline for the approval of Givinostat, with a target date of by 2028, so it is necessary to disclose information on clinical trials as soon as possible.

**Ishida [Q]:** I understand. Thank you. For my second question. As far as the mid- to long-term is concerned, I believe you have given us a sales target for the future of JPY100 billion. I would appreciate a few hints regarding the premise for this. Is this JPY100 billion being given after taking into account additional licensed products like Givinostat? Also, regarding Givinostat, I remember seeing an article in the media that said you are aiming for about JPY35 billion per year. Is that in there too? I would be interested in receiving more details regarding your image of your future sales.

**Ito [A]:** I will reply. It has been mentioned that Givinostat is worth JPY35 billion based on certain assumptions. Sales based on such assumptions are included here. This means that domestic sales include in-licensed

products. Other income is assumed to include license income and royalty income from out-licensing to overseas markets.

**Ishida [Q]:** Does this include licensed-in products such as Givinostat?

**Ito [A]:** We are considering some of them, but that discussion will be held from now on, so it is not such a big amount.

**Ishida [M]:** I understand. Thank you. That is all from me.

**Moderator [M]:** Thank you very much. Next is Mr. Maeda. Please go ahead.

**Maeda [Q]:** Thank you. I would like to ask just one question about contract revenue. Since the out-licensing of big technologies, JR-141 and JR-171, is assumed, other parts are not so important. I would appreciate it if you could tell us here whether you are including your assumptions about Alexion or Acumen.

**Ito [A]:** I cannot answer about Alexion, but as you mentioned about Acumen, they have also published a good overview of their results. We have included the revenue with the expectation that the option will be exercised. This term we also hold expectations for Alexion.

**Maeda [M]:** I understand. That is all from me. Thank you.

**Moderator [M]:** Thank you very much. Are there any more questions? Including from members of the media? Oshima-san, please go ahead.

**Oshima [Q]:** I am Oshima, from Kobe Shimbun newspaper. I would like to ask two questions.

First, I would like to ask about contract revenue, which has been the subject of many questions today. I am afraid this is very rudimentary, but I understand that contract revenue for last fiscal year was JPY5 billion, and the forecast for this fiscal year is JPY8.1 billion. Is it correct that contract revenue is from providing your platforms and new drugs to other firms?

**Ito [A]:** Thank you for your question. That comprehension is correct. This is what we receive when we sign a contract for the out-licensing of a technology, or a product, or a candidate product that will become a product, to a foreign country. Or, in addition, it is common to have an existing contract with a certain milestone, where you can get money if you meet a certain condition. In some cases, we receive such items in conjunction with the progress of research, etc.

**Oshima [Q]:** I would like to ask one more question on a totally different subject. Although you did not specifically mention it today, I would like to ask you how you see the impact of the growing tension in the Middle East on your business performance, and if you have factored it into your forecast for this fiscal year.

**Ito [A]:** Thank you for your question. I think there are a number of things we need to worry about, but at present we do not see any major impact, so we have not factored this into the budget at this time.

**Oshima [Q]:** I understand. We are looking at a situation of rising prices for petrochemical products and various procurement and supply difficulties, but is my understanding correct that your company has no particular concerns regarding this?

**Ito [A]:** Currently, there are no major concerns, but there are some things, such as the large plastic bags we use in our production. We will have to keep a close watch on what kind of costs such things will incur in the future.

**Oshima [M]:** I understand. Thank you.

**Moderator [M]:** Thank you very much. The next question is from Hayase-san. Please go ahead.

**Hayase [Q]:** My name is Hayase, from MIX. Thank you for taking my questions.

I would like to ask President Sonoda. We asked about initiatives for the next stage of growth, including the licensing of Givinostat and the deployment of new technologies such as JUST-AAV. This is the first announcement of financial results under the new management structure. If you take a fresh look, how do you evaluate the results for FY2025 and the current situation? I would also like to ask what your expectations are for FY2026. Thank you.

**Sonoda [A]:** Thank you for your questions. There is no doubt that we have been in a very difficult situation for the past few years and will be for the next few years. This is due to the fact that global clinical development of JR-141 is progressing, and as Anne Bechet mentioned earlier, in addition to JR-141 other items are also proceeding development, which is undoubtedly adding to costs.

I want to somehow get through this phase and get to the next phase as soon as possible. There are very many different issues to get through. Although it is difficult to say specifically, it will be necessary to make such preparations while conducting clinical trials in preparation for application or approval. It will be very important for JCR to accomplish these tasks properly this fiscal year and next fiscal year, and since this will be the first time for JCR to conduct global development and obtain approval, we would like to make sure that nothing gets left out.

There are many seeds of new drugs waiting behind, but in order to move forward, we must overcome the difficult period I just mentioned, bring as many products as possible to market, and use the money earned from bringing them to market to make the next investment. As I mentioned at the beginning of my presentation, I believe that our task for the next few years is to create a good cycle.

**Hayase [M]:** Thank you.

**Moderator [M]:** Thank you very much. I regret to inform you that due to time constraints, this is the end of the question-and-answer session. We will now end the financial results briefing of JCR Pharmaceuticals for the fiscal year that ended March 31, 2026.

Thank you very much for joining us today.

[END]

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