

Financial Summary

Consolidated Financial Results for the Year ended March 31, 2023 (FY2022)

(Japanese standard)

May 11, 2023

Listed company name: JCR Pharmaceuticals Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Code number: 4552 URL: <https://www.jcrpharm.co.jp>Representative: (Title) Representative Director, Chairman and President
(Name) Shin AshidaPerson in charge of inquiries: (Title) Senior Corporate Officer, Executive Director, Corporate Strategy Division
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Scheduled date to hold the ordinary general meeting of shareholders: June 21, 2023

Scheduled date to commence dividend payments: June 22, 2023

Scheduled date to file the Securities Report: June 21, 2023

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 FY2022 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (Cumulative) (Percentage shows year-on-year changes.)

Year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	34,343	(32.8)	4,975	(75.0)	5,418	(73.6)	3,772	(74.0)
March 31, 2022	51,082	69.8	19,933	141.1	20,512	141.6	14,507	110.5

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

Year ended March 31, 2022: 14,514 million yen (112.2%)

Year ended	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to Net sales
	yen	yen	%	%	%
March 31, 2023	30.35	30.22	7.4	5.6	14.5
March 31, 2022	117.26	116.80	32.9	24.0	39.0

(Reference) Gains/(losses) on equity method investments:

For the year ended March 31, 2023 (7) million yen For the year ended March 31, 2022 -- million yen

(2) Consolidated Financial Conditions

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
March 31, 2023	94,937	52,413	54.2	412.11
March 31, 2022	97,134	51,089	51.8	406.57

(Reference) Shareholders' equity: As of March 31, 2023: 51,421 million yen

As of March 31, 2022: 50,316 million yen

(3) Consolidated Cash Flows

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
March 31, 2023	(5,500)	(15,002)	1,948	13,278
March 31, 2022	9,289	(3,250)	(2,179)	30,733

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			
FY2021	yen —	yen 10.00	yen —	yen 12.00	yen 22.00	million yen 2,730	% 18.8	% 6.2
FY2022	—	10.00	—	10.00	20.00	2,502	65.9	4.9
FY2023 (Forecast)	—	10.00	—	10.00	20.00		65.4	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022

Ordinary dividend: 10.00 yen

Special dividend: 2.00 yen

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2024	36,900	7.4	5,600	12.5	5,200	(4.0)	3,800	0.7	30.56

*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. : Yes
2. Changes in accounting principles other than 1. : None
3. Changes in accounting estimates : None
4. Restatements : None

(Note) For details, please refer to “3. Quarterly consolidated financial statements and important notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policy)” on page 13 of the attached material.

(3) Number of shares outstanding (common stocks)

1. Number of shares outstanding at the end of the period (including treasury stock)	As of March 31, 2023	129,686,308 shares	As of March 31, 2022	129,686,308 shares
2. Number of shares treasury stock at the end of the period	As of March 31, 2023	4,910,773 shares	As of March 31, 2022	5,929,344 shares
3. Average number of shares outstanding during the period	As of March 31, 2023	124,307,714 shares	As of March 31, 2022	123,720,398 shares

(Reference) Summary of Individual Business Results

1. Individual Business Results for FY2022 (From April 1, 2022 to March 31, 2023)

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

Year ended	Net sales		Operating income		Ordinary income		Net income for the year	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	34,343	(32.8)	5,095	(74.7)	5,284	(74.1)	3,687	(74.5)
March 31, 2022	51,081	69.8	20,137	133.0	20,425	137.7	14,446	104.0

Year ended	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
March 31, 2023	29.67	29.54
March 31, 2022	116.77	116.31

(2) Individual Financial Conditions

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
March 31, 2023	94,551	52,006	54.2	410.86
March 31, 2022	97,033	50,939	51.9	407.02

(Reference) Shareholders' equity; As of March 31, 2023: 51,265 million yen
As of March 31, 2022: 50,371 million yen

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

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as a result forecasts in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, which are inherently speculative, and actual results may differ materially from the forecast depending on various factors. As for notes, etc. of the conditions as a prerequisite and the appropriated use for business performance forecasts, 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 34,343 million yen (down 32.8% year on year),

Sales volume for our recombinant human growth hormone product GROWJECT® increased, but sales were affected by the NHI price revision in April 2022. Total net sales of our main products remained level year on year. Although sales of treatment for renal anemia decreased significantly as a result of similar NHI price revisions, there was a substantial contribution from IZCARGO® for I.V. infusion 10mg, which was placed on the NHI reimbursement price list in May 2021.

In areas other than our main products, total net sales decreased year on year, due to factors such as a decrease in income from contractual payments and the completion of the contract to manufacture AstraZeneca K.K.'s COVID-19 vaccine solution in Japan as planned.

On the profit front, due to factors including a decrease in gross profit (down 37.3% year on year) in conjunction with decreased net sales, operating income decreased by 75.0% to 4,975 million yen, ordinary income decreased 73.6% to 5,418 million yen, and profit attributable to owners of parent decreased 74.0% to 3,772 million yen.

As a result of proactive R&D activities and development activities in line with progress on clinical trials, R&D expenses totaled 8,802 million yen (up 1,626 million yen, or 22.7%, year on year).

	Previous consolidated results (From April 1, 2021 to March 31, 2022)	Current consolidated results (From April 1, 2022 to March 31, 2023)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Net sales	51,082	34,343	(32.8)
Operating income	19,933	4,975	(75.0)
Ordinary income	20,512	5,418	(73.6)
Profit attributable to owners of parent	14,507	3,772	(74.0)

[2] Main components of sales

Name of business segment	Previous consolidated results (From April 1, 2021 to March 31, 2022)	Current consolidated results (From April 1, 2022 to March 31, 2023)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Human growth hormone product GROWJECT®	12,945	12,261	(5.3)
Treatment for mucopolysaccharidosis type II IZCARGO® for I.V. Infusion	3,003	4,428	47.4
Treatment for renal anemia Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	5,875 2,876 2,998	4,696 2,710 1,986	(20.1) (5.8) (33.7)
Regenerative medicine products TEMCELL® HS Inj.	3,497	3,404	(2.7)
Treatment for Fabry disease Agalsidase Beta BS I.V. Infusion [JCR]	711	964	35.6
Medical devices	102	103	1.3
Income from contractual payment	10,571	6,546	(38.1)
AZD1222 stock solution	14,375	1,931	(86.6)

Note: Income from contractual payments is derived from the conclusion of agreements concerning commercialization and sales alliances.

[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) technology, J-Brain Cargo®, as treatments for over 17 types of lysosomal storage disorders.
- 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 now in the process of conducting patient enrolment. Furthermore, although we had filed for marketing approval of JR-141 in Brazil with the Brazilian Health Regulatory Agency (ANVISA) in December 2020, our application was denied in August 2022. We plan to file another application using the results of the global Phase III clinical trial currently being conducted.
- For lepunafusp alfa (development code: JR-171), our BBB-penetrating product candidate for the treatment of patients with mucopolysaccharidosis type I (MPS I), in the ongoing Phase I/II clinical trial in Japan, Brazil, and the U.S., we completed scheduled patient enrolment in March 2022, and are conducting a final analysis. 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), we are currently making efforts to begin a global clinical trial at an early stage in FY2023.

- 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.
- We have also been successively conducting R&D into other treatments for lysosomal storage disorders 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 will participate from the position of licensor as the company that created this therapeutic, and help to commercialize it at an early stage.

[Creating platform technologies]

- In addition to research that will widen the potential for application of JCR's unique BBB penetration technology J-Brain Cargo[®] to various modalities, we are focused on creating new platform technologies following J-Brain Cargo[®] technology.
- In March 2023, we achieved a preclinical proof-of-concept milestone based on a research and development collaboration agreement with Takeda Pharmaceutical Company Limited concerning gene therapies that apply our J-Brain Cargo[®] to lysosomal storage disorders.
- In March 2023, we signed Research Collaboration, Option and License Agreement with Alexion, AstraZeneca Rare Disease to develop an undisclosed therapeutic molecule that applies our J-Brain Cargo[®] technology for the treatment of a 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), and are currently conducting analysis.
- In April 2022, we reached an agreement with Teijin Ltd. to terminate our contract to co-develop an allogeneic regenerative medical product using dental pulp stem cells (DPCs) for the indication of acute cerebral infarction (development code: JTR-161/JR-161).

[Human growth hormone product]

- In July 2022, we filed for marketing approval of an additional indication for GROWJECT[®] in patients with short stature homeobox containing gene (SHOX) deficiency (development code: JR-401X).
- We also initiated a Phase II clinical trial of a recombinant long-acting growth hormone (development code: JR-142), and have completed the scheduled statistical analysis and are preparing to start a Phase III clinical trial.

*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 2023)	Forecast for the next year (Year ended March 2024)	Increase or decrease	Increase-decrease rate
Net sales (millions of yen)	34,343	36,900	2,556	7.4 %
Operating income (millions of yen)	4,975	5,600	624	12.5 %
Ordinary income (millions of yen)	5,418	5,200	(218)	(4.0) %
Profit attributable to owners of parent (millions of yen)	3,772	3,800	27	0.7%

(Net sales)

We anticipate an increase in sales through steady growth of sales volume of IZCARGO[®] for the treatment of Hunter syndrome and Agalsidase Beta for the treatment of Fabry disease, and sales of main products are projected to be on par with FY2022. In addition, we are continuing to work actively in licensing business.

(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. Despite an increase in R&D expenses, operating income is forecast to increase by 12.5% compared to FY2022 to 5.6 billion yen. We accordingly anticipate ordinary income of 5.2 billion yen (down 4.0% year on year) and profit attributable to owners of parent of 3.8 billion yen (up 0.7%).

(2) Overview of Financial Conditions

[1] Status of assets, liabilities and net assets

As of March 31, 2023, total assets amounted to 94,937 million yen (a decrease of 2,196 million yen from March 31, 2022), total liabilities were 42,523 million yen (a decrease of 3,521 million yen from March 31, 2022), and net assets were 52,413 million yen (an increase of 1,324 million yen from March 31, 2022).

Current assets decreased by 14,385 million yen from March 31, 2022 to 47,802 million yen due to factors including decreases in cash and deposits, accounts receivable – trade, and contract assets. Non-current assets increased by 12,188 million yen from March 31, 2022 to 47,135 million yen, mainly due to an increase in property, plant and equipment.

Current liabilities decreased by 6,292 million yen from March 31, 2022 to 35,762 million yen, mainly due to a decrease in income

taxes payable. Non-current liabilities increased by 2,770 million yen from March 31, 2022 to 6,761 million yen due mainly to an increase in long-term borrowings.

Net assets increased by 1,324 million yen from March 31, 2022 to 52,413 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, 2023 increased 2.4 percentage points compared with March 31, 2022 to 54.2%.

At this point in time, the JCR Group has not felt the impact of the COVID-19 pandemic. However, the global outlook remains uncertain. 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 15.5 billion yen for the purpose of securing operating funds as a backup plan.

[2] Status of cash flows

Cash and cash equivalents at the end of the current consolidated fiscal year was down by 17,454 million yen from the end of the previous consolidated fiscal year to 13,278 million yen. Status of each cash flows and major reasons are as stated below.

(Cash flows from operating activities)

Net cash used in operating activities in FY2022 was 5,500 million yen (an increase of 14,789 million yen in net cash used in the previous fiscal year). The main factor was the recording of profit before income taxes of 5,412 million yen, which was partly offset by an increase of inventories of 3,877 million yen and income taxes paid of 8,279 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 15,002 million yen (an increase of 11,752 million yen in net cash used in the previous fiscal year). The main uses of cash were 7,654 million yen for the purchase of property, plant and equipment and 6,717 million yen for the purchase of shares of subsidiaries and associates.

(Cash flows from financing activities)

Net cash provided by financing activities was 1,948 million yen (an increase of 4,127 million yen in net cash provided in the previous fiscal year). This was mainly attributable to dividends paid of 2,739 million yen, which was partly offset by increase in long-term borrowings of 4,750 million yen.

(Reference) Changes in indicators related to cash flows

	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022	Year ended March 2023
Equity ratio	71.1%	66.6%	51.3%	51.8%	54.2%
Market base equity ratio	472.3%	607.9%	600.6%	287.6%	185.7%
Ratio of cash flow and interest-bearing debts	1.5 years	1.8 years	1.8 years	2.0 years	— years
Interest coverage ratio	182.4 times	219.0 times	223.7 times	202.9 times	— 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 FY2022 are not listed because cash flows from operating activities was negative.

(3) Basic Policy on the Distribution of Profits/Dividends for FY2022 and FY2023

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.

Since sales of main products and progress in R&D were both favorable despite a decrease in profit year on year, 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 11, 2023 to pay a dividend of 10 yen per share. As a result, the full-year dividend, including the interim dividend, will decrease by 2 yen year on year to 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, 2024), 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	30,733	13,278
Accounts receivable-trade, and contract assets	15,585	11,137
Securities	244	—
Merchandise and finished goods	2,121	1,098
Work in process	5,024	5,717
Raw materials and supplies	7,491	11,699
Other	986	4,870
Total current assets	62,188	47,802
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,086	7,128
Machinery, equipment and vehicles, net	1,308	1,003
Land	10,379	10,379
Construction in progress	8,019	13,008
Other, net	989	1,161
Total property, plant and equipment	26,782	32,681
Intangible assets		
Patent right	2,711	2,434
Other	249	1,217
Total intangible assets	2,960	3,652
Investments and other assets		
Investment securities	2,230	8,867
Retirement benefit asset	213	214
Deferred tax assets	2,433	1,357
Other	330	366
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	5,202	10,800
Total non-current assets	34,946	47,135
Total assets	97,134	94,937

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,324	1,563
Short-term borrowings	15,150	16,800
Current portion of bonds payable	—	500
Accounts payable - other	5,189	2,803
Income taxes payable	5,915	33
Special suspense account for tax purpose reduction entry	11,996	11,996
Provision for bonuses	902	974
Provision for bonuses for directors (and other officers)	102	114
Other	1,473	975
Total current liabilities	42,054	35,762
Non-current liabilities		
Bonds payable	500	—
Long-term borrowings	2,450	5,500
Provision for employee stock ownership plan	78	95
Retirement benefit liability	870	924
Other	92	241
Total non-current liabilities	3,990	6,761
Total liabilities	46,045	42,523
Net assets		
Shareholders' equity		
Share capital	9,061	9,061
Capital surplus	10,994	10,384
Retained earnings	33,241	34,273
Treasury shares	(3,600)	(2,978)
Total shareholders' equity	49,697	50,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	619	555
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	30	146
Remeasurements of defined benefit plans	(32)	(20)
Total accumulated other comprehensive income	618	681
Share acquisition rights	567	740
Non-controlling interests	205	251
Total net assets	51,089	52,413
Total liabilities and net assets	97,134	94,937

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

(millions of yen)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net sales	51,082	34,343
Cost of sales	10,461	8,886
Gross profit	40,620	25,456
Selling, general and administrative expenses	20,686	20,480
Operating profit	19,933	4,975
Non-operating income		
Interest income	7	33
Dividend income	28	28
Foreign exchange gains	551	387
Other	68	91
Total non-operating income	656	541
Non-operating expenses		
Interest expenses	45	44
Commission expenses	12	15
Loss on abandonment of inventories	—	20
Other	18	18
Total non-operating expenses	77	99
Ordinary profit	20,512	5,418
Extraordinary income		
Gain on sale of investment securities	0	10
Total extraordinary income	0	10
Extraordinary losses		
Loss on disposal of non-current assets	2	16
Loss on cancellation of contracts	※ 1,000	—
Other	105	—
Total extraordinary losses	1,108	16
Profit before income taxes	19,404	5,412
Income taxes - current	5,549	525
Income taxes - deferred	(663)	1,099
Total income taxes	4,886	1,625
Profit	14,517	3,787
Profit attributable to non-controlling interests	10	14
Profit attributable to owners of parent	14,507	3,772

(Consolidated Statements of Comprehensive Income)

(millions of yen)

	FY2021(From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Profit	14,517	3,787
Other comprehensive income		
Valuation difference on available-for-sale securities	(71)	(63)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	68	147
Remeasurements of defined benefit plans, net of tax	(0)	11
Total other comprehensive income	(3)	94
Comprehensive income	14,514	3,881
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,483	3,834
Comprehensive income attributable to non-controlling interests	31	46

(3) Consolidated Statements of Changes in Net Assets
FY2021 (from April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	9,061	10,941	20,904	(3,685)	37,222
Changes during period					
Dividends of surplus			(2,170)		(2,170)
Profit attributable to owners of parent			14,507		14,507
Disposal of treasury shares		53		85	138
Balance at end of period					
Balance at beginning of period	—	53	12,336	85	12,475
Changes during period	9,061	10,994	33,241	△3,600	49,697

	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			
Balance at beginning of period	691	0	(18)	(31)	641	517	174	38,557
Changes during period								
Dividends of surplus								(2,170)
Profit attributable to owners of parent								14,507
Disposal of treasury shares								138
Balance at end of period	(71)	0	48	(0)	(23)	49	30	56
Balance at beginning of period	(71)	0	48	(0)	(23)	49	30	12,531
Changes during period	619	0	30	(32)	618	567	205	51,089

FY2022 (from April 1, 2022 to March 31, 2023)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	9,061	10,994	33,241	(3,600)	49,697
Changes during period					
Dividends of surplus			(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 in items other than shareholders' equity					—
Total changes during period	—	(610)	1,031	621	1,042
Balance at end of period	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			
Balance at beginning of period	619	0	30	(32)	618	567	205	51,089
Changes during period								
Dividends of surplus								(2,740)
Profit attributable to owners of parent								3,772
Purchase of treasury shares								(0)
Disposal of treasury shares								10
Net changes in items other than shareholders' equity	(63)	(0)	115	11	62	173	45	282
Total changes during period	(63)	(0)	115	11	62	173	45	1,324
Balance at end of period	555	—	146	(20)	681	740	251	52,413

(4) Consolidated Statements of Cash Flows

(millions of yen)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	19,404	5,412
Depreciation	1,945	1,997
Increase (decrease) in retirement benefit liability	74	56
Increase (decrease) in provision for bonuses	51	71
Share-based payment expenses	177	173
Interest and dividend income	(35)	(62)
Interest expenses	45	44
Foreign exchange losses (gains)	(544)	(959)
Decrease (increase) in trade receivables	(7,402)	4,448
Decrease (increase) in accounts receivable - other	(99)	(1,179)
Decrease (increase) in inventories	(1,082)	(3,877)
Increase (decrease) in trade payables	(1,608)	238
Increase (decrease) in accounts payable - other	3,033	(2,401)
Increase (decrease) in accrued consumption taxes	(120)	(312)
Increase (decrease) in income taxes payable	236	(417)
Increase (decrease) in contract liabilities	—	417
Other, net	(2,257)	(887)
Subtotal	11,817	2,762
Interest and dividends received	35	62
Interest paid	(45)	(46)
Income taxes refund (paid)	(2,517)	(8,279)
Net cash provided by (used in) operating activities	9,289	(5,500)
Cash flows from investing activities		
Payments into time deposits	(300)	—
Proceeds from withdrawal of time deposits	300	—
Proceeds from sale and redemption of securities	—	259
Purchase of property, plant and equipment	(11,333)	(7,654)
Proceeds from subsidy income	8,167	—
Purchase of intangible assets	(74)	(906)
Purchase of shares of subsidiaries and associates	—	(6,717)
Other, net	(9)	15
Net cash provided by (used in) investing activities	(3,250)	(15,002)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	3,000
Proceeds from long-term borrowings	750	4,750
Repayments of long-term borrowings	(750)	(3,050)
Repayments of lease liabilities	(20)	(22)
Net decrease (increase) in treasury shares	10	10
Dividends paid	(2,169)	(2,739)
Net cash provided by (used in) financing activities	(2,179)	1,948
Effect of exchange rate change on cash and cash equivalents	612	1,099
Net increase (decrease) in cash and cash equivalents	4,472	(17,454)
Cash and cash equivalents at beginning of period	26,260	30,733
Cash and cash equivalents at end of period	30,733	13,278

(5) Notes to Consolidated Financial Statements

(Notes on premises as a going concern)

No corresponding item existed.

(Changes in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Implementation Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Accounting Standard Implementation Guidance”) from the beginning of 1Q FY2022 (April 1, 2022 to June 30, 2022). In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance, the Company will prospectively apply the new accounting policies set forth in the Fair Value Measurement Accounting Standard Implementation Guidance. This will have no impact on the consolidated financial statements.

(Concerning consolidated statements of income)

*Loss on cancellation of contracts

FY2021 (April 1, 2021 to March 31, 2022)

In May 2021, we terminated an agreement concluded for first right of refusal pertaining to certain products currently in the preclinical stage of development upon mutual agreement of the parties.

This resulted in a loss on cancellation of contracts.

(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, net income per share and diluted net income per share for the year and others are as described below.

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
(1) Net asset per share (yen)	406.57	412.11
(Bases for calculations)		
Total net assets in the consolidated balance sheet (millions of yen)	51,089	52,413
Net assets associated with common shares (millions of yen)	50,316	51,421
Breakdown of major differences (millions of yen)		
Stock acquisition rights	567	740
Non-controlling interests	205	251
Number of common shares outstanding (shares)	129,686,308	129,686,308
Number of shares of treasury stock (common shares)	5,929,344	4,910,773
Number of common shares used for calculations of net asset per share (shares)	123,756,964	124,775,535

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
(2) Net income per share (yen)	117.26	30.35
(Bases for calculations)		
Net income attributable to owners of parent in the Consolidated Statements of Income (millions of yen)	14,507	3,772
Amount not attributable to common shares (millions of yen)	—	—
Net income attributable to owners of parent associated with common shares (millions of yen)	14,507	3,772
Average number of common shares outstanding (shares)	123,720,398	124,307,714
(3) Diluted net income per share (yen)	116.80	30.22
(Bases for calculations)		
Adjustment to net income attributable to owners of parent (millions of yen)	—	—
Major breakdown of increased number of common shares used for calculations of diluted net income per share (shares)		
Stock acquisition rights	488,821	530,608
Increased number of common shares (shares)	488,821	530,608
Outline of dilutive shares which were not included in the calculation of "Diluted net income 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 net income 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 net income per share were 349,666 shares for the previous consolidated accounting year, and 331,246 shares for the current consolidated accounting year, and the number of the said treasury shares excluded for calculations of net asset per share was 343,600 shares for the previous consolidated accounting year and 324,900 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)	Preclinical	Mucopolysaccharidosis III-A (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 III-B (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-401X Somatropin (rDNA origin)	Application filed	SHOX deficiency
		Expanded indication for GROWJECT®
JR-142 Long-acting Growth hormone (rDNA origin)	Clinical Phase II trial	Pediatric Growth hormone deficiency
		ERT J-MIG System®

(Note) ERT= Enzyme Replacement Therapy

Allogeneic regenerative medical product

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