

**Financial Summary**  
**Consolidated Financial Results for the Year ended June 30, 2021 (FY2021)**  
**(Japanese standard)**

July 29, 2021

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 Ashida  
Person in charge of inquires: (Title) Corporate Officer, Executive Director, Administration Division  
(Name) Yutaka Honda TEL: 0797(32)1995  
Scheduled date to file quarterly report: August 12, 2021  
Scheduled date to commence dividend payments: -  
Preparation of supplemental information for this financial summary: None  
IR Conference: None

(Fractions smaller than one million yen omitted)

## 1. Consolidated Financial Results for 1Q FY2021 (April 1, 2021 to June 30, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three Months Ended								
June 30, 2021	9,813	89.4	2,984	280.3	3,000	247.6	1,532	99.8
June 30, 2020	5,181	0.5	784	70.2	862	84.8	767	107.4

(Reference) Comprehensive income: Three months ended June 30, 2021: 1,476 million yen (92.3%)

Three months ended June 30, 2020: 767 million yen (215.2%)

	Earnings per Share (basic)		Earnings per Share (diluted)	
	yen		yen	
Three Months Ended				
June 30, 2021	12.40		12.34	
June 30, 2020	6.22		6.19	

(Note) We conducted a 4-for-1 stock split on October 1, 2020. Calculations of "Earnings per share (basic)" and "Earnings per share (diluted)" are based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

## (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
AS of	million yen	million yen	%
June 30, 2021	76,262	39,113	50.4
March 31, 2021	73,784	38,557	51.3

(Reference) Shareholders' equity: As of Jun. 30, 2021: 38,404 million yen

As of Mar. 31, 2021: 37,864 million yen

## 2. Dividends

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
	yen	yen	yen	yen	yen
FY2020	—	18.00	—	7.50	—
FY2021	—				
FY2021 (Forecast)		8.00	—	8.00	16.00

(Notes) 1. No revisions were made to the most recently announced dividend forecast.

2. We conducted a 4-for-1 stock split on October 1, 2020. The year-end dividend per share shown for the fiscal year ended March 31, 2021 reflects the impact of this stock split, and the annual dividend is presented as "—". If the stock split is assumed to have been implemented at the beginning of the previous fiscal year, the 2nd quarter-end dividend per share for the fiscal year ended March 31, 2021 would be 4.50 yen and the annual dividend per share would be 12.00 yen.

2. Breakdown of the year-end dividend for the fiscal year ended March 31, 2021

Ordinary dividend: 7.00 yen

Commemorative dividend: 0.50 yen

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending									
March 31, 2022	49,000	62.9	18,700	126.1	18,700	120.3	13,300	92.9	107.68

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

## \*Note

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

(Note) For details, please refer to “2. Quarterly consolidated financial statements and important notes, (3) Notes to quarterly consolidated financial statements, (Changes in accounting policy)” on page 9 of the attached material.

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

1. Number of outstanding shares as of the end of the period (including treasury stock)	As of June 30, 2021	129,686,308 shares	As of March 31, 2021	129,686,308 shares
2. Number of treasury stock as of the end of the period	As of June 30, 2021	6,060,744 shares	As of March 31, 2021	6,071,644 shares
3. Average number of shares during the period (quarterly cumulative amount)	As of June 30, 2021	123,623,198 shares	As of June 30, 2020	123,324,858 shares

(Note) We conducted a 4-for-1 stock split on October 1, 2020. Calculations for "Average number of shares during the period" are based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

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

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

(Note on forward-looking statements, etc.)

Forward-looking statements, such as forecasts of financial results, contained in this document are based on information currently available to the Company and certain assumption that are judged as rational. The Company does not assure the achievement of these forecasts. In addition, actual financial results may differ significantly from forecasts due to various reasons. For assumptions underlying forecasts of financial results and notes regarding the appropriate use of forecasts of financial results, please refer to “1. Qualitative information for quarterly financial statements, (3) Explanation on projections such as forecasts of consolidated financial results” on page 4 of the attached material.

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## 1. Qualitative information for quarterly financial statements

## (1) Explanation on financial results

## [1] Financial results for 1Q FY2021

Net sales amounted to 9,813 million yen (up 89.4% year on year).

Sales of our mainstay products, such as our recombinant human growth hormone product GROWJECT®, increased year on year due to an increase in sales volume, despite an NHI price revision in April 2021.

In addition, total net sales rose year on year as a result of sales launches for stock solution for AstraZeneca K.K.'s COVID-19 vaccine and IZCARGO® for I.V. infusion 10mg, which was added to the NHI price list in May 2021.

Profits increased year on year at every level, with operating income of 2,984 million yen (up 280.3%), ordinary income of 3,000 million yen (up 247.6%), and quarterly profit attributable to owners of parent of 1,532 million yen (up 99.8%).

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 contract termination of 1,000 million yen, which has been recorded as an extraordinary loss.

As a result of proactive R&D activities, R&D expenses totaled 1,754 million yen (up 620 million yen, or 54.7%, year on year).

	Previous quarterly consolidated results (cumulative) (April 1, 2020 to June 30, 2020)	Current quarterly consolidated results (cumulative) (April 1, 2021 to June 30, 2021)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Net sales	5,181	9,813	89.4
Operating income	784	2,984	280.3
Ordinary income	862	3,000	247.6
Profit attributable to owners of the parent	767	1,532	99.8

## [2] Main components of sales

	Previous quarterly consolidated results (cumulative) (April 1, 2020 to June 30, 2020)	Current quarterly consolidated results (cumulative) (April 1, 2021 to June 30, 2021)	Rate of change
	Amount (million yen)	Amount (million yen)	%
Human growth hormone product <b>GROWJECT®</b>	3,302	3,311	0.3
Regenerative medical products <b>TEMCELL® HS Inj.</b>	235	813	244.6
Treatment for renal anemia <b>Epoetin Alfa BS Inj. [JCR]</b>	1,508	1,603	6.3
<b>Darbepoetin Alfa BS Inj. [JCR]</b>	903	644	(28.7)
	604	958	58.5
Treatment for Fabry disease <b>Agalsidase Beta BS I.V. Infusion [JCR]</b>	112	154	37.4
Treatment for mucopolysaccharidosis type II <b>IZCARGO® for I.V. Infusion</b>	—	224	—
AZD1222 stock solution	—	3,671	—
Income from contractual payment	10	10	0.0

## [3] Status of R&amp;D

## [Treatments for lysosomal storage disorders]

- In treatments for lysosomal storage disorders, a priority field for development, we are currently conducting development of new drugs that employ our unique blood-brain barrier (BBB) technology, J-Brain Cargo®
- For pabinafusp alfa (development code: JR-141/ IZCARGO® for I.V. infusion 10mg), our BBB-penetrating product for the treatment of patients with Hunter syndrome, we commenced sales in Japan in May 2021. Furthermore, we filed for marketing approval of JR-141 in Brazil with the Brazilian Health Regulatory Agency (ANVISA) in December 2020. In other regions, JR-141 received orphan drug designation from the U.S. Food and Drug Administration (FDA) in October 2018 and the European Medicines Agency (EMA) in February 2019. Moreover, in February 2021, JR-141 received FDA Fast Track designation along with approval to begin a Phase III clinical trial. In addition to the U.S., we are preparing to start studies in Brazil and Europe as a global clinical trial.
- For our BBB-penetrating product candidate for the treatment of patients with mucopolysaccharidosis type I (MPS I) (development code: JR-171), we started a Phase I/II clinical trial in Japan and Brazil in October 2020 as our first global clinical trial, and received approval to begin clinical trials in the U.S. JR-171 received orphan drug designation from the U.S. Food and Drug Administration (FDA) in February 2021 and the European Medicines Agency (EMA) in March 2021
- 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 Sanfilippo syndrome type A (development code: JR-441), a treatment for Sly syndrome (development code: JR-443), and a treatment for Sanfilippo syndrome type B (development code: JR-446). We will also develop each of these treatments globally.

## [Regenerative medicine products]

- In July 2019, we commenced Phase I/II clinical trial of TEMCELL® HS Inj. for the additional indication of neonatal hypoxic ischemic encephalopathy (HIE) (development code: JR-031HIE).
- In February 2019, we commenced Phase I/II clinical trial of an allogeneic regenerative medical product using dental pulp stem cells (DPCs) for the indication of acute cerebral infarction with Teijin Limited.(development code: JTR-161/JR-161).

## [Human growth hormone product]

- In July 2018, we started a Phase III clinical trial for an additional indication for GROWJECT® in patients with short stature homeobox-containing gene (SHOX) deficiency.
- In March 2021, we initiated a Phase II clinical trial of a recombinant long-acting growth hormone (development code: JR-142).

(2) Explanation on financial status

As of June 30, 2021, total assets amounted to 76,262 million yen (an increase of 2,477 million yen from March 31, 2021), total liabilities were 37,149 million yen (an increase of 1,921 million yen), and net assets were 39,113 million yen (an increase of 555 million yen).

Current assets increased by 2,677 million yen from March 31, 2021 to 51,223 million yen, mainly due to increases in notes and accounts receivable-trade and inventories, which were partly offset by a decrease in cash and deposit. Non-current assets decreased by 199 million yen to 25,039 million yen, mainly due to a decrease in investment securities.

Current liabilities increased by 1,920 million yen from March 31, 2021 to 30,949 million yen, mainly due to an increase in Special suspense account for tax purpose reduction entry, which was partly offset by a decrease in income taxes payable. Non-current liabilities totaled 6,199 million yen, on par with the level at March 31, 2021.

Net assets increased by 555 million yen from March 31, 2021 to 39,113 million yen, mainly due to the recording of profit attributable to owners of parent, despite the payment of dividends.

As a result, the equity ratio was 50.4% as of June 30, 2021, a decrease of 0.9 of a percentage point from March 31, 2021.

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. Accordingly, we have 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.

(3) Explanation on projections such as forecasts of consolidated financial results

Looking at consolidated financial results for the three months ended June 30, 2021, sales and profits increased year on year in line with our initial forecasts. Accordingly, there have been no changes to the forecasts for the fiscal year ending March 31, 2022 announced on May 13, 2021.

## 2. Quarterly consolidated financial statements and important notes

## (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	26,260	24,266
Notes and accounts receivable - trade	8,183	11,071
Merchandise and finished goods	1,367	1,376
Work in process	3,538	5,131
Raw materials and supplies	8,649	8,686
Other	546	690
Total current assets	48,545	51,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,295	6,311
Land	7,663	7,663
Construction in progress	841	919
Other, net	2,371	2,305
Total property, plant and equipment	17,172	17,200
Intangible assets		
Patent right	2,988	2,919
Other	244	262
Total intangible assets	3,232	3,181
Investments and other assets		
Investment securities	2,572	2,447
Other	2,266	2,214
Allowance for doubtful accounts	△4	△4
Total investments and other assets	4,833	4,657
Total non-current assets	25,238	25,039
Total assets	73,784	76,262
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,932	2,526
Short-term borrowings	12,850	12,850
Income taxes payable	2,646	482
Special suspense account for tax purpose reduction entry	3,828	8,174
Provision for bonuses	850	1,376
Provision for bonuses for directors (and other officers)	63	88
Other	5,855	5,449
Total current liabilities	29,028	30,949
Non-current liabilities		
Bonds payable	500	500
Long-term borrowings	4,750	4,750
Provision for employee stock ownership plan	62	56
Retirement benefit liability	798	802
Other	88	91
Total non-current liabilities	6,199	6,199
Total liabilities	35,227	37,149

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	9,061	9,061
Capital surplus	10,941	10,941
Retained earnings	20,904	21,511
Treasury shares	△3,685	△3,679
Total shareholders' equity	37,222	37,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	691	598
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	△18	△0
Remeasurements of defined benefit plans	△31	△28
Total accumulated other comprehensive income	641	569
Share acquisition rights	517	517
Non-controlling interests	174	190
Total net assets	38,557	39,113
Total liabilities and net assets	73,784	76,262



(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
(Quarterly consolidated statements of income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	5,181	9,813
Cost of sales	1,532	2,124
Gross profit	3,648	7,688
Selling, general and administrative expenses		
Total selling, general and administrative expenses	2,864	4,704
Operating profit	784	2,984
Non-operating income		
Interest income	1	1
Dividend income	11	16
Gain on sale of securities	6	10
Foreign exchange gains	64	2
Other	7	5
Total non-operating income	92	35
Non-operating expenses		
Interest expenses	8	10
Commission expenses	4	3
Other	1	5
Total non-operating expenses	14	19
Ordinary profit	862	3,000
Extraordinary income		
Reversal of provision for loss on guarantees	6	—
Reversal of allowance for doubtful accounts	19	—
Total extraordinary income	25	—
Extraordinary losses		
Loss on disposal of non-current assets	3	0
Loss on cancellation of contracts	—	※ 1,000
Other	—	0
Total extraordinary losses	3	1,000
Profit before income taxes	885	1,999
Income taxes - current	206	383
Income taxes - deferred	△91	79
Total income taxes	115	463
Profit	770	1,536
Profit attributable to non-controlling interests	3	3
Profit attributable to owners of parent	767	1,532

## (Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	770	1,536
Other comprehensive income		
Valuation difference on available-for-sale securities	1	△92
Deferred gains or losses on hedges	—	△0
Foreign currency translation adjustment	△9	30
Remeasurements of defined benefit plans, net of tax	5	2
Total other comprehensive income	△2	△59
Comprehensive income	767	1,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	766	1,460
Comprehensive income attributable to non-controlling interests	1	15

## (3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

None

(Notes on any significant changes in the amount of shareholders' equity)

None

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Accounting Standards"), etc. from the beginning of 1Q FY2021 (April 1, 2021 to June 30, 2021), and recognizes revenue as the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to the customer.

As a result, a portion of commission expenses previously recorded in selling, general and administrative expenses has been deducted from net sales. In addition, a portion of sales promotion expenses previously recorded in the net amount has been included in net sales and cost of sales.

In applying the Revenue Recognition Accounting Standards, etc., the Company follows the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards. The cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of 1Q FY2021 has been added to or subtracted from retained earnings at the beginning of 1Q FY2021, and the new accounting policy has been applied from the beginning balance of that period. However, the Company has applied the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standards, and accordingly the new accounting policy has not been applied to contracts for which nearly the entire amount of revenue had been recognized prior to 1Q FY2021.

The resulting effects on the consolidated financial results for 1Q FY2021 are as follows: a 16 million yen increase in net sales, a 72 million yen increase in cost of sales, a 56 million yen decrease in selling, general and administrative expenses, and no impact on operating income, ordinary income, or profit before income taxes. In addition, there was no impact on the balance of retained earnings at the beginning of 1Q FY2021.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Accounting Standards") from the beginning of 1Q FY2021 (April 1, 2021 to June 30, 2021). In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standards and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies set forth in the Fair Value Measurement Accounting Standards, etc. at a future date. This has no impact on the quarterly consolidated financial statements.

(Concerning quarterly consolidated statements of income)

\* Loss on cancellation of contracts

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 contract.