

**Financial Summary**  
**Consolidated Financial Results for the Year ended March 31, 2022 (FY2021)**  
**(Japanese standard)**

May 12, 2022

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 inquires: (Title) Corporate Officer, Executive Director, Administration Division  
(Name) Yutaka Honda TEL: 0797(32)1995

Scheduled date to hold the ordinary general meeting of shareholders: June 22, 2022

Scheduled date to commence dividend payments: June 23, 2022

Scheduled date to file the Securities Report: June 22, 2022

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

## (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, 2022	51,082	69.8	19,933	141.1	20,512	141.6	14,507	110.5
March 31, 2021	30,085	21.4	8,269	154.9	8,488	157.7	6,892	157.4

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

Year ended March 31, 2021: 6,841 million yen (173.1%)

Year ended	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary profit to total assets	Operating income to Net sales
	yen	yen	%	%	%
March 31, 2022	117.26	116.80	32.9	24.0	39.0
March 31, 2021	55.81	55.53	19.8	14.0	27.5

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

For the year ended March 31, 2022 -- million yen For the year ended March 31, 2021 -- million yen

(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

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	million yen	million yen	%	yen
March 31, 2022	97,134	51,089	51.8	406.57
March 31, 2021	73,784	38,557	51.3	306.31

(Reference) Shareholders' equity: As of March 31, 2022: 50,316 million yen

As of March 31, 2021: 37,864 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, 2022	9,289	(3,250)	(2,179)	30,733
March 31, 2021	10,341	(3,290)	8,304	26,260

## 2. Dividends

	Dividends per share					Total annual dividends (total)	Dividend pay-out ratio (consolidated)	Dividends on net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2020	—	18.00	—	7.50	—	1,487	21.5	4.3
FY2021	—	10.00	—	12.00	22.00	2,730	18.8	6.2
FY2022 (Forecast)	—	10.00	—	10.00	20.00		24.0	

(Notes) 1. We conducted a 4-for-1 stock split on October 1, 2020. The presented year-end dividend per share 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. 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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	45,000	(11.9)	14,500	(27.3)	14,500	(29.3)	10,300	(29.0)	83.25

## \*Note

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes and revisions/restatements in accounting principles and accounting estimates

1. Changes associated with changes in accounting standards : Yes

2. Changes in accounting principles other than 1. : None

3. Changes in accounting estimates : None

4. Revisions/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, 2022	129,686,308 shares	As of March 31, 2021	129,686,308 shares
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2. Number of shares treasury stock at the end of the period

As of March 31, 2022	5,929,344 shares	As of March 31, 2021	6,071,644 shares
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3. Average number of shares outstanding during the period

As of March 31, 2022	123,720,398 shares	As of March 31, 2021	123,517,401 shares
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(Note) We conducted a 4-for-1 stock split on October 1, 2020. Calculation for “Average number of shares during the period” is based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

## (Reference) Summary of Individual Business Results

1. Individual Business Results for FY2021 (From April 1, 2021 to March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Net income for the year	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended								
March 31, 2022	51,081	69.8	20,137	133.0	20,425	137.7	14,446	104.0
March 31, 2021	30,085	21.7	8,641	162.8	8,594	157.1	7,081	158.3

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen	Yen	Yen	Yen
Year ended				
March 31, 2022	116.77		116.31	
March 31, 2021	57.33		57.05	

(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) Individual Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
Year ended	million yen	million yen	%	yen
March 31, 2022	97,033	50,939	51.9	407.02
March 31, 2021	73,727	38,546	51.6	307.64

(Reference) Shareholders' equity; As of March 31, 2022: 50,371 million yen  
As of March 31, 2021: 38,028 million yen

\* There 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 on 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 51,082 million yen (up 69.8% 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 2021. Total net sales of our mainstay products increased 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.

The sharp increase in net sales also reflected a year on year rise in income from contractual payments and domestic production of bulk solution for its COVID-19 vaccine of AstraZeneca K.K.

On the profit front, gross profit increased (up 82.4% year on year) on the back of higher sales revenues, while SG&A expenses also rose 47.7%. As a result, operating income increased 141.1% year on year to 19,933 million yen, ordinary income increased 141.6% year on year to 20,512 million yen, and profit attributable to owners of the parent increased 110.5% year on year to 14,507 million yen; all new record highs.

As a result of proactive R&D activities and development activities in line with progress on clinical trials, R&D expenses totaled 7,175 million yen (up 1,815 million yen, or 33.9%, year on year).

In September 2021, JCR and Takeda Pharmaceutical Company Limited concluded an agreement to promote collaboration and commercialization of JR-141 in specific regions. JR-141 is a next-generation therapy for Hunter syndrome. With this agreement, the JCR Group has taken a further step toward becoming a global specialty pharma in the rare disease arena.

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Increase-decrease rate
	Amount (millions of yen)	Amount (millions of yen)	%
Net sales	30,085	51,082	69.8
Operating income	8,269	19,933	141.1
Ordinary income	8,488	20,512	141.6
Profit attributable to owners of the parent	6,892	14,507	110.5

## [2] Main components of sales

Name of business segment	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Increase-decrease ratio
	Amount (millions of yen)	Amount (millions of yen)	%
Human growth hormone product <b>GROWJECT®</b>	13,256	12,945	(2.3)
Treatment for mucopolysaccharidosis type II <b>IZCARGO® for I.V. Infusion</b>	—	3,003	—
Treatment for renal anemia <b>Epoetin Alfa BS Inj. [JCR]</b> <b>Darbepoetin Alfa BS Inj. [JCR]</b>	7,087 3,278 3,809	5,875 2,876 2,998	(17.1) (12.2) (21.3)
Regenerative medical products <b>TEMCELL® HS Inj.</b>	2,441	3,497	43.2
Treatment for Fabry disease <b>Agalsidase Beta BS I.V. Infusion [JCR]</b>	470	711	51.3
Income from contractual payment	6,406	10,571	65.0
AZD1222 stock solution	404	14,375	3,458.3

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

## [3] The Status of R&amp;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<sup>®</sup>, as treatments for over 17 types of lysosomal storage disorders.
- Pabinafusp alfa (development code: JR-141/ IZCARGO<sup>®</sup> for I.V. infusion 10mg), our BBB-penetrating product for the treatment of patients with Hunter syndrome launched 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 Fast Track (\*1) designation from the U.S. Food and Drug Administration (FDA) in February 2021, and PRIME (\*2) designation from the European Medicines Agency (EMA) in October 2021. Moreover, in February 2022, the first patient was dosed in a global Phase III clinical trial of JR-141.
- For our BBB-penetrating product candidate for the treatment of patients with mucopolysaccharidosis type I (MPS I) (development code: JR-171), we are currently conducting a Phase I/II clinical trial in Japan, Brazil, and the U.S., and completed scheduled patient enrollment in March 2022. JR-171 received orphan drug designation from the FDA in February 2021 and from the European Commission (EC) in March 2021. Additionally, JR-171 received Fast Track designation from the FDA in September 2021. This designation is expected to expedite clinical development in the U.S. and to enable priority review and accelerated approval.
- A treatment enzyme formulation for mucopolysaccharidosis III-A (Sanfilippo syndrome type A) (development code: JR-441) was granted orphan drug status by the European Commission (EC) in January 2022, enabling receipt of various incentives to promote development within the European Union (EU). Efforts are currently moving ahead toward starting a global clinical trial in the first half of 2023.
- We have also been successively conducting R&D into other treatments for lysosomal storage disorders that employ J-Brain Cargo<sup>®</sup>, including a treatment for Pompe disease (development code: JR-162), a treatment for Sly syndrome (development code: JR-443), and a treatment for Sanfilippo syndrome type B (JR-446). We will also develop each of these treatments globally. In March 2022, we resolved to embark on development of a GM2 gangliosidosis treatment (development code: JR-479).
- Furthermore, as noted above, in March 2022 we signed a joint research and development agreement with Takeda Pharmaceutical Company Limited, concerning application of our J-Brain Cargo<sup>®</sup> technology in the treatment of several types of lysosomal storage disorders. This marks the first step toward demonstrating that our J-Brain Cargo<sup>®</sup> technology can be applied to various modalities.

## [Regenerative medicine products]

- We are conducting a Phase I/II clinical trial of TEMCELL<sup>®</sup> HS Inj. for the additional indication of neonatal hypoxic ischemic encephalopathy (HIE) (development code: JR-031HIE).
- 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]

- We are conducting a Phase III clinical trial for an additional indication for GROWJECT<sup>®</sup> 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).

## \*1 FDA Fast Track Designation

The FDA Fast Track is a process designed to facilitate the development, and expedite the review of drugs to treat serious conditions and fill an unmet medical need. The purpose is to enable early delivery of important new drugs to the patients. A drug that receives Fast Track designation may be allowed more frequent meetings with the FDA to discuss the drug's development plan, followed by priority review and an accelerated approval when relevant criteria are met.

## 2 EMA PRIME (PRiority MEdicines) Designation

PRIME is a scheme launched by the European Medicines Agency (EMA) to enhance support for the development of medicines that target an unmet medical need. Through PRIME, EMA offers early and proactive support to medicine developers to enable accelerated assessment of medicines applications and may grant eligibility for accelerated assessment.

## [4] Forecast for the next term

Forecast for the next consolidated financial results are as follows.

	Current year actuals (Year ended March 2022)	Forecast for the next year (Year ended March 2023)	Increase or decrease	Increase-decrease rate
Net sales (millions of yen)	51,082	45,000	(6,082)	(11.9) %
Operating income (millions of yen)	19,933	14,500	(5,433)	(27.3) %
Ordinary income (millions of yen)	20,512	14,500	(6,012)	(29.3) %
Profit attributable to owners of the parent (millions of yen)	14,507	10,300	(4,207)	(29.0) %

(Net sales)

We anticipate an increase in sales through steady growth of sales volume of IZCARGO® for Hunter syndrome, and will continue to engage proactively in licensing operations. Although we forecast a 11.9% decrease in sales year on year to 45,000 million yen for the Group overall due to the completion of the contract to manufacture AstraZeneca K.K.'s COVID-19 vaccine solution in Japan, we project continued growth in sales of core products including GROWJECT® in the current fiscal year.

(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. In addition to an increase in R&D expenses, we also forecast a decrease in sales following completion of the contract with AstraZeneca K.K. to carry out domestic production of the COVID-19 vaccine bulk solution, and an associated fall in gross profit. We accordingly anticipate operating income of 14,500 million yen (down 27.3% year on year), ordinary income of 14,500 million yen (down 29.3% year on year), and profit attributable to owners of parent of 10,300 million yen (down 29.0% year on year).

## (2) Overview of Financial Conditions

### [1] Status of assets, liabilities and net assets

As of March 31, 2022, total assets amounted to 97,134 million yen (an increase of 23,349 million yen from March 31, 2021), total liabilities were 46,045 million yen (an increase of 10,817 million yen from March 31, 2021), and net assets were 51,089 million yen (an increase of 12,531 million yen from March 31, 2021).

Current assets increased by 13,642 million yen from March 31, 2021 to 62,188 million yen, mainly due to increases in cash and deposits and notes and accounts receivable – trade, and contract assets. Non-current assets increased by 9,707 million yen from March 31, 2021 to 34,946 million yen, mainly due to an increase in property, plant and equipment.

Current liabilities increased by 13,025 million yen from March 31, 2021 to 42,054 million yen, mainly reflecting an increase in income taxes payable and special suspense account for tax purpose reduction entry. Non-current liabilities decreased by 2,208 million yen from March 31, 2021 to 3,990 million yen, mainly due to a decrease in long-term borrowings.

Net assets increased by 12,531 million yen from March 31, 2021 to 51,089 million yen, mainly due to recording profit attributable to owners of the parent, despite the payment of dividends.

As a result, the equity ratio as of March 31, 2022 increased 0.5 percentage points compared with March 31, 2021 to 51.8%.

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 up by 4,472 million yen from the end of the previous consolidated fiscal year to 30,733 million yen. Status of each cash flows and major reasons are as stated below.

(Cash flows from operating activities)

Net cash provided by operating activities in FY2021 was 9,289 million yen (a decrease of 1,052 million yen compared with the previous fiscal year). The main factors were recording of profit before income taxes of 19,404 million yen, which was partly offset by an increase of 7,402 million yen of notes and accounts receivable - trade and 2,517 million yen of income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 3,250 million yen (decrease of 40 million yen in net cash used in the previous fiscal year). The main use of cash was 11,333 million yen for the purchase of property, plant and equipment, which was partly offset by subsidies received of 8,167 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,179 million yen (an increase of 10,483 million yen in net cash used compared with the previous fiscal year). This was mainly attributable to 2,169 million yen in dividends paid.

### (Reference) Changes in indicators related to cash flows

	Year ended March 2018	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022
Equity ratio	70.3%	71.1%	66.6%	51.3%	51.8%
Market base equity ratio	486.2%	472.3%	607.9%	600.6%	287.6%
Ratio of cash flow and interest-bearing debts	1.9 years	1.5 years	1.8 years	1.8 years	2.0 years
Interest coverage ratio	113.0 times	182.4 times	219.0 times	223.7 times	202.9 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.

(3) Basic Policy on the Distribution of Profits/Dividends for FY2021 and FY2022

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

The basic policy of JCR 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 JCR achieved new record high operating results in the fiscal year under review, in accordance with the above basic policy, for the year-end dividend for the fiscal year under review, the Board of Directors resolved at its meeting on May 12, 2022 to pay a dividend of 12 yen per share (including a special dividend of 2 yen per share).

JCR conducted a 4-for-1 stock split of its common shares on October 1, 2020. The annual dividend per share for the fiscal year ended March 31, 2021 is 12 yen based on the assumption that the stock split was conducted at the beginning of the previous fiscal year (April 1, 2020). The annual dividend per share for the fiscal year ended March 31, 2022 is 22 yen (interim dividend of 10 yen and year-end dividend of 12 yen), which is an increase of 10 yen per share from the previous fiscal year.

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, 2023), 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, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposit	26,260	30,733
Notes and accounts receivable - trade, and contract assets	8,183	15,585
Securities	—	244
Merchandise and finished goods	1,367	2,121
Work in process	3,538	5,024
Raw materials and supplies	8,649	7,491
Other	546	986
<b>Total current assets</b>	<b>48,545</b>	<b>62,188</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	6,295	6,086
Machinery, equipment and vehicles, net	1,282	1,308
Land	7,663	10,379
Construction in progress	841	8,019
Other, net	1,088	989
<b>Total property, plant and equipment</b>	<b>17,172</b>	<b>26,782</b>
<b>Intangible assets</b>		
Patent right	2,988	2,711
Other	244	249
<b>Total intangible assets</b>	<b>3,232</b>	<b>2,960</b>
<b>Investments and other assets</b>		
Investment securities	2,572	2,230
Retirement benefit asset	225	213
Deferred tax assets	1,739	2,433
Other	300	330
Allowance for doubtful accounts	(4)	(4)
<b>Total investments and other assets</b>	<b>4,833</b>	<b>5,202</b>
<b>Total non-current assets</b>	<b>25,238</b>	<b>34,946</b>
<b>Total assets</b>	<b>73,784</b>	<b>97,134</b>

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,932	1,324
Short-term loans payable	12,850	15,150
Accounts payable-other	2,295	5,189
Income taxes payable	2,646	5,915
Special suspense account for tax purpose reduction entry	3,828	11,996
Provision for bonuses	850	902
Provision for bonuses for directors	63	102
Other	3,560	1,473
Total current liabilities	29,028	42,054
Non-current liabilities		
Bonds payable	500	500
Long-term borrowings	4,750	2,450
Allowance for employee stock ownership benefits	62	78
Retirement benefit liability	798	870
Other	88	92
Total non-current liabilities	6,199	3,990
<b>Total liabilities</b>	<b>35,227</b>	<b>46,045</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,061	9,061
Capital surplus	10,941	10,994
Retained earnings	20,904	33,241
Treasury shares	(3,685)	(3,600)
Total shareholders' equity	37,222	49,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	691	619
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustments	(18)	30
Remeasurements of defined benefit plans	(31)	(32)
Total accumulated other comprehensive income	641	618
Share acquisition rights	517	567
Non-controlling interests	174	205
<b>Total net assets</b>	<b>38,557</b>	<b>51,089</b>
<b>Total liabilities and net assets</b>	<b>73,784</b>	<b>97,134</b>

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

(millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net sales	30,085	51,082
Cost of sales	7,812	10,461
Gross profit	22,272	40,620
Selling, general and administrative expenses	14,003	20,686
Operating income	8,269	19,933
Non-operating income		
Interest income	7	7
Dividend income	25	28
Foreign exchange gains	206	551
Other	65	68
Total non-operating income	305	656
Non-operating expenses		
Interest expenses	42	45
Commission expenses	11	12
Other	31	18
Total non-operating expenses	85	77
Ordinary income	8,488	20,512
Extraordinary income		
Gain on liquidation of subsidiaries and associates	22	—
Reversal of provision for loss on guarantees	108	—
Reversal of allowance for doubtful accounts	19	—
Reversal of losses related to voluntary recall	19	—
Gains on sale of investment securities	—	0
Total extraordinary income	170	0
Extraordinary losses		
Loss on disposal of non-current assets	5	2
Loss on cancellation of contracts	—	* 1,000
Other	—	105
Total extraordinary losses	5	1,108
Profit before income taxes	8,653	19,404
Income taxes – current	2,836	5,549
Income taxes – deferred	(1,072)	(663)
Total income taxes	1,764	4,886
Profit	6,888	14,517
Profit (loss) attributable to non-controlling interests	(4)	10
Profit attributable to owners of parent	6,892	14,507

## (Consolidated Statements of Comprehensive Income)

(millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Profit	6,888	14,517
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(71)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(162)	68
Remeasurements of defined benefit plans, net of tax	7	(0)
Total other comprehensive income	(47)	(3)
Comprehensive income	6,841	14,514
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,855	14,483
Comprehensive income attributable to non-controlling interests	(14)	31

(3) Consolidated Statements of Changes in Net Assets FY2020  
(From April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	9,061	10,891	15,039	(3,865)	31,127
Changes during period					
Dividends of surplus			(1,083)		(1,083)
Profit attributable to owners of parent			6,892		6,892
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		49		181	230
Purchase of shares of consolidated subsidiaries		1	55		56
Net changes in items other than shareholders' equity					
Total changes during period	—	50	5,865	180	6,095
Ending balance	9,061	10,941	20,904	(3,685)	37,222

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	583	—	134	(39)	679	584	189	32,579
Changes during period								
Dividends of surplus								(1,083)
Profit attributable to owners of parent								6,892
Purchase of treasury shares								(0)
Disposal of treasury shares								230
Purchase of shares of consolidated subsidiaries								56
Net changes in items other than shareholders' equity	107	0	(152)	7	(37)	(66)	(14)	(118)
Total changes during period	107	0	(152)	7	(37)	(66)	(14)	5,977
Ending balance	691	0	(18)	(31)	641	517	174	38,557

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
Beginning balance	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
Net changes in items other than shareholders' equity					—
Total changes during period	—	53	12,336	85	12,475
Ending balance	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			
Beginning balance	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
Net changes in items other than shareholders' equity	(71)	0	48	(0)	(23)	49	30	56
Total changes during period	(71)	0	48	(0)	(23)	49	30	12,531
Ending balance	619	0	30	(32)	618	567	205	51,089

## (4) Consolidated Statements of Cash Flows

(millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,653	19,404
Depreciation	1,892	1,945
Increase (decrease) in provision for loss on guarantees	(108)	—
Increase (decrease) in retirement benefit liability	74	74
Increase (decrease) in provision for bonuses	137	51
Share-based payment expenses	149	177
Interest and dividend income	(33)	(35)
Interest expenses	42	45
Foreign exchange losses (gains)	(140)	(544)
Decrease (increase) in trade receivables	(205)	(7,402)
Decrease (increase) in accounts receivable-other	1	(99)
Decrease (increase) in inventories	(4,699)	(1,082)
Increase (decrease) in trade payables	2,253	(1,608)
Increase (decrease) in accounts payable-other	202	3,033
Increase (decrease) in accrued consumption taxes	175	(120)
Increase (decrease) in advances received	2,493	(1,877)
Other, net	265	(143)
<b>Subtotal</b>	<b>11,156</b>	<b>11,817</b>
Interest and dividends received	39	35
Interest paid	(46)	(45)
Income taxes refund (paid)	(807)	(2,517)
<b>Net cash provided by (used in) operating activities</b>	<b>10,341</b>	<b>9,289</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(300)	(300)
Proceeds from withdrawal of time deposits	345	300
Proceeds from sale and redemption of securities	239	—
Purchase of property, plant and equipment	(4,780)	(11,333)
Subsidies received	3,892	8,167
Purchase of patent	(2,747)	—
Purchase of investment securities	(91)	—
Other, net	152	(84)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,290)</b>	<b>(3,250)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowing	8,320	—
Proceeds from long-term borrowing	1,250	750
Repayments of long-term borrowing	(650)	(750)
Proceeds from issuance of bonds	500	—
Repayments of lease liabilities	(47)	(20)
Net decrease (increase) in treasury shares	13	10
Dividends paid	(1,083)	(2,169)
Other, net	1	—
<b>Net cash provided by (used in) financing activities</b>	<b>8,304</b>	<b>(2,179)</b>
Effect of exchange rate change on cash and cash equivalents	(22)	612
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,332</b>	<b>4,472</b>
Cash and cash equivalents at beginning of period	10,928	26,260
<b>Cash and cash equivalents at end of period</b>	<b>26,260</b>	<b>30,733</b>

(5) Notes to Consolidated Financial Statements

(Notes on premises as a going concern)

No corresponding item existed.

(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 FY2021, 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 Accounting Standard for Revenue Recognition, etc., the Company follows the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of FY2021 has been added to or subtracted from retained earnings at the beginning of FY2021, and the new accounting policy has been applied from the beginning balance of FY2021.

As a result, the consolidated financial results for FY2021 are as follows: a 57 million yen increase in net sales, a 280 million yen increase in cost of sales, a 223 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 the fiscal year under review.

Due to the application of these accounting standards, notes and accounts receivable – trade under current assets in the consolidated balance sheets of the previous fiscal year have been reclassified as notes and accounts receivable – trade, and contract assets from the fiscal year under review.

(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 FY2021. 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 consolidated financial statements.

(Concerning 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 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, 2021	Fiscal year ended March 31, 2022
(1) Net asset per share (yen)	306.31	406.57
(Bases for calculations)		
Total net assets in the consolidated balance sheet (millions of yen)	38,557	51,089
Net assets associated with common shares (millions of yen)	37,864	50,316
Breakdown of major differences (millions of yen)		
Stock acquisition rights	517	567
Non-controlling interests	174	205
Number of common shares outstanding (shares)	129,686,308	129,686,308
Number of shares of treasury stock (common shares)	6,071,644	5,929,344
Number of common shares used for calculations of net asset per share (shares)	123,614,664	123,756,964

Item	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
(2) Net income per share (yen)	55.81	117.26
(Bases for calculations)		
Net income per share attributable to owners of the parent in the Consolidated Statements of Income (millions of yen)	6,892	14,507
Amount not attributable to common shares (millions of yen)	—	—
Net income attributable to owners of the parent associated with common shares (millions of yen)	6,892	14,507
Average number of common shares outstanding (shares)	123,517,401	123,720,398
(3) Diluted net income per share (yen)	55.53	116.80
(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	615,252	488,821
Increased number of common shares (shares)	615,252	488,821
Outline of dilutive shares which were not included in the calculation of "Diluted net income attributable to owners of the parent per share" because they are antidilutive for the each period.	—	—

(Notes) 1. 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 371,366 shares for the previous fiscal year, and 349,666 shares for the current fiscal year, and the number of the said treasury shares excluded for calculations of net asset per share was 363,900 shares for the previous fiscal year and 343,600 shares for the current fiscal year.

2. We conducted a 4-for-1 stock split on October 1, 2020. Calculations of "Net assets per share," "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.

## (Important Subsequent Events)

No corresponding item existed.

4. Other  
R&D Pipeline  
Recombinant drug products

Code Nonproprietary Name	Status	Indication
		Remarks
<b>JR-141</b> BBB-penetrating Iduronate-2-sulfatase (rDNA origin)	Brazil: Filed for Marketing approval	Mucopolysaccharidosis II (Hunter syndrome)
	Global: Phase III	ERT J-Brain Cargo®
<b>JR-171</b> BBB-penetrating acid $\alpha$ -L-Iduronidase (rDNA origin)	Global: Phase I/II	Mucopolysaccharidosis I (Hurler syndrome, etc)
		ERT J-Brain Cargo® J-MIG System®
<b>JR-162</b> J-Brain Cargo® applied acid $\alpha$ -glucosidase (Blood Brain Barrier passage) (rDNA origin)	Japan: Preclinical	Pompe disease
		ERT J-Brain Cargo®
<b>JR-441</b> BBB-penetrating heparan N-sulfatase (rDNA origin)	Japan: Preclinical	Mucopolysaccharidosis III-A (Sanfilippo syndrome type A)
		ERT J-Brain Cargo®
<b>JR-443</b> BBB-penetrating recombinant $\beta$ -glucuronidase (rDNA origin)	Japan: Preclinical	Mucopolysaccharidosis VII (Sly's syndrome)
		ERT J-Brain Cargo®
<b>JR-446</b> BBB-penetrating $\alpha$ -N-acetylglucosaminidase (rDNA origin)	Japan: Preclinical	Mucopolysaccharidosis III-B (Sanfilippo syndrome type B)
		ERT J-Brain Cargo®
<b>JR-479</b> BBB-penetrating $\beta$ -Hexosaminidase A (rDNA origin)	Japan: Preclinical	GM2 gangliosidosis (Tay-Sachs disease, Sandhoff disease)
		ERT J-Brain Cargo®
<b>JR-401X</b> Somatropin (rDNA origin)	Japan: Phase III	SHOX deficiency
		Expanded Indication of GROWJECT®
<b>JR-142</b> Long-acting Growth hormone (rDNA origin)	Japan: Phase II	Growth hormone deficiency dwarfism
		J-MIG System®

(Note) ERT= Enzyme Replacement Therapy

## Allogeneic regenerative medical product

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