

Financial Summary

Consolidated Financial Results for the Year ended March 31, 2020(FY2019)

(Japanese standard)

May 12, 2020

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 inquiries: (Title) Senior Corporate Officer, Executive Director, Administration Division
 (Name) Akihiro Haguchi TEL: 0797(32)1995
 Scheduled date to hold the ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Scheduled date to file the Securities Report: June 24, 2020
 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 FY2019 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2020	24,781	7.0	3,244	(34.7)	3,293	(35.0)	2,678	(27.9)
March 31, 2019	23,160	12.5	4,967	31.3	5,068	31.9	3,715	21.0

(Reference) Comprehensive income: Year ended March 31, 2020: 2,504 million yen ((37.5)%)

Year ended March 31, 2019: 4,008 million yen (32.9%)

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to Net sales
Year ended	yen	yen	%	%	%
March 31, 2020	86.89	86.36	8.6	7.3	13.1
March 31, 2019	120.68	119.96	13.0	12.5	21.4

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

For the year ended March 31, 2020 - million yen For the year ended March 31, 2019 - million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
Year ended	million yen	million yen	%	yen
March 31, 2020	47,775	32,579	66.6	1,031.69
March 31, 2019	42,516	30,874	71.1	982.14

(Reference) Shareholders' equity: As of March 31, 2020: 31,806 million yen

As of March 31, 2019: 30,249 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	million yen	million yen	million yen	million yen
March 31, 2020	4,927	(4,161)	2,048	10,928
March 31, 2019	3,905	240	(917)	8,091

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	%	%
FY2018	-	13.00	-	17.00	30.00	926	24.9	3.2
FY2019	-	15.00	-	17.00	32.00	989	36.8	3.2
FY2020 (Forecast)	-	18.00	-	18.00	36.00		23.1	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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
2nd quarter (accumulated)	14,400	28.2	3,600	260.6	3,600	266.9	2,900	214.2	94.07
Year ending March 31, 2021	27,200	9.8	6,000	84.9	6,000	82.2	4,800	79.2	155.70

*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 : None
2. Changes in accounting principles other than 1. : None
3. Changes in accounting estimates : None
4. Revisions/restatements : None

(3) Number of shares outstanding (common stocks)

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

As of March 31, 2020	32,421,577 shares	As of March 31, 2019	32,421,577 shares
As of March 31, 2020	1,592,259 shares	As of March 31, 2019	1,622,379 shares
As of March 31, 2020	30,820,837 shares	As of March 31, 2019	30,784,060 shares

(Reference) Summary of Individual Business Results

1. Individual Business Results for FY2019 (From April 1, 2019 to March 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income for the year	
Year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2020	24,725	7.9	3,287	(33.8)	3,342	(33.6)	2,741	(28.4)
March 31, 2019	22,910	12.8	4,967	33.1	5,031	32.6	3,826	26.9

	Earnings per share (basic)	Earnings per share (diluted)
Year ended	Yen	Yen
March 31, 2020	88.94	88.39
March 31, 2019	124.31	123.56

(2) Individual Financial Conditions

	Total assets	Net assets	Equity ratio	Net asset per share
Year ended	million yen	million yen	%	yen
March 31, 2020	47,440	32,278	66.8	1,028.04
March 31, 2019	42,072	30,524	71.5	976.96

(Reference) Shareholders' equity; As of March 31, 2020 31,693 million yen
 As of March 31, 2019 30,089 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."

○ Table of Contents for Attached Material

1.	Overview of Financial Results, Etc.	2
(1)	Overview of Financial Results.....	2
(2)	Overview of Financial Conditions	4
(3)	Basic Policy on the Distribution of Profits/Dividends for FY2018 and FY2019	5
2.	Basic Concept Regarding Selection of Accounting Standard.....	5
3.	Consolidated Financial Statements.....	6
(1)	Consolidated Balance Sheets	6
(2)	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	8
	Consolidated Statements of Income.....	8
	Consolidated Statements of Comprehensive Income.....	9
(3)	Consolidated Statements of Changes in Net Assets	10
(4)	Consolidated Statements of Cash Flows	12
(5)	Notes to Consolidated Financial Statements	13
	(Notes on premises as a going concern).....	13
	(Segment information)	13
	(Per share information)	14
	(Important Subsequent Events)	15
4.	Other.....	16
	R&D pipeline	16

1. Overview of Financial Results, Etc.

(1) Overview of Financial Results

[1] Financial results for the year

Net sales amounted to 24,781 million yen (up 7.0% year on year), marking the eighth consecutive year of sales growth, and posting our highest-ever net sales.

Although there were NHI price revisions in October 2019, we increased revenue owing to increases in the sales volume of core products.

Profits decreased year on year at every level, with operating income of 3,244 million yen (down 34.7%), ordinary income of 3,293 million yen (down 35.0%), and profit attributable to owners of parent of 2,678 million yen (down 27.9%).

R&D expenses rose by 37.7% from the previous fiscal year to 5,997 million yen (up 1,642 million yen year on year).

Effective from the fiscal year under review, the Company has reclassified its business segments into one segment. Accordingly, segment information is not disclosed.

	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)	Increase-decrease rate
	Amount (millions of yen)	Amount (millions of yen)	%
Net sales	23,160	24,781	7.0
Operating income	4,967	3,244	(34.7)
Ordinary income	5,068	3,293	(35.0)
Profit attributable to owners of the parent	3,715	2,678	(27.9)

[2] Main components of sales

Name of business segment	Previous Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)	Current Consolidated Fiscal Year (From April 1, 2019 to March 31, 2020)	Increase-decrease rate
	Amount (millions of yen)	Amount (millions of yen)	%
Human growth hormone product GROWJECT®	11,978	12,650	5.6
Regenerative medicine products TEMCELL® HS Inj.	2,041	3,126	53.2
Treatment for renal anemia Epoetin Alfa BS Inj. [JCR]	4,511	5,509	22.1
Darbepoetin Alfa BS Inj. [JCR]	4,511	4,097	(9.2)
	—	1,412	—
Treatment for Fabry disease Agalsidase Beta BS I.V. Infusion [JCR]	74	317	327.4
Income from contractual payment	3,560	2,050	(42.4)

Notes 1. All products were subject to NHI price revisions in October 2019, except for TEMCELL.

2. Sales increased for all products, except for Epoetin Alpha BS Inj. [JCR], due to sales volume growth.

3. Sales of Epoetin Alfa BS Inj. [JCR], a short-acting renal anemia treatment, decreased due to the impact of the launch of Darbepoetin Alfa BS Inj. [JCR], a long-acting renal anemia treatment, in November 2019.

4. Income from contractual payment is derived from licensing arrangements such as milestone payments based on progress with research and development.

[3] The Status of R&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) penetration technology, J-Brain Cargo®.
- We started a Phase II clinical trial of our BBB-penetrating therapeutic enzyme for the treatment of Hunter Syndrome (development code: JR-141) in Brazil in June 2018 and initiated a Phase III clinical trial in Japan in August 2018. In other regions, we have also been proceeding with preparations for global development. 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.
- 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 Hurler syndrome (development code: JR-171), 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 (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).
- We had filed an application for additional marketing approval of TEMCELL® HS Inj. for the indication of epidermolysis bullosa (EB) by subcutaneous administration (development code: JR-031EB) with the Ministry of Health, Labour and Welfare of Japan (MHLW). Following the filing, JCR has carried out extensive discussions with the regulatory authority. However, in the aim to demonstrate the efficacy of TEMCELL for EB with more clarity, JCR withdrew this application in September 2019. Future development plans are currently under review.
- 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 (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 May 2019, we initiated a Phase I clinical trial of a recombinant long-acting growth hormone (development code: JR-142).

[Treatment for renal anemia]

- In September 2019, we obtained marketing approval for Darbepoetin Alfa BS Injection [JCR], a long-acting erythropoiesis-stimulating agent, and launched the product in November 2019.

[4] Forecast for the next term

Forecast for the next consolidated financial results are as follows.

	Current year actuals (Year ended March 2020)	Forecast for the next year (Year ended March 2021)	Increase or decrease	Increase-decrease rate
Net sales (millions of yen)	24,781	27,200	2,418	+9.8%
Operating income (millions of yen)	3,244	6,000	2,755	+84.9%
Ordinary income (millions of yen)	3,293	6,000	2,706	+82.2%
Profit attributable to owners of the parent (millions of yen)	2,678	4,800	2,121	+79.2%

(Net sales)

We anticipate net sales growth atop steady increases in sales volume for mainstay product GROWJECT®, a recombinant human growth hormone product, and the renal anemia treatments Epoetin Alfa BS Inj. [JCR] and Darbepoetin Alfa BS Inj. [JCR]. In addition, we will continue our proactive efforts in the licensing business. Based on these factors, the overall sales forecast of the JCR Group is for 27,200 million yen (up 9.8% year on year).

(Profit)

We will further actively work on R&D activities but due to an increase in gross profit associated with sales growth, we anticipate operating income of 6,000 million yen (up 84.9% year on year), ordinary income of 6,000 million yen (up 82.2% year on year), and profit attributable to owners of the parent of 4,800 million yen (up 79.2% year on year).

(Matters concerning the spread of the novel coronavirus)

Social conditions are changing significantly on a daily basis following the proclamation of a state of emergency under the COVID-19 special measures law.

Currently, all of JCR's production sites are operating normally. There has been no impact on production activities for JCR's core products. The JCR Group has not felt the impact of the COVID-19 pandemic.

As announced on April 22, 2020, we have concluded commitment line agreements with our financial institutions for the purpose of securing operating funds as a backup plan.

It is unclear when the COVID-19 pandemic will end. If there are any events that could have an impact on the Group's business results, we will announce those events promptly.

(2) Overview of Financial Conditions

[1] Status of assets, liabilities and net assets

As of the end of the current consolidated fiscal year, total assets, total liabilities and total net assets amounted to 47,775 million yen (5,259 million yen increase from the end of the previous consolidated fiscal year), 15,195 million yen (3,553 million yen increase from the end of the previous consolidated fiscal year), and 32,579 million yen (1,705 million yen increase from the end of the previous consolidated fiscal year), respectively.

Current assets increased by 973 million yen from March 31, 2019 to 28,342 million yen. This increase was mainly due to an increase in cash and deposits, which was partly offset by decreases in notes and accounts receivable-trade and securities. Non-current assets increased by 4,285 million yen from March 31, 2019 to 19,433 million yen. This increase was mainly due to an increase in property, plant and equipment, primarily reflecting the expansion of research facilities.

Current liabilities increased by 1,749 million yen from March 31, 2019 to 10,434 million yen, mainly due to increases in short-term loans payable and accounts payable-other. Non-current liabilities rose by 1,803 million yen from March 31, 2019 to 4,761 million yen, mainly due to an increase in long-term loans payable.

Net assets increased by 1,705 million yen from March 31, 2019 to 32,579 million yen. This increase was mainly due to the recording of profit attributable to owners of parent.

As a result, the equity ratio at March 31, 2020 stood at 66.6%, down 4.5 percentage points from March 31, 2019.

[2] Status of cash flows

Cash and cash equivalents at the end of the current consolidated fiscal year was up by 2,836 million yen from the end of the previous consolidated fiscal year to 10,928 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 FY2019 was 4,927 million yen (an increase of 1,022 million yen compared with the previous fiscal year). The main contributing factors were income before income taxes of 3,422 million yen, depreciation and amortization of 1,434 million yen, and a decrease in notes and accounts receivable-trade of 857 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 4,161 million yen (an increase in net cash used of 4,401 million yen from net cash provided in the previous fiscal year). The main use of cash was for the purchase of property, plant and equipment of 4,838 million yen, while cash was provided mainly by proceeds from sales and redemption of securities of 698 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 2,048 million yen (an increase in net cash provided of 2,965 million yen from net cash used in the previous fiscal year). This was primarily due to proceeds from long-term loans payable of 3,050 million yen, while the main use of cash was for cash dividends paid of 989 million yen.

(Reference) Changes in indicators related to cash flows

	Year ended March 2016	Year ended March 2017	Year ended March 2018	Year ended March 2019	Year ended March 2020
Equity ratio	75.9%	75.0%	70.3%	71.1%	66.6%
Market base equity ratio	230.5%	214.3%	486.2%	472.3%	607.9%
Ratio of cash flow and interest-bearing debts	1.5 years	1.8 years	1.9 years	1.5 years	1.8 years
Interest coverage ratio	67.7 times	92.0 times	113.0 times	182.4 times	219.0 times

(Note) Equity ratio means equity / total assets

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

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

Interest coverage ratio means cash flow / interest payment

* Calculations were based on consolidated financial figures.

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

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

(3) Basic Policy on the Distribution of Profits/Dividends for FY2019 and FY2020

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

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

In FY2019, although profits declined from the previous fiscal year, sales of core products increased and research and development progressed steadily. Accordingly, at a meeting held on May 12, 2020, the Board of Directors approved a term-end dividend for FY2019 of 17 yen per share, in line with the aforementioned basic policy. As a consequence, the annual dividend for FY2019, including the interim dividend, is 32 yen, up 2 yen per share.

For the dividend of next FY 2020 (year ending in March 2021), we anticipate distributing a full-year dividend of 36 yen per share (the interim dividend of 18 yen and the term-end dividend of 18 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposit	7,836	10,973
Notes and accounts receivable-trade	8,835	7,977
Securities	661	220
Merchandise and finished goods	2,281	880
Work in process	1,473	2,929
Raw materials and supplies	5,363	5,046
Other	917	315
Total current assets	27,368	28,342
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,475	5,115
Machinery, equipment and vehicles, net	830	867
Land	3,882	5,664
Lease assets, net	239	74
Construction in progress	851	2,283
Other, net	782	869
Total property, plant and equipment	11,061	14,875
Intangible assets	110	263
Investments and other assets		
Investment securities	2,941	2,408
Deferred tax assets	378	721
Net defined benefit assets	297	243
Other	383	943
Allowance for doubtful accounts	(24)	(23)
Total investments and other assets	3,975	4,294
Total non-current assets	15,147	19,433
Total assets	42,516	47,775

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	586	679
Short-term loans payable	3,630	4,880
Lease obligations	178	46
Accounts payable-other	1,104	2,854
Income taxes payable	801	534
Provision for bonuses	666	713
Provision for directors' bonuses	77	77
Other	1,639	648
Total current liabilities	8,684	10,434
Non-current liabilities		
Long-term loans payable	1,850	3,800
Lease obligations	73	31
Provision for loss on guarantees	240	108
Allowance for employee stock ownership benefits	36	47
Net defined benefit liability	710	730
Other	46	44
Total non-current liabilities	2,957	4,761
Total liabilities	11,642	15,195
Net assets		
Shareholders' equity		
Capital stock	9,061	9,061
Capital surplus	10,922	10,891
Retained earnings	13,350	15,039
Treasury stock	(3,937)	(3,865)
Total shareholders' equity	29,397	31,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	773	583
Foreign currency translation adjustments	149	134
Remeasurements of defined benefit plans	(71)	(39)
Total accumulated other comprehensive income	851	679
Subscription rights to shares	435	584
Non-controlling interests	189	189
Total net assets	30,874	32,579
Total liabilities and net assets	42,516	47,775

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

(millions of yen)

	FY2018(From April 1, 2018 to March 31, 2019)	FY2019(From April 1, 2019 to March 31, 2020)
Net sales	23,160	24,781
Cost of sales	6,567	7,901
Gross profit	16,592	16,880
Selling, general and administrative expenses	11,625	13,635
Operating profit	4,967	3,244
Non-operating income		
Interest income	20	19
Dividend income	25	25
Foreign exchange gains	39	8
Insurance income	39	—
Dividend income from insurance	13	14
Other	10	13
Total non-operating income	148	81
Non-operating expenses		
Interest expenses	21	22
Loss on redemption of securities	19	—
Other	7	9
Total non-operating expenses	47	32
Ordinary income	5,068	3,293
Extraordinary income		
Reversal of provision for loss on guarantees	75	131
Other	6	—
Total extraordinary income	82	131
Extraordinary losses		
Loss on disposal of non-current assets	37	2
Loss related to voluntary recalling of products	181	—
Other	2	—
Total extraordinary losses	221	2
Profit before income taxes	4,928	3,422
Income taxes – current	1,169	1,017
Income taxes – deferred	48	(274)
Total income taxes	1,217	742
Profit	3,710	2,679
Profit (loss) attributable to non-controlling interests	(4)	1
Profit attributable to owners of parent	3,715	2,678

(Consolidated Statements of Comprehensive Income)

(millions of yen)

	FY2017(From April 1, 2018 to March 31, 2019)	FY2018(From April 1, 2019 to March 31, 2020)
Profit	3,710	2,679
Other comprehensive income		
Valuation difference on available-for-sale securities	311	(189)
Foreign currency translation adjustment	(10)	(18)
Remeasurements of defined benefit plans, net of tax	(3)	32
Total other comprehensive income	297	(175)
Comprehensive income	4,008	2,504
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,003	2,505
Comprehensive income attributable to non-controlling interests	4	(0)

(3) Consolidated Statements of Changes in Net Assets
FY2017 (From April 1, 2018 to March 31, 2019)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	9,061	10,947	10,469	(4,042)	26,435
Changes during the year					
Dividends paid			(833)		(833)
Profit attributable to owners of the parent			3,715		3,715
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(25)		105	80
Changes of items other than shareholders' equity (net)					
Total changes for the year	—	(25)	2,881	105	2,961
Ending balance	9,061	10,922	13,350	(3,937)	29,397

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Beginning balance	462	169	(67)	563	344	185	27,528
Changes during the year							
Dividends paid							(833)
Profit attributable to owners of the parent							3,715
Purchase of treasury shares							(0)
Disposal of treasury shares							80
Changes of items other than shareholders' equity (net)	311	(19)	(3)	288	90	4	384
Total changes for the year	311	(19)	(3)	288	90	4	3,345
Ending balance	773	149	(71)	851	435	189	30,874

FY2019 (from April 1, 2019 to March 31, 2020)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	9,061	10,922	13,350	(3,937)	29,397
Changes during the year					
Dividends paid			(989)		(989)
Profit attributable to owners of the parent			2,678		2,678
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(29)		73	43
Purchase of shares of consolidated subsidiaries		(1)			(1)
Changes of items other than shareholders' equity (net)					
Total changes for the year	—	(31)	1,689	71	1,729
Ending balance	9,061	10,891	15,039	(3,865)	31,127

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Beginning balance	773	149	(71)	851	435	189	30,874
Changes during the year							
Dividends paid							(989)
Profit attributable to owners of the parent							2,678
Purchase of treasury shares							(1)
Disposal of treasury shares							43
Purchase of shares of consolidated subsidiaries							(1)
Changes of items other than shareholders' equity (net)	(189)	(15)	32	(172)	149	(0)	(24)
Total changes for the year	(189)	(15)	32	(172)	149	(0)	1,705
Ending balance	583	134	(39)	679	584	189	32,579

(4) Consolidated Statements of Cash Flows

(millions of yen)

	FY2018(From April 1, 2018 to March 31, 2019)	FY2019(From April 1, 2019 to March 31, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes	4,928	3,422
Depreciation and amortization	1,343	1,434
Increase (decrease) in provision for loss on guarantees	(75)	(131)
Increase (decrease) in net defined benefit liability	69	37
Increase (decrease) in provision for bonuses	105	46
Share-based compensation expenses	144	175
Interest and dividends income	(45)	(44)
Interest expenses	21	22
Foreign exchange losses (gains)	23	(11)
Decrease (increase) in notes and accounts receivable-trade	(1,732)	857
Decrease (increase) in accounts receivable-other	93	35
Decrease (increase) in inventories	(157)	258
Increase (decrease) in accounts payable-trade	0	92
Increase (decrease) in accounts payable-other	57	357
Increase (decrease) in accrued consumption taxes	138	(164)
Increase (decrease) in advanced received	(83)	11
Other, net	364	(233)
Subtotal	5,150	6,167
Interest and dividends income received	49	44
Interest expenses paid	(21)	(22)
Income taxes (paid) refund	(1,272)	(1,262)
Net cash provided by (used in) operating activities	3,905	4,927
Net cash provided by (used in) investing activities		
Expenditures on time deposits	(100)	—
Purchase of securities	—	100
Proceeds from sales and redemption of securities	1,257	698
Purchase of property, plant and equipment	(895)	(4,838)
Purchase of investment securities	(0)	(30)
Other, net	(20)	(91)
Net cash provided by (used in) investing activities	240	(4,161)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	300	1,000
Proceeds from long-term loans payable	200	3,050
Repayment of long-term loans payable	(413)	(850)
Repayments of lease obligations	(196)	(176)
Net decrease (increase) in treasury stock	26	15
Cash dividends paid	(834)	(989)
Other, net	—	(1)
Net cash provided by (used in) financing activities	(917)	2,048
Effect of exchange rate change on cash and cash equivalents	12	20
Net increase (decrease) in cash and cash equivalents	3,241	2,836
Cash and cash equivalents at beginning of period	4,850	8,091
Cash and cash equivalents at end of period	8,091	10,928

(5) Notes to Consolidated Financial Statements

(Notes on premises as a going concern)

No corresponding item existed.

(Segment information)

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

(Per share information)

The bases for calculations and the amounts of net asset per share, 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, 2019	Fiscal year ended March 31, 2020
(1) Net asset per share (yen)	982.14	1,031.69
(Bases for calculations)		
Total net assets in the consolidated balance sheet (millions of yen)	30,874	32,579
Net assets associated with common shares (millions of yen)	30,249	31,806
Breakdown of major differences (millions of yen)		
Stock acquisition rights	435	584
Non-controlling interests	189	189
Number of common shares outstanding (shares)	32,421,577	32,421,577
Number of shares of treasury stock (common shares)	1,622,379	1,592,259
Number of common shares used for calculations of net asset per share (shares)	30,799,198	30,829,318

Item	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
(2) Net income per share (yen)	120.68	86.89
(Bases for calculations)		
Net income per share attributable to owners of the parent in the Consolidated Statements of Income (millions of yen)	3,715	2,678
Amount not attributable to common shares (millions of yen)	—	—
Net income attributable to owners of the parent associated with common shares (millions of yen)	3,715	2,678
Average number of common shares outstanding (shares)	30,784,060	30,820,837
(3) Diluted net income per share (yen)	119.96	86.36
(Bases for calculations)		
Adjustment to net income attributable to owners of the 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	185,195	190,296
Increased number of common shares (shares)	185,195	190,296
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.	-----	-----

(Note) 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 98,411 shares for the previous consolidated accounting year, and 95,741 shares for the current consolidated accounting year, and the number of the said treasury shares excluded for calculations of net asset per share was 96,600 shares for the previous consolidated accounting year and 94,300 shares for the current consolidated accounting year.

(Important Subsequent Events)

1. Acquisition of company or other entity through purchase of shares

At a meeting of the Board of Directors held on February 27, 2020, JCR passed a resolution to acquire ArmaGen, Inc. and convert it into a subsidiary. ArmaGen, Inc. became a subsidiary of JCR upon completion of the transaction in April.

(1) Outline of share purchase

① Name, location and business of counterparty to share purchase

Name of acquired company:	ArmaGen, Inc. (ArmaGen)
Location:	San Diego, California, USA
Business:	Development of innovative drugs, originally or jointly with other companies, to treat various types of mucopolysaccharidoses and other LSDs based on blood-brain barrier (BBB) penetration technology (base technology).

② Purpose of share purchase

JCR is currently focused on the research and development of innovative drugs for lysosomal storage disorders (LSDs) on the platform of its unique blood-brain barrier (BBB) penetration technology, J-Brain Cargo®. ArmaGen is developing innovative drugs using its proprietary BBB penetration technology. ArmaGen has filed for and obtained a portfolio of intellectual property rights applicable to a broad spectrum of diseases, including LSDs, in several key markets around the world, such as the U.S.

JCR has extensively studied its strategy for developing treatment options for LSDs in the global market. Based on these studies, JCR has judged that it can solidify its technology led by acquiring ArmaGen's technology assets, including the intellectual property rights for its BBB penetration technology.

(2) Procurement of payment funds and payment methods

JCR has used its own funds for this transaction.

4. Other

R&D Pipeline**Recombinant drug products**

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
JR- 141 BBB-penetrating iduronate -2-sulfatase (rDNA origin)	Japan: Phase III Brazil: Phase II	Mucopolysaccharidosis II (Hunter syndrome)
		ERT J-Brain Cargo®
JR- 162 J-Brain Cargo® -applied acid α -glucosidase (rDNA origin)	Preclinical	Pompe disease
		ERT J-Brain Cargo® J-MIG System®
JR- 171 BBB-penetrating α-L-iduronidase (rDNA origin)	Preclinical	Mucopolysaccharidosis I (Hurler syndrome, etc)
		ERT J-Brain Cargo® J-MIG System®
JR-441 BBB-penetrating heparan N-sulfatase (rDNA origin)	Preclinical	Mucopolysaccharidosis III-A (Sanfilippo syndrome type A)
		ERT J-Brain Cargo® J-MIG System®
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-401X Somatropin (rDNA origin)	Phase III	SHOX deficiency
		Expanded Indication of GROWJECT®
JR-142 Long-acting growth hormone (rDNA origin)	Phase I	Pediatric growth hormone deficiency
		J-MIG System®
JR- 041 Follicle stimulating hormone (rDNA origin)	Phase I / II	Infertility
		Out-licensed to ASKA Pharmaceutical Co., Ltd.

(Note) ERT= Enzyme Replacement Therapy

Allogeneic regenerative medical products

Code Nonproprietary Name	Status (Japan)	Indication
		Remarks
JR- 031EB Human mesenchymal stem cells	Application withdrawn in September 2019 (Future development plans are under review.)	Epidermolysis bullosa
		Expanded Indication of TEMCELL® HS Inj.
JR- 031HIE Human mesenchymal stem cells	Phase I / II	Hypoxic ischemic encephalopathy in neonates
		Expanded Indication of TEMCELL® HS Inj.
JTR- 161 / JR-161 Dental pulp stem cells (DPCs)	Phase I / II	Acute cerebral infarction
		Co-development with Teijin Limited