

FY2020 Results Briefing Session

Financial Results -Fiscal Year 2020-

May 17, 2021

JCR Pharmaceuticals co., Ltd.

**FY 2020
results**
(Apr. 1, 2020-
Mar. 31, 2021)

Net sales, operating income, ordinary income and profit have all reached record highs

Net sales : 30,085million yen, Year-on-year +21.4%

Operating Income : 8,269million yen, YoY +154.9%

Ordinary Income : 8,488million yen, YoY +157.7%

Profit : 6,892million yen, YoY +157.4%

- Core products: GROWJECT® and treatments for renal anemia (total of Epoetin Alpha BS and Darbepoetin Alpha BS) were all higher than in previous fiscal year.
- On a volume basis, sales of GROWJECT® increased 9.8%.
- SG&A increased 13.1% year on year due to an increase in personnel expenses during the period of business expansion, despite a review for operational efficiency triggered by the COVID-19 pandemic. R&D expenses decreased 10.6% from the previous fiscal year as a result of increased efficiency in research and development.

Consolidated	FY2019 (Apr. 1, 2019- Mar. 31, 2020) A	FY 2020 (Apr. 1, 2020-Mar. 31, 2021)		Reference
		B	Year-on-Year (B-A)/A	Initial forecast (before fixing)
Net sales	24,781	30,085	+21.4%	27,200
Cost of Sales	7,901	7,812	(1.1)%	6,800
Gross Profit	16,880	22,272	+31.9%	20,400
SG&A	7,638	8,643	+13.1%	8,000
R&D Expenses	5,997	5,360	(10.6)%	6,400
Operating Income	3,244	8,269	+154.9%	6,000
Ordinary Income	3,293	8,488	+157.7%	6,000
Profit*	2,678	6,892	+157.4%	4,800

*Profit attributable to owners of parent

Ratio of Cost of Sales	31.9%	26.0%	(5.9)%	25.0%
Ratio of Cost of R&D	24.2%	17.8%	(6.4)%	23.5%
Operating Profit Ratio	13.1%	27.5%	+ 14.4%	22.1%

(Reference)

R&D expenses**	6,582	5,856	(11.0)%	7,600
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**R&D expenses before deducting contribution amount by collaborative R&D destinations

Breakdown of net sales (Consolidated)

(Unit: million yen)

	FY2019 (Apr. 1, 2019- Mar. 31, 2020)		FY2020 (Apr. 1, 2020- Mar. 31, 2021)		
	A	Composition ratio	B	Composition ratio	Year-on-Year (B-A)/A
GROWJECT®	12,650	51.0%	13,256	44.1%	+4.8%
Treatments for renal anemia	5,509	22.2%	7,087	23.6%	+28.6%
Epoetin Alpha BS Inj. [JCR]	4,097	16.5%	3,278	10.9%	(20.0)%
Darbepoetin Alpha BS Inj. [JCR]	1,412	5.7%	3,809	12.7%	+169.7%
TEMCELL® HS Inj.	3,126	12.6%	2,441	8.1%	(21.9)%
Agalsidase Beta BS I.V. Infusion [JCR]	317	1.3%	470	1.6%	+48.2%
Total Core products	21,602	87.2%	23,254	77.3%	+7.6%
AZD1222 bulk	—	—	404	1.3%	—
License Revenue	2,050	8.3%	6,406	21.3%	+212.4%
Other	1,125	4.5%	18	0.1%	(98.3)%
Total Net Sales	24,781	100.0%	30,085	100.0%	+21.4%

Balance Sheet (Consolidated)

(Unit: million yen)

	Mar. 2020	Mar. 2021	Main Increase/decrease		Mar. 2020	Mar. 2021	Main Increase/decrease
Current assets	28,342	48,545	Cash and deposits + 15,287 Accounts receivable-trade + 206 Inventories + 4,699	Current liabilities	10,434	29,028	Short-term loans payable + 7,970 Special suspense account for tax purpose reduction entry + 3,828
				Non-current liabilities	4,761	6,199	Long-term loans payable + 950
Non-current assets	19,433	25,238	Property, plant and equipment + 2,297 Patent right + 2,988	Total liabilities	15,195	35,227	+ 20,031
				Total net assets	32,579	38,557	Profit etc. + 5,977
Total	47,775	73,784	+ 26,008	Total	47,775	73,784	+ 26,008

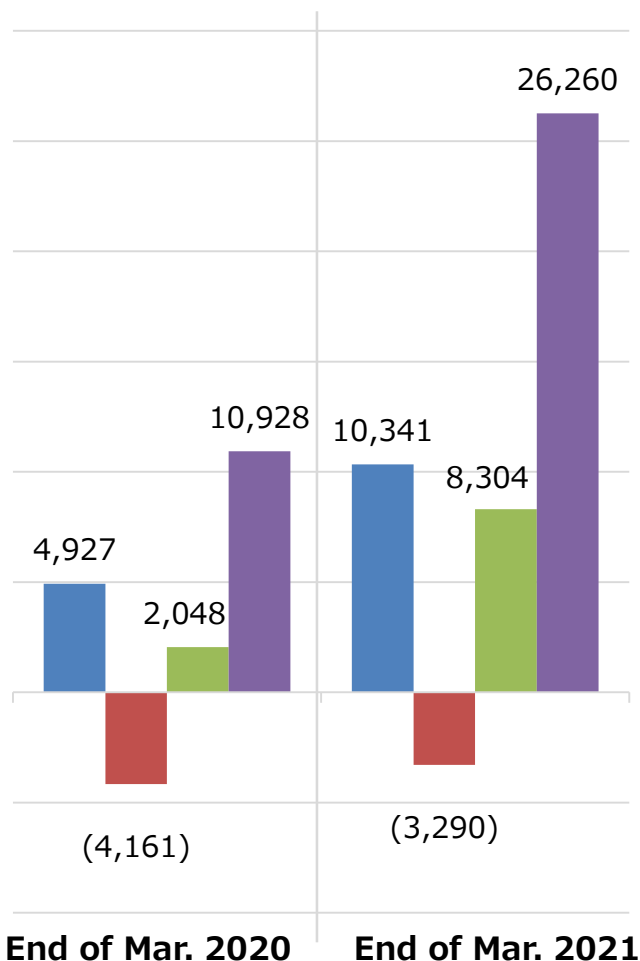
Capital investment	5,296	3,965
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Equity ratio	66.6%	51.3%
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Cash Flows (Consolidated)

(Unit: million yen)

- Operating Activities
- Investing Activities
- Financing Activities
- Cash and Cash Equivalents at End of Period



	End of Mar. 2020 A	End of Mar. 2021 B	Year-on-year B - A
Income before income taxes	3,422	8,653	5,231
Depreciation and amortization	1,434	1,892	458
Accounts payable-trade	92	2,253	2,161
Inventories	258	(4,699)	(4,957)
Other	(280)	2,241	2,521
Operating Activities	4,927	10,341	5,413
Securities	668	147	(521)
Capital investment	(4,838)	(4,780)	58
Other	8	1,342	1,334
Investing Activities	(4,161)	(3,290)	870
Loans payable	3,200	9,420	6,220
Cash dividends paid/ treasury stock	(973)	(1,069)	(96)
Other	(177)	(46)	131
Financing Activities	2,048	8,304	6,255
Cash and Cash Equivalents at End of Period	10,928	26,260	15,332

Earnings Forecast

(Apr. 1, 2021-Mar.
31, 2022)

Net sales : 49,000million yen, Year-on-year + 62.9%
Operating income : 18,700million yen, YoY +126.1%
Ordinary income : 18,700million yen, YoY +120.3%
Profit : 13,300million yen, YoY +92.9%

- Topics of core products: The launch of the IZCARGO[®] and growth in sales volume of GROWJECT[®]
 - Develop more effective and efficient information provision activities for each product by changing the sales structure.
 - Differentiation in Growth Hormone field by improving treatment satisfaction, taking advantage of the characteristics of electric injection.
 - IZCARGO[®]
Japan : Expected to be listed on the National Health Insurance (NHI) drug price list in May, 2021.
- Net sales is forecast to increase 62.9%, including active efforts in the licensing business and production of AZD 1222 bulk.
- Accordingly, operating income is forecast to increase 126.1% after absorbing increase in SG&A and R&D expenses.
 - SG&A is forecast to increase 35.4%
 - R&D is forecast to increase 92.2%

FY2021 Forecast (Consolidated)

(Unit: million yen)

Consolidated	FY2020 (Apr. 1, 2020- Mar. 31, 2021) A	FY2021 forecast (Apr. 1, 2021- Mar. 31, 2022) B	Increase/ decrease B - A	Year-on-Year (B-A)/A
Net Sales	30,085	49,000	+18,915	+62.9%
Cost of sales	7,812	8,300	+488	+6.2%
Gross profit	22,272	40,700	+18,428	+82.7%
SG&A	8,643	11,700	+3,057	+35.4%
R&D	5,360	10,300	+4,940	+92.2%
Operating Income	8,269	18,700	+10,431	+126.1%
Ordinary Income	8,488	18,700	+10,212	+120.3%
Profit*	6,892	13,300	+6,408	+92.9%

*Profit attributable to owners of parent

Ratio of Cost of Sales	26.0%	16.9%	(9.10)%
Ratio of Cost of R&D	17.8%	21.0%	+3.20%
Operating Profit Ratio	27.5%	38.2%	+10.70%

(Reference)

R&D expenses**	5,856	11,080	+5,223	+89.2%
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**R&D expenses before deducting contribution amount by collaborative R&D destinations

FY2021 Forecast (Consolidated)

(Unit: million yen)

Name of Business segment	FY2020 (Apr. 1, 2020-Mar. 31, 2021)		FY2021 forecast (Apr. 1, 2021-Mar. 31, 2022)		Increase/ decrease (B-A)
	A	Composition ratio	B	Composition ratio	
GROWJECT®	13,256	44.1%	13,900	28.4%	+644
Treatments for renal anemia	7,087	23.6%	6,400	13.1%	(687)
Epoetin Alpha BS Inj. [JCR]	3,278	10.9%	2,700	5.5%	(578)
Darbepoetin Alhpa BS Inj. [JCR]	3,809	12.7%	3,700	7.6%	(109)
TEMCELL® HS Inj.	2,441	8.1%	3,200	6.5%	+759
Agalsidase Beta BS I.V. Infusion [JCR]	470	1.6%	800	1.6%	+330
IZCARGO®	0	0.0%	2,800	5.7%	+2,800
Total Core Products	23,254	77.3%	27,100	55.3%	+3,846
AZD1222 bulk	404	1.3%	14,700	30.0%	+14,296
License Revenue	6,406	21.3%	7,200	14.7%	+794
Other	18	0.1%	0	0.0%	(18)
Total Net Sales	30,085	100.0%	49,000	100.0%	+18,915

FORWARD- LOOKING STATEMENT

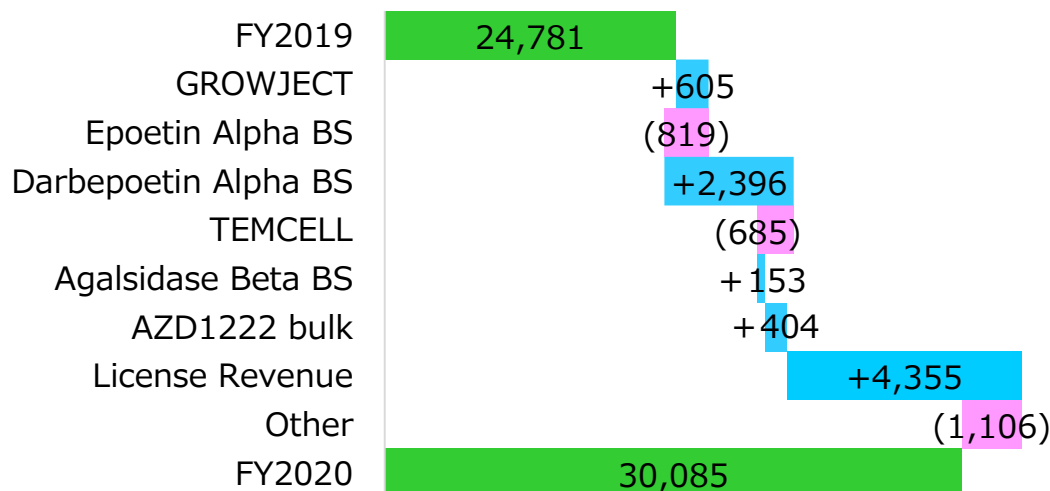
This presentation contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are outside our control. All forward-looking statements regarding our plans, outlook, strategy and future performance are based on judgments derived from the information available to us at this time.

All forward-looking statements speak only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.



– JCR Biotech for a New Tomorrow –

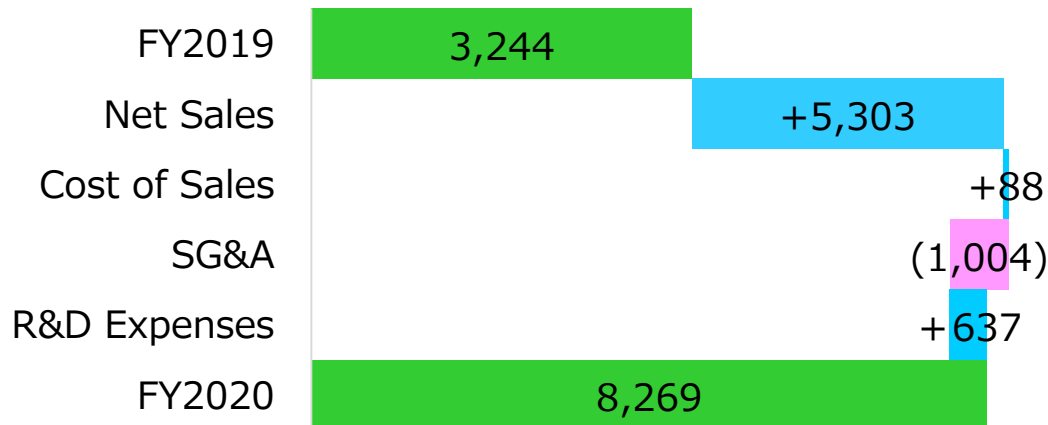
◆ Net Sales 30,085million yen, Year-on-Year +5,304million yen



Factors of change

- At this point in time, the JCR Group has not felt the impact of the COVID-19 pandemic.
- GROWJECT
Efficient promotion through changes in sales structure, and differentiation through the release of applications that take advantage of the features of electric injection.
- TEMCELL
From Apr. : Partial shipment restrictions to build up inventory.
Aug. : Restrictions lifted. Currently, we able to secure stable inventory and shipments.

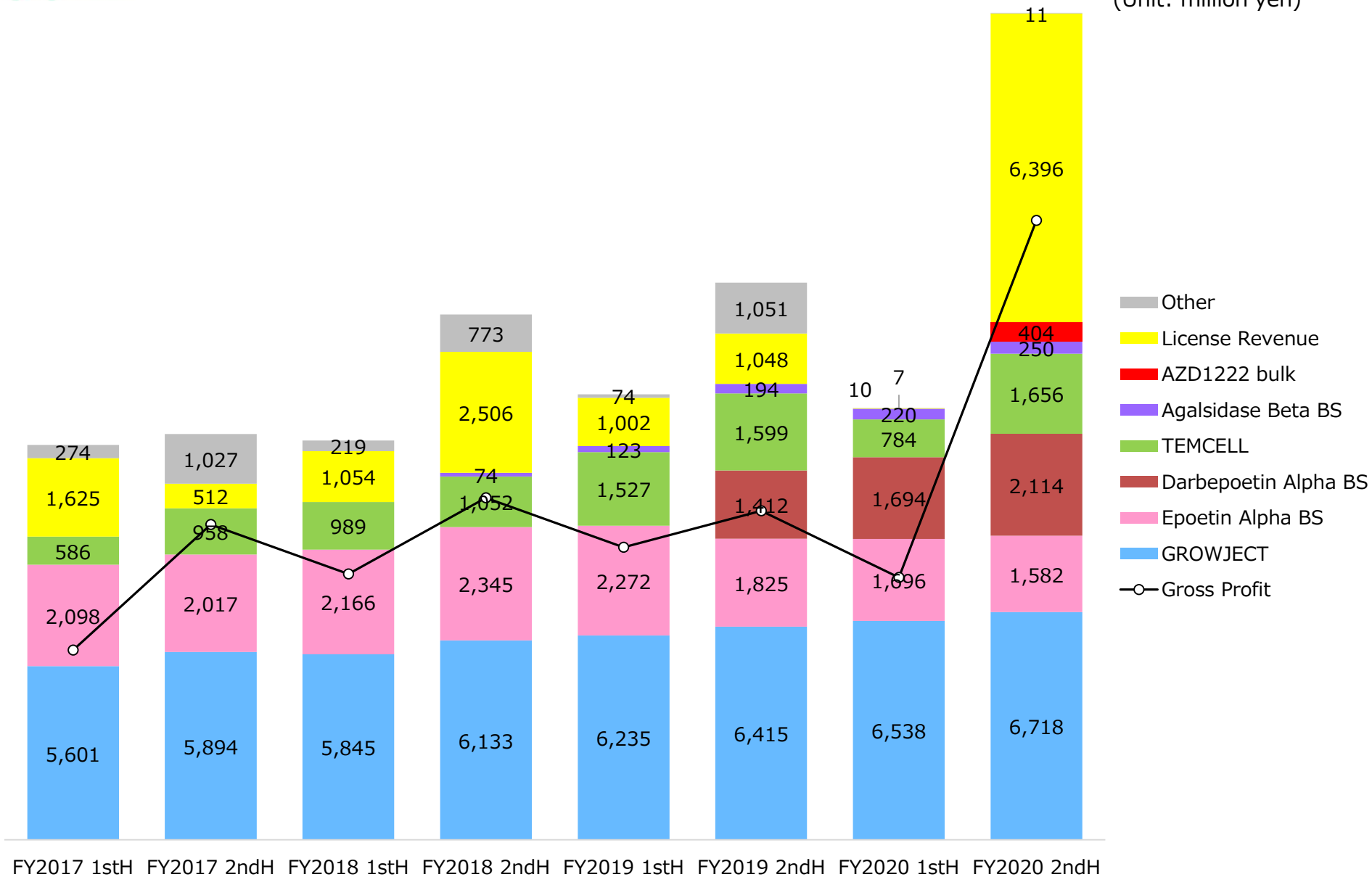
◆ Operating Income 8,269million yen Year-on-year +5,025million yen



- SG&A
An increase in personnel expenses during the period of business expansion, despite a review for operational efficiency triggered by the COVID-19 pandemic
- R&D
Cost reduction as a result of more efficient R&D activities

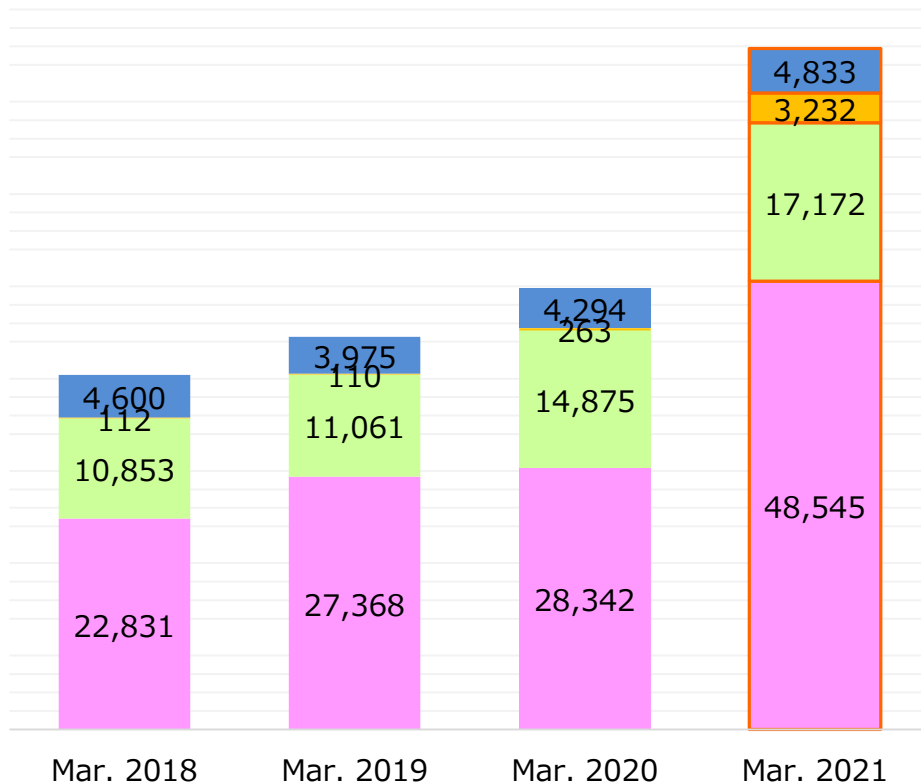
Reference: Trend in Sales by Business Segments (Consolidated)

(Unit: million yen)



Assets

- Current assets
- Property, plant and equipment
- Intangible assets
- Investments and other assets

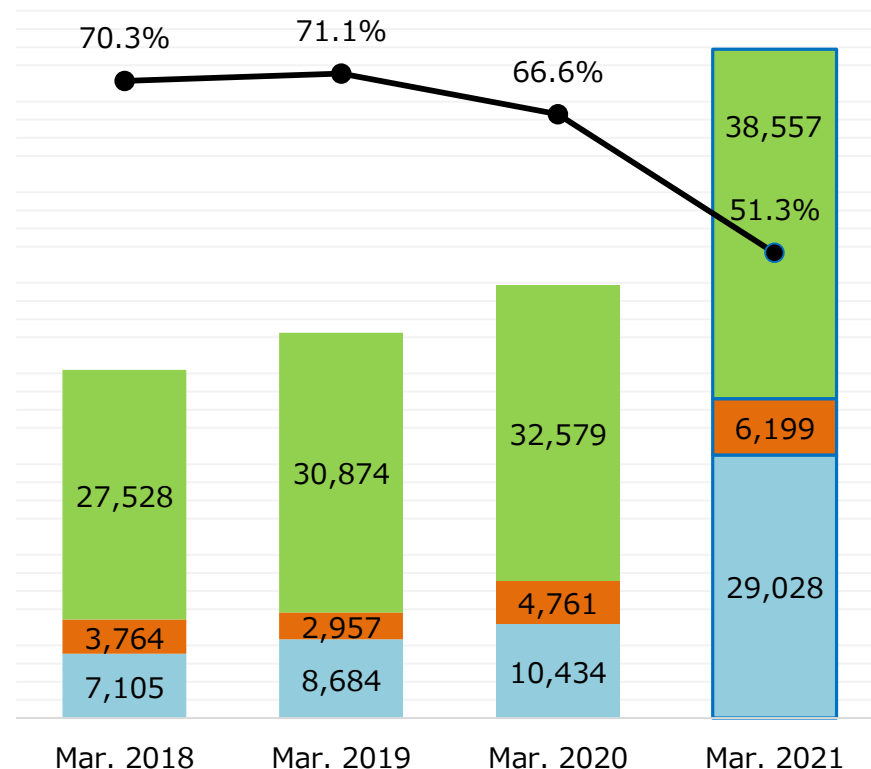


Factors of change

- Increase in cash, deposits and inventories

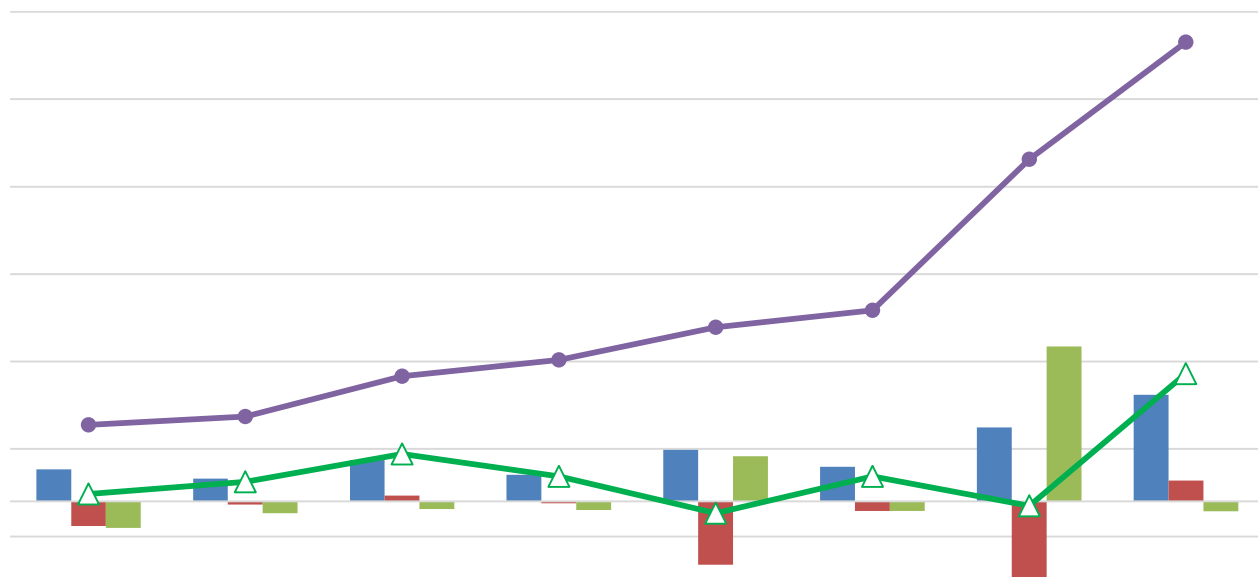
Liabilities and net assets

- Current liabilities
- Non-current liabilities
- Total net assets
- Equity ratio



Factors of change

- Increase in current and non-current liabilities due to loans payable
- Increase in total net assets due to the posting of net income attributable to owners of the owners of the parent



	FY2017 1stH	FY2017 2ndH	FY2018 1stH	FY2018 2ndH	FY2019 1stH	FY2019 2ndH	FY2020 1stH	FY2020 2ndH
Operating Activities	1,830	1,303	2,372	1,533	2,949	1,978	4,232	6,109
Investing Activities	(1,407)	(180)	335	(95)	(3,612)	(549)	(4,484)	1,193
Financing Activities	(1,511)	(664)	(432)	(485)	2,595	(547)	8,867	(563)
Cash and Cash Equivalents at End of Period	4,377	4,850	7,158	8,091	9,968	10,928	19,565	26,260
FCF	423	1,123	2,707	1,438	(663)	1,429	(251)	7,302

Factors of change

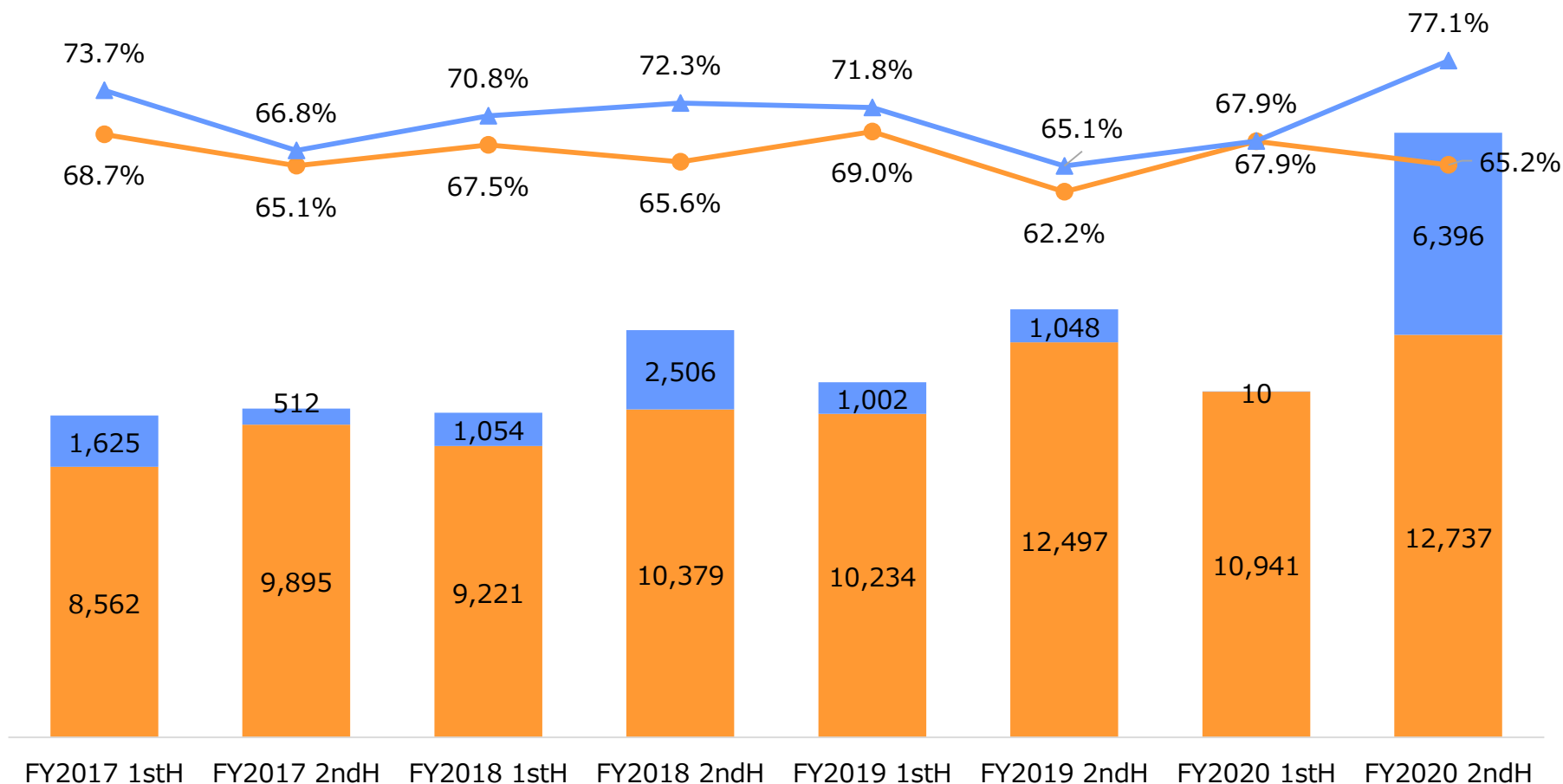
- Net cash provided by operating activities in FY2020 was 10,341 million yen (an increase of 5,413 million yen compared with the previous fiscal year). The main contributing factors were income before income taxes of 8,653 million yen, depreciation and amortization of 1,892 million yen, advances received of 2,493 million yen, and special suspense account for tax purpose reduction entry of 3,828 million yen, while inventory increase of 4,699 million yen.
- Net cash provided by financing activities was 8,304 million yen (an increase in net cash provided of 6,255 million yen from net cash used in the previous fiscal year). This was primarily due to proceeds from short-term loans payable of 8,320 million yen, while the main use of cash was for cash dividends paid of 1,083 million yen.

Reference: Trend in Gross Profit margin (except AZD1222 bulk)

(Unit: million yen)

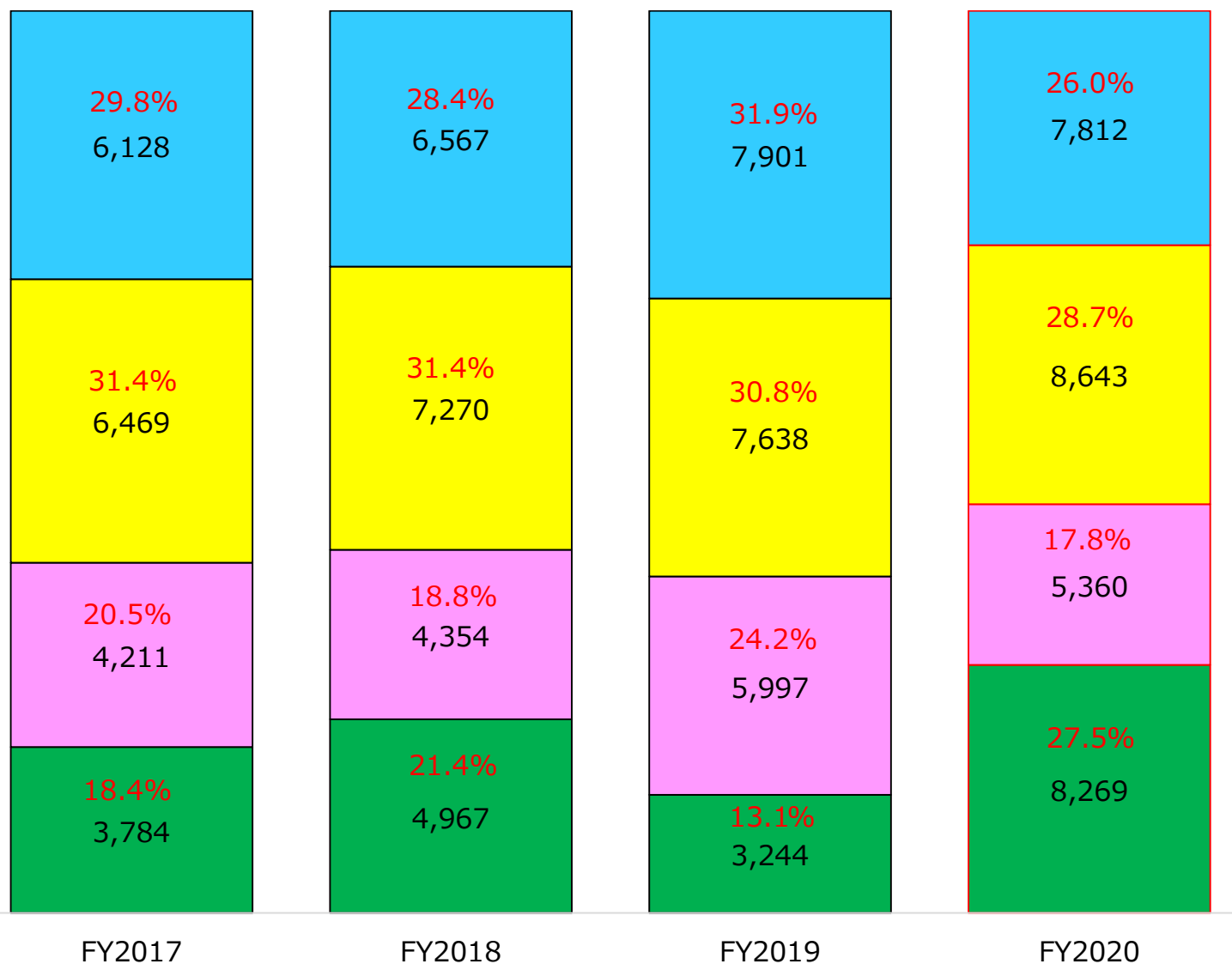
- Products* sales
- Gross profit margin (Products* sales)
- License Revenue
- Gross profit margin (including License Revenue)

*Products : GROWJECT, Treatment for renal anemia, TEMCELL, Agalsidase beta BS, Other



Reference: Trend in composition ratio of cost/expense

■ Operating Income
 ■ R&D Expenses
 ■ SG&A
 ■ Cost of Sales



Above number (%)
 rate of sales
 Below number
 (Million yen)
 Amount of money

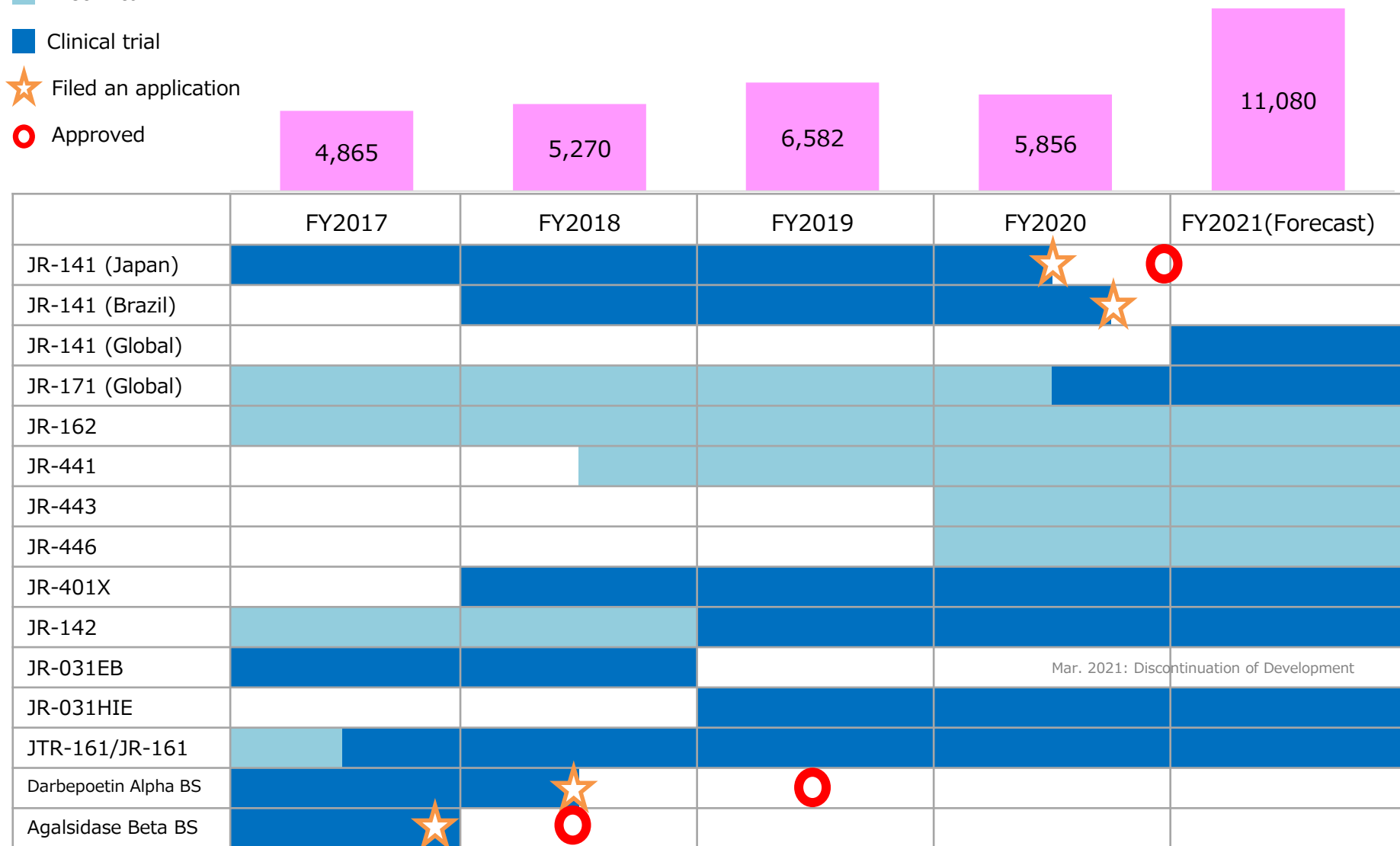
R&D Expenses (before deducting)

Preclinical

Clinical trial

★ Filed an application

○ Approved





REVOLUTION
into the Future

Top priority business challenge

in anticipation of growing presence of JCR in the rare disease area

[1] Qualitative and quantitative reorganization of the quality assurance system

[2] Action for sustainable growth of the sales of our products

[3] Expansion of basic research activities

For full-fledged globalization in the near future:

[4] Evaluation and implementation of further capital investment for manufacturing and research

[5] Product strategy planning including evidence generation

For our full-fledged globalization:

[6] Transformation of operations and organizations along with human resource development

Guidance (Target in FY2022)

Sales

¥32~36 billion

**Operating
income**

¥7~10 billion

To target steady growth with year-to-year rise

**R&D
expenditures**

Around 20% of sales

Beyond 20% could be allocated, if required.

Under a stable dividend policy, weighing an anticipation of our stockholders and the balance of financial soundness

	Achievements in FY2019	Achievements in FY2020	Forecast in FY2021	Goals for FY2022
Net sales	¥24.7 billion	¥30.0 billion	¥49.0 billion	¥32.0-36.0 billion
Operating income	¥3.2 billion	¥8.2 billion	¥18.7 billion	¥7.0~10.0 billion
R&D expenditures Ratio	24.2%	17.82%	21.02%	Around 20% of sales
Dividend ratio	36.8%	21.5%	14.1%	Around 30%

Sales and Operating income in FY2022

Sales: ¥32-36 billion, Operating income: ¥7~10 billion (To target steady growth with year-to-year rise)

R&D expenditures

Around 20% of sales (Beyond 20% could be allocated, if required)

Dividend Ratio

Around 30% (Under a stable dividend policy, weighing an anticipation of our stockholders and the balance of financial soundness)

First-ever Enzyme Replacement Treatment that penetrates the Blood-Brain-barrier via intravenous administration in Japan



International Nonproprietary name: pabinafusp alfa

MHLW Orphan Drug Designation

- » **Indications**
Mucopolysaccharidosis II
- » **Approval date in Japan**
March 23, 2021

Indication	Number of patients*1		Market size*2	
	Japan	World	Japan (2019)	World (2019)
Mucopolysaccharidosis II (Hunter syndrome)	250	7,800	¥7.6 billion	¥87.0 billion

*1 Calculated internally based on the date form MHLE *2 Actual sales of existing ERT and date from Evaluate Pharm and IQVIA