

FY2021 Second-Half Results Briefing Session -Financial Results -

May 12, 2022

JCR Pharmaceuticals Co., Ltd.

【Securities code】 4552, PRIME. TSE

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

Net sales : 51,082 million yen, Year-on-year +69.8%
Operating income : 19,933 million yen, YoY +141.1%
Ordinary income : 20,512 million yen, YoY +141.6%
Profit : 14,507 million yen, YoY +110.5%

FY2021
results
(Apr. 1, 2021-
Mar. 31, 2022)

- Core products: IZCARGO® ended up largely exceeding initial forecasts (3,003 million yen). GROWJECT® grew on a volume basis (+4.7%) but saw sales decrease YoY due to the impact of NHI price revisions.
- SG&A expenses and R&D expenses increased YoY, but the effect of the increase in sales led to a significant increase in each profit item.

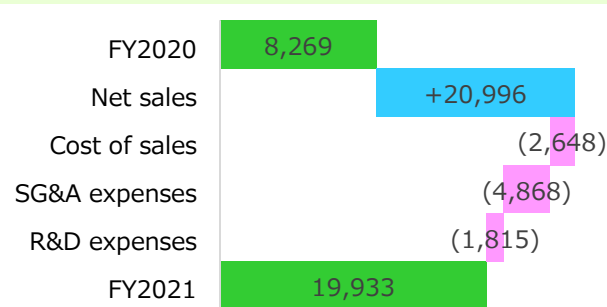
Consolidated	FY2020 (Apr. 1, 2020- Mar. 31, 2021) A	FY2021 (Apr. 1, 2021-Mar. 31, 2022)		Reference
		B	Year-on-year (B-A)/A	Forecast (after revision)
Net sales	30,085	51,082	+69.8%	52,000
Cost of sales	7,812	10,461	+33.9%	8,300
Gross profit	22,272	40,620	+82.4%	43,700
SG&A expenses	8,643	13,511	+56.3%	11,700
R&D expenses	5,360	7,175	+33.9%	10,300
Operating income	8,269	19,933	+141.1%	21,700
Ordinary income	8,488	20,512	+141.6%	21,700
Profit attributable to owners of parent/Profit	6,892	14,507	+110.5%	15,400

Ratio of cost of sales	26.0%	20.5%	(5.5)%
Ratio of cost of R&D	17.8%	14.0%	(3.8)%
Operating profit ratio	27.5%	39.0%	+11.5%

(Reference)

R&D expenses**	5,856	7,671	+31.0%	11,080
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◆ Operating income 19,933 million yen Year-on-year: +11,664 million yen



Main change factors (YoY)

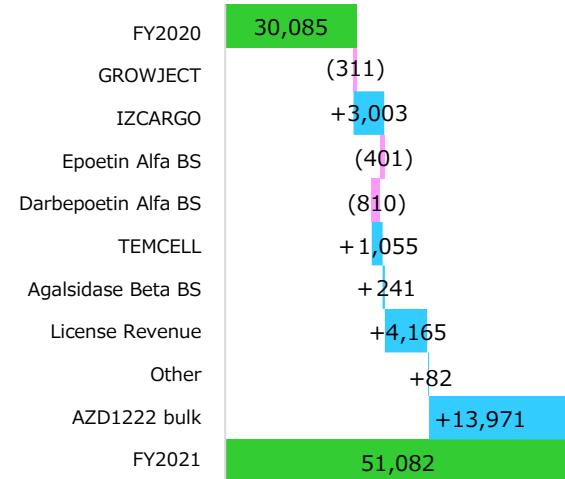
- Significant increase in net sales mainly through license revenue and AZD1222 bulk solution
+20,996 million yen
- Increase in the cost of sales due to an increase in net sales
(2,648) million yen
- Increase in SG&A expenses due to personnel increases, royalties for sales, and commission expenses limited to the current period, etc.
(4,868) million yen

Breakdown of net sales (Consolidated)

(Unit: million yen)

◆ **Net sales 51,082 million yen**
Year-on-year: +20,996 million yen

	FY2020 (Apr. 1, 2020- Mar. 31, 2021)		FY2021 (Apr. 1, 2021-Mar. 31, 2022)			Reference
		Composition ratio		Composition ratio	Year-on-year (B-A)/A	Forecast (after revision)
GROWJECT®	13,256	44.1%	12,945	25.3%	(2.3)%	13,900
IZCARGO®	-	-	3,003	5.9%	-	2,800
Treatments for renal anemia	7,087	23.6%	5,875	11.5%	(17.1)%	6,400
Epoetin Alfa BS Inj. [JCR]	3,278	10.9%	2,876	5.6%	(12.2)%	2,700
Darbepoetin Alfa BS Inj. [JCR]	3,809	12.7%	2,998	5.9%	(21.3)%	3,700
TEMCELL® HS Inj.	2,441	8.1%	3,497	6.9%	+43.2%	3,200
Agalsidase Beta BS I.V. Infusion [JCR]	470	1.6%	711	1.4%	+51.3%	800
Total pharmaceutical products	23,255	77.3%	26,032	51.0%	+11.9%	27,100
License Revenue	6,406	21.3%	10,571	20.7%	+65.0%	10,200
Other	18	0.1%	102	0.2%	(5.2 times)	0
AZD1222 bulk	404	1.3%	14,375	28.1%	(35.6 times)	14,700
Total Net Sales	30,085	100.0%	51,082	100.0%	+69.8%	52,000



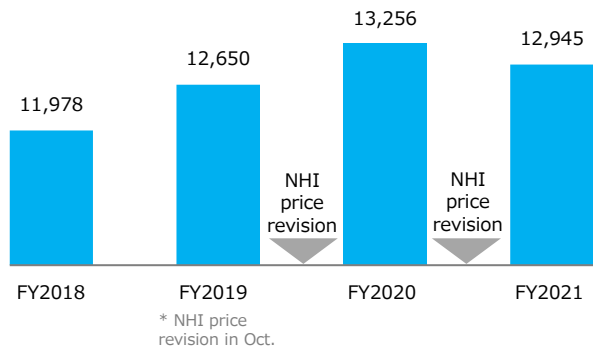
Main change factors (YoY)

- More market penetration of IZCARGO® than expected
+3,003 million yen
- Increase in license revenue (global licensing-out of JR-141, collaborative research on gene therapy, etc.)
+4,165 million yen
- Shipment of AZD1222 bulk solution according to the contract
+13,971 million yen

Net Sales Trends by Product

Recombinant human growth hormone product
GROWJECT®

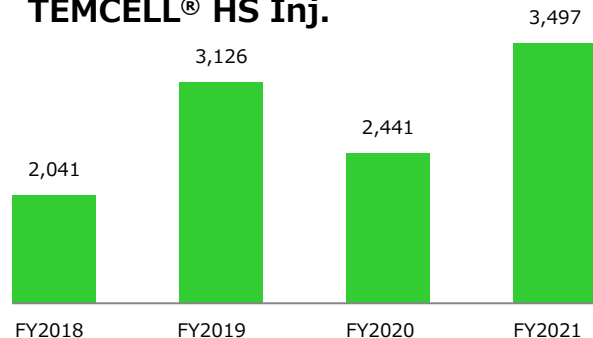
(Unit: million yen)



Recent topics

- Oct. 2020: Change in sales structure
- Oct. 2020: Launch of Melon Nikki™

Human somatic stem cell-processed products
Human (allogenic) bone marrow-derived mesenchymal stem cells
TEMCELL® HS Inj.

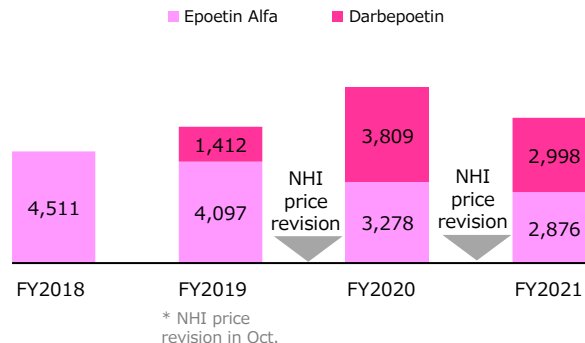


Recent topics

- Apr.-Aug. 2020: Shipment restrictions due to inventory shortage

Recombinant erythropoietin product
Epoetin Alfa BS Inj. [JCR]

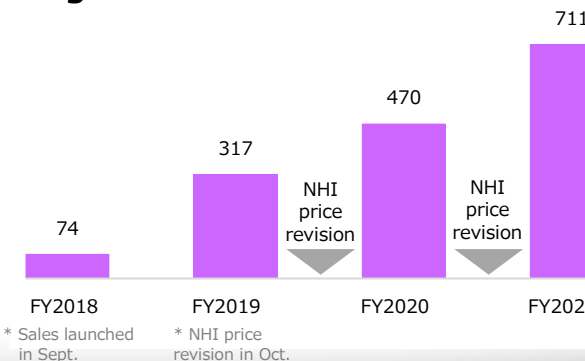
Long-acting erythropoiesis-stimulating agent
Darbepoetin Alfa BS Inj. [JCR]



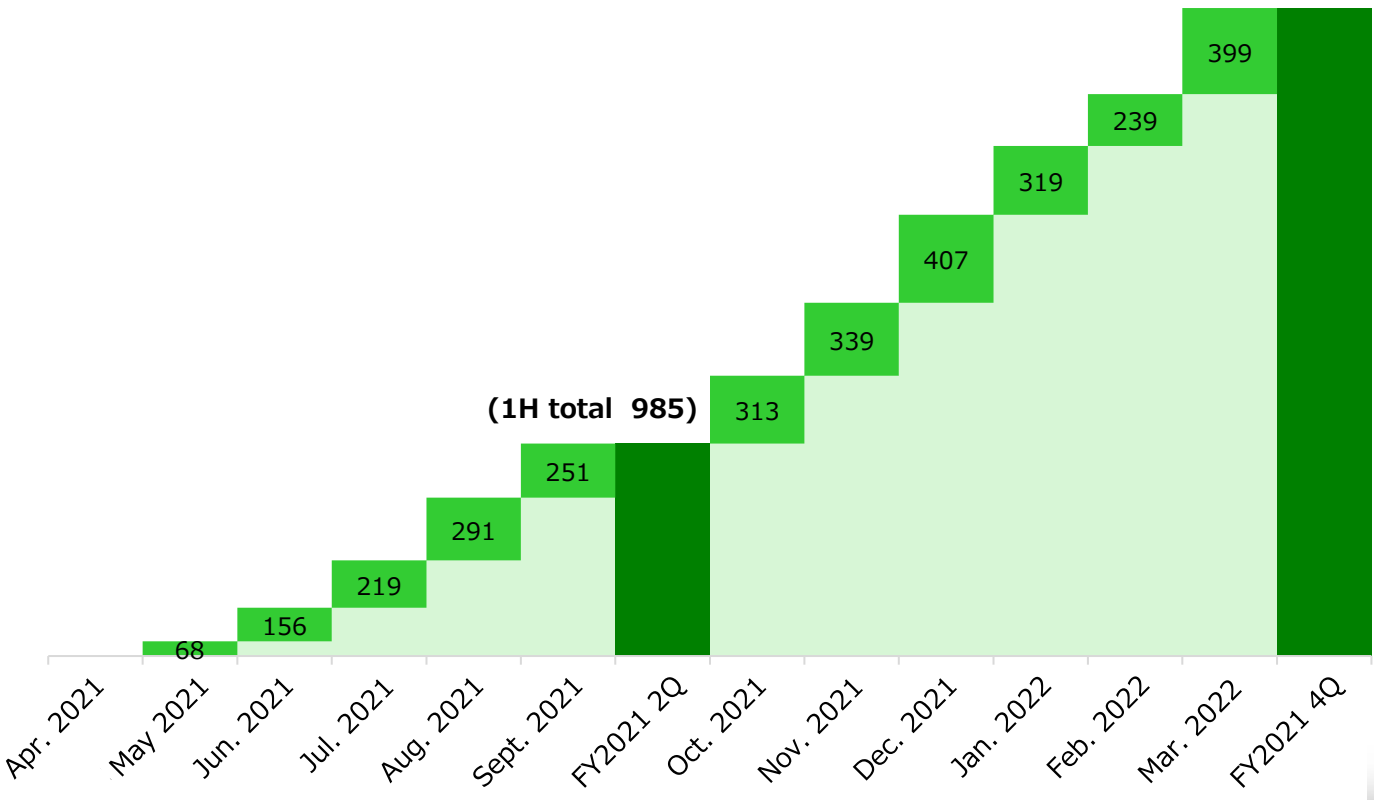
Recent topics

- Apr.-May 2021: Restricted shipment of Epoetin Alfa BS Inj. [JCR] syringe products
- Aug. 2021: Eliminated restrictions on shipments of Darbepoetin Alfa BS Inj. [JCR] syringe products

Recombinant treatment for Fabry disease
Agalsidase Beta BS I.V. Infusion [JCR]



Full Year 3,003
(2H total 2,017)



Topics

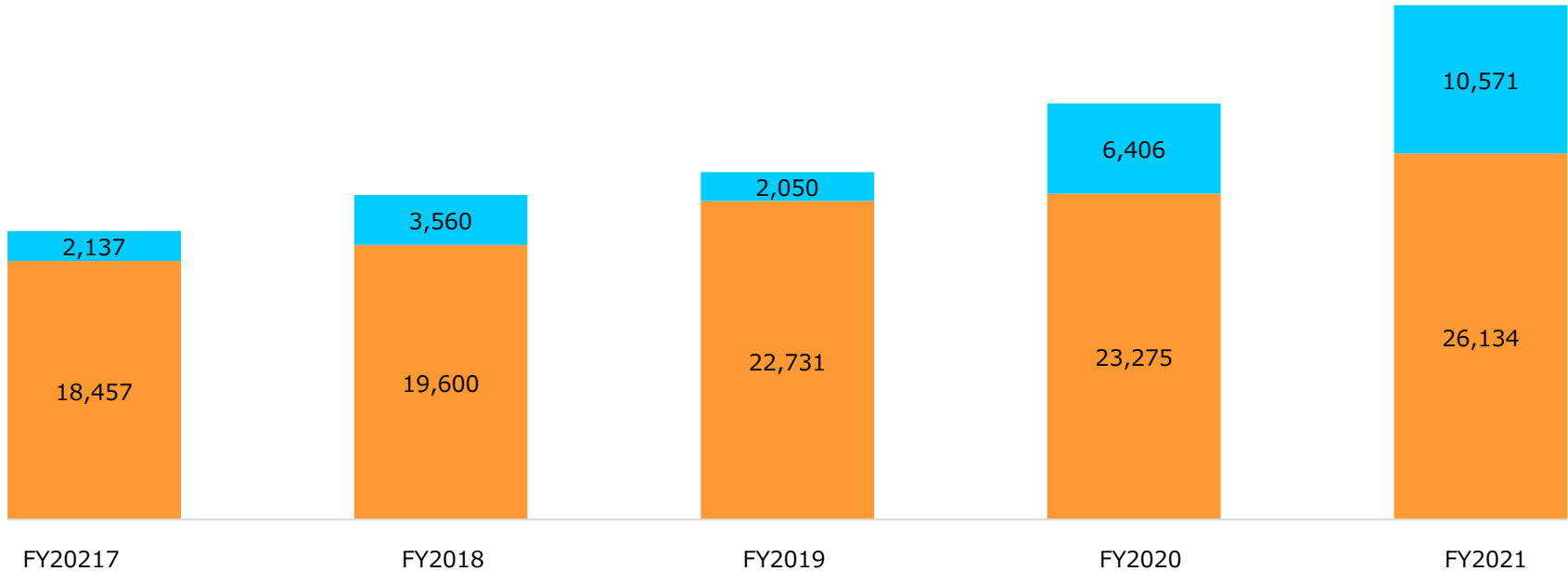
- Nov. 2020: Establishment of a dedicated team for lysosomal storage disorders (LSDs) within the Marketing Department to provide professional support for information provision activities related to IZCARGO®
- May 2021: Launched a website for information about mucopolysaccharidosis
- May 19, 2021: Sales launch

Net Sales Trends (Excluding AZD1222 Bulk Solution)

■ Products* sales
 ■ License revenue

(Unit: million yen)

* Products: GROWJECT, IZCARGO, treatment for renal anemia, TEMCELL, Agalsidase Beta BS I.V. Infusion [JCR], others



Financial Status (Consolidated)

(Unit: million yen)

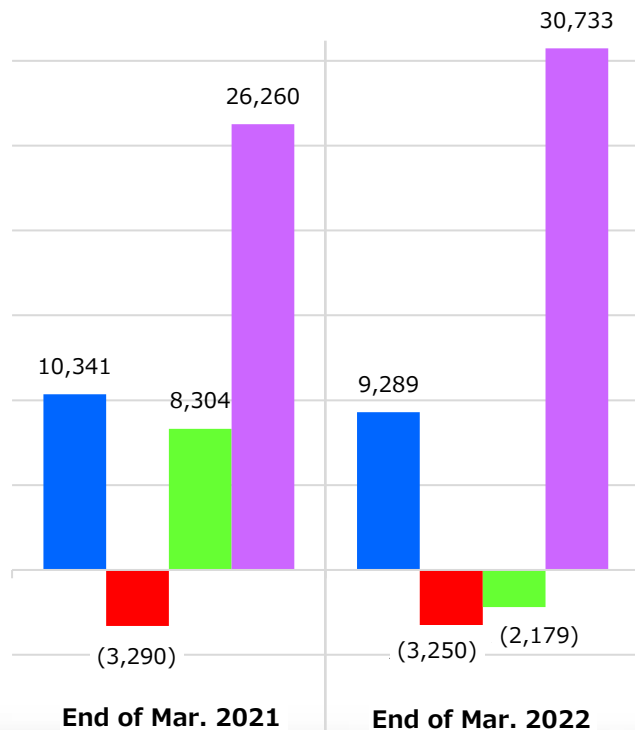
	Mar. 2021	Mar. 2022	Change · Main Increase/decrease		Mar. 2021	Mar. 2022	Change · Main Increase/decrease
Current assets	48,545	62,188	Total +13,642 · Cash and deposits +4,472 · Accounts receivable-trade +7,402 · Inventories +1,082	Current liabilities	29,028	42,054	Total +13,025 · Special suspense account for tax purpose reduction entry +8,167 · Short-term loans payable +2,300
				Non-current liabilities	6,199	3,990	Total (2,208) · Long-term loans payable (2,300)
				Total liabilities	35,227	46,045	+10,817
Non-current assets	25,238	34,946	Total +9,707 · Property, plant and equipment +9,610	Total net assets	38,557	51,089	Total +12,531 · Dividends (2,170) · Recorded profit +14,446
				Total	73,784	97,134	+23,349

Equity ratio	51.3%	51.8%
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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. 2021 A	End of Mar. 2022 B	Year-on-year B - A
Income before income taxes	8,653	19,404	10,751
Depreciation and amortization	1,892	1,945	52
Accounts receivable-trade	(205)	(7,402)	(7,197)
Inventories	(4,699)	(1,082)	3,617
Accounts payable-trade	2,253	(1,608)	(3,861)
Other	2,446	(1,966)	(4,413)
Operating Activities	10,341	9,289	(1,052)
Securities	0	0	0
Capital investment	(4,780)	(11,333)	(6,552)
Other	1,490	8,083	6,593
Investing Activities	(3,290)	(3,250)	40
Loans payable	9,420	0	(9,420)
Cash dividends paid/ treasury stock	(1,069)	(2,158)	(1,089)
Other	(46)	(20)	25
Financing Activities	8,304	(2,179)	(10,483)
Net increase (decrease) in cash and cash equivalents	15,332	4,472	(10,859)
Cash and Cash Equivalents at End of Period	26,260	30,733	4,472

【Reference】

Depreciation and amortization	1,892	1,945
Capital investment	3,319	4,472

Earnings Forecast (Apr. 1, 2022- Mar. 31, 2023)

Net sales : 45,000 million yen, Year-on-year (11.9)%
Operating income : 14,500 million yen, YoY (27.3)%
Ordinary income : 14,500 million yen, YoY (29.3)%
Profit : 10,300 million yen, YoY (29.0)%

- Sales and profit will decrease compared to FY2021 due to termination of the AZD1222 bulk solution manufacturing business. However, we will aim for increased sales and profit in businesses excluding the AZD1222 bulk solution manufacturing business.

	FY2021	FY2022	Year-on-year
Net sales excluding AZD1222 bulk solution	36,706 million yen	43,070 million yen	+17.3%

- Aim to expand domestic share of IZCARGO®.
 - Offset the impact of NHI price revisions through increased sales volume of GROWJECT® and aim for steady increases.
 - Transfer sales duties of Agalsidase Beta BS I.V. Infusion [JCR] to Sumitomo Pharma Co., Ltd. starting from this fiscal year.
 - Work actively on licensing business including licensing-out of lysosomal storage disorders (LSDs) pipeline products and technological collaboration, and forecast license revenue of 15,400 million yen.
- While SG&A expenses are forecast to decrease YoY based on changes in the sales composition ratio, R&D expenses are forecast to increase as a result of progress on global clinical trials.
 - SG&A expenses: (7.5)%
 - R&D expenses: +25.4%

FY2022 Forecast (Consolidated)

(Unit: million yen)

Consolidated	FY2021 (Apr. 1, 2021- Mar. 31, 2022) A	FY2022 forecast (Apr. 1, 2022- Mar. 31, 2023) B	Increase/ decrease B - A	Year-on-year (B-A)/A
Net Sales	51,082	45,000	(6,082)	(11.9)%
Cost of sales	10,461	9,000	(1,461)	(14.0)%
Gross profit	40,620	36,000	(4,620)	(11.4)%
SG&A expenses	13,511	12,500	(1,011)	(7.5)%
R&D expenses	7,175	9,000	+1,824	+25.4%
Operating Income	19,933	14,500	(5,433)	(27.3)%
Ordinary Income	20,512	14,500	(6,012)	(29.3)%
Profit	14,507	10,300	(4,207)	(29.0)%

Ratio of Cost of Sales	20.5%	20.0%	(0.5)%
Ratio of Cost of R&D	14.0%	20.0%	+6.0%
Operating Profit Ratio	39.0%	32.2%	(6.8)%

(Reference)

R&D expenses	7,671	9,500	+1,829	+23.8%
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FY2022 Forecast (Consolidated)

(Unit: million yen)

	FY2021 (Apr. 1, 2021-Mar. 31, 2022)		FY2022 forecast (Apr. 1, 2022-Mar. 31, 2023)		Increase/ decrease (B-A)
	A	Composition ratio	B	Composition ratio	
GROWJECT®	12,945	25.3%	13,100	29.1%	154
IZCARGO®	3,003	5.9%	5,210	11.6%	2,206
Treatments for renal anemia	5,875	11.5%	4,930	11.0%	(945)
Epoetin Alfa BS Inj. [JCR]	2,876	5.6%	2,630	5.8%	(246)
Darbepoetin Alfa BS Inj. [JCR]	2,998	5.9%	2,300	5.1%	(698)
TEMCELL® HS Inj.	3,497	6.9%	3,530	7.8%	32
Agalsidase Beta BS I.V. Infusion [JCR]	711	1.4%	760	1.7%	48
Total Core Products	26,032	51.0%	27,530	61.2%	1,497
License Revenue	10,571	20.7%	15,400	34.2%	4,828
Other	102	0.2%	140	0.3%	37
AZD1222 bulk	14,375	28.1%	1,930	4.3%	(12,445)
Total Net Sales	51,082	100.0%	45,000	100.0%	(6,082)

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.

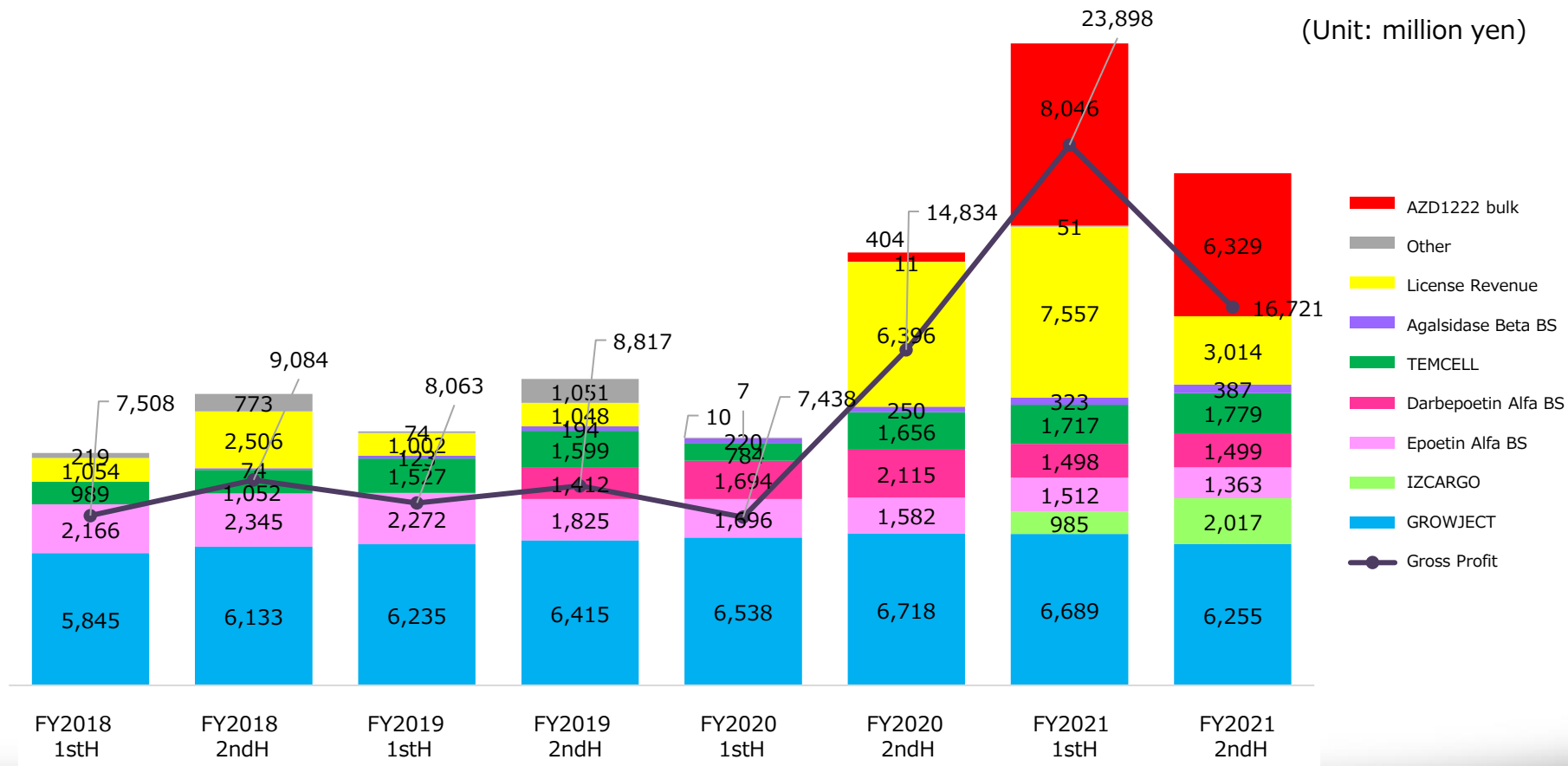
Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.



– JCR Biotech for a New Tomorrow –

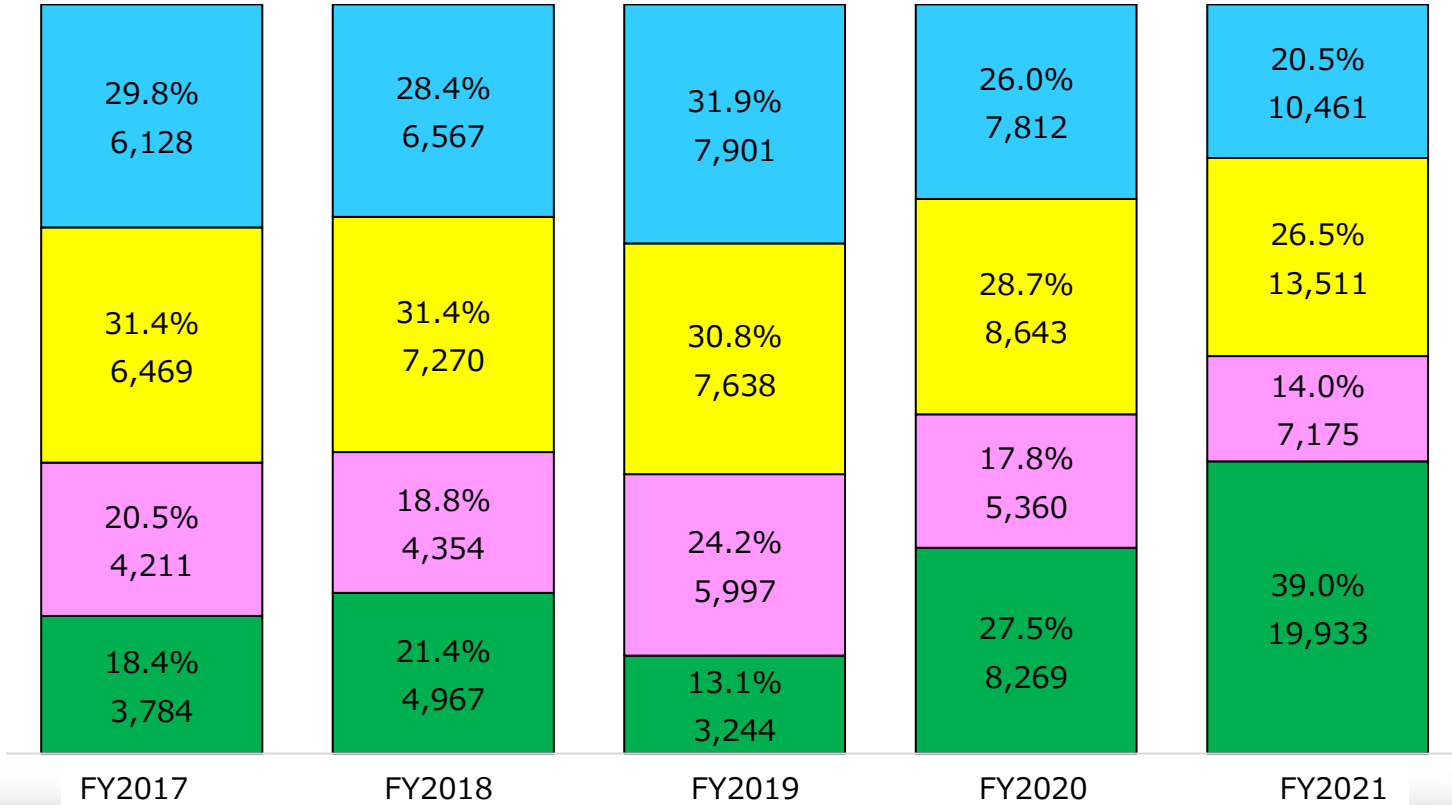
Reference: Trends in Sales Breakdown (Consolidated)

(Unit: million yen)



Reference: Trends in Composition Ratio of Cost/Expense

■ Operating income
 ■ R&D expenses
 ■ SG&A
 ■ Costs of sales

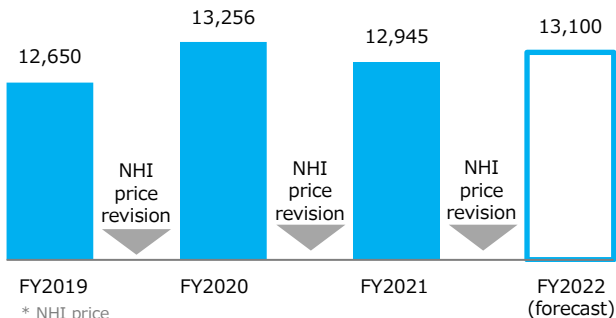


Above number (%)
rate of sales
 Below number
 (Million yen)
 Amount of money

Reference: Forecast of Net Sales Trends by Product

(Unit: million yen)

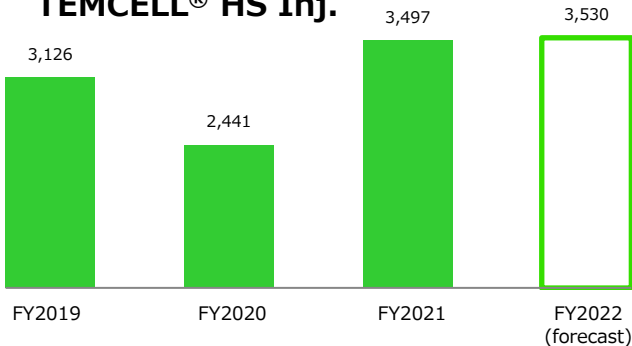
Recombinant human growth hormone product **GROWJECT®**



* NHI price revision in Oct.

- Recent topics
- Oct. 2020: Change in sales structure
 - Oct. 2020: Launch of Melon Nikki™

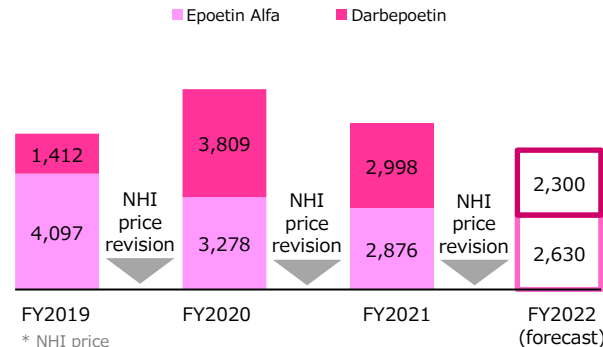
Human somatic stem cell-processed products Human (allogenic) bone marrow-derived mesenchymal stem cells **TEMCELL® HS Inj.**



- Recent topics
- Apr.-Aug. 2020: Shipment restrictions due to inventory shortage

Recombinant erythropoietin product **Epoetin Alfa BS Inj. [JCR]**

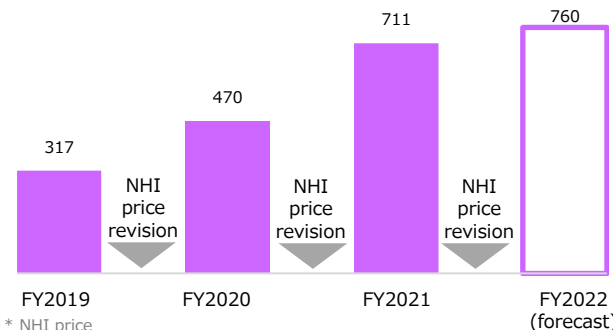
Long-acting erythropoiesis-stimulating agent **Darbepoetin Alfa BS Inj. [JCR]**



* NHI price revision in Oct.

- Recent topics
- Apr.-May 2021: Restricted shipment of Epoetin Alfa BS Inj. [JCR] syringe products
 - Aug. 2021: Eliminated restrictions on shipments of Darbepoetin Alfa BS Inj. [JCR] syringe products

Recombinant treatment for Fabry disease **Agalsidase Beta BS I.V. Infusion [JCR]**



* NHI price revision in Oct.

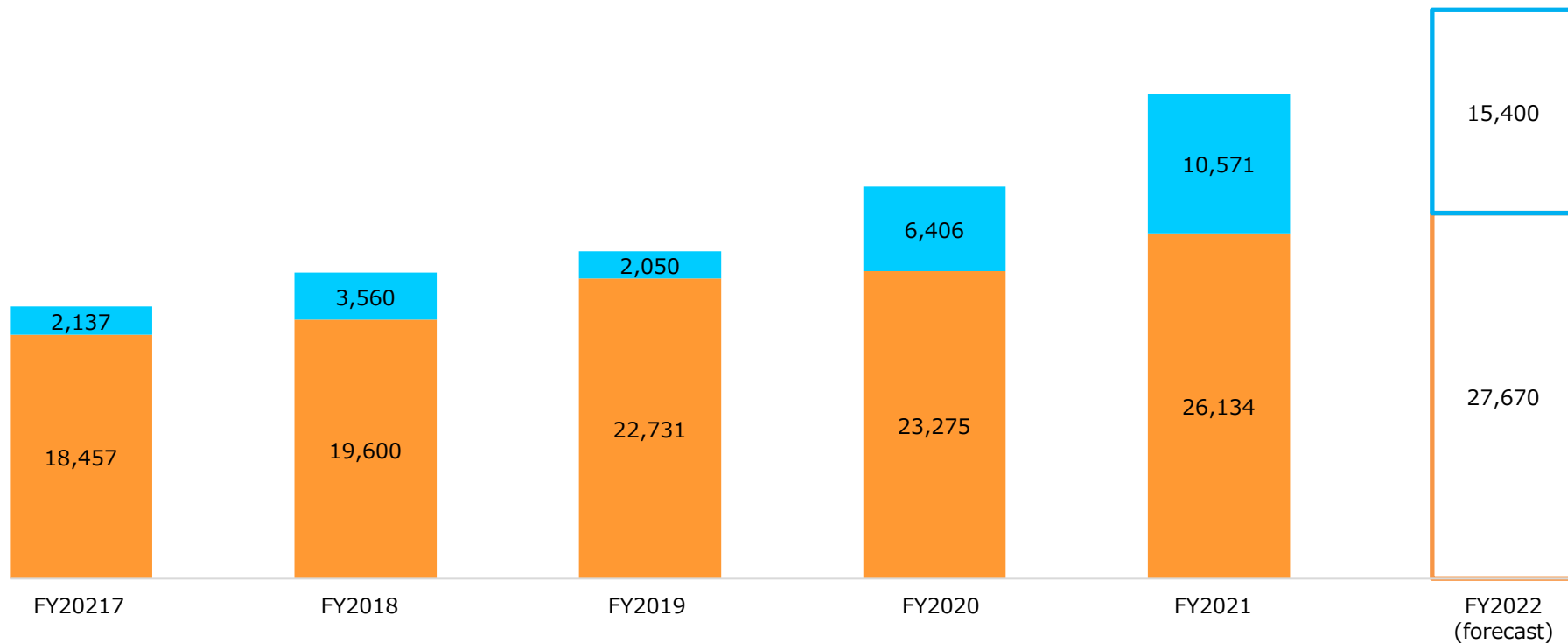
- Recent topics
- Apr. 2022: Sales transferred to Sumitomo Pharma

Reference: Forecast of Net Sales Trends (Excluding AZD1222 Bulk Solution)

■ Products* sales
 ■ License revenue

(Unit: million yen)

* Products: GROWJECT, IZCARGO, treatment for renal anemia, TEMCELL, Agalsidase Beta BS I.V. Infusion [JCR], others



Reference: Correlation between R&D Expenses and Main R&D Pipeline

(Unit: million yen)

9,500

R&D Expenses (before deducting)

- Preclinical
- Clinical trial

- ★ Filed an application
- Approved



	FY2018	FY2019	FY2020	FY2021	FY2022 (forecast)
JR-141 (Japan)			★	○	
JR-141 (Brazil)			★		
JR-141 (Global)					
JR-171 (Global)					
JR-162					
JR-441					
JR-443					
JR-446					
JR-479					
JR-401X					
JR-142					
JR-031EB				Mar. 2021 Discontinuation of Development	
JR-031HIE					
JTR-161/JR-161					Apr. 2022: Joint research completed
Darbepoetin Alfa BS	★	○			