

FY2020 First-Half results Briefing Session

Financial Results –Six Months Ended Sep.30, 2020 (2Q FY2020) –

November 2, 2020

JCR Pharmaceuticals co., Ltd.

【Securities code】4552, 1st Sec. TSE

2Q FY2020 results (Apr. 1 2020- Sep. 30, 2020)

Net sales and Profits fell short of the 2Q forecast

Unit: million yen

	Initial Forecast (2020/5/12)	Results	Difference	
Net Sales	14,400	10,951	(3,449)	(24.0)%
Operating Income	3,600	1,307	(2,293)	(63.7)%
Ordinary Income	3,600	1,351	(2,249)	(62.5)%
Profit attributable to owners of parent	2,900	1,227	(1,673)	(57.7)%

- Sales of pharmaceuticals such as GROWJECT® increased compared to the initial forecast. However, due to the impact of the COVID-19, license revenue expected in the 2Q was carried over to the 3Q and beyond, and this led to a decline in sales.
- In terms of profits, selling, general and administrative expenses, including R&D expenses, decreased compared to the forecast due to the streamlining of operations and other factors. Operating income, ordinary income, and quarterly net income all fell short of the initial forecast due to the impact of the decrease in net sales.

Consolidated	Six Months Ended Sep. 30, 2019	Six Months Ended Sep. 30, 2020		FY2020 (Apr. 1, 2020- Mar. 31, 2021)	
		A	Year-on-Year	Initial Forecast B	Expected progress rate A/B
Net Sales	11,236	10,951	(2.5)%	27,200	40.3%
Cost of Sales	3,173	3,513	10.7%	6,800	51.7%
Gross Profit	8,063	7,438	(7.8)%	20,400	36.5%
SG&A	3,809	3,723	(2.3)%	8,000	46.5%
R&D Expenses	3,255	2,407	(26.0)%	6,400	37.6%
Operating Income	998	1,307	31.0%	6,000	21.8%
Ordinary Income	981	1,351	37.7%	6,000	22.5%
Profit*	922	1,227	33.0%	4,800	25.6%

*Profit attributable to owners of parent

(Reference)

R&D Expenses**	3,539	2,607	(26.3)%	7,600	34.3%
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**R&D Expenses before deducting contribution amount by collaborative R&D partners

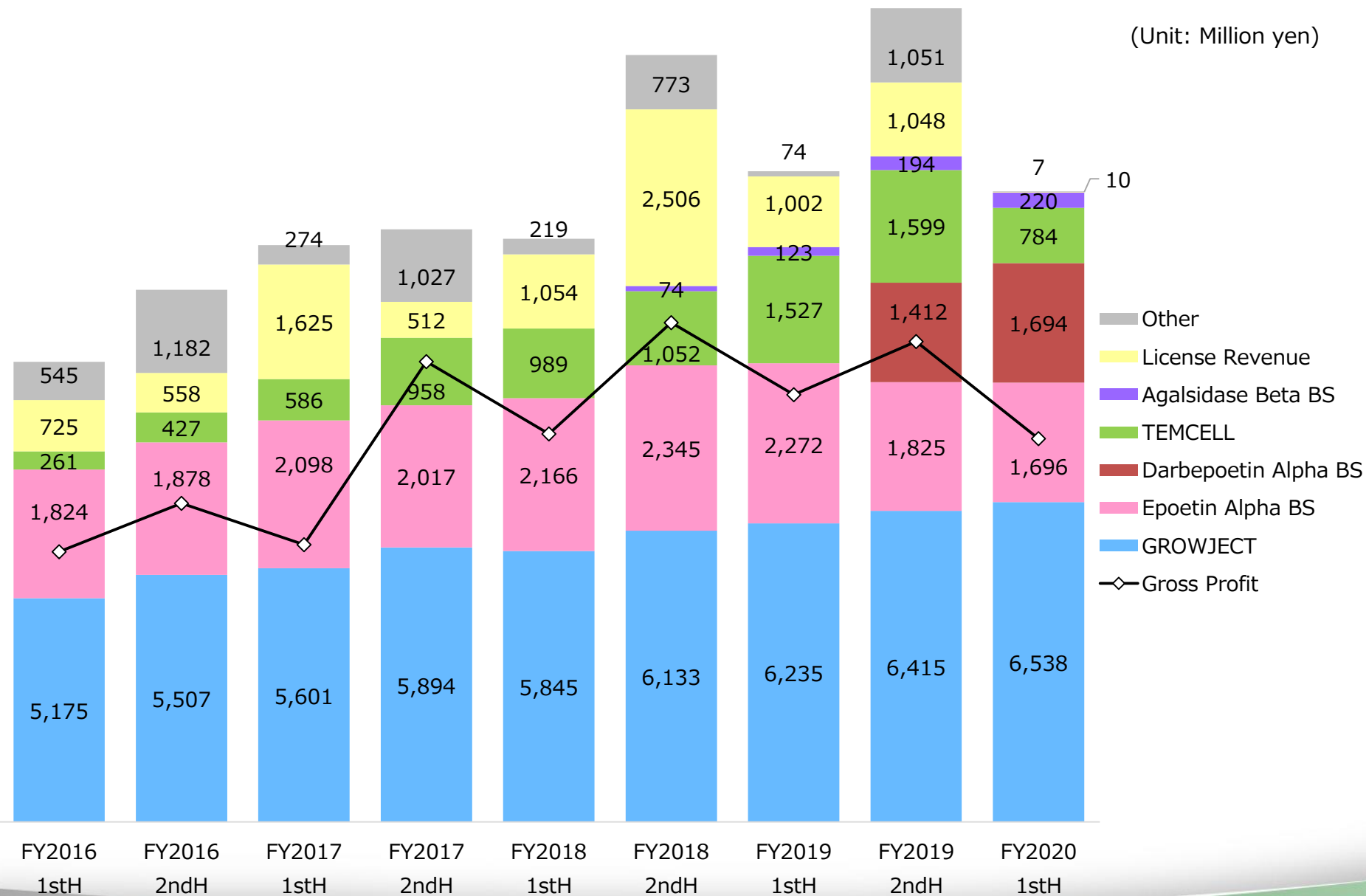
Sales by business Segments (Consolidated)

(Unit: Million yen)

	Six Months Ended Sep. 30, 2019		Six Months Ended Sep. 30 2020			FY2020 (Apr. 1, 2020- Mar. 31, 2021)	
		Composition ratio	A	Composition ratio	Year-on- Year	Forecast B	Expected progress rate A/B
GROWJECT®	6,235	55.5%	6,538	59.7%	4.9%	13,270	49.3%
Treatment for renal anemia	2,272	20.3%	3,390	31.0%	49.2%	6,540	51.8%
Epoetin Alpha BS Inj.[JCR]	2,272	20.3%	1,696	15.5%	(25.4)%	3,350	50.6%
Darbepoetin Alpha BS Inj.[JCR]	—	—	1,694	15.5%	—	3,190	53.1%
TEMCELL®HS Inj.	1,527	13.6%	784	7.2%	(48.6)%	2,110	37.2%
Agalsidase Beta BS I.V. Infusion [JCR]	123	1.1%	220	2.0%	79.1%	1,060	20.8%
Other products	74	0.6%	7	0.0%	(90.5)%	0	—
Total Pharmaceuticals, etc.	10,234	91.1%	10,941	99.9%	6.9%	22,980	47.6%
Lincense Revenue	1,002	8.9%	10	0.1%	(99.0)%	4,220	0.2%
Total Net Sales	11,236	100%	10,951	100.0%	(2.5)%	27,200	40.3%

Trend in Sales by business Segments (Consolidated)

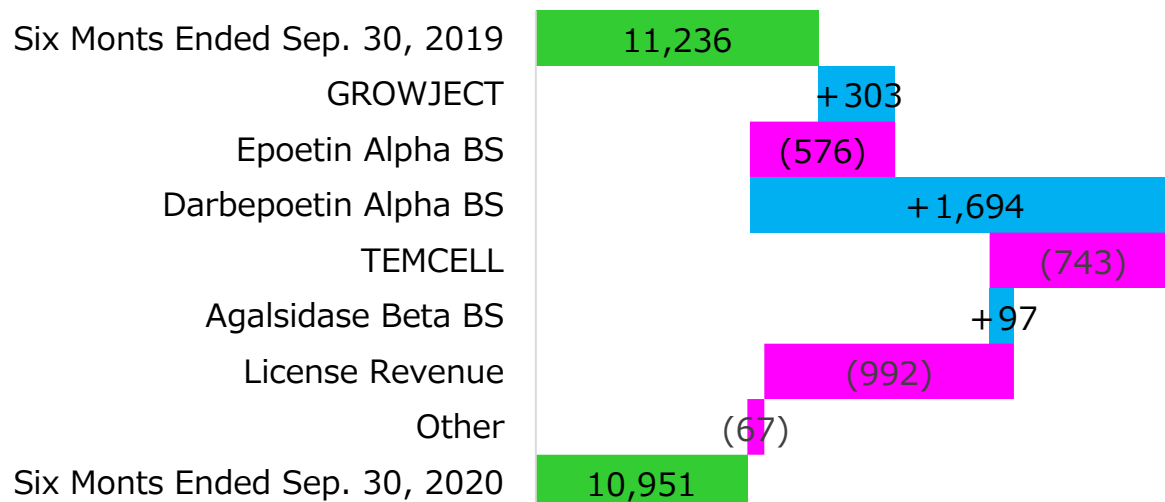
(Unit: Million yen)



Year-on-year changes (Consolidated)

◆ Net Sales 10,951 million yen, Year-on-year (285) million yen

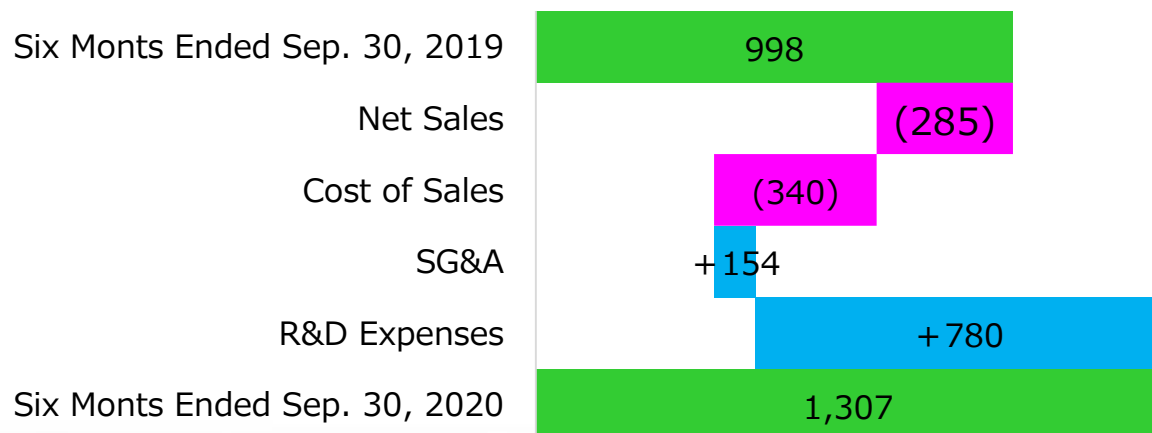
(Unit: Million yen)



Main increase/decrease

- GROWJECT: market penetration of reformulated products
+303 million yen
- TEMCELL: supply restriction implemented to ensure inventory (lifted in August)
(743) million yen
- Treatment for renal anemia: market penetration of Darbepoetin Alpha BS
+1,118 million yen
- License Revenue: postponement to the 3Q onward
(992) million yen

◆ Operating income 1,307 million yen, Year-on-year +309 million yen



Main increase/decrease

- Decrease in Net Sales due to the postponement of License Revenue
(284) million yen
- Increase in Cost of Sales due to increase in product sales
(340) million yen
- Decrease in SG&A due to improve operational efficiency, etc.
+86 million yen
- Decrease in R&D due to a review of outsourced operations, etc.
+847 million yen

Balance Sheets (Consolidated)

(Unit: Million yen)

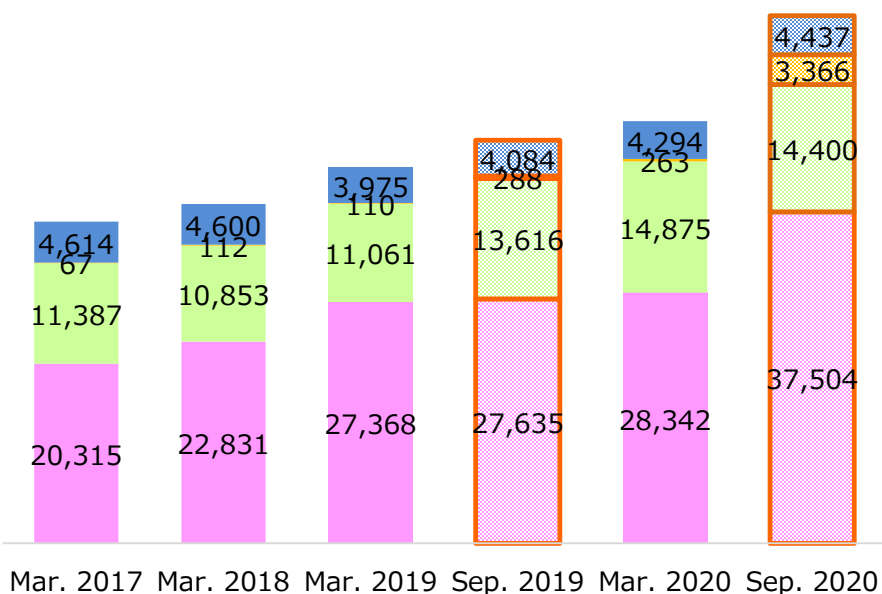
	Mar. 2020	Sep. 2020	Main Increase/decrease		Mar. 2020	Sep. 2020	Main Increase/decrease
Current assets	28,342	37,504	Cash and deposit +8,937	Current liabilities	10,434	20,755	Short-term borrowings +8,720
			Accounts receivable (1,462)	Non-current liabilities	4,761	5,480	Income taxes payable +504
Non-current assets	19,433	22,204	inventory +1,562	Total liabilities	15,195	26,236	Borrowings and bonds +700
			Property, plant and equipment (474)	Total net assets	32,579	33,472	Profit +1,227
			Patent right +3,126				Dividend (525)
				Total	47,775	59,708	+11,932
Total	47,775	59,708	+11,932	Total	47,775	59,708	+11,932

Capital investment	5,296	306
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Equity ratio	66.6%	54.8%
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Assets

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

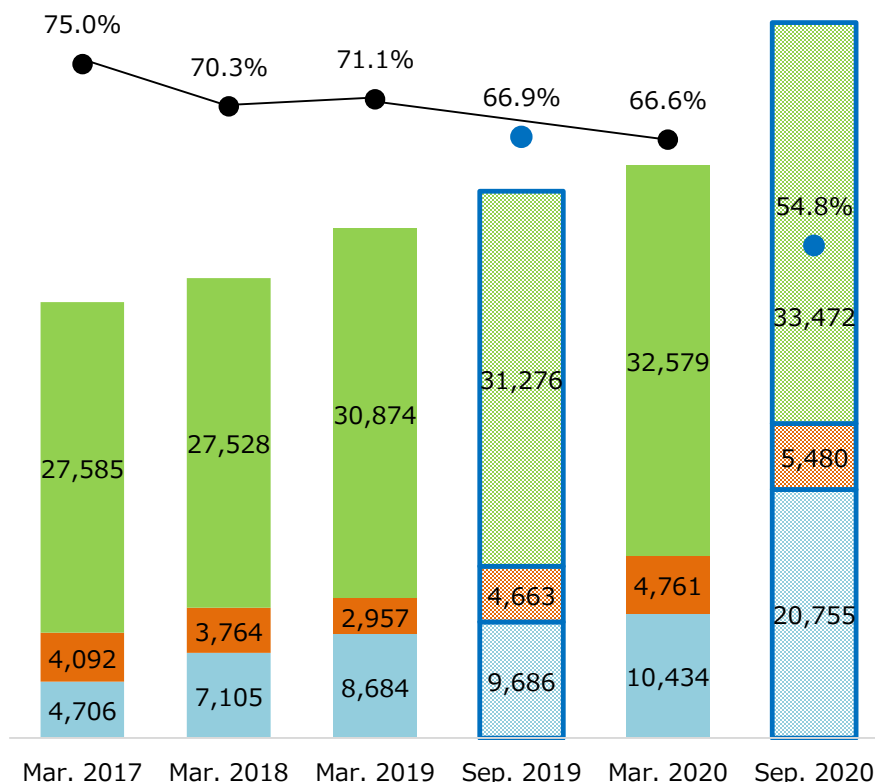


Factors

- Increased cash on hand in response to the COVID-19 (8.9 billion yen increase in cash and deposits)
- Recorded 3.1 billion yen in patent rights of ArmaGen

Liabilities and net assets

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



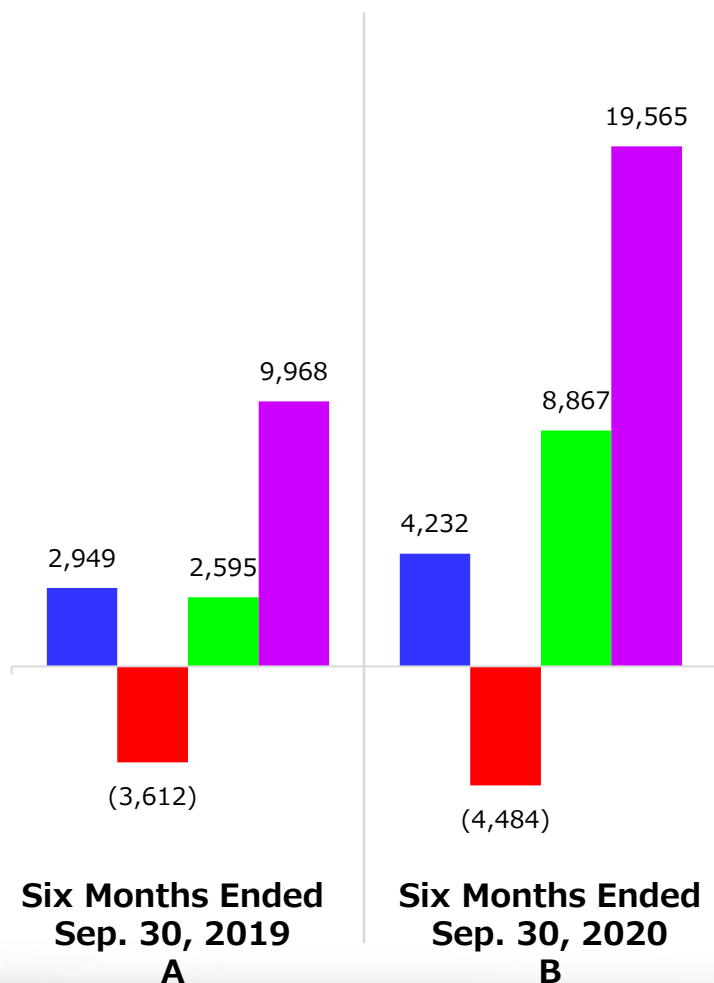
Factors

- Increase in borrowings and other funds to increase cash reserves in response to the COVID-19 (9.4 billion yen increase)

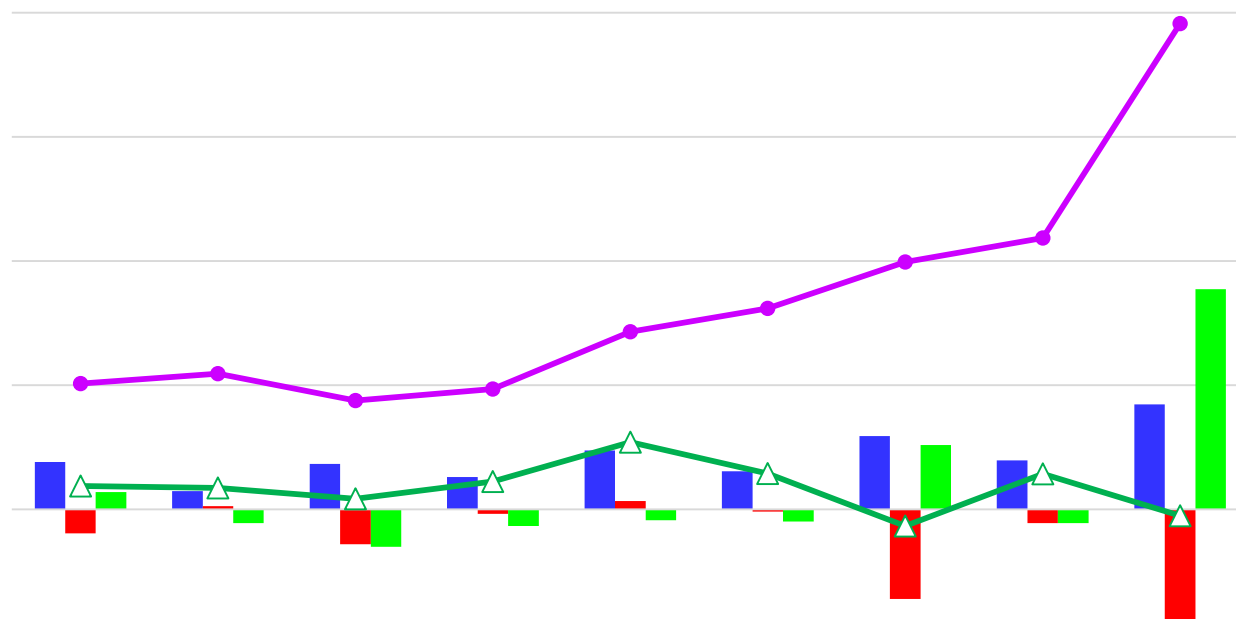
Cash Flows (Consolidated)

(Unit: Million yen)

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



	Six Months Ended Sep. 30, 2019 A	Six Months Ended Sep. 30, 2020 B	Year-on-year B - A
Income before income taxes	1,098	1,381	283
Depreciation and amortization	658	872	213
Accounts receivable-trade	2,098	1,462	(636)
Inventories	(860)	(1,562)	(702)
Other	(45)	2,078	2,124
Operating Activities	2,949	4,232	1,283
Securities	239	0	(239)
Capital investment	(3,852)	(1,437)	2,415
Other	0	(3,047)	(3,047)
Investing Activities	(3,612)	(4,484)	(871)
Borrowings	3,200	9,420	6,220
Dividends-treasury stock	(515)	(516)	(1)
Other	(89)	(36)	53
Financing Activities	2,595	8,867	6,272
Cash and Cash Equivalents at End of Period	9,968	19,565	9,596



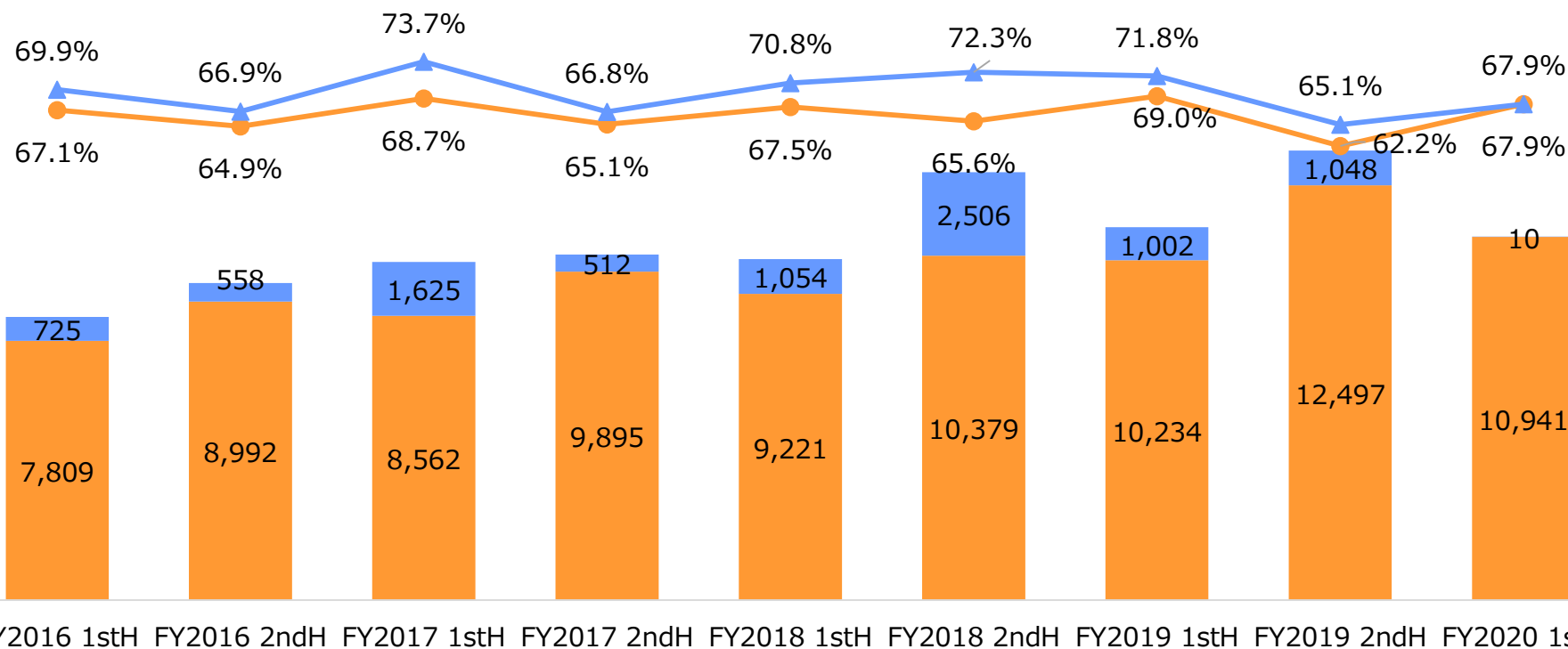
	FY2016 1stH	FY2016 2ndH	FY2017 1stH	FY2017 2ndH	FY2018 1stH	FY2018 2ndH	FY2019 1stH	FY2019 2ndH	FY2020 1stH
Operating Activities	1,909	742	1,830	1,303	2,372	1,533	2,949	1,978	4,232
Investing Activities	(967)	126	(1,407)	(180)	335	(95)	(3,612)	(549)	(4,484)
Financing Activities	698	(552)	(1,511)	(664)	(432)	(485)	2,595	(547)	8,867
Cash and Cash Equivalents at End of Period	5,068	5,464	4,377	4,850	7,158	8,091	9,968	10,928	19,565
FCF	942	868	423	1,123	2,707	1,438	(663)	1,429	(252)

- Factors**
- Net cash provided by operating activities was 4.2 billion yen, an increase of 1.2 billion yen from the previous fiscal year
 - Net cash used in investing activities amounted 4.4 billion yen due to capital expenditures and the acquisition of patent rights.
 - Cash flows from financing activities resulted in an inflow of 8.8 billion yen as the Company borrowed funds to increase cash on hand.

Trend in Gross profit margin

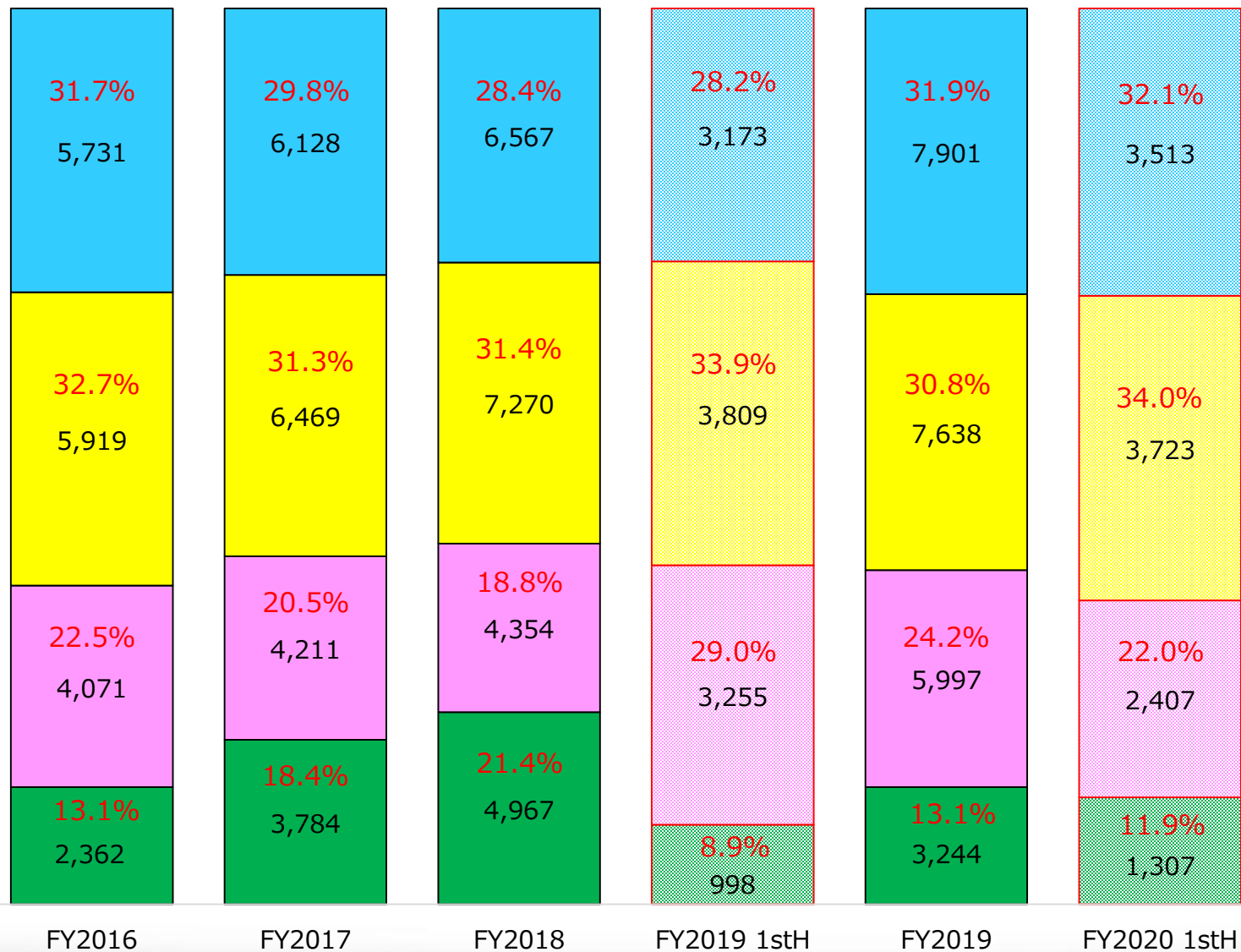
(Unit: Million yen)

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



Trend in composition ratio of cost/expense

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



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

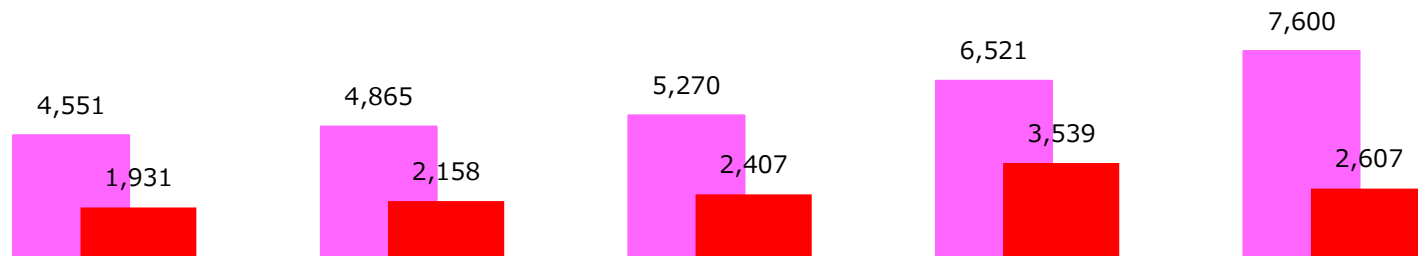
Correlation between R&D expenses and main R&D pipeline

(Unit: Million yen)

R&D Expenses (before deducting)

- Preclinical
- Clinical trial
- ★ Filed an application
- Approved

■ Apr. 1-Mar. 31 ■ Apr. 1-Sep. 30



	FY2016	FY2017	FY2018	FY2019	FY2020(Forecast)
JR-141 (Japan)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div><div>★</div></div>
JR-141 (Brazil)			<div><div></div></div>	<div><div></div></div>	<div><div></div><div>Filed an application</div></div>
JR-141 (Global)					<div><div></div></div>
JR-162	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
JR-171 (Global)		<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
JR-441			<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
JR-443					<div><div></div></div>
JR-446					<div><div></div></div>
Darbepoetin Alpha BS	<div><div></div></div>	<div><div></div></div>	<div><div></div><div>★</div></div>	<div><div></div><div>○</div></div>	<div><div></div></div>
JR-401X			<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
JR-142	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
JR-031EB	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div><div>★</div><div>Sep. 2019 Suspended</div></div>	<div><div></div></div>
JR-031HIE				<div><div></div></div>	<div><div></div></div>
JTR-161/JR-161	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Agalsidase Beta BS	<div><div></div></div>	<div><div></div><div>★</div></div>	<div><div></div><div>○</div></div>	<div><div></div></div>	<div><div></div></div>
GROWJECT (Liquid)	<div><div></div><div>○</div></div>				

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.



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