

Financial Results

- Fiscal Year 2019 -

May 18, 2020

JCR Pharmaceuticals co., Ltd.

FY2019 results

(Apr. 1, 2019-
Mar. 31, 2020)

**Net sales reached a record high (8 consecutive years),
but profit decreased due to a significant increase in R&D
expenses (YoY)**

Net Sales: 24,781 million yen, Year-on-Year +7.0%

Operating Income: 3,244 million yen, YoY (34.7%)

Ordinary Income: 3,293 million yen, YoY (35.0%)

Profit attributable to owners of parent: 2,678 million yen, YoY (27.9%)

- The sales of core products, Growject®, TEMCELL® and the treatment for renal anemia (total of Epoetin Alfa BS and Darbepoetin Alfa BS) were all higher than in the previous fiscal year. Net sales reached a record high for the eighth consecutive years.
- On a volume basis, sales of Growject® increased 8.6% and sales of TEMCELL® increased 53.1%.
- R&D expenses increased 37.7% (1,642 million yen) from FY2018 to 5,997 million yen (24.2% of sales).
- The conclusion of an agreement, which is planned in FY2019, is forecast to occur in FY2020. As a result contract revenue for the current fiscal year fell below what had initially been projected.

Consolidated	FY2018 (Apr. 1, 2018- Mar. 31, 2019) A	FY2019 (Apr. 1, 2019- Mar. 31, 2020)		Reference Initial forecast (before fixing)
		B	Year-on-Year (B-A)/A	
Net Sales	23,160	24,781	+7.0%	26,400
Cost of Sales	6,567	7,901	+20.3%	7,300
Gross Profit	16,592	16,880	+1.7%	19,100
SG&A	7,270	7,638	+5.1%	7,630
R&D Expenses	4,354	5,997	+37.7%	6,330
Operating Income	4,967	3,244	(34.7%)	5,140
Ordinary Income	5,068	3,293	(35.0%)	5,150
Profit attributable to owners of parent	3,715	2,678	(27.9%)	4,080
Ratio of Cost of Sales	28.4%	31.9%	+ 3.5%	27.7%
Ratio of Cost of R&D	18.8%	24.2%	+ 5.4%	24.0%
Operating Profit Ratio	21.4%	13.1%	(8.3%)	19.5%

(Reference)

R&D expenses*	5,270	6,521	+23.7%	6,921
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*R&D expenses before deducting contribution amount by collaborative R&D destinations

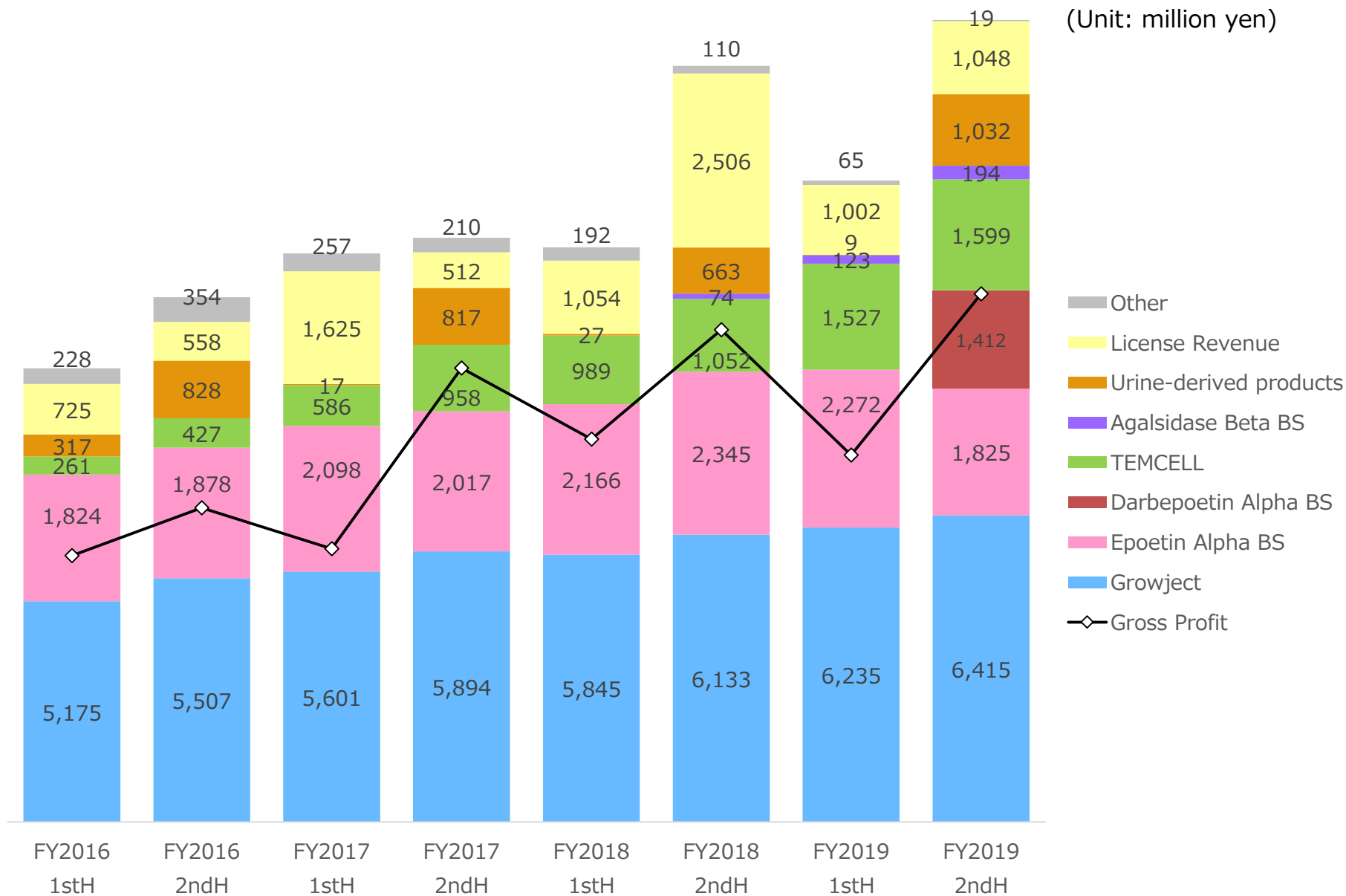
Sales by Business Segments (Consolidated)

(Unit: million yen)

Name of business segment	FY2018 (Apr. 1, 2018- Mar. 31, 2019)		FY2019 (Apr. 1, 2019- Mar. 31, 2020)		
	A	Composition ratio	B	Composition ratio	Year-on-Year (B-A)/A
Growject®	11,978	51.7%	12,650	51.0%	+5.6%
Epoetin Alpha BS Inj.[JCR]	4,511	19.5%	4,097	16.5%	(9.2%)
Darbepoetin Alpha BS Inj.[JCR]	—	—	1,412	5.7%	—
TEMCELL®HS Inj.	2,041	8.8%	3,126	12.6%	+53.2%
Agalsidase Beta BS I.V. Infusion [JCR]	74	0.3%	317	1.3%	+327.4%
Urine-derived products	690	3.0%	1,041	4.2%	+50.8%
License Revenue	3,560	15.4%	2,050	8.3%	(42.4%)
Other	303	1.3%	84	0.3%	(72.0%)
Total Net Sales	23,160	100.0%	24,781	100.0%	+7.0%

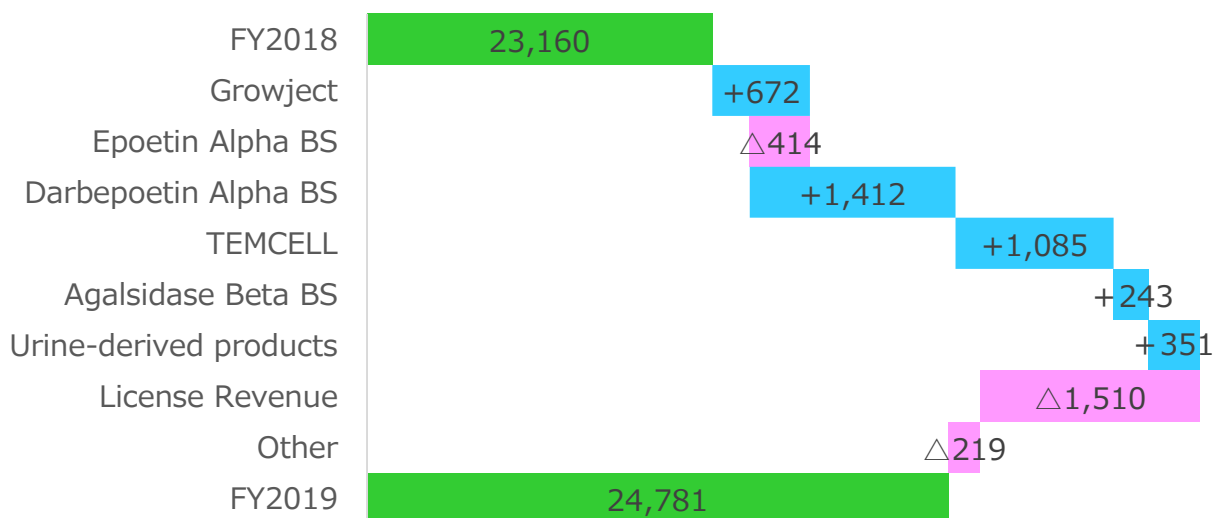
Trend in Sales by Business Segments (Consolidated)

(Unit: million yen)



(Unit: million yen)

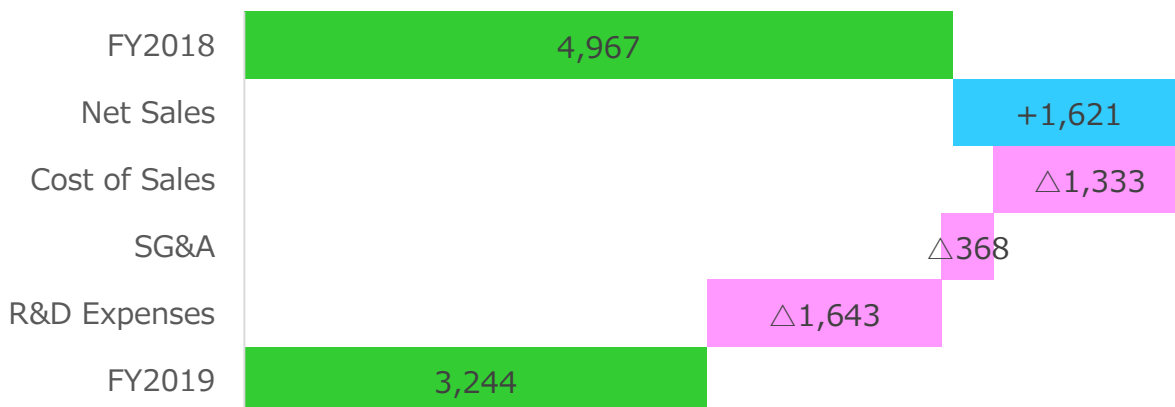
◆ Net Sales 24,781 million yen, Year-on-Year +1,621 million yen



Factors of change

- Growject: Market penetration of Liquid formulation and strengthen promotional strategies
+ 672 million yen
- TEMCELL: Market penetration and aggressive use
+ 1,085 million yen
- License Revenue: Delay of conclusion (1,510) million yen

◆ Operating Income 3,244 million yen, Year-on-Year (1,723) million yen



Factors of change

- Increase in sales of core products
+ 1,621 million yen
- Increase in cost of sales due to the launch of new products
(1,333) million yen
- Increase in R&D expenses due to aggressive R&D
(1,643) million yen

Financial Statement (Consolidated)

(Unit: million yen)

	Mar. 2019	Mar. 2020	Main increase/decrease		Mar. 2019	Mar. 2020	Main increase/decrease
Current assets	27,368	28,342	Cash and deposit + 3,136	Current liabilities	8,684	10,434	Short-term loans payable + 1,250
			Accounts receivable △857				Account payable +356
			Securities △441	Non-current liabilities	2,957	4,761	Long-term loans payable +1,950
Non-current assets	15,147	19,433	Property, plant and equipment + 3,813	Total liabilities	11,642	15,195	+ 3,553
				Total net assets	30,874	32,579	Profit + 1,689
Total	42,516	47,775	+ 5,259	Total	42,516	47,775	+ 5,259

Capital investment	1,517	5,296
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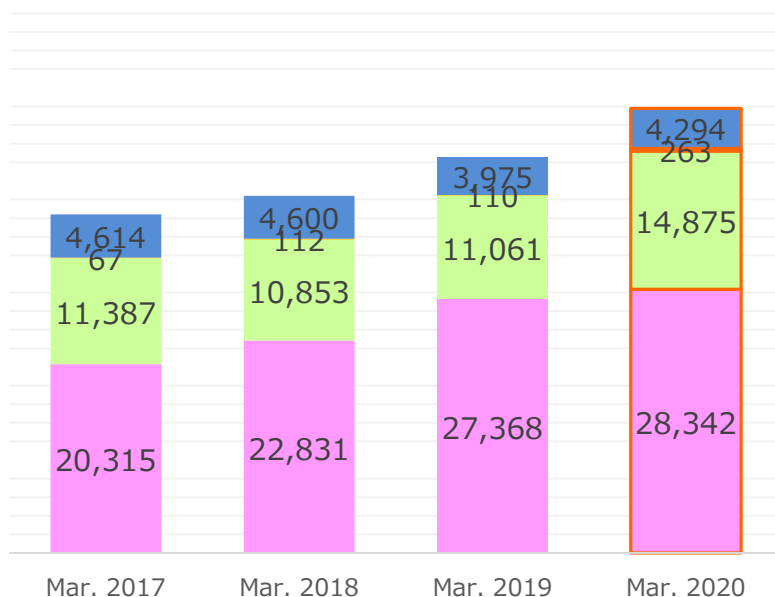
Equity ratio	71.1%	66.6%
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Trend in Balance Sheets (Consolidated)

(Unit: million yen)

Assets

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

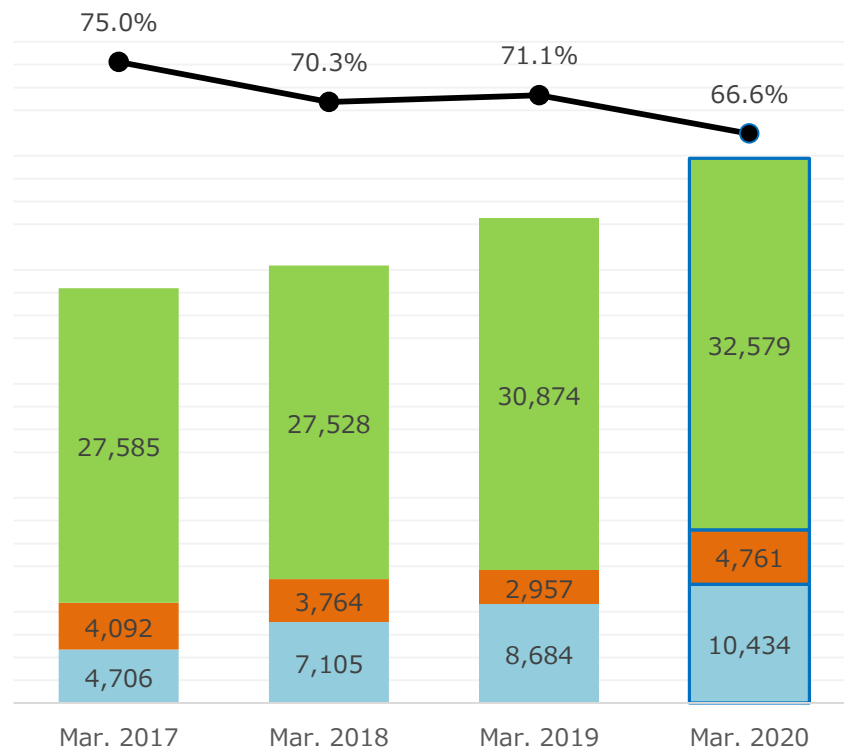


Factors of change

- Increase in property, plant and equipment due to the expansion of research facilities

Liabilities and net assets

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



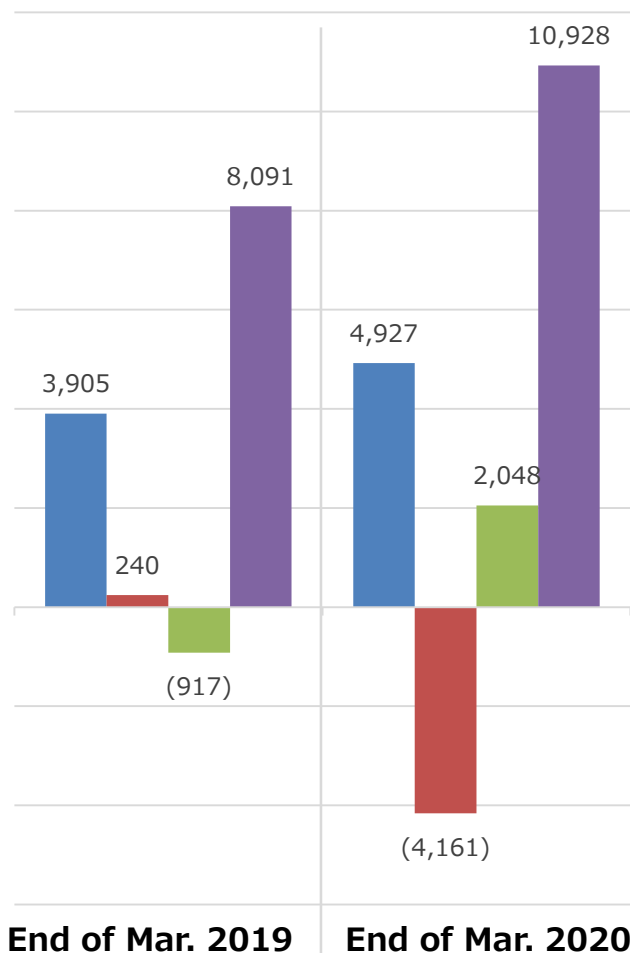
Factors of change

- Increase in current liabilities and non-current liabilities due to an increase in loans payable
- Increase in net asset due to recording of profit attributable to owners of parent

Cash Flows (Consolidated)

(Unit: million yen)

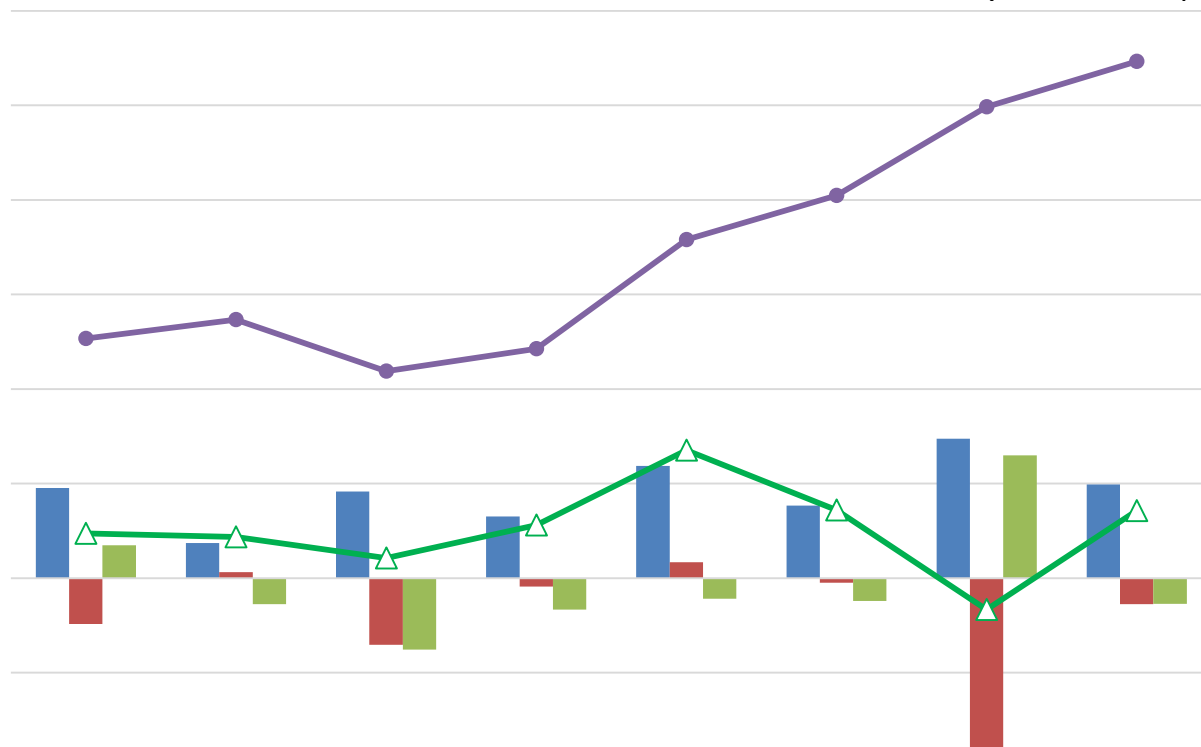
- Operating Activities
- Investing Activities
- Financing Activities
- Cash and Cash Equivalents at End of Period



	End of Mar. 2019 A	End of Mar. 2020 B	Increase/ decrease B - A
Income before income taxes	4,928	3,422	(1,506)
Depreciation and amortization	1,343	1,434	+91
Accounts receivable-trade	(1,732)	857	+2,589
Inventories	(157)	258	+415
Other	(476)	(1,045)	(569)
Operating Activities	3,905	4,927	+1,022
Securities	1,256	668	(648)
Capital investment	(898)	(4,838)	(3,943)
Other	(117)	8	+125
Investing Activities	240	(4,161)	(4,401)
Loans payable	86	3,200	+3,114
Dividends•treasury stock	(807)	(973)	(166)
Other	(196)	(177)	(1)
Financing Activities	(917)	2,048	+2,965
Cash and Cash Equivalents at End of Period	8,091	10,928	+2,837

Trend in Cash Flows (Consolidated)

(Unit: million yen)



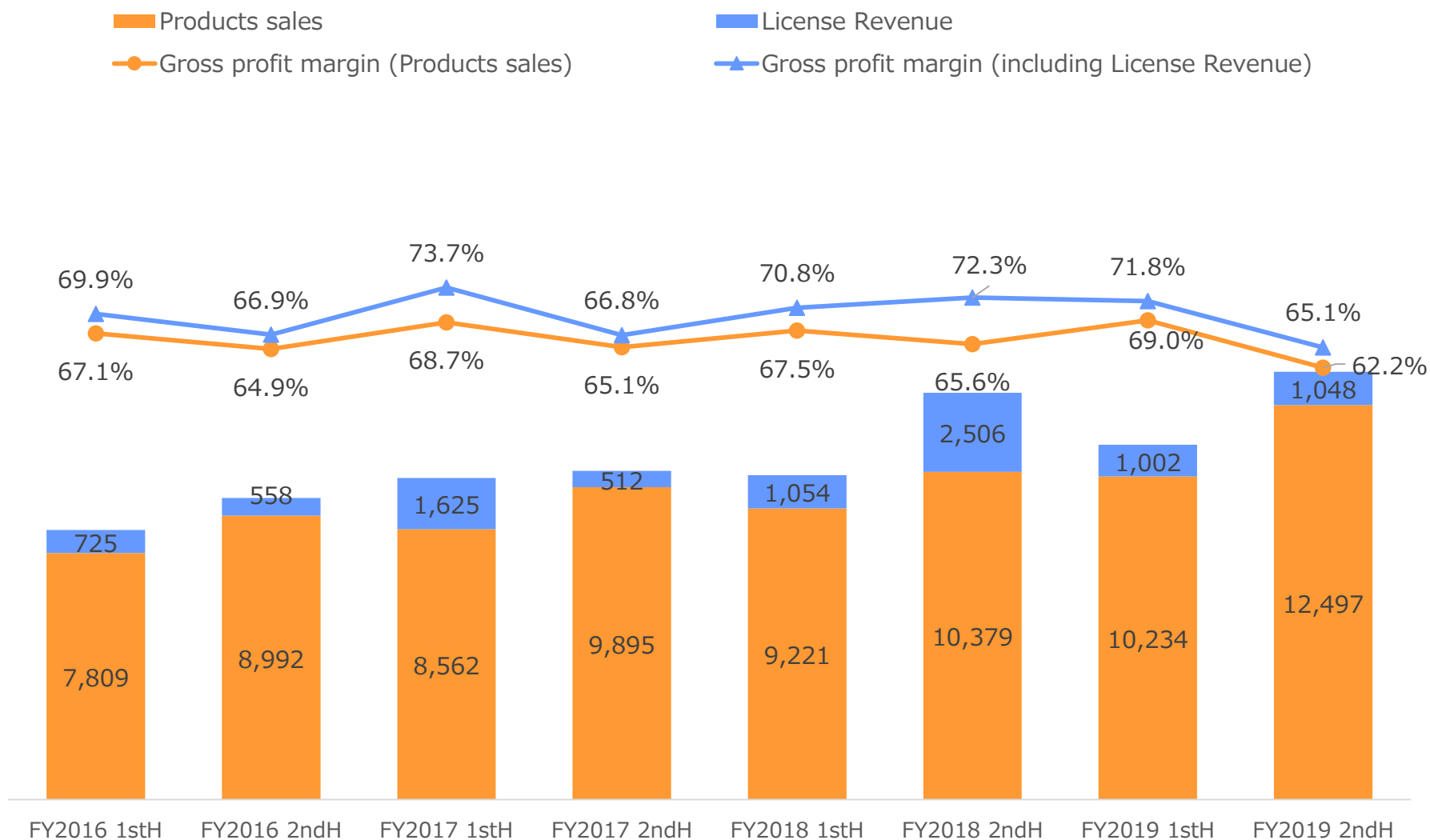
	FY2016 1stH	FY2016 2ndH	FY2017 1stH	FY2017 2ndH	FY2018 1stH	FY2018 2ndH	FY2019 1stH	FY2019 2ndH
Operating Activities	1,909	742	1,830	1,303	2,372	1,533	2,949	1,978
Investing Activities	(967)	126	(1,407)	(180)	335	(95)	(3,612)	(549)
Financing Activities	698	(552)	(1,511)	(664)	(432)	(485)	2,595	(547)
Cash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

Factors of change

- Net cash used by investing activities amounted to 4,161 million yen. The main factor was proceeds from redemption of investment securities, which was partially offset by purchase of property plant, and equipment of 4,838 million yen.
- Net cash used in financing activities amounted to 2,048 million yen. Despite the payment of cash dividends of 989 million yen, long-term loans payable of 3,050 million yen were increased.

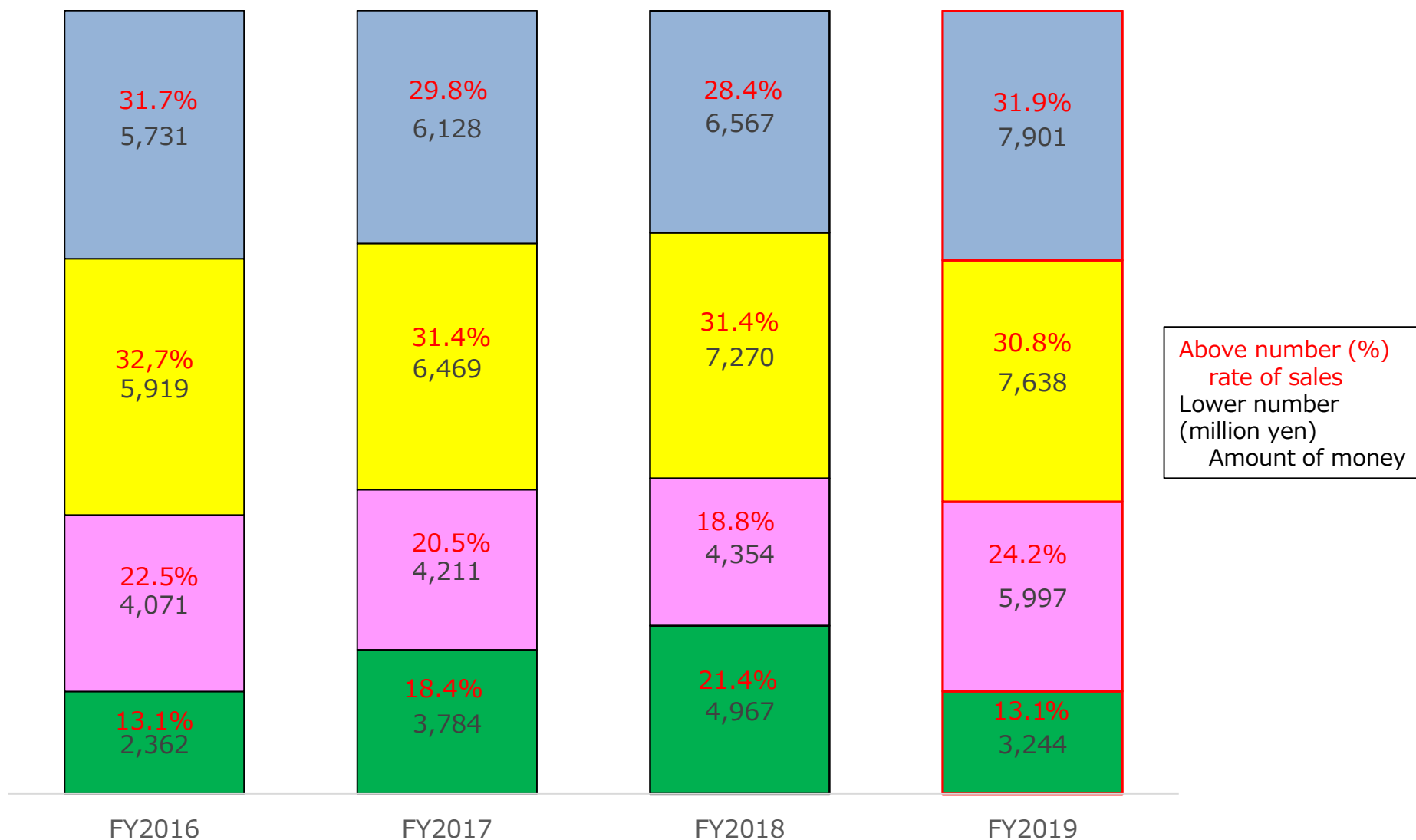
Trend in Gross profit margin

(Unit: million yen)



Trend in composition ratio of cost/expense

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



Earnings Forecast (Apr. 1, 2020- Mar. 31, 2021)

Net Sales: 27,200 million yen, Year-on-Year + 9.8%

Operating Income: 6,000 million yen, YoY +84.9%

Ordinary Income: 6,000 million yen, YoY +82.2%

Profit attributable to owners of parent: 4,800 million yen, YoY +79.2%

- The sales of Growject[®], treatment renal anemia (total of Epoetin Alfa BS, Darbepoetin Alfa BS) and Agalsidase beta BS are expected to increase.
- Revenue in licensing is expected to Increase, including the revenue from contract that fell short of the previous fiscal year.
- Based on this factors, Operating income is forecast to increase by 84.9% after absorbing increase in R&D expenses.

FY2020 Forecast (Consolidated)

(Unit: million yen)

Consolidated	FY2019 (Apr. 1, 2019- Mar. 31 2020) A	FY2020 (Apr. 1, 2020- Mar. 31, 2021) B	Increase/ decrease B - A	Year-on-Year (B-A)/A
Net sales	24,781	27,200	+2,418	+9.8%
Cost of sales	7,901	6,800	(1,101)	(13.9%)
Gross profit	16,880	20,400	+3,519	+20.9%
SG&A	7,638	8,000	+361	+4.7%
R&D Expenses	5,997	6,400	+402	+6.7%
Operating Income	3,244	6,000	+2,755	+84.9%
Ordinary Income	3,293	6,000	+2,706	+82.2%
Profit attributable to owners of parent	2,678	4,800	+2,121	+79.2%

Ratio of Cost of Sales	31.9%	25.0%	(6.9%)
Ratio of Cost of R&D	24.2%	23.5%	(0.7%)
Operating Profit Ratio	13.1%	22.1%	+9.0%

(Reference)

R&D expenses*	6,521	7,600	+1,078	+16.5%
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* R&D expenses before deducting contribution amount by collaborative R&D destinations

FY2020 Forecast (Consolidated)

(Unit: million yen)

Name of Business segment	FY2019 (Apr. 1, 2019-Mar. 31 2020)		FY2020 forecast (Apr. 1, 2020- Mar. 31, 2021)		Increase/ decrease (B-A)
	A	Composition ratio	B	Composition ratio	
Growject®	12,650	51.0%	13,270	48.8%	+620
Treatment for renal anemia	5,509	22.2%	6,540	24.0%	+1,031
Epoetin Alpha BS Inj. [JCR]	4,097	16.5%	3,350	12.3%	(747)
Darbepoetin Alfa BS Inj. [JCR]	1,412	5.7%	3,190	11.7%	+1,778
TEMCELL®HS Inj.	3,126	12.6%	2,110	7.8%	(1,016)
Agalsidase Beta BS I.V. Infusion [JCR]	317	1.3%	1,060	3.9%	+743
License Revenue	2,050	8.3%	4,220	15.5%	+2,170
Other	1,125	4.6%	0	0.0%	(1,125)
Total Net Sales	24,781	100.0%	27,200	100.0%	+2,419

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

(Unit: million yen)

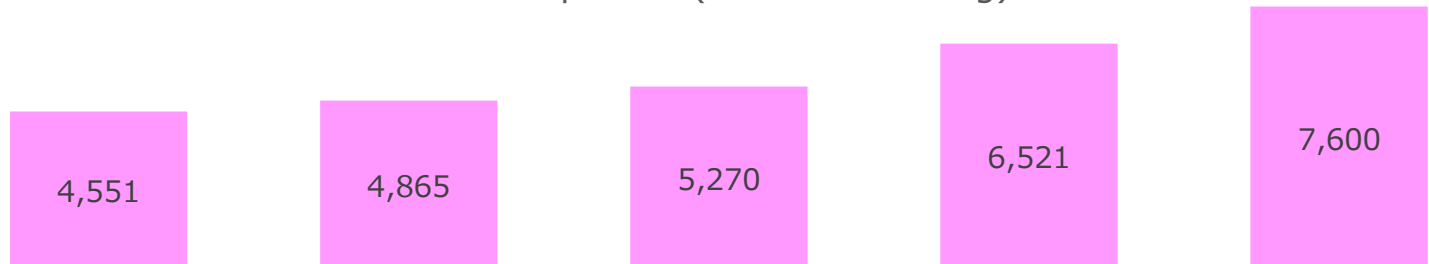
R&D Expenses (before deducting)

Preclinical

Clinical

★ Filed an application

○ Approved



	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>Filed an application</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></div></div>
JR-171		<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>
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>	<div><div></div></div>
Darbepoetin Alfa 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>
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>				<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.



– JCR Biotech for a New Tomorrow –