

FY2022 Second-Half Results Briefing Session -Financial Results-

May 12, 2023

JCR Pharmaceuticals Co., Ltd.

【Securities code】 4552, PRIME, TSE

**FY2022
results**
(Apr. 1, 2022-
Mar. 31, 2023)

Decrease in sales and profit due to decrease in license revenue and AZD1222 bulk solution manufacturing

Net sales : 34,343 million yen, Year-on-year (32.8)%

Operating income : 4,975 million yen, YoY (75.0)%

Ordinary income : 5,418 million yen, YoY (73.6)%

Profit : 3,772 million yen, YoY (74.0)%

- Core products: Sales of IZCARGO® increased YoY but sales for GROWJECT® and treatments for renal anemia decreased YoY due to the impact of NHI price revisions.
- SG&A expenses decreased YoY as a result of accumulated cost-cutting despite an increase in personnel expenses due to an increase in employee numbers. Meanwhile, R&D expenses increased YoY due to steady progress.

Consolidated Results

(Unit: million yen)

| Consolidated | FY2021 (Apr. 1, 2021- Mar. 31, 2022) A | FY2022 (Apr. 1, 2022-Mar. 31, 2023) | | Reference |
|--|---|--|-----------------------------|---------------------------------|
| | | B | Year-on- year (B-A)/A | Forecast (after revision) |
| Net sales | 51,082 | 34,343 | (32.8)% | 34,200 |
| Cost of sales | 10,461 | 8,886 | (15.1)% | — |
| Gross profit | 40,620 | 25,456 | (37.3)% | — |
| SG&A | 13,511 | 11,678 | (13.6)% | 11,500 |
| R&D expenses | 7,175 | 8,802 | +22.7% | 8,900 |
| Operating income | 19,933 | 4,975 | (75.0)% | 5,000 |
| Ordinary income | 20,512 | 5,418 | (73.6)% | 5,200 |
| Profit attributable to owners of parent/Profit | 14,507 | 3,772 | (74.0)% | 3,800 |

| | | | |
|------------------------|-------|--------------|----------------|
| Ratio of cost of sales | 20.5% | 25.9% | +5.4% |
| Ratio of cost of R&D | 14.0% | 25.6% | +11.6% |
| Operating income ratio | 39.0% | 14.5% | (24.5)% |

(Reference)

| | | | | |
|---------------|-------|--------------|---------------|---|
| R&D expenses* | 7,671 | 9,480 | +23.6% | — |
|---------------|-------|--------------|---------------|---|

*R&D expenses before deducting contribution amount by collaborative R&D destinations

◆ Operating income 4,975 million yen Year-on-year: (14,958) million yen

| | |
|---------------|--------------|
| FY2021 | 19,933 |
| Net sales | (16,738) |
| Cost of sales | + 1,574 |
| SG&A | + 1,832 |
| R&D Expenses | (1,626) |
| FY2022 | 4,975 |

(Unit: million yen)

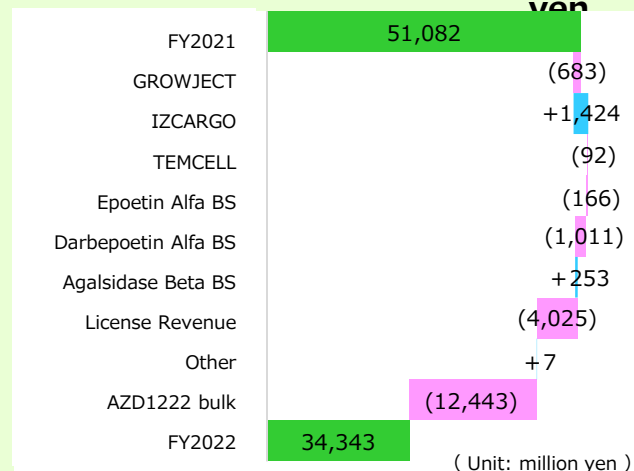
Main change factors (YoY)

- Decrease in net sales due to decrease in license revenue and end to AZD1222 bulk solution manufacturing
(16,738) million yen
- Decrease in cost of sales accompanying decrease in net sales
+1,574 million yen
- SG&A expenses improved due to accumulated cost-cutting
+1,832 million yen
- Proactive investment in R&D
(1,626) million yen

Breakdown of Net Sales (Consolidated)

(Unit: million yen)

◆ Net sales **34,343 million yen**
Year-on-year: **(16,738) million yen**



Main change factors (YoY)

- GROWJECT® NHI price revision (8.1%) (683) million yen
- IZCARGO® started prescribing for 17 cases +1,424 million yen
- Adjusted sales price with Kissei Pharmaceutical Co., Ltd. for Darbepoetin NHI price revision (12.3)%, etc. (1,011) million yen
- License revenue impacted by delayed contract negotiations and other factors (4,025) million yen
- AZD1222 bulk solution manufacturing ended as scheduled (12,443) million yen

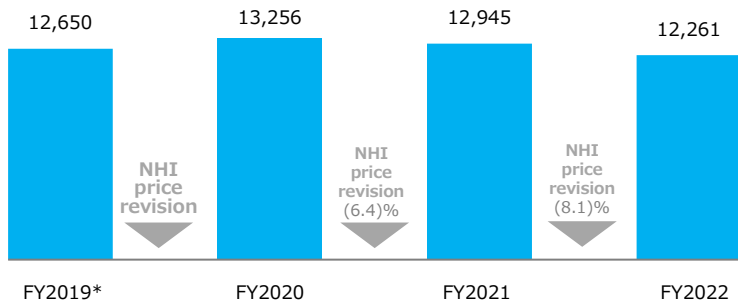
| 品目 | FY2021 (Apr. 1, 2021- Mar. 31, 2022) | | FY2022 (Apr. 1, 2022-Mar. 31, 2023) | | | Reference |
|--|--|-------------------|--|----------------------|---------------------------|---------------|
| | | Composition ratio | Composition ratio | Year-on-year (B-A)/A | Forecast (after revision) | |
| GROWJECT® | 12,945 | 25.3% | 12,261 | 35.7% | (5.3)% | 12,000 |
| IZCARGO® | 3,003 | 5.9% | 4,428 | 12.9% | +47.4% | 4,500 |
| Treatments for renal anemia | 5,875 | 11.5% | 4,696 | 13.7% | (20.1)% | 4,750 |
| Epoetin Alfa BS Inj. [JCR] | 2,876 | 5.6% | 2,710 | 7.9% | (5.8)% | 2,650 |
| Darbepoetin Alfa BS Inj. [JCR] | 2,998 | 5.9% | 1,986 | 5.8% | (33.7)% | 2,100 |
| TEMCELL® HS Inj. | 3,497 | 6.9% | 3,404 | 9.9% | (2.7)% | 3,400 |
| Agalsidase Beta BS I.V. Infusion [JCR] | 711 | 1.4% | 964 | 2.8% | +35.6% | 1,000 |
| Total pharmaceutical products | 26,032 | 51.0% | 25,755 | 75.0% | (1.1)% | 25,650 |
| License revenue | 10,571 | 20.7% | 6,546 | 19.1% | (38.1)% | 6,500 |
| Other | 102 | 0.2% | 109 | 0.3% | +7.3% | 120 |
| AZD1222 bulk | 14,375 | 28.1% | 1,931 | 5.6% | (86.6)% | 1,930 |
| Total net sales | 51,082 | 100.0% | 34,343 | 100.0% | (32.8)% | 34,200 |

Net Sales Trends by Product

(Unit: million yen)

Recombinant human growth hormone product

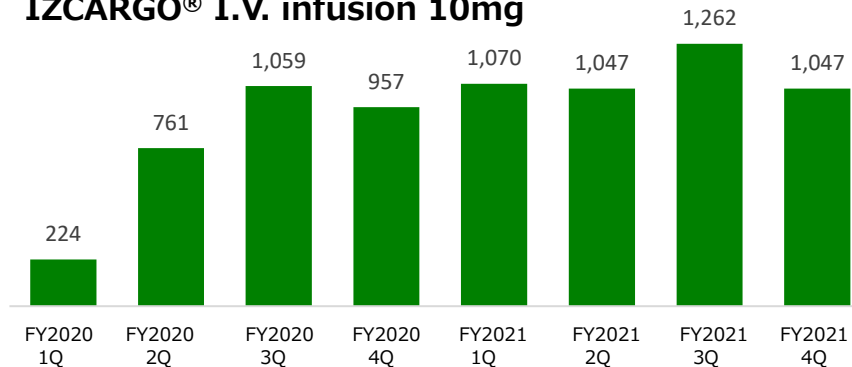
GROWJECT®



* NHI price revision in Oct.

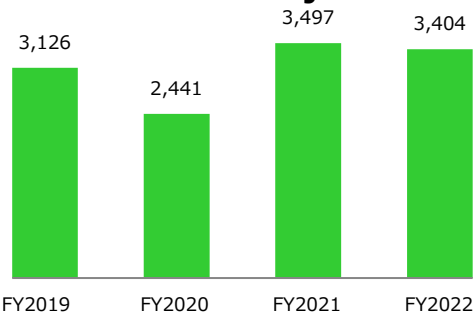
Recombinant therapeutic enzyme for mucopolysaccharidosis II (MPS II)

IZCARGO® I.V. infusion 10mg



Human somatic stem cell-processed products
Human (allogenic) bone marrow-derived mesenchymal stem cells

TEMCELL® HS Inj.

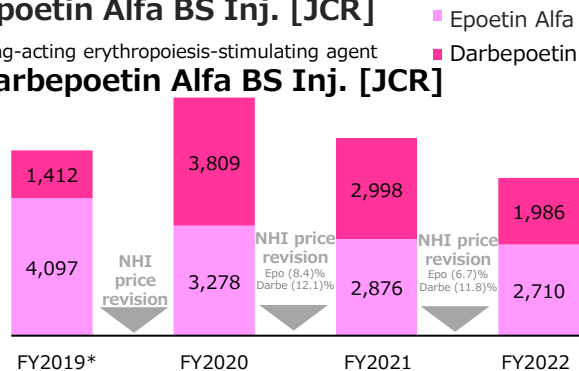


Recombinant erythropoietin product

Epoetin Alfa BS Inj. [JCR]

Long-acting erythropoiesis-stimulating agent

Darbepoetin Alfa BS Inj. [JCR]

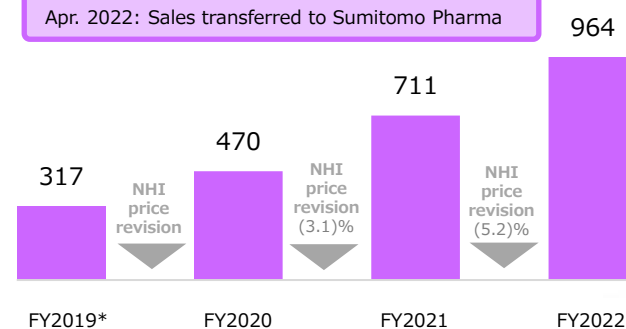


*NHI price revision in Oct.

Recombinant treatment for Fabry disease

Agalsidase Beta BS I.V. Infusion [JCR]

Apr. 2022: Sales transferred to Sumitomo Pharma



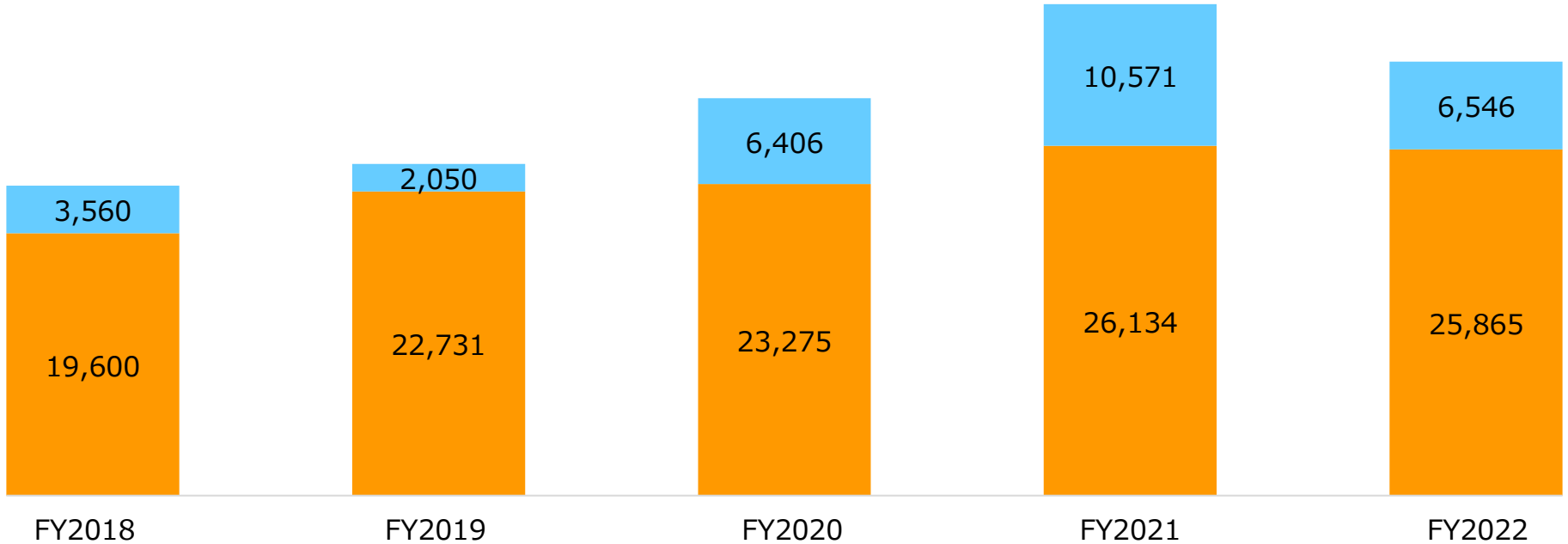
* NHI price revision in Oct.

Net Sales Trends (Excluding AZD1222 Bulk Solution)

(Unit: million yen)

■ Products* sales
 ■ License revenue

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



Financial Status (Consolidated)

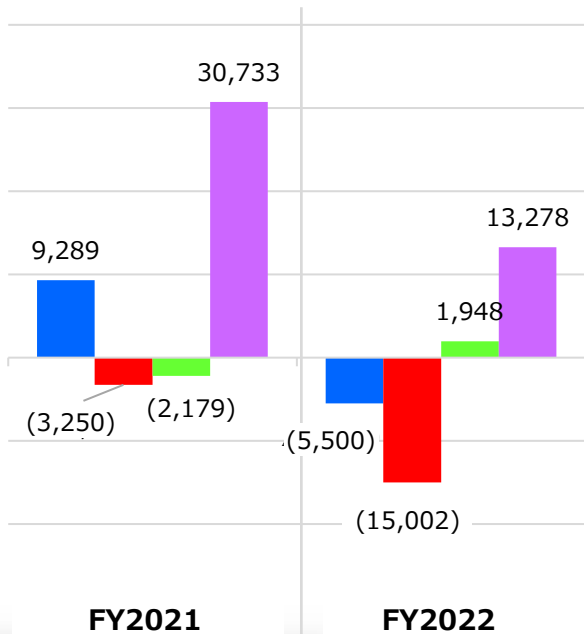
(Unit: million yen)

| | End-Mar. 2022 | End-Mar. 2023 | Change • Main Increase/decrease | | End-Mar. 2022 | End-Mar. 2023 | Change • Main Increase/decrease |
|---------------------------|------------------|------------------|---|--------------------------------|------------------|------------------|--|
| Current assets | 62,188 | 47,802 | Total (14,385) • Cash and deposits (17,454) • Accounts receivable-trade (4,448) • Inventories + 3,854 | Current liabilities | 42,054 | 35,762 | Total (6,292) • Income taxes payable (5,881) • Short-term loans payable + 1,650 |
| | | | | Non-current liabilities | 3,990 | 6,761 | Total + 2,770 • Long-term loans payable + 3,050 |
| Non-current assets | 34,946 | 47,135 | Total + 12,188 • Property, plant and equipment + 5,898 • Shares of subsidiaries and associates + 6,710 | Total liabilities | 46,045 | 42,523 | (3,521) |
| | | | | Total net assets | 51,089 | 52,413 | Total + 1,324 • Dividends (2,740) • Recorded profit + 3,772 |
| Total | 97,134 | 94,937 | (2,196) | Total | 97,134 | 94,937 | (2,196) |

| | | |
|---------------------|-------|--------------|
| Equity ratio | 51.8% | 54.2% |
|---------------------|-------|--------------|

Cash Flows (Consolidated)

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



| (Unit: million yen) | FY2021 A | FY2022 B | Year-on-year B - A |
|--|----------------|-----------------|-----------------------|
| Income before income taxes | 19,404 | 5,412 | (13,991) |
| Depreciation and amortization | 1,945 | 1,997 | +52 |
| Decrease (increase) in trade receivables and accounts receivable - other | (7,501) | 3,269 | +10,771 |
| Decrease (increase) in inventories | (1,082) | (3,877) | (2,795) |
| Increase (decrease) in trade payables and accounts payable - other | 1,424 | (2,162) | (3,587) |
| Income taxes paid | (2,517) | (8,279) | (5,761) |
| Other | (2,362) | (1,859) | +523 |
| Operating Activities | 9,289 | (5,500) | (14,789) |
| Purchase of shares of subsidiaries and associates | - | (6,717) | (6,717) |
| Capital investment | (11,333) | (8,560) | +2,773 |
| Other | 8,083 | 275 | (7,808) |
| Investing Activities | (3,250) | (15,002) | (11,752) |
| Loans payable | - | 4,700 | +4,700 |
| Cash dividends paid/ treasury stock | (2,158) | (2,729) | (570) |
| Other | (20) | (22) | (2) |
| Financing Activities | (2,179) | 1,948 | +4,127 |
| Net increase (decrease) in cash and cash equivalents | 4,472 | (17,454) | (21,927) |
| Cash and Cash Equivalents at End of Period | 30,733 | 13,278 | (17,454) |

【 Reference 】

| | | |
|--|-------|-------|
| Depreciation and amortization | 1,945 | 1,997 |
| Capital investment (after subsidy deduction) | 4,472 | 4,330 |

Forecast Highlights (FY2023)

Earnings forecast (Apr. 1, 2023- Mar. 31, 2024)

Net sales : 36,900 million yen, Year-on-year +7.4%
Operating income : 5,600 million yen, YoY +12.5%
Ordinary income : 5,200 million yen, YoY (4.0)%
Profit : 3,800 million yen, YoY +0.7%

- Aim for solid increase in revenue by maintaining strong net sales of core products and ensuring prospects in contract negotiations.
 - Start co-promotion of IZCARGO® with Sumitomo Pharma Co., Ltd. starting from this fiscal year
 - Factor in the market contraction trend for GROWJECT® due to the declining birthrate and the impact of the NHI price revision (5.1)%
Expect expanded applications for SHOX deficiency from this fiscal year, but outlook is that the impact of patient numbers on net sales will be insignificant.
 - Increase shipments of treatments for renal anemia, and increased sales are forecast.
 - Continue working proactively on the licensing business, and forecast license revenue of 8,100 million yen.

- While SG&A expenses are forecast to continue to decrease YoY, R&D expenses are forecast to further increase YoY as a result of progress on global clinical trials.
 - SG&A expenses: (3.2)%
 - R&D expenses: +10.2%

FY2023 Forecast (Consolidated)

(Unit: million yen)

| Consolidated | FY2022 (Apr. 1, 2022- Mar. 31, 2023) A | FY2023 forecast (Apr. 1, 2023- Mar. 31, 2024) B | Increase/ decrease B - A | Year-on-year (B-A)/A |
|---|---|--|--------------------------------|-------------------------|
| Net sales | 34,343 | 36,900 | + 2,556 | + 7.4% |
| Cost of sales | 8,886 | 10,300 | + 1,413 | +15.9% |
| Gross profit | 25,456 | 26,600 | + 1,143 | + 4.5% |
| SG&A | 11,678 | 11,300 | (378) | (3.2)% |
| R&D | 8,802 | 9,700 | + 897 | +10.2% |
| Operating income | 4,975 | 5,600 | + 624 | +12.5% |
| Ordinary income | 5,418 | 5,200 | (218) | (4.0)% |
| Profit attributable to owners of parent/Profit | 3,772 | 3,800 | + 27 | + 0.7% |

| | | | |
|---------------------------------|-------|--------------|--------|
| Ratio of cost of sales | 25.9% | 27.9% | + 2.0% |
| Ratio of cost of R&D | 25.6% | 26.3% | + 0.7% |
| Operating income ratio | 14.5% | 15.2% | + 0.7% |

(Reference)

| | | | | |
|--------------------------|-------|---------------|---------|---------|
| R&D expenses* | 9,480 | 11,700 | + 2,219 | + 23.4% |
|--------------------------|-------|---------------|---------|---------|

*R&D expenses before deducting contribution amount by collaborative R&D destinations

Supplemental information (YoY comparison)

Impact on operating income

- Increase in net sales
+2,556 million yen
- Increase in cost of sales mainly due to the increase in sales volume of treatments for renal anemia
(1,413) million yen
- Increase in R&D expenses
(897) million yen
- Decrease in SG&A expenses through accumulated cost-cutting despite an increase in personnel expenses
+378 million yen

⇒ **Operating income**
+624 million yen

Impact on ordinary income

- In the previous fiscal year, recorded share of loss of entities accounted for using equity method related to Mycenax Biotech Inc. in Taiwan, for which JCR underwrote a third-party allotment of shares

⇒ **Operating income**
(218) million yen

Impact on profit

- Reduction in tax burden due to tax deductions

⇒ **Profit** **+27 million yen**

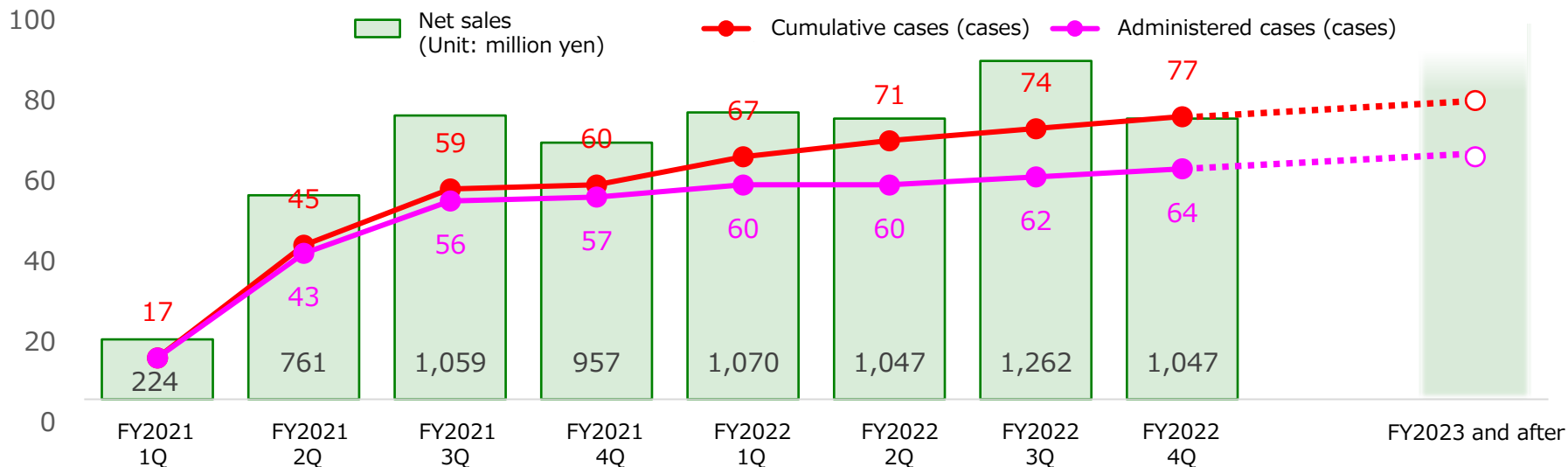
FY2023 Forecast (Consolidated)

(Unit: million yen)

| | FY2022 (Apr. 1, 2022 - Mar. 31, 2023) | | FY2023 forecast (Apr. 1, 2023 - Mar. 31, 2024) | | Increase/ decrease B - A |
|---|--|----------------------|---|----------------------|--------------------------------|
| | A | Composition ratio | B | Composition ratio | |
| GROWJECT® | 12,261 | 35.7% | 10,900 | 29.5% | (1,361) |
| IZCARGO® | 4,428 | 12.9% | 5,200 | 14.1% | + 771 |
| Treatments for renal anemia | 4,696 | 13.7% | 5,400 | 14.6% | + 703 |
| Epoetin Alfa BS Inj. [JCR] | 2,710 | 7.9% | 2,600 | 7.0% | (110) |
| Darbepoetin Alfa BS Inj. [JCR] | 1,986 | 5.8% | 2,800 | 7.6% | + 813 |
| TEMCELL® HS Inj. | 3,404 | 9.9% | 3,100 | 8.4% | (304) |
| Agalsidase Beta BS I.V. Infusion [JCR] | 964 | 2.8% | 1,600 | 4.3% | + 635 |
| Total pharmaceutical products | 25,755 | 75.0% | 26,200 | 71.0% | + 444 |
| License revenue | 6,546 | 19.1% | 8,100 | 22.0% | + 1,553 |
| Other | 109 | 0.3% | 2,600* | 7.0% | + 2,490 |
| AZD1222 bulk | 1,931 | 5.6% | — | — | (1,931) |
| Total net sales | 34,343 | 100.0% | 36,900 | 100.0% | + 2,556 |

* Contracted manufacturing, etc.

IZCARGO® Prescription Status



Build a sales system that addresses patients' individual backgrounds and is close to medical professionals supporting treatment

- (1) Change to a system of MR by product. There are 8 dedicated MR in charge of sales of IZCARGO® in Japan.
- (2) Start co-promotion with Sumitomo Pharma Co., Ltd. (From April 24, 2023)

⇒ **Strengthen approach and information collection capabilities for the lysosomal storage disorder (LSDs) arena**
 ⇒ **Synergistic effects of Sumitomo Pharma Co., Ltd.'s experience and knowledge of the LSDs arena cultivated over many years, and the commercial capabilities of IZCARGO®**

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.

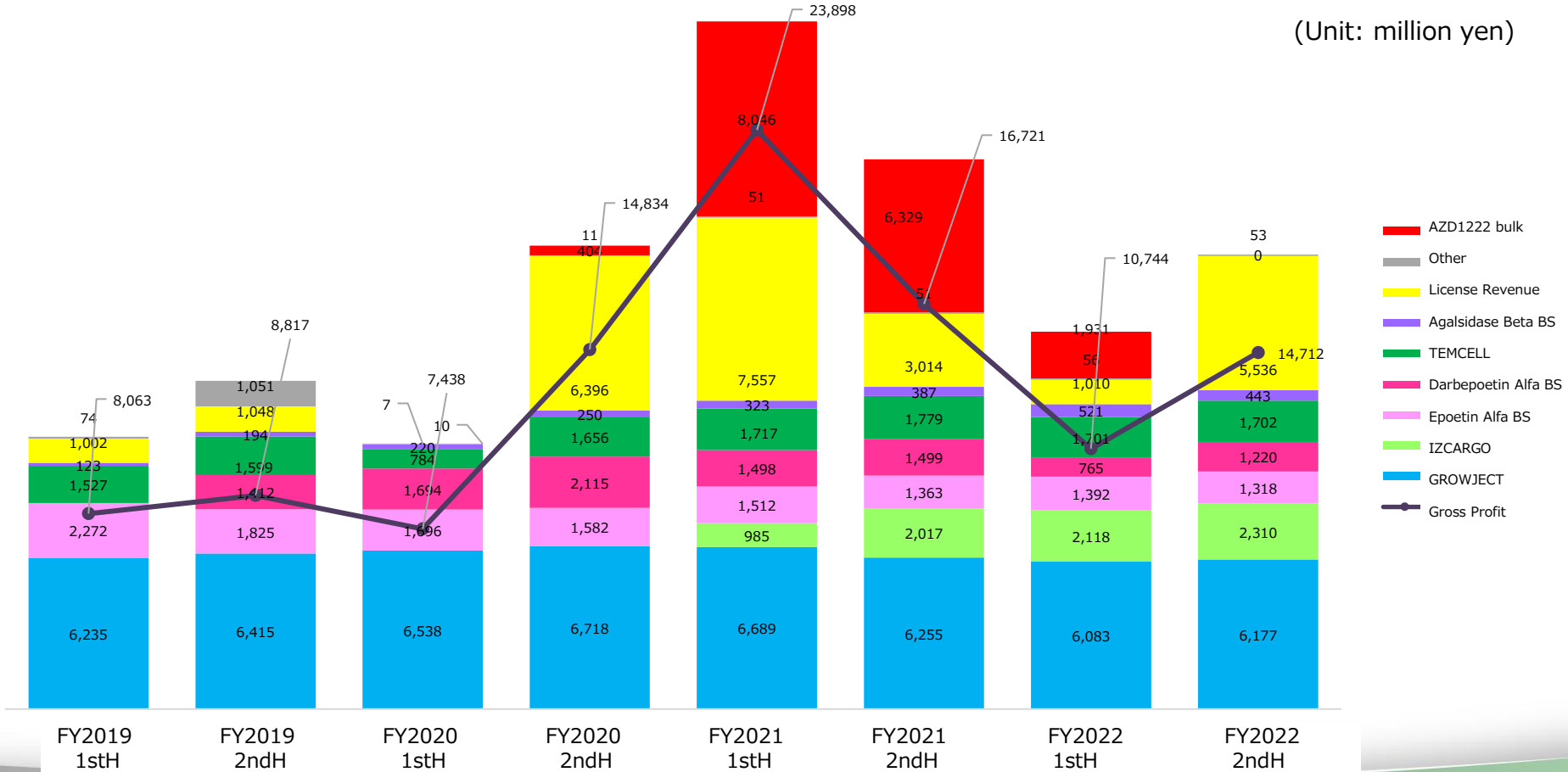
Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.



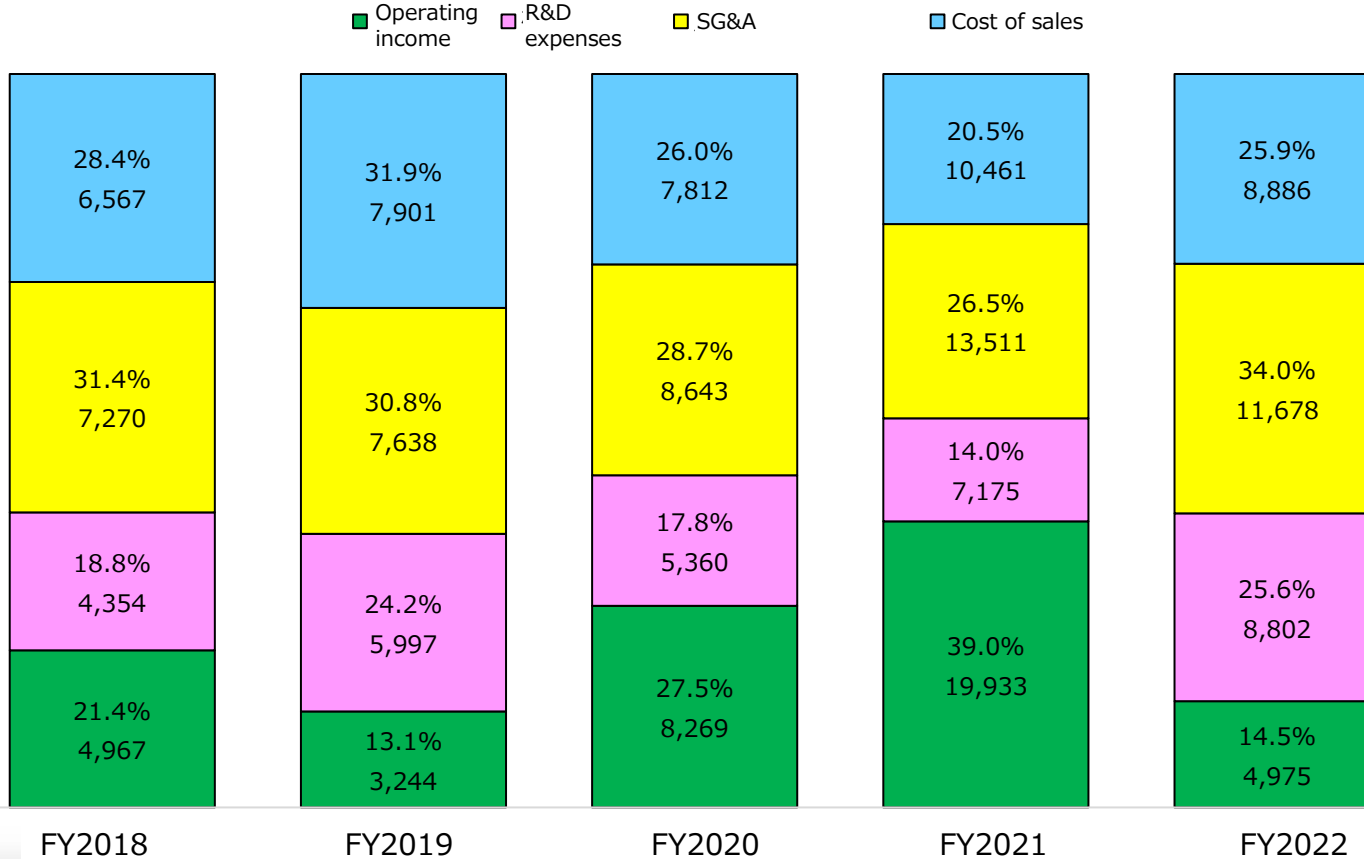
– JCR Biotech for a New Tomorrow –

Reference: Trends in Sales Breakdown (Consolidated)

(Unit: million yen)



Reference: Trends in Composition Ratio of Cost/Expense



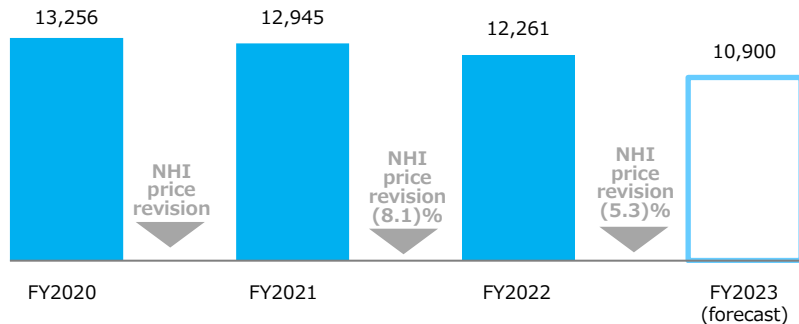
Above number (%)
rate of sales
Below number
(Million yen)
Amount of money

Reference: Forecast of Net Sales Trends by Product

(Unit: million yen)

Recombinant human growth hormone product

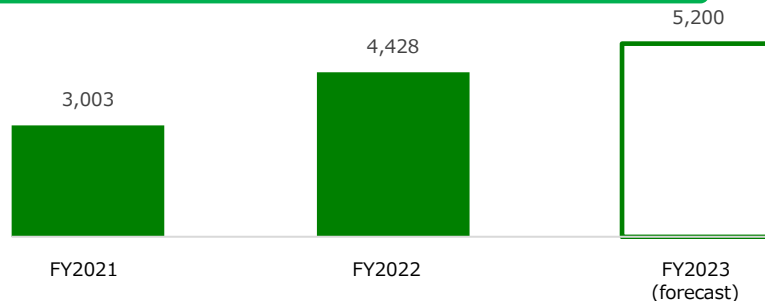
GROWJECT®



Recombinant therapeutic enzyme for mucopolysaccharidosis II (MPS II)

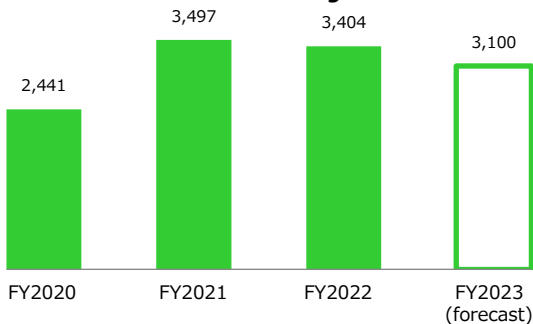
IZCARGO® I.V. infusion 10mg

From April 24, 2023: Co-promotion with Sumitomo Pharma Co., Ltd.



Human somatic stem cell-processed products
Human (allogenic) bone marrow-derived mesenchymal stem cells

TEMCELL® HS Inj.

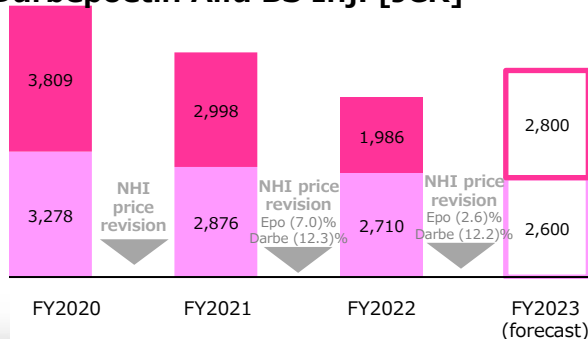


Recombinant erythropoietin product

Epoetin Alfa BS Inj. [JCR]

Long-acting erythropoiesis-stimulating agent

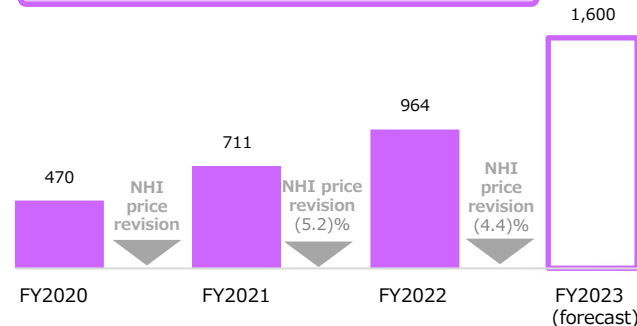
Darbepoetin Alfa BS Inj. [JCR]



Recombinant treatment for Fabry disease

Agalsidase Beta BS I.V. Infusion [JCR]

Apr. 2022: Sales transferred to Sumitomo Pharma

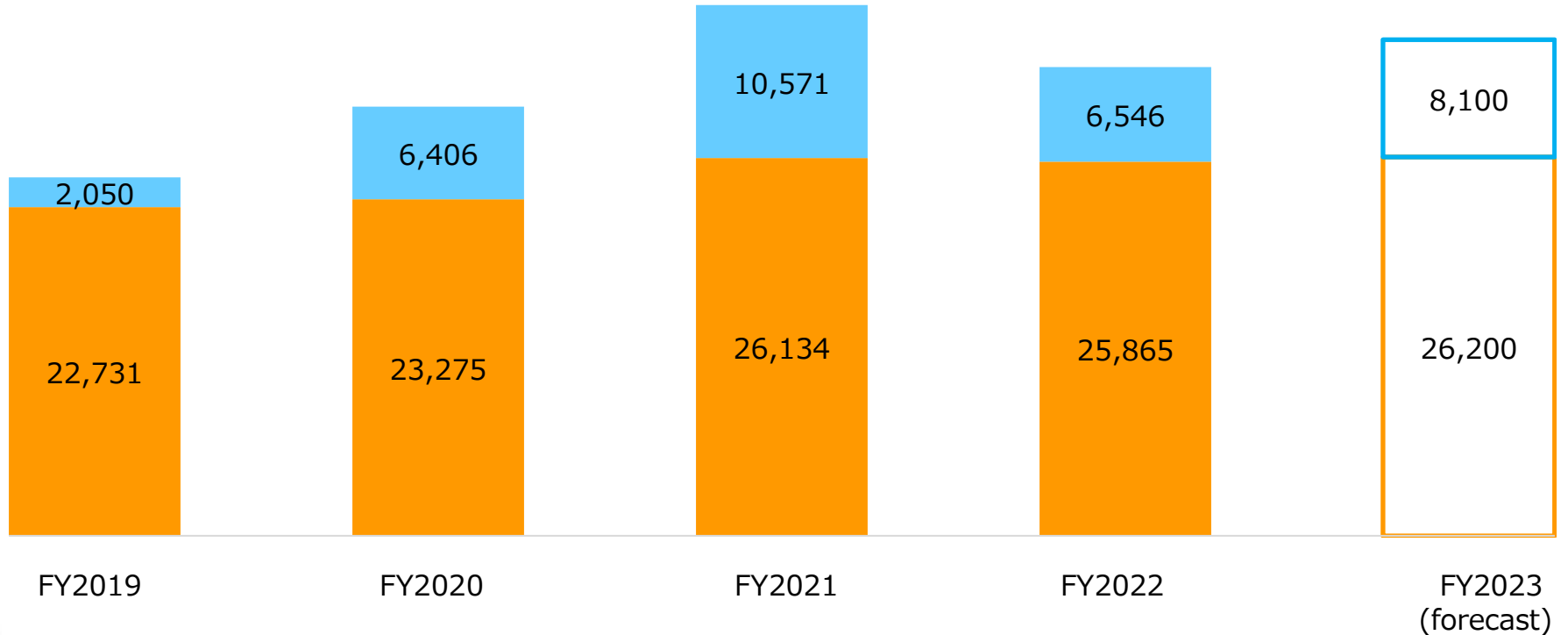


Reference: Forecast of Net Sales Trends (Excluding AZD1222 Bulk Solution)

■ 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 (before Deducting) and Main R&D Pipeline

(Unit: million yen)
11,700

- Process development/
Non-clinical
- Clinical trial
- ★ Filed an application
- Approved



| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 (forecast) |
|-----------------|--------|--------|--------|--------|-------------------|
| JR-141 (Japan) | | | | | |
| JR-141 (Brazil) | | | | | |
| JR-141 (Global) | | | | | |
| JR-171 (Global) | | | | | |
| JR-162 | | | | | |
| JR-441 | | | | | |
| JR-443 | | | | | |
| JR-446 | | | | | |
| JR-479 | | | | | |
| JR-471 | | | | | |
| JR-401X | | | | | |
| JR-142 | | | | | |
| JR-031HIE | | | | | |
| JTR-161/JR-161 | | | | | |