News Release

March 2, 2020
JCR Pharmaceuticals Co., Ltd.

Translation

Notice of R&D Progress under the License Agreement on Blood-Brain Barrier Penetration Technology with Sumitomo Dainippon Pharma for Creation of a Therapeutic Agent for Central Nervous System Diseases

JCR Pharmaceuticals Co., Ltd. (TSE 4552; Chairman and President: Shin Ashida; “JCR”) announced today that Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Osaka; President and CEO: Hiroshi Nomura) (“Sumitomo Dainippon Pharma”) achieved a milestone in the research stage determined by both companies concerning a substance created by an application of JCR's J-Brain Cargo®, blood-brain barrier (BBB)-penetration technology, to a candidate compound of Sumitomo Dainippon Pharma's choice (hereinafter referred to as the "Substance"), under the license agreement of J-Brain Cargo® signed by the two companies on February 26, 2018 about creation of a therapeutic agent for central nervous system (CNS) diseases.

This is a license agreement that the two companies have singed for the application of J-Brain Cargo®, the innovative drug delivery system utilizing anti-transferrin receptor antibodies that enable BBB-penetration, to a candidate substance selected by Sumitomo Dainippon Pharma in order to create and develop the Substance as a therapeutic agent for specified CNS diseases by Sumitomo Dainippon Pharma.

Under this license agreement, Sumitomo Dainippon Pharma retains an exclusive right to research, develop, and market the Substance indicated for specified CNS diseases in Japan and North America, in addition to optional rights for further indications and a territory (China). JCR has a right to receive development milestones from Sumitomo Dainippon Pharma at each development phase, and also has a right to receive royalties in accordance with the sales amount and milestone payments on the sales that will be calculated on the basis of sales target achievements.

Based on this result, JCR has a right to receive a due development milestone from Sumitomo Dainippon Pharma. The impact of this progress on the consolidated business results for the fiscal year ending March 2020 has been incorporated into the business forecast for the current fiscal year.

Since its inception in 1975, JCR has established its reputation as “JCR, the biopharma” by concentrating on innovative research and development, which has culminated in J-Brain Cargo®, its proprietary BBB-penetration technology. J-Brain Cargo® is an epoch-making novel drug delivery system that enables penetration of drugs across the barrier mechanism in the brain. This is JCR's first license agreement on a candidate drug using J-Brain Cargo®. We expect the efforts in research, development and marketing under this license agreement will progress further towards contribution to patient care as swiftly as possible.

[About JCR Pharmaceuticals]

JCR is a specialty pharma engaged in the research, development, manufacture and marketing of biopharmaceuticals and regenerative medicine with a focus on rare diseases. Its philosophy, "Contributing towards people's healthcare through pharmaceutical products" drives JCR to create innovative pharmaceutical products as value-added treatment options for the under-served patient communities.

[Cautionary Statement Regarding Forward-Looking Statements]

This document contains forward-looking statements that are subject to known and unknown risks and uncertainties, many of which are outside our control. Forward-looking statements often contain words such as "believe," "estimate," "anticipate," "intend," "plan," "will," "would," "target" and similar references to future periods. All forward-looking statements regarding our plans, outlook, strategy and future business, financial performance and financial condition are based on judgments derived from the information available to us at this time. Factors or events that could cause our actual results to be materially different from those expressed in our forward-looking statements include, but not limited to, a deterioration of economic conditions, a change in the legal or governmental system, a delay in launching a new product, impact on competitors' pricing and product strategies, a decline in marketing capabilities relating to our products, manufacturing difficulties or delays, an infringement of our intellectual property rights , an adverse court decision in a significant lawsuit and regulatory actions.

This document involves information on pharmaceutical products (including those under development). However, it is not intended for advertising or providing medical advice. Furthermore, it is intended to provide information on our company and businesses and not to solicit investment in securities we issue.

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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