News Release

October 26, 20
JCR Pharmaceuticals Co., Ltd.

Translation

Notice Regarding the Differences Between the Non-Consolidated Financial Results for the First Half (Cumulative) of the Fiscal Year Ending March 31, 2021 and Actual Financial Results of the Previous Fiscal Year

JCR Pharmaceuticals Co., Ltd. (TSE 4552; Chairman and President: Shin Ashida; "JCR") announced that differences occurred between the non-consolidated financial results for the first half of the fiscal year ending March 31, 2021 (April 1 to September 30, 2020) and the actual financial results of the previous fiscal year.

1. Differences between the non-consolidated financial results for the first half of the fiscal year ending March 31, 2021 (April 1 to September 30, 2020) and actual financial results of the previous fiscal year

(million yen)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Earnings per share (yen)
Actual results of previous fiscal year (A)	11,216	1,026	1,007	957	7.77
Actual results of current fiscal year (B)	10,951	1,474	1,526	1,418	11.49
Difference (B-A)	(264)	447	518	460	
Difference (%)	(2.4)	43.6	51.5	48.1	

Note: JCR conducted a four-for-one stock split of common shares on October 1, 2020. The company calculated earnings per share by presupposing said stock split conducted at the beginning of the previous fiscal year.

2. Reason for the differences

With regard to non-consolidated financial results for the first half of the current fiscal year, sales of core products such as GROWJECT®, a recombinant human growth hormone product, increased year on year. However, revenue from licensing decreased year on year, leading to a decrease of net sales and gross profit compared to the same period of the previous fiscal year. As for the decrease in revenue from licensing, agreements for contracts related to the out-licensing of enzyme replacement therapy products for lysosomal storage disorders (LSDs) could not be reached by the end of September because, for example, the COVID-19 pandemic made it difficult to conduct face-to-face negotiations. As a result, the revenue from licensing that had been anticipated in 2Q has been delayed until 3Q and after.

Meanwhile, SG&A expenses, including R&D expenditures, decreased year on year due to efforts to improve operational efficiency. As a result, operating income, ordinary income and profit

attributable to owners of parent increased year on year.

Note: The forward-looking statements contained in this document are determined based on the information that the company currently holds at the time of the release, and the company does not assure the achievement of those statements. Actual results may differ from the statements due to various factors.

[About JCR Pharmaceuticals]

JCR is a specialty pharma company engaged in the research, development, manufacturing 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 populations.

[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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