



October 31, 2019
JCR Pharmaceuticals Co., Ltd.

Translation

Notice Regarding the Differences Between the Consolidated Forecast and Actual Financial Results for the First Half (Cumulative) of the Fiscal Year Ending March 31, 2020 and for Non-Consolidated Financial Results Compared to the Previous Fiscal Year

JCR Pharmaceuticals Co., Ltd. (TSE 4552: Chairman and President Shin Ashida, "JCR") announced that the following differences occurred between the consolidated financial results forecast for the first half of the current fiscal year ending March 31, 2020 (April 1 to September 30, 2019) (FY2019) announced on May 10, 2019 and the consolidated actual financial results announced today.

Furthermore, JCR also announced that differences arose in non-consolidated results for the first half of FY2019 (April 1 to September 30, 2019) compared to the previous fiscal year.

1. Differences between the consolidated forecast and actual results for the first half of FY2019 (from April 1, 2019 to September 30, 2019)

| | Net Sales | Operating Income | Ordinary Income | Profit attributable to owners of parent | Earnings per share |
|---|-------------|------------------|-----------------|---|--------------------|
| | million yen | million yen | million yen | million yen | yen |
| Previous forecasts announced May 10, 2019 (A) | 10,900 | 640 | 630 | 500 | 16.23 |
| Actual Results (B) | 11,236 | 998 | 981 | 922 | 29.95 |
| Difference (B-A) | 336 | 358 | 351 | 422 | |
| Difference (%) | 3.1 | 55.9 | 55.7 | 84.4 | |
| Reference: Actual financial results for first half of the previous fiscal year (First half of the fiscal year ended March 31, 2019) | 10,275 | 1,945 | 2,006 | 1,377 | 44.76 |

2. Differences between non-consolidated actual financial results for the first half of FY2019 and the first half of the previous fiscal year (April 1 to September 30, 2019)

| | Net Sales | Operating Income | Ordinary Income | Profit attributable to owners of parent | Earnings per share |
|--------------------------------|-------------|------------------|-----------------|---|--------------------|
| | million yen | million yen | million yen | million yen | yen |
| Previous financial Results (A) | 10,108 | 1,917 | 1,981 | 1,454 | 47.25 |
| Actual financial Results (B) | 11,216 | 1,026 | 1,007 | 957 | 31.09 |
| Difference (B-A) | 1,107 | (890) | (973) | (496) | |
| Difference (%) | 11.0 | (46.5) | (49.1) | (34.1) | |

3. Reason for the differences

In the consolidated financial results for the first half of FY2019, net sales were higher than the initial forecast, mainly owing to sales of TEMCELL® HS Inj. exceeding expectations. In terms of profits, R&D expenditure significantly increased year on year in line with the initial forecast for the current fiscal year, however operating income, ordinary income, and profit attributable to owners of parent increased compared to the initial forecast due to the effects of an increase in income and the curtailing of selling, general, and administrative expenses.

In terms of the consolidated forecast for FY2019, the Company is actively undertaking R&D activities at present and maintains the previous forecasted figures due to the possibility of breakthroughs in R&D that were not initially planned for the second half of the fiscal year. However, if revisions become necessary based on future business performance trends, JCR will promptly disclose those revisions.

Regarding non-consolidated financial results for the first half of FY2019, net sales increased year on year due to sales of GROWJECT®, Epoetin Alfa BS Inj. JCR, and TEMCELL® HS Inj. exceeding performance compared to the previous fiscal year, however operating income, ordinary income, and profit attributable to owners of parent declined due to a year on year increase of 1.4 billion yen in R&D expenses compared to the previous fiscal year due to proactive R&D activities. The initial forecast of higher earnings and decreased profit for the first half of FY2019 remains unchanged.

[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 community.

[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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