July 31, 2017

SEIKAGAKU CORPORATION
Consolidated Financial Results (Japan GAAP) (Summary) for the First Three Months of Fiscal 2017 (Three-Month Period Ended June 30, 2017)

Listed exchanges: Tokyo Stock Exchange (First Section)
Stock code number: 4548
URL: http://www.seikagaku.co.jp/english/

(All amounts have been rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Three Months of Fiscal 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated Financial Results

(Percentages indicate changes from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
First three months of fiscal 2017	7,508	(9.3)	874	130.1	1,256	205.8
First three months of fiscal 2016	8,275	6.6	379	(57.0)	410	(70.2)

	Net income attributable to owners of parent		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First three months of fiscal 2017	923	221.7	16.32	-
First three months of fiscal 2016	287	(72.2)	5.06	-

(Note) Comprehensive income:
First three months of fiscal 2017: 915 million yen [-%]
First three months of fiscal 2016: (517) million yen [-%]

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2017	79,717	70,543	88.5
As of March 31, 2017	80,048	70,646	88.3

(Reference) Shareholders' equity:
As of June 30, 2017: 70,543 million yen
As of March 31, 2017: 70,646 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	-	13.00	-	18.00	31.00
Fiscal 2017	-				
Fiscal 2017 (Forecast)		13.00	-	13.00	26.00

(Note) Revision of the forecasts most recently announced: No

3. Forecast of Consolidated Financial Results for Fiscal 2017 (from April 1, 2017 to March 31, 2018)

(Percentages indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Fiscal 2017	30,300	2.4	1,500	17.0	3,750	51.4	2,700	51.0	47.65

(Note) Revision of the forecasts most recently announced: No

* Notes

(1) Changes in the status of material subsidiaries during the period: No

(2) Application of specific accounting methods for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting policies accompanying revisions in accounting standards: No
(b) Changes other than those in (a) above: No
(c) Changes in accounting estimates: No
(d) Retrospective restatements: No

(4) Number of shares issued (common stock):

(a)Number of shares at the end of the period (including treasury stock)	As of June 30, 2017	56,814,093 shares	As of March 31, 2017	56,814,093 shares
(b) Number of treasury stock at the end of the period	As of June 30, 2017	209,586 shares	As of March 31, 2017	209,561 shares
(c) Average number of shares issued during the period (three months)	First three months of fiscal 2017	56,604,527 shares	First three months of fiscal 2016	56,804,583 shares

***This financial reports are not subject to the quarterly review procedures.**

*** Disclaimer regarding forward-looking information including appropriate use of forecasted financial results**

The forecast shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ materially from these forecasted figures due to various factors.

1. Results of Operations for the First Quarter of Fiscal 2017 (Three-Month Period Ended June 30, 2017)

(1) Qualitative explanation on quarterly financial results

In the first three months (April 1 to June 30, 2017) of the fiscal year ending March 31, 2018 (fiscal 2017), net sales fell 9.3% year on year to ¥7,508 million. This is attributable to a backlash from high levels in the same period of fiscal 2016 in domestic shipments of ARTZ and inventory adjustment of some overseas distributors.

With regard to earnings, operating income rose 130.1%, year on year, to ¥874 million, reflecting a decrease in selling, general and administrative expenses as a result of partial slippage of planned R&D expenses to the second quarter or later. Ordinary income rose 205.8%, year on year, to ¥1,256 million, and net income attributable to owners of parent rose 221.7%, year on year, to ¥923 million, reflecting the recording of foreign exchange gains compared with losses in the same period of fiscal 2016 and gain on sale of investment securities.

Net sales by segment

Pharmaceuticals Business

- Domestic Pharmaceuticals (¥4,117 million, down 11.6% year on year)

In a flat overall market, deliveries to medical institutions of ARTZ, a joint function improving agent, declined slightly reflecting a backlash from a sales increase in the same period of fiscal 2016 accompanying the introduction of new syringes, and the Company's sales decreased as well.

Deliveries to medical institutions, market share, and the Company's sales of the OPEGAN series, ophthalmic surgery aid, increased as market penetration of SHELLGAN, launched in July 2016, steadily progressed as a result of vigorous sales promotion activities.

The Company's sales of MucoUp, a submucosal injection agent for endoscopic surgery, increased as a result of earlier-than-planned shipments to the sales partner.

- Overseas Pharmaceuticals (¥1,725 million, down 5.9% year on year)

U.S. sales volumes of Gel-One, a single-injection joint function improving agent, continue to increase. The Company's sales rose only slightly due to the impact of concentration of shipments associated with a label change with Gel-One in the same period of the previous fiscal year.

Although U.S. sales of SUPARTZ FX, a 5-injection joint function improving agent, fell slightly amid increasingly fierce competition, the Company's sales increased as a result of timing issue of the sales partner.

The impact of the Chinese government's price-curbing policy is running its course, and sales of ARTZ in China (P.R.C.) increased. The Company's sales decreased due to local inventory adjustments.

- Bulk Products (¥219 million, down 20.6% year on year)

Although sales of chondroitin sulfate increased, overall sales declined, reflecting fierce competition in the market for hyaluronic acid.

As a result of these developments, sales from the pharmaceuticals business segment fell 10.5% year on year to ¥6,062 million.

LAL Business

Sales of the LAL business fell 4.0%, year on year, to ¥1,445 million as a result of a decrease in sales to dialysis facilities, despite an increase in overseas sales of endotoxin-detecting reagents and other products.

(2) Explanation of forward-looking information, including the forecast of consolidated financial results

There is no change to the forecast of consolidated financial results announced on May 12, 2017.

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