

Seikagaku Announces the Recognition of an Extraordinary Loss (Impairment Loss)

Seikagaku Corporation ("the Company") announces the recognition of an extraordinary loss as an impairment loss in the second quarter of the fiscal year ending March 31, 2020, as described below.

1. Description of the extraordinary loss (impairment loss)

In conjunction with the formulation of its "Mid-term Management Plan" separately released on November 8, 2019, the company has conducted a detailed examination that included its business conditions and medium- to long-term our business performance trends. In this examination, the Company has recognized the lower profitability of certain property, plant and equipment related to the pharmaceuticals business as a result of the effects of National Health Insurance (NHI) drug price reductions that came out of a fundamental reform of the drug pricing system in Japan, and the sales volume of joint function improving agents falling to a level below what was expected when the capital investment was made. Therefore, in accordance with the "Accounting Standards Regarding Impairment of Fixed Assets," the Company has lowered the carrying value on these assets to the recoverable amount and has included ¥12,304 million in its financial results as an impairment loss.

2. Effect upon earnings

Regarding the effect upon earnings of the extraordinary losses (impairment loss) described above, please see the "Consolidated Financial Results (Japan GAAP) (Summary) for the First Six Months of Fiscal 2019 (Six-Month Period Ended September 30, 2019)" released November 8, 2019.

<Cautionary Notes>

This press release contains forward-looking statements regarding future management strategies or performance forecasts. These descriptions are based on judgments derived from information that is currently available to Seikagaku and are subject to risk and uncertainty. Actual results and developments may differ significantly from these descriptions due to various factors.

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