

July 9, 2018
Denka Company Limited
Denka Seiken Co., Ltd.

**Denka Group to Construct a New Manufacturing Facility for Producing the
Influenza Vaccine, Stepping Up Vaccine-Related Operations**

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Manabu Yamamoto; hereinafter “Denka”) hereby announces that its consolidated subsidiary Denka Seiken Co., Ltd. (headquarters; Chuo-ku, Tokyo; president: Mitsukuni Ayabe; hereinafter “Denka Seiken”) has decided to construct a new manufacturing facility for producing influenza vaccines on the premises of its Niigata Plant (Gosen City, Niigata Prefecture) to boost its influenza vaccine supply capacity.

To support stable supply of influenza vaccines, Denka Seiken has been hard at work to raise the output of its existing vaccine manufacturing lines to fulfill its mission as a key domestic supplier of influenza vaccines. In recent years, however, Denka Seiken has not been fully capable of accommodating customers’ demand. To meet customer expectations for more robust product supply, the company has decided to construct a new manufacturing facility to produce influenza vaccine bulk material, aiming to boost its supply capacity.

Denka Seiken expects this construction to greatly strengthen its ongoing progress toward ensuring a stable vaccine supply for the country’s general public.

In addition to securing greater supply capacity, the establishment of the new manufacturing facility is aimed at helping build a more robust production system capable of performing quicker product shipping while stabilizing overall output. The facility is also expected to support Denka Seiken’s efforts to establish a stronger structure that ensures even stricter compliance with pharmaceutical regulations. In these ways, the Denka Group will gear up its efforts to expand its operations related to influenza vaccines.

In line with the new “Denka Value-Up” management plan, the Denka Group is

focusing management resources on its operations in the priority healthcare field. Fully aware of seriousness of influenza pandemics' social consequences, Denka Seiken has positioned influenza as a key target disease and, in addition to producing influenza vaccines, the company supplies rapid diagnostic test kits for detecting influenza virus. Moreover, Denka Seiken is aggressively expanding into overseas markets, including China, South Korea and Thailand with its diagnostic test kits.

Along with investing capital in the new vaccine manufacturing facility, our plans call for the market release of diagnostic reagents and other new products associated with influenza. Taking these plans into account, Denka Seiken intends to raise annual sales from its influenza-related operations from approximately ¥13.0 billion to ¥20.0 billion.

Going forward, the Denka Group will harness its strengths in cutting-edge technologies in the fields of preventive medicine, diagnostics and therapy, thereby helping enhance people's quality of life in countries and regions around the world.

Overview of Capital Expenditure

Expected increase in overall facility capacity:

Double the current capacity from the existing vaccine bulk materials production facilities (Building No. 36 of the Niigata Plant)

Operational kickoff of the new manufacturing facility:

Plans call for initiating supply prior to the 2022 influenza season (commencing the construction in the fiscal year ending March 31, 2019)

Investment amount:

Approximately ¥16.0 billion (including peripheral investment)

Overview of the New Manufacturing Facility

Location: On the premises of Denka Seiken's Niigata Plant (Gosen City, Niigata Prefecture)

Size of the building:

Building space: 2,226 m²; total floor space: 12,010 m²; six floors above the ground

Types of facilities to be housed:

Influenza vaccine bulk material production lines, tetanus toxoid manufacturing lines, facilities for the Quality Management Dept., etc.

Overview of the Subsidiary

Name: Denka Seiken Co., Ltd.

Location: 1-1 Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Representative: Mitsukuni Ayabe, President

Main business: Manufacture and marketing of various vaccines and diagnostic reagents

Capital: ¥1 billion

Impact on Consolidated Operating Results

This announcement will have no impact on the financial results for the fiscal year ending March 31, 2019.

About Denka Company Limited

In 1915, Denka was founded in Tokyo, Japan as a manufacturer of calcium carbide and fertilizers. Over the course of our century-strong history, we have evolved into a corporate group that operates globally and handles a wide variety of operations, ranging from synthetic rubber and other acetylene derivatives to petrochemicals, electronic materials and polymer processing products to pharmaceuticals. With 42 consolidated subsidiaries worldwide, the Company recorded consolidated net sales for the fiscal year ended March 31, 2018 totaled ¥395.6 billion.

Looking ahead, Denka will continue to take on the challenge of expanding the possibilities of chemistry and, to this end, will relentlessly strive to enhance its manufacturing technologies.

For more information, visit <http://www.denka.co.jp/eng/index.html>.

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