

## Consolidated 10-year Summary

(Millions of yen / %)

	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
Net Sales*1	25,265	27,586	27,589	29,211	28,321	31,434	27,559	29,206	27,734	34,851
Overseas Sales*1	6,499	8,569	9,753	11,530	11,319	12,281	12,098	13,205	14,361	17,918
Cost of Sales	9,867	11,223	12,130	12,871	13,247	13,008	13,114	12,513	12,112	14,323
Selling, General and Administrative Expenses*1	11,643	11,319	12,833	13,833	13,113	13,872	12,727	12,796	13,372	16,033
R&D Expenses	6,838	6,588	8,146	8,649	7,834	8,408	7,148	6,877	7,209	9,005
Operating Income*1	3,755	5,043	2,624	2,506	1,960	4,552	1,718	3,896	2,248	4,495
Ordinary Income	4,302	5,878	4,008	3,500	2,477	5,327	2,859	3,981	3,024	5,395
Net Income	3,256	4,745	3,650	2,578	1,787	3,922	2,244	(10,839)	4,262	3,733
Total Equity	61,316	64,785	70,410	69,815	70,646	73,945	73,036	59,767	63,604	66,340
Total Assets	70,471	73,826	80,889	80,218	80,048	84,098	80,238	68,746	69,915	75,244
Overseas Sales Ratio (Excluding Royalty Income)*1	24.6	30.8	34.8	38.7	38.7	41.5	43.8	46.8	50.5	56.6
Cost of Sales Ratio (Excluding Royalty Income)*1	40.1	40.8	44.4	44.6	47.9	46.0	48.9	45.9	44.8	46.4
Selling, General and Administrative Expenses Ratio*1	46.1	41.0	46.5	47.4	46.3	44.1	46.2	43.8	48.2	46.0
R&D Expenses Ratio (Excluding Royalty Income)*1	27.8	24.0	29.8	30.0	28.3	29.7	26.7	25.2	26.7	29.2
Operating Income Ratio*1	14.9	18.3	9.5	8.6	6.9	14.5	6.2	13.3	8.1	12.9
Ordinary Income Ratio*1	17.0	21.3	14.5	12.0	8.7	16.9	10.4	13.6	10.9	15.5
Net Income Ratio	12.9	17.2	13.2	8.8	6.3	12.5	8.1	—	15.4	10.7
Return on Equity (ROE)*2	5.5	7.5	5.4	3.7	2.5	5.4	3.1	—	6.9	5.7
Return on Assets (ROA)*2	6.2	8.1	5.2	4.3	3.1	6.5	3.5	5.3	4.4	7.4
Turnover of Total Assets*2	0.38	0.41	0.38	0.38	0.37	0.37	0.35	0.39	0.40	0.48
Shareholders' Equity Ratio	87.0	87.8	87.0	87.0	88.3	87.9	91.0	86.9	91.0	88.2
Number of R&D Personnel	224	215	216	221	222	233	233	242	231	223
R&D Personnel Ratio	34.9	33.6	33.3	33.3	32.3	32.5	31.3	27.9	25.3	23.8
Number of Employees	641	639	649	663	687	718	744	868	913	937
Amount of Capital Expenditure	9,164	7,222	2,095	1,975	1,173	1,591	1,310	2,109	2,127	2,194
Depreciation and Amortization	2,175	1,767	2,610	3,191	2,920	2,925	2,902	1,778	808	1,051
Net Income per Share	57.33	83.55	64.27	45.39	31.55	69.30	39.76	(192.15)	75.54	66.32
Total Equity per Share	1,079.38	1,140.48	1,239.51	1,229.05	1,248.07	1,306.37	1,294.88	1,059.40	1,127.14	1,179.46
Dividends per Share	25.00	26.00	26.00	26.00	31.00*3	26.00	26.00	26.00	24.00*4	30.00*5
Dividend Payout Ratio	43.6	31.1	40.5	57.3	98.3	37.5	65.4	—	31.8	45.2
Dividends as a Percentage of Total Equity (DOE)	2.4	2.3	2.2	2.1	2.5	2.0	2.0	2.2	2.2	2.6

\*1 New revenue recognition standard has been applied retroactively to fiscal 2012-fiscal 2020 figures.

\*2 Total Equity and Total Assets are average amounts of the numbers for the end of previous FY and the end of current FY, respectively.

\*3 Including a 70th anniversary commemorative dividend of ¥5 per share.

\*4 Including a JOYCLU approval commemorative dividend of ¥4 per share.

\*5 Including a JOYCLU launch special dividend of ¥10 per share.

## Review of Operations (April 1, 2021–March 31, 2022)

### Overall net sales and income

In the fiscal year ended March 31, 2022 (fiscal 2021), net sales were ¥34,851 million, up 25.7% year on year. The result is attributable to a rebound from the impact of the spread of COVID-19 infection in Japan and abroad in the previous fiscal year as well as a substantial increase in royalty income (reclassified from non-operating income to net sales beginning in fiscal 2021) and solid growth from the LAL business and overseas products, factors that offset the impact of National Health Insurance (NHI) drug price reductions in Japan. The overseas sales ratio (excluding royalty income) was 56.6%, an increase of 6.1 points year on year.

Operating income rose 99.9% year on year to ¥4,495 million, with the sales increase more than offsetting higher SGA expenses, mainly R&D expenses accompanying progress with an additional clinical study underway in the U.S. for SI-6603, a treatment for lumbar disc herniation. Ordinary income rose 78.4% year on year to ¥5,395 million, while net income attributable to owners of parent fell 12.4% to ¥3,733 million due to non-recurrence of deferred income tax assets recognized in fiscal 2020, which had a positive impact on prior-year profit.

(Millions of yen)

	2021/3	2022/3	Year on Year
Net Sales	27,734	34,851	+25.7%
Operating Income	2,248	4,495	+99.9%
Ordinary Income	3,024	5,395	+78.4%
Net Income	4,262	3,733	-12.4%
R&D Expenses	7,209	9,005	+24.9%

### Net sales by segment

#### Pharmaceuticals business

The Pharmaceuticals business is the core business of our company, which manufactures and sells pharmaceuticals, medical devices, and bulk products based on glycoconjugates such as hyaluronic acid. In the Pharmaceuticals business, net sales increased 23.6% year on year to ¥25,696 million, accounting for 73.7% of total sales.

#### Domestic Pharmaceuticals (¥11,447 million, down 0% year on year)

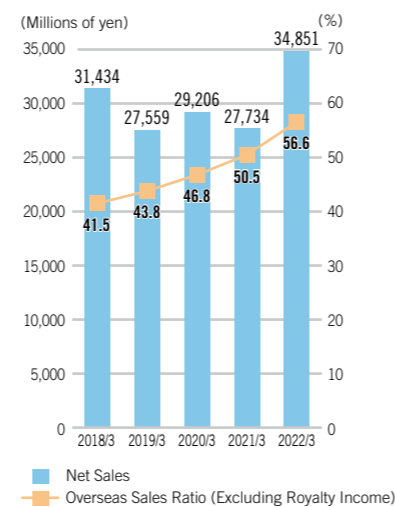
Deliveries to medical institutions of ARTZ, a joint function improvement agent for knee osteoarthritis, increased year on year as a result of successful measures to promote switching from competing products coupled with a rebound in outpatient services following a decline in the previous fiscal year caused by the spread of COVID-19 infection. The Company's sales fell slightly due to the impact of NHI drug price reductions.

The Company is continuing cooperative efforts with sales partner Ono Pharmaceutical Co., Ltd. to proactively gather side effects reports and other information and provide safety-related information about the joint function improvement agent JOYCLU, launched on May 19, 2021. The Company has begun clinical research to identify the cause of the side effects with the cooperation of medical professionals and institutions.

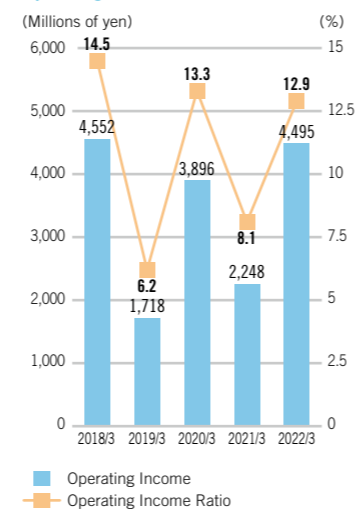
Deliveries to medical institutions of the OPEGAN series of ophthalmic viscoelastic devices increased year on year amid an ongoing rebound in the number of cataract surgeries following a decrease in the previous fiscal year due to the spread of COVID-19 infection. The Company's sales fell as a result of NHI drug price reductions and a decline in shipments from a high level in fiscal 2020.

The Company's sales of MucoUp, a submucosal injection agent for endoscopic surgery, were at the prior-year level as a result of inventory adjustment by the sales partner, despite a rebound from the impact of the spread of COVID-19 infection in the previous fiscal year.

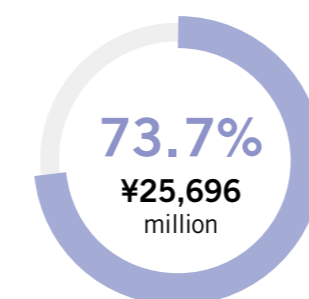
#### Net Sales and Overseas Sales Ratio



#### Operating Income and Operating Income Ratio



#### Pharmaceuticals Business Sales Composition



Deliveries to medical institutions of HERNICORE, a treatment for lumbar disc herniation, grew steadily, and the Company's sales also rose, due to active information provision activities directed at medical institutions carried out together with the sales partner.

#### Overseas Pharmaceuticals (¥7,652 million, up 12.9% year on year)

Local sales volume in the U.S. and the Company's sales of Gel-One, an intra-articular single-injection viscosupplement for the treatment of knee osteoarthritis, increased year on year, reflecting continuation of the trend toward preference for products requiring few injections and successful measures by the sales partner to promote switching from competing products.

Local sales volume in the U.S. of SUPARTZ FX, an intra-articular 5-injection viscosupplement for the treatment of knee osteoarthritis, increased due to a rebound from the powerful impact of the spread of COVID-19 infection experienced in the previous fiscal year, despite continuation of unfavorable market conditions for multiple-injection products. The Company's sales increased as a result of bringing forward shipments to avoid distribution risk.

Local sales volume in China of ARTZ increased because of active sales promotion in regions where successful bids were submitted in the centralized procurement system and higher orders from medical institutions concerned about sluggish distribution due to the spread of COVID-19 infection. The Company's sales rose sharply, partly as a result of bringing forward shipments due to a packaging materials change.

#### Bulk Products and CDMO (contract development and manufacturing organization)\* (¥2,607 million, up 41.2% year on year)

Although sales of bulk products declined, overall sales increased due to the addition of sales from contract development and manufacturing at Dalton Chemical Laboratories, Inc.

\*Starting from the second quarter, the sales of Dalton Chemical Laboratories, Inc., which became a subsidiary in March 2020, are included in the pharmaceuticals business segment.

#### Royalty income (¥3,989 million, up 455.6% year on year)

Royalty income has significantly increased. Beginning in fiscal 2021, royalty income has been reclassified from non-operating income to net sales.

#### LAL business

We manufacture and sell endotoxin-detecting reagents used in the quality control of pharmaceuticals and medical devices in Japan and overseas. Net sales of LAL business for the fiscal year under review were ¥9,155 million, up 31.9% from the previous fiscal year.

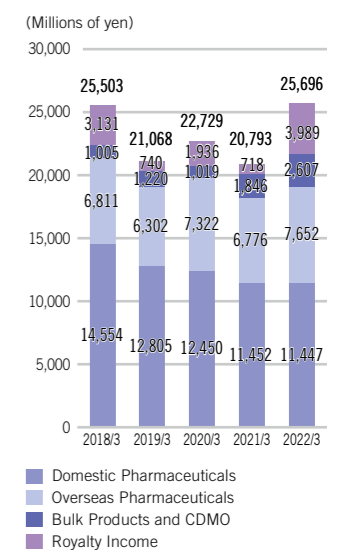
#### LAL Business

Sales of Bacterial Endotoxin Testing (BET) reagents and Clinical Diagnostic (Fungitell) reagents increased thanks to reinforcement of sales activities at overseas subsidiary Associates of Cape Cod, Inc., coupled with steady sales in Japan.

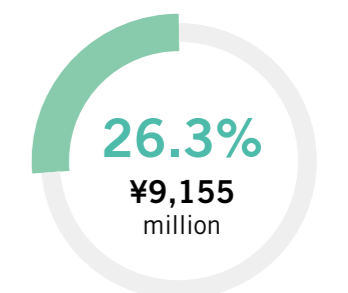
(Millions of yen)

Sales by Segment	2021/3	2022/3	Year on Year
Pharmaceuticals Business	20,793	25,696	+23.6%
Domestic Pharmaceuticals	11,452	11,447	-0.0%
Overseas Pharmaceuticals	6,776	7,652	+12.9%
Bulk Products and CDMO	1,846	2,607	+41.2%
Royalty Income	718	3,989	+455.6%
LAL Business	6,941	9,155	+31.9%
<b>Total</b>	<b>27,734</b>	<b>34,851</b>	<b>+25.7%</b>
(Overseas Sales)	14,361	17,918	+24.8%

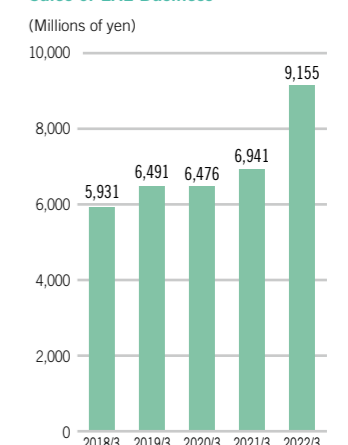
#### Sales of Pharmaceuticals Business



#### LAL Business Sales Composition

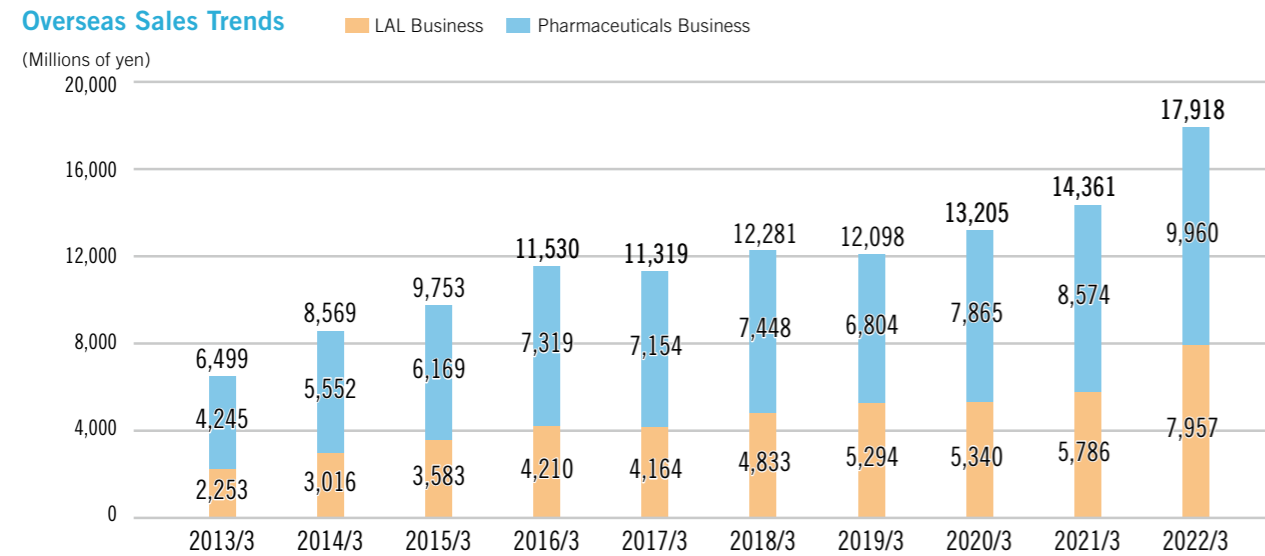


#### Sales of LAL Business

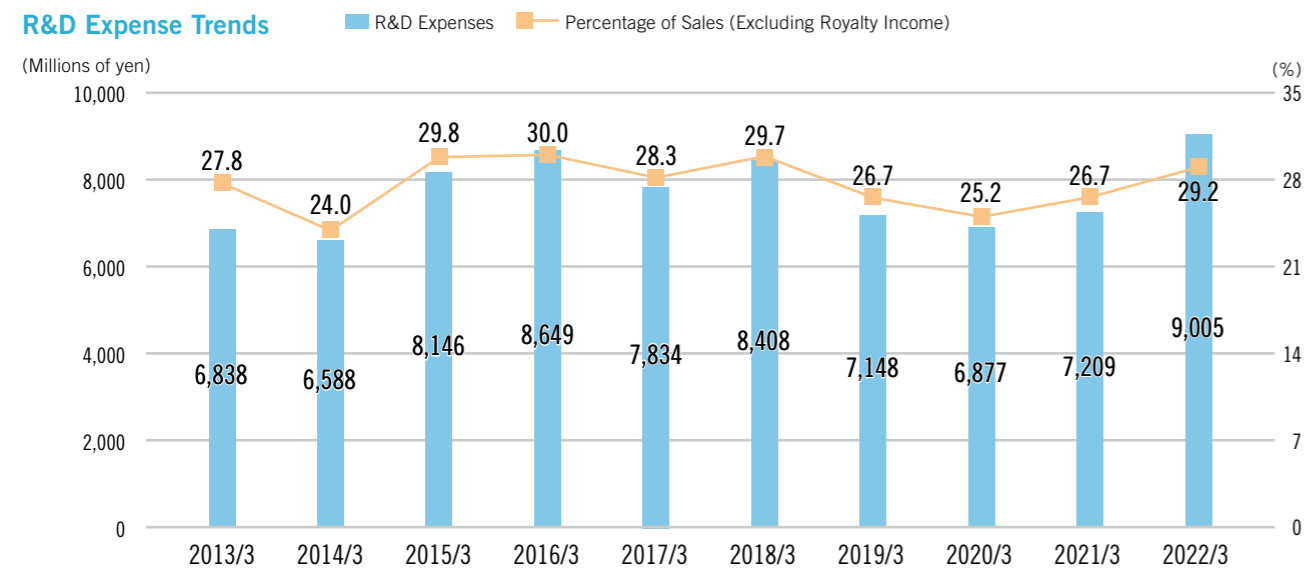


## Financial/Non-financial Highlights

### Overseas Sales Trends

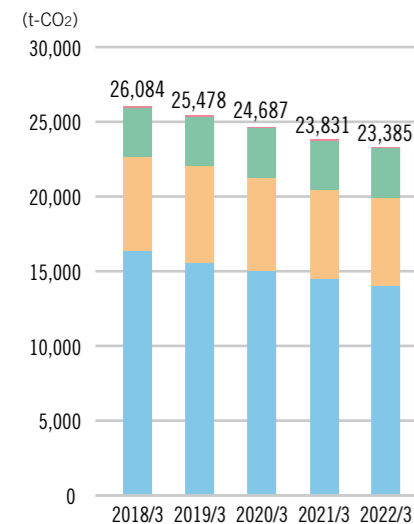


### R&D Expense Trends



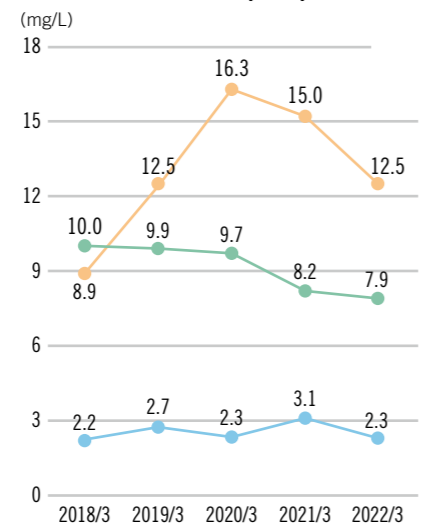
### Non-financial Highlights (Non-consolidated Basis)

#### CO<sub>2</sub> Emissions



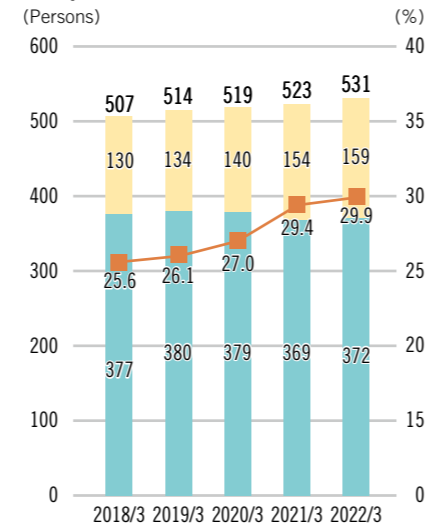
■ Takahagi Plant ■ Kurihama Plant  
■ Central Research / CMC Laboratories  
■ Head Office

#### Water Pollution Load (COD)



● Takahagi Plant ● Kurihama Plant  
● Central Research / CMC Laboratories

#### Composition of Workforce



■ Males ■ Females  
■ Percentage of Female Employees  
Note: Excluding contract employees

## Overseas Subsidiaries

### ■ Associates of Cape Cod, Inc. (Massachusetts, USA)

Associates of Cape Cod, Inc. (ACC), a wholly owned subsidiary of Seikagaku, was the first FDA-licensed LAL manufacturer in the world.

It was established in 1974, became a Seikagaku subsidiary in 1997, and currently plays a central role in the global Bacterial Endotoxin Testing (BET) and clinical glucan detection sectors. ACC employs approximately 250 employees and has operations in the U.K. and Germany.

ACC's reagent and diagnostics production facility, located at their campus in Falmouth Technology Park in Massachusetts, is vertically integrated with an end-to-end manufacturing operation that extends from harvesting horseshoe crab blood cells, a reagent raw material, to manufacturing, testing, packaging/labeling and distributing endotoxin and glucan in vitro diagnostic agents. From the perspective of promoting the appropriate use of natural resources and biodiversity, we have also recently focused on the manufacture and sale of gene-recombinant endotoxin-detecting reagents (see P07) without the blood harvested from horseshoe crabs.

#### Corporate Outline (As of March 31, 2022)

Paid-in Capital \$2,080

Ownership Ratio 100%

Business Manufacturing and sales of reagents and diagnostics

URL <https://www.acciusa.com>



### ■ Dalton Chemical Laboratories, Inc. (Ontario, Canada)

Dalton Chemical Laboratories, Inc., which became a Seikagaku subsidiary in March 2020, is a company that provides services including contract development and manufacturing (CDMO) services for pharmaceutical companies, such as manufacturing of chemical synthetics and pharmaceutical ingredients as well as manufacturing process development. Dalton was established in 1986 and has a U.S. and Canadian GMP\*<sup>1</sup>-compliant manufacturing site for pharmaceuticals and other products in Ontario, Canada. Dalton currently has approximately 150 employees.

Seikagaku will utilize Dalton's chemical synthesis technologies and expertise in manufacturing process development in its new drug development. In addition, Seikagaku will transfer the manufacturing of investigational drugs and some Seikagaku products to Dalton, as well as switch from the outsourced manufacturing of chemical synthetics used for research and other purposes to in-house production by Dalton.

\*1 GMP: Good Manufacturing Practice Standards for manufacturing control and quality control in manufacturing.

#### Corporate Outline (As of March 31, 2022)

Paid-in Capital CAD 49,800 thousand

Ownership Ratio 100%\*<sup>2</sup>

Business CDMO

URL <https://www.dalton.com/>



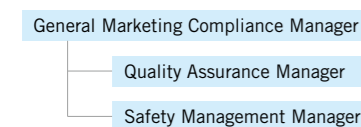
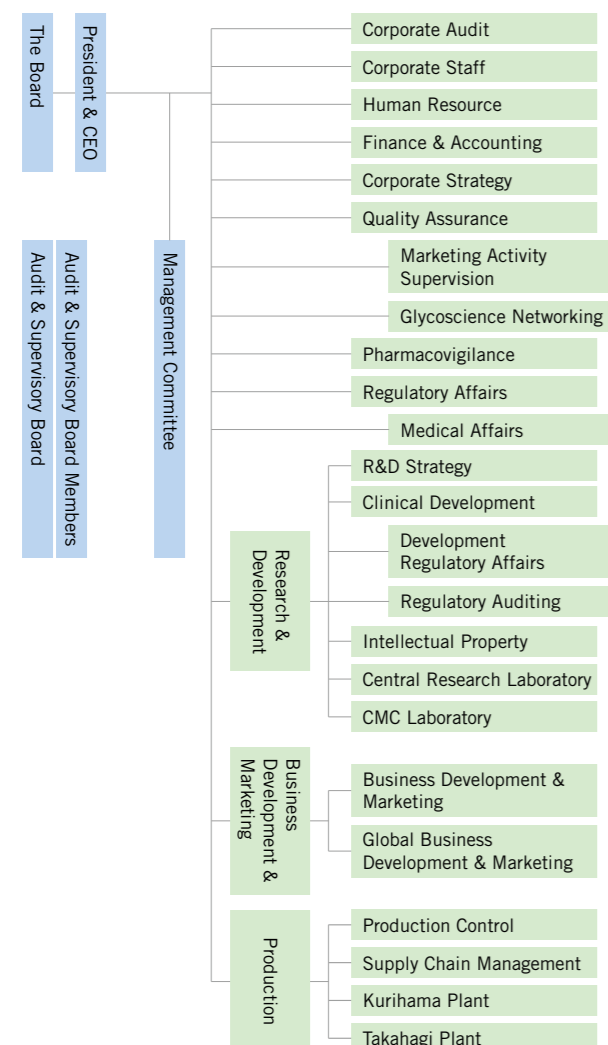
\*<sup>2</sup> Dalton is a wholly owned subsidiary of SKK CANADA ENTERPRISES CORPORATION, an intermediate holding company established in Canada by Seikagaku.

## Corporate Data

### ■ Overview (As of March 31, 2022)

Company Name	SEIKAGAKU CORPORATION
President	Ken Mizutani
Establishment	June 2, 1947
Business Activities	Manufacturing and sales of pharmaceuticals and medical devices specifically related to glycoconjugates
Fiscal Year	April 1 to March 31
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market (Stock code: 4548)
URL	<a href="https://www.seikagaku.co.jp/en/">https://www.seikagaku.co.jp/en/</a>
Number of Employees	937 (Consolidated)
Paid-in Capital	¥3,840 million
Net Sales	¥34,851 million (As of March 31, 2022)

### ■ Organization Chart (As of January 1, 2023)



### ■ Locations

<b>Head Office</b>	Marunouchi Center Building 6-1, Marunouchi 1-chome Chiyoda-ku Tokyo 100-0005, Japan Tel: (81) 3-5220-8950
<b>Central Research Laboratory/ CMC Laboratory</b>	1253, Tateno 3-chome Higashiyamoto-shi Tokyo 207-0021, Japan Tel: (81) 42-563-5811
<b>Kurihama Plant</b>	3-1, Kurihama 9-chome Yokosuka-shi Kanagawa 239-0831, Japan Tel: (81) 46-835-3311
<b>Takahagi Plant</b>	258-5, Aza-Matsukubo Oaza-Akahama Takahagi-shi Ibaraki 318-0001, Japan Tel: (81) 293-23-1181

### ■ Major Subsidiaries

#### ASSOCIATES OF CAPE COD, INC.

124 Bernard E. Saint Jean Drive, East Falmouth  
MA 02536-4445 U.S.A.  
Tel: (1) 508-540-3444

#### DALTON CHEMICAL LABORATORIES, INC.

349 Wildcat Rd. Toronto, ON M3J 2S3  
CANADA  
Tel: (1) 416-661-2102 / (1) 800-567-5060

## Stock Information

### ■ Stock Information (As of March 31, 2022)

Shares per Unit	100
Authorized Shares	234,000,000
Authorized Outstanding Shares	56,814,093
Number of Shareholders	10,677
General Shareholders' Meeting	June
Date of Record for Shareholders Eligible to Receive Dividends	March 31

### ■ Shareholder Registry Administrator

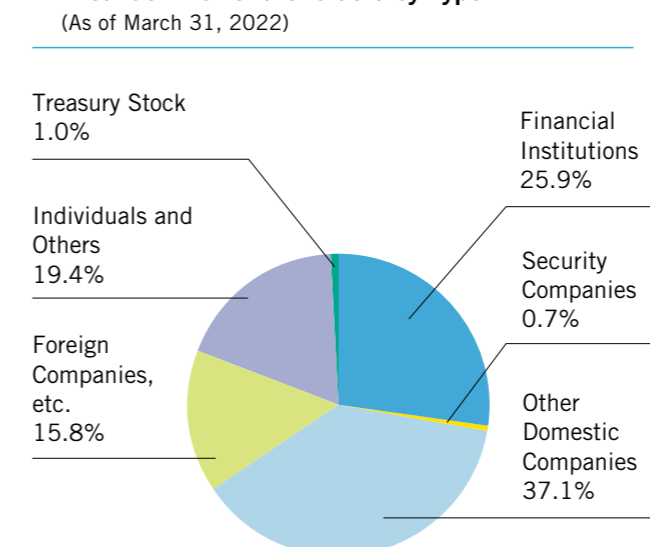
Mitsubishi UFJ Trust and Banking Corporation  
  
<Contact>  
Mitsubishi UFJ Trust and Banking Corporation  
Securities Agency Division  
PO Box 29, New Tokyo Post Office, Tokyo 137-8081  
Tel: 0120-232-711 (Domestic toll-free)

### ■ Major Shareholders (As of March 31, 2022)

Name of Shareholders	Number of Shares Held (Thousands of Shares)	Percentage of Outstanding Shares (%)
1 Shingyo KK	7,843	13.9
2 The Master Trust Bank of Japan, Ltd. (Trust account)	7,689	13.7
3 KK Kaiseisha	7,293	13.0
4 Custody Bank of Japan, Ltd. as Trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co, Ltd.	1,573	2.8
5 MUFG Bank, Ltd.	1,536	2.7
6 The Bank of New York Mellon (International) Limited 131800	1,486	2.6
7 Custody Bank of Japan, Ltd. (Trust account)	1,229	2.2
8 Kaken Pharmaceutical Co., Ltd.	1,207	2.1
9 Mizutani Foundation for Glycoscience	828	1.5
10 Meiji Yasuda Life Insurance Company	688	1.2

Note: Treasury stock (567 thousand shares) is excluded from the calculations of the percentages above

### ■ Breakdown of Shareholders by Type (As of March 31, 2022)



### Corporate Logo



The main motif of Seikagaku's corporate logo is a chain, which symbolizes our decades-long commitment to sugar chain R&D. The closely interlocked links represent the strong bonds that exist between science and industry, between people and people, and between a rich natural environment and an enriching life. The links also symbolize Seikagaku's emphasis on partnership with society.

The overall shape of the logo as an oval stretched toward the upper right represents Seikagaku's corporate stance of aiming for infinite growth.

The blue brand color in the corporate logo symbolizes creativity and innovation, while the black projects an impression of strength.