

Consolidated 10-year Summary

(Millions of yen / %)

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Net Sales*1	27,586	27,589	29,211	28,321	31,434	27,559	29,206	27,734	34,851	33,456
Overseas Sales*1	8,569	9,753	11,530	11,319	12,281	12,098	13,205	14,361	17,918	20,048
Cost of Sales	11,223	12,130	12,871	13,247	13,008	13,114	12,513	12,112	14,323	15,432
Selling, General and Administrative Expenses*1	11,319	12,833	13,833	13,113	13,872	12,727	12,796	13,372	16,033	15,910
R&D Expenses	6,588	8,146	8,649	7,834	8,408	7,148	6,877	7,209	9,005	7,951
Operating Income*1	5,043	2,624	2,506	1,960	4,552	1,718	3,896	2,248	4,495	2,114
Ordinary Income	5,878	4,008	3,500	2,477	5,327	2,859	3,981	3,024	5,395	3,069
Net Income	4,745	3,650	2,578	1,787	3,922	2,244	(10,839)	4,262	3,733	2,236
Total Equity	64,785	70,410	69,815	70,646	73,945	73,036	59,767	63,604	66,340	67,216
Total Assets	73,826	80,889	80,218	80,048	84,098	80,238	68,746	69,915	75,244	75,625
Overseas Sales Ratio (Excluding Royalty Income)*1	30.8	34.8	38.7	38.7	41.5	43.8	46.8	50.5	56.6	59.9
Cost of Sales Ratio (Excluding Royalty Income)*1	40.8	44.4	44.6	47.9	46.0	48.9	45.9	44.8	46.4	46.1
Selling, General and Administrative Expenses Ratio*1	41.0	46.5	47.4	46.3	44.1	46.2	43.8	48.2	46.0	47.6
R&D Expenses Ratio (Excluding Royalty Income)*1	24.0	29.8	30.0	28.3	29.7	26.7	25.2	26.7	29.2	23.8
Operating Income Ratio*1	18.3	9.5	8.6	6.9	14.5	6.2	13.3	8.1	12.9	6.3
Ordinary Income Ratio*1	21.3	14.5	12.0	8.7	16.9	10.4	13.6	10.9	15.5	9.2
Net Income Ratio	17.2	13.2	8.8	6.3	12.5	8.1	—	15.4	10.7	6.7
Return on Equity (ROE)*2	7.5	5.4	3.7	2.5	5.4	3.1	—	6.9	5.7	3.3
Return on Assets (ROA)*2	8.1	5.2	4.3	3.1	6.5	3.5	5.3	4.4	7.4	4.1
Turnover of Total Assets*2	0.41	0.38	0.38	0.37	0.37	0.35	0.39	0.40	0.48	0.44
Shareholders' Equity Ratio	87.8	87.0	87.0	88.3	87.9	91.0	86.9	91.0	88.2	88.9
Number of R&D Personnel	215	216	221	222	233	233	242	231	223	196
R&D Personnel Ratio	33.6	33.3	33.3	32.3	32.5	31.3	27.9	25.3	23.8	20.0
Number of Employees	639	649	663	687	718	744	868	913	937	976*3
Amount of Capital Expenditure	7,222	2,095	1,975	1,173	1,591	1,310	2,109	2,127	2,194	2,091
Depreciation and Amortization	1,767	2,610	3,191	2,920	2,925	2,902	1,778	808	1,051	1,327
Net Income per Share	83.55	64.27	45.39	31.55	69.30	39.76	(192.15)	75.54	66.32	40.49
Total Equity per Share	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	1,232.41
Dividends per Share	26.00	26.00	26.00	31.00*4	26.00	26.00	26.00	24.00*5	30.00*6	26.00
Dividend Payout Ratio	31.1	40.5	57.3	98.3	37.5	65.4	—	31.8	45.2	64.2
Dividends as a Percentage of Total Equity (DOE)	2.3	2.2	2.1	2.5	2.0	2.0	2.2	2.2	2.6	2.2

*1 New revenue recognition standard has been applied retroactively to fiscal 2013-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 Excluding executive vice presidents.

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

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

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

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

Review of Operations (April 1, 2022–March 31, 2023)

Overall net sales and income

In the fiscal year ended March 31, 2023 (fiscal 2022), net sales were ¥33,456 million, down 4.0% year on year. The result is attributable to a substantial decline in royalty income and a decline in sales in the pharmaceutical business due to the impact of National Health Insurance (NHI) drug price reductions in Japan, despite the positive impact of yen depreciation on the results from the LAL business and overseas pharmaceuticals.

Operating income fell 53.0% year on year to ¥2,114 million as a result of the sales decrease, notwithstanding a decrease in R&D expenses accompanying completion of subject enrollment in an additional clinical study in the U.S. for SI-6603, a treatment for lumbar disc herniation. Ordinary income and net income attributable to owners of parent fell 43.1% to ¥3,069 million and 40.1% to ¥2,236 million, respectively.

(Millions of yen)

	2022/3	2023/3	Year on Year
Net Sales	34,851	33,456	-4.0%
Operating Income	4,495	2,114	-53.0%
Ordinary Income	5,395	3,069	-43.1%
Net Income	3,733	2,236	-40.1%
R&D Expenses	9,005	7,951	-11.7%

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 decreased 11.6% year on year to ¥22,723 million, accounting for 67.9% of total sales.

Domestic Pharmaceuticals (¥11,271 million, down 1.5% year on year)

Deliveries to medical institutions of ARTZ, a joint function improvement agent for knee osteoarthritis, increased year on year thanks to successful measures to promote switching from competing products. The Company's sales fell due to the impact of NHI drug price reductions, despite an increase in shipment volume due to higher deliveries to medical institutions and the impact of shipment timing.

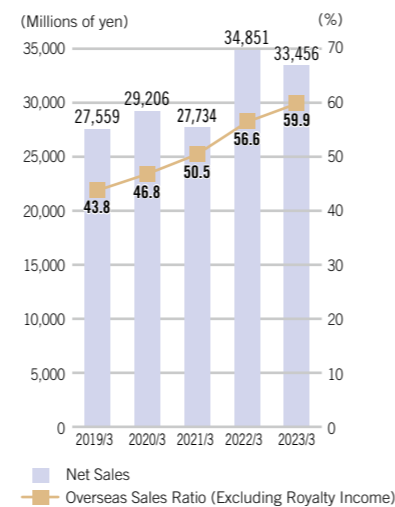
The Company's sales of the joint function improvement agent JOYCLU increased year on year, reflecting higher deliveries to medical institutions. The Company issued a Dear Healthcare Professionals Letter of Rapid Safety Communication (Blue Letter) about JOYCLU on June 1, 2021 and is continuing cooperative efforts with sales partner Ono Pharmaceutical Co., Ltd. to proactively gather side effects reports and other information and provide safety-related information. Also, since April 2022 the Company has been conducting a clinical study to identify the cause of side effects with the cooperation of specialists and medical institutions.

Deliveries to medical institutions of the OPEGAN series of ophthalmic viscoelastic devices increased year on year due to a gradual return to the pre-COVID market growth trend and the impact of limited shipments of competing products. The Company's sales were at the prior-year level as a result of shipment volume increase, despite the impact of NHI drug price reductions.

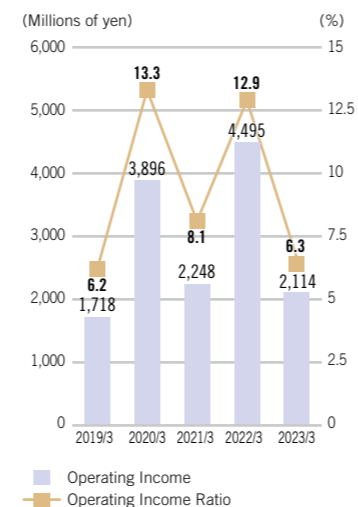
The Company's sales of MucoUp, a submucosal injection agent for endoscopic surgery, decreased due to the impact of an NHI reimbursement price revision.

Although deliveries to medical institutions of HERNICORE, a treatment for lumbar

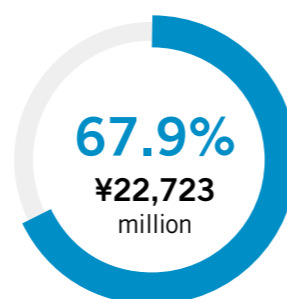
Net Sales and Overseas Sales Ratio



Operating Income and Operating Income Ratio



Pharmaceuticals Business Sales Composition



disc herniation, remained at the prior-year level, the Company's sales rose due to the impact of shipment timing.

Overseas Pharmaceuticals (¥8,534 million, up 11.5% year on year)

Local sales volume in the U.S. of Gel-One, an intra-articular single-injection viscosupplement for the treatment of knee osteoarthritis, decreased year on year, reflecting the impact of a health insurance system change implemented in July 2022. The Company's sales increased substantially, fueled by the impact of yen depreciation.

Local sales volume in the U.S. of SUPARTZ FX, an intra-articular 5-injection viscosupplement for the treatment of knee osteoarthritis, rose due to a changing market environment accompanying a health insurance system change. The Company's sales increased, reflecting the impact of yen depreciation.

Local sales volume in China of ARTZ fell sharply because of the impact of factors including limitation of access to outpatient services accompanying the renewed spread of COVID-19. The Company's sales declined substantially, reflecting the absence of shipments in the first quarter due to a packaging material change and a decrease in local sales volume.

Bulk Products and Contract Development and Manufacturing Organization (¥2,916 million, up 11.9% year on year)

Sales increased due to higher sales of bulk products and the impact of yen depreciation on sales of contract development and manufacturing and other services of overseas subsidiary Dalton Chemical Laboratories, Inc.

Royalty Income (¥100 million, down 100.0% year on year)

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

LAL business

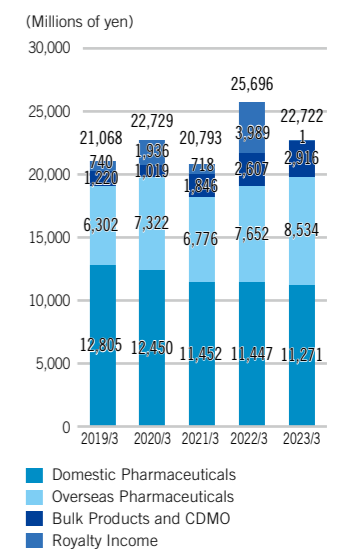
We manufacture and sell endotoxin-detecting reagents used in the quality control of pharmaceuticals and medical devices in Japan and overseas. Net sales of LAL business for the fiscal year under review were ¥10,732 million, up 17.2% from the previous fiscal year.

LAL Business

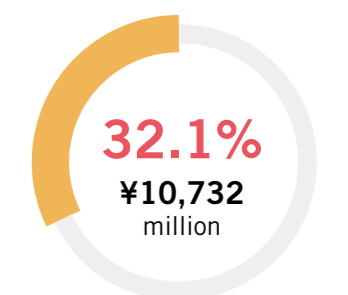
Sales from the LAL business segment increased, reflecting the impact of yen depreciation on sales of reagents and diagnostics at overseas subsidiary Associates of Cape Cod, Inc. as well as steady sales in Japan.

Sales by Segment	2022/3	2023/3	Year on Year
Pharmaceuticals Business	25,696	22,723	-11.6%
Domestic Pharmaceuticals	11,447	11,271	-1.5%
Overseas Pharmaceuticals	7,652	8,534	+11.5%
Bulk Products and CDMO	2,607	2,916	+11.9%
Royalty Income	3,989	1	-100.0%
LAL Business	9,155	10,732	+17.2%
Total	34,851	33,456	-4.0%
(Overseas Sales)	17,918	20,048	+11.9%

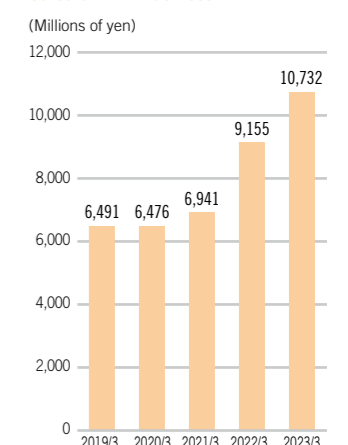
Sales of Pharmaceuticals Business



LAL Business Sales Composition

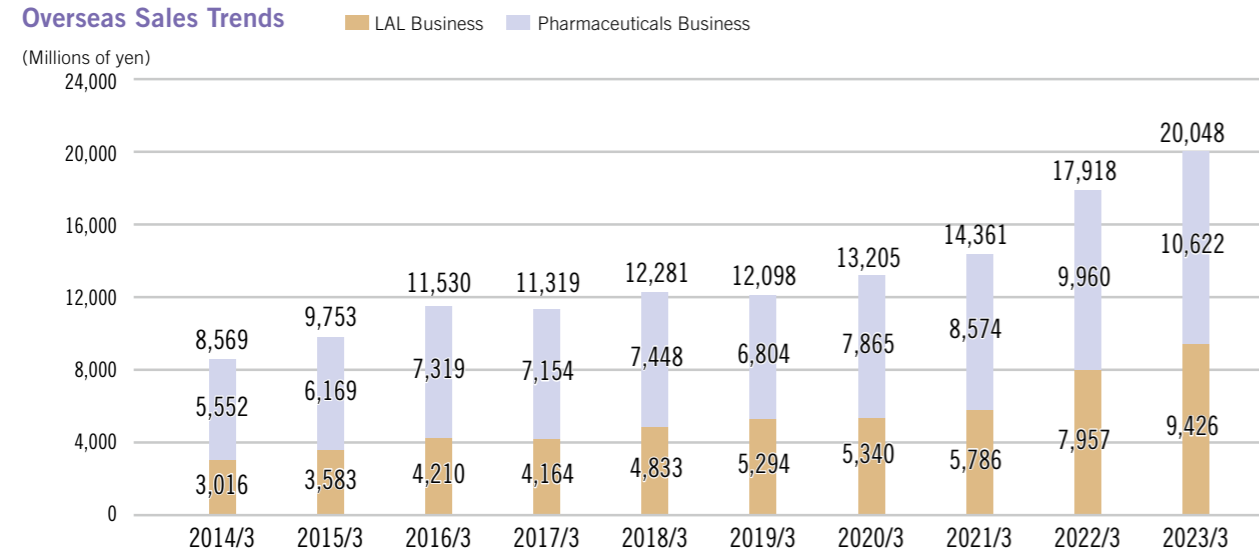


Sales of LAL Business

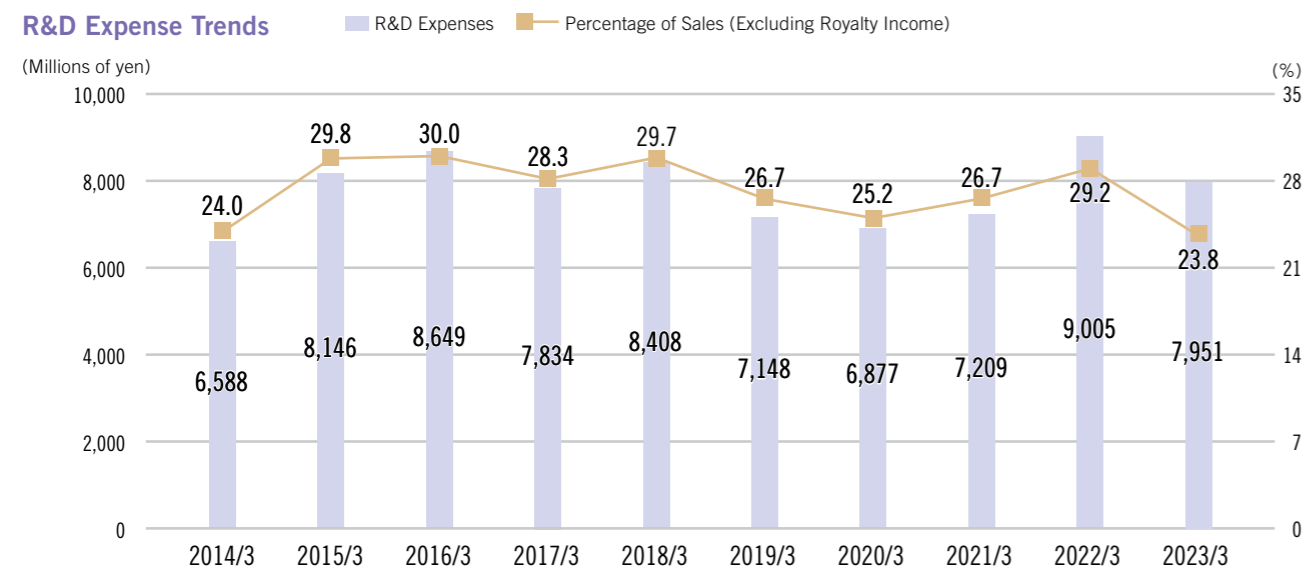


Financial/Non-financial Highlights

Overseas Sales Trends

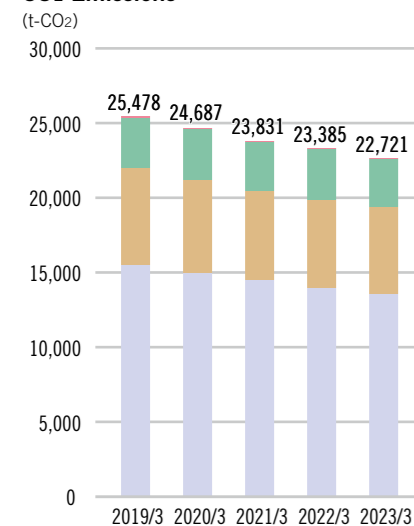


R&D Expense Trends



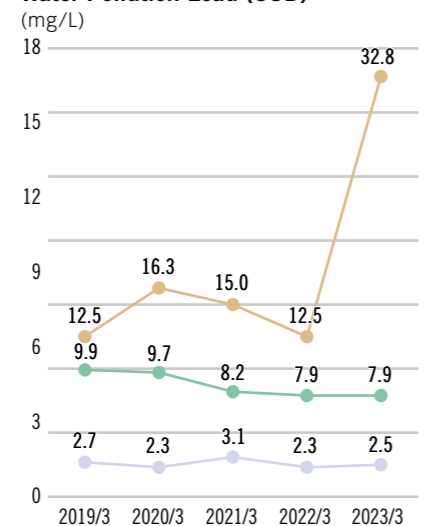
Non-financial Highlights (Non-consolidated Basis)

CO₂ Emissions



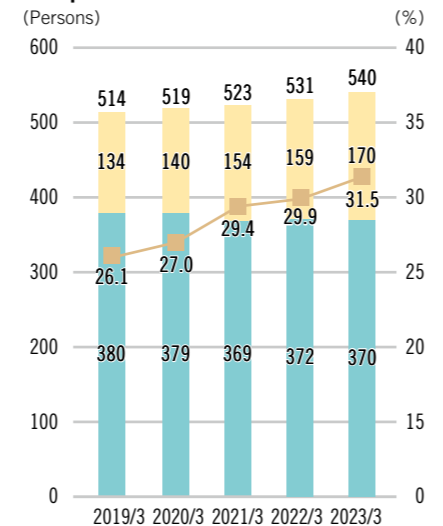
■ Takahagi Plant ■ Kurihama Plant
■ Central Research / CMC Laboratories
■ Head Office

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 290 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, 2023)

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*¹-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, 2023)

Paid-in Capital CAD 49,800 thousand

Ownership Ratio 100%*²

Business CDMO

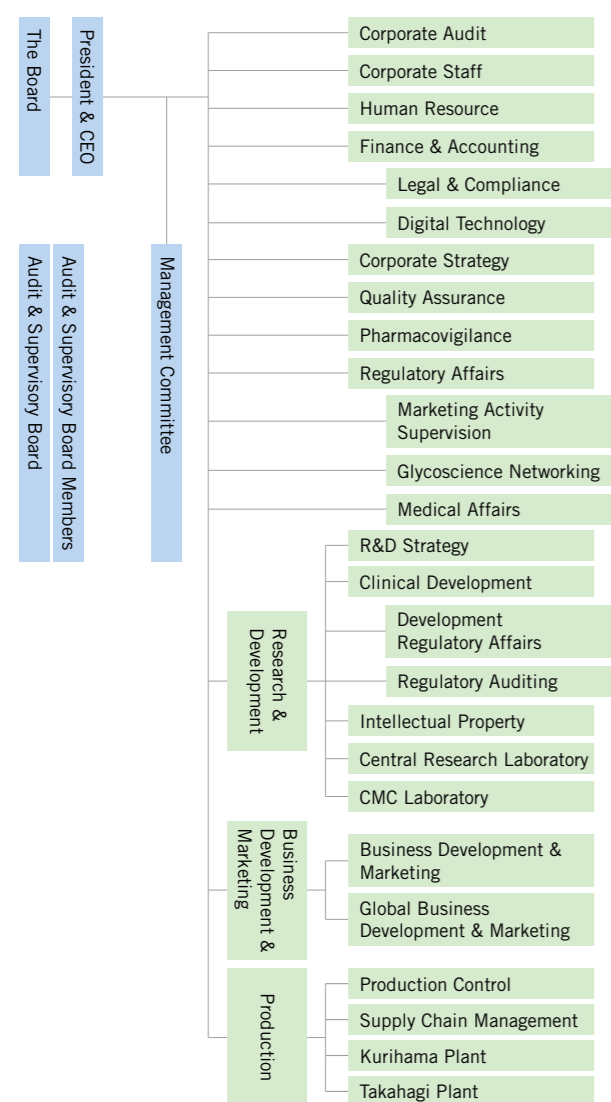
URL <https://www.dalton.com/>



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

Overview (As of March 31, 2023)	
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	https://www.seikagaku.co.jp/en/
Number of Employees	976 (Consolidated/Excluding executive vice presidents)
Paid-in Capital	¥3,840 million
Net Sales	¥33,456 million (As of March 31, 2023)

Organization Chart (As of June 20, 2023)



Locations

Head Office	Marunouchi Center Building 6-1, Marunouchi 1-chome Chiyoda-ku Tokyo 100-0005, Japan Tel: (81) 3-5220-8950
Central Research Laboratory/CMC Laboratory	1253, Tateno 3-chome Higashiyamato-shi Tokyo 207-0021, Japan Tel: (81) 42-563-5811
Kurihama Plant	3-1, Kurihama 9-chome Yokosuka-shi Kanagawa 239-0831, Japan Tel: (81) 46-835-3311
Takahagi Plant	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 (As of March 31, 2023)	
Shares per Unit	100
Authorized Shares	234,000,000
Authorized Outstanding Shares	56,889,871
Number of Shareholders	10,285
General Shareholders' Meeting	June
Date of Record for Shareholders Eligible to Receive Dividends	March 31

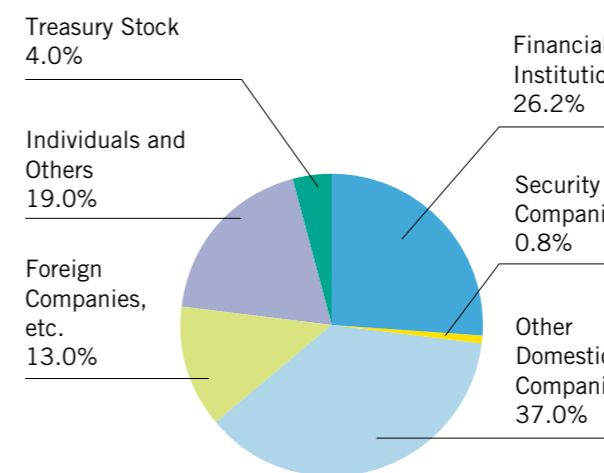
Shareholder Registry Administrator
Mitsubishi UFJ Trust and Banking Corporation
<Contact> Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division PO Box 29, New Tokyo Post Office, Tokyo 137-8081 Tel: 0120-232-711 (Domestic toll-free)

Major Shareholders (As of March 31, 2023)

Name of Shareholders	Number of Shares Held (Thousands of Shares)	Percentage of Outstanding Shares (%)
1 Shingyo KK	7,843	14.4
2 The Master Trust Bank of Japan, Ltd. (Trust account)	7,724	14.2
3 KK Kaiseisha	7,293	13.4
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	2.9
5 MUFG Bank, Ltd.	1,536	2.8
6 The Bank of New York Mellon (International) Limited 131800	1,470	2.7
7 Custody Bank of Japan, Ltd. (Trust account)	1,324	2.4
8 Kaken Pharmaceutical Co., Ltd.	1,207	2.2
9 Mizutani Foundation for Glycoscience	828	1.5
10 Meiji Yasuda Life Insurance Company	688	1.3

Note: Treasury stock (2,273 thousand shares) is excluded from the calculations of the percentages above

Breakdown of Shareholders by Type (As of March 31, 2023)



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.