

Members of the Board (as of October 1, 2021)

Directors



President & CEO
Ken Mizutani
 Term of office as Director: 31 years
 Number of the Company's shares owned: 456,003 shares

- Apr. 1970 Joined Mitsubishi Chemical Industries Limited (current Mitsubishi Chemical Corporation)
- Aug. 1988 Joined the Company
- June 1990 Member of the Board, Head of Research Biologicals and Diagnostics Marketing
- June 1993 Member of the Board, Senior Executive Vice President responsible for Planning and Manufacturing
- June 1998 Member of the Board, Senior Executive Vice President responsible for Marketing
- June 2000 Member of the Board, Senior Executive Vice President and Head of Central Research Laboratory
- June 2002 Representative Director and Member of the Board, Senior Executive Vice President responsible for Pharmaceuticals, Fine Chemicals, Oral Care, Glycoforum, and Head of Central Research Laboratory
- June 2005 Representative Director and Member of the Board, President & Chief Executive Officer (CEO)
- June 2018 Representative Director and Member of the Board, President & CEO and Head of Manufacturing
- June 2019 Representative Director and Member of the Board, President & CEO (current position)



Executive Vice President
 Business Development & Marketing
Toshiyuki Okada
 Term of office as Director: 4 years
 Number of the Company's shares owned: 9,758 shares

- Apr. 1989 Joined Dow Corning Japan Co., Ltd.
- Sept. 1996 Joined Johnson & Johnson Medical K. K. (current Johnson & Johnson K. K.)
- Feb. 2015 Vice President and Chief Technology Officer
- Sept. 2015 Joined the Company
 Executive Vice President, Deputy responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing
- June 2016 Executive Vice President responsible for Quality Assurance, Pharmacovigilance and Regulatory Affairs Auditing
- Jan. 2017 Executive Vice President responsible for Marketing
- June 2017 Member of the Board, Executive Vice President responsible for Marketing
- June 2018 Member of the Board, Executive Vice President responsible for Business Development & Marketing (current position)



Executive Vice President
 Research & Development
Yosuke Funakoshi
 Term of office as Director: 3 years
 Number of the Company's shares owned: 10,358 shares

- Apr. 1990 Joined ONO PHARMACEUTICAL CO., LTD.
- June 2008 Joined Takeda Pharmaceutical Company Limited
- Aug. 2012 Takeda Global Research & Development Center Inc. (current Takeda Development Center Americas, Inc.)
 Vice President of Strategic Project Management
- Aug. 2014 Joined the Company
 Senior Vice President and assistant to Senior Executive Vice President responsible for Research & Development
- Oct. 2014 Senior Vice President and Head of Clinical Development
- June 2016 Executive Vice President, Deputy responsible for Research & Development and Head of Clinical Development
- June 2017 Executive Vice President responsible for Research & Development and Head of Clinical Development
- June 2018 Member of the Board, Executive Vice President responsible for Research & Development and Head of Clinical Development
- Oct. 2021 Member of the Board, Executive Vice President responsible for Research & Development (current position)

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Toru Takeda
 Term of office as Audit & Supervisory Board Member: 5 years
 Number of the Company's shares owned: 2,200 shares

- Apr. 1983 Joined The Long-Term Credit Bank of Japan, Limited (current Shinsei Bank, Limited)
- Oct. 2000 Joined The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.)
- Oct. 2008 General Manager, Risk Management Department, Mizuho Trust & Banking Co., Ltd.
- Apr. 2012 Corporate Auditor (full-time)
- Apr. 2016 Joined the Company as Senior Vice President
- June 2016 Audit & Supervisory Board Member (current position)



Audit & Supervisory Board Member
Shigeru Kawahara
 Term of office as Audit & Supervisory Board Member: 4 years
 Number of the Company's shares owned: 5,300 shares

- Apr. 1982 Joined Nippon Merck Banyu Co., Ltd. (current MSD K.K.)
- May 2008 Joined the Company
- June 2009 General Manager of Marketing Planning Department
- Sept. 2010 General Manager of International Marketing Department and Marketing Planning Department
- Jan. 2014 General Manager of Audit Department
- June 2017 Audit & Supervisory Board Member (current position)



Outside Audit & Supervisory Board Member
Mie Fujimoto
 Term of office as Audit & Supervisory Board Member: 6 years
 Number of the Company's shares owned: 1,400 shares

- Apr. 1993 Admitted to the bar in Japan
- Apr. 1993 Joined New Tokyo International (Later, Bingham Sakai Mimura Aizawa (foreign law joint enterprise))
- Apr. 2015 Joined TMI Associates (current position)
- June 2015 Outside Audit & Supervisory Board Member of the Company (current position)



Executive Vice President
 Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy
Takayuki Akita
 Term of office as Director: 3 years
 Number of the Company's shares owned: 6,958 shares

- Apr. 1986 Joined The Mitsubishi Bank, Limited (current MUFG Bank, Ltd.)
- May 2016 Executive Vice President, Head of Transaction Banking
- June 2017 Joined the Company as Advisor
- June 2017 Executive Vice President responsible for Corporate Planning
- Oct. 2017 Executive Vice President and Head of Corporate Strategy
- June 2018 Member of the Board, Executive Vice President responsible for Corporate Strategy, HR, F&A and Corporate Staff and Head of Corporate Strategy (current position)



Outside Member of the Board
Mio Minaki
 Term of office as Director: 2 years
 Number of the Company's shares owned: —

- Apr. 1999 Joined MIT Corporation
- Oct. 2003 Public prosecutor, Tokyo District Public Prosecutors Office
- Apr. 2004 Public prosecutor, Osaka District Public Prosecutors Office
- Apr. 2005 Public prosecutor, Fukuoka District Public Prosecutors Office
- Apr. 2014 Litigation Department Attorney, Ministry of Justice Fukuoka Legal Affairs Bureau
- Apr. 2016 Public prosecutor, Tokyo District Public Prosecutors Office
- Apr. 2017 Assigned as Head of Legal Affairs Department to Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan
- Apr. 2019 Admitted to the bar in Japan
- Apr. 2019 Joined Minaki & Kitazawa Law Office (current position)
- June 2019 Outside Director of the Company (current position)



Outside Member of the Board
Yasuyuki Sugiura (New election)
 Term of office as Director: —
 Number of the Company's shares owned: —

- Apr. 1978 Joined Mitsubishi Corporation
- Apr. 1998 General Manager, Washington Office, Mitsubishi International Corporation
- Apr. 2006 CFO and SVP in charge of Corporate Department, Mitsubishi International Corporation
- Apr. 2009 Executive Officer and General Manager, Corporate Communications Department, Corporate Strategy & Planning Division
- Apr. 2012 President & Director and Head of Chicago Branch, Mitsubishi International Corporation
- Apr. 2013 Executive Vice President, Mitsubishi Corporation and President & Director, Mitsubishi Corporation (Americas)
- Apr. 2016 Advisor, Mitsubishi Corporation (current position)
- June 2017 Managing Director, Toyo Bunko (current position)



Outside Audit & Supervisory Board Member
Shinkichi Matsuo
 Term of office as Audit & Supervisory Board Member: 2 years
 Number of the Company's shares owned: —

- Apr. 1991 Joined Mitsubishi Electric Corporation
- Apr. 1993 Joined Yokohama City Government
- Oct. 1995 Joined Ota Showa Audit Corporation (current Ernst & Young ShinNihon LLC)
- Apr. 1999 Registered as a certified public accountant
- June 2018 Representative Director, NextLeap Co., Ltd. (current position)
- June 2019 Outside Audit & Supervisory Board Member of the Company (current position)



Outside Audit & Supervisory Board Member
Takayuki Maruyama
 Term of office as Audit & Supervisory Board Member: 1 year
 Number of the Company's shares owned: —

- Apr. 2000 Admitted to the bar in Japan
- Apr. 2000 Joined Nagashima Ohno & Tsunematsu
- Sept. 2005 Joined Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP
- Jan. 2006 Admitted to the bar in New York State, US
- Feb. 2008 Joined OH-EBASHI LPC & PARTNERS (current position)
- June 2020 Outside Audit & Supervisory Board Member of the Company (current position)

Executive Vice Presidents

Quality Compliance & Medical Affair
 Executive Vice President
Yuji Shimojima

Head of Corporate Staff
 Executive Vice President
Mikako Torii

Head of Takahagi Plant
 Head of Production
 Executive Vice President
Masayuki Ito

- Notes:
1. Ken Mizutani concurrently serves as Executive Vice President.
 2. Terms of office are as of June 22, 2021.
 3. Number of the Company's shares owned is as of March 31, 2021.

Basic policy of corporate governance

Seikagaku Corporation views corporate governance as a core area of management priority, and endeavors to gather information accurately and adequately, speed up decision-making, and strengthen the supervisory function of business execution. We are profoundly aware of our social mission and responsibilities as a pharmaceutical company, and are committed to always earning the confidence of stakeholders, including our shareholders. In addition to establishing internal control systems, such as for compliance and risk management, we are enhancing our corporate governance through mutual collaboration among departments within the Company in order to create a management environment that meets the expectations of society.

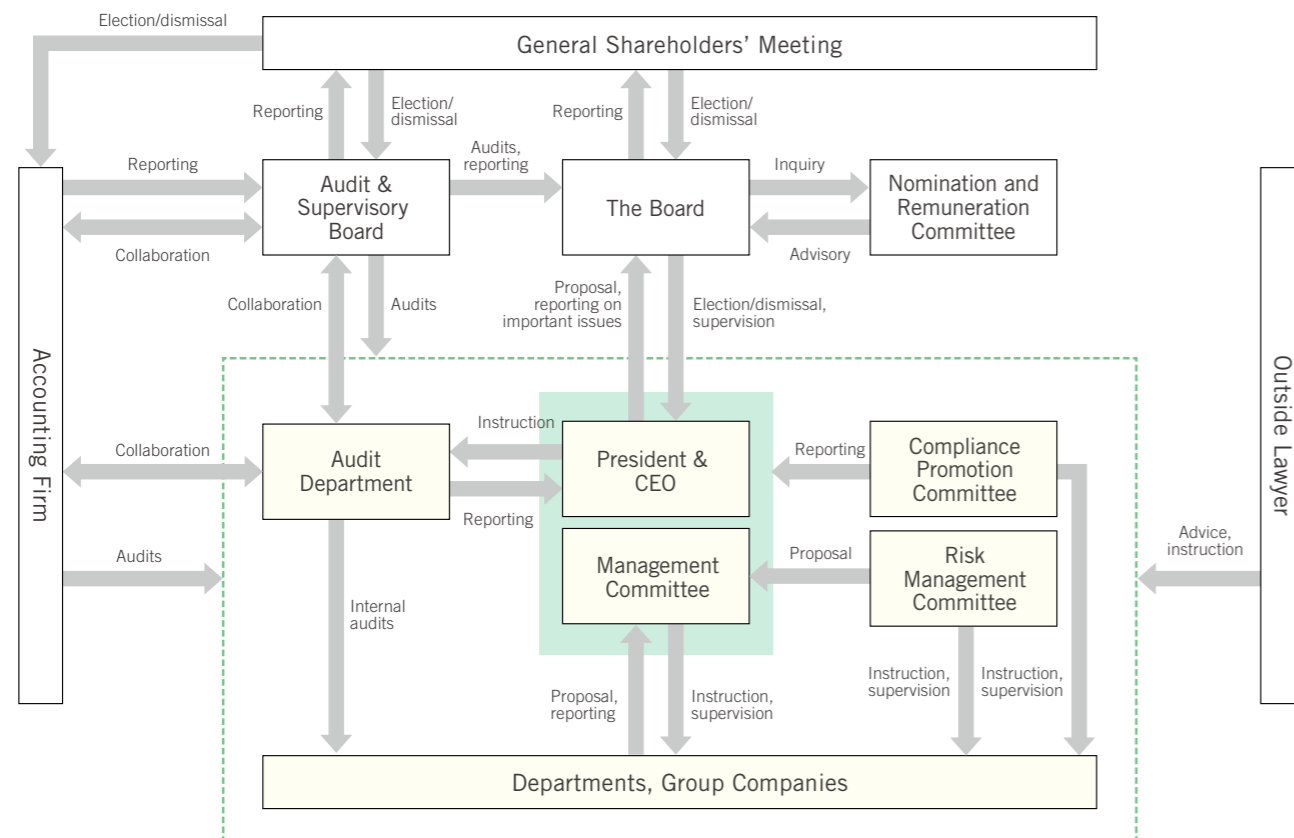
Corporate governance structure

The Company has adopted a Company with an Audit & Supervisory Board governance system, having determined that the most effective and appropriate form of corporate governance for the Company is for the Board of Directors to oversee business execution and for the Audit & Supervisory Board to perform auditing and oversight in cooperation with the accounting auditor and Audit Department. Furthermore, the Company has introduced an executive vice president system to separate management oversight by the Board of Directors from business execution and holds weekly Management Committee meetings to confer and decide important management agendas, based on the basic policy of the Board of Directors.

The Board of Directors has established the Nomination and Remuneration Committee, which consists of the president & CEO and all outside members of the Board, to advise on matters concerning nomination of candidates for members of the Board and compensation.

The Compliance Committee promotes various programs to improve compliance effectiveness, and the Risk Management Committee appropriately manages business risks and implements risk prevention measures.

Corporate Governance Structure



Board of Directors

The Board of Directors comprises six members, including two outside members of the Board. The Company aims to enhance management oversight from an independent standpoint by appointing outside members of the Board to one-third of the Board seats.

The Board makes decisions on tasks stipulated in laws, the Articles of Incorporation, and rules for the Board, such as basic management policy, the mid-term management plan, the annual management plan, and election of executive vice presidents. The Board decides on important business and supervises the performance of business operations and oversees business execution. The Board holds regular monthly meetings and, if necessary, additional meetings of the Board are convened.

To enable sufficient deliberation at Board meetings, as a rule, materials on matters for resolution and reporting matters are distributed to the Board members at least three days before meetings to provide time to review the materials. Also, advance explanations of important agenda items are provided, as well as additional materials and supplemental explanations upon request.

A meeting of outside officers, comprising all the outside members of the Board and outside Audit & Supervisory Board members, periodically analyzes and evaluates the effectiveness of the Board of Directors. The Board deliberates the evaluation results and undertakes improvement of Board operation.

All two outside members of the Board are reported to the Tokyo Stock Exchange, Inc. as independent officers by the Company.

Enhancing functions of the Board of Directors

To achieve sustained growth and medium- and long-term enhancement of corporate value, following deliberation by the Nomination and Remuneration Committee, the Board of Directors determines skills required by the Board on the basis of basic management policy, the mid-term management plan, and other criteria. The Board selects candidates for corporate officer positions taking into consideration their knowledge, experience, abilities, and character, in addition to specific skills and Board diversity, to maintain a structure capable of effectively fulfilling the Board's role and duties.

Since the skills required by the Board of Directors constantly change according to the business environment and other factors, the Company plans to periodically review them. The term of office for members of the Board is one year with the aim of creating a management structure that would be able to adapt quickly and flexibly to changes in the business environment.

The outside members of the Board are responsible for oversight from an objective standpoint, a perspective that incorporates the common interests of shareholders, and is based on expert knowledge and insights into corporate management. The outside members of the Board also attend meetings held among the president & CEO, Audit & Supervisory Board members, and heads of each department to share views of the Company's business issues and the external environment.

Main Expertise and Experience of Directors and Audit & Supervisory Board Members

Title	Name	Corporate management	Finance/Accounting	Legal affairs/Risk management	R&D	Global	Production/Quality	Human resources/Labor
President & CEO	Ken Mizutani	●		●	●		●	
Executive Vice President	Toshiyuki Okada	●			●	●	●	
Executive Vice President	Yosuke Funakoshi	●			●	●		
Executive Vice President	Takayuki Akita	●	●	●		●		●
Outside Member of the Board	Mio Minaki			●				●
Outside Member of the Board	Yasuyuki Sugiura	●	●			●		●
Audit & Supervisory Board Member	Toru Takeda		●	●				
Audit & Supervisory Board Member	Shigeru Kawahara				●	●		
Outside Audit & Supervisory Board Member	Mie Fujimoto			●		●		●
Outside Audit & Supervisory Board Member	Shinkichi Matsuo	●	●					
Outside Audit & Supervisory Board Member	Takayuki Maruyama			●		●		

Audit & Supervisory Board

The Audit & Supervisory Board comprises five members, including three outside members. Its duties include discussing and deciding important audit-related matters and confirming in advance matters for resolution by the Board of Directors.

Audit & Supervisory Board members attend meetings of the Board of Directors and express their opinions as necessary and also interview directors in charge and corporate officers of subsidiaries in accordance with an annual plan, and exchange views with the president & CEO. They also have periodic meetings with the accounting auditor and Audit Department and receive audit reports, audit results, and other reports, exchange views, and strive for cooperation.

The full-time members attend Management Committee meetings and other important meetings; examine minutes, approval documents, and other important documents; perform audits of business sites; and share information about business execution and development of the internal control system and confirmation of its status of operation with the outside members at Audit & Supervisory Board meetings.

The outside members suitably perform supervision of the Board members' execution of duties from an objective standpoint, a perspective that incorporates the common interests of shareholders, based on expert knowledge and insights into corporate management. All three outside Audit & Supervisory Board members are reported to the Tokyo Stock Exchange, Inc. as independent officers by the Company.

Nomination and Remuneration Committee

In the interest of increasing fairness, transparency, and objectivity of procedures relating to the nomination and remuneration of members of the Board of Directors, Seikagaku has established the Nomination and Remuneration Committee, comprising the president & CEO and both independent outside members of the Board, as a voluntary advisory body to the Board.

The committee deliberates and reports to the Board of Directors on its views on the composition of the Board, matters relating to the selection and dismissal of members of the Board and Audit & Supervisory Board members, and matters relating to remuneration for members of the Board. The committee also decides the amount of monetary compensation for individual members of the Board and other matters for which decision-making has been delegated by the Board of Directors.

In fiscal 2020, the committee deliberated the selection of candidates for members of the Board and matters relating to determining remuneration for members of the Board as well as the Policy for Determining the Details of Individual Remuneration for Members of the Board and Audit & Supervisory Board Members.

Status of Holding of Board of Directors and Other Meetings (Fiscal 2020)

Organizational body	Composition	Frequency of convocation	Purpose
The Board*1	Members of the Board: 6 (including 2 outside members of the Board)	Once monthly in principle	The Board of Directors decides important matters stipulated in laws, the Articles of Incorporation and the Board of Directors Regulations, and oversees business execution. The Board of Directors met 14 times in fiscal 2020.
Audit & Supervisory Board	Audit & Supervisory Board members: 5 (including 3 outside members of the Board)	Once monthly in principle	The Audit & Supervisory Board discusses and decides important audit-related matters. The full-time members share information about business execution and development of the internal control system and its status of operation with the outside members at Audit & Supervisory Board meetings. The Audit & Supervisory Board met 15 times in fiscal 2020.
Nomination and Remuneration Committee	Members of the Board: 3 (including 2 outside members of the Board)	Meetings held as necessary	The Nomination and Remuneration Committee is a voluntary advisory body to the Board of Directors that reports to the Board on matters about which the Board has sought consultation, such as the nomination of candidates for corporate officer positions and remuneration for members of the Board and decides matters delegated by the Board. The majority of the committee members are independent outside members of the Board. The committee met three times in fiscal 2020.
Management Committee	Members of the Board: 4 Executive vice presidents: 3 Full-time Audit & Supervisory Board members: 2*2	Once weekly in principle	The Management Committee confers agendas of executive functions they have been tasked for implementation by the Board, based on the basic policy of the Board.

*1 Audit & Supervisory Board members also attend meetings of the Board of Directors. *2 Observers

Reasons for Election and Main Expertise of Outside Members of the Board and Outside Audit & Supervisory Board Members

Category	Name	Reasons for election
Outside member of the Board	Mio Minaki	Ms. Mio Minaki has a wealth of experience and insight relating to corporate legal affairs developed over many years in the judicial field. The Company has judged that she is capable of appropriately fulfilling the role of outside member of the Board from a professional standpoint based on this knowledge and experience.
	Yasuyuki Sugiura	Mr. Yasuyuki Sugiura has been involved in corporate management for many years at a general trading company, mainly in the U.S. and Canada, and has a wealth of international experience and wide-ranging insight. The Company has judged that he is capable of appropriately fulfilling the role of outside member of the Board by reflecting this experience and insight in the Company's management.
Outside Audit & Supervisory Board member	Mie Fujimoto	As a lawyer, Ms. Mie Fujimoto is highly knowledgeable in corporate legal affairs, with a focus on labor-related laws and regulations. The Company has judged that she is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.
	Shinkichi Matsuo	Mr. Shinkichi Matsuo is highly knowledgeable in finance and accounting as a certified public accountant and also has a wealth of experience relating to corporate management. The Company has judged that he is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.
	Takayuki Maruyama	As a lawyer, Mr. Takayuki Maruyama is highly knowledgeable in corporate legal affairs, with a focus on corporate restructuring, business revitalization, and international contracts. The Company has judged that he is capable of appropriately performing a management oversight role from a professional standpoint based on this knowledge and experience.

Main Activities of the Outside Members of the Board (Fiscal 2020)

Category	Name	Main activities
Outside member of the Board	Mio Minaki	Ms. Mio Minaki attended all meetings of the Board of Directors held in fiscal 2020 and offered advice and recommendations on numerous occasions at Board meetings from a professional point of view based on a wealth of experience and professional insight relating to corporate legal affairs. In her capacity as a member of the Nomination and Remuneration Committee, she actively offered advice and recommendations about Board member personnel proposals, the appropriateness of the compensation system for corporate officers, and other matters.
	Yasuyuki Sugiura	Took office on June 22, 2021.
Outside Audit & Supervisory Board member	Mie Fujimoto	Ms. Mie Fujimoto attended all Audit & Supervisory Board meetings held in fiscal 2020 and actively expressed opinions at meetings from an independent, objective point of view based on professional insight, mainly relating to labor-related laws and regulations and corporate compliance. In addition, she received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. She also attended all meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.
	Shinkichi Matsuo	Mr. Shinkichi Matsuo attended all Audit & Supervisory Board meetings held in fiscal 2020 and actively expressed opinions at meetings from an independent, objective point of view based on professional insight into finance and accounting accumulated over many years. In addition, he received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department, and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. He also attended all meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.
	Takayuki Maruyama	Mr. Takayuki Maruyama attended all Audit & Supervisory Board meetings held after he took office and actively expressed opinions at meetings from an independent, objective point of view based on professional insight, mainly concerning corporate restructuring and international contracts. In addition, he received reports from the full-time Audit & Supervisory Board members, accounting auditor, and Audit Department, and increased the effectiveness of auditing by gathering information through interviews with the president & CEO, corporate officers in charge, and corporate officers of subsidiaries. He also attended all meetings of the Board of Directors and offered advice and recommendations on numerous occasions from an expert point of view.

Initiatives to Strengthen Corporate Governance

(Fiscal year)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of members of the Board	11	9		7					8					5			6		
Number of outside members of the Board							1									2			
Number of female members of the Board																1			
Number of Audit & Supervisory Board members		4										5							
Number of outside Audit & Supervisory Board members		2										3							
Number of female Audit & Supervisory Board members																1			
Advisory body to the Board of Directors																			Nomination and Remuneration Committee
Measures to improve Board of Directors effectiveness																			Board of Directors' effectiveness evaluation Outside Officers' meeting
Term of office for members of the Board		2 years										1 year							
Executive vice president system																			Executive vice president system

Compensation for corporate officers

At a meeting held on February 5, 2021, the Board of Directors resolved to adopt the Policy for Determining the Details of Individual Remuneration for Members of the Board and Audit & Supervisory Board Members, and Seikagaku now operates a compensation scheme in accordance with this policy. At the time of Board of Directors resolutions pertaining to compensation for corporate officers, the Board consults with the Nomination and Remuneration Committee beforehand and receives a report concerning the details of matters to be resolved.

Basic policy

The Company's basic policy on compensation for directors (excluding outside members of the Board; the same applies hereinafter in this section "Compensation for corporate officers"), is to maintain a compensation structure designed to contribute to sustained earnings improvement by increasing incentives for directors to meet the expectations of shareholders. Specifically, compensation consists of basic compensation; earnings-linked compensation and performance-linked compensation, which serve as short-term incentives; and restricted stock compensation, which serves as a long-term incentive.

Compensation for outside members of the Board and Audit & Supervisory Board members consists of basic compensation only, in view of their role of management oversight independent from business execution.

Overview of types of compensation

The following is an overview of the types of compensation.

<Basic compensation (monthly monetary compensation)>

The amount of compensation for members of the Board is determined taking into consideration the balance between the going rate, management performance, and employee salaries. The amount of compensation for outside members of the Board and Audit & Supervisory Board members is determined by making reference to the going rate.

<Performance-linked compensation (monthly monetary compensation)>

Performance-linked compensation is determined through qualitative assessment based on achievement by each director of objectives for the previous fiscal year pertaining to important measures in the mid-term management plan. Qualitative assessment according to level of achievement is a three-stage to five-stage assessment, and the amount is calculated according to each assessment by multiplying basic compensation by a predetermined coefficient.

<Earnings-linked compensation (monthly monetary compensation)>

Earnings-linked compensation is determined through SKK EBITDA* in the previous fiscal year. SKK EBITDA is a numerical target in the mid-term management plan (fiscal 2019 to fiscal 2021).

Assessment using SKK EBITDA is a three-stage evaluation,

and the amount is calculated by multiplying basic compensation by a predetermined coefficient according to the assessment of each member of the Board.

*SKK EBITDA is Seikagaku's own profit indicator consisting of operating income plus depreciation expense and royalty income. The Company has selected SKK EBITDA because it considers it appropriate as a short-term incentive with respect to business performance each fiscal year. The SKK EBITDA target for fiscal 2021, the final year of the current mid-term management plan, is ¥5,000 million. Actual SKK EBITDA for fiscal 2020 was ¥3,057 million.

<Restricted stock compensation (non-monetary compensation)>

Restricted stock compensation, which involves the granting each year at a certain time of common shares of the Company for which transfer is restricted until retirement ("restricted stock"). Compensation paid for the granting of restricted stock is a monetary claim, and the amount is calculated by multiplying the basic compensation of each member of the Board by a fixed rate for each position.

Policy on the ratio of each type of compensation for members of the Board

Compensation for members of the Board is designed so that the ratio of earnings-linked compensation increases the higher the position, taking into consideration the results of an external survey and using as a benchmark compensation levels at other companies similar in size to Seikagaku or in the same industry.

The Board of Directors receives a report from the Nomination and Remuneration Committee and reviews compensation design from time to time, taking into consideration factors such as the business environment and the Company's medium- to long-term trend in business performance.

The ratio of each type of compensation for members of the Board is roughly as follows in the case of maximum target achievement.

Basic compensation : 70–80%
 Performance-linked compensation : 10%
 Earnings-linked compensation : 5–10%
 Restricted stock compensation : 5–10%

Method of determining compensation

By a resolution of the Board of Directors, monetary compensation for individual full-time and outside members of the Board is delegated to the Nomination and Remuneration Committee. The Committee's authority extends to determination of the amount of basic compensation, the amount of performance-linked compensation (including assessment of each director), and the amount of earnings-linked compensation. The reason for delegation of this authority is so that the Nomination and Remuneration Committee, on the basis of the expert knowledge and insights into corporate management of the outside members of the Board, to determine the amount of monetary compensation for individuals from an objective standpoint, a perspective that includes the common interests of the shareholders.

Evaluation coefficients pertaining to performance-linked compensation, as well as evaluation categories and evalua-

tion coefficients pertaining to earnings-linked compensation, are determined beforehand by the Board of Directors, giving respect to the content of a report from the Nomination and Remuneration Committee. With regard to restricted stock compensation, a form of non-monetary compensation, the timing of payment and method of distribution of monetary compensation claims are determined by the Board of Directors, giving respect to the content of a report from the Nomination and Remuneration Committee.

Compensation for Audit & Supervisory Board members is determined through discussion among them.

Analysis and evaluation of the effectiveness of the Board of Directors

At Seikagaku, a meeting of outside officers, comprising the outside directors and outside Audit & Supervisory Board members, analyzes and evaluates the effectiveness of the Board of Directors on the basis of the content of a questionnaire survey conducted prior to the evaluation, and the results of evaluation are discussed by the Board. In this way, Seikagaku seeks to further improve the effectiveness of the Board by periodically identifying issues and continuously engaging in improvement activities.

The evaluation for fiscal 2020 found that the Board of Directors functions properly in deciding important matters and overseeing business execution and that its effectiveness

is sufficiently ensured. It also found that Board meetings are held without delay thanks to the timely introduction of a remote meeting system, notwithstanding the COVID-19 crisis, and that the Board seeks to activate deliberation by promoting advance explanations concerning important agenda items.

To help activate deliberation, Seikagaku provides opportunities for sharing management issues and other matters with the outside officers and as a rule distributes materials at least three days before Board meetings to ensure sufficient time to review them beforehand.

Proposals for improvement included setting up a forum for continued deliberation and discussion of important agenda items and further clarifying Board meeting agenda proposal criteria, and the Board will examine these proposals.

Total Amount of Compensation for Each Category of Officer, Total Amount by Type of Compensation, and Number of Relevant Officers

Officer category	Total compensation (Millions of yen)	Total by type of compensation (Millions of yen)				Number of officers
		Basic compensation	Performance-linked compensation	Earnings-linked compensation	Restricted-Stock compensation	
Members of the Board (excluding outside members of the Board)	203	178	6	6	11	4
Outside members of the Board	25	25	—	—	—	2
Total	228	203	6	6	11	6
Audit & Supervisory Board members (excluding outside officers)	45	45	—	—	—	2
Outside Audit & Supervisory Board members	22	22	—	—	—	4
Total	68	68	—	—	—	6
Grand total	296	271	6	6	11	12

- Notes: 1. Based on the status at the time of adjournment of the 74th Ordinary General Shareholders' Meeting, held on June 19, 2020, one retired outside Audit & Supervisory Board member is included in the table above.
 2. The amount of pay for a member of the Board does not include the employee portion of salary of someone who is concurrently an employee and a member of the Board.
 3. Stock compensation is the amount of compensation claims in respect of restricted stock compensation.
 4. The total amount of compensation paid to all members of the Board was resolved at the 61st Ordinary General Shareholders' Meeting held on June 22, 2007, to be no more than ¥400 million per year (of which the outside members of the Board proportion shall be no more than ¥50 million per year). (Seven persons were eligible at the time of the shareholders' meeting resolution.) Also, the amount of compensation for separately granting restricted stock to directors (excluding outside members of the Board) was resolved at the 73rd Ordinary General Shareholders' Meeting held on June 19, 2019 to be no more than ¥50 million per year, and the total number of restricted stock shares issued or divested for granting to eligible members of the Board set at no more than 40,000 shares. (Four persons were eligible at the time of the shareholders' meeting resolution.)
 5. The total amount of compensation paid to all Audit & Supervisory Board members was resolved at the 61st Ordinary General Shareholders' Meeting held on June 22, 2007, to be no more than ¥80 million per year. (Five persons were eligible at the time of the shareholders' meeting resolution.)

Measures to facilitate the exercise of voting rights

The Company takes appropriate measures to ensure that shareholder rights, including voting rights at the General Shareholders' Meeting, are substantially secured. Specifically, to secure sufficient time for consideration in the exercise of voting rights, in a typical year the Company sends out the Notice of Convocation three weeks before the date of the General Shareholders' Meeting and also posts the Notice of Convocation on the corporate website four weeks before the meeting. For foreign shareholders, the Company prepares an English translation of the Notice of Convocation and posts the English version on the corporate website at the same time as the Japanese version. Furthermore, the Company has responded to the diversification of methods of exercising voting rights by adopting electronic methods, including the Electronic Voting Platform for Foreign and Institutional Investors, in addition to voting in writing.

The Company has introduced measures to help increase shareholder understanding at the General Shareholders' Meeting, such as by using video and narration to provide business reports and explanations of shareholder proposals. The Company also discloses on its website a summary of the visual content of the business report provided at the General Shareholders' Meeting.

Cross-shareholdings policy

The Company strategically holds shares of other companies only when it is deemed to contribute to the enhancement of the Company's corporate value over the medium to long term on the basis of comprehensive consideration of business strategy, business relationships, and other factors.

The Financial Asset Management Committee, comprising the members of the Board, the corporate officer in charge of administration, and the managers of the Finance & Accounting Department and Corporate Planning Department, verifies each year whether the shareholding purpose and benefits and risks associated with the holdings are appropriate, and the Board of Directors evaluates the verification results. The Company's policy is to reduce any shareholding whose holding rationale is deemed unacceptable by the Board.

The Company makes decisions regarding voting rights of cross-shareholdings from the perspective of whether the content of shareholder proposals conforms to the above-mentioned shareholding policy by contributing to the enhancement of the Company's corporate value over the medium to long term. In addition, financial results and other business conditions of investee companies and careful examination of whether or not the proposals contribute to increasing the shareholder value of these companies are considered.

Policies concerning constructive dialogue with shareholders and investors

The Company places importance on constructive dialogue with shareholders and investors for the purpose of realizing sustained growth and enhancement of corporate value over the medium to long term.

The Company has named the corporate officer in charge of administration as the person responsible for investor relations and has assigned a person in charge of corporate communication to the Corporate Staff Department. The person in charge of corporate communication has developed a system that makes possible appropriate and fair disclosure by striving to gather and share information through the holding of regular and ad hoc meetings with the Finance & Accounting Department, the Research & Development Division, the Business Development & Marketing Division, and other interested divisions and departments. As a rule, when the Company receives requests for interviews or other forms of dialogue, an appropriate person is selected according to the purpose and promptly responds. In fiscal 2020, the Company held 56 interviews or other interactions with shareholders and investors. The content of dialogues and opinions or requests obtained through such interactions are shared internally through reporting at meetings of the Board of Directors and Management Council as appropriate and through submission of quarterly IR activities reports to the members of the Board and managers of interested departments.

In addition, the Company holds biannual financial results briefings for institutional investors, securities analysts, and the media. The president & CEO provides a review of operations, progress in R&D, measures to improve shareholder value, and other updates. The Company also strives to provide information in a more understandable manner by posting audio files, presentation materials, etc. from the financial results briefings on the corporate website thereby enhancing content for individual investors.

Furthermore, the Company follows the Fair Disclosure Rules and rigorously manages insider information and disclosure information under the provisions of the Company's Insider Trading Prevention Regulations and Disclosure Policy. Additionally, the Company designates the period from the day following the quarterly closing date until the time of the announcement of the financial results as a quiet period to prevent financial information from leaking during the preparations for the announcement. During the quiet period, Seikagaku refrains from answering questions or making comments about financial results. However, the Company responds to inquiries about information that has already been published.

Messages from an outside member of the Board and outside Audit & Supervisory Board member



Mio Minaki
Outside Member of the Board

Enhancement of corporate value through speedy decision-making and highly effective oversight

I believe that Seikagaku's governance system complies with the revisions that have been made to the Corporate Governance Code in recent years. A discretionary Nomination and Remuneration Committee has been established, and concerning the process for determining compensation for corporate officers, objectivity and transparency have been ensured. Although meetings of the Board of Directors are currently held online due to the impact of COVID-19, if anything, the quality of discussion has actually improved because briefing materials are always distributed before Board meetings, and individual explanations of important matters are provided in advance. I feel

that this, together with a Board that considers age and gender diversity, has created an atmosphere allowing for active discussion that utilizes viewpoints different from the executives responsible for business execution. Informal discussion meetings are held from time to time with the president & CEO and with individuals in charge of divisions and departments, who form the core of those overseeing business execution. These meetings provide opportunities for outside members to personally experience the status of management policies and Seikagaku's corporate culture, which is extremely beneficial when making important decisions.

A key factor that contributes to the corporate value of a pharmaceutical company is continuously providing society with a steady stream of new drugs through R&D. Another important factor that positively affects corporate value is maintaining high corporate ethics to earn the trust and support of society. With this in mind, I recognize that engaging in both speedy decision-making and highly effective oversight are important priorities for the Board. Since rules to increase transparency in the agenda item selection process have recently been developed, I will redouble my efforts to ensure the Board of Directors fully demonstrates its functions and contribute to the enhancement of corporate value.



Shinkichi Matsuo
Outside Audit & Supervisory Board member

Preparing to realize sustained growth and create medium- and long-term corporate value

Outside Audit & Supervisory Board members are responsible for monitoring corporate management on behalf of shareholders. Although at Seikagaku, various means are employed to provide ample information to the outside members of the Board and outside Audit & Supervisory Board members, I think it is necessary to always dive deeply into the information provided, not merely perform a superficial examination.

Since Seikagaku has adopted a business model that, even among pharmaceutical companies, places a particularly heavy emphasis on R&D, the selection, modification, and discontinuation of new drug development projects constitute extremely important management decisions. I have seen that productive discussion occurs when such decisions are made, with each outside member of the Board and outside Audit & Supervisory Board member asking questions and expressing opinions until they are satisfied, and with members of the Board in charge providing detailed explanations in response.

As someone who has many years of practical experience at an audit corporation and who also has knowledge of finance and accounting, I have paid particularly close attention to matters such as internal controls related to financial reporting, metric-based management, the reasonableness of auditing by the accounting auditor, the management of overseas subsidiaries, and the sufficiency of prior consideration at the time of M&As.

Although pharmaceutical companies face an increasingly adverse business environment, Seikagaku is pursuing sustained growth and medium- to long-term corporate value through the development of innovative new drugs and overseas development. As an outside Audit & Supervisory Board member, I want to deepen my understanding of Seikagaku's business and policies.

Compliance

To ensure high ethical standards across all aspects of corporate activities as required of a pharmaceutical company, Seikagaku has positioned honest and fair behavior as the basis of all activities. This involves not only complying with strict laws and regulations, but also putting into practice the principle of “Conducting oneself in a disciplined manner in accordance with morals and also courageously correcting the misdeeds of others.”

To embody these ideals, Seikagaku has instituted a compliance program (including the SKK Group Compliance Code of Conduct) based on the Creed and the Guidelines for Our Activities. To more appropriately and smoothly implement the program, Seikagaku has developed a compliance program implementation structure, established the Compliance Promotion Committee, and installed a compliance officer and compliance promotion officers. The Compliance Promotion Committee, which is chaired by the president & CEO and has the Management Committee members as its members, increases compliance effectiveness by promoting and implementing measures to increase compliance awareness on a company-wide level through an activity plan set every year.

Outline of the SKK Group Compliance Code of Conduct

As an employee of a life sciences company, each Seikagaku employee makes respect for life the primary consideration and behaves on the basis of high corporate ethical standards that earn the trust and support of society.

■ For details on the Compliance Program, please visit the Seikagaku corporate website.

<https://www.seikagaku.co.jp/en/corporate/compliance.html>

Compliance initiatives

Seikagaku instills compliance by distributing to all employees the Compliance Program Handbook, which sets down compliance standards, procedures, and a promotion framework, and the Compliance Card, which summarizes key points of employee behavior.

コンプライアンスカード
経営陣とコンプライアンス

当社は「独立 公正 健全 確実」の経営理念のもと、独自の医薬品等の創製を通じて世界の人の健康をよりよく支えることを目指しています。経営陣が率先してコンプライアンス・プログラムは、当社の行動の基となるべきものです。

私たちの使命

私たちは、生命関連企業に求められる高い倫理観のもと、コンプライアンス・プログラムおよび法令等を遵守して、顧客が公正に行動いたします。→ 当社コンプライアンス行動指針より

生化学工業株式会社

行動のポイント

- 心づくしに「正しいこと」と思わないこと
法令改正などの環境変化によって「いつものこと」が違反行為に変わる可能性があります。
- 自分だけが正しいと思うと関わらないこと
周囲での相談や専門家の知恵を借りることにより、早期解決につながります。
- 疑わしき、迷った「見える」こと
あなただけ「見える」ことにより、問題の深刻化を防ぐことができます。上司・報告・相談するほか、相談窓口も利用することができます。

【相談の窓口】
（ネットライン）社内・社外
（コンプライアンス）相談員
※詳細は「相談窓口の手引き」をご覧ください。

Compliance Card

Compliance education and training

In other measures to promote compliance, Seikagaku provides internal training on specific compliance-related themes every fiscal year to constantly raise compliance awareness. In fiscal 2020, Seikagaku made “Promoting understanding of revisions to relevant laws and regulations and steadily putting into practice the Code of Conduct” an activities policy and engaged in compliance promotion activities centered on online training and e-learning.

Training Results in Fiscal 2020

Training theme	Details
Workplace harassment training for managers (Sept.)	1) Reconfirmation of basic knowledge of harassment 2) Reflection on one's own language and actions as an employee of an organization 3) Considerations and approaches when providing guidance to subordinates
Traffic safety training (Jan.)	1) Reconfirmation of traffic rules 2) Confirmation of precautions when riding a bicycle
Workplace harassment training for regular employees (Mar.)	1) Acquisition of basic knowledge of harassment 2) Understanding the difference between workplace harassment and legitimate guidance 3) Harassment that tends to occur with remote work 4) Key points for preventing harassment
Code of Conduct training (Mar.)	1) Summary of revisions to the Code of Conduct 2) Test to confirm awareness and understanding

Diagram of Implementation Structure



* Overseas subsidiaries Associates of Cape Cod, Inc. and Dalton Chemical Laboratories, Inc. have developed their own compliance frameworks that conform to their local environments, laws, and regulations and have instituted a system of reporting important compliance-related incidents to Seikagaku following reporting to their respective boards of directors.

<Role of Compliance Promotion Committee>
The committee approves measures to promote compliance in accordance with the Compliance Program and supervises the status of their implementation.

<Role of Compliance Promotion Officers>
They are responsible for implementing the Compliance Program in their respective divisions, carrying out self-inspections, and also implementing the resolutions of the Compliance Promotion Committee.

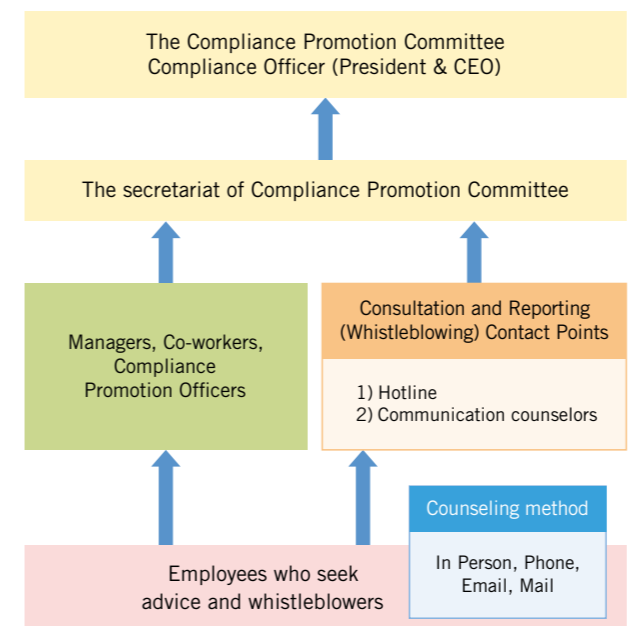
Consultation and reporting (whistleblowing) contact points

The Compliance Program is closely connected to appropriate business execution as well as maintenance of a worker-friendly workplace environment for employees.

In the interest of early detection of Compliance Program violations and suspected violations and the resolution of problems, Seikagaku has instituted hotline operation standards and has also set up a communications counseling system to respond to requests for consultation concerning communications, including harassment. Furthermore, by establishing multiple internal and external consultation contact points, such as utilization of an external whistleblowing channel, Seikagaku has put in place an environment that enables persons seeking advice to use the contact point that makes them feel most at ease, depending on the problems they face or individual circumstances.

In fiscal 2020, there were 15 requests for consultation, all of which were handled appropriately.

Consultation and Reporting Route



Protection of employees who seek advice and whistleblowers

Seikagaku gives the highest priority to protecting the confidentiality and privacy of employees who seek advice and whistleblowers. Information about employees who seek advice, whistleblowers, and those involved shall be disclosed on a need-to-know basis and their privacy and anonymity shall be protected. Seikagaku stipulates in its internal regulations that sufficient care must be taken to ensure that whistleblowers and those who have cooperated with investigations do not suffer any detriment as a result of speaking out.

Risk management

Seikagaku has established Corporate Risk Management Regulations and developed a structure for monitoring and managing risks related to the execution of business operations. The President has overall responsibility for managing corporate risk, while officers and general managers are responsible for properly managing risks and preventing risks from being realized in the operations under their jurisdiction.

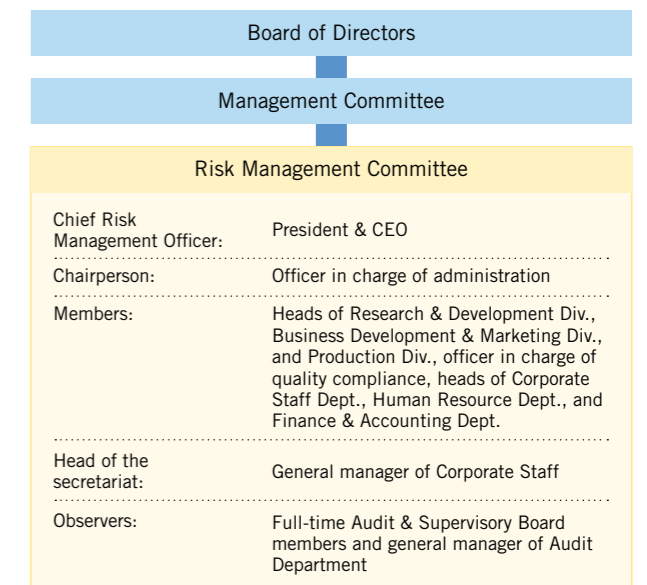
■ Business risks are described on our website.

<https://www.seikagaku.co.jp/en/ir/management/risk.html>

Risk management structure

Seikagaku has also established a Risk Management Committee, which deliberates and establishes company-wide risk management policies and preventive measures. When a new major risk emerges, the Risk Management Committee is also responsible for setting up a task force immediately and implementing countermeasures to minimize any damage.

Risk Management Structure



SOCIAL CONTRIBUTION ACTIVITIES

Seikagaku engages in initiatives to address social and environmental problems in pursuit of harmony and continuous growth together with local communities.

Promoting communication with the local community by making an athletic field available for use

Since 2007, Seikagaku has contributed to the nurturing of children by providing an athletic field located on the premises of the Central Laboratory and CMC Laboratory for use by Higashiyamato City Daihachi Elementary School, which is located adjacent to the laboratories, for physical education classes and outdoor activities. It is a joy to hear the cheerful voices of children playing and exercising on the field, and we will continue our efforts in building good communication to continue engaging in business activities as a member of the local community with the understanding and cooperation of local residents.



An extracurricular lesson

Horseshoe crab conservation activities of Associates of Cape Cod, Inc.

Since Seikagaku's U.S. subsidiary Associates of Cape Cod, Inc. (ACC) manufactures and sells reagents* using a substance extracted from horseshoe crab blood cells as a raw material, it continuously engages in horseshoe crab conservation activities to protect this precious natural resource. In addition to supporting the American horseshoe crab, in 2019, ACC began providing assistance for activities to maintain the population of Asian horseshoe crabs in the form of customized aquaculture equipment and training. Maintaining the population involves growing survivable juveniles produced by in vitro fertilization of sperm and eggs and releasing them into the natural environment. ACC has long engaged in this activity and accumulated related technology and expertise.

This assistance will be made available to academic institutions and private sector researchers around the world, and is already provided to organizations in China and Malaysia.

Organizations receiving assistance are granted a license to use intellectual property relating to horseshoe crabs owned by ACC free of charge and are also provided with instruction regarding in vitro fertilization methods and training in the operation of highly efficient aquaculture equipment.

The number of American horseshoe crabs that ACC has released in the Commonwealth of Massachusetts has reached about one million as of July 31, 2021.

In parallel with these conservation activities, ACC has also focused on development of recombinant endotoxin-detecting reagents that can be manufactured without using blood harvested from horseshoe crabs. PyroSmart NextGen, launched by ACC for sale in overseas markets in April 2021 and launched by Seikagaku for sale in Japan in May, was commercialized by ACC based on the results of R&D conducted for many years at Seikagaku. Since PyroSmart NextGen follows the same cascade path-

way as naturally sourced products, the same test methods and instrumentation can be used when the product is substituted for traditional naturally sourced reagents. ACC seeks to contribute to sustained environmental conservation by providing the option of choosing a recombinant reagent in addition to taking measures to maintain the population of horseshoe crabs.

The Seikagaku Group will continue to actively support activities to conserve horseshoe crab populations and strive to use this resource in a sustainable manner.

* Endotoxin-detecting reagents used in quality control for manufacturing processes of pharmaceuticals and medical devices



Released American horseshoe crabs



PyroSmart NextGen™

Seikagaku pursues respect for learning by engaging in global research assistance and sponsoring activities that support the development of glycoscience.

Glycoforum, a website for comprehensive information on glycoscience research

<https://www.glycoforum.gr.jp/index.html>

Since 1997, Seikagaku has operated "Glycoforum," an academic website that shares information about research findings to contribute to the development of glycoscience, which is one of Seikagaku's areas of specialization.

As a portal site for glycoscience information, the website promptly disseminates science paper information, including commentary from global leading researchers and academic conference information. The site enjoys strong support from researchers in Japan and overseas.



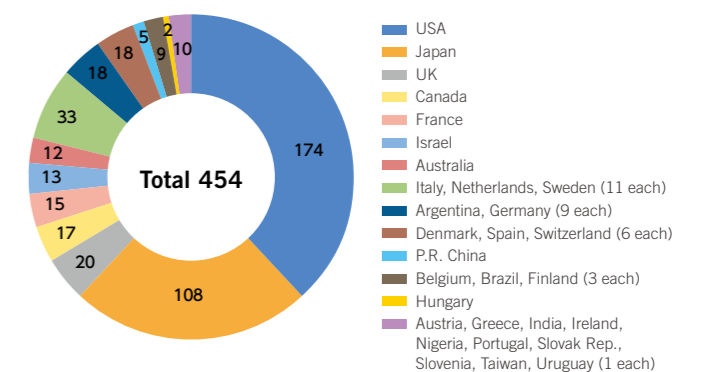
Support for the Mizutani Foundation for Glycoscience

<https://www.mizutanifdn.or.jp/index.html>

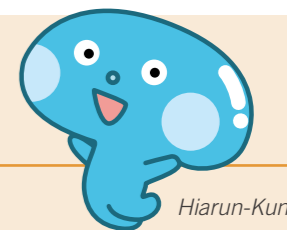
The Mizutani Foundation for Glycoscience, a public interest incorporated foundation, was established in 1992 with an endowment from the late Masakane Mizutani, former president of Seikagaku Corporation, for the purpose of contributing to the welfare of humanity through the advancement and development of glycoscience. The foundation provides research grants to glycoscience researchers in Japan and overseas and supports conferences. In fiscal 2020, the foundation provided research grants totaling ¥70.45 million to 15 grant recipients.

Seikagaku endorses the purpose of the Foundation and has continuously supported its activities since its founding.

Number of Grant Recipients by the Mizutani Foundation for Glycoscience (By country and area: 1993–2021)



Promoting early treatment of knee osteoarthritis Hiza Ikiiki (Sprightly Knees), a website for provision of information concerning knee osteoarthritis to the general public



Hiarun-Kun

<https://www.ehiza.jp>

Some 30 million patients* in Japan are said to suffer from knee osteoarthritis, a disorder marked by knee joint strain due to aging, excessive exercise, or weight increase causing the cartilage to gradually wear away. The *Hiza Ikiiki* website explains basic knowledge concerning knee osteoarthritis, diagnosis, and treatment methods in an easy to understand way and gives information on nearby medical institutions that operate outpatient clinics and provide treatment for knee pain. The pamphlet Exercise Therapy for Knee Osteoarthritis is also available to download.

We will provide correct knowledge to people with knee pain and further enhance website content to enable greater numbers to promptly obtain appropriate treatment.

* "Locomotive Disorder Countermeasures to Promote Preventive Care," a report from the Ministry of Health, Labour and Welfare issued in 2008



CONSOLIDATED 10-YEAR SUMMARY

(Millions of yen / %)

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Net Sales	27,082	26,639	29,614	29,522	30,962	29,589	30,175	28,384	28,642	27,662
Overseas Sales	6,035	6,311	8,802	9,997	11,581	11,029	12,051	11,966	12,913	13,721
Cost of Sales	9,748	9,867	11,223	12,130	12,871	13,247	13,008	13,114	12,513	12,112
Selling, General and Administrative Expenses	12,716	13,645	13,452	15,008	15,946	15,059	15,745	14,292	14,169	14,018
R&D Expenses	5,970	6,838	6,588	8,146	8,649	7,834	8,408	7,148	6,877	7,209
Operating Income	4,617	3,126	4,937	2,383	2,144	1,282	1,421	977	1,960	1,530
Ordinary Income	4,770	4,302	5,878	4,008	3,500	2,477	5,327	2,859	3,981	3,024
Net Income	3,270	3,256	4,745	3,650	2,578	1,787	3,922	2,244	(10,839)	4,262
Total Equity	58,013	61,316	64,785	70,410	69,815	70,646	73,945	73,036	59,767	63,604
Total Assets	68,730	70,471	73,826	80,889	80,218	80,048	84,098	80,238	68,746	69,915
Overseas Sales Ratio	22.3	23.7	29.7	33.9	37.4	37.3	39.9	42.2	45.1	49.6
Cost of Sales Ratio	36.0	37.0	37.9	41.1	41.6	44.8	43.1	46.2	43.7	43.8
Selling, General and Administrative Expenses Ratio	47.0	51.2	45.4	50.8	51.5	50.9	52.2	50.4	49.5	50.7
R&D Expenses Ratio	22.0	25.7	22.2	27.6	27.9	26.5	27.9	25.2	24.0	26.1
Operating Income Ratio	17.0	11.7	16.7	8.1	6.9	4.3	4.7	3.4	6.8	5.5
Ordinary Income Ratio	17.6	16.1	19.8	13.6	11.3	8.4	17.7	10.1	13.9	10.9
Net Income Ratio	12.1	12.2	16.0	12.4	8.3	6.0	13.0	7.9	—	15.4
Return on Equity (ROE)* ¹	5.7	5.5	7.5	5.4	3.7	2.5	5.4	3.1	(16.3)	6.9
Return on Assets (ROA)* ¹	7.3	6.2	8.1	5.2	4.3	3.1	6.5	3.5	5.3	4.4
Turnover of Total Assets* ¹	0.41	0.38	0.41	0.38	0.38	0.37	0.37	0.35	0.39	0.40
Shareholders' Equity Ratio	84.4	87.0	87.8	87.0	87.0	88.3	87.3	91.0	86.9	91.0
Number of R&D Personnel	221	224	215	216	221	222	233	233	242	231
R&D Personnel Ratio	34.3	34.9	33.6	33.3	33.3	32.3	32.5	31.3	27.9	25.3
Number of Employees	644	641	639	649	663	687	718	744	868	913
Amount of Capital Expenditure	5,718	9,164	7,222	2,095	1,975	1,173	1,591	1,310	2,109	2,127
Depreciation and Amortization	2,008	2,175	1,767	2,610	3,191	2,920	2,925	2,902	1,778	808
Net Income per Share	57.58	57.33	83.55	64.27	45.39	31.55	69.30	39.76	(192.15)	75.54
Total Equity per Share	1,021.24	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
Dividends per Share	25.00	25.00	26.00	26.00	26.00	31.00* ²	26.00	26.00	26.00	24.00* ³
Dividend Payout Ratio	43.4	43.6	31.1	40.5	57.3	98.3	37.5	65.4	—	31.8
Dividends as a Percentage of Total Equity (DOE)	2.5	2.4	2.3	2.2	2.1	2.5	2.0	2.0	2.2	2.2

*¹ Total Equity and Total Assets are average amounts of the numbers for the end of previous FY and the end of current FY, respectively.

*² Including a 70th anniversary commemorative dividend of ¥5 per share.

*³ Including a JOYCLU approval commemorative dividend of ¥4 per share.

Overall net sales and income

In the fiscal year ended March 31, 2021 (fiscal 2020), net sales were ¥27,662 million, down 3.4% year on year. The result is attributable to lower sales from the pharmaceuticals business due to the impact of National Health Insurance (NHI) drug price reductions in Japan coupled with reduced outpatient services in response to COVID-19 infections, despite the positive impact on sales of the consolidation of Dalton Chemical Laboratories, Inc. as a wholly owned subsidiary in March 2020. The overseas sales ratio was 49.6%, an increase of 4.5 points from the previous fiscal year.

Operating income fell 21.9% year on year to ¥1,530 million as a result of the sales decrease and an increase in R&D expenses attributable to costs related to an additional clinical study underway in the U.S. for SI-6603, a treatment for lumbar disc herniation. This occurred despite lower operating expenses, reflecting factors including a decrease in depreciation due to non-recurrence of an impairment loss recognized in the previous fiscal year and a review of sales promotion expenses. Ordinary income fell 24.0% year on year to ¥3,024 million, reflecting a sharp decline in royalty income. Net income attributable to owners of parent was ¥4,262 million, due to corporate tax adjustments of negative ¥1,561 million in connection with recognition of deferred tax assets, taking into consideration the future earnings trend in light of a projected increase in royalty income in the fiscal 2021 and other circumstances.

	2020/3	2021/3	Year on Year
Net Sales	28,642	27,662	-3.4%
Operating Income	1,960	1,530	-21.9%
Ordinary Income	3,981	3,024	-24.0%
Net Income	(10,839)	4,262	—
R&D Expenses	6,877	7,209	+4.8%

Net sales by segment

Pharmaceuticals business

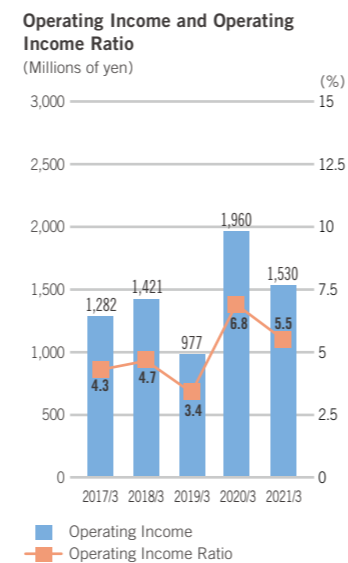
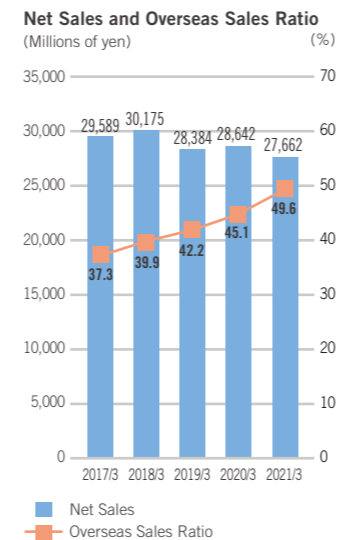
The Pharmaceuticals business is the core business of our company, which manufactures and sells pharmaceuticals, medical devices, and bulk products based on glycoconjugates such as hyaluronic acid. In the Pharmaceuticals business, net sales decreased 6.5% year on year to ¥20,720 million, accounting for 74.9% of total sales.

● Domestic Pharmaceuticals (¥12,019 million, down 12.1% year on year)

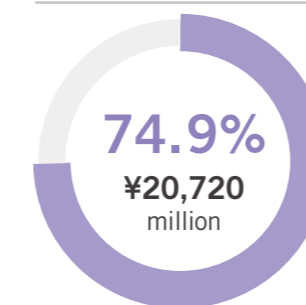
A decrease in outpatient services accompanying COVID-19 contracted the market for ARTZ, a joint function improving agent for knee osteoarthritis, and lower deliveries to medical institutions compared to the previous fiscal year. Even so, switching from competing products to ARTZ progressed, and market share increased, reflecting factors including continued measures to acquire new user facilities. The Company's sales declined sharply, due in part to the impact of NHI drug price reductions.

Although the overall market for the OPEGAN series of ophthalmic viscoelastic devices contracted amid a decrease in the number of cataract surgeries in connection with the spread of COVID-19 infections, deliveries to medical institutions and market share increased due to the impact of shipment adjustments for competing products. The Company's sales were at the prior-year level as the higher volume compensated for the impact of NHI drug price reductions.

The Company's sales of MucoUp, a submucosal injection agent for endoscopic surgery, declined on a low-price sales offensive for competing products and fewer



Pharmaceuticals Business Sales Composition



endoscopic surgeries following the spread of COVID-19 infections.

Deliveries to medical institutions of HERNICORE, a treatment for lumbar disc herniation, were at the prior-year level due to a decrease in outpatient services accompanying the spread of COVID-19 infections, despite steady growth in the number of new user facilities. The Company's sales rose due to shipment timing.

● Overseas Pharmaceuticals (¥6,854 million, down 8.2% year on year)

Amid a deep slump in the market overall for Gel-One, an intra-articular single-injection viscosupplement for the treatment of knee osteoarthritis, due to factors such as postponement of non-urgent and non-emergency medical procedures in connection with the spread of COVID-19 infections, local sales volume in the U.S. increased due to factors including continuation of the trend in the U.S. market toward preference for products that require a low number of injections and successful measures implemented by the sales partner to promote switching from competing products. The Company's sales fell, reflecting the substantial impact of lower shipments accompanying the spread of COVID-19 infections in the first quarter.

Local sales volume in the U.S. and the Company's sales of SUPARTZ FX, an intra-articular 5-injection viscosupplement for the treatment of knee osteoarthritis, declined due to the continuing preference in the U.S. market for products that require a low number of injections coupled with a decrease in outpatient services.

The U.S. market is recovering with rising economic activity.

Local sales in China of ARTZ were low in the previous fiscal year, impacted by the spread of COVID-19 infection from January to March 2020. The market has recovered steadily from April 2020, and local sales volume and the Company's sales increased.

● Bulk Products and CDMO (contract development and manufacturing organization)* (¥1,846 million, up 81.0% 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.

LAL business

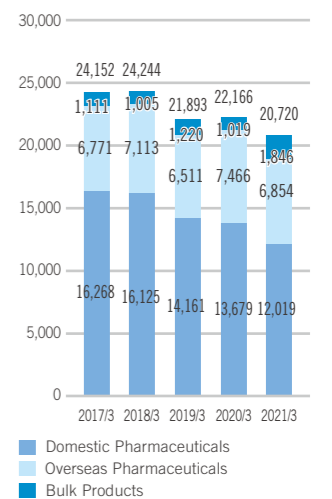
We manufacture and sell endotoxin-detecting reagents used in the quality control of pharmaceuticals and medical devices in Japan and overseas. Net sales of LAL business for the fiscal year under review were ¥6,941 million, up 7.2% from the previous fiscal year.

● LAL Business

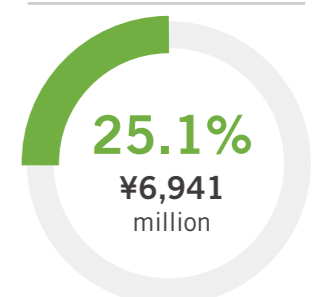
Sales of Bacterial Endotoxin Testing (BET) reagents and Clinical Diagnostic (Fungitell) reagents increased thanks to reinforcement of sales activities at overseas subsidiary Associates of Cape Cod, Inc., coupled with steady sales in Japan.

Sales by Segment	2020/3	2021/3	Year on Year
Pharmaceuticals Business	22,166	20,720	-6.5%
Domestic Pharmaceuticals	13,679	12,019	-12.1%
Overseas Pharmaceuticals	7,466	6,854	-8.2%
Bulk Products and CDMO	1,019	1,846	+81.0%
LAL Business	6,476	6,941	+7.2%
Total	28,642	27,662	-3.4%
(Overseas Sales)	12,913	13,721	+6.3%

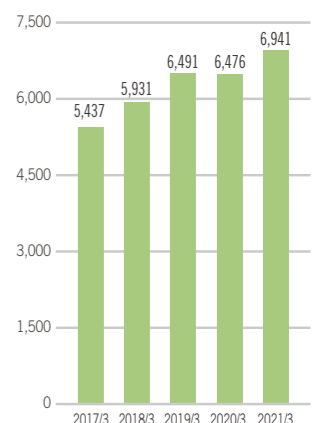
Sales of Pharmaceuticals Business (Millions of yen)



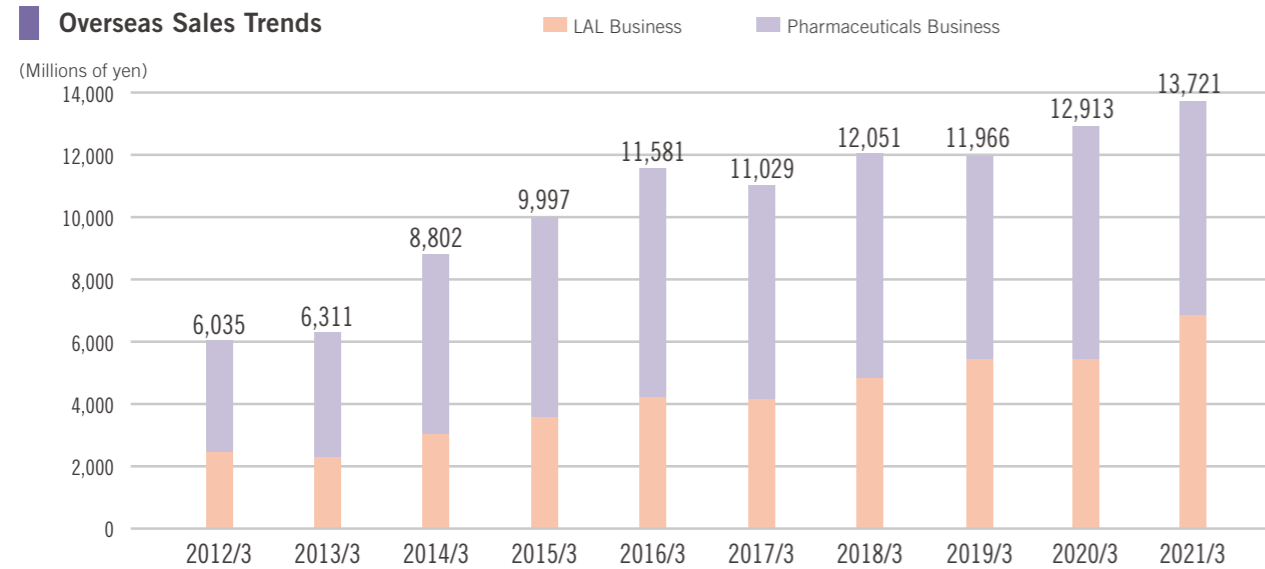
LAL Business Sales Composition



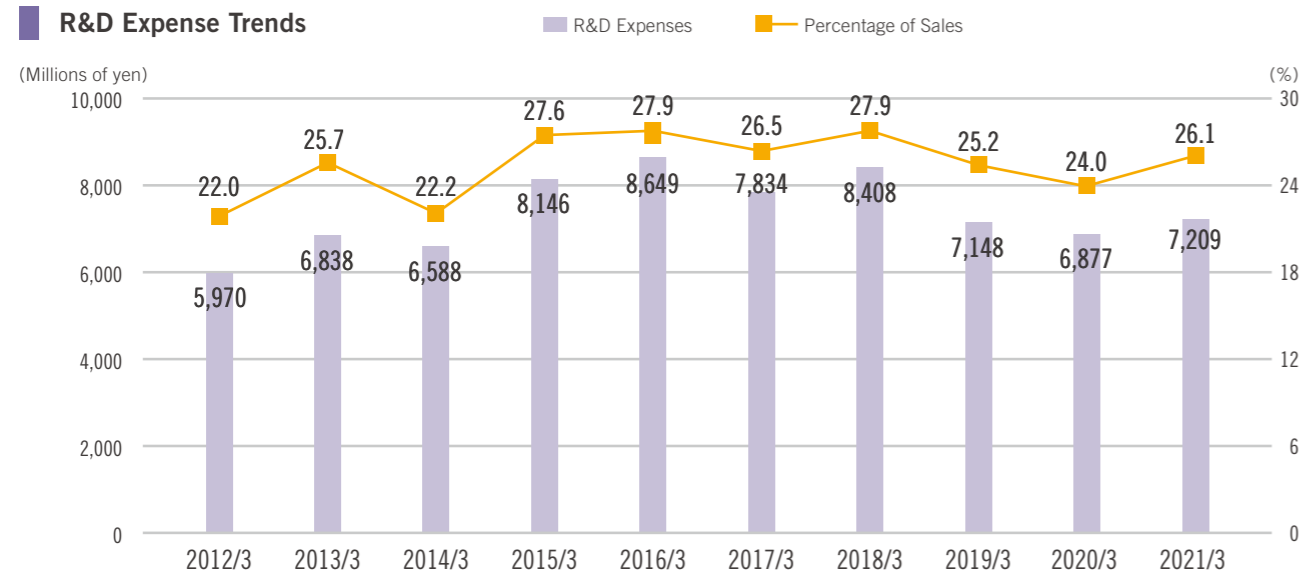
Sales of LAL Business (Millions of yen)



Overseas Sales Trends

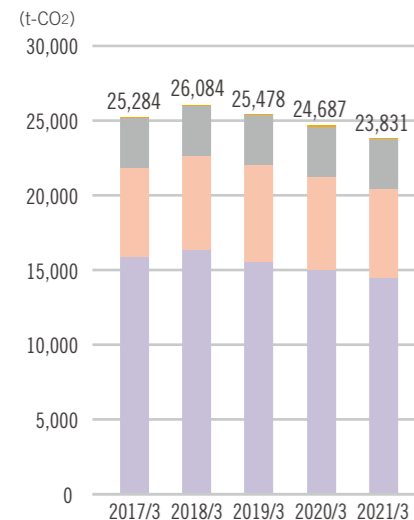


R&D Expense Trends

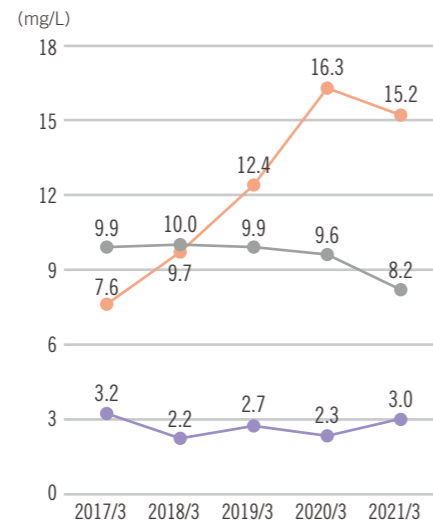


Non-financial Highlights (Non-consolidated Basis)

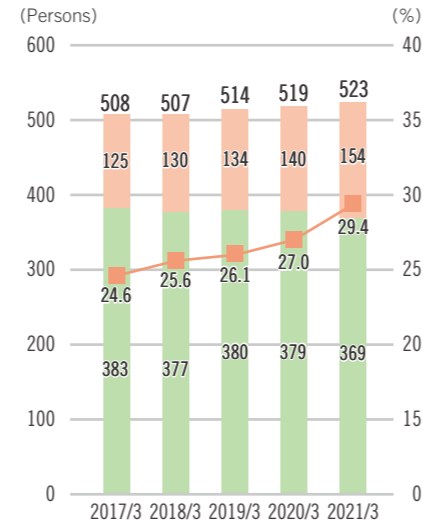
CO₂ Emissions



Water Pollution Load (COD)



Composition of Workforce



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

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

■ Males
■ Females
— Percentage of Female Employees

Note: Excluding contract employees

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. 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 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 that location, ACC also offers customers in-house contract testing services for BET and clinical glucan product testing.

Corporate Outline (As of March 31, 2021)

Paid-in Capital	\$2,080
Ownership Ratio	100%
Business	Manufacturing and sales of reagents
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, switch from outsourced manufacturing of chemical synthetics used for research and other purposes to in-house production by Dalton, and transfer manufacturing of investigational drugs and some Seikagaku products to Dalton.

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

Corporate Outline (As of March 31, 2021)

Paid-in Capital	CAD 49,800 thousand
Ownership Ratio	100%*2
Business	CDMO
URL	https://www.dalton.com/

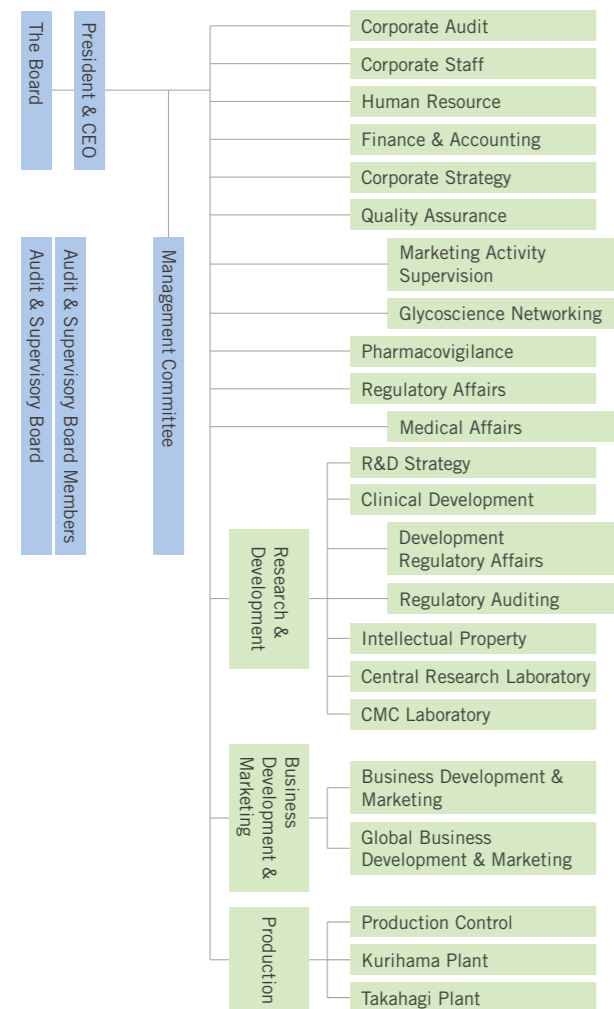


*2 Dalton is a wholly owned subsidiary of SKK CANADA ENTERPRISES CORPORATION, an intermediate holding company established in Canada by Seikagaku.

Overview (As of March 31, 2021)

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, First Section (Stock code: 4548)
URL	https://www.seikagaku.co.jp/en/
Number of Employees	913 (Consolidated)
Paid-in Capital	¥3,840 million
Net Sales	¥27,662 million (As of March 31, 2021)

Organization Chart (As of March 31, 2021)



- General Marketing Compliance Manager
- Quality Assurance Manager
- Safety Management Manager

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, 2021)

Shares per Unit	100
Authorized Shares	234,000,000
Authorized Outstanding Shares	56,814,093
Number of Shareholders	9,654
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)

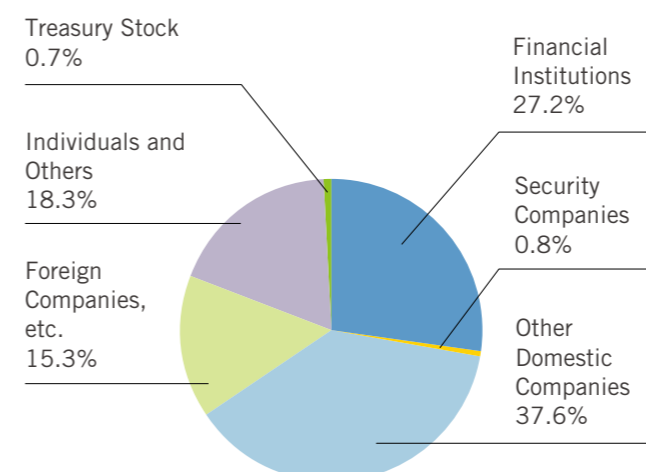
Major Shareholders (As of March 31, 2021)

Name of Shareholders	Number of Shares Held (Thousands of Shares)	Percentage of Outstanding Shares (%)
1 Shingyo KK	7,843	13.9
2 KK Kaiseisha	7,293	12.9
3 The Master Trust Bank of Japan, Ltd. (Trust account)	4,179	7.4
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.	1,973	3.5
5 Custody Bank of Japan, Ltd. (Trust account 9)	1,719	3.0
6 MUFG Bank, Ltd.	1,536	2.7
7 The Bank of New York Mellon (International) Limited 131800	1,491	2.6
8 Kaken Pharmaceutical Co., Ltd.	1,207	2.1
9 Custody Bank of Japan, Ltd. (Trust account)	1,204	2.1
10 Mizutani Foundation for Glycoscience	828	1.5

Note: Treasury stock (384 thousand shares) is excluded from the calculations of the percentages above.

Breakdown of Shareholders by Type

(As of March 31, 2021)



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.