

Members of the Board



President & CEO
Ken Mizutani



Executive Vice President
Toshiyuki Okada



Executive Vice President
Yosuke Funakoshi



Executive Vice President
Takayuki Akita



Outside Member of the Board
Eiji Katayama



Outside Member of the Board
Izumi Hayashi



Audit & Supervisory Board Member
Toru Takeda



Audit & Supervisory Board Member
Shigeru Kawahara



Outside Audit & Supervisory Board Member
Nobuhiro Takeuchi



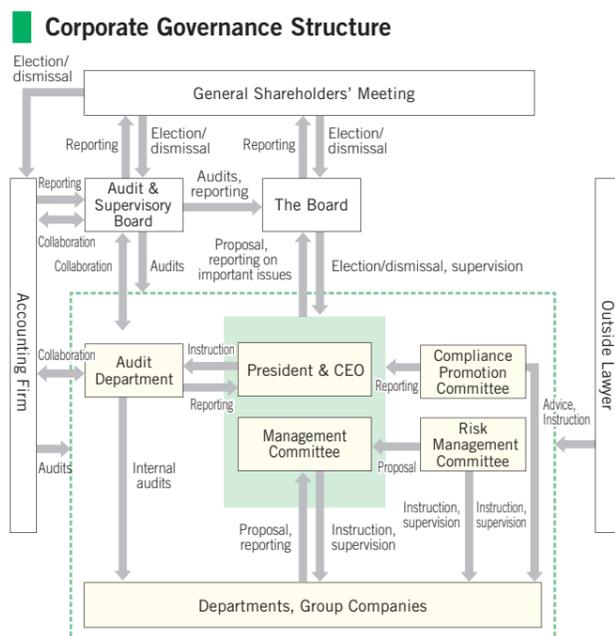
Outside Audit & Supervisory Board Member
Yoshihito Shibata



Outside Audit & Supervisory Board Member
Mie Fujimoto

Basic policy of corporate governance

Seikagaku Corporation views corporate governance as a core 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.



Concrete approach and measures for corporate governance

The Board

- The Board holds regular monthly meetings to make decisions on tasks stipulated in laws, the Articles of Incorporation and rules for the Board, such as basic management policy, mid-term management plan, annual management plan, and executive functions. The Board decides on important business, and supervises the performance of business operations. If necessary, additional meetings of the Board are convened.
- 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 Board comprises four full-time and two outside members. We enhance management oversight from an independent standpoint by appointing outside members of the Board to one-third of the Board seats.
- 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 vice presidents to share views of business issues and the external environment.
- The two outside members of the Board each act as an independent officer under the TSE (Tokyo Stock Exchange) listing rules.
- The documents and supplemental materials on the agenda are generally distributed to the members three days before the date of the Board meetings in order to ensure review time for ample discussions.
- In the procedure for determining compensation for members of the Board and selecting candidates for members of the Board and Audit & Supervisory Board members, President & CEO implement prior explanations and exchange of opinions with the outside members of the Board.
- The Outside Officers meeting, comprising the outside members of the Board and outside Audit & Supervisory Board members, analyzes and evaluates the effectiveness of the Board periodically, and reports the evaluation results to the Board.

Business operations

- We operate an executive vice president system for enhancing the corporate governance. Under this system, executive functions are separated from the Board, the functions of which are limited to decision-making and the supervision of business operations. We endeavor to build up an internal system, which is quickly able to respond to changes in the management environment, by improving the flexibility and efficiency of executive functions, expanding the executive vice president system, and promoting the transfer of authority.
- We hold weekly meetings of the Management Committee.

At the Committee, full-time members of the Board and executive vice presidents confer on and decide the agenda of executive functions they have been tasked with implementing by the Board, based on the basic policy of the Board.

- We have established the Risk Management Committee with the aim of strengthening the internal control framework. The Committee, chaired by the member of the Board in charge of Corporate Strategy, Human Resources, Finance & Accounting and Corporate Staff, comprises primarily members of the Board and executive vice presidents of various functions.

The Audit & Supervisory Board

- The Audit & Supervisory Board comprises five members, two full-time and three outside members, and each member audits the execution of duties by members of the Board.
- Among the five Audit & Supervisory Board members, one full-time and one outside member have appropriate knowledge of finance and accounting.
- The outside members suitably perform supervision of the execution of duties by members of the Board from a perspective that incorporates the common interests of shareholders, based on expertise of company management and professional knowledge etc.
- The three outside Audit & Supervisory Board members each act as an “independent officer” under the TSE (Tokyo Stock Exchange) listing rules.
- To strengthen the oversight function, Audit & Supervisory Board members attend meetings of the Board, and the full-time members attend important meetings of the Management Committee, Compliance Promotion Committee, Risk Management Committee, and other management bodies and receive reports concerning the status of management and business execution.
- The Audit & Supervisory Board increases audit effectiveness and efficiency by holding regular meetings with the President & CEO, accounting auditor and the Corporate Audit Department and by interviewing members of the Board and executive vice presidents, in charge of divisions.

Internal audit and accounting audit framework

- Internal audits include audits performed by the Corporate Audit Department. The Corporate Audit Department mainly verifies and ensures the reliability of financial reporting by all departments and subsidiaries. Quality audits and GCP audits are carried out by the Quality Assurance Department and the Regulatory Auditing Unit, respectively.
- We employ Deloitte Touche Tohmatsu LLC as the accounting firm. The firm performs audits on the Company as the need arises, even during a fiscal year, not being limited to the fiscal year closing.
- The certified public accountants responsible for carrying out financial audit duties for Seikagaku are Ms. Keiko Hayashi and Ms. Masumi Nakagawa of Deloitte Touche Tohmatsu LLC. Four certified public accountants and six others assist execution of the financial auditing duties.

Compliance

- We institute a compliance program, based on the management beliefs and code of conduct outlined in the corporate principles, in order to act as a socially ethical company and achieve compliance with the stringent regulations that surround the pharmaceutical industry. The Seikagaku Compliance Program Handbook is compiled and distributed to increase the awareness and understanding of employees.
- The Compliance Promotion Committee is chaired by the President & CEO and shares the same members as the Management Committee. There are also various programs to promote compliance on a company-wide basis.
- We control subsidiaries adequately by stipulating the rules for regularly reporting important events, such as compliance and risk status, in addition to financial condition, ensuring adequate and efficient operation of subsidiaries.
- We ensure that management decisions and daily business execution are in compliance with laws and regulations by receiving advice and instructions from outside lawyers.

Coordination between Audit & Supervisory Board members, accounting auditors, and internal audits

The Audit & Supervisory Board members and the Corporate Audit Department met 17 times during fiscal 2017 to review audit results related to internal controls at each internal division, and share information and views on the audit plan and the status of audits conducted by the Corporate Audit Department. We also aim to reach a mutual understanding through spontaneous communications.

Regarding the state of coordination between the Audit & Supervisory Board members and the accounting auditors, information exchange was provided for on 12 occasions during the fiscal year, and the year's plan for the auditing firm and the results of the financial audit were received at a hearing where views on these matters were also exchanged.

Coordination between the Corporate Audit Department and the accounting auditors took place at one meeting held during the fiscal year. At this event, information was shared and views exchanged on the audit plans and audit procedures concerning internal controls for ensuring the reliability of the Company's financial reporting.

In addition, through attendance and participation at important meetings including those of the Management Committee, the Compliance Promotion Committee, and the Risk Management Committee, the full-time Audit and Supervisory Board members coordinate with the Corporate Audit Department and the financial auditors to ensure that the framework for internal controls is an appropriate one.

Outside members of the Board and outside Audit & Supervisory Board members

Number of outside members of the Board and outside Audit & Supervisory Board members

- The Company has two outside members of the Board and

three outside Audit & Supervisory Board members for a total of five names reported as independent officers as specified by the Tokyo Stock Exchange.

Interests including those having a personal relationship, capital relationship, or transactional or other business relationship with the company

- The Company has established a compensation system linked to the company's stock price as a source of funds for a certain amount of officer compensation. The system consists of continual monthly purchases of company stock through an officers' shareholding association.
- Concerning relationships between our company and another company in which the same person serves, or has served, as an outside member of the Board or an outside Audit & Supervisory Board member, there are no interests that would be affected by a personal relationship, a capital relationship (except for the holding of our company stock through a compensation system linked to the stock price), a business relationship, or performance of other work duties.

Functions and roles carried out in corporate governance

- Using insights from specialized expertise and corporate management, the outside members of the Board supervise business execution and contribute to the enhancement of the corporate governance system by offering advice and suggestions from an objective standpoint, including a viewpoint of shared profits with shareholders.
- Using insights from specialized expertise and corporate management, the outside Audit & Supervisory Board members fulfill their supervisory function with respect to the performance of duties by members of the Board by asking questions from the members' respective specialized viewpoints and offering advice and suggestions, as needed, at Board meetings from an objective standpoint, including a viewpoint of shared profits with shareholders.

Standards and guidelines of appointment with respect to the independence from the company for the appointment, and approach concerning appointment status

- The Company stipulates that in order to fulfill the criteria for independence, an outside officer must not fall under any of the following:
 - A. A person who executes business of the Company and its group companies (the "Group").
 - B. A party who provides the Group with products or services whose transactions with the Group accounted for at least 2% of their consolidated net sales in the most recent fiscal year, or a person who executes business thereof.
 - C. A party to whom the Group provides products or services whose transactions with the Group accounted for at least 2% of the Company's consolidated net sales in the most recent fiscal year, or a person who executes business thereof.
 - D. A consultant, an accounting expert, or a legal expert who received ¥10 million or more of monetary consideration or other property from the Group in the most recent fiscal year (or if the entity receiving such property is an organiza-

tion, such as a corporation or an association, a person belonging to such entity which received at least 2% of its total annual income from the Group).

- E. A party who received donations of ¥10 million or more from the Group in the most recent fiscal year, or a person who executes business thereof.
 - F. A shareholder who held at least 10% of the total voting rights of the Company at the end of the most recent fiscal year, or a person who executes business thereof.
 - G. A person who fell under any of the above criteria (A) to (F) within the past three years.
 - H. A relative who is within the second degree of kinship or who is living together with a person falling under any of items (A) to (G) above.
 - I. A party who is deemed to have any other significant interest in the Group, or a person who executes business thereof.
- From the candidates for outside member of the Board, we select well-qualified persons who apply insight from specialized expertise and corporate management and who can exercise appropriate supervision of business execution from an objective standpoint, including a viewpoint of shared profits with shareholders. From the candidates for outside Audit & Supervisory Board member, we select well-qualified persons who apply insight from specialized expertise and corporate management and who can exercise appropriate supervision of the Board's performance of duties from an objective standpoint, including a viewpoint of shared profits with shareholders.
 - Because they fulfill the standards of independence for outside officers set by the Company and the standards of independent officers set by the Tokyo Stock Exchange, we believe that the outside members of the Board and the outside Audit & Supervisory Board members hold sufficient independence from the management that executes the Company's business.

Mutual coordination with supervision and auditing for internal audits, audits by the Audit & Supervisory Board, and accounting audits and relationship between the internal control department

- Because they share recognition of the Company's business challenges and an appreciation of its external environment, the outside members of the Board hold meetings with the President & CEO, the Audit & Supervisory Board, and individual department heads.

In addition, along with sharing information with the full-time Audit & Supervisory Board members, the outside Audit & Supervisory Board members strive to improve the supervisory function by holding meetings with the President & CEO, the outside members of the Board, and individual department heads, and others and by coordinating with the Corporate Audit Department and the accounting auditors.

Officers' compensation

Details of the policy and the method of determination for the amount of officer compensation and the decision process for the method of determination

a. Policy for determining the amount of officer compensation

The Company has set a basic policy on officer compensation that raises incentives for officers to act in alignment with the expectations of shareholders and which facilitates persistent earnings improvement.

In the determination of compensation, consideration is given to balancing compensation with social standards, business operation, and employees' pay. While compensation is basically set as fixed-amount compensation, for members of the Board other than the outside members of the Board, the Company has introduced an earnings-linked compensation system in which a portion of the compensation is calculated as the product of the previous fiscal year's net income and a coefficient for the grade of officer. In addition, all officers contribute a set amount from their compensation in accordance with their officer grade to make continual monthly purchases of company stock through the officers' shareholding association. As a rule, the shares acquired shall be held during the officer's term of office. In this way, creating a linkage between a portion of compensation for all officers and the stock price strengthens the linkage between compensation and shareholder profits and establishes a compensation system that helps clarify management responsibility with respect to earnings and raises corporate value.

The 60th Ordinary General Shareholders' Meeting held on June 23, 2006, resolved that the Company shall dissolve the officers' retirement benefit plan.

b. Method for determining the amount of officer compensation

Officer compensation for members of the Board is set at the Board meeting, and compensation for Audit & Supervisory Board members is set by consultation with the Audit & Supervisory Board. The amount of this compensation is determined in accordance with the basic policies laid out in "a." above and set within the limits of the respective total compensation as determined by a general shareholders' meeting. Also, in order to enable suitable contribution and advice from the independent outside members of the Board, the motion is explained and views are exchanged before a meeting of the Board at which compensation is deliberated. As a result of these activities, sufficient review is provided at the Board meeting before the resolution is approved.

SOCIAL CONTRIBUTION ACTIVITIES

Total amount of compensation for each category of officer, total amount by type of compensation, and the number of relevant officers (fiscal year ended March 2018)

Officer category	Total compensation (Millions of yen)	Total by type of compensation (Millions of yen)		Number of officers
		Basic compensation	Other	
Members of the Board (excluding outside officers)	216	216	—	5
Audit & Supervisory Board members (excluding outside officers)	45	45	—	3
Outside officers	47	47	—	5
Total	309	309	—	13

Notes:

- Based on the status at the time of adjournment of the 71st Ordinary General Shareholders' Meeting held on June 20, 2017, one retired member of the Board and one retired Audit & Supervisory Board member are included in the table above.
- 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.
- 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 Board member proportion shall be no more than ¥50 million per year).
- 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.

Main activities of the outside members of the Board and the outside Audit & Supervisory Board members (fiscal year ended March 2018)

Officer category	Last/First name	Independent officer	Board meetings	Audit & Supervisory Board meetings
Outside member of the Board	Eiji Katayama	○	Attended 13 of 13 meetings	—
	Izumi Hayashi	○	Attended 13 of 13 meetings	—
Outside Audit & Supervisory Board members	Nobuhiro Takeuchi	○	Attended 13 of 13 meetings	Attended 14 of 14 meetings
	Yoshihito Shibata	○	Attended 13 of 13 meetings	Attended 14 of 14 meetings
	Mie Fujimoto	○	Attended 13 of 13 meetings	Attended 14 of 14 meetings

Compliance promotion activities

In order to ensure a strong sense of ethics across all of its corporate activities, Seikagaku Corporation strives as a pharmaceuticals company, not simply to comply with relevant laws and regulations, but also "to regulate its own conduct in accordance with a moral understanding (proper thinking on what human beings ought to do intrinsically) and to have the courage to rectify the misdeeds of others," positioning sincere and fair conduct this as a basis of all activities.

To embody these principles, we have established a Compliance Program that, among other things, has promulgated a Code of Conduct for the Group. In addition, in order for the program to proceed better in an appropriate manner and without obstruction, we have established a Compliance Promotion Committee and develop an annual action plan. Through these actions, we promote greater compliance awareness on an all-company scale and increase its effectiveness.

We have also distributed to all employees and publicized a Compliance Program Handbook that describes the contents of this program and a Compliance Card that summarizes the key points of conduct.

In the fiscal year ended March 2018, we established a policy of "promoting an understanding of the revisions to related laws and regulations and ensuring deep and thorough awareness of compliance." To this end, we have carried out awareness activities centered on training and e-learning.

In addition, so that employees' compliance consultations can be handled anonymously, we have established multiple consultation liaisons, including outside lawyers, and have put in place a system for the rapid discovery and prompt resolution of problems. There were four consultations in fiscal 2017, and all received an appropriate response.

行動のポイント

- これくらいは「いつものこと」と思わないこと
法令改正などの環境変化等によって「いつものこと」が違反行為に変わることがあります。
- 自分だけで対処しようと思わないこと
組織での対応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。
- 迷わず、まず「伝える」こと
あなたが「伝える」ことにより、問題の深刻化を防ぐことができます。上司に報告・相談するほか、相談窓口も利用することができます。

【当社の相談窓口】

- ①ホットライン（監査部長・総務部長・顧問弁護士・常勤監査役）
- ②コミュニケーション相談員
- ③外部相談窓口

Compliance Card

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

<http://www.glycoforum.gr.jp/indexJ.html>

Since 1997, Seikagaku has operated "Glycoforum," an academic website that shares information about research findings to contribute 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, and was selected as one of the recommended websites by the worldwide scientific journal *Nature Reviews*.



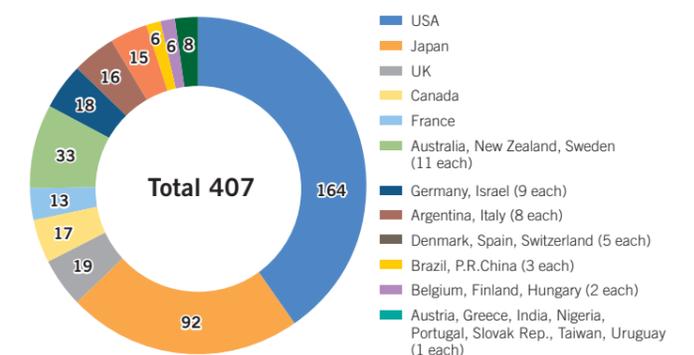
Support for the Mizutani Foundation for Glycoscience

<http://www.mizutanifdn.or.jp/indexj.html>

The Mizutani Foundation for Glycoscience 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 2018, the Foundation provided research grants totaling approximately ¥75.6 million to 20 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: 1993–2018)



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 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. Visitors can also download a pamphlet "Exercise therapy of knee osteoarthritis."

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

BUSINESS RISKS

The following are the principle risks that could have a material effect on the operating results and the financial situation of the Seikagaku Corporation.

Legal restrictions

Most of the Seikagaku Group's products affect people's lives and health and, consequently, are subject to legal restrictions for ensuring the quality, efficacy, and safety of pharmaceuticals and other products imposed by regulatory authorities in each country. Actions taken by regulatory authorities, such as amendments to these related laws and regulations, could affect our business results.

Time and expense required for new product development

In pharmaceutical product development, the core of Seikagaku's business, various clinical trials to confirm efficacy and safety are required from the time of basic research to new drug approval. Even if the Company bears enormous Research and Development (R&D) expenses over long periods of time, there is risk that products under development will not progress to launch. R&D expenses vary according to R&D progress, and this could affect our business results.

Revisions to the National Health Insurance Drug Price Standard to contain medical costs

The National Health Insurance Drug Price Standard in Japan, which establishes drug prices at the time of payment from medical insurance to health insurance medical care institutions and health insurance pharmacies, is periodically revised. Also, with the aim of reducing medical costs, the use of inexpensive generics is promoted, and additional price reductions are implemented for long-listed drugs (original drugs with generic equivalents). Similarly, overseas, the use of generics is being promoted, and price reductions are implemented as medical cost reduction measures. These trends could affect our business results.

Reliance on specific distributors

We have entered into exclusive distributorship agreements with sales partners for the pharmaceuticals and medical devices that are our mainstay products, which limits the number of distributors. In Japan, we have entered into exclusive distributorship agreements with Kaken Pharmaceutical Co., Ltd. for the joint function improving agents ARTZ and ARTZ Dispo and with Santen Pharmaceutical Co., Ltd. for

OPEGAN, OPEGAN Hi, and SHELLGAN. Overseas, we have entered into exclusive agreements that cover specific countries or regions for distributorship of our products. Changes to the business relationships with these companies due to changes in circumstances, depending on the nature of the changes, could affect our business results.

Reliance on specific products

Joint function improving agents and ophthalmic viscoelastic devices account for more than 90% of the net sales of the pharmaceuticals business in Japan and overseas markets in the fiscal year ended March 31, 2018. Consequently, any unforeseen material side effects or other events that have a material effect on the manufacturing and sale of these mainstay products could affect our business results.

Reliance on specific suppliers

Various restrictions apply to the manufacture of pharmaceuticals, and some raw materials require the approval of regulatory authorities. Therefore, the number of raw materials suppliers is limited, and we perform on-site audits and strive to maintain quality in order to establish a stable supply system. We rely on single supply sources for certain raw materials. Consequently, any change in circumstances that makes it difficult to procure raw materials could disrupt the manufacture of products and affect our business results.

Use of animal-derived ingredients as raw materials

Many of the Seikagaku Group's products are made using ingredients derived from animals, namely chickens, sharks, and horseshoe crabs, as raw materials. Consequently, any restrictions on the use of animal-derived ingredients as raw materials or difficulty in procuring these ingredients could affect our business results.

Exchange rate fluctuations

Revenues from sales of intra-articular injection agents for the treatment of knee osteoarthritis in the U.S. and the sales of U.S. consolidated subsidiary Associates of Cape Cod Inc. are denominated in U.S. dollars. Although we endeavor to reduce exchange risks by denominating a portion of R&D expense payments in foreign currencies and other means, recently the overseas sales ratio has been increasing. Consequently, exchange rate trends could affect our business results.

Price fluctuations of holdings of marketable securities

We invest cash reserves in marketable securities for the purpose of applying them to future R&D and capital expenditures. Although we endeavor to reduce risks through diversification of investments and other means, price fluctuations of marketable securities and other investments could affect our business results.

Litigation

Initiation of litigation relating to pharmaceutical side effects, product liability, patents or other intellectual rights, labor problems, depending on the details, could affect our business results.

Occurrence of large-scale disasters

Any stagnation of business activities or disruption of product supply as a result of extensive damage to the Seikagaku Group's business sites due to an earthquake, a typhoon or other natural disaster, fire or other accident, or an epidemic of a new influenza virus or other infectious disease could affect our business results. Also, any major expenses for the repair of facilities damaged in a disaster could affect our business results.

Status of development and operation of risk management regulations and systems

Regulations and other systems related to the management of risk of losses

- We have established business risk management regulations and developed a system to ascertain and manage risks pertaining to business execution.
- The divisions engage in risk management pertaining to their respective operations.
- We have established the Risk Management Committee, chaired by the chief risk management officer (the member of the Board in charge of Corporate Strategy, Human Resources, Finance and Accounting, and Corporate Staff) and comprising the executive vice presidents in charge of various departments. The Committee deliberates risk prevention measures and, when a material business risk event occurs, establishes a response headquarters and takes measures to minimize damage.

Status of operation of risk management systems

The Risk Management Committee met twice in the fiscal year ended March 31, 2018 and deliberated major issues such as strengthening of the confidential information management system, confirmed the status of progress with groupwide risk prevention measures, and sought to prevent risk events from occurring.

In addition, we strove to reduce risks relating to our business by conducting simulation drills in accordance with accident procedure manuals for the purpose of increasing the effectiveness of the rapid business recovery response, developing regulations on an inspection system and handling of electronic data for the purpose of preventing information leakage, and amending regulations relating to appropriate disposal of documents whose retention deadlines have passed.

FINANCIAL / NON-FINANCIAL HIGHLIGHTS

Basic Policy on profit distributions

The improvement of shareholder value is an important management priority. Our goal is to enhance shareholder returns while achieving sustainable growth through balanced business investment, including investment in R&D and the improvement of production structures.

Our policy on shareholder returns is to maintain dividend stability from a medium- to long-term perspective by continuing to pay an annual dividend of ¥26 per share. We will also continue to consider share buy-back schemes, while giving due consideration to future business development and the overall payout ratio.

In the year ended March 2018, we set the final dividend at ¥13 per share. Together with the interim dividend of ¥13 per share, this resulted in an annual dividend of ¥26 per share for the year ended March 31, 2018, equivalent to a payout ratio of 37.5%.

Consolidated Business Performance

(Millions of yen)

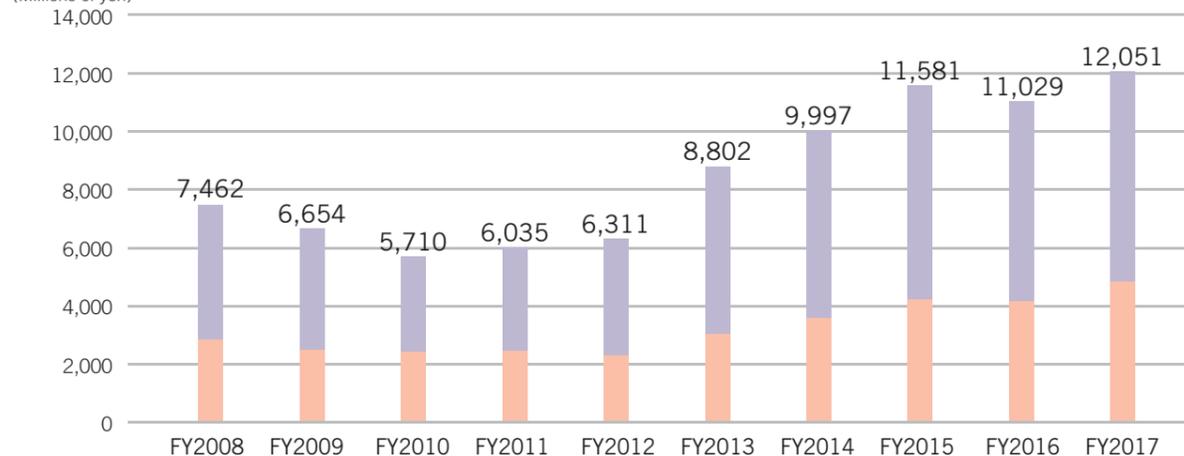
	FY2013	FY2014	FY2015	FY2016	FY2017
Net Sales	29,614	29,522	30,962	29,589	30,175
Overseas Sales	8,802	9,997	11,581	11,029	12,051
Overseas Sales Ratio (%)	29.7	33.9	37.4	37.3	39.9
Cost of Sales	11,223	12,130	12,871	13,247	13,008
Gross Profits	18,390	17,391	18,091	16,341	17,166
R&D Expenses	6,588	8,146	8,649	7,834	8,408
Operating Income	4,937	2,383	2,144	1,282	1,421
Operating Income Ratio (%)	16.7	8.1	6.9	4.3	4.7
Ordinary Income	5,878	4,008	3,500	2,477	5,327
Net Income	4,745	3,650	2,578	1,787	3,922
Net Income Ratio (%)	16.0	12.4	8.3	6.0	13.0
Total Equity	64,785	70,410	69,815	70,646	73,945
Return on Equity (ROE) (%) ^{*1}	7.5	5.4	3.7	2.5	5.4
Total Assets	73,826	80,889	80,218	80,048	84,749
Return on Assets (ROA) (%) ^{*1}	8.1	5.2	4.3	3.1	6.5
Dividend Payout Ratio (%)	31.1	40.5	57.3	98.3	37.5
Net Income per Share (yen)	83.55	64.27	45.39	31.55	69.30
Total Equity per Share (yen)	1,140.48	1,239.51	1,229.05	1,248.07	1,306.37
Dividends per Share (yen)	26.00	26.00	26.00	31.00 ^{*2}	26.00
Number of Employees (persons)	639	649	663	687	718

^{*1} Total Equity and Total Assets are average amounts of the numbers for the end of previous fiscal year and the end of current fiscal year, respectively.

^{*2} Including a 70th anniversary commemorative dividend of 5 yen per share.

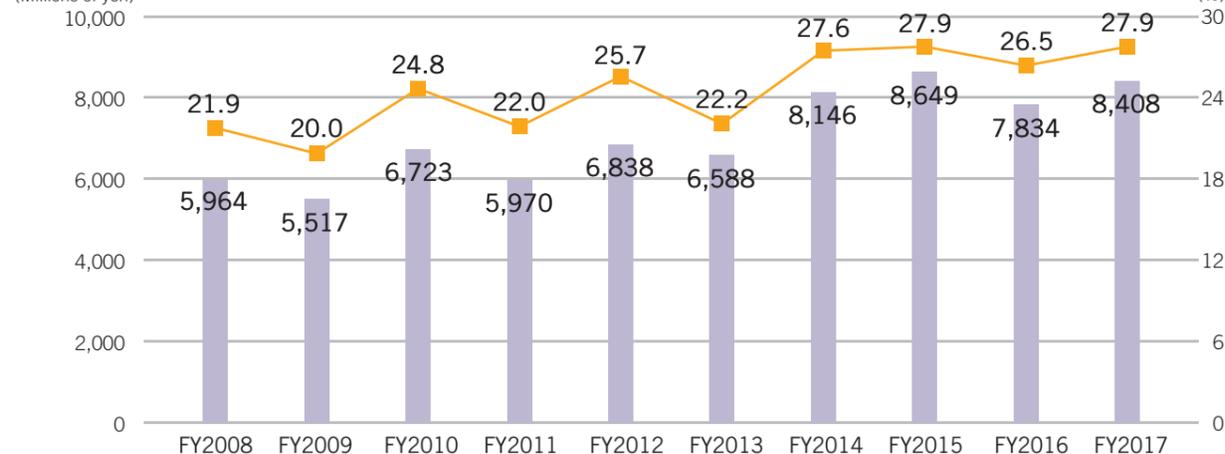
Overseas Sales Trends

(Millions of yen)



R&D Expense Trends

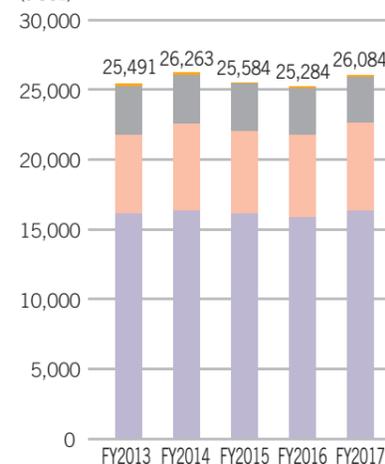
(Millions of yen)



Non-financial Highlights (Non-consolidated Basis)

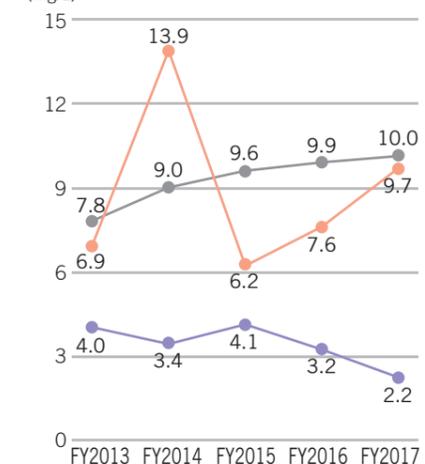
CO₂ Emissions

(t-CO₂)



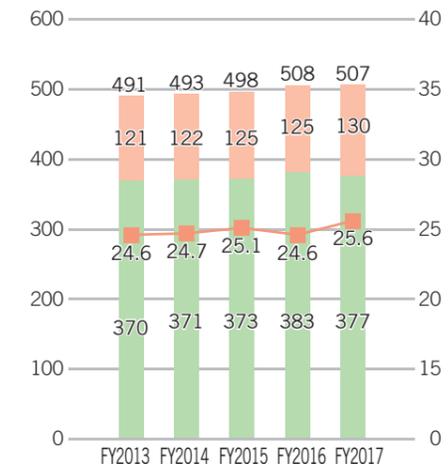
Water Pollution Load (COD)

(mg/L)



Composition of Work Force

(Persons)



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

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

■ Males ■ Females
■ Percentage of female employees

Overview (As of March 31, 2018)

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
Stock Exchange Listing	Tokyo Stock Exchange, First section (Stock code:4548)
URL	http://www.seikagaku.co.jp
Number of Employees	718 (Consolidated)
Paid-in Capital	¥3,840 million
Net Sales	¥30,175 million

Members of the Board (As of June 20, 2018)

President & CEO	Ken Mizutani
Executive Vice President	Toshiyuki Okada
Executive Vice President	Yosuke Funakoshi
Executive Vice President	Takayuki Akita
Outside Member of the Board	Eiji Katayama
Outside Member of the Board	Izumi Hayashi
Audit & Supervisory Board Member	Toru Takeda
Audit & Supervisory Board Member	Shigeru Kawahara
Outside Audit & Supervisory Board Member	Nobuhiro Takeuchi
Outside Audit & Supervisory Board Member	Yoshihito Shibata
Outside Audit & Supervisory Board Member	Mie Fujimoto
Executive Vice President	Aisuke Nii
Executive Vice President	Mikako Torii
Executive Vice President	Yuji Shimojima

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 Subsidiary

ASSOCIATES OF CAPE COD, INC.	
124 Bernard E. Saint Jean Drive, East Falmouth MA 02536-4445 U.S.A. Tel: (1) 508-540-3444	
Paid-in Capital	\$2,080
Ownership Ratio	100%
Business	Manufacturing and sales of endotoxin-detecting reagents
URL	http://www.acciusa.com

Stock Information (As of March 31, 2018)

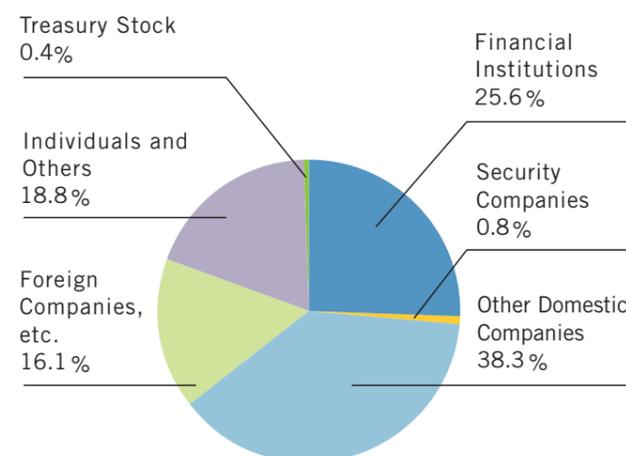
Authorized Shares	234,000,000
Authorized Outstanding Shares	56,814,093
Number of Shareholders	9,792

Major Shareholders (As of March 31, 2018)

	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)	2,737	4.8
4	Trust & Custody Services Bank, 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	Japan Trustee Services Bank, Ltd. (Trust account 9)	1,919	3.4
6	MUFG Bank, Ltd.	1,536	2.7
7	Japan Trustee Services Bank, Ltd. (Trust account)	1,242	2.2
8	Kaken Pharmaceutical Co., Ltd.	1,207	2.1
9	State Street Bank and Trust Company 505001	1,067	1.9
10	The Bank of New York Mellon (International) Limited 131800	1,066	1.9

※Treasury stock (209 thousand shares) is excluded from the calculations of the percentage above.

Breakdown of Shareholders by Type (As of March 31, 2018)



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)

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 represents 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.