

SEIKAGAKU CORPORATION
Consolidated Financial Results (Japan GAAP) (Summary)
for the First Nine Months of Fiscal 2024
(Nine-Month Period Ended December 31, 2024)

Listed exchanges: Tokyo Stock Exchange (Prime Market)

Stock code number: 4548

URL: <https://www.seikagaku.co.jp/en/>

(All amounts have been rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Nine Months of Fiscal 2024
(from April 1, 2024 to December 31, 2024)

(1) Consolidated Financial Results

(Percentages indicate changes from the same period in the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | |
|----------------------------------|-----------------|------|------------------|--------|-----------------|--------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| First nine months of fiscal 2024 | 30,445 | 11.2 | 3,057 | 31.3 | 3,711 | 21.7 |
| First nine months of fiscal 2023 | 27,384 | 4.7 | 2,328 | (31.6) | 3,049 | (27.7) |

| | Net income attributable to owners of parent | | Net income per share | Diluted net income per share |
|----------------------------------|---|--------|----------------------|------------------------------|
| | Millions of Yen | % | Yen | Yen |
| First nine months of fiscal 2024 | 3,088 | 14.4 | 56.60 | - |
| First nine months of fiscal 2023 | 2,701 | (25.6) | 49.51 | - |

(Note) Comprehensive income:

First nine months of fiscal 2024: 3,179 million yen [(46.2)%]

First nine months of fiscal 2023: 5,905 million yen [(8.8)%]

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of Yen | Millions of Yen | % |
| As of December 31, 2024 | 82,754 | 73,948 | 89.4 |
| As of March 31, 2024 | 81,795 | 72,282 | 88.4 |

(Reference) Shareholders' equity:

As of December 31, 2024: 73,948 million yen

As of March 31, 2024: 72,282 million yen

2. Dividends

| | Dividends per share | | | | |
|------------------------|---------------------|-------------|-------------|----------|--------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2023 | - | 13.00 | - | 13.00 | 26.00 |
| Fiscal 2024 | - | 15.00 | - | | |
| Fiscal 2024 (Forecast) | | | | 15.00 | 30.00 |

(Note) Revision of the forecasts most recently announced: No

3. Forecast of Consolidated Financial Results for Fiscal 2024 (from April 1, 2024 to March 31, 2025)

(Percentages indicate changes from the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|-------------|-----------------|------|------------------|-------|-----------------|-------|---|------|----------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| Fiscal 2024 | 40,000 | 10.5 | 3,950 | 812.1 | 4,550 | 169.0 | 3,450 | 57.8 | 63.23 |

(Note) Revision of the forecasts most recently announced: No

* Notes

(1) Changes in the status of material subsidiaries during the period: No

(2) Application of specific accounting methods for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

- (a) Changes in accounting policies accompanying revisions in accounting standards: Yes
- (b) Changes other than those in (a) above: No
- (c) Changes in accounting estimates: No
- (d) Retrospective restatements: No

(4) Number of shares issued (common stock):

| | | | | |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
| (a) Number of shares at the end of the period (including treasury stock) | As of December 31, 2024 | 56,814,093 shares | As of March 31, 2024 | 56,814,093 shares |
| (b) Number of treasury stock at the end of the period | As of December 31, 2024 | 2,236,373 shares | As of March 31, 2024 | 2,253,745 shares |
| (c) Average number of shares issued during the period (six months) | First nine months of fiscal 2024 | 54,570,999 shares | First nine months of fiscal 2023 | 54,552,936 shares |

***This financial reports are not subject to the quarterly review procedures of the certified public accountant and audit firm.**

*** Disclaimer regarding forward-looking information including appropriate use of forecasted financial results**

The forecast shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ materially from these forecasted figures due to various factors.

1. Results of Operations for the First Nine Months of Fiscal 2024 (Nine-Month Period Ended December 31, 2024)

(1) Qualitative explanation on quarterly financial results

In the first nine months (April 1 to December 31, 2024) of the fiscal year ending March 31, 2025 (fiscal 2024), net sales were ¥30,445 million, up 11.2% year on year. The increase is attributable to higher royalty income, and higher sales in the LAL business, despite lower sales of domestic pharmaceuticals. Operating income rose 31.3% year on year to ¥3,057 million because of the revenue increase. Ordinary income rose 21.7% year on year to ¥3,711 million, and net income attributable to owners of parent rose 14.4% to ¥3,088 million.

1) Net sales by segment

Pharmaceuticals Business

Seikagaku has adopted a business model of focusing management resources on R&D and manufacturing by forming alliances with domestic and overseas companies that have expertise in the Company's product fields and entrusting sales to these business partners, rather than having an in-house pharmaceuticals sales division. In view of this business structure, in addition to providing an overview of product sales from Seikagaku to business partners, the Company also reports on the status of sales from business partners to medical institutions using "deliveries to medical institutions" or "local sales volume" as performance indicators.

-Domestic Pharmaceuticals (¥8,601 million, down 4.6% year on year)

Revenue from domestic pharmaceuticals fell 4.6% year on year, mainly because of lower sales of ARTZ, a joint function improvement agent for knee osteoarthritis, and the OPEGAN series of ophthalmic viscoelastic devices. There was no major change from the second-quarter results in the status of individual products.

Deliveries to medical institutions of ARTZ rose sharply year on year thanks to continued switching from competing products. However, the Company's sales declined due to continuation from the first quarter of shipment volume adjustments accompanying facilities maintenance being conducted for the purpose of production system expansion at the Company's plant. In the fourth quarter, shipment volume is expected to recover, and sales are expected to develop as planned.

Deliveries to medical institutions of the OPEGAN series increased year on year, reflecting factors including a continued gradual market growth trend accompanying population aging. Nevertheless, the Company's sales fell year on year, reflecting a temporary increase in shipments of Seikagaku products in the first nine months of the prior year because of limited shipments of competing products.

The Company's sales of HERNICORE, a treatment for lumbar disc herniation, were at approximately the prior-year level, while sales of MucoUp, a submucosal injection agent for endoscopic surgery, decreased year on year. The Company's sales of the joint function improvement agent JOYCLU were at the prior-year level. The Company issued a Dear Healthcare Professionals Letter of Rapid Safety Communication (Blue Letter) concerning JOYCLU on June 1, 2021 and is continuing cooperative efforts with sales partner Ono Pharmaceutical Co., Ltd. to gather side effects reports and other information and provide safety-related information.

-Overseas Pharmaceuticals (¥7,763 million, up 3.1% year on year)

Revenue from overseas pharmaceuticals rose 3.1% year on year due to higher sales of SUPARTZ FX, despite lower sales of Gel-One, an intra-articular single-injection viscosupplement for the treatment of knee osteoarthritis for the U.S. market, because of shipment timing.

Local sales volume of Gel-One declined year on year. The Company's sales decreased due to shipment timing. Although local sales volume of SUPARTZ FX, a product for the U.S. market, was at the prior-year level, the Company's sales rose year on year, reflecting distributor inventory adjustments.

Local sales volume of ARTZ for China declined year on year, and the Company's sales for China were at the prior-year level.

-Bulk Products and Contract Development and Manufacturing Organization (¥2,599 million, up 5.1% year on year)

Net sales from these businesses increased 5.1% year on year. Although sales of bulk products declined, sales of contract development and manufacturing and other services of overseas subsidiary Dalton Chemical Laboratories, Inc. increased.

As a result of these developments, coupled with an increase in royalty income (¥2,598 million, up 271.6% year on year), sales from the Pharmaceutical business segment rose 9.3% year on year to ¥21,562 million.

LAL Business

Sales from the LAL business segment increased 16.0% year on year to ¥8,883 million. Continuing from the second - quarter, the beneficial impact of yen depreciation and higher sales of Fungitell (a beta-glucan-detecting in vitro diagnostic) and PyroSmart NextGen recombinant reagent for endotoxin detection at overseas subsidiary Associates of Cape Cod, Inc., as well as strong sales in Japan, contributed to the sales increase.

(2) Explanation of forward-looking statements, including the forecast of consolidated financial results

There is no change in the full-year forecast of consolidated financial results announced on May 13, 2024.

(3) Research and Development Activities

To contribute to healthy and fulfilling lives for people around the world, the Seikagaku Group focuses its research and development on glycoscience as its area of specialization and aims to create original pharmaceuticals and medical devices.

To achieve early and continuous launching of new products, which hold the key to future business growth, the Group will engage in efficient R&D activities focused on target compounds and high-priority target diseases and make efforts to increase the number of projects through reinforcement of unique drug-discovery technologies and utilization of open innovation.

Total R&D expenses in the first nine months of fiscal 2024 were ¥5,187 million, or 18.6% of net sales (excluding royalties).

The status of progress of principal R&D activities is described below.

SI-6603 (treatment for lumbar disc herniation: developed in the U.S.)

Seikagaku submitted a Biologics License Application (BLA) for SI-6603 in March 2024, which was accepted for filing by the U.S. Food and Drug Administration (FDA) in May 2024. Currently, Seikagaku is proceeding with a response to a regulatory review in order to obtain approval.

SI-6603, which contains condoliase as its active pharmaceutical ingredient, is a therapeutic agent directly injected into the lumbar disc. It does not require general anesthesia and is less invasive to the patient than surgical treatment. Since a single-injection treatment is expected to improve the symptoms of lumbar disc herniation, the Company aims to provide SI-6603 as a new treatment option.

There is no substantial change on the other R&D activities.

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