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August 5, 2025

SEIKAGAKU CORPORATION

Consolidated Financial Results (Japan GAAP) (Summary) for the First Three Months of Fiscal 2025 (Three-Month Period Ended June 30, 2025)

Listed exchanges: Tokyo Stock Exchange (Prime Market)

Stock code number: 4548

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

Supplementary materials for financial results: Yes

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

1. Consolidated Financial Results for the First Three Months of Fiscal 2025 (from April 1, 2025 to June 30, 2025)

(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 three months of fiscal 2025	8,731	(12.9)	(365)	-	(132)	-
First three months of fiscal 2024	10,022	3.7	1,640	26.3	2,186	11.6

	Net income attributable to owners of parent		Net income per share	Diluted net income per share
	Millions of Yen	%	Yen	Yen
First three months of fiscal 2025	(200)	-	(3.68)	-
First three months of fiscal 2024	1,901	0.7	34.84	-

(Note) Comprehensive income:

First three months of fiscal 2025: (738) million yen [-%]

First three months of fiscal 2024: 3,158 million yen [3.6 %]

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2025	80,389	71,630	89.1
As of March 31, 2025	83,872	73,187	87.3

(Reference) Shareholders' equity:

As of June 30, 2025: 71,630 million yen

As of March 31, 2025: 73,187 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2024	-	15.00	-	15.00	30.00
Fiscal 2025	-				
Fiscal 2025 (Forecast)		15.00	-	15.00	30.00

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

3. Forecast of Consolidated Financial Results for Fiscal 2025 (from April 1, 2025 to March 31, 2026)

(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 2025	35,600	(9.6)	(300)	-	1,350	(30.2)	1,350	11.2	24.74

(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: No

(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 June 30, 2025	56,814,093 shares	As of March 31, 2025	56,814,093 shares
(b) Number of treasury stock at the end of the period	As of June 30, 2025	2,236,486 shares	As of March 31, 2025	2,236,456 shares
(c) Average number of shares issued during the period (three months)	First three months of fiscal 2025	54,577,611 shares	First three months of fiscal 2024	54,560,348 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.

*** How to review the supplementary material to the financial results reports**

It has been posted on the Company's web site from August 5, 2025.

1. Results of Operations for the First Quarter of Fiscal 2025 (Three-Month Period Ended June 30, 2025)

(1) Qualitative explanation on quarterly financial results

In the first three months (April 1 to June 30, 2025) of the fiscal year ending March 31, 2026 (fiscal 2025), net sales were ¥8,731 million, down 12.9% from the first quarter of fiscal 2024. The decrease is attributable to a steep decline in royalty income, despite higher sales of domestic pharmaceuticals and overseas pharmaceuticals.

The sales decrease led to an operating loss of ¥365 million, an ordinary loss of ¥132 million, and a net loss attributable to owners of parent of ¥200 million.

1) Net sales by segment

Pharmaceutical 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. Also, royalty income related to the pharmaceutical business is mainly milestone royalty income received in accordance with R&D or sales progress.

- Domestic Pharmaceuticals (¥3,012 million, up 7.9% year on year)

The market for joint function improvement agents in Japan is flat on a volume basis due to increases in prescriptions for non-injectable topical preparations and oral medications, even though the burgeoning elderly population has brought an increase in the number of patients. Meanwhile, the market for ophthalmic viscosurgical devices is showing volume expansion driven by the growth in the elderly population. In these circumstances, ARTZ and the OPEGAN series remained the share leaders in their respective markets.

Revenue from domestic pharmaceuticals rose 7.9% year on year, mainly because shipment timing resulted in higher sales of ARTZ, a joint function improvement agent for knee osteoarthritis, and the OPEGAN series of ophthalmic viscoelastic devices.

Also, 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 (¥1,948 million, up 69.8% year on year)

The mainstay market for joint function improvement agents is showing a growth trend in the U.S. and China against a backdrop of expansion of the elderly population in both countries. At the same time, uncertainty surrounding the impact of the Trump administration's policies on the pharmaceutical industry in the U.S., together with the existence of policies unique to China, such as the centralized procurement system, make it difficult to forecast market trends in these countries.

Revenue from overseas pharmaceuticals rose 69.8% year on year on higher sales of Gel-One, an intra-articular single-injection viscosupplement for the treatment of knee osteoarthritis for the U.S. market, despite lower sales of SUPARTZ FX, an intra-articular 5-injection viscosupplement for the treatment of knee osteoarthritis for the U.S. market. Shipment timing was the main factor contributing to the quarterly results for both products.

Although there were no shipments of ARTZ for China in the first quarter, as was the case in fiscal 2024, this is attributable to the handling of procedures in connection with a change of materials. The Company plans to begin shipping product in the second quarter.

As a result of these developments, coupled with an increase in revenue from bulk products and contract development and manufacturing services (¥939 million, up 28.3% year on year) and lower royalty income (¥1 million, down 99.9% year on year), sales from the Pharmaceutical business segment fell 16.4% year on year to ¥5,901 million.

LAL Business

In the market for endotoxin-detecting reagents, used mainly in quality control of pharmaceutical manufacturing processes, the Company projects stable growth from conventional products produced using horseshoe crab blood as well as from recombinant products manufactured from non-animal-derived raw materials. The Company projects continued growth of the market for beta-glucan-detecting in vitro diagnostics, mainly in the U.S.

Sales from the LAL business segment declined 4.5% year on year to ¥2,829 million. Although overseas sales of Fungitell (a beta-glucan-detecting in vitro diagnostic) were strong, sales of contract testing services declined.

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

Although income in the first quarter fell short of the full-year forecast of consolidated financial results announced on May 13, 2025, due to the delay in some overseas pharmaceutical shipments to the second quarter and the anticipated sale of investment securities, there is no change in the forecast.

(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 three months of fiscal 2025 were ¥1,691million, or 19.4% of net sales (excluding royalties).

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

-Gel-One (treatment for Osteoarthritis of the knee and hip: developed in Japan)

Gel-One is an intra-articular injection whose active ingredient is a cross-linked hyaluronate, utilizing Seikagaku's unique cross-linking technology. Since Gel-One remains in the joint for a long period of time, a single injection of Gel-One is expected to provide long-term pain relief. The product has been available in overseas markets since 2012 as Gel-One® (U.S.) and HyLink® (Taiwan and Italy) indicated for osteoarthritis of the knee.

Gel-One Initiated Phase III clinical studies of the knee joint and hip joint in February 2025.

Also, in April 2025 the Company entered into a basic agreement on joint development and sales partnership with Ono Pharmaceutical Co., Ltd.

-SI-449 (adhesion barrier: developed in Japan)

Although the Company anticipated submitting an application for medical device approval during the third to fourth quarter of the fiscal year ending March 31, 2026, preparations for the application for medical device approval are proceeding smoothly. Accordingly, if preparations are completed sooner than recently planned, the Company intends to bring forward the submission.

SI-449 is a powdered medical device whose main ingredient is cross-linked chondroitin sulfate developed using Seikagaku's own proprietary glycosaminoglycan cross-linking technology. It has the property of absorbing moisture and swelling, and is expected to prevent post-operative adhesion formation in surgery by forming a barrier between the surgical wound site and surrounding tissues after application.

In a pivotal study results showing statistically significant adhesion prevention performance in both the primary effectiveness endpoint of the presence or absence of post-operative adhesions and the secondary effectiveness endpoints of severity and extent of adhesions were obtained in July 2023. No safety issues were observed.

Also, no major problems were found with safety and operability of SI-449 in laparoscopic surgery in a pilot study in the field of gynecology conducted for the purpose of expanding the scope of indications for the product.

The Company will proceed with development of SI-449 with a view to introducing it globally, not only in Japan.

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

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