

Medical Business

Leveraging advanced technology, we create high-quality products to contribute to full and healthy lives.

Under its mission of contribute to the realization of healthy and enriched lifestyles for all people, the Medical Business provides the pharmaceutical sciences sector with a diverse range of products and services.

History of the Medical Business

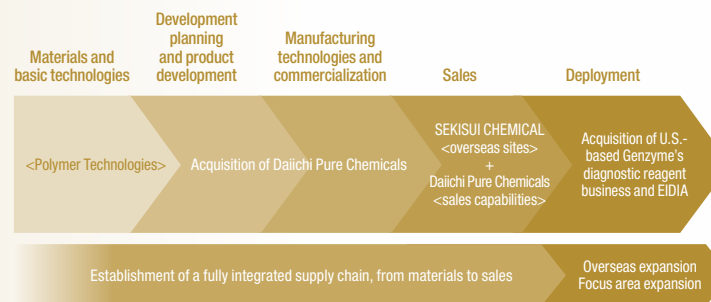
SEKISUI MEDICAL was formed through the merger of SEKISUI CHEMICAL Group's Medical Business Division and Daiichi Pure Chemicals Co., Ltd., in 2008. This merger established a fully integrated supply chain from materials to sales. With the diagnostic reagent business as its foundation, the Medical Business has worked to build its business while successfully expanding its sales routes and product lineups through M&As. The Medical Business operates globally. The ratio of net sales accounted for by overseas business has grown from the 21% recorded in fiscal 2008 to 50% in fiscal 2015, since which time overseas sales have continued to grow steadily. The Medical Business will continue to accelerate business expansion in North America, Europe, China, and Asia, and will work to enhance its development systems as it targets the expansion of business domains by actively introducing new products.

Note: The main areas of the Life Science field, which were previously included in the High Performance Plastics segment, have been presented separately as the Medical Business segment since fiscal 2019 in an effort to grow these areas as a new divisional company candidate.

Business expansion history

October 2006	Acquired Daiichi Pure Chemicals from Daiichi Pharmaceutical
April 2008	SEKISUI MEDICAL established. Established the business's core competencies.
August 2008	Acquired U.S.-based XenoTech. Overseas expansion in the pharmacokinetic business
March 2009	Acquired U.S.-based ADI. Obtained a U.S. location for the Diagnostics Business
February 2010	Established Sekisui Medical Technology. Strengthened the business in China
February 2011	Acquired U.S.-based Genzyme's diagnostic reagent business. Full-scale start of overseas deployment
December 2015	Acquired EIDIA from Eisai. Expanded the focus area of diagnostics
September 2017	Capital investment in PeptiStar. Full-scale start of the specialty peptide drug business
March 2018	Acquired Singapore-based Veredus Laboratories
September 2020	Commenced operations at the new diagnostic reagents plant in Suzhou, China

Supply chain expansion



Grasping changes in society

The Medical Business's Products to Enhance Sustainability

Health and Welfare



Diagnostics Business

Clinical reagents for biochemical immunity, diabetes, blood coagulation, and infectious diseases, as well as development, manufacture, and sale of analyzers and vacuum blood collection tubes, among others



CP3000



Nanopia P-FDP

Pharmaceutical Sciences Business

Pharmaceutical and fine chemicals business: Contract manufacture of active pharmaceutical ingredients (APIs)/intermediates/amino acids, etc.

Drug development solutions business: Contract research including pharmacokinetic tests to support drug R&D



Active Pharmaceutical Ingredients (APIs)



Drug development solution testing

Medical Business

Medical Business Future Medium- to Long-term Strategies

Diagnostics Business

Targeting accelerated overseas deployment by enhancing focus areas and expanding the global pipeline

In Japan, the Medical Business will actively introduce new products. Meanwhile, overseas we will expand alliances with major companies and strengthen POC in North America and Europe. We will also continue to expand our blood coagulation activities and enter new domains in China. In Asia management, we will work to position Veredus Laboratories, acquired under the previous medium-term plan, as the segment's ASEAN base.

Focus Areas

Focus Areas	Clinical Chemistry / Immunology	Blood Coagulation	Diabetes	Infectious Disease POC*	Blood Collection Tubes
Main Products	Diagnostics reagents for cholesterol, neutral lipids, and syphilis	Instruments and diagnostic reagents for coagulation and fibrinolysis	Diagnostic reagents for HbA1c	Diagnostics reagents for influenza and adenovirus	High-speed-clotting vacuum blood collection tubes

* POC: Acronym for Point of Care; refers to timely onsite (clinics, etc.) diagnostics

Development and New Products

High-sensitive immunoassay (Japan and China)	Molecular POC (U.S.)	New markers
Enter the immunization market in earnest through the introduction of new equipment	Aim to cultivate markets by establishing a molecular diagnostics (MDx) development center	Expand business domains by acquiring new biomarkers,* mainly in the oncology domain

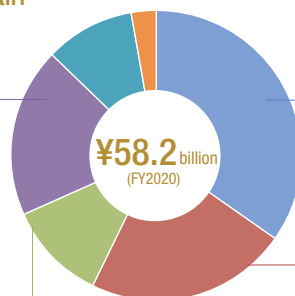
* Biomarker: Physiological indicators used to identify the presence and progression of a disease

Net sales composition by domain



RapidTesta RSV-Adeno NEXT

This is a rapid antigen test kit for respiratory syncytial virus (RSV) and adenovirus, both of which are causes of respiratory tract infections with a high risk of becoming severe in infants and children. This test is also able to detect both viruses at once.



Inflammatory bowel disease reagent (Nanopia LRG)

Nanopia LRF as a biomarker to reflect the activity of inflammatory bowel disease was included in the scope of medical insurance coverage from June 1, 2020. Test results can now be obtained in a convenient and timely manner through the use of technology that employs high-precision particulates (latex).



NORUDIA@N HbA1c



Blood Coagulation (Nanopia P-FDP)

Pharmaceutical Sciences Business (pharmaceutical and fine chemicals, enzymes)

Expanding business by bolstering production equipment

Under the Medium-term Management Plan, we will undertake large capital investments targeting business expansion. In pharmaceutical and fine chemicals, we will acquire new product orders and steadily launch manufacturing processes, while strengthening partnerships between Japan and XenoTech in the United States in drug development solution activities. As far as enzymes are concerned, we will aim to expand our CDMO* business.

Boosting production capacity of pharmaceutical raw materials

As the focus of therapeutic drug development shifts from conventional small molecule drugs to peptide drugs (middle-molecule), protein drugs (macromolecule), cellular medicine, and regenerative medicine, the Medical Business set out to bolster production equipment at a total of two major plants in Japan and overseas in August 2020 as a means of establishing a pharmaceutical ingredients supply system for a wide range of domains.

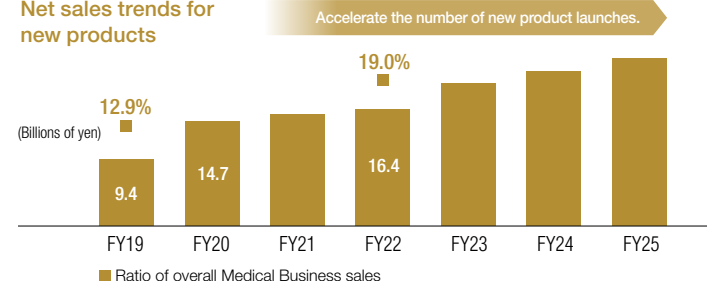
- Boost production capacity of pharmaceutical ingredients and intermediates for small molecule drugs by 25% (Iwate Plant: from March 2023)
- Establish a CDMO system for protein drug raw materials (UK Plant: from September 2022)

©Capital investment-based enhancements

	Small molecule drugs	Peptide drugs (middle-molecule drugs)	Therapeutic proteins (biopharma)	Cell therapies and Regenerative medicine
Development	○	○	○	
Production	◎	○	◎	
Sales	○	○	○	○

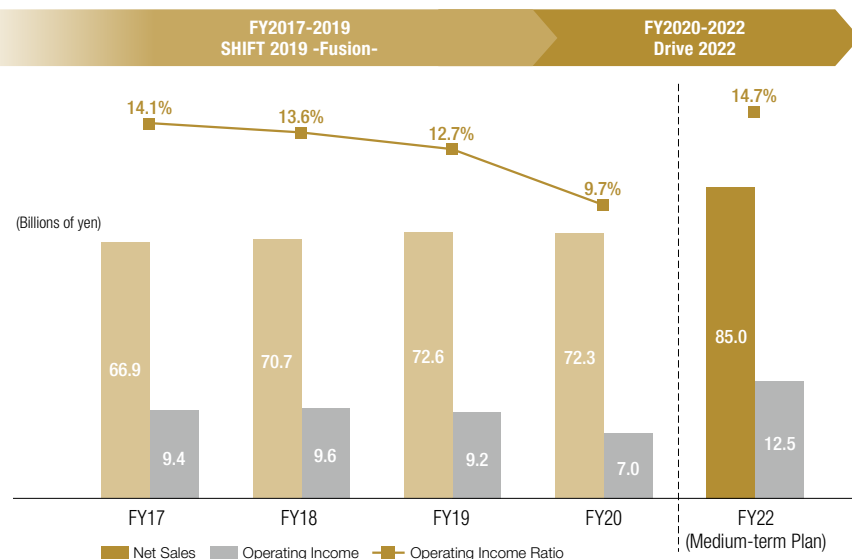
* Acronym for Contract Development and Manufacturing Organization: A business format that provides comprehensive services that extend from the development of formulations to the manufacture and commercial production of investigational new drugs

Net sales trends for new products



Medical Business

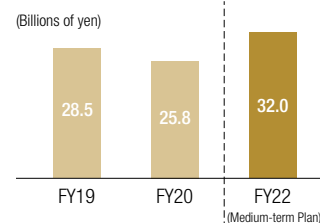
Performance Highlights



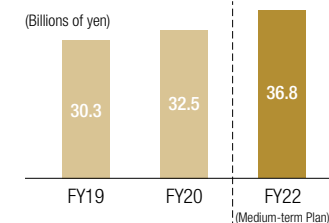
External environment	2017	2018	2020
	Participated in the establishment of PeptiStar Inc.	Veredus Laboratories (Asia)	Decision to boost production capacity of pharmaceutical raw materials

(Billions of yen)	FY18	FY19	FY20
Assets	116.7	120.4	123.7
ROIC		8.4%	6.4%
EBITDA	14.5	14.7	12.7
Depreciation and Amortization	3.1	3.7	4.1
Capital Expenditures	4.4	4.6	4.6
R&D Expenditures	51	52	53
Number of employees	1,907	2,050	2,160
Consolidated Subsidiaries (Overseas Companies)	9(8)	9(8)	9(8)

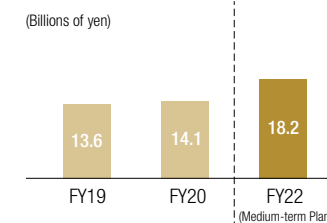
Diagnostics Business Net Sales (domestic)



Diagnostics Business Net Sales (overseas)



Pharmaceutical Sciences Business Net Sales



Fiscal 2020 Results

In fiscal 2020, the Medical Business recorded a full-year decline in sales and profit due to the impact of fewer outpatient lifestyle disease diagnostics as a result of the COVID-19 pandemic, primarily during the first half. Despite the slowdown in reagents sales due to the low incidence of influenza, however, during the second half the Medical Business recovered to a point at which operating income essentially reached the same level as the previous year. This recovery was due to a certain degree of improvement in the market, sales of COVID-19 reagents, and reductions in fixed costs. Meanwhile, despite this harsh environment, increased sales of new pharmaceutical ingredients helped the Pharmaceutical Sciences Business secure higher earnings.

Analysis of Operating Income

(Billions of yen)	FY19		FY20					
	¥9.2 billion	¥-2.2 billion	Foreign Exchange	Newly consolidated subsidiaries, etc.	Diagnostics (Japan)	Diagnostics (overseas)	Pharmaceutical Sciences and Other	Fixed Costs
YoY Full FY	-0.2	0	-1.8	-0.9	+0.2	+0.5	-2.2	
1H YoY	-0.2	0	-1.3	-1.0	+0.1	+0.5	-1.9	
2 YoY	0	0	-0.6	+0.1	+0.1	0	-0.3	

Outlook for Fiscal 2021

Under the assumption that market conditions will recover from the impact of the COVID-19 pandemic, the Medical Business will return to a growth trajectory by promoting increased sales of new products for which preparations were advanced during fiscal 2020. The Diagnostics Business holds an outlook for growth in the blood coagulation domain in China. The Pharmaceutical Sciences Business will work to increase sales of new pharmaceutical ingredients and accelerate growth of the CDMO business. Moreover, we will steadily drive enhancements to development as a focus item of the Medium-term Plan.