Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 8, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name:	Shin Nippon Biomedical Laboratories, Ltd.
Listing:	Prime Market, Tokyo Stock Exchange
Securities code:	2395
URL:	https://en.snbl.com
Representative:	Ryoichi Nagata, Representative Chairman, President & CEO
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Scheduled date of annual general meeting of shareholders:	June 27, 2025
Scheduled date to commence dividend payments:	June 30, 2025
Scheduled date to file annual securities report:	June 27, 2025
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for analysts and investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	32,413	22.5	2,985	(28.3)	6,450	(8.1)	4,924	(11.0)
March 31, 2024	26,450	5.4	4,162	(20.6)	7,015	(23.7)	5,531	(8.7)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥7,899 million [(20.3)%]
For the fiscal year ended March 31, 2024: ¥9,917 million [8.6%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of Ordinary profit to total assets	Ratio of Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	118.29	–	13.3	7.6	9.2
March 31, 2024	132.86	–	18.3	10.5	15.7

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥3,513 million
For the fiscal year ended March 31, 2024: ¥2,751 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	92,416	40,085	43.3	961.34
March 31, 2024	76,302	34,160	44.7	819.42

Reference: Equity
As of March 31, 2025: ¥40,022 million
As of March 31, 2024: ¥34,114 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	7,035	(11,691)	5,914	11,843
March 31, 2024	2,106	(6,907)	5,318	10,274

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	20.00	–	30.00	50.00	2,081	37.6	6.9
Fiscal year ended March 31, 2025	–	20.00	–	30.00	50.00	2,081	42.3	5.6
Fiscal year ending March 31, 2026 (Forecast)		20.00		30.00	50.00		58.6	

3. Consolidated earnings forecasts for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	14,542	16.3	(97)	–	1,180	(35.5)	(183)	–	(4.39)
Fiscal year ending March 31, 2026	33,272	2.6	3,550	18.9	5,927	(8.1)	3,550	(27.9)	85.27

NB: Satsuma-related sales are not included in revenue, while its first six months (January – June) costs are included in the above forecasts. For more information regarding our suppositions that form the assumptions for the earnings forecasts, please see page 9 of the attachment, "(4) Future outlook" of "1. Overview of Operating Results and Others."

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Note: For details of changes in consolidated subsidiaries which do not fall into the case of specified subsidiaries, please refer to "(5) Notes to consolidated financial statements (Changes in the scope of consolidation)" of "3. Consolidated Financial Statements and Significant Notes thereto" in the attachment.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	41,632,400 shares
As of March 31, 2024	41,632,400 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	564 shares
As of March 31, 2024	469 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	41,631,903 shares
Fiscal year ended March 31, 2024	41,631,931 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(The forecast of financial results and forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual financial results may differ significantly from the forecasts for various reasons. For more information regarding our suppositions that form the assumptions for the earnings forecasts, please see page 9 of the attachment, "(4) Future outlook" of "1. Overview of Operating Results and Others."

(Method of obtaining financial results supplementary materials and details of financial results briefing)

Financial results explanatory materials are posted via TDnet on the date of disclosure. The Company plans to hold a financial results briefing call for analysts and institutional investors on Wednesday, May 8, 2025, from 15 pm Japan Time. Explanatory details (audio recording in Japanese and its transcript in both Japanese and English) will be posted on the Company's website in a timely manner after the briefing.

Attached Material

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year ended March 31, 2025

In the pharmaceutical industry, companies have been increasingly turning to contract research organizations (CROs) that specialize in outsourcing, with the aim of accelerating research and development in Japan and abroad while improving cost efficiency and simplifying their correspondence with regulatory authorities. In addition, research and development involving new modalities in drug discovery (therapeutic approaches) has been in full swing, particularly with respect to nucleic acid medicine, next-generation therapeutic antibodies, peptide drugs, gene therapy, cell therapy, and regenerative medicine. With a proven track record in supporting research and development of new modalities in drug discovery, the Company has been addressing such trends by placing its focus on meeting customer needs which involves taking swift action, improving services, and persistently enhancing quality, aiming to become a one-of-a-kind and far and away the first name that comes to mind for clients when they consider CRO.

Under such circumstances, net sales for the fiscal year under review (April 1, 2024 to March 31, 2025, hereafter, "the fiscal year ended March 31, 2025") increased by ¥5,963 million (up 22.5%) compared to the previous fiscal year (hereafter, "year on year") to ¥32,413 million, renewing a record high for the third consecutive year, driven by mainstay CRO business. Operating profit exceeded the revised forecast of ¥2,900 million announced on February 5, 2025 at ¥2,985 million, but was a deterioration of ¥1,177 million (down 28.3%) year on year. The main reason for the decrease in operating profit is the recording of ¥2,323 million in expenses (the previous fiscal year: ¥1,344 million) for approval of an FDA application for STS101, an intranasal therapeutic agent for migraine from Satsuma Pharmaceuticals, Inc. (hereinafter, "Satsuma"), a consolidated subsidiary of the Company in the United States. In addition, the Company views the current business environment surrounding its mainstay CRO business as an opportunity for further growth. The increase in costs due to continuing large strategic upfront investments, such as the substantial increase of human resources, expansion of laboratory facilities and renewal of experimental equipment, scale-up and reinforcement of a domestic breeding framework for laboratory non-human primates (NHPs), and active promotion of digital transformation (DX), also contributed to the decrease in operating profit. Ordinary profit was ¥6,450 million, a deterioration of ¥565 million (down 8.1%) year on year. The share of profit of entities accounted for using equity method from PPD-SNBL K.K., which promotes the clinical business within the CRO business, increased by ¥641 million (up 24.4%) year on year to ¥3,272 million, setting a record high. As for foreign exchange losses (gains), foreign exchange losses of ¥162 million were recorded, contributing to a decrease in ordinary profit by ¥223 million compared with foreign exchange gains of ¥60 million for the previous fiscal year. Profit attributable to owners of parent decreased by ¥606 million (down 11.0%) year on year to ¥4,924 million.

As of March 31, 2025, the SNBL Group had 1,436 employees on a consolidated basis excluding part-time and hourly employees (an increase of 95 employees from the end of March 2024), as a result of the 100 new employees (including 59 female employees) who joined the Company in April 2024. The ratio of female employees on a consolidated basis including temporary employees was 51.3%. The 114 new employees (including 60 female employees) joined the Company in April 2025.

Operating results by segment and initiatives for SDGs/ESG are as follows.

(i) CRO business

The CRO business comprises the nonclinical business, which undertakes nonclinical (or preclinical) studies mainly using cells and laboratory animals, and the clinical business, which undertakes clinical studies. The Company's nonclinical business is one of the industry's largest in Japan, and based on the results of numerous studies using NHPs, considered as one of the industry's second-top tier nonclinical CROs globally. The nonclinical business achieved steady results for the fiscal year ended March 31, 2025. The following initiatives implemented by the Company have shown positive results.

- The importance of the Company-established framework for breeding and supplying NHPs within the SNBL Group, the only such framework built by a CRO in the world, has increased due to research and development involving new modalities in drug discovery coming into full swing. In addition, the environment where it is difficult to obtain NHPs overseas has also made a positive contribution to the Company, leading to orders received. We have also been strengthening our framework for breeding NHPs in full swing in Japan since the fiscal year ended March 31, 2023 to reduce import risks and improve quality. A new breeding facility was expanded during the fiscal year ended March 31, 2025 as planned and it is already in operation.
- The concentration analysis performed on drug development candidates (study substances) and biomarkers in biological samples is called bioanalysis. The Company has introduced a lot of the cutting-edge devices required to evaluate the efficacy and safety of new modalities in drug discovery, and built a system for evaluating test substances and biomarkers from an earlier stage. Synergies were demonstrated between this system and the above Company-established framework for breeding and supplying NHPs within the SNBL Group. This led

to an increase in orders of the bioanalysis. Net sales of bioanalysis for the fiscal year ended March 31, 2025, increased by ¥332 million (up 8.2%) year on year to ¥4,369 million.

- We concluded preferred contracts (agreements for preferentially outsourcing to pre-selected CROs) with multiple pharmaceutical companies, which highly evaluated these efforts, leading to an increase in orders received. In addition, the Company received contracts for the first study for due diligence in preparation for the conclusion of preferred contracts with several major pharmaceutical companies overseas in the fiscal year ended March 31, 2024. The Company has increased overseas sales personnel and strengthened sales activities in the fiscal year ended March 31, 2025. To cope with an increase in orders received from overseas, the Company newly formed the Global Study Team (GST) in the Drug Safety Research Laboratory in November 2024.
- The Company has also achieved steady progress in terms of number of major pharmaceutical companies in Japan, regarding contracts to undertake comprehensive research at the drug discovery stage and has already received orders from multiple companies for development research beginning with the early drug discovery stage.
- Construction of new office buildings and research facility (eight floors above ground; two buildings) with which we had proceeded at the Kagoshima Head Office from December 2022 was completed at the end of May 2024, and the inauguration was held on June 18. The new facility plays a key role in building a system that can deal with large contracts in the nonclinical business, including expansion of the bioanalysis laboratory, and started full-scale operation from September 2024. The new office buildings and research facility have a dedicated laboratory for contracts for Microphysiological System (MPS), which has the potential to be New Approach Methodologies (NAMs), in place. The Company became the first CRO in Japan to commence contract services in April 2025.
- On July 30, 2024, at the Gate Opening Summit for Innovative Drug Discovery convened by then-Prime Minister Kishida, President Nagata was invited as the presenter (Part 1: the Prime Minister's Office, Part 2: The Okura Tokyo), and presented case studies of incubation (SNBL Global Gateway (SGG)) in the SNBL Group's drug discovery ecosystem in the United States for 20 minutes in the Part 2. The presentation slides are available on the Gate Opening Summit for Innovative Drug Discovery page in the Cabinet Office website.
- As of October 1, 2024, the Company has begun offering nonclinical study services at a facility adjacent to SakuLab™-Tsukuba, an open innovation laboratory within the Tsukuba Research Center of Astellas Pharma Inc. This marks the first service provision in the facility that houses startups, academic institutions, and venture companies. Drawing on its experience gained and achievements secured in nonclinical studies across various modalities in drug discovery, the Company is poised to assist startups, academic institutions, pharmaceutical companies, and other entities in operating within the drug discovery ecosystem.

As a result of the aforementioned initiatives, contracts received in the nonclinical business for the fiscal year ended March 31, 2025, increased by ¥4,697 million (up 17.1%) year on year to ¥32,109 million, setting a record high. The contracts received in the fourth quarter (January-March) were ¥9,433 million, setting a record high on a quarterly basis. The main factor for the increase in orders received in the nonclinical business is an increase in orders received from customers in Europe and the U.S., in which we have strengthened strategic initiatives, and such orders received grew significantly by 92.8% year on year to ¥9,781 million. Orders received from customers in Asia also grew by 29.5% year on year to ¥2,559 million, orders received from overseas in the fiscal year ended March 31, 2025, increased by 75.0% year on year to ¥12,340 million, and the ratio of overseas orders received out of total orders received was 38.4% (compared to 25.7% in the previous fiscal year). On the other hand, the amount of cancellations of existing contracts before studies are commenced in the fiscal year ended March 31, 2025, increased by ¥730 million (up 18.3%) year on year to ¥4,707 million, consisting of ¥2,217 million in the first quarter, ¥1,043 million in the second quarter, ¥733 million in the third quarter, and ¥714 million in the fourth quarter.

The clinical business has been engaged mainly in contract operations of global studies (studies conducted simultaneously in multiple countries and regions) at PPD-SNBL K.K. ("PPD-SNBL"), a joint venture with PPD International Holdings, LLC ("PPD"), an international clinical CRO based in the United States, and marked the 10th year in April 2025 since it was established. In December 2021, PPD became a member of the corporate group of Thermo Fisher Scientific Inc., a major global player in medical devices, with the objective of enhancing contract synergies. PPD-SNBL's mainstay business is that of the implementation in Japan of studies, outsourced to PPD, that are conducted simultaneously in multiple countries. While it is a global company, PPD-SNBL has established a working environment with stable high retention rates by incorporating the management and training know-how that the Company has developed over many years, and it has achieved high rates of growth ever since it was founded, against the background of high order backlogs. When promoting clinical trials, it seeks to take advantage of the spread of online conferencing systems and compatible devices to improve efficiency through the use of remote monitoring, which it uses to gather data without visiting medical institutions. In terms of personnel recruitment, when PPD-SNBL was originally founded we introduced a system unique to the company, running parallel to that for new graduates joining in April, that enables new graduates wishing to join the company in October to benefit from a six-month scholarship for language study overseas, thus facilitating their ability to deal with global situations and enhancing their experience of society. Accordingly, more than 200 people have joined the company after the language study overseas, ever since it was founded. At the same time, in addition to actively recruiting from the group interested in a global career and that already have some experience and the group of bilingual graduates from overseas universities, this has enabled us to maintain a flexible hiring strategy that achieves a good balance with the system for new graduates joining PPD-SNBL in spring and fall. We have been striving to develop world-class global human resources for many years by providing opportunities for new graduates to study at the English school of Veritas Academy located within the Company for two years after joining, and then to learn about clinical trial systems in Europe and the U.S. through short-term study abroad programs utilizing PPD's international network. As a result, PPD-SNBL's headcount has grown to exceed 1,000 employees as of the end of April 2024, more than three times the number with which we established in April 2015, and we had 1,065 employees as of the end of December 2024. PPD-SNBL posted net sales of ¥21,898 million for the fiscal year ended March 31, 2025, renewing a record high, an increase of ¥3,157 million (up 16.8%) year on year. Its operating profit also recorded ¥10,618 million, renewing a record high, an increase of ¥1,965 million (up 22.7%) year on year. The share of profit of entities accounted for using equity method of PPD SNBL's contribution for the fiscal year ended March 31, 2025 increased significantly to ¥3,272 million (¥2,631 million in the previous fiscal year), a record high, becoming the second growth engine of the Company.

Net sales of the CRO business for the fiscal year ended March 31, 2025 increased by ¥5,711 million (up 22.1%) year on year to ¥31,595 million, renewing a record high. Operating profit of the CRO business increased by ¥234 million (up 3.3%) year on year to ¥7,257 million, and ratio of operating profit to net sales was 23.0%.

(ii) Translational Research business (TR business)

Translational Research business (hereinafter, "TR business") is a research and development business that discovers promising seeds and new technologies generated through in-house research and development as well as fundamental research performed at Japanese and overseas universities, biotech ventures, and research institutes, and develops them for commercialization, stock listing, or M&A, by increasing their added value.

The Company's proprietary development intranasal drug delivery platform technology (SMART: Simple MucoAdhesive Release Technology Platform, hereinafter, "SMART"), which has been a focus of inquiry as the core of the TR business since 1997, is a platform technology that combines a powdered formulation technology using a carrier composition as the base with a drug delivery device (medical device). Rapid and high drug absorption has been enabled by improving drug retention through the nasal mucosa. It has the advantage of being easier to administer than injections and allowing the formulation to be stored at room temperature.

Regarding the commercialization of intranasal drug administration, Satsuma has completed clinical trials for an intranasal migraine drug (development code: STS101), resubmitted a New Drug Application (NDA) to the US Food and Drug Administration (FDA) on October 30, 2024, and on November 25, received a notice from the FDA that it has accepted for review the resubmission. On April 30, 2025 (US time), marketing approval was granted by the FDA for "Atzumi™" (development code: STS101), an intranasal migraine drug. Additionally, SNLD, Ltd. (hereinafter, "SNLD"), a consolidated subsidiary of the Company, is developing an Intranasal Levodopa Spray for the treatment of off symptoms of Parkinson's Disease (development code: TR-012001).

Intranasal migraine drug "Atzumi™" of Satsuma, is an easy-to-use and portable intranasal formulation with dihydroergotamine as the active ingredient, which has a proven track record of efficacy against migraines. It has been confirmed in clinical trials to have rapid and sustained absorption and a high level of safety. The paper detailing the results of the Phase III long-term safety and tolerability study of STS101 (study name: ASCEND), conducted by Satsuma, was published in CNS Drugs, an international medical journal with authority on drug therapy for central nervous system diseases. The first author of the paper is Dr. Stewart J. Tepper, MD, a Fellow of the American Headache Society (AHS) and an internationally prominent figure in the field of headaches. Dr. Stewart J. Tepper provided the following comments in a press release from Satsuma: "I am pleased that the data demonstrates that STS101 was well safe and tolerated, and easy for patients to use over the long term. This is exciting and important information for people living with migraine who have experienced inadequate migraine relief with existing therapies and the practitioners who treat them who are in need of new options. Even with the introduction of new treatment options in the past few years, there is a critical need for novel non-oral treatment options for patients who are often unable to achieve rapid relief with oral routes of administration."

As for the development of an Intranasal Levodopa Spray for the treatment of off symptoms of Parkinson's Disease (development code: TR-012001), results of the Phase II exploratory clinical trials conducted by SNLD with Parkinson's disease patients in Japan (12 cases) were presented at the 77th American Academy of Neurology (AAN) Annual Meeting in April 2025. The Company also completed the dosing of healthy Japanese adults in the Phase I clinical trials in August 2024 for an improved development product of TR-012001 (TRN501) that aims to achieve even greater convenience, and is working on analyzing study's data and preparing the Study Report.

As the TR business's intranasal drug development project, we have also conducted research on an intranasal vaccine that is expected to act as an intranasal mucosal immunizing agent. While the goal of most vaccinations is traditionally to prevent the onset or increase in severity of disease, we believe that the intranasal vaccine we are developing is highly useful as it it expected to have an effect to prevent virus infection itself from occurring (this is called "immune barricade"). On the other hand, the "Development of a TR's nasal vaccine powder delivery system which generates IgA" supervised by the Company's Nasal Vaccine Research and Development Center was selected as one of developments to be supported by the Strategic Center of Biomedical Advanced Vaccine Research and Development for Preparedness and Response (SCARDA), which is an organization established within the Japan Agency for Medical Research and Development (AMED) to promote rapid vaccine development as a national policy by the Japanese government, and gained approximately ¥100 million as an initial research grant to assess a nonclinical POC of the system. With the aim of developing a vaccine capable of preventing influenza infection, the Company is currently conducting pharmaceutical formulation research and nonclinical trials to obtain a POC.

In the Gemseki business, we have been operating the licensing brokerage business related to drug discovery seeds and technologies on a global basis under the mission of "Striving to support the best development of drug candidates and technologies for society." The Company absorbed and merged with the said business of Gemseki Inc. as one of the Company's divisions in October 2024. In addition to working to search for and conclude contracts with new clients such as academic institutions and companies with promising drug discovery seeds and technologies, as well as introducing drug discovery seeds and technologies to existing clients, the Company also worked on activities in collaboration with other sectors of the Company, and steadily accumulated brokerage performance. At BIO Japan, held at PACIFICO Yokohama in October 2024, the Company exhibited at a booth in collaboration with the nonclinical business sector, and proactively made proposals to venture companies working on drug discovery, such as providing one-stop licensing brokerage services for nonclinical studies, etc. Besides, the Company used biotechnology-related exhibitions and partnering events, such as J.P.Morgan Healthcare Conference and BIO-Europe Spring, to search for and conclude contracts with new clients, and also focused on introducing assets of existing clients.

As for the investment business, PRISM BioLab Co., Ltd, an investee company of the fund, was newly listed on the Growth Market of the Tokyo Stock Exchange in July 2024. A new investment was also made from the second fund (Gemseki Fund No. 2 Investment Limited Partnership) that was established in March 2024. In conjunction with our continual search for potential investee companies in Japan and overseas, we are also engaging in talks about startup investments with academic institutions that possess promising seeds and technologies. We will provide the comprehensive support needed for the creation and development of pharmaceuticals and medical devices aimed at overseas expansion.

As part of these efforts, we have been developing the SNBL Global Gateway (SGG) project since 1999, which leverages to the fullest extent our strong network with academic institutions, investors, and professional companies in Japan and the U.S., by utilizing the CRO and TR businesses which have been developed over many years, mainly centered on our facilities based in Washington State, USA. This project aims to create new businesses from a global perspective by promoting research, human resource development, business incubation, and information dissemination.

This project is being promoted in collaboration with the SBI Group, which has an extensive track record in global investment, and in addition to operating business incubation facilities, we are also focusing on fund management. In cooperation with several prestigious academic institutions in Japan and the U.S., we will accelerate the social implementation of research results through the creation of university-based venture companies, etc. At the same time, we will support the growth of Japanese companies aiming to enter the US market and US companies planning to enter the Japanese market, creating new business opportunities for both sides.

In September 2024, the SNBL Group and the SBI Group established a joint fund for early-stage startup companies in North America, and the opening ceremony for SGG was held at our facility in Washington State, USA. In January 2025, at the J.P. Morgan Healthcare Conference, SNBL USA, a subsidiary in the US, and SBI US Gateway Fund jointly held a reception where stakeholders who play a part in the future global drug discovery ecosystem gathered and exchanged information. We deepened exchanges with diverse people, mainly management of biotech/startup companies and investors/venture capitals in Japan and the US. By combining the experience and strengths of both the SNBL Group and the SBI Group, we will promote business expansion and growth by maximizing the synergy between the business incubation and the fund business.

Amid these circumstances, the TR business posted net sales of ¥54 million for the fiscal year ended March 31, 2025 (the previous fiscal year: ¥39 million). The recording of ¥2,323 million in expenses of Satsuma (the previous fiscal year: ¥1,344 million) resulted in operating loss of ¥3,680 million (the previous fiscal year: operating loss of ¥2,469 million).

(iii) Medipolis business (Social Benefits Generation business)

The Company owns a large tract of land of 340 hectares (840 acres) in the highlands of Ibusuki City, Kagoshima Prefecture called Medipolis Ibusuki. The Company leverages this natural asset to operate the Medipolis business and generate benefits for society. This business is the embodiment of corporate principle: "Committed to the environment, life and people." We are committed to creating benefits for society in an integrated fashion, not only from the perspective of economic gains, but also in terms of the issues in society and the environment. Specifically, we operate a power generation business using renewable energy sources, as well as a hospitality business centering on the operation of hotels based on the concept of well-being, or in other words, holistic health.

In the power generation business, we have operated a 1,500 kW binary geothermal power plant since February 2015. Geothermal power generation produces hardly any CO_2 emissions, is not affected by the weather during the day or night, and has the potential to be a baseload power source capable of stable power generation all year round. Our geothermal power plant is capable of generating approximately 10 million kWh of electricity throughout the year. This is equivalent to roughly half of the Company's annual power consumption. We generate steady electricity sale income from the produced electricity, leveraging the feed-in tariff (FIT) for renewable energy. Nine years have passed since the start of operation, so we conducted open inspections and repairs of the generator from the fourth quarter of the fiscal year ended March 31, 2024 to ensure stable long-term operation, and suspended operation at the geothermal power plant. However, power generation was resumed in the middle of May 2024. In addition, we conducted dredging work for a reinjection well utilized to reinject hot water that was used in power generation into the ground in December 2024. This removed scale obstruction within the reinjection well, contributing to a considerable recovery in the reinjection capacity of the well and the linked power output. Also, as a new power generation project, a hot spring power generation plant (assumed annual output of 4 million kWh) that utilizes residual steam from the hot spring sources supplied to hotel bathing facilities and floor heating has started operations in April 2025. As in geothermal power generation, hot spring power generation is also a renewable energy-based power source capable of stable power generation all year round regardless of season or weather, and contributes to reduction of greenhouse gases, which are a cause for climate change. We also generate steady electricity sale income from electricity produced from hot spring power generation, using the feed-in tariff (FIT) system.

In the hospitality business, two facilities, namely the Amafuru Oka as a healing resort hotel and the HOTEL Freesia as an accommodation facility for patients of the Medipolis Proton Therapy and Research Center, are each operated to meet the needs of guests. In addition, the "Ibusuki Bay Hills HOTEL & SPA," which had been operating as a long-term stay hotel, is being used as a training facility both internally and externally. The Medipolis Proton Therapy and Research Center has treated more than 7,000 cancer patients with proton therapy since it began treatments in January 2011. There are two main reasons why the Company operates our hospitality business. The first one is that, from the perspective of enhancing corporate value, we are a company which contributes to people's well-being. The second one is to contribute to fostering a stronger customer-oriented hospitality mindset at SNBL. We believe that further strengthening the hospitality mindset of the SNBL Group through the hospitality business and plowing the benefits back into the mainstay CRO business will play a key role in our efforts to compete on the world stage.

The Medipolis business posted net sales of ¥564 million for the fiscal year ended March 31, 2025, which was a decrease of ¥4 million (down 0.7%) relative to the previous fiscal year. Operating loss was ¥422 million (operating loss in the previous fiscal year: ¥254 million), due to the long-term suspension of sales of electricity in the power generation business as a result of generator inspections and repairs as well as the recording of dredging work expenses for a reinjection well.

(iv) Initiatives for SDGs/ESG

In September 2015, the UN General Assembly adopted the "Sustainable Development Goals (SDGs)" as globally shared targets to be met by 2030 that were established so that the people of the world can live in happiness. The SDGs are actually the same as the Company's all-time corporate philosophy of "We are a company that values the environment, life, and people" and the Company's slogan "I'm happy, you are happy, and everyone is happy," and the Company accordingly regards itself being an industry leader in initiatives for SDGs/ESG.

Regarding our initiatives for SDGs/ESG, the SDGs Committee (chaired by independent External Director, Dr. Keiko Toya), which the Company established as an advisory body to the Board of Directors, and the Environmental Committee (chaired by the director in charge of sustainability), which the Company established as a subordinate organization of the SDGs Committee conduct lively discussions on a monthly basis. The Company discloses an ESG data book that is produced based on these achievements regarding initiatives for SDGs/ESG, each of the Company's policies, information based on TCFD Recommendations, and such on a dedicated page of the Company's website (https://en.snbl.com/esg).

In the Integrated Report, we have provided our 2028 Vision, a phrase of "promoting people's happiness in close involvement with stakeholders" as the future we aim to create. The management strategy specifies aims of FY2028 financial KPIs (targets) of ¥50 billion in net sales, ¥20 billion in ordinary profit, ordinary profit margin of 40%, and payout ratio of 30–40%. The cost of capital has been set at 5.1%, estimated based on the earnings results for the fiscal year ended March 31, 2024. In our analysis of capital return indicators, we put emphasis on ROE and ROIC, which are presented during the Board of Directors meetings held monthly. It calls for ROE and ROIC of at least 10%, and calculated based on operating results for the fiscal year ended March 31, 2024, ROE was 18.3%, and ROIC was 10.3%. In addition, the Company updated its Corporate Governance Report in November 2024, and has implemented all the principles of the Corporate Governance Code following the revisions in June 2021, including those for the TSE Prime Market. The ratio of female Directors as of March 31, 2025 was 22.2% (two out of nine Directors).

The Company has been highly evaluated by various rating agencies for its continuous efforts for SDGs/ESG. In December 2024, the Company was again selected as a component of the FTSE Blossom Japan Sector Relative Index, constructed by global index provider FTSE Russell in the UK. Furthermore, in the environmental field, the Company obtained "B" score in the climate change category and "B-" score in the water security category in CDP2024, recognized by the international non-profit organization CDP for its initiatives and information disclosure. In March 2025, the Company was recognized by the Ministry of Economy, Trade and Industry as one of the "White 500" Certified KENKO Investment for Health Outstanding Organizations for the ninth consecutive year. As for women's participation and advancement in the workplace, in October 2023, the Company received "Platinum Eruboshi" certification from the Ministry of Health, Labour and Welfare in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life. In September 2024, the Company was awarded "Platinum Kurumin Plus" certification by the same ministry, recognizing its support for balancing work with both childcare and infertility treatments (first time in Kagoshima Prefecture).

As for the results of dialogue with shareholders and investors during the fiscal year ended March 31, 2025, the Company conducted 261 meetings with institutional investors and analysts. A post of the IR and Corporate Communications blog was updated 292 times to provide information in a timely way. In the General Meeting of Shareholders held in June 2024, the Company held a briefing session on its intranasal drug delivery platform technology for shareholders, who attended such shareholder's meeting, after the conclusion of the meeting.

Through efforts to conserve biodiversity for regional contribution (Kagoshima Prefecture is the No. 1 supplier of Japanese eels in Japan), the Company has been pursuing research into the artificial production of Japanese eels in their juvenile stage (glass eels) (Fisheries Business), which are listed as endangered in the IUCN Red List, in artificial habitats. In 2019, we established our research facility in Wadomari-cho, Okinoerabu Island, Kagoshima Prefecture, researching into the artificial production of glass eels. We have achieved a high survival rate of up to 50% in some lots (the average is about 10%) in small-scale rearing in the laboratory, from the onset of feeding to the large larva stage prior to glass eel metamorphosis. In May 2024, we held a tasting event of eels cultivated from farm-raised glass eels, which were produced in Okinoerabu Island, in Tokyo. During the fiscal year ended March 31, 2025, we worked on the design and development of a new large-scale water tank and resolving issues to realize the expansion of scale toward achieving volume production, and in March 2025, we completed a construction of a new building in the Okinoerabu Island research facility premises, for the research of glass eels mass production.

(2) Overview of financial position for the fiscal year ended March 31, 2025

Changes in financial position for the fiscal year ended March 31, 2025 from the end of the previous fiscal year were as follows:

Total assets as of March 31, 2025 increased by ¥16,114 million (up 21.1%) compared to the balance as of the end of the previous fiscal year, to ¥92,416 million. Current assets increased by ¥2,102 million (up 6.8%) compared to the balance as of the end of the previous fiscal year, to ¥32,939 million due mainly to an increase in cash and deposits of ¥1,757 million (up 17.1%).

Non-current assets increased by ¥14,012 million (up 30.8%) compared to the balance as of the end of the previous fiscal year, to ¥59,476 million due mainly to an increase in property, plant, and equipment of ¥8,474 million (up 32.2%) with the rise in capital expenditures, and an increase in investment securities of ¥4,526 million (up 29.7%).

Liabilities increased by ¥10,189 million (up 24.2%) compared to the balance as of the end of the previous fiscal year, to ¥52,330 million, which was due mainly to an increase in short-term borrowings of ¥3,951 million (up 50.5%), an increase in advances received of ¥1,399 million (up 14.7%), and an increase in long-term borrowings of ¥4,123 million (up 22.7%).

Net assets increased by ¥5,924 million (up 17.3%) compared to the balance as of the end of the previous fiscal year, to ¥40,085 million, which was due mainly to an increase in retained earnings of ¥2,871 million (up 16.7%) and an increase in valuation difference on available-for-sale securities of ¥2,387 million (up 65.5%).

(3) Overview of cash flows for the fiscal year ended March 31, 2025

The outstanding balance of cash and cash equivalents (“cash”) as of March 31, 2025 was ¥11,843 million, up ¥1,569 million (15.3%) compared to the balance as of the end of the previous fiscal year.

Status of each cash flow during the fiscal year ended March 31, 2025 and main contributing factors thereof are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7,035 million, up ¥4,928 million (233.9%) relative to the fiscal year ended March 31, 2024.

The main contributing factors included profit before income taxes of ¥6,013 million, depreciation of ¥2,496 million, share of profit of entities accounted for using equity method of ¥3,513 million, an increase of ¥870 million in trade receivables, an increase of ¥1,399 million in advances received, interest income and dividend income received of ¥2,474 million, and income taxes paid of ¥2,013 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥11,691 million, up ¥4,783 million (69.2%) relative to the fiscal year ended March 31, 2024.

The main contributing factors included purchase of property, plant and equipment of ¥10,853 million and that of investment securities of ¥925 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥5,914 million, up ¥595 million (11.2%) relative to the fiscal year ended March 31, 2024.

The main contributing factors included net increase (decrease) in short-term borrowings of ¥2,916 million and proceeds from long-term borrowings of ¥14,000 million, repayments of long-term borrowings of ¥8,826 million and dividends paid of ¥2,100 million.

(4) Future outlook

The vision of our mainstay CRO business is "Creating a nonclinical R&D ecosystem to deliver new drugs to patients as quickly as possible." We are working to build a system that can reliably respond to the demands of domestic and overseas customers from a medium- to long-term perspective. Currently, we are actively promoting the following investments and research and development as part of our research support in the field of new drug discovery modalities, including nucleic acid drugs, next-generation antibodies, peptide drugs, gene therapy, and regenerative medicine. We have been able to receive many projects for new modalities in drug discovery by differentiating ourselves from competing facilities and gaining a competitive advantage.

- Establishment of administration techniques for delivering drugs into special regions such as within the eyes or brain
- Introduction of state-of-the-art equipment useful for evaluation of new modalities in drug discovery
- Building new evaluation systems useful for assessing the efficacy and safety of each modality in drug discovery

With acquisition of SNBL INA Ltd. (formerly Ina Research Inc.), the Company is now able to provide pesticide-related safety studies as well as contract drug dependence studies. In addition, Ina Research has strengths in domestic academia, venture companies, and the Korean market, and the Company expects that it will be able to diversify its customer base and generate early synergies by managing the business as a single entity.

Inquiries from overseas customers continue to be active, and we have succeeded in receiving ongoing orders from global pharmaceutical companies due to our competitive advantage in the following six areas.

- Know-how and trust cultivated through 20 years of nonclinical business operations in the US
- Leveraging human resources with experience working in the US
- Establishment of an evaluation system and experimental techniques for new modalities in drug discovery
- Quality at the highest level in the world
- Timely studies with a stable supply framework for laboratory NHPs.
- Attention to detail that is uniquely Japanese

In particular, as the only CRO in the world to have an established framework for breeding and supplying laboratory NHPs within the SNBL Group, the Company's stable supply of laboratory animals through efficient supply chain management leveraging such unique framework, has been highly evaluated by overseas customers, leading to orders for large-scale studies. In order to continue to strengthen our supply chain management, we will reinforce the breeding system at our facilities in Southeast Asia, as well as establish a sufficient breeding system in scale in Japan.

In addition, we are expanding our facilities and increasing our research staff, as well as building a system that can fully meet customer needs, including those of major global pharmaceutical companies. Namely, in addition to full-scale operations of research facilities at the Kagoshima head office, which were completed at the end of May 2024, the Company increased the number of laboratories for NHPs and hired 100 new graduates in April 2025 as a part of continuing efforts of reinforcing new graduate recruitment since the previous fiscal year. In addition, reducing nonclinical studies lead time is an important factor for pharmaceutical companies in drug development because it creates time value. The Company is promoting automation, mechanization, and robotization of business processes, as well as digital transformation (DX), and it has formed an internal project to shorten lead times.

In TR business, the Company is conducting research on the application of the SMART to various drugs, while working diligently to improve the technology and research optional technologies that should be added to the base technologies. While maintaining our own base technologies, we make our own decisions on development candidates and advance the development stage to clinical trials. We then propose licensing activities and joint development with pharmaceutical companies. With regard to Satsuma, a SMART licensee , marketing approval was received from the FDA for "Atzumi™," an intranasal migraine drug, (development code: STS101) on April 30, 2025 (US time), and we are implementing activities to enter into a partnering agreement. Atzumi™ is the first approved intranasal drug developed using the SMART. The potential number of migraine patients in the US, the target market for Atzumi™, is estimated to be 40 million (of which 8 million are prescribed migraine medications), and the market is growing. Atzumi™ is expected to be prescribed at a high rate based on ongoing interviews with migraine specialists due to its efficacy (expectations for prescribing to patients who do not respond to existing drugs and for long-lasting efficacy), safety (can be used with peace of mind as active ingredients have been used safely in drugs that have been on the market for many years), and ease of use. High expectations were also expressed by the Key Opinion Leader (KOL) at the meeting of the American Headache Society held in the US. SNLD, which is developing an Intranasal Levodopa Spray for the treatment of off symptoms of Parkinson's Disease (development code: TR-012001), presented results of the Phase II exploratory clinical trials conducted in Japan at the 77th American Academy of Neurology (AAN) Annual Meeting in April 2025. In the future, a presentation is planned at three academic conferences in Japan and overseas. In addition, for intranasal vaccines, we will first look into obtaining nonclinical POC based on formulation research and device improvement, and then aim to enter clinical trials as soon as possible for the purpose of commercialization.

For Medipolis business (Social Benefit Generation Business), we have operated a binary geothermal power plant as a fully private-sector company for the first time in Japan since 2015, and sell approximately 10 million kWh of electricity each year. On top of this, a hot spring power generation plant that utilizes residual steam from the existing hot spring sources for a hotel started operations on April 10, 2025. The Company will continue to work on the promotion of renewable energy toward resolving climate change issues. The hospitality business supports the operation of the Medipolis Proton Therapy and Research Center while contributing to people's well-being by strengthening the hospitality mindset of SNBL through hotel operation. In addition, as part of our initiatives for SDGs/ESG, we are conducting research into the production of Japanese eels in their juvenile stage (glass eels) in artificial habitats on Okinoerabu Island. We have started joint research with Nissui Corporation on development of mass production techniques for artificial seedlings of Japanese eels since October 2024.

Consolidated earnings forecasts

We believe at this point that the impact of the reciprocal tariff policy announced by the US government on our operating results is immaterial, since both the nonclinical business and the clinical business, the Company's first and second growth engines, respectively, are service provision businesses and there is little export of products, etc. to the US.

The consolidated earnings forecast for the fiscal year ending March 31, 2026 (April 1, 2025 to March 31, 2026, hereafter, the fiscal year ending March 31, 2026) is revenue ¥33,272 million, operating profit ¥3,550 million, ordinary profit ¥5,927 million, and profit attributable to owners parent ¥3,550 million. The assumed exchange rate is US$1 = ¥145.00.

The above forecasts do not include sales related to Satsuma, while Satsuma's costs for the first half of its business year (from January to June, 2025) are included, with the assumption that it will conclude an agreement with a potential sales partner. Since Satsuma received marketing approval from the FDA for its intranasal migraine drug Atzumi™ on April 30, it has been in full-scall discussions with potential sales partners. We will promptly revise the earnings forecasts once the sales partner is determined and the terms of the contract are finalized.

The forecasted increase of ¥858 million (up 2.6%) to ¥33,272 million in revenue relative to the fiscal year ended March 31, 2025 is based on the assumption that the orders received and sales in nonclinical business in the fiscal year ending March 31, 2026 will decrease as its backlog at the end of March 2025 recorded the highest ever and the overall lab utilization has been high. As one of solutions to this, we plan to build new NHP-related facilities and increase our capacity during the fiscal year ending March 31, 2026, which will contribute to a significant growth in sales in CRO business from the following fiscal year onward.

The main reason for the forecasted increase of ¥565 million (up 18.9 %) to ¥3,550 million in operating profit relative to the fiscal year ended March 31, 2025 is the expected decrease of Satsuma-related costs, down by ¥580 million to ¥1,744 million relative to the previous fiscal year.

Ordinary profit is expected to decrease by ¥523 million (down 8.1%) from the fiscal year ended March 31, 2025 to ¥5,927 million due to the expected decline in the share of profit of entities accounted for using equity method for the fiscal year ending March 31, 2026 for PPD-SNBL, which is forecasted to decrease by ¥991 million to ¥2,281 million, impacted by yen appreciation and increasing costs related to the staff increase.

One of our key management priorities is to pay stable dividends to our shareholders. The Company forecasts an annual dividend of ¥50 per share for the fiscal year ended March 31, 2025, based on the belief that its mainstay CRO business performed solidly, excluding the increased expenses associated with Satsuma's STS101 FDA approval. The Company expects to keep an annual dividend of ¥50 per share for the fiscal year ending March 31, 2026, as it foresees that its mainstay CRO business continue to perform solidly and to renew its record-highs for revenue and operating profit.

Please refer to the next page for principal management benchmarks (capital expenditures, depreciation, R&D expenses, and number of employees), assumptions on which the forecast is based.

[Contracts received in the nonclinical business]

(Millions of yen)

	Full-year results for the fiscal year ended March 31, 2021	Full-year results for the fiscal year ended March 31, 2022	Full-year results for the fiscal year ended March 31, 2023	Full-year results for the fiscal year ended March 31, 2024	Full-year results for the fiscal year ended March 31, 2025	Full-year plan for the fiscal year ending March 31, 2026
Contracts received	15,368	22,839	24,920	27,411	32,109	35,200
Of which, Japan	12,208	16,318	16,339	20,359	19,769	20,637
Of which, overseas	3,160	6,521	8,581	7,052	12,340	14,562
Order backlog	13,661	20,966	29,248	33,212	34,394	—

(Notes) 1. Results of Ina Research (currently SNBL INA Ltd.) are included from July 1, 2022.
2. For calculation of orders received (overseas), an average USD/JPY exchange rate of each fiscal year is applied.
3. For calculation of order backlog (overseas), a year-end exchange rate of each fiscal year is applied.

[Trends in principal management benchmarks]

(Millions of yen, unless otherwise noted)

	Full-year results for the fiscal year ended March 31, 2021	Full-year results for the fiscal year ended March 31, 2022	Full-year results for the fiscal year ended March 31, 2023	Full-year results for the fiscal year ended March 31, 2024	Full-year results for the fiscal year ended March 31, 2025	Full-year plan for the fiscal year ending March 31, 2026
	From April 2020 to March 2021	From April 2021 to March 2022	From April 2022 to March 2023	From April 2023 to March 2024	From April 2024 to March 2025	From April 2025 to March 2026
Capital expenditures	1,025	1,703	5,614	8,525	11,390	10,775
Depreciation	1,187	1,177	1,544	1,774	2,496	4,257
R&D expenses	392	425	683	1,741	2,217	2,525
Number of employees at period-end (people)	986	994	1,208	1,341	1,436	1,551

(Note) Ina Research (currently SNBL INA Ltd.) and Satsuma Pharmaceuticals are included from July 1, 2022, and October 1, 2023, respectively.

2. Basic Policy on Selection of Accounting Standards

For the time being, the SNBL Group has decided to adopt Japanese GAAP in consideration of periodic comparability of consolidated financial statements. We intend to address adopting IFRS (International Financial Reporting Standards) as appropriate, taking into consideration various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	10,274,773	12,032,136
Notes and accounts receivable - trade, and contract assets	5,778,872	6,643,088
Securities	336,724	–
Inventories	12,373,178	12,618,001
Other	2,130,226	1,777,229
Allowance for doubtful accounts	(56,062)	(130,608)
Total current assets	30,837,713	32,939,848
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,568,142	38,910,224
Accumulated depreciation	(15,881,201)	(16,814,034)
Buildings and structures, net	10,686,940	22,096,190
Machinery, equipment and vehicles	1,363,822	1,608,130
Accumulated depreciation	(815,008)	(894,145)
Machinery, equipment and vehicles, net	548,813	713,984
Tools, furniture and fixtures	7,457,919	10,332,750
Accumulated depreciation	(5,450,145)	(6,127,460)
Tools, furniture and fixtures, net	2,007,773	4,205,289
Land	3,959,041	4,546,836
Leased assets	2,367,780	2,456,953
Accumulated depreciation	(1,110,948)	(1,130,307)
Leased assets, net	1,256,832	1,326,645
Construction in progress	7,898,265	1,943,570
Total property, plant and equipment	26,357,666	34,832,518
Intangible assets		
Goodwill	1,934,419	1,884,230
Other	224,879	219,125
Total intangible assets	2,159,298	2,103,356
Investments and other assets		
Investment securities	15,235,711	19,762,231
Long-term loans receivable	32,819	35,046
Deferred tax assets	989,998	2,036,947
Other	703,085	883,095
Allowance for doubtful accounts	(13,947)	(176,535)
Total investments and other assets	16,947,667	22,540,785
Total non-current assets	45,464,633	59,476,659
Total assets	76,302,347	92,416,508

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	460,527	460,937
Short-term borrowings	7,826,167	11,777,811
Income taxes payable	1,701,128	2,217,925
Advances received	9,542,361	10,941,641
Other	4,037,708	3,857,829
Total current liabilities	23,567,894	29,256,146
Non-current liabilities		
Long-term borrowings	18,147,876	22,271,126
Lease liabilities	212,815	425,099
Deferred tax liabilities	84,939	235,533
Other	128,185	143,011
Total non-current liabilities	18,573,818	23,074,771
Total liabilities	42,141,712	52,330,917
Net assets		
Shareholders’ equity		
Share capital	9,679,070	9,679,070
Capital surplus	2,358,493	2,358,493
Retained earnings	17,215,849	20,087,636
Treasury shares	(420)	(745)
Total shareholders’ equity	29,252,993	32,124,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,644,434	6,031,759
Foreign currency translation adjustment	1,216,991	1,866,521
Total accumulated other comprehensive income	4,861,426	7,898,281
Non-controlling interests	46,215	62,854
Total net assets	34,160,635	40,085,590
Total liabilities and net assets	76,302,347	92,416,508

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	26,450,468	32,413,807
Cost of sales	12,167,891	15,452,859
Gross profit	14,282,576	16,960,947
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	387,968	369,581
Salaries and allowances	2,342,542	3,291,823
Retirement benefit expenses	34,114	27,874
Welfare expenses	494,598	591,442
Insurance expenses	30,416	40,745
Supplies expenses	113,359	140,843
Rent expenses	159,781	208,597
Depreciation	261,370	389,973
Travel, transportation and vehicle expenses	334,576	368,124
Commission expenses	1,452,970	1,698,779
Breeding animal maintenance expenses	1,333,403	2,359,891
Research and development expenses	1,741,195	2,217,685
Provision of allowance for doubtful accounts	2,180	307,916
Other	1,431,739	1,962,451
Total selling, general and administrative expenses	10,120,217	13,975,732
Operating profit	4,162,359	2,985,215
Non-operating income		
Interest income	186,558	97,229
Dividend income	2,075	1,630
Foreign exchange gains	60,360	–
Share of profit of entities accounted for using equity method	2,751,809	3,513,182
Other	254,131	233,891
Total non-operating income	3,254,935	3,845,933
Non-operating expenses		
Interest expenses	138,783	202,745
Foreign exchange losses	–	162,696
Commission expenses	255,797	2,357
Other	6,790	12,430
Total non-operating expenses	401,371	380,229
Ordinary profit	7,015,923	6,450,918

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of non-current assets	4,762	4,126
Gain on sale of investment securities	–	21,919
Gain on step acquisitions	82,164	–
Gain on change in equity	–	17,075
Total extraordinary income	86,927	43,122
Extraordinary losses		
Loss on sale and retirement of non-current assets	54,553	232,928
Impairment losses	34,629	78,132
Loss on valuation of investment securities	31,357	169,880
Other	7,865	–
Total extraordinary losses	128,405	480,941
Profit before income taxes	6,974,444	6,013,099
Income taxes - current	2,317,566	2,274,424
Income taxes - deferred	(860,830)	(1,125,915)
Total income taxes	1,456,736	1,148,509
Profit	5,517,708	4,864,589
Loss attributable to non-controlling interests	(13,553)	(60,258)
Profit attributable to owners of parent	5,531,261	4,924,848

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	5,517,708	4,864,589
Other comprehensive income		
Valuation difference on available-for-sale securities	1,047,725	2,387,325
Foreign currency translation adjustment	3,286,208	548,430
Share of other comprehensive income of entities accounted for using equity method	65,715	98,922
Total other comprehensive income	4,399,649	3,034,678
Comprehensive income	9,917,358	7,899,268
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,932,461	7,961,704
Comprehensive income attributable to non-controlling interests	(15,103)	(62,435)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,679,070	2,306,771	13,766,184	(420)	25,751,605
Changes during period					
Profit attributable to owners of parent			5,531,261		5,531,261
Dividends of surplus			(2,081,596)		(2,081,596)
Purchase of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests		51,722			51,722
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	–	51,722	3,449,665	–	3,501,387
Balance at end of period	9,679,070	2,358,493	17,215,849	(420)	29,252,993

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,596,709	(2,136,482)	460,226	147,188	26,359,021
Changes during period					
Profit attributable to owners of parent					5,531,261
Dividends of surplus					(2,081,596)
Purchase of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests					51,722
Change in scope of consolidation					–
Net changes in items other than shareholders' equity	1,047,725	3,353,473	4,401,199	(100,973)	4,300,226
Total changes during period	1,047,725	3,353,473	4,401,199	(100,973)	7,801,613
Balance at end of period	3,644,434	1,216,991	4,861,426	46,215	34,160,635

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,679,070	2,358,493	17,215,849	(420)	29,252,993
Changes during period					
Profit attributable to owners of parent			4,924,848		4,924,848
Dividends of surplus			(2,081,596)		(2,081,596)
Purchase of treasury shares				(325)	(325)
Change in ownership interest of parent due to transactions with non-controlling interests					
Change in scope of consolidation			28,534		28,534
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,871,786	(325)	2,871,461
Balance at end of period	9,679,070	2,358,493	20,087,636	(745)	32,124,455

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,644,434	1,216,991	4,861,426	46,215	34,160,635
Changes during period					
Profit attributable to owners of parent					4,924,848
Dividends of surplus					(2,081,596)
Purchase of treasury shares					(325)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Change in scope of consolidation					28,534
Net changes in items other than shareholders' equity	2,387,325	649,529	3,036,855	16,639	3,053,494
Total changes during period	2,387,325	649,529	3,036,855	16,639	5,924,955
Balance at end of period	6,031,759	1,866,521	7,898,281	62,854	40,085,590

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	6,974,444	6,013,099
Depreciation	1,774,323	2,496,854
Impairment losses	34,629	78,132
Amortization of goodwill	93,662	114,238
Increase (decrease) in allowance for doubtful accounts	(9,029)	237,134
Interest and dividend income	(188,634)	(98,860)
Interest expenses	138,783	202,745
Foreign exchange losses (gains)	(342,974)	58,898
Loss (gain) on sale of non-current assets	(2,180)	(4,126)
Loss on retirement of non-current assets	51,971	232,928
Loss (gain) on valuation of investment securities	31,357	169,880
Loss (gain) on sale of investment securities	–	(21,919)
Share of loss (profit) of entities accounted for using equity method	(2,751,809)	(3,513,182)
Loss (gain) on step acquisitions	(82,164)	–
Loss (gain) on change in equity	–	(17,075)
Decrease (increase) in trade receivables	(956,875)	(870, 526)
Decrease (increase) in inventories	(5,003,055)	(149,009)
Increase (decrease) in advances received	1,487,200	1,399,280
Increase (decrease) in trade payables	(177,157)	(9,820)
Other, net	(63,563)	472,692
Subtotal	1,008,928	6,791,364
Interest and dividends received	2,447,208	2,474,071
Interest paid	(125,838)	(216,898)
Income taxes paid	(1,223,564)	(2,013,292)
Net cash provided by (used in) operating activities	2,106,732	7,246,424
Cash flows from investing activities		
Payments into time deposits	–	(188,150)
Proceeds from withdrawal of time deposits	1,507,400	–
Proceeds from redemption of securities	1,079,491	318,477
Purchase of property, plant and equipment	(8,583,031)	(10,853,565)
Proceeds from sale of property, plant and equipment	5,288	4,205
Purchase of intangible assets	(22,215)	(79,170)
Purchase of investment securities	(240,367)	(925,974)
Proceeds from sale of investment securities	280,074	24,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(850,364)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(33,622)	–
Other, net	(50,387)	8,954
Net cash provided by (used in) investing activities	(6,907,735)	(11,691,221)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,903,878)	2,916,200
Proceeds from long-term borrowings	17,700,000	14,000,000
Repayments of long-term borrowings	(6,230,185)	(8,826,167)
Purchase of treasury shares	–	(325)
Proceeds from share issuance to non-controlling shareholders	–	79,075
Repayments of finance lease liabilities	(171,916)	(154,562)
Dividends paid	(2,072,413)	(2,100,072)
Dividends paid to non-controlling interests	(2,950)	–
Net cash provided by (used in) financing activities	5,318,656	5,914,147
Effect of exchange rate change on cash and cash equivalents	559,424	369,805
Net increase (decrease) in cash and cash equivalents	1,077,078	1,627,974
Cash and cash equivalents at beginning of period	9,197,694	10,274,773
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(58,761)
Cash and cash equivalents at end of period	10,274,773	11,843,986

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in the scope of consolidation)

In the fiscal year ended March 31, 2025, four subsidiaries were included in the scope of consolidation as it was newly established.

In addition, one consolidated subsidiary was excluded from the scope of consolidation and became an equity method affiliate, as it received an investment from a company with which the Company had entered into a joint venture agreement.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter, the "2022 Revised Accounting Standard") and other relevant ASBJ regulations from the beginning of the consolidated fiscal year ended March 31, 2025.

With regard to revisions to the classification of current income taxes (taxation on other comprehensive income), the Company conforms to the transitional treatment stipulated in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard, and the transitional treatment stipulated in the proviso of paragraph 65-2 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "2022 Revised Guidance"). There is no impact as a result of this change in accounting policies.

In addition, the Company has applied the 2022 Revised Guidance from the beginning of the consolidated fiscal year ended March 31, 2025 as for the revisions related to the revised treatment in consolidated financial statements when gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated subsidiaries is deferred for tax purposes. This change in accounting policies has no impact on the quarterly and full-year consolidated financial statements of the previous fiscal year.

(Notes to segment information)

(Segment information)

1. Overview of reportable segments

   The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the CEO to make decisions about allocation of managerial resources and to assess their performance.

   We organize our business units based on the drug development process and have four reportable segments: CRO business, TR business, Medipolis business (Social Benefits Generation Business), and US Property Management business.

   In CRO business, we use laboratory animals, cells and bacteria to confirm the efficacy and safety of study substances created mainly by pharmaceutical companies and other consignors. TR business is a business to increase added value and to commercialize by development of nasal delivery formulations and discovery of promising seed technologies and new substances derived from basic research of universities, bio-ventures and research institutes, etc., through demonstrating the basic theory in a clinical setting while conducting nonclinical and clinical studies necessary for evaluation and approval of drugs, etc. Medipolis business consists of the operation of accommodation facilities and geothermal power generation business. US Property Management business involves the leasing of a multi-purpose industrial building constructed on a site owned by our U.S. subsidiary SNBL USA, Ltd. Due to its increased business importance, it has been retroactively reclassified and presented as a new reportable segment from the previous consolidated fiscal year. As a result of this change, segment assets and increases in property, plant and equipment and intangible assets previously categorized as "Other" decreased by ¥3,520,873 thousand in the previous consolidated fiscal year, and the same items in US Property Management business, TR business, and CRO business increased by ¥2,789,848 thousand, ¥726,486 thousand, and ¥4,540 thousand, respectively. Intersegment sales or transfer in CRO business for the previous fiscal year decreased by ¥26,155 thousand and the same item in TR business increased by the same amount. The segment profit in CRO business increased by ¥24,360 thousand while segment losses in US Property Management business and TR business increased by ¥20,150 thousand and ¥4,210 thousand, respectively.

2. Method of calculating net sales, profit (loss), assets, liabilities, and other items by reportable segment

   The accounting method for reported business segments is generally the same as that described in basis of presenting consolidated financial statements.

   Profits of reportable segments are based on operating profit.

   Transactions with other segments are based on prevailing market prices.

3. Information on the amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segments				
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal
Net sales					
Net sales from external customers	25,660,795	11,670	477,550	-	26,150,016
Intersegment sales or transfer	222,826	27,712	91,527	-	342,066
Total	25,883,621	39,382	569,078	-	26,492,082
Segment profit (loss)	7,023,314	(2,469,596)	(254,432)	(20,150)	4,279,134
Segment assets	38,751,685	1,942,443	2,161,806	2,789,848	45,645,782
Other items					
Depreciation	1,374,924	14,845	177,057	-	1,566,827
Share of profit (loss) of entities accounted for using equity method	2,752,023	-	-	-	2,752,023
Increase in property, plant and equipment and intangible assets	4,481,341	998,763	137,584	2,789,848	8,407,535

(Thousands of yen)

	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the consolidated statement of income (Note 3)
Net sales				
Net sales from external customers	300,452	26,450,468	-	26,450,468
Intersegment sales or transfer	1,106,929	1,448,996	(1,448,996)	-
Total	1,407,382	27,899,465	(1,448,996)	26,450,468
Segment profit (loss)	88,246	4,367,380	(205,021)	4,162,359
Segment assets	2,999,833	48,645,616	27,656,730	76,302,347
Other items				
Depreciation	207,496	1,774,323	-	1,774,323
Share of profit (loss) of entities accounted for using equity method	(214)	2,751,809	-	2,751,809
Increase in property, plant and equipment and intangible assets	118,085	8,525,620	-	8,525,620

(Notes) 1. The “Other” classification serves as a business segment not included in the reportable segments, and accordingly includes the construction and other businesses.

2. Segment profit (loss) adjustments amounting to negative ¥205,021 thousand consist of negative ¥78,087 thousand in elimination of intersegment transactions and ¥126,934 thousand in corporate expenses not allocated to a reportable segment. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments. The adjustment amount of ¥27,656,730 thousand for segment assets is corporate assets that are not allocated to each reportable segment. Corporate assets consist mainly of surplus operating funds (cash and deposits, etc.) and long-term investment funds (investment securities, etc.).

3. Segment profit (loss) has been calculated upon adjusting operating profit in the consolidated statement of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segments				
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal
Net sales					
Net sales from external customers	31,514,523	54,161	470,398	45,980	32,085,063
Intersegment sales or transfer	80,587	-	94,536	-	175,124
Total	31,595,111	54,161	564,934	45,980	32,260,188
Segment profit (loss)	7,257,733	(3,680,520)	(422,318)	(60,500)	3,094,393
Segment assets	43,916,452	2,334,875	2,087,360	6,223,891	54,562,580
Other items					
Depreciation	1,956,418	51,592	182,550	43,294	2,233,856
Share of profit (loss) of entities accounted for using equity method	3,512,519	-	-	-	3,512,519
Increase in property, plant and equipment and intangible assets	10,407,045	216,781	68,983	297,330	10,990,140

(Thousands of yen)

	Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the consolidated statement of income (Note 3)
Net sales				
Net sales from external customers	328,743	32,413,807	-	32,413,807
Intersegment sales or transfer	1,461,538	1,636,662	(1,636,662)	-
Total	1,790,281	34,050,470	(1,636,662)	32,413,807
Segment profit (loss)	(26,611)	3,067,781	(82,566)	2,985,215
Segment assets	3,046,649	57,609,230	34,807,277	92,416,508
Other items				
Depreciation	262,998	2,496,854	-	2,496,854
Share of profit (loss) of entities accounted for using equity method	663	3,513,182	-	3,513,182
Increase in property, plant and equipment and intangible assets	400,443	11,390,584	-	11,390,584

(Notes) 1. The “Other” classification serves as a business segment not included in the reportable segments, and accordingly includes the the construction and other businesses.

2. Segment profit (loss) adjustments amounting to negative ¥82,566 thousand consist of negative ¥31,538 thousand in elimination of intersegment transactions and ¥114,105 thousand in corporate expenses not allocated to a reportable segment. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments. The adjustment amount of ¥34,807,277 thousand for segment assets is corporate assets that are not allocated to each reportable segment. Corporate assets consist mainly of surplus operating funds (cash and deposits, etc.) and long-term investment funds (investment securities, etc.).

3. Segment profit (loss) has been calculated upon adjusting operating profit in the consolidated statement of income.

(Related information)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information about products and services
   This information has been omitted, as identical information is disclosed in segment information.

2. Information about geographical areas
   (1) Net sales

(Thousands of yen)

Japan	U.S.A.	Korea	Other	Total
17,811,980	4,481,908	3,763,365	393,214	26,450,468

(Note) Net sales are classified by country or region based on customers' location.

   (2) Property, plant and equipment

(Thousands of yen)

Japan	U.S.A.	Other	Total
17,379,119	8,586,065	392,481	26,357,666

3. Information for each of main customers
   This information is omitted as there are no customers that account for 10% or more of net sales on the consolidated statement of income among net sales from external customers.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information about products and services
   This information has been omitted, as identical information is disclosed in segment information.

2. Information about geographical areas
   (1) Net sales

(Thousands of yen)

Japan	U.S.A.	Korea	Other	Total
21,524,370	6,372,363	4,018,865	498,206	32,413,807

(Note) Net sales are classified by country or region based on customers' location.

   (2) Property, plant and equipment

(Thousands of yen)

Japan	U.S.A.	Other	Total
22,276,466	11,392,982	1,163,069	34,832,518

3. Information for each of main customers
   This information is omitted as there are no customers that account for 10% or more of net sales on the consolidated statement of income among net sales from external customers.

(Disclosure of impairment losses on non-current assets for each reportable segment)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Group total or entity total							
	Reportable segments					Other	Unallocated amounts and elimination	Total
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal			
Impairment losses	–	32,220	–	–	32,220	2,409	–	34,629

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Group total or entity total							
	Reportable segments					Other	Unallocated amounts and elimination	Total
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal			
Impairment losses	-	25,982	-	-	25,982	52,150	-	78,132

(Note) Amounts in “Unallocated amounts and elimination” are impairment losses associated with corporate assets that do not attribute to a particular segment.

(Amortization and unamortized balance of goodwill for each reportable segment)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Group total or entity total							
	Reportable segments					Other	Unallocated amounts and elimination	Total
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal			
Amortization during the period	74,741	18,921	–	–	93,662	–	–	93,662
Unamortized balance at end of the period	1,364,027	570,391	–	–	1,934,419	–	–	1,934,419

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Group total or entity total							
	Reportable segments					Other	Unallocated amounts and elimination	Total
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal			
Amortization during the period	74,741	39,497	-	-	114,238	-	-	114,238
Unamortized balance at end of the period	1,289,286	594,943	-	-	1,884,230	-	-	1,884,230

(Information about gain on bargain purchase for each reportable segment)

Not applicable.

(Business combinations)

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31,2025 (from April 1, 2024 to March 31, 2025)
Net assets per share	819.42	961.34
Basic earnings per share	132.86	118.29

(Notes) 1. Diluted earnings per share for the previous fiscal year and the fiscal year under review are not shown in the above table, as there are no dilutive shares.

2. The basis for calculation of net assets per share is as follows.

(Thousands of yen, unless otherwise noted)

	As of March 31, 2024	As of March 31, 2025
Total net assets	34,160,635	40,085,590
Net assets related to common shares at the end of the period	34,114,419	40,022,736
Breakdown of the difference		
Non-controlling interests	46,215	62,854
Number of shares of common shares used for calculation of net assets per share at the end of the period (thousand shares)	41,631	41,631

3. The basis for calculation of basic earnings per share is as follows.

(Thousands of yen, unless otherwise noted)

	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31,2025 (from April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent	5,531,261	4,924,848
Amount not attributable to common shareholders	–	–
Profit attributable to owners of parent pertaining to common shares	5,531,261	4,924,848
Average number of shares of common shares during the period (thousand shares)	41,631	41,631

(Subsequent events)

Not applicable.