2025 INTEGRATED REPORT

Promoting people's happiness hand in hand with our stakeholders

Shin Nippon Biomedical Laboratories, Ltd. (SNBL)

SNBL Group's Philosophical Framework

SNBL's corporate principles are embodied in the three colors of our logo: blue, green, and dark blue. Blue refers to the "environment," expressing our commitment to preserving the blue skies, blue oceans, and the beautiful earth. We want to preserve this wonderful environment forever. Green symbolizes "life." We stand in awe of this irreplaceable and precious life. Finally, dark blue symbolizes "people." The treasure of a society and a company is people. Let us value our spirit, which makes us humane.

Management Philosophy

Corporate Philosophy

We are a company committed to the environment, life, and people.

Mission

SNBL is committed to free patients from suffering by supporting drug development and improving medical technology.

Slogan

I am happy, you are happy, everyone is happy.

2028Vision

Promoting people's happiness hand in hand with our stakeholders

Integrated Report 2025Three points

This Integrated Report aims to give stakeholders a deeper understanding of SNBL Group's business model and corporate activities and foster mutual understanding through dialogue, leading to improvement in management and sustainable enhancement in corporate value.

Key Messages of This Report

In the 2025 edition of our Integrated Report, we focused on enhancing understanding of our nonclinical CRO business, which drives our growth. To clearly communicate our CRO (Contract Research Organization) business model and our expertise in the nonclinical field to the general public, we concentrated on the following three points.

1 Visualization of the External Environment

This report clearly explains the market environment and industry trends supporting the growth of our nonclinical business, using diagrams and analogies. We have structured it to provide an intuitive understanding of the significance of our CRO business and our position within the industry.

2 Persuasive Power through Voices from the Front Lines

This report delves into the reasons why our company is highly regarded by overseas pharmaceutical companies, primarily in Europe and the United States, through a special discussion between an External Director and an executive officer in charge. We have demonstrated our competitive advantage through interactions with customers on the front lines and real feedback that conveys our strengths.

3 An Integrated Report with a Personal Touch

Through interviews with employees on the front lines and roundtable discussions with executives and managers who have experienced raising children, this report introduces the appeal of our human capital—the source of our corporate value enhancement. We aimed to create a structure that naturally conveys our corporate culture and workplace atmosphere, helping readers to feel more familiar with our company.

Period Covered

April 1, 2024, to March 31, 2025 (activities from April 2025 and thereafter are also included.)

Scope of Coverage

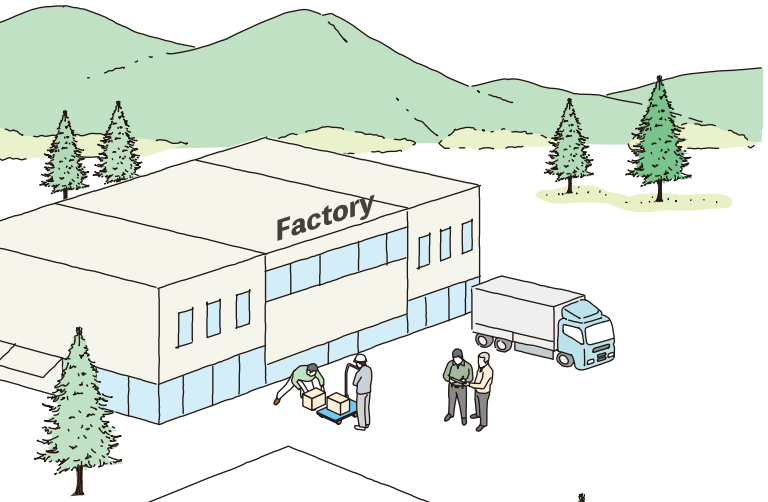
Shin Nippon Biomedical Laboratories, Ltd. (SNBL) and its subsidiaries and affiliates

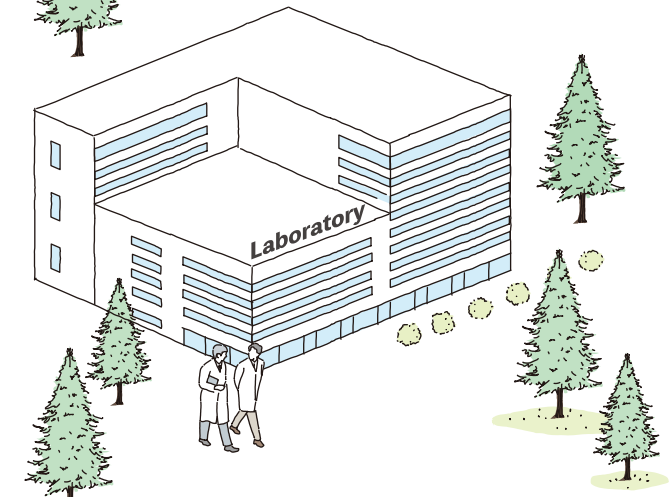
Notes concerning forward-looking statements

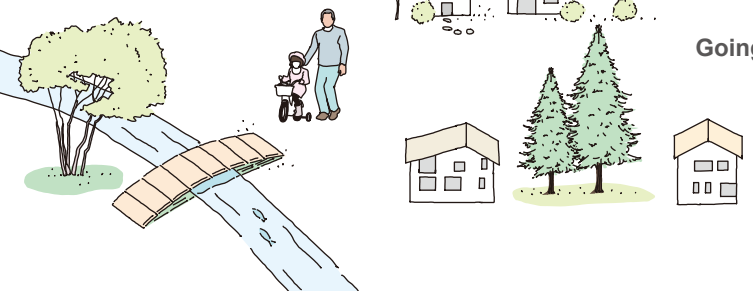
Forward-looking statements including our future plans, forecasts and strategies are based on certain assumptions deemed reasonable by SNBL in light of currently available information, and results including actual business performance may vary significantly from expectations.

Contents

SNBL Official Website







The Thoughts Reflected in Vision 2028

I am happy,
you are happy,
everyone is happy.

Offering gentle support, walking hand in hand

to help someone through their troubles.

We believe that such small actions have the power to change the future.

SNBL laid out Vision 2028,

“Promoting people’s happiness hand in hand with our stakeholders.”

This vision begins with our own sense of fulfillment in working at SNBL

and taking action for the people right in front of us.

It will eventually extend to our business partners, local communities,

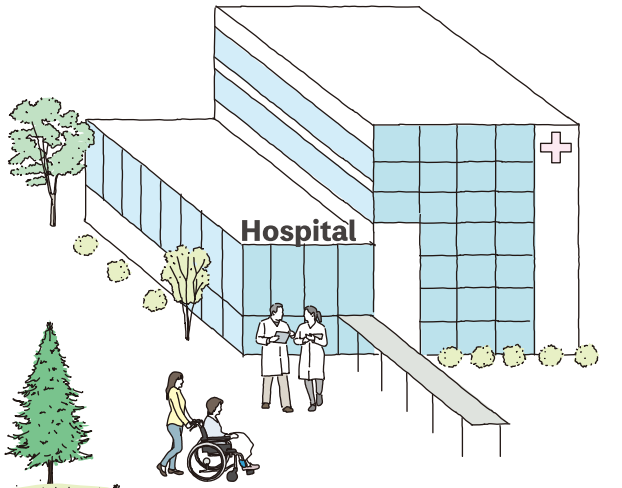
and the people who support the future of healthcare and patients.

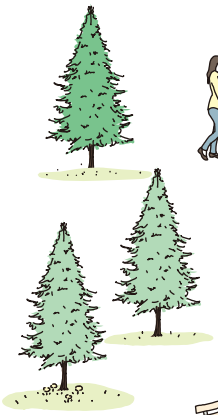
We aspire to be a company that expands

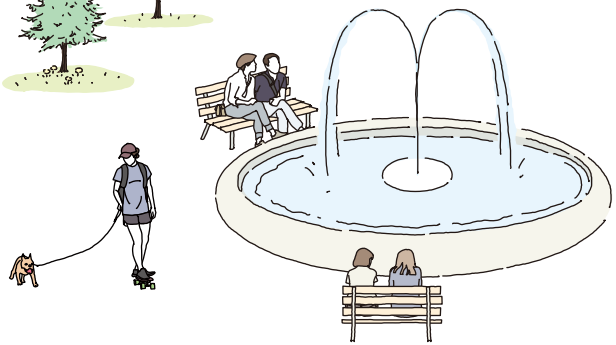
the circle of happiness, starting with people.

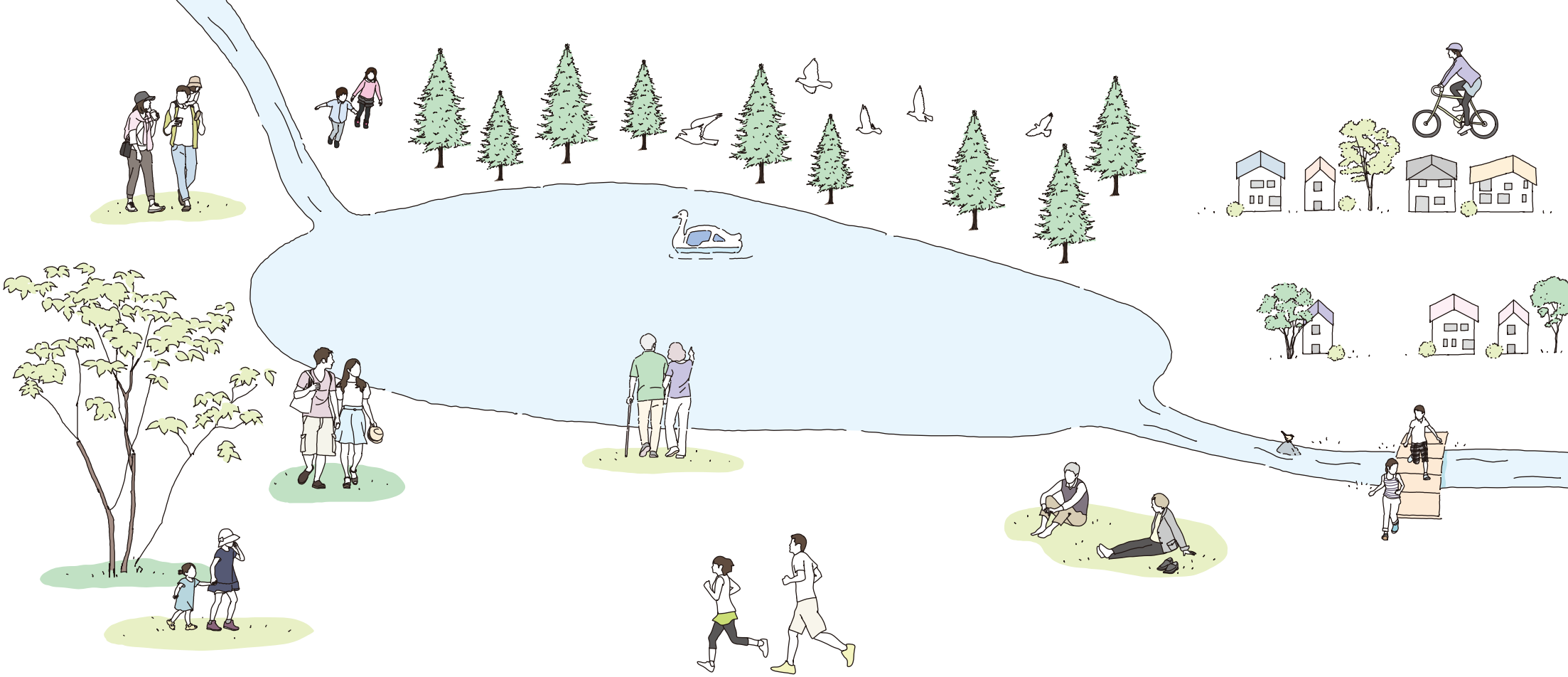
Going forward, we will continue to walk hand in hand, support one another,

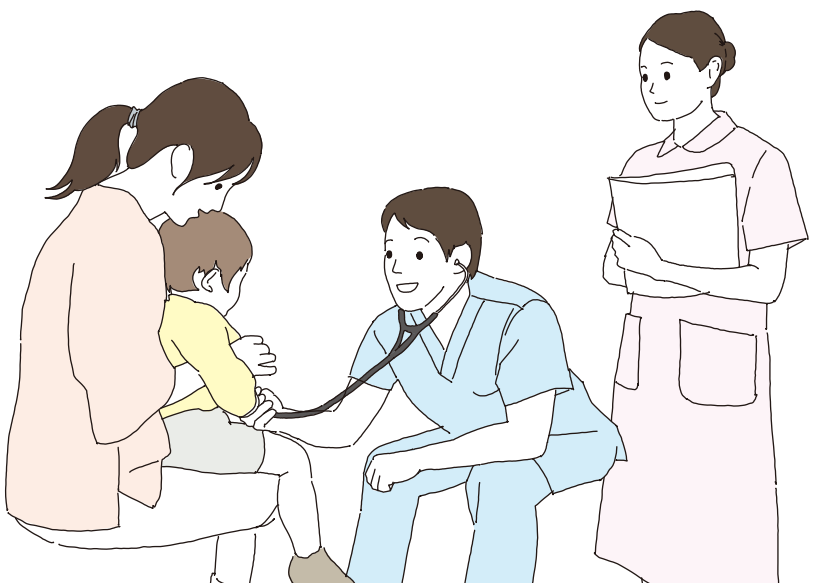
and link our efforts to a future of happiness together.











SNBL at a glance (As of March 31, 2025)

Major Bases

USA
SNBL U.S.A., Ltd.

USA
Satsuma Pharmaceuticals, Inc.

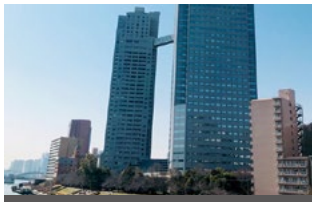
China
Shin Nippon Biomedical Laboratories (Asia) Ltd.
AniKeeper (Zhaoqing) Biotech Co., Ltd.

Japan
Shin Nippon Biomedical Laboratories, Ltd.
SNBL INA Ltd.
PPD-SNBL K.K.

Cambodia
SHIN NIPPON BIOMEDICAL LABORATORIES (CAMBODIA) Ltd.

Major domestic bases


Kagoshima Head Office/Drug Safety Research Laboratories
(Kagoshima-shi, Kagoshima)


Tokyo Head Office
(Chuo-ku, Tokyo)


Medipolis Ibusuki
(Ibusuki-shi, Kagoshima)


DSR Wakayama Laboratories
(Kainan-shi, Wakayama)


SNBL INA Ltd.
(Ina-shi, Nagano)

Revenue
Four-year CAGR 21.0%
32.4 billion yen

Ordinary profit
Four-year CAGR 15.3%
6.4 billion yen

Established
Japan's first CRO
1957

Top market share in Japan!

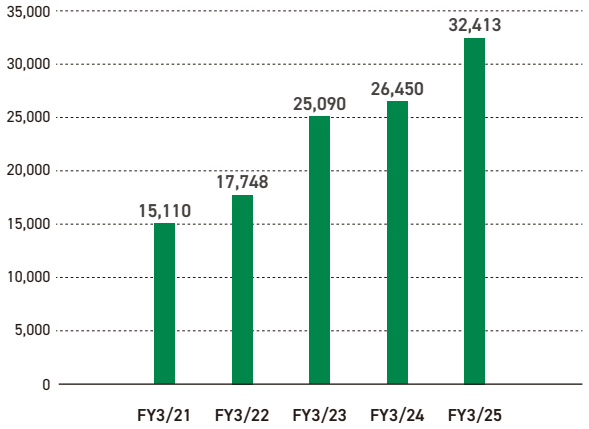
Nonclinical studies
Orders received for nonclinical studies
32.1 billion yen

Percentage of orders received from overseas customers
38.4 %

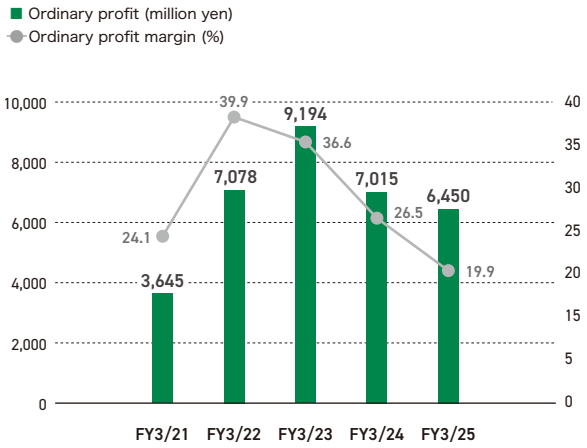
Human capital management
Number of employees **1,436**
Average annual salary **6.26** million yen
Ratio of female managers **24.3**%

Financial and Non-financial Highlights [FY 3/2021-FY 3/2025]

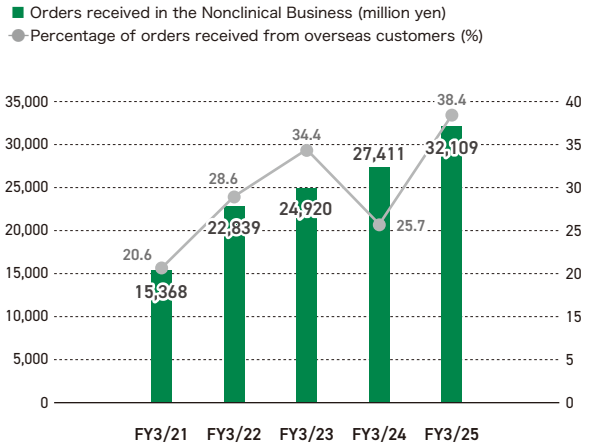
Revenue (million yen)



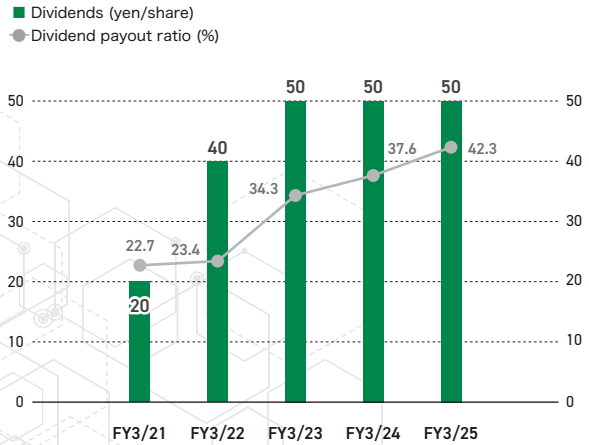
Ordinary profit / Ordinary profit margin



Orders received in the Nonclinical Business / Percentage of orders received from overseas customers

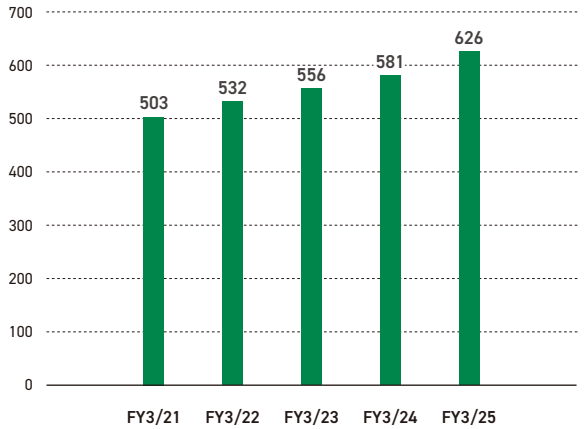


Dividends / Dividend payout ratio



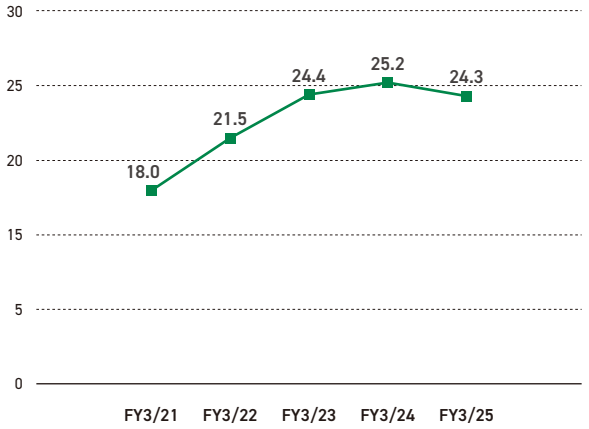
Average annual salary for full-time employees(ten thousand yen)

* Non-consolidated basis



Ratio of female managers (%)

* Non-consolidated basis



Steps in Drug Development and the Area of SNBL Group Businesses (1)

The Road to Creating a New Drug: a 15-Year-Plus Journey

It takes over 15 years from basic research through nonclinical and clinical trials to regulatory approval before a new pharmaceutical finally reaches patients. In particular, nonclinical studies are a crucial step to assess safety and efficacy before advancing to clinical trials. By taking on this role, we contribute to bringing new drugs to patients as quickly as possible.

Nearly 15 years and a vast accumulation of research are required before a new drug reaches patients. The first step is to elucidate the mechanisms of the disease and identify promising substances (drug candidates) that target its causes. From there, safety and efficacy are confirmed step by step through testing. Finally, after receiving national approval, the drug can be released to the public.
The diagram below clearly summarizes who does what, and when, within this lengthy development process.

Steps in Drug Development and the Area of SNBL Group Businesses

Development Flow

9 to 17 Years

Basic Research: 2 to 3 Years

Drug Development Nonclinical Studies: 3 to 5 Years Clinical Studies: 3 to 7 Years

Approval and Marketing: 1 to 2 Years

Basic Research

This is the research stage for discovering substances that could become drug candidates. We search for new substances that seem likely to be effective on cells and enzymes within the body and examine their characteristics and structure. Substances that show potential for use as drugs are selected and narrowed down.

Nonclinical Studies

This stage involves using animals and cells to confirm the efficacy and safety of candidate drug compounds. We examine in detail how the drug works in the body (in terms of absorption, distribution, metabolism, and excretion). At the same time, we evaluate the stability of the drug's quality and its suitability for safe use. Based on these results, we decide whether to proceed to administer the drug to humans (clinical trials).

Clinical Studies (Clinical Trials)

This stage involves confirming whether the candidate drug is effective and safe for human use. Clinical trials are conducted in hospitals and other medical institutions with the informed consent of healthy volunteers and patients. They are divided into Phases I through III, progressing sequentially from small-scale to large-scale verification.

Approval and Marketing

Based on data from clinical trials and other sources, an application for manufacturing and marketing approval is submitted to the Ministry of Health, Labour and Welfare (MHLW) and other relevant authorities. Once efficacy, safety, and quality are confirmed, the drug is formally approved and can be marketed.

Key Players

- Pharmaceutical Companies
- Drug Discovery Ventures
- Academic Research Organizations

- Nonclinical CROs

- Clinical CROs

- Pharmaceutical Companies
- Drug Discovery Ventures
- CDMOs*

* Contract Development and Manufacturing Organizations

From Small Molecule Drugs to Biopharmaceuticals: Evolving Pharmaceuticals and Expanding Possibilities

The development of complex biopharmaceuticals as an alternative to small-molecule drugs has gained momentum, significantly increasing the difficulty and cost of drug development. SNBL contributes to drug development worldwide by introducing state-of-the-art equipment necessary for assessing the efficacy and safety of biopharmaceuticals and establishing evaluation systems at an early stage.

The world of pharmaceuticals is now at a major turning point. In the past, small-molecule drugs with relatively simple molecular structures that could be mass-produced through chemical synthesis were the mainstream. However, in recent years, biopharmaceuticals such as antibody drugs, gene therapy drugs, and regenerative medicine products have gained significant attention as a means of meeting treatment needs for complex, highly individualized diseases such as cancer, rare diseases, and autoimmune disorders. While biopharmaceuticals are expected to deliver high precision by targeting specific sites, their structures are extremely large and complex. In addition, because they are produced within living organisms (cells or microorganisms), they are highly sensitive, meaning that even slight variations in conditions can alter their quality. Because of this, development requires advanced technologies, extensive time, and enormous costs, making it impossible for individual pharmaceutical companies to complete the process alone.

Characteristics of Biopharmaceuticals

	Small Molecule Drugs	Biopharmaceuticals
Size (molecular weight)	Small (mostly 500 or below)	Large (tens to hundreds of thousands)
Manufacturing method	Chemical synthesis Raw materials → Intermediates → Drug substances → Drug formulations	Produced inside microorganisms or cells Introduction of the target genes into E. coli, yeast, or animal cells, etc. → Cell cultivation → Separation → Purification → Drug formulation
Production process characteristics	–	Manufactured using organisms that are sensitive to changes, making them less stable compared to small-molecule pharmaceuticals
Development cost	20-30 billion yen	50-100 billion yen
Production and manufacturing costs	–	Capital expenditures: 3 to 10 times that of chemically synthesized products Quality control: 1.3 to 1.8 times that of chemically synthesized products

* Based on MHLW "Current Status of Biosimilars" (July 2015) and METI "Strengthening Bio CMO/CDMO" (November 2020)

Steps in Drug Development and the Area of SNBL Group Businesses (2)

From Outsourcing Partner to Development Partner: The Evolving Role of CROs

As drug development becomes more complex, pharmaceutical companies are increasingly outsourcing parts of their trials to CROs. CROs have evolved beyond mere contractors to become development partners who share challenges and propose solutions. We leverage the expertise and technologies that we have accumulated over many years in the industry to pioneer new possibilities in drug discovery alongside our clients.

In the past, it was common for pharmaceutical companies to complete drug development entirely in-house. During the era of relatively simple small-molecule drugs, companies could evaluate candidate compounds and conduct trials in-house while advancing development projects within a well-defined framework. Now, the emergence of new types of treatment such as biopharmaceuticals and gene therapies has completely changed the landscape. Drug development is becoming progressively more complex year by year, requiring specialized expertise and flexible resources from the earliest stages due to factors such as intricate structures and manufacturing methods, unpredictable side effects, and increasingly sophisticated regulatory compliance. Against this backdrop, collaboration with external organizations capable of handling highly specialized tasks at each stage of development has become crucial, with CROs playing a central role. CROs support drug development across a broad spectrum of tasks, including conducting and supporting nonclinical studies to evaluate the safety and efficacy of candidate compounds, as well as clinical trials to verify their effects in humans. Today, CROs are expected to go beyond being mere contractors and instead serve as partners who share challenges with pharmaceutical companies and walk hand in hand with them toward successful development.

The Role of CROs Traditionally

Pharmaceutical Companies
Drug Discovery Ventures

Subcontractors

Nonclinical CROs
Clinical CROs

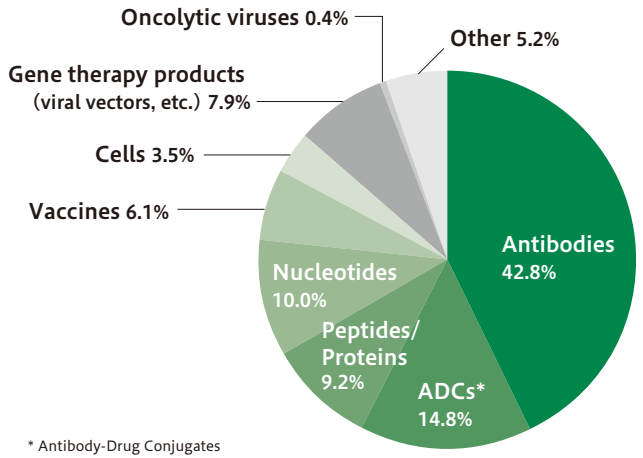
The Role of CROs Going Forward

Pharmaceutical Companies
Drug Discovery Ventures

Development Partner

Nonclinical CROs
Clinical CROs

Research for drugs other than small-molecule drugs commissioned from SNBL in FY 3/2025: 458 compounds

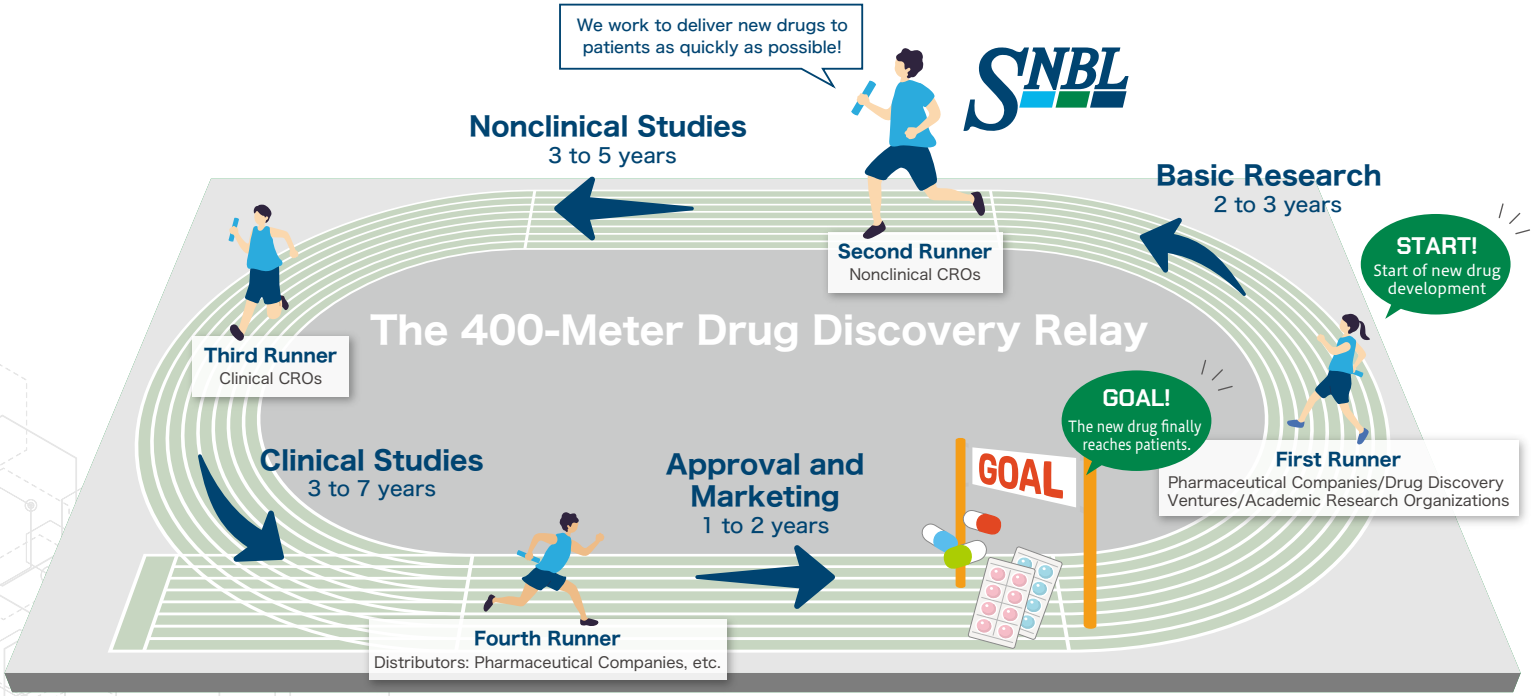


* Antibody-Drug Conjugates

We are the Second Runner: Passing the Baton of Drug Discovery to the Future

The race to create new drugs cannot be run alone. Researchers in academia and those working at drug discovery ventures and pharmaceutical companies uncover disease mechanisms and create candidate compounds. Nonclinical CROs evaluate the properties of promising compounds, and clinical CROs verify safety and efficacy in human volunteers. Finally, pharmaceutical companies give shape to the drug and deliver it to the world. Each participant leverages their expertise and supports the “drug discovery relay” by passing the baton on to the next runner.

As the "second runner" in this relay, SNBL carefully receives newly discovered drug candidates and ensures they are safely and reliably passed to the next stage.
In recent years, the Japanese government has also been advancing initiatives to support drug discovery. The Public-Private Council for Enhancing Drug Discovery Capabilities, led by the Cabinet Office, aims to create a system that sustainably generates drug discovery projects originating in Japan.
Drug discovery requires numerous processes with varying specializations and advanced knowledge and technologies, from molecule discovery to practical application. It is difficult for any single company to complete this process alone. We are now entering an era in which various players, including academia, drug discovery ventures, CROs, pharmaceutical companies, and government agencies, all collaborate and share roles in development. We believe that the contribution of each individual, leveraging their strengths and passing the baton, will lead to the delivery of new medicines to patients as quickly as possible.



Senior Executive Officer
Director of Drug Safety Research Laboratories

Hirofumi Minomo

Biopharmaceuticals are structurally complex and challenging to predict, and their evaluation demands high levels of expertise. This is why we feel that our expertise and technological capabilities are increasingly valuable, and that we are truly taking on the challenges of drug discovery together, rather than merely providing contract services.
At SNBL, we conducted safety tests on 458 compounds for drug candidates other than small-molecule drugs during the fiscal year ended March 31, 2025. We are involved in the development of diverse and advanced biopharmaceuticals, including antibody drugs, antibody-drug conjugates (ADCs), gene therapies, and cell therapies. As a development partner, we will continue to meet the expectations of academia, biopharmaceutical ventures, and pharmaceutical companies.

Business History

Supporting Drug Discovery for 68 Years.
Working Hand in Hand With Our Clients to Tackle Challenges and Pioneer Drug Discovery

As a CRO supporting drug research and development, SNBL evaluates the safety of new drugs and plays a key role in protecting patients' lives and health.
In recent years, drug development has become increasingly sophisticated, requiring more time and greater costs.
Amidst these changes, we are engaged in initiatives to deliver medicines to patients as quickly as possible, guided by the key phrase, “generating time value.”
Our newly launched SGG (SNBL Global Gateway) initiative serves as a hub connecting Japan and the US, supporting the growth of promising biotech venture companies, and driving the commercialization of innovative seed ventures and their introduction to the global market.

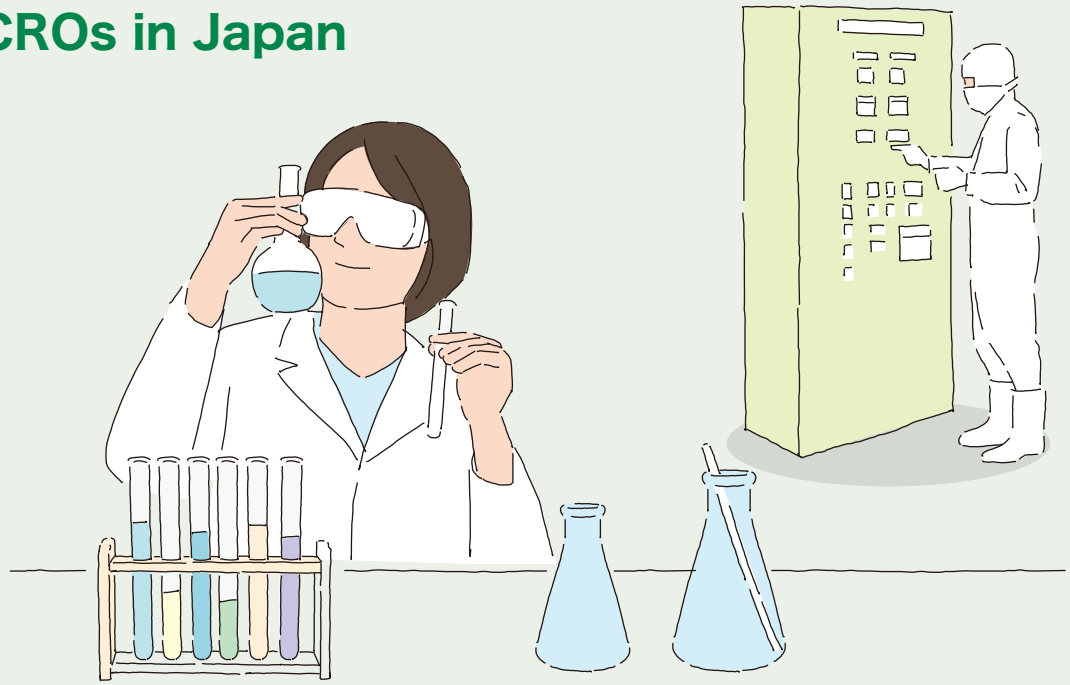
A Pioneer Among Nonclinical CROs in Japan

1960s: Began Operations as Japan's First CRO

SNBL was established in 1957 in Kagoshima. In 1960, we became the first company in Japan to receive a contract from a leading overseas pharmaceutical company for nonclinical drug testing (safety testing). This was our initial step as Japan's first CRO. Since then, we have continued to support pharmaceutical development for many years, playing a vital behind-the-scenes role in conducting critical safety checks before drugs reach patients.

Pharmaceutical Industry Trends

Thalidomide, a sleeping pill launched in Germany in 1958, caused a global drug disaster when the drug was found to cause birth defects in fetuses when taken by pregnant women. This incident led to strong international recognition of the importance of reliable drug safety data and rigorous assessments.



Our Foundation of Trust: GLP-Compliant "A" Rating

1980s: Began Contract Good Laboratory Practice (GLP) -Compliant Nonclinical Studies

In 1984, SNBL became the first CRO in Japan to receive the highest compliance rating of "A" during a Good Laboratory Practice (GLP*) inspection by the Ministry of Health and Welfare (as it was called at the time). By establishing this system at an early stage and operating trials based on quality and trust, we built a foundation for earning high recognition from pharmaceutical companies both in Japan and overseas.

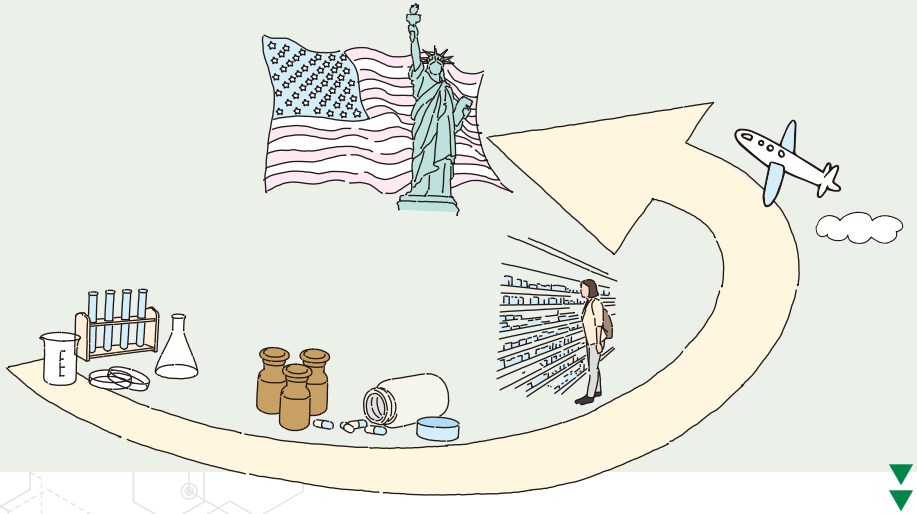
*GLP: Good Laboratory Practice. An international standard that ensures that tests and trials evaluating safety are conducted accurately and appropriately.

Pharmaceutical Industry Trends

Against the backdrop of reflections on pharmaceutical disasters, the establishment of systems like GLP and GCP* to ensure the reliability of nonclinical and clinical trials gained momentum. This led to strong demand for high-quality, transparent testing.

*GCP: Good Clinical Practice. An international standard to ensure the ethicality, scientific validity, and reliability of clinical trials.

Japan's First CRO to Provide End-to-End Drug Discovery Support



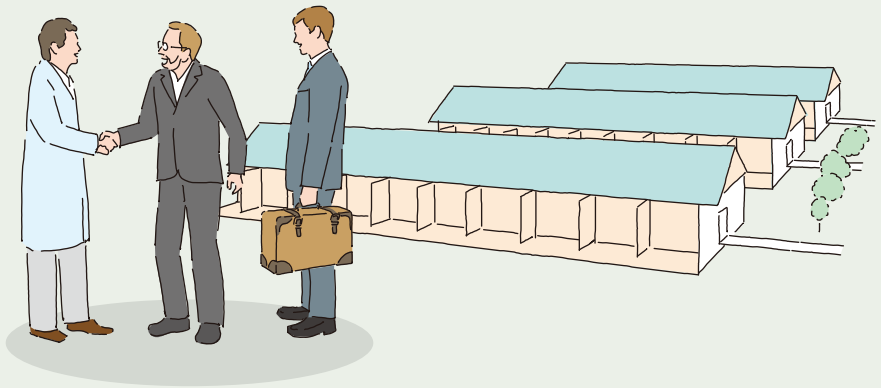
1990s: Established a One-Stop Contract System From Nonclinical to Clinical Trials

We expanded our CRO business domain into clinical trials and, in 1997, we established Japan's first one-stop system capable of handling everything from nonclinical studies to clinical trials (Phases I through III). We also expanded our presence to the US, strengthening our international network. We provide comprehensive support that combines speed, quality, and flexibility to meet the diverse needs of pharmaceutical companies.

Pharmaceutical Industry Trends

The 1990s saw the full-scale development of biopharmaceuticals such as antibody drugs and gene therapies. While attracting attention as new therapies, their structural and manufacturing complexities increased the difficulty of development, increasing the importance of specialized testing systems.

Pioneering the Establishment of a Global NHP Supply Chain to Meet Customer Needs



2000s: Established an In-House Breeding and Supply System for Laboratory NHPs

We have established a global brand in nonclinical testing using non-human primates (NHPs), which are highly similar to humans. Amid rising demand for laboratory NHPs as full-scale biopharmaceutical development intensified, we became the only CRO to establish an in-house breeding and supply system within our Group. This pioneering system is the source of our competitive advantage.

Pharmaceutical Industry Trends

Pharmaceutical companies once handled all pharmaceutical development processes in-house. With the spread of biopharmaceuticals, however, the trend of outsourcing highly specialized tasks such as exploratory research, nonclinical studies, and clinical trials to CROs has accelerated.

Aiming to Become the First Choice as an Unrivaled CRO

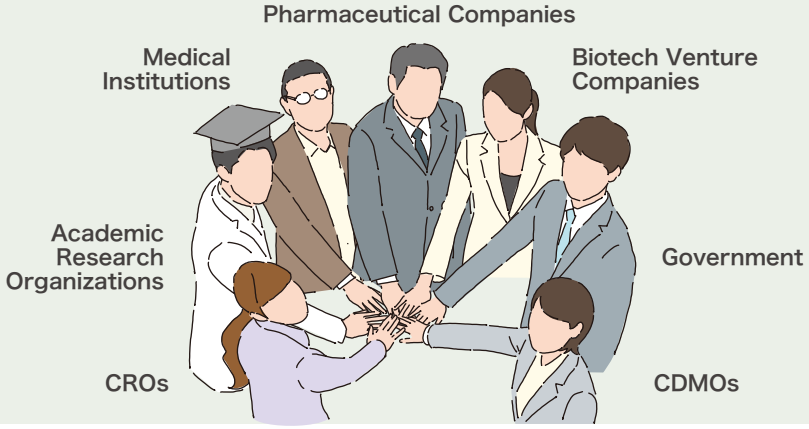
2020s: Advancing our Testing Capabilities Through DX and Capacity Expansion

To meet robust outsourcing demand, we are currently working to strengthen our testing capabilities at our Kagoshima headquarters by constructing a new research building and recruiting and developing talent. We have also established dedicated research facilities for microphysiological systems (MPS), a next-generation nonclinical evaluation method that is currently gaining significant attention.

Pharmaceutical Industry Trends

The expansion of next-generation biopharmaceuticals and regenerative medicine has driven a global increase in demand for studies using laboratory NHPs. Supply shortages are becoming severe in Europe and the US, further increasing the importance of testing institutions that can stably secure NHPs for experimental use.

Creating a Drug Discovery Ecosystem to Deliver New Medicines to Patients as Quickly as Possible



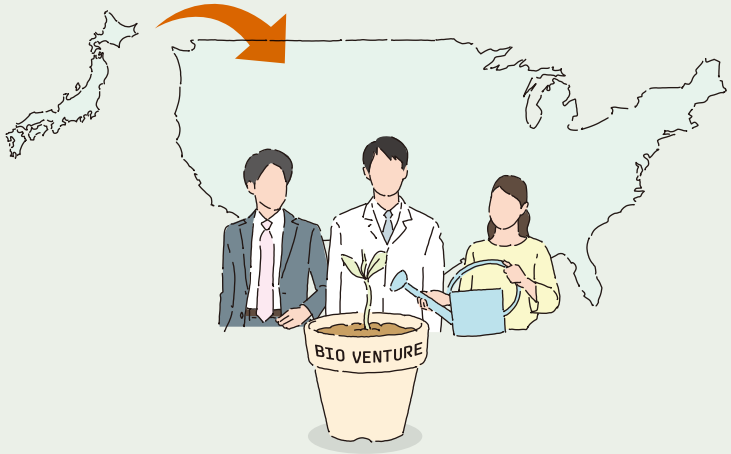
From the Late 2020s: Contributing to a Drug Discovery Ecosystem

We contribute to accelerating the drug discovery process by harnessing our strengths in the stable supply system of laboratory NHPs and rapid nonclinical testing. Through enhanced operational efficiency powered by digital technologies, we aim to achieve even greater improvements in speed, supporting smooth collaborations and development of the drug discovery ecosystem.

Pharmaceutical Industry Trends

The Japanese government is promoting the strengthening of drug discovery support systems through collaborations between industry, government, and academia via initiatives such as the Drug Discovery Ecosystem Summit and the Public-Private Council for Enhancing Drug Discovery Capabilities. Efforts to establish systems and support measures are accelerating, aiming for the rapid practical application of pharmaceuticals and the enhancement of Japan's international competitiveness.

Serving as a Bridge Between Japan and the US, Bringing Innovative Seed Ventures to the World



SGG (SNBL Global Gateway) Initiative: Supporting Leaps Forward for Biotech Venture Companies

Based at an incubation facility in Washington State, SGG connects drug discovery players in Japan and the US. The SGG initiative goes beyond merely providing facilities and funding. Drawing on our track record of guiding subsidiaries to NASDAQ listing and our expertise as a CRO, we offer practical and strategic support to biotech ventures in both Japan and the US. Leveraging this expertise, we provide comprehensive support for Japanese ventures expanding into the US and US ventures entering Japan. SGG operates jointly with the SBI Group, which has extensive experience in global investment, and further expanded its capabilities in November 2024 with the participation of Plug and Play, one of the world's largest innovation platform providers. This collaboration provides powerful support to drive the growth of startups in both Japan and the US.

Value Creation Story

Our corporate philosophy, "We are a company committed to the environment, life, and people," forms the core of our management. In anticipation of global changes and major trends, we have strengthened our management foundation to support value creation and cultivated four growth drivers to pioneer the future. Our mission is "to free patients from suffering by supporting drug development and improving medical technology." To achieve this, we aim to work closely with diverse stakeholders, create economic value and environmental/social value as an integrated whole through our business activities, and spread this as a chain of happiness throughout society.

Global Changes and Major Trends

- Expansion of the Biopharmaceutical Market
- Supply Constraints for Laboratory NHPs
- Creating a Drug Discovery Ecosystem
- Human Capital Management Demands
- ESG Management Demands

Four Growth Drivers

First Growth Driver:
Nonclinical business specializing in NHP studies

Second Growth Driver:
Clinical business centered on global studies

Third Growth Driver:
Nasal drug delivery via SMART*

Fourth Growth Driver:
SGG initiative supporting biotech venture growth

* SMART: Simple MucoAdhesive Release Technology
(our proprietary nasal drug delivery platform technology)

Vision 2028

Promoting people's happiness hand in hand with our stakeholders

- Employees
- Customers
- Business partners
- Patients
- Shareholders and investors
- Regional communities
- Future generations

Economic value

Environmental and social value

Future Vision

Wellbeing

Freeing patients from suffering by supporting drug development and improving medical technology

Creating Social Impact

We contribute to the drug discovery ecosystem through two initiatives: nonclinical business and SGG. Our nonclinical business shortens the time required for nonclinical studies, generating "time value." SGG provides comprehensive support, based at an incubation facility in the US, enabling Japanese biotech ventures to participate in the US drug discovery ecosystem. It also supports US venture companies entering the Japanese market and facilitates two-way exchanges between Japan and the US, energizing the drug discovery ecosystem.

Two initiatives to energize the drug discovery ecosystem

Social issues

Time and cost for new drug development are increasing year by year
Longer timeframe to bring drugs to patients

Delivering new drugs to patients as quickly as possible

Shin Nippon Biomedical Laboratories, Ltd. (SNBL)

Coordination

- Pharmaceutical Companies
  Biotech Venture Companies
- Academic Research Organizations

Research Institutions | Basic research | Pharmaceutical development Market launch and spread

Generating time value

Sales → Estimation → Contract → Study preparation → Study → Final report

Digital transformation will enable stress-free coordination with customers, as if they are making requests within their own company.

Strengthening our stable laboratory NHP supply system will eliminate waiting times, enabling studies to start earlier.

Digital transformation will enable submission of the final report draft in as little as 6 weeks after the end of the study.

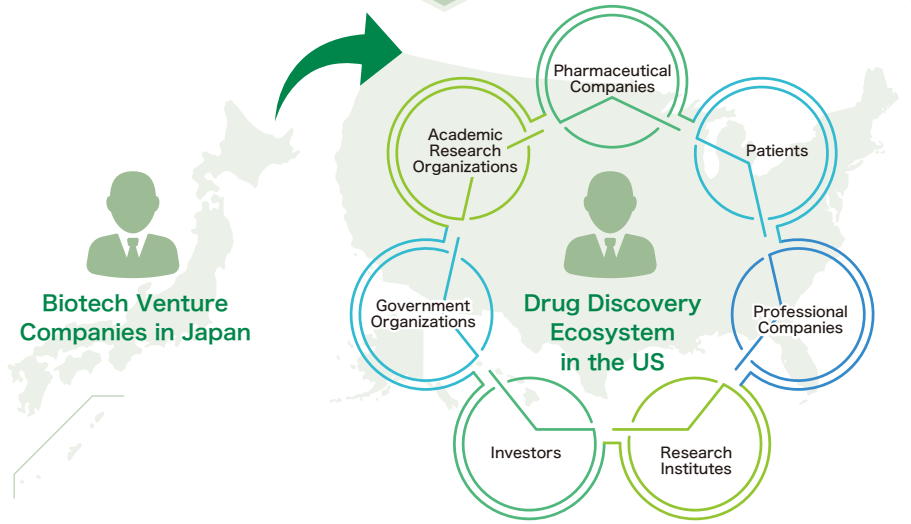
A one-stop service spanning upstream (exploratory studies) and downstream (clinical studies) operations will shorten the time needed for new drug development.

Expected social impact

Reducing nonclinical trial times to deliver new drugs to patients sooner
Increasing the efficiency of R&D for pharmaceutical companies, biotech ventures, and academia to maximize outcomes

Social issues

Shortage of management talent and funding for drug discovery
Structural barriers that hinder advanced Japanese technologies from reaching global markets



Supporting Japanese biotech venture companies' access to the US drug discovery ecosystem and business growth in the US market

Expected social impact

Leveraging the US drug discovery ecosystem to accelerate the global growth of Japanese biotech ventures
Supporting US biotech ventures entering the Japanese market and promoting two-way exchange between Japan and the US