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August 5, 2025

Consolidated Financial Results for the Three Months Ended June 30, 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
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	6,477	16.7	(340)	–	515	50.8	260	113.1
June 30, 2024	5,549	(4.4)	(145)	–	342	(81.8)	122	(91.1)

Note: Comprehensive income For the three months ended June 30, 2025: ¥(3,309) million [–%]
For the three months ended June 30, 2024: ¥444 million [(72.7)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	6.25	–
June 30, 2024	2.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	89,071	35,898	39.9	853.03
March 31, 2025	92,416	40,085	43.3	961.34

Reference: Equity
As of June 30, 2025: ¥35,513 million
As of March 31, 2025: ¥40,022 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	–	20.00	–	30.00	50.00
Fiscal year ending March 31, 2026	–				
Fiscal year ending March 31, 2026 (Forecast)		20.00	–	30.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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.)

	Revenue		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

Note: Revisions to the forecast of consolidated financial results most recently announced: None

*** Notes**

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025	41,632,400 shares
As of March 31, 2025	41,632,400 shares

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

As of June 30, 2025	564 shares
As of March 31, 2025	564 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	41,631,836 shares
Three months ended June 30, 2024	41,631,931 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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 7 of the attachment, “(3) Explanation of consolidated earnings forecasts and other forward-looking statements.”

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

Financial results supplementary 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 Tuesday, August 5, 2025, from 15:00. 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. Qualitative information on quarterly consolidated financial results for the three months ended June 30, 2025

(1) Explanation of operating results

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 CRO and far and away the first name that comes to mind for clients when they consider a CRO.

Under such circumstances, revenue for the first quarter of the fiscal year ending March 31, 2026 (from April 1, 2025 to June 30, 2025; hereinafter, "the first quarter under review") increased by ¥928 million (up 16.7%) compared to the first quarter of the fiscal year ended March 31, 2025 (hereinafter, "the previous first quarter") to ¥6,477 million, a record high for the first quarters, driven by the mainstay CRO business. On the other hand, operating loss was ¥340 million, an increase of ¥195 million relative to operating loss of ¥145 million for the previous first quarter. The main reason for the operating loss is the recording of ¥793 million in expenses (the previous first quarter: ¥595 million) for approval of an FDA application and commercialization of an intranasal therapeutic agent for migraine from Satsuma Pharmaceuticals, Inc. (hereinafter, "Satsuma"), a consolidated subsidiary of the Company in the United States. On the other hand, inquiries from customers in Europe and the U.S. for the Company's nonclinical business, which is its number one growth engine, have continued to increase beyond the Company's expectations, and in order to meet this demand, conducting large strategic upfront investments in the first quarter under review, such as the substantial strengthening of human resources, expansion of laboratory facilities, and establishment of a domestic breeding framework for laboratory non-human primates (NHPs), also contributed to the increase in costs. Ordinary profit increased by ¥173 million (50.8%) year on year to ¥515 million. 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 was ¥700 million (the previous first quarter: ¥681 million). As for foreign exchange losses (gains), foreign exchange gains of ¥120 million were recorded, contributing to an increase in ordinary profit by ¥403 million compared with foreign exchange losses of ¥282 million for the previous first quarter. Profit attributable to owners of parent increased by ¥138 million (up 113.1%) year on year to ¥260 million.

As of June 30, 2025, the SNBL Group had 1,541 employees on a consolidated basis excluding part-time and hourly employees (an increase of 105 employees from the end of March 2025), as a result of the 114 new employees (including 60 female employees) who joined the Company in April 2025. The ratio of female employees on a consolidated basis including temporary employees was 52.1%.

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 three months ended June 30, 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. We have continued to expand breeding facilities in the first quarter under review.
- 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. We recognize this as an area with high growth potential, and in the first quarter under review, we continued to strengthen our capabilities to respond to increased contracts received from overseas.

- 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 the first quarter under review, we concluded a preferred contract with one domestic pharmaceutical company. We also increased the number of overseas sales personnel with the aim of concluding preferred contracts with major overseas pharmaceutical companies. In addition, we have been strengthening our sales activities with an aim to receive contracts from Europe and the U.S. As part of such efforts the Company newly formed the Global Study Team (GST) in the Drug Safety Research Laboratory in November 2024. As a result of these efforts, we newly obtained preferred vendor certification from one global mega-pharmaceutical company in the first quarter under review.
- In September 2024, we began full-scale operations of new office buildings and research facility (eight floors above ground; two buildings), the construction of which had been proceeded at the Kagoshima Head Office since December 2022. The new office buildings and research facility have a dedicated laboratory for Microphysiological System (MPS), which is expected to be increasingly utilized to complement animal testing, and in April 2025, the Company became the first CRO in Japan to commence contract services. In July 2025, a luncheon seminar on MPS was held at the 52nd Annual Meeting of the Japanese Society of Toxicology in Okinawa, attracting over 300 participants.
- On June 26, 2025, at the government-sponsored "Public-Private Council for Enhancing Drug Discovery Capabilities," at which Prime Minister Ishiba attended, President Nagata delivered an address. The topic was "Global Expansion of Japanese Bioventures." The presentation slides can be viewed on the dedicated page of the Cabinet Office website for the "Public-Private Council for Enhancing Drug Discovery Capabilities."
- On October 1, 2024, the Company began 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. During the first quarter under review, we conducted numerous facility tours, which have led to concluding contracts.
- In collaboration with WOOJUNG BIO, Inc., with which we have concluded an Agency Agreement for non-clinical business in South Korea, we held the SNBL Korea Seminar in June 2025, with approximately 50 participants from the South Korean pharmaceutical industry.
- In order to expand our capacity for NHP testing, in the first quarter under review, the Company commenced construction to convert a dormant lab building at our Drug Safety Research Laboratory into NHP testing rooms.

As a result of the aforementioned initiatives, contracts received in the nonclinical business for the first quarter under review increased by ¥925 million (up 12.9%) year on year to ¥8,095 million. The main factor for the increase in orders received 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 for the first quarter under review grew significantly by 84.5% year on year to ¥3,060 million. Overseas orders received in the first quarter under review decreased by 0.9% year on year to ¥3,140 million, accounting for 38.8% of total orders received (the previous first quarter: 44.2%).

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 this 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. PPD-SNBL's headcount has grown to exceed 1,000 employees as of

April 30, 2024, more than three times the number with which we established in April 2015, and we had 1,065 employees as of December 31, 2024, aiming to have 1,100 employees by December 31, 2025.

The share of profit of entities accounted for using equity method from PPD-SNBL's contribution for the first quarter under review was ¥700 million (¥681 million in the previous first quarter). There has been an increase in Functional Service Provider (FSP) contracts, in which pharmaceutical companies manage projects (in the areas of testing and development).

Revenue in the CRO business for the first quarter under review increased by ¥767 million (up 14.2%) year on year to ¥6,182 million, setting a record high for the first quarters. Operating profit of the CRO business decreased by ¥32 million (down 4.0%) year on year to ¥769 million, and ratio of operating profit to revenue was 12.4%. As of June 30, 2025, the CRO business had 1,260 employees (an increase of 114 employees and 78 employees from the end of March 2025 and year-on-year, respectively).

(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 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 an intranasal powder formulation technology using a carrier composition as the base with an intranasal 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 delivery by Satsuma Pharmaceuticals, Inc., on April 30, 2025 (US time), marketing approval was granted by the FDA for "Atzumi™" (development code: STS101), an intranasal migraine drug. Since obtaining the approval, Satsuma has been holding discussions with potential sales partners, and in June 2025, Satsuma presented a poster on the results of the clinical trial of Atzumi™ at the American Headache Society (AHS).

The TR Business Headquarters within parent SNBL includes a department that conducts research into fundamental technologies such as formulations and devices, as well as a department that manages clinical trials of Parkinson's disease treatment drugs and the acquisition of nonclinical POCs for intranasal mucosal vaccines. 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) and an improved development product of TR-012001 (TRN501). SNLD presented the results of the Phase II exploratory clinical trials conducted on Parkinson's disease patients in Japan (12 cases) at the 77th Annual Meeting of the American Academy of Neurology (AAN) in April 2025. Additionally, at the Annual Meeting of the Japanese Society of Neurology held in May, the Company presented multiple abstracts, including the results of the Phase 1 trial. The Company also completed the dosing of healthy Japanese adults in the Phase I clinical trials in August 2024 for TRN501, and is working on analyzing study's data and preparing the Study Report. We will conduct detailed research on pharmaceutical regulatory systems and markets in various countries and carefully determine future development policies. In parallel, we are also developing basic formulation technologies that aim to achieve even greater convenience. In the development of intranasal mucosal vaccines, we are stepping up the development stage through formulation research and verification of the underlying immunological theory, with the aim of obtaining nonclinical POCs and future clinical applications.

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." In June 2025, at the world's largest biotech exhibition, the "2025 BIO International Convention" held in Boston, we conducted numerous meetings with pharmaceutical venture companies, research institutions, and pharmaceutical companies. We focused on identifying and securing contracts with new customers possessing promising drug discovery seeds and technologies, as well as introducing drug discovery seeds and technologies to existing customers. Additionally, we expanded our network with individuals involved in the drug discovery ecosystem, which serves as the foundation for our business. In the first quarter under review, we made progress in

collaboration between overseas companies we have supported for a long time and Japanese pharmaceutical companies, and some of these activities have led to the conclusion of contracts.

Gemseki Investment Inc., a consolidated subsidiary of the Company engaged in investment business, actively pursued investments in venture companies, including additional investments in existing investees. Through a process of ongoing communication with multiple existing investees in Japan and overseas and other venture capitals, the Company is continuing to examine how best to generate business synergies with the SNBL Group. Gemseki aims to provide the comprehensive support needed for the creation and development of pharmaceuticals and medical devices, with the goal of generating synergies throughout the Group.

We have been developing the SNBL Global Gateway (SGG) business 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. The SGG business provides comprehensive support services to Japanese biotech companies (drug discovery startups, university-affiliated ventures, etc.) aiming to enter the U.S. market, as well as U.S. startups seeking to collaborate with Japanese companies or enter the Japanese market. This support is designed to facilitate entry into either the U.S. or Japanese market. We offer fully integrated support, including assistance with establishing local offices in either Japan or the U.S., market analysis, strategic planning, regulatory/intellectual property strategy development, fundraising, introduction to partner companies, and business plan development and execution support. Additionally, we connect Japanese and U.S. venture companies and various stakeholders supporting their activities to identify new business opportunities and contribute to the development of a global biotechnology and drug discovery ecosystem. This business 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 November 2024, Plug and Play, the world's largest innovation platform provider headquartered in Silicon Valley, USA, joined the joint fund established by the Company and the SBI Group, further strengthening the support system provided through the SGG business. In the first quarter under review, we began providing support to domestic listed companies, biotech companies, and venture capital firms, and several companies have opened offices in business incubation facilities.

Amid these circumstances, the TR business posted revenue of ¥47 million for the first quarter under review (the previous first quarter: ¥20 million). The recording of ¥793 million in expenses of Satsuma (the previous first quarter: ¥595 million) resulted in operating loss of ¥1,101 million (the previous first quarter: operating loss of ¥814 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 system (FIT system) for renewable energy.

Also, as a new power generation project, a hot spring power generation plant that utilizes residual steam from the hot spring sources supplied to hotel bathing facilities and floor heating has started operations in April 2025. Annual power generation is estimated at 4 million kWh, which is equivalent to the annual electricity consumption of 1,000 average households. 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. In the first quarter under review, we also generated 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. The Amafuru Oka is also used as a place to stay for our domestic and international partners and other related parties who visit the Company. The high level of satisfaction among guests develops relationships of trust, which in turn contribute to the operating results of our CRO business. In June 2025, the Amafuru Oka was ranked number eight in Japan in "Hotel Spas" category at Travel+Leisure Luxury Awards Asia Pacific 2025, a globally recognized hotel rating agency. The Medipolis Proton Therapy and Research Center has treated approximately 7,000 cancer patients with proton therapy since it began treatments in January 2011.

The Medipolis business posted revenue of ¥210 million for the first quarter under review, an increase of ¥105 million (up 100.1%) from ¥105 million for the previous first quarter, due to the contribution of hot spring power generation. Operating profit was ¥33 million (the previous first quarter: operating loss of ¥99 million).

(iv) US Property Management business

The Company began operating the US Property Management business this year, leasing out multi-purpose industrial buildings constructed on the premises of SNBL USA, LTD. The business posted revenue of ¥43 million for the first quarter under review, due to the land and house rent received from tenants, while it posted operating loss of ¥23 million (the previous first quarter: operating loss of ¥2 million) mainly due to depreciation.

(v) 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 as 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 honorary executive 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. As the management strategy, we specified aims of FY2028 financial KPIs (targets) of ¥50 billion in revenue, ¥20 billion in ordinary profit, ordinary profit margin of 40%, and payout ratio of 30–40%. The cost of capital has been set at 4.8%, estimated based on the earnings results for the fiscal year ended March 31, 2025. The beta value has been calculated to be 0.94 using weekly data for the last five years. 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, 2025, ROE was 13.3%, and ROIC was 10.4%. In addition, the Company updated its Corporate Governance Report in June 2025, 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 June 30, 2025 was 33.3% (four out of 12 Directors).

The Company has been highly evaluated by various rating agencies for its continuous efforts for SDGs/ESG.

In July 2025, the Company earned its debut selection as a component stock in the FTSE Blossom Japan Index and it continued to be selected for the FTSE Blossom Japan Sector Relative Index, both of which are constructed by global index provider FTSE Russell in the UK.

As for the results of dialogue with shareholders and investors during the first quarter under review, the Company conducted 76 meetings with institutional investors and analysts (the previous first quarter: 54 meetings). A post of the IR and Corporate Communications blog was updated 62 times to provide information in a timely way. In the General Meeting of Shareholders held in June 2025, 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), 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 high survival rates at the laboratory level and are currently scaling up the production to enable mass production. In October 2024, we began joint research with Nissui Corporation, a major fisheries company, to accelerate technological development. For the fiscal year ending March 31, 2026, we plan to establish a facility on the premises of Medipolis Ibusuki to raise artificially produced glass eels to adulthood, and are also considering to offer them as a special menu item at hotels operated by the Company.

(2) Explanation of financial position

Total assets as of June 30, 2025 decreased by ¥3,345 million (down 3.6%) compared to the balance as of the end of the previous fiscal year, to ¥89,071 million. Current assets decreased by ¥962 million (down 2.9%) compared to the balance as of the end of the previous fiscal year, to ¥31,976 million due mainly to decreases in notes and accounts receivable - trade, and contract assets of ¥848 million and decreases in inventories of ¥343 million. Non-current assets decreased by ¥2,382 million (down 4.0%) compared to the balance as of the end of the previous fiscal year, to ¥57,094 million due mainly to a decrease in investment securities of ¥2,712 million and an increase in property, plant and equipment of ¥375 million due to capital investment.

Liabilities increased by ¥842 million (up 1.6%) compared to the balance as of the end of the previous fiscal year, to ¥53,173 million. Current liabilities decreased by ¥1,114 million (down 3.8%) compared to the balance as of the end of the previous fiscal year, to ¥28,141 million due mainly to an increase in advances received of ¥1,654 million and a decrease in income taxes payable of ¥2,143 million. Non-current liabilities increased by ¥1,956 million (up 8.5%) compared to the balance as of the end of the previous fiscal year, to ¥25,031 million due mainly to an increase in long-term borrowings of ¥2,134 million.

Net assets decreased by ¥4,187 million (down 10.4%) compared to the balance as of the end of the previous fiscal year, to ¥35,898 million due mainly to the posting of ¥260 million in profit attributable to owners of parent, dividends paid of ¥1,248 million, and decreases in foreign currency translation adjustment of ¥3,727 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

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.

Moreover, the Company has NHP breeding facilities in Cambodia. On July 24, military clashes occurred on the Thai-Cambodia border, however the impact on the Company's earnings results is believed to be negligible at this time.

For the three months ended June 30, 2025, revenue and profits all exceeded initial forecasts. Thus, we have been making a smooth progress toward the full-year earnings forecasts. The assumed exchange rate is US$1 = ¥145.00.

Please refer to the following 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)

	Results for the three months ended June 30, 2022	Full-year results for the fiscal year ended March 31, 2023	Results for the three months ended June 30, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the three months ended June 30, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the three months ended June 30, 2025	Full-year plan for the fiscal year ending March 31, 2026
Orders received	7,219	24,920	8,398	27,411	7,170	32,109	8,095	35,200
Of which, Japan	3,887	16,339	6,208	20,359	4,001	19,769	4,955	20,637
Of which, overseas	3,332	8,581	2,189	7,052	3,169	12,340	3,140	14,562
Order backlog	25,756	29,248	33,329	33,212	36,051	34,394	36,120	

(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)

	Results for the three months ended June 30, 2022	Full-year results for the fiscal year ended March 31, 2023	Results for the three months ended June 30, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the three months ended June 30, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the three months ended June 30, 2025	Full-year plan for the fiscal year ending March 31, 2026
Capital expenditures		5,614	1,408	8,525	4,273	11,390	2,049	10,775
Depreciation	308	1,544	411	1,774	482	2,496	715	4,257
R&D expenses	116	683	294	1,741	617	2,217	730	2,525
Number of employees at period-end (people)	1,050	1,208	1,360	1,341	1,445	1,436	1,541	1,551

(Note) Ina Research (currently SNBL INA Ltd.) and Satsuma Pharmaceuticals are included from July 1, 2022, and October 1, 2024, respectively.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	12,032,136	11,571,280
Notes and accounts receivable - trade, and contract assets	6,643,088	5,794,144
Inventories	12,618,001	12,274,435
Other	1,777,229	2,465,157
Allowance for doubtful accounts	(130,608)	(128,066)
Total current assets	32,939,848	31,976,951
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,096,190	22,934,249
Land	4,546,836	4,767,530
Other, net	8,189,490	7,506,704
Total property, plant and equipment	34,832,518	35,208,485
Intangible assets		
Goodwill	1,884,230	1,823,419
Other	219,125	267,418
Total intangible assets	2,103,356	2,090,837
Investments and other assets		
Investment securities	19,762,231	17,050,064
Other	2,955,089	2,932,297
Allowance for doubtful accounts	(176,535)	(187,357)
Total investments and other assets	22,540,785	19,795,005
Total non-current assets	59,476,659	57,094,328
Total assets	92,416,508	89,071,279

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	460,937	634,715
Short-term borrowings	11,777,811	11,685,810
Income taxes payable	2,217,925	74,881
Advances received	10,941,641	12,596,147
Other	3,857,829	3,150,190
Total current liabilities	29,256,146	28,141,744
Non-current liabilities		
Long-term borrowings	22,271,126	24,405,567
Lease liabilities	425,099	491,706
Other	378,544	134,023
Total non-current liabilities	23,074,771	25,031,298
Total liabilities	52,330,917	53,173,042
Net assets		
Shareholders' equity		
Share capital	9,679,070	9,679,070
Capital surplus	2,358,493	2,398,557
Retained earnings	20,087,636	19,099,106
Treasury shares	(745)	(570)
Total shareholders' equity	32,124,455	31,176,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,031,759	6,198,207
Foreign currency translation adjustment	1,866,521	(1,860,889)
Total accumulated other comprehensive income	7,898,281	4,337,317
Non-controlling interests	62,854	384,754
Total net assets	40,085,590	35,898,237
Total liabilities and net assets	92,416,508	89,071,279

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

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Revenue	5,549,524	6,477,677
Cost of revenue	2,524,777	3,408,391
Gross profit	3,024,746	3,069,286
Selling, general and administrative expenses	3,169,936	3,410,221
Operating loss	(145,189)	(340,934)
Non-operating income		
Interest income	2,297	6,662
Dividend income	850	1,020
Foreign exchange gains	–	120,802
Share of profit of entities accounted for using equity method	768,991	725,577
Other	41,433	61,244
Total non-operating income	813,571	915,307
Non-operating expenses		
Interest expenses	40,555	57,816
Commission expenses	2,066	312
Foreign exchange losses	282,726	–
Other	915	490
Total non-operating expenses	326,263	58,618
Ordinary profit	342,118	515,754
Extraordinary income		
Gain on sale of non-current assets	68	2,751
Total extraordinary income	68	2,751
Extraordinary losses		
Loss on retirement of non-current assets	29,980	178,781
Impairment losses	1,115	6,219
Total extraordinary losses	31,095	185,001
Profit before income taxes	311,091	333,504
Income taxes - current	175,262	39,605
Income taxes - deferred	21,421	37,398
Total income taxes	196,684	77,003
Profit	114,406	256,500
Loss attributable to non-controlling interests	(7,785)	(3,924)
Profit attributable to owners of parent	122,192	260,425

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	114,406	256,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,085,787)	166,447
Foreign currency translation adjustment	2,361,011	(3,661,075)
Share of other comprehensive income of entities accounted for using equity method	54,731	(71,504)
Total other comprehensive income	329,955	(3,566,132)
Comprehensive income	444,362	(3,309,632)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	453,603	(3,300,538)
Comprehensive income attributable to non-controlling interests	(9,241)	(9,093)

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Notes to quarterly consolidated statement of cash flows)

No quarterly consolidated statement of cash flows was prepared for the three months ended June 30, 2025. Amounts of depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill are as follows.

(Thousands of yen)

	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)
Depreciation	482,688	715,987
Amortization of goodwill	28,405	28,491

(Notes to segment information)

(Segment information)

I. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on the amounts of revenue and profit (loss) by reportable segment

(Thousands of yen)

		Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	5,406,345	10,871	72,232	–	5,489,449	60,075	5,549,524	–	5,549,524
Transactions with other segments	8,596	9,494	32,814	–	50,905	131,848	182,754	(182,754)	–
Total	5,414,941	20,366	105,047	–	5,540,354	191,924	5,732,279	(182,754)	5,549,524
Segment profit (loss)	801,249	(814,819)	(99,294)	(2,967)	(115,832)	18,279	(97,553)	(47,636)	(145,189)

(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 ¥47,636 thousand consist of negative ¥18,796 thousand in elimination of intersegment transactions and negative ¥28,839 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.

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

4. Figures above have been restated retrospectively in consistency with the reported business segments for the three months period ended June 30, 2025.

2. Information about impairment loss for non-current assets or goodwill, etc., by reportable segment

The information is omitted since there is no significant change occurred.

II. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on the amounts of revenue and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	6,171,699	14,319	169,797	43,313	6,399,129	78,547	6,477,677	–	6,477,677
Transactions with other segments	11,050	32,762	40,375	–	84,188	76,364	160,522	(160, 552)	–
Total	6,182,749	47,081	210,173	43,313	6,483,318	154,912	6,638,230	(160,552)	6,477,677
Segment profit (loss)	769,071	(1,101,160)	33,945	(23,782)	(321,925)	3,824	(318,100)	(22,833)	(340,934)

(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 ¥22,833 thousand consist of ¥9,064 thousand in elimination of intersegment transactions and negative ¥31,897 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.

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

2. Information about impairment loss for non-current assets or goodwill, etc., by reportable segment

The information is omitted since there is no significant change occurred.