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November 10, 2026

Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

Company name: Shin Nippon Biomedical Laboratories, Ltd.
Listing: Prime Market, Tokyo Stock Exchange
Securities code: 2395
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Scheduled date to file semi-annual securities report: November 10, 2026
Scheduled date to commence dividend payments: November 30, 2026
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 six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	17,568	19.0	1,555	–	3,081	89.3	2,197	107.1
September 30, 2025	14,766	18.1	49	(38.4)	1,627	(11.0)	1,061	(20.3)

Note: Comprehensive income For the six months ended September 30, 2026: ¥(2,421) million [–%]
For the six months ended September 30, 2025: ¥(968) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	52.79	–
September 30, 2025	25.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2026	109,364	39,818	36.1	947.85
March 31, 2026	105,055	43,489	41.0	1,035.76

Reference: Equity
As of September 30, 2026: ¥39,460 million
As of March 31, 2026: ¥43,120 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, 2026	–	20.00	–	30.00	50.00
Fiscal year ending March 31, 2027	–	20.00			
Fiscal year ending March 31, 2027 (Forecast)			–	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, 2027 (from April 1, 2026 to March 31, 2027)

(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
Fiscal year ending March 31, 2027	38,000	16.8	3,000	13.0	6,000	2.9	3,500	(23.4)	84.07

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 semi-annual 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 September 30, 2026	41,632,400 shares
As of March 31, 2026	41,632,400 shares

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

As of September 30, 2026	586 shares
As of March 31, 2026	586 shares

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

Six months ended September 30, 2026	41,631,814 shares
Six months ended September 30, 2025	41,631,836 shares

* Semi-annual financial results reports are exempt from review 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, “1. Qualitative information on semi-annual consolidated financial results for the six months ended September 30, 2026, (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 explanatory materials are posted via TDnet on the date of disclosure. The Company plans to hold a financial results briefing session for analysts and institutional investors on Tuesday, November 10, 2026, from 3 p.m. Japan Time. Explanatory details (video recording in Japanese and its transcript in both Japanese and English) will be posted on the Company’s website (https://en.snbl.com) in a timely manner after the briefing.

Attached Material

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1. Qualitative information on semi-annual consolidated financial results for the six months ended September 30, 2026

(1) Explanation of operating results

In the pharmaceutical industry, outsourcing to contract research organizations (hereinafter, "CRO") has continued to gain momentum, as companies in Japan and overseas seek to accelerate research and development, improve cost efficiency, and simplify their interactions 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 strong reputation and 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 six months of the fiscal year ending March 31, 2027 (from April 1, 2026 to September 30, 2026; hereinafter, "the first half of the fiscal year under review") increased by ¥2,801 million (up 19.0%) compared to the first six months of the fiscal year ended March 31, 2026 (hereinafter, "the first half of the previous fiscal year") to ¥17,568 million, a record high for the first half of the fiscal year, driven by the mainstay CRO business. Operating profit was ¥1,555 million, an increase of ¥1,506 million (up 3054.0%) relative to operating profit of ¥49 million for the first half of the previous fiscal year.

This significant increase in operating profit is primarily attributable to the recognition of revenue in the CRO business in the first half of the fiscal year under review for several large-scale projects whose revenue recognition, originally expected during the fiscal year ended March 31, 2026, was carried over into the first half of the fiscal year under review. An additional factor is the deferral of expenses for the Translational Research business (hereinafter, "TR business") to the second half of the year. Satsuma Pharmaceuticals, Inc. (hereinafter, "Satsuma"), a consolidated subsidiary of the Company in the United States, recorded an operating loss of ¥1,197 million for the first half of the fiscal year under review (for the first half of the previous fiscal year: operating loss of ¥1,386 million) in connection with the commercialization of the intranasal migraine therapeutic agent "Atzumi™."

Ordinary profit increased by ¥1,453 million (up 89.3%) year on year to ¥3,081 million. The share of profit of entities accounted for using equity method for the first half of the fiscal year under review from PPD-SNBL K.K., which promotes the clinical business within the CRO business, was ¥1,406 million (the first half of the previous fiscal year: ¥1,209 million). As for foreign exchange losses (gains), foreign exchange losses of ¥19 million were recorded, contributing to a decrease in ordinary profit by ¥198 million compared with foreign exchange gains of ¥179 million for the first half of the previous fiscal year. Profit attributable to owners of parent increased by ¥1,136 million (up 107.1%) year on year to ¥2,197 million.

As of September 30, 2026, the SNBL Group had 1,675 employees (on a consolidated basis; permanent employees only, excluding hourly, temporary, and part-time employees), an increase of 153 from the end of March 2026, partly reflecting the 150 new employees (including 90 women) who joined in April 2026. The ratio of female employees was 54.7% (on a consolidated basis, all employees).

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 laboratory non-human primates (NHPs), considered as one of the industry's second-top tier nonclinical CROs globally. The nonclinical business achieved steady results for the first half of the fiscal year under review. The following initiatives implemented by the Company have shown positive results.

- The importance of establishing the Company's framework for lab animal supply, comprising in-house NHP breeding facilities and study labs set in close proximity, 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 steady orders received. We have also completed our 5-year plan to strengthen framework for breeding NHPs in Japan since the fiscal year ended March 31, 2021 to reduce import risks and improve quality by constructing new large-scale breeding facility with the total investment of ¥8.5 billion. These initiatives have been highly evaluated, particularly by customers in Europe and the U.S.

- We have concluded preferred contracts (agreements under which work is preferentially outsourced to pre-selected CROs) with multiple pharmaceutical companies that have highly evaluated these initiatives, leading to an increase in orders received. In addition, our efforts to strengthen sales activities in response to growing orders from Europe and the U.S., including the formation of the Global Study Team (GST), a team dedicated to overseas clients, in the Drug Safety Research Laboratory in November 2024, have proven successful, and in the fiscal year ended March 31, 2026, we newly obtained preferred vendor certification from a global pharmaceutical company as well.
- In April 2025, the Company became the first CRO in Japan to commence Microphysiological Systems (MPS) contract services, leading to concluding contracts. In July 2026, the Company gave a presentation on MPS at the 53rd Annual Meeting of the Japanese Society of Toxicology. Interest from both domestic and overseas pharmaceutical companies is high, and multiple inquiries are ongoing.
- Our Drug Safety Research Laboratory, Medipolis NHP Center, and SNBL INA Ltd. all received continued full accreditation from AAALAC International in June 2026. AAALAC International is the sole international, independent accreditation organization (and private, nonprofit organization) that conducts assessments of the actual practices of humane and responsible care and use of animals in facilities for laboratory animals. Following accreditation, reassessments are carried out every three years by way of on-site visits to facilities. For many pharmaceutical companies, especially those in Europe and the U.S., holding AAALAC International accreditation is a key prerequisite to allow the subcontracting of work to a CRO.
- In February 2026, to further strengthen our ability to boost orders from customers in Europe and the U.S., where our strategic initiatives have begun to bear fruit, we commenced construction of the "EU Building," an NHP laboratory dedicated to large group-housing cages compliant with EU standards, for which there is strong demand from customers in Europe and the U.S. This four-story building represents a total investment of approximately ¥10 billion. Incorporating the know-how gained from our many years of experience in conducting NHP studies, the facility will be equipped with new equipment for MRI (3 tesla), CT, and ultrasound examinations, and we are confident that it will be a facility of the highest global standard. We aim to complete construction in fall 2027.
- With the objective of improving quality and reducing the time taken from study completion to submission of the draft final report, we are developing a proprietary AI-based system to automate the preparation of study reports. In the fiscal year ended March 31, 2026, we conducted a PoC from which we obtained satisfactory results. In May 2026, the project entered the phase toward full-scale implementation, and we plan to implement the system by March 2027 to enhance convenience for our customers.

As a result of the aforementioned initiatives, contracts received in the nonclinical business for the first half of the fiscal year under review increased by ¥3,854 million (up 24.4%) year on year to ¥19,641 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 half of the fiscal year under review grew significantly by 51.8% year on year to ¥8,992 million. Overseas orders received in the first half of the fiscal year under review increased by 64.1% year on year to ¥10,602 million, accounting for 54.0% of total orders received (the first half of the previous fiscal year: 40.9%). The order backlog as of the end of September 2026 is at a record high level at ¥43,784 million, an increase of ¥7,298 million (up 20.0%) from the end of September 2025.

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 expertise 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. The share of profit of entities accounted for using equity method from PPD-SNBL's contribution for the first half of the fiscal year under review was ¥1,406 million (¥1,209 million in the first half of the previous fiscal year).

Revenue in the CRO business for the first half of the fiscal year under review increased by ¥2,782 million (up 19.7%) year on year to ¥16,929 million, renewing a record high for the first half of the fiscal year.

Operating profit of the CRO business increased by ¥1,803 million (up 81.7%) year on year to ¥4,009 million, and ratio of operating profit to revenue was 23.7% (the first half of the previous fiscal year: 15.6%).

(ii) Translational Research business (TR business)

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 the business's launch in 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, Satsuma obtained marketing approval from the U.S. Food and Drug Administration (FDA) for "Atzumi™," an intranasal migraine drug, on April 30, 2025 (US time). With a view to launching the product in the U.S. market in the second half of 2027, Satsuma is currently implementing a wide range of business development initiatives, including the establishment of strategic partnerships, while taking the lead in building out its commercial infrastructure. In regions outside the U.S. (such as the Middle East, Asia, and Europe), Satsuma is negotiating to license the product to local sales partners. In June 2026, the results of the clinical trial of Atzumi™ were presented as a poster at the American Headache Society (AHS).

The TR Business Headquarters within parent SNBL includes a department that conducts research into creating fundamental technologies such as formulations and devices, a department that manages clinical trials of Parkinson's disease treatment drugs, and one that manages the acquisition of Proof of Concept (hereinafter, "PoC") 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 TR-012001 Phase II exploratory clinical trials conducted on Parkinson's disease patients in Japan (12 cases) at the Annual Meeting of the American Academy of Neurology (AAN) in April 2025, as well as the results of additional analysis at the International Congress of Parkinson's Disease and Movement Disorders in July 2026. Additionally, at the Annual Meeting of the Japanese Society of Neurology held in May 2025, the congress of the Movement Disorder Society of Japan in July, and the International Congress of Parkinson's Disease and Movement Disorders in October, the Company presented multiple abstracts, including the results of the Phase I 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. The results are to be presented in academic meetings. We are conducting detailed research on pharmaceutical regulatory systems and markets in various countries, carefully determining future development policies, and considering strategic partnerships as an option while planning the next clinical trial. In terms of development of intranasal mucosal vaccines, we received contracted R&D expenses from AMED/SCARDA and moved forward with research and development. At an interim evaluation recently conducted by AMED, a study using cynomolgus monkeys confirmed that the powdered nasal administration method developed by the Company induces the production of secretory IgA in the nasal mucosa and has a preventive effect against the establishment of influenza virus infection in the nasal mucosa. Based on these results, AMED/SCARDA highly evaluated the project as having "achieved nonclinical PoC," awarding it the highest score of "A" in the interim evaluation, and AMED decided to provide R&D support through March 31, 2029, including additional contracted R&D expenses. Going forward, we will conduct a Phase I clinical trial within the period set for the development. At present, there is no vaccine that has preventive effects against the viral infection, and the outcomes of this clinical research are highly anticipated.

We have been developing the CRO and TR businesses since 1999, mainly centered on SNBL USA, Ltd. established in Washington State, USA, and have built a strong network with academic institutions, investors, pharmaceutical companies, and professional companies in Japan and the U.S. To contribute to the development of the drug discovery ecosystem, we are making full use of the experience and network we have cultivated through the U.S. business to expand the SNBL Global Gateway (SGG) business, which holistically drives investment activities and business incubation support.

In April 2026, we reorganized the Gemseki business department, which had been operating the licensing brokerage business related to drug discovery seeds and technologies, to establish the SGG Division. As a result, we have developed a comprehensive support system for the creation and development of pharmaceuticals and medical devices by adding licensing support, including search for business partners, to the existing investment and business incubation functions.

The SGG Division provides support in both Japan and the U.S. for Japanese biotech companies and startups aiming to enter the U.S. market, and U.S. companies and startups aiming to enter the Japanese market or build alliances with Japanese companies, through the three functions of investment, business incubation, and licensing support.

For the investment function, we invest in startups in Japan and North America, primarily through our consolidated subsidiary, Gemseki Investment Inc. We continued to conduct investment activities through the Gemseki Fund No. 2 Investment Limited Partnership that we formed in 2024, and in the first half of the fiscal year under review, we took stakes in two startups in Japan. In April 2026, a project jointly developed by Gemseki Investment Inc. and startups was selected for the Tokyo Metropolitan Government's Sector-Specific Company Creation Support Project (commonly known as "Blockbuster Creation"). We are advancing efforts to support the commercialization of startups. In addition, we are engaged in investment activities focused primarily on North America through the SBI US Gateway Fund, a joint fund established by the SBI Group, which has an extensive track record in the global investment field, and Plug and Play, an innovation platform provider headquartered in Silicon Valley, USA.

For the business incubation function, we are leveraging the network and business infrastructure we have developed in the U.S. to support Japanese companies entering the U.S. market and U.S. companies entering the Japanese market. More specifically, we offer fully integrated support, including market analysis, developing market entry strategies and business plans, regulatory/intellectual property strategy, establishing local offices, and business plan execution support. In the first half of the fiscal year under review, we provided U.S. market analysis services, advisory services on strategy development and corporate establishment related to U.S. market entry, and consulting on nonclinical studies to multiple Japanese biotech companies and venture capital firms in the initial stages of considering entry to the U.S. market. In addition, one of our partner venture capital firms has opened an office at the business incubation facility we operate in Washington State. Membership at this facility is growing, primarily among Japanese biotech companies, and it continues to create opportunities for exchange and business alliances among Japanese and U.S. venture capital companies, pharmaceutical companies, biotech companies, research institutions, and others through participation in events held at the U.S. incubation hub.

In collaboration with the Seattle Children's Research Institute and the City of Kobe, we co-hosted a two-day life sciences event titled "Life Science Gateway 2026 Seattle and Japan" in Washington State in May 2026. At this event, we discussed the investment environment and joint research landscape in the life sciences sector and the drug discovery ecosystem, including CDMO, in both Japan and the U.S. In addition, we held a panel discussion on the application of AI in drug discovery, clinical trials, and hospital operations, which has become increasingly active in recent years. We also featured presentations by startups from both countries and provided networking opportunities. The event attracted approximately 190 participants. We also participated in the "Plug and Play Silicon Valley May Summit 2026," which was held by Plug and Play in the same month, where we held meetings and exchanged information with startups, businesses, and investors. Through these activities, we are working to increase points of contact between Japanese and U.S. life sciences professionals and to create opportunities for business collaboration and investment.

For the licensing support function, guided by our mission of "Striving to support the best development of drug candidates and technologies for society," we provide licensing and partnering support to drug discovery startups, research institutions, and other entities that possess drug discovery seeds and technologies. This support includes formulating out-licensing strategies, identifying potential licensees, arranging meetings, and supporting contract negotiations. We participated in the BIO International Convention 2026 held in San Diego in June 2026, the LSX Congress USA 2026 held in Boston in July, and BioJapan 2026 held in Yokohama in October. Through meetings with pharmaceutical startups, research institutions, and pharmaceutical companies, we pressed forward with identifying and securing contracts with new customers possessing promising drug discovery seeds and technologies. We also supported existing clients by introducing their drug discovery seeds and technologies and helping to create licensing and business partnership opportunities. Additionally, in September 2026, a licensing agreement and other contracts were concluded between a pharmaceutical company in Oceania, which we have continuously supported, and a Japanese pharmaceutical company, contributing to the realization of an international alliance formation.

Through these initiatives, we foster the development of the global drug discovery ecosystem by connecting startups, academic institutions, investors, pharmaceutical companies, and drug discovery support firms in Japan and the U.S., while providing comprehensive support for investment, business incubation, and licensing.

Amid these circumstances, the TR business posted revenue of ¥90 million for the first half of the fiscal year under review (for the first half of the previous fiscal year: ¥28 million), driven by higher revenue from business incubation activities in the SGG business. Operating loss for the first half of the fiscal year under review was ¥2,097 million (for the first half of the previous fiscal year: operating loss of ¥2,081 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 as the business to generate benefits for society, and operates power generation and hospitality businesses. 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 2015. Geothermal power generation produces hardly any CO_2 emissions, is not affected by weather or time of day, and is a baseload power source capable of stable power generation. The power plant generates approximately 10 million kWh of electricity each year, and we recorded steady electricity sale income from the use of the feed-in tariff (FIT) system. In April 2025, we also began operation of a hot spring power generation plant that utilizes residual steam from hotel hot spring sources, achieving generation of 4 million kWh a year (roughly equivalent to the annual electricity consumption of 1,000 average households). The estimated annual power generation from both power plants combined is equivalent to roughly half of the Company's annual electricity consumption. In October 2026, we announced that we, together with Mitsui Fudosan Co., Ltd. and Japan New Energy Co., Ltd., have officially commenced a demonstration experiment aimed at the commercialization of Japan's first next-generation geothermal power generation "closed-loop system" on the premises of our Medipolis Ibusuki. In this project, we aim to commercialize a new power generation method that does not involve pumping up naturally occurring underground hot water or steam, unlike traditional geothermal power generation. It is expected to contribute to broader adoption of renewable energy and effective utilization of regional resources.

In the hospitality business, three facilities, namely the Amafuru Oka as a healing resort hotel, the HOTEL Freesia as an accommodation facility for patients of the Medipolis Proton Therapy and Research Center, and Ibusuki Bay Hills Hotel & Spa as a facility dedicated to residential training, 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 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 businesses. During the first half of the fiscal year under review, we have started offering artificially bred and aquacultured Japanese eel, produced by the Company on Okinoerabu Island, as an ingredient in the dinner course at the Amafuru Oka. The Medipolis Proton Therapy and Research Center has treated more than 8,100 cancer patients with proton therapy since it began treatments in January 2011.

The Medipolis business posted revenue of ¥407 million for the first half of the fiscal year under review, an increase of ¥17 million (up 4.4%) from ¥390 million for the first half of the previous fiscal year. Operating loss was ¥70 million (for the first half of the previous fiscal year: operating profit of ¥14 million) mainly due to increased costs associated with the 12-year periodic inspection expenses in the power generation business.

(iv) US Property Management business

The Company began operating the US Property Management business in 2025, leasing out a multi-purpose industrial building (1.72 hectares) constructed on a site of approximately 19.83 hectares owned by our U.S. subsidiary SNBL USA, LTD. The business posted revenue of ¥97 million for the first half of the fiscal year under review (for the first half of the previous fiscal year: ¥88 million), due to the land and house rent received from tenants. This is primarily due to the impact of currency translation resulting from the further depreciation of the yen. Meanwhile, operating loss was ¥68 million (for the first half of the previous fiscal year: operating loss of ¥48 million).

(v) Initiatives for sustainability/ESG

Under the corporate philosophy of “We are a company that values the environment, life, and people” and the slogan “I’m happy, you are happy, and everyone is happy,” the Company actively promotes sustainability/ESG initiatives and regards itself as an industry leader.

The sustainability/ESG initiatives are primarily promoted by the SDGs Committee (chaired by independent External Director, Dr. Keiko Toya), which serves as an advisory body to the Board of Directors, and a subordinate organization of the SDGs Committee, the Environmental Committee (chaired by the honorary executive director in charge of sustainability). The ESG data book, various ESG policies, and such are disclosed on the Company’s website (https://en.snbl.com/esg).

The cost of capital has been estimated at 5.3% based on the earnings results for the fiscal year ended March 31, 2026 (beta value: 0.94, based on weekly data for the last five years). Regarding capital return, we emphasize ROE and ROIC as key indicators. These indicators are reported at the monthly Board of Directors meetings, with a target of at least 10% for both. The results for the fiscal year ended March 31, 2026 were ROE of 10.9% and ROIC of 8.4%.

The Company has been highly evaluated by various rating agencies for its continuous efforts for sustainability/ESG. The Company has been selected for two consecutive years as a component stock in the FTSE JPX Blossom Japan Index, and for five consecutive years in the FTSE JPX Blossom Japan Sector Relative Index, both of which are constructed by global index provider FTSE Russell in the UK. Additionally, we have been selected twice for the “Nadeshiko Brand,” in FY2021 and FY2025. This program, jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, recognizes companies that excel in women’s participation in the workplace. Furthermore, in September 2026, the SNBL Group obtained the validation from the Science Based Targets initiative (SBTi) for the greenhouse gas emission reduction targets we set.

As for the results of dialogue with shareholders and investors during the first half of the fiscal year under review, the Company conducted 101 meetings with institutional investors and analysts. The IR and Corporate Communications blog was updated with 156 posts to provide information in a timely way.

Since 2014, the Company has been engaged in research and development on the aquaculture of Japanese eels, which are an endangered species, in their juvenile stage (glass eels) (fisheries business), with the aim of conserving biodiversity and contributing to regional industries. In 2019, we established our research facility in Wadomari-cho, Okinoerabu Island, Kagoshima Prefecture, achieving a high survival rate at the laboratory level, and in October 2024, we began joint research with Nissui Corporation, a major fisheries company. Currently, using our proprietary artificial feed, automatic feeding system, new type of breeding tank (Kuroshio Tank™) and such, we are progressing toward mass production with the aim of establishing a production system capable of producing one million juvenile eels annually by the fiscal year ending March 31, 2031.

(2) Explanation of financial position

(Analysis of assets, liabilities and net assets)

Total assets as of September 30, 2026 increased by ¥4,308 million (up 4.1%) compared to the balance as of the end of the previous fiscal year, to ¥109,364 million. Current assets increased by ¥5,952 million (up 13.8%) compared to the balance as of the end of the previous fiscal year, to ¥48,940 million, due mainly to a decrease in notes and accounts receivable - trade, and contract assets of ¥360 million (down 4.9%) and an increase in cash and deposits of ¥5,863 million (up 31.6%). Non-current assets decreased by ¥1,643 million (down 2.6%) compared to the balance as of the end of the previous fiscal year, to ¥60,423 million, as a decrease in investment securities of ¥4,447 million (down 20.8%) more than offset an increase in property, plant and equipment of ¥3,139 million (up 8.7%).

Liabilities increased by ¥7,979 million (up 13.0%) compared to the balance as of the end of the previous fiscal year, to ¥69,546 million. Current liabilities decreased by ¥138 million (down 0.4%) compared to the balance as of the end of the previous fiscal year, to ¥39,187 million, due mainly to decreases in short-term borrowings of ¥1,099 million (down 5.6%) and in income taxes payable of ¥688 million (down 71.2%), partially offset by an increase in advances received of ¥1,928 million (up 13.1%). Non-current liabilities increased by ¥8,117 million (up 36.5%) compared to the balance as of the end of the previous fiscal year, to ¥30,358 million, due mainly to an increase in long-term borrowings of ¥8,356 million (up 39.6%).

Net assets decreased by ¥3,670 million (down 8.4%) compared to the balance as of the end of the previous fiscal year, to ¥39,818 million. While profit attributable to owners of parent of ¥2,197 million was recorded and foreign currency translation adjustment increased by ¥300 million, these were outweighed mainly by a decrease in valuation difference on available-for-sale securities of ¥4,909 million and dividends paid of ¥1,248 million.

(Analysis of cash flows)

The outstanding balance of cash and cash equivalents (“cash”) as of September 30, 2026 was ¥24,270 million, up ¥5,899 million (32.1%) compared to the balance as of the end of the previous fiscal year.

Status of each cash flow during the six months ended September 30, 2026 and main contributing factors thereof are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥5,607 million, up ¥3,787 million (208.2%) relative to the six months ended September 30, 2025.

The main contributing factors included profit before income taxes of ¥2,991 million, depreciation of ¥1,605 million, share of profit of entities accounted for using equity method of ¥1,524 million, an increase in advances received of ¥1,928 million, interest and dividends received of ¥1,598 million, and income taxes paid of ¥974 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥5,485 million, up ¥1,338 million (32.3%) relative to the six months ended September 30, 2025.

The main contributing factors included purchase of property, plant and equipment of ¥4,808 million, purchase of investment securities of ¥500 million, and purchase of shares of subsidiaries and associates of ¥219 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥5,922 million, up ¥3,636 million (159%) relative to the six months ended September 30, 2025.

The main contributing factors included proceeds from long-term borrowings of ¥17,000 million, repayments of long-term borrowings of ¥5,443 million, a decrease in short-term borrowings of ¥4,300 million, and dividends paid of ¥1,249 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. With respect to the impact of the situation in the Middle East, the Company has not, at this time, experienced any difficulties in procuring medical products or other supplies necessary for its operations.

Today, we announced our new medium-term management plan, "Transformation 2030." The term "Transformation" embodies our vision to "transform our business structure so that, by 2030, we are generating revenue not only from our CRO business but also from our TR business." For further details, please refer to the "New Mid-Term Management Plan: Transformation 2030" disclosed today.

Business performance for the first half of the fiscal year under review has been strong, with both revenue and profits exceeding the revised earnings forecast for the first half of the fiscal year under review, previously announced by the Company on August 5, 2026. We have not revised the initial consolidated earnings forecast for the full year; one reason for the favorable performance in the first half of the fiscal year under review is that expenses for the TR business have been deferred to the second half of the year.

The assumed exchange rate is US$1 = ¥150.00, as set at the beginning of the fiscal year.

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.

[Orders received in the nonclinical business]

(Millions of yen)

	Results for the six months ended September 30, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the six months ended September 30, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the six months ended September 30, 2025	Full-year results for the fiscal year ended March 31, 2026	Results for the six months ended September 30, 2026	Full-year plan for the fiscal year ending March 31, 2027
Orders received	12,615	27,411	15,311	32,109	15,787	35,728	19,641	37,800
Of which, Japan	9,679	20,359	9,756	19,769	9,328	20,223	9,038	19,200
Of which, overseas	2,935	7,052	5,555	12,340	6,459	15,505	10,602	18,600
Order backlog	32,210	33,212	35,877	34,394	36,486	40,920	43,784	–

(Notes) 1.For calculation of orders received (overseas), an average exchange rate for each fiscal year is applied.
2.For calculation of order backlog (overseas), a year-end exchange rate for each fiscal year is applied.

[Trends in principal management benchmarks]

(Millions of yen, unless otherwise noted)

	Results for the six months ended September 30, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the six months ended September 30, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the six months ended September 30, 2025	Full-year results for the fiscal year ended March 31, 2026	Results for the six months ended September 30, 2026	Full-year plan for the fiscal year ending March 31, 2027
	From April 2023 to September 2023	From April 2023 to March 2024	From April 2024 to September 2024	From April 2024 to March 2025	From April 2025 to September 2025	From April 2025 to March 2026	From April 2026 to September 2026	From April 2026 to March 2027
Capital expenditures	2,174	8,525	7,639	11,390	3,085	5,304	5,088	11,086
Depreciation	830	1,774	1,079	2,496	1,503	3,318	1,605	3,948
R&D expenses	482	1,741	1,276	2,217	1,317	2,400	439	740
Number of employees at period-end (people)	1,358	1,341	1,451	1,436	1,531	1,522	1,675	1,676

(Notes) 1. Satsuma Pharmaceuticals is included from October 1, 2023.

2. R&D expenses for the six months ended September 30, 2026 and its full-year plan for the fiscal year ending March 31, 2027 decreased significantly. This was mainly due to a decrease in R&D expenses at Satsuma, as Atzumi™ transitioned from the research and development phase to the phase of promoting its manufacturing and marketing activities.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Thousands of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	18,536,325	24,400,247
Notes and accounts receivable - trade, and contract assets	7,304,856	6,944,502
Inventories	15,114,090	16,101,219
Other	2,205,775	1,664,105
Allowance for doubtful accounts	(172,270)	(169,209)
Total current assets	42,988,777	48,940,865
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,799,105	24,040,406
Land	5,033,176	5,025,747
Other, net	7,369,410	10,275,063
Total property, plant and equipment	36,201,692	39,341,216
Intangible assets		
Goodwill	1,762,784	1,724,873
Other	359,685	346,266
Total intangible assets	2,122,470	2,071,139
Investments and other assets		
Investment securities	21,373,107	16,925,763
Other	2,566,688	2,279,407
Allowance for doubtful accounts	(197,220)	(194,026)
Total investments and other assets	23,742,575	19,011,144
Total non-current assets	62,066,737	60,423,501
Total assets	105,055,514	109,364,366

(Thousands of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	406,866	761,032
Short-term borrowings	19,669,996	18,570,796
Income taxes payable	966,195	278,077
Advances received	14,705,860	16,634,357
Other	3,576,392	2,942,875
Total current liabilities	39,325,311	39,187,138
Non-current liabilities		
Long-term borrowings	21,121,025	29,477,141
Lease liabilities	468,120	761,478
Other	651,805	120,281
Total non-current liabilities	22,240,951	30,358,900
Total liabilities	61,566,263	69,546,039
Net assets		
Shareholders' equity		
Share capital	9,679,070	9,679,070
Capital surplus	2,398,557	2,398,557
Retained earnings	22,572,741	23,521,761
Treasury shares	(780)	(780)
Total shareholders' equity	34,649,589	35,598,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,911,222	3,002,020
Foreign currency translation adjustment	559,946	860,193
Total accumulated other comprehensive income	8,471,168	3,862,213
Non-controlling interests	368,492	357,504
Total net assets	43,489,251	39,818,327
Total liabilities and net assets	105,055,514	109,364,366

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Revenue	14,766,784	17,568,239
Cost of revenue	8,089,008	8,804,093
Gross profit	6,677,776	8,764,145
Selling, general and administrative expenses	6,628,463	7,208,800
Operating profit	49,313	1,555,345
Non-operating income		
Interest income	95,735	164,511
Dividend income	1,020	1,170
Share of profit of entities accounted for using equity method	1,315,625	1,524,331
Foreign exchange gains	179,307	–
Other	147,522	129,715
Total non-operating income	1,739,211	1,819,729
Non-operating expenses		
Interest expenses	126,452	216,179
Foreign exchange losses	–	19,339
Commission expenses	432	145
Other	33,887	58,169
Total non-operating expenses	160,772	293,834
Ordinary profit	1,627,752	3,081,239
Extraordinary income		
Gain on sale of non-current assets	2,562	2,017
Other	–	5
Total extraordinary income	2,562	2,023
Extraordinary losses		
Loss on retirement of non-current assets	295,728	83,775
Impairment losses	10,793	7,995
Total extraordinary losses	306,521	91,770
Profit before income taxes	1,323,792	2,991,491
Income taxes - current	96,647	359,391
Income taxes - deferred	189,354	458,103
Total income taxes	286,001	817,494
Profit	1,037,790	2,173,997
Loss attributable to non-controlling interests	(23,337)	(23,977)
Profit attributable to owners of parent	1,061,128	2,197,974

Semi-annual consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	1,037,790	2,173,997
Other comprehensive income		
Valuation difference on available-for-sale securities	1,407,499	(4,909,201)
Foreign currency translation adjustment	(3,315,903)	222,966
Share of other comprehensive income of entities accounted for using equity method	(97,945)	90,268
Total other comprehensive income	(2,006,350)	(4,595,966)
Comprehensive income	(968,559)	(2,421,968)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(939,583)	(2,410,980)
Comprehensive income attributable to non-controlling interests	(28,976)	(10,988)

(3) Semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	1,323,792	2,991,491
Depreciation	1,503,621	1,605,377
Impairment losses	10,793	7,995
Amortization of goodwill	56,499	57,940
Increase (decrease) in allowance for doubtful accounts	14,668	(6,255)
Interest and dividend income	(96,755)	(165,681)
Interest expenses	126,452	216,179
Foreign exchange losses (gains)	(41,921)	138,111
Share of loss (profit) of entities accounted for using equity method	(1,315,625)	(1,524,331)
Loss (gain) on sale of non-current assets	(2,562)	(2,017)
Loss on retirement of non-current assets	295,728	83,775
Decrease (increase) in trade receivables	596,829	270,374
Decrease (increase) in inventories	(185,356)	(1,057,959)
Increase (decrease) in advances received	478,855	1,928,445
Increase (decrease) in trade payables	50,854	278,253
Other, net	(258,469)	373,409
Subtotal	2,557,404	5,195,109
Interest and dividends received	1,290,132	1,598,587
Interest paid	(132,923)	(211,549)
Income taxes paid	(1,895,163)	(974,801)
Net cash provided by (used in) operating activities	1,819,450	5,607,346
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	14,746	39,642
Purchase of property, plant and equipment	(3,234,004)	(4,808,335)
Purchase of intangible assets	(75,243)	(575)
Proceeds from sale of property, plant and equipment	4,356	7,854
Purchase of investment securities	(862,049)	(500,199)
Purchase of shares of subsidiaries and associates	–	(219,137)
Other, net	5,769	(4,450)
Net cash provided by (used in) investing activities	(4,146,425)	(5,485,200)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,400,000	(4,300,000)
Proceeds from long-term borrowings	6,800,000	17,000,000
Repayments of long-term borrowings	(4,592,713)	(5,443,465)
Repayments of finance lease liabilities	(71,930)	(83,139)
Dividends paid	(1,248,568)	(1,249,374)
Other, net	–	(1,109)
Net cash provided by (used in) financing activities	2,286,788	5,922,911
Effect of exchange rate change on cash and cash equivalents	(406,704)	(145,226)
Net increase (decrease) in cash and cash equivalents	(446,892)	5,899,832
Cash and cash equivalents at beginning of period	11,843,986	18,371,101
Cash and cash equivalents at end of period	11,397,094	24,270,933

(4) Notes to semi-annual consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in consolidated subsidiaries during the current semi-annual accounting period)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

Not applicable.

(Notes to semi-annual consolidated balance sheet)

* The composition of inventories is as follows.

(Thousands of yen)

	As of March 31, 2026	As of September 30, 2026
Merchandise and finished goods	3,020,589	3,164,265
Work in process	11,150,733	12,045,545
Raw materials and supplies	942,767	891,409
Total	15,114,090	16,101,219

(Notes to semi-annual consolidated statement of income)

* The major item of selling, general and administrative expenses is as follows.

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Salaries and allowance	1,574,692	1,802,565
Provision of allowance for doubtful accounts	76	–

(Notes to semi-annual consolidated statement of cash flows)

* The reconciliation of cash and cash equivalents at the end of the period with the account balances in the semi-annual consolidated balance sheets is as follows.

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash and deposits	11,557,423	24,400,247
Time deposits with maturity over 3 months	(160,329)	(129,314)
Cash and cash equivalents	11,397,094	24,270,933

(Notes to segment information)

(Segment information)

I. Six months ended September 30, 2025 (from April 1, 2025 to September 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 semi-annual consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	14,126,406	28,139	341,241	88,024	14,583,812	182,972	14,766,784	–	14,766,784
Transactions with other segments	20,716	585	48,895	–	70,197	1,379,614	1,449,811	(1,449,811)	–
Total	14,147,123	28,724	390,136	88,024	14,654,010	1,562,586	16,216,596	(1,449,811)	14,766,784
Segment profit (loss)	2,206,631	(2,081,722)	14,394	(48,317)	90,985	29,024	120,010	(70,697)	49,313

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

2. Segment profit (loss) adjustments amounting to negative ¥70,697 thousand consist of negative ¥7,882 thousand in elimination of intersegment transactions and negative ¥62,815 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 semi-annual 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.

II. Six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

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 semi-annual consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	16,915,628	90,674	325,636	97,952	17,429,892	138,347	17,568,239	–	17,568,239
Transactions with other segments	14,079	–	81,607	–	95,687	1,301,843	1,397,531	(1,397,531)	–
Total	16,929,708	90,674	407,244	97,952	17,525,580	1,440,190	18,965,770	(1,397,531)	17,568,239
Segment profit (loss)	4,009,980	(2,097,697)	(70,330)	(68,152)	1,773,799	(22,984)	1,750,814	(195,469)	1,555,345

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

2. Segment profit (loss) adjustments amounting to negative ¥195,469 thousand consist of negative ¥59,770 thousand in elimination of intersegment transactions and negative ¥135,699 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 semi-annual 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.