

The First Half of the Fiscal Year Ending March 31, 2022 Financial Results Presentation

November 4, 2021



SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.

(TSE 1st Section: 2395)

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1. H1 FY2022/3 Overview



Representative Chairman and President, CEO and CHO
Ryoichi Nagata, MD

Summary

1. H1 FY2022/3 Results

- Revenue and profits of CRO Business up substantially. Strong growth driven by the overall industry-wide trend of streamlining operations and accelerating R&D activities
- Efforts on “time-value creation” that help maximize benefits in clients starting to gain traction
- Set new record-high strong orders received in H1

2. Full-year Forecasts and Future Direction

- Revise up full-year guidance based on H1 results and current business environments
- Expect favorable business environment for CRO Business to continue in H2
- Medium- to long-term management perspective is a key to achieve our goal of becoming “DANTOTSU” (best by far) CRO in the industry.

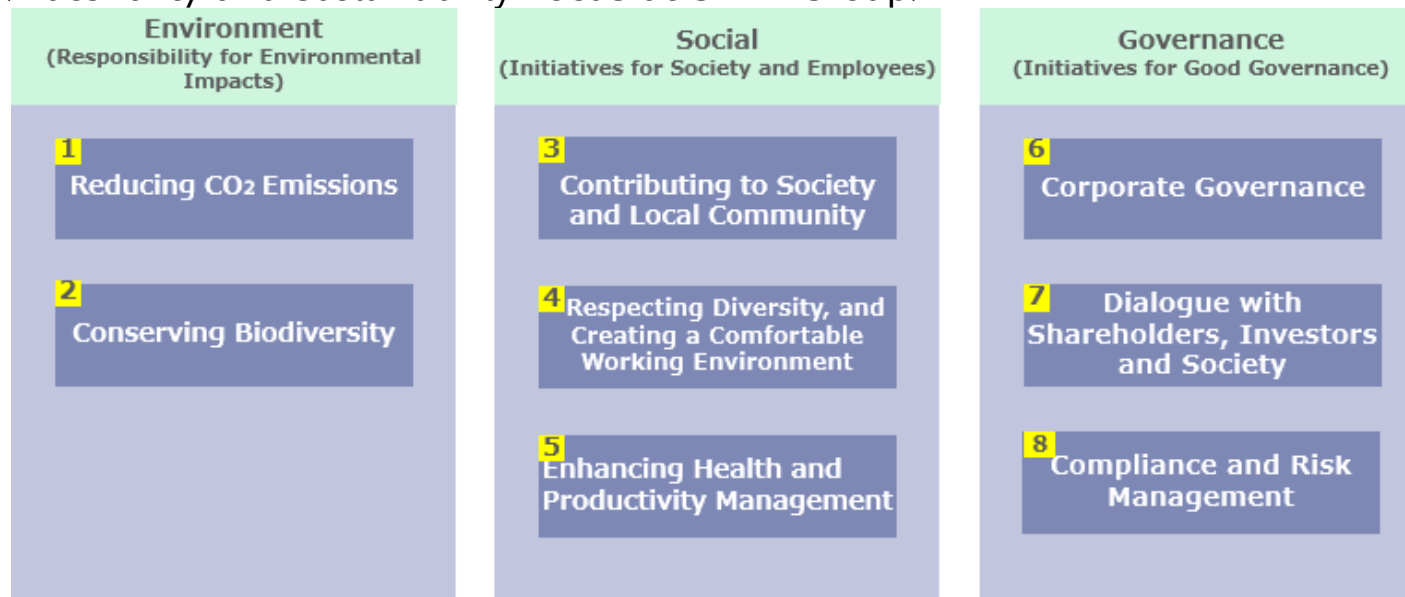
3. Initiatives to Enhance Corporate Value : SDGs/ESG

- Undertake “visualization” of corporate activities through enhanced disclosure and IR/PR activities
- Set SDGs Committee and publish first sustainability report
- Continue to enhance corporate value as industry leader in initiatives for SDGs/ESG

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<Materiality and Sustainability Focus at SNBL Group>



■ Forest in Medipolis Ibusuki, Ibusuki City, Kagoshima Pref.



■ Geothermal power plant in Medipolis Ibusuki

<External Recognition>



Source : “Sustainability Report 2021” (<https://www2.tse.or.jp/disc/23950/140120211025416124.pdf>)

2. Outline of H1 Consolidated Financial Results



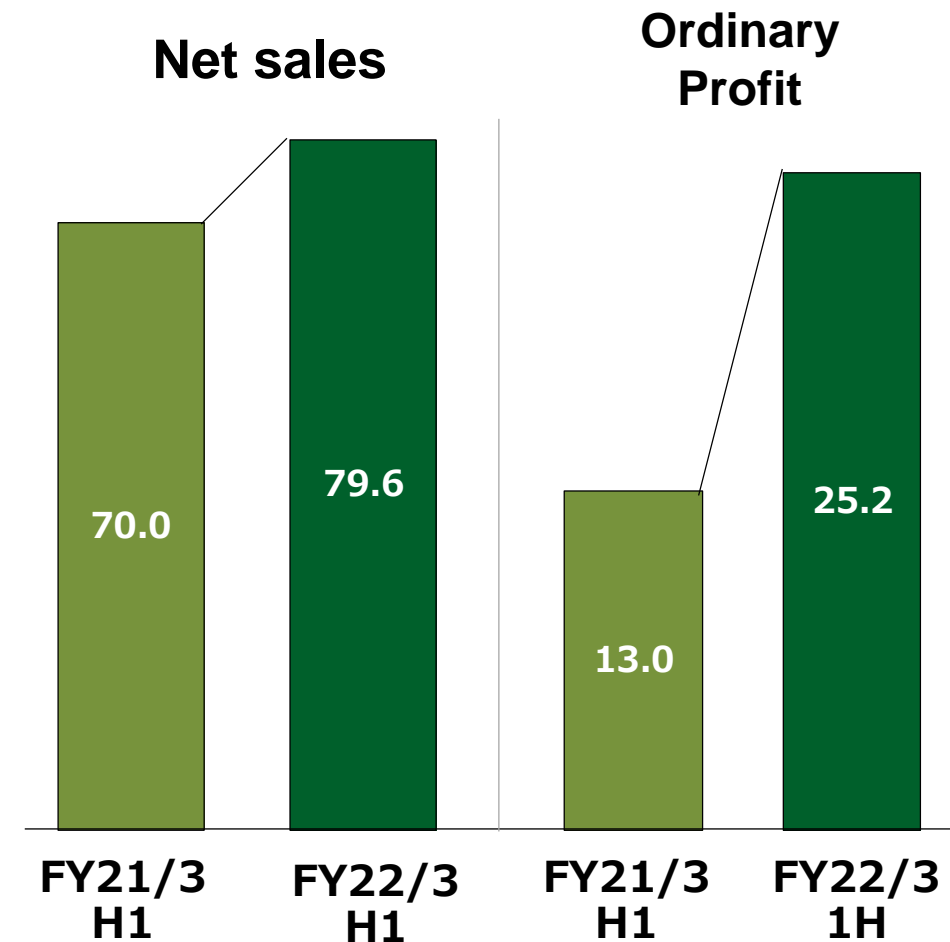
Senior Managing Executive Officer and CFO
Shinji Nitanda

Financial Results Highlights: H1 FY2022/3

Set **new record highs** for operating profit, ordinary profit and profit attributable to owners of parent

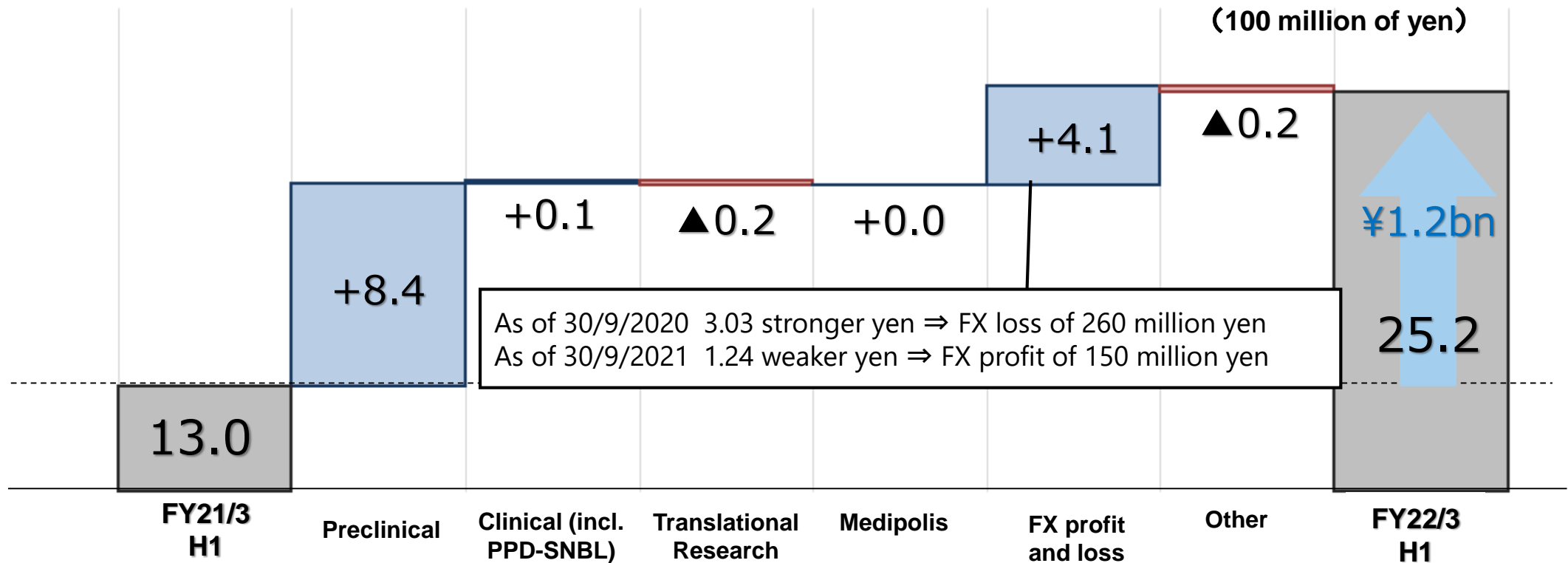
	FY2022/3	
	H1 Results	Yoy
Net sales	79.6	+9.5
Operating Profit	19.6	+8.0
Ordinary Profit	25.2	+12.2
Profit Attributable to Owners of Parent	35.0	+23.6

(100 million of yen)



Yoy Comparison of Consolidated Ordinary Profit & Loss: H1 FY2022/3

	CRO business		Translational Research business	Medipolis business	Foreign exchange profit and loss	Other	Ordinary profit total
	Preclinical	Clinical (incl. PPD-SNBL)					
H1 FY2022/3	24.3	4.3	-3.3	-0.1	1.5	-1.5	25.2
H1 FY2021/3	15.9	4.2	-3.1	-0.1	-2.6	-1.3	13.0
Yoy changes	+8.4	+0.1	-0.2	+0.0	+4.1	-0.2	+12.2



■ Revisions to Full-year Forecasts for FY2022/3

(announced on Oct 21, 2021)

Revisions to Full-year Forecasts for FY2022/3 announced on Oct 21 2021

Again we expect to achieve **new record highs** for operating profit, ordinary profit and profit attributable to owners of parent

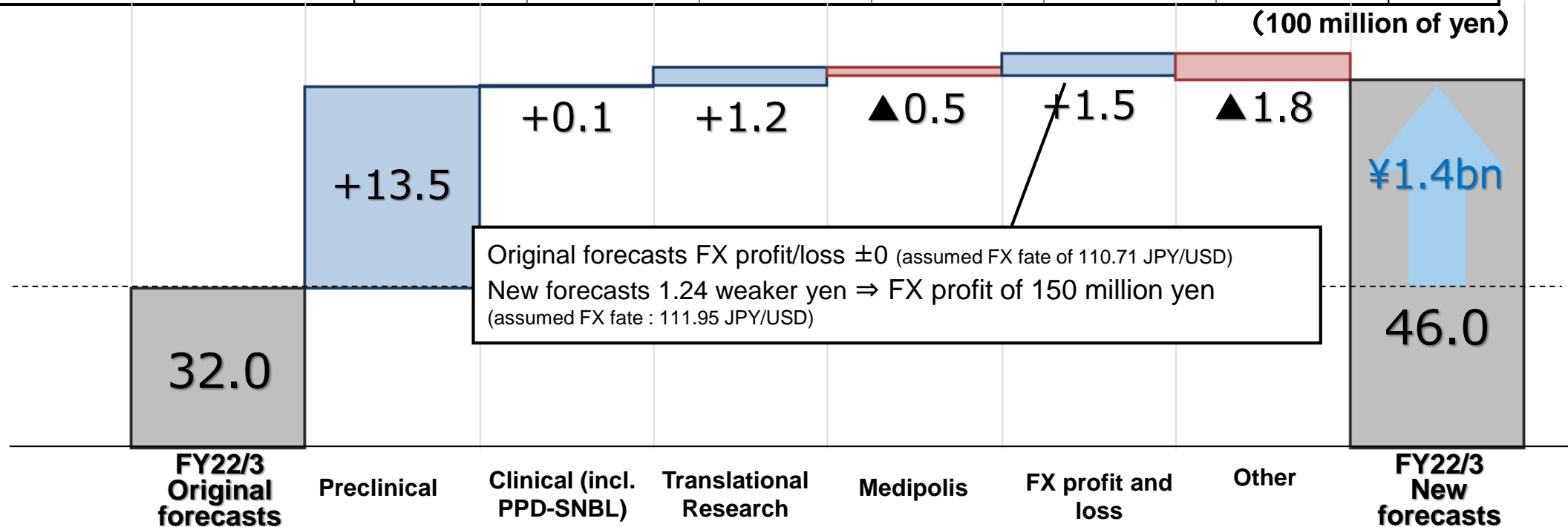
	FY2021/3 Results	FY2022/3				(100 million of yen)
		Original forecasts (10/5/2021)	New forecasts (21/10/2021)	Changes against original forecasts	Yoy	
Net sales	151.1	159.8	174.0	+14.1	+22.8	
Operating Profit	25.2	25.5	38.0	+12.5	+12.7	
Ordinary Profit	36.4	32.0	46.0	+14.0	+9.5	
Profit Attributable to Owners of Parent	36.6	39.0	49.0	+10.0	+12.3	

Assumed FX rate: 111.95 JPY/USD

Company posted foreign exchange profit of 150 million yen in loan to subsidiary in H1. However, assumed exchange rate of 111.95 yen/USD is maintained as that of the end of September 2021.

Comparison of Consolidated Ordinary Profit & Loss Forecasts against Original Plan FY2022/3

	CRO business		Translational Research business	Medipolis business	Foreign exchange profit and loss	Other	Ordinary profit total
	Preclinical	Clinical (incl. PPD-SNBL)					
Ref.) Results FY2021/3	34.3	10.0	-7.0	-0.5	2.3	-2.7	36.4
New forecasts FY2022/3	51.7	7.5	-8.2	0.0	1.5	-6.5	46.0
Original forecasts FY2022/3	38.2	7.4	-9.4	0.5	0.0	-4.7	32.0
Changes against original plan	+13.5	+0.1	+1.2	-0.5	+1.5	-1.8	+14.0

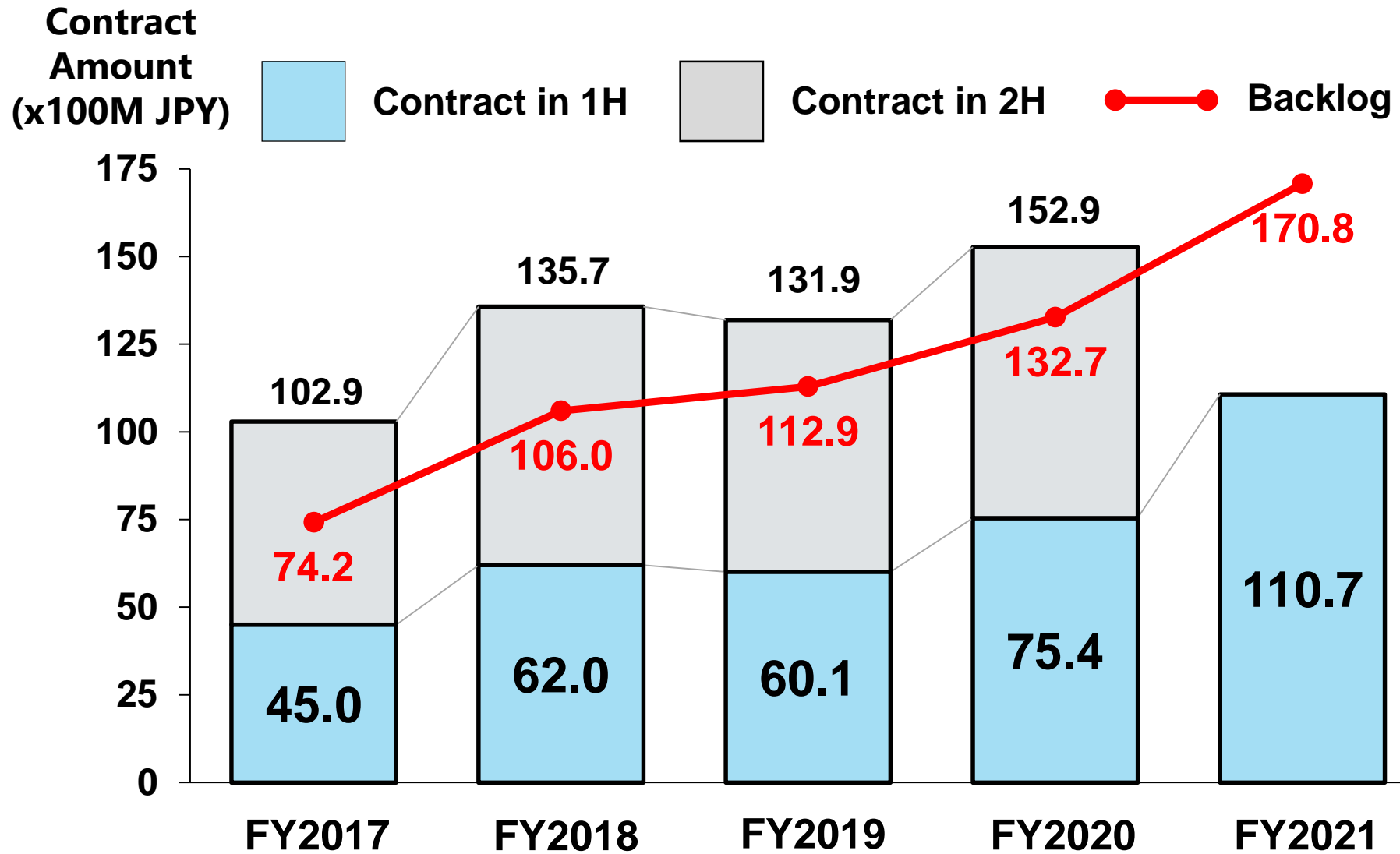


3. Business Topics : CRO (Preclinical) Business

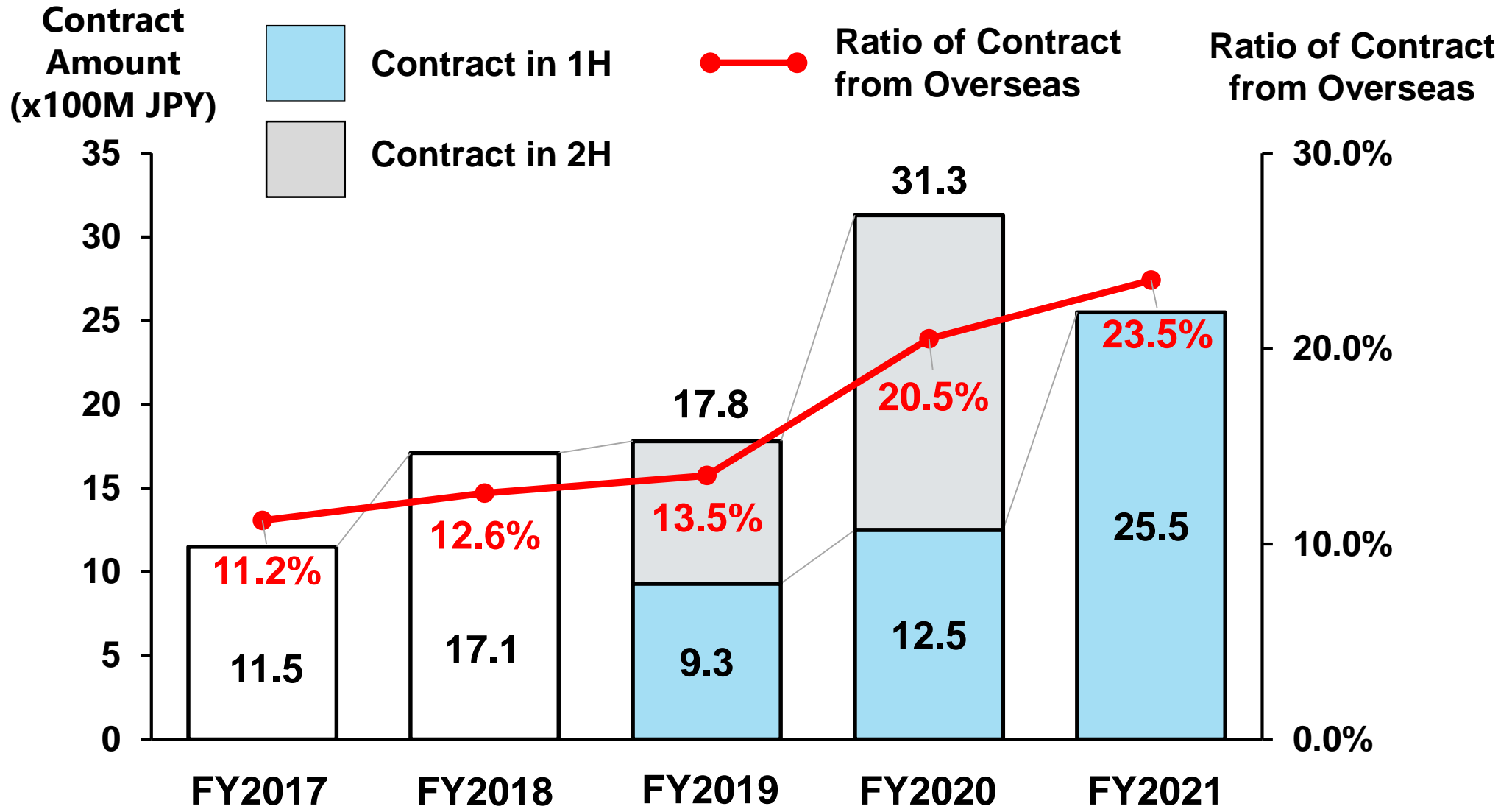


Senior Managing Executive Officer,
President of Preclinical Business and Global BD
Hideshi Tsusaki, DVM

CRO Business: Contract in Preclinical Services



CRO Business: Contract from Overseas in Preclinical Services



CRO Business: Our Strength in NHP studies

NHP Supply Chain established in 1990's

- Our own control in breeding, raising, transporting, and assigning to a study within the SNBL Group
 - The business model that we uniquely established at the first time in the globe
 - Providing NHPs stably at the timely manner, which provides “time value” to our clients

Not Yet Resolve the Worldwide Shortage of NHPs from the Beginning of Covid-19 Pandemic

- Increasing the global development of multiple drug modalities
- Continuing the suspension of NHP exports from the dominant supply country, China
 - No adverse influence in SNBL because of our own supply chain that we have established

Further Enhancement of the NHP Supply Chain

- Increasing the breeding capacity in our Cambodian facility
- Increasing and enhancing the breeding capacity within Japan facility
- Expanding the business of the joint venture in China

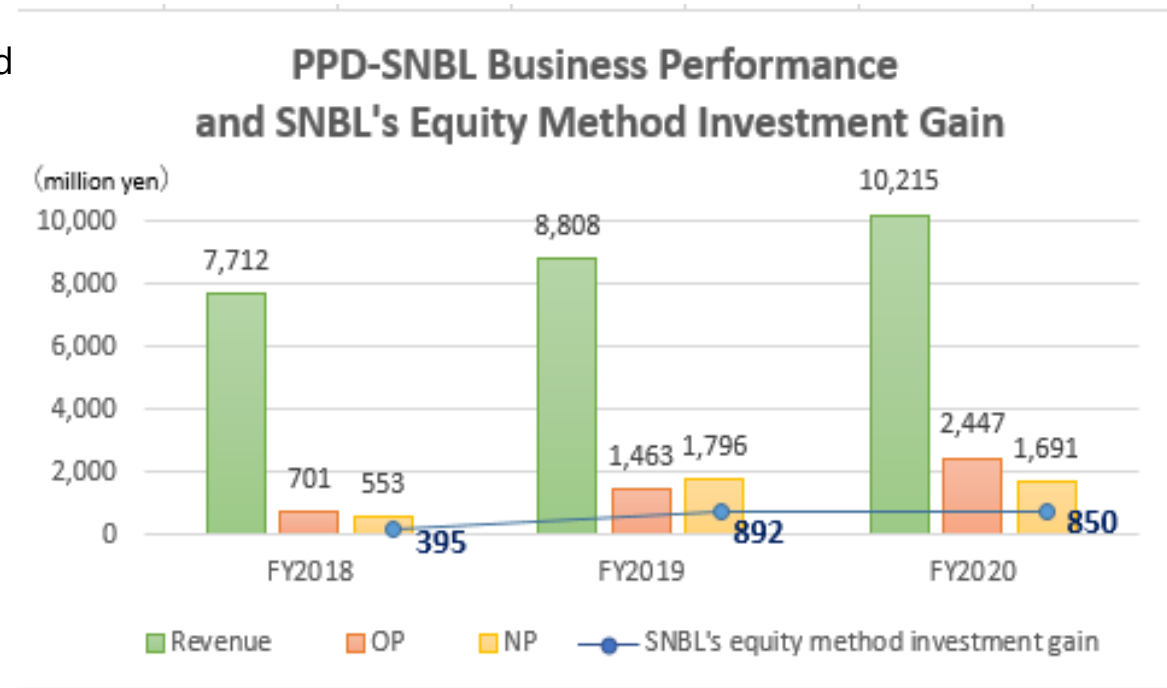
3. Business Topics : CRO(Clinical)/TR/Medipolis Business



Executive Vice President and COO
Ken Takanashi

I . CRO (Clinical) Business

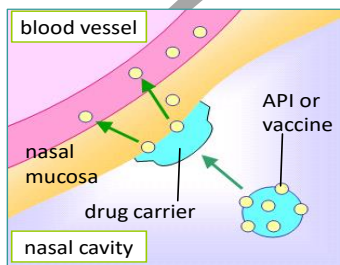
- In the midst of overcoming the global challenge of pandemics, the importance of global clinical trials has been increasing in recent years to improve cost efficiency while overcoming medical drug lag
- Our partner, PPD Group, has been steadily growing its business as a highly reliable global CRO with the capability to conduct simultaneous clinical trials in approximately 50 countries.
- Thermo Fisher Scientific, one of the world's leading medical device companies, announced that it would acquire the PPD Group to develop a global strategy of full-line services.
- This acquisition is expected to have a synergistic effect on order acceptance by mutually complementing the customer networks of PPD Group and Thermo Fisher Scientific.
- PPD-SNBL K.K., which SNBL owns 40% of its stocks and the sole joint venture of PPD Group, has achieved a high employee retention rate by incorporating elements of Japanese management and has expanded its business. (After 4 years of its establishment, it was selected as one of the top 5 growing companies to attract workers in 2019 by Randstad Japan)
- The company is receiving orders for studies in areas that meet recent development needs, such as malignant tumors, infectious diseases, central nervous system, cardiovascular system, and metabolism/endocrine system.



II. TR Business

SNBL Nasal Drug Delivery Platform Technology and Its Applications /FY 2021 2Q Status

SNBL's Proprietary Nasal Drug Delivery System



Nasal Drug Carrier

- ✓ Muco-adhesive power carrier and specific optimizations for each drug characteristic
- ✓ Clinical and non-clinical experiences with candidate products for the systemic absorption

Nasal Delivery Device

- ✓ User-friendly
- ✓ Light-weight and compact
- ✓ Complete and consistent delivery
- ✓ Low cost
- ✓ Specific design for each nasal application

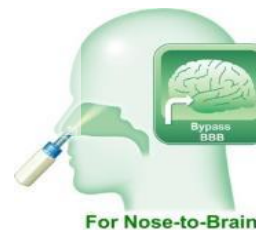


For Systemic Absorption



- Drug absorption via the dense microvascular network
- Beneficial for any treatment requiring fast onset of action or bypass of first-pass metabolism, and for patients with difficulty swallowing oral medication
- Excellent clinical safety profile in more than a hundreds of subjects
- Out-licensed the nasal migraine drug to Satsuma Pharm.
- Preparing a clinical P1 study for the candidate rescue product for neurodegenerative disorder by SNLD, Ltd. a spin-out subsidiary.

For Nose-to-Brain Delivery



- Drug delivery directly from the olfactory region to the brain
- Beneficial technology for drugs which are do not or difficult to pass the BBB
- Reduce systemic toxicity
- Exploring drug candidates for development

For Vaccination



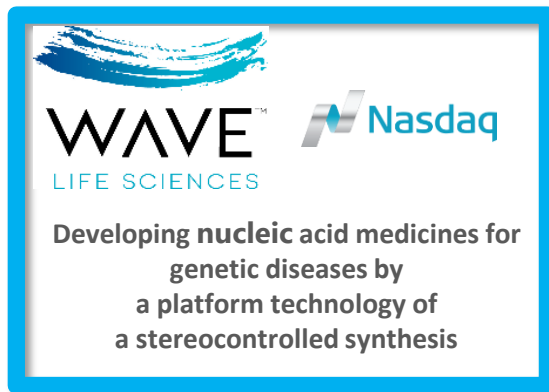
- First-line defense with mucosal immunity
- Second-line defense with systemic immunity
- Cross protection (protection against mutant strains)
- Ideal application to emerging infectious diseases incl. COVID-19

II. TR Business

Translational Research Business -Important investees-



- Established in the U.S. in June 2016 as a licensee of SNBL proprietary nasal drug delivery technology with limited application for nasal migraine drug (DHE)
- Listed on Nasdaq in September 2019, raising funds mainly from U.S. institutional investors]
- Currently conducting Phase 3 pivotal study (efficacy/safety) in the U.S. (NDA submission is planned for the end of 2022)
- Income from license (royalties on sales) expected after launch
- SNBL owns 8.86% of the company stocks



- Spin-out from the company established in Singapore in 2012 which was integrated from a SNBL subsidiary in the U.S. established in 2009 with a professor from Harvard University, and the one in Japan established in 2008 with a professor from the University of Tokyo
- Listed on Nasdaq in November 2015, raising funds mainly from US institutional investors
- Clinical trials for three programs (Huntington's disease, ALS/FTD, and Duchenne muscular dystrophy) by the latest stereocontrol synthesis technology has started in 2021
- A development program utilizing its own genome editing (ADAR) technology is also underway
- SNBL owns 10.77% of the company stocks

II .TR Business: Business Overview

Business Development Platform

- Gemseki mediates drug and delivery technology candidates between in and out-licensors globally and supports a smooth and efficient drug development.

Venture Capital Investment

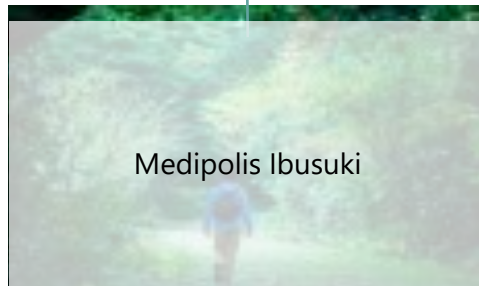
- In addition to our business development platform, we act as a developmental partner of domestic and international clients who are committed to their growth and success within the life science business with investment and business incubation system.
- We can support by using an abundant drug development experience and a strong global network within the SNBL Group.

Name	Gemseki Investment Limited Partnership
Fund Total	1.1 Billion JPY
Operation Period	10 years
Establishment	August, 2020
Target and Policy	We widely target within the drug development and healthcare field from drug candidates to early, middle, and later stages.

Support system to investee company

III. Medipolis Business – Hospitality (AMAFURU & Co.)

At AMAFURU & Co., we are involved in facility management within Wellness Resort Medipolis Ibusuki. As the affinity of the group as a whole, we operate 3 hotel business with our main concept as “Wellbeing of the People”; in other words, the realization of the overall health.



HOTEL Fresia



Medipolis Medical Research Institute
Medipolis Proton Therapy and Research Center

Healing Resort AMAFURU

We provide Japanese hospitality to guests with the 3 pillars of wellness, nature, and luxury.

Retreat Resort Ibusuki Bayhills

With the concept of “A second house within nature”, we provide a retreat and workcation service to look back at yourself.

Medical Resort HOTEL Fresia

We provide an environment for patients receiving treatment at the Medipolis Proton Therapy and Treatment Center and their family to relax afterwards.

Ⅲ. Medipolis Business – Sustainable Development Company ~Toward the Achievement of SDGs ~

■ Geothermal Power Generation



<Main advantages of geothermal power generation>

1. Nearly zero CO2 emission and excellent environmental compatibility
2. A base-load power source capable of stable power generation
3. Japan has the third largest amount of worldwide geothermal power resources
4. Multi-stage energy utilization (e.g. the use of hot water after power generation)

Increasing demand of geothermal power generation is expected toward the Japanese government's goal of achieving carbon neutrality by 2050.

【Geothermal Power Plant in Medipolis Ibusuki】

- Our binary geothermal power plant rated at 1,580 kW has been operating since February 2015.
- All of the generated electricity is sold under the FIT Law, providing us a stable income.
Average operating income (as power generation division): 139 million yen
Average sales of electricity per annum (average over the past 3 years): 9,662k kWh*(*Approx. 55% of our annual power consumption)
Average equipment utilization rate (average for the past 3 years): 69.8%
- Surplus steam from the power plant is used for greenhouse cultivation, heating of swimming pools, and heating of facilities, reducing CO2 emissions through multi-stage energy utilization.
- We are aiming at: (1) geothermal power generation by the hot spring water currently used for bathing at our hotel; and (2) a new form of the power generation without pumping up steam and hot water from underground (currently in a demonstration experiment).
- Also planning a joint study with Kyushu University to investigate the possibility of CCS (Carbon Dioxide Capture and Storage) within our site.

■ Seedling Production of Glass Eels

- We conduct research on the artificial seedling production of glass eels, in order to protect the natural resources of Japanese eels, which are becoming increasingly depleted, and to contribute to the local community (Kagoshima Prefecture is the number one supplier of Japanese eels in Japan).

Q&A

Cautionary Notes

1. Projected results are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks and uncertain factors could cause actual results to differ materially from these projections. This material does not constitute a solicitation of application to acquire or an offer to sell any security in Japan or elsewhere. This material is presented to inform stakeholders of the views of SNBL's management but should not be relied on solely in making investment and other decisions. You should rely on your own independent examination of us before investing in any securities issued by our company. SNBL shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding or changes of target figures or any other use of this material.
2. Information about pharmaceutical products (including products currently in development) included in this material is not intended to constitute an advertisement nor medical advice.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (Japanese GAAP)." Figures rounded to the nearest 100 million JPY and percentage to one decimal place.
4. This English presentation was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

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



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