

# The Fiscal Year Ending March 31, 2023 Presentation Materials on 1H Financial Results

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October 31, 2022



SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.

(TSE PRIME: 2395)



# **1. Outline of 1H Consolidated Financial Results**

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# FY2023/3 1H Consolidated Financial Results Highlights

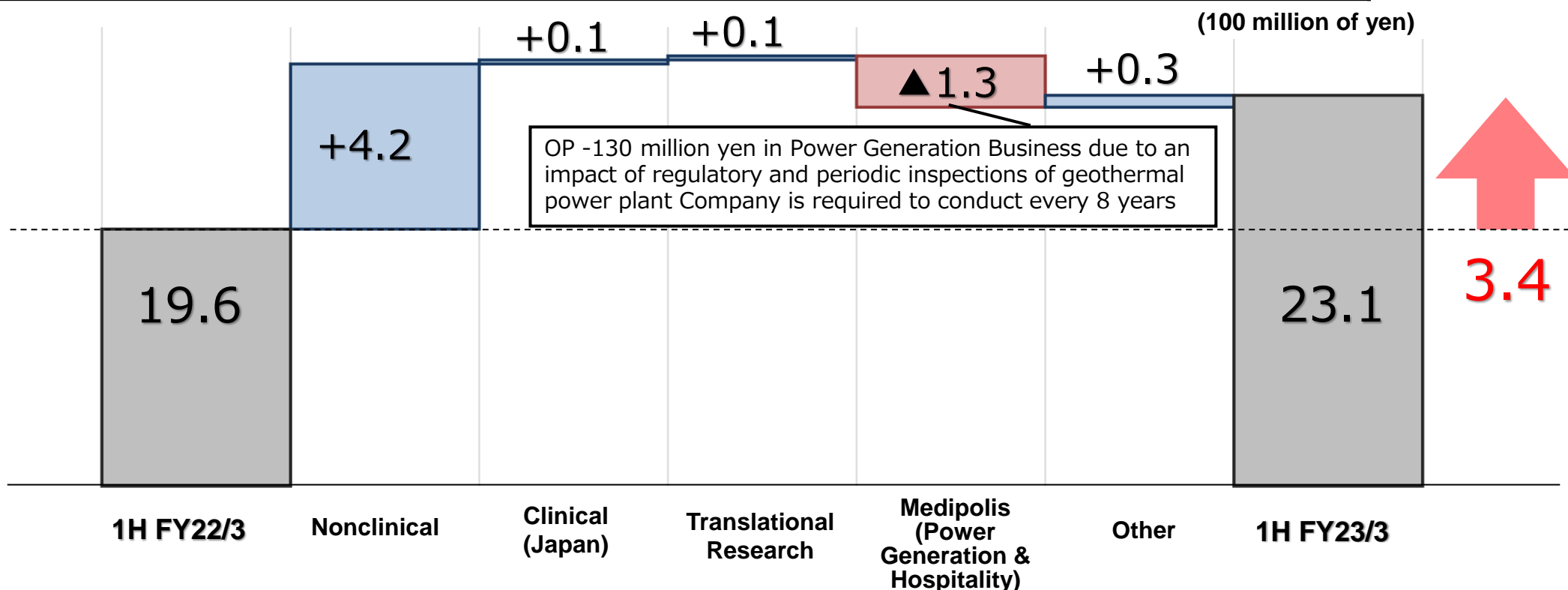
**Record-high revenue** was posted for the first half of fiscal year thanks to a contribution of 3 months (July to September) revenue of Ina Research Inc., and **all profits also broke the previous records** as they did the same period last year. Ordinary profit significantly exceeded the previous forecasts announced in July, backed by strong business performance of PPD-SNBL and FX gain of ¥0.89 bn newly occurred in 2Q. Revenue and operating profit fell below the forecasts as a part of nonclinical contracted researches originally projected in the first half have been reallocated to the second half of the fiscal year.

(100 million of yen)

	FY2022/3 1H Results	FY2023/3				
		Previous Forecasts (29/7/2022)	<b>1 H Results</b>	Changes against Previous Forecasts	Yoy	
Revenue	79.6	105.7	<b>103.4</b>	<b>-2.2</b>	<b>+23.8</b>	<b>30.0%</b>
Operating Profit	19.6	25.1	<b>23.1</b>	<b>-1.9</b>	<b>+3.4</b>	<b>17.5%</b>
Ordinary Profit	25.2	47.0	<b>59.2</b>	<b>+12.2</b>	<b>+33.9</b>	<b>134.4%</b>
Ordinary Profit (excl. FX impact)	23.7	30.0	<b>33.4</b>	<b>+3.3</b>	<b>+9.6</b>	<b>40.6%</b>
Profit Attributable to Owners of Parent	35.0	33.1	<b>44.1</b>	<b>+11.0</b>	<b>+9.1</b>	<b>26.1%</b>

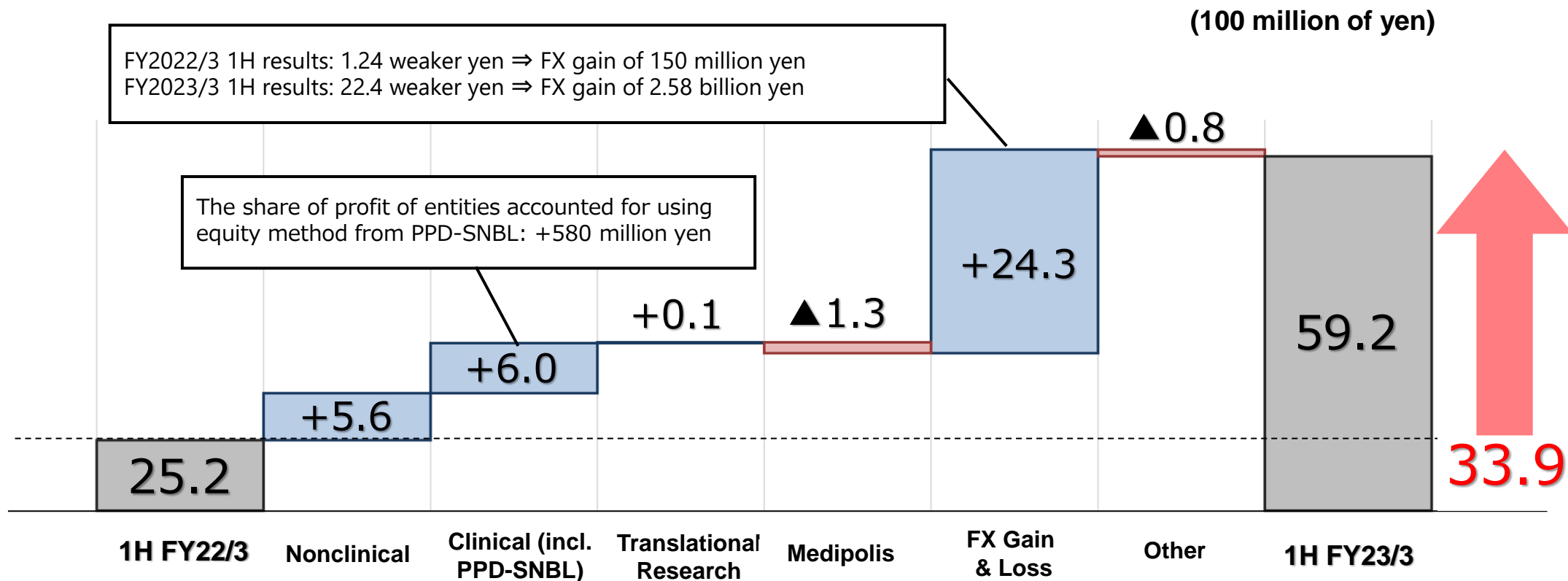
# Yoy Comparison of 1H Consolidated Operating P/L

	CRO Business		Translational Research Business	Medipolis Business (Power Generation & Hospitality)	Other	Operating Profit Total
	Nonclinical	Clinical (Japan)				
1H FY2023/3	28.5	0.1	-3.2	-1.4	-0.9	23.1
1H FY2022/3	24.3	0.0	-3.3	-0.1	-1.3	19.6
Yoy changes	+4.2	+0.1	+0.1	-1.3	+0.3	+3.4



# Yoy Comparison of 1H Consolidated Ordinary P/L

	CRO Business		Translational Research Business	Medipolis Business (Power Generation & Hospitality)	Foreign Exchange Gain & Loss	Other	Ordinary Profit Total
	Nonclinical	Clinical (incl. PPD-SNBL)					
1H FY2023/3	29.7	10.3	-3.2	-1.4	25.8	-2.0	59.2
1H FY2022/3	24.1	4.3	-3.3	-0.1	1.5	-1.3	25.2
Yoy Changes	+5.6	+6.0	+0.1	-1.3	+24.3	-0.8	+33.9



## **2. Revisions of Financial Forecasts for FY2023/3**

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# FY2023/3 Full-year Forecasts Revisions

Revenue and all profits are upwardly revised in view of recent foreign exchange and currency trends.

(100 million of yen)

	FY2023/3				
	Revised Forecasts	Changes against previous forecasts (29/7/2022)		Yoy Changes	
Revenue	<b>240.0</b>	<b>+11.7</b>	<b>5.1%</b>	<b>+62.5</b>	<b>35.2%</b>
Operating Profit	<b>52.6</b>	<b>+0.5</b>	<b>1.0%</b>	<b>+10.6</b>	<b>25.4%</b>
Ordinary Profit	<b>98.0</b>	<b>+19.1</b>	<b>24.2%</b>	<b>+27.2</b>	<b>38.5%</b>
Ordinary Profit (excl. FX impact)	<b>72.1</b>	<b>+10.1</b>	<b>16.3%</b>	<b>+15.0</b>	<b>26.4%</b>
Profit Attributable to Owners of Parent	<b>70.0</b>	<b>+14.1</b>	<b>25.2%</b>	<b>△1.2</b>	<b>-1.8%</b>

## <FY2023/3 forecast keypoints>

### 1. Revenue

Revenue expected to increase by ¥1.17 bn compared to the previous forecasts: +¥0.89 bn in Nonclinical Business in Japan including +¥0.2 bn from Ina Research, and +¥0.28 bn from US/others.

### 2. Operating Profit

OP expected to increase by ¥50 mil: +¥0.34 bn in gross OP in Nonclinical Business in Japan, -¥0.15 bn in enhancement of lab animal breeding system, and -¥0.14 bn in increased corporate expenses including those for human resource development.

### 3. FX gains and losses (non-operating profit/loss)

Concerning loans to subsidiaries, FX valuation increase of ¥0.89 bn compared to the previous forecasts was posted due to JPY/USD fluctuation (¥8.17 weaker yen):

- Previous FX assumption: JPY/USD136.64
- Actual FX rate (30/9/2022):JPY/USD144.81

\*FX assumption for revised forecasts: JPY/USD144.81

### <FX Sensitivity>

Estimated impacts of 1 weaker yen against USD in 2H FY2023/3 are as below:

- Revenue: +¥19 mil
- OP: +¥12 mil
- Non Operating P/L: +¥0.11 bn

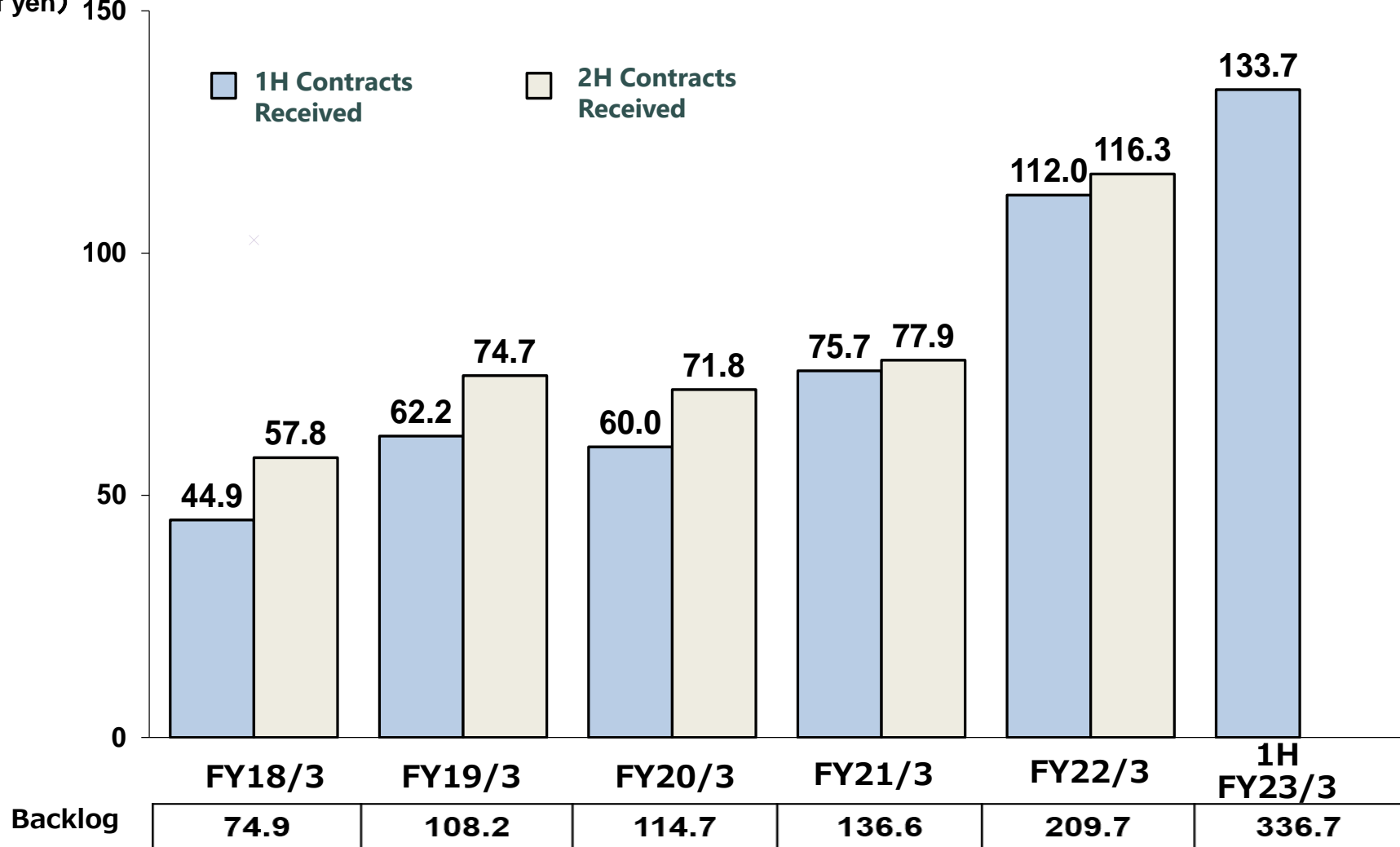
## 3. References

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# CRO Business: Contracts Received in Nonclinical Business in 1H FY2023/3

(100 million of yen)



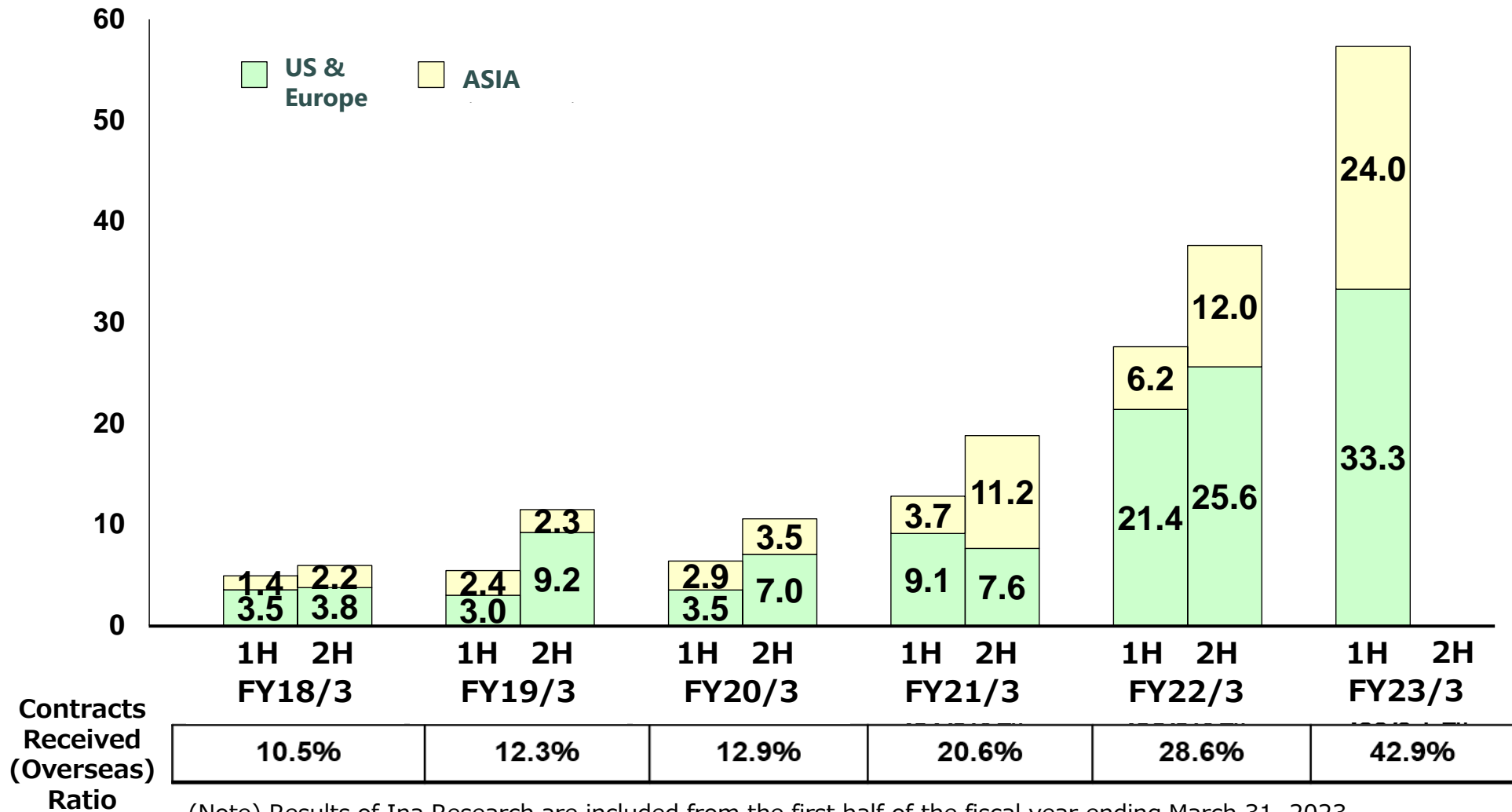
(Note) Results of Ina Research are included from the first half of the fiscal year ending March 31, 2023.

For calculation of Contracts Received (Overseas), an average USD/JPY exchange rate of each fiscal year is applied.

For calculation of Backlog (Overseas), a year-end exchange rate of each fiscal year is applied.

# CRO Business: Contracts Received (Overseas) in Nonclinical Business in 1H FY2023/3

(100 million of yen)



(Note) Results of Ina Research are included from the first half of the fiscal year ending March 31, 2023.

For calculation of Contracts Received (Overseas), an average USD/JPY exchange rate of each fiscal year is applied.

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## Financial Data

(In millions of yen)	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3 E
Sales	16,600	15,658	14,561	15,110	17,748	24,000
y/y change	-3.7%	-5.7%	-7.0%	3.8%	17.5%	35.2%
Gross profit	5,204	6,177	7,615	7,554	9,687	12,630
Gross profit ratio	31.3%	39.5%	52.3%	50.0%	54.6%	52.6%
Operating profit	-697	829	2,228	2,529	4,195	5,260
y/y change	—	—	168.5%	13.5%	65.9%	25.4%
Equity method investment gains (losses)	637	361	888	846	1,439	
Ordinary profit	-813	1,613	3,121	3,645	7,078	9,800
Profit before income taxes	-1,507	1,650	3,062	4,175	8,183	
Income taxes	2,013	-308	414	497	1,016	
Net Income attributable to owners of parent	-3,555	1,950	2,550	3,661	7,127	7,000
EPS (yen)	-85.41	46.84	61.25	87.95	171.20	168.13
Overseas sales	4,868	4,015	2,317	2,100	3,091	
Overseas sales ratio	29.3%	25.6%	15.9%	13.9%	17.4%	
Shareholders' equity	7,982	9,958	12,386	15,840	22,181	
Net assets	26,215	28,477	16,381	15,838	19,723	
Total assets	57,493	54,329	39,002	36,972	39,312	
Interest-bearing debt	19,139	16,158	15,123	12,864	9,281	
Equity ratio	45.5%	52.3%	41.8%	42.6%	49.8%	
Capex	1,274	1,612	1,514	1,025	1,703	5,061
Depreciation & amortization	1,472	1,361	1,229	1,187	1,177	1,454
R&D expenses	518	339	400	392	425	632
R&D expenses to sales ratio	3.12%	2.17%	2.75%	2.59%	2.39%	2.63%
Year-end number of employees	1,385	935	985	986	994	1,221
ROE	-14.6%	7.1%	11.4%	22.9%	40.4%	
ROA	-1.4%	2.9%	6.7%	9.6%	18.6%	
ROIC	—	—	11.7%	12.3%	18.4%	
Operating income to sales ratio	-4.2%	5.3%	15.3%	16.7%	23.6%	21.9%
Ordinary income to sales ratio	-4.9%	10.3%	21.4%	24.1%	39.9%	40.8%
Dividend per share (yen)	—	3.0	5.0	20.0	40.0	40.0
DPR	—	6.4%	8.2%	22.7%	23.4%	23.8%

# 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. The presentation slides are based on "Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2023 (Japanese GAAP)." Figures rounded to the nearest 100 million JPY and percentage to one decimal place.
3. 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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