

# First Half of the Fiscal Year Ending March 31, 2024 Consolidated Financial Results Briefing

Presentation Material

**November 7, 2023**



SHIN NIPPON BIOMEDICAL LABORATORIES, LTD.



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# 1. H1 FY2024/3 Overview & Future Outlook

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Ryoichi Nagata, MD, PhD, FFPM  
Representative Chairman and President

## 1. H1 FY2024/3 Financial Results

- Record-high revenues and operating profit achieved for the first half of the fiscal year.
- Contracts received fell below the same period last year by approx. ¥0.71B (-5.4%). However, the situation is improving with an increasing number of inquiries from overseas.
- Record-high equity method investment gain from PPD-SNBL K.K. which undertakes the clinical CRO business, also achieved for the first-half.

## 2. H2 FY2024/3 Forecast & Future Direction

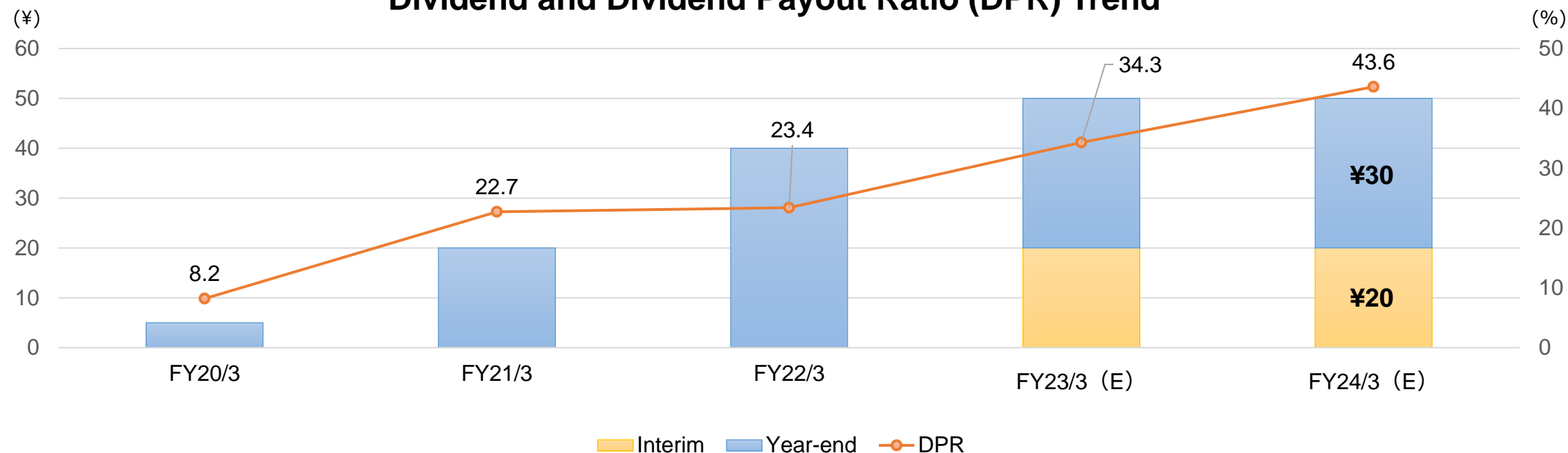
- 3 focus areas for investment to underpin SNBL's sustainable growth: human resources, facilities and laboratory NHPs.
- One-off cost of ¥1.59B related to the acquisition of Satsuma Pharmaceuticals is the main reason of profit decline for FY2024/3.
- The review process of the New Drug Application (NDA) for Satsuma's nasal migraine drug STS101 will be completed in early 2024.

## 3. Human Capital Management Initiative to Enhance Corporate Value

- Published the “Integrated Report 2023” and disclosed SNBL's blueprint for FY2029/3 as “2028Vision”.
- Initiatives for employees' management with the belief that the foundation of the business is to “develop people's potential”.
- Received the Platinum Eruboshi certification as a company engaged in the promotion of women's activities and empowerment.



## Dividend and Dividend Payout Ratio (DPR) Trend

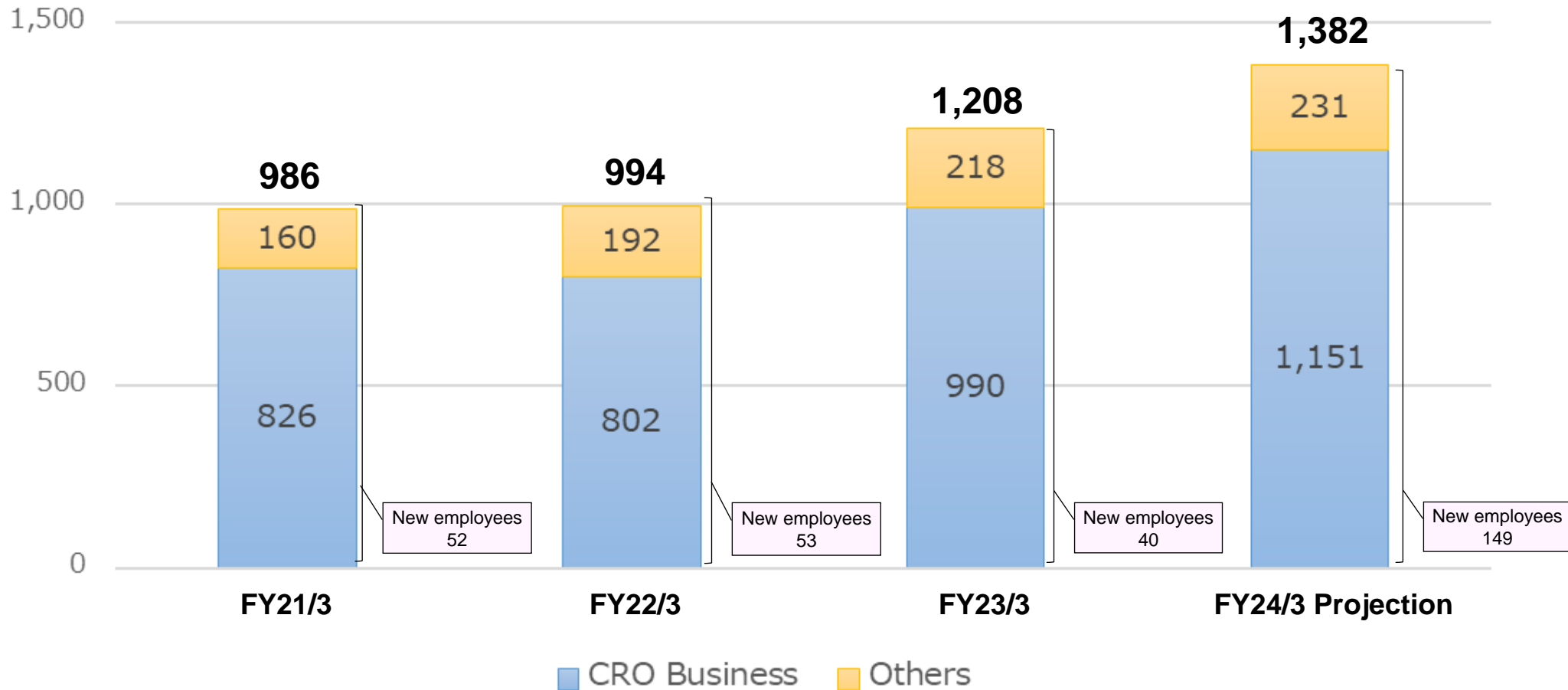


	FY2020/3	FY2021/3	FY2022/3	FY2023/3 (E)	FY2024/3 (E)
Dividend per share	¥5/share	¥20/share	¥40/share	¥50/share	<b>¥50/share</b>
Total amount of dividends paid (in millions of yen)	208	832	1,665	2,081	2,081
<b>Dividend payout ratio</b>	8.2%	22.7%	23.4%	<b>34.3%</b>	<b>43.6%</b>
<b>Dividend payout ratio (excl. FX, extraordinary income/loss and Satsuma impact)</b>	7.3%	28.8%	34.3%	<b>39.0%</b>	<b>34.2%</b>

# Number of Employees

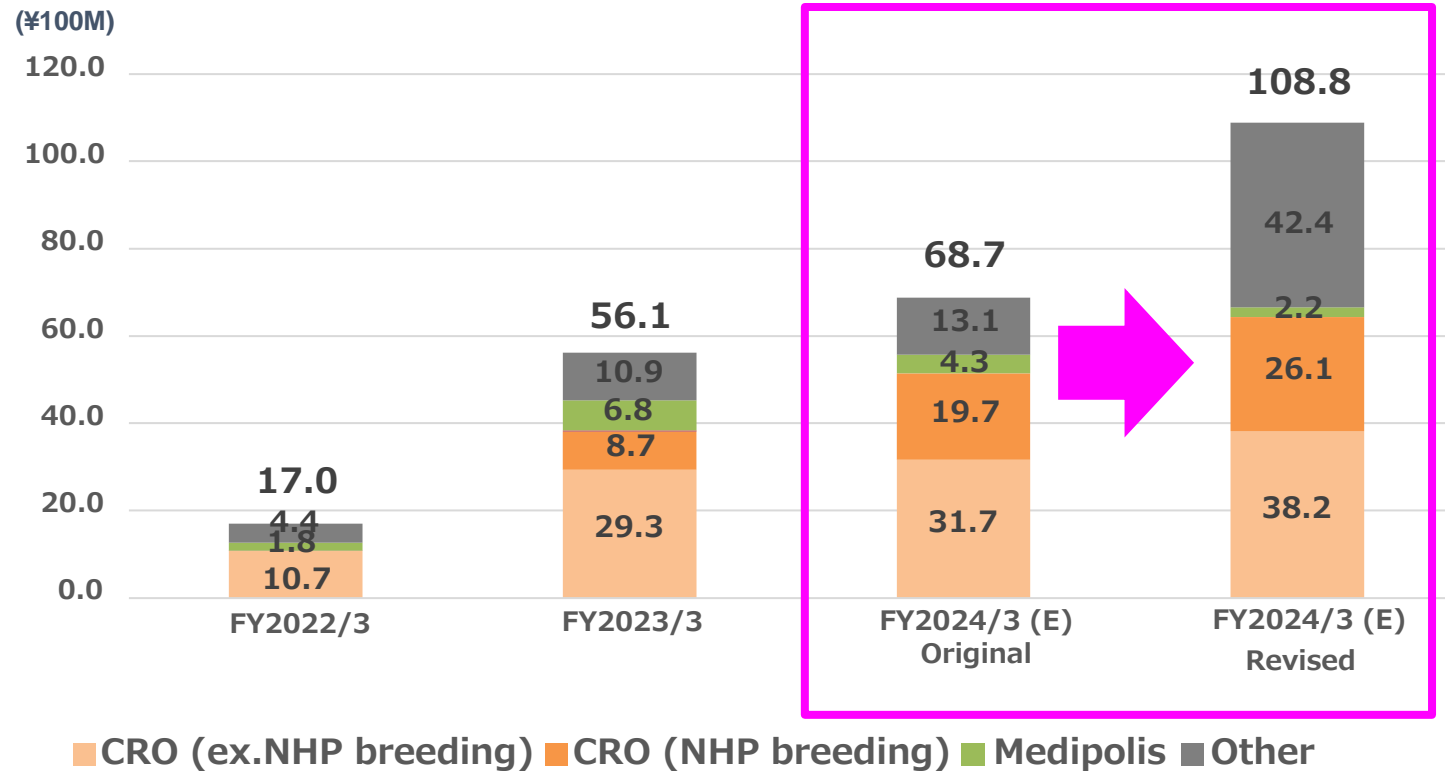


## Number of Employees



Number of employees does not include part-time and temporary employees.

# CAPEX



Perspective drawing of New HQ and Research Buildings

	FY2022/3	FY2023/3	FY2024/3	
			Forecast (Revised)	Yoy
CAPEX	17.0	56.1	108.8	+52.7
Depreciation	11.7	15.4	19.8	+4.4

# Human Capital Management: 2028 Vision



**[FY2028 Human Capital Strategy Vision]**  
An organization where employees and the company grow together and promote happiness

Improvement of employees' motivation and job satisfaction

**Individual employees**



Realization of their dreams



**Organization**



Value creation

Employee engagement/increased productivity

## Human capital management initiatives

Creating a good work environment

Compensation system that balances performance

Spreading Corporate Philosophy

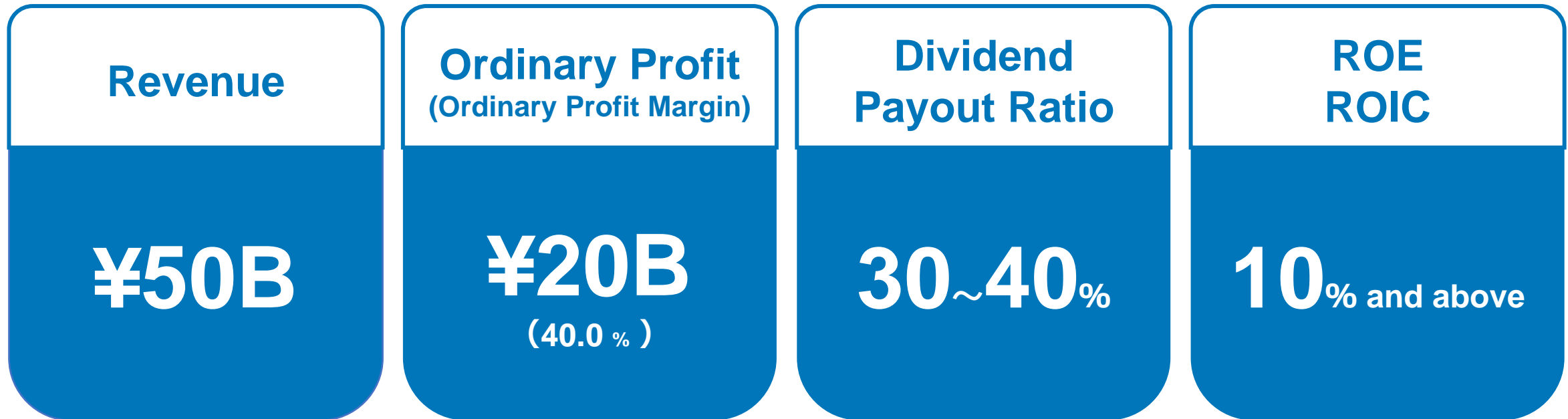
SNBL's development of human capital

Promotion of health and productivity management

**Slogan: I am happy, you are happy, and everyone is happy.**



## 2028 Vision Financial KPI



# SNBL Certified as Platinum Eruboshi Company



**SNBL received the Platinum Eruboshi certification from the Minister of Health, Labour and Welfare on October 11, 2023, as the 7<sup>th</sup> listed company and the first in the field of healthcare. Eruboshi is a program in which the Minister of Health, Labour, and Welfare certifies companies promoting women's empowerment based on the Act on Promotion of Women's Participation and Advancement in the Workplace.**

- Achieved 100% paternity leave usage among male employees.
- Female manager ratio: 24.4%
- Equal opportunities for all employees: criteria/eligibility requirements for promotion for each position is are transparently disclosed.



## 2. Outline of H1 FY2024/3 Consolidated Financial Results

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Toshiyuki Iwata,  
Managing Executive Director in charge of Sustainability  
Head of IR and Corporate Communications

# H1 FY2024/3 Consolidated Financial Results Highlights



- Results exceeded the revised forecast announced on August 2 and **record-high** revenue and operating profit posted for the first half of fiscal year.
- Ordinary profit decreased by ¥2.17B mainly due to a decrease in FX gain (decreased by ¥2.34B to ¥0.24B from ¥2.58B in the same period last year). Without FX impacts, ordinary profit posted an increase of ¥0.17B, or +5.1% yoy.
- Equity method investment gain from PPD-SNBL also achieved a **record-high** ¥1.23B, with an increase of ¥0.24B yoy.

(¥100M)

	FY2023/3 H1 Results	H1 FY2024/3					
		Previous Forecasts (2/8/2023)	H1 Results	Changes against Previous Forecasts		Yoy	
Revenue	103.4	116.6	<b>118.8</b>	+2.1	+1.9%	+15.3	+14.8%
Operating Profit	23.1	22.6	<b>23.4</b>	+0.8	+4.0%	+0.3	+1.5%
Ordinary Profit	59.2	34.0	<b>37.5</b>	+3.5	+10.5%	<b>-21.7</b>	<b>-36.6%</b>
Ordinary Profit (excl. FX impact)	33.4	31.1	<b>35.1</b>	+4.0	+12.9%	+1.7	+5.1%
Profit Attributable to Owners of Parent	44.1	22.8	<b>29.6</b>	+6.8	+30.1%	<b>-14.5</b>	<b>-32.9%</b>

# H1 FY2024/3 Earnings Structure

H1 FY2024/3 Earnings structure (¥M)

	H1 FY2023/3	H1 FY2024/3	Increase
Revenue	10,348	11,884	1,536
Gross Profit	5,405	6,353	948
<b>GP margin</b>	<b>52.2%</b>	<b>53.5%</b>	
SG&A expenses	3,091	4,003	912
<b>SG&amp;A expenses ratio</b>	<b>29.9%</b>	<b>33.7%</b>	
Operating Profit	2,313	2,349	36
<b>OP margin</b>	<b>22.4%</b>	<b>19.8%</b>	
Non-operating income	3,835	1,730	
Share of profit of entities accounted for using equity method	1,113	1,239	126
FX gains	2,586	342	-2,344
Non-operating expenses	220	323	
Ordinary Profit	5,928	3,756	-2,172
<b>Ordinary Profit margin</b>	<b>57.3%</b>	<b>31.6%</b>	

While revenue and gross profit margin increased, growth in operating profit was restrained by higher SG&A expenses due to strategic initiatives to strengthen human resources and enhance the breeding of laboratory NHPs such as facility expansion.

The decrease in ordinary profit was mainly due to a decrease of **¥2.34B** in FX gains recorded under non-operating income compared to the first half of the previous year. Equity method profits increased steadily.

# Financial Performance by Business Segment



- Three reportable operating segments: CRO (Nonclinical and Clinical) business, Translational Research (TR) business, and Medipolis business (Social Benefits Generation business)

Revenue and OP by Segment (¥M)

		FY2021/3	FY2022/3	FY2023/3	Increase
CRO business	Revenue	14,508	17,047	24,000	40.8%
	OP	3,393	5,035	6,336	25.8%
	OP margin	23.4%	29.5%	26.4%	
	The share of profit of entities accounted for using equity method	848	1,438	2,489	
	(of which, PPD-SNBL)	846	1,258	1,967	
	Business Profit	4,241	6,473	8,825	36.3%
	<b>Business Profit marg</b>	<b>29.2%</b>	<b>38.0%</b>	<b>36.8%</b>	
TR business	Revenue	12	12	16	
	OP	-708	-746	-879	
Medipolis business	Revenue	552	563	683	
	OP	-54	-17	-203	
Other	Revenue	503	968	1,437	
	OP	-35	41	110	
Adjustments	Revenue	-466	-844	-1,047	
	OP	-65	-116	-118	
Total	Revenue	15,110	17,748	25,090	41.4%
	OP	2,529	4,195	5,245	25.0%
	OP margin	16.7%	23.6%	20.9%	

\* Business Profit = OP + The share of profit of entities accounted for using equity method

H1 FY2024/3 Revenue and OP by Segment (¥M)

		H1 FY2022/3	H1 FY2023/3	H1 FY2024/3	Increase
CRO business	Revenue	7,638	9,785	11,490	17.4%
	OP	2,377	2,802	2,942	5.0%
	<b>OP margin</b>	<b>31.1%</b>	<b>28.6%</b>	<b>25.6%</b>	
	The share of profit of entities accounted for using equity method	385	1,113	1,239	11.3%
	(of which, PPD-SNBL)	404	986	1,232	
	Business Profit	2,762	3,915	4,181	6.8%
	<b>Business Profit margin</b>	<b>36.2%</b>	<b>40.0%</b>	<b>36.4%</b>	
TR business	Revenue	-	11	6	
	OP	-334	-328	-498	
Medipolis business	Revenue	260	303	348	
	OP	-11	-147	-57	
Other	Revenue	325	806	742	
	OP	-29	52	69	
Adjustments	Revenue	-262	-558	-704	
	OP	-32	-65	-106	
Total	Revenue	7,961	10,348	11,884	14.8%
	OP	1,969	2,313	2,349	71.9%
	OP margin	24.7%	22.4%	19.8%	

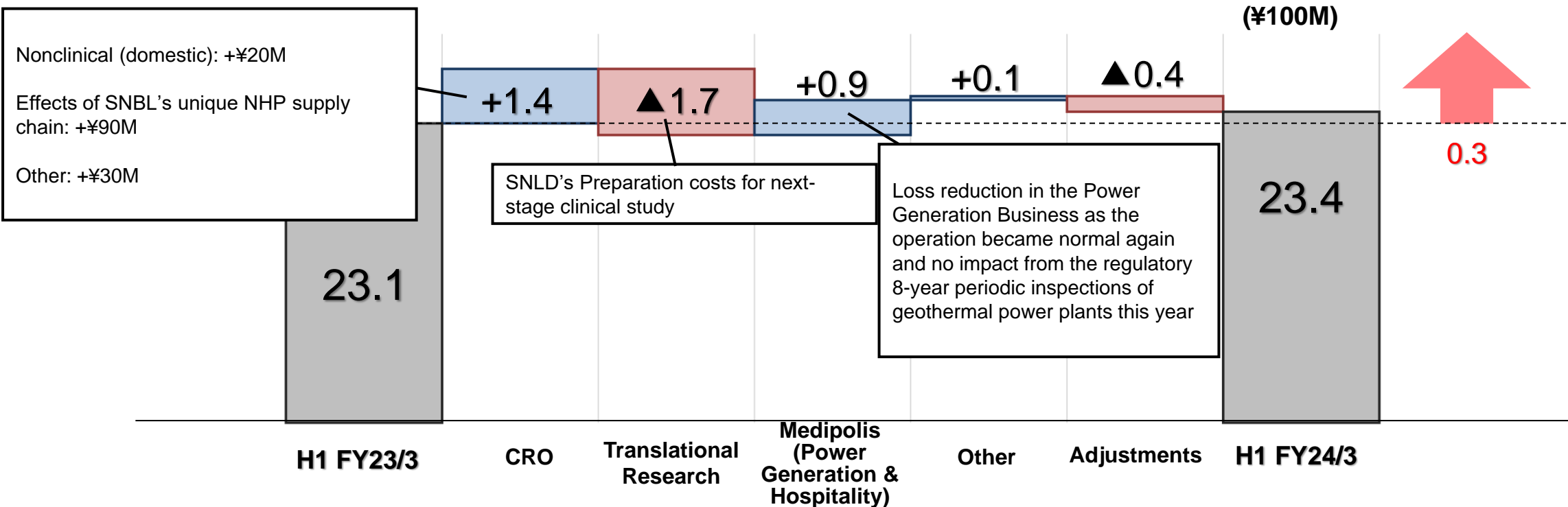
\* Business Profit = OP + The share of profit of entities accounted for using equity method

# Yoy Comparison of H1 Consolidated Operating P/L



	CRO Business	Translational Research Business	Medipolis Business (Power Generation & Hospitality)	Other	Adjustments	Operating Profit Total
H1 FY2024/3 Results	29.4	-4.9	-0.5	0.6	-1.2	23.4
H1 FY2023/3 Results	28.0	-3.2	-1.4	0.5	-0.8	23.1
YoY changes	+1.4	-1.7	+0.9	+0.1	-0.4	+0.3

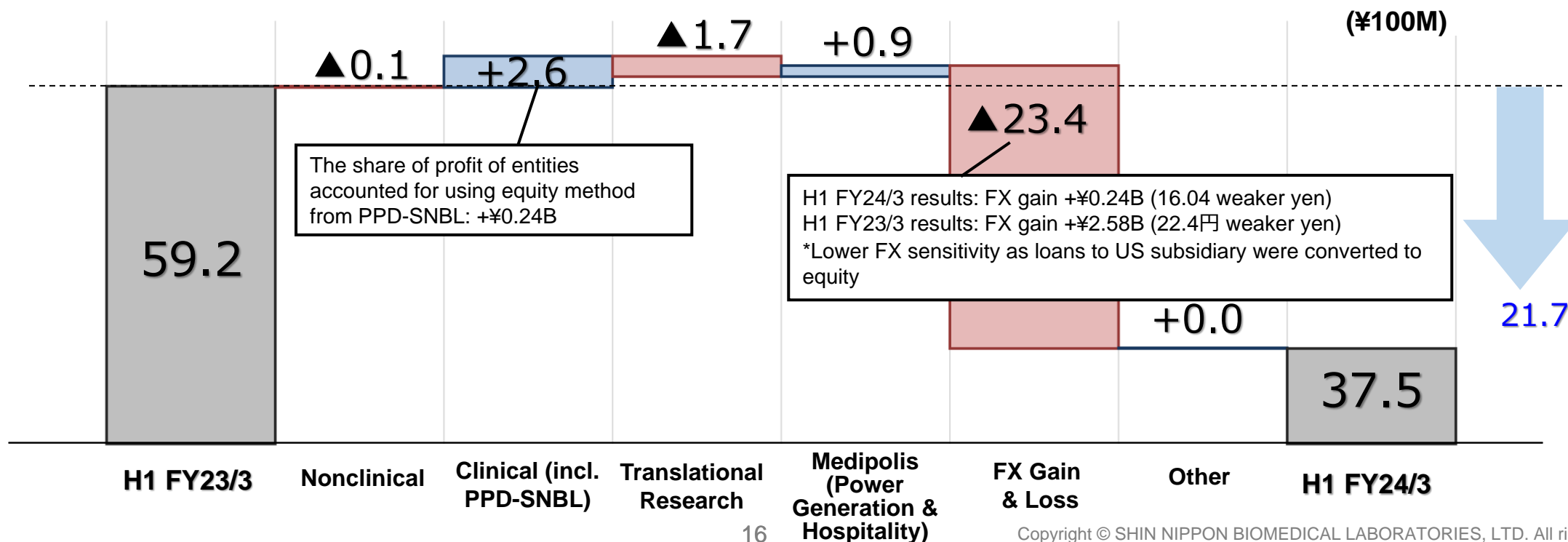
(¥100M)



# Yoy Comparison of H1 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)					
H1 FY2024/3 Results	29.7	12.8	-4.9	-0.5	2.4	-2.0	37.5
H1 FY2023/3 Results	29.8	10.2	-3.2	-1.4	25.8	-2.0	59.2
YoY changes	-0.1	+2.6	-1.7	+0.9	-23.4	+0.0	-21.7





# Financial Forecast for FY2024/3



- Full-year forecast for FY2024/3 revised on August 2, 2023 and FX assumption of ¥144.99/US\$ is maintained
- The decrease in operating profit is expected mainly due to the US\$11M (-¥1.59B) impact from the consolidation of Satsuma as a subsidiary which will be recorded in the second half of FY2024/3.

(¥100M)

(¥100M)

	FY2023/3 Results	FY2024/3		
		Previous Forecasts (2/8/2023)	Yoy	
Revenue	250.9	<b>303.6</b>	+52.7	21.0%
Operating Profit	52.4	<b>50.2</b>	-2.2	-4.3%
Ordinary Profit	91.9	<b>71.8</b>	-20.1	-21.9%
Profit Attributable to Owners of Parent	60.6	<b>47.8</b>	-12.8	-21.1%

## Business Profit

\* excl. consolidation of Satsuma, FX impacts, and extraordinary gain/loss

FY2023/3 Results*	FY2024/3*		
	Previous Forecasts (2/8/2023)	Yoy	
250.9	<b>303.6</b>	+52.7	21.0%
52.4	<b>66.2</b>	+13.6	26.1%
76.8	<b>84.9</b>	+8.0	10.5%
53.4	<b>60.9</b>	+7.4	13.9%

\* Above figures exclude the impacts of Satsuma consolidation, FX valuation gain/loss related to loans to subsidiaries, and extraordinary gain/loss.

- **Foreign exchange rate assumption for FY2024/3:**
  - Original ¥133.54/US\$
  - From July 2023 ¥144.99/US\$ (¥11.45 weaker against US\$ compared to the original )
  
- **Assumed Foreign Exchange Sensitivity**  
Estimated impacts of ¥1 weaker against US\$ for H2 FY2024/3 are as below:
  - Revenue: +¥41M
  - Operating profit: +¥11M
  - Non-operating profit: -¥2M    ⇒ Impacts of FX fluctuation are minor.

### 3. Business Topics:

#### I. CRO (Nonclinical)

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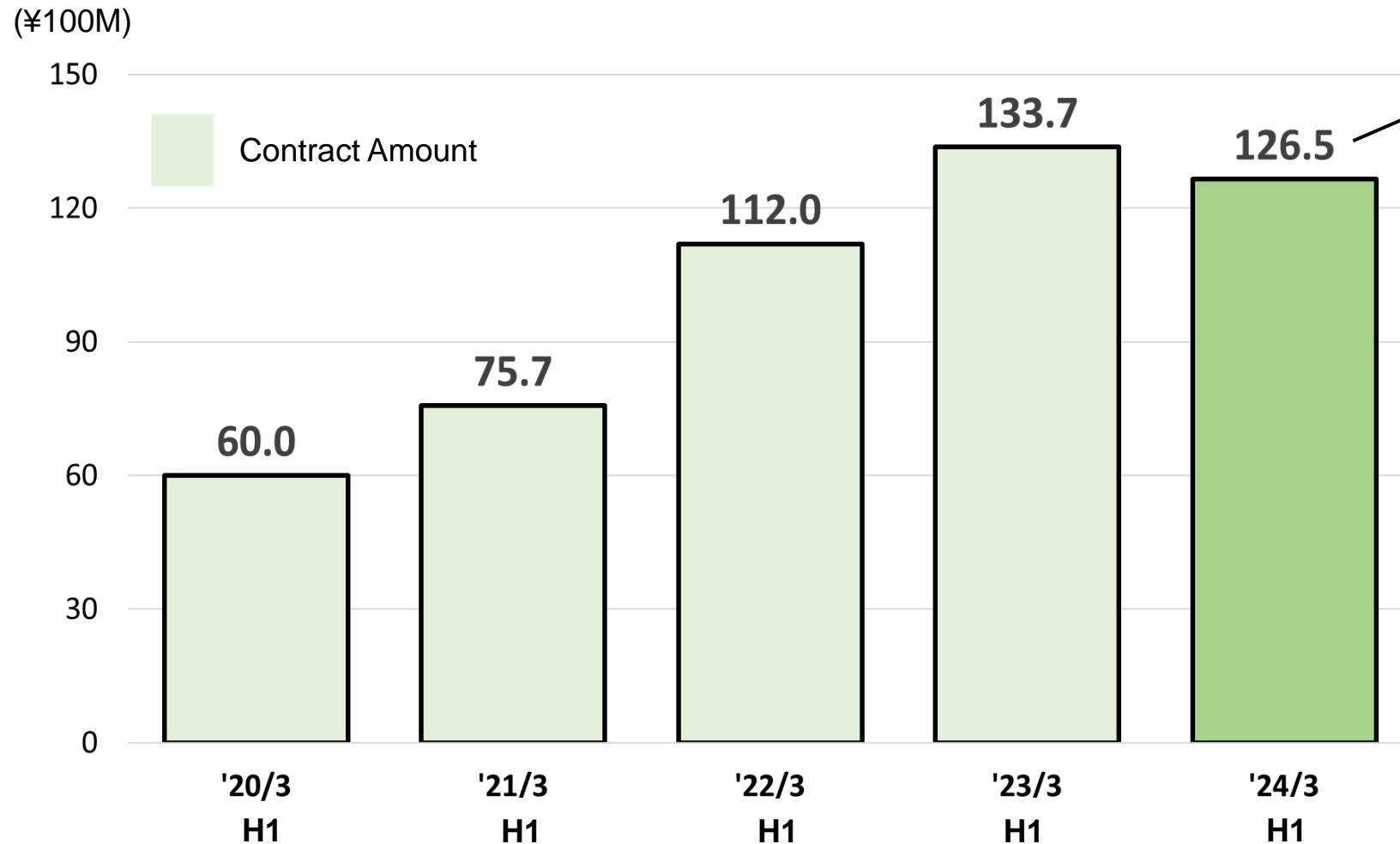


Hideshi Tsusaki, DVM, PhD

Managing Director of the Board,

President of Nonclinical Business and Global BD

# Contracts Received in Nonclinical Business (in JPY)



**1H Yoy -¥0.72B**

SNBL -¥1.10B

- Domestic: +¥1.47B
- Overseas: -¥2.57B

INA +¥0.38B

- Domestic: +¥0.61B
- Overseas: -¥0.23B

Exchange rate  
(Average rate for the period): ¥142.61/\$

Note:

- Including Ina Research from H1 FY2022
- Overseas contracts are converted to yen using the exchange rate at the end of each period
- Cancelled contracted studies are recorded as a negative figure at the time of cancellation

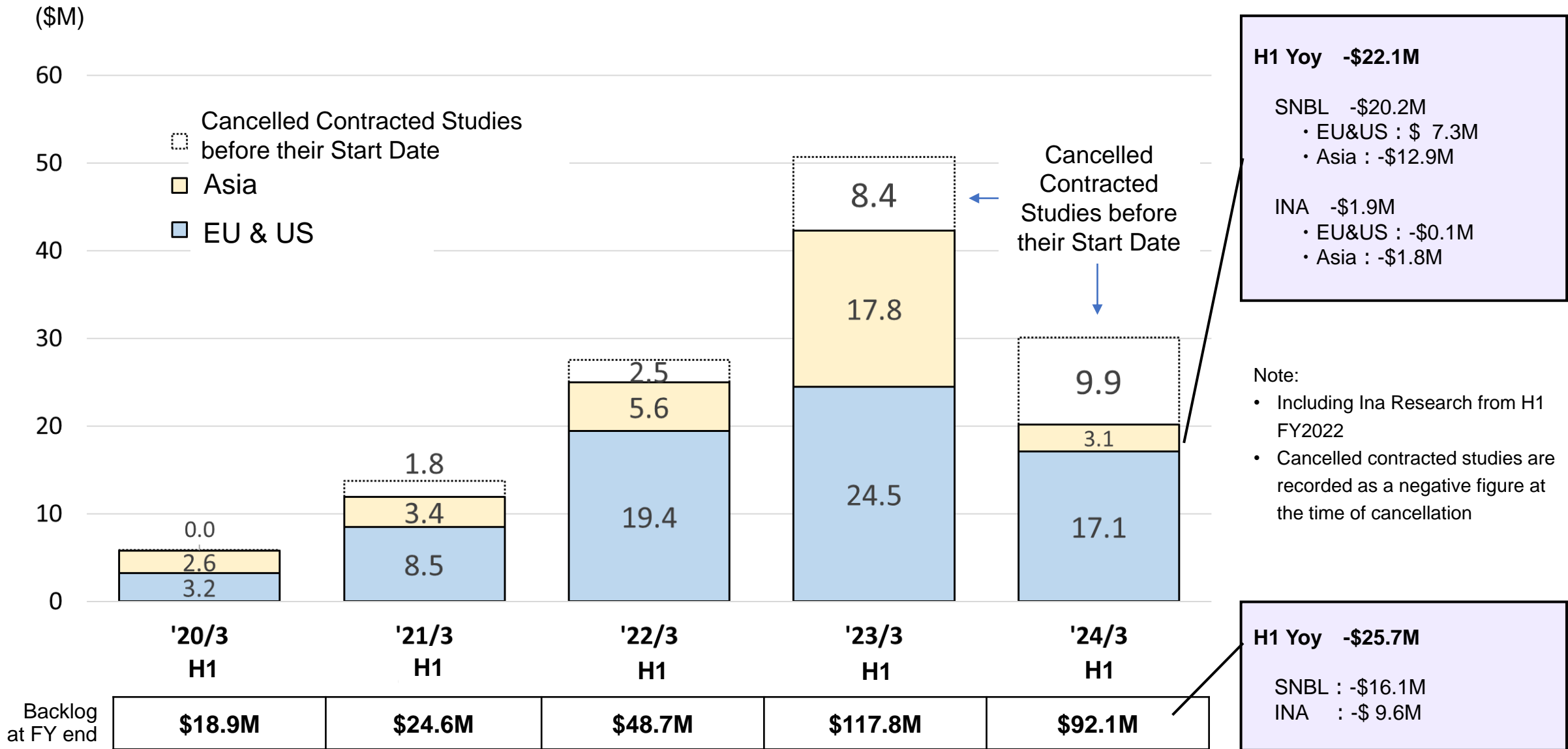
¥11.34B	¥12.68B	¥17.67B	¥33.67B	¥32.22B
10.6%	16.9%	24.6%	42.9%	23.2%

**1H Yoy -¥1.44B**

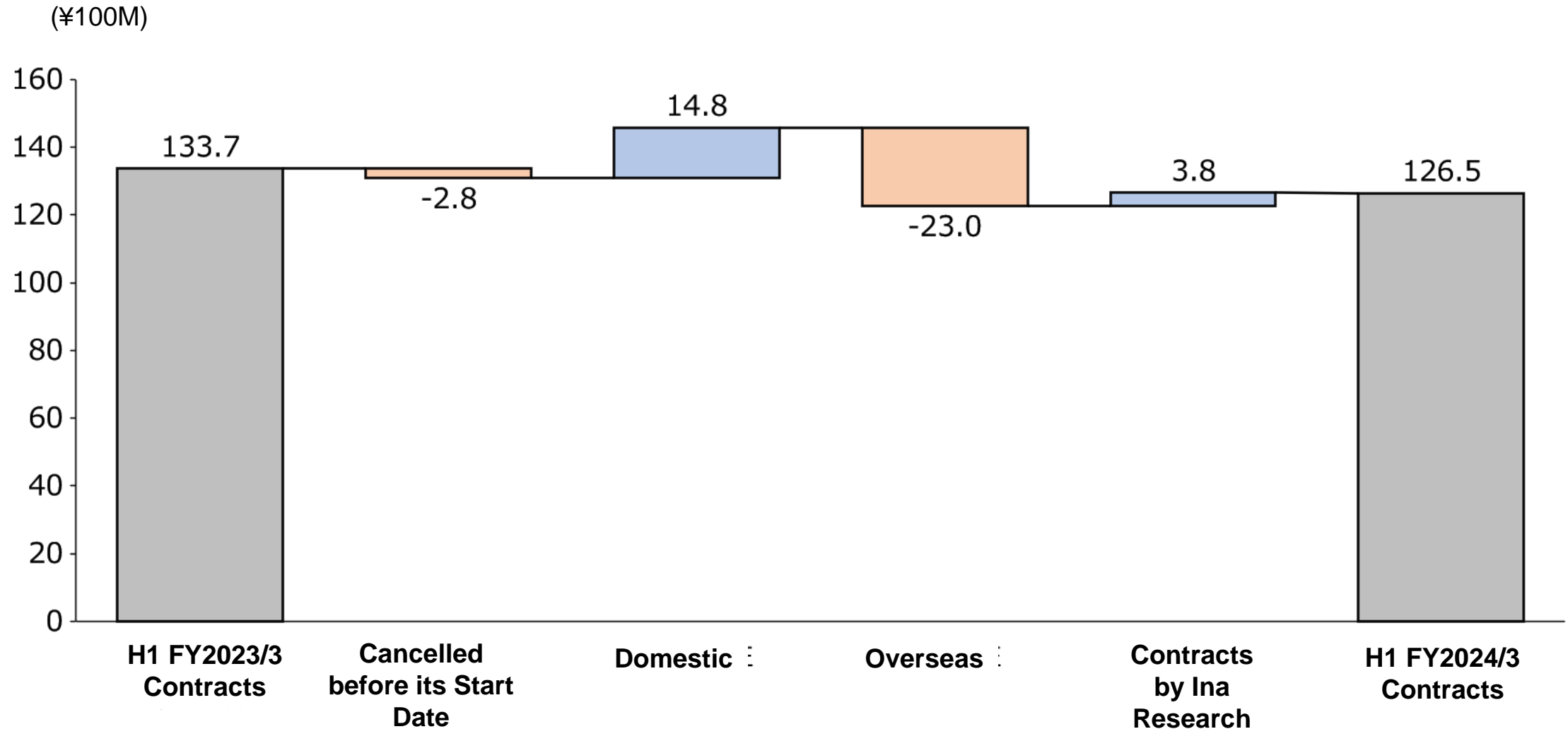
SNBL: +¥0.55B

INA: -¥1.99B

# Overseas Contracts Received in Nonclinical Business (in US\$)



# Key Factors Analysis of the Contracts Received in H1



Change in Cancelled Contracted Studies before their Start Dates:  
 H1 FY2023/3: ¥1.47B -> H1 FY2024/3: ¥1.75B

## Domestic

### Preferred Contracts

- The number of preferred contracts with domestic pharmaceutical companies, which were concluded in FY2022, is growing and progressing as expected.

### Signed Comprehensive Contract Research Agreements at the Drug Discovery Stage

- In addition to the drug discovery phase research contracted with Astellas Pharma Inc., similar contracts with other several domestic pharmaceutical companies have been newly initiated as scheduled.

### Synergy with Ina Research

- Ina Research, a subsidiary of SNBL from 2022, received a large package of studies necessary for agrichemical sales application from a domestic manufacture for the first time as part of the SNBL Group.

### Establishment of NHP Colonies Dedicated for specific Customers

- Established a dedicated NHP colony in response to requests, mainly from overseas customers, for stable and timely introduction of NHPs in studies, which contributes to the monetization of breeding costs and future increases in NHP study contracts.

## Overseas

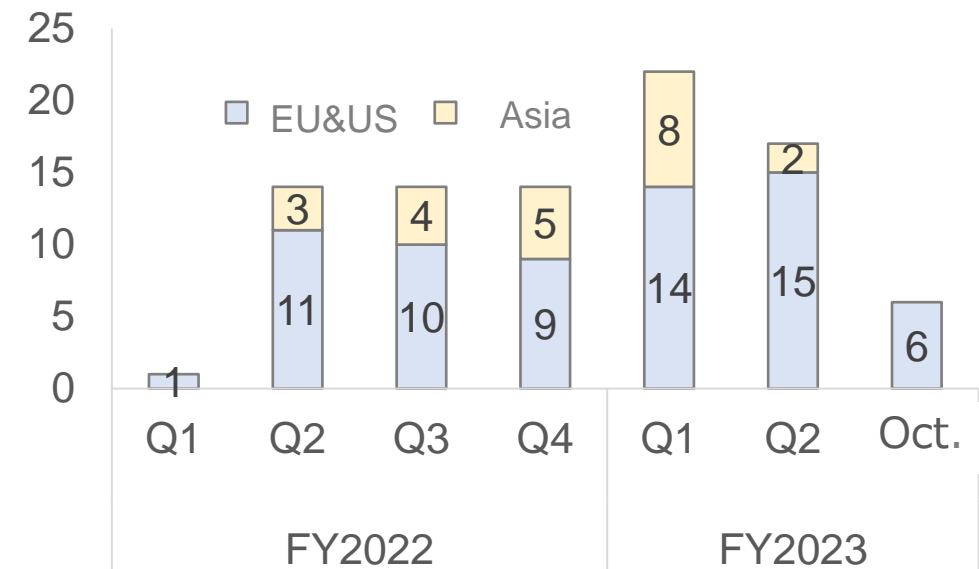
### Due Diligence toward Preferred Contracts with Major Overseas Pharmaceutical Companies

- Operational due diligence for preferred contracts with several major overseas pharmaceutical companies is in full swing.

### Increase in visits by overseas clients

- The number of visits by overseas clients, which had been decreasing due to the Covid-19, is increasing significantly.

Number of visits by overseas customers





## Key Factors for Reduced Contracts from Overseas

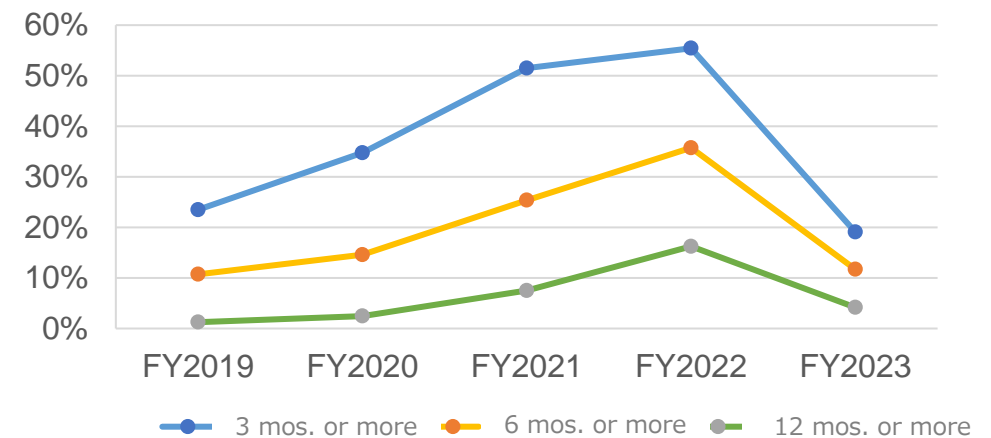
### Impact of Overseas Market Trends

- Venture capital investments and alliance agreements in Europe, the U.S., and South Korea continue to be weak. Inquiries for new projects, mainly from biotech companies, decreased from the previous fiscal year. The number of inquiries for new projects from overseas clients has been seen to be increased in October 2023.

### Normalization of forward contracts

- The number of contracts brought forward had been increasing in order to secure NHPs for experiments, but the number of such contracts decreased due to the steady progress of our measures and recognition of our ability to provide NHPs for experiments in a stable and timely manner.

Percentage of forward contracts to total contracts  
(Contracts executed 3, 6 or 12 months or more before their study start dates)

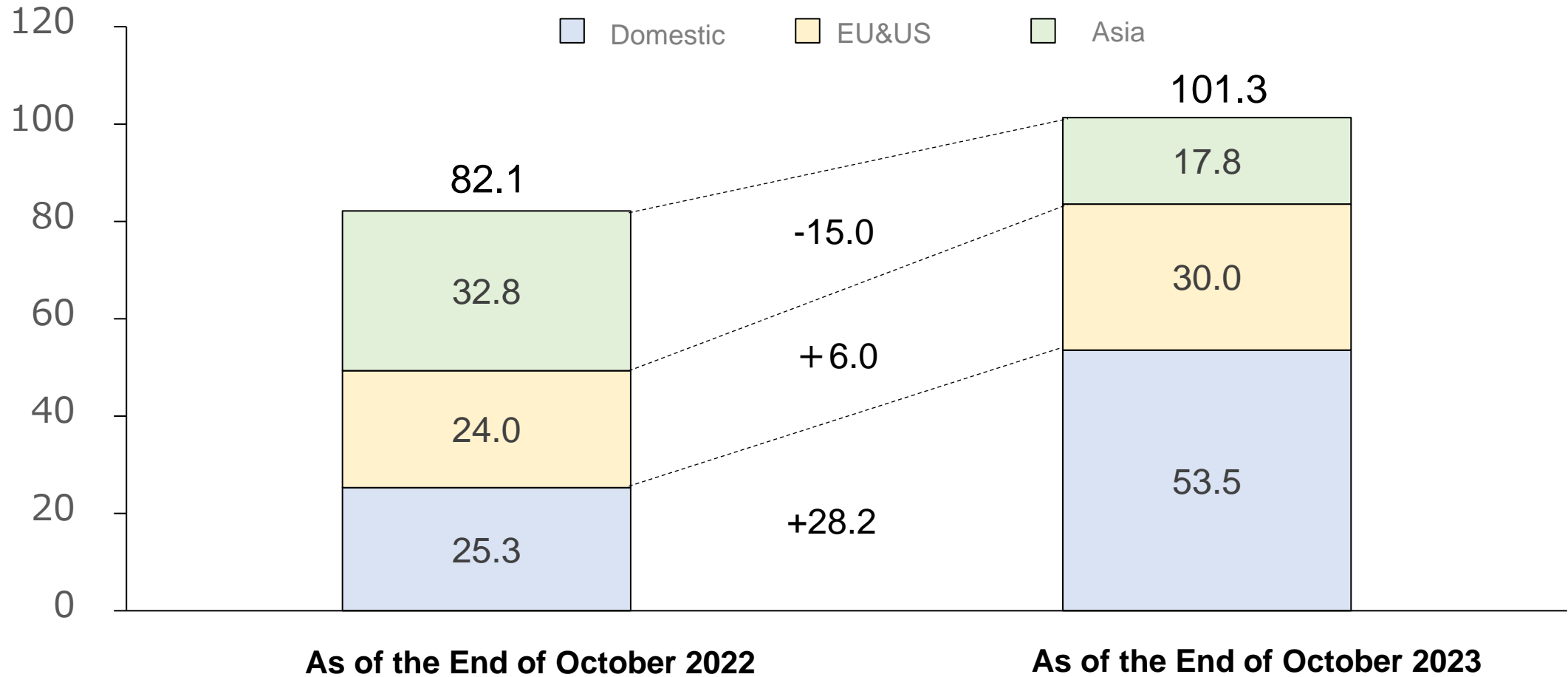


# Status of Inquiries in Q3 FY2024/3



(¥100M)

\*Overseas inquiries are converted into JPY using the average exchange rate of each period.



Steady increase in inquiries for studies (already contracted and still under negotiation) for the 3rd quarter of FY2024/3 (as of the end of October 2023)

### 3. Business Topics: II. CRO (clinical)

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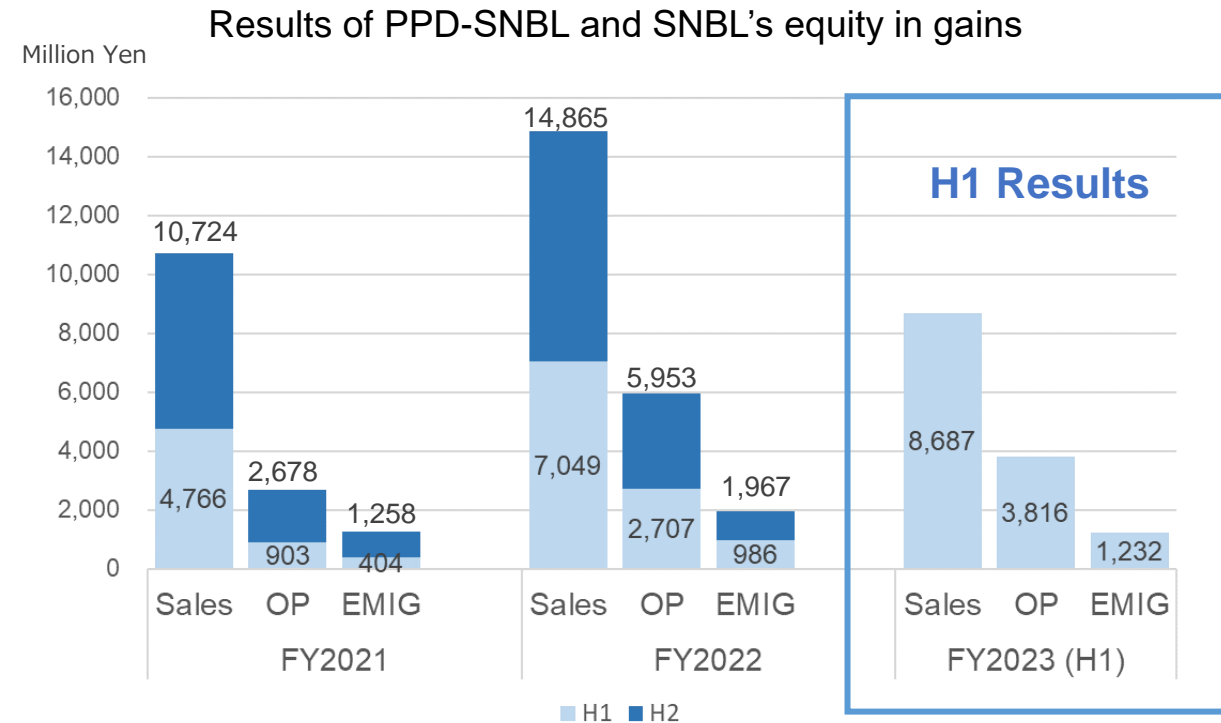


Ichiro Nagata, MD, PhD, MMH, MBA  
Executive Director of the Board

# CRO Business: Clinical Business



- The clinical business is conducted through a joint venture called PPD-SNBL formed in 2015 with PPD, a major U.S.-based clinical CRO. PPD-SNBL's core business is conducting the Japanese portion of global clinical trials contracted by major overseas pharmaceutical companies.
- SNBL's partner, PPD, is a highly reliable global CRO with the capacity to conduct clinical trials simultaneously in approximately 50 countries and is steadily increasing its performance. In December 2021, PPD became a part of Thermo Fisher Scientific, a global medical device company. Together with the added synergies from the group's expanded scale, orders for clinical trials have been extremely strong.
- Total revenue in the first half of FY2023 was 8.68 billion yen, 23.2% up from the previous year and the operating profit was 3.81 billion yen, 41% up from the previous year. The operating profit has been a record high as a first half since the start of PPD-SNBL. Operating profit in sales was 43.9% (38.4% in first half of FY2022).
- SNBL's equity in gains received from PPD-SNBL in the first half of FY2023 was 1.23 billion yen, 24.9% up from the previous year. Although SNBL has a 40% stake in the company, we have sent the company's president and CFO as board members, and they have made a significant contribution to its performance.



# CRO Business: Business Profit



## Trend of Business Profit and Business Profit margin in CRO Business on H1 basis

		H1 FY2022/3	H1 FY2023/3	H1 FY2024/3	Increase
CRO business	Revenue	7,638	9,785	11,490	17.4%
	OP	2,377	2,802	2,942	5.0%
	<b>OP margin</b>	<b>31.1%</b>	<b>28.6%</b>	<b>25.6%</b>	
	Equity in earnings of affiliates	385	1,113	1,239	11.3%
	<b>(of which, PPD-SNBL)</b>	<b>404</b>	<b>986</b>	<b>1,232</b>	24.9%
	Business Profit	2,762	3,915	4,181	6.8%
	<b>Business Profit margin</b>	<b>36.2%</b>	<b>40.0%</b>	<b>36.4%</b>	

\*Business Profit = Operating profit + Equity in earnings of affiliates

PPD-SNBL K.K. (SNBL owns 40.0% stake) which conducts clinical business, and Biomedical Research (formerly SNBL China; SNBL owns 49.9% stake) which operate as a breeding facility in China, are accounted for by the equity method. Therefore, their sales and operating profits are not included in our results.

### 3. Business Topics: III. TR

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Ken Takanashi, MBA, CPA  
Executive Vice President

## For Systemic Absorption

**Satsuma**

For relief acute migraine

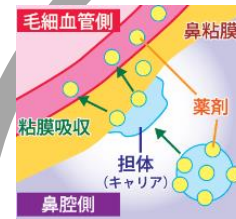


**SNLD**

For improvement the wearing-off in Parkinson disease



## SNBL's Proprietary Nasal Drug Delivery System



### Nasal Drug Carrier

- ✓ Muco-adhesive powder carrier
- ✓ Specific optimizations for each API characteristic

**For Vaccination to Enable Blocking Immunity**

### Nasal Delivery Device

- ✓ User-friendly
- ✓ Light-weight/compact
- ✓ Consistent delivery
- ✓ Specific design for each nasal application

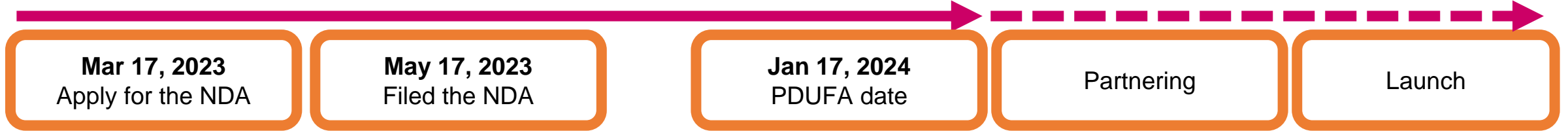


**For Nose-to-Brain Delivery**

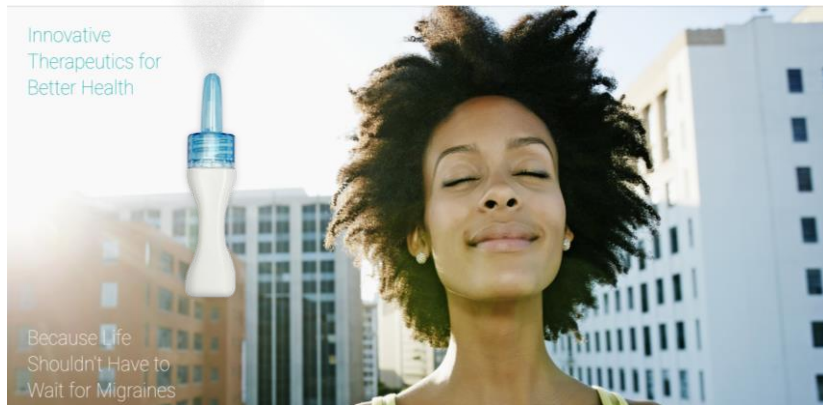
# TR Business: Progress of Satsuma's STS101 Development



## Development Schedule of STS101



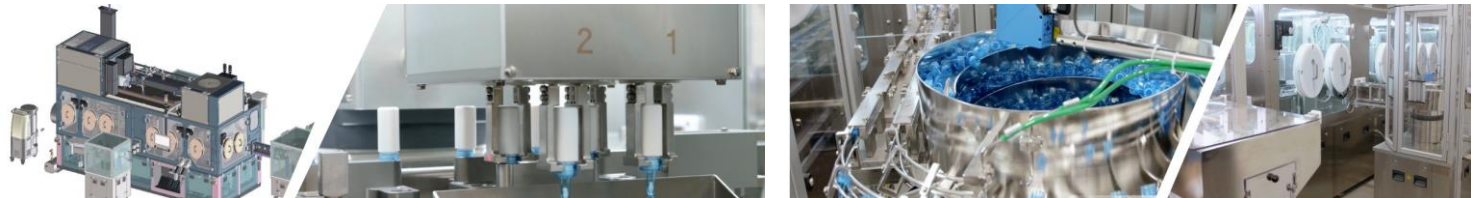
Specialty Pharma  
for Nasal Migraine Drug



June 8, 2023:  
Wholly Owned Satsuma's Share

## Progress

- ✓ Responses to FDA are going well so far.
- ✓ Qualification tests for the commercial manufacturing line are going well so far.
- ✓ Contacts to partner candidates have been started.





## Features of STS101

- ① There is a certain percentage of acute migraine nonresponders for Triptans and Gepants<sup>\*1, 2</sup>. STS101 has dihydroergotamine (DHE), an active agent, which is possibly effective to the non-responders<sup>\*2</sup>.
- ② Triptans and Gepants has a recurrence risk of pain within 48 hours after dosing<sup>\*3, 4</sup>. In STS101 SUMMIT Study, a clinical Phase 3 efficacy study, STS101 showed superior differences versus placebo on freedom from pain and MBS (most bothersome symptom) at 3 to 48 hours post-administration
- ③ STS101 has lowest rates of adverse events for any non-oral acute migraine treatment.
- ④ STS101 is Easy-to use and easy-to-carry.



\*1: Dodick, Headache, 2005, 45(2): 156-162.

\*2: Silberstein, Headache, 2020, 60: 40-57.

\*3: Winner, et. al., Arch Neurology, 1996, 53(2): 180-184.

\*4: Lipton, et. al., Lancet Neurology, 2023, 22: 209-217.

Although STS101 failed to meet the co-primary endpoints, Satsuma's market research survey to 100 medical specialists for migraine who is high prescribers of new migraine drugs, which was conducted with the efficacy study results, indicated intent to prescribe STS101 to ~30% of their migraine patients

**Market for new drugs is a target of STS101**

Expected peak share of STS101 is more than 5% of the market based on new drugs.

**Expected peak sales of STS101: Several hundred million USD/year**

**STS101 - the first and only DHE (dihydroergotamine) product with the potential for broad use in the acute treatment of migraine**



## SMART

Simple MucoAdhesive  
Release Technology

### TRANSFORMATIVE

- ✓ Easy-to use and easy-to-carry, proprietary DHE nasal powder formulation and device
- ✓ Advanced SMART platform provides rapid and sustained drug absorption
- ✓ Delivers the trusted and proven power of injectable DHE in a nasal powder

### PROVEN

- ✓ DHE is regarded as a powerful anti-migraine agent with over 75 years of use by physicians
- ✓ DHE works through a unique multimodal mechanism of action unlike other treatments

### WELL TOLERABILITY & SAFE

- ✓ Lowest rates of adverse events for any non-oral acute migraine treatment
- ✓ Most common AEs in clinical trials were nasal discomfort (8.3%) and dysgeusia (3.7%)
- ✓ Reported AEs were mostly mild and transient



SNLD, Ltd., a 100% subsidiary of SNBL, is developing a nasal drug to improve the wearing-off in Parkinson disease which is self-administrable, absorbable by bypassing the gastrointestinal tract, and expected to have rapid action.



【Main symptoms of Parkinson Disease】



## Progress

- ✓ After the clinical Phase I study completed on Jan2023, the clinical trial notification for the next clinical phase study has been submitted in Aug2023.
- ✓ Now preparing another clinical study for a nasal drug which is more user-friendly by improvements of formulation and device technologies.

# TR Business: Key Investments - Wave Life Sciences



Program	Discovery	Preclinical	Clinical	Rights	Patient population (US & Europe)
<b>RNA EDITING</b>					
<b>WVE-006</b> SERPINA1 (AATD)				<b>GSK exclusive global license</b>	<b>200K</b>
Multiple undisclosed Correction				<b>100% global</b>	<b>&gt;20K (multiple)</b>
Multiple undisclosed Upregulation				<b>100% global</b>	<b>&gt;3M (multiple)</b>
<b>SPLICING</b>					
<b>WVE-N531</b> Exon 53 (DMD)			<b>Phase 1/2</b>	<b>100% global</b>	<b>2.3K</b>
Other exons (DMD)				<b>100% global</b>	<b>Up to 18K</b>
<b>SILENCING: ANTISENSE</b>					
<b>WVE-003</b> mHTT (HD)			<b>Phase 1/2</b>	<b>Takeda 50:50 Option</b>	<b>25K Manifest (SNP3) 60K Pre-Manifest (SNP3)</b>
<b>SILENCING: RNAi</b>					
<b>INHBE*</b> (Metabolic disorders)				<b>100% global</b>	<b>47M</b>

\*Through GSK collaboration, Wave can advance up to three collaboration programs (the first of which is INHBE) and GSK can advance up to eight collaboration programs.

AATD: Alpha-1 antitrypsin deficiency; DMD: Duchenne muscular dystrophy; HD: Huntington's disease



Editing for correction

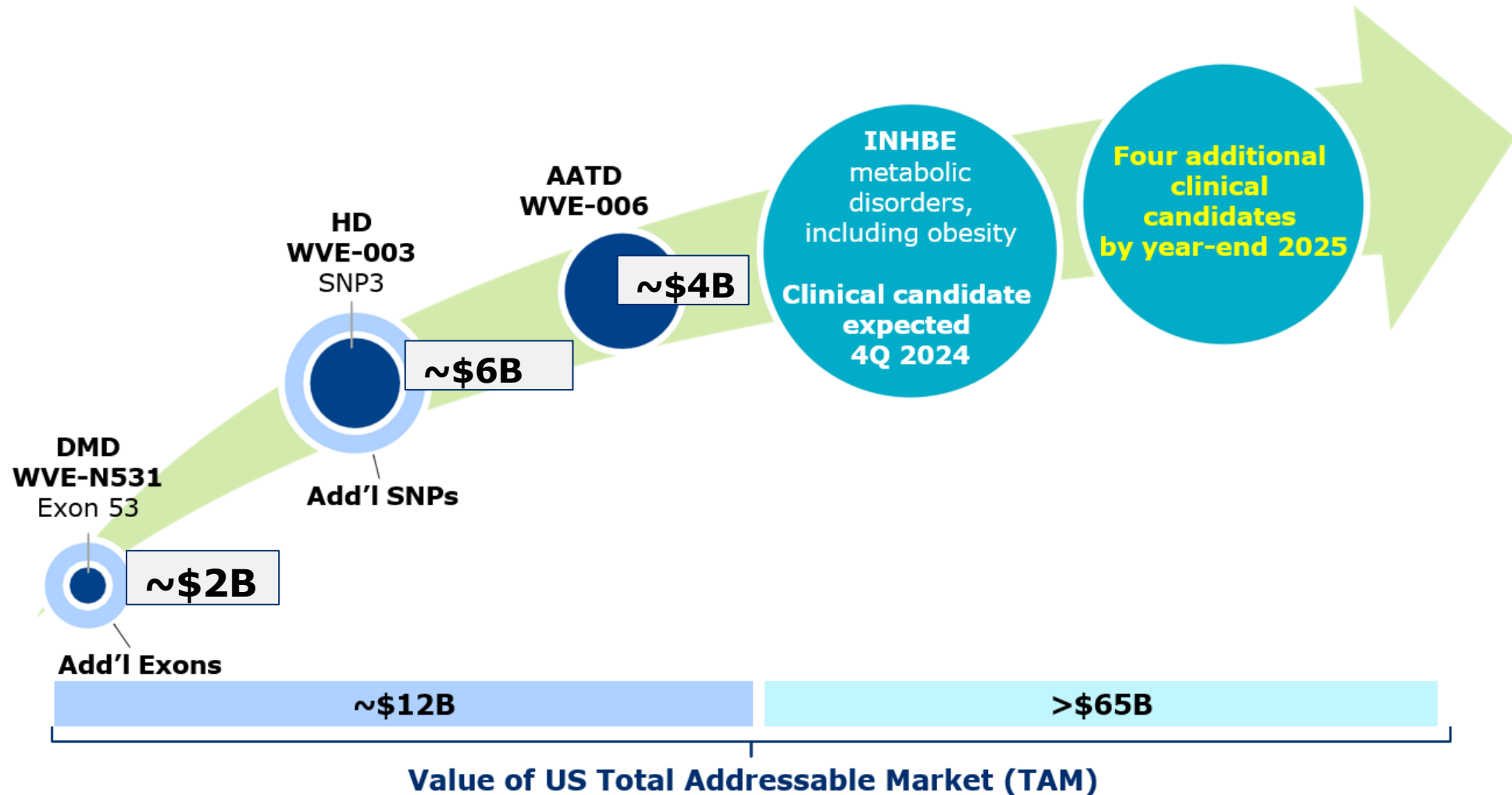


Editing for upregulation

# TR Business: Key Investments - Wave Life Sciences



Wave is poised for significant and sustained growth



Note: Bubble size illustrative of size of total addressable US market (assuming 100% share of addressable patients)

### 3. Business Topics: IV. Medipolis

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Ichiro Nagata, MD, PhD, MMH, MBA  
Executive Director of the Board



Main concept: Contributing to the “Wellbeing of the People”



## Healing Resort AMAFURU

Focuses on 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 Freesia

For patients and their family at Medipolis Proton Therapy and Research Center to stay.



Medipolis Medical Research Institute  
Medipolis Proton Therapy and Research Center

## Power Generation



[Geothermal Power Plant in Medipolis Ibusuki]

### <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 having the third largest amount of worldwide geothermal power resources
4. Multi-stage energy utilization (e.g. the use of hot water after power generation)

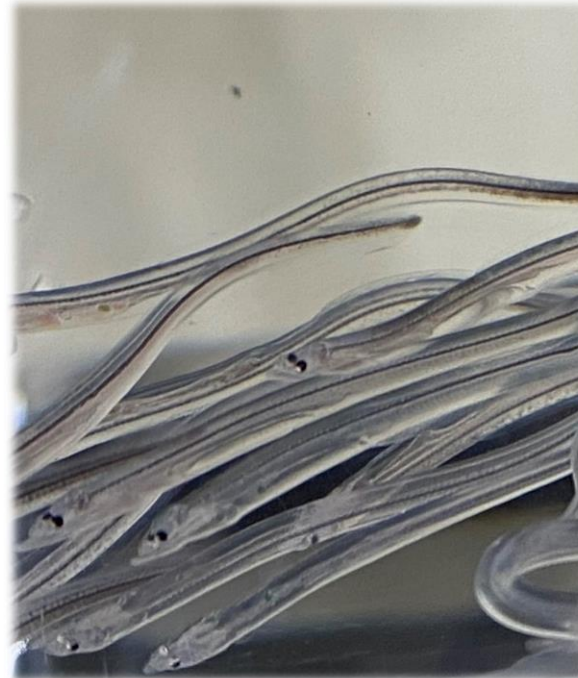
Increasing demand of geothermal power generation is expected toward the Japanese government's goal of achieving carbon neutrality by 2050.

- 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 revenue (as power generation division): 424Mlion yen  
Average sales of electricity per annum (average over the past 3 years): 10,219k kWh\*(\*Approx. a half of our annual power consumption)  
Average equipment utilization rate (average for the past 3 years): 73.8%
- 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.
- In 2022, we finished constructing a system of geothermal power generation by the hot spring water currently used for bathing at our hotel (Expected sales of electricity per annum 400 million kWh). We aim the system sell its electricity under FIT in 2024.



## 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).



**Our artificial seedling production of glass eels technology yields survival rate of leptocephalus above 50% (in our laboratory). This is our competitive advantage over other research facilities.**



## Financial Data

(In millions of yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3 Forecasts
Revenue	15,658	14,561	15,110	17,748	25,090	30,368
YoY(%)	-5.7%	-7.0%	3.8%	17.5%	41.4%	21.0%
Gross profit	6,177	7,615	7,554	9,687	13,046	16,278
Ratio of gross profit to revenue (%)	39.5%	52.3%	50.0%	54.6%	52.0%	53.6%
Operating profit	829	2,228	2,529	4,195	5,245	5,020
YoY(%)	-	168.5%	13.5%	65.9%	25.0%	-4.3%
Share of profit of entities accounted for using equity method	361	888	846	1,439	2,489	--
Ordinary profit	1,613	3,121	3,645	7,078	9,194	7,180
Profit before income taxes	1,650	3,062	4,175	8,183	7,759	--
Income taxes	-308	414	497	1,016	1,708	--
Profit attributable to owners of parent	1,950	2,550	3,661	7,127	6,060	4,780
Profit per share (yen)	46.84	61.25	87.95	171.20	145.56	114.81
Overseas sales	4,015	2,317	2,100	3,091	6,575	--
Overseas sales ratio	25.6%	15.9%	13.9%	17.4%	26.2%	--
Revenue from international sponsors	9,958	12,386	15,840	22,181	25,751	--
Net assets	28,477	16,381	15,838	19,723	26,359	--
Total assets	54,329	39,002	36,972	39,312	57,242	--
Interest-bearing debt	16,158	15,123	12,864	9,281	18,931	--
Equity ratio (%)	52.3%	41.8%	42.6%	49.8%	45.8%	--
Capital expenditures	1,612	1,514	1,025	1,703	5,614	10,887
Depreciation	1,361	1,229	1,187	1,177	1,544	1,983
R&D expenses	339	400	392	425	683	928
Ratio of R&D expenses to revenue (%)	2.17%	2.75%	2.59%	2.39%	2.72%	3.06%
Number of employees at the end of the fiscal year	935	985	986	994	1,208	1,382
ROE (%)	7.1%	11.4%	22.9%	40.4%	26.5%	--
ROA (%)	2.9%	6.7%	9.6%	18.6%	19.0%	--
ROIC (%)	--	11.7%	12.3%	18.4%	17.9%	--
Ratio of operating profit to revenue (%)	5.3%	15.3%	16.7%	23.6%	20.9%	16.5%
Ratio of ordinary profit to revenue (%)	10.3%	21.4%	24.1%	39.9%	36.6%	23.6%
Cash dividends per share (yen)	3.0	5.0	20.0	40.0	50.0	50.0
Dividend payout ratio (%)	6.4%	8.2%	22.7%	23.4%	34.3%	43.6%

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.
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3. The presentation slides are based on "Summary of Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2024 (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.

## <IR Inquiries>



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