February 6, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)

Company name: Shin Nippon Biomedical Laboratories, Ltd.
Listing: Prime Market, Tokyo Stock Exchange
Securities code: 2395
URL: https://en.snbl.com
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	21,195	(4.7)	1,027	(45.7)	3,119	(24.6)	2,270	(29.2)
December 31, 2024	22,235	23.6	1,893	(25.3)	4,138	(15.3)	3,205	(15.5)

Note: Comprehensive income For the nine months ended December 31, 2025: ¥14,844 million [14.8%]
For the nine months ended December 31, 2024: ¥12,926 million [115.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	54.54	–
December 31, 2024	76.99	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	113,080	53,206	46.7	1,269.66
March 31, 2025	92,416	40,085	43.3	961.34

Reference: Equity
As of December 31, 2025: ¥52,858 million
As of March 31, 2025: ¥40,022 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	–	20.00	–	30.00	50.00
Fiscal year ending March 31, 2026	–	20.00	–		
Fiscal year ending March 31, 2026 (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, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	30,698	(5.2)	2,600	(12.8)	5,353	(17.0)	3,561	(27.6)	85.53

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

* **Notes**

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

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2025	41,632,400 shares
As of March 31, 2025	41,632,400 shares

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

As of December 31, 2025	564 shares
As of March 31, 2025	564 shares

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

Nine months ended December 31, 2025	41,631,836 shares
Nine months ended December 31, 2024	41,631,922 shares

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

* Proper use of earnings forecasts, and other special matters

The 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 8 of the attachment, “(3) Explanation of consolidated earnings forecasts and other forward-looking statements.”

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

Financial results supplementary materials are posted via TDnet on the date of disclosure. The Company plans to hold a financial results briefing call for analysts and institutional investors on Friday, February 6, 2026, in the form of online meeting. 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 quarterly consolidated financial results for the nine months ended December 31, 2025

(1) Explanation of operating results

In the pharmaceutical industry, companies have been increasingly turning to contract research organizations (CROs) that specialize in outsourcing, with the aim of accelerating research and development in Japan and abroad while improving cost efficiency and simplifying their correspondence with regulatory authorities. In addition, research and development involving new modalities in drug discovery (therapeutic approaches) has been in full swing, particularly with respect to nucleic acid medicine, next-generation therapeutic antibodies, peptide drugs, gene therapy, cell therapy, and regenerative medicine. With a proven track record in supporting research and development of new modalities in drug discovery, the Company has been addressing such trends by placing its focus on meeting customer needs which involves taking swift action, improving services, and persistently enhancing quality, aiming to become a one-of-a-kind CRO and far and away the first name that comes to mind for clients when they consider a CRO.

Under such circumstances, revenue for the first nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025; hereinafter, "the first nine months under review") decreased by ¥1,039 million (down 4.7%) compared to the nine months ended December 31, 2024 (hereinafter, "the first nine months of the previous fiscal year") to ¥21,195 million, due to the completion of several large projects in the mainstay CRO business, which were expected to be recorded in the third quarter, being delayed to the fourth quarter and beyond. Operating profit was ¥1,027 million, a deterioration of ¥866 million (down 45.7%) year on year. The main reasons for the decrease in operating profit are the postponement of revenue recognition in the CRO business, which is our major source of revenue, leading to a decrease in revenue for the first nine months under review, and the increase in costs due to continuing large strategic upfront investments in the mainstay CRO business as the Company views the current business environment as an opportunity for further growth. Those investments include the substantial strengthening of human resources, expansion of laboratory facilities, establishment of a domestic breeding framework for laboratory non-human primates (NHPs), and promotion of digital transformation (DX). Expenses related to the intranasal migraine therapeutic agent "Atzumi™" from Satsuma Pharmaceuticals, Inc. (hereinafter, "Satsuma"), a consolidated subsidiary of the Company in the United States, amounted to ¥557 million in the third quarter, totaling ¥1,943 million for the first nine months under review (for the first nine months of the previous fiscal year: ¥1,878 million). Ordinary profit decreased by ¥1,019 million (down 24.6%) year on year to ¥3,119 million. The main reason is that the share of profit of entities accounted for using equity method from PPD-SNBL K.K., which conducts the clinical business within the CRO business, although exceeding the initial plan, decreased by ¥552 million compared to the first nine months of the previous fiscal year to ¥1,893 million. Foreign exchange gains of ¥17 million were also recorded, contributing to an increase in ordinary profit by ¥398 million compared with foreign exchange losses of ¥380 million for the first nine months of the previous fiscal year. Profit attributable to owners of parent for the first nine months under review decreased by ¥934 million (down 29.2%) year on year to ¥2,270 million.

As of December 31, 2025, the SNBL Group had 1,532 employees on a consolidated basis excluding part-time and hourly employees, as a result of the 114 new employees (including 60 female employees) who joined the Company in April 2025. The ratio of female employees on a consolidated basis was 54.6%.

Operating results by segment and initiatives for SDGs/ESG are as follows.

(i) CRO business

The CRO business comprises the nonclinical business, which undertakes nonclinical (or preclinical) studies mainly using cells and laboratory animals, and the clinical business, which undertakes clinical studies.

The Company's nonclinical business is one of the industry's largest in Japan, and based on the results of numerous studies using NHPs, considered as one of the industry's second-top tier nonclinical CROs globally. The nonclinical business achieved steady results for the first nine months under review. The following initiatives implemented by the Company have shown positive results.

- The importance of the Company-established framework for breeding and supplying NHPs within the SNBL Group, the framework built by the Company, 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 a steady increase of orders received. We have also been strengthening our framework for breeding NHPs in Japan since the fiscal year ended March 31, 2023 to reduce import risks and improve quality. We have continued to expand breeding facilities for the first nine months under review, and we expect such expansion will be completed by the end of the current fiscal year.

- The concentration analysis performed on drug development candidates (study substances) and biomarkers in biological samples is called bioanalysis. The Company has introduced a lot of the cutting-edge devices required to evaluate the efficacy and safety of new modalities in drug discovery, and built a system for evaluating study substances and biomarkers from an earlier stage. Synergies were demonstrated between this system and the above Company-established framework for breeding and supplying NHPs within the SNBL Group. This led to an increase in orders of bioanalysis. We recognize this as an area with high growth potential, and for the first nine months under review, we continued to strengthen our capabilities to respond to increased orders from overseas.
- We concluded preferred contracts (agreements for preferentially outsourcing to pre-selected CROs) with multiple pharmaceutical companies, which highly evaluated these efforts, leading to an increase in orders received. For the first nine months under review, we concluded a preferred contract with a domestic pharmaceutical company. In addition, we have been strengthening our sales activities with an aim to receive orders from Europe and the U.S. As part of such efforts the Company newly formed the Global Study Team (GST) in the Drug Safety Research Laboratory in November 2024. As a result of these efforts, we have obtained preferred vendor certification from a global mega-pharmaceutical company for the first nine months under review.
- In September 2024, we began full-scale operations of new office buildings and research facility (eight floors above ground; two buildings), the construction of which had been proceeded at the Kagoshima Head Office since December 2022. The new office buildings and research facility have a dedicated laboratory for Microphysiological Systems (MPS), which is expected to be increasingly utilized to complement safety studies, and for the first nine months under review, the Company became the first CRO in Japan to commence MPS contract services in April 2025, leading to concluding contracts. In July 2025, a luncheon seminar on MPS was held at the 52nd Annual Meeting of the Japanese Society of Toxicology in Okinawa, attracting over 300 participants. Furthermore, in October 2025, at the CSAHi-MPS webinar, and in November 2025, at the iPark MPS Day 2025 held at Shonan iPark, we presented our initiatives and future directions regarding MPS as a CRO, attracting over 300 and 250 participants, respectively.
- In order to expand our capacity for NHP studies, for the first nine months under review, the Company is proceeding with construction to convert a dormant lab building at our Drug Safety Research Laboratory into NHP study rooms, which are scheduled to commence use during the fourth quarter.

As a result of the above initiatives, the order volume for the nonclinical business reached ¥10,000 million in the third quarter (October-December), marking a record high on a quarterly basis. Consequently, the order volume for the first nine months under review increased by ¥3,112 million (up 13.7%) year on year to ¥25,787 million, renewing a record high for the first nine months of the fiscal year. 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 nine months under review grew significantly by 56.5% year on year to ¥10,137 million. Overseas orders received for the first nine months under review increased by 35.4% year on year to ¥11,743 million, accounting for 45.5% of total orders received (for the first nine months of the previous fiscal year: 38.3%). The order backlog as of the end of December 2025 is at a record high level at ¥41,559 million, an increase of ¥5,991 million (up 16.8%) from the end of December 2024.

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 nine months under review was ¥1,893 million (for the first nine months of the previous fiscal year: ¥2,445 million).

Revenue for the CRO business for the first nine months under review was ¥20,257 million, a decrease of ¥1,421 million (down 6.6%) compared to the first nine months of the previous fiscal year, due to the delay in revenue recognition of several large projects expected to be recorded in the third quarter being shifted to the fourth quarter and beyond. Operating profit of the CRO business decreased by ¥1,056 million (down 20.5%) year on year to ¥4,089 million, and ratio of operating profit to revenue was 20.2%.

(ii) Translational Research business (TR business)

Translational Research business (hereinafter, "TR business") is a research and development business that discovers promising seeds and new technologies generated through in-house research and development as well as fundamental research performed at Japanese and overseas universities, biotech ventures, and research institutes, and develops them for commercialization, stock listing, or M&A, by increasing their added value.

The Company's proprietary intranasal delivery platform technology (Simple MucoAdhesive Release Technology Platform, hereinafter, "SMART"), which has been a focus of inquiry as the core of the TR business since 1997, is a platform technology that combines an intranasal powder formulation technology using a mucoadhesive carrier composition as the base with an intranasal delivery device (medical device). Rapid and high drug absorption has been enabled by improving drug retention through the nasal mucosa. It has the advantage of being easier to administer than injections and allowing the formulation to be stored at room temperature.

Regarding the commercialization of intranasal drug delivery by Satsuma Pharmaceuticals, Inc., on April 30, 2025 (US time), marketing approval was granted by the FDA for "Atzumi™" (development code: STS101), an intranasal migraine drug. Since obtaining the approval, Satsuma has been conducting negotiations of a partnering agreement with potential sales partners. In June 2025, Satsuma presented a poster on the results of the clinical trial of STS101 at the American Headache Society (AHS) and its article was published on *Headache: The Journal of Head and Face Pain* in November 2025.

The TR Business Headquarters within parent SNBL includes a department that conducts research into creating fundamental technologies such as formulations and devices, as well as a department that manages clinical trials of Parkinson's disease treatment drugs and the acquisition of POCs for intranasal mucosal vaccines. SNLD, Ltd. (hereinafter, "SNLD"), a consolidated subsidiary of the Company, is developing an Intranasal Levodopa Spray for the treatment of off symptoms of Parkinson's Disease (development code: TR-012001) and an improved development product of TR-012001 (TRN501). SNLD presented the results of the Phase II exploratory clinical trials conducted on Parkinson's disease patients in Japan (12 cases) at the Annual Meeting of the American Academy of Neurology (AAN) in April 2025. Additionally, at the Annual Meeting of the Japanese Society of Neurology held in May, Movement Disorder Society of Japan in July, and 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 and carefully determining future development policies while planning the next clinical trial. In the development of intranasal mucosal vaccines, utilizing part of the AMED/SCARDA funds, we have been conducting verification research on the underlying immunological theory and formulation research with a view to clinical trials, and presented the results at the SCARDA Joint Forum 2025 in November.

In the Gemseki business, we have been operating the licensing brokerage business related to drug discovery seeds and technologies on a global basis under the mission of "Striving to support the best development of drug candidates and technologies for society." In November 2025, at the "BIO Europe" held in Vienna (Austria), we conducted meetings with pharmaceutical venture companies, research institutions, and pharmaceutical companies. We focused on identifying and securing contracts with new customers possessing promising drug discovery seeds and technologies, as well as introducing drug discovery seeds and technologies to existing customers. Additionally, we expanded our global business network with individuals involved in the drug discovery ecosystem, which serves as the foundation for our business. Gemseki Investment Inc., a consolidated subsidiary of the Company engaged in investment business, made new investments in one Japanese startup and one North American startup through Gemseki Fund No. 2 Investment Limited Partnership, which was established in 2024. In addition, through a process of ongoing communication with multiple existing investees in Japan and overseas and other venture capitals, the Company is continuing to examine how best to generate business synergies with the SNBL Group. Gemseki aims to provide the comprehensive support needed for the creation and development of pharmaceuticals and medical devices, with the goal of generating synergies throughout the Group.

We have been developing the SNBL Global Gateway (SGG) business since 1999, which leverages to the fullest extent our strong network with academic institutions, investors, and professional companies in Japan and the U.S., by utilizing the CRO and TR businesses which have been developed over many years, mainly centered on our facilities based in Washington State, USA. The SGG business provides comprehensive support services to Japanese biotech companies (drug discovery startups, university-affiliated ventures, etc.) aiming to enter the U.S. market, as well as U.S. startups seeking to collaborate with Japanese companies or enter the Japanese market. This support is designed to facilitate entry into either the U.S. or Japanese market. We offer fully integrated support, including assistance with establishing local offices in either Japan or the U.S., market analysis, strategic planning, regulatory/intellectual property strategy development, fundraising, introduction to partner companies, and business plan development and execution support. During the first nine months under review, we advised Japanese biotech companies that are in the early stages of considering expansion into the U.S. market, focusing such services on analysis of the U.S. market and advisory on U.S. expansion forms. We also supported Tasso, Inc., a start-up company from Seattle, U.S.A., which provides self blood collection devices, to enter into the Japanese market by establishing a joint venture company, Tasso-SNBL Ltd. in Japan in March 2025. In August, the company's device for self-collection of blood received certification as a controlled medical device under Japan's Pharmaceuticals and Medical Devices Act from the Ministry of Health, Labour and Welfare (MHLW), and its sales started in December. Additionally, we connect Japanese and U.S. venture companies and various stakeholders supporting their activities to identify new business opportunities and contribute to the development of a global biotechnology and drug discovery ecosystem. This business is being promoted in collaboration with the SBI Group, which has an extensive track record in global investment, and in addition to operating business incubation facilities, we are also focusing on fund management. In November 2024, Plug and Play, the world's largest innovation platform provider headquartered in Silicon Valley, USA, joined the joint fund established by the Company and the SBI Group, further strengthening the support system provided through the SGG business. In the first nine months under review, we began providing support to domestic listed companies, biotech companies, and venture capital firms, and several companies have opened offices in our business incubation facilities.

Amid these circumstances, the TR business posted revenue of ¥75 million for the first nine months under review (for the first nine months of the previous fiscal year: ¥49 million). For the first nine months under review, the recording of ¥1,943 million in expenses of Satsuma (for the first nine months of the previous fiscal year: ¥1,878 million) resulted in operating loss of ¥2,859 million (for the first nine months of the previous fiscal year: operating loss of ¥2,757 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 February 2015. Geothermal power generation produces hardly any CO2 emissions, is not affected by the weather during the day or night, and has the potential to be a baseload power source capable of stable power generation all year round. Our geothermal power plant is capable of generating approximately 10 million kWh of electricity throughout the year, and we generate steady electricity sale income from the produced electricity, leveraging the feed-in tariff system (FIT system) for renewable energy.

Also, as a new power generation project, a hot spring power generation plant that utilizes residual steam from the hot spring sources supplied to hotel bathing facilities and floor heating started operations in April 2025. Annual power generation is estimated at 4 million kWh, which is equivalent to the annual electricity consumption of 1,000 average households. As in geothermal power generation, hot spring power generation is also a renewable energy-based power source capable of stable power generation all year round regardless of season or weather, and contributes to reduction of greenhouse gases, which are a cause for climate change. In the first nine months under review, we also generated steady electricity sale income from electricity produced from hot spring power generation, using the feed-in tariff (FIT) system. The estimated annual power generation from both geothermal and hot spring power generation is equivalent to roughly half of the Company's annual electricity consumption.

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 an accommodation dedicated for training and education, 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. In June 2025, the Amafuru Oka was ranked number eight in Japan in "Hotel Spas" category at Travel+Leisure Luxury Awards Asia Pacific 2025, a globally recognized hotel rating agency. In December, we further enhanced guest satisfaction by opening a new French restaurant "Lueur," which features a live kitchen. The Medipolis Proton Therapy and Research Center has treated more than 7,600 cancer patients with proton therapy since it began treatments in January 2011, and has been recognized as a socially contributing organization by a major life insurance company.

The Medipolis business posted revenue of ¥598 million for the first nine months under review, an increase of ¥208 million (up 53.4%) from ¥389 million for the first nine months of the previous fiscal year, due to the contribution of hot spring power generation. As for operating profit (loss), operating loss of ¥17 million was recorded (for the first nine months of the previous fiscal year: operating loss of ¥275 million).

(iv) US Property Management business

The Company began operating the US Property Management business in 2025, leasing out the multi-purpose industrial building Seaway Technology Center (STC) (1.72 hectares) constructed on a site of approximately 19.83 hectares owned by SNBL USA, LTD. The business posted revenue of ¥137 million for the first nine months under review, due to the land and house rent received from tenants, while it posted operating loss of ¥90 million (for the first nine months of the previous fiscal year: operating loss of ¥34 million) mainly due to depreciation.

(v) Initiatives for SDGs/ESG

In September 2015, the UN General Assembly adopted the "Sustainable Development Goals (SDGs)" as globally shared targets to be met by 2030 that were established so that the people of the world can live in happiness. The SDGs are actually the same as the Company's all-time corporate philosophy of "We are a company that values the environment, life, and people" and the Company's slogan "I'm happy, you are happy, and everyone is happy," and the Company accordingly regards itself as an industry leader in initiatives for SDGs/ESG.

Regarding our initiatives for SDGs/ESG, the SDGs Committee (chaired by independent External Director, Dr. Keiko Toya), which the Company established as an advisory body to the Board of Directors, and the Environmental Committee (chaired by the honorary executive director in charge of sustainability), which the Company established as a subordinate organization of the SDGs Committee conduct lively discussions on a monthly basis. The Company discloses an ESG data book that is produced based on these achievements regarding initiatives for SDGs/ESG, each of the Company's policies, information based on TCFD Recommendations, and such on a dedicated page of the Company's website (https://en.snbl.com/esg).

In the Integrated Report, we have provided our 2028 Vision, a phrase of "promoting people's happiness in close involvement with stakeholders" as the future we aim to create. We specified aims of FY2028 financial KPIs (targets) of ¥50 billion in revenue, ¥20 billion in ordinary profit, ordinary profit margin of 40%, and payout ratio of 30–40%. The cost of capital has been set at 4.8%, estimated based on the earnings results for the fiscal year ended March 31, 2025. The beta value has been calculated to be 0.94 using weekly data for the last five years. In our analysis of capital return indicators, we put emphasis on ROE and ROIC, which are presented during the Board of Directors meetings held monthly. It calls for ROE and ROIC of at least 10%, and calculated based on operating results for the fiscal year ended March 31, 2025, ROE was 13.3%, and ROIC was 10.4%. In addition, the Company updated its Corporate Governance Report in June 2025, and has implemented all the principles of the Corporate Governance Code following the revisions in June 2021, including those for the TSE Prime Market. The ratio of female Directors as of December 31, 2025 was 33.3% (four out of 12 Directors).

The Company has been highly evaluated by various rating agencies for its continuous efforts for SDGs/ESG. In July 2025, the Company earned its debut selection as a component stock in the FTSE Blossom Japan Index and it continued to be selected for the FTSE Blossom Japan Sector Relative Index, both of which are constructed by global index provider FTSE Russell in the UK.

As for the results of dialogue with shareholders and investors during the first nine months under review, the Company conducted 210 meetings with institutional investors and analysts (for the first nine months of the previous fiscal year: 189 meetings). A post on the IR and Corporate Communications blog was updated 234 times to provide information in a timely way. In the General Meeting of Shareholders held in June 2025, the Company held a briefing session on its intranasal drug delivery platform technology for shareholders, who attended such shareholder's meeting, after the conclusion of the meeting.

Through efforts to conserve biodiversity for regional contribution (Kagoshima Prefecture is the No. 1 supplier of Japanese eels in Japan), the Company has been pursuing research into the artificial production of Japanese eels in their juvenile stage (glass eels), which are listed as endangered in the IUCN Red List, in artificial habitats. In 2019, we established our research facility in Wadomari-cho, Okinoerabu Island, Kagoshima Prefecture, researching into the artificial production of glass eels. We have achieved high survival rates at the laboratory level and are currently scaling up production to enable mass production. In October 2024, we began a joint research with Nissui Corporation, a major fisheries company. During the first nine months under review, we established a facility on the premises of Medipolis Ibusuki to raise artificially produced glass eels. We are also planning to offer them as a special item on the menu at hotels operated by the Company in the next fiscal year.

(2) Explanation of financial position

Changes in financial position for the nine months ended December 31, 2025 from the end of the previous fiscal year were as follows:

Total assets as of December 31, 2025 increased by ¥20,664 million (up 22.4%) compared to the balance as of the end of the previous fiscal year, to ¥113,080 million. Current assets increased by ¥4,880 million (up 14.8%) compared to the balance as of the end of the previous fiscal year, to ¥37,820 million due mainly to increases in cash and deposits of ¥3,375 million (up 28.1%), inventories of ¥3,138 million (up 24.9%), and a decrease in notes and accounts receivable - trade, and contract assets of ¥1,557 million (down 23.5%). Non-current assets increased by ¥15,654 million (up 26.3%) compared to the balance as of the end of the previous fiscal year, to ¥75,131 million due mainly to an increase in property, plant and equipment of ¥1,249 million (up 3.6%) due to capital investment, etc., and an increase in investment securities of ¥14,547 million (up 73.6%).

Liabilities increased by ¥7,542 million (up 14.4%) compared to the balance as of the end of the previous fiscal year, to ¥59,873 million. Current liabilities increased by ¥5,724 million (up 19.6%) compared to the balance as of the end of the previous fiscal year, to ¥34,980 million due mainly to increases in short-term borrowings of ¥6,892 million (up 58.5%) and advances received in increased orders of ¥1,476 million (up 13.5%). Non-current liabilities increased by ¥1,818 million (up 7.9%) compared to the balance as of the end of the previous fiscal year, to ¥24,893 million due mainly to an increase in other by ¥1,661 million (up 438.9%) due to the increase in deferred tax liabilities associated with the rise in market value of investment securities.

Net assets increased by ¥13,121 million (up 32.7%) compared to the balance as of the end of the previous fiscal year, to ¥53,206 million due mainly to the posting of ¥2,270 million in profit attributable to owners of parent, an increase in valuation difference on available-for-sale securities by ¥14,731 million (up 244.2%), dividends paid of ¥2,081 million, and a decrease in foreign currency translation adjustment by ¥2,125 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.

In consideration of the incorporation of Satsuma's second half costs (¥1,241 million) into the full-year forecasts and the expectation that revenue recognition for several large projects in the nonclinical business will be shifted to the next fiscal year, the Company revised the consolidated financial forecasts for the fiscal year ending March 31, 2026, announced on May 8, 2025. For details, please refer to the "Notice Concerning Revisions to Full-Year Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2026" announced today. The assumed exchange rate is US$1 = ¥155.00.

Please refer to the following principal management benchmarks (capital expenditures, depreciation, R&D expenses, and number of employees), which have been reviewed in connection with the revision to the consolidated full-year forecast for the fiscal year ending March 31, 2026.

[Orders received in the nonclinical business]

(Millions of yen)

	Results for the nine months ended December 31, 2022	Full-year results for the fiscal year ended March 31, 2023	Results for the nine months ended December 31, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the nine months ended December 31, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the nine months ended December 31, 2025	Full-year plan for the fiscal year ending March 31, 2026
Orders received	19,278	24,920	20,659	27,411	22,675	32,109	25,787	35,200
Of which, Japan	11,368	16,339	14,731	20,359	13,999	19,769	14,044	20,637
Of which, overseas	7,910	8,581	5,928	7,052	8,675	12,340	11,743	14,562
Order backlog	32,585	29,248	33,863	33,212	35,568	34,394	41,559	

(Notes) 1. Results of Ina Research (currently SNBL INA Ltd.) are included from July 1, 2022.
2. For calculation of orders received (overseas), an average USD/JPY exchange rate for each fiscal year is applied.
3. 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 nine months ended December 31, 2022	Full-year results for the fiscal year ended March 31, 2023	Results for the nine months ended December 31, 2023	Full-year results for the fiscal year ended March 31, 2024	Results for the nine months ended December 31, 2024	Full-year results for the fiscal year ended March 31, 2025	Results for the nine months ended December 31, 2025	Full-year plan for the fiscal year ending March 31, 2026
	From April 2022 to December 2022	From April 2022 to March 2023	From April 2023 to December 2023	From April 2023 to March 2024	From April 2024 to December 2024	From April 2024 to March 2025	From April 2025 to December 2025	From April 2025 to March 2026
Capital expenditures	3,320	5,614	3,409	8,525	9,089	11,390	4,273	6,191
Depreciation	1,107	1,544	1,265	1,774	1,770	2,496	2,354	3,098
R&D expenses	378	683	1,302	1,741	1,829	2,217	1,874	2,770
Number of employees at period-end (people)	1,219	1,208	1,344	1,341	1,457	1,436	1,532	1,532

(Note) Ina Research (currently SNBL INA Ltd.) and Satsuma Pharmaceuticals are included from July 1, 2022, and October 1, 2023, respectively.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	12,032,136	15,407,722
Notes and accounts receivable - trade, and contract assets	6,643,088	5,085,209
Inventories	12,618,001	15,756,208
Other	1,777,229	1,704,025
Allowance for doubtful accounts	(130,608)	(132,613)
Total current assets	32,939,848	37,820,553
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,096,190	23,809,098
Land	4,546,836	4,912,496
Other, net	8,189,490	7,360,886
Total property, plant and equipment	34,832,518	36,082,481
Intangible assets		
Goodwill	1,884,230	1,764,083
Other	219,125	272,826
Total intangible assets	2,103,356	2,036,909
Investments and other assets		
Investment securities	19,762,231	34,438,182
Other	2,955,089	2,903,962
Allowance for doubtful accounts	(176,535)	(201,392)
Total investments and other assets	22,540,785	37,140,753
Total non-current assets	59,476,659	75,260,144
Total assets	92,416,508	113,080,698

(Thousands of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	460,937	758,972
Short-term borrowings	11,777,811	18,669,996
Income taxes payable	2,217,925	302,775
Advances received	10,941,641	12,418,111
Other	3,857,829	2,830,697
Total current liabilities	29,256,146	34,980,552
Non-current liabilities		
Long-term borrowings	22,271,126	22,370,522
Lease liabilities	425,099	482,881
Other	378,544	2,039,852
Total non-current liabilities	23,074,771	24,893,256
Total liabilities	52,330,917	59,873,808
Net assets		
Shareholders’ equity		
Share capital	9,679,070	9,679,070
Capital surplus	2,358,493	2,398,557
Retained earnings	20,087,636	20,276,864
Treasury shares	(745)	(745)
Total shareholders’ equity	32,124,455	32,353,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,031,759	20,763,323
Foreign currency translation adjustment	1,866,521	(258,487)
Total accumulated other comprehensive income	7,898,281	20,504,836
Non-controlling interests	62,854	348,306
Total net assets	40,085,590	53,206,889
Total liabilities and net assets	92,416,508	113,080,698

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

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Revenue	22,235,369	21,195,869
Cost of revenue	10,552,110	10,287,202
Gross profit	11,683,259	10,908,667
Selling, general and administrative expenses	9,789,307	9,880,763
Operating profit	1,893,951	1,027,903
Non-operating income		
Interest income	36,772	108,809
Dividend income	1,630	2,070
Share of profit of entities accounted for using equity method	2,628,755	1,972,769
Foreign exchange gains	–	17,847
Other	120,471	205,627
Total non-operating income	2,787,630	2,307,123
Non-operating expenses		
Interest expenses	148,206	204,603
Commission expenses	2,356	1,307
Foreign exchange losses	380,631	–
Other	11,853	10,087
Total non-operating expenses	543,048	215,998
Ordinary profit	4,138,533	3,119,029
Extraordinary income		
Gain on sale of non-current assets	4,042	7,126
Gain on sale of investment securities	21,919	–
Total extraordinary income	25,961	7,126
Extraordinary losses		
Loss on retirement of non-current assets	121,093	365,390
Impairment losses	14,332	10,793
Total extraordinary losses	135,426	376,183
Profit before income taxes	4,029,069	2,749,972
Income taxes - current	1,445,996	355,024
Income taxes - deferred	(593,053)	160,747
Total income taxes	852,943	515,771
Profit	3,176,125	2,234,200
Loss attributable to non-controlling interests	(29,420)	(36,618)
Profit attributable to owners of parent	3,205,545	2,270,819

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2024	Nine months ended December 31, 2025
Profit	3,176,125	2,234,200
Other comprehensive income		
Valuation difference on available-for-sale securities	8,022,267	14,731,563
Foreign currency translation adjustment	1,700,128	(2,071,569)
Share of other comprehensive income of entities accounted for using equity method	27,568	(50,175)
Total other comprehensive income	9,749,964	12,609,818
Comprehensive income	12,926,089	14,844,018
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,955,454	14,877,374
Comprehensive income attributable to non-controlling interests	(29,364)	(33,355)

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in consolidated subsidiaries during the current consolidated cumulative period)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

Not applicable.

(Notes to quarterly consolidated statement of cash flows)

No quarterly consolidated statement of cash flows was prepared for the nine months ended December 31, 2025. Amounts of depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill are as follows.

(Thousands of yen)

	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)	Nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)
Depreciation	1,770,115	2,354,574
Amortization of goodwill	85,552	84,805

(Notes to segment information)

(Segment information)

I. Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

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

(Thousands of yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	21,614,305	49,946	317,959	–	21,982,210	253,158	22,235,369	–	22,235,369
Transactions with other segments	64,260	–	72,038	–	136,298	1,177,097	1,313,396	(1,313,396)	–
Total	21,678,565	49,946	389,997	–	22,118,509	1,430,256	23,548,766	(1,313,396)	22,235,369
Segment profit (loss)	5,146,637	(2,757,344)	(275,953)	(34,550)	2,078,789	44,071	2,122,860	(228,909)	1,893,951

(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 ¥228,909 thousand consist of negative ¥125,755 thousand in elimination of intersegment transactions and negative ¥103,153 thousand in corporate expenses not allocated to a reportable segment. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

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

4. Figures above have been restated retrospectively in consistency with the reported business segments for the nine months period ended December 31, 2025.

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

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

II. Nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

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

(Thousands of yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statement of income (Note 3)
	CRO business	TR business	Medipolis business	US Property Management business	Subtotal				
Revenue									
Revenue from external customers	20,217,895	72,753	528,584	137,536	20,956,770	239,099	21,195,869	–	21,195,869
Transactions with other segments	39,368	2,685	69,833	–	111,886	212,367	324,254	(324,254)	–
Total	20,257,263	75,438	598,417	137,536	21,068,656	451,467	21,520,123	(324,254)	21,195,869
Segment profit (loss)	4,089,801	(2,859,407)	(17,950)	(90,570)	1,121,874	20,119	1,141,993	(114,089)	1,027,903

(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 ¥114,089 thousand consist of ¥57 thousand in elimination of intersegment transactions and negative ¥114,147 thousand in corporate expenses not allocated to a reportable segment. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

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

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

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