



August 15, 2018

Shin Nippon Biomedical Laboratories, Ltd.

(The First Section of the Tokyo Stock Code Number: 2395)

Representative: Chairman and President Ryoichi Nagata

C o n t a c t : Senior Executive Director Shinji Nitanda

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Announcement of the US Business Restructuring

Shin Nippon Biomedical Laboratories, Ltd. (SNBL Ltd.) would like to announce that its business restructuring in the US has entered its final stage. The goal of the restructuring is to expedite improvement in business returns in its US preclinical business as a mid- and long-term business strategy. The board members of SNBL Ltd. have resolved today that the preclinical business of SNBL U.S.A., Ltd. (“SNBL USA”, Washington, USA) will be separated from the company, and a new operational company, Altasciences Preclinical Seattle, Inc. (APS) was formed. Following the distribution of the equity from SNBL USA to SNBL Ltd., all equity of APS will then be purchased by Altasciences US Intermediate, LLC (“Altasciences”, Quebec, Canada), a Contract Research Organization (CRO) based in North America, with a targeted closing at the end of September, 2018. SNBL USA will continue to be a 100% subsidiary of SNBL Ltd. after the restructuring, as a core part of SNBL Ltd.’s US business, and will experience stable business returns from its research facilities and security assets over the mid- to long-term.

As part of the US business restructuring, SNBL Ltd. sold a majority interest in its Phase I clinical trial facilities, SNBL Clinical Pharmacology Center Inc. (Maryland, USA) to Pharmaron Beijing Limited Co., Ltd. in March 2017, and sold its primate quarantine facilities, Scientific Resource Center (Texas, USA) to Orient Bio Inc. in September 2017. The establishment of APS and its equity transaction to Altasciences group at this time is the final step toward completion of SNBL Ltd.’s business restructuring in the US.

Henceforth, SNBL Group will mainly offer preclinical services in its Japanese facilities, and will make a paradigm shift in our US business to a translational research business (TR business) ⁽¹⁾.

1. Background of preclinical business restructuring in the US

Established in 1999, SNBL USA (100% subsidiary of SNBL Ltd.) has been a CRO in the State of Washington, USA as part of the SNBL preclinical business in the US. SNBL USA has facilities accredited by AAALAC and CDC, is registered by USDA, which hold a PHS guarantee, and has passed FDA/GLP inspections.

SNBL Ltd. considered a collaboration with a North American CRO as an effective means for the mid- and long-term growth of our US business and looked for such an opportunity to match our needs. Altasciences originally approached us with a proposed collaboration for the preclinical business in the US. Altasciences plans to expand their contract research businesses to encompass preclinical phase to the early clinical phase in North America. As a result of deep discussions, we have agreed that APS will acquire the preclinical service operation of SNBL USA as a growth strategy of Altasciences and to maximize profits of both parties,

2. Financial conditions on the business restructuring

SNBL Ltd. expects income as a result of the business restructuring that includes a lump-sum payment at closing of the transaction and income from the property lease agreement with APS (10 years with an option of 5-year extension) of land and facilities owned by SNBL USA.

The lump-sum payment and the rent fee is expected to generate income between at least USD 23.5 million to USD 45.5 million over a 10-year period. The amount of income will vary depending on APS profitability. In addition, SNBL Ltd. has the right to share 25% of APS value in case of a business buyout of APS.

3. Our future preclinical business

Leveraging the almost two decades of US experience, SNBL Ltd will continue to offer preclinical services from its 100% controlled Japanese facilities (Kagoshima and Wakayama) and to actively provide quality services as the core business of SNBL Ltd. to our clients over the globe. SNBL will continue to offer developmental and reproductive toxicology services in non-human primates at our facility in Kagoshima, Japan. In connection with the transaction, Altasciences and SNBL will enter into an agreement for SNBL to make such services available to APS and its clients.

Notes:

- (1) TR Business: SNBL Ltd. has developed businesses focused on translational research for drug development based in the US, such as Wave Life Sciences USA, Inc. (www.wavelifesciences.com) and Satsuma Pharmaceuticals, Inc. (www.satsumarx.com).
- (2) AAALAC International Accreditation: AAALAC International is a private, nonprofit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs (www.aaalac.org).
- (3) USDA Registration: Accreditation by U.S. Department of Agriculture (www.usda.gov).
- (4) PHS Guarantee: Accreditation by National Institutes of Health (olaw.nih.gov/policies-laws/phs-policy.htm).
- (5) CDC Accreditation: Accreditation by Centers for Disease Control and Prevention (www.cdc.gov).
- (6) Passing FDA/GLP Inspection: GLP accreditation by U.S. Food and Drug Administration under U.S. Department of Health and Human Services (www.fda.gov/ICECI/Inspections/NonclinicalLaboratoriesInspectedunderGoodLaboratoryPractices/default.htm)

4. Overview of SNBL USA (www.snbl.com)

(1) Name	SNBL U.S.A., Ltd.	
(2) Address	6605 Merrill Creek Parkway, Everett, WA 98203	
(3) Name of Representative/ Title	Ken Takanashi, President	
(4) Main Business	Contract Research for Clinical Studies	
(5) Capital	USD 60,000	
(6) Date of Establishment	25/2/1999	
(7) Net Assets	USD3,576 thousand	
(8) Total Assets	USD67,878 thousand	
(9) Main investor/ the Ratio of its Shareholding	Shin Nippon Laboratories, Ltd. (SNBL Ltd.)/ 100.0%	
(10) Affiliation with Companies Listed in Tokyo Stock Exchange	Capital Relationships	SNBL Ltd. owns 100% shares of The Company.
	HR Relationships	5 Directors of SNBL Ltd. are appointed as Directors of The Company.
	Business Relationships	N/A

5. Overview of Altasciences (www.altasciences.com)

(1) Name	Altasciences US Intermediate, LLC.	
(2) Address	302 W Fayette St, Baltimore, MD, 21201-3451, USA	
(3) Name of Representative/ Title	Chris Perkin, CEO	
(4) Main Business	Contract Research for Clinical Studies in North America	
(5) Affiliation with Companies Listed in Tokyo Stock Exchange	Capital Relationships	N/A
	HR Relationships	N/A
	Business Relationships	N/A
	Relationships with its Stakeholders	N/A

6. Overview of the New Company

(1) Name	Altasciences Preclinical Seattle, Inc. (APS)	
(2) Address	6605 Merrill Creek Parkway, Everett, WA 98203, USA	
(3) Name of Representative/ Title	Ken Takanashi, President	
(4) Main Business	Contract Research for Preclinical Studies	
(5) Date of Establishment	20/7/2018	
(6) Main Investor/ the Ratio of its Shareholding	Shin Nippon Laboratories, Ltd. (SNBL Ltd.)/ 100%	
(7) Affiliation with Companies Listed in Tokyo Stock Exchange	Capital Relationships	SNBL USA owns 100% shares of The Company.
	HR Relationships	1 Director of SNBL Ltd. is appointed as Director of the Company.
	Business Relationships	N/A

7. Details of APS Share Transfer

(1) Company Name	Altasciences Preclinical Seattle, Inc.
(2) Date for the Share Transfer	Prior to October 1, 2018
(3) Number of Shares to be Transferred	1,000
(4) Number of Total Shares after the Share Transfer	None (SNBL Ltd.: 0%)

8. Financial Forecast for SNBL Ltd. after the Share Transfer

The financial impact for SNBL Ltd. is under examination and will be disclosed once confirmed.