



*Please note that this translation is to be used solely as reference.
In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the fiscal year ended Mar 31, 2024



May 29, 2024

Kazuhiro Hatano

President&CEO, Linical Co., Ltd.

Agenda



1. Company Overview
2. Financial Results for FY ended March 2024
3. Forecasts of FY ending March 2025
4. Management Strategy
 - [1] Growth Strategy
 - [2] Strengthening of Governance

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Corporate Profile



- Company name Linical Co.,Ltd. (TSE Standard 2183)
- Head Office 1 -6 -1 Miyahara, Yodogawa-ku, Osaka
- Establishment June 7, 2005
- Representative Kazuhiro Hatano, President and CEO
- Capital Stock 214 million yen
- Business Description Clinical Research & Development (CRO) business and Contract Medical Affairs Business
- Number of Employees 711 (330 in Japan and 381 overseas) * As of March 31, 2024
- History of establishment
April 1, 2005: Yamanouchi Pharmaceutical Co., Ltd., and Fujisawa Pharmaceutical Co., Ltd., merged to form Astellas Pharma Inc.
June 7, 2005: Linical Co., Ltd. was established **centered on members with experience in drug development at Fujisawa Pharmaceutical Co., Ltd.**, aimed at the ideal contract drug development (CRO) business originating in Osaka.

Practice our business philosophy and help patients



Management Philosophy

To promote the greater wellbeing of all our stakeholders – patients, business partners, shareholders, and employees – we strive constantly to offer professional, high-quality services to support all aspects of new drug development.

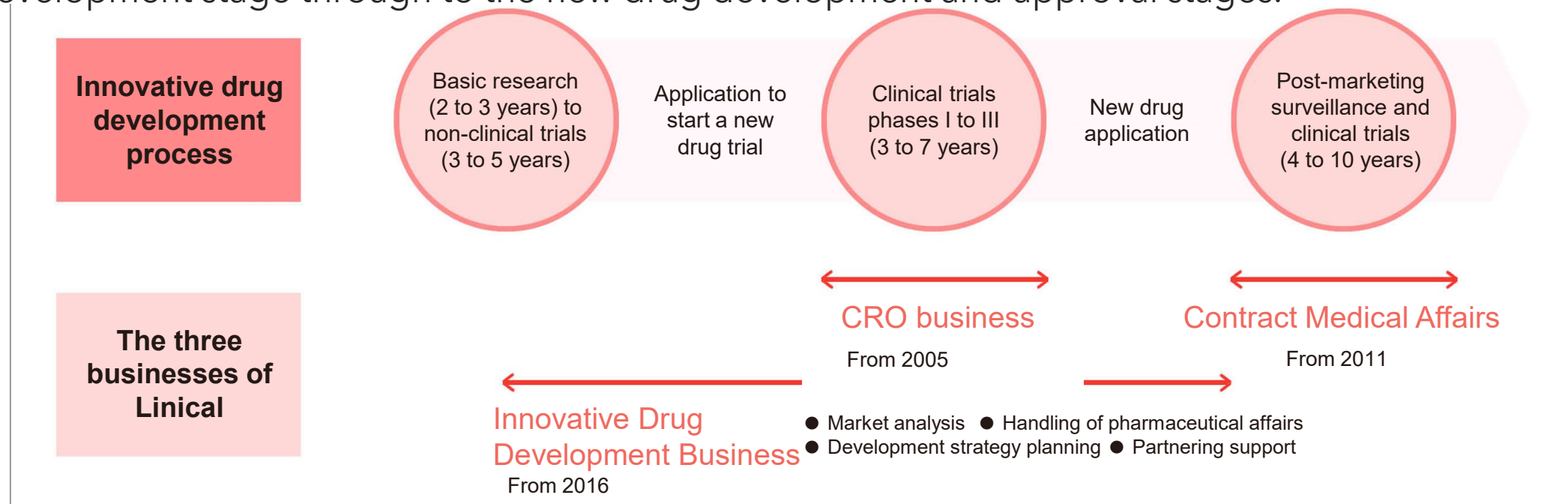


Blue: Integrity and Honesty
Red: Unending enthusiasm
Yellow: Continuing spirit of inquiry

Our corporate logo expresses our passion to pursue happiness of patients through our business activities.

The Three Businesses of Linical

- We specialize in clinical development and cover the entire process from the innovative drug development stage through to the new drug development and approval stages.



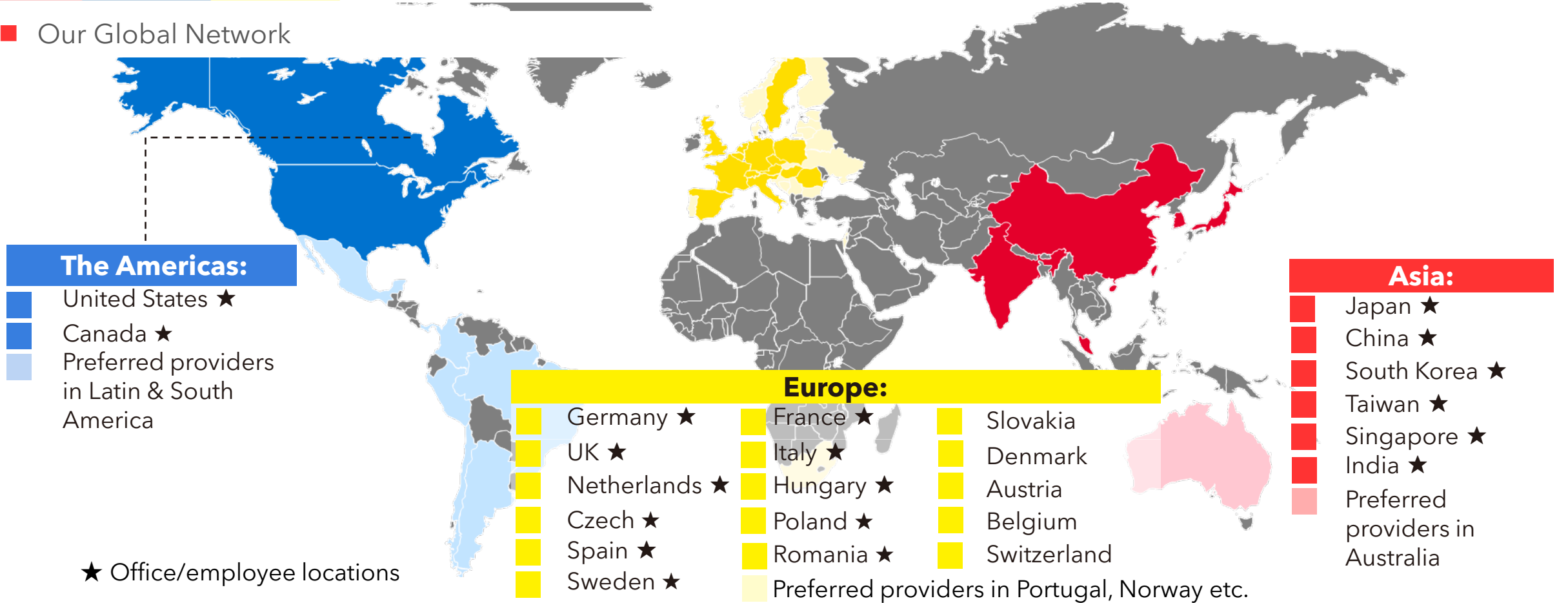
1. CRO Business: Implementing on client's behalf and supporting operations related to clinical trials conducted in the drug development stage

2. Contract Medical Affairs business: We support post-marketing clinical research and marketing activities

3. Innovative Drug Development Business: We provide consulting services that give total support for a wide range of pharmaceutical development activities including market analysis, the formulation of pharmaceutical affairs and development strategies, the selection of marketing partners, and the conclusion of contracts.

Global CRO originating from Japan

■ Our Global Network



Contributing to new drug development as a professional in drug development with the aim of becoming a global contract research organization (CRO) originating from Japan

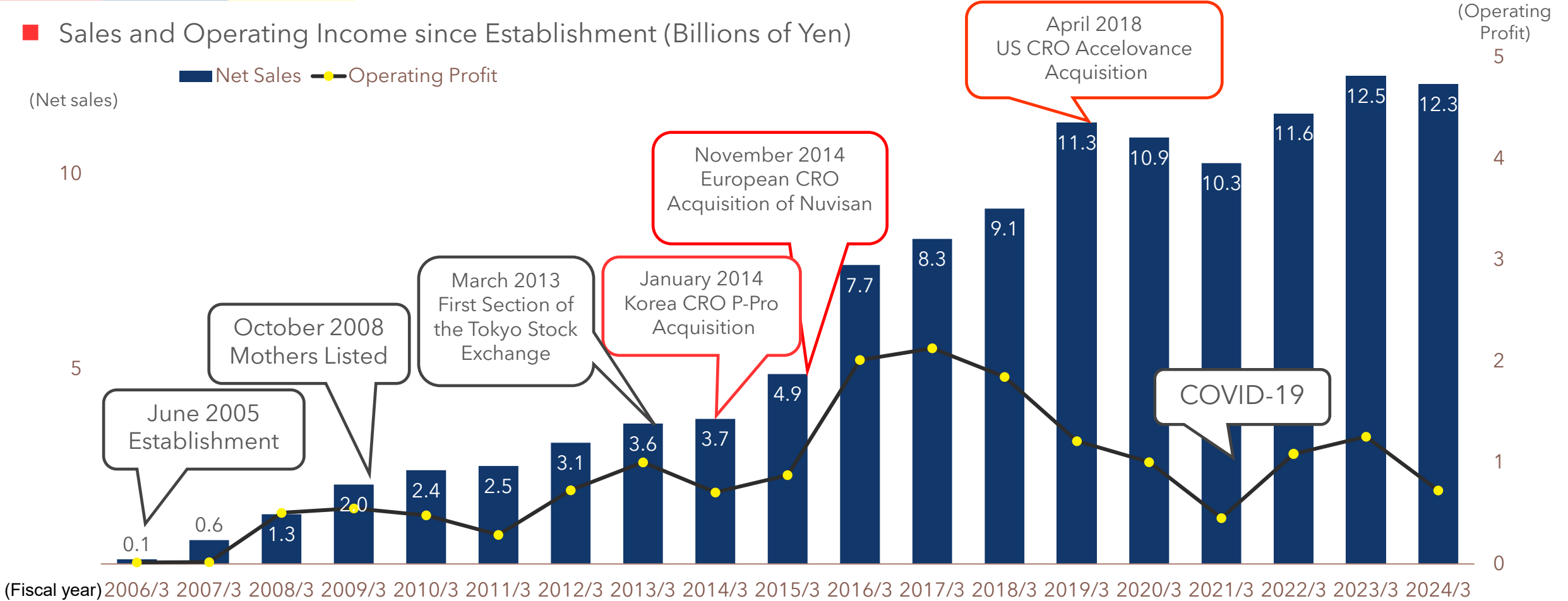
Currently has employees in about 20 countries/regions. Providing services in about 30 countries including affiliated partners

Steady Growth through Overseas M&A



■ Sales and Operating Income since Establishment (Billions of Yen)

■ Net Sales ● Operating Profit

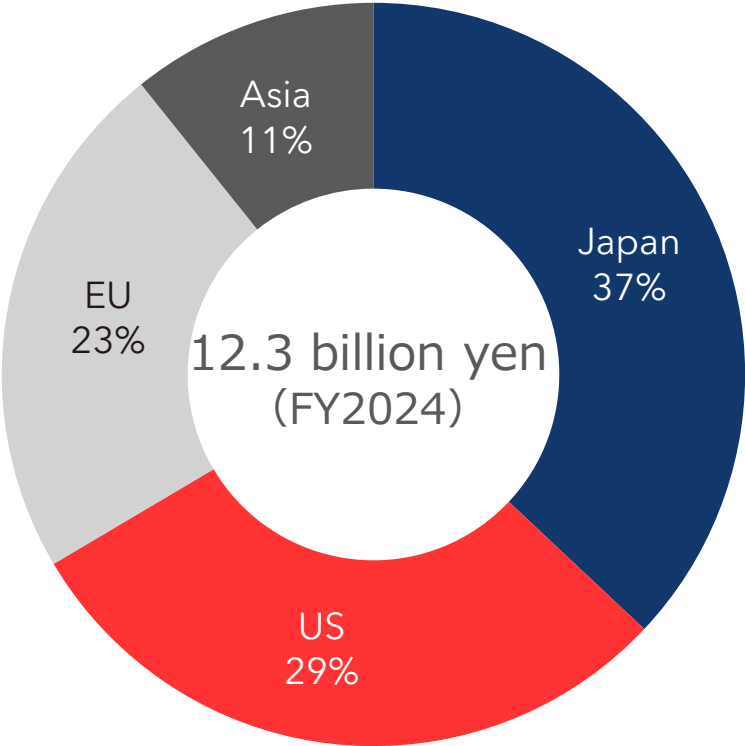


Growth centered on overseas business through M&As in South Korea, Europe, and the United States

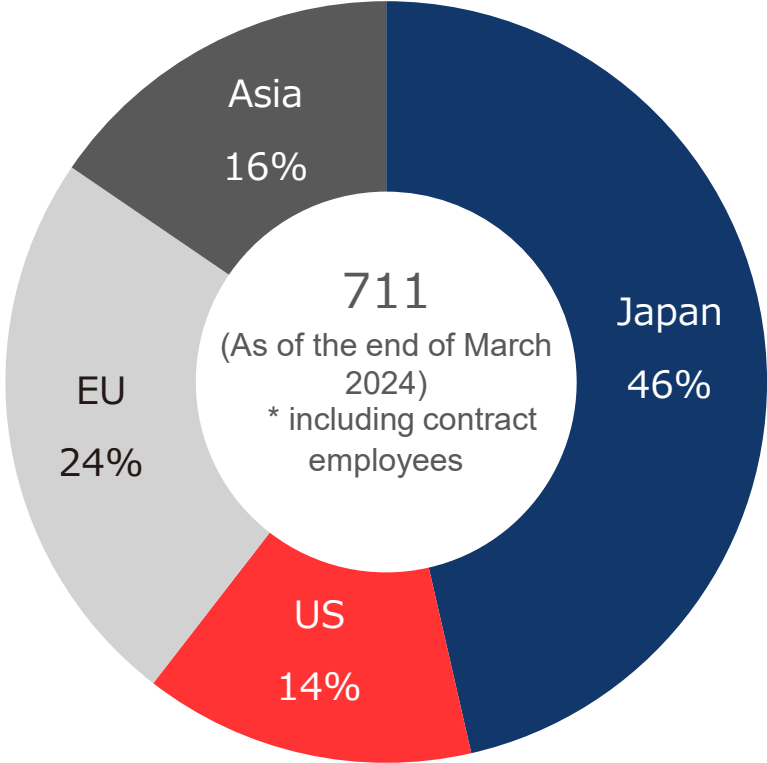
Sales and Employee Ratios by Region



■ Net Sales: Overseas ratio 63%



■ Number of employees: Overseas ratio 54%



Overseas ratio is more than 50% in terms of both sales and number of employees

ISO/IEC 27001 certification obtained for all group locations



Linical Achieves ISO/IEC 27001 Information Security Certification

Linical is pleased to announce that its head office and all overseas subsidiaries have acquired ISO/IEC 27001 certification, an international standard for information security management systems (Information Security Management System, abbreviated ISMS).

ISO/IEC 27001 is an international standard that specifies requirements for the establishment, operation, monitoring, review, maintenance, and improvement of information security management systems.

As a global contract research organization (CRO) originating in Japan, Linical currently has offices in 18 countries and regions, supporting clinical trials and other activities related to drug development. In order to achieve a higher level of security in the management of information assets handled throughout its operations, the entire Group has established an ISMS that complies with international standards, and obtained certification through an independent third-party organization, NSF-ISR.

Through the ISMS, the Group will continue to work to improve information security and support customer drug development.



We are officially certified by NSF-ISR!

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Consolidated Financial Results



Units: Millions of yen, %	FY ended March 2023		FY ending March 2024 Forecasts (April 12, 2024)	FY ended March 2024		
	Amount	Sales Ratio		Amount	Sales Ratio	Year-on-Year
Net Sales	12,516	100.0	12,280	12,307	100.0	△1.7
Cost of Sales	8,355	66.8	-	8,529	69.3	2.1
SG&A Expenses	2,905	23.2	-	3,052	24.8	5.1
Operating Profit	1,256	10.0	717	725	5.9	△42.3
Ordinary Profit	1,283	10.3	794	790	6.4	△38.4
Net Profit	1,004	8.0	307	338	2.7	△66.3

- Net sales:
Strong sales in the United States and South Korea offset declines in Japan and Europe
- Operating profit:
Profit decreased due to the significant impact of lower sales in Japan and Europe
- Ordinary profit:
The Group recorded interest income and foreign exchange gains
- Quarterly net profit:
Net profit significantly declined year on year as insurance income was received last term, and business restructuring expenses were incurred this term in association with the integration of management systems at subsidiaries in Europe and the United States

Financial Results by Region

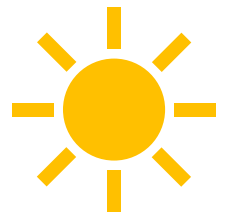
■ Japan: Lower sales and profit

- Drug discovery has shifted to biopharmaceutical companies in the United States and Europe, leaving Japan in a drug-loss situation (where pharmaceutical products approved overseas are not used practically in Japan).
- Cancellation or early termination of trials occurred at the convenience of customers, resulting in failure to win orders.
- Meanwhile, the Innovative Drug Development Business (IDDB) performed well, with record sales since its establishment in 2017.



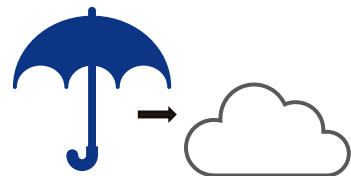
■ United States: Higher sales and profit

- New drug development in the United States market is vigorous, winning new projects.
- Progress of existing trials exceeded expectations, and sales increased due to contract changes for increased person-hours.



■ Europe: Lower sales and profit

- Slowdown in European economy affected cash flows of biotech ventures.
- Operating loss incurred due to factors including the impact of the utilization rate deteriorating because of trial cancellations and failure to acquire contracts for new projects.



Financial Results by Region



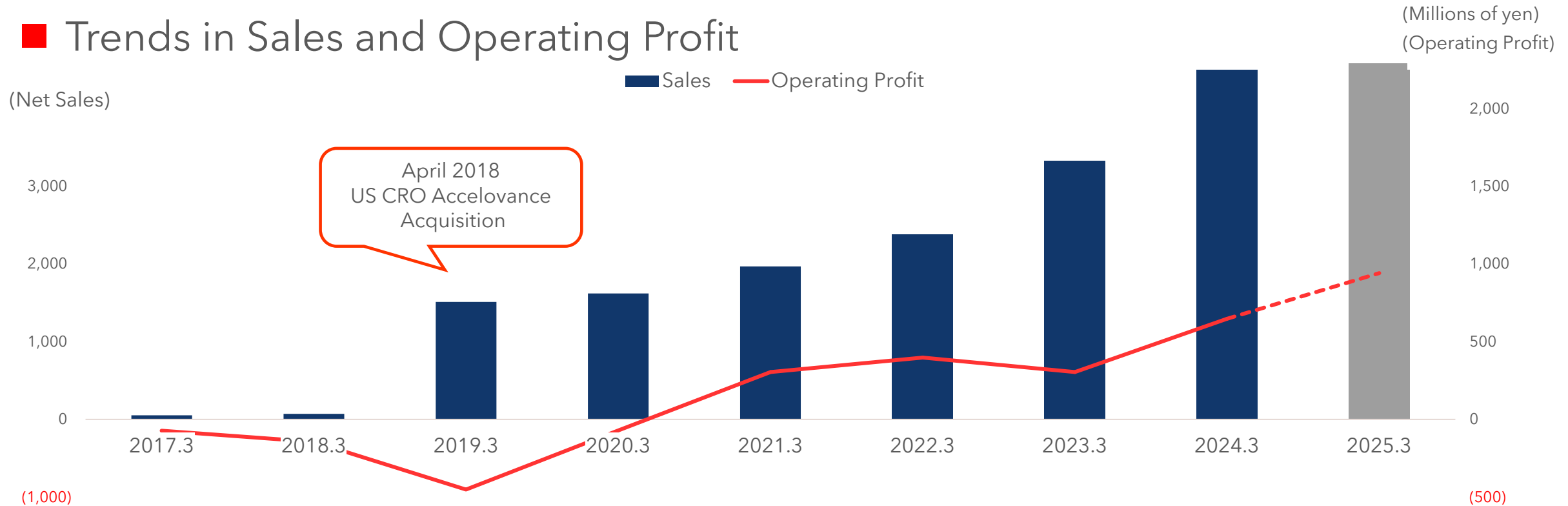
Unit: Millions of yen	FY ended March 2023			FY ended March 2024					
	Net Sales **	Operating Profit	Ordinary Profit	Net Sales **	Rate of Change %	Operating Profit	Rate of Change %	Ordinary Profit	Rate of Change %
Japan	5,981	737	1,058	5,101	△14.7	363	△50.7	496	△53.1
United States	3,332	305	286	4,498	35.0	648	112.6	680	137.8
Europe	3,751	353	310	3,220	△14.2	△44	-	△111	-
Korea	850	95	82	970	14.2	128	34.2	121	48.1
Taiwan	155	0	1	107	△30.8	△19	-	△19	-
China	391	39	41	280	△28.2	△61	-	△68	-
Consolidation Adjustments*	△1,945	△274	△497	△1,872	-	△289	-	△309	-
Total	12,516	1,256	1,283	12,307	△1.7	725	△42.3	790	△38.4

* Amortization of goodwill is included in consolidation adjustments. ** Net sales have calculated before deducting internal transactions.

Financial Results by Region: US



■ Trends in Sales and Operating Profit



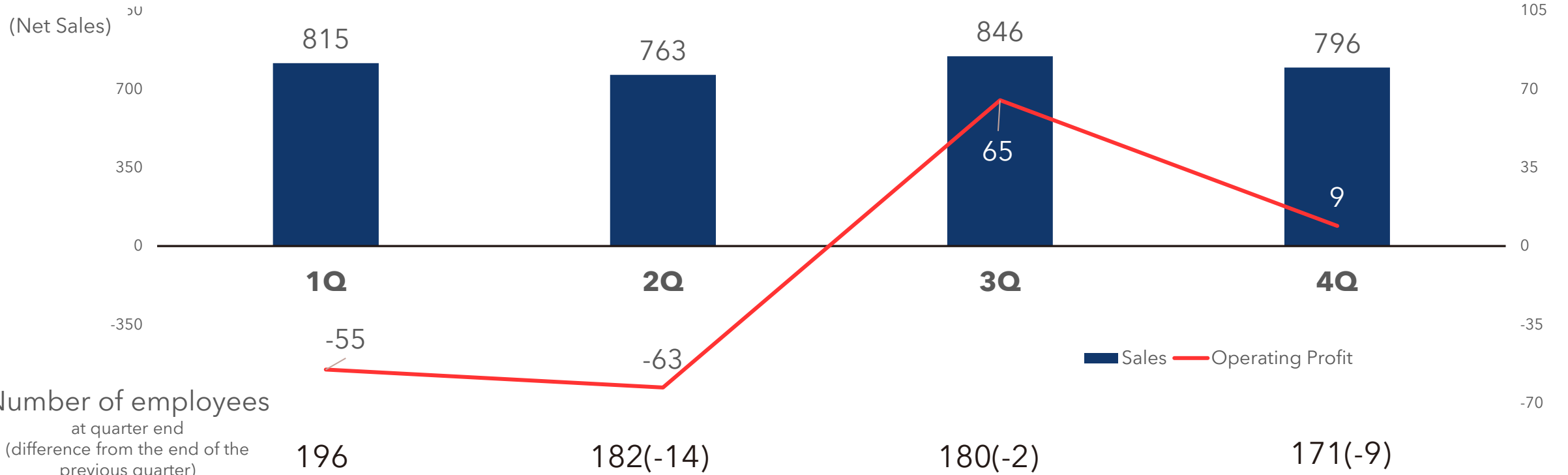
- Business in the United States has grown steadily after the acquisition of a local CRO in April 2018. It grew significantly in the fiscal year ended March 2024.
- In the current fiscal year, we also expect sales and profits to increase as we capture vigorous development demand from biotech companies.
- New office will be established in New Jersey, transferring the U.S. headquarters functions from the Florida office.

Financial Results by Region: EU



Net Sales, Operating Profit, and Number of Employees by Quarter for the Fiscal Year Ended March 2024

(Millions of yen)
(Operating Profit)



*Including contract employees

- Although we posted losses in 1Q and 2Q, structural reforms are on track and thus we will be profitable from 3Q onward.
- The situation is expected to be optimized for the fiscal year ending March 2025.

Balance of Goodwill and Remaining Amortization Period (As of March 2024)



Unit: Millions of yen	Goodwill			Related intangible assets other than goodwill *2		
	Balance at End of Term	Remaining Amortization Period(year)	Annual Amortization *3	Balance at End of Term	Remaining Amortization Period(year)	Annual Amortization *3
KOREA	Termination of depreciation in FY 2019			Termination of depreciation in FY 2019		
EUROPE *1	1,355	9 to 10	148	9 67	3 6.7	3 10
USA *1	2,192	10	217	34	3	11
TOTAL	3,547	—	365	111	—	24

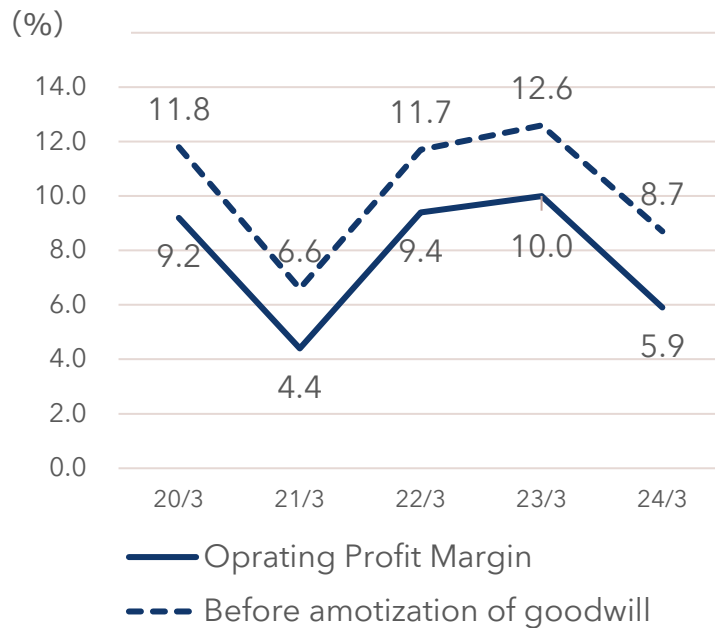
*1 Goodwill generated by the acquisition of Linical Accelovance America, Inc., has been apportioned pro rata to its European subsidiary.

*2 Intangible assets other than goodwill recognized by purchase price allocation.

*3 Figures have been converted at the exchange rate as of the end of the fiscal year ended March 2024.

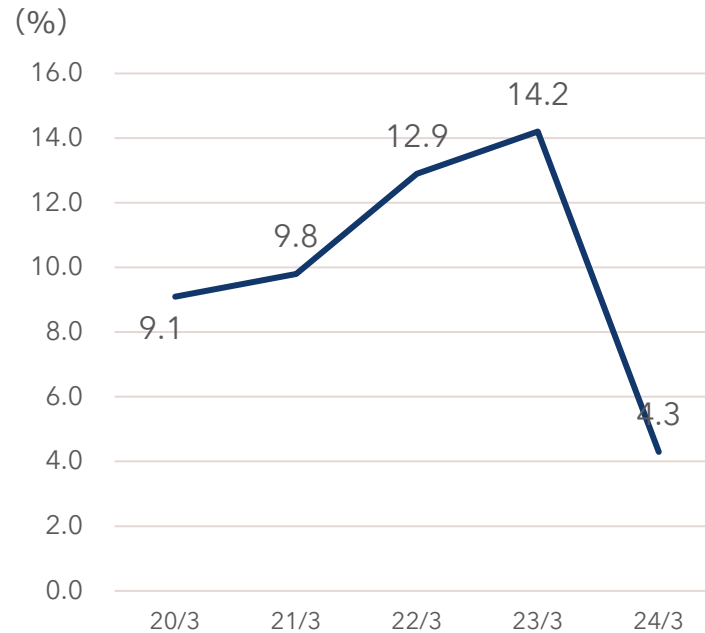
Key Financial Indicators (Past 5 Years)

Operating profit margin

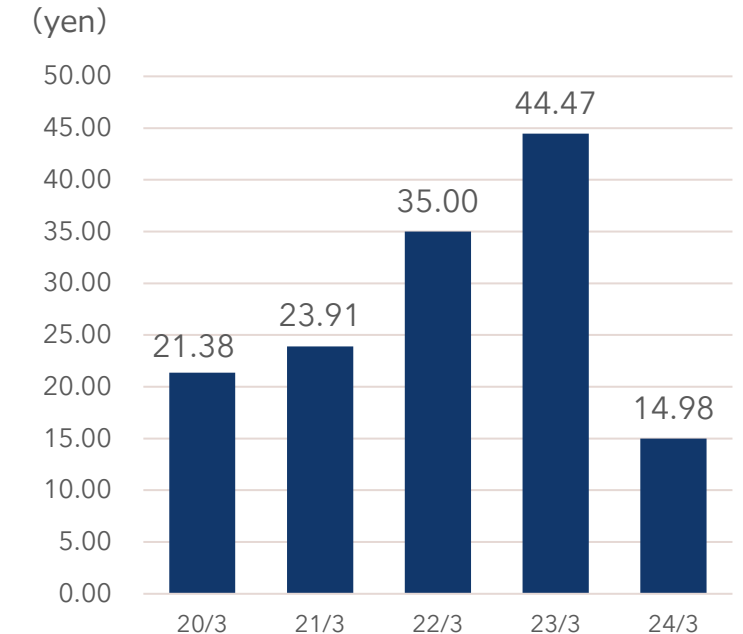


Medium to long-term goal of
in excess of 20%
(Before amortization of goodwill)

ROE



EPS



Indicators have deteriorated in the previous fiscal year due to lower sales and profits resulting from cancelled and suspended projects and postponement of projects to later periods. By expanding the customer base and capturing strong demand in Europe and the United States, we aim to recover to a level close to that of the fiscal year ended March 2022.

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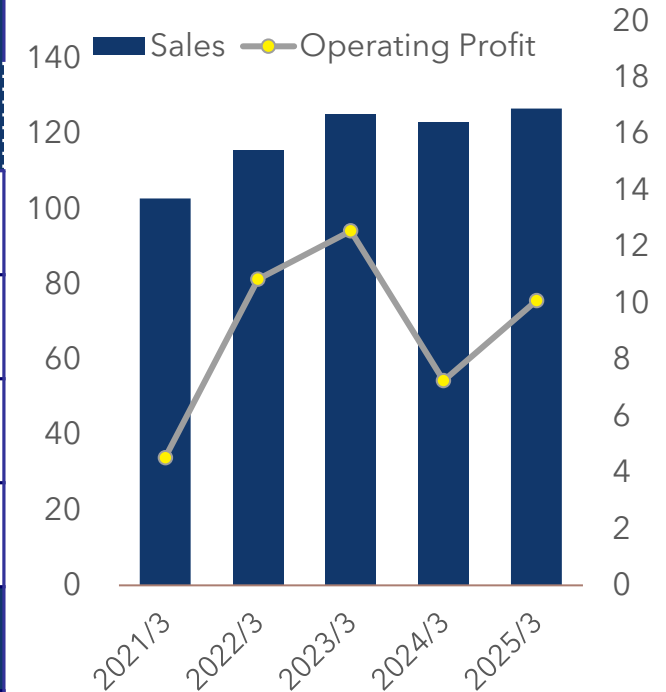


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Full-Year Forecast



Unit: Millions of yen	FY ended March 2024		FY ending March 2025 forecasts		
	Amount	Sales Ratio	Amount	Sales Ratio	Rate of Change
Net Sales	12,307	100.0	12,669	100.0	2.9
Operating Profit	725	5.9	1,009	8.0	39.2
Ordinary Profit	790	6.4	1,047	8.3	32.5
Net Profit	338	2.7	697	5.5	106.2
	Amount (yen)	Payout ratio (%)	Amount (yen)	Payout ratio (%)	
Dividend per share	15	100.2	16	51.8	



We expect an increase in sales and profits due to continued growth in the United States and South Korea and recovery in Europe. We also plan to increase the dividend by 1 yen.

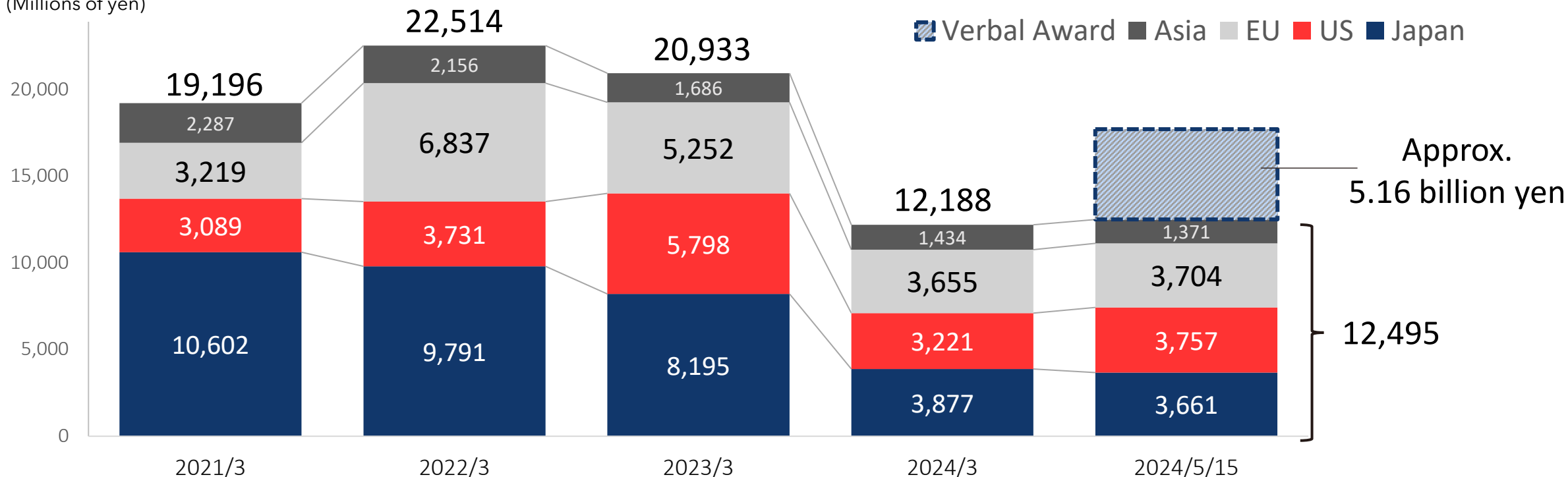
Hard Backlog by Region

* Hard backlog:

The balance of the amount for orders for contract business already concluded.

This is an indicator that shows the amount of sales to be generated over the next one to five years and serves as the basis for the group's future results forecasts.

(Millions of yen)



- Several large projects were suspended from development in FY2024.
- The amount that can be recorded in a lump sum is falling due to an increase in the number of new projects that are divided into an initial contract and a main contract.
- Some of the contracts have not yet been signed, and as of May 15, the number is beginning to increase, mainly in Europe and the United States.

Outlook for Current Term by Region



■ Japan:

- Drug discovery has shifted to biotechnology companies in the United States and Europe, making it necessary to attract clinical trials to Japan.
- We will continue sales collaboration with Europe and the United States, and packaged proposals for our Innovative Drug Development services and clinical trial operations.
- We will focus on building relationships from the initial phase with customers, including medium-size and large pharmaceutical companies in Europe and the United States, to attract them to Japan.

■ Asia:

- South Korea is expected to maintain strong performance.
- China is on a recovery trend thanks to acquisition of projects from Japanese companies, and Taiwan from foreign as well as local companies.

■ United States:

- New drug development in the United States market is vigorous and there are many inquiries about new projects, including large ones.
- Inquiries about international clinical trials across multiple countries are increasing, and we will continue sales efforts to increase orders.

■ Europe:

- Slowdown in European economy will keep affecting cash flows of biotech ventures.
- Synergies from the unification of management in Europe and the United States lead to order backlogs gradually building up.
- We will continue to seek to win international joint clinical trials.

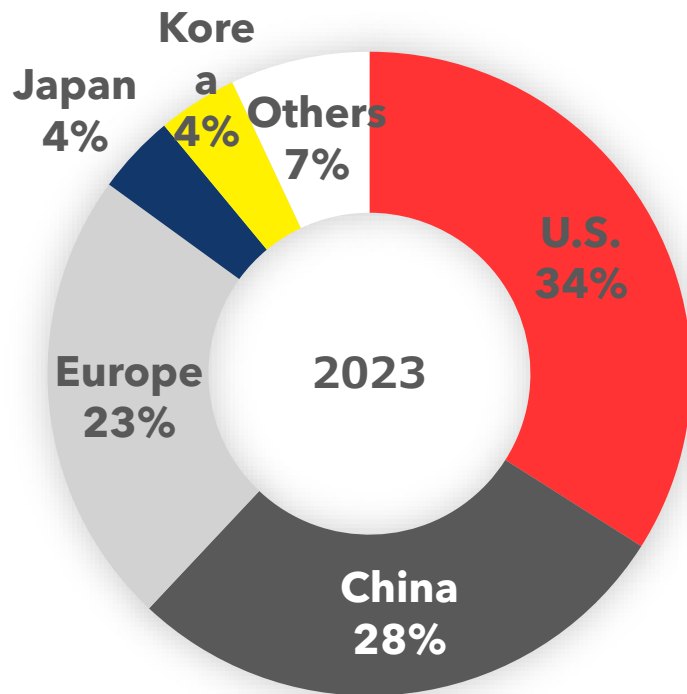
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Market Environment: Changes in Sponsors of Clinical Trials

■ Percentage of clinical trials initiated worldwide by sponsor's HQ location (Phases I-III)



Trends from 2008 to 2023

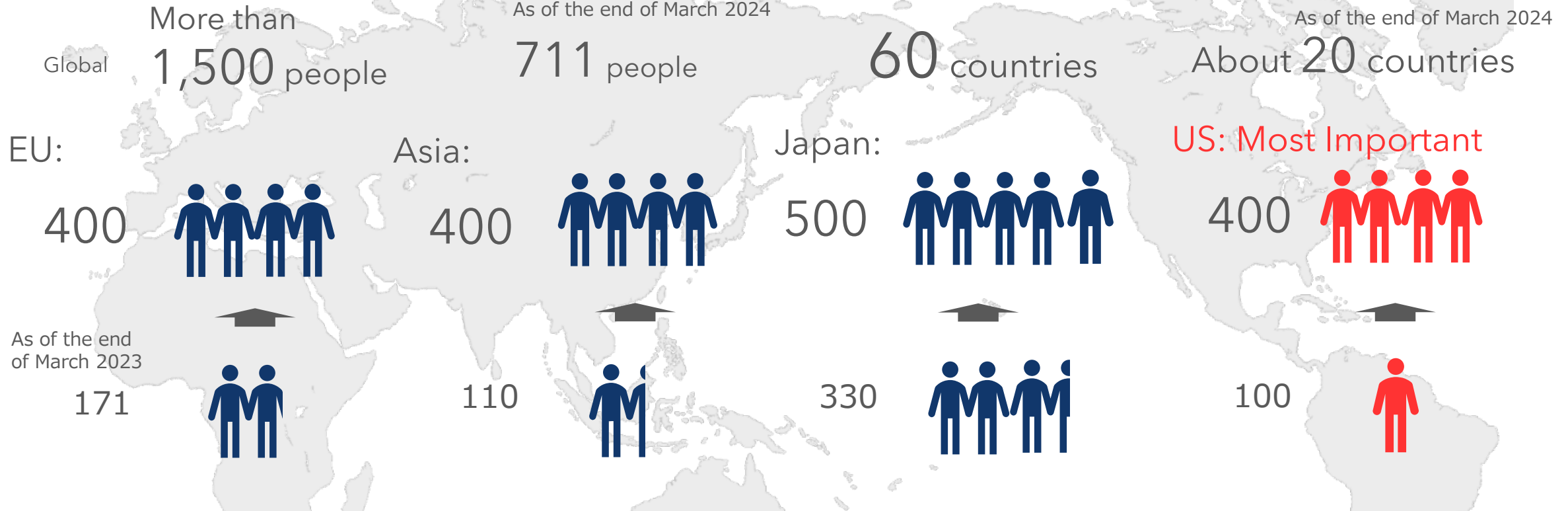
- U.S. companies: around 35%
- Chinese companies: **1% in 2008**, 3% in 2013 to **28%** in 2023
- European companies: **38%** in 2013 to **23%** in 2023
- Japanese companies: **11%** in 2013 (501 cases) to **4%** in 2023 (244 cases)
- Korean companies include generics and biosimilars, which accounted for 4% of the total in 2023, up from 1% in 2008.

The number and percentage of clinical trials conducted by Japanese companies decreased, and are now at the same level as those in South Korea. Expansion of business with top U.S. companies is important

Medium to long-term goal

Number of employees

Number of countries where we do business

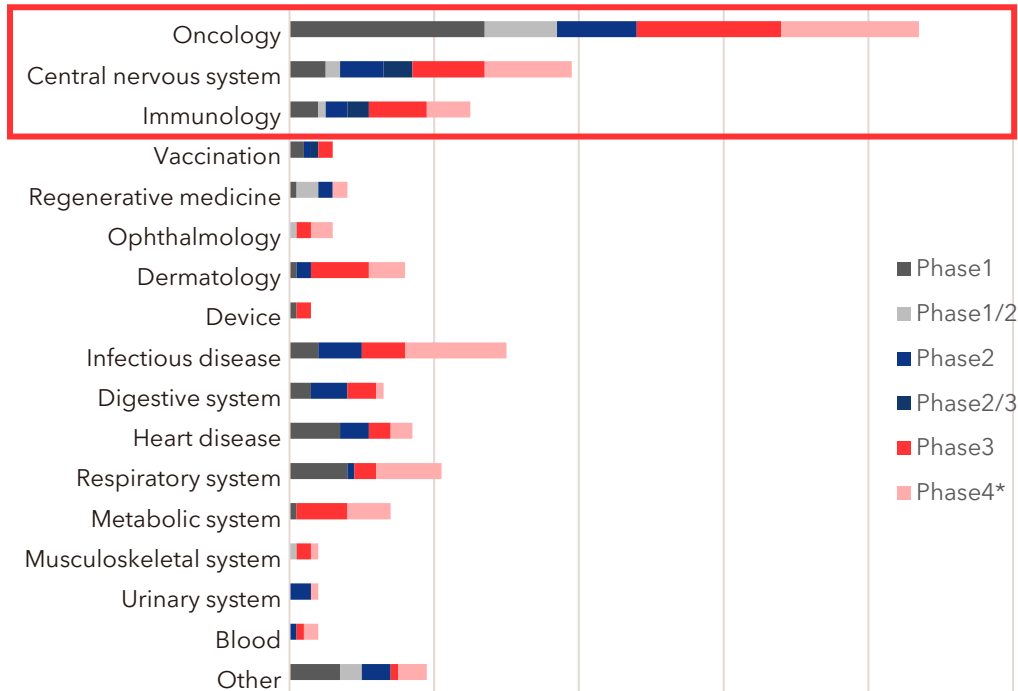


- Targets [1] 500 people in Japan, 400 people in Asia, 400 people in Europe, 400 people in the US
=> Building of a framework with more than 1,500 people
- [2] Maintenance of profitability and improvement of profit margins while investing in growth (including M&A) in each region
- [3] Expansion into about 60 countries worldwide

Strengths Supporting Business Growth

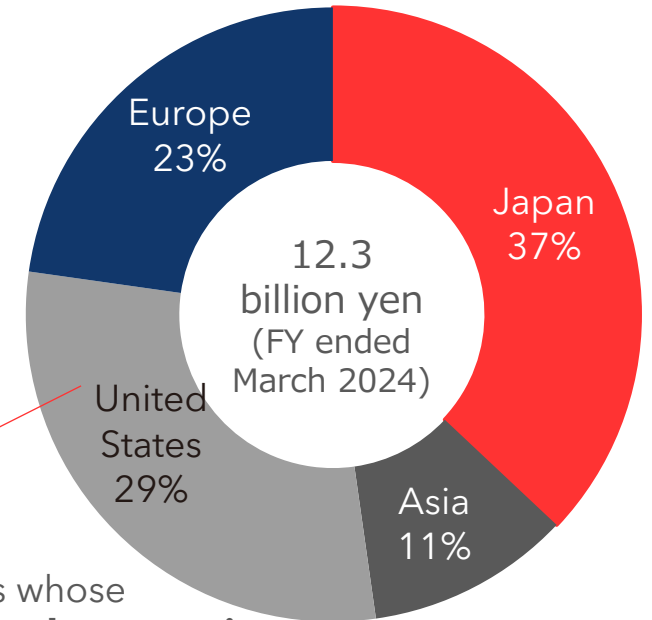
- High expertise in priority areas of development (oncology, central nervous system, immunology)

Group contracts acquired for 2018–2023 (accumulated total)



- Robust overseas customer base

Sales by region: Overseas sales 63%
 *Sales in countries/regions where trials are conducted



Among them...

About 80% Percentage of U.S. sales whose customers are **U.S. biotech companies**

Expansion of local businesses with emerging biotech companies in the United States that are main actors in drug development

Strengths Supporting Business Growth

■ Characteristics of Linical's Innovative Drug Development Business (IDDB)

[1] Three services that can respond flexibly to the various needs of customers



Market Analysis/Research



Development & Regulatory Strategy
PMDA Consultation
Medical Writing



Strategic Partnering / Licensing

[2] A very experienced group of professionals



Support by a group of professionals with many years of experience in a wide range of pharmaceutical development at large pharmaceutical companies and in academia
The company expanded personnel from internal and external sources in association with business expansion.

We started consulting services for small- and medium-sized pharmaceutical companies and emerging biopharma companies in 2016.

We will use IDDB as an entry point to acquire contracts for clinical trials in Japan.

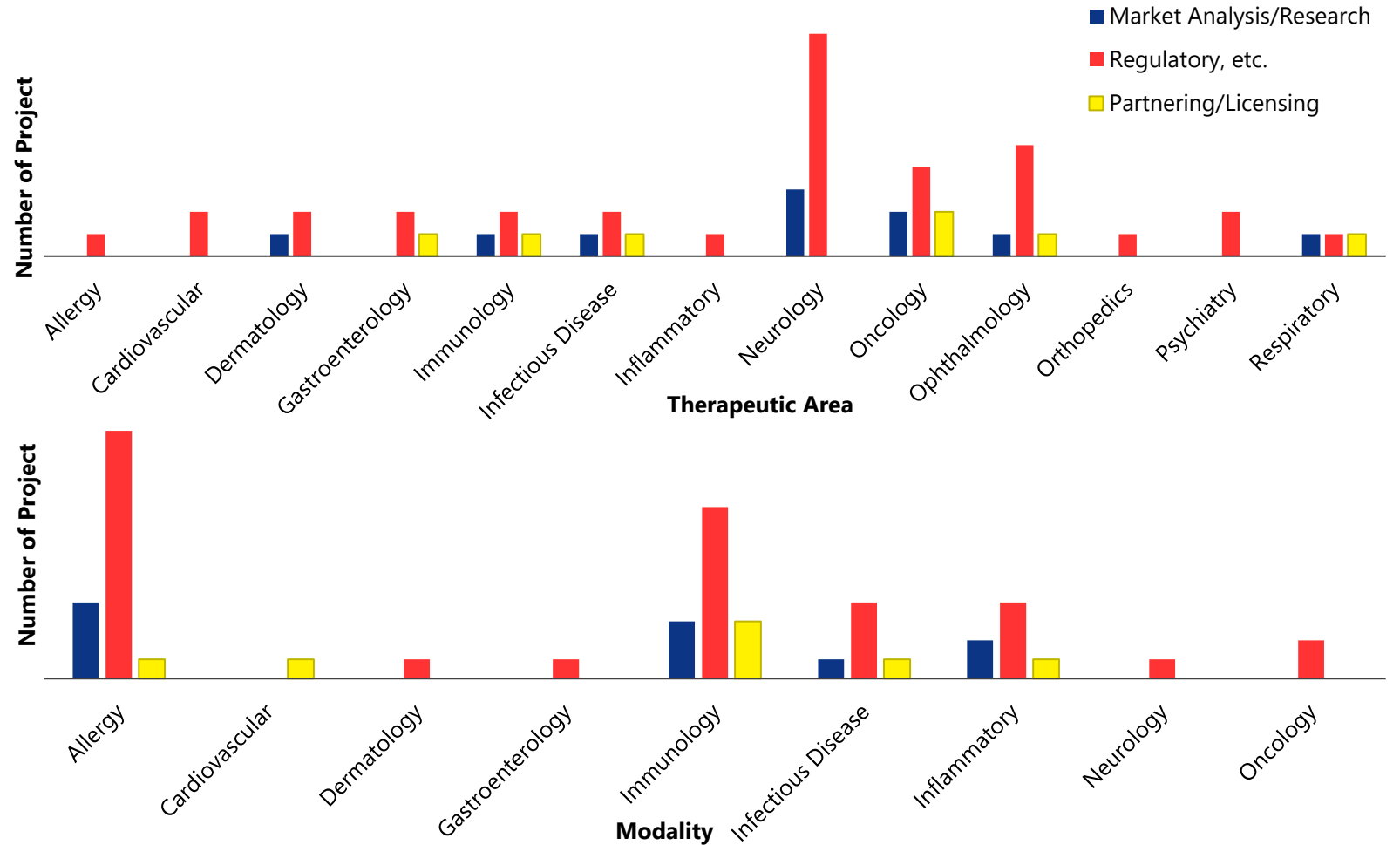
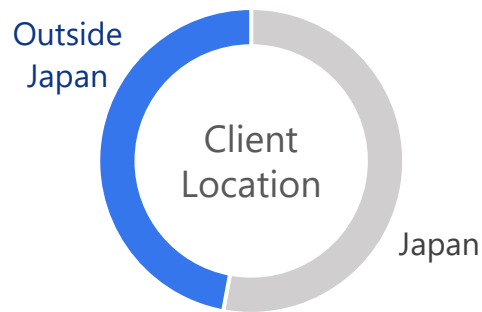
In the fiscal year ended March 2024, sales reached a record high.

Experience of IDDB since Its Establishment in 2016



47%

of our clients are companies outside Japan



We are steadily expanding consulting experience from overseas customers across a wide range of disease areas and product types

Strengthening of Profitability



Further growth of overseas business

- Most important market - We will conduct M&A quickly to realize growth in the United States.
- Europe - We will build a development system in Scandinavia. :Service launched in Sweden
- APAC - Expansion into Australia : Ready to go

Expansion of the customer base

- New/repeat orders from emerging biopharma companies in Europe and the United States
- We will aim to differentiate ourselves from major global CROs by making detailed proposals that match needs.
- We will build relationships with major pharmaceutical companies in Europe and the United States by approaching them in the early phase to expand new contracts.

Expansion of disease areas

- We will strengthen collaboration with medical institutions, external experts and partners to conduct high-quality clinical trials in a short period of time in areas where needs for new drug discovery modalities are expanding (rare diseases, ophthalmology, dermatology, etc.) in addition to oncology, central nervous system, and autoimmune diseases.

Expansion of service areas

- Expansion of capabilities for data management and statistical analysis:
We will strengthen recruitment and training of specialized personnel and utilize external resources through collaboration.
- We will provide high-quality proposal-based services that match customer needs quickly and flexibly in a global one-stop shop.

The way we want to be

To be the "Strongest" CRO

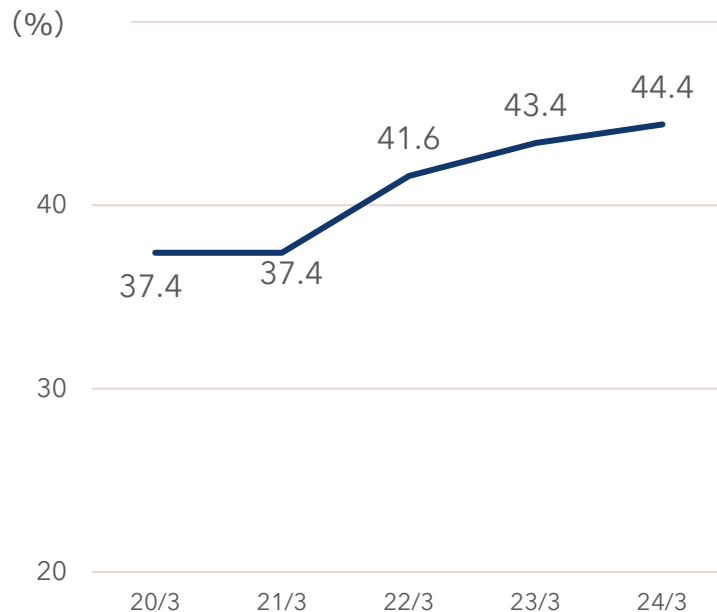
We are aiming to be the strongest CRO, not the biggest. To be the strongest CRO, we need to be **knowledge-intensive** rather than labor-intensive, and to achieve the highest profitability in the industry. To realize this, each team member will aim to **outperform the competition in terms of revenue per person**

Capital Policy

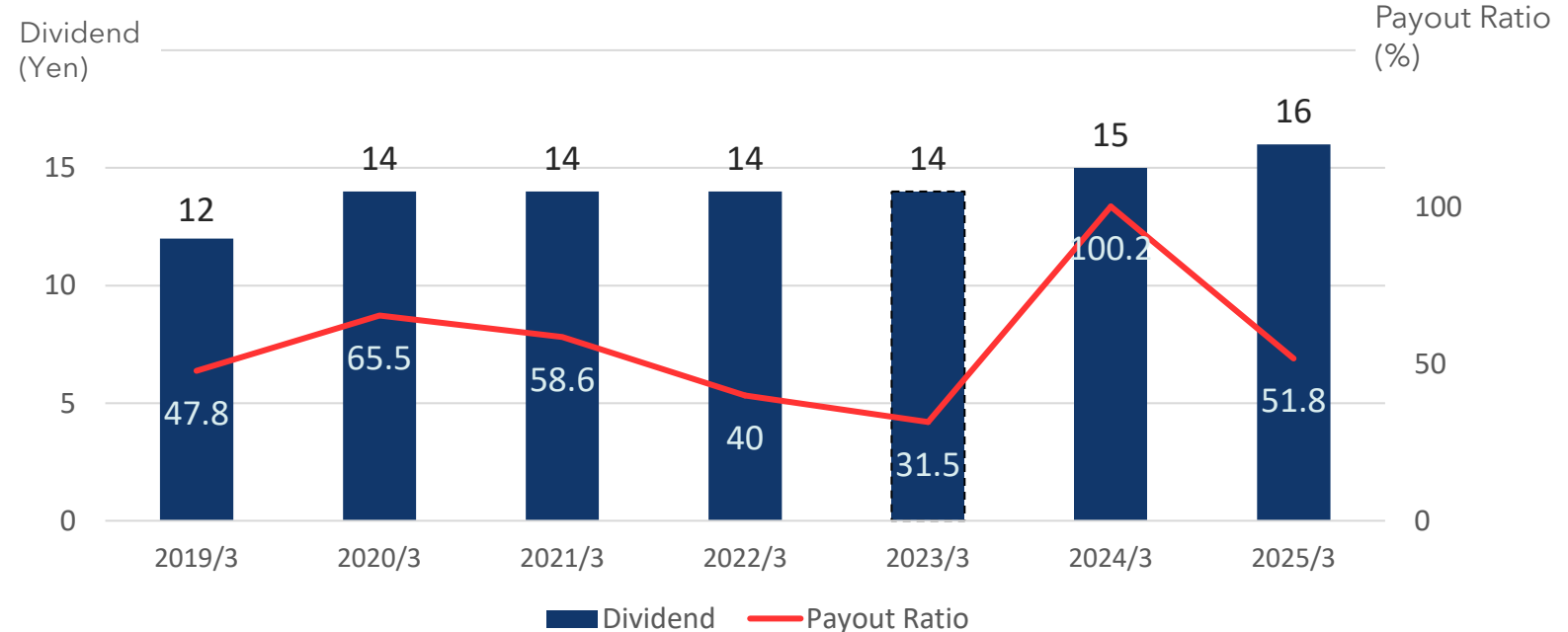
Strengthening
of our financial
base

- In order to secure funds for growth investment aimed at the expansion of overseas business, we will ensure sustained growth per share by increasing revenue based on the strategy above, maintaining high utilization rates, and managing costs thoroughly.
- At the same time, we will increase our quick ratio and capital adequacy ratio to enable flexible fund procurement.
- We will strive to secure both shareholder returns and funds for growth.

■ Capital Adequacy Ratio



■ Returns to Shareholders (trends in dividends and the payout ratio)



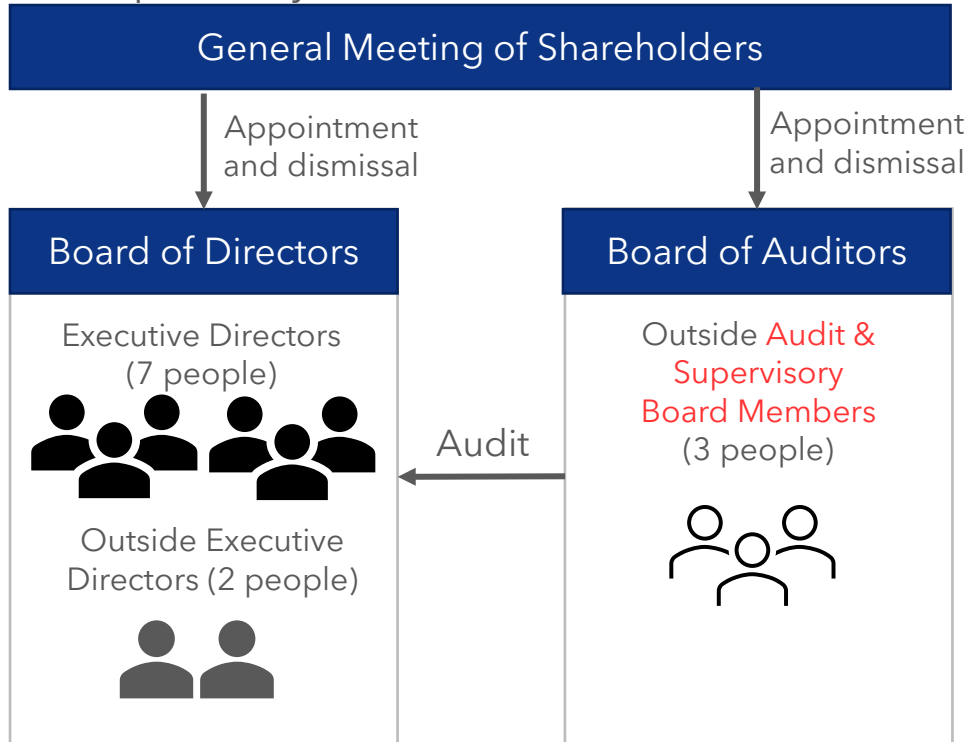
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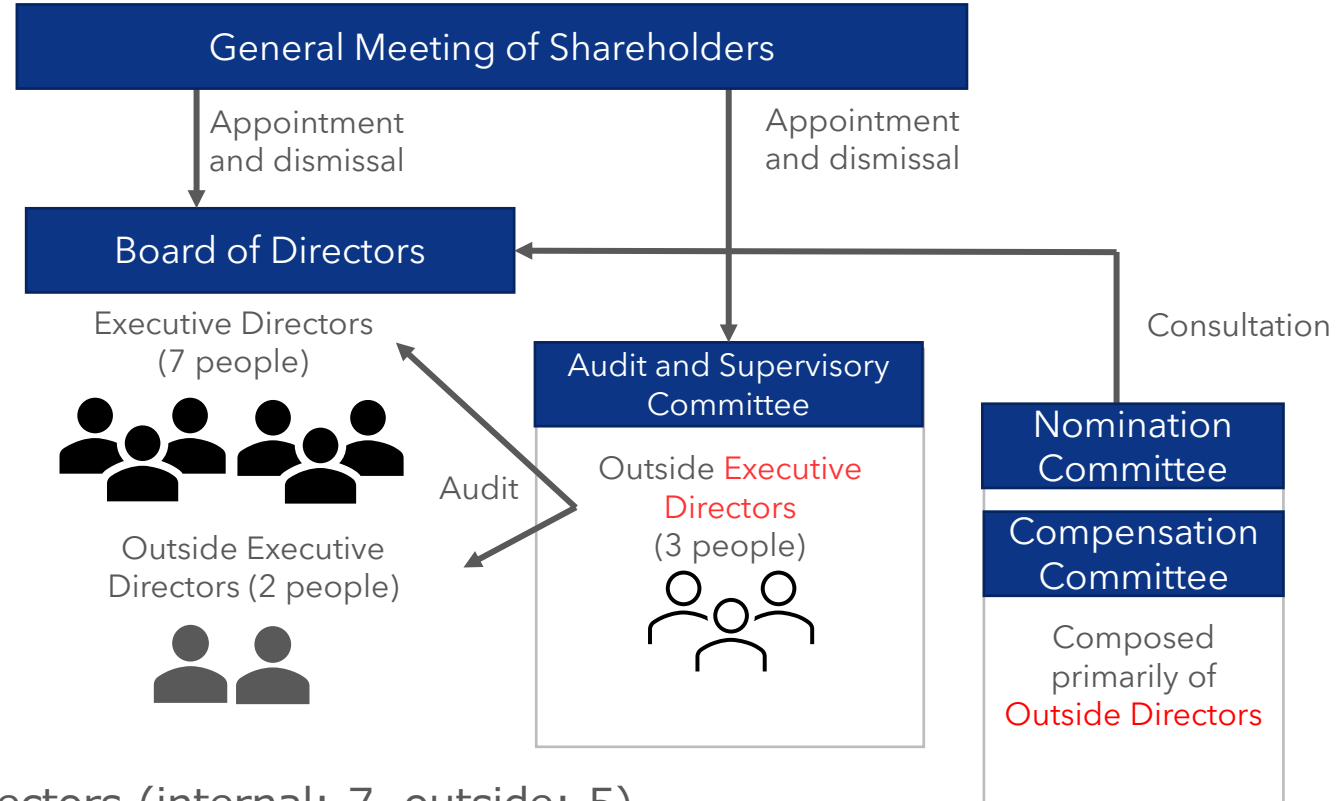
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Transition to a Company with an Audit & Supervisory Committee (From June 22, 2023)

- Before transition: Company with an Audit & Supervisory Board



- After transition: Company with an Audit & Supervisory Committee



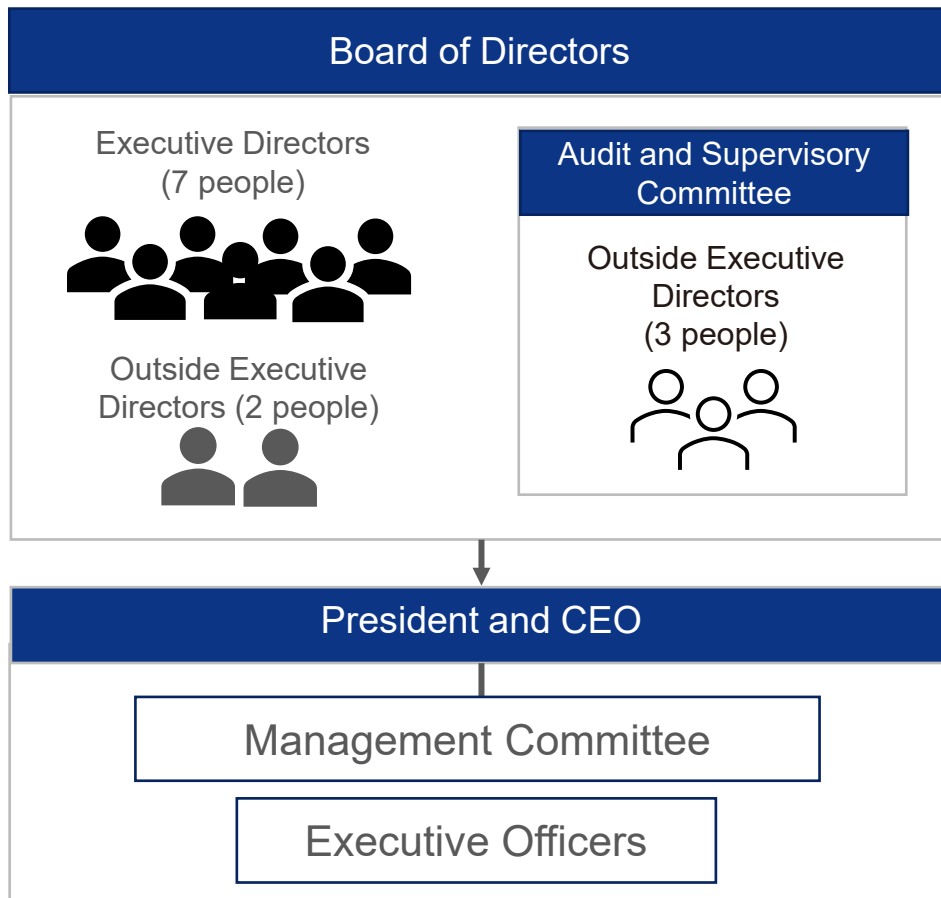
- After the transition, we have 12 Executive Directors (internal: 7, outside: 5).
- By making the three outside Executive Directors members of the Audit & Supervisory Committee, they have an influential voice. This will strengthen the Board of Directors' monitoring function and improve the soundness and transparency of management

Further promote the separation of execution and supervision duties

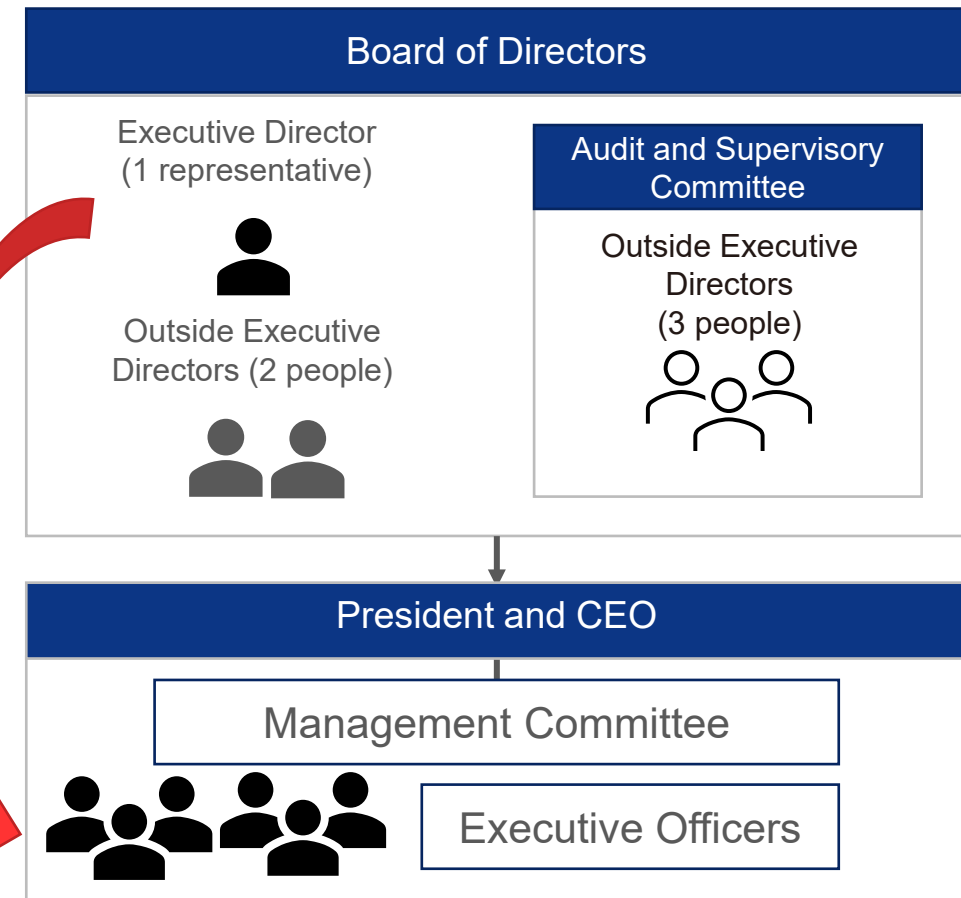
We will move internal Executive Directors other than the CEO to Executive Officers. We will strengthen the supervisory function by having a majority of members be Outside Executive Directors.

We will accelerate decision-making by introducing the CXO system that controls global operations and delegating authority.

■ Current



■ After June 26, 2024



From June: Change the Composition of Board of Directors' members



■ Candidates for Executive Director

*Subject to approval at the 19th Ordinary General Meeting of Shareholders on June 26, 2024



Kazuhiro Hatano



Eri Sugiyama



Satoko Nishimura



Yoshiaki Nakashima



Yuichi Murakami

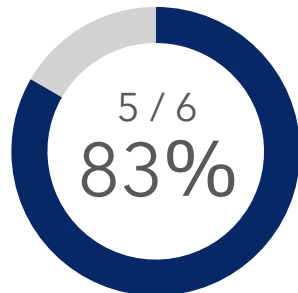


Yoshimitsu Ando

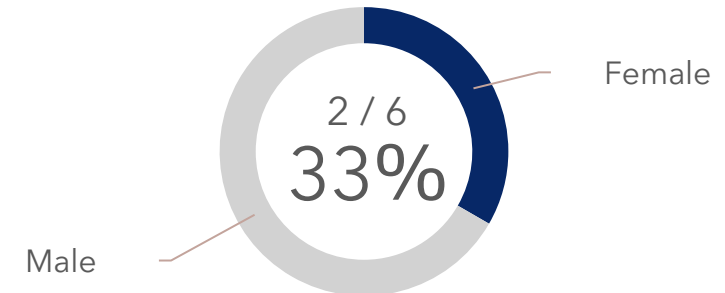
Outside Executive Directors

Outside Executive Directors
who are Audit & Supervisory Committee Members

■ Ratio of Outside Executive Directors



■ Ratio of female Directors



Appointment of CXO Executive Officers



- We will speed up the decision-making process by delegating authority to Executive Officers, and improve quality and efficiency by promoting global standardization for each function. They will be responsible for having Linical evolve into a truly global company.



Isao Sakamoto
Global Chief Strategy Officer



Keigo Tsujimoto
Global Chief Project Officer



Jun Kawai
Global Chief Administrative Officer



Toshiaki Nagafuji
Global Chief Technical Officer



Akihiro Takahashi
Global Chief Financial Officer



Shiori Yamaguchi
Global Chief Compliance Officer



Masayoshi Tokuno
Global Chief Information Officer



Masaya Miyazaki
Chief Asia Pacific Officer

Practice our business philosophy and help patients



Management Philosophy

To promote the greater wellbeing of all our stakeholders – patients, business partners, shareholders, and employees – we strive constantly to offer professional, high-quality services to support all aspects of new drug development.



Blue: Integrity and Honesty
Red: Unending enthusiasm
Yellow: Continuing spirit of inquiry

Our corporate logo expresses our passion to pursue happiness of patients through our business activities.

Cautionary Notes



Those plans, forecasts, strategies, etc., stated in this document that are not historical facts are forecasts concerning future results. These are forecasts that have been determined by the company based on information currently available so please do not place undue reliance on them.

Please understand that the company will bear no responsibility whatsoever for any damage, etc., resulting from errors in the information stated in this document. In addition, this document is not aimed at soliciting investment.

Users are asked to make investment decisions at their own judgment.