



**MEMBERSHIP**

**Summary of Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending December 31, 2025 (JGAAP)**

**Listed company's name:** RaQualia Pharma Inc.  
**Listed on:** Tokyo Stock Exchange (TSE)  
**Stock code:** 4579  
**URL:** <https://www.raqualia.com/en/ir.html>  
**Representative:** Masaki Sudo, President and CEO  
**Contact:** Manabu Sato, General Manager, Finance & Accounting Office (TEL) +81-52-446-6100  
**Scheduled date of dividend payment:** —  
**Supplementary documents for financial results:** Yes  
**Financial results briefing:** Yes

(Amounts are rounded down to the nearest million ven.)

**1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2025 (January 1, 2025 to March 31, 2025)**

**(1) Consolidated operating results (cumulative)**

(Percentage figures represent changes from the same period of the previous fiscal year.)

|                          | Net sales   |      | Operating profit |       | Ordinary profit |   | Profit attributable to owners of parent |   |
|--------------------------|-------------|------|------------------|-------|-----------------|---|---|---|
| First three months ended | million yen | %    | million yen      | %     | million yen     | % | million yen                             | % |
| March 31, 2025           | 965         | 48.8 | 93               | 109.2 | 29              | — | (5)                                     | — |
| March 31, 2024           | 648         | 75.1 | 44               | —     | (77)            | — | (78)                                    | — |

|       |                      |                                    |                   |      |
|-------|----------------------|------------------------------------|-------------------|------|
| Note: | Comprehensive income | Three months ended March 31, 2025: | (75) million yen  | [-%] |
|       |                      | Three months ended March 31, 2024: | (122) million yen | [-%] |

|                          | Earnings per share (Basic) | Earnings per share (Diluted) |
|--------------------------|----------------------------|------------------------------|
| First three months ended | yen                        | yen                          |
| March 31, 2025           | (0.24)                     | —                            |
| March 31, 2024           | (3.61)                     | —                            |

## (2) Consolidated financial position

|                   | Total assets | Net assets  | Equity ratio |
|-------------------|--------------|-------------|--------------|
| As of             | million yen  | million yen | %            |
| March 31, 2025    | 9,510        | 5,500       | 57.5         |
| December 31, 2024 | 9,655        | 5,570       | 57.4         |

Reference: Equity As of March 31, 2025: 5,467 million yen As of December 31, 2024: 5,543 million yen

## 2. Dividends

|   | Annual dividends per share |                    |                   |                 |       |
|---|----------------------------|--------------------|-------------------|-----------------|-------|
|   | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
|   | yen                        | yen                | yen               | yen             | yen   |
| Fiscal year ended<br>December 31, 2024                | —                          | 0.00               | —                 | 0.00            | 0.00  |
| Fiscal year ending<br>December 31, 2025               | —                          |                    |                   |                 |       |
| Fiscal year ending<br>December 31, 2025<br>(forecast) |                            | 0.00               | —                 | 0.00            | 0.00  |

Note: Revisions to the forecasts of dividends most recently announced: None

**3. Forecasts of consolidated financial results for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025)**

(Percentage figures represent year-on-year changes)

|                                      | Net sales   |      | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   | Earnings per share (Basic) |
|--------------------------------------|-------------|------|------------------|---|-----------------|---|---|---|----------------------------|
|                                      | million yen | %    | million yen      | % | million yen     | % | million yen                             | % | yen                        |
| Fiscal year ending December 31, 2025 | 3,888       | 25.1 | 118              | — | 73              | — | (71)                                    | — | (3.25)                     |

Note: Revisions to the forecasts of results most recently announced: None

\* As the Company conducts performance management on an annualized basis, forecasts of results over a six-month period are not presented.

**\* Notes**

(1) Significant changes in the scope of consolidation during the first three months ended March 31, 2025: None

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

Note: For more details, please refer to the section of “(4) Notes to quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 11 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatements of prior financial statements

a. Changes in accounting policies due to the revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements of prior financial statements: None

Note: For more details, please refer to the section of “(4) Notes to quarterly consolidated financial statements (Notes on changes in accounting policies)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 11 of the attached material.

(4) Number of issued shares (common shares)

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

|                         |                   |
|-------------------------|-------------------|
| As of March 31, 2025    | 21,838,529 shares |
| As of December 31, 2024 | 21,838,529 shares |

b. Total number of treasury shares at the end of the period

|                         |            |
|-------------------------|------------|
| As of March 31, 2025    | 181 shares |
| As of December 31, 2024 | 181 shares |

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

|   |                   |
|---|-------------------|
| For the first three months ended March 31, 2025 | 21,838,348 shares |
| For the first three months ended March 31, 2024 | 21,623,230 shares |

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

**\* Appropriate use of financial forecasts and other special remarks**

(Caution concerning forward-looking statements)

Forward-looking statements provided in this document, including financial forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Such statements are included without any guarantee as to their future achievement. Actual results, etc. may differ materially from the forecasts depending on various factors.

(Method of accessing supplementary documents for financial results and details of financial results briefing)

The Company plans to hold a financial results briefing via live webcast on Friday, May 16, 2025. The Company plans to post the documents used at the briefing on its website promptly after the briefing is held.

## Contents of attachment

|  |    |
|--|----|
| 1. Qualitative information regarding settlement of accounts for the first three months .....     | 2  |
| (1) Qualitative information regarding consolidated operating results .....                       | 2  |
| (2) Qualitative information regarding consolidated financial position.....                       | 4  |
| (3) Qualitative information regarding consolidated earnings forecasts.....                       | 4  |
| 2. Quarterly consolidated financial statements and significant notes thereto .....               | 5  |
| (1) Consolidated balance sheet.....  | 5  |
| (2) Consolidated statement of income and consolidated statement of comprehensive income.....     | 7  |
| Consolidated statement of income (cumulative).....   | 7  |
| Consolidated statement of comprehensive income (cumulative) .....                                | 8  |
| (3) Consolidated statement of cash flows.....  | 9  |
| (4) Notes to quarterly consolidated financial statements.....                                    | 11 |
| Notes on premise of going concern .....  | 11 |
| Notes on significant changes in the amount of shareholders' equity.....                          | 11 |
| Notes on changes in accounting policies .....  | 11 |
| Application of special accounting for preparing quarterly consolidated financial statements..... | 11 |
| Notes on segment information, etc. ....  | 11 |
| Significant subsequent event .....   | 11 |

## 1. Qualitative information regarding settlement of accounts for the first three months

### (1) Qualitative information regarding consolidated operating results

#### 1) Financial results

During the first three months of the fiscal year ending December 31, 2025, the Japanese economy continued to face uncertainty about the impact of the U.S. and other trade policies. According to the Bank of Japan's quarterly short-term economic survey (March 2025 survey), business sentiment among large enterprises in the manufacturing sector deteriorated for the first time in four quarters due to rising costs, sluggish overseas demand growth, and the impact of trade policies in the U.S. and other countries, while business sentiment among large enterprises in the non-manufacturing sector improved for the first time in two quarters due to progress in price shifting.

In the pharmaceutical industry, although the government showed a move toward a policy of innovation promotion and evaluation in 2024, innovation policies related to the drug discovery ecosystem, etc., that were not understood by the industry were subsequently proposed, as well as the implementation of the mid-year revisions in FY2025 and NHI price revisions for the eighth consecutive year, and various measures proposed by the Ministry of Finance and others to curb drug costs have made the overall picture of the government's measures to promote the pharmaceutical industry uncertain. Against this backdrop, in February 2025, the Japan Pharmaceutical Manufacturers Association (JPMA) announced the "JPMA Industry Vision 2035." In the "JPMA Industry Vision 2035" the pharmaceutical industry is intended to serve as a compass for realizing a society in which people can enjoy good health and lifelong activity as a key Japanese industry responsible for "improving the health and wellbeing of patients and the public," "health security," and "the growth and development of the Japanese economy." The "JPMA Policy Proposal 2025," prepared to realize the "JPMA Industry Vision 2035," proposes "measures to strengthen drug discovery capabilities of industry and academia for continuous innovative new drug discovery" and "R&D support for areas with high demand for innovative new drug discovery." Under these industry trends, drug discovery ventures such as the Group are playing an increasingly important role.

Under such conditions, the Group achieved the following financial results during the first three months.

Regarding human drug products that are already on the market, sales of K-CAB® (generic name: tegoprazan)—gastric acid secretion inhibitor marketed by HK inno.N Corporation (South Korea, "HK inno.N")—in South Korea continued to perform well. Sales from prescriptions in the first three months ended March 31, 2025 amounted to 51.4 billion won, an increase of 13.7% year on year, and equivalent to approximately 5.1 billion yen at 0.10 yen to the won. Tegoprazan's share in the South Korean peptic ulcer drug market grew to 15%, continuing to maintain the No. 1 share.

Global expansion of tegoprazan is also progressing steadily. The Company has executed exclusive license agreements with HK inno.N for the development, manufacturing, and marketing of tegoprazan with sublicensing rights, and business activities related to tegoprazan are being carried out by HK inno.N and its business partners around the world that have received licenses or product exports from HK inno.N. As of the end of the first three months ended March 31, 2025, tegoprazan business has been expanded in 48 countries around the world, and HK inno.N aims to expand it in 100 countries by 2028.

As of the end of the first three months ended March 31, 2025, tegoprazan products are being marketed in fifteen countries: South Korea, China, Mongolia, the Philippines, Mexico, Indonesia, Singapore, Peru, Chile, Colombia, Dominican Republic, Nicaragua, Honduras, Guatemala, and El Salvador. The Company has received the sales royalty through HK inno.N based on the product sales. HK inno.N's sublicensees continue to make progress with filings for approval in countries in Southeast Asia and South-Central America, and with clinical development in a number of countries, including the United States and Canada.

During the first three months ended March 31, 2025, HK inno.N entered into a license agreement (the "Agreement") with Southern XP IP Pty Ltd (headquartered in Victoria, Australia; "Southern XP") covering the territories of Australia and New Zealand. Southern XP is an Australian pharmaceutical company that has been in the pharmaceutical business for over 20 years and is strong in the registration and distribution of pharmaceutical products within Australia and New Zealand. With the signing of the Agreement, Southern XP has acquired the exclusive rights to distribute and market tegoprazan products in Australia and New Zealand. Under the license agreement with HK inno.N, the Company has the right to receive a portion of the revenue that HK inno.N receives from Southern XP.

With regard to pet drugs, sales were strong for GALLIPRANT® (generic name: grapiprant), which is a drug for osteoarthritis in dogs, and ENTYCE™ (generic name: capromorelin), which has an indication for anorexia management for dogs, and ELURA™ (generic name: capromorelin), which has an indication for weight loss management in cats, all of which were licensed to Elanco Animal Health Inc. (U.S., "Elanco").

Other licensed programs are also in the pre-clinical or later development stage at licensee and sublicensee companies.

As for pre-licensing programs, pre-clinical studies for a ghrelin receptor agonist, which is being developed in-house, have been completed. For tegoprazan, the Company retains the rights to develop, manufacture, and market the product in Japan, and has been in discussions with candidate partner companies continuously in the first quarter. For other pre-licensing programs, the Company conducted business development activities aimed at finding business partners through a flexible combination of face-to-face and online meetings.

In the discovery research stage, the Company is continuing to promote discovery research to generate development compounds. The Group has made it a key growth strategy to create pharmaceuticals for unexplored drug targets (genes, proteins, etc.) that have been considered difficult to address with conventional technologies by strengthening the drug discovery value chain through synergistic effects from existing and new technologies, and is working to strengthen its technologies and pipeline from the four angles of “modality,” “drug target,” “disease area,” and “platform technology.”

With regard to modality and drug targets, the Group is advancing research and development of targeted protein degraders, a new drug discovery modality, centered on FIMECS, Inc. (“FIMECS”), which became a consolidated subsidiary in March 2024. FIMECS and Astellas Pharma Inc. (Head Office: Chuo-ku, Tokyo; hereinafter “Astellas”) have been exploring targeted protein degraders for multiple targets with cancer as the target disease using FIMECS’s proprietary platform technology, RaPPIDS™ (Rapid Protein Proteolysis Inducer Discovery System), which is specialized for targeted protein degraders. In the first three months ended March 31, 2025, the Company achieved the initial target of the next stage for one specific program and received a lump-sum payment from Astellas. In future research and development under this program, Astellas will conduct further studies to identify candidate compounds for development. If a development candidate compound is identified and results in the commercialization of a new drug product, FIMECS may receive milestone payments of up to 15 billion yen or more based on the progress of development, filing and approval, and marketing, as well as royalties at single-digit rates on product sales.

In March 2025, the Company entered into an exclusive license agreement (the “License Agreement”) with Nissan Chemical Corporation (Head Office: Chuo-ku, Tokyo; hereinafter “Nissan Chemical”) for a portion of Nissan Chemical’s novel drug discovery research results. With the execution of the License Agreement, the Company will obtain an exclusive license with sublicensing rights to research, develop, and market worldwide, regarding the know-how related to specific neurological diseases that is part of Nissan Chemical’s research results and will discover the candidates for development and proceed with their development.

On March 21, 2025, the Company entered into a capital and business alliance agreement (the “Alliance Agreement”) with HK inno.N and issued new shares to HK inno.N through third-party allotment. Through the capital and business alliance based on the Alliance Agreement (the “Alliance”), the Company will allot 2,592,100 shares of the Company’s common stock (10.62% of voting rights held after the fund procurement) to HK inno.N.

The purpose of the Alliance is to raise funds through third-party allotment to HK inno.N and to establish a strategic partnership between HK inno.N and the Company. Through the Alliance, the Company aims to strengthen its financial base through the investment from HK inno.N and to maximize its corporate value by creating synergies in a wide range of areas, including R&D, through deeper collaboration with HK inno.N. The funds to be raised through the Alliance will be used for R&D investments and capital expenditures, which are key pillars of the Company’s growth strategy. Specifically, the funds raised will be used for (i) R&D expenses for the continuous creation of development compounds related to the exploratory research stage (including collaboration with external parties such as joint research and outsourcing), (ii) R&D expenses to enhance the value of existing compounds in the pre-clinical stage and beyond, such as ghrelin receptor agonists (including drug substance manufacturing, pre-clinical studies, clinical studies, etc.), (iii) investment funds for capital expenditures, which will contribute to the enhancement of the Group’s business value in the future. Pharmaceutical research and development is a challenging undertaking that requires significant time and money, but continued investment is essential to creating innovative medicines and contributing to patient care. Through the Alliance, the Company will strive to continuously create attractive development compounds and expand the development pipeline of the Group, aiming to increase shareholder value over the medium to long term and to realize our mission “We brighten people’s lives through the power of innovation.”

Accordingly, financial results for the first three months, the reporting period, were as follows. Business revenue for the period was 965 million yen (up 48.8% year on year), operating profit totaled 93 million yen (up 109.2% year on year), ordinary profit totaled 29 million yen (compared with ordinary loss of 77 million yen a year earlier), and loss attributable to owners of parent was 5 million yen (compared with loss attributable to owners of parent of 78 million yen a year earlier).

Total business expenses were 872 million yen (up 44.4% year on year). This mainly consists of cost of business revenue of 222 million yen (up 267.3% year on year), research and development expenses of 385 million yen (up 7.3% year on year) and other selling, general and administrative expenses of 264 million yen (up 43.6% year on year).

## **2) Research and development activities**

Research and development expenses of the entire Group during the first three months were 385 million yen. For the first three months, there were no material changes to the research and development activities.

## **(2) Qualitative information regarding consolidated financial position**

### **1) Analysis of assets, liabilities and net assets**

#### Assets

Total assets as of March 31, 2025 were 9,510 million yen, a decrease of 144 million yen (down 1.5%) from the end of the previous fiscal year. This is mainly attributable to a decrease in cash and deposits of 607 million yen, and an increase in accounts receivable - trade, and contract assets of 466 million yen.

#### Liabilities

Total liabilities as of March 31, 2025 were 4,010 million yen, a decrease of 74 million yen (down 1.8%) from the end of the previous fiscal year. This is mainly attributable to an increase in accounts payable - other of 73 million yen, decreases in contract liabilities of 30 million yen, and long-term borrowings of 128 million yen.

#### Net assets

Net assets as of March 31, 2025 were 5,500 million yen, a decrease of 70 million yen (down 1.3%) from the end of the previous fiscal year. This is mainly attributable to the recording of loss attributable to owners of parent of 5 million yen, a decrease in valuation difference on available-for-sale securities of 70 million yen, and an increase in share acquisition rights of 5 million yen.

Consequently, the equity ratio was 57.5% (up 0.1 percentage points from the end of the previous fiscal year).

### **2) Analysis of cash flows**

The balance of cash and cash equivalents ("net cash") as of March 31, 2025 amounted to 2,564 million yen (compared with 3,079 million yen a year earlier), a decrease of 577 million yen (down 18.4%) from the end of the previous fiscal year.

The respective cash flows in the first three months and the factors thereof are as follows.

#### Cash flows from operating activities

Net cash used in operating activities was 299 million yen (compared with net cash of 410 million yen used a year earlier). This is mainly attributable to the recording of profit before income taxes of 29 million yen, depreciation of 47 million yen and amortization of goodwill of 70 million yen, a cash inflow from an increase in accounts payable - other of 66 million yen, and cash outflows from an increase in trade receivables of 466 million yen, a decrease in contract liabilities of 30 million yen, and an increase in consumption taxes refund receivable of 29 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 11 million yen (compared with net cash of 3,746 million yen used a year earlier). This is mainly attributable to payments into time deposits of 200 million yen, proceeds from withdrawal of time deposits of 200 million yen, and purchase of property, plant and equipment of 11 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 198 million yen (compared with net cash of 3,540 million yen provided a year earlier). This is mainly attributable to repayments of long-term borrowings of 128 million yen, repayments of lease liabilities of 18 million yen, and the purchase of shares of subsidiaries not resulting in change in scope of consolidation of 50 million yen.

### **(3) Qualitative information regarding consolidated earnings forecasts**

At the present time, there are no changes to the full-year consolidated earnings forecasts for the fiscal year ending December 31, 2025 presented in "Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (JGAAP)" published on February 14, 2025.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheet

(Thousands of yen)

|  | As of December 31, 2024 | As of March 31, 2025 |
|--|-------------------------|----------------------|
| <b>Assets</b>                                    |                         |                      |
| Current assets                                   |                         |                      |
| Cash and deposits                                | 3,340,057               | 2,732,454            |
| Accounts receivable - trade, and contract assets | 689,162                 | 1,155,998            |
| Securities                                       | 1,871                   | 31,969               |
| Work in process                                  | 1,520                   | 2,034                |
| Supplies   | 166,202                 | 168,824              |
| Advance payments to suppliers                    | 26,953                  | 16,970               |
| Prepaid expenses                                 | 193,590                 | 200,910              |
| Other  | 119,605                 | 173,788              |
| Total current assets                             | 4,538,963               | 4,482,951            |
| Non-current assets                               |                         |                      |
| Property, plant and equipment                    |                         |                      |
| Buildings, net                                   | 52,653                  | 56,896               |
| Tools, furniture and fixtures, net               | 203,447                 | 203,628              |
| Leased assets, net                               | 272,983                 | 288,395              |
| Total property, plant and equipment              | 529,084                 | 548,921              |
| Intangible assets                                |                         |                      |
| Goodwill   | 3,865,297               | 3,834,818            |
| Trademark right                                  | 3,982                   | 3,752                |
| Software   | 32,924                  | 30,331               |
| Other  | 72                      | 72                   |
| Total intangible assets                          | 3,902,276               | 3,868,974            |
| Investments and other assets                     |                         |                      |
| Investment securities                            | 547,053                 | 474,084              |
| Long-term prepaid expenses                       | 14,639                  | 12,008               |
| Deferred tax assets                              | 78,460                  | 78,701               |
| Other  | 45,005                  | 45,059               |
| Total investments and other assets               | 685,158                 | 609,853              |
| Total non-current assets                         | 5,116,519               | 5,027,749            |
| Total assets                                     | 9,655,482               | 9,510,701            |

(Thousands of yen)

|   | As of December 31, 2024 | As of March 31, 2025 |
|---|-------------------------|----------------------|
| <b>Liabilities</b>  |                         |                      |
| Current liabilities   |                         |                      |
| Accounts payable - trade                                      | 59,317                  | 60,288               |
| Current portion of long-term borrowings                       | 512,620                 | 512,620              |
| Lease liabilities   | 69,657                  | 77,632               |
| Accounts payable - other                                      | 193,789                 | 266,819              |
| Accrued expenses  | 69,136                  | 65,163               |
| Income taxes payable  | 28,044                  | 34,404               |
| Contract liabilities  | 185,829                 | 155,702              |
| Deposits received   | 19,381                  | 10,859               |
| Other   | 49,718                  | 42,110               |
| Total current liabilities                                     | 1,187,495               | 1,225,599            |
| Non-current liabilities                                       |                         |                      |
| Long-term borrowings  | 2,651,430               | 2,523,275            |
| Lease liabilities   | 218,627                 | 230,957              |
| Asset retirement obligations                                  | 14,614                  | 14,641               |
| Provision for share awards                                    | 6,902                   | 8,824                |
| Provision for share awards for directors (and other officers) | 5,902                   | 7,311                |
| Total non-current liabilities                                 | 2,897,476               | 2,785,009            |
| Total liabilities   | 4,084,972               | 4,010,609            |
| <b>Net assets</b>   |                         |                      |
| Shareholders' equity  |                         |                      |
| Share capital   | 2,720,540               | 2,720,540            |
| Capital surplus   | 2,910,323               | 2,910,323            |
| Retained earnings   | (45,673)                | (50,888)             |
| Treasury shares   | (102)                   | (102)                |
| Total shareholders' equity                                    | 5,585,087               | 5,579,872            |
| Accumulated other comprehensive income                        |                         |                      |
| Valuation difference on available-for-sale securities         | (41,920)                | (112,468)            |
| Total accumulated other comprehensive income                  | (41,920)                | (112,468)            |
| Share acquisition rights                                      | 27,342                  | 32,688               |
| Total net assets  | 5,570,509               | 5,500,092            |
| <b>Total liabilities and net assets</b>                       | <b>9,655,482</b>        | <b>9,510,701</b>     |



**(2) Consolidated statement of income and consolidated statement of comprehensive income**  
**Consolidated statement of income (cumulative)**

(Thousands of yen)

|   | First three months ended<br>March 31, 2024 | First three months ended<br>March 31, 2025 |
|---|--|--|
| Business revenue                                    | 648,581                                    | 965,409                                    |
| Business expenses                                   |  |  |
| Cost of business revenue                            | 60,532                                     | 222,345                                    |
| Research and development expenses                   | 359,010                                    | 385,062                                    |
| Other selling, general and administrative expenses  | 184,524                                    | 264,894                                    |
| Total business expenses                             | 604,067                                    | 872,303                                    |
| Operating profit                                    | 44,514                                     | 93,106                                     |
| Non-operating income                                |  |  |
| Interest income                                     | 2,262                                      | 3,533                                      |
| Interest on securities                              | 1,548                                      | 629  |
| Foreign exchange gains                              | 42,027                                     | —  |
| Gain on valuation of derivatives                    | —  | 22,395                                     |
| Other   | 4,215                                      | 435  |
| Total non-operating income                          | 50,053                                     | 26,994                                     |
| Non-operating expenses                              |  |  |
| Interest expenses                                   | 1,944                                      | 14,473                                     |
| Commitment fees                                     | 2,665                                      | 899  |
| Commission for syndicated loans                     | 140,000                                    | 500  |
| Foreign exchange losses                             | —  | 72,503                                     |
| Share issuance costs                                | 120  | 324  |
| Loss on valuation of compound financial instruments | 540  | 2,180                                      |
| Loss on valuation of derivatives                    | 26,525                                     | —  |
| Other   | —  | 0  |
| Total non-operating expenses                        | 171,794                                    | 90,880                                     |
| Ordinary profit (loss)                              | (77,226)                                   | 29,220                                     |
| Extraordinary income                                |  |  |
| Gain on sale of investment securities               | 8,669                                      | —  |
| Total extraordinary income                          | 8,669                                      | —  |
| Extraordinary losses                                |  |  |
| Loss on sale of investment securities               | 5,600                                      | —  |
| Total extraordinary losses                          | 5,600                                      | —  |
| Profit (loss) before income taxes                   | (74,156)                                   | 29,220                                     |
| Income taxes  | 3,950                                      | 34,435                                     |
| Loss  | (78,107)                                   | (5,215)                                    |
| Profit attributable to non-controlling interests    | —  | —  |
| Loss attributable to owners of parent               | (78,107)                                   | (5,215)                                    |

**Consolidated statement of comprehensive income (cumulative)**

(Thousands of yen)

|  | First three months ended<br>March 31, 2024 | First three months ended<br>March 31, 2025 |
|--|--|--|
| Loss   | (78,107)                                   | (5,215)                                    |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (44,482)                                   | (70,547)                                   |
| Total other comprehensive income                               | (44,482)                                   | (70,547)                                   |
| Comprehensive income   | (122,589)                                  | (75,763)                                   |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | (122,589)                                  | (75,763)                                   |
| Comprehensive income attributable to non-controlling interests | —  | —  |

**(3) Consolidated statement of cash flows**

(Thousands of yen)

|  | First three months ended<br>March 31, 2024 | First three months ended<br>March 31, 2025 |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit (loss) before income taxes  | (74,156)                                   | 29,220                                     |
| Depreciation   | 45,143                                     | 47,374                                     |
| Amortization of goodwill   | —  | 70,478                                     |
| Interest income  | (2,262)                                    | (3,533)                                    |
| Interest income on securities  | (1,548)                                    | (629)                                      |
| Foreign exchange losses (gains)  | (31,719)                                   | 68,234                                     |
| Interest expenses  | 1,944                                      | 14,473                                     |
| Commitment fees  | 2,665                                      | 899  |
| Commission for syndicated loans  | 140,000                                    | 500  |
| Share issuance costs   | 120  | 324  |
| Loss (gain) on valuation of compound financial instruments                           | 540  | 2,180                                      |
| Loss (gain) on valuation of derivatives  | 26,525                                     | (22,395)                                   |
| Loss (gain) on sale of investment securities   | (3,069)                                    | —  |
| Decrease (increase) in trade receivables   | (443,963)                                  | (466,836)                                  |
| Decrease (increase) in inventories   | 1,473                                      | (3,137)                                    |
| Increase (decrease) in trade payables  | 9,013                                      | 970  |
| Increase (decrease) in contract liabilities  | —  | (30,127)                                   |
| Decrease (increase) in advance payments to suppliers                                 | 8,029                                      | 9,982                                      |
| Decrease (increase) in prepaid expenses  | 10,419                                     | (5,969)                                    |
| Decrease (increase) in long-term prepaid expenses                                    | 9,939                                      | 2,080                                      |
| Increase (decrease) in accounts payable - other                                      | (54,661)                                   | 66,020                                     |
| Increase (decrease) in income taxes payable - factor based tax                       | 1,842                                      | (14,578)                                   |
| Decrease (increase) in consumption taxes refund receivable                           | (43,247)                                   | (29,625)                                   |
| Increase (decrease) in accrued consumption taxes                                     | —  | 14,787                                     |
| Increase (decrease) in provision for share awards                                    | (933)                                      | 1,922                                      |
| Increase (decrease) in provision for share awards for directors (and other officers) | 1,357                                      | 1,409                                      |
| Other, net   | 9,970                                      | (27,018)                                   |
| <b>Subtotal</b>  | <b>(386,579)</b>                           | <b>(267,648)</b>                           |
| Interest and dividends received  | 4,941                                      | 4,487                                      |
| Interest paid  | (2,265)                                    | (14,482)                                   |
| Commitment fees paid   | (7,019)                                    | —  |
| Income taxes paid  | (19,267)                                   | (21,753)                                   |
| <b>Net cash provided by (used in) operating activities</b>                           | <b>(410,190)</b>                           | <b>(299,395)</b>                           |
| <b>Cash flows from investing activities</b>  |  |  |
| Payments into time deposits  | —  | (200,000)                                  |
| Proceeds from withdrawal of time deposits  | —  | 200,000                                    |
| Purchase of property, plant and equipment  | (20,531)                                   | (11,444)                                   |
| Proceeds from sale of investment securities  | 155,997                                    | —  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation     | (3,879,637)                                | —  |
| Other payments   | (2,610)                                    | —  |
| <b>Net cash provided by (used in) investing activities</b>                           | <b>(3,746,782)</b>                         | <b>(11,444)</b>                            |

(Thousands of yen)

|   | First three months ended<br>March 31, 2024 | First three months ended<br>March 31, 2025 |
|---|--|--|
| Cash flows from financing activities  |  |  |
| Proceeds from short-term borrowings   | 200,000                                    | —  |
| Proceeds from long-term borrowings  | 3,360,000                                  | —  |
| Repayments of long-term borrowings  | (3,155)                                    | (128,155)                                  |
| Commission for syndicated loans paid  | —  | (2,200)                                    |
| Repayments of lease liabilities   | (16,012)                                   | (18,075)                                   |
| Purchase of shares of subsidiaries not resulting in<br>change in scope of consolidation | —  | (50,000)                                   |
| Net cash provided by (used in) financing activities                                     | 3,540,832                                  | (198,430)                                  |
| Effect of exchange rate change on cash and cash<br>equivalents                          | 30,709                                     | (68,233)                                   |
| Net increase (decrease) in cash and cash equivalents                                    | (585,430)                                  | (577,504)                                  |
| Cash and cash equivalents at beginning of period  | 3,664,738                                  | 3,141,929                                  |
| Cash and cash equivalents at end of period  | 3,079,308                                  | 2,564,424                                  |

#### **(4) Notes to quarterly consolidated financial statements**

##### **Notes on premise of going concern**

No items to report.

##### **Notes on significant changes in the amount of shareholders' equity**

No items to report.

##### **Notes on changes in accounting policies**

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the first quarter of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso to paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022").

This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the first quarter of the fiscal year under review.

This change in accounting policies has been applied retrospectively, and is reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

This change in accounting policies has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

##### **Application of special accounting for preparing quarterly consolidated financial statements**

(Calculation of tax expenses)

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the quarter under review.

However, in cases where calculations using said estimated effective tax rate yield a result that is notably lacking rationality, tax expenses are calculated by multiplying profit (loss) before income taxes by the statutory effective tax rate, taking into consideration the recoverability of deferred tax assets.

Income taxes is the amount inclusive of income taxes - deferred.

##### **Notes on segment information, etc.**

[Segment information]

###### **I. For the first three months ended March 31, 2024 (January 1, 2024 to March 31, 2024)**

This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.

###### **II. For the first three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)**

This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.

##### **Significant subsequent event**

No items to report.