February 13, 2026

Summary of Consolidated Financial Results for the Fiscal Year Ended 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
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Scheduled date of general meeting of shareholders: March 25, 2026
Scheduled date of dividend payment: —
Scheduled date of filing of securities report: March 23, 2026
Supplementary documents for financial results: Yes
Financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2025	3,979	28.1	483	–	437	–	273	–
December 31, 2024	3,107	63.5	(213)	–	(361)	–	(495)	–

Note: Comprehensive income Fiscal year ended December 31, 2025: 264 million yen [–%]
Fiscal year ended December 31, 2024: (657) million yen [–%]

	Earnings per share (Basic)	Earnings per share (Diluted)	Profit/equity	Ordinary profit/ total assets	Operating profit/ net sales
Fiscal year ended	yen	yen	%	%	%
December 31, 2025	11.53	11.36	4.4	4.3	12.2
December 31, 2024	(22.87)	–	(8.5)	(4.4)	(6.9)

Reference: Share of (profit) loss of entities accounted for using equity method:
Fiscal year ended December 31, 2025: – million yen
Fiscal year ended December 31, 2024: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2025	10,514	6,896	65.1	280.00
December 31, 2024	9,655	5,570	57.4	253.83

Reference: Equity As of December 31, 2025: 6,848 million yen As of December 31, 2024: 5,543 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2025	(354)	124	378	3,244
December 31, 2024	180	(3,665)	2,982	3,141

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended December 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2025	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2026 (forecast)	–	0.00	–	0.00	0.00		–	

3. Forecasts of consolidated financial results for the fiscal year ending December 31, 2026 (January 1, 2026 to December 31, 2026)

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

	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, 2026	3,980	–	165	(65.9)	86	(80.4)	(63)	–	(2.58)

Note: 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 fiscal year ended December 31, 2025: None

(2) 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 "(5) Notes to consolidated financial statements (Notes on changes in accounting policies)" of "3. Consolidated financial statements and significant notes thereto" on page 17 of the attached material.

(3) Number of issued shares (common shares)

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

As of December 31, 2025	24,458,673 shares
As of December 31, 2024	21,838,529 shares

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

As of December 31, 2025	181 shares
As of December 31, 2024	181 shares

c. Average number of outstanding shares during the period

For the fiscal year ended December 31, 2025	23,688,376 shares
For the fiscal year ended December 31, 2024	21,641,457 shares

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2025	2,904	16.3	690	114.1	661	236.3	498	787.5
December 31, 2024	2,496	52.0	322	–	196	–	56	–

	Earnings per share (Basic)	Earnings per share (Diluted)
Fiscal year ended	yen	yen
December 31, 2025	21.06	20.74
December 31, 2024	2.60	2.60

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2025	11,033	7,415	66.8	301.24
December 31, 2024	9,673	5,864	60.3	267.27

Reference: Equity As of December 31, 2025: 7,367 million yen As of December 31, 2024: 5,836 million yen

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** 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 on Monday, February 16, 2026. The Company plans to post the documents used at the briefing on its website promptly after the briefing is held.

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1. Overview of consolidated operating results and others

(1) Overview of consolidated operating results for the fiscal year under review

(General overview)

During the fiscal year under review, the Japanese economy underwent a gradual recovery, due in part to the stabilization of politics by the new administration, expectations for policies to buoy up the economy, and share price increases driven by firm corporate results, outweighing the uncertain outlook caused by such factors as U.S. tariff policies and rising resource prices. On the other hand, overall consumer sentiment worsened and stagnation continued in consumer markets due to persistently high prices and stagnant growth in real income, leading consumers to increasingly adopt a frugal approach. According to the Bank of Japan's quarterly short-term economic survey (December 2025), with business conditions continuing to recover gradually, business sentiment among large enterprises in the manufacturing sector improved for the third consecutive quarter. Business sentiment among large enterprises in the non-manufacturing sector was flat overall, due to a slight worsening in accommodation and food services due to concerns about the decline in tourists from China being offset by improvements in services for business against a background of lively corporate activity, and with most other sectors maintaining a high level that reflected the resilience of demand.

In the pharmaceutical industry, in December 2025, the Japan Pharmaceutical Manufacturers Association (JPMA), Pharmaceutical Research and Manufacturers of America (PhRMA), and European Federation of Pharmaceutical Industries and Associations (EFPIA Japan) made a joint statement expressing their opinions on the FY2026 NHI Drug Pricing System Reform and the FY2026 Cost-Effectiveness Assessment System Reform, proposing the maintenance of drug prices during the patent period, and improvements to initial NHI price-setting. Under these industry trends, drug discovery ventures such as the Group are playing increasingly important roles.

Under such conditions, the Group achieved the following financial results during the fiscal year under review.

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 (headquarters: Osong, South Korea, "HK inno.N")—in South Korea continued to perform well. Sales from prescriptions in the fiscal year under review amounted to 217.9 billion won, an increase of 10.7% year on year, and equivalent to approximately 23.97 billion yen at 0.11 yen to the won. Tegoprazan's share in the South Korean peptic ulcer drug market was 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 fiscal year under review, business activities involving the development, manufacture, and sale of tegoprazan were being conducted in 57 countries worldwide, including Japan. In addition, HK inno.N aims to achieve annual worldwide sales of 3 trillion won in 2030 for tegoprazan products, including K-CAB®.

As of the end of the fiscal year under review, tegoprazan products are being marketed in 19 countries: South Korea, China, Mongolia, the Philippines, Indonesia, Singapore, Mexico, Peru, Chile, Colombia, Dominican Republic, Nicaragua, Honduras, Guatemala, El Salvador, Panama, Malaysia, India, and Thailand. The Company has received the sales royalty through HK inno.N based on the product sales. In addition, tegoprazan products are under review for approval in other countries in Southeast Asia and South-Central America, and are under preparation for filing for approval in countries including Brazil and the Middle East region.

During the fiscal year under review, in January 2025, HK inno.N entered into a license 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. In April 2025, HK inno.N concluded a regional expansion agreement with Tabuk Pharmaceutical Manufacturing Company (headquarters: Riyadh, Saudi Arabia; "Tabuk") for the licensing agreement concluded in April 2024, covering the Middle East and North Africa. With this agreement, Tabuk's coverage has been expanded to the six additional countries of Egypt, Sudan, Ethiopia, Morocco, Yemen, and Libya, for a total of 16 countries. In addition, HK inno.N's business partner, Dr. Reddy's Laboratories (headquarters: Hyderabad, India; "Dr. Reddy's"), received marketing approval from the Central Drugs Standard Control Organization (CDSCO) in India, resulting in a milestone being achieved, and the receipt by the Company of a lump-sum payment from HK inno.N. The Indian market for peptic ulcer drugs is valued at approximately 1.52 trillion won (approximately 167.2 billion yen) as of 2024, making it the fourth largest in the world after China, the U.S., and Japan. It is thought that around 38% of the population of India is suffering from gastroesophageal reflux disease (GERD), and Dr. Reddy's is aiming to achieve a paradigm shift in peptic ulcer treatment in that country through the introduction of tegoprazan products. In the U.S., in April 2025, HK inno.N announced positive top-line results from a Phase III clinical trial (the "TRIUMpH Study") being conducted in the U.S. by Braintree Laboratories (headquarters: Massachusetts, U.S.; "Braintree"), a division of Sebela Pharmaceuticals Inc. (headquarters: Georgia, U.S.), a sublicensee. The TRIUMpH Study was conducted as a pivotal study for the Phase III clinical trial in the U.S. covering EE

(erosive esophagitis) and NERD (non-erosive reflux disease). In the TRIUMpH Study, tegoprazan met all primary and secondary endpoints in both the EE and NERD studies. Also, in August 2025, it was announced that positive study results had been obtained for the maintenance therapy after cure of EE, which Braintree had been conducting on an ongoing basis, and that the trial had been completed.
In addition, with regard to the substance patent for tegoprazan in Korea (South Korea patent number: 1088247), more than 60 Korean generic drug manufacturers and others filed a trial to seek negative confirmation of the scope of patent rights and the Company was engaged in proceedings concerning the scope of enforceability of the extended patent right. In the fiscal year under review, following the trial decision by the Intellectual Property Trial and Appeal Board (equivalent to the first trial), the Company won all of the cases in the litigation for revocation of the trial decision (second trial) and in the Supreme Court (third trial). This fully established the exclusive sales rights to K-CAB® tablets in South Korea until 2031, and has confirmed the stability of our market position, based on unshakable legal protection.
With regard to the P2X7 receptor antagonist (compound code: AK1780/RQ-00466479/LY 3857210) that was licensed to Asahi Kasei Pharma Corporation (headquarters: Chiyoda-ku, Tokyo, "Asahi Kasei Pharma") by the Company, in the fiscal year under review, Asahi Kasei Pharma licensee Eli Lilly and Company (headquarters: Indianapolis, Indiana, U.S.; "Lilly") updated its pipeline, and this compound, which had been developed with chronic pain as the target disease, was removed. However, this does not mean that Lilly has closed down its entire P2X7 program. The agreement between Asahi Kasei Pharma and Lilly remains in force, and the future development plan is being investigated by Lilly.
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. (headquarters: Indiana, 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. And the Company has been conducting business development activities aimed at finding business partners.
With regard to tegoprazan, during the fiscal year under review the Company concluded an AMENDMENT TO LICENSE AGREEMENT OF TEGOPRAZAN IN NORTH AMERICA AND EUROPE ("the amendment to the license agreement") for the license concluded with HK inno.N on November 26, 2019, whereby HK inno.N has been granted exclusive development, manufacture and sales rights to the Japanese market. By concluding the amendment to the license agreement, HK inno.N will be able to move forward with initiatives aimed at later stage clinical trials for the purpose of developing and obtaining approval for tegoprazan products. There is no lump-sum payment associated with the exclusive licensing for development, manufacturing, and sales rights in Japan, but going forward the Company has obtained the right to receive milestone payments depending on progress in commercialization, sales royalties, and part of any income received by HK inno.N from its business partners.

In the discovery research stage, the Company is continuing to promote discovery research to generate development candidate 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."
In the fiscal year under review, in May 2025, favorable results were obtained for the collaborative research being conducted with D. Western Therapeutics Institute, Inc. (headquarters: Nagoya City, Aichi Prefecture) for the discovery of therapeutic drugs for ocular diseases. Based on these results, further verification will be conducted to pursue the possibility of taking the collaboration to the next level. Moreover, the Company is moving forward with joint development with Veritas In Silico (headquarters: Shinagawa-ku, Tokyo) of small molecule drugs that target mRNA with the objective of creating drugs to treat cancer. During the fiscal year under review, the Company and Veritas In Silico expanded the scope of target gene research handled in the collaborative research and conducted screening against multiple genes by utilizing the know-how of both parties, thereby identifying multiple small molecule compounds that could serve as starting points for drug discovery research aimed at the creation of development compounds.
Additionally, the Group is advancing research and development of targeted protein degraders, a new drug discovery modality, centered on FIMECS, Inc. (headquarters: Fujisawa, Kanagawa; "FIMECS"), a consolidated subsidiary. 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 fiscal year under review, in March 2025, FIMECS achieved initial targets for the next stage for one specific program of joint research with Astellas, and received a lump-sum payment of 200 million yen from that company. In November, an agreement was reached on two new

additional targets. As a result, FIMECS received a lump-sum payment of 400 million yen from Astellas in accordance with the terms of the agreement. 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.

On March 21, 2025, the Company entered into a capital and business alliance agreement with HK inno.N ("primary alliance") and resolved to issue new shares to HK inno.N through third-party allotment. The Company allotted 2,592,100 shares of the Company's common stock. The purpose of the primary alliance is to strengthen the financial base through investment by HK inno.N and to establish a strategic partnership between the two companies. Through this alliance, the Company aims to maximize its corporate value by creating synergies in a wide range of areas, including R&D. On December 12, 2025, the Board of Directors of the Company resolved to conclude an underwriting agreement ("the financing") for new shares ("the shares") issued through a third-party allotment between HK inno.N and the Company ("the new share underwriting agreement"), to conclude the amendment to the licensing agreement, and to conclude an amendment to the shareholder agreement that was concluded on March 21, 2025, between HK inno.N and Yuichi Kakinuma, who is an Audit and Supervisory Committee Member of the Company ("the shareholder agreement amendment agreement"), and then concluded the new share underwriting agreement, the amendment to the licensing agreement, and the shareholder agreement amendment agreement ("the alliance"). The alliance extends the primary alliance, and through the financing the Company will issue 1,555,900 shares of the Company's common stock to HK inno.N. The most significant point of the extension of the primary alliance is the licensing of exclusive development, manufacture and sales rights to tegoprazan in the Japanese market, with HK inno.N moving forward with initiatives aimed at later stage clinical trials for the purpose of developing and obtaining approval for tegoprazan products. In addition, the Group will take steps to strengthen its drug discovery research capabilities with the objective of creating groundbreaking products to follow tegoprazan. The financing procured by the issue of the shares is intended to be allocated to research and development expenses and investments in research and development facilities to further bolster the Group's drug discovery research capabilities. Through this initiative, we will enhance our drug discovery research capabilities with the aim of creating groundbreaking pharmaceuticals to follow tegoprazan by making use of next-generation drug discovery technology in addition to the small molecule drug discovery technology that is one of the strengths of the Group. As well as working to increase the shareholder value of the Group over the medium to long term, we will further accelerate business activities related to drug discovery research to enable us to achieve the Company's mission of "We brighten people's lives through the power of innovation."

At a Board of Directors meeting held on October 17, 2025, the Company resolved to merge with its wholly-owned subsidiary, TMRC Co., Ltd. ("the merger"), with the effective date of the merger set for January 1, 2026. The merger will be conducted in order to improve the business efficiency of the Group, with the aim of reducing costs and simplifying and increasing the efficiency of administrative operations.

Accordingly, financial results for the fiscal year under review were as follows. Business revenue for the period was 3,979 million yen (up 28.1% year on year), operating profit totaled 483 million yen (compared with operating loss of 213 million yen a year earlier), ordinary profit totaled 437 million yen (compared with ordinary loss of 361 million yen a year earlier), and profit attributable to owners of parent was 273 million yen (compared with loss attributable to owners of parent of 495 million yen a year earlier).
Total business expenses were 3,496 million yen (up 5.3% year on year). In terms of the breakdown of this total, in addition to cost of business revenue of 711 million yen (up 13.8% year on year), research and development expenses were 1,599 million yen (down 6.1% year on year) and other selling, general and administrative expenses came to 1,184 million yen (up 19.5% year on year).

(Research and development activities)

Research and development expenses of the Group during the fiscal year ended December 31, 2025 were 1,599 million yen. The main components of these activities were as follows:

<RaQualia's research and development and collaborative research>

(A) Clinical development phase

a) Potassium-competitive acid blocker (RQ-00000004, tegoprazan)

The rights to this compound for the target indication of gastroesophageal reflux disease (GERD) and other gastric acid-related diseases had been licensed to HK inno.N for regions other than Japan, and the Company had held the rights in Japan. However in the fiscal year under review, the Company concluded the amendment to the license agreement with HK inno.N, and granted the exclusive development, manufacture and sales rights to the Japanese

market to HK inno.N. By concluding the amendment to the license agreement, HK inno.N will be able to move forward with initiatives aimed at later stage clinical trials for the purpose of developing and obtaining approval for tegoprazan products.

b) 5-HT_4 partial agonist (RQ-00000010)

This compound for the target indication of gastrointestinal dysmotility, including gastroparesis, functional dyspepsia, and chronic constipation, is in a post-Phase I clinical trials licensing preparation program.

c) 5-HT_{2B} antagonist (RQ-00310941)

This compound for the target indication of irritable bowel syndrome with diarrhea (IBS-D) is also in a post-Phase I clinical trials licensing preparation program.

(B) Preclinical development phase

a) Ghrelin receptor agonist (RQ-00433412)

This compound is under development for the target indication of cancer-related anorexia/cachexia syndrome and constipation resulting from spinal cord injury. Pre-clinical studies were completed in the fiscal year under review, and the Company is conducting business development activities with the aim of finding business partners.

b) Motilin receptor agonist (RQ-00201894)

This compound is under development for the target indication of gastrointestinal dysmotility including gastroparesis, functional dyspepsia, and post-operative ileus, and is in a licensing preparation program, as the preclinical studies required for Phase I clinical trials have been completed.

c) TRPM8 blocker (RQ-00434739)

Based on the license agreement signed in September 2021, the rights to this compound have been licensed to Xgene Pharmaceutical Co. Ltd. (headquarters: Hong Kong; "Xgene") for regions other than Japan, while the Company continues to hold the rights in Japan.

d) IRAK-M degradation inducer (FIM-001)

This compound was discovered by FIMECS and is under development with a target indication of cancer. In the fiscal year under review, the Company conducted business development activities with the aim of finding business partners.

(C) Exploratory research phase

a) Independent research project

In addition to promoting exploratory research aimed at the discovery of development candidate compounds, the Company is also working to strengthen its drug discovery research capabilities, which are central to its growth strategy. In addition to the joint research with pharmaceutical companies listed below, also in independent research projects, the Company is aiming to establish a next-generation in-house drug discovery value chain through the synergy effects from existing technologies and new initiatives in four areas: "modality," "drug target," "disease area," and "fundamental technology."

b) Collaborative research with companies

Collaborative research implemented with companies in the fiscal year under review is as follows.

Company	Start date	Content
STAND Therapeutics Co., Ltd.	August 2022	Verification of the feasibility of drug discovery application of intracellular antibody technology (from STAND) for the creation of therapeutic agents for intractable and rare diseases
D. Western Therapeutics Institute	December 2022	Collaborative research for discovery of therapeutic drugs for ocular diseases
Veritas In Silico Inc.	December 2022	Collaborative research for discovery of small-molecule drugs targeting messenger RNA (mRNA)

c) Collaborative research with academia

Multiple early-stage collaborative research projects, such as drug target discovery, are in progress with universities and other public research institutions, including Nagoya University and Gifu Pharmaceutical University of National University Corporation Tokai National Higher Education and Research System.

<Status of development at licensee corporation>

a) tegoprazan (K-CAB®, RQ-00000004)

Sales of K-CAB®, a gastric acid secretion inhibitor marketed in South Korea by HK inno.N Corporation, continued to be strong, maintaining its position as the number one gastric acid secretion inhibitor in the South Korean market.
In the U.S., in April 2025, HK inno.N also announced positive top-line results from the TRIUMpH Study being conducted in the U.S. by Braintree, a division of Sebela Pharmaceuticals Inc., a sublicensee. The TRIUMpH Study was conducted as a pivotal study for the Phase III clinical trial in the U.S. covering EE (erosive esophagitis) and NERD

(non-erosive reflux disease). In the TRIUMpH Study, tegoprazan met all primary and secondary endpoints in both the EE and NERD studies. Also, in August 2025, it was announced that positive study results had been obtained for the maintenance therapy after cure of EE, which Braintree had been conducting on an ongoing basis, and that the trial had been completed.
As for other countries and regions, during the fiscal year under review, tegoprazan products were launched in Panama, Malaysia, India, and Thailand. With these launches, tegoprazan are now being marketed in 19 countries: South Korea, China, Mongolia, the Philippines, Indonesia, Singapore, Mexico, Peru, Chile, Colombia, the Dominican Republic, Nicaragua, Honduras, Guatemala, El Salvador, Panama, Malaysia, India and Thailand. In addition, the product is currently being prepared for sale, under review, or in preparation for submission for approval in more than 20 countries around the world, including Vietnam, Argentina, and Brazil.

b) EP4 antagonist (GALLIPRANT®, grapiprant)
This drug is currently being marketed as a drug for osteoarthritis in dogs by Elanco. Since its launch in the U.S. in January 2017, the compound has been launched in over 20 countries around the world and is also being marketed in Japan since October 2020.

c) Ghrelin receptor agonist (ENTYCE™, ELURA™, capromorelin)
Two products containing capromorelin, a ghrelin receptor agonist, as an active ingredient are currently being marketed in the U.S.: ENTYCE™ for the treatment of anorexia in dogs and ELURA™ for the management of weight loss in cats with chronic kidney disease (CKD). ELURA™ has also been launched in France, Belgium, Japan, and Brazil.

d) P2X7 receptor antagonist (RQ-00466479/AK1780)
This compound was jointly developed with Asahi Kasei Pharma and licensed by Asahi Kasei Pharma to Lilly, but in the fiscal year under review Lilly updated its pipeline, and this compound, which had been developed with chronic pain as the target disease, was removed. However, this does not mean that Lilly has closed down its entire P2X7 program. The agreement between Asahi Kasei Pharma and Lilly remains in force, and the future development plan is being investigated by the latter.

e) EP4 antagonist (RQ-00000007/AAT-007, grapiprant)
3D Medicines (Shanghai) Co., Ltd. (headquarters: Shanghai, China, "3DM"), a licensee of AskAt Inc. (headquarters: Nagoya, Aichi, "AskAt"), completed Phase I clinical trials in China for the indication of pain, and Ningbo NewBay Medical Technology Co., Ltd. (headquarters: Zhejiang, China), another of AskAt's licensees, is conducting Phase I clinical trials in China in the area of oncology.

f) Cyclooxygenase-2 (COX-2) inhibitor (RQ-00317076/AAT-076)
AskAt's licensee, 3DM, continues to conduct Phase I clinical trials in China for the indication of pain. In addition, Velo-1, Inc. (headquarters: Tennessee, U.S.) is proceeding with a pilot field trial of a pet pharmaceutical application.

g) CB2 agonist (RQ-00202730/AAT-730/OCT461201)
In July 2023, Oxford Cannabinoid Technologies Ltd. (headquarters: London, U.K., "OCT"), a licensee of AskAt, initiated a Phase I clinical trial of this compound in the United Kingdom. OCT plans to pursue further clinical development with this compound for chemotherapy-induced peripheral neuropathy ("CIPN") as the primary indication.

h) TRPM8 blocker (RQ-00434739/XG2002)
As for this compound, which was licensed out to Xgene in September 2021, Xgene Pharmaceutical Pty Ltd., a subsidiary of Xgene, received approval from the local research ethics committee to conduct a Phase I clinical trial in Australia, and has begun Phase I clinical trials. In the Phase I clinical trial, dose-escalation studies on healthy volunteers to evaluate the tolerability and pharmacokinetics of the TRPM8 blocker are expected to yield valuable information for subsequent clinical trials.

i) Sodium channel blocker (RQ-00350215)
This compound was licensed to Hisamitsu Pharmaceutical Co., Inc. (headquarters: Tosu, Saga, "Hisamitsu Pharmaceutical") in December 2021, and is a novel sodium channel blocker that selectively blocks the function of specific sodium channels involved in the transmission of pain signals. Clinical development using a patch formulation containing this compound is currently being carried out by Hisamitsu Pharmaceutical.

j) Development candidate compound for a specific ion channel target (no compound code disclosed)
Regarding this compound discovered through collaborative research with EA Pharma Co., Ltd. (headquarters: Chuo, Tokyo, "EA Pharma"), EA Pharma has made the decision to terminate development. The Company has also reached a decision not to obtain a license, etc., and has removed it from the pipeline.

k) Selective sodium channel blocker (no compound code disclosed)
With regard to this compound that the Company has licensed to Maruho Co., Ltd. (headquarters: Osaka, Osaka, "Maruho"), although Maruho had been developing a therapeutic drug with the selective sodium channel blocker as its active ingredient, in December 2024, the Company and Maruho discussed the future development of the drug and, by mutual agreement, terminated the license agreement. Since then, the Company has been considering future development plans.

l) 5-HT$_4$ partial agonist (RQ-00000010)

With regard to this compound that the Company and Vetbiolix SAS (headquarters: Nord, France) entered into an option and license agreement for gut mobility disorders in dogs and cats, development at Vetbiolix SAS is proceeding for the expected indications of megacolon in cats and gastroparesis in dogs.

m) Retinoic acid receptor alpha agonist (tamibarotene, AM80/TM-411/SY-1425)

For this compound, which was licensed by TMRC to Syros Pharmaceuticals Inc. (headquarters: Massachusetts, U.S.; "Syros"), clinical trials for the treatment of acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS) were conducted in the U.S. For AML, the results from the interim analysis of the Phase II clinical trial (SELECT-AML-1 trial) conducted in August 2024 showed that the probability of the trial showing superiority in the final analysis was considered low, and Syros stopped new patient enrollment. With regard to MDS, a Phase III clinical trial (SELECT-MDS-1) was being conducted on patients with HR-MDS. In November 2024, however, Syros announced that the trial was to be discontinued since the primary endpoint of the trial had not been achieved and that it would examine the clinical trial data in detail and consider the next steps. Subsequently, as a result of discussions held between the two companies on the business strategy for tamibarotene going forward, the license agreement was terminated by mutual agreement in April 2025. Following the termination of the license agreement, the development and sales rights related to tamibarotene that TMRC had granted to Syros based on the license agreement were returned to TMRC. TMRC is validating data from clinical trials conducted by Syros, and investigating the various possibilities for tamibarotene going forward.

n) Four development candidate compounds targeting digestive diseases, metabolic diseases, and fibrosis (no compound code disclosed)

The Company has entered into an option and licensing agreement for development of veterinary drugs with Velovia Pharma, LLC (headquarters: Tennessee, U.S.), which is moving forward with development over these compounds for applications in gastroenterological, metabolic, and fibrotic diseases.

(2) Overview of consolidated financial position for the fiscal year under review

Assets

Total assets as of December 31, 2025 were 10,514 million yen, an increase of 858 million yen (up 8.9%) from the end of the previous fiscal year. This is mainly attributable to a decrease in cash and deposits of 99 million yen, an increase in accounts receivable - trade, and contract assets of 1,239 million yen, and a decrease in goodwill of 165 million yen.

Liabilities

Total liabilities as of December 31, 2025 were 3,617 million yen, a decrease of 467 million yen (down 11.4%) from the end of the previous fiscal year. This is mainly attributable to an increase in accounts payable - other of 72 million yen, and a decrease in long-term borrowings of 512 million yen.

Net assets

Total net assets as of December 31, 2025 were 6,896 million yen, an increase of 1,325 million yen (up 23.8%) from the end of the previous fiscal year. This is mainly attributable to an increase in share capital and capital surplus of 1,040 million yen due to capital increase through third-party allotment, and the recording of profit attributable to owners of parent of 273 million yen.

Consequently, the equity ratio was 65.1% (up 7.7 percentage points from the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents ("net cash") as of December 31, 2025 amounted to 3,244 million yen, an increase of 102 million yen (up 3.3%) from the end of the previous fiscal year. The respective cash flows in the fiscal year under review and the factors thereof are as follows.

Cash flows from operating activities

Net cash used in operating activities was 354 million yen, a decrease of 535 million yen (compared with net cash of 180 million yen provided a year earlier). This is mainly attributable to the recording of profit before income taxes of 437 million yen, depreciation of 202 million yen and amortization of goodwill of 285 million yen, as well as increases in trade receivables of 1,239 million yen and advance payments to suppliers of 58 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 124 million yen, an increase of 3,789 million yen (compared with net cash of 3,665 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 400 million yen, and purchase of property, plant and equipment of 67 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 378 million yen, a decrease of 2,604 million yen (down 87.3% year on year). This is mainly attributable to repayments of long-term borrowings of 512 million yen, proceeds from issuance of shares of 1,018 million yen, and repayments of lease liabilities of 76 million yen.

(Reference) Trend in cash flow-related indicators

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Equity ratio (%)	91.3	87.7	88.7	57.4	65.1
Market value equity ratio (%)	470.0	413.0	216.6	86.9	235.0
Interest-bearing debt to cash flow ratio (years)	0.1	0.2	–	19.1	–
Interest coverage ratio (factor)	251.7	246.9	–	4.3	–

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

Note 1. Interest-bearing debt to cash flow ratio and interest coverage ratio for the fiscal year ended December 31, 2023, and the fiscal year ended December 31, 2025, are not provided since operating cash flow was a minus figure.

(4) Outlook for the fiscal year ending December 31, 2026

For the next fiscal year (the fiscal year ending December 31, 2026), the Company expects to receive steady royalty income from tegoprazan—a gastro-esophageal reflux disease treatment, GALLIPRANT®—a drug for osteoarthritis in dogs, ENTYCE™—a treatment for anorexia in dogs, and ELURA™—a drug for weight loss management in cats. The Company also expects to earn upfront payments associated with concluding new licensing agreements and milestone income associated with development progress.

In research and development activities, the Company will strive to enhance corporate value by making progress in research- and development-stage projects and by strengthening its drug discovery research infrastructure through collaboration with startups, drug discovery ventures, academia, and other partners.

As for the outlook of consolidated financial results for the fiscal year ending December 31, 2026, the Group forecasts business revenue of 3,980 million yen, operating profit of 165 million yen, ordinary profit of 86 million yen and loss attributable to owners of parent of 63 million yen.

The forecast figures presented above are based on the information currently available to the Group 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. In the case where the Group acknowledges the need to revise the financial forecasts, it will disclose such information promptly.

2. Basic rationale for selecting the accounting standard

The Group has adopted Japanese accounting standards to ease the cost, etc., of parallel disclosure of reporting under both Japanese accounting standards and international financial reporting standards (IFRS).

The Group does not have plans to adopt IFRS as of the end of the fiscal year under review; however, its policy is to respond appropriately to the situation in Japan and overseas with regard to adoption trends by other companies in the industry.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	3,340,057	3,240,965
Accounts receivable - trade, and contract assets	689,162	1,928,281
Securities	1,871	3,309
Work in process	1,520	–
Supplies	166,202	159,766
Advance payments to suppliers	26,953	85,064
Prepaid expenses	193,590	165,724
Other	119,605	99,317
Total current assets	4,538,963	5,682,428
Non-current assets		
Property, plant and equipment		
Buildings	158,758	168,825
Tools, furniture and fixtures	1,370,866	1,421,912
Leased assets	434,174	468,780
Accumulated depreciation	(1,434,716)	(1,623,111)
Total property, plant and equipment	529,084	436,406
Intangible assets		
Goodwill	3,865,297	3,700,048
Trademark right	3,982	3,062
Software	32,924	29,720
Other	72	72
Total intangible assets	3,902,276	3,732,904
Investments and other assets		
Investment securities	547,053	546,897
Long-term prepaid expenses	14,639	4,729
Deferred tax assets	78,460	64,811
Other	45,005	46,015
Total investments and other assets	685,158	662,453
Total non-current assets	5,116,519	4,831,764
Total assets	9,655,482	10,514,193

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	59,317	73,189
Current portion of long-term borrowings	512,620	512,620
Lease liabilities	69,657	78,742
Accounts payable - other	193,789	266,117
Accrued expenses	69,136	58,001
Income taxes payable	28,044	54,782
Contract liabilities	185,829	147,414
Deposits received	19,381	9,808
Other	49,718	74,336
Total current liabilities	1,187,495	1,275,013
Non-current liabilities		
Long-term borrowings	2,651,430	2,138,810
Lease liabilities	218,627	171,720
Asset retirement obligations	14,614	14,722
Provision for share awards	6,902	12,398
Provision for share awards for directors (and other officers)	5,902	5,266
Total non-current liabilities	2,897,476	2,342,917
Total liabilities	4,084,972	3,617,930
Net assets		
Shareholders' equity		
Share capital	2,720,540	3,240,891
Capital surplus	2,910,323	3,430,674
Retained earnings	(45,673)	227,442
Treasury shares	(102)	(102)
Total shareholders' equity	5,585,087	6,898,906
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(41,920)	(50,488)
Total accumulated other comprehensive income	(41,920)	(50,488)
Share acquisition rights	27,342	47,845
Total net assets	5,570,509	6,896,263
Total liabilities and net assets	9,655,482	10,514,193

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Business revenue	3,107,575	3,979,956
Business expenses		
Cost of business revenue	625,759	711,953
Research and development expenses	1,703,962	1,599,857
Other selling, general and administrative expenses	991,236	1,184,426
Total business expenses	3,320,958	3,496,237
Operating profit (loss)	(213,383)	483,719
Non-operating income		
Interest income	5,306	17,419
Interest on securities	2,967	2,069
Dividend income	5,481	7,372
Foreign exchange gains	38,994	–
Gain on valuation of derivatives	–	25,624
Gain on valuation of compound financial instruments	–	580
Subsidy income	2,600	2,600
Other	12,324	14,300
Total non-operating income	67,673	69,966
Non-operating expenses		
Interest expenses	42,615	59,056
Commitment fees	6,768	2,883
Commission for syndicated loans	141,499	1,999
Share issuance costs	1,403	11,018
Foreign exchange losses	–	40,777
Loss on valuation of derivatives	21,921	–
Loss on valuation of compound financial instruments	1,590	–
Other	3	0
Total non-operating expenses	215,802	115,735
Ordinary profit (loss)	(361,511)	437,949
Extraordinary income		
Gain on sale of investment securities	9,379	–
Total extraordinary income	9,379	–
Extraordinary losses		
Loss on sale of investment securities	5,600	–
Total extraordinary losses	5,600	–
Profit (loss) before income taxes	(357,732)	437,949
Income taxes - current	119,758	159,017
Income taxes - deferred	17,540	5,816
Total income taxes	137,298	164,834
Profit (loss)	(495,031)	273,115
Profit attributable to non-controlling interests	–	–
Profit (loss) attributable to owners of parent	(495,031)	273,115

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit (loss)	(495,031)	273,115
Other comprehensive income		
Valuation difference on available-for-sale securities	(162,335)	(8,568)
Total other comprehensive income	(162,335)	(8,568)
Comprehensive income	(657,367)	264,546
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(657,367)	264,546
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,667,649	2,857,432	449,358	(22)	5,974,418
Changes during period					
Issuance of new shares	52,890	52,890			105,780
Loss attributable to owners of parent			(495,031)		(495,031)
Purchase of treasury shares				(80)	(80)
Net changes in items other than shareholders' equity					–
Total changes during period	52,890	52,890	(495,031)	(80)	(389,330)
Balance at end of period	2,720,540	2,910,323	(45,673)	(102)	5,585,087

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	120,415	120,415	25,610	6,120,443
Changes during period				
Issuance of new shares		–		105,780
Loss attributable to owners of parent		–		(495,031)
Purchase of treasury shares		–		(80)
Net changes in items other than shareholders' equity	(162,335)	(162,335)	1,732	(160,602)
Total changes during period	(162,335)	(162,335)	1,732	(549,933)
Balance at end of period	(41,920)	(41,920)	27,342	5,570,509

Fiscal year ended December 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,720,540	2,910,323	(45,673)	(102)	5,585,087
Changes during period					
Issuance of new shares	520,351	520,351			1,040,703
Profit attributable to owners of parent			273,115		273,115
Net changes in items other than shareholders' equity					–
Total changes during period	520,351	520,351	273,115	–	1,313,819
Balance at end of period	3,240,891	3,430,674	227,442	(102)	6,898,906

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(41,920)	(41,920)	27,342	5,570,509
Changes during period				
Issuance of new shares		–		1,040,703
Profit attributable to owners of parent		–		273,115
Net changes in items other than shareholders' equity	(8,568)	(8,568)	20,502	11,934
Total changes during period	(8,568)	(8,568)	20,502	1,325,753
Balance at end of period	(50,488)	(50,488)	47,845	6,896,263

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(357,732)	437,949
Depreciation	198,217	202,914
Amortization of goodwill	203,436	285,248
Interest income	(5,306)	(17,419)
Dividend income	(5,481)	(7,372)
Interest income on securities	(2,967)	(2,069)
Interest expenses	42,615	59,056
Commitment fees	6,768	2,883
Commission for syndicated loans	141,499	1,999
Foreign exchange losses (gains)	14,667	44,779
Loss (gain) on sale of investment securities	(3,779)	–
Loss (gain) on valuation of derivatives	21,921	(25,624)
Loss (gain) on valuation of compound financial instruments	1,590	(580)
Share issuance costs	1,403	11,018
Subsidy income	(2,600)	(2,600)
Decrease (increase) in trade receivables	(85,966)	(1,239,119)
Decrease (increase) in inventories	3,267	7,955
Increase (decrease) in trade payables	5,143	13,872
Increase (decrease) in contract liabilities	47,825	(38,415)
Decrease (increase) in advance payments to suppliers	73,147	(58,111)
Decrease (increase) in prepaid expenses	27,119	27,483
Decrease (increase) in long-term prepaid expenses	46,662	7,709
Decrease (increase) in consumption taxes refund receivable	74,146	19,546
Increase (decrease) in accrued consumption taxes	6,334	49,497
Increase (decrease) in accounts payable - other	(126,555)	5,487
Increase (decrease) in income taxes payable - factor based tax	16,555	8,463
Increase (decrease) in provision for share awards	(24,880)	8,631
Increase (decrease) in provision for share awards for directors (and other officers)	(4,972)	2,468
Other, net	(384)	7,337
Subtotal	311,695	(187,007)
Interest and dividends received	13,654	27,673
Interest paid	(42,643)	(59,044)
Commitment fees paid	(3,379)	(100)
Income taxes paid	(131,646)	(142,287)
Income taxes refund	30,666	3,739
Subsidies received	2,600	2,600
Net cash provided by (used in) operating activities	180,945	(354,426)
Cash flows from investing activities		
Payments into time deposits	(200,000)	(200,000)
Proceeds from withdrawal of time deposits	100,000	400,000
Purchase of property, plant and equipment	(96,707)	(67,353)
Purchase of intangible assets	(19,192)	(7,315)
Proceeds from sale of investment securities	258,563	–
Proceeds from distributions from investment partnerships	200,000	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,879,637)	–
Other, net	(28,635)	(1,010)
Net cash provided by (used in) investing activities	(3,665,610)	124,321

(Thousands of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	400,000	–
Repayments of short-term borrowings	(400,000)	–
Proceeds from long-term borrowings	3,357,800	–
Repayments of long-term borrowings	(387,620)	(512,620)
Commission for syndicated loans paid	–	(2,200)
Proceeds from issuance of shares	79,826	1,018,519
Proceeds from issuance of shares resulting from exercise of share acquisition rights	188	564
Purchase of treasury shares	(80)	–
Repayments of lease liabilities	(68,008)	(76,198)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(50,000)
Net cash provided by (used in) financing activities	2,982,105	378,064
Effect of exchange rate change on cash and cash equivalents	(20,251)	(45,614)
Net increase (decrease) in cash and cash equivalents	(522,809)	102,345
Cash and cash equivalents at beginning of period	3,664,738	3,141,929
Cash and cash equivalents at end of period	3,141,929	3,244,274

(5) Notes to consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on significant changes in the amount of shareholders' equity

On April 18, 2025, the Company received payment for capital increase through third-party allotment from HK inno.N Corporation. As a result, share capital and capital surplus each increased 514,531 thousand yen. Moreover, including increases due to the exercise of share acquisition rights (stock options) and the issuance of new shares as restricted stock-based compensation for directors, etc., share capital and capital surplus each increased 520,351 thousand yen during the fiscal year under review, resulting in share capital of 3,240,891 thousand yen and capital surplus of 3,430,674 thousand yen as of the end of the fiscal year under review.

Notes on 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 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 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 fiscal year under review. This change in accounting policies has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

Notes on segment information, etc.

[Segment information]

I. Fiscal year ended December 31, 2024 (January 1, 2024 to December 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. Fiscal year ended December 31, 2025 (January 1, 2025 to December 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.

Per share information

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets per share (Yen)	253.83	280.00
Basic earnings (loss) per share	(22.87)	11.53
Diluted earnings per share	–	11.36

Notes: 1. Diluted earnings per share are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

2. The basis for calculation of net assets per share is as follows:

	As of December 31, 2024	As of December 31, 2025
Total net assets (Thousands of yen)	5,570,509	6,896,263
Amount to be deducted from total net assets (Thousands of yen)	27,342	47,845
[Share acquisition rights included therein] (Thousands of yen)	[27,342]	[47,845]
Amount of net assets at the end of period related to common shares (Thousands of yen)	5,543,167	6,848,417
Number of common shares at the end of period used in calculation of net assets per share (Shares)	21,838,348	24,458,492

3. The basis for calculation of basic loss per share and diluted earnings per share is as follows:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Basic earnings (loss) per share		
Amount of profit (loss) attributable to owners of parent (Thousands of yen)	(495,031)	273,115
Amount not attributable to common shareholders (Thousands of yen)	–	–
Amount of profit (loss) attributable to owners of parent related to common shares (Thousands of yen)	(495,031)	273,115
Average number of outstanding common shares during the period (Shares)	21,641,457	23,688,376
Diluted earnings per share		
Adjustment on profit attributable to owners of parent (Thousands of yen)	–	–
Increase in number of common shares (Shares)	3,578	363,541
[Share acquisition rights included therein (Shares)]	–	–
Summary of potential shares that are not included in calculation of diluted earnings per share due to a lack of dilution effect	———	———

Significant subsequent event

(Transactions under common control, etc.)

Absorption-type merger of consolidated subsidiaries

At the Board of Directors meeting held on October 17, 2025, the Company resolved to merge with its wholly-owned subsidiary, TMRC Co., Ltd., and entered into a merger agreement on the same day. Based on this, the Company absorbed TMRC Co., Ltd. with the effective date on January 1, 2026.

1. Outline of business combination
   (1) Name of the combined entity and its business
   (Surviving company in absorption-type merger)
   Name of company: RaQualia Pharma Inc.
   Business description: Research and development of pharmaceutical products, sale and licensing of intellectual property for fundamental technologies related to pharmaceutical compounds and candidate compounds for clinical development, and alliances with companies and universities for the development and sale of intellectual property in the biomedical field.
   (Company to be dissolved in absorption-type merger)
   Name of company: TMRC Co., Ltd. (“TMRC”)
   Business description: Drug discovery with a focus on cancer therapies
   (2) Date of business combination
   January 1, 2026
   (3) Legal form of business combination
   Absorption-type merger with the Company as the surviving company and TMRC as the disappearing company (simple and short-form merger)
   Since the merger is a simplified merger for the Company under Article 796, Paragraph 2 of the Companies Act, and a short-form merger for TMRC under Article 784, Paragraph 1 of the Companies Act, neither company will hold a general meeting of shareholders to approve the merger agreement.
   (4) Name of company after combination
   RaQualia Pharma Inc.

(5) Details of allotment in relation to the merger
Since the merger is with a wholly-owned subsidiary of the Company, there will be no issuance of shares or delivery of cash or other assets upon the merger.

(6) Other matters related to overview of transactions
In order to improve the business efficiency of the Group, the Company has decided to conduct this absorption-type merger with the aim of reducing costs and simplifying and increasing the efficiency of administrative operations.

2. Overview of accounting procedures
In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction will be accounted for as a transaction under common control.

(Issuance of new shares through third-party allotment)
At the Board of Directors meeting held on December 12, 2025, the Company resolved to issue new shares ("the shares") through a third-party allotment, and the payment process was completed on January 29, 2026. The funds raised through the issuance of the shares are intended to be used for research and development expenses and capital investments aimed at building a research and development infrastructure to accelerate joint research with HK inno.N Corporation, as well as for the repayment of syndicated loans.
The outline of the issuance of new shares through the third-party allotment is as follows.

Outline of the issuance of new shares through third-party allotment

(1)	Due date of payment	January 29, 2026
(2)	Number of new shares to be issued	1,555,900 common shares
(3)	Amount to be paid in per share	907 yen per share
(4)	Amount of funds to be procured (Estimated net proceeds)	1,402,491,300 yen
(5)	Amount of increase in share capital	705,600,650 yen (453.5 yen per share)
(6)	Amount of increase in capital reserve	705,600,650 yen (453.5 yen per share)
(7)	Method of offering or allotment	Third-party allotment
(8)	Allottee	HK inno.N Corporation