



August 6, 2025

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## Receipt of the Investigation Report from the Special Investigation Committee and Future Actions

KANAGAWA, JAPAN – August 6, 2025 - PeptiDream Inc., a public Kanagawa, Japan-based biopharmaceutical company (President: Patrick C. Reid, hereinafter "PeptiDream") (Tokyo: 4587) today announced that PeptiDream has received the investigation report from the Special Investigation Committee ("SIC") as detailed below. As announced in our notice entitled "Notice Regarding the Establishment of a Special Investigation Committee" disclosed on May 13, 2025, an investigation into the possible inappropriate ordering and removal of reagents has been conducted by the SIC.

### **1. Overview and Results of the Investigation by the SIC**

#### **(1) Investigation Items**

- I. To investigate the facts and scope of the matter in question and the possible existence of similar incidents
- II. To identify the causes of the incident (including potential deficiencies in internal controls) and recommend for recurrence prevention measures
- III. To address any other matters deemed necessary by the SIC

Due to the discovery of additional incidents other than those originally targeted for investigation, the investigation into the facts took longer than originally anticipated. Furthermore, given the unique nature of this case, which required technical expertise for detailed investigation, the SIC prioritized the investigation of the facts and possibility of similar cases (Items I and III) as requested by the Board of Directors of the Company.

The SIC investigation has now been completed, and the corresponding report has been received. Accordingly, we hereby disclose the results. Further investigation

into the causes and consideration of recurrence prevention measures (Item II) will be conducted by a Recurrence Prevention Task Force, which includes members of our Board of Directors and on-site personnel, with guidance from external experts. The results of this investigation will be announced separately. Please note that this represents a partial change of the investigation plan announced on May 13, 2025.

## **(2) Composition of the Special Investigation Committee**

SIC was chaired by our independent outside director, Kiichiro Kamiya, whose term of office does not overlap with the period when the matter in question occurred. To ensure the fairness and integrity of the investigation, external attorneys with expertise in conducting such investigations have been appointed as committee members.

**Chairperson:** Kiichiro Kamiya

(Independent Outside Director, Auditing Committee Member)

**Committee Member:** Akira Takeuchi

(Proact Law Office, Lawyer, Certified Fraud Examiner)

**Committee Member:** Eri Iwabuchi

(Proact Law Office, Lawyer, Certified Fraud Examiner)

**(3) Investigation Period:** May 13, 2025 – August 6, 2025

**(4) Investigation Target Period:** March 1, 2017 – January 31, 2025

**(5) Investigation Methods:**

Collection and verification of related materials, digital forensic investigation, questionnaires and interviews with internal and external stakeholders

**(6) Investigation Results**

### **I. Overview of the Case**

As shown in the table below, up to 752 general purpose reagent items (approx. ¥54.28 million) delivered to our company between March 2017 and January 2025 were ordered under the instruction of a former Chief Operating Officer and Board Member responsible for ordering and management of research reagents (hereinafter referred to as “Mr. A”). These items were unlawfully removed from the company by Mr. A. This incident is hereinafter referred to as “Case 1”.

	number of items	Total Amount (JPY)
2017	52	1,343,800
2018	12	1,205,400
2019	63	3,210,520
2020	103	5,571,200
2021	151	12,317,680

2022	179	13,591,500
2023	92	6,858,485
2024	89	8,673,330
2025	11	1,508,000
Total	752	54,279,915

Furthermore, during the course of the SIC's investigation into the scope of the initial Case 1, it was discovered that Mr. A, the individual involved in Case 1, had entered into multiple service/consulting contracts with certain external parties and received monetary compensation (hereinafter referred to as "Case 2"). No evidence was found that Mr. A ever obtained approval from, or reported to, the Board of Directors, as required by company procedures.

Details of the contracts are as follows;

- **Company X** (a supplier of reagents and consumables to PeptiDream): approximately ¥51.04 million received (2017-2024)
- **Company Y** (a company not engaged in direct business with PeptiDream but led by a representative director of one of PeptiDream's strategic partners): approximately ¥1.94 million received (2018-2019)
- **Company Z** (a venture capital firm that has invested in PeptiDream related company): approximately ¥6.3 million (2020-2025) received

Additionally, investigations into other executives and employees, as well as PeptiDream's major business partners revealed no similar cases.

## II. Factual Findings Related to the Case

According to the investigation report, the following facts were established regarding Case 1:

- Mr. A instructed employees in the purchasing department to place orders for specific reagents, specifying the product names and product codes of the reagents by email or by written document.
- The reagents ordered under Mr. A's instructions were all general-purpose research reagents (antibodies, assay kits, etc.) commonly available from a variety of vendors. Once the ordered reagents were delivered to PeptiDream, Mr. A placed them in an insulated Styrofoam box and personally transported them outside the company.
- Mr. A himself did not keep records of the recipients but claimed that all of the recipients were researchers affiliated with multiple academic universities and/or research institutions. Mr. A provided only general information about possible recipients, and over the course of the investigation has not provided any recipient names or evidence to corroborate his story. Additionally, the SIC has found no creditable evidence to corroborate this story to date.

- Mr. A stated that he received informal requests from researchers in various laboratories and, at his own discretion, ordered and provided the reagents free of charge as part of his business development efforts.
- No records were found indicating that Mr. A consulted with or reported this activity to other executives or the Board of Directors. Interviews with executives and the head of the business development division revealed that no one recognized the provision of general-purpose reagents to academia as ever being a part of business development activities at PeptiDream.
- As the reagents were not intended to be used for internal research purposes at the Company, the purchases did not qualify as internal procurement. Accordingly, under the Company's internal approval regulations, a formal approval process was required; however, no evidence of such procedures was found.

Regarding Case 2, the following facts were established:

- The company represented by Mr. A received payments from the three aforementioned companies (Company X, Company Y and Company Z) and individual service/consulting contracts were concluded between Mr. A and each company.
- Under the Company's internal regulations, executives are required to obtain prior approval before engaging in any outside work. However, a review of Board of Directors meeting minutes revealed no evidence that such approval was obtained.
- The contract with Company X involved advisory services related to product development and related activities. Mr. A received ¥51,044,170 between 2014 and 2024. Given the nature of the advisory services, which may potentially overlap or compete with the Company's drug discovery business, this transaction qualifies as one related to the Company's business and, pursuant to Article 356, Paragraph 1, Item 1 of the Companies Act, should have been disclosed and approved by the Board of Directors. The contract also included provisions for variable compensation based on sales of products jointly developed with Company X.
- The contract with Company Y involved market research and new business planning in specific fields. Mr. A received ¥1,944,000 between 2018 and 2019.
- The contract with Company Z involved the evaluation of industry trends and market potential for Company Z's investment targets. Mr. A received ¥6,300,000 between 2020 and 2025.

For further details, please refer to the "Investigation Report (Public Version)" attached to the Japanese disclosure document. Please note that certain sections have been redacted to protect personal and confidential information.

## 2. Future Actions

### (1) Impact on Financial Statements

The impact of Cases 1 and Case 2 on the Company's financial statements is considered minor.

With respect to Case 1, although reagents were removed from the Company without authorization, the associated costs had already been recorded at the time of acquisition. Accordingly, no additional expense recognition is required. The table below presents the value of the removed reagents by fiscal year along with the hypothetical operating profit assuming the incident had not occurred:

(¥ million)

Fiscal Year	FY ending Jun.2017	FY ending Jun.2018	FY ending Jun.2019	FY ending Dec.2019	FY2020
Operating Profit	2,490	2,911	3,580	-887	6,991
Value of Removed Reagents	2	2	2	1	6
Hypothetical Operating Profit	2,492	2,913	3,582	-886	6,997
Percentage of Operating Profit	0.1%	0.1%	0.1%	-	0.1%
Fiscal Year	FY2021	FY2022	FY2023	FY2024	FY2025
Operating Profit	4,066	8,980	6,773	21,114	21,600
Removed Reagents	12	14	7	9	2
Hypothetical Operating Profit	4,078	8,994	6,780	21,123	21,602
Percentage of Operating Profit	0.3%	0.2%	0.1%	0.0%	0.0%

\* Figures from FY2017 to FY2020 are based on Japanese GAAP (standalone), while figures from FY2021 onward are based on IFRS (consolidated).

With respect to Case 2, although Mr. A received payments from business associates of the Company without obtaining prior approval from the Board of Directors, the investigation did not establish a direct link to Company operations and has yet to confirm any resulting damages. However, further investigation is required. Even if damages are confirmed, the financial impact is expected to be minor.

### (2) Future Measures

PeptiDream takes this matter seriously and recognizes the importance of preventing recurrence. We will promptly analyze the underlying causes and formulate preventive measures based on the findings of the investigation report

with the results to be announced separately. In parallel with SIC's investigation, our internal Recurrence Prevention Task Force, which includes on-site personnel, has been examining the background factors that may have contributed to the incident going undetected. Going forward, we will comprehensively review both sets of findings and implement effective measures to prevent recurrence.

Given the inherent limitations of the SIC's investigation, as a voluntary investigation, the Company is considering all available legal actions and remedies — including both civil and criminal claims for damages against Mr. A — with the aim of further uncovering the facts and ensuring the early recovery of damages incurred by the Company.

### 3. Future Outlook

This matter has no impact on our consolidated results for the second quarter of FY 2025, nor on our full-year earnings forecast.