# Consolidated Financial Results for the FY2025 (IFRS)

February 13, 2026


Company name: Nxera Pharma Co., Ltd. (formerly Sosei Group Corporation) — Listing: Tokyo Stock Exchange
Security code: 4565 URL: https://www.nxera.life
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Scheduled date of annual general meeting: March 25, 2026 — Scheduled date of dividend payments: -
Scheduled date of security report filing: March 25, 2026
Supplementary materials for financial results: Yes
Financial results briefing session: Yes

(Rounded million yen)

## 1. Consolidated results for the year ended December 31, 2025

### (1) Consolidated operating results

(Percentages are shown as year-on-year changes)

| | Revenue | | Core operating profit | | Operating profit | | Net profit before income taxes | | Net profit | | Net profit attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended December 31, 2025 | 29,615 | 2.7 | (352) | - | (8,462) | - | (14,950) | - | (12,530) | - | (12,530) | - |
| Year ended December 31, 2024 | 28,835 | 125.9 | 3,606 | - | (5,423) | - | (4,662) | - | (4,838) | - | (4,838) | - |

(Note) Core operating profit/loss is defined as IFRS Operating profit/loss + material non-cash costs + material non-recurring costs and highlights the underlying recurring cash generating capability of the business.

| | Total comprehensive income | | Earnings per share – basic | Earnings per share – diluted | Ratio of net income to equity attributable to owners of the parent | Ratio of net income before income taxes to total assets | Ratio of operating income to revenue |
|---|---|---|---|---|---|---|---|
| | Million yen | % | Yen | Yen | % | % | % |
| Year ended December 31, 2025 | (9,466) | - | (138.80) | (138.80) | (19.3) | (10.4) | (28.6) |
| Year ended December 31, 2024 | 319 | - | (53.92) | (53.92) | (7.2) | (3.0) | (18.8) |

### (2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent to total assets | Equity per share-attributable to owners of the parent |
|---|---|---|---|---|---|
| | Million yen | Million yen | Million yen | % | Yen |
| At December 31, 2025 | 134,787 | 60,997 | 60,997 | 45.3 | 674.04 |
| At December 31, 2024 | 151,498 | 68,518 | 68,518 | 45.2 | 762.15 |

### (3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of the year |
|---|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended December 31, 2025 | (2,668) | 5,430 | (16,028) | 20,365 |
| Year ended December 31, 2024 | (7,718) | (4,763) | (6,854) | 32,268 |

2. Dividends

| | Dividends per share | | | | | Total amount of dividends | Dividend payout ratio (consolidated) | Ratio of dividend to equity attributable to owners of the parent company (consolidated) |
|---|---|---|---|---|---|---|---|---|
| | End Q1 | End Q2 | End Q3 | End Q4 | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY2024 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| FY2025 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| FY2026(E) | - | 0.00 | - | 0.00 | 0.00 | | - | |

3. Forecast for the year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages are shown as year-on-year changes)

| | Revenue | | Core operating profit | | Operating profit | |
|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % |
| Year ended December 31, 2026 | 33,800 ～ 48,800 | 14.1 ～ 64.8 | 7,800 ～ 22,800 | - | 700 ～ 15,700 | - |

(Note) Core operating profit/loss is defined as IFRS Operating profit/loss + material non-cash costs + material non-recurring costs and highlights the underlying recurring cash generating capability of the business.

* Notes

(1) Changes in the number of significant subsidiaries for the year ended December 31, 2025 (changes of specified subsidiaries affecting the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes due to changes in accounting policies other than those of item 1: None

3) Changes in accounting estimates: None

(3) Number of common shares issued

| | | | | | | |
|---|---|---|---|---|---|---|
| 1) Number of shares issued at period end (including treasury shares) | At December 31, 2025 | 90,496,735 | shares | At December 31, 2024 | 89,902,858 | Shares |
| 2) Number of treasury shares at period end | At December 31, 2025 | 1,976 | shares | At December 31, 2024 | 1,915 | Shares |
| 3) Average number of shares in issue in the period | Year ended December 31, 2025 | 90,276,764 | shares | Year ended December 31, 2024 | 89,732,026 | Shares |

[Reference] Overview of non-consolidated financial results

1. Non-consolidated results for the year ended December 31, 2025

(1) Non-consolidated operating results (Percentages are shown as year-on-year changes)

| | Revenue | | Operating profit | | Ordinary profit | | Net profit | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended December 31, 2025 | 19,048 | 189.4 | 2,614 | - | 713 | - | (23,689) | - |
| Year ended December 31, 2024 | 6,581 | 31.2 | (4,624) | - | (1,545) | - | 2,144 | - |

| | Earnings per share – basic | Earnings per share – diluted |
|---|---|---|
| | Yen | Yen |
| Year ended December 31, 2025 | (262.41) | - |
| Year ended December 31, 2024 | 23.89 | 19.63 |

(2) Non-consolidated Balance Sheet

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Million yen |
| At December 31, 2025 | 104,973 | 44,936 | 42.6 | 493.98 |
| At December 31, 2024 | 136,127 | 68,055 | 49.8 | 754.41 |

(Note) Equity: 44,703 million yen for the year ended December 31, 2025; and 67,822 million yen for the year ended December 31, 2024

Reasons for differences between non-consolidated results and previous year's figures

Operating profit and ordinary profit increased due to an increase in sales as sales of QUVIVIQ® began in the fourth quarter of the prior year. Net profit decreased due to the recognition in the current year of expenses incurred in amending the terms of Nxera's convertible bonds and the recognition of an impairment loss on shares in a subsidiary company.

* The Tanshin, including the consolidated financial statements presented within it, is not subject to audit.

* Explanation regarding the appropriate use of our forecast and other points to be noted
(Note concerning forward-looking statements)

The financial forecast is based on judgements and estimates that have been prepared on the basis of information available as at the time of disclosure of this material. The actual business results may differ materially from the forecasts due to various factors.

The Company will host a webinar presentation virtually for institutional investors, securities analysts and the press on February 13, 2026. The webinar is open to all existing and potential investors as well and will consist of a presentation followed by a Q&A session. Presentation slides will be made available through the investor section of the Company's Home Page.

○ Contents of Attached Materials

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of operating results

Nxera Pharma ("the Group" or "the Company") aims to deliver innovation from Japan to the world and to become a Japan-originated, internationally leading biopharmaceutical company. The Group engages in business from drug discovery to early clinical development in the UK, and from late-stage clinical development and product commercialization in Japan and South Korea, through its wholly owned subsidiaries, as well as late-stage clinical development in other Asia-Pacific (APAC, ex-China) markets through business partners.

In drug discovery conducted in the UK, the Group's NxWave™ platform technology, which leverages cutting-edge drug target structural analysis, IT and AI technology, has enabled the Group to become a world leader in drug discovery mainly targeting G protein-coupled receptors (GPCRs) and to develop an extensive pipeline of over 30 programs in-house and with leading global pharmaceutical companies.

In late-stage clinical development and commercialization, the Group sells PIVLAZ® (clazosentan) for cerebral vasospasm and QUVIVIQ® (daridorexant) for insomnia in Japan, and daridorexant is in late-stage development for insomnia in South Korea and APAC.

In addition, the Group generates royalty revenues from the global sales of respiratory disease products Seebri® Breezhaler®, Ultibro® Breezhaler® and Enerzair® Breezhaler® from Novartis International AG ("Novartis").

The Group aims to achieve ambitious strategic growth by leveraging its NxWave™ platform technology, pipeline and discovery, development and commercialization capabilities. This strategy is based on two key strategic pillars:

*(i)* *Delivering Life-Changing Medicines to Patients in Japan and APAC*
Leveraging the Group's extensive experience in clinical development and commercialization in Japan to deliver new medicines developed in-house or in-licensed from other companies to patients in Japan and APAC.

*(ii)* *Progressing its Extensive Portfolio of Novel Drug Programs Designed using NxWave™ Platform Technology*
Advancing programs in-house and with partners targeting large and fast-growing disease areas with a significant need globally.

The Group's progress across these two key areas during 2025 is as follows:

#### (i) Delivering Life-Changing Medicines to Patients in Japan and APAC

The Group aims to achieve this objective through:

A) Maximizing PIVLAZ® and QUVIVIQ® sales as marketed products
B) Acquiring and/or in-licensing assets and conducting late-stage clinical development and commercialization in Japan and APAC

For 2025, the Group's goal was to achieve sales of PIVLAZ® of between ¥13.0 billion and ¥14.0 billion, and revenues from QUVIVIQ® of between ¥4.0 billion and ¥5.0 billion. The Group also set a

goal of in-licensing one or more development candidates in the late clinical development stage for Japan and the APAC region.

During 2025, the Group achieved both revenue objectives, recording PIVLAZ® sales of JPY 13,511 million and QUVIVIQ revenue of JPY 4,327 million. In January 2026 the Group in-licensed vamorolone for the treatment of Duchenne Muscular Dystrophy ("DMD") in Japan, South Korea, Australia and New Zealand with Santhera Pharmaceuticals Holding AG (see "Operational highlights after the period under review").

On February 28, 2025, the Group announced that it had entered an assignment agreement with Viatris Inc. ("Viatris"), a global healthcare company, and Idorsia Pharmaceuticals Ltd. ("Idorsia"), regarding the development and commercialization of cenerimod, a clinical-stage immunology candidate for autoimmune diseases, in Japan, South Korea, and certain countries in the APAC region (excluding China). The agreement was signed concurrently with the Group's assignment of its option to these same rights from Idorsia under its agreement in July 2023 to acquire Idorsia Pharmaceuticals Japan Ltd. and Idorsia Pharmaceuticals Korea Co., Ltd. The Group received an upfront payment of US$10 million from Viatris and is eligible to receive a milestone payment upon regulatory approval of cenerimod in Japan plus royalties on net sales should it be commercialized in the assigned territories. The Group did not pay an option exercise fee, nor is it required to make any other future payments to Idorsia in relation to cenerimod.

On February 28, 2025, the Group announced that it had entered a license, supply and commercialization agreement with Holling Bio-Pharma Corp. ("Holling") for daridorexant in Taiwan. Under the terms of the agreement, the Group will be responsible for the supply of drug product and Holling will be responsible for regulatory, commercial and distribution activities and will hold all regulatory approvals. Holling has submitted a New Chemical Entity (NCE) filing to the Taiwan Food and Drug Administration (TFDA) which, if approved, would lead to an expected launch in mid-2026. The Group received an upfront payment on signing and is eligible for near-term regulatory and sales milestones plus royalties on net sales from Holling, as well as revenue on the supply of drug product to Holling.

On October 31, 2025, the Group announced that Nxera Pharma Japan Co., Ltd. (a wholly owned subsidiary of the Company) had received a manufacturing approval partial amendment with respect to QUVIVIQ® (daridorexant). QUVIVIQ® was launched in Japan for the treatment of adults with chronic insomnia in December 2024. In addition, an application for the approval to sell QUVIVIQ® in Taiwan has been submitted to the relevant regulatory authority. To address the expected growth in demand for QUVIVIQ® in Japan, and more broadly across the Asia-Pacific (APAC) region as it becomes available in new markets, the Group submitted an application to Japan's Ministry of Health, Labour and Welfare for an approval partial amendment regarding the addition of a manufacturing site in Asia. This approval enables the Group to establish a second API manufacturing site in Asia, in addition to its primary API manufacturing site in Europe. The Asian facility will commence operations in phases, with the aim of reducing manufacturing costs through economies of scale and optimized API procurement. Cost reductions are expected to improve profitability from 2027 onwards.

The Group has planned three major projects as cost reduction measures to maximize product profitability, and one of the three projects was completed through receiving this approval. The cost reduction effect is expected to begin contributing gradually starting in 2027, and we plan to complete the remaining two projects by the end of 2028. The Group has established its 2030 Vision (sales exceeding JPY 50 billion with a profit margin exceeding 30%), and these cost reduction

measures are expected to contribute to the Group achieving this vision. Furthermore, the Group plans to continue implementing new cost reduction initiatives beyond 2029.

### (ii) Progressing its Extensive Portfolio of Novel Drug Programs Designed using NxWave™ Platform Technology

The Group aims to achieve this objective through:

A) Executing new partnerships and licensing agreements with major pharmaceutical companies
B) Advancing clinical development of in-house assets
C) Executing partnerships and investment to further enhance and extend the capabilities of the NxWave™ platform technology

For 2025, the Group planned to execute at least one new major partnership and initiate at least one new in-house Phase 2 study.

On January 14, 2025, the Group reported on progress being made by its partner Neurocrine Biosciences ("Neurocrine") regarding the clinical development of its partnered muscarinic agonist portfolio. These updates were presented by Neurocrine at the 43rd Annual J.P. Morgan Healthcare Conference. The update presented by Neurocrine included the following information:

- An End of Phase 2 meeting with the US Food and Drug Administration (FDA) for NBI-1117568 (NBI-'568, an oral, muscarinic M4 selective agonist) had been completed, and Neurocrine reiterated its intentions to begin Phase 3 registrational studies in schizophrenia in the first half of 2025. See further update below.
- Neurocrine is expected to initiate a Phase 2 study with NBI-'568 in bipolar mania, a mental health condition that causes extreme mood swings, before the end of the year.
- Neurocrine is expected to initiate a Phase 2 study with NBI-'570 (a dual M1 / M4 agonist) in schizophrenia before the end of the year.
- Neurocrine is advancing three other muscarinic agonist programs originating from the Group's proprietary NxWave™ platform targeting neurological and neuropsychiatric conditions in Phase 1 trials and anticipates receiving data readouts for all three studies during 2025. These compounds are:
  - NBI-1117570 (a dual M1 / M4 agonist)
  - NBI-1117567 (an M1-preferring agonist)
  - NBI-1117569 (a dual M1 / M4 agonist)

In February 2025, Centessa Pharmaceuticals (UK) Limited ("Centessa") notified Nxera that the first human subject in a Phase 2 clinical trial of ORX750, a novel orexin receptor 2 (OX2R) agonist, had been dosed, giving rise to a £2.7 million development milestone fee payable to Nxera.

On March 25, 2025, the Group announced that its partner Tempero Bio, Inc. ("Tempero Bio") had initiated a Phase 2 trial of TMP-301, a potent, selective and orally available mGluR5 negative allosteric modulator (NAM), for the treatment of alcohol use disorder. The Phase 2 study will assess the safety, tolerability and effect on alcohol use of TMP-301 compared to placebo in patients with alcohol use disorder. See further comment below.

On May 1, 2025, the Group announced that Neurocrine had initiated a Phase 3 registrational program to evaluate the efficacy, safety and tolerability of NBI-'568 as a potential treatment for schizophrenia. The Phase 3 study is a global double-blind, placebo-controlled trial evaluating NBI-'568 in adults with a primary diagnosis of schizophrenia who are experiencing acute exacerbation or relapse of symptoms. The study is expected to enroll approximately 280 patients. The primary endpoint of the study is a reduction from baseline in the Positive and Negative Syndrome Scale (PANSS). The key secondary endpoint is improvement in the Clinical Global Impression of Severity (CGI-S) scale.

On June 2, 2025, the Group announced that it had achieved a development milestone under its multi-target collaboration and license agreement with Eli Lilly and Company ("Lilly") targeting diabetes and metabolic diseases, resulting in a milestone fee becoming payable to the Group. This payment from Lilly was fully recognized as revenue in the second quarter of 2025 (the payment amount has not been disclosed).

On June 3, 2025, the Group announced that Neurocrine had dosed the first patient in its Phase 3 registrational program of NBI-'568. This resulted in a milestone payment of US$15 million to the Group which was fully recognized as revenue in the year under review.

On July 4, 2025, the Group announced that it would receive US$4.8 million in milestone payments from Centessa, as a result of Centessa receiving clearance from the FDA to initiate a Phase 1 clinical study of ORX142 in healthy volunteers – its second novel OX2R agonist discovered using Nxera technology – and subsequently initiating the study. The milestone receipt was fully recognized as revenue in the year under review.

On August 6, 2025, the Group announced the launch of a broad new pipeline strategically focused on advancing next-generation therapies for obesity and associated metabolic disorders. Independent of our productive drug discovery collaborations with Pfizer and Eli Lilly, the Group has established, expanded and accelerated drug discovery efforts of its own proprietary pipeline across a broad range of validated GPCR targets in these major disorders.

Central to this pipeline is the Group's new, wholly owned oral small molecule GLP-1 agonist program, focused on differentiated chemistry, which is distinct, independent and developed separately from Pfizer's PF-06954522, allowing the Group full control to drive rapid progress. Complementing this program, the Group is simultaneously accelerating the advancement of an additional six established GPCR-targeted programs focused on obesity and chronic weight management. It is noted that Pfizer has discontinued development of its Phase 1 candidate PF-06954522, which was discovered under a strategic drug discovery collaboration with the Group. This discontinuation by Pfizer was due to a portfolio decision and not because of any adverse safety findings. The Group intends to enter discussions with Pfizer regarding potential opportunities to advance GLP-1 molecules discovered by Pfizer under the collaboration.

On September 17, 2025, the Group announced that the first patient had been dosed in a Phase 2a clinical trial evaluating its investigational immunotherapy drug HTL0039732 (also known as NXE0039732) for advanced solid tumors under an agreement with Cancer Research UK.

The decision to advance to Phase 2a follows the successful completion of the Phase 1 part of the trial, which identified a safe and well-tolerated dose of HTL0039732 – a novel EP4 antagonist – in combination with checkpoint inhibitor atezolizumab that achieves good engagement of the intended target EP4, without significantly engaging EP2.

Study participants had advanced solid tumors that were resistant or refractory to standard therapy, and the Phase 1 trial showed encouraging early efficacy including two confirmed partial responses in two distinct tumor types when administered in combination with atezolizumab.

Cancer Research UK's Centre for Drug Development is sponsoring and managing the Phase 2a trial, which will be expanded to four cohorts of patients with microsatellite stable colorectal cancer (MSS CRC), gastric or gastroesophageal junction (GOJ) adenocarcinoma, clear cell renal cell carcinoma, and metastatic castration-resistant prostate cancer. The Group holds a license to the results generated under the trial to continue the clinical development and commercialization of HTL0039732.

On September 30, 2025, the Group announced that it had reached a second important R&D milestone under its multi-target discovery collaboration with AbbVie focused on neurological diseases, resulting in a payment of US$10 million to Nxera.

The Group and AbbVie entered this multi-target collaboration in 2022 to leverage the Group's NxWave™ platform to discover novel medicines targeting GPCRs associated with neurological disease. This current milestone relates to the identification of validated and differentiated 'hit' molecules against a neurology target.

Under the terms of the agreement, the Group is eligible to receive up to US$40 million in near-term research milestones, as well as further potential option, development and commercial milestones totalling up to US$1.2 billion, plus tiered royalties on global sales. This is the second milestone received in this collaboration, following the first milestone which was achieved in June 2024.

On October 21, 2025, the Group announced that Cancer Research UK presented data from the successfully completed Phase 1 part of the ongoing Phase 1/2a clinical trial (NCT05944237) of Nxera's immunotherapy drug HTL0039732 (also known as NXE0039732) at the European Society for Medical Oncology Congress (ESMO) 2025.

The first-in-human trial is evaluating the safety, tolerability, pharmacokinetics, pharmacodynamics and anti-tumor activity of HTL'732 as a monotherapy (n=13) and in combination with the checkpoint inhibitor atezolizumab (n=22), in patients with advanced solid tumors that were resistant or refractory to standard therapy.

Key data from the Phase 1 portion of the trial presented at ESMO in an ePoster included:

- The primary objectives of this Phase 1 study were safety and the determination of a RP2D to support progression into the expansion phase.
- HTL'732 was well tolerated with no grade 4/5 treatment-related adverse events and no dose limiting toxicities in monotherapy or in combination. Grade 3 treatment-related adverse events occurred in 14% of combination patients (3 of 22), similar to established atezolizumab monotherapy data, demonstrating an encouraging profile for combination treatment and suggesting that safety data may be a differentiating factor among drugs with the same mechanism of action.
- Confirmed partial responses to the combination of HTL'732 and atezolizumab – as determined by RECIST criteria and showing >30% tumor reduction – were seen in two patients. One with

metastatic renal cell cancer (ccRCC) who had previously experienced progressive disease on checkpoint inhibitor therapy and a second patient with microsatellite stable colorectal cancer (MSS-CRC), a disease subgroup that does not benefit from monotherapy checkpoint inhibitors. We were encouraged to see partial responses in 1 out of 2 ccRCC patients (50%) and 1 out of 11 MSS-CRC patients (~9%) in this Phase 1 study.

- Based on the data presented the recommended Phase 2 dose for progression into cohort expansion studies was selected as 160mg QD in combination with atezolizumab.

In October 2025, Tempero Bio paused the TMP-301 program and is currently evaluating options.

### (iii) Other developments in the period under review (year ended December 31, 2025)

The Group announced a focused restructuring designed to concentrate investment and resources on efficient platforms, programs and products with the greatest value creation potential. Alongside a focus on prioritized programs, Nxera intends to implement initiatives to reduce operating expenses to support Nxera's 2030 vision of ≥JPY50 billion in net sales and an operating profit margin of ≥30%.

Key objectives of the Restructuring:

- R&D focus and program prioritization: Strategic emphasis on best-in-class opportunities where the biology of G protein-coupled receptor (GPCR) targets is best understood and de-risked; and using Nxera's proprietary NxWave™ platform to generate medicines with a differentiated profile. A portfolio review identified several programs that are no longer a priority for the Company for commercial reasons, and these will be readied for partnership or termination.
  - Strategic focus will be on the development of next-generation therapies for obesity, metabolic and endocrine disorders following the launch of Nxera's proprietary pipeline in August 2025. Multiple partnered programs are progressing through clinical development with momentum and near-term milestones are expected in FY2026.
  - AI deployed across the NxWave™ platform – AI technology trained on the industry's most extensive proprietary GPCR structure–ligand dataset and paired with our curated chemogenomic library of GPCR-focused small molecules.
  - In line with the new R&D focus, Nxera will reduce FY2026 cash R&D expenditure by approximately JPY 3.5 billion at its pharmaceutical operations in Cambridge, United Kingdom.
- Streamline leadership and workforce: Reduction in the size of Executive team from ten to seven by March 2026. Dr. Patrik Foerch was appointed Chief Scientific Officer (CSO) and President of Nxera Pharma UK, succeeding Dr. Matthew Barnes (effective 3 October 2025).
  - Dr. Foerch is an accomplished R&D leader across immunology, oncology and neuroscience, having served in senior roles at UK biotech companies Peptone and Sitryx and at the European pharmaceutical company UCB.
  - Workforce reduction of approximately 15% across Japan and UK operations to align with focused strategy and objectives. No impact to operations in Switzerland and South Korea.
- Maintain strong cash position and adjust core cost base (Japan & UK): Current cash and liquid investments provide flexibility to enact strategy. One-time restructuring charges of JPY 636 million have been recognized in FY2025 (as non-core operating expenses).

- Performance-linked remuneration (cash bonuses) incentives for executives for FY2025 will be materially reduced (final amounts to be determined by the Company's Compensation Committee in January 2026).
- From FY2026, focused restructuring, renewed R&D focus, and efficiency and digital initiatives will deliver near-term cost savings to enhance our path to profitability, including an expected minimum JPY 1.0 billion in year-on-year savings next year.

On November 19, 2025, the Group announced that, with respect to its Japanese employees, the current Restricted Share Unit ("RSU") Plan would be replaced with an Employee Stock Ownership Plan (J-ESOP) which will grant the Company's shares to employees residing in Japan. This Plan provides benefits based on points upon retirement etc., thereby providing employees with tax benefits and mitigating the concentration of sales of the Company shares at specific points in time that often occur under RSU Plans.

On November 26, 2025, the Group announced that it planned to repurchase up to JPY 5 billion in principal amount of the Group's convertible bonds. In addition, it planned to amend the terms and conditions of the convertible bonds by removing the bondholders' option to redeem the convertible bonds (with the early redemption date being 14 December 2026) in order to reduce the near term redemption risk.

On December 11, 2025, the Group received the requisite consents to implement its plan and on December 22, 2025, it announced that it had concluded a tender offer to repurchase JPY 5 billion of the convertible bonds. The outstanding amount of convertible bonds following the tender offer is JPY 27 billion in principal amount.

## Employees

As of December 31, 2025, the Group had a total of 382 employees (an increase of 8 employees vs. the end of the prior year).

## Operational highlights after the period under review (year ended December 31, 2025)

On January 8, 2026, the Group announced that it had entered an exclusive licensing agreement for the development, manufacturing and commercialization of vamorolone for the treatment of Duchenne Muscular Dystrophy ("DMD") in Japan, South Korea, Australia and New Zealand with Santhera Pharmaceuticals Holding AG. Vamorolone is approved and marketed as AGAMREE® for the treatment of DMD, a rare inherited neurodegenerative disease, in the US, European Union, UK and China. The addition of vamorolone brings into the company's portfolio of innovative medicines for rare and specialty diseases, a late-stage development candidate with the potential to address significant unmet needs of patients in Japan and the Asia-Pacific ("APAC") region living with DMD.

On January 13, 2026, the Group announced that it would receive a US$3.6 million milestone payment pursuant to a research collaboration with Centessa. This payment was triggered by the achievement in December of an early-stage development milestone for ORX142, the second novel orexin receptor 2 (OX2R) agonist discovered using the Group's technology. The milestone payment has been recognised as revenue in the year under review.

As a result of the above activities, the Group reported the following financial results for the year ended December 31, 2025:

- Revenue of JPY 29,615 million (an increase of JPY 780 million vs. the prior year)
- Core operating loss (alternative performance measure) of JPY 352 million (vs. a core operating profit of JPY 3,606 million in the prior year)
- IFRS operating loss of JPY 8,462 million (vs. an IFRS operating loss of JPY 5,423 million in the prior year)
- Loss before income taxes of JPY 14,950 million (vs. a loss before income taxes of JPY 4,662 million in the prior year)
- Net loss of JPY 12,530 million (vs. a net loss of JPY 4,838 million in the prior year)

| | **Year ended December 31, 2025 ¥m** | Year ended December 31, 2024 ¥m | Change ¥m |
|---|---|---|---|
| **Revenue** | **29,615** | 28,835 | 780 |
| Cost of sales | **(8,198)** | (7,616) | (583) |
| Research and development expenses | **(14,466)** | (11,816) | (2,650) |
| Selling, general and administrative expenses | **(15,225)** | (16,015) | 790 |
| **Operating expenses** | **(37,888)** | (35,447) | (2,442) |
| Net other (expenses) income | **(189)** | 1,189 | (1,377) |
| **Operating loss** | **(8,462)** | (5,423) | (3,039) |
| Net finance (expense) income | **(6,489)** | 761 | (7,251) |
| **Loss before income tax** | **(14,950)** | (4,662) | (10,288) |
| Income tax benefit (expense) | **2,420** | (176) | 2,596 |
| **Net loss** | **(12,530)** | (4,838) | (7,692) |
| | | | |
| *Alternative performance measure* | | | |
| **Core operating profit / loss** (Note 1) | | | |
| **Operating loss** (as stated above) | **(8,462)** | (5,423) | (3,039) |
| *Adjustments:* | | | |
| Depreciation | **1,582** | 1,613 | (31) |
| Amortization | **2,784** | 2,371 | 413 |
| Share-based payments (Note 2) | **1,749** | 1,396 | 353 |
| Impairment losses (Note 3) | **1,160** | - | 1,160 |
| Restructuring (Note 2) | **636** | 28 | 608 |
| Integration and other non-recurring costs (Note 4) | **198** | 1,220 | (1,022) |
| Cost of sales adjustment (Note 5) | **-** | 2,401 | (2,401) |
| **Core operating (loss) profit** | **(352)** | 3,606 | (3,958) |
| | | | |
| **Average exchange rate during period** | | | |
| USD:JPY | **149.65** | 151.43 | (1.78) |
| GBP:JPY | **197.23** | 193.49 | 3.74 |

Notes 1. Core operating profit/loss is defined as IFRS Operating profit/loss + material non-cash costs + material non-recurring costs and highlights the underlying recurring cash generating capability of the business.

2. Accelerated share-based payment expenses are included in Restructuring.

3. Impairment losses are non-cash costs incurred due to the impairment of an intangible asset and goodwill.

4. Integration and other non-recurring costs include non-recurring costs for IT systems integration and corporate rebranding (which occurred in 2024).

5. Cost of sales adjustment includes a non-cash accounting adjustment to the cost of inventory sold in the period which was originally acquired as part of the Idorsia transaction in July 2023. This adjustment ceased in September 2024.

The Group operates as a single business segment and, therefore, segmental information has been omitted. Further explanation of the Group's financial performance is detailed below.

### *Revenue*

| | **Year ended December 31, 2025 ¥m** | Year ended December 31, 2024 ¥m | Change ¥m | Change % |
|---|---|---|---|---|
| Marketed Products | **20,136** | 16,248 | 3,888 | 23.9 |
| PIVLAZ® | **13,511** | 12,651 | 860 | 6.8 |
| QUVIVIQ® | **4,327** | 1,336 | 2,991 | 223.9 |
| Respiratory | **2,169** | 2,190 | (21) | (1.0) |
| Other | **130** | 71 | 59 | 83.1 |
| Research and Development | **9,479** | 12,587 | (3,108) | (24.7) |
| Upfront fee revenue | **1,571** | 1,392 | 179 | 12.9 |
| Milestone revenue | **5,227** | 8,505 | (3,278) | (38.5) |
| Deferred revenue releases | **2,652** | 2,658 | (6) | (0.2) |
| Other | **30** | 32 | (2) | (6.3) |
| | **29,615** | 28,835 | 780 | 2.7 |

**Revenue relating to Marketed Products** in the year under review totaled JPY 20,136 million (an increase of JPY 3,888 million vs. the prior year). The breakdown is described below.

PIVLAZ®

The Group sells PIVLAZ® for the prevention of cerebral vasospasm in Japan using its in-house salesforce. PIVLAZ® revenue increased by 6.8% vs the prior year due to sales volume growth.

QUVIVIQ®

The Group earns royalty revenue on sales of QUVIVIQ® by Shionogi & Co., Ltd. ("Shionogi"), as well as product sales revenue on the supply of QUVIVIQ® to Shionogi. As sales of QUVIVIQ® began in the fourth quarter of the prior year, revenue increased by 223.9% vs the prior year.

Respiratory

The Group earns royalty revenue on global sales of a portfolio of Respiratory products by Novartis[1]. This portfolio comprises Seebri®, Ultibro®, and Enerzair®. Respiratory royalty revenue decreased by 1.0% vs the prior year.

**Revenue relating to Research and Development** in the year under review totaled JPY 9,479 million (a decrease of JPY 3,108 million vs. the prior year).

Upfront fee revenue

The Group earns upfront fees from entering R&D collaborations with new partners. Upfront fees increased by JPY 179 million vs the prior year. In the year under review two new agreements were signed vs. one in the prior year.

Milestone revenue

The Group earns milestone revenue as a result of the progress of R&D with existing collaboration partners. Milestone revenue tends to be variable in nature and decreased by JPY 3,278 million vs. the prior corresponding period. The decrease was due to the smaller size of individual milestone receipts compared to the prior corresponding period, despite there being more milestone events:

[1] Seebri®, Ultibro® and Enerzair® are registered trademarks of Novartis AG.

there were seven milestone events in the year under review vs. five milestone events in the prior year.

Deferred revenue releases

In some contracts, compensation for performing research and development services is included within upfront fees or milestone receipts, and recorded initially as deferred revenue in the balance sheet. Such income is transferred from deferred revenue to the revenue line in the income statement as a result of the performance of R&D activity in the period under review. Deferred revenue releases decreased by JPY 6 million vs. the prior year due to the stage of progression of relevant projects as at the end of the current year. Deferred revenue recorded in the balance sheet as at December 31, 2025 totaled JPY 5,356 million and will be transferred to revenue in the future as Research and development activity is completed.

## *Operating expenses*

*Cost of sales*

Cost of sales in the year under review totaled JPY 8,198 million (an increase of JPY 583 million vs. the prior year). This was primarily due to the inclusion of costs relating to QUVIVIQ® in the year under review following its launch in December 2024, offset by a decrease in the cost of sales of PIVLAZ® and a decrease in the cost of providing contracted research and development services to customers. The decrease in the cost of sales of PIVLAZ® was primarily due to the cessation of an IFRS accounting adjustment that was required to be applied to the value of inventory acquired in July 2023 from Idorsia up to September 2024 when it had all been sold.

*Research and development expenses*

Research and development ("R&D") expenses in the year under review totaled JPY 14,466 million (an increase of JPY 2,650 million vs. the prior year). This increase primarily reflects an increased investment in R&D and the impact of the weaker Yen. In the period under review, 89% of R&D spend related to the Group's UK operations.

*Selling, general and administrative expenses*

Selling, general and administrative ("SG&A") expenses in the year under review totaled JPY 15,225 million (a decrease of JPY 790 million vs. the prior year). This decrease was primarily due to lower selling related costs as a result of targeted cost savings.

*Net other expenses*

Net other expenses in the year under review totaled JPY 189 million vs. net other income of JPY 1,189 million in the prior year (a change of JPY 1,377 million). This was primarily due to recording impairment losses and restructuring charges in the current year, partially offset by UK R&D expenditure-related tax credits. In the prior year, net other income primarily comprised UK R&D expenditure-related tax credits.

## *Operating loss*

Operating loss in the year under review totaled JPY 8,462 million (vs. an operating loss of JPY 5,423 million in the prior year). The increase in operating loss reflects the combined effect of all of the movements explained above.

*Net finance expense*

Net finance expense in the year under review totaled JPY 6,489 million vs. a net finance income of JPY 761 million in the prior year (a decrease of JPY 7,251 million). This change was primarily due to

recording charges in the current year for (i) the net cost of restructuring the Group's convertible bonds totalling JPY 4,649 million, and (ii) an increase of JPY 1,940 million in the fair value of contingent consideration payable to the former shareholders of an acquired business following the positive progression of relevant R&D programs.

*Loss before income tax*

Loss before income tax in the year under review totaled JPY 14,950 million (vs. JPY 4,662 million in the prior year). This change reflects the combined effect of all of the movements explained above.

*Income tax benefit*

Income tax benefit in the year under review totaled JPY 2,420 million (vs. an income tax expense of JPY 176 million in the prior year). This change reflects an increase in deferred tax assets (primarily relating to higher inventory levels and tax losses) and a reduction in deferred tax liabilities.

*Net loss*

Net loss in the year under review totaled JPY 12,530 million (vs. a net loss of JPY 4,838 million in the prior year). The increase in net loss reflects the combined effect of all of the movements explained above, and in particular, (i) the one-off cost of restructuring the Group's convertible bonds, (ii) the non-cash cost of the increase in the contingent consideration liability, (iii) One-off restructuring charges, and (iv) the non-cash cost of impairment losses, which have been partially offset by the impact of deferred tax movements generating a tax benefit.

*Alternative performance measure: Core operating profit / loss*

Core operating profit / loss is an alternative performance measure which adjusts for material non-cash costs and one-off costs in order to provide insights into the recurring cash generation capability of the core business.

Core operating loss in the year under review totaled JPY 352 million (vs. a core operating profit of JPY 3,606 million in the prior year). In calculating core operating profit / loss, the following adjustments to the IFRS operating loss have been made:

- Depreciation totaled JPY 1,582 million (a decrease of JPY 31 million vs. the prior year).
- Amortization totaled JPY 2,784 million (an increase of JPY 413 million vs. the prior year).
- Share-based payments totaled JPY 1,749 million (an increase of JPY 353 million vs. the prior year).
- Impairment losses totaled JPY 1,160 million (nil in the prior year). This was due to recording impairment losses on an intangible asset and goodwill.
- Restructuring totaled JPY 636 million (an increase of JPY 608 million vs. the prior year). These costs relate to restructuring programs implemented in Q4 2025 (including JPY 204 million of accelerated share-based payment expenses vs. nil in the prior year).
- Integration and other non-recurring costs totaled JPY 198 million (a decrease of JPY 1,022 million in the prior year). Integration and other non-recurring costs in 2025 mainly relate to IT system integration, which was completed in Q1 2025.
- There was no cost of sales adjustment in the year under review (vs. JPY 2,401 million in the prior year). The cost of sales adjustment represents a non-cash accounting adjustment to the cost of inventory sold in the year which was originally acquired as part of the Idorsia transaction in July 2023. As all of this inventory had been sold by the end of September 2024 no further adjustment is required.

## (2) Analysis of financial position

*Assets*
Total assets as at December 31, 2025 were JPY 134,787 million (a decrease of JPY 16,711 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to the use of cash to repurchase (JPY 5 billion in principal value) and restructure the Group's convertible bonds, repay bank loans and settle other liabilities, as well as the reduction in the carrying value intangible assets due to amortisation and impairment. This is partially offset by an increase in inventories to support the growth of product sales.

*Liabilities*
Total liabilities as at December 31, 2025 were JPY 73,790 million (a decrease of JPY 9,190 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to the repurchase of JPY 5 billion in principal value of the Group's convertible bonds and bank loan repayments.

*Equity*
Total equity as at December 31, 2025 was JPY 60,997 million (a decrease of JPY 7,521 million vs. December 31, 2024, the end of the prior financial year). This decrease was primarily due to the net loss of JPY 12,530 million, offset by an increase in other components of equity of JPY 3,065 million mainly relating to exchange gains on translation, and an increase in capital surplus of JPY 1,955 million primarily relating to RSUs.

The ratios of Cash and cash equivalents, Interest-bearing debt and Equity attributable to owners of the parent company to total assets were 15.1%, 42.6% and 45.3%, respectively.

## (3) Analysis of cash flows

Cash and cash equivalents as at December 31, 2025 decreased by JPY 11,904 million from the beginning of the year and amounted to JPY 20,365 million. The main drivers of each cash flow in the year ended December 31, 2025 were as follows:

*Cash flows from operating activities*
Net cash used through operating activities during the year under review totaled JPY 2,668 million. This was primarily due to cash operating costs exceeding cash receipts relating to revenue.

*Cash flows from investing activities*
Net cash generated through investing activities during the year under review totaled JPY 5,430 million. This was primarily due to the maturity in the current year of a bank time deposit with a term of 3 to 6 months, and proceeds from the sale of shares in a listed investment.

*Cash flows from financing activities*
Net cash used in financing activities in the year under review totaled JPY 16,028 million. This was primarily due to payments for the repurchase of convertible bonds, payment of expenses relating to the modification of convertible bond terms and bank loan repayments.

*Effects of exchange rate changes on cash and cash equivalents*
The effect of exchange rate changes on cash and cash equivalents during the year under review was JPY 1,362 million. This positive impact was primarily due to the weakness of JPY against GBP since December 31, 2024.

### (4) Future outlook

The key points regarding the earnings forecast for the financial year ending December 31, 2026, are as follows:

- Revenue Forecast JPY 33,800 to JPY 48,800 million
- Core operating profit JPY 7,800 to JPY 22,800 million
- Operating profit JPY 700 to JPY 15,700 million
- Projected product revenue for PIVLAZ® is in the range of JPY 13,800 to JPY 14,200 million
- Projected product revenue for QUVIVIQ® is in the range of JPY 5,000 to JPY 6,000 million

In addition to the product revenues outlined above, the forecast assumes JPY 12,500 million in development milestones income that is reasonably expected at this time from our development partners, contingent upon the successful achievement of the relevant milestones, as well as a reduction in the cost base of JPY 3,500 million for R&D and SG&A. It should be noted that there can be no certainty that all of these assumptions will be achieved in the FY2026. The lower end of the forecast ranges for revenue, core operating profit and operating profit assume that there are no significant new business development deals in FY2026.

## 2. Basic Policy on Selection of Accounting Standards

The Group has applied International Financial Reporting Standards (IFRS) since the financial year ended March 31, 2014 in order to improve international comparability of financial information in the capital markets.

## 3. Consolidated financial statements and primary notes (IFRS)
## 1) Consolidated Balance Sheet

| | December 31, 2025<br>¥m | December 31, 2024<br>¥m |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **7,455** | 7,468 |
| Goodwill | **25,838** | 25,693 |
| Intangible assets | **49,230** | 51,911 |
| Deferred tax assets | **4,879** | 4,021 |
| Other financial assets | **2,881** | 4,518 |
| Other non-current assets | **38** | 32 |
| **Total non-current assets** | **90,322** | 93,643 |
| **Current assets** | | |
| Trade and other receivables | **7,730** | 6,695 |
| Inventories | **11,294** | 8,838 |
| Income taxes receivable | **2,730** | 2,394 |
| Other current assets | **2,346** | 3,725 |
| Time deposits | **-** | 3,935 |
| Cash and cash equivalents | **20,365** | 32,268 |
| **Total current assets** | **44,465** | 57,855 |
| **Total assets** | **134,787** | 151,498 |
| | | |
| **Liabilities and Equity** | | |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Deferred tax liabilities | **0** | 1,857 |
| Contingent consideration in business combinations | **1,940** | - |
| Corporate bonds | **26,080** | 30,838 |
| Bank borrowings | **21,109** | 26,889 |
| Lease liabilities | **3,506** | 3,483 |
| Provisions | **510** | 493 |
| Other non-current liabilities | **3,145** | 3,788 |
| **Total non-current liabilities** | **56,290** | 67,348 |
| **Current liabilities** | | |
| Trade and other payables | **7,494** | 4,052 |
| Income taxes payable | **193** | 255 |
| Current portion of long-term bank borrowings | **5,798** | 5,798 |
| Lease liabilities | **886** | 892 |
| Other current liabilities | **3,128** | 4,635 |
| **Total current liabilities** | **17,500** | 15,632 |
| **Total liabilities** | **73,790** | 82,980 |
| **Equity** | | |
| Capital stock | **47,450** | 47,172 |
| Capital surplus | **22,120** | 35,074 |
| Treasury stock | **(3)** | (3) |
| Retained earnings | **(17,546)** | (20,942) |
| Other components of equity | **8,977** | 7,217 |
| Equity attributable to owners of the parent | **60,997** | 68,518 |
| **Total equity** | **60,997** | 68,518 |
| **Total liabilities and equity** | **134,787** | 151,498 |

## 2) Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Year ended December 31, 2025 ¥m | Year ended December 31, 2024 ¥m |
|---|---|---|
| **Revenue** | **29,615** | 28,835 |
| Cost of sales | **(8,198)** | (7,616) |
| **Gross profit** | **21,418** | 21,219 |
| Research and development expenses | **(14,466)** | (11,816) |
| Selling, general and administrative expenses | **(15,225)** | (16,015) |
| Other income | **1,656** | 1,289 |
| Other expenses | **(1,845)** | (100) |
| **Operating loss** | **(8,462)** | (5,423) |
| Finance income | **987** | 1,544 |
| Finance costs | **(7,475)** | (783) |
| **Loss before income tax** | **(14,950)** | (4,662) |
| Income tax (expense) benefit | **2,420** | (176) |
| **Net loss** | **(12,530)** | (4,838) |
| **Other comprehensive income:** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income | **188** | 807 |
| Total items that may not be reclassified subsequently to profit or loss | **188** | 807 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translating foreign operations | **2,877** | 4,350 |
| Total items that may be reclassified subsequently to profit or loss | **2,877** | 4,350 |
| **Total other comprehensive income** | **3,065** | 5,157 |
| **Total comprehensive income for the year** | **(9,466)** | 319 |
| **Net loss attributable to:** | | |
| Owners of the parent | **(12,530)** | (4,838) |
| | **(12,530)** | (4,838) |
| **Total comprehensive income for the year attributable to:** | | |
| Owners of the parent | **(9,466)** | 319 |
| | **(9,466)** | 319 |
| **Earnings per share (yen)** | | |
| Basic loss per share | **(138.80)** | (53.92) |
| Diluted loss per share | **(138.80)** | (53.92) |

## 3) Consolidated Statement of Changes in Equity

| | Capital stock ¥m | Capital surplus ¥m | Treasury stock ¥m | Retained earnings ¥m | Other components of equity ¥m | **Equity attributable to owners of the parent ¥m** | **Total equity ¥m** |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2024** | **46,807** | **34,048** | **(1)** | **(16,104)** | **2,060** | **66,810** | **66,810** |
| Net loss | - | - | - | (4,838) | - | **(4,838)** | **(4,838)** |
| Other comprehensive income | - | - | - | - | 5,157 | **5,157** | **5,157** |
| Total comprehensive income for the year | - | - | - | (4,838) | 5,157 | **319** | **319** |
| Issuance of new shares | 365 | (365) | - | - | - | **-** | **-** |
| Share-based payments | - | 1,392 | - | - | - | **1,392** | **1,392** |
| Purchase of treasury stock | - | - | (2) | - | - | **(2)** | **(2)** |
| Early redemption of corporate bonds | - | (1) | - | - | - | **(1)** | **(1)** |
| Total transactions with owners | **365** | **1,026** | **(2)** | **--** | **-** | **1,389** | **1,389** |
| **Balance at December 31, 2024** | **47,172** | **35,074** | **(3)** | **(20,942)** | **7,217** | **68,518** | **68,518** |
| Net loss | - | - | - | (12,530) | - | **(12,530)** | **(12,530)** |
| Other comprehensive income | - | - | - | - | 3,065 | **3,065** | **3,065** |
| Total comprehensive income for the year | - | - | - | (12,530) | 3,065 | **(9,466)** | **(9,466)** |
| Issuance of new shares | 278 | (278) | - | - | - | **-** | **-** |
| Share-based payments | - | 1,955 | - | - | - | **1,955** | **1,955** |
| Purchase of treasury stock | - | - | (0) | - | - | **(0)** | **(0)** |
| Early redemption of corporate bonds | - | (10) | - | - | - | **(10)** | **(10)** |
| Transfer from capital surplus to retained earnings | - | (14,621) | - | 14,621 | - | **-** | **-** |
| Transfer from other components of equity to retained earnings | - | - | - | 1,306 | (1,306) | **-** | **-** |
| Total transactions with owners | 278 | (12,953) | (0) | 15,926 | (1,306) | **1,945** | **1,945** |
| **Balance at December 31, 2025** | **47,450** | **22,120** | **(3)** | **(17,546)** | **8,977** | **60,997** | **60,997** |

## 4) Consolidated Cash Flow Statement

| | Year ended December 31, 2025 ¥m | Year ended December 31, 2024 ¥m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before income tax | **(14,950)** | (4,662) |
| Adjustments for: | | |
| Depreciation and amortization | **4,366** | 3,984 |
| Share-based payments | **1,953** | 1,396 |
| Impairment losses | **1,160** | |
| Change in fair value of contingent consideration | **1,940** | (38) |
| Loss on amendment of corporate bond terms | **4,649** | - |
| Net foreign exchange gain | **(70)** | (203) |
| Interest income | **(971)** | (1,478) |
| Interest expense | **858** | 776 |
| Research and development expenditure related tax credits | **(1,609)** | (1,250) |
| Increase in trade and other receivables | **(1,039)** | (742) |
| Increase in inventories | **(2,456)** | (5,935) |
| Increase (decrease) in trade and other payables | **2,971** | (487) |
| (Decrease) increase in deferred revenue | **(1,918)** | 1,140 |
| Other | **885** | (950) |
| Subtotal | **(4,231)** | (8,448) |
| Interest and dividends received | **1,087** | 1,434 |
| Interest paid | **(531)** | (435) |
| Income tax paid | **(241)** | (428) |
| Income tax refunded | **1,248** | 159 |
| **Net cash used in operating activities** | **(2,668)** | (7,718) |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(448)** | (526) |
| Purchase of intangible assets | **(177)** | (1,011) |
| Proceeds from sale of investment securities | **2,083** | - |
| Proceeds from contingent consideration receivable | **-** | 379 |
| Net decrease (increase) in time deposits | **3,945** | (3,870) |
| Other | **28** | 265 |
| **Net cash provided by (used in) investing activities** | **5,430** | (4,763) |
| **Cash flows from financing activities** | | |
| Repayments of long-term bank borrowings | **(5,800)** | (5,800) |
| Repayments of lease liabilities | **(890)** | (902) |
| Payments for the repurchase of convertible bonds | **(4,838)** | (150) |
| Payment of expenses relating to the modification of convertible bond terms | **(4,501)** | - |
| Other | **(0)** | (2) |
| **Net cash used in financing activities** | **(16,028)** | (6,854) |
| Effects of exchange rate changes on cash and cash equivalents | **1,362** | 2,538 |
| **Net decrease in cash and cash equivalents** | **(11,904)** | (16,797) |
| Cash and cash equivalents at the beginning of the year | **32,268** | 49,065 |
| **Cash and cash equivalents at the end of the year** | **20,365** | 32,268 |

5) Notes to the consolidated financial statements

### *5.1 Notes related to going concern assumptions*

Not applicable.

### *5.2 Change in accounting policy*

Not applicable.

### *5.3 Operating segments*

*Overview of reportable segments*

The Group operates a single business segment being the pharmaceutical business.

*Information regarding products and services*

The breakdown of revenue is as follows:

| | **Year ended December 31, 2025 ¥m** | Year ended December 31, 2024 ¥m |
|---|---|---|
| Marketed Products | **20,136** | 16,248 |
| Research and Development | **9,479** | 12,587 |
| | **29,615** | 28,835 |

*Geographical information*

The following table provides the Group's revenue from external customers by location and information about its non-current assets by location.

*Revenues from external customers*

| Country | **Year ended December 31, 2025 ¥m** | Year ended December 31, 2024 ¥m |
|---|---|---|
| Japan | **17,967** | 14,058 |
| USA | **4,886** | 7,950 |
| Switzerland | **2,169** | 2,190 |
| UK | **1,773** | 696 |
| Bermuda | **1,405** | 1,160 |
| Germany | **1,340** | 2,781 |
| Other | **74** | - |
| | **29,615** | 28,835 |

Notes:

1 Revenue is classified by geographic region based on the location of customers.

*Non-current assets*

| | **At December 31, 2025 ¥m** | At December 31, 2024 ¥m |
|---|---|---|
| Japan | **51,169** | 53,691 |
| UK | **31,273** | 31,234 |
| Other | **119** | 179 |
| | **82,561** | 85,104 |

Notes:

1 Non-current assets do not include deferred tax assets and other financial assets.

*Information about major customers*

The following are the customers to whom revenues from sales to external customers account for 10% or more of the revenues in the consolidated financial statements.

| Name of customer | **Year ended December 31, 2025 ¥m** | Year ended December 31, 2024 ¥m |
|---|---|---|
| Medipal Holdings Corporation | **8,556** | 7,584 |
| Shionogi & Co., Ltd. | **4,327** | 1,336 |
| Neurocrine Biosciences Inc. | **2,163** | 7,335 |

Notes:

1 Revenues in the table above include revenues from subsidiaries of the customer groups listed.

## *5.4 Earnings per share*

### *Basic earnings per share*

The following table shows basic earnings per share and explains the basis for the calculation.

| | **Year ended December 31, 2025** | Year ended December 31, 2024 |
|---|---|---|
| Net loss attributable to owners of the parent (¥m) | **(12,530)** | (4,838) |
| Weighted-average number of common shares outstanding (Shares) | **90,276,764** | 89,732,026 |
| Basic earnings per share (¥) | **(138.80)** | (53.92) |

### *Diluted earnings per share*

The following table shows diluted earnings per share and the basis for the calculation.

| | **Year ended December 31, 2025** | Year ended December 31, 2024 |
|---|---|---|
| Net loss | **(12,530)** | (4,838) |
| Adjustment to net profit used in the calculation of diluted earnings per share (¥m) | - | - |
| Net loss used in the calculation of diluted earnings per share (¥m) | **(12,530)** | (4,838) |
| Weighted-average number of common shares outstanding (Shares) | **90,276,764** | 89,732,026 |
| Increases in number of common shares used in the calculation of diluted earnings per share (Shares): | | |
| Increases in number of common shares due to the exercise of stock options (Shares) | - | - |
| Increases in number of common shares due to the allotment of Restricted Stock Units (Shares) | - | - |
| Increases in number of common shares due to the allotment of Performance Share Units (Shares) | - | - |
| Convertible bonds (Shares) | - | - |
| Weighted-average number of common shares outstanding used in the calculation of diluted earnings per share (Shares) | **90,276,764** | 89,732,026 |
| Diluted earnings per share (¥) | **(138.80)** | (53.92) |

Notes:

1 In the year under review and in the prior year under review there were no dilutive effects from potential common shares as the conversion of stock options and RSUs, reduced the loss per share.

### *5.5 Significant subsequent events*

On January 8, 2026, the Group entered into a license agreement with Santhera Pharmaceuticals Holding AG ("Santhera") for the development, manufacturing, and commercialization of vamorolone (international brand name: AGAMREE®), a treatment for Duchenne muscular dystrophy (DMD), in Japan, South Korea, Australia, and New Zealand. Under the agreement, the Group paid an upfront fee of USD 30 million and also subscribed to a third-party allotment of new shares conducted by Santhera, acquiring Santhera's common shares for a total consideration of USD 10 million.