Consolidated Financial Results for the Three months Ended March 31, 2025 (IFRS)

May 2, 2025

Company name: Nxera Pharma Co., Ltd — Listing: Tokyo Stock Exchange

Security code: 4565 URL: https://www.nxera.life

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Scheduled date of dividend payments: -

Supplementary materials for financial results: None

Financial results briefing session: None

(Rounded million yen)

1. Consolidated Financial Results for the 3 month period ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results (cumulative)

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

	Revenue		Core operating profit		Operating profit		Profit before income taxes		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 month period ended March 31, 2025	6,644	44.1	(625)	-	(2,193)	-	(2,156)	-	(760)	-
3 month period ended Maech 31, 2024	4,611	389.0	(931)	-	(3,076)	-	(2,796)	-	(3,281)	-

	Net profit attributable to owners of the parent		Total comprehensive income		Earnings per share – basic	Earnings per share – diluted
	Million yen	%	Million yen	%	Yen	Yen
3 month period ended March 31, 2025	(760)	-	(1,834)	-	(8.45)	(8.45)
3 month period ended March 31, 2024	(3,281)	-	(1,156)	-	(36.68)	(36.68)

(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
	Million yen	Million yen	Million yen	%
At March 31, 2025	145,689	67,071	67,071	46.0
At December 31, 2024	151,498	68,518	68,518	45.2

2. Dividends

	Dividends per share				
	End Q1	End Q2	End Q3	End Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	-	0.00	-	0.00	0.00
FY2025	-				
FY2025 (E)		0.00	-	0.00	0.00

(Note) There is no change in the dividend forecast from the previous disclosure.

3. Forecast for the year from January 1, 2025 to December 31, 2025

A financial results forecast for the year ending December 31, 2025 has not been provided because it is difficult to forecast a reasonable estimate of the full-year results. Details concerning the reasons thereof, business policy and cost estimates are provided in “1. Analysis of Operating Results and Financial Position (3) Future outlook“ on page 10 of this document.

* Notes

(1) Significant changes in the scope of consolidation for the three month period ended March 31, 2025: 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 March 31, 2025	89,902,858 shares	At December 31, 2024	89,902,858 shares
2) Number of treasury shares at period end	At March 31, 2025	1,915 shares	At December 31, 2024	1,915 shares
3) Average number of shares in issue in period	3 month period ended March 31, 2025	89,900,943 shares	3 month period ended March 31, 2024	89,446,073 shares

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

** Explanation regarding the appropriate use of forecasts of business results 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 of the time of disclosure of this material. The actual business results may differ materially from our forecasts due to various factors.

○ Contents of Attached Materials

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

Nxera Pharma ("the Group" or "the Company") is a biopharma company aiming to lead the next era of medicine from Japan, for Japan, and to the world. 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 the first three months of 2025 is as follows:

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

The Group's two priorities for 2025 in Japan and APAC are as follows:

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

The Group forecasts PIVLAZ® sales in the range of JPY 13,000 to JPY 14,000 million, QUVIVIQ™ revenue in the range of JPY 4,000 million to JPY 5,000 million, and anticipates in-licensing late-stage clinical assets for Japan and APAC in 2025.

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 is not required to pay an option exercise fee nor 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 expects to submit a New Chemical Entity (NCE) filing to the Taiwan Food and Drug Administration (FDA) in mid-2025 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.

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

The Group's three priorities are as follows:

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

The Group plans to execute at least one new major partnership and initiate at least one new in-house Phase 2 study in 2025:

On January 14, 2025, the Group reported on progress being made by 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 for NBI-1117568 (NBI-'568, an oral, muscarinic M4 selective agonist) has been completed with the FDA, and Neurocrine reiterated its intentions to begin Phase 3 registrational studies in schizophrenia in the first half of 2025.
- Neurocrine is expected to initiate a Phase 2 study with NBI-'568 in bipolar mania, a mental health condition that causes extreme mood swings, in the second half of 2025.
- Neurocrine is expected to initiate a Phase 2 study with NBI-'570 (a dual M1 / M4 agonist) in schizophrenia in the second half of 2025.

- 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 (an M4-preferring 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 £2.7m 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.

Employees

As of March 31, 2025, the Group had a total of 387 employees (an increase of 13 employees vs. the end of the prior year).

Operational highlights after the period under review (three month period ended March 31, 2025)

On May 1, 2025, the Group announced that its partner 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.

Financial Results

As a result of the above activities, the Group reported the following financial results for the three month period ended March 31, 2025:

- Revenue of JPY 6,644 million (an increase of JPY 2,033 million vs. the prior corresponding period)
- Core operating loss (alternative performance measure) of JPY 625 million (vs. a core operating loss of JPY 931 million in the prior corresponding period)
- IFRS operating loss of JPY 2,193 million (vs. an operating loss of JPY 3,076 million in the prior corresponding period)
- Loss before income taxes of JPY 2,156 million (vs. a loss before income taxes of JPY 2,796 million in the prior corresponding period)
- Net loss of JPY 760 million (vs. a net loss of JPY 3,281 million in the prior corresponding period)

	3 month period ended March 31, 2025 ¥m	3 month period ended March 31, 2024 ¥m	Change
Revenue	**6,644**	4,611	2,033
Cost of sales	**(1,615)**	(1,191)	(424)
Research and development expenses	**(3,808)**	(3,163)	(645)
Selling, general and administrative expenses	**(3,701)**	(3,650)	(51)
Operating expenses	**(9,124)**	(8,004)	(1,120)
Net other income	**287**	317	(30)
Operating loss	**(2,193)**	(3,076)	883
Net finance income	**37**	280	(243)
Loss before income taxes	**(2,156)**	(2,796)	640
Income tax benefit (expense)	**1,396**	(485)	1,881
Net loss	**(760)**	(3,281)	2,521

Alternative performance measure			
Core operating profit / loss (Note 1)			
Operating loss (as stated above)	**(2,193)**	(3,076)	883
Adjustments:			
Depreciation	**387**	396	(9)
Amortization	**695**	587	108
Share-based payments (Note 2)	**388**	234	154
Integration costs (Note 3)	**98**	214	(116)
Restructuring (Note 2)	**-**	28	(28)
Cost of sales adjustment (Note 4)	**-**	686	(686)
Core operating loss	**(625)**	(931)	306

Average exchange rate during period			
USD:JPY	**152.57**	148.40	4.17
GBP:JPY	**192.04**	188.20	3.84

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. Incremental one-off integration costs including IT system integration and corporate rebranding.
4. Cost of sales adjustment represents a non-cash accounting adjustment to the cost of inventory sold 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

	3 month period ended March 31, 2025 ¥m	3 month period ended March 31, 2024 ¥m	Change ¥m	Change %
Marketed Products	**3,704**	2,677	1,027	38.4
PIVLAZ®	**2,409**	2,283	126	5.5
QUVIVIQ®	**647**	-	647	-
Respiratory	**648**	394	254	64.5
Other	**(0)**	-	(0)	-
Research and Development	**2,940**	1,934	1,006	52.0
Upfront fee revenue	**1,542**	1,392	150	10.8
Milestone revenue	**518**	-	518	-
Deferred revenue releases	**880**	512	368	71.9
Other	**-**	30	(30)	-
	6,644	4,611	2,033	44.1

Revenue relating to Marketed Products in the three month period under review totaled JPY 3,704 million (an increase of JPY 1,027 million vs. the prior corresponding period). 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 5.5% vs the prior corresponding period 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, there were no sales for the prior corresponding period.

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 increased by 64.5% vs the prior corresponding period due to the positive impact of a non-recurring accounting adjustment.

Revenue relating to Research and Development in the three month period under review totaled JPY 2,940 million (an increase of JPY 1,006 million vs. the prior corresponding period).

Upfront fee revenue

The Group earns upfront fees from entering R&D collaborations with new partners. Upfront fees increased by JPY 150 million vs the prior year. In the three month period under review two new agreements were signed (with Viatris and Holling) vs. one in the prior corresponding period (with Boehringer Ingelheim).

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

Milestone revenue

The Group earns milestone revenue as a result of the progress of R&D with existing collaboration partners. Milestone revenue increased by JPY 518 million vs the prior corresponding period. The increase in milestone revenue in the three month period under review was due to the occurrence of one R&D milestone event in the current three month period (being the receipt of a development milestone from Centessa) vs. no R&D milestone events in the prior corresponding period.

Deferred revenue releases

In some contracts, income relating to research and development services is included within upfront fee revenue or milestone revenue and recorded initially as deferred revenue. Such income is transferred from deferred revenue to revenue as a result of the performance of R&D activity in the period under review. Deferred revenue releases increased by JPY 368 million vs. the prior corresponding period due to there being more active contracts in the current quarter. Deferred revenue recorded in the balance sheet as at March 31, 2025 totaled JPY 5,925 million and will be transferred to revenue in the future as R&D activity is completed.

Operating expenses

Cost of sales

Cost of sales in the three month period under review totaled JPY 1,615 million (an increase of JPY 424 million vs. the prior corresponding period). This was primarily due to the inclusion of costs relating to QUVIVIQ® in the current quarter following its launch in December 2024, an increase in the cost of providing contracted research and development services to customers and an offsetting decrease in the cost of sales of PIVLAZ®. This decrease was 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 three month period under review totaled JPY 3,808 million (an increase of JPY 645 million vs. the prior corresponding period). This increase primarily reflects an increased investment in R&D and the impact of the weaker Yen. In the period under review, 90% of R&D spend related to the Group's UK operations.

Selling, general and administrative expenses

Selling, general and administrative ("G&A") expenses in the three month period under review totaled JPY 3,701 million (an increase of JPY 51 million vs. the prior corresponding period). This increase was primarily due to incremental spend on personnel to strengthen organizational capabilities, offset by lower sales-related costs as a result of targeted cost savings.

Net other income

Net other income in the three month period under review totaled JPY 287 million (a decrease of JPY 30 million vs. the prior corresponding period). This was primarily due to a decrease in tax refunds, including the UK R&D expenditure-related tax credit following a change in scheme rules.

Operating loss

Operating loss in the three month period under review totaled JPY 2,193 million (vs. an operating loss of JPY 3,076 million in the prior corresponding period). This improvement in profitability reflects the combined effect of all of the movements explained above.

Net finance income

Net finance income in the three month period under review totaled JPY 37 million (a decrease of

JPY 243 million vs. the prior corresponding period). This was primarily due to the occurrence of foreign exchange losses in the three month period under review whereas there were foreign exchange gains in the prior corresponding period.

Loss before income taxes

Loss before income taxes in the three month period under review totaled JPY 2,156 million (vs. a loss before income taxes of JPY 2,796 million in the prior corresponding period). This improvement in profitability reflects the combined effect of all of the movements explained above.

Income tax benefit

Income tax benefit in the three month period under review totaled JPY 1,396 million (vs. an income tax expense of JPY 485 million in the prior corresponding period). The tax benefit reflects the application of the estimated full year effective tax to the year-to-date results for each taxable entity.

Net loss

Net loss in the three month period under review totaled JPY 760 million (vs. a net loss of JPY 3,281 million in the prior corresponding period). This improvement in profitability reflects the combined effect of all of the movements explained above.

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 generating capability of the core business.

Core operating loss in the three month period under review totaled JPY 625 million (vs. a core operating loss of JPY 931 million in the prior corresponding period). In calculating core operating loss, the following adjustments to the IFRS operating loss have been made:

- Depreciation totaled JPY 387 million (a decrease of JPY 9 million vs. the prior corresponding period).
- Amortization totaled JPY 695 million (an increase of JPY 108 million vs. the prior corresponding period).
- Share-based payments totaled JPY 388 million (an increase of JPY 154 million vs. the prior corresponding period).
- Integration costs totaled JPY 98 million (a decrease of JPY 116 million vs. the prior corresponding period). These costs represent one-off incremental integration costs, including IT system integration costs and the cost of the rebranding the Group under the Nxera Pharma name. The IT system integration was completed by February 2025.
- There were no restructuring costs in the three month period under review (vs. JPY 28 million in the prior corresponding period). These costs related to a reorganization.
- There was no cost of sales adjustment in the three month period under review (vs. JPY 686 million in the prior corresponding period). The cost of sales adjustment represents 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. As all of this inventory had been sold by the end of September 2024 no further adjustment is required.

(2) Analysis of financial position

1) Assets, liabilities and equity

Assets

Total assets as at March 31, 2025 were JPY 145,689 million (a decrease of JPY 5,809 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to (i) a reduction in trade receivables following a seasonal spike in sales in Q4 2024 and subsequent reduction in Q1, (ii) the use of cash to settle liabilities, and (iii) the effect of foreign exchange rate movements on the carrying value of assets denominated in GBP as a result of the appreciation of JPY against GBP since December 31, 2024.

Liabilities

Total liabilities as at March 31, 2025 were JPY 78,618 million (a decrease of JPY 4,362 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to the repayment of bank borrowings and settlement of other current liabilities.

Equity

Total equity as at March 31, 2025 was JPY 67,071 million (a decrease of JPY 1,447 million vs. December 31, 2024, the end of the prior financial year). This decrease was primarily due to the net loss of JPY 760 million and a decrease in other components of equity of JPY 1,074 million mainly relating to foreign currency translation adjustments.

The ratios of Cash and cash equivalents, Interest-bearing debt and Equity attributable to the owners of the parent company to total assets were 23.7%, 45.5% and 46.0%, respectively.

2) Cash flows

Cash and cash equivalents as at March 31, 2025 increased by JPY 2,197 million from the beginning of the year and amounted to JPY 34,465 million. The main drivers of each cash flow in the three month period ended March 31, 2025 were as follows:

Cash flows from operating activities

Net cash generated through operating activities during the period under review totaled JPY 613 million. This was primarily due to cash revenues and income tax refunds exceeding cash operating costs.

Cash flows from investing activities

Net cash generated through investing activities during the period under review totaled JPY 3,597 million. This was primarily due to the maturity of bank time deposits with a term of 3 to 6 months.

Cash flows from financing activities

Net cash used in financing activities in the period under review totaled JPY 1,673 million. This was primarily due to the repayment of long-term bank borrowings.

Effects of exchange rate changes on cash and cash equivalents

The effect of exchange rate changes on cash and cash equivalents during the period under review was JPY 340 million. This negative impact was primarily due to the appreciation of JPY against GBP since December 31, 2024.

(3) Future outlook

A substantial proportion of the Group's revenue is derived from upfront payments from new partnerships and milestone payments resulting from R&D progress by existing partners. These payments are dependent on multiple factors, including negotiations with (potential) partners, R&D policies of partners and clinical trial results of development candidates, and these factors are difficult for the Group to control. Therefore, a consolidated financial results forecast has not been provided because it is difficult to forecast such revenue.

The Group aims to further improve efficiency and add value to its business and will continue to make sufficient R&D investments in 2025. Management will continue to target a balance between capital and investments in the pursuit of growth in corporate value.

Anticipated developments / initiatives and cost estimates for our business in 2025 are as follows:

- Forecast PIVLAZ® sales in the range of JPY 13,000 to JPY 14,000 million (unchanged).
- Forecast QUVIVIQ™ revenue in the range of JPY 4,000 to JPY 5,000 million[2] (unchanged).
- Forecast R&D expenses in the range of JPY 12,000 to JPY 14,000 million[3] (unchanged).
- Forecast SG&A expenses in the range of JPY 15,000 to JPY 17,000 million[3] (unchanged).
- We expect to receive upfront payments relating to one or more new partnerships.
- We expect to receive multiple milestone payments resulting from R&D progress by existing partners.
- We anticipate starting Phase 2 clinical trials of development candidates for which the Group has rights.
- We anticipate identifying one or more late-stage clinical candidates to acquire or in-license and develop for the Japanese market.
- We anticipate expanding drug discovery efforts into novel drug targets to enhance our pipeline.

[2] QUVIVIQ™ revenue comprises product sales and royalties.
[3] The assumed USD:JPY FX rate in 2025 is 152 and the GBP:JPY FX rate is 193.

2. Interim Condensed Consolidated Financial Statements and Primary Notes (IFRS)

1) Interim Condensed Consolidated Balance Sheet

	March 31, 2025 (Unaudited) ¥m	December 31, 2024 (Audited) ¥m
Assets		
Non-current assets		
Property, plant and equipment	7,097	7,468
Goodwill	25,514	25,693
Intangible assets	51,085	51,911
Deferred tax assets	4,818	4,021
Other financial assets	3,947	4,518
Other non-current assets	29	32
Total non-current assets	92,490	93,643
Current assets		
Trade and other receivables	4,462	6,695
Inventories	8,767	8,838
Income taxes receivable	1,571	2,394
Other current assets	3,934	3,725
Time deposits	-	3,935
Cash and cash equivalents	34,465	32,268
Total current assets	53,199	57,855
Total assets	145,689	151,498
Liabilities and Equity		
Liabilities		
Non-current liabilities		
Deferred tax liabilities	1,082	1,857
Corporate bonds	30,911	30,838
Bank borrowings	25,444	26,889
Lease liabilities	3,227	3,483
Provisions	492	493
Other non-current liabilities	3,166	3,788
Total non-current liabilities	64,322	67,348
Current liabilities		
Trade and other payables	4,055	4,052
Income taxes payable	199	255
Current portion of long-term bank borrowings	5,798	5,798
Lease liabilities	884	892
Other current liabilities	3,360	4,635
Total current liabilities	14,296	15,632
Total liabilities	78,618	82,980
Equity		
Capital stock	47,172	47,172
Capital surplus	35,461	35,074
Treasury stock	(3)	(3)
Retained earnings	(21,702)	(20,942)
Other components of equity	6,143	7,217
Equity attributable to owners of the parent	67,071	68,518
Total equity	67,071	68,518
Total liabilities and equity	145,689	151,498

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

	Three month period ended March 31, 2025 (Unaudited) ¥m	Three month period ended March 31, 2024 (Unaudited) ¥m
Revenue	**6,644**	4,611
Cost of sales	**(1,615)**	(1,191)
Gross profit	**5,029**	3,420
Research and development expenses	**(3,808)**	(3,163)
Selling, general and administrative expenses	**(3,701)**	(3,650)
Other income	**295**	319
Other expenses	**(8)**	(2)
Operating loss	**(2,193)**	(3,076)
Finance income	**286**	465
Finance costs	**(249)**	(185)
Loss before income taxes	**(2,156)**	(2,796)
Income tax benefit (expense)	**1,396**	(485)
Net loss	**(760)**	(3,281)
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	**(363)**	(639)
Total items that will not be reclassified subsequently to profit or loss	**(363)**	(639)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(711)**	2,764
Total items that may be reclassified subsequently to profit or loss	**(711)**	2,764
Total other comprehensive income	**(1,074)**	2,125
Total comprehensive income	**(1,834)**	(1,156)
Net loss for the period attributable to:		
Owners of the parent	**(760)**	(3,281)
	(760)	(3,281)
Total comprehensive income for the period attributable to:		
Owners of the parent	**(1,834)**	(1,156)
	(1,834)	(1,156)
Earnings per share (yen)		
Basic loss per share	**(8.45)**	(36.68)
Diluted loss per share	**(8.45)**	(36.68)

3) Interim Condensed 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, 2025	47,172	35,074	(3)	(20,942)	7,217	68,518	68,518
Net loss	-	-	-	(760)	-	(760)	(760)
Other comprehensive income	-	-	-	-	(1,074)	(1,074)	(1,074)
Total comprehensive income	-	-	-	(760)	(1,074)	(1,834)	(1,834)
Share-based payments	-	387	-	-	-	387	387
Total transactions with owners	-	387	-	-	-	387	387
Balance at March 31, 2025 (Unaudited)	47,172	35,461	(3)	(21,702)	6,143	67,071	67,071
Balance at January 1, 2024	46,807	34,048	(1)	(16,104)	2,060	66,810	66,810
Net loss	-	-	-	(3,281)	-	(3,281)	(3,281)
Other comprehensive income	-	-	-	-	2,125	2,125	2,125
Total comprehensive income	-	-	-	(3,281)	2,125	(1,156)	(1,156)
Share-based payments	-	234	-	-	-	234	234
Purchases of treasury stock	-	-	(1)	-	-	(1)	(1)
Early redemption of corporate bonds	-	(1)	-	-	-	(1)	(1)
Total transactions with owners	-	233	(1)	-	-	232	232
Balance at March 31, 2024 (Unaudited)	46,807	34,281	(2)	(19,385)	4,185	65,886	65,886

4) Interim Condensed Consolidated Statement of Cash Flows

	Three month period ended March 31, 2025 (Unaudited) ¥m	Three month period ended March 31, 2024 (Unaudited) ¥m
Cash flows from operating activities		
Loss before income taxes	**(2,156)**	(2,796)
Adjustments for:		
Depreciation and amortization	**1,082**	983
Share-based payments	**388**	234
Change in fair value of contingent consideration	**-**	(38)
Net foreign exchange loss (gain)	**28**	(35)
Interest income	**(286)**	(357)
Interest expenses	**206**	179
Research and development expenditure related tax credits	**(288)**	(300)
Decrease in trade and other receivables	**2,143**	1,943
Decrease in inventories	**71**	817
Increase (decrease) in trade and other payables	**179**	(1,255)
(Decrease) increase in deferred revenue	**(880)**	2,122
Increase (decrease) in accrued consumption taxes	**385**	(3,889)
Other	**(1,574)**	41
Subtotal	**(702)**	(2,351)
Interest received	**359**	311
Interest paid	**(102)**	(80)
Income tax paid	**(152)**	(220)
Income tax refunded	**1,210**	135
Net cash provided by (used in) operating activities	**613**	(2,205)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(109)**	(46)
Purchase of intangible assets	**(153)**	(3)
Proceeds from withdrawal of time deposits	**3,841**	-
Other	**18**	(1)
Net cash provided by (used in) investing activities	**3,597**	(50)
Cash flows from financing activities		
Repayments of long-term bank borrowings	**(1,450)**	(1,450)
Repayment of lease liabilities	**(223)**	(211)
Payments for early redemption of corporate bonds	**-**	(150)
Other	**-**	(13)
Net cash used in financing activities	**(1,673)**	(1,824)
Effects of exchange rate changes on cash and cash equivalents	**(340)**	1,529
Net increase (decrease) in cash and cash equivalents	**2,197**	(2,550)
Cash and cash equivalents at the beginning of the period	**32,268**	49,065
Cash and cash equivalents at the end of the period	**34,465**	46,515

5) Notes of Interim Condensed Consolidated Financial Statements

5.1 Notes related to going concern assumptions

Not applicable.

5.2 Operating segments

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

5.3 Significant subsequent events

Regarding Reduction of the Amount of Capital Reserve and Disposition of Surplus

Nxera Pharma Co., Ltd. ("Nxera" or "the Company") that its Board of Directors, at a meeting held on 20 February 2025, resolved to submit the proposal "Reduction of the Amount of Capital Reserve and Disposition of Surplus" to the 35th Ordinary General Meeting of Shareholders scheduled to be held on 26 March 2025 and the proposal was submitted to and approved at the above annual general meeting of shareholders. The effective date of the reduction in capital reserve and disposition of surplus was April 18, 2025.

1. Purpose of Reduction of the Amount of Capital Reserve and Disposition of Surplus
To give the Company the flexibility to pursue shareholder return, or other actions, in the future.

2. Content of Reduction of the Amount of Capital Reserve and Disposition of Surplus
(1) Reduction of the amount of capital reserve
In accordance with the provisions of Article 448, Paragraph 1 of the Companies Act, the amount of capital reserve was reduced as follows and transferred to other capital surplus.
(i) Amount of capital reserve reduction: JPY 35,288,890,082
(ii) Amount of increase of other capital reserve: JPY 35,288,890,082

(2) Disposition of surplus
In accordance with the provisions of Article 452 of the Companies Act, subject to the reduction in the amount of capital reserve taking effect, of the amount transferred to other capital surplus as set out in (1) above, the amount below was reduced and transferred to retained earnings brought forward to be used to compensate for the deficit.
(i) Amount of decrease of other capital reserve: JPY 14,620,719,168
(ii) Amount of increase of retained earnings: JPY 14,620,719,168

3. Schedule
Resolution date of the Board of Directors: 20 February 2025
Date of public notice on creditors' objection statement: 17 March 2025
Resolution date of the General Meeting of Shareholders: 26 March 2025
Final due date of creditors' objection statement: 17 April 2025
Effective date of reduction in capital reserve and disposition of surplus: 18 April 2025

4. Future outlook
The reduction of capital reserves and the disposition of surplus mentioned above are merely transfers of account titles within the net assets section, and there is no change of the amount of the Company's net assets and there is no effect on the Company's business performance.

Issuance of New Shares Under the RSU Plan and Determination of Payment Amount and Other Matters of Issuance of New Shares Under Previous Years' RSU Plan

In FY2019, The Company introduced a Restricted Stock Unit ("RSU") Plan with the intention of increasing the motivation and drive of the Directors, the Executive Officers and the eligible Employees of the Company and its wholly owned subsidiaries ("Executives and Employees") to realize the Company's vision and strategy. The Plan has also been designed to share the benefits and risks of share price fluctuations with shareholders, and further encourage the Executives and Employees of the Company and its wholly owned subsidiaries to actively contribute to an increase in the share price and enhance the Company's corporate value.

On April 16, 2025 the Board of Directors adopted a resolution to issue new shares under the Restricted Stock Unit Plan as described below.

Details of Issuance

	23rd RSU	24th RSU	25th RSU
1 Payment date Payment period	June 1, 2026	From May 1, 2027 To July 31, 2027	From May 3, 2028 To July 31, 2028
2 Type and number of shares to be issued	Common shares 151,466 shares	Common shares 1,357,146 shares (planned)	Common shares 1,357,146 shares (planned)
3 Payment amount (Note)	813 yen per share	Representative Executive Officer will decide the payment amount hereafter	Representative Executive Officer will decide the payment amount hereafter
4 Total issue value	123,141,858 yen	Representative Executive Officer will decide the total issue value hereafter	Representative Executive Officer will decide the total issue value hereafter
5 Planned allottees	151,466 shares will be allotted among 7 Directors of the Company (excluding Directors who serve as Executive Officers concurrently)	6 Executive Officers of the Company 375 Directors Statutory Auditors of subsidiaries of the Company and Employees and advisors of the Company and its subsidiaries 1,357,146 shares to be allotted (planned)	6 Executive Officers of the Company 375 Directors Statutory Auditors of subsidiaries of the Company and Employees and advisors of the Company and its subsidiaries 1,357,146 shares to be allotted (planned)

(Note) Delivered in return for provision of contribution in kind of monetary compensation claims against the Company granted to the Executives and Employees of the Company and its wholly owned subsidiaries as the Planned Allottees.