Consolidated Financial Results for the FY2024 (IFRS)

February 14, 2025

Company name: Nxera Phama 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 26, 2025 — Scheduled date of dividend payments: -
Scheduled date of security report filing: March 26, 2025
Supplementary materials for financial results: Yes
Financial results briefing session: Yes

(Rounded million yen)

1. Consolidated results for the year ended December 31, 2024

(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, 2024	28,835	125.9	3,606	-	(5,423)	-	(4,662)	-	(4,838)	-	(4,838)	-
Year ended December 31, 2023	12,766	(18.0)	(3,076)	-	(9,526)	-	(10,680)	-	(7,193)	-	(7,193)	-

	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, 2024	319	-	(53.92)	(53.92)	(7.2)	(3.0)	(18.8)
Year ended December 31, 2023	(1,121)	-	(87.18)	(87.18)	(11.5)	(8.3)	(74.6)

(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, 2024	151,498	68,518	68,518	45.2	762.15
At December 31, 2023	157,198	66,810	66,810	42.5	746.92

(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, 2024	(7,718)	(4,763)	(6,854)	32,268
Year ended December 31, 2023	(5,273)	(63,791)	48,329	49,065

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	%	%
FY2023	-	0.00	-	0.00	0.00	-	-	-
FY2024	-	0.00	-	0.00	0.00	-	-	-
FY2025(E)	-	0.00	-	0.00	0.00		-	

3. Forecast for the year ending December 31, 2025 (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 (4) Future outlook" on page 16 of this document.

* Notes

(1) Changes in the number of significant subsidiaries for the year ended December 31, 2024 (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, 2024	89,902,858	shares	At December 31, 2023	89,446,777	Shares
2) Number of treasury shares at period end	At December 31, 2024	1,915	shares	At December 31, 2023	335	Shares
3) Average number of shares in issue in the period	Year ended December 31, 2024	89,732,026	shares	Year ended December 31, 2023	82,516,507	shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated results for the year ended December 31, 2024

(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, 2024	6,581	31.2	(4,624)	-	(1,545)	-	2,144	-
Year ended December 31, 2023	5,015	348.4	(335)	-	(3,301)	-	(3,285)	-

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Year ended December 31, 2024	23.89	19.63
Year ended December 31, 2023	(39.81)	-

(2) Non-consolidated Balance Sheet

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Million yen
At December 31, 2024	136,127	68,055	49.8	754.41
At December 31, 2023	142,011	65,200	45.7	726.29

(Note) Equity: 67,837 million yen for the year ended December 31, 2024; and 64,965 million yen for the year ended December 31, 2023

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

Revenue increased due to the start of product sales from the third quarter of 2023 when the Idorsia APAC businesses were acquired, whereas they were recorded throughout 2024. However, operating profit decreased due to the cost of integrating IT systems and strengthening organizational capabilities. Ordinary profit increased due to the receipt of a dividend from a subsidiary and net profit increased due to the reversal of an allowance for doubtful accounts for a subsidiary.

* 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 judgments 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 14, 2025. 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.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

Nxera Pharma ("the Group" or "the Company") is a technology-powered biopharma company, in pursuit of new specialty medicines to improve the lives of patients with unmet needs in Japan and globally. Its core activities are drug discovery, drug development and the commercialization of pharmaceutical products. Within the Group, Nxera Pharma UK Limited (formerly Heptares Therapeutics Ltd), a wholly owned subsidiary based in UK, mainly engages in drug discovery, translational medicine, preclinical and early clinical development; Nxera Pharma Japan Co., Ltd. (formerly Idorsia Pharmaceuticals Japan Ltd.; hereinafter referred to as "NPJ"), a wholly owned subsidiary based in Japan, and Nxera Pharma Korea Co., Ltd. (formerly Idorsia Pharmaceuticals Korea Co., Ltd.; hereinafter referred to as "NPK"), a wholly owned subsidiary based in South Korea, mainly engage in clinical development and product commercialization in Japan and South Korea, respectively, with potential to expand into other Asia-Pacific ("APAC") regions.

In drug discovery, the Group's core scientific focus is to discover transformative new medicines for important unmet medical needs, including novel small molecules, peptides and therapeutic antibodies targeting G Protein-Coupled Receptors ("GPCRs"). Its proprietary GPCR-targeted structure-based drug discovery ("SBDD") platform ("NxWave™") has enabled the Group to become a world leader in designing new drugs to target GPCRs and to develop an extensive pipeline of over 30 active in-house and partnered programs with the potential to deliver first-in-class or best-in-class medicines targeting important therapeutic areas, including neurology/neuropsychiatric disorders, metabolic diseases, and immunology and inflammation.

In late-stage development and commercialization, the Group owns the Japan and APAC (excluding China) territory rights to PIVLAZ® (clazosentan; launched in Japan in 2022 to treat cerebral vasospasm and approved in South Korea with launch planned for 2025/2026) and QUVIVIQ™ (daridorexant; launched in Japan in 2024 to treat insomnia), as well as exclusive options to license Japan and APAC (ex-China) rights from Idorsia Pharmaceuticals to its cenerimod (autoimmune diseases) and lucerastat (Fabry disease) programs, both of which are in Phase 3 development.

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"). These royalties provide the Group with a significant and stable source of capital.

In conjunction with the Group's name change to Nxera Pharma from Sosei Group, enacted on April 1, 2024, its strategy has been further evolved and refined, focusing on leveraging the NxWave™ platform, pipeline and discovery, development and commercialization capabilities to provide multiple options to advance its own and externally sourced candidates to patients in Japan and globally. This strategy is based on three key strategic pillars:

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

Leveraging the Group's extensive clinical development and commercialization business in Japan using a lean, agile and scalable model to deliver new medicines to patients in this large and growing market and providing a platform to expand into broader APAC markets.

(ii) Progressing High-Value Programs by Design

Advancing and expanding the Group's extensive pipeline of novel and potentially life-changing medicines in-house and with partners, generating multiple opportunities for value-creation targeting fast-growing areas of unmet medical need in Japan and globally.

(iii) Leveraging Cutting-Edge Science and Technology

Extending and enhancing the competitive advantages of the NxWave™ platform through internal innovation and collaboration – accelerating the identification/selection of new programs for development in-house and/or through partnerships.

The Group's progress across these three key areas during 2024 is as follows:

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

One of the Group's driving ambitions is to become a leading biopharma company in Japan applying cutting-edge science to deliver life-changing medicines for patients. Japan is the third largest pharma market behind the US and China and has a large aging population and universal health care system. The Group's three priorities under this strategic goal are:

- In-house development and commercialization of select wholly owned programs for Japan/APAC
- Late-stage clinical development and commercialization of in-licensed assets in Japan/APAC
- Partnering assets with early clinical POC for global commercialization, retaining Japan/APAC rights

In 2024, the Group planned to achieve PIVLAZ® Sales (NHI basis) in the range of JPY 15,000 to JPY 16,000 million, gain JNDA approval and launch QUVIVIQ™ in Japan, and acquire/in-license at least one late-stage medicine for the Japan/APAC (ex-China) region, focusing on strengthening the Japan/APAC business to achieve its strategic goals. During 2024, we achieved PIVLAZ® Sales (NHI basis) of JPY 15,246 million. We also received the approval of QUVIVIQ™ in Japan in September 2024 and launched it in December 2024.

On April 15, 2024, the Group announced that NPK had entered into an exclusive supply and distribution agreement with Handok Inc. ("Handok") to commercialize PIVLAZ® in South Korea. Under the terms of the agreement, NPK will provide drug product to Handok at an agreed price and Handok will be exclusively responsible for the promotion, marketing, sales and distribution of PIVLAZ® in South Korea. The Group received a one-off upfront payment from Handok upon signing the agreement and is eligible to receive further commercial milestone payments plus sales revenues coming from product supply.

On September 24, 2024, the Group announced that NPJ had received approval from the Ministry of Health, Labour and Welfare of Japan of its New Drug Application (NDA) for QUVIVIQ™ (daridorexant) for the treatment of adult patients with insomnia. The approval of QUVIVIQ™, a novel dual orexin receptor antagonist, is based on robust clinical efficacy and safety data including from a dedicated Japanese Phase 3 trial.

On October 1, 2024, the Group announced that NPJ had entered a new commercial partnership agreement with Shionogi & Co., Ltd. ("Shionogi"), regarding the distribution and sales for QUVIVIQ™ in Japan. At the same time, the previous commercialization arrangement involving NPJ and Mochida Pharmaceutical Co., Ltd. ("Mochida") was terminated. Under the terms of the new agreement, the Group is responsible for providing drug product for the Japanese market, and Shionogi is exclusively responsible for distribution and sales in Japan. The Group received an upfront payment from Shionogi, a pricing related milestone fee and is also eligible to receive royalties on net sales from Shionogi. Mochida Pharmaceutical Factory Co., Ltd., a subsidiary of Mochida, will remain exclusively responsible for packaging QUVIVIQ™ in Japan. The Group made a payment to Mochida upon termination of the previous commercialization arrangement.

On December 5, 2024, the Group announced randomization of the first patient in a Phase 3 clinical trial evaluating daridorexant, its novel dual orexin receptor antagonist, for the treatment of adult patients in South Korea with insomnia. The randomized, double-blind, placebo-controlled Phase 3 study aims to recruit adult and elderly subjects with insomnia at multiple centers in South Korea. The purpose of the trial is to provide additional efficacy and safety data, alongside the substantial data already generated in earlier trials completed in North America, Europe and Japan, that are required by the Ministry of Food and Drug Safety (MFDS) to grant marketing authorization for the drug in South Korea. The trial is expected to run for approximately 12 months with results expected during the first half of 2026.

On December 19, 2024, the Group and Shionogi announced that QUVIVIQ™ had been launched and is now available in Japan as a new treatment for adults with insomnia.

(ii) Progressing High-Value Programs by Design

Partnering with global biopharmaceutical companies around specific candidates/programs that the Group has developed or for the discovery and development of candidates against partner-nominated targets using its NxWave™ platform has long been a successful strategy for the Group. Many of these partnerships provide the Group with an economic interest in programs advancing in some of the most exciting and fastest growing areas of medicine, such as neurology/ neuropsychiatry, metabolic diseases and immunology and inflammation.

Success with this strategic goal provides significant industry validation and has generated nearly USD 1 billion in revenues to date from upfront and milestone payments from partners, with the potential for significant ongoing revenues as further milestones are reached.

In parallel, a key objective of the Group has been to transform its own in-house R&D, applying a program-centric operational model to accelerate progress of high-quality candidates into and through clinical development. This is intended to provide both a pipeline of opportunities that the Group can develop through to market itself in select indications in Japan and APAC, as well as via potentially more profitable out-licensing deals.

Partnered programs

On March 11, 2024, the Group announced it had entered a global collaboration and exclusive option-to-license agreement with Boehringer Ingelheim. At the center is a joint mission to develop and commercialize the Group's portfolio of first-in-class GPR52 agonists with the intent to improve patient outcomes by simultaneously addressing positive, negative, and cognitive symptoms of schizophrenia.

The Group received an upfront payment of EUR 25 million from Boehringer Ingelheim in the first quarter of 2024 and is eligible for an option exercise payment of EUR 60 million and further development, regulatory and commercialization milestone payments totaling up to EUR 670 million plus tiered royalties on future Boehringer Ingelheim product sales.

Boehringer Ingelheim has the exclusive option to license the Group's portfolio of GPR52 agonists following the completion of the Group's ongoing Phase 1 and subsequent Phase 1b trial and further Phase 2 enabling activities with NXE0048149, a first-in-class GPR52 agonist. The Group will retain control and act as sponsor of these trials until option exercise, estimated in 2025/2026. The

licensed portfolio includes NXE0048149 as well as multiple differentiated back-up compounds.

On April 16, 2024, the Group announced that it had been notified by its partner Neurocrine Biosciences ("Neurocrine") that NBI-1117568, an oral selective muscarinic M4 receptor agonist then being advanced in Phase 2 clinical trials by Neurocrine for the treatment of schizophrenia and other neuropsychiatric disorders, had successfully completed a long-term preclinical toxicity program that meets US Food & Drug Administration ("FDA") requirements to allow for safe, chronic (i.e. long-term) dosing in future clinical trials. The achievement of this important safety development milestone triggered a USD 15 million payment to the Group from Neurocrine.

NBI-1117568 is the most advanced candidate from a broad portfolio of novel clinical and preclinical subtype-selective muscarinic M4, M1 and dual M1/M4 receptor agonists discovered by the Group and advancing under the 2021 global collaboration with Neurocrine for the treatment of major neurological disorders. These candidates have potential to address a range of neurological and neuropsychiatric conditions and include:

- NBI-1117568 (an M4 selective agonist) advancing into Phase 3 trials expected to start in early 2025
- NBI-1117570 (an M1/M4 selective dual agonist) in Phase 1
- NBI-1117569 (an M4-preferring agonist) in Phase 1
- NBI-1117567 (an M1-preferring agonist) in Phase 1

On May 9, 2024, Neurocrine announced that it had initiated its Phase 1 first-in-human clinical study to evaluate the safety, tolerability, pharmacokinetics, and pharmacodynamics of investigational compound NBI-1117567 in healthy adult participants. NBI-1117567 is an investigational, oral, muscarinic M1 preferring (M1/M4) selective agonist discovered by the Group that may have the potential to treat symptoms of cognition in patients with neurological and neuropsychiatric conditions.

On May 30, 2024, the Group announced that it would receive USD 4.6 million in milestone payments from Centessa Pharmaceuticals pursuant to a license agreement which utilized the Group's technology in the design of Centessa's novel orexin receptor 2 (OX2R) agonist, ORX750. The milestones were achieved upon approval of the ORX750 Investigational New Drug application and progression of ORX750 into a Phase 1 clinical trial. ORX750 is an investigational, orally administered, highly potent and selective OX2R agonist designed to directly target the underlying pathophysiology of orexin neuron loss in narcolepsy type 1 (NT1), with potential applicability to narcolepsy type 2 (NT2), idiopathic hypersomnia, and other sleep-wake disorders with normal orexin levels.

On June 27, 2024, the Group announced that it had reached an important R&D milestone under its multi-target discovery collaboration with AbbVie targeting neurological diseases, resulting in a payment of USD 10 million to the Group. The Group and AbbVie entered into this multi-target collaboration in 2022 to leverage the Group's NxWave™ platform to discover, develop and commercialize new medicines targeting novel GPCR targets associated with neurological disease. 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.

On August 28, 2024, the Group noted the announcement by Neurocrine that NBI-1117568 had delivered positive topline results from its Phase 2 clinical study in adults with schizophrenia. The NBI-1117568-SCZ2028 dose-finding study met its primary endpoint for the once-daily 20 mg dose.

It demonstrated a clinically meaningful and statistically significant reduction from baseline in the Positive and Negative Syndrome Scale (PANSS) total score at Week 6 with a placebo-adjusted mean reduction of 7.5 points (p=0.011 and effect size of 0.61) and an 18.2-point reduction from baseline. The once-daily 20 mg dose also demonstrated a statistically significant improvement for additional endpoints, including improvement in the Clinical Global Impression of Severity (CGI-S) scale, Marder Factor Score – Positive Symptom Change, and Marder Factor Score – Negative Symptom Change.

NBI-1117568 was generally safe and well-tolerated at all doses studied in the Phase 2 clinical trial. Treatment discontinuation rates due to adverse events were similar between NBI-1117568 and placebo. Adverse events with the highest incidence were somnolence, dizziness, and headache. Gastrointestinal adverse events including nausea and constipation were low in frequency and similar to placebo. Cardiovascular-related events were also low in frequency and were not deemed to have clinical relevance at any dose tested. NBI-1117568 was not associated with a greater increase in weight than placebo. Few extrapyramidal symptoms adverse events were reported.

On September 2, 2024, the Group announced that it would receive a USD 35 million payment from Neurocrine, triggered by the successful completion of the Phase 2 trial with NBI-1117568 in adults with schizophrenia. The USD 35 million receipt was recognized as revenue in the third quarter of 2024.

On September 11, 2024, the Group noted the announcement by Centessa reporting positive interim clinical data from its Phase 1 clinical trial with ORX750 in acutely sleep-deprived healthy volunteers. Centessa reported that ORX750 showed clinically meaningful and statistically significant improvements in mean sleep latency at the first two doses evaluated (1.0 mg and 2.5 mg) in the Maintenance of Wakefulness Test (MWT) compared to placebo. More specifically, the 2.5 mg dose was shown to restore normative wakefulness with a mean sleep latency of 32 minutes as measured by the MWT. ORX750 was also shown to have a favorable safety and tolerability profile with no observations of frequently reported on-target adverse events (AEs) associated with other OX2R agonists, and no cases of hepatotoxicity or visual disturbances across all three dose levels tested (1.0 mg, 2.0 mg, and 2.5 mg), as of the data cutoff date.

On November 13, 2024, the Group noted that Centessa had initiated a Phase 2 trial of ORX750 for the treatment of NT1, NT2, and idiopathic hypersomnia.

In-house programs

On March 21, 2024, the Group announced it had dosed the first subject in a Phase 1 trial evaluating its novel EP4 receptor agonist, NXE0033744 for the treatment of Inflammatory Bowel Disease ("IBD"), a therapeutic area where there remains significant unmet need for millions of people worldwide.

NXE0033744 is a potent, selective and gut-restricted prostaglandin EP4 receptor agonist that has been uniquely designed to bring clinical benefit by accelerating the healing of damaged epithelial mucosa and suppressing exaggerated gut inflammation, with minimal systemic exposure to avoid adverse events. This approach is widely recognized to promote deeper remission and offer better long-term clinical outcomes. NXE0033744 aims to address the significant unmet need of people with IBD that do not achieve satisfactory disease control. Current treatments for IBD typically achieve remission rates of less than 25%, and the safety profiles of these drugs mean that they require careful monitoring.

The Phase 1 trial is a first-in-human randomized, double-blind study to assess the safety, pharmacokinetics and effects on pharmacodynamic biomarkers of single and multiple ascending doses of NXE0033744 in adult healthy volunteers and people with Crohn's disease to generate proof of mechanism. The trial is being conducted in the UK and initial data read-outs are anticipated in 2025.

Also on March 21, 2024, the Group announced it had regained full ownership from GSK of NXE0027477 (formerly GSK4381406), a clinic-ready, highly selective, first-in-class, oral GPR35 agonist in development as a potential new treatment for IBD. GPR35 is an important orphan GPCR with an established genetic association to IBD.

NXE0027477 was designed by the Group using its NxWave™ platform and licensed to GSK in 2020. Since then, NXE0027477 has been advanced through a joint development program, generating promising mechanistic, preclinical efficacy and safety data suggesting that it may have the potential to improve intestinal barrier function and reduce visceral pain in gastrointestinal indications such as ulcerative colitis and irritable bowel syndrome. The UK Medicines and Healthcare products Regulatory Agency ("MHRA") gave approval in mid-2023 for NXE0027477 to be investigated in first-in-human studies.

Following a change in GSK's pipeline priorities, the Group regained full ownership of the NXE0027477 program including associated intellectual property licensed by the Group to GSK, and preclinical data generated under the partnership for no upfront payment. The Group expects to determine the optimal strategy for further clinical development of the program, which could include in-house development and re-partnering.

(iii) Leveraging Cutting-Edge Science and Technology

The Group's capabilities and leadership in unlocking GPCRs to rational SBDD approaches are recognized across the industry and have enabled the generation of 30+ novel drug candidates and programs, which are currently being advanced by global biopharma partners and internally.

This powerful, world-leading platform provides the Group with unprecedented access to new targets and candidates to continuously feed its rich pipeline. The Group is focused on reinforcing and extending this leadership through continual internal innovation, including the broad application of AI and machine learning technologies alongside collaboration with global technology leaders from industry and academia. Current technology partners include PharmEnable and PrecisionLife.

On May 30, 2024, the Group and PrecisionLife, an AI-driven precision medicine company, announced the expansion of their strategic R&D partnership into auto-immune disorders with the potential to identify new drug targets for the treatment of complex, chronic conditions. This is the latest in a series of collaborative agreements between the Group and PrecisionLife, which began in 2022. The partnership aims to establish new drug targets and subsequently potential precision targeted therapies for auto-immune disorders, each linked to subgroups of patients by PrecisionLife's mechanism-based patient stratification biomarkers.

PrecisionLife finds combinations of biological features that together are associated with disease risk and/or protective effects. These combinations, along with mechanistic biomarkers and causal biology insights to identify which patients will respond to treatment, may empower the Group to

more accurately position known and novel targets for the right responder populations in each target product profile.

On November 5, 2024, the Group had announced a multi-target partnership and licensing agreement with Antiverse, a techbio company designing antibodies for challenging targets, to design antibodies for GPCRs. The collaboration combines Antiverse's generative AI antibody design expertise, including its proprietary machine-learning-generated 'epitope-specific libraries,' with the Group's NxWave™ platform, a powerful tool for GPCR target selection, validation and structural determination. The partnership aims to bring transformative therapies for multiple diseases of high unmet need. The first project will be aimed at designing antibodies with agonistic function for a challenging GPCR target. Under the terms of the multi-year agreement, Antiverse received an upfront payment and is eligible for research funding and milestone payments. The Group will retain an exclusive worldwide license to the antibody assets, providing full rights to develop and commercialize the candidates.

Activities related to former wholly-owned subsidiaries

The Group received a milestone payment related to a program previously created by Activus Pharma Inc. ("Activus"), formerly a wholly owned subsidiary of the Company.

On March 6, 2024, the Group announced that Formosa Pharmaceuticals, Inc. ("Formosa") had received approval from the FDA for clobetasol propionate ophthalmic suspension 0.05% (APP13007), for the treatment of post-operative inflammation and pain following ocular surgery. As a result, the Group received a USD 2.5 million payment from Formosa in April 2024. APP13007 was originally designed and developed at Activus, which was divested in August 2017 to Formosa, a wholly owned subsidiary of Formosa Laboratories, Inc., a leading manufacturer of Active Pharmaceutical Ingredients ("APIs") listed on the Taiwan Stock Exchange. Activus developed APP13007 using its proprietary Activus Pure Nanoparticle Technology to create a novel nanoparticle formulation of steroid for treating postoperative inflammation of the eye. Since the divestment, Formosa progressed the development of APP13007 to FDA approval.

Other developments in the period under review (year ended December 31, 2024)

During the period, the Company has identified multiple programs with its partners where those programs are no longer active due to the changed strategic circumstances of those partners. As a result, we have completed the reversion (or are in the process of seeking the reversion), of multiple programs from Takeda (undisclosed programs), GSK (GPR35 program), and AbbVie (Immunology program only). The Company plans to continue the discovery and development of these programs internally given their future strategic value. Associated with these programs, the Company received USD 56 million in the form of upfronts and milestones.

On April 1, 2024, the Company changed its company name to Nxera Pharma Co., Ltd., having received approval at the 34th Ordinary General Meeting of Shareholders held on March 27, 2024. The new name expresses the Company's vision to lead the next era of medicine – from Japan, for Japan, and by extension, to the world – and its mission to accelerate the development of life-changing medicines by investing in science and technology. The Company's subsidiaries, formerly Heptares Therapeutics and Idorsia Pharmaceuticals Japan and Korea, have all been renamed under the Nxera Pharma brand to Nxera Pharma UK Limited, Nxera Pharma Japan Co., Ltd. and Nxera Pharma Korea Co., Ltd., respectively.

On October 1, 2024, the Group announced that its Board of Directors had dismissed Dr. Satoshi Tanaka, President of Nxera Pharma Japan, and Executive Officer and Executive Vice President of Nxera Pharma, effective immediately.

Separately on October 1, 2024, the Group announced the appointment of Makoto Sugita, M.D., Ph.D., MBA, as President of Nxera Pharma Japan, and Executive Officer, Executive Vice President and Chief Medical Officer (CMO) of Nxera Pharma.

Dr. Sugita is the former Vice President and Head of R&D at Bristol Myers Squibb in Japan, a leading global biopharmaceutical company. He is a highly experienced medical professional having spent the past 20 years in R&D and commercial leadership positions within the Japanese businesses of global biopharmaceutical companies, including Johnson & Johnson/Janssen Pharmaceutical K.K. and AstraZeneca K.K., and Parexel, the global Contract Research Organization (CRO).

Operational highlights after the period under review (year ended December 31, 2024)

On January 14, 2025, the Group reported on progress being made by 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)

As of December 31, 2024, the Group had a total of 374 employees (an increase of 24 employees vs. the end of the prior year).

As a result of the above activities, the Group reported the following financial results for the year ended December 31, 2024.

Revenue of JPY 28,835 million (an increase of JPY 16,069 million vs. the prior year), a core operating profit of JPY 3,606 million (vs. a core operating loss of JPY 3,076 million in the prior year), an IFRS operating loss of JPY 5,423 million (vs. an IFRS operating loss of JPY 9,526 million in the prior year), a loss before income tax of JPY 4,662 million (vs. a loss before income tax of JPY 10,680 million in the prior year) and a net loss of JPY 4,838 million (vs. a net loss of JPY 7,193 million in the prior year).

	Year ended December 31, 2024 ¥m	Year ended December 31, 2023 ¥m	Change ¥m
Revenue	**28,835**	12,766	16,069
Cost of sales	**(7,616)**	(3,102)	(4,514)
Research and development expenses	**(11,816)**	(10,075)	(1,741)
Selling, general and administrative expenses	**(16,015)**	(9,965)	(6,050)
Operating expenses	**(35,447)**	(23,142)	(12,305)
Net other income	**1,189**	850	339
Operating loss	**(5,423)**	(9,526)	4,103
Net finance income (expense)	**761**	(1,154)	1,915
Loss before income tax	**(4,662)**	(10,680)	6,018
Income tax (expense) benefit	**(176)**	3,487	(3,663)
Net loss	**(4,838)**	(7,193)	2,355
Alternative performance measure			
Core operating profit / loss (Note 1)			
Operating loss (as stated above)	**(5,423)**	(9,526)	4,103
Adjustments:			
Depreciation	**1,613**	983	630
Amortization	**2,371**	1,495	876
Share-based payments (Note 2)	**1,396**	844	552
Restructuring (Note 2)	**28**	53	(25)
Cost of sales adjustment (Note 3)	**2,401**	1,812	589
Integration costs (Note 4)	**1,220**	-	1,220
M&A related costs	**-**	1,263	(1,263)
Core operating profit (loss)	**3,606**	(3,076)	6,682
Average exchange rate during period			
USD:JPY	**151.43**	140.53	10.90
GBP:JPY	**193.49**	174.81	18.68

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. 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.

4. Incremental one-off integration costs including IT system integration and corporate rebranding.

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, 2024 ¥m	Year ended December 31, 2023 ¥m	Change ¥m	Change %
Marketed Products	**16,248**	10,177	6,071	60
PIVLAZ®	**12,651**	6,109	6,542	107
QUVIVIQ™	**1,336**	1,500	(164)	(11)
Respiratory	**2,190**	2,504	(314)	(13)
Other	**71**	64	7	11
Research and Development	**12,587**	2,589	9,998	386
Upfront fee revenue	**1,392**	-	1,392	-
Milestone revenue	**8,505**	608	7,897	1,299
Deferred revenue releases	**2,658**	1,731	927	54
Other	**32**	250	(218)	(87)
	28,835	12,766	16,069	126

Revenue relating to Marketed Products in the year under review totaled JPY 16,248 million (an increase of JPY 6,071 million vs. the prior year). The breakdown is described below.

PIVLAZ®

We sell PIVLAZ® for the prevention of cerebral vasospasm in Japan using our in-house salesforce. PIVLAZ® revenue increased by 107% vs the prior year. This increase was due to the inclusion of NPJ in the scope of consolidation from July 2023 (resulting in twelve months of PIVLAZ® sales being included in 2024 compared to circa five months in 2023) in conjunction with underlying sales growth.

QUVIVIQ™

We earn mainly royalty revenue on sales of QUVIVIQ™ by Shionogi, as well as product sales revenue on the supply of QUVIVIQ™ to Shionogi. QUVIVIQ™ sales in Japan commenced in December 2024. QUVIVIQ™ revenue decreased by 11% vs the prior year. The revenue recorded for 2024 comprises royalties, product sales, an upfront fee and milestone income from Shionogi. The revenue reported in 2023 relates to a one-time development milestone receipt from Idorsia Pharmaceuticals Limited (which originated from Mochida Pharmaceutical Co. Ltd).

Respiratory

We earn royalty revenue on global sales of a portfolio of Respiratory products by Novartis[1]. This portfolio comprises Ultibro®, Seebri® and Enerzair®. Respiratory royalty revenue decreased by 13% vs the prior year, mainly due to the maturity of Ultibro® and Seebri®.

Revenue relating to Research and Development in the year under review totaled JPY 12,587 million (an increase of JPY 9,998 million vs. the prior year).

Upfront fee revenue

We earn upfront fees from entering R&D collaborations with new partners. Upfront fees increased by JPY 1,392 million vs the prior year as we entered a global collaboration and exclusive option-to-

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

license agreement with Boehringer Ingelheim in the current year, whereas there were no new collaborations in the prior year.

Milestone revenue

We earn milestone revenue as a result of the progress of R&D with existing collaboration partners. Milestone revenue increased by JPY 7,897 million vs the prior year. The increase in milestone revenue in the year under review was primarily due to the occurrence of five R&D milestone events in the current year vs. the occurrence of three R&D milestone events in the prior year.

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. The increase in deferred revenue in 2024 is due to higher R&D activity levels. Deferred revenue recorded in the balance sheet as at December 31, 2024 totaled JPY 6,916 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 year under review totaled JPY 7,616 million (an increase of JPY4,514 million vs. the prior year). Cost of sales excluding the effect of incorporating NPJ/NPK in the scope of consolidation in the year under review totaled JPY 2,791 million (an increase of JPY 2,333 million vs. the prior year). The increase is primarily due to the inclusion of costs associated with the clinical stage collaboration with Boehringer Ingelheim which commenced in March 2024. JPY 4,825 million has been recorded for the cost of sales of PIVLAZ® and QUVIVIQ™ due to the inclusion of NPJ in the scope of consolidation.

Research and development expenses

Research and development ("R&D") expenses in the year under review totaled JPY 11,816 million (an increase of JPY 1,741 million vs. the prior year). R&D expenses excluding the effect of including NPJ/NPK in the scope of consolidation in the year under review totaled JPY 10,333 million (an increase of JPY 1,139 million vs. the prior year). This increase primarily reflects an increased investment in R&D plus the impact of the weaker Yen. JPY 1,483 million has been included for R&D expenses relating to NPJ/NPK. In the period under review, 87% of R&D spend related to our UK operations.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses in the year under review totaled JPY 16,015 million (an increase of JPY 6,050 million vs. the prior year). SG&A expenses excluding the effect of including NPJ/NPK in the scope of consolidation in the year under review totaled JPY 7,043 million (an increase of JPY 833 million vs. the prior year). This increase was primarily due to incremental spend on professional fees and personnel to strengthen organizational capabilities, including supply chain management, as well as the cost of integrating IT systems and unifying the Group under the Nxera Pharma brand. JPY 8,972 million has been included for SG&A expenses relating to the NPJ/NPK businesses, including an amortization charge on Idorsia related intangible assets.

Net other income
Net other income in the year under review totaled JPY 1,189million (an increase of JPY 339million vs. the prior year). The main component of net other income is a UK R&D expenditure-related tax credit.

Operating loss
Operating loss in the year under review totaled JPY 5,423 million (vs. an operating loss of JPY 9,526 million in the prior year). This increase reflects the combined effect of all of the movements explained above.

Net finance income
Net finance income in the year under review totaled JPY 761 million (an increase of JPY 1,915 million vs. the prior year). This was primarily due to an increase in interest income as a result of higher UK interest rates and a decrease in bond interest amortization.

Loss before income tax
Loss before income tax in the year under review totaled JPY 4,662 million (vs. a loss before income tax of JPY 10,680 million in the prior year).

Income tax expense
Income tax expense in the year under review totaled JPY 176 million (vs. a benefit of JPY 3,487 million in the prior year). This was primarily due to recording an income tax charge on taxable income arising in our NPU and NPJ subsidiaries in 2024 vs. an income tax benefit in 2023 relating to the recognition of deferred tax assets for tax losses.

Net loss
Net loss in the year under review totaled JPY 4,838 million (vs. a net loss of JPY 7,193 million in the prior year). 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 generation capability of the core business.

Core operating profit in the year under review totaled JPY 3,606 million (vs. a core operating loss of JPY 3,076 million in the prior year). In calculating core operating profit, the following adjustments to the IFRS operating loss have been made:

- Depreciation totaled JPY 1,613 million (an increase of JPY 630 million vs. the prior year including a JPY 808 million impact from inclusion of NPJ/NPK in the scope of consolidation).
- Amortization totaled JPY 2,371 million (an increase of JPY 876 million vs. the prior year including a JPY 1,428 million impact from inclusion of NPJ/NPK in the scope of consolidation).
- Share-based payments totaled JPY 1,396 million (an increase of JPY 552 million vs. the prior year).

- Restructuring costs totaled JPY 28 million (a decrease of JPY 25 million vs. the prior year). These costs related to a management restructuring program at a subsidiary company (there were no accelerated share-based payment expenses charged in the current period vs. JPY 26 million in the prior corresponding period).
- Cost of sales adjustment totaled JPY 2,401 million (an increase of JPY 589 million vs. the prior year). This relates to an accounting adjustment for inventory acquired in the Idorsia transaction in 2023 which feeds through to cost of sales when inventory is sold. All of these inventories were used up by the end of the year under review. There will be no further adjustments.
- Integration costs totaled JPY 1,220 million. 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 (there were no integration costs in the prior year).
- M&A related costs, including professional advisory fees were not incurred in the year under review (vs. JPY 1,263 million in the prior year).

(2) Analysis of financial position

Assets
Total assets as at December 31, 2024 were JPY 151,498 million (a decrease of JPY 5,700 million vs. the end of the prior year). This reduction was primarily due to a decrease in cash and cash equivalents relating to the repayment of bank borrowings.

Liabilities
Total liabilities as at December 31, 2024 were JPY 82,980 million (a decrease of JPY 7,408 million vs. the end of the prior year). This reduction was primarily due to the repayment of bank borrowings.

Equity
Total equity as at December 31, 2024 was JPY 68,518 million (an increase of JPY 1,708 million vs. the end of the prior year). This was primarily due to an increase in other components of equity of JPY 5,157 million mainly relating to exchange gains on translation, and an increase in capital surplus of JPY 1,026 million primarily relating to RSUs, partially offset by the net loss of JPY 4,838 million.

The ratios of Cash and cash equivalents, Interest-bearing debt and Equity attributable to owners of the parent company to total assets were 21.3%, 44.8% and 45.2%, respectively.

(3) Analysis of cash flows

Cash and cash equivalents as at December 31, 2024 decreased by JPY 16,797 million from the beginning of the year and amounted to JPY 32,268 million.

Cash flows from operating activities
Net cash used in operating activities in the year under review totaled JPY 7,718 million. This was primarily due to an increased investment in working capital. JPY 5,937 million of Quviviq active pharmaceutical ingredient was purchased in Q4 2024 to ensure there is a stable supply of QUVIVIQ™ in 2025. In addition, trade receivables have increased due to higher product sales.

Cash flows from investing activities
Net cash used in investing activities in the year under review totaled JPY 4,763 million. This was primarily due to the purchase of intangible assets and investment in time deposits (of 3 to 6 months maturity).

Cash flows from financing activities
Net cash provided by financing activities in the year under review totaled JPY 6,854 million. This was primarily due to repayments of long-term bank borrowings.

Effects of exchange rate changes on cash and cash equivalents
Effects of exchange rate changes on cash and cash equivalents during the year under review totaled JPY 2,538 million. This positive impact was primarily due to a stronger GBP vs. JPY and a stronger USD vs JPY.

(4) Future outlook

A substantial portion of the Group's revenue is derived from upfront payments from new partnerships and milestone payments as a result of the progress of R&D with 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 revenue.

Based on the Group's extremely productive drug discovery platform, its agile development model, its advanced translational medicine abilities, its proven clinical development capabilities and profitable commercial operations, the Group aims to further improve efficiency and add value to its drug discovery capabilities, and will continue to make sufficient R&D investments in 2025 to achieve this goal. Management will continue to target a balance between capital and investments in the pursuit of growth in corporate value.

Cost estimates for our business, and anticipated developments / initiatives for 2025 are as follows:

- Forecast PIVLAZ® sales in the range of JPY 13,000 to JPY 14,000 million[2] (2024 actual: JPY 12,651 million).
- Forecast QUVIVIQ™ revenue in the range of JPY 4,000 to JPY 5,000 million[3] (2024 actual: JPY 1,336 million).
- Forecast R&D expenses in the range of JPY 12,000 to JPY 14,000 million[4] (2024 actual: JPY 11,816 million).
- Forecast SG&A expenses in the range of JPY 15,000 to JPY 17,000 million[4] (2024 actual: JPY 16,015 million).
- We expect to receive upfront payments relating to one or more new partnerships.
- We expect to receive multiple milestone payments as a result of the progress of R&D at existing partners.
- We expect to start Phase 2 clinical trials of development candidates for which we have rights.
- We will seek out one or more late-stage clinical candidates to in-license and develop for the Japanese market.
- We will expand our drug candidate discovery into novel drug targets to enhance our pipeline.

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.

[2] PIVLAZ® product sales are stated at net sales price instead of the previous NHI based price.
[3] QUVIVIQ™ revenue in 2025 comprises product sales and royalties. 2024 comprises product sales, royalties, an upfront fee and development milestone.
[4] The assumed USD:JPY FX rate in 2025 is 152 and GBP:JPY FX rate is 193.

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

	December 31, 2024 ¥m	December 31, 2023 ¥m
Assets		
Non-current assets		
Property, plant and equipment	7,468	7,900
Goodwill	25,693	24,623
Intangible assets	51,911	52,291
Deferred tax assets	4,021	3,964
Other financial assets	4,518	3,266
Other non-current assets	32	42
Total non-current assets	93,643	92,086
Current assets		
Trade and other receivables	6,695	5,064
Inventories	8,838	2,903
Income taxes receivable	2,394	2,099
Other financial assets	-	316
Other current assets	3,725	5,665
Time deposits	3,935	-
Cash and cash equivalents	32,268	49,065
Total current assets	57,855	65,112
Total assets	151,498	157,198
Liabilities and Equity		
Liabilities		
Non-current liabilities		
Deferred tax liabilities	1,857	1,490
Corporate bonds	30,838	30,551
Bank borrowings	26,889	32,664
Lease liabilities	3,483	3,985
Provisions	493	484
Other non-current liabilities	3,788	4,029
Total non-current liabilities	67,348	73,203
Current liabilities		
Trade and other payables	4,052	4,244
Income taxes payable	255	378
Corporate bonds	-	143
Current portion of long-term bank borrowings	5,798	5,798
Lease liabilities	892	832
Other current liabilities	4,635	5,790
Total current liabilities	15,632	17,185
Total liabilities	82,980	90,388
Equity		
Capital stock	47,172	46,807
Capital surplus	35,074	34,048
Treasury stock	(3)	(1)
Retained earnings	(20,942)	(16,104)
Other components of equity	7,217	2,060
Equity attributable to owners of the parent	68,518	66,810
Total equity	68,518	66,810
Total liabilities and equity	151,498	157,198

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

	Year ended December 31, 2024 ¥m	Year ended December 31, 2023 ¥m
Revenue	**28,835**	12,766
Cost of sales	**(7,616)**	(3,102)
Gross profit	**21,219**	9,664
Research and development expenses	**(11,816)**	(10,075)
Selling, general and administrative expenses	**(16,015)**	(9,965)
Other income	**1,289**	944
Other expenses	**(100)**	(94)
Operating loss	**(5,423)**	(9,526)
Finance income	**1,544**	1,341
Finance costs	**(783)**	(2,495)
Loss before income tax	**(4,662)**	(10,680)
Income tax (expense) benefit	**(176)**	3,487
Net loss	**(4,838)**	(7,193)
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	**807**	668
Total items that may not be reclassified subsequently to profit or loss	**807**	668
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**4,350**	5,404
Total items that may be reclassified subsequently to profit or loss	**4,350**	5,404
Total other comprehensive income	**5,157**	6,072
Total comprehensive income for the year	**319**	(1,121)
Net loss attributable to:		
Owners of the parent	**(4,838)**	(7,193)
	(4,838)	(7,193)
Total comprehensive income for the year attributable to:		
Owners of the parent	**319**	(1,121)
	319	(1,121)
Earnings per share (yen)		
Basic loss per share	**(53.92)**	(87.18)
Diluted loss per share	**(53.92)**	(87.18)

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, 2023	**41,335**	**29,525**	**(1)**	**(8,911)**	**(4,012)**	**57,936**	**57,936**
Net loss	-	-	-	(7,193)	-	**(7,193)**	**(7,193)**
Other comprehensive income	-	-	-	-	6,072	**6,072**	**6,072**
Total comprehensive income for the year	-	-	-	(7,193)	6,072	**(1,121)**	**(1,121)**
Issuance of new shares	5,472	4,511	-	-	-	**9,983**	**9,983**
Share-based payments	-	832	-	-	-	**832**	**832**
Purchase of treasury stock	-	-	(0)	-	-	**(0)**	**(0)**
Issuance of corporate bonds	-	800	-	-	-	**800**	**800**
Repurchase and cancellation of corporate bonds	-	(1,620)	-	-	-	**(1,620)**	**(1,620)**
Total transactions with owners	5,472	4,523	(0)	-	-	**9,995**	**9,995**
Balance at December 31, 2023	**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**

4) Consolidated Cash Flow Statement

	Year ended December 31, 2024 ¥m	Year ended December 31, 2023 ¥m
Cash flows from operating activities		
Loss before income tax	**(4,662)**	(10,680)
Adjustments for:		
Depreciation and amortization	**3,984**	2,478
Share-based payments	**1,396**	870
(Profit) loss on investment in securities	**(1)**	46
Change in fair value of contingent consideration	**(38)**	(116)
Loss on repurchase and cancellation of corporate bonds	**6**	1,317
Net foreign exchange (gain) loss	**(203)**	145
Interest income	**(1,478)**	(1,225)
Interest expense	**776**	804
(Increase) decrease in trade and other receivables	**(742)**	1,315
(Increase) decrease in inventories	**(5,935)**	1,908
(Increase) decrease in prepaid expense	**(401)**	40
(Decrease) Increase in trade and other payables	**(487)**	1,552
Increase (decrease) in deferred revenue	**1,140**	(1,732)
Other	**(1,803)**	(1,474)
Subtotal	**(8,448)**	(4,752)
Grants received	**-**	29
Interest and dividends received	**1,434**	1,085
Interest paid	**(435)**	(241)
Income tax paid	**(428)**	(1,394)
Income tax refunded	**159**	0
Net cash used in operating activities	**(7,718)**	(5,273)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(526)**	(804)
Purchase of intangible assets	**(1,011)**	(47)
Payment for acquisition of business	**-**	(62,941)
Proceeds from contingent consideration receivable	**379**	-
Investment in time deposits	**(3,870)**	-
Other	**265**	1
Net cash used in investing activities	**(4,763)**	(63,791)
Cash flows from financing activities		
Proceeds from long-term bank borrowings	**-**	39,900
Repayments of long-term bank borrowings	**(5,800)**	(1,450)
Repayments of lease liabilities	**(902)**	(485)
Proceeds from issuance of bonds	**-**	31,708
Payments for repurchase and cancellation of corporate bonds	**(150)**	(31,300)
Proceeds from issuance of common stock	**-**	9,983
Other	**(2)**	(27)
Net cash (used in) provided by financing activities	**(6,854)**	48,329
Effects of exchange rate changes on cash and cash equivalents	**2,538**	3,243
Net decrease in cash and cash equivalents	**(16,797)**	(17,492)
Cash and cash equivalents at the beginning of the year	**49,065**	66,557
Cash and cash equivalents at the end of the year	**32,268**	49,065

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, 2024 ¥m	Year ended December 31, 2023 ¥m
Marketed Products	**16,248**	10,177
Research and Development	**12,587**	2,589
	28,835	12,766

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, 2024 ¥m**	Year ended December 31, 2023 ¥m
Japan	**14,058**	6,173
USA	**7,950**	1,373
Germany	**2,781**	-
Switzerland	**2,190**	4,004
Bermuda	**1,160**	1,212
UK	**696**	4
	28,835	12,766

Non-current assets

	At December 31, 2024 ¥m	At December 31, 2023 ¥m
Japan	**53,691**	54,690
UK	**31,234**	30,003
Other	**179**	163
	85,104	84,856

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, 2024 ¥m**	Year ended December 31, 2023 ¥m
Medipal Holdings Corporation	**7,584**	4,070
Neurocrine Biosciences Inc.	**7,335**	21
Novartis International AG	**2,190**	2,504
Idorsia Pharmaceuticals Ltd [2]	**-**	1,500

Notes:

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

2 Relates to milestones receivable from IPL which originated from Mochida Pharmaceutical Co. Ltd.

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, 2024	Year ended December 31, 2023
Net loss attributable to owners of the parent (¥m)	**(4,838)**	(7,193)
Weighted-average number of common shares outstanding (Shares)	**89,732,026**	82,516,507
Basic earnings per share (¥)	**(53.92)**	(87.18)

Diluted earnings per share

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

	Year ended December 31, 2024	Year ended December 31, 2023
Net loss	**(4,838)**	(7,193)
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)	**(4,838)**	(7,193)
Weighted-average number of common shares outstanding (Shares)	**89,732,026**	82,516,507
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)	**89,732,026**	82,516,507
Diluted earnings per share (¥)	**(53.92)**	(87.18)

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

Not applicable.