Consolidated Financial Results for the Six months Ended June 30, 2025 (IFRS)

August 8, 2025

Company name: Nxera Pharma Co., Ltd — Listing: Tokyo Stock Exchange
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Scheduled date of dividend payments: -
Supplementary materials for financial results: Yes
Financial results briefing session: Yes

(Rounded million yen)

1. Consolidated Financial Results for the 6 month period ended June 30, 2025 (from January 1, 2025 to June 30, 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	%
6 month period ended June 30, 2025	15,094	18.7	364	(69.0)	(2,756)	-	(3,722)	-	(3,137)	-
6 month period ended June 30, 2024	12,720	492.7	1,176	-	(3,654)	-	(3,158)	-	(4,703)	-

	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
6 month period ended June 30, 2025	(3,137)	-	(3,502)	-	(34.82)	(34.82)
6 month period ended June 30, 2024	(4,703)	-	1,539	-	(52.51)	(52.51)

(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 June 30, 2025	144,689	65,861	65,861	45.5
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	-	0.00			
FY2025 (E)			-	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 11 of this document.

* Notes

(1) Significant changes in the scope of consolidation for the six month period ended June 30, 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 June 30, 2025	90,496,735 shares	At December 31, 2024	89,902,858 shares
2) Number of treasury shares at period end	At June 30, 2025	1,961 shares	At December 31, 2024	1,915 shares
3) Average number of shares in issue in period	6 month period ended June 30, 2025	90,055,141 shares	6 month period ended June 30, 2024	89,561,090 shares

* Semi-annual consolidated financial results reports are not subject to audit.

* *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.

The Company is scheduled to hold a webinar presentation for all existing and potential investors as well as sell-/buy-side analysts which will consist of a presentation followed by a Q&A session on August 8, 2025. Presentation slides will be made available on August 8, 2025 through the investor section of the Company's Home Page.

○ Contents of Attached Materials

1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

Nxera Pharma ("the Group" or "the Company") 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 half 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 (TFDA) in the second half of 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 its partner Neurocrine Biosciences ("Neurocrine") regarding the clinical development of its partnered muscarinic agonist portfolio. These updates were presented by Neurocrine at the 43rd Annual J.P. Morgan Healthcare Conference. The update presented by Neurocrine included the following information:

- An End of Phase 2 meeting with the US Food and Drug Administration (FDA) for NBI-1117568 (NBI-'568, an oral, muscarinic M4 selective agonist) had been completed, and Neurocrine reiterated its intentions to begin Phase 3 registrational studies in schizophrenia in the first half of 2025. See further update below.
- Neurocrine is expected to initiate a Phase 2 study with NBI-'568 in bipolar mania, a mental health condition that causes extreme mood swings, 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 £2.7 million development milestone fee payable to Nxera.

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

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

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

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

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

Employees

As of June 30, 2025, the Group had a total of 389 employees (an increase of 15 employees vs. the end of the prior year).

Operational highlights after the period under review (six month period ended June 30, 2025)

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

Central to this pipeline is the Group's new, wholly owned oral small molecule GLP-1 agonist program, focused on differentiated chemistry, which is distinct, independent and developed separately from Pfizer's PF-06954522, allowing the Group full control to drive rapid progress. Complementing this program, the Group is simultaneously accelerating the advancement of an additional six established GPCR-targeted programs focused on obesity and chronic weight management.

It is noted that Pfizer has discontinued development of its Phase 1 candidate PF-06954522, which was discovered under a strategic drug discovery collaboration with the Group. This discontinuation by Pfizer was due to a portfolio decision and not because of any adverse safety findings. The Group intends to enter discussions with Pfizer regarding potential opportunities to advance GLP-1 molecules discovered by Pfizer under the collaboration.

Financial Results

As a result of the above activities, the Group reported the following financial results for the six month period ended June 30, 2025:

- Revenue of JPY 15,094 million (an increase of JPY 2,374 million vs. the prior corresponding period)
- Core operating profit (alternative performance measure) of JPY 364 million (vs. a core operating profit of JPY 1,176 million in the prior corresponding period)
- IFRS operating loss of JPY 2,756 million (vs. an IFRS operating loss of JPY 3,654 million in the prior corresponding period)
- Loss before income taxes of JPY 3,722 million (vs. a loss before income taxes of JPY 3,158 million in the prior corresponding period)
- Net loss of JPY 3,137 million (vs. a net loss of JPY 4,703 million in the prior corresponding period)

	6 month period ended June 30, 2025 ¥m	6 month period ended June 30, 2024 ¥m	Change
Revenue	**15,094**	12,720	2,374
Cost of sales	**(3,473)**	(3,492)	19
Research and development expenses	**(7,474)**	(5,487)	(1,987)
Selling, general and administrative expenses	**(7,566)**	(8,022)	456
Operating expenses	**(18,513)**	(17,001)	(1,512)
Net other income	**663**	627	36
Operating loss	**(2,756)**	(3,654)	898
Net finance (cost) income	**(966)**	496	(1,462)
Loss before income tax	**(3,722)**	(3,158)	(564)
Income tax benefit (expense)	**585**	(1,545)	2,130
Net loss	**(3,137)**	(4,703)	1,566
Alternative performance measure			
Core operating profit / loss (Note 1)			
Operating loss (as stated above)	**(2,765)**	(3,654)	898
Adjustments:			
Depreciation	**791**	804	(13)
Amortization	**1,386**	1,183	203
Share-based payments (Note 2)	**845**	633	212
Integration costs (Note 3)	**98**	563	(465)
Restructuring (Note 2)	**-**	28	(28)
Cost of sales adjustment (Note 4)	**-**	1,619	(1,619)
Core operating profit	**364**	1,176	(812)
Average exchange rate during period			
USD:JPY	**148.56**	152.12	(3.56)
GBP:JPY	**192.52**	192.42	0.10

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

	6 month period ended June 30, 2025 ¥m	6 month period ended June 30, 2024 ¥m	Change ¥m	Change %
Marketed Products	**8,509**	6,424	2,085	32.5
PIVLAZ®	**5,805**	5,393	412	7.6
QUVIVIQ®	**1,586**	-	1,586	-
Respiratory	**1,053**	1,031	22	2.1
Other	**65**	-	65	-
Research and Development	**6,585**	6,296	289	4.6
Upfront fee revenue	**1,571**	1,392	179	12.9
Milestone revenue	**3,941**	3,438	503	14.6
Deferred revenue releases	**1,073**	1,434	(361)	(25.2)
Other	**0**	32	(32)	(100.0)
	15,094	12,720	2,374	18.7

Revenue relating to Marketed Products in the six month period under review totaled JPY 8,509 million (an increase of JPY 2,085 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 7.6% 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 2.1% vs the prior corresponding period.

Revenue relating to Research and Development in the six month period under review totaled JPY 6,585 million (an increase of JPY 289 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 179 million vs the prior year. In the six month period under review two new agreements were signed vs. one in the prior corresponding period.

[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 503 million vs the prior corresponding period. The increase in milestone revenue in the six month period under review was due to the occurrence of five R&D milestone events in the current six month period vs. four R&D milestone events in the prior corresponding period.

Deferred revenue releases

In some contracts, compensation for performing research and development services is included within upfront fees or milestone receipts, and recorded initially as deferred revenue in the balance sheet. Such income is transferred from deferred revenue to the revenue line in the income statement as a result of the performance of R&D activity in the period under review. Deferred revenue releases decreased by JPY 361 million vs. the prior corresponding period due to the stage of progression of relevant projects as at the end of the current quarter. Deferred revenue recorded in the balance sheet as at June 30, 2025 totaled JPY 5,840 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 six month period under review totaled JPY 3,473 million (a decrease of JPY 19 million vs. the prior corresponding period). This was primarily due to a decrease in the cost of sales of PIVLAZ® and a decrease in the cost of providing contracted research and development services to customers, offset by the inclusion of costs relating to QUVIVIQ® in the six month period under review following its launch in December 2024. This decrease in the cost of sales of PIVLAZ® 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 six month period under review totaled JPY 7,474 million (an increase of JPY 1,987 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, 89% 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 six month period under review totaled JPY 7,566 million (a decrease of JPY 456 million vs. the prior corresponding period). This decrease was primarily due to lower selling related costs as a result of targeted cost savings, partially offset by incremental spend on personnel to strengthen organizational capabilities.

Net other income

Net other income in the six month period under review totaled JPY 663 million (vs. net other income of JPY 627 million in the prior corresponding period). This was primarily due to an increase in projected tax refunds, including the UK R&D expenditure-related tax credit as a result of the increased investment in R&D.

Operating loss

Operating loss in the six month period under review totaled JPY 2,756 million (vs. an operating loss of JPY 3,654 million in the prior corresponding period). The reduction in operating loss reflects the combined effect of all of the movements explained above.

Net finance costs
Net finance costs in the six month period under review totaled JPY 966 million (vs. net finance income of JPY 496 million in the prior corresponding period). This change was primarily due to recording a charge in the quarter for the increase in the fair value of contingent consideration payable to the former shareholders of an acquired business following the progression of relevant R&D programs.

Loss before income taxes
Loss before income taxes in the six month period under review totaled JPY 3,722 million (vs. a loss before income taxes of JPY 3,158 million in the prior corresponding period). This change reflects the combined effect of all of the movements explained above.

Income tax benefit
Income tax benefit in the six month period under review totaled JPY 585 million (vs. an income tax expense of JPY 1,545 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 six month period under review totaled JPY 3,137 million (vs. a net loss of JPY 4,703 million in the prior corresponding period). The reduction in net loss 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 profit in the six month period under review totaled JPY 364 million (vs. a core operating profit of JPY 1,176 million in the prior corresponding period). In calculating core operating profit, the following adjustments to the IFRS operating loss have been made:

- Depreciation totaled JPY 791 million (a decrease of JPY 13 million vs. the prior corresponding period).
- Amortization totaled JPY 1,386 million (an increase of JPY 203 million vs. the prior corresponding period).
- Share-based payments totaled JPY 845 million (an increase of JPY 212 million vs. the prior corresponding period).
- Integration costs totaled JPY 98 million (a decrease of JPY 465 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 in 2024. The IT system integration was completed by February 2025.
- There were no restructuring costs in the six 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 six month period under review (vs. JPY 1,619 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 June 30, 2025 were JPY 144,689 million (a decrease of JPY 6,809 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to the use of cash to settle liabilities.

Liabilities

Total liabilities as at June 30, 2025 were JPY 78,828 million (a decrease of JPY 4,152 million vs. December 31, 2024, the end of the prior financial year). This decrease is primarily due to (i) the repayment of bank borrowings, (ii) settlement of other current liabilities, and (iii) a decrease in deferred tax liabilities, offset by an increase in contingent consideration payable to the former shareholders of an acquired business following the progression of relevant R&D programs.

Equity

Total equity as at June 30, 2025 was JPY 65,861 million (a decrease of JPY 2,657 million vs. December 31, 2024, the end of the prior financial year). This decrease was primarily due to the net loss of JPY 3,137 million.

The ratios of Cash and cash equivalents, Interest-bearing debt and Equity attributable to the owners of the parent company to total assets were 22.8%, 44.7% and 45.5%, respectively.

2) Cash flows

Cash and cash equivalents as at June 30, 2025 increased by JPY 729 million from the beginning of the year and amounted to JPY 32,997 million. The main drivers of each cash flow in the six month period ended June 30, 2025 were as follows:

Cash flows from operating activities

Net cash generated through operating activities during the period under review totaled JPY 433 million. This was primarily due to cash receipts (including tax refunds) exceeding cash operating costs.

Cash flows from investing activities

Net cash generated through investing activities during the period under review totaled JPY 3,515 million. This was primarily due to the maturity in the current period of a bank time deposit 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 3,350 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 131 million. This positive impact was primarily due to the weakness 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

	June 30, 2025 (Unaudited) ¥m	December 31, 2024 (Audited) ¥m
Assets		
Non-current assets		
Property, plant and equipment	**6,879**	7,468
Goodwill	**25,799**	25,693
Intangible assets	**50,586**	51,911
Deferred tax assets	**3,977**	4,021
Other financial assets	**3,628**	4,518
Other non-current assets	**28**	32
Total non-current assets	**90,897**	93,643
Current assets		
Trade and other receivables	**6,803**	6,695
Inventories	**8,718**	8,838
Income taxes receivable	**1,986**	2,394
Other financial assets	**33**	-
Other current assets	**3,255**	3,725
Time deposits	**-**	3,935
Cash and cash equivalents	**32,997**	32,268
Total current assets	**53,792**	57,855
Total assets	**144,689**	151,498
Liabilities and Equity		
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**986**	1,857
Contingent consideration in business combinations	**996**	-
Corporate bonds	**30,983**	30,838
Bank borrowings	**24,000**	26,889
Lease liabilities	**3,064**	3,483
Provisions	**499**	493
Other non-current liabilities	**3,430**	3,788
Total non-current liabilities	**63,958**	67,348
Current liabilities		
Trade and other payables	**4,435**	4,052
Income taxes payable	**213**	255
Current portion of long-term bank borrowings	**5,798**	5,798
Lease liabilities	**878**	892
Other current liabilities	**3,546**	4,635
Total current liabilities	**14,870**	15,632
Total liabilities	**78,828**	82,980
Equity		
Capital stock	**47,450**	47,172
Capital surplus	**21,020**	35,074
Treasury stock	**(3)**	(3)
Retained earnings	**(9,458)**	(20,942)
Other components of equity	**6,852**	7,217
Equity attributable to owners of the parent	**65,861**	68,518
Total equity	**65,861**	68,518
Total liabilities and equity	**144,689**	151,498

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

	Six month period ended June 30, 2025 (Unaudited) ¥m	Six month period ended June 30, 2024 (Unaudited) ¥m
Revenue	**15,094**	12,720
Cost of sales	**(3,473)**	(3,492)
Gross profit	**11,621**	9,228
Research and development expenses	**(7,474)**	(5,487)
Selling, general and administrative expenses	**(7,566)**	(8,022)
Other income	**672**	630
Other expenses	**(9)**	(3)
Operating loss	**(2,756)**	(3,654)
Finance income	**541**	880
Finance costs	**(1,507)**	(384)
Loss before income taxes	**(3,722)**	(3,158)
Income tax benefit (expense)	**585**	(1,545)
Net loss	**(3,137)**	(4,703)
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	**(662)**	250
Total items that will not be reclassified subsequently to profit or loss	**(662)**	250
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**297**	5,992
Total items that may be reclassified subsequently to profit or loss	**297**	5,992
Total other comprehensive income	**(365)**	6,242
Total comprehensive income	**(3,502)**	1,539
Net loss for the period attributable to:		
Owners of the parent	**(3,137)**	(4,703)
	(3,137)	(4,703)
Total comprehensive income for the period attributable to:		
Owners of the parent	**(3,502)**	1,539
	(3,502)	1,539
Earnings per share (yen)		
Basic loss per share	**(34.82)**	(52.51)
Diluted loss per share	**(34.82)**	(52.51)

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	**-**	**-**	**-**	**(3,137)**	**-**	**(3,137)**	**(3,137)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(365)**	**(365)**	**(365)**
Total comprehensive income	**-**	**-**	**-**	**(3,137)**	**(365)**	**(3,502)**	**(3,502)**
Issuance of new shares	**278**	**(278)**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**845**	**-**	**-**	**-**	**845**	**845**
Purchases of treasury stock	**-**	**-**	**(0)**	**-**	**-**	**(0)**	**(0)**
Transfer from capital surplus to retained earnings	**-**	**(14,621)**	**-**	**14,621**	**-**	**-**	**-**
Total transactions with owners	**278**	**(14,054)**	**(0)**	**14,621**	**-**	**845**	**845**
Balance at June 30, 2025 (Unaudited)	**47,450**	**21,020**	**(3)**	**(9,458)**	**6,852**	**65,861**	**65,861**
Balance at January 1, 2024	46,807	34,048	(1)	(16,104)	2,060	66,810	66,810
Net loss	-	-	-	(4,703)	-	(4,703)	(4,703)
Other comprehensive income	-	-	-	-	6,242	6,242	6,242
Total comprehensive income	-	-	-	(4,703)	6,242	1,539	1,539
Issuance of new shares	365	(365)	-	-	-	-	-
Share-based payments	-	633	-	-	-	633	633
Purchases of treasury stock	-	-	(1)	-	-	(1)	(1)
Early redemption of corporate bonds	-	(1)	-	-	-	(1)	(1)
Total transactions with owners	365	267	(1)	-	-	631	631
Balance at June 30, 2024 (Unaudited)	47,172	34,315	(2)	(20,807)	8,302	68,980	68,980

4) Interim Condensed Consolidated Statement of Cash Flows

	Six month period ended June 30, 2025 (Unaudited) ¥m	Six month period ended June 30, 2024 (Unaudited) ¥m
Cash flows from operating activities		
Loss before income taxes	(3,722)	(3,158)
Adjustments for:		
Depreciation and amortization	2,177	1,987
Share-based payments	845	633
Change in fair value of contingent consideration	996	(38)
Net foreign exchange loss (gain)	60	(134)
Interest income	(541)	(726)
Interest expenses	422	370
Research and development expenditure related tax credits	(665)	(602)
Increase in trade and other receivables	(148)	(415)
Decrease in inventories	120	589
Increase (decrease) in trade and other payables	504	(497)
(Decrease) increase in deferred revenue	(1,102)	2,343
Other	35	796
Subtotal	(1,019)	1,148
Interest received	636	651
Interest paid	(244)	(199)
Income tax paid	(158)	(246)
Income tax refunded	1,218	157
Net cash provided by operating activities	433	1,511
Cash flows from investing activities		
Purchase of property, plant and equipment	(199)	(102)
Purchase of intangible assets	(153)	(3)
Proceeds from withdrawal of time deposits	3,850	-
Proceeds from contingent consideration receivable	-	379
Other	17	160
Net cash provided by investing activities	3,515	434
Cash flows from financing activities		
Repayments of long-term bank borrowings	(2,900)	(2,900)
Repayment of lease liabilities	(450)	(447)
Payments for early redemption of corporate bonds	-	(150)
Other	(0)	(1)
Net cash used in financing activities	(3,350)	(3,498)
Effects of exchange rate changes on cash and cash equivalents	131	3,472
Net increase in cash and cash equivalents	729	1,919
Cash and cash equivalents at the beginning of the period	32,268	49,065
Cash and cash equivalents at the end of the period	32,997	50,984

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

Not applicable.