Disclaimer: This translation is prepared and provided for readers' convenience only. This summary does not constitute any guarantee, and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

November 13, 2026

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2026 (JGAAP)

Listed company's name: RaQualia Pharma Inc.
Listed on: Tokyo Stock Exchange (TSE)
Stock code: 4579
URL: https://www.raqualia.com/en/ir.html
Representative: Masaki Sudo, President and CEO
Contact: Manabu Sato, General Manager, Finance & Accounting Office (TEL) +81-52-446-6100
Scheduled date of dividend payment: —
Supplementary documents for financial results: Yes
Financial results briefing: Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the first nine months of the fiscal year ending December 31, 2026 (January 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentage figures represent changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
First nine months ended	million yen	%	million yen	%	million yen	%	million yen	%
September 30, 2026	2,350	1.7	(238)	–	(261)	–	(493)	–
September 30, 2025	2,311	(2.5)	(344)	–	(426)	–	(568)	–

Note: Comprehensive income Nine months ended September 30, 2026: (542) million yen [–%]
Nine months ended September 30, 2025: (583) million yen [–%]

	Earnings per share (Basic)	Earnings per share (Diluted)
First nine months ended	yen	yen
September 30, 2026	(19.08)	–
September 30, 2025	(24.29)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
September 30, 2026	10,704	7,790	72.2
December 31, 2025	10,514	6,896	65.1

Reference: Equity As of September 30, 2026: 7,729 million yen As of December 31, 2025: 6,848 million yen

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2026	–	0.00	–		
Fiscal year ending December 31, 2026 (forecast)				0.00	0.00

Note: Revisions to the forecasts of dividends most recently announced: None

3. Forecasts of consolidated financial results for the fiscal year ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share (Basic)
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending December 31, 2026	3,980	–	165	(65.9)	86	(80.4)	(63)	–	(2.58)

Note: Revisions to the forecasts of results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the first nine months ended September 30, 2026: Yes
Newly included: – companies
Excluded: 1 company (TMRC Co., Ltd.)

Note: For more details, please refer to the section of "(4) Notes to quarterly consolidated financial statements (Notes on significant changes in the scope of consolidation)" of "2. Quarterly consolidated financial statements and significant notes thereto" on page 10 of the attached material.

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

Note: For more details, please refer to the section of "(4) Notes to quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements)" of "2. Quarterly consolidated financial statements and significant notes thereto" on page 10 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatements of prior financial statements
a. Changes in accounting policies due to the revisions to accounting standards and other regulations: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatements of prior financial statements: None

(4) Number of issued shares (common shares)
a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2026	26,031,413 shares
As of December 31, 2025	24,458,673 shares

b. Total number of treasury shares at the end of the period

As of September 30, 2026	181 shares
As of December 31, 2025	181 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

For the first nine months ended September 30, 2026	25,865,749 shares
For the first nine months ended September 30, 2025	23,429,083 shares

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

*** Appropriate use of financial forecasts and other special remarks**

(Caution concerning forward-looking statements)

Forward-looking statements provided in this document, including financial forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Such statements are included without any guarantee as to their future achievement. Actual results, etc. may differ materially from the forecasts depending on various factors.

For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of "(3) Qualitative information regarding consolidated earnings forecasts" of "1. Qualitative information regarding financial results for the first nine months" on page 4 of the attached material.

(Method of accessing supplementary documents for financial results and details of financial results briefing)

The Company plans to hold a financial results briefing via live webcast on Tuesday, November 17, 2026.

The Company plans to post the documents used at the briefing on its website promptly after the briefing is held.

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1. Qualitative information regarding financial results for the first nine months

(1) Qualitative information regarding consolidated operating results

1) Financial results

During the first nine months of the fiscal year ending December 31, 2026, the Japanese economy showed a gradual recovery trend, supported by improvements in employment and income conditions and the effects of various policies. However, concerns remain about the impact of continuing price increases and trends in the global economy, and the outlook remains uncertain. According to the Bank of Japan's quarterly short-term economic survey (September 2026), business sentiment among large enterprises in the manufacturing sector improved for the sixth consecutive quarter, driven by a significant improvement in petroleum and coal products, which appear to have been less affected by supply chain disruptions, as well as an overall boost from production machinery, electrical machinery, and basic materials, against the backdrop of expanding global AI-related demand. Business sentiment among large enterprises in the non-manufacturing sectors deteriorated slightly, with improvements seen in construction and electricity and gas, but worsening in retail and accommodation and food services.

In the pharmaceutical industry, discussions on optimizing medical expenses, primarily through the drug pricing system, continue. Meanwhile, in the "Basic Policy on Economic and Fiscal Management and Reform 2026 (Basic Policy 2026)," approved by the Cabinet of Japan in July 2026, drug discovery and advanced medical care were positioned as important fields supporting Japan's growth. The government is working to strengthen drug discovery capabilities, eliminate drug lag and drug loss, develop an internationally competitive research and development and clinical trial environment, and nurture drug discovery startups. Furthermore, progress is being made in strengthening the drug discovery ecosystem through public-private partnerships and promoting investment in research and development, raising expectations for the creation of innovative medicines. Under these industry trends, drug discovery ventures such as the Group are playing increasingly important roles.

Under such conditions, the Group reported the following financial results for the first nine months.

The Group views corporate value in three tiers: "stable earnings base," "out-licensed assets and pipeline value," and "drug discovery platform and new growth areas." These are positioned as supporting the corporate value primarily from the present to the short term, over the short to medium term, and over the medium to long term, respectively. The Group aims for sustainable growth and enhancement of corporate value in the medium to long term by expanding its stable earnings base through royalty income from marketed products, enhancing the value of its out-licensed assets and development pipeline, and creating new development candidates and out-licensed assets.

Under these policies, regarding human drug products that are already on the market, sales of K-CAB® (generic name: tegoprazan)—gastric acid secretion inhibitor marketed by HK inno.N Corporation (headquarters: Osong, South Korea, "HK inno.N")—in South Korea continued to perform well. Sales of tegoprazan from prescriptions in the first nine months ended September 30, 2026 amounted to 185.4 billion won, an increase of 15.3% year on year, and equivalent to approximately 20.4 billion yen at 0.11 yen to the won. Tegoprazan's share in the South Korean peptic ulcer drug market was 15%, continuing to maintain the No. 1 share.

Global expansion of tegoprazan is also progressing steadily. The Company has executed exclusive license agreements with HK inno.N granting rights to develop, manufacture, and market tegoprazan, together with the rights to sublicense such rights, and business activities related to tegoprazan are being carried out by HK inno.N and its business partners around the world to which HK inno.N has granted licenses or supplied product. As of the end of the first nine months ended September 30, 2026, tegoprazan-related development, manufacturing, and marketing activities were underway in 57 countries worldwide, including Japan. In addition, HK inno.N aims to achieve annual worldwide sales of 3 trillion won in 2030 for tegoprazan products, including K-CAB®.

As of the end of the first nine months ended September 30, 2026, tegoprazan products are being marketed in 22 countries: South Korea, China, Mongolia, the Philippines, Indonesia, Singapore, Mexico, Peru, Chile, Colombia, Dominican Republic, Nicaragua, Honduras, Guatemala, El Salvador, Panama, Malaysia, India, Thailand, Russia, Paraguay, and Ecuador. The Company has received the sales royalty through HK inno.N based on the product sales. In addition, tegoprazan products are under review for approval in other countries in Southeast Asia and South-Central America, and are under preparation for filing for approval in countries including Canada and the Middle East region.

During the first nine months ended September 30, 2026, HK inno.N obtained additional approval for the indication of "prevention of peptic ulcers associated with NSAIDs (nonsteroidal anti-inflammatory drugs) administration" for K-CAB®, which is currently marketed in South Korea. The newly added indication for the prevention of peptic ulcers associated with NSAIDs administration is based on the results of a clinical trial ("this trial") conducted in patients receiving long-term NSAIDs administration. With the increasing number of chronic pain patients due to aging, the use of NSAIDs is expanding, and preventing peptic ulcers during long-term administration has become an important medical need. This trial compared tegoprazan 25 mg with lansoprazole 15 mg, a proton pump inhibitor (PPI), to evaluate its preventive effect against gastric and duodenal ulcers as well as safety. The results showed that tegoprazan was non-inferior to the comparator drug in the primary endpoint of the incidence of gastric and duodenal ulcers at 24 weeks. In addition, the proportion of subjects who did not experience heartburn symptoms at 12 weeks was statistically

significantly higher compared to the comparator drug group. Furthermore, a total of 11 different NSAIDs were used in this trial, and the safety was evaluated over a 24-week administration period. The NSAIDs used include non-selective NSAIDs such as pelubiprofen, naproxen, and meloxicam, as well as selective COX-2 inhibitors such as celecoxib. With this addition of the indication, tegoprazan now has six indications in South Korea: erosive esophagitis, non-erosive reflux disease, gastric ulcer, adjunctive therapy for Helicobacter pylori eradication, maintenance therapy after healing of erosive esophagitis, and prevention of peptic ulcers associated with NSAIDs administration. This makes it the drug with the most approved indications in its class in South Korea.
With regard to pet drugs, sales were strong for GALLIPRANT® (generic name: grapiprant), which is a drug for osteoarthritis in dogs, and ENTYCE™ (generic name: capromorelin), which has an indication for anorexia management for dogs, and ELURA™ (generic name: capromorelin), which has an indication for weight loss management in cats, all of which were licensed to Elanco Animal Health Inc. (headquarters: Indiana, U.S.).
Other licensed programs are also in the pre-clinical or later development stage at licensee and sublicensee companies.

As for pre-licensing programs, the Company has been conducting business development activities aimed at finding business partners for the ghrelin receptor agonist which is being developed in-house. For other pre-licensing programs, the Company also has been conducting business development activities aimed at finding business partners through a flexible combination of face-to-face and online meetings.

At the discovery research stage, the Group is continuing to create new candidate compounds and strengthen its technological foundation in order to expand the Group's pipeline that will support the enhancement of corporate value in the medium to long term. The Group positions it as a key growth strategy to continuously create new development candidate compounds by integrating the knowledge and technologies accumulated in drug discovery research with new drug discovery technologies, thereby opening up new drug discovery opportunities.
During the first nine months ended September 30, 2026, the Group advanced research and development of targeted protein degraders, a new drug discovery modality, centered on FIMECS, Inc. (headquarters: Fujisawa, Kanagawa; "FIMECS"), a consolidated subsidiary. FIMECS and Astellas Pharma Inc. (headquarters: Chuo-ku, Tokyo) have been exploring targeted protein degraders for multiple targets with cancer as the target indication using FIMECS's proprietary platform technology, RaPPIDS™ (Rapid Protein Proteolysis Inducer Discovery System), which is specialized for targeted protein degraders.
Furthermore, during the first nine months ended September 30, 2026, FIMECS received a notice of allowance in the U.S. for its substance patent covering IRAK-M protein degraders (heterocyclic compounds). This group of compounds includes FIM-001, which FIMECS is currently advancing through preclinical development, and this patent is a substance patent encompassing this compound and related compounds. Furthermore, a patent was also granted in Japan in January 2026, and with this latest patent grant in the U.S., the intellectual property base in major markets has been strengthened. The Group will continue to promote research and development and strengthen its intellectual property portfolio using RaPPIDS™.

Accordingly, financial results for the first nine months were as follows. Business revenue for the period was 2,350 million yen (up 1.7% year on year), operating loss totaled 238 million yen (compared with operating loss of 344 million yen a year earlier), ordinary loss totaled 261 million yen (compared with ordinary loss of 426 million yen a year earlier), and loss attributable to owners of parent was 493 million yen (compared with loss attributable to owners of parent of 568 million yen a year earlier).
Total business expenses were 2,589 million yen (down 2.5% year on year). This mainly consists of cost of business revenue of 481 million yen (down 12.1% year on year), research and development expenses of 1,263 million yen (up 2.1% year on year) and other selling, general and administrative expenses of 845 million yen (down 3.0% year on year).

2) Research and development activities

Research and development expenses of the entire Group during the first nine months were 1,263 million yen. For the first nine months, there were no material changes to the research and development activities.

(2) Qualitative information regarding consolidated financial position

1) Analysis of assets, liabilities and net assets

Assets

Total assets as of September 30, 2026 were 10,704 million yen, an increase of 190 million yen (up 1.8%) from the end of the previous fiscal year. This is mainly attributable to an increase in cash and deposits of 1,414 million yen, a decrease in accounts receivable - trade, and contract assets of 1,367 million yen, an increase in securities of 156 million yen, an increase in prepaid expenses of 100 million yen, and a decrease in goodwill of 209 million yen.

Liabilities

Total liabilities as of September 30, 2026 were 2,914 million yen, a decrease of 703 million yen (down 19.4%) from the end of the previous fiscal year. This is mainly attributable to decreases in accounts payable - other of 129 million yen, contract liabilities of 123 million yen and long-term borrowings of 383 million yen.

Net assets

Net assets as of September 30, 2026 were 7,790 million yen, an increase of 893 million yen (up 13.0%) from the end of the previous fiscal year. This is mainly attributable to an increase in share capital and capital surplus of 1,423 million yen due to capital increase through third-party allotment, and the recording of loss attributable to owners of parent of 493 million yen.

Consequently, the equity ratio was 72.2% (up 7.1 percentage points from the end of the previous fiscal year).

2) Analysis of cash flows

The balance of cash and cash equivalents ("net cash") as of September 30, 2026 amounted to 4,814 million yen (compared with 3,543 million yen a year earlier), an increase of 1,570 million yen (up 48.4%) from the end of the previous fiscal year.
The respective cash flows in the first nine months and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 930 million yen (compared with net cash of 172 million yen used a year earlier). This is mainly attributable to the recording of loss before income taxes of 261 million yen, depreciation of 131 million yen and amortization of goodwill of 209 million yen, a cash inflow from a decrease in trade receivables of 1,367 million yen, and cash outflows from a decrease in contract liabilities of 123 million yen and income taxes paid of 266 million yen.

Cash flows from investing activities

Net cash used in investing activities was 293 million yen (compared with net cash of 129 million yen provided a year earlier). This mainly consists of purchase of investment securities of 246 million yen, proceeds from redemption of investment securities of 100 million yen, and contingent consideration paid for shares of subsidiaries of 120 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 947 million yen (up 80.5% year on year). This is mainly attributable to proceeds from issuance of shares of 1,399 million yen, repayments of long-term borrowings of 384 million yen, and repayments of lease liabilities of 66 million yen.

(3) Qualitative information regarding consolidated earnings forecasts

For the performance through the first nine months of the fiscal year ending December 31, 2026, while royalty income has progressed steadily, milestone income, upfront payments and other revenues included in the assumptions underlying the full-year earnings forecast have not yet been recognized during the period. To achieve the full-year earnings forecast, it will be necessary to record these revenues during the fourth quarter of the fiscal year. However, the recognition, timing, and amounts of that recording vary depending on factors such as the status of licensees and business partners, and are not finalized as of this time. Additionally, royalty income may also vary depending on factors such as market trends. Based on factors such as these conditions and future revenue and expense trends, the Company has not changed the full-year consolidated earnings forecast for the fiscal year ending December 31, 2026 presented in "Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (JGAAP)" published on February 13, 2026, at this time.
If it is determined that a revision of the earnings forecast is necessary due to future business progress or other factors, the Company will promptly disclose it.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2025	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	3,240,965	4,655,174
Accounts receivable - trade, and contract assets	1,928,281	560,389
Securities	3,309	159,666
Supplies	159,766	166,828
Advance payments to suppliers	85,064	46,882
Prepaid expenses	165,724	266,417
Other	99,317	167,342
Total current assets	5,682,428	6,022,701
Non-current assets		
Property, plant and equipment		
Buildings, net	55,257	50,095
Tools, furniture and fixtures, net	151,648	115,839
Leased assets, net	229,501	240,332
Total property, plant and equipment	436,406	406,266
Intangible assets		
Goodwill	3,700,048	3,490,611
Trademark right	3,062	2,676
Software	29,720	22,192
Other	72	72
Total intangible assets	3,732,904	3,515,553
Investments and other assets		
Investment securities	546,897	643,397
Long-term prepaid expenses	4,729	4,791
Deferred tax assets	64,811	64,907
Other	46,015	47,347
Total investments and other assets	662,453	760,444
Total non-current assets	4,831,764	4,682,263
Total assets	10,514,193	10,704,965

(Thousands of yen)

	As of December 31, 2025	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	73,189	71,053
Current portion of long-term borrowings	512,620	511,965
Lease liabilities	78,742	95,880
Accounts payable - other	266,117	136,911
Accrued expenses	58,001	60,822
Income taxes payable	54,782	38,527
Contract liabilities	147,414	23,636
Deposits received	9,808	11,247
Other	74,336	7,546
Total current liabilities	1,275,013	957,590
Non-current liabilities		
Long-term borrowings	2,138,810	1,755,000
Lease liabilities	171,720	171,457
Asset retirement obligations	14,722	14,786
Provision for share awards	12,398	10,224
Provision for share awards for directors (and other officers)	5,266	5,829
Total non-current liabilities	2,342,917	1,957,297
Total liabilities	3,617,930	2,914,887
Net assets		
Shareholders' equity		
Share capital	3,240,891	3,952,818
Capital surplus	3,430,674	4,142,601
Retained earnings	227,442	(266,132)
Treasury shares	(102)	(102)
Total shareholders' equity	6,898,906	7,829,184
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(50,488)	(99,645)
Total accumulated other comprehensive income	(50,488)	(99,645)
Share acquisition rights	47,845	60,538
Total net assets	6,896,263	7,790,077
Total liabilities and net assets	10,514,193	10,704,965

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	First nine months ended September 30, 2025	First nine months ended September 30, 2026
Business revenue	2,311,025	2,350,950
Business expenses		
Cost of business revenue	547,224	481,171
Research and development expenses	1,236,866	1,263,087
Other selling, general and administrative expenses	871,680	845,364
Total business expenses	2,655,771	2,589,623
Operating loss	(344,745)	(238,672)
Non-operating income		
Interest income	12,996	21,525
Interest on securities	1,599	13,128
Gain on valuation of derivatives	31,258	10,975
Other	19,886	14,316
Total non-operating income	65,741	59,944
Non-operating expenses		
Interest expenses	44,929	48,250
Commitment fees	2,333	1,749
Commission for syndicated loans	1,499	1,499
Foreign exchange losses	87,346	17,577
Share issuance costs	11,018	11,846
Loss on valuation of compound financial instruments	530	1,080
Other	0	1,030
Total non-operating expenses	147,657	83,035
Ordinary loss	(426,661)	(261,763)
Loss before income taxes	(426,661)	(261,763)
Income taxes	142,322	231,811
Loss	(568,984)	(493,574)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(568,984)	(493,574)

Consolidated statement of comprehensive income

(Thousands of yen)

	First nine months ended September 30, 2025	First nine months ended September 30, 2026
Loss	(568,984)	(493,574)
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,933)	(49,156)
Total other comprehensive income	(14,933)	(49,156)
Comprehensive income	(583,917)	(542,731)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(583,917)	(542,731)
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of cash flows

(Thousands of yen)

	First nine months ended September 30, 2025	First nine months ended September 30, 2026
Cash flows from operating activities		
Loss before income taxes	(426,661)	(261,763)
Depreciation	150,664	131,960
Amortization of goodwill	207,436	209,436
Interest income	(12,996)	(21,525)
Interest income on securities	(1,599)	(13,128)
Foreign exchange losses (gains)	80,490	16,086
Interest expenses	44,929	48,250
Commitment fees	2,333	1,749
Commission for syndicated loans	1,499	1,499
Share issuance costs	11,018	11,846
Loss (gain) on valuation of compound financial instruments	530	1,080
Loss (gain) on valuation of derivatives	(31,258)	(10,975)
Decrease (increase) in trade receivables	139,901	1,367,892
Decrease (increase) in inventories	(17,112)	(7,062)
Increase (decrease) in trade payables	(1,060)	(2,136)
Increase (decrease) in contract liabilities	(185,829)	(123,777)
Decrease (increase) in advance payments to suppliers	(4,132)	38,182
Decrease (increase) in prepaid expenses	(40,720)	(99,992)
Decrease (increase) in long-term prepaid expenses	6,284	(1,711)
Increase (decrease) in accounts payable - other	20,478	(7,599)
Increase (decrease) in income taxes payable - factor based tax	(14,150)	(18,690)
Decrease (increase) in consumption taxes refund receivable	37,874	(15,267)
Increase (decrease) in accrued consumption taxes	10,718	(55,832)
Increase (decrease) in provision for share awards	298	(2,174)
Increase (decrease) in provision for share awards for directors (and other officers)	(1,070)	563
Other, net	17,150	26,505
Subtotal	(4,980)	1,213,415
Interest and dividends received	15,535	32,087
Interest paid	(44,911)	(48,234)
Commitment fees paid	(100)	(100)
Income taxes paid	(141,576)	(266,446)
Income taxes refund	3,735	–
Net cash provided by (used in) operating activities	(172,298)	930,722
Cash flows from investing activities		
Payments into time deposits	(200,000)	–
Proceeds from withdrawal of time deposits	400,000	–
Purchase of property, plant and equipment	(63,549)	(24,874)
Purchase of intangible assets	(3,315)	(424)
Purchase of investment securities	–	(246,833)
Proceeds from redemption of investment securities	–	100,000
Contingent consideration paid for shares of subsidiaries	–	(120,000)
Other payments	(3,441)	(1,331)
Net cash provided by (used in) investing activities	129,694	(293,463)

(Thousands of yen)

	First nine months ended September 30, 2025	First nine months ended September 30, 2026
Cash flows from financing activities		
Repayments of long-term borrowings	(384,465)	(384,465)
Commission for syndicated loans	(2,200)	(2,200)
Proceeds from issuance of shares	1,018,519	1,399,443
Proceeds from issuance of shares resulting from exercise of share acquisition rights	188	1,504
Repayments of lease liabilities	(56,812)	(66,284)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(50,000)	–
Net cash provided by (used in) financing activities	525,229	947,998
Effect of exchange rate change on cash and cash equivalents	(81,323)	(14,690)
Net increase (decrease) in cash and cash equivalents	401,301	1,570,567
Cash and cash equivalents at beginning of period	3,141,929	3,244,274
Cash and cash equivalents at end of period	3,543,230	4,814,841

(4) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on significant changes in the amount of shareholders' equity

On January 29, 2026, the Company received payment for capital increase through third-party allotment from HK inno.N Corporation. As a result, share capital and capital surplus each increased 705,600 thousand yen. Moreover, including increases due to the exercise of share acquisition rights (stock options) and the issuance of new shares as restricted stock-based compensation for directors, etc., share capital and capital surplus each increased 711,926 thousand yen during the first nine months of the fiscal year under review, resulting in share capital of 3,952,818 thousand yen and capital surplus of 4,142,601 thousand yen as of the end of the first nine months of the fiscal year under review.

Application of special accounting for preparing quarterly consolidated financial statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the first nine months under review.

However, in cases where calculations using said estimated effective tax rate yield a result that is notably lacking rationality, tax expenses are calculated by multiplying profit (loss) before income taxes by the statutory effective tax rate, taking into consideration the recoverability of deferred tax assets.

Income taxes include income taxes - deferred.

Notes on significant changes in the scope of consolidation

In the first quarter of the fiscal year ending December 31, 2026, TMRC Co., Ltd., which was a consolidated subsidiary of the Company, was dissolved on January 1, 2026, through an absorption-type merger with the Company as the surviving company, and is therefore excluded from the scope of consolidation.

Business combinations

(Transactions under common control, etc.)

Absorption-type merger of consolidated subsidiaries

At the Board of Directors meeting held on October 17, 2025, the Company resolved to merge with its wholly-owned subsidiary, TMRC Co., Ltd., and the merger was completed on January 1, 2026.

1. Outline of business combination

(1) Name of the combined entity and its business

(Surviving company in absorption-type merger)

Name of company: RaQualia Pharma Inc.

Business description: Research and development of pharmaceutical products, sale and licensing of intellectual property for fundamental technologies related to pharmaceutical compounds and candidate compounds for clinical development, and alliances with companies and universities for the development and sale of intellectual property in the biomedical field.

(Company to be dissolved in absorption-type merger)

Name of company: TMRC Co., Ltd. ("TMRC")

Business description: Drug discovery with a focus on cancer therapies

(2) Date of business combination

January 1, 2026

(3) Legal form of business combination

Absorption-type merger with the Company as the surviving company and TMRC as the disappearing company (simple and short-form merger)

(4) Name of company after combination

RaQualia Pharma Inc.

(5) Other matters related to overview of transactions

The merger has been conducted in order to improve the business efficiency of the Group, with the aim of reducing costs and simplifying and increasing the efficiency of administrative operations.

2. Overview of accounting procedures

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction is accounted for as a transaction under common control.

Notes on segment information, etc.

[Segment information]

I. For the first nine months ended September 30, 2025 (January 1, 2025 to September 30, 2025)

This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.

II. For the first nine months ended September 30, 2026 (January 1, 2026 to September 30, 2026)

This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.

Significant subsequent event

No items to report.