

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

* As the Company conducts performance management on an annualized basis, forecasts of results over a six-month period are not presented.

*** Notes**

(1) Significant changes in the scope of consolidation during the first three months ended March 31, 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 March 31, 2026	26,018,573 shares
As of December 31, 2025	24,458,673 shares

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

As of March 31, 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 three months ended March 31, 2026	25,532,550 shares
For the first three months ended March 31, 2025	21,838,348 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 settlement of accounts for the first three 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 Monday, May 18, 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 settlement of accounts for the first three months

(1) Qualitative information regarding consolidated operating results

1) Financial results

During the first three months of the fiscal year ending December 31, 2026, the Japanese economy showed signs of a gradual recovery in the employment and income environment. However, the economy remains highly uncertain, mainly due to the impact of price trends and foreign exchange rate fluctuations, as well as uncertainty about U.S. and other trade policies, and international energy market trends influenced by the situation in the Middle East. According to the Bank of Japan's quarterly short-term economic survey (March 2026), business sentiment among large enterprises in the manufacturing sector improved for the fourth consecutive quarter, supported by the performance of export-related enterprises against the backdrop of a weaker yen, despite being affected by trends in resource prices and geopolitical risks. Meanwhile, business sentiment among large enterprises in the non-manufacturing sectors remained flat due to factors such as rising procurement costs.

In the pharmaceutical industry, while discussions on curbing drug costs—centered on the drug pricing system—have continued, the government has signaled its intention to prioritize addressing drug wastage and strengthening the foundation for drug discovery. In December 2025, a policy package worth approximately 330 billion yen was announced to strengthen drug discovery capabilities, with key pillars including the cultivation of drug discovery startups and the development of a globally competitive clinical trial environment. Against this backdrop, at a press conference led by the chairman of the Japan Pharmaceutical Manufacturers Association in February 2026, proposals were made to establish a comprehensive mechanism to accelerate commercialization through industry-government-academia collaboration, expand the supply of risk capital for domestically originated drug discovery leads, and strengthen the capabilities of domestic CDMOs and CROs. Under these industry trends, drug discovery ventures such as the Group are playing increasingly important roles.

Under such conditions, the Group achieved the following financial results during the first three months.

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 from prescriptions in the first three months ended March 31, 2026 amounted to 58.5 billion won, an increase of 13.9% year on year, and equivalent to approximately 6.4 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 for the development, manufacturing, and marketing of tegoprazan with sublicensing rights, and business activities related to tegoprazan are being carried out by HK inno.N and its business partners around the world that have received licenses or product exports from HK inno.N. As of the end of the first three months ended March 31, 2026, business activities involving the development, manufacture, and sale of tegoprazan were being conducted 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 three months ended March 31, 2026, tegoprazan products are being marketed in 20 countries: South Korea, China, Mongolia, the Philippines, Indonesia, Singapore, Mexico, Peru, Chile, Colombia, Dominican Republic, Nicaragua, Honduras, Guatemala, El Salvador, Panama, Malaysia, India, Thailand, and Russia. 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 Brazil and the Middle East region.

During the first three months ended March 31, 2026, HK Inno.N announced that Braintree Laboratories (headquarters: Massachusetts, U.S., “Braintree”), a division of its sublicensee Sebela Pharmaceuticals Inc. (headquarters: Georgia, U.S., “Sebela”), has submitted a New Drug Application (NDA) to the U.S. FDA for EE (erosive esophagitis), NERD (non-erosive reflux disease), and maintenance therapy following healing of EE. In December 2021, HK Inno.N entered into a licensing agreement with Braintree granting it exclusive rights to develop, manufacture, and sell products in the U.S. and Canada. In April 2025, Sebela announced that all primary and secondary endpoints had been met in both the curative phase of the EE study and the NERD study, that positive study results had been obtained for the ongoing maintenance therapy after cure of EE in August 2025. Braintree submitted an NDA to the U.S. FDA on January 9, 2026, and approval by the U.S. FDA is expected in January 2027. The global market for peptic ulcer treatments is estimated to be worth approximately 2 trillion yen, with the U.S. accounting for roughly 20% of that total. Currently, PPIs are the primary treatment for gastroesophageal reflux disease in North America. However, it has been pointed out that PPI therapy has its limitations, as approximately 40% of patients continue to experience heartburn or have esophageal mucosal damage despite treatment with PPIs. The Company expects that tegoprazan will help address these unmet needs as a new treatment option for gastroesophageal reflux disease.

In addition, during the first three months, sales of tegoprazan was launched in Russia and the marketing approval was obtained from the regulatory authorities in Uzbekistan.

Additionally, during the first three months, AskAt Co., Ltd. (headquarters: Nagoya, Aichi, “AskAt”) announced the termination of the license agreement it had entered into with Oxford Cannabinoid Technologies Ltd. (headquarters: London, UK, “OCT”) in

September 2019 for the CB2 agonist (compound code: RQ-00202730/AAT-730/OCT461201), which the Company had licensed to AskAt. This termination is due to a breach of contract by OCT and is not for reasons related to development. AskAt will search for new partners to continue the development of CB2 agonist.

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, pre-clinical studies for a ghrelin receptor agonist, which is being developed in-house, have been completed. And the Company has been conducting business development activities aimed at finding business partners. 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.

In the discovery research stage, the Company is continuing to promote discovery research to generate development candidate compounds. The Group has made it a key growth strategy to create pharmaceuticals for unexplored drug targets (genes, proteins, etc.) that have been considered difficult to address with conventional technologies by strengthening the drug discovery value chain through synergistic effects from existing and new technologies, and is working to strengthen its technologies and pipeline from the four angles of “modality,” “drug target,” “disease area,” and “platform technology.”

During the first three months, the Group is advancing 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. (Head Office: Chuo-ku, Tokyo) have been exploring targeted protein degraders for multiple targets with cancer as the target disease using FIMECS’s proprietary platform technology, RaPPIDS™ (Rapid Protein Proteolysis Inducer Discovery System), which is specialized for targeted protein degraders.

On December 12, 2025, the Board of Directors of the Company resolved to conclude an underwriting agreement for new shares issued through a third-party allotment between HK inno.N and the Company (“the financing”), to conclude an amendment to the licensing agreement, and to conclude an amendment to the shareholder agreement, and then concluded these agreements (“the alliance”). The payment procedure for the alliance was completed on January 29, 2026. The alliance, as an extension of the capital and business alliance agreement with HK inno.N on March 21, 2025, and through the financing, the Company allotted 1,555,900 shares of the Company’s common stock to HK inno.N. Under the alliance, the Company licensed HK inno.N exclusive rights to develop, manufacture and sell tegoprazan in the Japanese market, and HK inno.N is moving forward with initiatives aimed at later stage clinical trials for the purpose of developing and obtaining approval for tegoprazan products. In addition, the Group will take steps to strengthen its drug discovery research capabilities with the objective of creating groundbreaking products to follow tegoprazan. The Company will allocate the funds raised through the financing to research and development expenses and investments in research facilities. By strengthening its drug discovery research infrastructure through the utilization of small-molecule drug discovery technologies and next-generation drug discovery technologies, the Company aims to enhance the medium- to long-term corporate value of the Group.

Accordingly, financial results for the first three months were as follows. Business revenue for the period was 801 million yen (down 16.9% year on year), operating loss totaled 160 million yen (compared with operating profit of 93 million yen a year earlier), ordinary loss totaled 158 million yen (compared with ordinary profit of 29 million yen a year earlier), and loss attributable to owners of parent was 225 million yen (compared with loss attributable to owners of parent of 5 million yen a year earlier).

Total business expenses were 962 million yen (up 10.3% year on year). This mainly consists of cost of business revenue of 180 million yen (down 18.6% year on year), research and development expenses of 477 million yen (up 23.9% year on year) and other selling, general and administrative expenses of 304 million yen (up 14.9% year on year).

2) Research and development activities

Research and development expenses of the Group during the first three months were 477 million yen. For the first three 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 March 31, 2026 were 11,391 million yen, an increase of 877 million yen (up 8.3%) from the end of the previous fiscal year. This is mainly attributable to an increase in cash and deposits of 1,199 million yen, a decrease in accounts receivable - trade, and contract assets of 693 million yen, and increases in prepaid expenses of 274 million yen, and investment securities of 146 million yen.

Liabilities

Total liabilities as of March 31, 2026 were 3,304 million yen, a decrease of 313 million yen (down 8.7%) from the end of the previous fiscal year. This is mainly attributable to decreases in accounts payable - other of 80 million yen, contract liabilities of 48 million yen, and long-term borrowings of 128 million yen.

Net assets

Net assets as of March 31, 2026 were 8,086 million yen, an increase of 1,190 million yen (up 17.3%) from the end of the previous fiscal year. This is mainly attributable to an increase in share capital and capital surplus of 1,413 million yen due to capital increase through third-party allotment, and the recording of loss attributable to owners of parent of 225 million yen.

Consequently, the equity ratio was 70.5% (up 5.4 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 March 31, 2026 amounted to 4,494 million yen (compared with 2,564 million yen a year earlier), an increase of 1,250 million yen (up 38.5%) from the end of the previous fiscal year.

The respective cash flows in the first three months and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 258 million yen (compared with net cash of 299 million yen used a year earlier). This is mainly attributable to the recording of loss before income taxes of 158 million yen, depreciation of 41 million yen and amortization of goodwill of 69 million yen, a cash inflow from a decrease in trade receivables of 693 million yen, and cash outflows from an increase in prepaid expenses of 272 million yen and income taxes paid of 93 million yen.

Cash flows from investing activities

Net cash used in investing activities was 280 million yen (compared with net cash of 11 million yen used a year earlier). This is mainly attributable to 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 1,252 million yen (compared with net cash of 198 million yen used a year earlier). This is mainly attributable to proceeds from issuance of shares of 1,400 million yen, repayments of long-term borrowings of 128 million yen, and repayments of lease liabilities of 19 million yen.

(3) Qualitative information regarding consolidated earnings forecasts

At the present time, there are no changes to the full-year consolidated earnings forecasts 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.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	3,240,965	4,440,268
Accounts receivable - trade, and contract assets	1,928,281	1,234,479
Securities	3,309	54,338
Supplies	159,766	161,393
Advance payments to suppliers	85,064	27,822
Prepaid expenses	165,724	439,930
Other	99,317	123,964
Total current assets	5,682,428	6,482,198
Non-current assets		
Property, plant and equipment		
Buildings, net	55,257	53,584
Tools, furniture and fixtures, net	151,648	144,374
Leased assets, net	229,501	241,227
Total property, plant and equipment	436,406	439,187
Intangible assets		
Goodwill	3,700,048	3,630,235
Trademark right	3,062	2,832
Software	29,720	27,125
Other	72	72
Total intangible assets	3,732,904	3,660,267
Investments and other assets		
Investment securities	546,897	693,452
Long-term prepaid expenses	4,729	4,005
Deferred tax assets	64,811	63,442
Other	46,015	48,891
Total investments and other assets	662,453	809,791
Total non-current assets	4,831,764	4,909,246
Total assets	10,514,193	11,391,445

(Thousands of yen)

	As of December 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	73,189	62,293
Current portion of long-term borrowings	512,620	512,620
Lease liabilities	78,742	85,632
Accounts payable - other	266,117	185,608
Accrued expenses	58,001	56,978
Income taxes payable	54,782	11,030
Contract liabilities	147,414	99,241
Deposits received	9,808	10,852
Other	74,336	28,209
Total current liabilities	1,275,013	1,052,467
Non-current liabilities		
Long-term borrowings	2,138,810	2,010,655
Lease liabilities	171,720	179,944
Asset retirement obligations	14,722	14,749
Provision for share awards	12,398	30,202
Provision for share awards for directors (and other officers)	5,266	16,726
Total non-current liabilities	2,342,917	2,252,277
Total liabilities	3,617,930	3,304,744
Net assets		
Shareholders' equity		
Share capital	3,240,891	3,947,714
Capital surplus	3,430,674	4,137,497
Retained earnings	227,442	1,749
Treasury shares	(102)	(102)
Total shareholders' equity	6,898,906	8,086,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(50,488)	(51,054)
Total accumulated other comprehensive income	(50,488)	(51,054)
Share acquisition rights	47,845	50,896
Total net assets	6,896,263	8,086,700
Total liabilities and net assets	10,514,193	11,391,445

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

(Thousands of yen)

	First three months ended March 31, 2025	First three months ended March 31, 2026
Business revenue	965,409	801,993
Business expenses		
Cost of business revenue	222,345	180,900
Research and development expenses	385,062	477,028
Other selling, general and administrative expenses	264,894	304,263
Total business expenses	872,303	962,193
Operating profit (loss)	93,106	(160,199)
Non-operating income		
Interest income	3,533	6,851
Interest on securities	629	8,795
Foreign exchange gains	–	23,209
Gain on valuation of derivatives	22,395	–
Other	435	1,357
Total non-operating income	26,994	40,213
Non-operating expenses		
Interest expenses	14,473	15,156
Commitment fees	899	549
Commission for syndicated loans	500	833
Foreign exchange losses	72,503	–
Share issuance costs	324	10,628
Loss on valuation of compound financial instruments	2,180	1,080
Loss on valuation of derivatives	–	10,450
Other	0	37
Total non-operating expenses	90,880	38,736
Ordinary profit (loss)	29,220	(158,722)
Profit (loss) before income taxes	29,220	(158,722)
Income taxes	34,435	66,970
Loss	(5,215)	(225,693)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(5,215)	(225,693)

Consolidated statement of comprehensive income

(Thousands of yen)

	First three months ended March 31, 2025	First three months ended March 31, 2026
Loss	(5,215)	(225,693)
Other comprehensive income		
Valuation difference on available-for-sale securities	(70,547)	(566)
Total other comprehensive income	(70,547)	(566)
Comprehensive income	(75,763)	(226,259)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(75,763)	(226,259)
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of cash flows

(Thousands of yen)

	First three months ended March 31, 2025	First three months ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	29,220	(158,722)
Depreciation	47,374	41,586
Amortization of goodwill	70,478	69,812
Interest income	(3,533)	(6,851)
Interest income on securities	(629)	(8,795)
Foreign exchange losses (gains)	68,234	(20,082)
Interest expenses	14,473	15,156
Commitment fees	899	549
Commission for syndicated loans	500	833
Share issuance costs	324	10,628
Loss (gain) on valuation of compound financial instruments	2,180	1,080
Loss (gain) on valuation of derivatives	(22,395)	10,450
Decrease (increase) in trade receivables	(466,836)	693,801
Decrease (increase) in inventories	(3,137)	(1,627)
Increase (decrease) in trade payables	970	(10,896)
Increase (decrease) in contract liabilities	(30,127)	(48,172)
Decrease (increase) in advance payments to suppliers	9,982	57,242
Decrease (increase) in prepaid expenses	(5,969)	(272,839)
Decrease (increase) in long-term prepaid expenses	2,080	174
Increase (decrease) in accounts payable - other	66,020	40,901
Increase (decrease) in income taxes payable - factor based tax	(14,578)	(19,902)
Decrease (increase) in consumption taxes refund receivable	(29,625)	(25,472)
Increase (decrease) in accrued consumption taxes	14,787	(55,832)
Increase (decrease) in provision for share awards	1,922	17,803
Increase (decrease) in provision for share awards for directors (and other officers)	1,409	11,460
Other, net	(21,672)	11,294
Subtotal	(267,648)	353,582
Interest and dividends received	4,487	13,696
Interest paid	(14,482)	(15,155)
Income taxes paid	(21,753)	(93,919)
Net cash provided by (used in) operating activities	(299,395)	258,202
Cash flows from investing activities		
Payments into time deposits	(200,000)	–
Proceeds from withdrawal of time deposits	200,000	–
Purchase of property, plant and equipment	(11,444)	(10,248)
Purchase of intangible assets	–	(200)
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	–	(2,875)
Net cash provided by (used in) investing activities	(11,444)	(280,157)

(Thousands of yen)

	First three months ended March 31, 2025	First three months ended March 31, 2026
Cash flows from financing activities		
Repayments of long-term borrowings	(128,155)	(128,155)
Commission for syndicated loans	(2,200)	(2,200)
Proceeds from issuance of shares	–	1,400,572
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	1,504
Repayments of lease liabilities	(18,075)	(19,504)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(50,000)	–
Net cash provided by (used in) financing activities	(198,430)	1,252,216
Effect of exchange rate change on cash and cash equivalents	(68,233)	20,071
Net increase (decrease) in cash and cash equivalents	(577,504)	1,250,333
Cash and cash equivalents at beginning of period	3,141,929	3,244,274
Cash and cash equivalents at end of period	2,564,424	4,494,607

(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), share capital and capital surplus each increased 706,822 thousand yen during the first three months of the fiscal year under review, resulting in share capital of 3,947,714 thousand yen and capital surplus of 4,137,497 thousand yen as of the end of the first three 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 quarter 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 is the amount inclusive of income taxes - deferred.

Notes on significant changes in the scope of consolidation

From the first three months ended March 31, 2026, TMRC Co., Ltd., which was a consolidated subsidiary of the Company, has been excluded from the scope of consolidation as a result of an absorption-type merger on January 1, 2026, with the Company as the surviving company.

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 carried out an absorption-type merger with the said company 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 will be accounted for as a transaction under common control.

Notes on segment information, etc.

[Segment information]

I. For the first three months ended March 31, 2025 (January 1, 2025 to March 31, 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 three months ended March 31, 2026 (January 1, 2026 to March 31, 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.