Summary of Financial Statements
for the First Six Months of Fiscal Year Ending December 31, 2022
[Japanese GAAP] (Consolidated)

August 4, 2022

Company Name	**SymBio Pharmaceuticals Limited**	Listing: Tokyo Stock Exchange	
Securities Code	4582	URL: https://www.symbiopharma.com/	
Representative	Representative Director, President and Chief Executive Officer	Fuminori Yoshida	
Contact Person	Corporate Officer and Chief Financial Officer	Takaaki Fukushima	TEL +81-3-5472-1125
Scheduled Date to File Quarterly Report	August 5, 2022	Date of Dividend Payment (plan)	—

Supplementary materials for the quarterly financial statements: Yes・**No**

Holding of quarterly earnings performance review: **Yes**・No

(Amounts of less than one million yen are rounded down.)

1. Business Results for the First Six Months of FY 2022 (January 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 FY 2022	4,873	—	1,372	—	1,447	—	1,108	—
Q2 FY 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Q2 FY 2022 1,108 million yen (-%)
Q2 FY 2021 — million yen (-%)

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Q2 FY 2022	28.71	28.32
Q2 FY 2021	—	—

Note regarding consolidated quarterly operating results:
The Company began preparing consolidated quarterly financial statements from Q1 FY 2022 with the start of full-fledged operations at SymBio Pharma USA. As a result, figures for Q2 FY 2021 as well as year-on-year comparisons against Q2 FY 2021 have not been provided.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
Q2 FY 2022 (as of June 30, 2022)	9,551	8,380	83.6
FY 2021 (as of December 31, 2021)	—	—	—

(Reference) Shareholders' equity: Q2 FY 2022 (as of June 30, 2022) 7,988 million yen
FY 2021 (as of December 31, 2021) — million yen

Note regarding consolidated quarterly financial position:
The Company began preparing consolidated quarterly financial statements from Q1 FY 2022, and hence figures for FY 2021 have not been provided.

2. Dividends

	Annual Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	0.00	—	0.00	0.00
FY 2022	—	0.00			
FY 2022 (Forecast)			—	0.00	0.00

(Note) Revision of dividend forecasts most recently announced: Yes・ No

3. Earnings Forecasts for FY 2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	10,003	—	1,770	—	1,750	—	1,480	—	38.35

(Note) Revision of earnings forecasts most recently announced: Yes・ No

Notes:

(1) Changes in significant subsidiaries during the period: Yes・ No
(Transfer of specified subsidiary accompanying a change in the scope of consolidation)
New: SymBio Pharma USA, Inc.
Removed: None

(2) Application of special accounting treatment in preparing the quarterly financial statements: Yes・ No

(3) Changes in accounting policies, changes in accounting estimates and restatements after error corrections
(a) Changes in accounting policies due to revision of accounting standards: Yes・ No
(b) Changes in accounting policies due to other reasons: Yes・ No
(c) Changes in accounting estimates: Yes・ No
(d) Restatements after error corrections: Yes・ No

(4) Number of issued shares (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)	Q2 FY 2022	39,560,581 shares	FY 2021	38,457,206 shares
(ii) Total number of treasury shares at the end of the period	Q2 FY 2022	83,743 shares	FY 2021	82,618 shares
(iii) Average number of shares during the period (cumulative)	Q2 FY 2022	38,592,106 shares	Q2 FY 2021	38,259,460 shares

* Summary of the quarterly financial statements is not subject to quarterly reviews by certified public accountants or accounting corporations.

* Explanation regarding the appropriate use of earnings forecasts and other matters

All forecasts presented in this document, including earnings forecasts, are based on the information currently available to the Company and assumptions judged to be reasonable. Actual results may differ substantially from these forecasts due to various factors. Regarding the assumptions on which the Company's earnings forecasts are based and their usage, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of consolidated earnings forecast and other forward-looking information" on Page 4 of the attachment.

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1. Qualitative Information on Quarterly Financial Results

(1) Business results

From the first three months of FY 2022, the Company began preparing consolidated quarterly financial statements in connection with the commencement of full-fledged operations at its wholly-owned U.S.-based subsidiary, SymBio Pharma USA, Inc. (President: Carolyn Yanavich), which serves as a strategic base for our global operations as a specialty pharmaceutical company. As reference, we have provided year-on-year comparisons with the non-consolidated quarterly financial statements in the same period last year, since there have been no substantial changes in our business composition.

(i) Business results for the period under review

In December 2020, the Company began selling TREAKISYM® (generic name: bendamustine hydrochloride) through its own sales organization. This was a critical step of the Company to attain profitability in FY 2021, which was a top priority for the fiscal year.

The Company has assigned medical representatives nationwide and hematology experts in each region of operation to establish a highly productive salesforce capable of addressing local needs. To achieve nationwide distribution, we have entered into distribution agreements with Suzuken Co., Ltd. and Toho Pharmaceutical Co., Ltd. with both companies as exclusive distributors. We are also working with S.D. Collabo Co., Ltd. and have established two logistics centers, one in Eastern Japan and the other in Western Japan.

In February 2022, the Company obtained approval for a partial change to the marketing authorization of the ready-to-dilute (RTD) liquid formulation of TREAKISYM®, which was launched in January 2021, to add rapid infusion (RI) administration. Compared to the freeze-dried (FD) formulation, the RTD formulation of TREAKISYM® simplifies and reduces the time required for preparation compared to the conventional freeze-dried (FD) formulation. RI administration has the benefits of RTD and further reduces the infusion time to 10 minutes, benefitting both patients and healthcare providers. In addition, RI's reduced infusion volume has less saline solution and accordingly less salt (sodium chloride), which makes TREAKISYM® RI more suitable for elderly patients.

With the cooperation of medical institutions, the switch from the FD to RTD formulation of TREAKISYM® was near completion by the end of June 2022, with almost all medical institutions converted to liquid formulation. In addition, we made progress on the wider adoption of RI administration as planned, with over 90% of medical institutions confirming their intention to switch to RI administration as of the end of June 2022. As a quality assurance measure, we established a system to ensure a stable supply of RTD formulation of TREAKISYM®.

Despite sales activities being constrained due to factors such as the delays in treatment and continued restrictions on facility visits due to the spread of COVID-19, net sales rose to 4,873,695 thousand yen (+54.9% year on year). The increase was largely due to the March 2021 approval for the use of TREAKISYM® in the bendamustine-rituximab (BR) therapy and in polatuzumab vedotin plus bendamustine-rituximab (Pola+BR) therapy to treat recurrent/refractory diffuse large B-cell lymphoma (r/r DLBCL), as well as the NHI price listing of Chugai Pharmaceutical's polatuzumab vedotin in May 2021.

Selling, general and administrative expenses totaled 2,637,976 thousand yen (+6.8% year on year). This amount includes research and development expenses of 1,009,402 thousand yen (+10.7% year on year).

As a result, in the first six months of FY 2022, operating profit was 1,372,472 thousand yen (versus an operating loss of 194,941 thousand yen in the same period of FY 2021) and ordinary profit was 1,447,214 thousand yen (versus an ordinary loss of 203,858 thousand yen in the same period of FY 2021). Profit attributable to SymBio Japan amounted to 1,108,091 thousand yen (versus a loss of 205,560 thousand yen in the same period of FY 2021).

Segment information has been omitted since the SymBio Group operates within a single segment, which includes the research and development, manufacturing, and marketing of pharmaceutical drugs and other related activities.

(ii) Research and development activities

During the first six months of FY 2022, we conducted the following research and development activities in each of our development pipelines.

(a) Anticancer agents: SyB L-0501 (FD formulation), SyB L-1701 (RTD formulation), and SyB L-1702 (RI administration)
(generic name: bendamustine hydrochloride or bendamustine hydrochloride hydrate, trade name: TREAKISYM®)

In March 2021, the Company obtained approval for the use of the FD formulation of TREAKISYM® in BR therapy to treat r/r DLBCL as an additional indication.

In January 2021, the Company commenced sales of the ready-to-dilute (or RTD) liquid formulation of TREAKISYM® in-

licensed from Eagle Pharmaceuticals, Inc. (head office: New Jersey, U.S.), having obtained marketing approval in September 2020. In April 2021, the Company obtained approval for a partial change to the marketing approval of the RTD formulation for its use in BR and Pola+BR therapy for the treatment of r/r DLBCL. For the RI administration, the Company completed clinical studies on safety and filed a partial change application in May 2021. The application was approved in February 2022, enabling the use of RI administration for all approved indications of the RTD formulation.

The Company will continue to actively conduct research on TREAKISYM®, such as the ongoing clinical research with Saitama Medical University and joint research with Kyoto University, to explore new potential applications of the drug.

(b) Anticancer agents: SyB L-1101 (intravenous formulation) and SyB C-1101 (oral formulation) (generic name: rigosertib sodium)

Onconova Therapeutics, Inc., the drug's licensor, announced in August 2020 that INSPIRE, the pivotal Phase 3 study assessing the efficacy and safety of IV rigosertib in higher-risk MDS (HR-MDS) patients comparing to physician's choice of treatment, did not meet its primary endpoint. The Company is in charge of clinical development in Japan and has been in discussion with Onconova regarding the future development of rigosertib.

For rigosertib and TREAKISYM®, the Company is searching for new indications as well as new applications for the drugs used in combination with each other or with other existing drugs, through joint research and the offering of academia-industry collaborative courses with the University of Tokyo.

(c) Antiviral drug: SyB V-1901 (generic name: brincidofovir [BCV])

In the development of the intravenous and oral formulations of antiviral drug brincidofovir (SyB V-1901; hereinafter "BCV IV" and "BCV Oral"), for which the Company envisions a global rollout, the Company is conducting joint research with top research institutions specialized in each field in Japan and overseas in light of the broad spectrum of their effectiveness against dsDNA virus infections, and will consider additional global clinical trials based on the scientific findings of the research. Earlier clinical trials in the U.S. and Europe conducted by Chimerix Inc. (head office: North Carolina, U.S.) have demonstrated that BCV Oral has broad-spectrum antiviral effects against a variety of dsDNA viruses. BCV IV is expected to be effective and safe for the prevention and treatment of many dsDNA viruses, including adenovirus (AdV) infections after hematopoietic stem cell transplantation. In June 2021, Chimerix obtained approval from the U.S. Food and Drug Administration (FDA) for BCV Oral as a medical countermeasure for smallpox. In May 2022, Chimerix announced that it had entered into a definitive agreement with Emergent BioSolutions Inc. (Headquarters: Gaithersburg, Maryland, "Emergent") to acquire Chimerix's exclusive worldwide rights for BCV. SymBio's exclusive worldwide license to develop, manufacture, and commercialize BCV from Chimerix in September 2019 for all indications except the prevention and treatment of orthopox infections (including smallpox and monkey pox) will be assigned from Chimerix to Emergent but will not be affected otherwise by the aforementioned acquisition.

Based on the review by the Global Advisory Board held in February 2020, the Company has decided to prioritize the global development of BCV IV primarily in Japan, the U.S., and Europe, targeting disseminated AdV infections occurring after hematopoietic stem cell transplantation, a niche area with a high unmet medical need. In March 2021, the Company filed an Investigational New Drug (IND) application with the FDA to conduct a Phase II clinical trial primarily in pediatric patients suffering from AdV infections (also includes adults). This development program was granted a fast-track designation by the FDA, and the investigational drug was administered to the first patient enrolled (first patient in or FPI) in August 2021. Further, in January 2022, the Company successfully filed a clinical trial application to the Medicines and Healthcare products Regulatory Agency of the U.K.

BK virus nephropathy after kidney transplantation is also a disease with serious consequences for the recipient, the donor, the medical practitioner, and the society, as it impairs the function of the transplanted kidney. In order to find an early solution to this problem, in May 2022, the Company submitted a clinical trial notification for a global Phase II study in patients infected with BK virus after kidney transplantation to the Pharmaceuticals and Medical Devices Agency (PMDA), and is preparing for clinical trials in Australia and other regions. Separately, the Company has also been preparing for clinical development targeting EB virus-related diseases such as difficult-to-treat multiple sclerosis, as well as post-COVID-19 conditions, which are assumed to be associated with EB virus.

Through the accumulation of clinical trial data, we will examine the efficacy of BCV in humans against various dsDNA virus infections and expand target indications to include multiviral infections. Through these efforts, we aim to expand the target market and maximize the business value of BCV.

In addition to its strong antiviral effects, BCV is also expected to have antitumor effects. Through joint research with the National Cancer Centre Singapore and University of California San Francisco Brain Tumor Center, SymBio is exploring new indications for BCV in oncology, including refractory brain tumors and EB virus-positive lymphoma. In March 2022, we commenced joint research with Brown University in the U.S. to investigate the anti-tumor effects of BCV on cytomegalovirus-associated glioblastoma (GBM).

(iii) Business outside Japan

In April 2022, the Company's U.S.-based wholly-owned subsidiary, SymBio Pharma USA, Inc. appointed Dr. Carolyn Yanavich as President, Chief Operating Officer, and Chief Development Officer, to further expand the global development structure. Dr. Yanavich had been Vice President and Head of Project Management and Clinical Operations at SymBio Pharma USA since October 2021. We expect her to spearhead and accelerate our global development of brincidofovir, with SymBio Pharma USA serving as a driving force behind the international clinical trials.

(iv) Licensing of new drug candidates

SymBio is moving ahead with global development of brincidofovir, an antiviral drug in-licensed in September 2019. At the same time, the Company continues to evaluate new drug candidates for potential in-licensing. Through these efforts, the Company aims to create medium- to long-term business value as a profitable biopharmaceutical company with growth potential.

(2) Explanation of financial position

Total consolidated assets as of June 30, 2022 stood at 9,551,518 thousand yen. Current assets totaled 8,148,488 thousand yen, mainly consisting of 5,805,810 thousand yen in cash and deposits, 1,311,057 thousand yen in accounts receivable-trade, and 239,012 thousand yen in semi-finished goods. Non-current assets amounted to 1,403,030 thousand yen, mainly consisting of 1,016,184 thousand yen in deferred tax assets and 215,348 thousand yen in software.

Total liabilities stood at 1,171,200 thousand yen. Current liabilities totaled 1,144,902 thousand yen, mainly consisting of 630,162 thousand yen in accounts payable-other. Non-current liabilities amounted to 26,298 thousand yen, mainly consisting of 23,330 thousand yen in provision for product changeover.

Total net assets stood at 8,380,317 thousand yen, mainly consisting of 17,530,548 thousand yen in capital stock, 17,505,446 thousand yen in capital surplus, and 392,059 thousand yen in share acquisition rights.

As a result, the equity ratio was 83.6%.

(3) Explanation of earnings forecasts and other forward-looking information

Regarding the earnings forecast for FY 2022, the Company reduced its initial projection for sales by 989 million yen to 10,003 million yen, in light of delays in treatments and constraints in sales activities caused by continued restrictions on visiting medical institutions due to the spread of COVID-19, as well as the NHI price listing of a generic drug in June 2022. Meanwhile, the Company maintained its initial forecast for all profit categories, which are operating profit of 1,770 million yen, ordinary profit of 1,750 million yen, and profit attributable to SymBio Japan of 1,480 million yen. The profit targets were left unchanged, and the Company made efforts to curtail SG&A expenses to offset the impact of lower sales by reviewing all expense items while placing the highest priority on R&D investment in global development plan for antiviral drug brincidofovir.

In February 2022, the Ministry of Health, Labour and Welfare approved the marketing of generic drugs with the RTD formulation of bendamustine. However, we believe this approval may infringe on our exclusive rights to use the patent for this product. We have notified in writing the four companies that obtained marketing approvals for generic versions of the drug regarding our concerns about infringement of our patent rights. In June 2022, only one company out of the four has listed its generic product in the NHI drug price list. If it becomes clear that the said generic product infringes on our patent rights, we will cooperate with our licensor, Eagle Pharmaceuticals, Inc., to take necessary and appropriate legal steps against any infringement of applicable patents.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheet

(Unit: thousands of yen)

	Q2 FY 2022 (as of June 30, 2022)
Assets	
Current assets	
Cash and deposits	5,805,810
Accounts receivable–trade	1,311,057
Merchandise and finished goods	98,449
Semi-finished goods	239,012
Prepaid expenses	179,716
Other	514,442
Total current assets	8,148,488
Non-current assets	
Property, plant and equipment	
Buildings, net	42,820
Tools, furniture and fixtures, net	33,422
Construction in progress	836
Total property, plant and equipment	77,079
Intangible assets	
Software	215,348
Software in progress	8,860
Total intangible assets	224,208
Investments and other assets	
Deferred tax assets	1,016,184
Leasehold and guarantee deposits	85,558
Total investments and other assets	1,101,743
Total non-current assets	1,403,030
Total assets	9,551,518
Liabilities	
Current liabilities	
Accounts payable–trade	16,059
Accounts payable–other	630,162
Income taxes payable	310,551
Other	188,129
Total current liabilities	1,144,902
Non-current liabilities	
Provision for product changeover	23,330
Liabilities for retirement benefits	2,968
Total non-current liabilities	26,968
Total liabilities	1,171,200

(Unit: thousands of yen)

	Q2 FY 2022 (as of June 30, 2022)
Net assets	
Shareholders' equity	
Share capital	17,530,548
Capital surplus	17,505,446
Retained earnings	(26,960,633)
Treasury shares	(87,041)
Total shareholders' equity	7,988,319
Accumulated other comprehensive income	
Foreign currency translation adjustment	(61)
Total accumulated other comprehensive income	(61)
Share acquisition rights	392,059
Total net assets	8,380,317
Total liabilities and net assets	9,551,518

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

Quarterly consolidated statement of income for the first six months of FY 2022

(Unit: thousands of yen)

	Q2 FY 2022 (from January 1, 2022 to June 30, 2022)
Net sales	4,873,695
Cost of sales	863,247
Gross profit	4,010,448
Selling, general and administrative expenses	2,637,976
Operating profit (loss)	1,372,472
Non-operating income	
Interest income	29
Foreign exchange gains	168,142
Total non-operating income	168,171
Non-operating expenses	
Commission expenses	47,590
Share issuance costs	45,302
Other	536
Total non-operating expenses	93,429
Ordinary profit	1,447,214
Extraordinary income	
Gain on reversal of share acquisition rights	106,401
Total extraordinary income	106,401
Profit before income taxes	1,553,615
Income taxes - current	185,950
Income taxes - deferred	259,574
Total income taxes	445,524
Profit	1,108,091
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	1,108,091

Quarterly consolidated statement of comprehensive income for the first six months of FY 2022

(Unit: thousands of yen)

	Q2 FY 2022 (from January 1, 2022 to June 30, 2022)
Profit	1,108,091
Accumulated other comprehensive income	
Foreign currency translation adjustment	(61)
Total other comprehensive income	(61)
Comprehensive income	1,108,029
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,108,029
Comprehensive income attributable to non-controlling interests	—

(3) Quarterly consolidated statement of cash flows

(Unit: thousands of yen)

	Q2 FY 2022 (from January 1, 2022 to June 30, 2022)
Cash flows from operating activities	
Profit before income taxes	1,553,615
Depreciation	48,380
Amortization of guarantee deposits	669
Share-based payment expenses	49,339
Increase (decrease) in provision for retirement benefits	192
Increase (decrease) in provision for product changeover	(163,107)
Interest income	(29)
Foreign exchange losses (gains)	(289,630)
Commission expenses	47,590
Share issuance costs	45,302
Gain on reversal of share acquisition rights	(106,401)
Loss on retirement of non-current assets	536
Decrease (increase) in trade receivables	836,453
Decrease (increase) in inventories	47,745
Decrease (increase) in prepaid expenses	(34,705)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(363,569)
Increase (decrease) in trade payables	(53,623)
Increase (decrease) in accounts payable–other	94,171
Decrease (increase) in other current assets	(303,641)
Increase (decrease) in other current liabilities	(113,856)
Other, net	156,280
Subtotal	1,451,712
Interest and dividends received	29
Commitment fees paid	(47,590)
Income taxes paid	(240,360)
Net cash provided by (used in) operating activities	1,163,790
Cash flows from investing activities	
Purchase of property, plant and equipment	(2,034)
Purchase of intangible assets	(4,407)
Proceeds from refund of leasehold and guarantee deposits	432
Net cash provided by (used in) investing activities	(6,009)
Cash flows from financing activities	
Proceeds from issuance of shares resulting from exercise of share acquisition rights	103
Proceeds from issuance of share acquisition rights	13,760
Payments for issuance of shares	(38,193)
Proceeds from issuance of shares	662,000
Purchase of treasury shares	(1,052)
Proceeds from disposal of treasury shares	81
Net cash provided by (used in) financing activities	636,699
Effect of exchange rate change on cash and cash equivalents	137,585
Net increase (decrease) in cash and cash equivalents	1,932,065
Cash and cash equivalents at beginning of period	3,860,106
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	13,637
Cash and cash equivalents at end of period	5,805,810

(4) Notes to quarterly consolidated financial statements

(Notes to going concern assumptions)

None to be reported.

(Notes in case of significant changes to shareholders' equity)

In the first six months of FY 2022, the Company issued new shares due to the exercise of some of share acquisition rights pertaining to the 33rd, 36th, 38th, 41st, 43rd, 44th, 48th, and 49th warrants. As a result, share capital and capital surplus each increased by 41,920 thousand yen.

Further, the Company received payments from CVI Investments, Inc. for the issue of new shares through third party allotment on June 1, 2022, which resulted in an increase of 331,000 thousand yen each in share capital and capital surplus.

As a result, as of June 30, 2022, consolidated share capital was 17,530,548 thousand yen, and capital surplus was 17,505,446 thousand yen.

(Accounting policy changes)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020; hereinafter "Revenue Recognition Standard") from the beginning of the first three months of FY 2022. As a result of the application of this standard, revenue will be recognized in the amount expected to be received in exchange for the promised goods or services at the time control of the promised goods or services is transferred to the customer.

Under the previous accounting standard, for transactions where the total amount of consideration the Company is entitled to in exchange for the transfer of promised goods or services, i.e., the transaction price, is likely to be reduced after a contract is signed with the customer, the Company revised the transaction price once the amount to be reduced was fixed. However, under the new accounting standard, the Company makes a reasonable estimate of the variable amount and subtracts it from the transaction price at the time the goods or services are transferred to the customer. Further, under the previous accounting standard, the Company accounted for expected sales returns by recording provisions for sales returns in the amount equivalent to gross profit; however, in accordance with the provisions regarding variable consideration, the Company no longer recognizes revenue at the time of sale and records refund liabilities as "other" under the current liabilities section of the balance sheet.

The Company has followed the transitional treatment prescribed in the provision of Paragraph 84 of the Revenue Recognition Standard, and has applied the new accounting standard from the beginning balance of retained earnings for the first three months of FY 2022, whereby the cumulative effect of retrospective application of the new accounting standard prior to the beginning of the first three months of FY 2022 is added to or deducted from the beginning balance of retained earnings.

As a result, during the first six months of FY 2022, net sales increased by 57,249 thousand yen, operating profit and ordinary profit increased by 57,249 thousand yen, respectively, and profit before income taxes increased by 57,249 thousand yen. In addition, the balance of retained earnings at the beginning of the period decreased by 92,822 thousand yen.

In accordance with the transitional treatment prescribed by the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12), the Company has not presented information that breaks down revenue from contracts with customers during the first six months of FY 2021.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; July 4, 2019; hereinafter "Fair Value Measurement Standard") from the beginning of the first three months of FY 2022.

In applying the Fair Value Measurement Standard, the Company has followed the transitional treatment prescribed in the provision of Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019), and will apply the new accounting standard prescribed by the Fair Value Measurement Standard, prospectively.

The adoption of this accounting standard has no effect on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates regarding the impact of the COVID-19 pandemic)

No significant change has been made to the accounting estimates regarding the impact of the COVID-19 pandemic and assumptions underlying the estimates for the first six months of FY 2022 from those reported (under "Additional information") in the Annual Securities Report for the previous fiscal year.

(Basis of presenting quarterly consolidated financial statements)

SymBio Group Company began preparing quarterly consolidated financial statements in the first three months of FY 2022. The following is a summary of the significant matters that form the basis for the preparation of the quarterly consolidated financial statements.

1. Scope of consolidation

Number of consolidated subsidiaries: 1

Name of consolidated subsidiary: SymBio Pharma USA, Inc.

2. Application of equity method

None

3. Fiscal year of consolidated subsidiaries

The quarter-end date of consolidated subsidiaries is the same as the consolidated quarter-end date.

4. Matters related to accounting policies

(1) Valuation rules and methods for assets

i. Marketable and investment securities

Other marketable and investment securities

Securities other than those without market value

Stated at fair value (unrealized gains and losses are accounted for as a component of net assets, with the cost of securities sold calculated according to the moving-average method).

Securities without market value

Stated at cost determined by the moving average method.

ii. Derivatives

Stated at fair value.

iii. Inventories

Merchandise and finished goods are stated at cost determined by the first-in, first-out method, and semi-finished goods are stated at cost determined by the weighted average method (the amount stated in the balance sheet is calculated by writing down the book value based on a decline in profitability).

Inventory items are classified into separate categories to keep detailed track of inventory movements and perform proper valuation.

(2) Depreciation method for depreciable assets

i. Property, plant and equipment (excluding lease assets)

Determined by the straight-line method.

The useful life of principal assets is as follows.

Building	3 to 18 years
Tools, furniture and fixtures	4 to 20 years

ii. Intangible assets (excluding lease assets)

Determined by the straight-line method.

Software for internal use is amortized over the estimated useful life (5 years).

iii. Lease assets

The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is set as zero.

(3) Accounting for deferred assets

Stock issuance costs and bond issuance costs are fully expensed when incurred.

(4) Standards for translation of assets and liabilities in foreign currencies into yen

Assets and liabilities in foreign currency are translated into yen at the spot exchange rate on the final day of the accounting term and the foreign exchange gains and losses from the translations are recognized in the income statement.

(5) Basis for recording provisions

Provision for product changeover

The Company recognizes provisions for the estimated amount of expenses to be incurred in connection with the conversion from FD to RTD formulations.

(6) Accounting for retirement benefits

The Company adopts a simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses, whereby the amount payable at the end of the fiscal year for retirement benefits is deemed to be the retirement benefit obligation.

(7) Basis for recording revenues and expenses

The Company and its consolidated subsidiaries have adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) and "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; March 26, 2021). As a result of the application of these standards, revenue will be recognized in the amount expected to be received in exchange for the promised goods or services at the time control of the promised goods or services is transferred to the customer.

(8) Scope of cash and cash equivalents in the quarterly consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments that can be easily converted into cash and have a minimal risk of fluctuation in value, with maturities of three months or less from the date of acquisition.

(Significant subsequent events)

None to be reported.