Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [IFRS]

February 14, 2023

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Scheduled date of Ordinary General Meeting of Shareholders: March 29, 2023
Scheduled filing date of securities report: March 30, 2023
Scheduled starting date of dividend payments: —
Supplementary briefing materials on financial results: No
Explanatory meeting on financial results: Yes (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Operating profit		Profit before tax	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year ended December 31, 2022	26,852	185.0	9,637	135.5	8,980	120.8	6,653	74.9
Fiscal Year ended December 31, 2021	9,422	—	4,093	—	4,066	—	3,803	—

	Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%
Fiscal Year ended December 31, 2022	7,554	193.6	6,606	86.3
Fiscal Year ended December 31, 2021	2,573	—	3,546	—

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal Year ended December 31, 2022	58.19	58.14	26.3	14.6	33.4
Fiscal Year ended December 31, 2021	19.96	19.81	11.0	14.3	43.2

(Reference) Share of profit (loss) of investments accounted for using equity method Fiscal year ended December 31, 2022: (203) million yen
Fiscal year ended December 31, 2021: (572) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
As of December 31, 2022	63,865	32,041	32,041	50.2	246.63
As of December 31, 2021	27,034	25,350	25,350	93.8	195.10

(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal Year ended December 31, 2022	(82)	(27,377)	20,789	5,247
Fiscal Year ended December 31, 2021	6,654	(2,283)	66	11,746

2. Payment of Dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	Yen
Fiscal Year ended December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year ended December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year ending December 31, 2023 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

	Revenue	Core operating profit	Operating profit	Profit before tax	Profit attributable to owners of parent
	Million yen / %	Million yen / %	Million yen / %	Million yen / %	Million yen / %
Fiscal Year ending December 31, 2023	30,000 / 11.7	6,700 / (30.5)	6,300 / (29.8)	3,700 / (44.4)	2,700 / (64.3)

Items that are excluded from operating profit to calculate core operating profit include accounting effects of business acquisitions and acquisition-related costs, impairment loss on property, plant and equipment, intangible assets and goodwill, gains or losses on compensation, settlements, non-recurring and significant gains and losses, and amortization of intangible assets from introduction of individual products or developments.

[Notes]

Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation) :Yes
Newly included : 1 company (PDRadiopharma Inc.)
Excluded : –

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS : None
2) Changes in accounting policies due to other reasons : None
3) Changes in accounting estimates : None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	As of December 31, 2022	130,010,400 shares	As of December 31, 2021	130,010,400 shares
2) Number of treasury stock at the end of the period	As of December 31, 2022	179,447 shares	As of December 31, 2021	182,964 shares
3) Average number of shares during the period	Fiscal Year ended December 31, 2022	129,829,576 shares	Fiscal Year ended December 31, 2021	128,904,152 shares

(Note) The number of treasury shares at the end of the period includes shares in the Company held by the Custody Bank of Japan, Ltd. (Trust Account E) (182,800 shares as of December 31, 2021 and 179,200 shares as of December 31, 2022). In addition, the shares in the Company held by the Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares excluded from calculating the average number of shares during the period (186,934 shares for the fiscal year ended December 31, 2021 and 180,620 shares for the fiscal year ended December 31, 2022).

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2022	15,406	64.5	9,097	105.9	8,828	84.9	4,298	19.2
Fiscal year ended December 31, 2021	9,365	(19.8)	4,418	(36.8)	4,774	(31.6)	3,606	(18.9)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2022	33.11	-
Fiscal year ended December 31, 2021	27.98	27.78

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	55,234	29,425	53.2	226.48
As of December 31, 2021	26,619	24,998	93.8	192.39

(Reference) Equity As of December 31, 2022: 29,403 million yen
As of December 31, 2021: 24,977 million yen

* These financial results are outside the scope of audit by a certified public accountant or an audit firm.

* Explanation on the appropriate use of operating forecasts and other special instructions

(Caution regarding forward-looking statements)

Financial forecasts and other statements regarding the future presented in these materials are based on information currently available and certain assumptions deemed to be reasonable and are not meant to be taken as commitment of the Company to achieve such results. Actual performance may differ substantially due to various factors.

(Adoption of International Financial Reporting Standards (IFRS))

IFRS is applied from the three months ended March 31, 2022, in place of the Japanese standard. Accordingly, the figures for the previous fiscal year ended are also calculated in accordance with IFRS for comparison purposes.

(Obtaining supplementary briefing materials on financial results)

The Company plans to hold an explanatory meeting on financial results for institutional investors on February 15, 2023 and intends to publish the presentation materials on its website on the same day.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the twelve months ended December 31, 2022 (from January 1, 2022 to December 31, 2022), PeptiDream Inc. ("the Company") continued to make excellent progress in leveraging the PDPS (Peptide Discovery Platform System) technology, its proprietary drug finding platform, across its two (2) business segment; Drug Discovery and Development, and Radiopharmaceutical.

(A) Drug Discovery and Development Business Segment

The Drug Discovery and Development Business Segment is composed of three businesses: 1) Collaboration Discovery and Development Business, 2) PDPS Technology Transfer Business, 3) In-House/Strategic Discovery and Development Business.

As of December 31, 2022, the Company's pipeline consisted of 126 discovery & development programs (representing a net increase of 0 programs from the end of the prior fiscal quarter ending September 30, 2022).

The below table is a snapshot of the Company's program(s) across the three drug discovery approaches at the end of the current fiscal quarter.

【Number of programs for each drug discovery approach】	As of September 30, 2022	As of December 31, 2022
Peptide drugs	73	72
Small molecule drugs		
Peptide drug conjugates ("PDCs")	53	54
Multi-functional peptide conjugates ("MPCs")		
Total	126	126

The below table is a snapshot of the number of program(s) currently at each stage of the discovery and development process, compared to the end of September 2022.

【Number of programs at each stage of the discovery and development process】	As of September 30, 2022	As of December 31, 2022
Target Validation-to-Hit Stage	16	15
Hit-to-Lead Stage	72	73
Lead-to-GLP-Tox Stage	26	25
GLP-Tox-to-IND Stage	8	9
Phase I	4	4
Phase II	0	0
Phase III	0	0
Total	126	126

The figures in the above table include programs in the Collaboration Discovery and Development business and the In-House/Strategic Discovery and Development business, and DO NOT include programs in the PDPS Technology Transfer business nor the Radiopharmaceuticals Business Segment.

The below table is a snapshot of the development status of main programs.

Program	Indication	Partner	Preclinical	Clinical			Status
				Ph1	Ph2	Ph3	
PD-L1 Therapeutic Peptide	Oncology	Bristol Myers Squibb					Phase 1 started April 2022 (ISRCTN17572332)
PD-L1 BMS-986229 Diagnostic PDC	Oncology	Bristol Myers Squibb					Phase 1 started Nov 2019 (NCT04161781)
CD38 BHV-1100 + NK Cells Therapeutic MPC	Multiple Myeloma	Biohaven					Phase 1a/1b started Oct 2021 (NCT04634435)
S2-protein PA-001 Therapeutic Peptide	COVID-19	PeptiAID					Clinical research completed (jRCTs031210601); Planning next development steps
GhR AZP-3813 Therapeutic Peptide	Acromegaly/NET	Amolyt Pharma					Currently in IND enabling studies / Entering clinic in 2023
Myostatin Therapeutic Peptide	DMD/ Muscle Disorders	In-house (Kawasaki Med. School)					Selecting clinical development candidate / Considering partnering options
Undisclosed RI-PDC	Oncology	RayzeBio					Selected clinical development candidate (Dec. 2022)/ GLP-Tox to IND stage
Undisclosed RI-PDC	Oncology	Novartis					Lead to GLP-Tox stage / Aim for development candidate selection in 2023
TfR Oligo-PDC	Neuromuscular Disorders	Takeda					Lead to GLP-Tox stage / Aim for development candidate selection in 2023
c-Kit Therapeutic Small Molecule	Allergic Condition	Modulus					Partnering discussions
c-Met Therapeutic Peptide	Undisclosed	Genentech					Lead to GLP-Tox stage
HA-protein PD-001 Therapeutic Peptide	Influenza	In-house					Considering partnering options in light of changing global market environment

In the Collaboration Discovery and Development Business;

During the current fiscal quarter, on December 22, 2022, the Company announced a new multi-target collaboration and license Agreement with U.S.-based Merck & Co, Inc., Rahway, N.J., U.S.A.(“Merck”) focused on the discovery and development of novel peptide drug conjugates (“PDCs”). Under the agreement, the Company will provide peptide candidates identified from its proprietary Peptide Discovery Platform System (“PDPS”) technology for use as PDCs against targets of interest to Merck. Merck will have exclusive rights to the peptide candidates for conjugation to cytotoxic payloads and will be responsible for all development aspects of any PDC products arising from the collaboration. Under the terms of the agreement, the Company received an undisclosed upfront payment from Merck and is eligible for payments based on the achievement of specified development, regulatory, and commercial milestones potentially totaling up to $2.1 billion. In addition, PeptiDream is eligible to receive royalties on net sales of any such products. The current deal builds upon the companies’ multi-target discovery and optimization collaboration entered into in April 2015.

On December 26, 2022, the Company announced that they have entered into a Research Collaboration and License Agreement with Eli Lilly and Company (Lilly) focused on the discovery and development of novel PDCs. Under the agreement, the Company will utilize its PDPS technology to identify high affinity macrocyclic peptide ligands to Lilly-elected targets of interest, capable of delivering a Lilly conjugated payload to certain cells and tissues of interest to Lilly. PeptiDream will lead peptide discovery and optimization efforts, and Lilly will lead payload discovery and optimization efforts. Lilly will be responsible for all development aspects of any PDC products arising from the collaboration. The Company received an undisclosed upfront payment from Lilly and is eligible for payments based on the achievement of specified development, regulatory, and commercial milestones potentially totaling up to $1.235 billion. In addition, PeptiDream is eligible to receive royalties on net sales of any such products.

The Company continues to receive various R&D support payments from its big pharma discovery and development partners, in addition to being eligible for potential pre-clinical and clinical milestones payments as the programs advance, as well as being eligible for commercial sales milestones and royalties on net sales of any commercialized products. The Company looks forward to announcing future updates as additional milestones are met, and as allowed by the partner companies. In addition, the Company continues to receive considerable interest from multiple big pharma companies interested in partnering with the Company on discovery and development programs.

In the PDPS Technology Transfer Business;

As of December 31, 2022, the Company has non-exclusively licensed its PDPS technology to 11 companies: Bristol-Myers Squibb (2013), Novartis (2015), Eli Lilly (2016), Genentech (2016), Shionogi (2017), MSD (U.S.-Merck & Co. Kenilworth, NJ, USA) (2018), MiraBiologics (2018), Taiho Pharmaceutical (2020), Janssen (2020), Ono Pharmaceutical (2021) and Fujirebio (2022).

In accordance with all PDPS technology license agreements, the Company is not informed as to what specific discovery and development programs are being prosecuted by the licensee company until certain initial pre-clinical milestones are achieved. The Company continues to receive various technology license and management payments from the licensee companies, in addition to potential preclinical and clinical milestone payments as programs advance. In addition, the Company continues to receive interest from multiple companies interested in licensing the PDPS technology.

In the In-House/Strategic Discovery and Development Business;

The Company continues to advance and expand the number of In-House/Strategic Discovery and Development programs. The goal of these efforts is to develop the programs to at least the lead and/or clinical candidate stage or potentially post-Phase I/II stage, before seeking to license these programs out to big pharma companies, leveraging the Company's existing network of partners, for significantly higher financials than can be attained from standard discovery and development deals. The Company has continually been expanding its capabilities in turning hit candidates identified from the PDPS technology into 1) peptide therapeutics, 2) small molecule therapeutics, 3) peptide drug conjugates ("PDCs") and 4) multi-functional peptide conjugates ("MPCs"). Programs being developed with Strategic partners, Strategic partners being companies that bring proprietary technology/know-how to combine with the Company's, are often under some type of cost-sharing agreement, in which the costs of discovery and development are shared, allowing the Company to often have a larger share in the program and future revenues if successful. In addition, the Company continues to pursue a number of in-house fully-owned programs and looks forward to providing future updates as these programs progress toward the clinic.

The Company has announced strategic partnerships with JCR Pharmaceuticals Co., Ltd. ("JCR Pharma"), Modulus Discovery, Inc. ("Modulus Discovery"), Heptares Therapeutics Ltd. ("Sosei-Heptares"), Biohaven Ltd. ("Biohaven"), POLA Chemical Industries ("POLA"), Kawasaki Medical School, the Bill & Melinda Gates Foundation ("Gates Foundation"), JSR Corporation ("JSR"), Mitsubishi Corporation ("MC"), in the joint venture, PeptiGrowth Inc. ("PeptiGrowth"), RayzeBio Inc.("RayzeBio") , , PeptiAID Inc. ("PeptiAID") and Amolyt Pharma ("Amolyt").

The Company and JCR Pharma have successfully development a series of constrained peptides that bind to the transferrin receptor (TfR) and are capable of carrying various therapeutic payloads across the blood-brain barrier (BBB) for delivery/targeting to the brain, and for the delivery of therapeutic payloads to muscle, arising from the joint research collaboration between the companies initiated in February 2016. Most therapeutics do not readily cross the BBB into the brain, with only a small fraction of the drug ever entering the central nervous system (CNS), posing a significant challenge to the development of effective therapeutics for the treatment of CNS disorders. The developed peptide carriers, when conjugated to various therapeutic payloads (herein referred to as a peptide-drug conjugates or "PDC"), function to facilitate the transport of the payload across the BBB into the brain, thereby significantly increasing the amount of the therapeutic payload in the brain, and/or can function to deliver the therapeutic payloads specifically to muscle, thereby significantly increasing the amount of therapeutic targeted to muscle. Potential payloads range from antibody and protein therapeutics to nucleic acids, peptides, and small molecule drugs. The two companies are focusing on third-party licensing activities, with PeptiDream leading such activities from execution of agreement to supply of peptide carriers, with the Dec 22, 2020 announced collaborative research and exclusive license agreement to create PDCs for neuromuscular diseases with Takeda Pharmaceutical Company Limited, representing the first of such licensing deals. The Company announced on July 27, 2021, a further expansion of the collaborative research and license agreement with Takeda Pharmaceutical Company extending into CNS Diseases. The companies are looking to conjugate the peptide carriers to a number of Takeda payloads, and the collaboration has the potential to yield a number of therapeutics products in the neuromuscular, muscular, and CNS disease space. The Company continues to discuss additional potential research and license agreements for the TfR carrier peptides with various companies, with the Company and JCR Pharma sharing related revenues from such licensing activities.

The Company and Modulus Discovery have been leveraging the expertise of both companies to jointly discover and develop small molecule clinical candidates based on peptide hit candidates identified from the PDPS technology against high value kinase targets. Modulus Discovery is utilizing its computational chemistry technology and expertise to design small molecule candidates in collaboration with the Company, with the companies jointly sharing the costs and co-owning any resulting products. The companies have now identified highly selective and potent small molecule lead compounds for KIT, a specific high value kinase target which is considered to play an important role in allergic diseases and have recently completed in vivo proof of concept studies validating the lead candidate's efficacy. The companies are continuing preclinical development and are actively discussing out-licensing of the program. The Company currently holds a less than 5% equity stake in Modulus Discovery.

The Company and Sosei-Heptares are working to discover, develop and commercialize novel therapeutics targeting Protease Activated Receptor 2 (PAR2), which is a well validated target for multiple indications in pain, cancer, and inflammatory disease. The strategic partnership brings together two powerful technologies, Sosei-Heptares's StaR platform for GPCR target protein production and the Company's PDPS hit finding technology, in addition to considerable preclinical and clinical development capabilities. Under the agreement, the companies jointly share the costs and will co-own any resulting products. As announced on May 12, 2021, the companies have previously identified high affinity and selective inhibitors against PAR2 and have optimized them to be sufficiently stable in the gut for oral administration, and lead candidates are currently advancing through preclinical studies with the objective of developing a novel oral peptide therapy to treat inflammation and pain in gastrointestinal (GI) disorders, such as Inflammatory Bowel Disease. The companies aim to move this program into GLP-IND stage in the near future and are actively discussing a variety of partnering and out-licensing options for the program.

The Company and Biohaven are developing BHV-1100 (formerly KP1237 or CD38-ARM™), a bispecific heterodimeric peptide conjugate (a CD38 binding peptide conjugated to a IgG binding peptide), designed to recruit endogenous antibodies to multiple myeloma ("MM") cancer cells, targeting them for destruction via the body's innate antibody-mediated immune mechanisms. BHV-1100 + Autologous NK cells received Orphan Drug Designation on September 8, 2020. BHV-1100 is currently being tested in an open-label single center Phase 1a/1b study (ClinicalTrials.gov Identifier: NCT04634435)(Dana-Farber Cancer Institute) with the primary objective of establishing the safety and exploring the efficacy of infusing the ex vivo combination product of cytokine induced memory-like (CIML) NK cells plus BHV-1100 and low dose IL-2 in newly diagnosed MM patients who have minimal residual disease (MRD+) in first or second remission prior to autologous stem cell transplant (ASCT), with the primary outcome measures being dose limiting toxicities following combination product administration (time frame: 100 days post-combination product administration) and incidence and severity of side effects related to the combination product (time frame: 90 to 100 days post-combination product administration).

The Company and POLA Chemical Industries ("POLA") are working on the discovery and development of dermatology focused peptide-based cosmetics, quasi-drugs, and therapeutics. The Company has been identifying candidates using its PDPS technology against applicable dermatological targets based on POLA's extensive expertise in the field and the companies are working together to commercialize such cosmetic products. The Company retains the development and commercialization rights to any therapeutic use for any such products arising from the collaboration. The companies have identified a number of lead candidates that are now being tested in in-vitro and ex-vivo models for efficacy and potential use in cosmetic products.

The Company and Kawasaki Medical School have been working to develop a novel Myostatin peptide inhibitor for the treatment of a broad range of muscular dystrophies, such as Duchenne Muscular Dystrophy ("DMD"). DMD is the most common type of muscular dystrophy, a fatal hereditary genetic disorder characterized by progressive weakness. Due to mutations in the dystrophin gene, dystrophin, which is important for maintaining muscle cells, becomes deficient or abnormal, with rapid muscle weakness in skeletal muscle and diaphragm resulting in difficulty with jumping, running, and walking, and later effecting the heart and respiratory muscles, which can eventually cause acute respiratory failure. It is a rare and fatal disease in which patients' quality of life is significantly reduced. Research and development efforts have largely focused on the discovery and development of antibody-based therapeutics and/or nucleic acid based therapeutics, such as gene therapy, exon skipping, stop codon read-through, and gene repair, spanning multiple mechanisms of action, and while exciting progress has been made, there is no current effective therapeutic that can be used to treat a wide range of patients and be considered as a first line therapy, therefore there remains a significant unmet medical need for more broadly effective therapies for DMD. Myostatin (also known as growth differentiation

factor 8, or GDF8) is a protein produced and released by myocytes that acts on muscle cells to inhibit muscle cell growth and is widely distributed in blood and muscle tissue (including diaphragm and extremity muscles) in normal individuals. Animals either lacking myostatin or that have been treated with myostatin inhibitors exhibit significantly more muscle mass and strength, and therefore represents an attractive target to inhibit to promote muscle growth and improve muscle function (stop or slow muscle degeneration), in patients with DMD and other muscle wasting diseases. The Company believe the current candidate could have a broad beneficial impact to all DMD patients and significantly increase their quality of life. Efforts in the discovery and development of myostatin inhibitors, largely focused on antibody-based therapeutics, and while they have shown significant promise in animal models, that promise has yet to translate into therapeutic benefits in humans for a variety of reasons. A constrained macrocyclic peptide-based myostatin inhibitor approach represents a potentially attractive alternative, as the current clinical candidate exhibits a high level of both potency and exposure in muscle tissue, both of which are known to be key attributes for any myostatin inhibitor. The Company is currently discussing clinical development options for the program, through discussions with various Key Opinion Leaders ("KOLs") and also potential partners interested in licensing/partnering the program.

The Company and the Gates Foundation have been working on the development of a series of novel macrocyclic peptides for the treatment of Tuberculosis and Nontuberculous Mycobacterial (NTM) diseases, infectious diseases that disproportionately affect people in the world's poorest countries. Bacterial infections are among the leading causes of morbidity and mortality globally. The global burden of tuberculosis is staggering, with up to one-third of the world's population latently-infected, and with 10.4 million new active cases and 1.8 million deaths occurring annually. The Company previously received grant funding in November 2017 for the screening and identification of potential macrocyclic peptide candidates to treat Tuberculosis, and again in November 2019 for optimizing one of the most promising hit candidate series into lead candidates ("hit-to-lead development funding") suitable for future development. In 2022, the Company further optimized the lead candidate series to have oral bioavailability and preclinical efficacy studies continue. Under the terms of the original grant(s), any Gates Foundation-funded products that arise will be made available by PeptiDream at an affordable price in lower middle-income countries (LMIC). The Company is able to commercialize in developed countries on its own and is actively discussing out-licensing/partnering options for the program.

The Company and JSR are working to identify peptides suitable for use in affinity chromatography processes for the purification of certain biopharmaceuticals, namely antibody therapeutics. The manufacturing process for complex biopharmaceuticals, such as antibody therapeutics, generally consists of a target protein generation process, followed by a purification process that uses affinity chromatography to separate the target protein from the cells and various impurities by binding the proteins to a specific ligand or peptide. The development and commercialization of new affinity chromatography media based on unique, synthetic peptides has the potential to simplify the purification process and lower overall costs. This development effort will specifically focus on ensuring consistent quality and reliable mass production of ligands based on unique peptides that will enhance purification efficiency enabling the purification of biopharmaceuticals that are generally considered difficult to purify through conventional affinity chromatography.

The Company and MC established a joint venture company, PeptiGrowth to develop, produce and sell peptide alternatives to growth factors, key ingredients of cell culture, used in the manufacturing of cell therapies, regenerative medicines and other biopharmaceutical areas, including the growing market of lab-grown meat and other products. PeptiGrowth is leveraging the expertise and know-how of both parent companies toward the advancement of cell therapies, regenerative medicines, and other biopharmaceuticals in the pharmaceutical industry. Growth factors are a class of proteins that are widely present in humans and other animals. In addition to playing important roles in cell growth and proliferation, they are crucially involved in induction of differentiation of stem cells (iPS cells, ES cells, etc.) into nerve, blood, and other types of cells. Currently, growth factors are mainly extracted from animal serum or produced by recombination technology, however, their production presents a number of challenges to the pharmaceutical industry, including safety risks due to contamination with impurities, variation in quality among production lots, and high production costs. PeptiDream has been using its proprietary PDPS (Peptide Discovery Platform System) technology, to identify alternative peptides that perform the equivalent function as protein growth factors and utilize chemical synthetic routes that do not use animal serum or recombination technology, and by establishing a commercial manufacturing process, PeptiGrowth can produce homogenous products of high purity, ensuring less lot to lot variation, at lower costs. PeptiGrowth will fully leverage the MC Group's global network and its broad customer base to enhance marketing and sales functions. PeptiGrowth has already

launched six products; PG-001 (a peptide alternative to hepatocyte growth factor (HGF)), PG-002 (a peptide inhibitor of TGFβ1), PG-003 (a peptide alternative to brain derived neurotropic factor (BDNF)), PG-004 (a peptide inhibitor of BMP4,7), and on December 8, 2022, announced the launch of PG-005 (BMP7 selective inhibitor) and PG-006 (BMP4 selective inhibitor). The Company is progressing a number of additional peptide alternative growth factor programs in parallel, with additional products expected to be launched in 2023. The Company is in active discussions with multiple potential partners regarding the therapeutic use of these alternative peptides, to which PeptiDream holds the exclusive development and commercialization rights. The Company licensed the global therapeutic development and commercialization rights to PG-001 to Genentech in May 2022. The Company currently holds a 39.5% equity stake in PeptiGrowth, with MC holding the remaining 60.5%.

The Company and RayzeBio are working to discover and development peptide-RI conjugates for use as therapeutics ("Peptide Radiotherapeutics"). The two companies have been working on a number of programs against targets of interest, with PeptiDream providing peptide candidates, identified and optimized using its proprietary Peptide Discovery Platform System (PDPS) technology and in-house peptide chemistry capabilities, to RayzeBio for further development as radiotherapeutics. PeptiDream is leading preclinical discovery and optimization efforts, with RayzeBio leading translational biology efforts to further characterize peptide-RI conjugates and advance such conjugates into clinical development. Under the terms of the agreement, PeptiDream received an equity interest in RayzeBio, as an upfront payment in August 2020, and has received subsequent milestone payments in November 2020, June 2021, and September 2022, as multiple programs advance. The Company is eligible to receive certain further milestone payments and royalties on future sales (ex-Japan) of any products that arise from the partnership. As announced on August 9, 2022, the Company agreed to add additional peptide-RI conjugate programs to the collaboration and in return RayzeBio granted PeptiDream an option to attain development and commercialization rights in Japan to the joint peptide-RI conjugate programs. On December 5, 2022, the Company and RayzeBio announced the nomination of the first peptide-radioisotope conjugate (RI-PDC) development candidate from one of the programs between the companies. The Company currently holds a 5% equity stake in RayzeBio.

The Company and PeptiAID, a joint venture with Fujitsu, Mizuho Capital, Takenaka Corporation, and Kishida Chemical established November 12, 2020, have been working on the development of PA-001, a peptide therapeutic for the treatment of COVID19. The Company applied its proprietary PDPS technology toward identifying peptide candidates targeting the COVID19 viral "spike" protein, which is essential for coronavirus to enter human cells, leading to the discovery of PA-001. On March 23, 2021, PeptiAID announced the initiation of preclinical studies of the Company's PA-001 candidate which exhibits highly potent antiviral activity against conventional SARS-CoV-2, as well as all mutant strains identified to date, such as the Alpha, Beta, Gamma, Delta and Omicron mutant strains. An in vitro study also demonstrated high synergistic effectiveness when used in combination with drugs that are currently approved for emergency use against COVID-19. Preclinical studies of PA-001, consisting of toxicity, safety pharmacology, and genotoxicity studies have been completed and confirmed the safety of PA-001. Early-stage exploratory clinical research of PA-001 based on the Clinical Trials Act, was initiated in February 2022 (jRCT (Japan Registry of Clinical Trials) Trial ID: jRCTs031210601). In this clinical research, adverse events, injection site reaction and vital signs of the single ascending dose administration of PA-001 from Step1 (0.3mg/kg) to Step5 (8mg/kg) by intravenous injection for healthy Japanese adult volunteer, were investigated, and as announced on August 10, 2022, PeptiAID confirmed that PA-001 exhibited no compound related adverse events and exhibited a favorable safety profile, along with a clear dose-response pharmacokinetics profile. At present, PeptiAID is considering next steps for the PA-001 program, given the ever-changing COVID19 pandemic, including the possibility of clinical trials in the United States, as well as discussions with interested third parties on potential partnering or licensing of the program. PeptiAID raised an additional JPY 803m in September 2021 and the Company currently holds a 39.4% equity stake in PeptiAID.

The Company and Amolyt entered into a strategic partnership and license option agreement, announced December 8, 2020, On September 9, 2021, the Company announced that Amolyt had exercised its option to globally license a portfolio of macrocyclic peptide growth hormone receptor antagonists (GHRA) under the terms of the research collaboration agreement with the Company announced in December 2020. PeptiDream will be eligible for certain payments associated with development, and commercial success of any GHRA product(s), as well as be eligible for certain royalties on future net sales. The identified, optimized drug candidate, AZP-3813, is being developed as a potential treatment for acromegaly and neuroendocrine tumors (NET), to potentially

be used in combination with somatostatin analogues (SSAs), for patients who do not adequately respond to SSAs alone. As presented by Amolyt at the 2022 European Congress of Endocrinology (ECE) in May, 2022, and the 2022 Endocrine Society Meeting (ENDO) in June, 2022, AZP-3813 was shown to be more effective in suppressing and controlling IGF1 levels in *in vivo* animal models than Pfizer's GHRA pegvisomant. Amolyt is currently working to advance AZP-3813 through IND-enabling studies with the goal of filing an IND and initiating the first clinical trial in 1H-2023. On September 16, 2021, Amolyt announced the closing of an $80 million Series B round, and on January 10, 2023, the closing of an $138 million Series C round with the funds to be used in part toward the clinical development of AZP-3813.

The Company continues to work on a number of fully-owned in-house programs. The Company's main area of focus is on identifying and optimizing peptide candidates against a number of high value tumor/cancer specific targets, for potential conjugation to radionuclide ("RI") payloads for use as peptide-RI conjugates for the treatment of cancer. The recent acquisition of PDRadiopharma has allowed the Company to rapidly move the most promising candidates into in vivo bioimaging studies, and the Company is prioritizing the most promising programs with the goal of nominating one or more development candidates in 2023. The Company intends to retain Japan commercialization rights to such peptide-RI-PDC programs, while out-licensing ex-Japan commercialization rights to interested pharma companies. The Company is also actively investigating the use of these cancer targeting peptides with other potential payloads in collaboration with various existing and/or new partners. A second main area of focus for the Company is around the discovery and development of multi-functional peptide conjugates (MPCs), as the Company believes that MPCs may represent a superior modality to bispecific antibodies and other multi-functional molecule classes. The Company has been focused on identifying novel T cell and NK cell targeting peptides, which can be conjugated with the tumor specific targeting peptides above, to generate a new class of T cell and NK cell engagers molecules, an area that holds exciting therapeutic promise. In addition to T cell and NK cell engager molecules, the Company has selective potent candidates against a variety of pro-inflammatory cytokines, including IL17, and is actively investigating combining various candidates into MPCs, as there is growing clinical evidence that antagonizing multiple pro-inflammatory pathways in parallel may represent a better therapeutic strategy. The Company has a number of other internal programs, outside these main areas of focus, such as the Company's influenza hemagglutinin (HA) PD-001 program, which exhibits strong broad efficacy against group 1 influenza strains, including the H5N1 strain, and further enhanced potency in combination with existing influenza treatments, such as Tamiflu, in in vivo animal studies, to which the Company continues to consider a variety of partnering and out-licensing options for the program, as the number of influenza cases make a global resurgence as social contact returns following the COVID-19 pandemic.

The Company has previously announced, along with Shionogi & Co., and Sekisui Chemical Co., Ltd, the formation of PeptiStar Inc., a Contract Development and Manufacturing Organization ("CDMO") for the research and commercial manufacture of peptide therapeutics. PeptiStar brings together the most cutting-edge technologies and innovations in large-scale peptide production from various companies throughout Japan in order to manufacture peptides of the highest quality and purity, while simultaneously driving down the cost of production. It is anticipated that PeptiStar will become the go-to CMO for many of the Company's discovery and development partners, in addition to the Company's own in-house/strategic partnered programs. The PeptiStar manufacturing facility is located in Osaka and became fully operational from October of 2019. On Dec 6, 2019, PeptiStar Inc., and AMED (The Japan Agency for Medical Research and Development) announced they had accomplished the CiCLE project goal, "establishment of a global leading contract manufacturing organization (CMO) for constrained peptide medicines". On Dec 1, 2020, PeptiStar announced that it had successfully raised funds totaling 1,790 million yen through a third-party allotment. PeptiDream currently holds less than 15% equity stake in PeptiStar.

(B) Radiopharmaceutical Business Segment:

Through the acquisition of PDRadiopharma Inc., which became a 100% subsidiary on March 28, 2022, PeptiDream is engaged in the research, development, manufacture, and sales of radiopharmaceuticals products. PDRadiopharma currently markets 22 radiodiagnostic agents for SPECT (Single Photon Emission Computed Tomography), 2 PET (Positron Emission Tomography) imaging agents and 8 radiotherapeutic products (in 3 product categories). PDRadiopharma also develops and provides image analysis software which are used to assist interpretation of images obtained from the radiodiagnostic agents.

PDRadiopharma's key radiopharmaceutical products are described in the table below.

・Radiodiagnostic Products (SPECT)

Product Name	Therapeutic Category
Neurolite® Injection Daiichi	Diagnosis of cerebral blood flow
Cardiolite® Daiichi	Diagnosis of cardiac disease, cardiac function and parathyroid diseases
Thallium Chloride-Tl 201 Injection	Diagnosis of cardiac disease, tumor, and parathyroid diseases
MyoMIBG®-I 123 Injection	Diagnosis of cardiac disease, neuroblastoma and pheochromocytoma
Techne® MDP Injection	Diagnosis of bone diseases, brain tumor and cerebrovascular disorders
Ultra-Techne Kow®	Diagnosis of brain, thyroid, salivary glands and ectopic gastric mucosal diseases, and regional pulmonary ventilation
Octreoscan® Injection	Diagnosis of neuroendocrine neoplasm

・Radiodiagnostic Products (PET)

Product Name	Therapeutic Category
AMYViD® Injection	Amyloid imaging
Fludeoxyglucose(F18) Injection FRI	Diagnosis of tumor, ischemic heart disease and epilepsy

・Radiotheraputics Products

Product Name	Therapeutic Category
Raiatt MIBG-I 131 Injection	Treatment of pheochromocytoma and paraganglioma
Sodium Iodide-I 131 Capsules	Treatment of thyroid cancer and diagnosis of thyroid diseases
ZEVALIN® Yttrium Injection	Treatment of CD20-positive non-Hodgkin lymphoma and mantle cell lymphoma

Going forward PDRadiopharma plans to expand its development pipeline to maximize its medium- to long-term growth and is currently conducting four clinical development programs as described in the table below.

	Program/ Target	Radioisotope	Indication	Clinical Ph1	Clinical Ph2	Clinical Ph3	Marketed	Notes
Dx	Tauvid® Tau	^{18}F	Alzheimer's disease	Co-development with Eli Lilly in Japan			US (Eli Lilly)	Approved by US FDA in 2020
Dx	F-1311 PSMA	^{99m}Tc	Prostate cancer	Japan (PDR)			US (Lantheus)	In-licensed from Lantheus Medical Imaging
Thx	FF-10158 Integrin αvβ3/5	^{68}Ga/ ^{177}Lu	Malignant glioma and others	US/ EU (NVS)				Out-licensed ex-Japan rights to Novartis PDR retains Japan rights
Thx	PPMX-T002 Cadherin3	-	Advanced and recurrent solid tumors	Japan (PPMX)			US (PPMX)	Co-owned with Perseus Proteomics (PPMX) PPMX leads out-licensing activities

In November 2022, PDRadiopharma announced a partnership with Lilly for the co-development and commercialization of flortaucipir (F18) (Product name in the US: Tauvid®) in Japan, a PET Imaging agent for diagnosing and monitoring the progression of Alzheimer's disease. PDRadiopharma previously partnered with Lilly, in the co-development/ commercialization of AMYViD® Injection in Japan, which was approved in 2016 and PDRadiopharma currently markets and sells. Flortaucipir F18 is a radioactive diagnostic agent that visualizes neurofibrillary tangles (NFTs) caused by abnormally accumulated tau protein in the brain using PET Imaging. Tau protein is believed to be involved in the progression of neurodegenerative diseases such as Alzheimer's disease because it aggregates and accumulates in the brain before onset and causes neuronal cell death. Flortaucipir F18 received manufacturing and marketing approval from the U.S. FDA in May 2020, and after obtaining approval in Japan, PDRadiopharma plans to handle manufacturing and marketing in Japan. PDRadiopharma has a track record in the development, manufacture, and

sale of PET diagnostic agents such as Fludeoxyglucose(F18), and with Lilly, is already selling and marketing AMYViD®, a PET diagnostic agent used to visualize amyloid-β plaques in the brain, in Japan. The Company expects that the approval of flortaucipir F18, along with already approved AMYViD®, will greatly expand the use of PET diagnostic reagents in the diagnosis and monitoring of Alzheimer's disease.

The Company is active in the discovery and development of RI-PDCs for use as radiodiagnostics and radiotherapeutics both fully-owned internal programs and programs in collaboration with BMS (radiodiagnostics), Bayer (radiodiagnostics), Novartis (radiodiagnostics/ therapeutics), and RayzeBio (radiodiagnostics/therapeutics), and has established itself as one of the major players in this field. Integrating the technologies, know-how and networks of PeptiDream and PDRadiopharma, the Company group aims to expand its radiopharmaceuticals business by developing new radiopharmaceuticals and in-licensing promising radiopharmaceuticals from Companies overseas that are interesting in bringing their products into the Japan market.

On September 17, 2021, the Company Group announced that it was successful in its bid for Lots 2-11 and 2-12 (Address: 3-chome, Tonomachi, Kawasaki-ku, Kawasaki City, Kanagawa) in the public tender for land that was conducted by the Urban Renaissance Agency as follows: Location: 102-20 and 102-21, 3-chome, Tonomachi, Kawasaki-ku, Kawasaki City, Kanagawa, Land area: 11,635.60 m2, Bid-winning price: 3.2 billion yen. KING SKYFRONT has been designated as an international strategic zone and the Keihin-Rinkai Life Innovation Comprehensive Global Strategic Special Zone. It is an open innovation hub for the creation of new industries based on world-class R&D in the life science fields. The Company plans to expand the Company's head office and research facilities on the land, and with the acquisition of PDRadiopharma, the Company is evaluating the best use of the land, as the Company hopes to add certain functions to further enhance the RI-PDC and radiopharmaceuticals business. Details of the plan will be announced as soon as they are finalized. The Company purchased the land using funds on hand, and the construction of any future buildings will be through funds on hand and/or long-term loans from financial institutions.

PeptiDream Group continues its commitment to promoting ESG (Environmental, Social, and Governance) initiatives and its sustainability efforts including focus areas, ten most material issues, relevant policies and data are proactively disclosed on the corporate website and Sustainability Report. In addition, in order to further promote sustainability initiatives as a group, PDRadiopharma established a new "Sustainability Promotion Committee" to review and promote sustainability initiatives at PDRadiopharma.

As GHG (greenhouse gas) emissions (Scope 1+2) produced by our business operations mainly derive from electronic power consumption, the Company has selected an electricity supplier which proactively promotes the shift towards renewable energy. To further take this initiative, the Company has decided to introduce CO2 (carbon dioxide)-free power from its supplier for use at our head office and laboratory. This means that we will achieve our medium-term goal of the realization of “carbon-neutral” business operations 4 years earlier than originally planned.

The Company believes as a R&D-driven innovative company that ensuring diversity is important in gaining a competitive advantage and nurturing innovation in order to fulfill its mission. In particular, the Company values the diversity of expertise and scientific sense of each individual employee, and believes it is important to ensure a framework which allows the managers and senior scientists who play kay roles in R&D and management to engage in science-based discussions and decision-making regardless of their age, gender or cultural background. The Company has set four quantitative indicators which it considers to be constituent elements of the diversity of core human resources (*1). The current status of these indicators and the Company's 2030 targets are as follows; (1) Ratio of doctorate (Ph.D.) holders (end of December 2022: 51.2%, target for 2030: 50% or more); (2) Female manager ratio (end of December 2022: 18.6%, target for 2030: 30% or more); (3) Ratio of foreign employees or employees with overseas work experience (*2) (end of December 2022: 32.6%, target for 2030: 30% or more); and (4) Ratio of young employees (in 20s/30s) (end of December 2022: 16.3%, target for 2030: 30% or more).

*1: Managers and senior-ranking specialists (excludes officers)

*2: Employees with overseas research or work experience (excludes periods of less than one year and periods as a student studying abroad)

The Company has received high evaluations from various evaluation organizations through continuous efforts for sustainability. On January 2022, the Company was awarded as a "Top-Rated ESG Performer" for 2022 by Sustainalytics, a global ESG rating agency, and has been identified as top performer within the industry (rated No.2 among the 439 global biotech companies being evaluated). On April 2022, the Company was selected as an index constituent of the FTSE Blossom Japan Sector Relative Index, constructed by global index provider FTSE Russel. In addition, on March 30, 2022, Japan's Government Pension Investment Fund (GPIF), which manages Japan's public pensions, announced that it has newly adopted the FTSE Blossom Japan Sector Relative Index as the general ESG index for Japanese equities. PeptiDream has been recognized by CDP for its leadership in climate change with an A- (A minus) rating. PeptiDream reached the Leadership level, the highest level, as a company that excels in its efforts and information disclosure in climate change.

As of December 31, 2022, the Group had a total of 668 employees (680 when including its 12 board members and approximately 26.2% of employees are women). The Company had a total of 196 employees and PDRadiopharma Inc. had a total of 472 employees, including temporary staff.

As a result of the above, for the Fiscal Year Ended December 31, 2022, the Drug Discovery and Development Business recorded revenue of 15,406,109 thousand yen (a 5,983,895 thousand yen increase year on year), segment profit of 9,179,911 thousand yen (a 5,086,789 thousand yen increase year on year), the Radiopharmaceutical Business recorded revenue of 11,446,321 thousand yen, segment profit of 235,908 thousand yen, and the Group recorded revenue of 26,852,430 thousand yen (a 17,430,216 thousand yen increase year on year), core operating profit of 9,637,433 thousand yen (a 5,544,311 thousand yen increase year on year), operating profit of 8,980,196 thousand yen (a 4,913,949 thousand yen increase year on year), profit before tax of 6,653,325 thousand yen (a 2,849,560 thousand yen increase year on year), and profit attributable to owners of parent of 7,554,358 thousand yen (a 4,981,126 thousand yen increase year on year).

In addition to IFRS-based results, the Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a IFRS basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis.

Items that are excluded from operating profit to calculate core operating profit include accounting effects of business acquisitions and acquisition-related costs, impairment loss on property, plant and equipment, intangible assets and goodwill, gains or losses on compensation, settlements, non-recurring and significant gains and losses, and amortization of intangible assets from introduction of individual products or developments.

A reconciliation of core operating income to operating income is as follows:

(Thousands of yen)

	Results for the fiscal year ended December 31, 2021	Results for the fiscal year ended December 31, 2022	Change	%
Core operating profit	4,093,121	9,637,433	5,544,311	135.5
Accounting effects of business acquisitions and acquisition-related costs	26,875	622,643	595,768	2,216.8
Impairment loss on property, plant and equipment, intangible assets and goodwill	-	-	-	-
Gains or losses on compensation, settlements	-	-	-	-
Non-recurring and significant gains and losses	-	-	-	-
Amortization of intangible assets from introduction of individual products or developments	-	34,593	34,593	-
Operating profit	4,066,246	8,980,196	4,913,949	120.8

Additionally, in the fourth quarter ended December 31, 2022, the Company recorded a finance cost of 1,978,850 thousand yen. The March 2022 acquisition of PDRadiopharma included a contingent consideration payment of 4,000,000 thousand yen, in the event of an indication expansion for AMYVid®, the PET diagnostic agent for visualizing amyloid beta plaques in the brain of patients with Alzheimer's or other forms of dementia, to include mild cognitive impairment (MCI), if such indication expansion was approved in Japan before April 30, 2024. With the exciting progress being made in the development of therapeutics for the treatment of Alzheimer's and other forms of dementia in recent years, the approval of the indication expansion for AMYVid® has become increasingly likely, and accordingly, in the fourth quarter ended December 31, 2022, the Company determined that it would be reasonable to record a provision in an amount equal to 50 percent of the fair value of the AMYVid® contingent consideration payment. It should be noted that per the disclosure dated March 22, 2022, the Company stated that additional contingent consideration payments of up to 6,000,000 thousand yen were a part of the acquisition agreement, however at present, such contingent consideration is not expected to exceed 4,000,000 thousand yen.

Additionally, the Company recorded deferred tax assets at PDRadiopharma as of the end of the fiscal year ended December 31, 2022, resulting in a decrease in corporate income tax expenses by 2,625,227 thousand yen, resulting in a (901,033) thousand yen corporate income tax expense for the fiscal year ended December 31, 2022. It was determined that it was not reasonable to record such deferred tax assets at the timing of the acquisition of PDRadiopharma because the acquired business had been operating in the red for a number of years prior. However, as PDRadiopharma has become profitable in the current consolidated fiscal year, and the recoverability of deferred tax assets as a result of PDRadiopharma's newly formulated medium-to-long-term business plan has substantially increased, it was determined that it was reasonable to record such deferred tax assets in the fourth quarter of the consolidated fiscal year ended December 31,2022.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets at the end of the fiscal year ended December 31, 2022 increased by 36,830,604 thousand yen from the end of the previous fiscal year to 63,865,200 thousand yen. This was mainly because of an increase of 15,778,049 thousand yen in trade and other receivables, and an increase of 11,688,263 thousand yen in property, plant and equipment, despite a decrease of 6,498,864 thousand yen in cash and cash equivalents. The increase in assets included the amount recognized in line with the

consolidation of PDRadiopharma Inc.

Liabilities increased by 30,139,388 thousand yen from the end of the previous fiscal year to 31,823,734 thousand yen. This was mainly because of an increase of 21,048,451 thousand yen in borrowings. The increase in liabilities included the amount recognized in line with the consolidation of PDRadiopharma Inc.

Equity increased by 6,691,215 thousand yen from the end of the previous fiscal year to 32,041,465 thousand yen. This was mainly because of an increase of 7,554,358 thousand yen in retained earnings due to the recording of profit.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year ended December 31, 2022 decreased 6,498,864 thousand yen from the end of the previous fiscal year to 5,247,665 thousand yen.

Status of cash flows and related factors during the fiscal year ended December 31, 2022 are described below.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a cash outflow of 82,929 thousand yen (compared with an inflow of 6,654,708 thousand yen in the same period of the previous fiscal year). This was mainly due to the recording of decrease (increase) in trade and other receivables of 11,286,614 thousand yen, despite the recording of profit before tax of 6,653,325 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash outflow of 27,377,217 thousand yen (a 25,093,766 thousand yen increase in outflow year on year). This was mainly due to payments for acquisition of subsidiaries of 23,460,335 thousand yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash inflow of 20,789,451 thousand yen (a 20,723,383 thousand yen increase in inflow year on year). This was mainly due to proceeds from long-term borrowings of 22,400,000 thousand yen.

(4) Explanation of Consolidated Financial Forecasts and Other Forward-looking Information

The Company's key indices are as shown in the table below.

【Company performance 】

	Fiscal year ended Dec 31, 2021	Fiscal year ended Dec 31, 2022	Fiscal year ending Dec 31, 2023
	2021/Jan ~ 2021/Dec	2022/Jan ~ 2022/Dec	2023/Jan ~ 2023/Dec
Net sales (JPY millions)	9,422	26,852	30,000
Changes from the previous corresponding period (%)	-	185.0	11.7
Core operating profit (JPY millions)	4,093	9,637	6,700
Changes from the previous corresponding period (%)	-	135.5	(30.5)
Operating profit (JPY millions)	4,066	8,980	6,300
Changes from the previous corresponding period (%)	-	120.8	(29.8)

(Note) IFRS is applied from the three months ended March 31, 2022, in place of the Japanese standard. Therefore, the figures for the year ended December 31, 2021 are also presented in accordance with IFRS.

【Key indices】

	Results for the full year ended December 31, 2021	Results for the fiscal year ended December 31, 2022	Forecasts for the full year ending December 31, 2023
	2021/Jan ~ 2021/Dec	2022/Jan ~ 2022/Dec	2023/Jan ~ 2023/Dec
Capital Expenditures (JPY millions)	1,300	3,913	2,038
Depreciation Expense (JPY millions)	633	1,973	2,211
Research and Development Expenses (JPY millions)	1,654	2,915	3,830
Year-end headcount (people)	177	680	710

(Notes) 1. The amount that will actually be paid is shown for capital expenditures.
2. Capital Expenditures of fiscal year ended December 31, 2021, includes advance payments (640 million yen) for the purchase of the land.
3. Capital Expenditures of fiscal year ended December 31, 2022, includes balance for the purchase of the land.

(5) Basic Policy for Profit Distribution and Dividends for the Fiscal Year under Review and the Following Fiscal Year

The PeptiDream Group recognizes that returning profits to shareholders is an important management issue and will consider profit distributions while taking into account operating results and financial conditions. However, the Group believes that at present it is of the utmost importance to focus on the Group's research and development programs and prioritize internal reserves from the viewpoint of maintaining the necessary research and development funds to do so.

2. Management Policies

(1) Basic Management Policy

Our Group's mission is to discover the next-generation of transformational medicines that will bring about significant improvements in both medical care and the lives of patients worldwide. Utilizing our proprietary PDPS (Peptide Discovery Platform System) technology, one of the world's most advanced drug discovery platform systems, we will lead the discovery, research and development of innovative pharmaceuticals, and through the integration of PDRadiopharma, work to transform the radiopharmaceutical/ radiodiagnostic field toward our goal of bringing the most transformational and impactful pharmaceuticals to patients worldwide.

(2) Medium- to Long-term Management Strategies and Areas of Focus Issues to be Addressed

(A) Drug Discovery and Development Business Segment

The Group's Drug Discovery and Development Business Segment is strategically focused on 1) discovering therapeutic candidates, advancing those programs through the preclinical development stages, and supporting the transition of those programs into clinical trials, and 2) the further expansion of our PDC programs, with a focus on our RI-PDC programs, as well as expanding our MPC programs.

As a Company focused on the discovery and development of therapeutics, the establishment of a robust R&D/preclinical and clinical pipeline represents the most critical value driver for the Company. The Company currently has four (4) programs in clinical development. In April 2022, Bristol-Myers Squibb ("BMS") initiated a Phase I study of the Company's next-generation PD-L1 inhibitor, a program being tested in parallel with the companies' PD-L1 imaging agent (peptide-RI imaging agent), for the treatment of cancer. The Company's CD38-ARM™ program, referred to as BHV-1100 and partnered with Biohaven, is currently in an ongoing Ph1a/1b in multiple myeloma patients. In August 2022, the Company reported that a dose-escalation study in humans of PA-001, a potential treatment for COVID19, showed favorable safety and pharmacokinetic results, supporting further development. To further increase the number of programs in clinical development, it is important to select new clinical/development candidates from the Company's preclinical pipeline. In May 2022, Amolyt reported on the Company's development candidate from its GhR antagonist program, with Amolyt planning to

take the program into the clinic in 2023. In December 2022, the Company announced the selection of a development candidate arising from one of the RI-PDC programs partnered with RayzeBio, with clinical development bring planned. The Company advanced 7 programs into the Lead-to-GLP-Tox stage in 2022, for a total of 25 programs from which the Company hopes to identity additional development candidates. Going forward, the Company will be less focused on further increasing the total overall number of programs the Company pursues, and instead concentrate resources and efforts more on advancing programs through preclinical development and to candidate selection before their transition into clinical testing.

In addition to advancing the preclinical pipeline towards the clinic, the Company is also focused on advancing and expanding the Company's PDC and MPC programs, both in-house and in collaboration, to take advantage of the growing global interest in the space, and to further drive Company growth. Indicative of this effort, in December 2022, the Company entered into 2 new PDC collaboration and license agreements, expanding our ongoing areas of focus in RI-PDCs and Oligo-PDCs further into Cytotoxic-PDCs, with both deals generating significant value for the Company in the short-term, and the expectation that both deals will contribute significantly to the Company's medium- to long-term growth. Additionally, to best leverage synergies with the Group's Radiopharmaceutical Business Segment and maximize value, the Company is focused on driving the preclinical development of a number of fully-owned RI-PDC programs through preclinical development toward the clinic.

The Company's Drug Discovery and Development Business Segment is focused on achieving the Mid-Term Management targets described in the table below. In order to achieve such targets, the Company continues to focus resources and efforts on building and advancing its robust preclinical pipeline of programs, working closely with existing strategic and collaboration partners to advance such programs into the clinic, while engaging potential new partners interested in our programs, and recruiting the best and the brightest employees committed to these efforts, all the while we continue to solidify our role as a "Drug Discovery Powerhouse, and the hub of the peptide discovery ecosystem we have diligently helped to create.

Mid-Term Targets by the end of FY2026		**As of December 31, 2022**
(1) New drugs*2 launched (approved)	4 or more	0
(2) Number of clinical programs	32 or more	4
(3) Number of preclinical drug discovery programs	160 or more	122
(4) Number of employees	220 or more	203
(5) Establishing foundation as a "Drug Discovery Powerhouse"		

*1 Mid-Term Targets on a non-consolidated basis.

*2 Diagnostic agents and products other than therapeutics are not included.

Regarding the 5th target, with the aim to solidify PeptiDream's position and reputation as a global "Drug Discovery Powerhouse", we will particularly focus our efforts on the following five initiatives:

① To further lead the expansion of the global peptide-based drug discovery eco-system and our partnership network through expanding our role as the central hub.

② To continue to expand the number of licensees of our proprietary PDPS technology and its position as "the most widely-used peptide-based drug discovery platform".

③ To create a healthy, safe, and diverse work environment where all employees can maximize their abilities, have equal opportunities, and be considered a “best place to work”

④ To strive toward a “transparent, responsive, and balanced corporate governance structure”, ensure the highest business ethical standards, and maintain a continuous and open dialogue with all internal and external stakeholders.

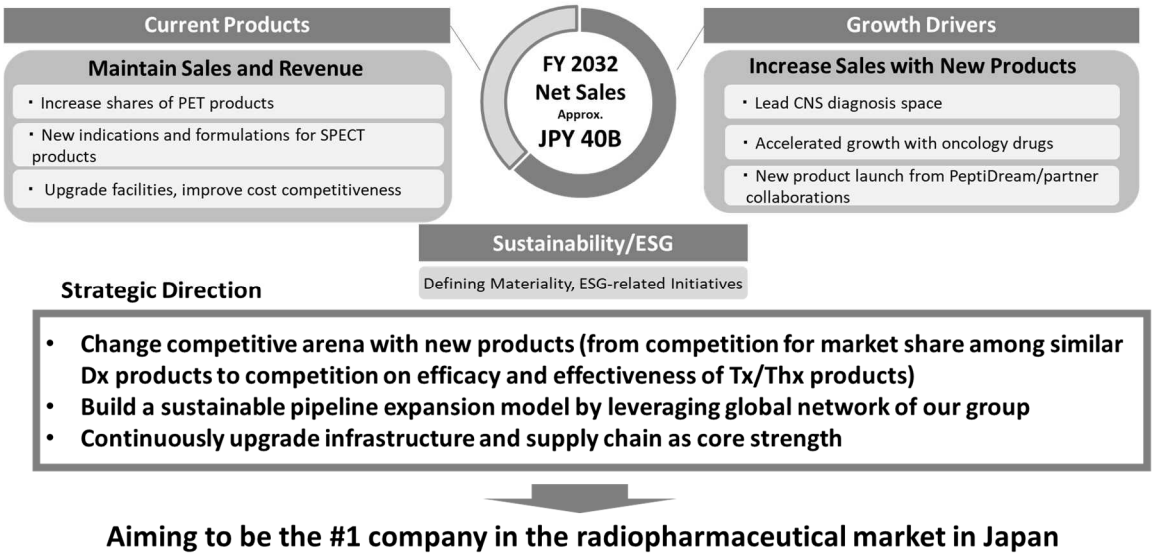
⑤ To promote operational efficiency for the sustainable growth of society, minimize our environmental impact with a focus on water, waste, and energy efficiency, and become “carbon neutral” in our operations by 2026.

(B) Radiopharmaceutical Business Segment

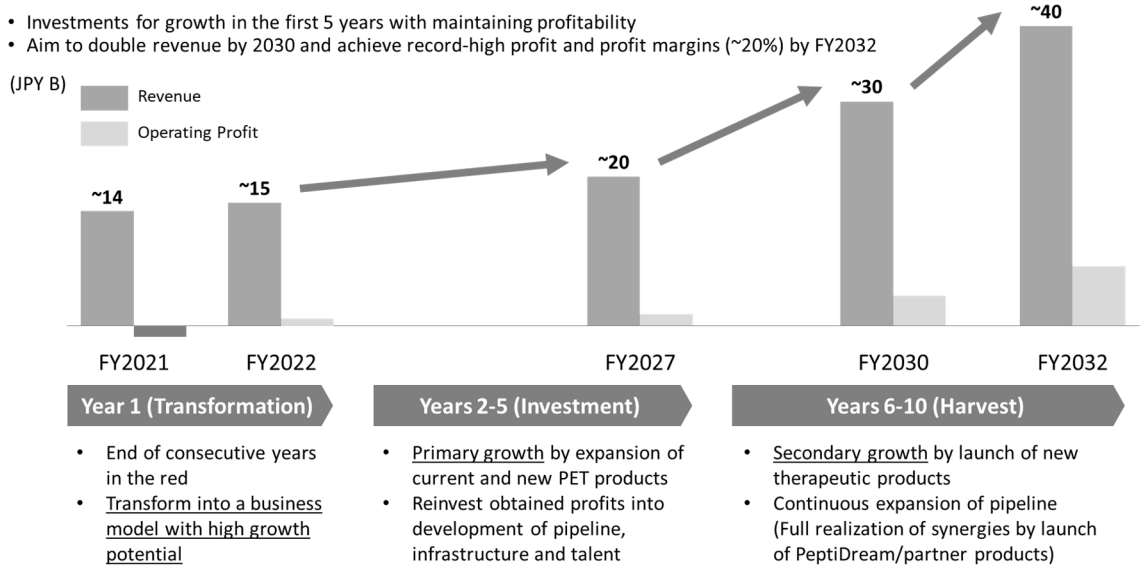
The Group’s Radiopharmaceutical Business Segment is strategically focused on 1) maximizing the value of existing marketed products, 2) expanding our product use and offerings in the growing field of brain imaging, and 3) the development of new radiotherapeutic products that will drive medium- to long-term growth, mainly in the oncology field.

In terms of our existing SPECT products, we aim to maximize their value through indication expansion and expanding our formulation offerings, as well as the continued improvement in our imaging support software offerings. In addition, in November 2022, the Company announced the execution of a joint development agreement with Lilly for flortaucipir (18F)(TAUVID®), in Japan. Flortaucipir (18F) is a PET imaging agent used to visualize neurofibrillary tangles (NFTs) caused by aberrant accumulations of tau protein in the brain. Currently there is no approved PET imaging agent for the detection of NFTs in Japan.Along with our existing AMYVid® Injection, a PET imaging agent used to visualize amyloid beta plaque in the brain and also developed by Lilly, PDRadiopharma will be in a position to offer 2 of the top brain imaging agents and provide physicians in Japan with meaningful information on the presence of both pathologies to aid to determine the treatment policy of patients suspected of having Alzheimer’s disease and/or other forms of dementia.

In the mid-to- long-term, we believe that the development of novel radiotherapeutic products, mainly in the area of oncology, will be a key driver of future growth. We are building a business model that will enable us to continuously expand our pipeline and product portfolio by leveraging the Group's expertise in developing and commercializing radiopharmaceutical products in Japan, the Group’s expertise in discovering and developing novel radiotherapeutics, along with the Group’s strong business development capabilities and broad global network of collaboration and development partner companies. Until recently, the radiopharmaceutical market has largely been dominated by diagnostic agents, many of which did not have significant differentiating factors, and thus growth was centered on expanding market share over similar competing products offered by other companies. As we enter a new era of radiopharmaceuticals, driven by the discovery and development of a growing number of novel and innovative radiotherapeutic and radiodiagnostic products, the Group is ideally positioned to significantly contribute to this renaissance and become the leading radiopharmaceutical company in Japan.

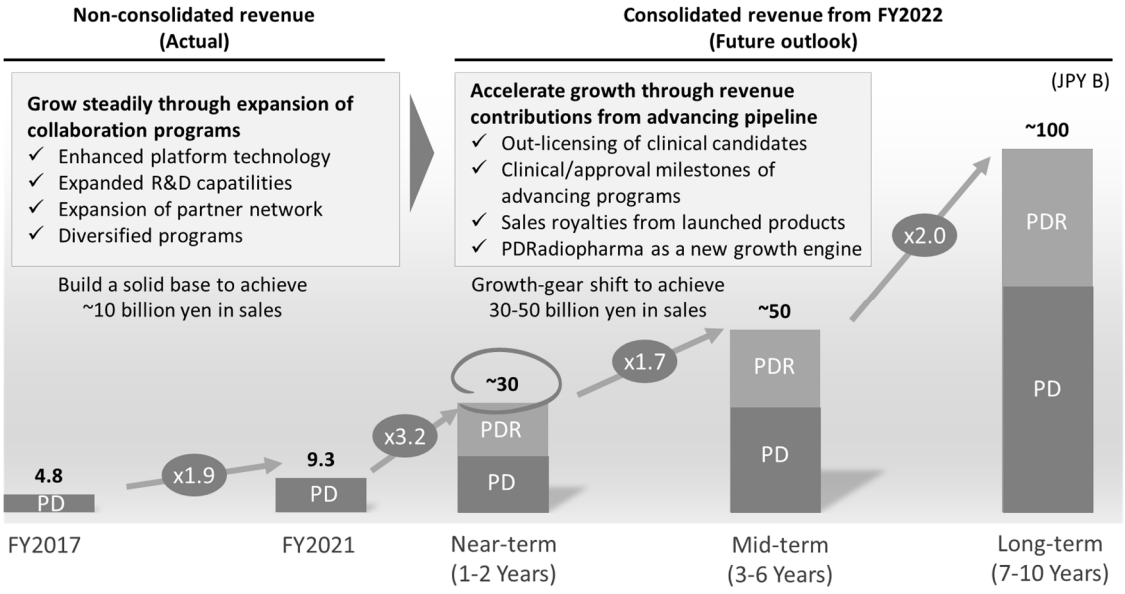


Prior to PDRadiopharma joining the Group the business had been reporting losses for number of years. Upon joining the Group in March 2022 (Year 1 "Transformation"), we have focused our strategy on ending such annual losses and shifting to a business model with high growth potential, with the Group reporting a profit in the Radiopharmaceutical Business Segment for the fiscal year ended December 31, 2022.The Group envisions that the next 5 years will be a period of investment (Years 2-5 "Investment") in which the business will achieve short-term growth primarily through the maximization of the value of existing products in PDRadiopharma' s portfolio, as well the expansion and launch of new PET imaging products, a period during which the business plans to reinvest increased earnings back into new product development, facilities/equipment, talent, and other investments, in order to best position the business to maximize medium-to-long-term growth. The Group envisions from year 6 a transition into a period of harvest (Years 6-10 "Harvest") in which the full synergies/benefits of the Group's business model are realized with the launch of new radiotherapeutic products driving growth.



In the Group's medium-to-long-term plan, we aim to achieve consolidated sales revenue of 30 billion yen in the short term, and sales revenue of 100 billion yen in the medium to long-term. Under PeptiDream's current management since FY2018, the Company has spent the past 4 years focused on expanding the number of discovery and development programs

and building the foundations for stable annual revenue of 10 billion yen and profitability. To realize further growth in the business, the Company is focused on increasing revenue contributions from our discovery and development pipeline, such as program out-licensing revenue, revenue from clinical/approval milestones associated with the progress of late-stage research programs, and revenue from sales royalties of approved products. In addition, we believe maximizing the synergies with the radiopharmaceutical business (PDRadiopharma) across our RI-PDC programs, which has been a main area of focus, also represents a significant contributor to growth.



3. Basic Approach to Accounting Standards

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) with the aim of facilitating international comparisons of financial data in capital markets and further improving the level of business management, among others from the first quarter of the fiscal year ended December 31, 2022.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Thousands of yen)

	As of January 1, 2021 (Transition date)	As of December 31, 2021	As of December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	7,149,358	11,746,529	5,247,665
Trade and other receivables	7,530,584	811,096	16,589,145
Other financial assets	6,241	69,047	6,243
Inventories	585,981	925,138	2,678,699
Income taxes receivable	—	10,415	—
Other current assets	369,353	274,197	550,958
Total current assets	15,641,519	13,836,425	25,072,713
Non-current assets			
Property, plant and equipment	5,766,856	6,437,151	18,125,415
Goodwill	—	—	8,370,677
Intangible assets	78,683	75,502	2,232,554
Investments accounted for using equity method	294,927	603,003	399,728
Other financial assets	3,800,421	6,080,133	6,122,214
Deferred tax assets	549,646	—	3,435,235
Retirement benefit asset	—	—	65,441
Other non-current assets	8,921	2,379	41,218
Total non-current assets	10,499,457	13,198,170	38,792,486
Total assets	26,140,976	27,034,596	63,865,200

	As of January 1, 2021 (Transition date)	As of December 31, 2021	As of December 31, 2022
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	2,562,788	886,124	4,080,097
Borrowings	—	—	2,690,653
Other financial liabilities	—	—	344,882
Income taxes payable	1,586,784	14,404	2,325,030
Provisions	—	—	27,649
Contract liabilities	376,194	244,063	669,757
Other current liabilities	336,401	231,453	892,332
Total current liabilities	4,862,168	1,376,047	11,030,403
Non-current liabilities			
Borrowings	—	—	18,357,797
Other financial liabilities	—	—	2,327,082
Deferred tax liabilities	—	308,298	—
Retirement benefit liability	—	—	108,450
Total non-current liabilities	—	308,298	20,793,330
Total liabilities	4,862,168	1,684,345	31,823,734
Equity			
Share capital	3,933,885	3,956,738	3,956,738
Capital surplus	10,305,306	4,452,358	4,524,436
Treasury shares	(655,383)	(620,123)	(607,334)
Retained earnings	7,503,531	16,372,687	23,848,337
Other components of equity	191,468	1,188,589	319,287
Total equity attributable to owners of parent	21,278,808	25,350,250	32,041,465
Total equity	21,278,808	25,350,250	32,041,465
Total liabilities and equity	26,140,976	27,034,596	63,865,200

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Profit or Loss

Consolidated Statements of Profit or Loss

(Thousands of yen, unless otherwise stated)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Revenue	9,422,214	26,852,430
Cost of sales	2,393,436	8,738,942
Gross profit	7,028,777	18,113,488
Selling, general and administrative expenses	1,354,534	6,220,618
Research and development expenses	1,654,429	2,915,118
Other income	46,624	13,517
Other expenses	191	11,073
Operating profit (loss)	4,066,246	8,980,196
Finance income	309,901	189,047
Finance costs	—	2,312,643
Share of profit (loss) of investments accounted for using equity method	(572,383)	(203,275)
Profit (loss) before tax	3,803,764	6,653,325
Income tax expense	1,230,532	(901,033)
Profit (loss)	2,573,232	7,554,358
Profit attributable to:		
Owners of parent	2,573,232	7,554,358
Profit (loss)	2,573,232	7,554,358
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	19.96	58.19
Diluted earnings (loss) per share (Yen)	19.81	58.14

Consolidated Statements of Comprehensive Profit or Loss

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit (loss)	2,573,232	7,554,358
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	972,945	(869,301)
Remeasurements of defined benefit plans	—	(78,707)
Total of items that will not be reclassified to profit or loss	972,945	(948,009)
Other comprehensive income	972,945	(948,009)
Comprehensive income	3,546,177	6,606,348
Comprehensive income attributable to:		
Owners of parent	3,546,177	6,606,348
Comprehensive income	3,546,177	6,606,348

(Note) The above statement items are disclosed net of tax.

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Equity attributable to owners of parent						Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of parent	
Balance at January 1, 2021	3,933,885	10,305,306	(655,383)	7,503,531	191,468	21,278,808	21,278,808
Profit	–	–	–	2,573,232	–	2,573,232	2,573,232
Other comprehensive income	–	–	–	–	972,945	972,945	972,945
Total comprehensive income	–	–	–	2,573,232	972,945	3,546,177	3,546,177
Issuance of new shares	22,852	22,852	–	–	–	45,704	45,704
Purchase of treasury shares	–	–	(362)	–	–	(362)	(362)
Disposal of treasury shares	–	–	35,622	–	–	35,622	35,622
Transfer from other components of equity to retained earnings	–	(6,320,100)	–	6,295,924	24,175	–	–
Share-based payment transactions	–	444,299	–	–	–	444,299	444,299
Total transactions with owners	22,852	(5,852,947)	35,260	6,295,924	24,175	525,264	525,264
Balance at December 31, 2021	3,956,738	4,452,358	(620,123)	16,372,687	1,188,589	25,350,250	25,350,250

Fiscal year ended December 31, 2022

(Thousands of yen)

	Equity attributable to owners of parent						Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of parent	
Balance at January 1, 2022	3,956,738	4,452,358	(620,123)	16,372,687	1,188,589	25,350,250	25,350,250
Profit	—	—	—	7,554,358	—	7,554,358	7,554,358
Other comprehensive income	—	—	—	—	(948,009)	(948,009)	(948,009)
Total comprehensive income	—	—	—	7,554,358	(948,009)	6,606,348	6,606,348
Issuance of new shares	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	(167)	—	—	(167)	(167)
Disposal of treasury shares	—	—	12,956	—	—	12,956	12,956
Transfer from other components of equity to retained earnings	—	—	—	(78,707)	78,707	—	—
Share-based payment transactions	—	72,077	—	—	—	72,077	72,077
Total transactions with owners	—	72,077	12,789	(78,707)	78,707	84,866	84,866
Balance at December 31, 2022	3,956,738	4,524,436	(607,334)	23,848,337	319,287	32,041,465	32,041,465

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	3,803,764	6,653,325
Depreciation and amortization	633,006	1,973,379
Interest and dividend income	(283)	(1,334)
Interest expenses	—	190,088
Foreign exchange loss (gain)	(159,845)	(171,831)
Share of loss (profit) of investments accounted for using equity method	572,383	203,275
Decrease (increase) in trade and other receivables	6,583,442	(11,286,614)
Decrease (increase) in inventories	(339,157)	(656,492)
Increase (decrease) in trade and other payables	(1,621,162)	1,453,713
Increase (decrease) in defined benefit asset and liability	—	103,859
Other	(433,749)	1,992,444
Subtotal	9,038,397	453,813
Interest and dividends received	283	1,334
Interest paid	—	(148,837)
Income taxes paid	(2,384,104)	(441,013)
Income taxes refund	131	51,772
Net cash provided by (used in) operating activities	6,654,708	(82,929)
Cash flows from investing activities		
Proceeds from sale of securities	145,222	—
Payments for acquisition of subsidiaries	—	(23,460,335)
Purchase of shares of subsidiaries and associates	(943,265)	—
Loan advances to subsidiaries and associates	(414,097)	—
Collection of loans receivable	6,241	69,047
Grant amount received	137,071	—
Purchase of property, plant and equipment	(1,185,973)	(3,720,595)
Purchase of intangible assets	(28,705)	(254,821)
Other	55	(10,511)
Net cash provided by (used in) investing activities	(2,283,450)	(27,377,217)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	500,000
Proceeds from long-term borrowings	—	22,400,000
Repayments of long-term borrowings	—	(1,680,000)
Payments of borrowing fee	—	(212,800)
Repayments of lease liabilities	—	(217,581)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	44,940	—
Proceeds from issuance of share acquisition rights	21,490	—
Purchase of treasury shares	(362)	(167)
Net cash provided by (used in) financing activities	66,067	20,789,451
Effect of exchange rate change on cash and cash equivalents	159,845	171,831
Net increase (decrease) in cash and cash equivalents	4,597,171	(6,498,864)
Cash and cash equivalents at beginning of period	7,149,358	11,746,529
Cash and cash equivalents at end of period	11,746,529	5,247,665

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable.

(Segment information)

(1) Outline of reportable segments

Since the Group operated in a single business segment, for the fiscal year ended December 31, 2021, the description of segment information is omitted.

On March 28, 2022 in the first quarter of the fiscal year under review, the Company acquired the entire shares of a newly established company, PDRadiopharma Inc., which succeeded the radiopharmaceutical business of Fujifilm Toyama Chemical Co., Ltd. through an absorption-type split. As a result of this transaction, effective from the second quarter ended June 30, 2022, the Board of Directors of the Company is monitoring the two reportable segments of the Drug Discovery and Development Business Segment and the Radiopharmaceutical Business Segment to determine the allocation of management resources and evaluate financial results. Therefore, from the second quarter ended June 30, 2022, the Group reorganized its reportable segments to the above two segments of the Drug Discovery and Development Business Segment and the Radiopharmaceutical Business Segment.

[Description of reportable segments]

Reportable Segment	Business description
Drug Discovery and Development Business Segment (Collaboration, PDPS Licensing, In-House/Strategic)	The Drug discovery and development business centers around the use of PDPS, the Company's proprietary drug discovery platform system. This segment engages primarily in the discovery, research and development of new therapeutics and diagnostics through collaborative research and development with pharmaceutical companies in Japan and overseas, PDPS technology licensing, and in-house/strategic partnering and compound licensing.
Radiopharmaceutical Business Segment	The Radiopharmaceutical business engages in the research and development, manufacturing, and sale of: diagnostic radiopharmaceuticals (diagnostic agents for SPECT and PET), used to examine blood flow of the heart and brain and bone metastasis of cancers; and therapeutic radiopharmaceuticals that address unmet medical needs, such as pheochromocytoma.

(2) Segment revenues and performance

Revenues and performance for each of the Group's reportable segments were as follows. Inter-segment revenues are based on prevailing market prices.

Fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

For the fiscal year ended December 31, 2021, segment information is omitted as the Group engaged in a single segment of the Drug Discovery and Development Business Segment.

Fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(Thousands of yen)

	Reportable Segment				
	Drug Discovery and Development Business Segment	Radiopharmaceutical Business Segment	Total	Adjustment	Consolidated Statement
Revenue					
External revenue	15,406,109	11,446,321	26,852,430	—	26,852,430
Inter-segment revenue	—	27,182	27,182	(27,182)	—
Total	15,406,109	11,473,503	26,879,612	(27,182)	26,852,430
Segment profit	9,179,911	235,908	9,415,819	—	9,415,819
(Adjustments)					
Business combination-related expenses (Note 1)					435,622
Operating profit					8,980,196
Finance income					189,047
Finance costs					2,312,643
Share of profit (loss) of associates accounted for using the equity method					(203,275)
Profit before income taxes					6,653,325

(Note 1) Business combination-related expenses include acquisition-related expenses of 368,122 thousand yen and amortization expenses of 67,500 thousand yen for intangible assets newly acquired through the business combination.

(Per-share information)

Basic earnings per share and diluted earnings per share are calculated based on the following information.

(1) Basis for calculation of basic earnings per share

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit attributable to owners of parent (Thousands of yen)	2,573,232	7,554,358
Profit not attributable to common shareholders of parent (Thousands of yen)	—	—
Profit attributable to owners of parent used for calculating basic earnings per share (Thousands of yen)	2,573,232	7,554,358
Average number of shares of common stock during the period (Shares)	128,904,152	129,829,576
Basic earnings per share (Thousands of yen)	19.96	58.19

(2) Basis for calculation of diluted earnings per share

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit used for calculating basic profit per share (Thousands of yen)	2,573,232	7,554,358
Adjusted amount of profit (Thousands of yen)	—	—
Profit used for calculating diluted earnings per share (Thousands of yen)	2,573,232	7,554,358
Average number of shares of common stock during the period (Shares)	128,904,152	129,829,576
Increase in shares of common stock used for calculating diluted earnings per share		
Share acquisition rights (Shares)	917,292	—
Share benefit trust (Shares)	104,511	105,919
Average number of shares of common stock during the period for dilutive effects (Shares)	129,925,956	129,935,495
Diluted earnings per share (Yen)	19.81	58.14
Overview of dilutive shares not included in calculation of diluted earnings per share due to their dilutive effect	Eighth series share acquisition rights (Number of share acquisition rights: 30,700)	Eighth series share acquisition rights (Number of share acquisition rights: 30,700)

(Significant subsequent events)

Not applicable.