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May 15, 2023

Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2023 (JGAAP)

Listed company's name: RaQualia Pharma Inc.
Listed on: Tokyo Stock Exchange (TSE)
Stock code: 4579
URL: <https://www.raqualia.com/en/>
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Scheduled date of filing of quarterly securities report: May 15, 2023
Scheduled date of dividend payment: —
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes

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

1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2023 (January 1, 2023 to March 31, 2023)

(1) Consolidated operating results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First three months ended March 31, 2023	370	9.2	(108)	—	(110)	—	(148)	—
March 31, 2022	339	(48.3)	(119)	—	(70)	—	(120)	—

Note: Comprehensive income Three months ended March 31, 2023: (51) million yen [–%]
 Three months ended March 31, 2022: (126) million yen [–%]

	Earnings per share (Basic)	Earnings per share (Diluted)
First three months ended	yen	yen
March 31, 2023	(6.88)	—
March 31, 2022	(5.77)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2023	6,957	6,251	89.5
December 31, 2022	6,257	5,496	87.7

Reference: Equity As of March 31, 2023: 6,223 million yen As of December 31, 2022: 5,488 million yen

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2022	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2023	—				
Fiscal year ending December 31, 2023 (forecast)		0.00	—	0.00	0.00

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

3. Forecasts of consolidated financial results for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(Percentage figures represent year-on-year changes)

Fiscal year ending December 31, 2023	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share (Basic)
	million yen	%	million yen	%	million yen	%	million yen	%	yen
	2,799	(4.1)	260	(69.9)	242	(73.2)	183	(74.7)	8.74

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

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

*** Notes**

(1) Changes in significant subsidiaries during the first three months ended March 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

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

(3) Changes in accounting policies, changes in accounting estimates, and restatements of prior financial statements

a. Changes in accounting policies due to the revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements of prior financial statements: None

Note: For more details, please refer to the section of“(4) Notes to quarterly consolidated financial statements (Changes in accounting policies)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 10 of the attached material.

(4) Number of issued shares (common shares)

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

As of March 31, 2023	21,602,681 shares
As of December 31, 2022	20,977,181 shares

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

As of March 31, 2023	50 shares
As of December 31, 2022	50 shares

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

For the first three months ended March 31, 2023	21,574,786 shares
For the first three months ended March 31, 2022	20,956,714 shares

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

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

(Caution concerning forward-looking statements)

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

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

The Company plans to hold a briefing via live webcast for the first three months on May 17, 2023.

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

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1. Qualitative information regarding settlement of accounts for the first three months

(1) Qualitative information regarding consolidated operating results

1) Financial results

During the first three months of the fiscal year ending December 31, 2023, the Japanese economy was gradually recovering, although some weakness was observed. With regard to corporate business sentiment, while business conditions deteriorated in the manufacturing industry, business confidence in non-manufacturing industries improved due to an improving trend in retail and other consumption on the back of a recovery in consumer spending and inbound demand. Although corporate earnings vary across industries, corporate appetite for capital investment is seen as strong.

In the pharmaceutical industry, the Ministry of Health, Labour and Welfare announced the NHI drug price revision for FY2023. In this second mid-year revision, NHI drug prices were reduced for 48% (9,300 products) of all listed products, while 1,100 products had their prices raised as a result of the “re-pricing for unprofitable products,” which was implemented as an exceptional measure to deal with soaring prices and maintain a stable supply. Furthermore, in consideration of innovation, the Price Maintenance Premium was increased as a temporary and exceptional measure to maintain previous NHI drug price levels. In parallel with this, industry associations are making recommendations for reform of the NHI drug price system in 2024, citing an urgent need to strengthen the biopharmaceutical innovation ecosystem, including the NHI drug price system.

Such industry trends as these had no small impact on the business development activities of drug discovery startups, like the Group, that operate a drug discovery business.

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

Regarding human drug products launched to the market, sales of K-CAB[®] (generic name: tegoprazan)—a drug for gastro-esophageal reflux disease marketed by HK inno.N Corporation (headquarters: Osong, South Korea, “HK inno.N”)—in South Korea continued to perform well from the previous year, with external prescription data showing sales of 35.7 billion won, an increase of 15.2% compared with the same period of the previous fiscal year and equivalent to 3.5 billion yen at 0.10 yen to the won. Also, HK inno.N launched K-CAB[®] 25mg, which is a new drug product that contains half the amount of tegoprazan compared to the current drug, in South Korea as a maintenance treatment for patients with cured erosive esophagitis. This means K-CAB[®] is the only Potassium Competitive Acid Blocker (P-CAB)-based gastric acid secretion inhibitor marketed in South Korea that can be used in all stages of erosive esophagitis, from onset to after it is cured.

Global expansion of tegoprazan is also progressing well. The Company has executed exclusive license agreements with HK inno.N for the development, marketing, and manufacturing of tegoprazan with sublicensing rights, and the companies that have entered into the license agreements with HK inno.N (the “sublicensees”) are engaged in development, manufacturing, and marketing in their respective countries and regions. As of the end of the first three months ended March 31, 2023, expansion has been completed to 36 countries, including South Korea, and tegoprazan products are being marketed in four countries: South Korea, China, the Philippines, and Mongolia.

In China, it has been decided that from March, tegoprazan will be eligible for reimbursement under China’s public health insurance system. Previously, the drug was not eligible for reimbursement by public health insurance, with its price paid entirely out of pocket by patients. However, reimbursement eligibility is expected to improve access to tegoprazan and increase its sales. Furthermore, in Singapore and Mexico, the sublicensees have obtained marketing approval from the local regulatory authorities and are preparing to launch there. As a result, the Company received a lump-sum payment from HK inno.N based on the agreement with HK inno.N.

With regard to pet drugs, sales were strong from last year for GALLIPRANT[®] (generic name: grapiprant), which is a drug for osteoarthritis in dogs, ENTYCE[®] (generic name: capromorelin), which has an indication for anorexia management for dogs, and ELURA[®] (generic name: capromorelin), which has an indication for weight loss management in cats with chronic kidney failure, all of which were licensed to Elanco Animal Health Inc. (headquarters: Indiana, U.S.).

Other licensed programs are also in the pre-clinical development stage or later at licensee and sublicensee companies. In the first three months ended March 31, 2023, regarding the cannabinoid CB2 receptor agonist (RQ-00202730/AAT-730/OCT461201) licensed by the Company to AskAt Inc. (headquarters: Nagoya, Aichi, “AskAt”) and further licensed by AskAt to Oxford Cannabinoid Technologies Ltd. (headquarters: London, U.K., “OCT”), OCT has submitted an investigational new drug application to the UK regulatory authority and ethics committees for Phase I clinical trials.

As for pre-licensing programs, pre-clinical studies progressed from the previous fiscal year during the fiscal year under review for a ghrelin receptor agonist, which is being developed in-house. In addition, the Company holds the rights to develop, manufacture, and market tegoprazan in Japan, but in order to achieve a speedy launch of the drug in Japan, the Company has decided to forgo conducting clinical trials in-house and concentrate on licensing activities, and are in discussions with candidate partner companies. For other pre-licensing programs, the Company conducted business development activities aimed at finding business partners through a flexible combination of face-to-face meetings and online conferences.

In the programs in the discovery research stage, as in the previous year, the Company continued to promote collaborative research and internal independent research efforts aimed at generating development compounds and strengthening its drug discovery

research foundations. Furthermore, in order to further enhance its drug discovery value chain and portfolio, the Company established a new research site at Shonan Health Innovation Park (Fujisawa, Kanagawa). The research site is working to obtain opportunities to collaborate with companies that possess cutting-edge knowledge and technologies in areas such as new modalities, target molecule discovery, and the application of AI to drug discovery.

Clinical trials for the treatment of myelodysplastic syndrome (MDS) and acute myeloid leukemia (AML) are underway in the U.S. for a retinoic acid receptor alpha agonist (tamibarotene, TM-411/SY-1425), licensed by the Company's consolidated subsidiary TMRC Co., Ltd. to Syros Pharmaceuticals Inc. (headquarters: Massachusetts, U.S., "Syros"). During the first three months ended March 31, 2023, Syros received Fast Track designation from the U.S. Food and Drug Administration (FDA) for the indication of higher-risk myelodysplastic syndrome (HR-MDS). Drug candidates with Fast Track Approvals enable more frequent communication with the FDA regarding development plans and, if supported by clinical data, priority review and expedited approval.

In addition, for the issuance of new shares through third-party allotment and the 16th series of share acquisition rights to CVI Investments, Inc. as resolved by the Board of Directors on December 20, 2022, the payment procedure was completed on January 5, 2023.

Accordingly, financial results for the first three months, the reporting period, were as follows. Business revenue for the period was 370 million yen (up 9.2% year on year), operating loss totaled 108 million yen (compared with operating loss of 119 million yen a year earlier), ordinary loss totaled 110 million yen (compared with ordinary loss of 70 million yen a year earlier), and loss attributable to owners of parent was 148 million yen (compared with loss attributable to owners of parent of 120 million yen a year earlier).

Total business expenses were 479 million yen (up 4.4% year on year). This mainly consists of cost of business revenue (59 million yen, an 11.7% increase from the same period of the previous fiscal year), research and development expenses (268 million yen, an 1.7% increase from the same period of the previous fiscal year) and other selling, general and administrative expenses (151 million yen, a 6.6% increase from the same period of the previous fiscal year).

2) Research and development

Research and development expenses of the entire Group during the first three months were 268 million yen. For the first three months, there were no material changes to the research and development activities.

(2) Qualitative information regarding consolidated financial position

1) Analysis of assets, liabilities and net assets

Assets

Total assets as of March 31, 2023 were 6,957 million yen, an increase of 699 million yen (up 11.2%) from the end of the previous fiscal year. This is mainly attributable to an increase in cash and deposits of 596 million yen, a decrease in accounts receivable - trade, and contract assets of 209 million yen, and an increase in investment securities of 139 million yen.

Liabilities

Total liabilities as of March 31, 2023 were 706 million yen, a decrease of 54 million yen (down 7.1%) from the end of the previous fiscal year. This is mainly attributable to a decrease in accounts payable - trade of 66 million yen, a decrease in income taxes payable of 23 million yen, and an increase in long-term borrowings of 39 million yen.

Net assets

Total net assets as of March 31, 2023 were 6,251 million yen, an increase of 754 million yen (up 13.7%) from the end of the previous fiscal year. This is mainly attributable to an increase in share capital and legal capital surplus of 786 million yen due to capital increase through third-party allotment, the recording of loss attributable to owners of parent of 148 million yen, and an increase in valuation difference on available-for-sale securities of 96 million yen.

Consequently, the equity ratio was 89.5% (up 1.8 percentage points from the end of the previous fiscal year).

2) Analysis of cash flows

The balance of cash and cash equivalents ("net cash") as of March 31, 2023 amounted to 4,282 million yen (compared with 2,404 million yen a year earlier), an increase of 603 million yen (up 16.4%) from the end of the previous fiscal year.

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

Cash flows from operating activities

Net cash used in operating activities was 210 million yen (compared with net cash of 372 million yen provided a year earlier). This is mainly attributable to the recording of loss before income taxes of 110 million yen, a cash inflow from a decrease in trade receivables of 209 million yen, cash outflows from a decrease in trade payables of 66 million yen and a decrease in accounts payable - other of 101 million yen, and income taxes paid of 49 million yen.

Cash flows from investing activities

Net cash used in investing activities was 33 million yen (down 86.3% year on year). This is mainly attributable to the purchase of property, plant and equipment of 26 million yen and the purchase of intangible assets of 6 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 840 million yen (compared with net cash of 4 million yen used a year earlier). This is mainly attributable to proceeds from issuance of shares of 782 million yen, proceeds from issuance of share acquisition rights of 19 million yen, proceeds from long-term borrowings of 50 million yen, and repayments of lease liabilities of 10 million yen.

(3) Qualitative information regarding consolidated earnings forecasts

At the present time, there are no changes to the full-year consolidated earnings forecasts for the fiscal year ending December 31, 2023 presented in “Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (JGAAP)” published on February 14, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,675,450	4,271,688
Accounts receivable - trade, and contract assets	602,311	393,138
Securities	250,599	259,262
Work in process	978	-
Supplies	7,522	8,569
Advance payments to suppliers	89,820	105,250
Prepaid expenses	108,633	142,150
Other	86,777	113,772
Total current assets	4,822,094	5,293,833
Non-current assets		
Property, plant and equipment		
Buildings, net	62,642	62,156
Tools, furniture and fixtures, net	119,093	204,258
Leased assets, net	209,288	199,820
Total property, plant and equipment	391,024	466,235
Intangible assets		
Trademark right	4,268	4,077
Software	19,984	33,078
Other	72	72
Total intangible assets	24,325	37,228
Investments and other assets		
Investment securities	987,962	1,127,359
Long-term prepaid expenses	24,073	22,237
Other	8,172	10,589
Total investments and other assets	1,020,208	1,160,186
Total non-current assets	1,435,559	1,663,649
Total assets	6,257,653	6,957,483

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	128,066	61,615
Current portion of long-term borrowings	2,620	12,620
Lease liabilities	42,887	40,359
Accounts payable - other	206,209	188,577
Accrued expenses	60,479	50,389
Income taxes payable	30,957	7,619
Deposits received	18,922	5,620
Other	3,635	8,602
Total current liabilities	493,778	375,404
Non-current liabilities		
Long-term borrowings	9,170	48,515
Lease liabilities	167,661	159,235
Asset retirement obligations	12,222	12,246
Provision for share awards	60,590	50,201
Provision for share awards for directors (and other officers)	14,498	13,593
Deferred tax liabilities	2,750	47,131
Total non-current liabilities	266,893	330,923
Total liabilities	760,671	706,328
Net assets		
Shareholders' equity		
Share capital	2,265,697	2,658,975
Capital surplus	2,455,480	2,848,758
Retained earnings	773,021	624,647
Treasury shares	(21)	(21)
Total shareholders' equity	5,494,178	6,132,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,569)	91,177
Total accumulated other comprehensive income	(5,569)	91,177
Share acquisition rights	8,372	27,617
Total net assets	5,496,981	6,251,155
Total liabilities and net assets	6,257,653	6,957,483

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

(Thousands of yen)

	First three months ended March 31, 2022	First three months ended March 31, 2023
Business revenue	339,273	370,493
Business expenses		
Cost of business revenue	53,218	59,427
Research and development expenses	263,751	268,358
Other selling, general and administrative expenses	142,153	151,527
Total business expenses	459,122	479,313
Operating loss	(119,849)	(108,820)
Non-operating income		
Interest income	209	170
Interest on securities	5,117	1,398
Foreign exchange gains	62,148	6,391
Gain on valuation of compound financial instruments	–	5,270
Other	6	1,030
Total non-operating income	67,482	14,261
Non-operating expenses		
Interest expenses	704	1,506
Commitment fees	583	1,749
Loss on valuation of compound financial instruments	3,000	–
Share issuance costs	76	3,635
Loss on valuation of derivatives	13,438	8,571
Other	–	0
Total non-operating expenses	17,803	15,464
Ordinary loss	(70,170)	(110,022)
Extraordinary income		
Gain on redemption of investment securities	2,739	–
Total extraordinary income	2,739	–
Extraordinary losses		
Retirement benefits for directors (and other officers)	17,800	–
Total extraordinary losses	17,800	–
Loss before income taxes	(85,231)	(110,022)
Income taxes	35,671	38,350
Loss	(120,902)	(148,373)
Profit attributable to non-controlling interests	–	–
Loss attributable to owners of parent	(120,902)	(148,373)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	First three months ended March 31, 2022	First three months ended March 31, 2023
Loss	(120,902)	(148,373)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,934)	96,746
Total other comprehensive income	(5,934)	96,746
Comprehensive income	(126,836)	(51,627)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(126,836)	(51,627)
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of cash flows

(Thousands of yen)

	First three months ended March 31, 2022	First three months ended March 31, 2023
Cash flows from operating activities		
Loss before income taxes	(85,231)	(110,022)
Depreciation	31,835	30,979
Interest income	(209)	(170)
Interest income on securities	(5,117)	(1,398)
Interest expenses	704	1,506
Commitment fees	583	1,749
Foreign exchange losses (gains)	(47,193)	(6,770)
Loss (gain) on valuation of compound financial instruments	3,000	(5,270)
Loss (gain) on valuation of derivatives	13,438	8,571
Share issuance costs	76	3,635
Loss (gain) on redemption of investment securities	(2,739)	–
Retirement benefits for directors (and other officers)	17,800	–
Decrease (increase) in trade receivables	857,662	209,173
Decrease (increase) in inventories	969	(68)
Increase (decrease) in trade payables	12,370	(66,451)
Decrease (increase) in advance payments to suppliers	(3,972)	(15,429)
Decrease (increase) in prepaid expenses	(184,891)	(28,266)
Decrease (increase) in accounts receivable - other	20	(488)
Decrease (increase) in consumption taxes refund receivable	(15,802)	(33,234)
Increase (decrease) in accrued consumption taxes	(37,475)	–
Increase (decrease) in accounts payable - other	(49,563)	(101,567)
Increase (decrease) in accrued expenses	(14,315)	(10,090)
Increase (decrease) in income taxes payable - factor based tax	(19,628)	(11,828)
Increase (decrease) in deposits received	(22,623)	(13,301)
Increase (decrease) in provision for share awards	14,334	(10,389)
Increase (decrease) in provision for share awards for directors (and other officers)	2,718	(904)
Other, net	99	6,111
Subtotal	466,850	(153,923)
Interest and dividends received	3,988	1,748
Interest paid	(704)	(1,605)
Commitment fees paid	(7,000)	(7,000)
Income taxes paid	(90,444)	(49,893)
Net cash provided by (used in) operating activities	372,689	(210,674)
Cash flows from investing activities		
Purchase of property, plant and equipment	–	(26,932)
Purchase of intangible assets	–	(6,655)
Purchase of investment securities	(301,856)	–
Proceeds from redemption of investment securities	56,940	–
Net cash provided by (used in) investing activities	(244,916)	(33,588)

(Thousands of yen)

	First three months ended March 31, 2022	First three months ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	–	50,000
Repayments of long-term borrowings	–	(655)
Proceeds from issuance of shares	–	782,614
Proceeds from issuance of share acquisition rights	–	19,362
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,275	188
Repayments of lease liabilities	(6,385)	(10,954)
Net cash provided by (used in) financing activities	(4,110)	840,555
Effect of exchange rate change on cash and cash equivalents	39,802	6,769
Net increase (decrease) in cash and cash equivalents	163,465	603,062
Cash and cash equivalents at beginning of period	2,240,661	3,679,304
Cash and cash equivalents at end of period	2,404,126	4,282,366

(4) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on significant changes in the amount of shareholders' equity

On January 5, 2023, the Company received payment for capital increase through third-party allotment from CVI Investments, Inc. As a result, share capital and capital surplus each increased 393,125 thousand yen during the first three months ended March 31, 2023, resulting in share capital of 2,658,975 thousand yen and capital surplus of 2,848,758 thousand yen as of March 31, 2023.

Application of special accounting for preparing quarterly consolidated financial statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the quarter under review. However, in cases where calculations using said estimated effective tax rate yield a result that is notably lacking rationality, tax expenses are calculated by multiplying profit (loss) before income taxes by the statutory effective tax rate, taking into consideration the recoverability of deferred tax assets.

Income taxes is the amount inclusive of income taxes - deferred.

Changes in accounting policies

(Application of implementation guidance on accounting standard for fair value measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

Note that there was no effect of the application of the Implementation Guidance on Accounting Standard for Fair Value Measurement on the quarterly consolidated financial statements.

Additional information

(Application of practical solution on the accounting and disclosure under the group tax sharing system)

The Company and its consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year under review. Accordingly, the treatment of accounting and disclosure for corporation tax, regional corporation tax, and tax effect accounting is in accordance with the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (PITF No. 42, issued on August 12, 2021; hereinafter "PITF No. 42"). In addition, the change in accounting policy with the application of PITF No. 42 in accordance with paragraph 32(1) of PITF No. 42 is considered to have no impact.

(Accounting estimates amid the spread of COVID-19)

The Group has determined the accounting estimates for impairment accounting of non-current assets, etc. based on information available when preparing the quarterly consolidated financial statements. The effects of the spread of COVID-19 on the Group are limited at the present time and the Group has determined that there will not be a significant impact on the estimates for the fiscal year under review.

Segment information, etc.

[Segment information]

- I. For the first three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)
This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.
- II. For the first three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)
This information is omitted because the Group consists of a single business segment dealing with research and development of pharmaceutical and related businesses.

Significant subsequent event

No items to report.