Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [IFRS]

February 14, 2024

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Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2024
Scheduled filing date of securities report: March 28, 2024
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, 2023 (January 1, 2023 to December 31, 2023)

(1) Consolidated operating results (% indicates changes from the previous corresponding period)

	Revenue		Core operating profit		Operating profit		Profit before tax	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year Ended December 31, 2023	28,712	6.9	7,165	(25.6)	6,773	(24.6)	4,353	(34.6)
Fiscal Year Ended December 31, 2022	26,852	185.0	9,637	135.5	8,980	120.8	6,653	74.9

	Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%
Fiscal Year Ended December 31, 2023	3,035	(59.8)	8,760	32.6
Fiscal Year Ended December 31, 2022	7,554	193.6	6,606	86.3

	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	Yen	Yen	Yen
Fiscal Year Ended December 31, 2023	23.41	23.38	8.4	6.5	23.6
Fiscal Year Ended December 31, 2022	58.19	58.14	26.3	14.6	33.4

(Reference) Share of profit (loss) of investments accounted for using equity method Fiscal year ended December 31, 2023: (357) million yen
Fiscal year ended December 31, 2022: (203) 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, 2023	69,464	40,349	40,349	58.1	311.16
As of December 31, 2022	63,865	32,041	32,041	50.2	246.63

(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, 2023	12,420	1,302	264	19,507
Fiscal Year ended December 31, 2022	(82)	(27,377)	20,789	5,247

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, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year ended December 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year ending December 31, 2024 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Financial Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

	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, 2024	35,000 / 21.9	10,900 / 52.1	10,500 / 55.0	10,200 / 134.3	7,300 / 140.5

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]

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(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, 2023	130,010,400 shares	As of December 31, 2022	130,010,400 shares
2) Number of treasury stock at the end of the period	As of December 31, 2023	402,647 shares	As of December 31, 2022	179,447 shares
3) Average number of shares during the period	Fiscal year ended December 31, 2023	129,699,938 shares	Fiscal year ended December 31, 2022	129,829,576 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) (179,200 shares as of December 31, 2022 and 402,400 shares as of December 31, 2023). 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 (180,620 shares for the fiscal year ended December 31, 2022 and 310,215 shares for the fiscal year ended December 31, 2023).

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(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, 2023	12,702	(17.5)	6,406	(29.6)	6,351	(28.1)	5,817	35.4
Fiscal year ended December 31, 2022	15,406	64.5	9,097	105.9	8,828	84.9	4,298	19.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2023	44.85	—
Fiscal year ended December 31, 2022	33.11	—

(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, 2023	68,157	40,574	59.5	312.89
As of December 31, 2022	55,234	29,425	53.2	226.48

(Reference) Equity As of December 31, 2023: 40,552 million yen
As of December 31, 2022: 29,403 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.

(Obtaining supplementary briefing materials on financial results)

The Company plans to hold an explanatory meeting on financial results for institutional investors on February 14, 2024 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, 2023 (from January 1, 2023 to December 31, 2023), PeptiDream ("the Company") continued to make excellent progress in both its Radiopharmaceuticals and Non-Radiopharmaceutical Drug Discovery Businesses.

(A) Radiopharmaceuticals Business:

PeptiDream operates a fully integrated Radiopharmaceutical Business, from discovery and development to commercialization, marketing, and sales in Japan. Through its wholly-owned subsidiary PDRadiopharma, PeptiDream currently markets and sells a number of approved radiotherapeutics and radiodiagnostics in Japan, as well as providing other services and products supporting the radiopharmaceutical market in Japan. Additionally, PeptiDream and PDRadiopharma have a growing discovery and development pipeline of innovative radiotherapeutic and radiodiagnostic programs, both fully owned internal programs as well as partnered programs, currently in development. As macrocyclic peptides are increasingly proving ideal for the targeted delivery of tumor killing radioisotope payloads, integrating the technologies, know-how and networks of PeptiDream and PDRadiopharma, the PeptiDream Group aims to expand its radiopharmaceuticals business by developing and commercializing novel high-value radiopharmaceuticals, in addition to in-licensing promising radiopharmaceuticals from Companies overseas that are interested in bringing their products into the Japan market.

(A)-1: Currently Marketed Radiotherapeutic and Radiodiagnostic Products

Below is a brief description of the Products currently marketed and sold by PeptiDream, through its subsidiary PDRadiopharma, in Japan. *All products originally developed by PDRadiopharma unless otherwise noted.*

- **Sodium Iodide-^{131}I Capsules:** Product used for the treatment of patients with hyperthyroidism, thyroid cancer and its metastases, as well as the diagnosis of metastasis of thyroid cancer by scintigraphy. Product available in different strengths ranging from 37 MBq to 1.85 GBq.

- **Raiatt MIBG-I131 Injection:** Product consists of the small molecule compound 3-iodobenzylguanidine radiolabeled with ^{131}I used for the treatment of patients with MIBG avid, unresectable pheochromocytoma and paraganglioma.

- **Zevalin® Indium Injection**: Product consists of a CD20-targeting antibody, ibritumomab tiuxetan, radiolabeled with ^{111}In and used to confirm the accumulation sites of ibritumomab tiuxetan. *Japan Marketing Authorization holder is Mundipharma and product is sold by PDRadiopharma*

- **Zevalin® Yttrium Injection**: Product consists of a CD20-targeting antibody, ibritumomab tiuxetan, radiolabeled with ^{90}Y and used for the treatment of patients with low-grade B-cell non-Hodgkin's lymphoma or mantle cell lymphoma. *Japan Marketing Authorization holder is Mundipharma and product is sold by PDRadiopharma*

- **Octreoscan® Injection:** Product consists of the somatostatin receptor targeting peptide, pentetreotide, radiolabeled with ^{111}In, used for the diagnosis of patients with neuroendocrine tumors by scintigraphy. *Product licensed from Curium Pharma.*

- **Techne® DMSA Kit:** Kit for the preparation of technetium (^{99m}Tc) dimercaptosuccinic acid injection used for the diagnosis of renal diseases by renal scintigraphy.

- **Techne® DTPA Kit:** Kit for the preparation of technetium (^{99m}Tc) diethylenetriamine pentaacetatic acid injection used for the diagnosis of renal diseases by renal scintigraphy.

- **Techne® MAA Kit:** Kit for the preparation of technetium (^{99m}Tc) macroaggregated human serum albumin injection for use in lung perfusion scintigraphy

- **Techne® MAG3 Injection:** Imaging agent containing technetium (^{99m}Tc) mercaptoacetyltriglycine used for the diagnosis of renal and urinary tract diseases by renal scintigraphy and renography. Also available in kit form.

- **Techne® MDP Injection:** Imaging agent containing technetium (^{99m}Tc) methylenediphosphonate injection used for the diagnosis of skeletal diseases by bone scintigraphy and cerebral tumor or cerebral vessel disorders by cerebral scintigraphy. Also available in kit form.

- **Techne® Pyrophosphate Kit:** Kit for the preparation of technetium (^{99m}Tc) pyrophosphate injection for use in cardiac or bone scintigraphy to diagnose cardiac or skeletal diseases.

- **Techne® Phytate Kit:** Kit for the preparation of technetium (^{99m}Tc) phytate used to diagnose liver and spleen diseases by hepatosplenic scintigraphy, and to identify sentinel lymph nodes and for lymphoscintigraphy in patients with breast cancer or malignant melanoma. **In March 2023, PDRadiopharma received approval for label expansion of Techne® Phytate Kit for the identification of sentinel lymph node and lymphoscintigraphy in cervical cancer, corpus uteri cancer, vulvar cancer and head and neck cancer.**

- **Technesol®:** Injectable imaging agent containing sodium pertechnetate (^{99m}Tc) used to diagnose brain tumors, cerebrovascular disorders, thyroid diseases, salivary gland diseases and ectopic gastric mucosa.

- **Neurolite® Injection Daiichi:** Imaging agent containing N, N'-ethylenedi-L-cysteinate(3-)] oxotechnetium (^{99m}Tc)-diethyl ester used for regional cerebral blood perfusion scintigraphy. Also available in kit form. *Product licensed from Lantheus Holdings, Inc.*

- **Cardiolite® Injection Daiichi:** Imaging agent containing technetium (^{99m}Tc) hexakis(2-methoxy-isobutyl isonitrile) used in the diagnosis of heart disorders by myocardial perfusion scintigraphy, assessment of ventricular function by first pass technique, and localization of hyperparathyroidism by parathyroid scintigraphy. Also available in kit form. *Product licensed from Lantheus Holdings, Inc.*

- **MyoMIBG®-I123 Injection:** Product consists of 3-iodobynzylguanidine radiolabeled with ^{123}I used for the diagnosis of heart diseases by cardiac scintigraphy and neuroblastoma and pheochromocytoma by tumor scintigraphy. In December 2023, MyoMIBG-I123 was approved for the diagnosis of Parkinson's disease and dementia with Lewy bodies by cardiac scintigraphy.

- **Thallium Chloride-Tl201 Injection:** Imaging agent used for the diagnosis of cardiac diseases by myocardial scintigraphy, cerebral, thyroid, pulmonary, bone, soft tissue and mediastinal tumors by tumor scintigraphy and parathyroid diseases by parathyroid scintigraphy.

- **Ultra-Techne Kow®:** Generator to extract ^{99m}Tc from ^{99}Mo. Extracted ^{99m}Tc in the form of sodium pertechnetate (^{99m}Tc) is used for the diagnosis of brain tumors, cerebrovascular disorders, thyroid diseases, salivary gland diseases and ectopic gastric mucosa. Also used to assess regional pulmonary ventilation function in combination with Techne Gas Generator.

- **Fludeoxyglucose (^{18}F) Injection FRI:** Imaging agent used for the diagnosis of patients with malignant tumors, heart disease, intractable partial epilepsy, and large-vessel vasculitis.

- **Adosterol®-I131 Injection:** Product consists of iodinated (^{131}I) methylnorcholestenol used for localization of adrenal diseases by adrenal scintigraphy.

- **Iofetamine (^{123}I) Injection Daiichi:** Product consists of the small molecule N-isopropyl-4-iodoamphetamine radiolabeled with ^{123}I, used for regional cerebral blood perfusion scintigraphy.

- **Gallium Citrate-Ga67 Injection:** Imaging agent used for the diagnosis of malignant tumors by tumor scintigraphy and inflammatory lesions by inflammation scintigraphy.

- **AMYViD® Injection**: Product consists of the small molecule florbetapir radiolabeled with ^{18}F and indicated for the visualization of beta amyloid plaques in the brain of patients with cognitive impairment with suspected Alzheimer's type dementia. **In August 2023, the product label was expanded to additionally include patients with suspected mild cognitive impairment in addition to dementia due to Alzheimer's disease.** *Product licensed from Eli Lilly and Company.*

(A)-2: Radiopharmaceutical Development Programs & Pipeline

Below is a table of PeptiDream/ PDRadiopharma's current clinical-stage radiopharmaceutical pipeline. **Pipeline**, **Disease Area**, **Clinical-stage** (Clinical Candidate Election "**CC**"/ Investigational New Drug enabling studies "**IND-enabling**"/ human imaging Phase 0 studies "**Ph 0**"; Phase 1 "**Ph 1**"; Phase 2 "**Ph 2**"; Phase 3 "**Ph 3**"; Market Approval "**Mkt**"), and the company holding commercialization rights (Worldwide excluding Japan "**WW(ex-JP) Rights**" and Japan "**JP Rights**") are listed. Following the table is a brief description of each program.

Pipeline	Disease Area	CC/IND-enabling/Ph 0	Ph 1	Ph 2	Ph 3	Mkt	WW (ex-JP) Rights	Japan Rights
^{64}Cu-ATSM	Malignant brain tumors						TBD	PeptiDream
^{177}Lu/^{68}Ga-Integrin (FF58)	Malignant glioma, etc.						Novartis	PDRadiopharma
^{225}Ac/^{68}Ga-GPC3 (RYZ801/811)	Hepatocellular Carcinoma						RayzeBio	PeptiDream
^{225}Ac/ ^{64}Cu -CA9 (PD-32766)	Renal Cell Carcinoma						PeptiDream	
Not disclosed	Oncology						Novartis	
^{225}Ac/^{177}Lu-Cadherin3	Solid Tumor						Perseus Proteomics	
Not disclosed	Oncology						RayzeBio	PeptiDream
^{18}F-flortaucipir (Tauvid)	Alzheimer's Disease						Eli Lilly	PDRadiopharma
^{18}F-PD-L1 (BMS-986229)	Various Cancers						Bristol-Myers Squibb	

- **^{64}Cu-ATSM Program:** *Indication:* Glioma and other malignant brain cancers; *Modality:* small molecule diacetyl-bis(N4-methylthiosemicarbazone) conjugated to a chelator radiolabeled with ^{64}Cu (^{64}Cu-ATSM); *Partner:* **LinqMed**. *Current Status:* ^{64}Cu-ATSM is currently being tested in a Phase 1 open-label interventional dose escalation safety study conducted at the National Cancer Center (jRCT2091220362), in patients with recurrent malignant brain tumors (glioblastoma, glioma, PCNSL, and/or malignant meningiomas) that have already undergone standard treatments. The primary outcome of the study is to determine the occurrence of dose limiting toxicity (DLT), with a secondary outcome of determining response rate, progression-free survival (PFS), estimated effective dose by internal exposure evaluation, expression of adverse event, steroid

non-incremental rate, and Karnofsky Performance Status (KPS) non-deterioration rate. The completed study is expected to read out in the first half of 2024.

Additional program details: Most tumors are known to create a hypoxic microenvironment within and around the tumor, due to increased oxygen consumption by rapidly proliferating tumor cells and an inadequate oxygen supply due to abnormal tumor angiogenesis, and ^{64}Cu-ATSM localizes to these hypoxic tumor microenvironments, delivering the therapeutic ^{64}Cu payload, which induces irreversible DNA damage and results in tumor cell death. In Japan, there are approximately 4,000 – 5,000 new cases of gliomas reported each year, with the 5-year overall survival (OS) rate at 15.5%, a median OS of 18 months, and a recurrence rate of 51%. There are currently no effective or established treatments for patients with these recurrent malignant brain tumors to which standard treatments, surgical excision, stereotactic irradiation, or chemotherapy, proved ineffective. As announced in December 2023, PeptiDream entered into a strategic partnership and license agreement with Japan-based LinqMed, under which the companies will share costs and profits for the development and commercialization of ^{64}Cu-ATSM in Japan. LinqMed will continue to lead development activities of ^{64}CuATSM and PDRadiopharma will lead regulatory filing and commercialization activities in Japan.

- **^{177}Lu/^{68}Ga-Integrin (FF58) Program:** *Indication:* Advanced Solid Tumors (Pancreatic Ductal Adenocarcinoma, Gastroesophageal Adenocarcinoma, Glioblastoma Multiforme); *Modality:* small molecule (FF58) targeting Integrin αvβ3/5 conjugated to a chelator radiolabeled with ^{177}Lu (for the therapeutic) or ^{68}Ga (for the diagnostic); *Partner:* **Novartis**; Novartis holds worldwide (ex-Japan) commercialization rights, with PeptiDream/PDRadiopharma holding Japan commercialization rights. *Current Status:* ^{177}Lu-FF58 is currently being tested in a Phase 1, open-label, multi-center study to evaluate the safety, tolerability, dosimetry and preliminary activity of ^{177}Lu-FF58 in patients with selected advanced solid tumors (NCT05977322).

  Additional program details: The purpose of the Phase 1 study is to test the safety and dosing of ^{177}Lu-FF58, a radioligand therapy for patients with advanced or metastatic tumors that express proteins known as integrins: alpha-v beta-3 integrin (αvβ3) and alpha-v beta-5 integrin (αvβ5). The study will also further characterize the radioligand imaging agent ^{68}Ga-Integrin including its ability to identify tumor lesions and its safety profile. The study will be done in two parts. The first part is called "escalation" and the second part is called "expansion". In both parts of the study, patients will be screened with a ^{68}Ga-FF58 positron emission tomography (PET)/computed tomography (CT) or PET/magnetic resonance imaging (MRI) scan to assess eligibility for treatment with ^{177}Lu-FF58. In the escalation part, different doses of ^{177}Lu-Integrin will be tested to identify the recommended dose. The expansion part of the study will examine the safety and preliminary efficacy of ^{177}Lu-FF58 at the recommended dose determined during the escalation part. The end of study will occur when at least 80% of the patients in the expansion part have completed the follow-up for disease progression or discontinued from the study for any reason, and all patients have completed treatment and the 36-month long term follow-up period, or the study is terminated early in which case all patients would also be followed up for safety.

- **^{225}Ac/^{68}Ga-GPC3 (RYZ-801/RYZ-811) Program:** *Indication:* Hepatocellular Carcinoma ("HCC"); *Modality:* macrocyclic peptide targeting glypican-3 (GPC3) conjugated to a chelator radiolabeled with ^{225}Ac (for the therapeutic RYZ-801) or Ga^{68} (for the diagnostic RYZ-811); *Partner:* **RayzeBio (**as announced in December 2023, **Bristol Myers Squibb** ("**BMS"**) plans to acquire RayzeBio, with the deal expected to close in 1H-2024**)**; RayzeBio holds worldwide (ex-Japan) commercialization rights, with PeptiDream/PDRadiopharma holding an option to attain Japan commercialization rights. *Current Status:* RYZ-811 is currently being tested in a Ph 0 study, being conducted at several clinical sites outside the United States (as reported in September 2023, more than 47 HCC patients have been imaged using RYZ-811, with approximately 90% showing specific tumor uptake, and no series adverse events (SAEs) reported). In parallel, RYZ-801 and RYZ-811 are currently undergoing IND-enabling studies, with the plan to file INDs in 1H-2024, followed by the initiation of a Phase 1 safety study for RYZ-801/RYZ-811 in HCC patients.

  Additional program details: Liver cancer is the sixth most common cause of cancer death in United States, with an estimated 29,380 deaths per year. The five-year survival rate for all liver cancer patients is approximately 20% and the

survival rate of patients with advanced stage liver cancer is significantly lower. GPC3 is an oncofetal protein that is overexpressed in up to 75% of hepatocellular tumors, with minimal to no expression in normal tissues. RYZ-801, the therapeutic development candidate, is a novel proprietary peptide which targets GPC3 for delivery of ^{225}Ac for the treatment of hepatocellular carcinoma "HCC". In preclinical studies of HCC xenograft models, the GPC3 binding peptide showed specific tumor uptake, and significant tumor growth inhibition including regression with single doses delivering ^{225}Ac or ^{177}Lu. RYZ-811, is a paired diagnostic imaging agent with the same peptide binder and chelator as RYZ801 but with ^{68}Ga as the radioisotope. As a diagnostic imaging agent, RYZ-811 is designed to enable us to screen and identify patients, both in clinical trials and commercially, who have GPC3 expressing HCC tumors that are most likely to have a favorable clinical response from treatment with RYZ-801.

- **^{225}Ac/^{64}Cu-CA9 (PD-32766T)/PD-32766D) Program**: *Indication:* Clear Cell Renal Cell Carcinoma ("ccRCC") and other cancers; *Modality:* macrocyclic peptide targeting Carbonic Anhydrase IX ("CAIX") conjugated to a chelator radiolabeled with ^{225}Ac (for the therapeutic PD-32766T) or ^{64}Cu (for the diagnostic PD-32766D); *Partner:* **PeptiDream** holds worldwide commercialization rights to the program. *Current Status:* PD-32766T and PD-32766D are currently undergoing IND-enabling studies, and as announced in November 2023, PeptiDream has formed a collaboration with the National Cancer Center Japan to initiate a Ph 0 human imaging study of PD-32766D in ccRCC patients in 1H-2024.

  Additional program details: CAIX is a member of the carbonic anhydrase enzyme family, expressed in a variety of solid tumors, including renal cell carcinoma ("RCC"), glioblastoma, triple negative breast cancer, ovarian cancer, colorectal cancer, and others. RCC is the 9th most common cancer in the United States, representing 2% of all global cancer diagnoses and death, with 5-year survival rates at 12% (worldwide an estimated 431,288 people were diagnosed with kidney cancer in 2020, with roughly 9 out of 10 kidney cancers being renal cell carcinomas). There are largely three main types of RCC, clear cell ("ccRCC"), papillary ("pRCC-type 1 and type 2"), and chromophobe ("chRCC"), with ccRCC representing roughly 70% of RCC cases. CAIX is a highly expressed, specific surface antigen in the majority of ccRCC tumors (>95%), with minimal expression in normal tissues, making it a potentially ideal target for the diagnosis and treatment of ccRCC. In preclinical studies of RCC xenograft models, the CAIX binding peptide showed specific tumor uptake, and significant tumor growth inhibition including regression with single dose administrations. The paired diagnostic imaging agent, which consists of the same peptide and chelator as the therapeutic, will enable us to screen and identify patients, both in clinical trials and in clinical practice, who have CAIX expressing tumors that are most likely to have a favorable clinical response from PD-32766T treatment. A key advantage in the development of targeted radiopharmaceuticals over conventional cancer drugs, is the ability to generate early human imaging data (referred to as a Phase 0 study) using the paired diagnostic agent directly in the target patient population, thereby obtaining an early look at the biodistribution, pharmacokinetics, and tumor targeting ability of the agent, thus providing an early look at the diagnostic usefulness of the agent, the likelihood of therapeutic benefit when labeled with a therapeutic radioisotope, and additional critical information that can be used in designing subsequent Phase 1 and 2 studies, thereby significantly accelerating clinical development.

- **Novartis Program 1:** *Indication:* Solid Tumors; *Modality:* macrocyclic peptide targeting undisclosed target conjugated to a chelator radiolabeled with undisclosed radioisotope; *Partner:* **Novartis**, with Novartis holding worldwide commercialization rights to the program. *Current Status:* The undisclosed program is currently undergoing IND-enabling studies, initiated in October 2023.

  Additional program details: Program has certain partner limitations on disclosable information.

- **^{225}Ac-Cadherin3 (PPMX-T002) Program:** *Indication:* Solid Tumors; *Modality:* monoclonal antibody targeting Cadherin 3 (referred to as P-cadherin or CDH3) conjugated to a chelator originally radiolabeled with ^{90}Y (now changing to ^{225}Ac or ^{177}Lu) (for the therapeutic); *Partner:* **Perseus Proteomics ("PPMX").** *Current Status:* PPMX is in the process of changing the radioisotope conjugated to the antibody from ^{90}Y to either ^{225}Ac or ^{177}Lu. PPMX-T002 showed specific tumor accumulation in the expansion phase of a Phase 1 study in cancer patients, validating the targeting ability of the CDH3 targeting antibody, and supporting continued efforts.

  Additional program details: The CDH3 targeting antibody was discovered by PPMX. PPMX is currently leading all research, development and partnering efforts for the program. CDH3 is known to be overexpressed in a number of cancers, including ovarian cancer, biliary tract cancer, and head and neck squamous cell cancer, with low expression in most normal tissues.

- **RayzeBio Program 2:** *Indication:* Solid Tumors; *Modality:* macrocyclic peptide targeting undisclosed target conjugated to a chelator radiolabeled with ^{225}Ac (for the therapeutic) or ^{68}Ga (for the diagnostic); *Partner:* **RayzeBio (**as announced in December 2023, **BMS** plans to acquire RayzeBio, with the deal expected to close in 1H-2024**)**; RayzeBio holds worldwide (ex-Japan) commercialization rights, with PeptiDream/PDRadiopharma holding an option to attain Japan commercialization rights. *Current Status:* The program was announced as a clinical candidate in December 2022, and the companies are considering next development steps for the program.

  Additional program details: PeptiDream anticipates further announcements regarding this program in 2024.

- **^{18}F-Flortaucipir (Tauvid®) Program:** *Indication:* Brain imaging of aggregated tau neurofibrillary tangles (NFTs) in patients with cognitive impairment being evaluated for Alzheimer's disease (AD); *Modality:* small molecule flortaucipir radiolabeled with ^{18}F for PET imaging; *Partner:* **Eli Lilly and Company** (**"Lilly"**). *Current Status:* ^{18}F-Flortaucipir is currently being tested in a Ph 3 study to support registrational filing and market approval of ^{18}F-Flortaucipir in Japan.

  Additional program details: ^{18}F-Flortaucipir is the first and only FDA-approved radioactive PET tracer for imaging aggregated tau NFT deposition in the brain. ^{18}F-Flortaucipir was approved in the United States in 2020 for use with PET imaging of the brain to estimate the density and distribution of aggregated tau neurofibrillary tangles (NFTs) in adult patients with cognitive impairment who are being evaluated for AD. PeptiDream expects that the approval of ^{18}F-Flortaucipir, along with PDRadiopharma' s already approved AMYViD®, will greatly expand the use of PET diagnostic reagents in the diagnosis and monitoring of AD.

- **^{18}F-PD-L1 (BMS-986229) Program:** *Indication:* Oncology Imaging; *Modality:* macrocyclic peptide targeting PD-L1 (programmed death ligand-1) radiolabeled with ^{18}F for PET imaging (BMS-986229); *Partner:* **BMS**. *Current Status:* BMS-986229 is currently being tested (ClinicalTrials.gov Identifier: NCT04161781; initiated in November 2019; conducted in US at Memorial Sloan Kettering Cancer Center) as a radioactive tracer to determine if positron emission tomography (PET) imaging is a practical and safe way to both diagnose and track the status of esophageal, stomach, and gastroesophageal junction cancers in patients. BMS-986229 PET scans may better show a protein located on tumor cells called PD-L1 and help doctors choose treatment options that use PD-L1 inhibitor to fight cancer compared to the usual approach using fluorodeoxyglucose (FDG) PET scans.

  Additional program details: Program has certain partner limitations on disclosable information.

(A)-3: Preclinical Discovery & Development Radiopharmaceutical Programs:

In addition to the clinical-stage programs described above, PeptiDream has an extensive targeted peptide-RI conjugate discovery pipeline, with multi-program peptide-RI conjugate discovery collaborations with Novartis (2019), RayzeBio (2020; RayzeBio to be acquired by BMS with the deal expected to close in 1H-2024), and Genentech (2023), in addition to a growing number of fully-owned internal peptide-RI conjugate programs. As programs arising from these efforts reach the clinical candidate selection/initiation of IND-enabling studies stage, they will be added to the above pipeline table/list. PeptiDream holds options to Japan commercialization rights for all peptide-RI collaboration programs with RayzeBio and Genentech.

(A)-4: In-licensed Clinical Stage Radiopharmaceutical Programs:

PeptiDream/PDRadiopharma are actively searching for attractive high-value radiotherapeutic and radiodiagnostic programs to in-license/partner to develop and commercialize in Japan. Since PeptiDream's 2022 acquisition of PDRadiopharma, the companies have already executed two partnering deals, in 2022 with Eli Lilly for the development and commercialization of the radiotracer ^{18}F-Flortaucipir in Japan, and in 2023 with LinqMed for the development and commercialization of the radiotherapeutic Cu^{64}-ATSM in Japan. As the number of global companies developing targeted radiopharmaceuticals continues to grow rapidly, with the vast majority of those companies focused on the US market, PeptiDream/PDRadiopharma are uniquely positioned to be the partner of choice for those companies wishing to also commercialize their products in Japan. The strategic in-licensing/partnering of high-value programs represents an important complementary strategy to PeptiDream own internal and partnered discovery efforts.

(A)-5: Other Notable Items in the Radiopharmaceutical Business:

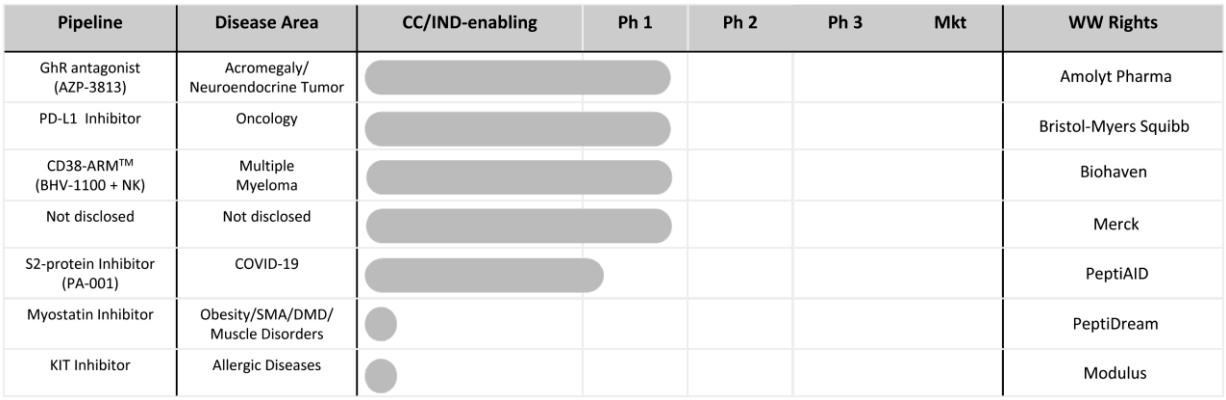
PDRadiopharma provides various additional products and services to support the radiopharmaceutical sector in Japan. In October 2023, PDRadiopharma acquired assets in related to four products ("Bridgea GATEWAY", "Bridgea TIMER", "onti" and "ankan") which will enable full automation and digitalization of dose management and contribute to the reduction of medical accident risks by improving operational efficiency of healthcare providers from RYUKYU ISG. PDRadiopharma will assume responsibilities for manufacturing, commercialization, and maintenance service roles for the products.

(B) Non-Radiopharmaceuticals Drug Discovery Business:

In addition to PeptiDream's radiopharmaceutical business, with our proprietary Peptide Discovery Platform System (PDPS®) at its core, PeptiDream operates as one of the leading companies in the discovery of **(1) peptide-based therapeutics**, **(2) peptide-drug conjugates ("PDCs")** and **(3) multi-functional peptide conjugates ("MPCs")**, through collaboration and license agreements with a large network of global pharmaceutical and strategic partners, in addition to a growing internal pipeline of programs, with the aim of discovery and developing the next-generation of innovative peptide-based therapeutics.

B)-1: Non-Radiopharmaceutical Development Programs & Pipeline

Below is a table of PeptiDream's current clinical-stage Non-Radiopharmaceutical pipeline. **Pipeline**, **Disease Area**, Clinical-stage (Clinical Candidate Election "**CC**"/ Investigational New Drug enabling studies "**IND-enabling**"; Phase 1 "**Ph 1**"; Phase 2 "**Ph 2**"; Phase 3 "**Ph 3**"; Market Approval "**Mkt**"), and the company holding worldwide commercialization rights ("**WW Rights**") are listed. Following the table is a brief description of each program.



Pipeline	Disease Area	CC/IND-enabling	Ph 1	Ph 2	Ph 3	Mkt	WW Rights
GhR antagonist (AZP-3813)	Acromegaly/ Neuroendocrine Tumor						Amolyt Pharma
PD-L1 Inhibitor	Oncology						Bristol-Myers Squibb
CD38-ARM™ (BHV-1100 + NK)	Multiple Myeloma						Biohaven
Not disclosed	Not disclosed						Merck
S2-protein Inhibitor (PA-001)	COVID-19						PeptiAID
Myostatin Inhibitor	Obesity/SMA/DMD/ Muscle Disorders						PeptiDream
KIT Inhibitor	Allergic Diseases						Modulus

- **GhR antagonist Program (AZP-3813):** *Indication:* Acromegaly; *Modality:* GhR antagonist is a macrocyclic peptide growth hormone receptor antagonist ("GHRA"); *Partner:* **Amolyt Pharma ("Amolyt")**. *Current Status:* AZP-3813 is currently being tested in a Phase 1 study (initiated in June 2023), investigating the safety, tolerability, pharmacokinetics, and pharmacodynamics of GhR antagonist following single and multiple ascending doses in healthy subjects, as a potential add-on to somatostatin analogs for the treatment of acromegaly. Results of the Phase 1 study are expected in the first quarter of 2024.

  Additional program details: PeptiDream and **Amolyt** entered into a strategic partnership and license option agreement in December 2020, to which Amolyt exercised its option to globally license a portfolio of macrocyclic peptide GHRA in September 2021. Amolyt presented the GhR antagonist program at the 2023 European Congress of Endocrinology (ECE) and at the 2023 Endocrine Society Meeting (ENDO).

- **PD-L1 Inhibitor Program:** *Indication:* Oncology; *Modality:* A macrocyclic peptide PD-L1 inhibitor (Program Identifier not disclosed); *Partner:* **BMS** (*see note below*). *Current Status:* The macrocyclic peptide PD-L1 inhibitor is currently being tested in a Phase 1 study, (ISRCTN17572332; initiated in April 2022; conducted in the UK by Quotient Sciences Limited (code QSC203717)), investigating the safety, tolerability, and pharmacokinetics in 136 healthy volunteers, with the Clinical Study Report expected in late 1H-2024.

  Additional program details: As announced in October 2023, BMS has decided to not advance this program beyond the ongoing Phase 1 Healthy Volunteer Study, deciding instead to prioritize other programs in the BMS portfolio. The decision was made for business reasons, and not due to any safety concerns. Once PeptiDream receives the Clinical Study Report from the Phase 1 Study, PeptiDream will review the clinical data with BMS and explore alternative options to continue the development of this promising program.

- **CD38-ARM™ (BHV-1100) Program:** *Indication:* Multiple Myeloma; *Modality:* BHV-1100 (CD38-ARM™) is a heterodimeric peptide conjugate composed of a macrocyclic peptide targeting CD38 conjugated to a macrocyclic peptide targeting IgG; *Partner:* **Biohaven, LTD. ("Biohaven")**. *Current Status:* BHV-1100 is currently being tested in an open-label single center Phase 1a/1b study (ClinicalTrials.gov Identifier: NCT04634435; initiated in October 2021; conducted in US by 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) natural killer (NK) cells with BHV-1100 and immunoglobulin (IVIG) followed by low dose IL-2 to target and kill multiple myeloma cells expressing the cell surface protein CD38 in minimal residual disease positive (MRD+) multiple myeloma (MM) patients in first or second remission.

  Additional program details: BHV-1100 + Autologous NK cells received Orphan Drug Designation on September 8, 2020.

- **Merck Program 1**: *Indication:* Undisclosed; *Modality:* Therapeutic macrocyclic peptide targeting an undisclosed target (Program Identifier not disclosed); *Partner:* **Merck & Co., Inc., Rahway, NJ, USA, ("MSD")**. *Current Status:* The undisclosed therapeutic macrocyclic peptide, discovered using PeptiDream's PDPS® technology by MSD under the companies' 2018 PDPS® technology licensing agreement, is currently being tested in a Phase 1 clinical safety and tolerability study (initiated in July 2023, Identifier undisclosed). The details of the ongoing Phase 1 study have not been released.

  Additional program details: Program has certain partner limitations on disclosable information.

- **S2-Protein Inhibitor (PA-001) Program:** *Indication:* COVID-19; *Modality:* PA-001 is a macrocyclic peptide inhibitor of the S2-protein expressed on the surface of the COVID-19 virus; *Partner:* **PeptiAID**. *Current Status:* PA-001 was tested in an exploratory single ascending dose clinical study (dRCTs031210601) in 30 healthy Japanese adult male volunteers in accordance with the Clinical Trials Act in Japan, and as reported in August 2022, was found to be safe and well tolerated without any compound related adverse events and demonstrated a clear-dose dependent pharmacokinetic profile. PeptiAID is currently preparing to submit an IND application for PA-001 to the U.S. FDA in 2024.

  Additional program details: The PA-001 program is being supported by Japan Agency for Medical Research and Development ("AMED") grant to PeptiAID in 2023.

- **Myostatin Inhibitor Program:** *Indication:* Obesity, DMD, SMA, and other muscular diseases; *Modality:* Macrocyclic peptide inhibitor of Myostatin; *Partner:* **PeptiDream**. *Current Status:* Clinical candidate selection with ongoing preclinical testing for use in obesity in combination with GLP-1 dual agonists.

  Additional program details: Myostatin (also known as growth differentiation factor 8, or GDF8) is a protein produced and released by myocytes that acts as a powerful negative regulator of skeletal muscle mass. Numerous preclinical and clinical studies have suggested that myostatin inhibitors can increase lean muscle mass, improve physical strength, reduce visceral fat, and improve metabolic dysfunction, such as insulin-mediated glucose disposal, providing growing evidence that myostatin may be an important therapeutic target for the treatment of a variety of muscular dystrophies, such as Spinal muscular atrophy "SMA", Facioscapulohumeral muscular dystrophy "FSHD", Duchene muscular dystrophy "DMD" and other muscle wasting diseases, as well as a potential treatment for obesity, metabolic syndrome, and type 2 diabetes mellitus. PeptiDream presented preclinical results of the Myostatin program at World Muscle Society ("WMS") 2023 in October 2023.

- **cKIT Inhibitor (MOD-B) Program:** *Indication:* Mast-cell driven immune-inflammatory and allergic diseases; *Modality:* Small molecule inhibitor of KIT; *Partner:* **Modulus Discovery**. *Current Status:* The nominated clinical development candidate, announced in August 2023, is a novel potent and selective small molecule inhibitor of KIT, a key signaling kinase involved in the Mast cell response pathway, for the potential treatment of Mast-cell driven immuno-inflammatory diseases, including allergic disease. Modulus will be conducting IND-enabling studies with the aim of moving the cKIT inhibitor program into clinical trials.

  Additional program details: Modulus is actively engaged in partnering/out-licensing activities for the MOD-B program.

(B)-2: Preclinical Discovery & Development Non-Radiopharmaceutical Programs:

In addition to the clinical-stage programs described above, PeptiDream also has an extensive preclinical pipeline of programs, both partnered and fully owned, across the following three modalities: **(1) peptide-based therapeutics**, **(2) peptide-drug conjugates ("PDCs")** and **(3) multi-functional peptide conjugates ("MPCs")**, providing PeptiDream with an exceptionally robust and highly diverse preclinical pipeline from which to generate clinical development candidates to advance into the clinical-stage, which will undoubtedly serve as an important engine for growth for the company. As programs arising from these efforts reach the clinical candidate selection/initiation of IND-enabling studies stage, they will be added to the above pipeline table.

In the **peptide-based therapeutics space**; as one of the leading peptide discovery companies in the world, PeptiDream has announced a number of collaborations with large global pharmas and a diverse array of strategic partners, with a multitude of programs spanning a wide variety of disease areas, therapeutic mechanisms, and administration routes. In 2023, PeptiDream continued to see exceptional progress across our peptide therapeutic programs (*select highlights listed below*), in particular, making significant advances in the oral delivery of peptide therapeutics.

In the **PDC space**; with macrocyclic peptides increasingly proving to be the ideal agents for the targeted delivery of a wide variety of therapeutic payloads, from tumor killing radioisotopes or cytotoxic payloads to tissue modifying oligonucleotide drugs, PeptiDream has established a strong leading position in the field, with a broad array of preclinical programs across announced collaborations with **Shionogi** (2019; tissue targeting PDCs), **Takeda** (2020/2021; muscle and CNS targeting PDCs incorporating PeptiDream's Transferrin Receptor targeting peptides discovered with JCR Pharma), **Alnylam Pharmaceuticals**, **Inc.** (2021; tissue targeting PDCs), **Lilly** (2022; tissue targeting PDCs), and **Merck** (2022; tumor targeting PDCs).

In the **MPC space**; the past decade has seen a number of bispecific antibodies therapeutics approved, and more recently, the advent of newer trispecific/ multispecific antibodies, capable of binding multiple antigens simultaneously, providing for a spectacular array of potential formats and thus exciting new ways to treat disease never before possible. Macrocyclic peptides can also be combined into such multifunctional molecules through the simple conjugation of two or more peptides. PeptiDream already has two MPC programs in partnerships with **Biohaven** (BHV-1100) and **Santen**, in addition to a growing pipeline of internal MPC programs. Additionally, PeptiDream continues to expand the uses of its macrocyclic peptides, announcing a collaboration with **Astellas** (2023) in the field of targeted degraders.

(B)-3: Select Highlights from the Non-Radiopharmaceutical Business in FY2023:

(Please see the relevant Press Releases for additional information on each highlight)

- **January 2023:** Achievement of Milestone for MPC in Drug Discovery Alliance with Santen Pharmaceutical
- **March 2023:** Announcement of New Drug Discovery Collaboration with Ono Pharmaceutical
- **April 2023:** Achievement of Milestone in Discovery Alliance with Bayer
- **June 2023:** Initiation of Phase 1 by Amolyt
- **July 2023:** Initiation of Phase 1 by MSD (US-based Merck)
- **July 2023:** Announcement of New Research Collaboration and License Agreement with Astellas
- **August 2023:** Announcement of Clinical Development Candidate with Modulus Discovery
- **August 2023:** Announcement of AMED funding for PeptiAID's PA-001 Program
- **December 2023:** Achievement of Milestone in Discovery Alliance with Janssen
- **December 2023:** Achievement of Milestone in Collaboration with POLA Chemical Industries

(B)-4: PDPS® Technology Transfer Business:

As of December 31, 2023, PeptiDream has non-exclusively licensed its PDPS® technology to 11 companies: **BMS** (2013), **Novartis** (2015), **Lilly** (2016), **Genentech** (2016), **Shionogi and Co.** ("Shionogi") (2017), **MSD** (2018), **MiraBiologics** (2018), **Taiho Pharmaceutical** (2020), **Janssen** (2020), **Ono Pharmaceutical** (2021) and **Fujirebio** (2022). PeptiDream 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 accordance with all PDPS® technology license agreements, PeptiDream 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. In addition, PeptiDream continues to receive interest from multiple companies interested in licensing the PDPS® technology.

(C) PeptiDream Equity Shareholdings:

Below is a brief description of PeptiDream Equity Shareholdings as of Dec 31, 2023.

PeptiGrowth: *At the time of reporting, PeptiDream holds an approximately 39.5% equity stake in PeptiGrowth.*

PeptiGrowth (*Tokyo, Japan*) was established in 2020 as a joint venture between **PeptiDream** and **Mitsubishi Corporation**, with the aim 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. 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® 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. Mitsubishi Corporation is actively involved in the sales and marketing of PeptiGrowth's growing lineup of products. PeptiGrowth has launched nine (9) products to date; PG-001 (a peptide alternative to hepatocyte growth factor (HGF)), PG-002 (a peptide inhibitor of TGFβ1) in 2021, PG-003 (a peptide alternative to brain derived neurotropic factor (BDNF)), PG-004 (a peptide alternative to Noggin), PG-005 (a BMP7 selective inhibitor) , PG-006 (a BMP4 selective inhibitor) in 2022, PG-007 (a VEGFR2 agonist as an alternative to VEGF), PG-008 (a β -catenin pathway agonist as an alternative to Wnt3a), and PG-009 (a synthetic version of EGF) in 2023. The companies expect to launch additional products in 2024.

PeptiAID: *At the time of reporting, PeptiDream holds an approximately 39.4% equity stake in PeptiAID.*

PeptiAID (*Kanagawa, Japan*) was established in 2020 as a joint venture between **PeptiDream, Fujitsu, Mizuho Capital, Takenaka Corporation**, and **Kishida Chemical**, with the aim to discover and develop a peptide therapeutic for the treatment of COVID-19. PeptiDream applied its proprietary PDPS® technology toward identifying peptide candidates targeting the COVID-19 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 PeptiDream'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. On May 15, 2023, PeptiAID was selected by the Japan Agency for Medical Research and Development (AMED) to receive a grant to conduct a Phase 1 study of PA-001. PeptiAID is currently preparing to submit an IND application for PA-001 and initiate a Phase 1 clinical trial of PA-001 in 2024.

PeptiStar: *At the time of reporting, PeptiDream holds less than 15% equity stake in PeptiStar.*

PeptiStar (*Osaka, Japan*) was established in 2017 as a joint venture between **PeptiDream, Shionogi**, and **Sekisui Chemical Co., Ltd**, with the aim to create 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. PeptiStar's CDMO manufacturing facility is located in Osaka, Japan.

LinqMed: *At the time of reporting, PeptiDream holds a less than 15% equity stake in LinqMed.*

LinqMed (*Chiba, Japan*) was established in 2022, as a bioventure arising from the National Institutes for Quantum Sciences and Technology ("QST"), with the aim to bring innovative "visible" anti-cancer drugs to patients. As announced in December 2023, PeptiDream participated in LinqMed's Series A equity financing.

Modulus Discovery: *At the time of reporting, PeptiDream holds a less than 5% equity stake in Modulus Discovery.*

Modulus Discovery (*Tokyo, Japan & Boston, USA*) was established in 2016 with the aim of pursuing a technology and computational-driven approach to drug discovery.

RayzeBio: *At the time of reporting, PeptiDream holds 1,163,579 shares of RayzeBio.*

RayzeBio (*San Diego, USA*) was established in 2020 with the aim of building a vertically integrated radiopharmaceutical company. As announced in September 2023, RayzeBio completed a successful initial public offering ("IPO"), listing on the Nasdaq Global Market ("NASDAQ"). At the time of the IPO, PeptiDream held 2,326,579 shares of RayzeBio, equating to a 5.5% stake in RayzeBio. PeptiDream sold 1,163,000 shares of RayzeBio in the IPO, yielding $20,934,000 USD (approximately 3 billion JPY (1USD = 147JPY)). As announced in December 2023, BMS commenced a tender offer to acquire all outstanding shares of RayzeBio at a price of $62.50 share. PeptiDream resolved to subscribe to the tender offer conducted by BMS for all of the 1,163,579 shares of common stock of RayzeBio on February 14, 2024.

(D) PeptiDream and PDRadiopharma (PeptiDream Group) Locations, Facilities, and Employee Headcount:

PeptiDream's corporate offices and state of the art research labs (*~7,950 sq m^2 of office and lab space*) are located in Kawasaki, Japan. PDRadiopharma's corporate, sales, and marketing offices are located in Tokyo, Japan, with its main manufacturing site located in Chiba, Japan (*~25,200 sq m^2 of research and manufacturing facilities*), and PET laboratories located in Osaka, Japan and Kawasaki, Japan (*each with ~2,200 sq $m^2$of office and lab space*). As of December 31, 2023, the Group had a total headcount of 713 employees (725 when including its 12 board members), (PeptiDream Inc; 206 employees, PDRadiopharma Inc., 507 employees).

(E) ESG (Environmental, Social, and Governance) Initiatives and Goals:

- 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 in the Group's 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 electric power consumption, PeptiDream selected an electricity supplier which proactively promotes the shift towards renewable energy. To further take this initiative, PeptiDream 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.

- PeptiDream 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, PeptiDream 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. PeptiDream 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 PeptiDream's 2030 targets are as follows; (1) Ratio of doctorate (Ph.D.) holders (end of December 2023: 54.0%, target for 2030: Maintain 50% or more); (2) Female manager ratio (end of December 2023: 16.0%, target for 2030: 30% or more); (3) Ratio of foreign employees or employees with overseas work experience (*2) (end of December 2023: 32.0%, target for 2030: Maintain 30% or more); and (4) Ratio of young employees (in 20s/30s) (end of December 2023: 24.0%, 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).

- PeptiDream has received high evaluations from various evaluation organizations through continuous efforts for sustainability. On January 2022, PeptiDream 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). PeptiDream has been recognized by CDP for its leadership in climate change with an A- (A minus) rating for the second consecutive year in 2023. PeptiDream reached the Leadership level, the highest level, as a company that excels in its efforts and information disclosure in climate change. On May 2023, PeptiDream was selected as a constituent of the JPX Prime 150 Index, a new index developed by JPX Market Innovation & Research, Inc., a subsidiary of the Japan Exchange Group. In July 2023, PeptiDream was selected to remain a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index for the third consecutive year and of the FTSE Blossom Japan Sector Relative Index for the second consecutive year. These indices are constructed by global index provider FTSE Russel. In addition, the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index are both broad ESG indices and are adopted by the Government Pension Investment Fund (GPIF) of Japan as a core ESG benchmark for its passive investments.

As a result of the above, for the Fiscal Year Ended December 31, 2023, the Drug Discovery and Development Business recorded revenue of 12,702,965 thousand yen (a 2,703,143 thousand yen decrease year on year), segment profit of 6,387,902 thousand yen (a 2,792,008 thousand yen decrease year on year), the Radiopharmaceutical Business recorded revenue of 16,009,228 thousand yen (a 4,562,906 thousand yen increase year on year), segment profit of 475,145 thousand yen (a 239,237 thousand yen increase year on year), and the Group recorded revenue of 28,712,194 thousand yen (a 1,859,763 thousand yen increase year on year), core operating profit of 7,165,554 thousand yen (a 2,471,879 thousand yen decrease year on year), operating profit of 6,773,047 thousand yen (a 2,207,148 thousand yen decrease year on year), profit before tax of 4,353,469 thousand yen (a 2,299,855 thousand yen decrease year on year), and profit attributable to owners of parent of 3,035,832 thousand yen (a 4,518,525 thousand yen decrease year on year).

In addition to IFRS-based results, PeptiDream 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 PeptiDream 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, 2022	Results for the Fiscal Year Ended December 31, 2023	Change	%
Core operating profit	9,637,433	7,165,554	(2,471,879)	(25.6)
Accounting effects of business acquisitions and acquisition-related costs	622,643	346,381	(276,261)	(44.4)
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	46,125	11,531	33.3
Operating profit	8,980,196	6,773,047	(2,207,148)	(24.6)

In the third quarter ended September 30, 2023, PeptiDream recorded a finance cost of 2,021,149 thousand yen. The reason for this recording is as follows. The March 2022 acquisition of PDRadiopharma included a contingent consideration payment of 4,000,000 thousand yen if an indication expansion for AMYViD®, the PET diagnostic agent for visualizing beta amyloid plaques in the brain of patients with Alzheimer's or other forms of dementia, to include mild cognitive impairment, was approved in Japan by April 30, 2024. PDRadiopharma Inc. received approval for a partial change to the indication of AMYViD® on August 31, 2023. With the new indication for "visualization of beta amyloid plaques in the brain of patients with mild cognitive impairment or suspected to have dementia due to Alzheimer's disease," the contingent payment of 4,000,000 thousand yen to Fujifilm Corporation has been incurred.

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

Total assets at the end of the Fiscal Year Ended December 31, 2023 increased by 5,598,812 thousand yen from the end of the previous fiscal year to 69,464,013 thousand yen. This was mainly because of increases of 14,260,196 thousand yen in cash and cash equivalents, and 5,678,991 thousand yen in other financial assets, despite a decrease of 11,618,285 thousand yen in trade and other receivables.

Liabilities decreased by 2,709,431 thousand yen from the end of the previous fiscal year to 29,114,303 thousand yen. This was mainly because of decreases of 1,321,177 thousand yen in income taxes payable, and 2,092,816 thousand yen in other financial liabilities, despite an increase of 1,172,255 thousand yen in borrowings.

Equity increased by 8,308,243 thousand yen from the end of the previous fiscal year to 40,349,709 thousand yen. This was mainly because of increases of 3,956,351 thousand yen in retained earnings due to the recording of profit, and 4,804,168 thousand yen in other components of equity due to revaluation of investment securities.

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

Cash and cash equivalents for the Fiscal Year Ended December 31, 2023 increased by 14,260,196 thousand yen from the end of the previous fiscal year to 19,507,861 thousand yen.

Status of cash flows and related factors during the Fiscal Year Ended December 31, 2023 are described below.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a cash inflow of 12,420,969 thousand yen (compared with an outflow of 82,929 thousand yen in the same period of the previous fiscal year). This was mainly due to the recording of decrease in trade and other receivables of 11,618,285 thousand yen, despite income taxes paid of 3,667,008 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash inflow of 1,302,539 thousand yen (compared with an outflow of 27,377,217 thousand yen in the same period of the previous fiscal year). This was mainly due to proceeds from sale of investment securities of 2,864,600 thousand yen, despite a purchase of property, plant and equipment of 1,212,857 thousand yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash inflow of 264,191 thousand yen (a 20,525,259 thousand yen decrease in inflow year on year). This was mainly due to proceeds from long-term borrowings of 4,000,000 thousand yen, despite repayments of long-term borrowings of 2,340,000 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 ended Dec 31, 2023	Fiscal year ending Dec 31, 2024
	2021/Jan ~ 2021/Dec	2022/Jan ~ 2022/Dec	2023/Jan ~ 2023/Dec	2024/Jan ~ 2024/Dec
Net sales (JPY millions)	9,422	26,852	28,712	35,000
Changes from the previous corresponding period (%)	-	185.0	6.9	21.9
Core operating profit (JPY millions)	4,093	9,637	7,165	10,900
Changes from the previous corresponding period (%)	-	135.5	(25.6)	52.1
Operating profit (JPY millions)	4,066	8,980	6,773	10,500
Changes from the previous corresponding period (%)	-	120.8	(24.6)	55.0

(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 full year ended December 31, 2022	Results for the Fiscal Year Ended December 31, 2023	Forecasts for the full year ending December 31, 2024
	2021/Jan ~ 2021/Dec	2022/Jan ~ 2022/ Dec	2023/Jan ~ 2023/ Dec	2024/Jan ~ 2024/Dec
Capital Expenditures (JPY millions)	1,300	3,913	1,668	2,034
Depreciation Expense (JPY millions)	633	1,973	2,433	1,915
Research and Development Expenses (JPY millions)	1,654	2,915	3,155	4,079
Year-end headcount (people)	177	680	725	765

(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 (2,586 million yen).

(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

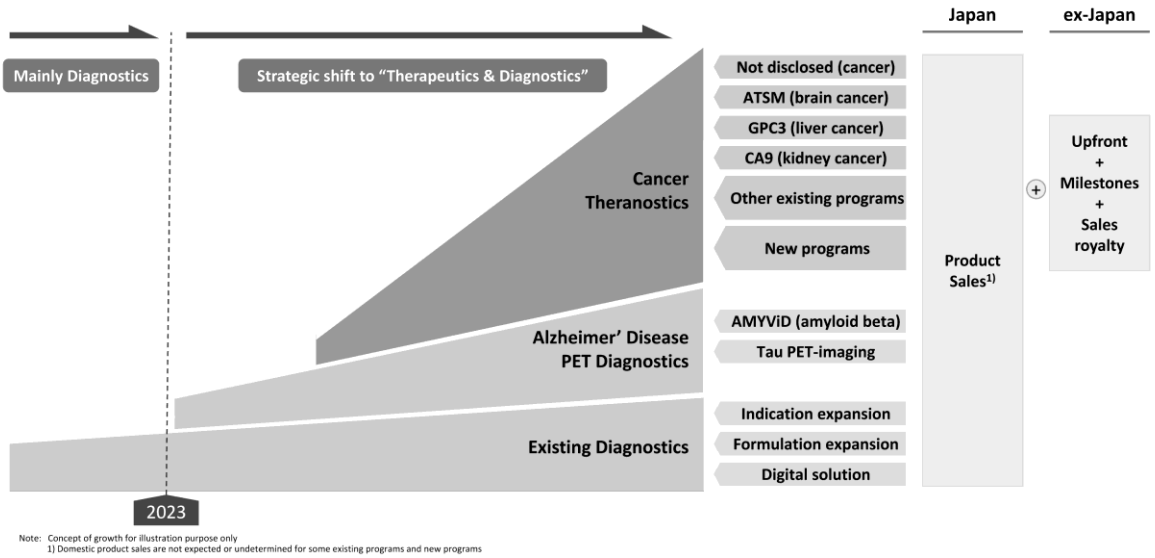
(1) Basic Management Policy

The PeptiDream 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® 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) Radiopharmaceutical Business

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



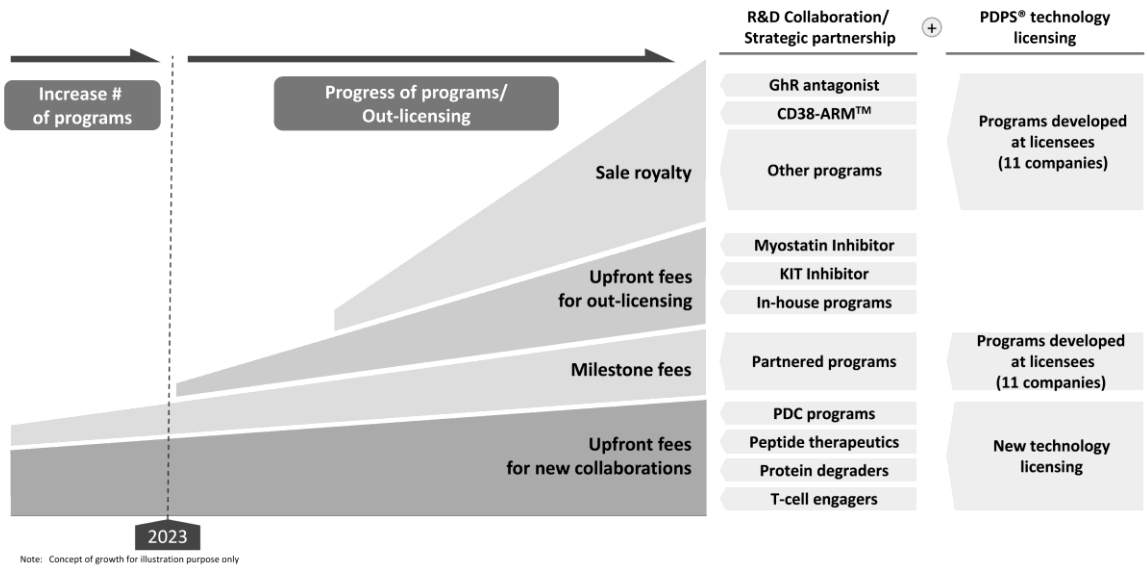
As shown in the above illustration, the Group is focused in the near term on growing the revenue of our existing products, most of which are radiodiagnostic agents, through the indication expansion, formulation expansion, and offering improved digital solutions for those products. In 2023, we attained successful label expansions for three of our marketed products, Techne® Phytate Kit, MyoMIBG®-I123 Injection, and AMYViD® Injection, and the Group added to its digital solutions offerings, with the acquisition of RYUKYU ISG and its related products.

Additionally, the Group is focused on growing its two Alzheimer's disease PET imaging products, AMYViD® and ^{18}F-Flortaucipir, used for the imaging of beta amyloid plaques and neurofibrillary tangles (NFTs), respectively. AMYViD® which is already on the market, received label expansion and additionally insurance coverage in 2023. Along with the anticipated approval of TAUVID® in the near term, and the recent approval of lecanemab in Japan, the Group 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 determine the best treatment regimens for patients suspected of having Alzheimer's disease and/or other forms of dementia.

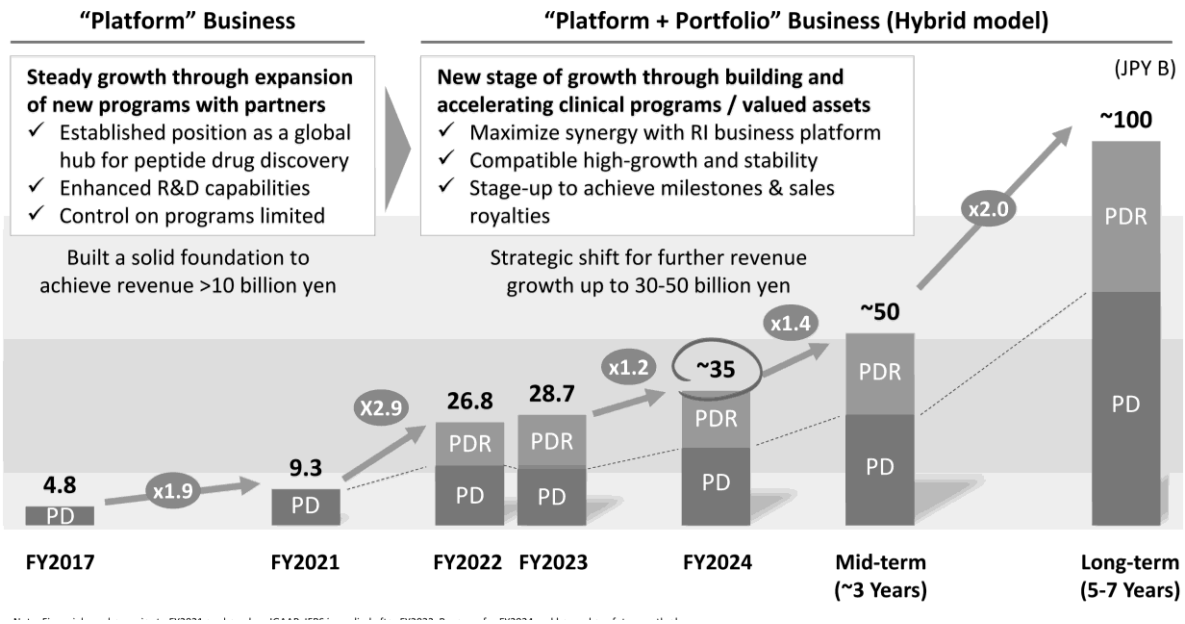
In the mid-to- long-term, we believe that the development of novel radiotherapeutic products, mainly in the area of oncology, will be a key driver of future growth. We are building a business model that will enable us to continuously expand our pipeline and product portfolio by leveraging the Group's 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, but as we enter a new era of targeted-radiopharmaceuticals, driven by the discovery and development of a growing number of novel and innovative radiotherapeutic and radiodiagnostic products, the Group is ideally positioned for both future growth and to significantly contribute to this renaissance and become the leading radiopharmaceutical company in Japan. Toward this aim, 2023 was a very successful year in growing our clinical-stage pipeline, with three 3 targeted radiotherapeutic programs becoming development candidates, the Group's own CA9 program (the Group's first fully owned program), and partnered programs with RayzeBio and Novartis, all of which should enter clinical testing in the near term. The Group also partnered with LinqMed's on their ATSM program to add another clinical-stage program to our growing pipeline, and we anticipate further additions in 2024.

(B) Non-Radiopharmaceutical Drug Discovery Business

PeptiDream's Non-Radiopharmaceutical Drug Discovery Business is focused on leveraging its proprietary PDPS® platform to discover (1) peptide therapeutics, (2) PDCs, and (3) MPCs candidates, either internally or in collaboration with wide variety of partners, with the aim of advancing these programs through preclinical development into clinical stage development and toward the market.



As shown in the above illustration, PeptiDream is focused on working across its many partnerships to advance programs from the early discovery/preclinical stages into the clinical-stage and commercialization, thereby unlocking a greater number of growth drivers, all of which represent potential key contributors toward future revenue growth and profitability of the Group. Toward this aim, 2023 was another successful year for PeptiDream, with its GhR antagonist program partnered with Amolyt entering the clinical-stage, as well as a program partnered with MSD also entering the clinical-stage. PeptiDream also expanded its collaboration with Ono Pharmaceutical, entered into a new degraders partnership with Astellas, and announced a number of milestones achieved across a number of its partners over the course of 2023. In the medium to long term, PeptiDream will continue to look to maximize the value of the programs it works, and advance programs from discovery/early development into the clinical-stage pipeline.



As shown in the above illustration, with the 2022 acquisition of PDRadiopharma, PeptiDream has matured from being a company focused only on early-stage discovery ("**platform**"), into a company with commercial products and a growing clinical-stage pipeline, in addition to its extensive early-stage discovery efforts ("**platform + portfolio**"). With its unique position in the radiopharmaceutical space in Japan and its extensive discovery pipeline fueling a greater number of clinical-stage programs, the Group believes this new hybrid model brings greater stability to the Group and unlocks a greater number of potential growth drivers, putting the Group on a faster trajectory to future revenue growth and higher profitability.

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 December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	5,247,665	19,507,861
Trade and other receivables	16,589,145	4,970,860
Other financial assets	6,243	6,245
Inventories	2,678,699	2,404,156
Other current assets	550,958	335,959
Total current assets	25,072,713	27,225,082
Non-current assets		
Property, plant and equipment	18,125,415	17,358,317
Goodwill	8,370,677	8,370,677
Intangible assets	2,232,554	2,211,452
Investments accounted for using equity method	399,728	81,067
Other financial assets	6,122,214	11,801,205
Deferred tax assets	3,435,235	2,337,218
Retirement benefit asset	65,441	32,146
Other non-current assets	41,218	46,845
Total non-current assets	38,792,486	42,238,930
Total assets	63,865,200	69,464,013

	As of December 31, 2022	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,080,097	3,203,559
Borrowings	2,690,653	2,586,259
Other financial liabilities	344,882	255,987
Income taxes payable	2,325,030	1,003,852
Provisions	27,649	31,583
Contract liabilities	669,757	823,011
Other current liabilities	892,332	712,834
Total current liabilities	11,030,403	8,617,088
Non-current liabilities		
Borrowings	18,357,797	19,634,447
Other financial liabilities	2,327,082	323,160
Deferred tax liabilities	—	385,837
Retirement benefit liability	108,450	97,647
Provisions	—	56,120
Total non-current liabilities	20,793,330	20,497,214
Total liabilities	31,823,734	29,114,303
Equity		
Share capital	3,956,738	3,956,738
Capital surplus	4,524,436	4,550,372
Treasury shares	(607,334)	(1,085,546)
Retained earnings	23,848,337	27,804,689
Other components of equity	319,287	5,123,456
Total equity attributable to owners of parent	32,041,465	40,349,709
Total equity	32,041,465	40,349,709
Total liabilities and equity	63,865,200	69,464,013

(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, 2022	Fiscal year ended December 31, 2023
Revenue	26,852,430	28,712,194
Cost of sales	8,738,942	11,493,476
Gross profit	18,113,488	17,218,717
Selling, general and administrative expenses	6,220,618	7,256,195
Research and development expenses	2,915,118	3,155,366
Other income	13,517	5,084
Other expenses	11,073	39,192
Operating profit (loss)	8,980,196	6,773,047
Finance income	189,047	190,981
Finance costs	2,312,643	2,253,012
Share of profit (loss) of investments accounted for using equity method	(203,275)	(357,547)
Profit (loss) before tax	6,653,325	4,353,469
Income tax expense	(901,033)	1,317,636
Profit (loss)	7,554,358	3,035,832
Profit attributable to:		
Owners of parent	7,554,358	3,035,832
Profit (loss)	7,554,358	3,035,832
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	58.19	23.41
Diluted earnings (loss) per share (Yen)	58.14	23.38

Consolidated Statements of Comprehensive Profit or Loss

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss)	7,554,358	3,035,832
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(869,301)	5,741,157
Remeasurements of defined benefit plans	(78,707)	(16,470)
Total of items that will not be reclassified to profit or loss	(948,009)	5,724,687
Other comprehensive income	(948,009)	5,724,687
Comprehensive income	6,606,348	8,760,519
Comprehensive income attributable to:		
Owners of parent	6,606,348	8,760,519
Comprehensive income	6,606,348	8,760,519

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

(3) Consolidated Statements of Changes in Equity

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 (loss)	–	–	–	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
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

Fiscal year ended December 31, 2023

(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, 2023	3,956,738	4,524,436	(607,334)	23,848,337	319,287	32,041,465	32,041,465
Profit (loss)	—	—	—	3,035,832	—	3,035,832	3,035,832
Other comprehensive income	—	—	—	—	5,724,687	5,724,687	5,724,687
Total comprehensive income	—	—	—	3,035,832	5,724,687	8,760,519	8,760,519
Purchase of treasury shares	—	—	(513,842)	—	—	(513,842)	(513,842)
Disposal of treasury shares	—	—	35,630	—	—	35,630	35,630
Transfer from other components of equity to retained earnings	—	—	—	920,518	(920,518)	—	—
Share-based payment transactions	—	25,936	—	—	—	25,936	25,936
Total transactions with owners	—	25,936	(478,212)	920,518	(920,518)	(452,275)	(452,275)
Balance at December 31, 2023	3,956,738	4,550,372	(1,085,546)	27,804,689	5,123,456	40,349,709	40,349,709

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	6,653,325	4,353,469
Depreciation and amortization	1,973,379	2,433,182
Interest and dividend income	(1,334)	(6,172)
Interest expenses	190,088	231,862
Foreign exchange loss (gain)	(171,831)	(272,495)
Share of loss (profit) of investments accounted for using equity method	203,275	357,547
Decrease (increase) in trade and other receivables	(11,286,614)	11,618,285
Decrease (increase) in inventories	(656,492)	274,542
Increase (decrease) in trade and other payables	1,453,713	(1,101,880)
Increase (decrease) in defined benefit asset and liability	103,859	22,493
Other	1,992,444	(1,647,423)
Subtotal	453,813	16,263,411
Interest and dividends received	1,334	6,172
Interest paid	(148,837)	(181,606)
Income taxes paid	(441,013)	(3,667,008)
Income taxes refund	51,772	—
Net cash provided by (used in) operating activities	(82,929)	12,420,969
Cash flows from investing activities		
Proceeds from sale of investment securities	—	2,864,600
Payments for purchases of investment securities	—	(200,000)
Payments for acquisition of subsidiaries	(23,460,335)	—
Collection of loans receivable	69,047	6,243
Purchase of property, plant and equipment	(3,720,595)	(1,212,857)
Purchase of intangible assets	(254,821)	(156,105)
Other	(10,511)	659
Net cash provided by (used in) investing activities	(27,377,217)	1,302,539
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500,000	(500,000)
Proceeds from long-term borrowings	22,400,000	4,000,000
Repayments of long-term borrowings	(1,680,000)	(2,340,000)
Payments of borrowing fee	(212,800)	(38,000)
Repayments of lease liabilities	(217,581)	(343,254)
Purchase of treasury shares	(167)	(514,554)
Net cash provided by (used in) financing activities	20,789,451	264,191
Effect of exchange rate change on cash and cash equivalents	171,831	272,495
Net increase (decrease) in cash and cash equivalents	(6,498,864)	14,260,196
Cash and cash equivalents at beginning of period	11,746,529	5,247,665
Cash and cash equivalents at end of period	5,247,665	19,507,861

(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 previous fiscal year, 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, 2022 (January 1, 2022 to December 31, 2022)

(Thousands of yen)

	Reportable Segment			Adjustment	Consolidated Statement
	Drug Discovery and Development Business Segment	Radiopharmaceutical Business Segment	Total		
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 (loss)	9,179,911	235,908	9,415,819	—	9,415,819
(Adjustments)					
Business combination-related expenses (Note)					435,622
Operating profit (loss)					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 (loss) before income taxes					6,653,325

(Note) 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.

Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable Segment			Adjustment	Consolidated Statement
	Drug Discovery and Development Business Segment	Radiopharmaceutical Business Segment	Total		
Revenue					
External revenue	12,702,965	16,009,228	28,712,194	—	28,712,194
Inter-segment revenue	—	86,960	86,960	(86,960)	—
Total	12,702,965	16,096,188	28,799,154	(86,960)	28,712,194
Segment profit (loss)	6,387,902	475,145	6,863,047	—	6,863,047
(Adjustments)					
Business combination-related expenses (Note)					90,000
Operating profit(loss)					6,773,047
Finance income					190,981
Finance costs					2,253,012
Share of profit (loss) of associates accounted for using the equity method					(357,547)
Profit before income taxes					4,353,469

(Note) Amortization expenses of 90,000 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, 2022	Fiscal year ended December 31, 2023
Profit attributable to owners of parent (Thousands of yen)	7,554,358	3,035,832
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)	7,554,358	3,035,832
Average number of shares of common stock during the period (Shares)	129,829,576	129,699,938
Basic earnings per share (Thousands of yen)	58.19	23.41

(2) Basis for calculation of diluted earnings per share

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit used for calculating basic profit per share (Thousands of yen)	7,554,358	3,035,832
Adjusted amount of profit (Thousands of yen)	—	—
Profit used for calculating diluted earnings per share (Thousands of yen)	7,554,358	3,035,832
Average number of shares of common stock during the period (Shares)	129,829,576	129,699,938
Increase in shares of common stock used for calculating diluted earnings per share		
Share acquisition rights (Shares)	—	—
Share benefit trust (Shares)	105,919	141,356
Average number of shares of common stock during the period for dilutive effects (Shares)	129,935,495	129,841,294
Diluted earnings per share (Yen)	58.14	23.38
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.