Consolidated Financial Results for the Three Months Ended March 31, 2024 [IFRS]

May 14, 2024

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Scheduled filing date of quarterly securities report: May 15, 2024
Scheduled starting date of dividend payments: —
Supplementary briefing materials on quarterly financial results: No
Explanatory meeting on quarterly financial results: No

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2024 (January 1, 2024 to March 31, 2024)

(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	%
Three Months Ended March 31, 2024	4,225	(14.9)	(993)	—	(1,098)	—	(1,104)	—
Three Months Ended March 31, 2023	4,963	—	(167)	—	(266)	—	(399)	—

	Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%
Three Months Ended March 31, 2024	(842)	—	(373)	—
Three Months Ended March 31, 2023	(248)	—	(234)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three Months Ended March 31, 2024	(6.50)	(6.50)
Three Months Ended March 31, 2023	(1.92)	(1.92)

(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
	Million yen	Million yen	Million yen	%
As of March 31, 2024	69,637	39,984	39,984	57.4
As of December 31, 2023	69,464	40,349	40,349	58.1

2. Payment of Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended December 31, 2023	—	0.00	—	0.00	0.00
Fiscal Year Ending December 31, 2024	—				
Fiscal Year Ending December 31, 2024 (forecast)		0.00	—	0.00	0.00

(Note) Revisions to the dividend forecast announced most recently: No

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	45,000 / 56.7	20,500 / 186.1	20,100 / 196.8	19,900 / 357.1	14,000 / 361.2

(Note) Revisions to the consolidated financial forecast announced most recently: Yes

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 March 31, 2024	130,010,400 shares	As of December 31, 2023	130,010,400 shares
2) Number of treasury stock at the end of the period	As of March 31, 2024	402,685 shares	As of December 31, 2023	402,647 shares
3) Average number of shares during the period	Three months ended March 31, 2024	129,607,735 shares	Three months ended March 31, 2023	129,830,953 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) (402,400 shares as of December 31, 2023 and 402,400 shares as of March 31, 2024). 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 (179,200 shares for the three months ended March 31, 2023 and 402,400 shares for the three months ended March 31, 2024).

* Quarterly financial results reports are not required to be subjected to quarterly review 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.

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

(1) Explanation of Operating Results

During the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024), 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.**

- **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.

- **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						Bristol Myers Squibb	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						Bristol Myers Squibb	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 (**Acquired by **Bristol Myers Squibb** (“**BMS”**) in February 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. As announced in April 2024, the clinical research for the Ph0 human imaging study of ^{64}Cu-PD-32766 in patients with ccRCC was approved by the National Cancer Center Japan's clinical review board, with the Ph0 study scheduled to start in 1H-2024. PeptiDream presented preclinical results of 64Cu-PD-32766/177Lu-PD-32766 at the 2024 American Association for Cancer Research (AACR) Annual Meeting.

  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 (**Acquired by **BMS**

in February 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; now BMS), and Genentech (2023), in addition to a growing number of fully-owned internal peptide-RI conjugate programs. **In April 2024, PeptiDream announced the further expansion of its discovery collaboration with Novartis, adding additional peptide-RI conjugate and other programs to the existing collaboration.** 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/BMS 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 related to four products ("Bridgea GATEWAY", "Bridgea TIMER", "onti" and "ankan") from RYUKYU ISG, enabling full automation and digitalization of dose management, both of which will contribute to the reduction of medical accident risks by improving operational efficiency of healthcare providers. 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						Alivexis

- **GhR antagonist Program (AZP-3813):** *Indication:* Acromegaly; *Modality:* AZP-3813 is a macrocyclic peptide growth hormone receptor antagonist ("GHRA"); *Partner:* **Amolyt Pharma ("Amolyt"; Amolyt Pharma entered into definitive agreement to be acquired by AstraZeneca in March 2024, with the acquisition expected to close by the end of the third quarter of 2024)**. *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. Top line data from the completed Phase 1 study are expected in 1H-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 by the end of 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 a 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:* **Alivexis (**previously known as 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. Alivexis will be conducting IND-enabling studies with the aim of moving the cKIT inhibitor program into clinical trials.

Additional program details: Alivexis 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, 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 (programs and partnerships described in the Radiopharmaceutical section above) and 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), **Merck** (2022; tumor targeting PDCs) and **Novartis** (2024; tissue 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 FY2024:

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

- **March 2024:** Amolyt Enters into Definitive Agreement to be Acquired by AstraZeneca
- **March 2024:** PeptiGrowth Inc., PeptiDream Affiliated Company, Announces Product Launch of TPO-alternative peptide (TPOR agonist) – PG-010.

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

As of March 31, 2024, 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 Mar 31, 2024.

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 (10) 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), PG-009 (a synthetic version of EGF) in 2023, and PG-010（TPOR agonist as an alternative to TPO）. The companies aim to continue to launch additional products in the future.

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.

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

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

(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 March 31, 2024, the Group had a total headcount of 700 employees (712 when including its 12 board members), (PeptiDream Inc; 197 employees, PDRadiopharma Inc., 503 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 three months ended March 31, 2024, the Drug Discovery and Development Business recorded revenue of 521,173 thousand yen (a 457,268 thousand yen decrease year on year), segment loss of 955,223 thousand yen (a 574,653 thousand yen increase year on year), the Radiopharmaceutical Business recorded revenue of 3,703,992 thousand yen (a 281,036 thousand yen decrease year on year), segment loss of 121,164 thousand yen (segment profit of 136,483 thousand yen in the same period of the previous fiscal year), and the Group recorded revenue of 4,225,166 thousand yen (a 738,304 thousand yen decrease year on year), core operating loss of 993,847 thousand yen (an 826,545 thousand yen increase year on year), operating loss of 1,098,888 thousand yen (an 832,302 thousand yen increase year on year), loss before tax of 1,104,054 thousand yen (a 704,140 thousand yen increase year on year), and loss attributable to owners of parent of 842,543 thousand yen (a 593,741 thousand yen increase year on year).

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

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

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

(Thousands of yen)

	Results for the three months ended March 31, 2023	Results for the three months ended March 31, 2024	Change	%
Core operating profit (loss)	(167,302)	(993,847)	(826,545)	—
Accounting effects of business acquisitions and acquisition-related costs	87,752	93,509	5,757	6.6
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	11,531	11,531	—	—
Operating profit (loss)	(266,586)	(1,098,888)	(832,302)	—

(2) Explanation of Financial Position

1) Analysis of financial position

Total assets at the end of the three months ended March 31, 2024 increased by 173,128 thousand yen from the end of the previous fiscal year to 69,637,141 thousand yen. This was mainly because of increases of 7,827,322 thousand yen in cash and cash equivalents, and 2,316,278 thousand yen in deferred tax assets, despite a decrease of 10,272,389 thousand yen in other financial assets.

Liabilities increased by 538,111 thousand yen from the end of the previous fiscal year to 29,652,414 thousand yen. This was mainly because of decreases of 646,027 thousand yen in borrowings, and 385,837 thousand yen in deferred tax liabilities, despite an increase of 1,639,895 thousand yen in income taxes payable.

Equity decreased by 364,983 thousand yen from the end of the previous fiscal year to 39,984,726 thousand yen. This was mainly because of a decrease of 842,543 thousand yen in retained earnings due to the recording of loss, despite an increase of 469,448 thousand yen in other components of equity due to the recording of other comprehensive income.

2) Analysis of status of cash flows

Cash and cash equivalents for the three months ended March 31, 2024 increased by 7,827,322 thousand yen from the end of the previous fiscal year to 27,335,184 thousand yen.

Status of cash flows and related factors during the three months ended March 31, 2024 are described below.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a cash outflow of 1,923,059 thousand yen (compared with an inflow of 7,737,043 thousand yen in the same period of the previous fiscal year). This was mainly due to the recording of loss before tax of 1,104,054 thousand yen, and income taxes paid of 1,007,503 thousand yen, despite recording of depreciation and amortization of 631,660 thousand yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash inflow of 10,395,130 thousand yen (compared with an outflow of 380,637 thousand yen in the same period of the previous fiscal year). This was mainly due to proceeds from sale of investment securities of 10,935,460 thousand yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash outflow of 757,399 thousand yen (a 383,042 thousand yen decrease in outflow year on year). This was mainly due to repayments of long-term borrowings of 660,000 thousand yen.

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

The Company announced upward revision of financial forecasts for the fiscal year ending December 31, 2024. For details, please refer to the "PeptiDream Announces Upward Revision of Financial Forecasts" announced today.

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

【Key indices】

	Results for the full year ended December 31, 2022	Results for the three months ended March 31, 2023	Results for the full year ended December 31, 2023	Results for the three months ended March 31, 2024	Forecasts for the full year ending December 31, 2024
	2022/Jan ~ 2022/Dec	2023/Jan ~ 2023/ Mar	2023/Jan ~ 2023/Dec	2024/Jan ~ 2024/Mar	2024/Jan ~ 2024/Dec
Capital Expenditures (JPY millions)	3,913	372	1,668	692	3,174
Depreciation Expense (JPY millions)	1,973	608	2,433	631	2,163
Research and Development Expenses (JPY millions)	2,915	708	3,155	690	4,110
Year-end headcount (people)	680	682	725	712	765

(Note) The amount that will actually be paid is shown for capital expenditures.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	19,507,861	27,335,184
Trade and other receivables	4,970,860	4,728,579
Other financial assets	6,245	6,245
Inventories	2,404,156	2,738,378
Other current assets	335,959	563,234
Total current assets	27,225,082	35,371,622
Non-current assets		
Property, plant and equipment	17,358,317	17,451,260
Goodwill	8,370,677	8,370,677
Intangible assets	2,211,452	2,177,681
Investments accounted for using equity method	81,067	2,934
Other financial assets	11,801,205	1,528,815
Deferred tax assets	2,337,218	4,653,496
Retirement benefit asset	32,146	34,660
Other non-current assets	46,845	45,994
Total non-current assets	42,238,930	34,265,519
Total assets	69,464,013	69,637,141

	As of December 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,203,559	3,014,164
Borrowings	2,586,259	2,588,019
Other financial liabilities	255,987	364,969
Income taxes payable	1,003,852	2,643,748
Provisions	31,583	23,663
Contract liabilities	823,011	898,709
Other current liabilities	712,834	567,208
Total current liabilities	8,617,088	10,100,482
Non-current liabilities		
Borrowings	19,634,447	18,986,660
Other financial liabilities	323,160	409,820
Deferred tax liabilities	385,837	—
Retirement benefit liability	97,647	97,870
Provisions	56,120	57,580
Total non-current liabilities	20,497,214	19,551,932
Total liabilities	29,114,303	29,652,414
Equity		
Share capital	3,956,738	3,956,738
Capital surplus	4,550,372	4,558,543
Treasury shares	(1,085,546)	(1,085,605)
Retained earnings	27,804,689	33,501,400
Other components of equity	5,123,456	(946,349)
Total equity attributable to owners of parent	40,349,709	39,984,726
Total equity	40,349,709	39,984,726
Total liabilities and equity	69,464,013	69,637,141

(2) Condensed Quarterly Consolidated Statements of Profit or Loss

Three months ended March 31, 2023 and March 31, 2024

(Thousands of yen, unless otherwise stated)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Revenue	4,963,470	4,225,166
Cost of sales	2,814,443	2,746,491
Gross profit	2,149,026	1,478,674
Selling, general and administrative expenses	1,698,672	1,881,453
Research and development expenses	708,103	690,664
Other income	3,746	19
Other expenses	12,583	5,464
Operating profit (loss)	(266,586)	(1,098,888)
Finance income	5,663	149,798
Finance costs	104,728	64,636
Share of profit (loss) of investments accounted for using equity method	(34,262)	(90,328)
Profit (loss) before tax	(399,914)	(1,104,054)
Income tax expense	(151,112)	(261,511)
Profit (loss)	(248,801)	(842,543)
Profit (loss) attributable to:		
Owners of parent	(248,801)	(842,543)
Profit (loss)	(248,801)	(842,543)
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	(1.92)	(6.50)
Diluted earnings (loss) per share (Yen)	(1.92)	(6.50)

(3) Condensed Quarterly Consolidated Statements of Comprehensive Profit or Loss

Three months ended March 31, 2023 and March 31, 2024

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit (loss)	(248,801)	(842,543)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	14,334	469,448
Total of items that will not be reclassified to profit or loss	14,334	469,448
Other comprehensive income	14,334	469,448
Comprehensive income	(234,467)	(373,094)
Comprehensive income attributable to:		
Owners of parent	(234,467)	(373,094)
Comprehensive income	(234,467)	(373,094)

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

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended March 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)	—	—	—	(248,801)	—	(248,801)	(248,801)
Other comprehensive income	—	—	—	—	14,334	14,334	14,334
Total comprehensive income	—	—	—	(248,801)	14,334	(234,467)	(234,467)
Share-based payment transactions	—	5,013	—	—	—	5,013	5,013
Total transactions with owners	—	5,013	—	—	—	5,013	5,013
Balance at March 31, 2023	3,956,738	4,529,450	(607,334)	23,599,536	333,622	31,812,012	31,812,012

Three months ended March 31, 2024

(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, 2024	3,956,738	4,550,372	(1,085,546)	27,804,689	5,123,456	40,349,709	40,349,709
Profit (loss)	—	—	—	(842,543)	—	(842,543)	(842,543)
Other comprehensive income	—	—	—	—	469,448	469,448	469,448
Total comprehensive income	—	—	—	(842,543)	469,448	(373,094)	(373,094)
Purchase of treasury shares	—	—	(58)	—	—	(58)	(58)
Transfer from other components of equity to retained earnings	—	—	—	6,539,253	(6,539,253)	—	—
Share-based payment transactions	—	8,170	—	—	—	8,170	8,170
Total transactions with owners	—	8,170	(58)	6,539,253	(6,539,253)	8,111	8,111
Balance at March 31, 2024	3,956,738	4,558,543	(1,085,605)	33,501,400	(946,349)	39,984,726	39,984,726

(5) Condensed Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	(399,914)	(1,104,054)
Depreciation and amortization	608,556	631,660
Interest and dividend income	(5,663)	(294)
Interest expenses	58,966	64,636
Foreign exchange loss (gain)	(162,793)	(82,624)
Share of loss (profit) of investments accounted for using equity method	34,262	90,328
Decrease (increase) in trade and other receivables	10,438,145	242,281
Decrease (increase) in inventories	(17,771)	(334,221)
Increase (decrease) in trade and other payables	(343,019)	(158,656)
Increase (decrease) in defined benefit asset and liability	(1,369)	(2,291)
Other	(117,278)	(211,950)
Subtotal	10,092,120	(865,186)
Interest and dividends received	5,663	294
Interest paid	(46,289)	(50,663)
Income taxes paid	(2,314,451)	(1,007,503)
Net cash provided by (used in) operating activities	7,737,043	(1,923,059)
Cash flows from investing activities		
Proceeds from sale of investment securities	—	10,935,460
Collection of loans receivable	1,560	1,561
Purchase of property, plant and equipment	(366,620)	(484,412)
Purchase of intangible assets	(15,614)	(62,428)
Other	35	4,948
Net cash provided by (used in) investing activities	(380,637)	10,395,130
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500,000)	—
Repayments of long-term borrowings	(560,000)	(660,000)
Repayments of lease liabilities	(80,441)	(97,340)
Purchase of treasury shares	—	(58)
Net cash provided by (used in) financing activities	(1,140,441)	(757,399)
Effect of exchange rate change on cash and cash equivalents	162,793	112,650
Net increase (decrease) in cash and cash equivalents	6,378,758	7,827,322
Cash and cash equivalents at beginning of period	5,247,665	19,507,861
Cash and cash equivalents at end of period	11,626,423	27,335,184

(6) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable.

(Notes in case of significant changes in equity)

Not applicable.

(Segment information)

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are regularly reviewed by the Board of Directors of the Company to determine the allocation of management resources and evaluate financial results.

The Group organizes its reportable segments to the two segments of the Drug Discovery and Development Business Segment and the Radiopharmaceutical Business Segment to formulate and determine its group strategies.

[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.

Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(Thousands of yen)

	Reportable Segment			Adjustment	Consolidated Statement
	Drug Discovery and Development Business Segment	Radiopharmaceutical Business Segment	Total		
Revenue					
External revenue	978,441	3,985,028	4,963,470	—	4,963,470
Inter-segment revenue	—	2,630	2,630	(2,630)	—
Total	978,441	3,987,658	4,966,100	(2,630)	4,963,470
Segment profit (loss)	(380,570)	136,483	(244,086)	—	(244,086)
(Adjustments)					
Business combination-related expenses (Note)					22,500
Operating profit (loss)					(266,586)
Finance income					5,663
Finance costs					104,728
Share of profit (loss) of associates accounted for using the equity method					(34,262)
Profit (loss) before income taxes					(399,914)

(Note) Amortization expenses of 22,500 thousand yen for intangible assets newly acquired through the business combination.

Three months ended March 31, 2024 (January 1, 2024 to March 31, 2024)

(Thousands of yen)

	Reportable Segment			Adjustment	Consolidated Statement
	Drug Discovery and Development Business Segment	Radiopharmaceutical Business Segment	Total		
Revenue					
External revenue	521,173	3,703,992	4,225,166	—	4,225,166
Inter-segment revenue	—	75,230	75,230	(75,230)	—
Total	521,173	3,779,222	4,300,396	(75,230)	4,225,166
Segment profit (loss)	(955,223)	(121,164)	(1,076,388)	—	(1,076,388)
(Adjustments)					
Business combination-related expenses (Note)					22,500
Operating profit (loss)					(1,098,888)
Finance income					149,798
Finance costs					64,636
Share of profit (loss) of associates accounted for using the equity method					(90,328)
Profit (loss) before income taxes					(1,104,054)

(Note) Amortization expenses of 22,500 thousand yen for intangible assets newly acquired through the business combination.

(Significant subsequent events)

(Significant agreement concluded)

The Company entered into an agreement to expand its peptide discovery collaboration with Novartis Pharma AG ("Novartis") on April 29, 2024.

Under the terms of the agreement, the Company will receive an upfront payment of $180 million from Novartis. Closing of the transaction is subject to the parties' receipt of any necessary consents or approvals, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

(Issuance of the 9th series share acquisition rights [stock options with charge])

At the meeting of its Board of Directors held on April 1, 2024, the Company resolved to issue the 9th series share acquisition rights to its directors and employees, its subsidiary's directors and employees, and its outside collaborators, pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act.

Number of share acquisition rights	37,500
Class and number of shares to be issued upon exercise of share acquisition rights	3,750,000 shares of common stock of the Company (100 shares per share acquisition right)
Issue price of share acquisition rights	500 yen per share acquisition right
Exercise price of share acquisition rights	142,350 yen per share acquisition right
Issue price and amount to be incorporated into stated capital when shares are issued upon exercise of share acquisition rights	Issue price per share: 1,423.5 yen Amount to be incorporated into stated capital per share: 712 yen
Allotment date of share acquisition rights	April 26, 2024
Allottees of share acquisition rights	The Company's directors and employees: 35 persons The Company subsidiary's directors and employees: 9 persons The Company's outside collaborators: 1 person
Exercise period of share acquisition rights	From April 26, 2024 to March 31, 2034
Conditions for exercise of share acquisition rights	*

*1. When the accumulated EBITDA exceeds the level specified in (a) or (b) below from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2031, a person who received an allotment of the issue of share acquisition rights (a "Right Holder") may exercise the share acquisition rights up to the percentage specified for the level (the "Exercisable Percentage") on or after the first day of the month following the filing of the Annual Securities Report for the fiscal year in which such EBITDA exceeds the level. However, if the calculation of the Exercisable Percentage results in a fraction of less than one share acquisition right that becomes exercisable, such fraction shall be rounded down.

(a) When the accumulated EBITDA exceeds 90 billion yen, the Exercisable Percentage shall be 50% of the allotted share acquisition rights, or

(b) When the accumulated EBITDA exceeds 100 billion yen, the Exercisable Percentage shall be 100% of the allotted share acquisition rights.

The above-mentioned EBITDA for a single fiscal year refers to the amount obtained by adding depreciation, impairment losses, and interest expenses stated in the consolidated statements of cash flows of the Company to profit (loss) before tax stated in the consolidated statements of profit or loss. If the Company's Board of Directors deems it inappropriate to refer directly to any of these amounts in the consolidated statements of cash flows and the consolidated statements of profit or loss to determine EBITDA due to a change in the adopted accounting standards or an event such as a business acquisition that has a significant impact on the Company's financial results, the Board of Directors may separately determine an indicator to be referred to within a reasonable range. In addition, if share-based payment expenses related to the share acquisition rights are recorded in the consolidated statements of profit or loss, the Board of Directors shall determine EBITDA before deducting share-based payment expenses related to the share acquisition rights after eliminating the effect of such expenses.

2. The exercise of the share acquisition rights by the heir(s) of a Right Holder shall not be permitted.

3. When the exercise of the share acquisition rights results in the total number of shares issued of the Company exceeding the total number of shares authorized to be issued at the time of the exercise of the share acquisition rights, they may not be exercised.

4. Each share acquisition right may not be exercised for less than one share acquisition right.