

Non-consolidated Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023

(All financial information has been prepared in accordance with the Generally Accepted Accounting Principles in Japan)

February 13, 2023

Company name: Perseus Proteomics Inc. Stock market listing: Tokyo Stock Exchange
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 Scheduled date to commence dividend payment: -
 Scheduled date to file Securities Report: February 13, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results presentation meeting: No

(Amounts below one million yen were rounded down.)

1. Financial Results for the nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(1) Operating results

(% represents year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2022	69	41.8	(475)	-	(468)	-	(562)	-
December 31, 2021	49	(2.0)	(357)	-	(372)	-	(393)	-

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2022	(47.81)	-
December 31, 2021	(36.65)	-

(Note) Diluted earnings per share is not shown although the Company has potential dilutive shares, as net loss per share was recorded.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
As of December 31, 2022	2,745	2,610	94.3
March 31, 2022	3,300	3,152	95.5

(Reference) Shareholders' equity: As of December 31, 2022: 2,583 million yen

As of March 31, 2022: 3,152 million yen

2. Cash dividends

	Dividend				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2022	-	0.00	-	0.00	0.00
FY ending March 31, 2023	-	0.00	-		
FY ending March 31, 2023 (Forecast)				0.00	0.00

(Note) Revision from the most recently announced dividend forecast: No

3. Financial results forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% represents year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	77	7.4	(703)	-	(736)	-	(854)	-	(72.62)

(Note) Revision from the most recently announced financial results forecast: No

Notes

- | | |
|--|-------------------|
| (1) Adoption of special accounting methods for preparation of quarterly financial statements: | None |
| (2) Changes in accounting policies, changes in accounting estimates, and restatement | |
| (i) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| (ii) Changes in accounting policies due to other reasons: | None |
| (iii) Changes in accounting estimates: | Yes |
| (iv) Restatement: | None |
| (3) Number of issued shares (common shares) | |
| (i) Total number of issued shares at the end of the period (including treasury shares) | |
| As of December 31, 2022: | 11,759,400 shares |
| As of March 31, 2022: | 11,759,400 shares |
| (ii) Number of treasury shares at the end of the period | |
| As of December 31, 2022: | 47 shares |
| As of March 31, 2022 | - shares |
| (iii) Average number of shares outstanding during the period | |
| As of December 31, 2022: | 11,759,373 shares |
| As of December 31, 2021: | 10,747,051 shares |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts, and other special matters

The forward-looking statements, including financial results forecasts, contained in these materials are based on information currently available to Perseus Proteomics Inc. (hereinafter “the Company”) and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

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1. Qualitative information on quarterly non-consolidated business results

(1) Explanation of business results

The global economy during the nine-month period of the fiscal year ending March 31, 2023 has been continuously uncertain due to factors including the prolonged invasion of Ukraine by Russia and increase in raw materials costs. In the Japanese economy, movements of recovery have been seen, however, there have been worries over the recession of overseas economy mainly in the USA and Europe.

The medical industry, to which the Company belongs, has continued to face the important problems including measurement to novel infectious diseases like COVID-19 and establishment of therapies against the diseases with growing number of patients such as cancer and dementia throughout the world. Under such circumstances, the Company has strived to promote its business proactively, focusing on drug discovery area.

The outline of the result of each business area is as follows:

1) Drug Discovery

During the nine-month period, no sales were booked in drug discovery, however, the Company has been proceeding with antibody development mainly in cancer field by utilizing its efficient antibody obtaining platforms. The Company has been developing three antibodies against cadherin 3 (CDH3) and transferrin receptor (TfR) while researching and developing many other antibodies to be next therapeutic drug candidates following them. The progress of each pipeline is as follows:

a. PPMX-T002

PPMX-T002 is an anti-cancer drug candidate consisting of an antibody targeting CDH3, which is highly expressed on cancer cells, connected with yttrium 90 (⁹⁰Y), a radioisotope (RI). The Company had been discussing its development details with PeptiDream Inc. and its subsidiary, PDRadiopharma Inc. (“PDRadiopharma”) since March 2022. In December 2022, PDRadiopharma and the Company agreed that the Company would lead the development and licensing activities. The Company will strive for collaboration with an RI medical drug developing company, considering the possibility of change of the RI from ⁹⁰Y to another RI with higher effectiveness.

b. PPMX-T003

PPMX-T003, a unique human antibody, was obtained through the patented screening technology, ICOS method, from the unique phage library of the Company. It targets TfR, which is related to iron uptake into cells and is highly expressed on cancer cells that proliferate at a rapid pace. When this antibody binds to TfR, it inhibits iron uptake into cancer cells, which provides anti-tumor effect of inhibiting cancer cell proliferation. As PPMX-T003 is expected to have therapeutic effects for various types of cancers, the Company has been proactively proceeding with its development.

Other than cancer cells, TfR is highly expressed on erythroblasts, which develop into red blood cells. Therefore, the Company selected polycythemia vera (PV), a disease where red blood cells increase abnormally, as its first indication. The Company has been conducting the phase I study in Japan expecting that the function of PPMX-T003 to inhibit iron uptake would work effectively. After the successful completion of the phase I study among healthy volunteers, the Company started the phase I study among PV patients, in which 6 patients are to be tested. Since recruitment of the patients for this study has delayed from the plan, the Company has amended the inclusion criteria to reflect the clinical practice. As a result, three patients have been administered so far, however, administration to the entire six patients is still unpredictable. Thus, the Company now expects the completion of the phase I study in the fiscal year 2023 ending March 31, 2024. To start administration to the remaining three patients as early as possible, the Company has been preparing for addition of clinical trial locations. One location has been already registered and other locations are under a procedure.

The Company has also been proceeding with joint research with the research group of Tokai University on drug discovery for aggressive NK cell leukemia (ANKL), an ultra-rare disease. The research was adopted as Project Promoting Support for Drug Discovery, Support Program for Orphan drug prior to the Designation by Japan Agency for Medical Research and Development (AMED) in March 2022. Currently, the Company has been preparing for submission of a protocol of an investigator-led clinical trial with a university, medical institutes, and other related

parties.

Also, the Company has been proceeding with joint research on drug discovery with Nagoya University and Gunma University, to clarify the mechanism of action as a therapeutic drug for blood cancers including acute myeloid leukemia and multiple myeloma as well as solid tumor.

c. PPMX-T004

PPMX-T004 is an antibody drug conjugate (ADC) targeting CDH3. Currently the Company has been studying the latest therapeutic drug, linker to connect the drug with the antibody, and others to decide the best combination.

ADC is expected to have high clinical effects regardless of immune function conditions of patients, as it can kill the targeting cells specifically by bringing the connected drug into the cell.

Other than the pipeline above, the Company has been making assessment of UT28K, the COVID-19 super-neutralizing antibody, which is a therapeutic drug candidate for various variants of COVID-19 with the University of Toyama and Toyama Prefecture. The research group has been conducting animal experiments to prove its therapeutic effect aiming at adoption as a subsidy program.

2) Antibody Research Support

The sales from antibody research support were 4,380 thousand yen in the period, a large increase from 85 thousand yen in the same period of the previous year, which was affected by COVID-19 spread.

3) Antibody and Reagent Sales

The sales from antibody and reagent sales were 65,288 thousand yen (33.1% increase year on year), almost as planned. The Company has also continued to develop the Quick Detection Kit of Pentraxin3 with Wakunaga Pharmaceutical Co., Ltd. to determine exacerbation of diseases associated with vascular inflammation including pneumonia caused by COVID-19.

As a result, sales of the nine months ended December 31, 2022 were 69,668 thousand yen (41.8% increase year on year).

As for profits, operating loss was 475,763 thousand yen (357,545 thousand yen in the same period of the previous year), ordinary loss was 468,313 thousand yen (372,746 thousand yen in the same period of the previous year), and loss was 562,254 thousand yen (393,873 thousand yen in the same period of the previous year).

Segment information is omitted as the Company has a single business segment, the pharmaceutical business.

(2) Explanation of business results forecast and other forecasts

There is no change in business results forecast of the fiscal year ending March 31, 2023 from the forecast in “Non-consolidated Summary of Financial Results for the Fiscal Year Ended March 31, 2022” announced on May 13, 2022.

2. Non-consolidated financial statements

(1) Statement of balance sheet

(Thousand yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	3,214,852	2,611,702
Accounts receivable - trade	10,115	3,523
Finished goods	783	1,115
Supplies	2,504	7,484
Advance payments - trade	22,172	32,954
Prepaid expenses	4,866	8,301
Consumption taxes receivable	35,299	28,312
Other	211	106
Total current assets	3,290,806	2,693,500
Non-current assets		
Property, plant and equipment	0	0
Intangible assets	0	0
Investments and other assets	9,724	51,658
Total non-current assets	9,724	51,658
Total assets	3,300,530	2,745,159
Liabilities		
Current liabilities		
Accounts payable-other	114,569	31,146
Accrued expenses	11,548	25,814
Income taxes payable	19,672	6,845
Deposits received	2,585	3,081
Provision for bonuses	-	7,353
Asset retirement obligations	-	13,609
Total current liabilities	148,375	87,851
Non-current liabilities		
Long-term deposits received	-	46,487
Total non-current liabilities	-	46,487
Total liabilities	148,375	134,338
Net assets		
Shareholders' equity		
Share capital	1,939,252	1,939,252
Capital surplus	2,225,142	2,225,142
Retained earnings	(1,012,240)	(1,574,494)
Treasury shares	-	(20)
Total shareholders' equity	3,152,154	2,589,880
Share acquisition rights	-	20,940
Total net assets	3,152,154	2,610,821
Total liabilities and net assets	3,300,530	2,745,159

(2) Statement of income

(Thousand yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	49,133	69,668
Cost of sales	651	3,453
Gross profit	48,481	66,214
Selling, general and administrative expenses		
Research and development cost	229,077	323,663
Other	176,949	218,314
Total selling, general and administrative expenses	406,027	541,978
Operating loss	(357,545)	(475,763)
Non-operating income		
Interest income	32	37
Subsidy income	234	285
Foreign exchange gains	3,409	7,114
Other	1	31
Total non-operating income	3,677	7,468
Non-operating expenses		
Listing expenses	9,531	-
Taxes and dues	9,346	-
Other	0	19
Total non-operating expenses	18,878	19
Ordinary loss	(372,746)	(468,313)
Extraordinary income		
Gain on reversal of share acquisition rights	2,398	-
Total extraordinary income	2,398	-
Extraordinary losses		
Impairment losses	22,079	92,495
Total extraordinary losses	22,079	92,495
Loss before income taxes	(392,428)	(560,808)
Income taxes – current	1,445	1,445
Total income taxes	1,445	1,445
Loss	(393,873)	(562,254)