

Non-consolidated Summary of Financial Results for the Fiscal Year Ended March 31, 2023

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

May 12, 2023

Company name: Perseus Proteomics Inc. Stock market listing: Tokyo Stock Exchange
 Security code: 4882 URL: <https://www.ppmx.com/en/>
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 Scheduled date of ordinary shareholders' meeting: June 23, 2023
 Scheduled date to commence dividend payment: -
 Scheduled date to file Annual Securities Report: June 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Amounts below one million yen were rounded down.)

1. Financial Results for the year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Operating results

(% represents year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
FY ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	94	31.0	(697)	-	(689)	-	(786)	-
March 31, 2022	71	5.9	(472)	-	(481)	-	(599)	-

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
FY ended	Yen	yen	%	%	%
March 31, 2023	(66.93)	-	(28.5)	(23.5)	(740.7)
March 31, 2022	(54.47)	-	(28.3)	(21.8)	(656.4)

(Note) Diluted earnings per share are not shown although the Company has potential dilutive shares. This is because net losses per share were recorded.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	million yen	million yen	%	Yen
March 31, 2023	2,566	2,396	92.1	201.13
March 31, 2022	3,300	3,152	95.5	268.05

(Reference) Shareholders' equity: As of March 31, 2023: 2,365 million yen As of March 31, 2022: 3,152 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
FY ended	million yen	million yen	million yen	million yen
March 31, 2023	(564)	(212)	(0)	2,444
March 31, 2022	(476)	(33)	2,647	3,214

2. Cash dividends

	Dividend					Total amount of dividends	Dividend payout ratio	Dividends to net asset ratio
	Q1-end	Q1-end	Q3-end	Year-end	Total			
FY ended	Yen	Yen	Yen	Yen	Yen	million yen	%	%
March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
FY ending March 31, 2024 (Forecast)	-	0.00	-	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
Full year	million yen 100	% 6.1	million yen (991)	% —	million yen (991)	% —	million yen (1,185)	% —	yen (100.84)

(Notes) 1. Revision from the most recently announced financial results forecast: No

Notes

(1) 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

(2) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)
 - As of March 31, 2023: 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 March 31, 2023: 47 shares
 - As of March 31, 2022: - shares
- (iii) Average number of shares outstanding during the period
 - As of March 31, 2023: 11,759,368 shares
 - As of March 31, 2022: 10,996,671 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. Overview of business results

(1) Overview of business results of the fiscal year ended March 31, 2023

The global economy in this fiscal year has shown the recovery from the stagflation caused by the COVID-19 pandemic. On the other hand, it has been affected by the prolonged invasion of Ukraine by Russia and inflation in developed countries. In the Japanese economy, gradual recovery has been seen, however, it has been continuously uncertain.

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 business results of each business area are as follows:

1) Drug discovery

During this fiscal year, 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 (^{90}Y), a radioisotope (RI). The antibodies accumulate on the targets on cancer cells and then irradiation from ^{90}Y kills cancer cells.

The license was returned to the Company and PDRadiopharma Inc. (“PDRadiopharma”), a subsidiary of PeptiDream Inc, along with the transfer of radiotherapeutic business from a subsidiary of FUJIFILM Corporation (“FUJIFILM”) to PDRadiopharma. After the discussion, PDRadiopharma and the Company agreed that the Company would lead the development and licensing activities in December 2022. In the phase I expansion conducted by a subsidiary of FUJIFILM in the USA, it has been confirmed that the antibodies accumulate on the target. The Company has been striving for collaboration with an RI medical drug developing company, considering the possibility of change of the RI from ^{90}Y 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 to normalize the number of red blood cells. In the phase I study among PV patients, 6 patients are to be tested. Since recruitment of the patients for this study has delayed, the Company has amended the inclusion criteria to reflect the clinical practice. As a result, three patients have been administered and no significant side effects have been seen. The Company has been taking procedures of increase in clinical trial locations to start administration to the remaining three patients as early as possible. So far, 4 locations have been registered and 4 more locations are under a procedure. The Company now expects the completion of the phase I study in the fiscal year 2023 ending March 31, 2024.

Possibility to be an effective therapeutic drug for aggressive NK cell leukemia (ANKL), an ultra-rare disease, has also been found. The Company has been conducting joint research with Tokai University. 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. In March 2023, an investigator-led clinical trial notification was submitted to and was successfully examined by PMDA. The Company expects administration to patients after registry.

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. The Company has already found the promising combination in the test tube examinations and will start verification in animal experiments.

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. As it uses no RI, there is no limitation of institutes for its use. Therefore, the Company considers it is possible to utilize PPMX-T002 and PPMX-T004 respectively in an appropriate manner.

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 Company has adopted the policy to proceed with its development after obtaining subsidies from the government or other institutes. The research group has been analyzing animal experiments to prove its therapeutic effect aiming at adoption as a subsidy program.

2) Antibody Research Support

In this fiscal year, sales were 12,039 thousand yen, 47.2% increase year on year, due to the order increase and larger scale orders.

3) Antibody and Reagent sales

The sales from antibody and reagent sales continued to recover to be the same level as that of pre-COVID-19. The sales were 82,161 thousand yen, 28.9% increase year on year due to increase of volume and weaker yen in the period with regards to foreign currency transactions between the major customers overseas. 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 fiscal year ended March 31, 2023 were 94,201 thousand yen, 31.0% increase year on year.

As for profits, although the phase I clinical trial of PPMX-T003 among PV patients has delayed, operating loss was 697,769 thousand yen, in line with the initial forecast (operating loss of 472,195 thousand yen in the previous fiscal year). Ordinary loss was 689,604 thousand yen due to non-operating income from foreign exchange gains of 8,183 thousand yen and non-operating expenses of 19 thousand yen (ordinary loss of 481,681 thousand yen in the previous fiscal year). Loss was 786,999 thousand yen (loss of 599,023 thousand yen in the previous fiscal year) although the Company booked extraordinary loss from impairment loss of 86,070 thousand yen for its noncurrent assets in accordance with the Accounting Standard for Impairment of Fixed Assets and 9,397 thousand yen for asset retirement obligation to be used for restoration, respectively.

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

(2) Explanation of business results forecast and other forecasts

In the fiscal year ending March 31, 2024, the Company expects sales of 100,320 thousand yen, an increase from the previous fiscal year. As for profits, operating loss of 991,425 thousand yen and ordinary loss of 991,374 thousand yen are expected as research and development costs will increase due to the phase I clinical trial of PPMX-T003 among PV patients, investigator-led clinical trial of ANKL therapeutic drug, and development of PPMX-T002 and PPMX-T004. Loss of

1,185,776 thousand yen is estimated due to 192,000 thousand yen of extraordinary loss from headquarters relocation costs and impairment loss.

The business results forecasts above are calculated based on the information currently available and actual results may differ from the forecasts due to various factors.

2. Non-consolidated financial statements

(1) Statement of balance sheet

(thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,214,852	2,444,934
Accounts receivable - trade	10,115	9,813
Finished goods	783	983
Supplies	2,504	2,195
Advance payments	22,172	8,049
Prepaid expenses	4,866	7,384
Consumption taxes receivable	35,299	41,620
Other	211	10
Total current assets	3,290,806	2,514,991
Non-current assets		
Property, plant and equipment		
Buildings	8,034	11,445
Accumulated depreciation	(8,034)	(11,445)
Buildings, net	0	0
Tools, furniture and fixtures	115,594	113,655
Accumulated depreciation	(115,594)	(113,655)
Tools, furniture and fixtures, net	0	0
Total property, plant and equipment	0	0
Intangible assets		
Other	0	0
Total intangible assets	0	0
Investments and other assets		
Long-term prepaid expenses	0	0
Other	9,724	51,658
Total investments and other assets	9,724	51,658
Total non-current assets	9,724	51,658
Total assets	3,300,530	2,566,650

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable-other	114,569	54,001
Accrued expenses	11,548	28,633
Income taxes payable	19,672	12,731
Deposits received	2,585	2,950
Asset retirement obligations	-	12,800
Total current liabilities	148,375	111,117
Non-current liabilities		
Long-term deposits	-	58,987
Total non-current liabilities	-	58,987
Total liabilities	148,375	170,105
Net assets		
Shareholders' equity		
Share capital	1,939,252	1,939,252
Capital surplus		
Legal capital surplus	2,225,142	2,225,142
Total capital surplus	2,225,142	2,225,142
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,012,240)	(1,799,240)
Total retained earnings	(1,012,240)	(1,799,240)
Treasury shares	-	(20)
Total shareholders' equity	3,152,154	2,365,134
Share acquisition rights	-	31,411
Total net assets	3,152,154	2,396,545
Total liabilities and net assets	3,300,530	2,566,650

(2) Statement of income

	(thousand yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	71,932	94,201
Cost of sales	4,184	7,668
Gross profit	67,747	86,532
Selling, general and administrative expenses	539,943	784,302
Operating loss	(472,195)	(697,769)
Non-operating income		
Interest income	49	55
Subsidy income	234	285
Foreign exchange gains	9,085	7,809
Other	24	34
Total non-operating income	9,393	8,183
Non-operating expenses		
Taxes and dues	9,346	-
Listing expenses	9,531	-
Other	0	19
Total non-operating expenses	18,878	19
Ordinary loss	(481,681)	(689,604)
Extraordinary income		
Gain on reversal of share acquisition rights	2,398	-
Total extraordinary income	2,398	-
Extraordinary losses		
Impairment losses	117,813	95,468
Total extraordinary losses	117,813	95,468
Loss before income taxes	(597,096)	(785,072)
Income taxes – current	1,927	1,927
Total income taxes	1,927	1,927
Loss	(599,023)	(786,999)

(3) Statement of cash flows

	(thousand yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Loss before income taxes	(597,096)	(785,072)
Depreciation and amortization	2,955	5,710
Impairment losses	117,813	95,468
Interest income	(49)	(55)
Share issuance costs	17,446	—
Share-based payment expenses	-	31,411
Decrease (increase) in trade receivables	(1,364)	301
Decrease (increase) in inventories	(1,372)	109
Decrease (increase) in advance payments - trade	(22,172)	14,122
Increase (decrease) in accounts payable - other	10,408	22,096
Increase (decrease) in long-term deposits	-	58,987
Other, net	(1,536)	(5,489)
Subtotal	(474,968)	(562,409)
Interest received	49	54
Income taxes paid	(1,927)	(1,927)
Income taxes refund	3	7
Net cash flows provided by (used in) operating activities	(476,842)	(564,274)
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,868)	(163,870)
Purchase of intangible assets	-	(6,678)
Purchase of long-term prepaid expenses	-	(506)
Payments of guarantee deposits	-	(41,934)
Net cash flows provided by (used in) investing activities	(33,868)	(212,989)
Cash flows from financing activities		
Proceeds from issuance of shares	2,623,975	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	28,440	-
Purchase of treasury shares	-	(20)
Other, net	(4,868)	-
Net cash flows provided by (used in) financing activities	2,647,548	(20)
Effect of exchange rate change on cash and cash equivalents	8,714	7,365
Net increase (decrease) in cash and cash equivalents	2,145,552	(769,918)
Cash and cash equivalents at beginning of period	1,069,300	3,214,852
Cash and cash equivalents at end of period	3,214,852	2,444,934