Non-consolidated Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

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

August 14, 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: August 14, 2023
Preparation of supplementary material on financial results: No
Holding of financial results presentation meeting: No (for institutional investors and analysts)

(Amounts below one million yen were rounded down.)

1. Financial Results for the three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(1) Operating results (% represents year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
Three months ended	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2023	24	(2.4)	(234)	-	(224)	-	(422)	-
June 30, 2022	25	60.6	(155)	-	(144)	-	(200)	-

	Basic earnings per share	Diluted earnings per share
Three months ended	yen	yen
June 30, 2023	(35.90)	-
June 30, 2022	(17.03)	-

(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
As of	million yen	million yen	%
June 30, 2023	2,152	1,984	90.3
March 31, 2023	2,566	2,396	92.1

(Reference) Shareholders' equity: As of June 30, 2023: 1,943 million yen As of March 31, 2023: 2,365 million yen

2. Cash dividends

	Dividend				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2023	-	0.00	-	0.00	0.00
FY ending March 31, 2024	-				
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
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	100	6.1	(991)	—	(991)	—	(1,185)	—	(100.84)

(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: None

(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 June 30, 2023: 11,759,400 shares

As of March 31, 2023: 11,759,400 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2023: 47 shares

As of March 31, 2023: 47 shares

(iii) Average number of shares outstanding during the period

As of June 30, 2023: 11,759,353 shares

As of June 30, 2022: 11,759,400 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 has been continuously uncertain due to factors including increase in raw materials costs, global inflation, and financial tightening. In the Japanese economy, movements of mild recovery have been seen, however, downside risks of price increase and slowdown in overseas economy have lingered.

The medical industry, to which the Company belongs, has continued to face the important problems including measurement to novel infectious diseases 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 first quarter, there were no sales 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 Company has also been continuously proceeding with establishment of efficient antibody obtaining technology and improvement of its phage library. 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. In accordance with the return of its license from FUJIFILM Corporation ("FUJIFILM") in March 2022, the Company has been developing this antibody as a new medical drug candidate. In the phase I expansion in the USA conducted by a subsidiary of FUJIFILM, it was confirmed that the antibodies accumulated on the target cancer cells. Currently, the Company has been working out the development strategy for out-licensing to an RI medical drug development company including the change from ^{90}Y to more effective RI.

b. PPMX-T003

PPMX-T003, a unique human antibody, was obtained from the phage library of the Company through its own screening technology, ICOS method. It targets TfR, which is related to iron uptake into cells and is highly expressed on cancer cells that proliferate at a significant 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 (RBCs) increase abnormally, as its first indication, expecting that the function of PPMX-T003 to inhibit iron uptake would work effectively to normalize the number of RBC. The Company has been conducting the phase I study, in which 6 patients should be included, in Japan. The Company has increased clinical trial locations to 8 in order to promote inclusion. As of the date of submission of this document, one new patient was registered, resulting in inclusion of 4 patients so far. According to the interim report by the principal investigator in May 2023, the same level of safety and efficacy among the three patients administered PPMX-T003 have been confirmed as those among the healthy volunteers, without severe side effects. Currently, the Company has been preparing for inclusion of the two remaining participants for completion of this clinical trial within this fiscal year.

As PPMX-T003 has been found to have a possibility to be an effective therapeutic drug for aggressive NK-cell leukemia (ANKL), an ultra-rare disease, 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. As planned, in March 2023, an investigator-led clinical trial notification was submitted to and was successfully examined by PMDA. We have established a network of seven clinical trial locations across the country, with Hiroshima University Hospital at the core. This enables us to promptly administer investigational drugs to patients as soon as they are registered.

Also, the Company has been proceeding with joint research on drug discovery with Nagoya University to clarify the

mechanism of action as a therapeutic drug for blood cancers including PV, 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. As the Company has found the promising combination in the test tube examinations and in animal experiments partly, it has been proceeding with the verification.

ADC is expected to have high clinical effects regardless of immune function status 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, a therapeutic drug candidate for various variants of COVID-19 with the University of Toyama and Toyama Prefecture. The Company has adopted the strategy to proceed with its development after obtaining subsidies from the government or other institutes. The research group has been analyzing animal experiments results to prove its therapeutic effect aiming at adoption as a subsidy program.

2) Antibody Research Support

Antibody research support sales were 2,182 thousand yen, despite delay in some deliveries, showing an improvement from the same period last year when there were no sales.

3) Antibody and Reagent Sales

Antibody and reagent sales were 22,594 thousand yen (11.0% decrease year on year), however, the Company expects the sales forecast will be achieved.

Also, the Company has continued to develop the Quick Detection Kit of Pentraxin3 with Wakunaga Pharmaceutical Co., Ltd.

As a result, sales of the first quarter ended June 30, 2023 were 24,776 thousand yen (2.4% decrease year on year).

As for profits, operating loss was 234,569 thousand yen (155,656 thousand yen in the same period of the previous year) and ordinary loss was 224,249 thousand yen (144,753 thousand yen in the same period of the previous year). Loss was 422,124 thousand yen (200,255 thousand yen in the same period of the previous year) due to booking of extraordinary income from gain on sale of non-current assets of 47 thousand yen, and extraordinary losses from impairment losses of noncurrent assets of 129,845 thousand yen and from head office relocation expenses of 67,595 thousand yen, 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

There is no change in business results forecast of the fiscal year ending March 31, 2024 from the forecast in "Non-consolidated Summary of Financial Results for the Fiscal Year Ended March 31, 2023" announced on May 12, 2023.

2. Non-consolidated financial statements

(1) Statement of balance sheet

(thousand yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,444,934	2,036,423
Accounts receivable - trade	9,813	10,495
Finished goods	983	1,114
Supplies	2,195	1,867
Advance payments - trade	8,049	4,214
Prepaid expenses	7,384	12,883
Consumption taxes receivable	41,620	33,879
Other	10	8,807
Total current assets	2,514,991	2,109,685
Non-current assets		
Property, plant and equipment	0	0
Intangible assets	0	0
Investments and other assets	51,658	42,862
Total non-current assets	51,658	42,862
Total assets	2,566,650	2,152,548
Liabilities		
Current liabilities		
Accounts payable-other	54,001	43,611
Accrued expenses	28,633	25,630
Income taxes payable	12,731	5,887
Deposits received	2,950	5,950
Asset retirement obligations	12,800	―
Provision for bonuses	―	2,589
Total current liabilities	111,117	83,669
Non-current liabilities		
Long-term deposits received	58,987	83,987
Total non-current liabilities	58,987	83,987
Total liabilities	170,105	167,656
Net assets		
Shareholders' equity		
Share capital	1,939,252	1,939,252
Capital surplus	2,225,142	2,225,142
Retained earnings	(1,799,240)	(2,221,365)
Treasury shares	(20)	(20)
Total shareholders' equity	2,365,134	1,943,010
Share acquisition rights	31,411	41,881
Total net assets	2,396,545	1,984,891
Total liabilities and net assets	2,566,650	2,152,548

(2) Statement of income

(thousand yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	25,376	24,776
Cost of sales	321	1,528
Gross profit	25,055	23,247
Selling, general and administrative expenses		
Research and development cost	118,203	157,651
Other	62,508	100,165
Total selling, general and administrative expenses	180,711	257,817
Operating loss	(155,656)	(234,569)
Non-operating income		
Interest income	9	8
Subsidy income	285	―
Foreign exchange gains	10,626	10,322
Other	0	0
Total non-operating income	10,922	10,331
Non-operating expenses		
Other	19	11
Total non-operating expenses	19	11
Ordinary loss	(144,753)	(224,249)
Extraordinary income		
Gain on sale of non-current assets	―	47
Total extraordinary income	―	47
Extraordinary losses		
Head office relocation expenses	―	67,595
Impairment losses	55,020	129,845
Total extraordinary losses	55,020	197,440
Loss before income taxes	(199,773)	(421,642)
Income taxes – current	481	481
Total income taxes	481	481
Loss	(200,255)	(422,124)