

Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

The Group is engaged in new drug development focused on expanding unmet medical needs amid structural changes in the pharmaceutical industry, with a focus on rare diseases in the areas of oncology, hematology, and viral infectious diseases, fields that are challenging for major pharmaceutical companies to enter from a profitability perspective.

Under an R&D-focused business model with BCV at its core, the Group aims to transform into a specialty pharmaceutical company in the global market. However, the drug development business is characterized by the need for substantial R&D expenditures and a long development period before products can be commercialized and generate revenue.

Sales of our main product, TREAKISYM®, have been declining continuously due to the impact of drug price revisions and the penetration of generic drugs. In addition, our research and development activities, primarily for BCV, have a business model with a long-term investment recovery period. As a result, the Group recorded an operating loss, an ordinary loss, and a net loss attributable to owners of the parent for two consecutive fiscal years through the fiscal year ended December 31, 2024. Furthermore, as the loss for the fiscal year ended December 31, 2024 was deemed material, the Group recognized that there are events or conditions exist that may cast significant doubt on the Group's ability to continue as a going concern.

In the fiscal year under review, the Group recorded an operating loss, an ordinary loss, and net loss attributable to owners of the parent, and events or conditions exist that may cast significant doubt on the Group's ability to continue as a going concern..

In response to these conditions, the Group is implementing the following measures.

1. Enhancing business value

The Group positions BCV as the core pipeline of its business and is conducting development activities centered on the global Phase III clinical trial targeting adenovirus infection following hematopoietic stem cell transplantation, with a view to filing marketing authorization applications and bringing the product to market.

As this therapeutic area has limited treatment options and extremely high unmet medical needs, the Group believes the steady execution of the clinical development of BCV will be a key factor in qualitatively transforming its business value.

In addition to adenovirus infection, the Group is also pursuing R&D on BCV for multiple indications, including PML and oncology-related diseases, thereby seeking to expand its pipeline value without relying on a single indication. Through these efforts, the Group aims to realize multifaceted business value centered on BCV.

As future growth options, the Group is also examining the potential commercialization of technological assets in adjacent fields such as diagnostics and is working to enhance the value of its overall business portfolio.

2. Securing funds

Considering the characteristics of its R&D-focused business, the Group utilizes financing methods such as equity financing to secure the funds necessary for business operations.

The Group will execute such financing in accordance with funding requirements, while taking into consideration R&D progress and market conditions, and will continue its efforts to secure sufficient funding.

3. Fundraising and business alliances through collaboration with other companies

In promoting the development of BCV and the IVD business, the Group is continuously considering the possibility of fundraising and business alliances through collaboration with other companies and is advancing discussions with potential partners.

These initiatives are positioned not only as means to diversify R&D risks and reduce financial burdens, but also as one of the measures to accelerate the realization of the Group's business value.

4. Improving business profitability

Regarding research results generated from in-house research and joint research with domestic and overseas research institutions, the Group is working to establish intellectual property rights and create revenue opportunities through out-licensing and other arrangements.

At the same time, the Group will continue to thoroughly manage costs and reduce expenses, taking into consideration progress in R&D activities, and will seek to improve operational efficiency and business profitability by optimizing its fixed-cost structure.

Although the Group is implementing the above measures, uncertainties remain with respect to the progress of BCV-related R&D,

the success or failure of future partnerships and business alliances, and the financing environment. Accordingly, the Group recognizes that, at present, a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that might result from this material uncertainty.

(Basis of consolidated financial statements)

(Scope of consolidation)

(1) Number of consolidated subsidiaries and the name of consolidated subsidiary

Number of consolidated subsidiaries	One
Name of consolidated subsidiary	SymBio Pharma USA, Inc.

(2) Number of non-consolidated subsidiaries and the name of non-consolidated subsidiary

Number of non-consolidated subsidiaries	One
Name of non-consolidated subsidiary	SymBio Pharma Ireland Limited.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiary is small in size and its total assets, net sales, net income/loss, and retained earnings have no material impact on the consolidated financial statements.

(Application of equity method accounting)

None to be reported.

(Significant accounting policies)

(1) Valuation basis and method of marketable and investment securities

Marketable and investment securities

Shares of subsidiaries and affiliates	Shares of subsidiaries are stated at cost determined by the moving-average method.
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Other marketable and investment securities

Available-for-sale securities with determinable market value	Available-for-sale securities with a determinable market value are stated at fair value based on marketable value on the closing date and other premises. Any valuation differences are included directly in shareholders' equity. Cost of securities sold is calculated by the moving-average method.
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Available-for-sale securities without determinable market value	Available-for-sale securities without determinable market value are stated at cost determined by the moving-average method.
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Derivative transactions	Derivative financial instruments are stated at fair value.
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Inventories	Merchandise and finished goods are stated at cost determined by the first-in, first-out method, and semi-finished goods and supplies are stated at cost determined by the weighted average cost method. The amount on the balance sheet is calculated by reducing book value when the contribution of inventories to profitability declines. Inventory items are classified into separate categories for the purpose of detailed monitoring of inventory movements and appropriate valuation.
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(2) Depreciation and amortization of non-current assets

Property, plant and equipment (excluding lease assets)	Depreciation of property, plant and equipment is computed by the straight-line method.
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The useful lives of major property, plant and equipment are summarized as follows:

Buildings	15 years
Tools, furniture and fixtures	3 to 10 years

Intangible assets (excluding lease assets)	Amortization of intangible assets is computed by the straight-line method. Capitalized software costs are being amortized over the period of the internal use of five years.
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Lease assets	Depreciation of lease assets is computed by the straight-line method over the lease term with no residual value.
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(3) Basis for reserves and provisions

Provision for doubtful accounts The amount of accounts receivable that are not expected to be collected is recorded to provision for doubtful accounts.

(4) Recognition of significant revenues and expenses

The Group recognizes revenue from the sale of merchandise and finished goods at the time of delivery to the customer, as this is when the control of the merchandise and finished goods is transferred to the customer and performance obligations are satisfied. Revenue from the sale of merchandise and finished goods is estimated within the range in which it is highly probable that there will not be a significant reversal of the consideration promised in the contract with the customer less sales rebates in accordance with the terms of the sales contract. The amount of consideration expected to be refunded to the customer is recorded as a refund liability. The refund liability is estimated based on the terms of the contract and past records.

(5) Other significant matters for preparation of consolidated financial statements

(i) Fiscal year of the consolidated subsidiary

The closing date of the consolidated subsidiary is the same as the consolidated closing date.

(ii) Accounting method for deferred assets

Share issuance costs and bond issuance costs are recorded in full as expenses when incurred.

(iii) Accounting method for retirement benefits

A simplified method is applied in calculating the retirement benefit liabilities and retirement benefit expenses, using the amount of benefits that would be payable if all employees voluntarily retired at the end of the fiscal year as retirement benefit liabilities.

(iv) Standard for translation of foreign-currency denominated assets or liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the closing date, and the difference arising from such translation is recorded as profit or loss.

Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate prevailing on the consolidated balance sheet date, while revenues and expenses are translated into yen at the average exchange rate during the period.

(Note to Accounting Estimates)

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Impairment loss recorded in the fiscal year under review: 109,273 thousand yen

(2) Information regarding accounting estimates on the identified item

(i) Calculation method

The Company generally groups its assets by the smallest unit that generates independent cash flows, assesses each grouping for indications of impairment, and determines the recognition of impairment losses for those assets or asset groups for which there are indications of impairment. The Company operates a single business and groups its business assets as a whole company.

When there is an indication of impairment, the Company determines whether an impairment loss should be recognized, and if so, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The recoverable amount is the higher of the net realizable value or the value in use of the asset or asset group, and the recoverable amount for the current fiscal year was measured by the value in use. Value in use is calculated as the discounted present value of future cash flows, and future cash flows are based on the budget approved by the Board of Directors.

(ii) Major assumptions

Future cash flows are estimated on a budgetary basis. Future cash flows are developed based on certain assumptions that take into account important uncertainties, such as the sales situation affected by the sales volume of existing drugs, the timing and likelihood of the launch of drugs in the development stage, and the impact of the progress of the development plan.

(iii) Impact on the consolidated financial statements for subsequent fiscal years

The above major assumptions may be affected by future changes in economic trends and other factors, and if it becomes necessary to revise the assumptions, new impairment losses may be incurred in the next fiscal year.

(Additional information)

None to be reported.

(Consolidated Balance sheet)

Accumulated depreciation included accumulated impairment losses.

(Consolidated statement of income)

R&D costs included in general and administrative expenses: 3,297,362 thousand yen

(Statement of changes in equity)

(1) Type and number of shares issued and treasury shares

(Unit: number of shares)

	At beginning of current period	Increase	Decrease	At end of current period
Common stock	45,928,856	13,638,224	–	59,567,080

(Notes) Increase of 10,770,425 shares in the total number of outstanding common shares is due to the exercise of share acquisition rights and increase of 2,867,799 shares issued in common stock is due to the conversion of convertible-bond-type-bonds with share acquisition rights.

(2) Number of shares to be issued upon exercise of share acquisition rights issued at the end of the fiscal year under review

Common stock 49,416,848 shares

(Note) Excludes share acquisition rights for which the commencement date of the exercise period has not yet arrived.

(3) Matters related to dividends from surplus paid during the current fiscal year.

None to be reported

(Financial instruments)

(1) Financial instruments

(i) Policies for financial instruments

The Group procures the funds necessary in light of the pipeline development plan (primarily by third-party allotment and offering by new share issuance). A temporary surplus fund is invested in financial instruments which are highly safe and liquid.

As a principle, the Group does not enter into derivative transactions for speculative trading purposes but uses them within the scope prescribed in the Group's internal rules.

(ii) Types of financial instruments and related risks

Operating receivables such as accounts receivable–trade are exposed to the credit risk of customers. Operating receivables denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

Operating payables such as accounts payable–trade and accounts payable–other are mostly due within 60 days.

The Group uses derivative transactions to avoid foreign exchange fluctuation risks and enters into forward exchange contracts within the scope prescribed in the internal rules based on balances of receivables and payables denominated in foreign currencies as well as the actual volume of export and import transactions denominated in foreign currencies.

Leasehold and guarantee deposits are mostly security deposits related to leased office premises and their refunds are subject to the credit risk of the lessor.

The convertible-bond-type-bonds with stock acquisition rights and the bonds payable were issued primarily to raise funds for research and development.

(iii) Risk management for financial instruments

1. Monitoring of credit risks (the risk that customers or counterparties may default on obligations)

In accordance with the Group's internal credit policies for managing credit risk arising from operating receivables, the department in charge periodically monitors the creditworthiness of major customers and monitors due dates and outstanding balances by individual customers. In addition, the Company is making efforts to promptly identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group enters into derivative transactions only with financial institutions which have a sound credit profile in order to mitigate the counterparty risk.

2. Monitoring of market risk (the risk arising from fluctuations in foreign exchange rates, interest rates, and others)

The Group deposits cash primarily with financial institutions with high credit ratings.

The Group enters into forward exchange contracts in order to avoid foreign exchange fluctuation risks in connection with receivables and payables denominated in foreign currencies.

Followed by appropriate authorization procedures prescribed in the Group's internal rules, the Finance & Accounting department executes and monitors derivative transactions. Transaction performances are reported to the Executive Management Committee on a regular basis.

3. Monitoring of liquidity risks (the risk that the Company may not be able to meet its obligations on the scheduled due date)

Based on the report from each department, the responsible department of the Group prepares and updates its cash flow plans on a timely basis and ensures to maintain the liquidity on hand to manage liquidity risk.

(iv) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

(v) Concentration of credit risk

As of the end of fiscal year under review, 100% operating receivables are from one particular major customer.

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheet, fair values, and their differences as of December 31, 2025 are as follows.

(Unit: thousands of yen)

Category	Carrying value on the balance sheet	Fair value	Difference
(1)Leasehold and guarantee deposits	37,349	27,474	(9,874)
Assets, total	37,349	27,474	(9,874)
(1)Convertible-bond-type-bonds with share acquisition rights	1,300,000	1,312,274	12,274
(2)Bonds payable	682,500	664,998	(17,501)
Liabilities, total	1,982,500	1,977,273	(5,226)

(Note) 1. Cash and deposits, Accounts receivable–trade, Accounts payable–trade, Accounts payable–other, Income taxes payable and Consumption taxes payable are omitted because they are cash or are settled within a short time and the fair value is almost equal to the book value.

(Note) 2. Shares and similar securities for which market prices are not available are not included in the above table. The amounts of these financial instruments recognized on the consolidated balance sheet are as follows.

(Unit: thousands of yen)

Category	Carrying value on the balance sheet
Shares of subsidiaries and associates	15

(Note) 3. The redemption schedule for monetary assets and securities with maturities after the closing date

(Unit: thousands of yen)

Category	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	2,883,503	—	—	—
Accounts receivable–trade	259,676	—	—	—
Total	3,143,180	—	—	—

(Notes) Lease and guarantee deposits are not included because it is not possible to clearly determine the return date necessary to estimate the amortized amount of lease and guarantee deposits.

(Note)4. Scheduled repayment amounts of convertible-bond-type bonds with share acquisition rights and bonds payable after the fiscal year-end

(Unit: thousands of yen)

Category	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after one year through five years	Due after five years
Convertible-bond-type-bonds with share acquisition rights	—	1,300,000	—	—	—	—
Bonds payable	682,500	—	—	—	—	—
Total	682,500	1,300,000	—	—	—	—

(3) Fair Value of Financial Instruments by levels

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from observable inputs that are not included in Level 1 inputs.

Level 3: Fair value derived from unobservable inputs.

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified at lower level category.

(i)Financial instruments measured at fair value

None to be reported.

(ii)Financial instruments other than those measured at fair value

(Unit: thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	—	27,474	—	27,474
Assets, total	—	27,474	—	27,474
convertible-bond-type-bonds with share acquisition rights	—	1,312,274	—	1,312,274
Bonds payable	—	664,998	—	664,998
Liabilities, Total	—	1,977,273	—	1,977,273

(Notes)

Derivative transactions

Fair value calculations are based on quoted prices provided by counterparty financial institutions and are classified as Level 2 fair value.

Leasehold and guarantee deposits

Based on a reasonably estimated expected return period, the fair value is calculated based on the present value of the future cash flows discounted by the Japanese government bond yields corresponding to the period until redemption, and is classified as Level 2 fair value.

Convertible-bond-type-bonds with share acquisition rights

Based on the redemption dates of the convertible-bond-type-bonds with share acquisition rights as of the fiscal year-end, the present value is calculated by discounting the total principal and interest using rates that reflect the remaining terms and credit risk of the convertible-bond-type-bonds with share acquisition rights. These are classified as Level 2 fair values.

Bonds payable

Based on the redemption dates of the bonds payable as of the fiscal year-end, the present value is calculated by discounting the total principal and interest using rates that reflect the remaining terms and credit risk of the convertible-bond-type-bonds with share acquisition rights. These are classified as Level 2 fair values.

(Revenue recognition)

(1) Information about breakdown of revenue from contracts with customers

(Unit: thousands of yen)

	Current Consolidated Fiscal Year (From January 1, 2025 to December 31, 2025)
Sales of Merchandise and finished goods	1,307,648
Revenue from contracts with customers	1,307,648
Sales to external customers	1,307,648

(2) Underlying information in understanding revenue

Underlying information in understanding revenue is as stated in (Basis of consolidated financial statements), (Significant accounting policies), (4) Recognition of significant revenues and expenses.

(3) Information for understanding the revenue amount for the fiscal year under review and subsequent fiscal years

(i) Balance of contract assets and contract liabilities

The Group has no balance of contract assets and contract liabilities. In addition, no revenue was recognized in the fiscal year under review from performance obligations satisfied in previous fiscal years.

(ii) Transaction price allocated to remaining performance obligations

The Group does not have any material transactions with an initial expected term of contract exceeding one year. Further, there is no material amount of consideration arising from contracts with customers that is not included in the transaction price.

(Per-share information)

(1) Net assets per share	15.54 yen
(2) Net loss per share	(95.12) yen
Average number of shares outstanding during the year	50,211,602 shares

(Significant subsequent events)

None to be reported.

Notes to Non-Consolidated Financial Statements

(Notes on the going concern assumption)

The Company is engaged in new drug development focused on expanding unmet medical needs amid structural changes in the pharmaceutical industry, with a focus on rare diseases in the areas of oncology, hematology, and viral infectious diseases—fields that are challenging for major pharmaceutical companies to enter from a profitability perspective.

Under an R&D-focused business model with BCV at its core, the Company aims to transform into a specialty pharmaceutical company in the global market. However, the drug development business is characterized by the need for substantial R&D expenditures and a long development period before products can be commercialized and generate revenue.

Sales of our main product, TREAKISYM®, have been declining continuously due to the impact of drug price revisions and the penetration of generic drugs. In addition, our research and development activities, primarily for BCV, have a business model with a long-term investment recovery period. As a result, the Company recorded an operating loss, an ordinary loss, and a net loss for two consecutive fiscal years through the fiscal year ended December 31, 2024. Furthermore, as the loss for the fiscal year ended December 31, 2024 was deemed material, the Company recognized that events or conditions exist that may cast significant doubt on the Company's ability to continue as a going concern.

In the fiscal year under review, the Company recorded an operating loss, an ordinary loss, and net loss, and events or conditions exist that may cast significant doubt on the Company's ability to continue as a going concern.

In response to these conditions, the Company is implementing the following measures.

1. Enhancing business value

The Company positions BCV as the core pipeline of its business and is conducting development activities centered on the global Phase III clinical trial targeting adenovirus infection following hematopoietic stem cell transplantation, with a view to filing marketing authorization applications and bringing the product to market.

As this therapeutic area has limited treatment options and extremely high unmet medical needs, the Group believes the steady execution of the clinical development of BCV will be a key factor in qualitatively transforming its business value.

In addition to adenovirus infection, the Company is also pursuing R&D on BCV for multiple indications, including PML and oncology-related diseases, thereby seeking to expand its pipeline value without relying on a single indication. Through these efforts, the Group aims to realize multifaceted business value centered on BCV.

As future growth options, the Company is also examining the potential commercialization of technological assets in adjacent fields such as diagnostics and is working to enhance the value of its overall business portfolio.

2. Securing funds

Considering the characteristics of its R&D-focused business, the Company utilizes financing methods such as equity financing to secure the funds necessary for business operations.

The Company will execute such financing in accordance with funding requirements, while taking into consideration R&D progress and market conditions, and will continue its efforts to secure sufficient funding.

3. Fundraising and business alliances through collaboration with other companies

In promoting the development of BCV and the IVD business, the Company is continuously considering the possibility of fundraising and business alliances through collaboration with other companies and is advancing discussions with potential partners.

These initiatives are positioned not only as means to diversify R&D risks and reduce financial burdens, but also as one of the measures to accelerate the realization of the Company's business value.

4. Improving business profitability

Regarding research results generated from in-house research and joint research with domestic and overseas research institutions, the Company is working to establish intellectual property rights and create revenue opportunities through out-licensing and other arrangements.

At the same time, the Company will continue to thoroughly manage costs and reduce expenses, taking into consideration progress in R&D activities, and will seek to improve operational efficiency and business profitability by optimizing its fixed-cost structure.

Although the Company is implementing the above measures, uncertainties remain with respect to the progress of BCV-related R&D, the success or failure of future partnerships and business alliances, and the financing environment. Accordingly, the Company recognizes that, at present, a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis and do not include any adjustments that might result from this material uncertainty.

(Significant accounting policies)

(1) Valuation basis and method of marketable and investment securities

Marketable and investment securities

Shares of subsidiaries and affiliates Shares of subsidiaries are stated at cost determined by the moving-average method.

Other marketable and investment securities

Available-for-sale securities with determinable market value Available-for-sale securities with a determinable market value are stated at fair value based on marketable value on the closing date and other premises. Any valuation differences are included directly in shareholders' equity. Cost of securities sold is calculated by the moving-average method.

Available-for-sale securities without determinable market value Available-for-sale securities without determinable market value are stated at cost determined by the moving-average method.

Derivative transactions Derivative financial instruments are stated at fair value.

Inventories Merchandise and finished goods are stated at cost determined by the first-in, first-out method, and semi-finished goods and supplies are stated at cost determined by the weighted average cost method. The amount on the balance sheet is calculated by reducing book value when the contribution of inventories to profitability declines. Inventory items are classified into separate categories for the purpose of detailed monitoring of inventory movements and appropriate valuation.

(2) Depreciation and amortization of non-current assets

Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is computed by the straight-line method.

The useful lives of major property, plant and equipment are summarized as follows:

Buildings	15 years
Tools, furniture and fixtures	3 to 10 years

Intangible assets (excluding lease assets) Amortization of intangible assets is computed by the straight-line method.

Capitalized software costs are being amortized over the period of the internal use of five years.

Lease assets Depreciation of lease assets is computed by the straight-line method over the lease term with no residual value.

(3) Deferred assets

Share issuance costs and bond issuance costs Share issuance costs and bond issuance costs are recorded as expenses in full at the time of expenditure.

(4) Basis for translating assets and liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the closing date, and resulting gains or losses are credited or charged to income.

(5) Basis for reserves and provisions

Provision for retirement benefits The provision for retirement benefits is provided based on an estimated amount for retirement benefit obligations at the end of fiscal year under review.
The Company applies the simplified method to calculate amounts of provision for retirement benefits and retirement benefit expenses. That is, the amount of retirement benefit obligations are the payments required for voluntary retirement as of each fiscal year end.

Provision for doubtful accounts

The amount of accounts receivable that are not expected to be collected is recorded to provision for doubtful accounts.

(6) Recognition of revenues and expenses

The Company recognizes revenue from the sale of merchandise and finished goods at the time of delivery to the customer, as this is when the control of the merchandise and finished goods is transferred to the customer and performance obligations are satisfied. Revenue from the sale of merchandise and finished goods is estimated within the range in which it is highly probable that there will not be a significant reversal of the consideration promised in the contract with the customer less sales rebates in accordance with the terms of the sales contract. The amount of consideration expected to be refunded to the customer is recorded as a refund liability. The refund liability is estimated based on the terms of the contract and past performance.

(Note to Accounting Estimates)

(1) Amount recorded in the Company financial statements for the fiscal year under review

Impairment loss recorded in the fiscal year under review: 109,273 thousand yen

(2) Information regarding accounting estimates on the identified item

(i) Calculation method

The Company generally groups its assets by the smallest unit that generates independent cash flows, assesses each grouping for indications of impairment, and determines the recognition of impairment losses for those assets or asset groups for which there are indications of impairment. The Company operates a single business and groups its business assets as a whole company.

When there is an indication of impairment, the Company determines whether an impairment loss should be recognized, and if so, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The recoverable amount is the higher of the net realizable value or the value in use of the asset or asset group, and the recoverable amount for the current fiscal year was measured by the value in use. Value in use is calculated as the discounted present value of future cash flows, and future cash flows are based on the budget approved by the Board of Directors.

(ii) Major assumptions

Future cash flows are estimated on a budgetary basis. Future cash flows are developed based on certain assumptions that take into account important uncertainties, such as the sales situation affected by the sales volume of existing drugs, the timing and likelihood of the launch of drugs in the development stage, and the impact of the progress of the development plan.

(iii) Impact on the consolidated financial statements for subsequent fiscal years

The above major assumptions may be affected by future changes in economic trends and other factors, and if it becomes necessary to revise the assumptions, new impairment losses may be incurred in the next fiscal year.

(Additional information)

None to be reported.

(Balance sheet)

(1) Monetary assets receivable from subsidiaries are as follows.

Short-term monetary assets receivable: 42,211 thousand yen

(2) Accumulated depreciation includes accumulated impairment losses.

(Statement of income)

(1) R&D costs included in general and administrative expenses: 3,437,723 thousand yen

(2) Transaction volume with subsidiaries and affiliates is as follows.

Transaction volume of operating transactions: 796,048 thousand yen

(Statement of changes in equity)

Type and number of shares issued and treasury shares

(Unit: number of shares)

	At beginning of current period	Increase	Decrease	At end of current period
Common stock	90,789	351	75	91,065

(Notes) 1. Increase of 351 treasury shares in common stock is due to the purchase of shares less than one unit.

2. Decrease of 75 treasury shares in common stock is due to the sale of shares less than one unit to shareholders.

(Tax effect accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets: (Unit: thousands of yen)

Research and development expenses disallowed 2,371,593

Excess amortization for deferred assets 170,518

Impairment loss disallowed	123,194
Share-based compensation expenses disallowed	104,540
Accounts payable—other disallowed	36,415
Enterprise taxes payable disallowed	32,744
Asset retirement obligations disallowed	16,198
Retirement Benefits disallowed	1,547
Excess depreciation for lump-sum depreciable assets	347
Loss carried forward	7,557,669
Subtotal of deferred tax assets	10,414,769
Valuation allowances for loss carried forward	(7,557,669)
Valuation allowances for deductible temporary differences	(2,857,100)
Subtotal of valuation allowances	(10,414,769)
Total deferred tax assets	—

(Transactions with affiliated parties)

(1) Subsidiaries

Type	Name	Location	Capital (thousand yen)	Business description	Ownership ratio of voting rights (%) (owned/being owned)	Relationship with affiliated party	Transaction description	Transaction amount (thousand yen)	Account	Year-end balance (thousand yen)
Subsidiary	SymBio Pharma USA, Inc.	United States of America	0	Research and development of pharmaceuticals	Direct 100	Concurrent officer (officer holds concurrent post) Outsourcing	Outsourcing of services	796,048	Accounts Receivable	42,211

(2) Directors and Major Individual Shareholders, etc.

Type	Name	Location	Capital (thousand yen)	Business description / Occupation	Ownership ratio of voting rights (%) (owned/being owned)	Relationship with affiliated party	Transaction description	Transaction amount (thousand yen)	Account	Year-end balance (thousand yen)
Director	Takaaki Fukushima	—	—	Former Executive Officer of the Company	Direct 0.04 (owned)	—	Exercise of stock options	11,033 (22,500 shares)	—	—

(Note) The exercise of stock options in the fiscal year reported above relates to options granted pursuant to resolutions of the Board of Directors held on March 26, 2020, March 24, 2021 and March 29, 2022.

(Notes on revenue recognition)

Underlying information for understanding revenue arising from contracts with customers

Underlying information for understanding revenue arising from contracts with customers is as stated in (Significant accounting policies), (6) Recognition of revenues and expenses.

(Per-share information)

(1) Net assets per share	11.38 yen
(2) Net loss per share	(97.62) yen
Average number of shares outstanding during the year	50,211,602 shares

(Significant subsequent events)

None to be reported.