Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2025 [Japanese GAAP]

February 6, 2026

Company name: Oncolys BioPharma Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 4588
URL: https://www.oncolys.com
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Scheduled date of Annual General Meeting of Shareholders: March 24, 2026
Scheduled date of commencing dividend payments: —
Scheduled date of filing annual securities report: March 25, 2026
Availability of supplementary briefing material on financial results: No
Schedule of financial results briefing session: Scheduled (for analysts)

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

1. Financial Results for the Fiscal Year Ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2025	28	(9.0)	(2,024)	-	(2,051)	-	(2,058)	-
December 31, 2024	31	(50.2)	(1,681)	-	(1,663)	-	(1,684)	-

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	(80.00)	-	(61.1)	(52.9)	-
December 31, 2024	(77.17)	-	(80.2)	(63.5)	-

(Reference) Equity in earnings of affiliates: Fiscal year ended December 31, 2025: ¥- million
Fiscal year ended December 31, 2024: ¥- million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2025	4,555	3,999	87.6	136.38
As of December 31, 2024	3,198	2,752	85.8	110.40

(Reference) Equity: As of December 31, 2025: ¥3,992 million
As of December 31, 2024: ¥2,744 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2025	(1,940)	(7)	3,221	3,429
December 31, 2024	(2,020)	(4)	2,879	2,165

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended December 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2026 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Financial Results Forecast for the Fiscal Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

Financial results forecast is not disclosed due to the difficulty of making reasonable estimates. For details, please see "1. Overview of Business Results, etc. (4) Future Outlook" on page 3 of the supplementary material.

*** Notes:**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
- December 31, 2025: 29,291,600 shares
- December 31, 2024: 24,961,600 shares

2) Total number of treasury shares at the end of the period:
- December 31, 2025: 17,641 shares
- December 31, 2024: 101,238 shares

3) Average number of shares during the period:
- Fiscal year ended December 31, 2025: 25,725,718 shares
- Fiscal year ended December 31, 2024: 21,831,246 shares

* These financial results are outside the scope of audit by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

(Note regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of the release of these materials and certain assumptions deemed reasonable, and do not represent a commitment from the Company that they will be achieved. In addition, actual financial results, etc. may differ significantly due to a wide range of factors. For the assumptions used in forecasting financial results and notes regarding the use of financial forecasts, please see “1. Overview of Business Results, etc. (4) Future Outlook” on page 3 of the supplementary material.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During the fiscal year ended December 31, 2025, although uncertainties increased due to U.S. tariff policy, the Japanese economy saw robust corporate activities, with the expectation of a limited impact from mutual tariff policies following the agreement between Japan and the U.S. Meanwhile, the unstable situation continues due to factors such as the deterioration in political relations with China and no resolution in sight for the Russia-Ukraine war and the Israel conflict.

Under these circumstances, the Company has been pursuing a vision of "Providing new options to future cancer treatments, and leaving our footprint in the history of cancer treatment through those achievements." In particular, the Company is promoting research, development, and business activities with a focus on oncolytic virus OBP-301. The Company is progressively moving from the conventional single business model dependent on licenses to a "hybrid business model" that combines a pharmaceutical company-type business model and a license-type business model, with the development of the domestic business of OBP-301 as a pharmaceutical company-type business model.

In addition, concerning LINE-1 inhibitor OBP-601 (censavudine), Transposon Therapeutics, Inc. (hereinafter "Transposon") is conducting clinical trials at its own expense based on a license agreement and proceeding with business activities.

For details of the Company's activities, please refer to "5. Supplemental Information (1) Research and Development Activities."

For the fiscal year ended December 31, 2025, net sales were ¥28,546 thousand (net sales of ¥31,384 thousand in the previous fiscal year), and operating loss was ¥2,024,068 thousand (operating loss of ¥1,681,403 thousand in the previous fiscal year). In addition, the Company recorded interest income of ¥3,949 thousand, and other items as non-operating income, as well as share acquisition rights issuance costs of ¥7,177 thousand, share issuance costs of ¥9,222 thousand, and other items as non-operating expenses. Ordinary loss was ¥2,051,244 thousand (ordinary loss of ¥1,663,911 thousand in the previous fiscal year). The Company also recorded an impairment loss of ¥2,772 thousand on the renovation of the Tokyo head office, etc., as an extraordinary loss. As a result, net loss was ¥2,058,049 thousand (net loss of ¥1,684,778 thousand in the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year Under Review

1) Status of Assets, Liabilities and Net Assets

Assets at the end of the fiscal year under review were ¥4,555,879 thousand (42.4% increase compared with the end of the previous fiscal year), owing partly to an increase in cash and deposits. Liabilities were ¥555,909 thousand (24.5% increase compared with the end of the previous fiscal year), owing partly to an increase in contract liabilities resulting from advances received. Net assets were ¥3,999,969 thousand (45.3% increase compared with the end of the previous fiscal year), owing to capital increase through issuance of new shares, loss incurred and other factors.

2) Status of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review were ¥3,429,561 thousand (58.3% increase compared with the end of the previous fiscal year). Cash flows for the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash flows used in operating activities were ¥1,940,866 thousand (a cash outflow of ¥2,020,088 thousand in the previous fiscal year). This is primarily attributable to loss before income taxes of ¥2,054,016 thousand, a decrease in advance payments – other of ¥147,229 thousand, an increase in accounts receivable – other of ¥199,872 thousand, and an increase in contract liabilities of ¥110,000 thousand.

(Cash flows from investing activities)

Net cash flows used in investing activities were ¥7,583 thousand (a cash outflow of ¥4,705 thousand in the previous fiscal year). This is primarily attributable to payments of leasehold and guarantee deposits of ¥4,496 thousand and purchase of property, plant and equipment of ¥3,014 thousand.

(Cash flows from financing activities)

Net cash flows provided by financing activities were ¥3,221,897 thousand (a cash inflow of ¥2,879,444 thousand in the previous fiscal year). This is primarily attributable to proceeds from issuance of common shares of ¥3,193,862 thousand, proceeds from long-term loans payable of ¥100,000 thousand, repayments of long-term loans payable of ¥94,444 thousand and repayments of lease obligations of ¥10,177 thousand.

(3) Overview of Cash Flows for the Fiscal Year Under Review

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Equity ratio (%)	71.5	85.8	87.6
Equity ratio based on fair value (%)	545.4	402.6	889.3
Interest-bearing liabilities to cash flows (Note 4)	—	—	—
Interest coverage ratio (Note 4)	—	—	—

Equity ratio: Equity/Total assets
Equity ratio based on fair value: Total market value of shares/Total assets
Interest-bearing liabilities to cash flows: Interest-bearing liabilities /Cash flows
Interest coverage ratio: Cash flows/Interest payments

(Note 1) Total market value of shares was calculated by multiplying the closing price on the fiscal year-end date by the number of outstanding shares on the fiscal year-end date (excluding treasury shares).
(Note 2) Operating cash flows are used as cash flows.
(Note 3) Interest-bearing liabilities include all liabilities recorded on the balance sheets for which interest is paid.
(Note 4) Figures are not presented as operating cash flows were negative.

(4) Future Outlook

The Company still has a small stable revenue base, and our financial results fluctuate greatly depending on the presence or absence of milestone revenue payments generated from our distribution partnership agreement for OBP-301, achieving the development event of LINE-1 inhibitor OBP-601 by Transposon, and that company's IPO, M&A and other corporate action that generates milestone revenue payments. The product sales revenue from OBP-301, which we aim to launch in 2026, will also fluctuate greatly depending on factors such as pharmaceutical prices and market development.

For these reasons, we believe that it is difficult to calculate an appropriate and reasonable figure for the earnings forecast at this time due to the many undetermined factors that will affect our business performance, and therefore, we refrain from disclosing the forecast. In addition, since the Company manages its performance annually, the Company omits the description of its earnings forecasts for the second quarter (cumulative).

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year Under Review and Next Fiscal Year

As a research and development-based venture, the Company has focused on upfront investments of business capital, etc., and has yet to distribute profits. However, the Company recognizes the return of profits to shareholders to be an important issue for management and will determine its dividend policy that takes the operating results of each fiscal year into account, while considering further strengthening of the management foundation and the enhancement of internal reserves in preparation for further proactive business development. In accordance with this basic policy, dividend distributions are not scheduled for the fiscal year under review or the next fiscal year.

2. Management Policies

(1) Basic Policy on Management

The Company conducts a research- and development-oriented business as a biotech company for drug discovery and promotes the development and commercialization of novel drugs for cancer virotherapy, drugs for the treatment of serious infectious diseases and other drugs. In particular, we aim to grow as a virus drug discovery company focusing on the fields of "virotherapy for cancer," primarily the oncolytic virus OBP-301 and the next-generation oncolytic virus OBP-702, as well as "drugs for the treatment of serious viral infectious diseases," mainly OBP-2011 for the treatment of viral infectious diseases. Furthermore, OBP-601, a drug which utilizes the mechanism of a nucleoside reverse transcriptase inhibitor and that was developed as a treatment for HIV infection, is being repositioned as a LINE-1 inhibitor, and is being developed by Transposon under license as a treatment for intractable neurological diseases.

Until now, the Company's business model has been to develop drug pipelines up to the initial clinical trial stage, and then license the pipelines to pharmaceutical companies for further development and marketing in exchange for contractual lump-sum payments, milestone revenue, royalty revenue, etc. Going forward, however, in addition to the license-type business model described above, the Company will pursue the development of OBP-301 in Japan according to a pharmaceutical company-type business model, in which we obtain the required manufacturing and marketing approvals by ourselves.

We are progressively moving from a business model based solely on license income that depends on the management policies of major pharmaceutical companies to a hybrid business model that combines a "pharmaceutical company-type business model that provides a steady revenue stream by supplying pharmaceutical products as a manufacturer and distributor" and a "license-type business model."

The basic policy of the Company is to provide essential drug discovery services such that "without Oncolys, there will be trouble for the medical field, and thus the patients," and the Company will contribute to early solutions to the challenges faced by the medical field.

(2) Target Business Indicators

The Company is a research and development-based biotech company involved in drug discovery, and profits are typically expected to increase when pipelines that are currently in development are placed on the market, and we begin receiving product sales revenue and royalty revenues from marketing partners and license agreement counterparties. Therefore, the Company considers that its research and development expenses necessary to obtain Proof of Concept (POC) in the clinical trials, which is a measure of the product value of the pipeline, are an important business indicator. At the present stage, while striving to maximize the value of pipelines for expanding contractual lump-sum payments from licensees and marketing agreement partners, milestone revenue, and product sales revenue, as well as reducing financial risks, the Company aims to achieve early-stage stability and profitability.

(3) Medium- to Long-term Management Strategies

The basic strategy of the Company involves achieving efficient progress from pre-clinical to clinical trials and building a fabless management model utilizing outsourcing, with focus placed on hiring and cultivating personnel specializing in project management of drug discovery research and development. The Company's management strategy has been to maximize the value of its pipeline by achieving rapid progression to the next stage in development, conclude licensing agreements with major pharmaceutical companies and biotech companies on better conditions, and use the funds from licensing partners to advance the development of new drugs. Moving forward, we will develop not only such a license-based management strategy, but also a pharmaceutical company-type business scheme which involves obtaining approval for new drugs in-house and selling them through distribution partners.

In this way, the Company intends to develop its business in a hybrid fashion. Depending on the status of each pipeline and the target region, the Company would choose between a license-type business model in which the Company earns contractual payments, milestone revenue, and royalty revenues after products are launched in the market, and a pharmaceutical company-type business model in which the Company obtains its own manufacturing and sales approval and manufactures commercial drug formulations, thereby generating product sales revenue from its drug-formulating marketing partners. Going forward, the Company will continue to work on rapid progression to the next stages in the development of pipelines, and endeavor to construct a foundation of continuous revenue by implementing revenue models from multiple pipelines.

(4) Issues to be Addressed

The following important issues are initiated in the organizational strategy of the Company.

a. Promoting the corporate philosophy

The vision of the Company is to "provide new options for future cancer treatments and leave its footprint in the history of cancer treatment through those achievements." We are on an endless quest for medical "innovation." To this end, we spare no efforts in our diligent studies of the medical sciences. One could say we are on an adventure to accomplish big things with a small number of people. We aim to challenge ourselves in projects that big companies cannot. We are focused on how many lives we can save, rather than on how much profit can be made, and we believe this mindset will bring us profit in turn. We share this mindset not only with management and employees, but also with our shareholders. We commit ourselves to transparency in management and regular information disclosure. We aspire to contribute to society, and fully comply with all laws and regulations governing our company's behavior. We consider it important for our management to promote our corporate philosophy among our officers and employees and build an organization that flexibly and enthusiastically executes management strategies based on this corporate philosophy. To this end, we have formulated a code of conduct which embodies this corporate philosophy, and together with instructing officers and employees to comply with this code of conduct, we proactively create opportunities for top management to speak to our officers and employees about our corporate philosophy. On top of that, we are building an organization that places primary importance on the unified sharing of information by the research and development department and business development department. In addition, the management department that manages internal resources is constantly aware of the will of our stakeholders and ensures thorough compliance. Furthermore, the internal audit department serves to enhance monitoring functions, starting with promotion of the corporate philosophy and the code of conduct.

b. Securing and cultivating personnel

The personal growth of each officer and employee is an essential element to the growth of the Company. In order to realize this, the Company actively promotes the recruitment and cultivation of personnel. In particular, as the Company's research, development and business activities are conducted both domestically and internationally, it is important to cultivate human resources with English skills and an international perspective. Utilizing internal and external networks, the Company seeks to recruit personnel who have reliable technique, abilities, and ambitions to grow, in addition to cultivating personnel through OJT and various training programs to enhance the team structure. The Company also endeavors to improve financial results assessments and share-based remuneration systems in order to maximize the speed and quality of business operations.

c. Strengthening research and development structures

The research and development of the Company has hitherto covered the whole process from the search and invention of prospective pharmaceuticals to pre-clinical trials and initial clinical trials (i.e., proof of concept). The main role of the Company has been to act as a bridge between the pre-clinical and clinical stages (i.e., translational research), and conduct manufacturing and quality control of investigational drugs to promote these research and developments. Today, after the move to a pharmaceutical company-type business model, we are also strengthening our pharmaceutical system, which handles liaison work with the Ministry of Health, Labour and Welfare, and our quality assurance operations, which manage and control manufacturing and sales. Therefore, it is an important issue to secure and cultivate personnel who take responsibility as project leaders engaging primarily in planning and progress management for research and development, as well as persons experienced in the pharmaceutical business and quality assurance operations. The Company has its research and development system both in Japan and overseas. Furthermore, along with incorporating advanced technologies and improving technological levels through joint research and development with global medical and research institutions, the Company actively utilizes outsourcing partners and endeavors to construct low-cost and high-level research and development structures.

d. Strengthening business development department

The Company defines its business fields as the field of virotherapy for cancer using genetically modified virus formulations and therapeutic drugs for serious viral infectious diseases, aiming for the commercialization of exceedingly unique virus drug discovery for this industry. Therefore, the Company will secure and cultivate talent that possesses both business skills and abundant scientific knowledge and strengthen its network with pharmaceutical companies around the world. Furthermore, the Company aims to generate numerous joint development and licensing opportunities with pharmaceutical companies overseas and construct business development structures that can contribute to increasing its cash flows.

e. Outsourcing strategies

In the Company business that revolves around outsourcing, efficiency improvement is an important issue. In order to strengthen relationships with outsourcing companies such as CROs (Contract Research Organizations) and CDMOs (Contract Development and Manufacturing Organizations) in securing necessary and sufficient research, development, and manufacturing capabilities, the Company will enhance operational systems and develop specialized personnel. Also, in order to ensure efficient outsourcing structures at all times, the Company will search for secondary contractors and build relationships to prevent the risk that operations become dependent on any specific company in each business field, as well as geopolitical risk. Furthermore, the Company will review outsourcing and consider controlling risk in each business through in-house production, as necessary.

3. Basic Stance Concerning Choice of Accounting Standards

Since the Company has not prepared consolidated financial statements, the burden of establishing a system for preparing financial statements based on international accounting standards has been taken into consideration, and the financial statements have been prepared based on Japanese standards.

4. Financial Statements and Primary Notes
(1) Balance Sheets

(Thousand yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	2,411,001	3,674,717
Accounts receivable – trade	–	31,306
Supplies	4,578	3,916
Advance payments – other	480,969	333,740
Prepaid expenses	53,448	61,520
Accounts receivable – other	102,417	302,276
Consumption taxes receivable	45,829	39,907
Short-term loans receivable from subsidiaries and associates	–	46,959
Other	–	10
Total current assets	3,098,244	4,494,353
Non-current assets		
Property, plant and equipment		
Buildings	3,128	3,306
Accumulated depreciation	(3,128)	(3,306)
Buildings, net	–	–
Machinery and equipment	924	924
Accumulated depreciation	(924)	(924)
Machinery and equipment, net	–	–
Tools, furniture and fixtures	67,782	35,734
Accumulated depreciation	(67,782)	(35,734)
Tools, furniture and fixtures, net	–	–
Total property, plant and equipment	–	–
Investments and other assets		
Shares of subsidiaries and associates	20,936	20,936
Investments in capital	100	100
Long-term loans receivable from subsidiaries and associates	47,445	–
Lease and guarantee deposits	22,174	26,277
Long-term prepaid expenses	9,955	14,208
Other	4	4
Total investments and other assets	100,614	61,525
Total non-current assets	100,614	61,525
Total assets	3,198,858	4,555,879

(Thousand yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Short-term loans payable	127,776	233,332
Lease obligations	10,177	10,311
Accounts payable – other	52,287	65,232
Accrued expenses	20,451	26,238
Income taxes payable	31,885	15,025
Contract liabilities	–	110,000
Deposits received	9,812	10,580
Total current liabilities	252,390	470,721
Non-current liabilities		
Long-term loans payable	166,656	66,656
Lease obligations	20,031	9,720
Provision for retirement benefits	7,570	8,812
Total non-current liabilities	194,258	85,188
Total liabilities	446,649	555,909
Net assets		
Shareholders' equity		
Capital stock	5,108,160	4,366,132
Capital surplus		
Legal capital surplus	2,694,489	1,621,460
Other capital surplus	–	62,763
Total capital surpluses	2,694,489	1,684,224
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(5,057,978)	(2,058,049)
Total retained earnings	(5,057,978)	(2,058,049)
Treasury shares	(142)	(17)
Total shareholders' equity	2,744,529	3,992,289
Share acquisition rights	7,680	7,680
Total net assets	2,752,209	3,999,969
Total liabilities and net assets	3,198,858	4,555,879

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net sales	31,384	28,546
Cost of sales		
Cost of service	–	–
Beginning finished goods	–	–
Total	–	–
Finished goods transfer to other account	–	–
Ending finished goods	–	–
Gross profit	31,384	28,546
Selling, general and administrative expenses	1,712,787	2,052,614
Operating loss	(1,681,403)	(2,024,068)
Non-operating income		
Interest income	2,145	3,949
Dividend income	5	3
Foreign exchange gains	43,775	–
Other	40	90
Total non-operating income	45,966	4,042
Non-operating expenses		
Interest expenses	4,597	5,234
Amortization of restricted stock remuneration	6,205	6,098
Share acquisition rights issuance costs	7,202	7,177
Share issuance costs	10,394	9,222
Foreign exchange losses	–	3,485
Other	73	–
Total non-operating expenses	28,473	31,218
Ordinary loss	(1,663,911)	(2,051,244)
Extraordinary losses		
Impairment loss	17,104	2,772
Total extraordinary losses	17,104	2,772
Loss before income taxes	(1,681,015)	(2,054,016)
Income taxes – current	3,763	4,032
Total income taxes	3,763	4,032
Loss	(1,684,778)	(2,058,049)

(3) Statements of Changes in Equity
For the fiscal year ended December 31, 2024

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of current period	3,623,165	1,209,590	1,209,590	(3,373,199)	(3,373,199)	(142)	1,459,413
Changes of items during period							
Issuance of new shares	1,484,995	1,484,898	1,484,898				2,969,893
Loss				(1,684,778)	(1,684,778)		(1,684,778)
Net changes of items other than shareholders' equity							
Total changes of items during period	1,484,995	1,484,898	1,484,898	(1,684,778)	(1,684,778)	–	1,285,115
Balance at end of current period	5,108,160	2,694,489	2,694,489	(5,057,978)	(5,057,978)	(142)	2,744,529

	Share acquisition rights	Total net assets
Balance at beginning of current period	14,683	1,474,097
Changes of items during period		
Issuance of new shares		2,969,893
Loss		(1,684,778)
Net changes of items other than shareholders' equity	(7,003)	(7,003)
Total changes of items during period	(7,003)	1,278,112
Balance at end of current period	7,680	2,752,209

For the fiscal year ended December 31, 2025

(Thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of current period	5,108,160	2,694,489	–	2,694,489	(5,057,978)	(5,057,978)	(142)	2,744,529
Changes of items during period								
Issuance of new shares	1,621,460	1,621,460		1,621,460				3,242,920
Capital reduction	(2,363,488)	(2,694,489)	5,057,978	2,363,488				–
Deficit disposition			(5,057,978)	(5,057,978)	5,057,978	5,057,978		–
Purchase of treasury shares							(1)	(1)
Disposal of treasury shares							126	126
Gain (loss) on disposal of treasury shares			62,763	62,763				62,763
Loss					(2,058,049)	(2,058,049)		(2,058,049)
Total changes of items during period	(742,028)	(1,073,029)	62,763	(1,010,265)	2,999,928	2,999,928	124	1,247,760
Balance at end of current period	4,366,132	1,621,460	62,763	1,684,224	(2,058,049)	(2,058,049)	(17)	3,992,289

	Share acquisition rights	Total net assets
Balance at beginning of current period	7,680	2,752,209
Changes of items during period		
Issuance of new shares		3,242,920
Capital reduction		–
Deficit disposition		–
Purchase of treasury shares		(1)
Disposal of treasury shares		126
Gain (loss) on disposal of treasury shares		62,763
Loss		(2,058,049)
Total changes of items during period	–	1,247,760
Balance at end of current period	7,680	3,999,969

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from operating activities		
Loss before income taxes	(1,681,015)	(2,054,016)
Depreciation	815	242
Impairment loss	17,104	2,772
Amortization of restricted stock remuneration	6,205	6,098
Share-based remuneration expenses	19,426	41,727
Increase (decrease) in provision for retirement benefits	(569)	1,241
Interest and dividend income	(2,150)	(3,952)
Interest expenses	4,597	5,234
Share acquisition rights issuance costs	7,202	7,177
Share issuance costs	10,394	9,222
Foreign exchange losses (gains)	(28,429)	10,337
Decrease (increase) in notes and accounts receivable – trade	–	(31,306)
Decrease (increase) in inventories	764	662
Decrease (increase) in prepaid expenses	3,943	2,794
Decrease (increase) in accounts receivable – other	(50,506)	(199,872)
Decrease (increase) in consumption taxes refund receivable	5,575	5,921
Decrease (increase) in advance payments – other	(198,366)	147,229
Increase (decrease) in accounts payable – other	(141,352)	12,858
Increase (decrease) in contract liabilities	–	110,000
Other, net	11,504	(9,921)
Subtotal	(2,014,856)	(1,935,546)
Interest and dividend income received	2,049	3,918
Interest expenses paid	(4,337)	(5,204)
Income taxes refund (paid)	(2,944)	(4,032)
Net cash provided by (used in) operating activities	(2,020,088)	(1,940,866)
Cash flows from investing activities		
Payments into time deposits	(1)	(73)
Purchase of property, plant and equipment	(3,519)	(3,014)
Proceeds from refund of lease and guarantee deposits	240	–
Payments of leasehold and guarantee deposits	(1,424)	(4,496)
Net cash provided by (used in) investing activities	(4,705)	(7,583)
Cash flows from financing activities		
Proceeds from long-term loans payable	100,000	100,000
Repayments of long-term loans payable	(94,444)	(94,444)
Repayments of lease obligations	(11,925)	(10,177)
Proceeds from issuance of common shares	2,890,817	3,193,862
Proceeds from issuance of share acquisition rights	–	32,658
Payments for issuance of share acquisition rights	(5,002)	–
Purchase of treasury shares	–	(1)
Net cash provided by (used in) financing activities	2,879,444	3,221,897
Effect of exchange rate change on cash and cash equivalents	23,504	(9,804)
Net increase (decrease) in cash and cash equivalents	878,155	1,263,642
Cash and cash equivalents at beginning of period	1,287,763	2,165,918
Cash and cash equivalents at end of period	2,165,918	3,429,561

(5) Notes to Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Significant accounting policies)

1. Valuation standards and methods for securities

Shares in subsidiaries and associates

Stated at cost using the moving-average method.

2. Valuation standards and methods of inventories

Supplies

Stated at cost using the specific indentation method (The balance sheet value is calculated using the method of reducing book value based on decreased profitability.)

3. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Buildings, and attached facilities and structures acquired on or after April 1, 2016 are depreciated under the straight-line method, and other property, plant and equipment are depreciated under the declining-balance method.

Major useful lives are as follows:

Buildings	3 – 15 years
Tools, furniture and fixtures	3 – 8 years

(2) Leased assets

Depreciated over respective lease periods by the straight-line method without residual value.

4. Accounting method for deferred assets

Share issuance costs

Charged to expenses when incurred.

5. Standard for translation of foreign-currency-denominated assets or liabilities into Japanese yen

Foreign currency denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates on the closing date and any conversion difference is treated as profit or loss.

6. Accounting standards for reserves

Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, a simplified method is adopted whereby an amount to be required at year-end for voluntary termination is regarded as a retirement benefit obligation in calculating provision for retirement benefits and retirement benefit expenses.

7. Significant revenue and expense accounting standards

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows.

The consideration for each transaction is usually received within one year after fulfilling the performance obligations, and does not include any significant elements of financing.

(1) Revenue based on a license agreement

The Company earns revenues from contractual lump-sum payments, milestone revenue payments, sales of investigational drugs, and manufacturing method development contributions based on out-licensing contracts for pharmaceutical products. If a performance obligation is satisfied at a specific point in time between the conclusion and termination of a contract, revenue is recognized when the performance obligation is satisfied. If the performance obligation is not satisfied at a certain point in time, it is recorded as a contract liability and revenue is recognized over the contract period pursuant to satisfaction of the performance obligation. In addition, when variable consideration is included in a contract with a customer, only that portion of the recorded revenue that is not likely to result in a significant reduction in recorded revenues when the uncertainty regarding the amount of the variable consideration is resolved after the fact is included in the transaction price.

(2) Revenue from other sources

The Company recognizes revenue from contract manufacturing of pharmaceutical products for other research institutions. Revenue from contract manufacturing is recognized when control is transferred to the customer and the performance obligation is satisfied, which occurs when the manufactured goods are delivered to the customer and acceptance inspection is completed.

8. Capital covered by statements of cash flows

Capital as used in the statements of cash flows comprises cash on hand, deposits available for withdrawal as needed, and short-term investments due for redemption within three months from the date of acquisition, which are easily convertible to cash and are subject to minimal risk of fluctuation in value.

9. Other important matters serving as the basis for preparing financial statements

Accounting principles and procedures adopted when the provisions of relevant accounting standards, etc. are not clear

Restricted stock compensation plan

Based on the Company's restricted stock compensation plan, compensation paid to Directors and employees of the Company is accounted for as expenses over the applicable period of service.

(Significant changes in shareholders' equity)

Based on the resolution by the Annual General Meeting of Shareholders held on March 27, 2025, a capital reduction became effective on May 31, 2025, and the Company reduced capital stock by ¥2,363,488 thousand and legal capital surplus by ¥2,694,489 thousand and transferred them to other capital surplus. Thereafter, the Company reduced the entire amount of other capital surplus of ¥5,057,978 thousand and transferred it to retained earnings brought forward to compensate the deficit.

In addition, the Company disposed of treasury shares as restricted stock remuneration, based on the resolution by the Board of Directors at its meeting held on June 13, 2025. Due to this disposal of treasury shares, other capital surplus increased by ¥62,763 thousand and treasury shares decreased by ¥126 thousand.

Furthermore, the 21st series share acquisition rights were issued as of August 4, 2025. Due to the payment made upon the exercise of the rights, capital stock and legal capital surplus each increased by ¥1,621,460 thousand.

As a result of the above, during the fiscal year ended December 31, 2025, capital stock decreased by ¥742,028 thousand and capital surplus by ¥1,010,265 thousand. At the end of the period, capital stock was ¥4,366,132 thousand and capital surplus was ¥1,684,224 thousand.

(Equity in earnings (losses) of affiliates if equity method is applied)

There is no relevant information.

(Revenue recognition)

1. Disaggregation of revenue from contracts with customers

For the fiscal year ended December 31, 2024

(Thousand yen)

Goods / Services transferred at a point in time	31,384
Goods / Services transferred over time	—
Revenue from contracts with customers	31,384
Revenue from other sources	—
Net sales to outside customers	31,384

For the fiscal year ended December 31, 2025

(Thousand yen)

Goods / Services transferred at a point in time	28,546
Goods / Services transferred over time	—
Revenue from contracts with customers	28,546
Revenue from other sources	—
Net sales to outside customers	28,546

2. Useful information in understanding revenue from contracts with customers

As presented in (Significant accounting policies) 7. Significant revenue and expense accounting standards

3. Information on satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from such contracts with customers' existing at the end of the current fiscal year expected to be recognized in and after the following fiscal year

(1) Contract asset and contract liability balances

(Thousand yen)

	For the fiscal year ended December 31, 2025
Contract liabilities (balance at beginning of period)	—
Contract liabilities (balance at end of period)	110,000

Contract liabilities relate to advances received from customers for performance obligations that have not yet been fulfilled, based on contracts with customers. Contract liabilities are reduced as revenue is recognized. Of the revenue recognized during the fiscal year ended December 31, 2025, none was included in the contract liability balance at the beginning of the period.

(2) Transaction price allocated to the remaining performance obligations

As the Company has no significant transactions with an expected individual contract term exceeding one year, a practical simplified method is used and information on remaining performance obligations is omitted.

(Segment information, etc.)

a. Segment information

The information is omitted, as the Company consists of a single segment of the drug discovery business.

b. Related information

For the fiscal year ended December 31, 2024

1. Information by product and service

- The information is omitted, as the segmentation of product and service is equivalent to the segmentation of reportable segments.
- The information is omitted, as net sales to outside customers in a single product and service segment exceed 90% of net sales on the Statements of Income.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	U.S.	Other Asia	Total
—	31,384	—	31,384

(Note) Net sales are classified by country or area, based on the locations of customers.

(2) Property, plant and equipment

There is no relevant information as the Company does not have property, plant and equipment located outside Japan.

3. Information by major customer

(Thousand yen)

Name of client	Net sales	Related segment
Transposon Therapeutics, Inc.	31,384	Drug discovery business

For the fiscal year ended December 31, 2025

1. Information by product and service

- The information is omitted, as the segmentation of product and service is equivalent to the segmentation of reportable segments.
- The information is omitted, as net sales to outside customers in a single product and service segment exceed 90% of net sales on the Statements of Income.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	U.S.	Other Asia	Total
—	28,546	—	28,546

(Note) Net sales are classified by country or area, based on the locations of customers.

(2) Property, plant and equipment

There is no relevant information as the Company does not have property, plant and equipment located outside Japan.

3. Information by major customer

(Thousand yen)

Name of client	Net sales	Related segment
Transposon Therapeutics, Inc.	28,546	Drug discovery business

c. Information on impairment losses of non-current assets by reportable segment

The information is omitted, as the Company consists of a single segment of the drug discovery business.

d. Information on amortization amount and unamortized balance of goodwill by reportable segment

The information is omitted, as the Company consists of a single segment of the drug discovery business.

e. Information on gain on bargain purchase by reportable segment

The information is omitted, as the Company consists of a single segment of the drug discovery business.

(Per share information)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net assets per share	¥110.40	¥136.38
Loss per share	¥(77.17)	¥(80.00)

(Notes) 1. Diluted earnings per share are not presented because of the posting of loss per share, although there are residual shares.

2. The basis for the calculation of loss per share is as follows.

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Loss per share		
Loss (Thousand yen)	(1,684,778)	(2,058,049)
Amount not attributable to common shareholders (Thousand yen)	—	—
Loss relating to common shares (Thousand yen)	(1,684,778)	(2,058,049)
Average number of shares during the period (Shares)	21,831,246	25,725,718

(Significant subsequent events)

There is no relevant information.

5. Supplemental Information

(1) Research and Development Activities

Research and development expenses of the Company in the fiscal year under review totaled ¥1,470,377 thousand for the drug discovery business. The status of research and development activities during the fiscal year under review is as follows.

(1) Research and development structure

As of December 31, 2025, 27 persons belonged to the research and development department, accounting for 60.0% of the total number of employees.

(2) Research and development and business activities

The Company has moved from the conventional single business model dependent on licenses to a "hybrid business model" that combines a pharmaceutical company-type business model and a license-type business model with the development of the domestic business of OBP-301 as a pharmaceutical company-type business model. The Company promoted research and development, and business activities under this policy.

1) Activities related to oncolytic virus OBP-301

The Company completed a "Phase II clinical trial in combination with radiation therapy for esophageal cancer (OBP101JP trial)" for OBP-301 in Japan. As scheduled, we submitted applications for the approval of OBP-301 as regenerative medicine products for esophageal cancer to the Pharmaceuticals and Medical Devices Agency (hereinafter "PMDA") in December 2025. So far, we have received confirmation documents for application for all categories, including clinical trials, non-clinical trials, quality, GCTP, and assurance from PMDA, and we have completed the SAKIGAKE comprehensive evaluation consultation. In December 2025, we also received the designation of OBP-301 as a regenerative medicine product for rare diseases.

Regarding our domestic business, in February 2024, we signed an agreement with FUJIFILM Toyama Chemical Co., Ltd. (hereinafter "FUJIFILM Toyama Chemical") to collaborate in OBP-301 sales and are establishing a supply chain for OBP-301 from Henogen SA, the manufacturer, through MITSUI-SOKO HOLDINGS Co., Ltd. (hereinafter "MITSUI-SOKO HOLDINGS"), responsible for storage and other operations for OBP-301 in Japan, to medical institutions. In September 2025, we concluded a quality agreement with MITSUI-SOKO HOLDINGS. In October 2025, Henogen SA engaged in drug formulation and manufacturing in accordance with Good Manufacturing Practice (GMP), aimed at the post-approval shipment of new drugs. In addition, we obtained approval for the manufacture and sale of regenerative medical products in April 2025. Furthermore, patents were granted for the administration of oncolytic adenovirus through an endoscope in Japan in April 2025. The patents are not limited to OBP-301, but also cover OBP-702 and oncolytic adenovirus of other companies. The duration of patents is until May 2040.

Meanwhile, in the U.S., in December 2023, the Company signed an investigator-initiated clinical trial agreement with Cornell University, which in turn signed an investigator-initiated clinical trial agreement with MSD, to establish a joint development system for OBP-301 and pembrolizumab. Based on the agreements, the Company and MSD are equally sharing research and development expenses for a Phase II investigator-initiated clinical trial for the treatment of gastric cancer in patients who are receiving second-line treatment, and conducting this clinical trial.

In addition, the Phase I investigator-initiated clinical trial in combination with chemoradiotherapy for esophageal cancer, which was conducted by NRG Oncology, an authoritative cancer research organization in the U.S., was presented at the ASCO-GI (American Society of Clinical Oncology Gastrointestinal Cancers Symposium) in January 2025, and it was announced that all 13 evaluable subjects had confirmed tumor disappearance at the site of administration. The main side effects associated with OBP-301 were mild cold-like symptoms, consistent with the results of previous clinical trials. These results suggest that OBP-301 can be safely combined with chemoradiotherapy.

Regarding overseas business development, in December 2024, we concluded a license agreement with Medigen of Taiwan for sales rights in Taiwan. After Medigen brings OBP-301 to market in Taiwan, the Company will supply the final product to Medigen at cost and will also receive royalty revenue from Medigen based on the sales proceeds. We will continue to engage in overseas business development and plan to expand the market for OBP-301.

OBP-301 is undergoing the following three clinical trials in Japan and overseas, including the clinical trial for which submitting an application for approval has been in preparation or enrollment has been completed:

i) Phase II clinical trial in combination with radiation therapy for esophageal cancer (OBP101JP trial)
ii) Phase II investigator-initiated clinical trial of second-line treatment in combination with an anti-PD-1 antibody for gastric cancer/gastroesophageal junction cancer
iii) Phase I investigator-initiated clinical trial in combination with chemoradiotherapy for esophageal cancer

i) Phase II clinical trial in combination with radiation therapy for esophageal cancer (OBP101JP trial)
i-a) Research and development activities

This clinical trial was conducted based on the "SAKIGAKE designation" of April 2019 at 17 clinical trial sites around Japan and the results were presented at the 62nd Annual Meeting of Japan Society of Clinical Oncology held in Fukuoka in October 2024 as detailed below.

Efficacy

The primary endpoint of "local complete response rate" (L-CR rate) was 41.7% (rounded to the first decimal place; the same shall apply hereinafter), as evaluated by the Endoscope Central Judgment Committee. It was confirmed that the result was higher than the efficacy threshold of 30.2%, which was indicated in the protocol beforehand. In addition, the secondary endpoint of "local remarkable response rate" (L-RR rate; the cases in which the primary lesion did not completely disappear but shrank remarkably) was 16.7% and "local response rate" including L-RR ([L-CR + L-RR] rate) was 58.3%.

Furthermore, the one-year survival rate at the time of data cut-off in this study (24 weeks) was 71.4%, which exceeded the one-year survival rate in the radiotherapy alone of 57.4% in "The Japan Esophageal Society national registered data."

At the time of 18 months, which is the longest follow-up period of this study, the local response rate was 63.9% and the local complete response rate was 50.0%. In addition, although the total survival rate at 18 months was 53% at the time of data cut-off in this study (24 weeks), the cancer survival rate was 70% and the cancer survival rate of patients with local response was 90%. Moreover, improvement was recognized in 71% of patients with symptoms of dysphagia, which is included in the assessment indicators of QoL (Quality of Life) for esophageal cancer patients. These results suggested a possible increase in patient survival rates from the effect of OBP-301 on esophageal cancer locations.

At the ESMO-GI 2025 (European Society for Medical Oncology Gastrointestinal Cancers Congress) held in Spain in July 2025, it was reported as retrospective clinical study results by Dr. Ken Kato, Deputy Director of the National Cancer Center Hospital, et al., that the L-CR rate was 22% for patients with stage II or III esophageal cancer who received the radiotherapy alone at 12 facilities in Japan from 2014 to 2023. The result achieved this time surpassed that level.

Safety

The main side-effects related to OBP-301 included fever of 51.4% and the reduction of lymphocyte count or lymphopenia of 48.6%, both of which were mild to moderate or temporary changes.

i-b) Establishing a supply chain

The Company is striving to establish a supply chain with its partners to ensure a stable supply of OBP-301. We obtained approval for the manufacture and sale of regenerative medical products required for OBP-301 sales in April 2025.

In order to ensure a smooth supply of OBP-301 after obtaining approval for its use in Japan, in October 2025, Henogen SA started drug formulation by filling the vials with new active pharmaceutical ingredients (APIs) that prevent the formation of aggregates. In February 2026, it was confirmed that the stability of formulations are maintained for the eighteen-month period after drug formulation with new APIs. We plan to confirm its stability data for a twenty-four-month period in the second half of the fiscal year ending December 31, 2026.

MITSUI-SOKO HOLDINGS to whom we have entrusted the logistics operations of packaging, storage and transportation, has established a system that conforms to GCTP (Good Gene, Cellular, and Tissue-based Products Manufacturing Practice), the standard for the manufacturing and quality control of regenerative medicine products. After a determination for shipment, OBP-301 will be shipped to FUJIFILM Toyama Chemical, with which we concluded a sales collaboration agreement in February 2024, and provided to medical facilities through medical products companies designated by FUJIFILM Toyama Chemical. The Company will continue to work on activities such as establishing a supply chain for smooth supply of OBP-301 after products are launched in the market.

Manufacture and sale of regenerative medical products

The Company is positioned as a manufacturer and distributor shipping OBP-301 to Japan. In April 2025, the Company obtained approval for the manufacture and sale of regenerative medical products. Looking forward, we will further strengthen a system that conforms with "GQP (Good Quality Practice)," and "GVP (Good Vigilance Practice)."

ii) Phase II investigator-initiated clinical trial of second-line treatment in combination with an anti-PD-1 antibody for gastric cancer/gastroesophageal junction cancer

Regarding the above ii) "Phase II investigator-initiated clinical trial of second-line treatment in combination with an anti-PD-1 antibody for gastric cancer/gastroesophageal junction cancer," Cornell University in the U.S. proposed the implementation of a new clinical trial and the payment of clinical trial expenses to MSD, after obtaining the prior agreement of the Company. In December 2023, agreements were concluded between the Company and Cornell University and between Cornell University and MSD, which established a joint development system.

This clinical trial combines the use of OBP-301 and anti-PD-1 antibody pembrolizumab as second-line treatment for patients with gastric/gastroesophageal junction cancer that is resilient to first-line treatment including anti-PD-1/PD-L1 antibodies. Currently, the expenses for the clinical trial are shared equally between the Company and MSD, and administration is underway. With MSD's pembrolizumab achieving worldwide sales of over $25 billion in 2023, anti-PD-1/PD-L1 antibodies are having a significant impact on the business of major pharmaceutical companies. If this second-line treatment for gastric cancer combining OBP-301 becomes established, it may provide a greater opportunity for major pharmaceutical companies that sell anti-PD-1/PD-L1 antibodies to prescribe anti-PD-1/PD-L1 antibodies. The Company expects that the results of this clinical trial will contribute to licensing activities for OBP-301 overseas.

iii) Phase I investigator-initiated clinical trial in combination with chemoradiotherapy for esophageal cancer

Regarding the above iii) "Phase I investigator-initiated clinical trial in combination with chemoradiotherapy for esophageal cancer," NRG Oncology, an authoritative cancer research organization in the U.S., has been leading the trial, and administration began in December 2021 with the purpose of investigating the safety and efficacy of using OBP-301 in combination with chemoradiotherapy, registering 15 patients. It was announced at the ASCO-GI (American Society of Clinical Oncology Gastrointestinal Cancers Symposium) held in January 2025, that tumor disappearance at the site of administration had been confirmed by endoscopic findings and pathological biopsy in all 13 patients who were subjects of the evaluation of effectiveness. The main side effects associated with OBP-301 were mild cold-like symptoms, consistent with the results of previous clinical trials. These results suggest that OBP-301 can be safely combined with chemoradiotherapy.

OBP-301 has been designated as an orphan drug for esophageal cancer in the U.S., and this clinical trial is being conducted on that basis. Therefore, the Company will be able to receive preferential treatment in the form of grants and tax credits for clinical research expenses. Furthermore, first-mover rights protection will be granted after the approval of OBP-301 in the U.S., during which market exclusivity is to be granted.

The Company is moving forward on preparations to initiate clinical trials on OBP-301 in new fields, in addition to the above three clinical trials. These include Phase II trials for the treatment of anal and lower rectal cancer.

2) Activities related to OBP-601 (censavudine), a LINE-1 inhibitor

The Company licensed in OBP-601 from Yale University in 2006. From 2010 to 2014, it was licensed to Bristol-Myers Squibb Co. (hereinafter "BMS"), which conducted Phase IIb clinical trials as a treatment drug for HIV infection. The results demonstrated the non-inferiority of OBP-601 to existing drugs. BMS also obtained numerous clinical safety data for long-term OBP-601 toxicity studies and oncogenicity studies, but due to BMS's change of strategy, resulting in withdrawal from the HIV field, the license agreement was terminated. Results of a study by Brown University of the U.S. then suggested that nucleic acid-based reverse transcriptase inhibitors (NRTIs) of HIV suppress the aberrant expression of a retrotransposons. Subsequent research confirmed that OBP-601, which has the same effect, has high brain translocability compared to other NRTIs and strongly suppresses the production of a retrotransposon by greatly inhibiting a reverse transcriptase called LINE-1.

In June 2020, we concluded a licensing agreement worth more than $300 million worldwide with Transposon, which had been planning to apply OBP-601 to the treatment of intractable neurological diseases focusing on this mechanism. In November of the same year, Transposon achieved its first milestone.

Transposon completed two double-blind Phase II clinical trials that make use of placebos. One covers progressive supranuclear palsy (PSP), while the other is on amyotrophic lateral sclerosis (ALS), with the abnormal expression of the enzyme C9 ORF, and frontotemporal degeneration (FTD). It is moving forward on preparations

for the next-phase clinical trials. It is also proceeding with preparations for a new clinical trial for Alzheimer's disease based on the biomarker result, among others, indicating that OBP-601 suppressed inflammatory nerve damage. It has lowered the priority of a single-arm Phase II clinical trial in Europe for the treatment of Aicardi Goutières Syndrome (AGS).

These clinical trials on OBP-601 are proceeding entirely at Transposon's expense based on the license agreement. In addition, Transposon is carrying out business activities based on the license agreement and may grant sublicenses for OBP-601 to pharmaceutical companies and other third parties. In case sublicensing proves successful, Transposon will pass on a certain percentage of revenue it obtains from sublicensees to the Company.

i) Phase III clinical trial for PSP

Administration to the first patient under the Phase II clinical trial for PSP began in November 2021, and enrollment of the target number of patients was concluded in August 2022. Transposon disclosed the main details of the trial as follows at the 18th Alzheimer's and Parkinson's Diseases Conference (AD/PD2024) in March 2024.

1) The clinical trials incorporated 42 PSP patients.
2) The trials were conducted as double-blind trials, comparing four administration groups receiving 100 mg, 200 mg, 400 mg, and placebo per day. Following 6 months of administration in these double-blind trials, the administration was switched to 400 mg of OBP-601 for all patients and follow-up was provided for an additional 6 months.
3) OBP-601 indicated that it can be administered to PSP patients with safety and that loss of consciousness (1 patient in the 100 mg group) was reported as a serious side effect.
4) Regarding the neurofilament light chains (hereinafter "NfL") that show inflammation of neural tissues, OBP-601 continuously reduced its concentration in cerebrospinal fluid.
5) IL-6 in cerebrospinal fluid, also an inflammatory biomarker like NfL, indicated a similar change.
6) The Progressive Supranuclear Palsy Rating Scale (PSPRS) suggested that OBP-601 can slow the worsening of symptoms.
7) With these above results, the clinical trials suggested that OBP-601 suppresses damage to the cerebral nerves from inflammation and the progression of PSP disease by suppressing Line-1 in the brain.

Transposon is currently moving forward on specific preparations for Phase III clinical trials for PSP with the U.S. Food & Drug Administration (FDA), such as holding the End of Phase II meeting to aim for starting Phase III clinical trials for PSP in parallel with business activities, including licensing to third parties. Transposon plans to begin Phase III clinical trials for PSP in 2026, after financing is completed. The FDA designated OBP-601 for PSP for Fast Track, which is a review system designed to facilitate new-drug approval and review, in May 2024.

ii) Phase II / III clinical trial for ALS

Administration under the Phase II clinical trial for C9-ALS/FTD began in January 2022. Target enrollment was concluded in March 2023, and the trial was completed. To date, there have been no reports of safety problems that necessitate the termination of the trials. Transposon presented the development status of OBP-601 for ALS at instances such as the 2024 Annual Northeast Amyotrophic Lateral Sclerosis Consortium (NEALS) Meeting in October 2024 and the Annual ALS Research Symposium in December 2024. The main final analysis results of the trial related to ALS after 48 weeks are as follows:

1) The OBP-601 administration group reduced primary biomarkers of neurodegeneration and neuroinflammation including NfL, neurofilament heavy chains (hereinafter "NfH"), and IL-6 in cerebrospinal fluid.
2) The scale for assessment of ALS function (ALSFRS-R) suggested effects of suppressing the progression of illness.
3) The OBP-601 administration group decreased the deterioration rate of Vital Capacity, which is an objective indicator of respiratory function that correlates with C9-ALS patient mortality, by approximately 50% compared with the placebo administration group.
4) The OBP-601 administration group indicated a decrease in significant values of NfL in a meta-analysis that comprehensively analyzed Phase II clinical trials for C9-ALS/FTD and PSP.

Transposon held the End of Phase II meeting regarding ALS with the FDA in January 2025. Furthermore, OBP-601 was selected for inclusion in the HEALEY ALS Platform Trial with the recognition of the above results of the clinical trial. Transposon plans to begin Phase II / III clinical trials for ALS by utilizing the HEALEY ALS Platform Trial in 2026.

iii) Phase II clinical trial for Alzheimer's disease

Transposon is currently moving forward on preparations for Phase II clinical trial in its attempt to administer

OBP-601 for Alzheimer's disease due to the following reasons based on the results of Phase II clinical trials for PSP and ALS.

1) OBP-601 showed its effectiveness for PSP, which is a disease related to accumulation of Tau protein in the brain, as well as for ALS, which is a disease related to TAR DNA-binding protein of 43 kDa (TDP-43).
2) Since Alzheimer's disease is a disease related to Tau protein and TDP-43, Transposon believes that OBP-601 may also suppress inflammatory neurodegeneration and show its effectiveness.

The Alzheimer's Drug Discovery Foundation (hereinafter the "ADDF") has determined that OBP-601 is promising for the treatment of Alzheimer's disease with its recognition of the above results of the clinical trial and decided that Transposon will receive an investment of approximately $5 million from the ADDF. Transposon plans to begin a Phase II clinical trial for Alzheimer's disease by utilizing the funds from the ADDF in 2026.

iv) Phase II clinical trial for AGS

In July 2023, Transposon started administration under a Phase II clinical trial for AGS, a genetic disorder that causes microcephaly and severe mental retardation, in Europe. To date, there have been no reports of safety problems that necessitate the termination of the trials. However, Transposon has lowered the priority of AGS in order to prioritize pivotal study for obtaining approvals for PSP and ALS and starting Phase II clinical trial for Alzheimer's disease by reviewing the development strategy of OBP-601.

3) Activities related to next-generation oncolytic virus OBP-702

OBP-702 is a second-generation virotherapeutic drug with two anti-tumor effects, combining the "oncogene therapy" that uses a novel oncolytic virus that carries the powerful in vivo cancer suppressor gene p53 in the vector with the "oncolytic functions" of OBP-301. A research group led by Professor Toshiyoshi Fujiwara of the Department of Gastroenterological Surgery, Transplant, and Surgical Oncology of Okayama University is moving forward on preparations for investigator-initiated clinical trial for pancreatic cancer, which was adopted as a grant program by the Japan Agency for Medical Research and Development (AMED) in March 2025. An experiment on gemcitabine-resistant pancreatic cancer cell lines using mouse models, OBP-702, used in combination with PD-L1 antibodies, has already exhibited stronger anti-tumor effects alone. It has also been shown to have a lethal effect on cancer associated fibroblasts (CAF), which are problematic in cancer therapy. It is expected that OBP-702 will be developed as a new treatment method for pancreatic cancer and other refractory cancers that are considered to be difficult to treat due to CAF. The Company expects Okayama University to begin an investigator-initiated clinical trial of OBP-702 for the treatment of pancreatic cancer in 2026.

As with the sequence of the development of OBP-301 for esophageal cancer, the Company's policy is to take over the clinical development after Okayama University considers the safety and usage in the clinical trials for OBP-702, and move forward on the development, while considering the distinction of its business from that of OBP-301.

4) Activities related to OBP-2011 for the treatment of viral infectious diseases

Based on experimental outcomes, the Company assumes that OBP-2011 inhibits nucleocapsids, although the specific mechanism has not been clarified yet at this stage. It is speculated that OBP-2011 has a new mechanism that differs from the main mechanisms of polymerase and protease inhibition already approved for the treatment of coronaviruses, and data indicated that its effectiveness is not influenced by such factors as virus mutation. However, it has become necessary to revise the development policy as the hurdle has been raised for obtaining approval for our proposed COVID-19 treatment, at the same time as changes have emerged in the external environment, such as the reduced urgency due to the launch of multiple therapeutic drugs for COVID-19 to the market, and the concentration of management resources on OBP-301 to apply for approval. Going forward, the Company will proceed with clarifying the detailed mechanism of action for OBP-2011 by conducting collaborative research with Kagoshima University and will consider new indications for RNA viruses other than coronaviruses.

5) Activities related to TelomeScan (OBP-401), a cancer detection drug

The Company is conducting image learning of live cancer cells within the blood that TelomeScan fluoresced for automatic judgment by AI, aimed at establishing a platform for automated detection. However, the development has been delayed, as acquiring the large number of images required for image learning has taken longer than initially planned. We have lowered the priority of these activities in order to concentrate management resources on OBP-301 to submit for approval.

6) Activities related to OBP-801, HDAC inhibitor

Regarding OBP-801, a histone deacetylase (HDAC) inhibitor licensed from Astellas Pharma Inc. in 2009, dose

limiting toxicity (DLT) was observed in Phase I clinical trials targeting solid body cancers in the U.S., making it impossible to escalate the dosage to the presumed effective dose. Therefore, development in the field of cancer has been suspended.

On the other hand, research for application to glaucoma surgery has been carried out at the Department of Ophthalmology of Kyoto Prefectural University of Medicine in the ophthalmic field, which is a new area of indication for OBP-801, revealing that the drug suppresses fibrosis after filtering bleb formation from glaucoma surgery. The research results were presented at a meeting of the Japanese Ophthalmological Society in April 2023 and at an annual meeting of the Association for Research in Vision and Ophthalmology (ARVO). Furthermore, regarding the use patent for OBP-801 in the ophthalmic field that we received in Japan in 2024, the extension of the scope of patent protection was granted in October 2025. We have lowered the priority of these activities in order to concentrate management resources on OBP-301 to submit for approval.

The development status of pipeline products is as follows.

Product	Indication	Combination therapy	Development region	Development stage
OBP-301 (suratadenoturev)	Esophageal cancer	Radiation therapy	Japan	Approval application
		Chemoradiotherapy	U.S.	Phase I
		Anti-PD-1 antibody pembrolizumab	Japan	Phase I (complete)
	Gastric / gastroesophageal junction cancer	Anti-PD-1 antibody pembrolizumab (third-line treatment)	U.S.	Phase II (complete)
		Anti-PD-1 antibody pembrolizumab (second-line treatment)	U.S.	Phase II
	Hepatocellular cancer (HCC)	Monotherapy	South Korea and Taiwan	Phase I (complete)
	Anal and lower rectal cancer	Chemoradiotherapy	Japan	Phase II preparation
OBP-601 (censavudine)	Progressive supranuclear palsy (PSP)	Monotherapy (double-blind trial)	U.S.	Phase II (Phase III preparation)
	Amyotrophic lateral sclerosis (ALS)	Monotherapy (double-blind trial)	U.S. and Europe	Phase II (Phase II / III preparation)
	Alzheimer's disease	TBD	U.S.	Phase II preparation
	Aicardi-Goutières Syndrome (AGS)	Monotherapy	Europe	Phase II (Enrollment complete)
OBP-702	Pancreatic cancer	TBD	Japan	Pre-clinical (Phase I preparation)
OBP-2011	Viral infectious diseases	TBD	Japan	Pre-clinical
TelomeScan (OBP-401)	Solid tumor	—	Japan	Clinical research
OBP-801	Suppression of filtering bleb fibrosis after glaucoma surgery	—	Japan	Pre-clinical