

July 17, 2024

To Whom It May Concern,

Company Name: Kubota Pharmaceutical Holdings Co., Ltd.  
Title and Name of Representative: Ryo Kubota, Director, Chairman,  
President, and CEO  
(TSE Growth: Code 4596)  
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**Notice of Decision to Streamline Management by Transferring R&D and Management  
Bases from the United States to Japan**

Kubota Pharmaceutical Holdings Co., Ltd. (Tokyo: 4596) (the “Company”) hereby announces that the Board of Directors today resolved to transfer the research and development (hereinafter, “R&D”) and management thereof that has been based at our wholly-owned U.S. subsidiary, Kubota Vision Inc. (hereinafter, “KV”), to the Company in Japan.

**1. Reasons for Rationalization**

The Company aims to expand revenues by providing products and services, and out-licensing and commercializing its pipeline and is currently investing in its current pipeline products, Emixustat Hydrochloride, eyeMO (PBOS), and wearable myopia control device (Kubota Glass). The Company recognizes that a medium to long-term management challenge is to continue discovering and establishing new pipelines while optimizing the balance between the resulting revenues and investment and management costs.

Among management costs, the maintenance costs of KV, when converted into yen, are increasing yearly due to recent inflation and exchange rate fluctuations in the U.S., which has a significant impact on our management. The impact of US inflation and the weak yen is unclear, and the trend of rising costs may continue in the future.

Since our founding, the Company has promoted its R&D based in the United States and accumulated know-how globally. This has enabled us to build our own connections to acquire industry information and trends as well as highly specialized experts in the ophthalmology field. As needed, the Company can conduct its R&D by accessing people, information, facilities, etc. from all over the world. The decision was made because using these connections would make it possible to transfer the base of its R&D and its management to Japan without causing any major obstacles.

Furthermore, the Company will build an efficient management system by integrating the R&D and management

functions transferred from KV with the existing management functions based in Japan.

## **2. Contents of Rationalization**

The following cost reductions will be implemented: As described in 1, the Company does not believe that this streamlining will significantly impact its R&D and operations and will continue to focus on growth. The US subsidiary will remain as a subsidiary of the Company.

### **Record**

- Reduction of US personnel (current operations will be gradually transferred to the Company, and streamlining is expected to be completed by the end of March 2025 at the latest)
- Exit of current office lease (plan to leave the current office at the end of 2024)
- R&D partners will be selected mainly from within Japan, and contracts will be made with those partners from other countries only when necessary (the transition to the new structure is scheduled to be completed by the end of 2024, taking into account the terms of each contract).

## **3. Future Outlook**

The Company does not expect any impact on sales from the streamlining of operations.

As a result of the implementation of this business streamlining, the R&D expenses for the fiscal year ending December 2025 are expected to be reduced by approximately 400 million yen per year compared to the fiscal year ending December 2023, and selling, general and administrative expenses are expected to be reduced by approximately 60 million yen per year compared to the fiscal year ending December 2023. On the other hand, the Company has reasonably estimated the expenses and losses (commissions and remuneration paid, etc.) that will arise from the business rationalization described above to be approximately 40 million yen, for the fiscal year ending December 2024. Please note that this estimated reduction amount does not take into account the impact of additional investments after rationalization.

The results of this streamlining will be announced as soon as they are finalized.

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