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February 14, 2023

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (under IFRS)

Company name: Kubota Pharmaceutical Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4596  
 URL: <https://www.kubotaholdings.co.jp/en/>  
 Representative: Ryo Kubota, Representative Executive Officer, Chairman, President and Chief Executive Officer  
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 Scheduled date of Ordinary General Meeting of Shareholders: April 21, 2023  
 Scheduled date to commence dividend payments: –  
 Scheduled date of the submission of annual securities report: March 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2022	8	–	(2,038)	–	(2,016)	–	(2,016)	–
December 31, 2021	–	–	(2,585)	–	(2,616)	–	(2,616)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
December 31, 2022	(2,016)	–	(1,733)	–	(40.92)	(40.92)
December 31, 2021	(2,616)	–	(2,232)	–	(57.46)	(57.46)

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
December 31, 2022	(49.8)	(43.6)	–
December 31, 2021	(51.6)	(45.4)	–

(Reference) Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended December 31, 2022: ¥– million

Fiscal year ended December 31, 2021: ¥– million

## (2) Consolidated financial position

	Total assets	Total shareholders' equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2022	4,420	3,950	3,950	89.4	72.31
December 31, 2021	4,833	4,153	4,153	85.9	90.55

## (3) Consolidated 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	(2,087)	505	1,447	4,049
December 31, 2021	(2,514)	3,563	171	3,977

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Millions of yen —	% —	% —
Fiscal year ended December 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

The earnings forecasts for the fiscal year ending December 31, 2023, are not shown because they cannot be reasonably calculated at this time. Please refer to “1. Overview of Operating Results and Others, (4) Future outlook” on page 5 of the attached materials for details concerning the reasons.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None

Excluded: None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at end of the period (including treasury shares)

As of December 31, 2022	54,622,588 shares
As of December 31, 2021	45,861,688 shares

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

As of December 31, 2022	70 shares
As of December 31, 2021	70 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended December 31, 2022	49,266,474 shares
For the fiscal year ended December 31, 2021	45,536,450 shares

**(Reference) Summary of Non-consolidated Financial Results**

**Non-consolidated financial results for the fiscal year ended December 31, 2022**

**(January 1, 2022 to December 31, 2022)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	174	0.8	(59)	–	(42)	–	0	–
December 31, 2021	173	(11.6)	(93)	–	(96)	–	(53)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
December 31, 2022	0.01	0.01
December 31, 2021	(1.18)	–

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
December 31, 2022	3,485	3,439	80.8	51.56
December 31, 2021	1,990	1,963	65.3	28.35

(Reference) Equity:

As of December 31, 2022: ¥2,816 million

As of December 31, 2021: ¥1,300 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special items

- The earnings forecasts and other forward-looking statements contained in these materials are based on information currently available to Kubota Pharmaceutical Holdings Co., Ltd. (the “Company”) and on certain assumptions deemed to be reasonable by the Company. Actual business performance and other results may differ substantially due to various factors. Please refer to “1. Overview of Operating Results and Others, (4) Future outlook” on page 5 of the attached materials for matters relating to earnings forecasts.
- The Company plans to proactively hold briefings for investors. Please refer to the Company’s website (<https://www.kubotaholdings.co.jp/en/>) for the schedule.

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## 1. Overview of Operating Results and Others

### (1) Overview of operating results for the fiscal year ended December 31, 2022

The Kubota Pharmaceutical Group (the “Group”) is an ophthalmic medical solutions company specializing in the field of ophthalmology that conducts research and development of drugs and medical devices globally.

In the global economy during the fiscal year ended December 31, 2022, the global economy was expected to pick up due to the drop in new cases of COVID-19, but the situation still remains unpredictable; in addition, there is uncertainty about the future due to soaring raw materials and transportation costs as a result of energy problems and other consequences of the prolonged Ukraine conflict, rapid exchange rate fluctuations, and other factors.

In this market environment, the Group proceeded with development of its business and research and development as follows.

#### Medical devices

##### *Wearable myopia control device (Kubota Glass)*

Currently under development by the Group, Kubota Glass technology is the Group’s original active stimulation technology that aims to slow the progression of myopia and treat it by using artificial light to stimulate the retina. In 2020, the Company’s US subsidiary, Kubota Vision Inc. (“Kubota Vision”), conducted a clinical study of 12 subjects with a prototype desktop device that used Kubota Glass technology to verify the impact on the axial length of the eye. The study demonstrated that axial length in the tested eye decreased compared to the control eye. Next, Kubota Vision completed verification that a similar effect was demonstrated with a wearable device using the same technology in 25 subjects aged 18 to 35 with myopia. In this clinical study, the 25 adult patients had their retinas stimulated by light (myopic defocus) for 1.5 hours a day, 3-5 times a week for 4 months with a desktop device using Kubota Glass technology, and showed an average of 101% inhibition of spherical equivalence myopia progression and 38% reduction in the axial length elongation on an annualized basis.

Usually, the axial length increases or stops growing with age. The shortening of the axial length due to artificial light compared to the control eye is a world first. The Group envisions applications of this technology in smart glasses and smart contact lenses for a world without eyeglasses.

In 2021, the Group received medical device registration approval in Taiwan, and received “ISO 13485:2016” certification for the design and development of ophthalmic medical devices. In 2022, the Group completed the registration of medical devices with the U.S. FDA and began sales at some ophthalmic clinics in the U.S. and Japan as a soft launch, and also opened its first direct retail location, Kubota Glass Store, in Tokyo in December 2022. The Group is proceeding with preparation for sales expansion while continuing clinical studies aimed at obtaining more evidence, and other activities. Going forward, the Group will continue with its soft launch in Japan, the U.S., and Taiwan for the purpose of troubleshooting with regard to the processes including manufacturing, sales and distribution, ongoing customer support, and verifying market fit. At the same time, the Group plans to use a sequential approach to strengthen its marketing activities in preparation for commercialization in the wider market and prepare for the development of next-generation models that better meet market needs.

##### *Home-based and remote medical monitoring device*

The Group is developing the Patient Based Ophthalmology Suite (PBOS) for a compact optical coherence tomography (OCT) device. It is a compact version of an OCT, which is used to test the condition of the retina in ophthalmology. This home-based ophthalmology device solution anticipates growing demand in the home-based and remote medical care field, including mobile health. It is a testing device that enables patients diagnosed and treated for wet age-related macular degeneration (AMD) and diabetic macular edema (DME) to measure the state of their retina themselves at home. By establishing a system that enables physicians to remotely examine the progression of symptoms such as changes in retinal anatomy and vision via the internet, the Group aims to help individual patients receive optimal ophthalmological treatment to maintain and improve their vision prior to requiring an office visit. Since the initial prototype was completed in 2020, the Group has continued to improve its functions and is exploring the possibility of joint development and commercialization with partner

companies while making software improvements, such as 3D imaging capabilities using artificial intelligence (AI).

#### Small molecule compounds

With regard to emixustat hydrochloride (“emixustat”), the Group completed the enrollment of the first subject of the phase 3 clinical study for Stargardt disease in November 2018, finally completing the enrollment of 194 subjects, and concluded this phase 3 clinical study. For the results of the aggregation and analysis of the database for the clinical study, the primary endpoint and secondary endpoints were not achieved, and there were no significant differences between the treatment groups. The rate of macular atrophy progression, which was the primary endpoint, was 1.280 mm<sup>2</sup>/year for the group receiving emixustat and 1.309 mm<sup>2</sup>/year for the group receiving the placebo (p=0.8091). However, tolerability of emixustat was good, and the safety profile was consistent with that observed in prior research.

As a result of further subsequent analysis, when comparing the subject group with a smaller atrophic lesion area at the baseline time against the group that received the placebo, it was demonstrated that the progression of the atrophic lesion was significantly slowed in the group receiving emixustat, and a subgroup analysis was conducted to verify this. A multi-factor analysis was performed on the subgroup of subjects with smaller lesions at baseline, controlling for the baseline factors identified in univariate and multi-factor analyses to affect lesion progression in this subgroup. The result of this analysis found that the progression rate of macular atrophy in the group receiving emixustat was slowed by 40.8% at Month 24 compared with the placebo group (p=0.0206, emixustat receiving group n=34, placebo group n=21). Given the above result, the Group plans to continue its activities, such as searching for co-development partners, while reconsidering its future plans for emixustat.

For the current fiscal year, revenue was ¥8 million, and cost of sales was ¥6 million. Research and development expenses, selling, general and administrative expenses are as follows:

#### Research and development expenses

Research and development expenses for the current fiscal year was ¥1,513 million, a decrease of ¥528 million, or 25.9%, year on year. This was mainly due to decreases in research and development expenses for emixustat and development expenses for the wearable myopia control device.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Increase (Decrease)	Change (%)
Research and development expenses	2,040,674	1,512,866	(527,808)	(25.9)

#### Selling, general and administrative expenses

Selling, general and administrative expenses for the current fiscal year was ¥601 million, a decrease of ¥3 million, or 0.4%, year on year. This was mainly due to a decrease in other general and administrative expenses associated with the cost-saving measures.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	603,905	601,293	(2,612)	(0.4)

## **(2) Overview of financial position as of December 31, 2022**

### Current assets

Current assets as of the end of the current fiscal year was ¥4,182 million, a decrease of ¥443 million from the end of the previous fiscal year. This was mainly due to a decrease in other financial assets from the transfer of short-term investments to cash, which increased cash and cash equivalents.

#### Non-current assets

Non-current assets as of the end of the current fiscal year was ¥238 million, an increase of ¥31 million from the end of the previous fiscal year. This was due to increases in property, plant and equipment and other non-current assets.

#### Current liabilities

Current liabilities as of the end of the current fiscal year was ¥361 million, a decrease of ¥182 million from the end of the previous fiscal year. This was mainly due to decreases in trade payables and accrued liabilities.

#### Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was ¥109 million, a decrease of ¥28 million from the end of the previous fiscal year. This was due to a decrease in lease liabilities.

#### Shareholders' equity

Shareholders' equity as of the end of the current fiscal year was ¥3,950 million, a decrease of ¥203 million from the end of the previous fiscal year. This was mainly due to an increase in loss brought forward (accumulated deficit) due to the recording of net loss.

### **(3) Overview of cash flows for the fiscal year ended December 31, 2022**

Cash and cash equivalents include all highly liquid short-term investments with a maturity of three months or less from the date of acquisition, and cash equivalents consist of money market funds. Investments with a maturity of three months to one year as of the date of acquisition are classified as short-term investments.

The cash, cash equivalents and short- and long-term financial instruments held by the Group were ¥4,416 million as of the end of previous fiscal year, and ¥4,049 million as of the end of the current fiscal year. Deposits at third-party financial institutions may exceed the applicable insurance limits of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation.

#### Cash flows from operating activities

Cash and cash equivalents ("cash") used in operating activities was ¥2,514 million for the previous fiscal year, and ¥2,087 million for the current fiscal year. The decrease of ¥427 million in net cash used was mainly due to a year-on-year decrease in cash related to the payment of research and development expenses and general and administrative expenses for the current fiscal year.

#### Cash flows from investing activities

Net cash provided by investing activities was ¥3,563 million for the previous fiscal year, and ¥505 million for the current fiscal year. The decrease of ¥3,057 million in net cash provided was mainly due to reducing re-investment of proceeds from financial assets that reached maturity.

#### Cash flows from financing activities

Net cash provided by financing activities was ¥171 million for the previous fiscal year, and ¥1,447 million for the current fiscal year. The increase of ¥1,275 million in net cash provided was mainly due to a year-on-year increase in proceeds from issuance of ordinary shares upon exercise of share acquisition rights for the current fiscal year.



(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Ratio of equity attributable to owners of parent to total assets (%)	85.9	89.4
Ratio of equity attributable to owners of parent on market value basis to total assets (%)	141.4	142.1
Interest-bearing liabilities to cash flow ratio (years)	-	-
Interest coverage ratio (times)	-	-

Calculating formulas of above indicators

Ratio of equity attributable to owners of parent to total assets:  $\text{Equity attributable to owners of parent} / \text{Total assets}$

Ratio of equity attributable to owners of parent on market value basis to total assets:  $\text{Market capitalization} / \text{Total assets}$

Interest-bearing liabilities to cash flow ratio:  $\text{Interest-bearing liabilities} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest paid}$

(Note 1) Each indicator was calculated using consolidated-basis financial data.

(Note 2) Market capitalization is calculated on the basis of the number of issued shares excluding treasury shares.

(Note 3) Operating cash flow indicates the net cash provided by (used in) operating activities in the consolidated statement of cash flows.

(Note 4) Interest-bearing liabilities include all liabilities as recorded on the consolidated statement of financial position on which interest is paid.

#### (4) Future outlook

The Group is an ophthalmic medical solutions company specializing in the field of ophthalmology that conducts research and development of drugs and medical devices globally.

Revenue from sales of Kubota Glass, which utilizes Kubota Glass technology, the Group's original active stimulation technology, accounts for almost all of the current revenue of the Company. With regard to expenditures, while reflecting customer opinions, etc. in the current version of the product and continuing efforts to reduce manufacturing expenses, the Group has established the priority for additional development. As a result, development expenses may fluctuate significantly. In addition, with regard to revenue, as Kubota Glass is an extremely novel product, it is difficult to determine the objective demand at this time.

Based on the above, the Group has decided to postpone the disclosure of the earnings forecasts for the full year because the consolidated earnings forecasts for the fiscal year ending December 31, 2023, are difficult to objectively calculate at this time. They will be promptly disclosed as soon as it becomes possible to make a reasonable calculation in light of future business conditions.

## 2. Basic Policy Regarding Selection of Accounting Standards

The Group is actively promoting the development of its business in the U.S. and other countries around the world. Given this situation, the Group adopted International Financial Reporting Standards (IFRS), aiming to increase comparability by disclosing financial information based on international standards for the convenience of shareholders, investors and various other stakeholders.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated statements of financial position

	Previous fiscal year (As of December 31, 2021)	Current fiscal year (As of December 31, 2022)
	Thousands of yen	Thousands of yen
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,977,312	4,048,969
Trade receivables	–	3,436
Inventories	–	7,433
Other financial assets	438,582	–
Other current assets	209,378	121,997
<b>Total current assets</b>	<b>4,625,272</b>	<b>4,181,835</b>
Non-current assets		
Property, plant and equipment	192,427	203,849
Other non-current assets	14,865	34,071
<b>Total non-current assets</b>	<b>207,292</b>	<b>237,920</b>
<b>Total assets</b>	<b>4,832,564</b>	<b>4,419,755</b>
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade payables	75,085	42,928
Accrued liabilities	323,220	194,447
Accrued compensation	70,039	76,247
Deferred rent, lease incentives, and others	11,697	–
Lease liabilities	62,312	39,175
Other current liabilities	–	8,030
<b>Total current liabilities</b>	<b>542,353</b>	<b>360,827</b>
Non-current liabilities		
Lease liabilities	137,290	109,393
<b>Total non-current liabilities</b>	<b>137,290</b>	<b>109,393</b>
<b>Total liabilities</b>	<b>679,643</b>	<b>470,220</b>
Shareholders' equity		
Share capital	1,308,902	2,066,706
Capital surplus	26,755,419	27,526,853
Retained earnings (loss)	(22,164,748)	(24,180,654)
Other components of equity	(1,746,652)	(1,463,370)
<b>Total equity attributable to owners of parent</b>	<b>4,152,921</b>	<b>3,949,535</b>
<b>Total shareholders' equity</b>	<b>4,152,921</b>	<b>3,949,535</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,832,564</b>	<b>4,419,755</b>

**(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income**

**Consolidated statements of profit or loss**

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Current fiscal year (January 1, 2022 to December 31, 2022)
	Thousands of yen	Thousands of yen
Revenue	–	8,254
Business expenses		
Cost of sales	–	5,821
Research and development expenses	2,040,674	1,512,866
Selling, general and administrative expenses	603,905	601,293
Total business expenses	2,644,579	2,119,980
Other operating income	59,874	73,706
Operating loss	(2,584,705)	(2,038,020)
Other income and expenses		
Finance income	11,240	18,463
Finance costs	(18,168)	(11,563)
Other income (expenses)	(24,818)	15,214
Total other income and expenses	(31,746)	22,114
Loss before tax	(2,616,451)	(2,015,906)
Net loss	(2,616,451)	(2,015,906)
Loss attributable to Owners of parent	(2,616,451)	(2,015,906)
Net loss per share		
Basic loss per share (Yen)	(57.46)	(40.92)
Diluted loss per share (Yen)	(57.46)	(40.92)

**Consolidated statements of comprehensive income**

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Current fiscal year (January 1, 2022 to December 31, 2022)
	Thousands of yen	Thousands of yen
Net loss	(2,616,451)	(2,015,906)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	384,043	283,282
Total other comprehensive income	384,043	283,282
Comprehensive income	(2,232,408)	(1,732,624)
Comprehensive income attributable to Owners of parent	(2,232,408)	(1,732,624)

**(3) Consolidated statement of changes in equity**

	Equity attributable to owners of parent					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total	
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Balance as of January 1, 2021	1,148,650	26,523,421	(19,548,297)	(2,130,695)	5,993,079	5,993,079
Net loss			(2,616,451)		(2,616,451)	(2,616,451)
Exchange differences on translation of foreign operations				384,043	384,043	384,043
Total comprehensive income	-	-	(2,616,451)	384,043	(2,232,408)	(2,232,408)
Share-based compensation expense		75,614			75,614	75,614
Issuance of new shares	160,252	160,252			320,504	320,504
Issuance cost of new shares		(3,868)			(3,868)	(3,868)
Total transactions with owners	160,252	231,998	-	-	392,250	392,250
Balance as of December 31, 2021	1,308,902	26,755,419	(22,164,748)	(1,746,652)	4,152,921	4,152,921
Net loss			(2,015,906)		(2,015,906)	(2,015,906)
Exchange differences on translation of foreign operations				283,282	283,282	283,282
Total comprehensive income	-	-	(2,015,906)	283,282	(1,732,624)	(1,732,624)
Share-based compensation expense		29,765			29,765	29,765
Issuance of new shares	757,804	757,804			1,515,608	1,515,608
Issuance cost of new shares		(16,135)			(16,135)	(16,135)
Total transactions with owners	757,804	771,434	-	-	1,529,238	1,529,238
Balance as of December 31, 2022	2,066,706	27,526,853	(24,180,654)	(1,463,370)	3,949,535	3,949,535

**(4) Consolidated statements of cash flows**

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Current fiscal year (January 1, 2022 to December 31, 2022)
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(2,616,451)	(2,015,906)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	59,238	58,974
Share-based compensation expense	75,614	29,765
Amortization of premium or discount on securities	2,158	(1,461)
Loss (gain) on sale and retirement of property, plant and equipment	97	(2,247)
Finance income	(11,240)	(18,463)
Finance costs	18,168	11,563
Change in operating assets and liabilities		
Trade receivables		(3,436)
Other current assets	(100,539)	111,571
Other current liabilities	-	8,679
Trade payables	(1,756)	(40,764)
Accrued liabilities	69,470	(197,409)
Accrued compensation	(8,351)	2,121
Deferred rent, lease incentives, and others	(2,275)	(11,849)
Other assets	20,301	(6,347)
Subtotal	(2,495,566)	(2,075,209)
Interest paid	(18,017)	(11,486)
Net cash provided by (used in) operating activities	(2,513,583)	(2,086,695)
Cash flows from investing activities		
Interest received	17,821	16,762
Purchase of other financial assets	(394,378)	(581,342)
Proceeds from redemption upon maturity of other financial assets	3,813,038	1,102,520
Purchase of property, plant and equipment	(8,666)	(57,976)
Proceeds from collection of lease receivables	134,764	24,954
Proceeds from refund of leasehold and guarantee deposits	-	12,598
Payment of leasehold and guarantee deposits	-	(12,357)
Net cash provided by (used in) investing activities	3,562,579	505,159
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	319,898	1,511,803
Proceeds from issuance of share acquisition rights	-	3,100
Payment of lease liabilities	(148,474)	(68,116)
Net cash provided by (used in) financing activities	171,424	1,446,787
Effect of exchange rate changes on cash and cash equivalents	223,106	206,406
Net increase in cash and cash equivalents	1,443,526	71,657
Cash and cash equivalents at beginning of period	2,533,786	3,977,312
Cash and cash equivalents at end of period	3,977,312	4,048,969

**(5) Notes to consolidated financial statements**

**Notes on going concern assumption**

Not applicable.

**Segment information, etc.**

The Group is engaged in the drug and medical device business and the related business activities, which constitute a single segment. All of the Group's significant assets are located in the U.S.

**Per share information**

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Current fiscal year (January 1, 2022 to December 31, 2022)
Loss attributable to owners of parent (Thousands of yen)	(2,616,451)	(2,015,906)
Weighted-average number of ordinary shares outstanding (Thousands of shares)	45,536	49,266
Net loss per share		
Basic loss per share (Yen)	(57.46)	(40.92)
Diluted loss per share (Yen)	(57.46)	(40.92)

(Note) Although the number of dilutive potential ordinary shares was 346,000 shares in the previous fiscal year, and 128,000 shares in the current fiscal year, they were excluded from the calculation for diluted loss per share as their impact was antidilutive.

**Significant subsequent events**

Not applicable.