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February 14, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (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, Director, Chairman, President and Chief Executive Officer
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 Scheduled date of Ordinary General Meeting of Shareholders: April 19, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date of the submission of annual securities report: March 29, 2024
 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, 2023 (January 1, 2023 to December 31, 2023)

(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, 2023	40	383.3	(1,394)	–	(1,379)	–	(1,379)	–
December 31, 2022	8	–	(2,038)	–	(2,016)	–	(2,016)	–

	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, 2023	(1,379)	–	(1,378)	–	(24.81)	(24.81)
December 31, 2022	(2,016)	–	(1,733)	–	(40.92)	(40.92)

	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, 2023	(41.1)	(36.5)	–
December 31, 2022	(49.8)	(43.6)	–

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

Fiscal year ended December 31, 2023: ¥– million
 Fiscal year ended December 31, 2022: ¥– 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, 2023	3,127	2,757	2,757	88.2	49.18
December 31, 2022	4,420	3,950	3,950	89.4	72.31

(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, 2023	(1,323)	(58)	96	2,768
December 31, 2022	(2,087)	505	1,447	4,049

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, 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024)

The earnings forecasts for the fiscal year ending December 31, 2024, 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, 2023	56,062,988 shares
As of December 31, 2022	54,622,588 shares

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

As of December 31, 2023	71 shares
As of December 31, 2022	70 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended December 31, 2023	55,593,827 shares
For the fiscal year ended December 31, 2022	49,266,474 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended December 31, 2023

(January 1, 2023 to December 31, 2023)

(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, 2023	214	22.5	(146)	–	(635)	–	(629)	–
December 31, 2022	174	0.8	(59)	–	(42)	–	0	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
December 31, 2023	Yen (11.32)	Yen –
December 31, 2022	Yen 0.01	Yen 0.01

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
December 31, 2023	Millions of yen 3,022	Millions of yen 2,963	% 77.3	Yen 41.67
December 31, 2022	Millions of yen 3,485	Millions of yen 3,439	% 80.8	Yen 51.56

(Reference) Equity:

As of December 31, 2023: ¥2,335 million

As of December 31, 2022: ¥2,816 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, 2023

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.

During the fiscal year ended December 31, 2023, there was a sustained recovery trend in socio-economic and production activities from the resurgence of COVID-19 in certain regions. Nevertheless, the situation still remains unpredictable due to persistent inflation stemming from the prolonged Ukraine crisis and other challenges, soaring raw materials and transportation costs as a result of energy problems, etc., rapid exchange rate fluctuations, and other factors. In addition, among Asian economies, certain countries, including China, maintained robust growth, while others faced a slowdown in economic recovery. In Japan as well, the difference in interest rates between Japan and other countries had a substantial impact on the exchange rate, leading to the depreciation of the yen.

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.

The Group is amassing scientific evidence, while working to expand sales of this device under the Kubota Glass business.

To evaluate effectiveness of this technology, 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 another 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.

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.

The Group envisions applications of this technology in smart glasses, smart contact lenses, and other products for a world without eyeglasses.

In 2022, the Group began sales of Kubota Glass 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 strengthening efforts to improve products and refine services for recurring business, with the aim of further enhancing customer satisfaction. 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 eyeMO, 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.

In December 2023, the Group executed a collaboration letter of intent with AUROLAB (Madurai, India), which serves as the manufacturing facility of Aravind Eye Care Hospital (AECS)—one of the most prestigious eye hospitals worldwide—for the purpose of joint development. AECS has 14 eye hospitals, 6 outpatient eye examination centers, and 108 initial eye care facilities in southern India. It performs more than 4.5 million surgeries and treatments annually, one of the highest numbers of annual surgeries in the world.

Furthermore, the Group executed a vendor agreement with IQVIA Services Japan G.K. (Minato-ku, Tokyo) for a specific clinical study to be funded by Chugai Pharmaceutical Co., Ltd. In this study, medical professionals will verify whether the device can be used in patients with diabetic macular edema in their homes and determine the validity of retinal thickness measurements and measurements of retinal status for identifying the presence of intra- and subretinal edema. A feasibility study will be conducted prior to this study.

Small molecule compounds

With regard to emixustat hydrochloride (“emixustat”), the Group plans to continue its activities, such as searching for co-development partners, while considering the utilization of accelerated approval programs in respective countries and regions, along with other approaches. 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 mm²/year for the group receiving emixustat and 1.309 mm²/year for the group receiving the placebo (p=0.8091). However, the 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 ¥40 million, an increase of 383.3% year on year, and cost of sales was ¥12 million, an increase of 102.2% year on year. 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 ¥789 million, a decrease of ¥724 million, or 47.9%, year on year. This was mainly due to decreases in development expenses for emixustat and the wearable myopia control device.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Increase (Decrease)	Change (%)
Research and development expenses	1,512,866	788,789	(724,077)	(47.9)

Selling, general and administrative expenses

Selling, general and administrative expenses for the current fiscal year was ¥633 million, an increase of ¥32 million, or 5.2%, year on year. This was mainly due to increases in sales promotion expenses, among others, associated with Kubota Glass.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	601,293	632,836	31,543	5.2

(2) Overview of financial position as of December 31, 2023

Current assets

Current assets as of the end of the current fiscal year was ¥2,869 million, a decrease of ¥1,312 million from the end of the previous fiscal year. This was mainly due to a decrease in cash and cash equivalents.

Non-current assets

Non-current assets as of the end of the current fiscal year was ¥258 million, an increase of ¥20 million from the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment, despite a decrease in other non-current assets.

Current liabilities

Current liabilities as of the end of the current fiscal year was ¥283 million, a decrease of ¥78 million from the end of the previous fiscal year. This was mainly due to decreases in accrued liabilities.

Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was ¥87 million, a decrease of ¥22 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 ¥2,757 million, a decrease of ¥1,192 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, 2023

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 ¥4,049 million as of the end of previous fiscal year, and ¥2,768 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 ¥2,087 million for the previous fiscal year, and ¥1,323 million for the current fiscal year. The decrease of ¥764 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 ¥505 million for the previous fiscal year, and net cash used in investing activities was ¥58 million for the current fiscal year. This was mainly due to the recognition of proceeds from redemption upon maturity of other financial assets in the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities was ¥1,447 million for the previous fiscal year, and ¥96 million for the current fiscal year. The decrease of ¥1,350 million in net cash provided was mainly due to a year-on-year decrease 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, 2022	Fiscal year ended December 31, 2023
Ratio of equity attributable to owners of parent to total assets (%)	89.4	88.2
Ratio of equity attributable to owners of parent on market value basis to total assets (%)	142.1	143.4
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 statements 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 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, 2024, 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, 2022)	Current fiscal year (As of December 31, 2023)
	Thousands of yen	Thousands of yen
Assets		
Current assets		
Cash and cash equivalents	4,048,969	2,767,639
Trade receivables	3,436	2,750
Inventories	7,433	36,849
Other current assets	121,997	62,219
Total current assets	<u>4,181,835</u>	<u>2,869,457</u>
Non-current assets		
Property, plant and equipment	203,849	239,952
Other non-current assets	34,071	17,942
Total non-current assets	<u>237,920</u>	<u>257,894</u>
Total assets	<u><u>4,419,755</u></u>	<u><u>3,127,351</u></u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	42,928	34,547
Accrued liabilities	194,447	110,085
Accrued compensation	76,247	72,276
Lease liabilities	39,175	55,659
Other current liabilities	8,030	10,347
Total current liabilities	<u>360,827</u>	<u>282,914</u>
Non-current liabilities		
Lease liabilities	109,393	87,194
Total non-current liabilities	<u>109,393</u>	<u>87,194</u>
Total liabilities	470,220	370,108
Shareholders' equity		
Share capital	2,066,706	2,141,113
Capital surplus	27,526,853	27,638,335
Retained earnings (loss)	(24,180,654)	(25,559,762)
Other components of equity	(1,463,370)	(1,462,443)
Total equity attributable to owners of parent	<u>3,949,535</u>	<u>2,757,243</u>
Total shareholders' equity	<u>3,949,535</u>	<u>2,757,243</u>
Total liabilities and shareholders' equity	<u><u>4,419,755</u></u>	<u><u>3,127,351</u></u>

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

Consolidated statements of profit or loss

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Current fiscal year (January 1, 2023 to December 31, 2023)
	Thousands of yen	Thousands of yen
Revenue	8,254	39,887
Business expenses		
Cost of sales	5,821	11,773
Research and development expenses	1,512,866	788,789
Selling, general and administrative expenses	601,293	632,836
Total business expenses	2,119,980	1,433,398
Other operating income	73,706	-
Operating loss	(2,038,020)	(1,393,511)
Other income and expenses		
Finance income	18,463	13,907
Finance costs	(11,563)	(9,374)
Other income (expenses)	15,214	9,870
Total other income and expenses	22,114	14,403
Loss before tax	(2,015,906)	(1,379,108)
Net loss	(2,015,906)	(1,379,108)
Loss attributable to Owners of parent	(2,015,906)	(1,379,108)
Net loss per share		
Basic loss per share (Yen)	(40.92)	(24.81)
Diluted loss per share (Yen)	(40.92)	(24.81)

Consolidated statements of comprehensive income

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Current fiscal year (January 1, 2023 to December 31, 2023)
	Thousands of yen	Thousands of yen
Net loss	(2,015,906)	(1,379,108)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	283,282	927
Total other comprehensive income	283,282	927
Comprehensive income	(1,732,624)	(1,378,181)
Comprehensive income attributable to Owners of parent	(1,732,624)	(1,378,181)

(3) Consolidated statements of changes in equity

	Equity attributable to owners of parent					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings (loss)	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, 2022	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
Net loss			(1,379,108)		(1,379,108)	(1,379,108)
Exchange differences on translation of foreign operations				927	927	927
Total comprehensive income	-	-	(1,379,108)	927	(1,378,181)	(1,378,181)
Share-based compensation expense		41,374			41,374	41,374
Issuance of new shares	74,407	74,407			148,814	148,814
Issuance cost of new shares		(4,299)			(4,299)	(4,299)
Total transactions with owners	74,407	111,482	-	-	185,889	185,889
Balance as of December 31, 2023	2,141,113	27,638,335	(25,559,762)	(1,462,443)	2,757,243	2,757,243

(4) Consolidated statements of cash flows

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Current fiscal year (January 1, 2023 to December 31, 2023)
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(2,015,906)	(1,379,108)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	58,974	87,160
Share-based compensation expense	29,765	41,374
Amortization of premium or discount on securities	(1,461)	-
Loss (gain) on sale and retirement of property, plant and equipment	(2,247)	2,026
Finance income	(18,463)	(13,907)
Finance costs	11,563	9,374
Change in operating assets and liabilities		
Trade receivables	(3,436)	790
Other current assets	111,571	35,034
Other current liabilities	8,679	1,356
Trade payables	(40,764)	(11,830)
Accrued liabilities	(197,409)	(96,149)
Accrued compensation	2,121	(6,068)
Deferred rent, lease incentives, and others	(11,849)	-
Other assets	(6,347)	16,407
Subtotal	(2,075,209)	(1,313,541)
Interest paid	(11,486)	(9,302)
Net cash provided by (used in) operating activities	(2,086,695)	(1,322,843)
Cash flows from investing activities		
Interest received	16,762	14,979
Purchase of other financial assets	(581,342)	-
Proceeds from redemption upon maturity of other financial assets	1,102,520	-
Purchase of property, plant and equipment	(57,976)	(66,695)
Proceeds from collection of lease receivables	24,954	-
Proceeds from refund of leasehold and guarantee deposits	12,598	816
Payment of leasehold and guarantee deposits	(12,357)	(7,137)
Net cash provided by (used in) investing activities	505,159	(58,037)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,511,803	148,368
Proceeds from issuance of share acquisition rights	3,100	-
Payment of lease liabilities	(68,116)	(51,927)
Net cash provided by (used in) financing activities	1,446,787	96,441
Effect of exchange rate changes on cash and cash equivalents	206,406	3,109
Net increase (decrease) in cash and cash equivalents	71,657	(1,281,330)
Cash and cash equivalents at beginning of period	3,977,312	4,048,969
Cash and cash equivalents at end of period	4,048,969	2,767,639

(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, 2022 to December 31, 2022)	Current fiscal year (January 1, 2023 to December 31, 2023)
Loss attributable to owners of parent (Thousands of yen)	(2,015,906)	(1,379,108)
Weighted-average number of ordinary shares outstanding (Thousands of shares)	49,266	55,594
Net loss per share		
Basic loss per share (Yen)	(40.92)	(24.81)
Diluted loss per share (Yen)	(40.92)	(24.81)

(Note) Although the number of dilutive potential ordinary shares was 128,000 shares in the previous fiscal year, and 342,000 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.