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May 14, 2024

## Consolidated Financial Results for the Three Months Ended March 31, 2024 (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 the submission of quarterly securities report: May 14, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: None

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

### 1. Consolidated financial results for the three months ended March 31, 2024 (January 1, 2024 to March 31, 2024)

#### (1) Consolidated operating results (cumulative)

(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	%
Three months ended								
March 31, 2024	5	(2.8)	(337)	–	(343)	–	(343)	–
March 31, 2023	5	–	(445)	–	(444)	–	(444)	–

	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
Three months ended						
March 31, 2024	(343)	–	(334)	–	(6.10)	(6.10)
March 31, 2023	(444)	–	(444)	–	(8.09)	(8.09)

#### (2) Consolidated financial position

	Total assets	Total shareholders' equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of				
March 31, 2024	2,693	2,341	2,341	86.9
December 31, 2023	3,017	2,647	2,647	87.7

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (Forecast)		0.00	–	0.00	0.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

## 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. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2024, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 4 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 March 31, 2024	56,298,188 shares
As of December 31, 2023	56,062,988 shares

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

As of March 31, 2024	71 shares
As of December 31, 2023	71 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the three months ended March 31, 2024	56,159,608 shares
For the three months ended March 31, 2023	54,922,296 shares

- \* Quarterly financial results reports are exempt from quarterly reviews 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. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2024, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 4 of the attached materials for matters relating to earnings forecasts.

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## 1. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2024

### (1) Explanation of operating results

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 three months ended March 31, 2024, 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 “ISO 13485:2016” certification for the design and development of ophthalmic medical devices. In the same year, the Group received medical device registration approval in Taiwan, and in the following year, completed the registration of medical devices with the U.S. FDA. The Group aims to realize a world without eyeglasses by applying this technology in smart glasses, smart contact lenses, and other products. 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, and is one of the leading companies in the world, performing over 4.5 million surgeries and treatments annually. At the same time, 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 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, 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 three months ended March 31, 2024, revenue was ¥5 million, a decrease of 2.8% year on year, and cost of sales was ¥1 million, a decrease of 48.8% 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 three months ended March 31, 2024, was ¥165 million, a decrease of ¥112 million, or 40.5%, 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 %)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Increase (Decrease)	Change (%)
Research and development expenses	276,720	164,671	(112,049)	(40.5)

#### Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended March 31, 2024, was ¥177 million, an increase of ¥5 million, or 2.9%, year on year. This was mainly due to increases in sales promotion expenses, among others, associated with Kubota Glass and audit fees, etc., despite a decrease in patent-related expenses.

(Unit: Thousands of yen or %)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	171,782	176,736	4,954	2.9

## (2) Explanation of financial position

### Current assets

Current assets as of the end of the first quarter of the current fiscal year was ¥2,556 million, a decrease of ¥313 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 first quarter of the current fiscal year was ¥137 million, a decrease of ¥10 million from the end of the previous fiscal year. This was mainly due to a decrease in property, plant and equipment.

### Current liabilities

Current liabilities as of the end of the first quarter of the current fiscal year was ¥280 million, a decrease of ¥3 million from the end of the previous fiscal year. This was mainly due to a decrease in accrued compensation, despite increases in trade payables and lease liabilities.

### Non-current liabilities

Non-current liabilities as of the end of the first quarter of the current fiscal year was ¥73 million, a decrease of ¥14 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 first quarter of the current fiscal year was ¥2,341 million, a decrease of ¥306 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) Explanation of consolidated earnings forecasts and other forward-looking statements

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, 2024, are still 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. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Condensed quarterly consolidated statements of financial position

	As of December 31, 2023	(Thousands of yen) As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	2,767,639	2,453,823
Trade receivables	1,964	1,211
Inventories	36,849	49,023
Other current assets	62,989	52,040
Total current assets	2,869,441	2,556,097
Non-current assets		
Property, plant and equipment	129,457	118,744
Other non-current assets	17,942	18,199
Total non-current assets	147,399	136,943
Total assets	3,016,840	2,693,040
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	34,547	40,994
Accrued liabilities	110,085	111,242
Accrued compensation	72,276	51,324
Lease liabilities	55,659	64,722
Other current liabilities	10,347	11,249
Total current liabilities	282,914	279,531
Non-current liabilities		
Lease liabilities	87,194	72,890
Total non-current liabilities	87,194	72,890
Total liabilities	370,108	352,421
Shareholders' equity		
Share capital	2,141,113	2,150,675
Capital surplus	27,638,335	27,656,758
Retained earnings (loss)	(25,670,256)	(26,013,000)
Other components of equity	(1,462,460)	(1,453,814)
Total equity attributable to owners of parent	2,646,732	2,340,619
Total shareholders' equity	2,646,732	2,340,619
Total liabilities and shareholders' equity	3,016,840	2,693,040



**(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income**

**Condensed quarterly consolidated statements of profit or loss**

Three months ended March 31, 2023 and 2024

	Three months ended March 31, 2023	(Thousands of yen) Three months ended March 31, 2024
Revenue	5,179	5,036
Business expenses		
Cost of sales	2,037	1,043
Research and development expenses	276,720	164,671
Selling, general and administrative expenses	171,782	176,736
Total business expenses	450,539	342,450
Operating loss	(445,360)	(337,414)
Other income and expenses		
Finance income	4,126	2,398
Finance costs	(2,370)	(2,081)
Other income (expenses)	(730)	(5,647)
Total other income and expenses	1,026	(5,330)
Loss before tax	(444,334)	(342,744)
Net loss	(444,334)	(342,744)
Loss attributable to Owners of parent	(444,334)	(342,744)
Net loss per share		
Basic loss per share (Yen)	(8.09)	(6.10)
Diluted loss per share (Yen)	(8.09)	(6.10)

**Condensed quarterly consolidated statements of comprehensive income**

Three months ended March 31, 2023 and 2024

	Three months ended March 31, 2023	(Thousands of yen) Three months ended March 31, 2024
Net loss	(444,334)	(342,744)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(54)	8,646
Total other comprehensive income	(54)	8,646
Comprehensive income	(444,388)	(334,098)
Comprehensive income attributable to Owners of parent	(444,388)	(334,098)

**(3) Condensed quarterly consolidated statements of changes in equity**

Three months ended March 31, 2023

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings (loss)	Other components of equity	Total equity attributable to owners of parent	Total
Balance as of January 1, 2023	2,066,706	27,526,853	(24,180,654)	(1,463,370)	3,949,535	3,949,535
Net loss			(444,334)		(444,334)	(444,334)
Exchange differences on translation of foreign operations				(54)	(54)	(54)
Comprehensive income	–	–	(444,334)	(54)	(444,388)	(444,388)
Share-based compensation expense		15,205			15,205	15,205
Issuance of new shares	31,300	31,300			62,600	62,600
Issuance cost of new shares		(553)			(553)	(553)
Total transactions with owners	31,300	45,952	–	–	77,252	77,252
Balance as of March 31, 2023	2,098,006	27,572,805	(24,624,988)	(1,463,424)	3,582,399	3,582,399

Three months ended March 31, 2024

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings (loss)	Other components of equity	Total equity attributable to owners of parent	Total
Balance as of January 1, 2024	2,141,113	27,638,335	(25,670,256)	(1,462,460)	2,646,732	2,646,732
Net loss			(342,744)		(342,744)	(342,744)
Exchange differences on translation of foreign operations				8,646	8,646	8,646
Comprehensive income	–	–	(342,744)	8,646	(334,098)	(334,098)
Share-based compensation expense		8,745			8,745	8,745
Issuance of new shares	9,562	9,562			19,124	19,124
Issuance cost of new shares		116			116	116
Total transactions with owners	9,562	18,423	–	–	27,985	27,985
Balance as of March 31, 2024	2,150,675	27,656,758	(26,013,000)	(1,453,814)	2,340,619	2,340,619

**(4) Condensed quarterly consolidated statements of cash flows**

	Three months ended March 31, 2023	(Thousands of yen) Three months ended March 31, 2024
Cash flows from operating activities		
Net loss	(444,334)	(342,744)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	18,873	14,612
Impairment losses	–	5,590
Share-based compensation expense	15,205	8,745
Finance income	(4,126)	(2,398)
Finance costs	2,370	2,081
Change in operating assets and liabilities		
Trade receivables	1,691	887
Other current assets	30,562	5,839
Other current liabilities	6,685	200
Trade payables	6,205	4,041
Accrued liabilities	9,769	(6,169)
Accrued compensation	(40,442)	(25,383)
Other assets	17,294	938
Subtotal	(380,248)	(333,761)
Interest paid	(2,349)	(2,068)
Net cash provided by (used in) operating activities	(382,597)	(335,829)
Cash flows from investing activities		
Interest received	4,800	2,759
Purchase of property, plant and equipment	(6,243)	(1,591)
Net cash provided by (used in) investing activities	(1,443)	1,168
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	62,601	19,051
Payment of lease liabilities	(12,207)	(14,630)
Net cash provided by (used in) financing activities	50,394	4,421
Effect of exchange rate changes on cash and cash equivalents	7	16,424
Net increase (decrease) in cash and cash equivalents	(333,639)	(313,816)
Cash and cash equivalents at beginning of period	4,048,969	2,767,639
Cash and cash equivalents at end of period	3,715,330	2,453,823

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

**Notes on going concern assumption**

Not applicable.

**Significant subsequent events**

*Reduction in share capital (capital reduction) and appropriation of other capital surplus*

At a meeting held on February 21, 2024, the Board of Directors of the Company resolved to submit a proposal for reduction in share capital (capital reduction) and appropriation of other capital surplus to the Company's 9th Ordinary General Meeting of Shareholders, as described below, which was approved at the meeting and became effective on April 30, 2024.

(1) Objective

The Company will reduce share capital (capital reduction) and appropriate other capital surplus in accordance with the provisions of Article 447, paragraph (1) of the Companies Act and Article 452 of the Companies Act in order to make up the deficit and to ensure flexibility and mobility of future capital policy.

This will improve the Company's financial soundness and ensure flexibility and agility of its future capital policy.

(2) Details of the reduction in share capital (capital reduction)

(i) Amount of share capital to be reduced

The Company's share capital of 2,141,113 thousand yen (as of December 31, 2023) will be reduced by 2,131,113 thousand yen, and the entire amount of the reduced share capital will be transferred to other capital surplus. The amount of share capital after the reduction will be 19,562 thousand yen (Note).

(Note) Due to the exercise of share acquisition rights in the period up to the effective date of the capital reduction, the amount of share capital increased by 9,562 thousand yen.

(ii) Method of the reduction in share capital (capital reduction)

This will be a capital reduction without compensation, and the total number of outstanding shares will not be changed. Only the amount of share capital will be reduced.

(3) Details of appropriation of other capital surplus

On the condition of the reduction in share capital described in (2) above taking effect, the Company will reduce the amount of other capital surplus necessary to make up the deficit and transfer it to retained earnings brought forward to make up the deficit as described below.

(i) Item of surplus to be decreased and amount of decrease

Other capital surplus 1,946,466 thousand yen

(ii) Item of surplus to be increased and amount of increase

Retained earnings brought forward 1,946,466 thousand yen

(4) Schedule

(i) Date of Resolution at the Board of Directors February 21, 2024

(ii) Date of public notice of creditors' objection period March 22, 2024

(iii) Resolution date at the General Meeting of Shareholders April 19, 2024

(iv) Final date for creditors to file objections April 26, 2024

(v) Effective date of capital reduction April 30, 2024

*Grant of share options*

The Company resolved, at its 9th Ordinary General Meeting of Shareholders (for the fiscal year 2023) held on April 19, 2024, to delegate to the Board of Directors of the Company the authority to determine the offering terms for share acquisition rights issued as share options without contribution, pursuant to the provisions of Article 236, Article 238 and Article 239 of the Companies Act.

The details are as follows:

- (1) Persons eligible for allotment of share acquisition rights  
Directors (including outside directors), employees and consultants of the Company, and directors (including outside directors), employees and consultants of subsidiaries of the Company
- (2) Class and number of shares underlying share acquisition rights  
The upper limit shall be 1,700,000 ordinary shares of the Company.  
However, in the event that the Company implements a share split of ordinary shares of the Company (including the allotment of ordinary shares of the Company without contribution; the same shall apply to the description of the share split hereinafter) or a share consolidation of the shares on or after the date when the Board of Directors of the Company resolves to offer share acquisition rights (the “Resolution Date”), the number of granted shares shall be adjusted using the following formula and any fraction less than one share arising from such adjustment shall be discarded.  
$$\text{Number of granted shares after adjustment} = \text{Number of granted shares before adjustment} \times \text{Ratio of share split or share consolidation}$$
- (3) Total number of share acquisition rights to be issued  
The upper limit shall be 17,000 units.
- (4) Issue price of share acquisition rights  
No cash payment in exchange for the share acquisition rights shall be required.
- (5) Value of property to be contributed upon exercise of share acquisition rights  
The amount of property to be contributed upon exercise of each of the share acquisition rights shall be the amount to be paid per share that may be issued upon exercise of the share acquisition rights (the “Exercise Price”) multiplied by the number of granted shares.  
The Exercise Price shall be either the average value (rounding up any fraction less than ¥1) of the closing price of ordinary shares of the Company in regular trading at the Tokyo Stock Exchange (the “Closing Price”) for each day (excluding days on which no trades are executed) of the month preceding the month that includes the date of allotment of share acquisition rights (the “Allotment Date”) or the Closing Price on the Allotment Date (if there is no Closing Price, the Closing Price of the most recent date is used), whichever is higher.
- (6) Exercise period of share acquisition rights  
This shall be the period from the Allotment Date to the date on which 10 years elapse since the Resolution Date of granting the share acquisition rights.
- (7) Exercise conditions of share acquisition rights  
The exercise conditions of share acquisition rights shall be as set forth in (9), below, of the Share Acquisition Rights Allotment Agreement.
- (8) Matters concerning the amount of increase in share capital and legal capital surplus resulting from issuance of shares upon exercise of share acquisition rights
  - (i) The amount of increase in share capital resulting from the issuance of shares upon exercise of the share acquisition rights shall be one-half of the maximum amount of increase in share capital as calculated pursuant to provisions of Article 17 of the Regulation on Corporate Accounting. Any fraction less than ¥1 arising from such calculation shall be rounded up to the nearest yen.
  - (ii) The amount of increase in legal capital surplus resulting from the issuance of shares upon exercise of share acquisition rights shall be the maximum amount of increase in share capital as provided in (i) above less the amount of increase in share capital as determined in (i) above.
- (9) Other matters  
The allotment of share acquisition rights shall be based on and executed in accordance with a Share Acquisition Rights Allotment Agreement that sets forth the conditions that the Board of Directors deems necessary to achieve the issuance of the above-mentioned share acquisition rights, and such agreement shall be entered into by the Company and persons eligible for allotment of share acquisition rights.