

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



February 14, 2025

## Consolidated Financial Results for the Fiscal Year Ended December 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  
 Inquiries: Kazutoshi Watanabe, Chief Financial Officer  
 Telephone: +81-3-6550-8928  
 Scheduled date of Ordinary General Meeting of Shareholders: April 18, 2025  
 Scheduled date to commence dividend payments: –  
 Scheduled date of the submission of annual securities report: March 28, 2025  
 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, 2024 (January 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit (loss)		Profit (loss) before tax		Net profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2024	27	(31.8)	(1,289)	–	(1,333)	–	(1,333)	–
December 31, 2023	40	383.3	(1,504)	–	(1,490)	–	(1,490)	–

	Profit (loss) attributable to owners of parent		Total comprehensive income (loss)		Basic earnings (loss) per share	Diluted earnings (loss) per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
December 31, 2024	(1,333)	–	(1,325)	–	(23.65)	(23.65)
December 31, 2023	(1,490)	–	(1,489)	–	(26.79)	(26.79)

	Return on equity (deficit) attributable to owners of parent	Ratio of profit (loss) before tax to total assets	Ratio of operating profit (loss) to revenue
	%	%	%
Fiscal year ended			
December 31, 2024	(66.0)	(58.5)	–
December 31, 2023	(45.2)	(40.1)	–

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

Fiscal year ended December 31, 2024: ¥– million  
 Fiscal year ended December 31, 2023: ¥– million

## (2) Consolidated financial position

	Total assets	Total shareholders' equity (deficit)	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, 2024	1,542	1,390	1,390	90.1	24.48
December 31, 2023	3,017	2,647	2,647	87.7	47.21

## (3) Consolidated cash flows

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) 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, 2024	(1,199)	(43)	(88)	1,455
December 31, 2023	(1,336)	(45)	97	2,768

## 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, 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended December 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025)

The earnings forecasts for the fiscal year ending December 31, 2025, 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) Significant changes in scope of consolidation during the period: 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, 2024	56,765,588 shares
As of December 31, 2023	56,062,988 shares

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

As of December 31, 2024	104 shares
As of December 31, 2023	71 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended December 31, 2024	56,346,956 shares
For the fiscal year ended December 31, 2023	55,593,827 shares

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

**Non-consolidated financial results for the fiscal year ended December 31, 2024**

**(January 1, 2024 to December 31, 2024)**

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

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2024	258	20.7	(381)	–	(1,298)	–	(1,306)	–
December 31, 2023	214	22.5	(145)	–	(732)	–	(726)	–

	Basic earnings (loss) per share	Diluted earnings (loss) per share
Fiscal year ended	Yen	Yen
December 31, 2024	(23.19)	–
December 31, 2023	(13.06)	–

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

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	1,671	1,585	58.7	17.27
December 31, 2023	2,925	2,866	76.6	39.94

(Reference) Equity:

As of December 31, 2024: ¥980 million

As of December 31, 2023: ¥2,239 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.

Attached Material Index

1. Overview of Operating Results and Others .....	2
(1) Overview of operating results for the fiscal year ended December 31, 2024.....	2
(2) Overview of financial position as of December 31, 2024 .....	4
(3) Overview of cash flows for the fiscal year ended December 31, 2024 .....	4
(4) Future outlook .....	5
(5) Significant events regarding going concern assumption .....	5
2. Basic Policy Regarding Selection of Accounting Standards.....	6
3. Consolidated Financial Statements and Significant Notes Thereto .....	7
(1) Consolidated statements of financial position .....	7
(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income....	8
Consolidated statements of profit or loss .....	8
Consolidated statements of comprehensive income.....	8
(3) Consolidated statements of changes in equity.....	9
(4) Consolidated statements of cash flows.....	10
(5) Notes to consolidated financial statements.....	11
Notes on going concern assumption.....	11
Segment information, etc. ....	11
Per share information .....	11
Other income and expenses.....	11
Significant subsequent events.....	11

## 1. Overview of Operating Results and Others

### (1) Overview of operating results for the fiscal year ended December 31, 2024

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, 2024, although the recovery in socio-economic activities following the COVID-19 pandemic is progressing in some regions, the outlook remained uncertain due to soaring energy prices and prices for main raw materials caused by the prolonged Ukraine conflict, as well as due to rising transportation costs, rapid exchange rate fluctuations, and other factors. In Asian economies, while the stable growth trend in China has been maintained as policies focused on expanding domestic demand are being promoted, there were signs that the pace of economic recovery in other regions may become more gradual. In Japan, the impact of the difference in interest rates between Japan and other countries led 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. In the future, the Group aims to apply this technology to other devices to come closer to realizing the slowing of myopia. In 2022, the Group published a paper in Scientific Reports, issued by Springer Nature, on a clinical study of its desktop device in adults. The Group believes that this application of 1.5 hours of defocus stimulation five times a week is the first time in the world that the potential for slowing myopia has been demonstrated in adults, where the effects are less visible than in children. In 2021, the Group received medical device registration approval in Taiwan, and in 2022, completed the registration of medical devices with the U.S. FDA. The Group is proceeding with preparation for sales expansion while continuing clinical studies aimed at obtaining more evidence and other activities. In addition, the Group will continue with its soft launch in China, 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.

The Group’s policy going forward is to proactively collaborate with other companies on global expansion, in addition to strengthening marketing activities in Japan where sales have already started, which will lead to business growth. Among those efforts, the Group is promoting expansion into the Chinese market, opened a sales channel through China’s e-commerce in 2024, and is proceeding with building a sales network of actual stores where people can actually hold and experience the device. At the same time, we are reviewing our manufacturing processes, and building an operational framework that will enable us to streamline manufacturing costs and provide quicker product delivery.

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

The Group is developing eyeMO 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 January 2023, the Group has conducted evaluations regarding the possibility of this model being put to practical use as a screening device for diabetic retinopathy patients and a clinical study that compared this model with OCT devices on the market at Joslin Diabetes Center, which is affiliated with Harvard Medical School. In Japan, a specific

clinical trial at Shinshu University Hospital (announced on May 7, 2024) has advanced to the next phase of testing, which explores the potential of the technology for effectively monitoring patients in their own homes, and is in progress. The Group has been exploring the possibility of joint development and commercialization with partner companies while verifying the ideal working model.

#### 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 current fiscal year, revenue was ¥27 million, a decrease of 31.8% year on year, and cost of sales was ¥5 million, a decrease of 56.2% 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 ¥544 million, a decrease of ¥245 million, or 31.1%, year on year. This was mainly due to a decrease in development expenses for the wearable myopia control device.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Increase (Decrease)	Change (%)
Research and development expenses	788,789	543,835	(244,954)	(31.1)

#### Selling, general and administrative expenses

Selling, general and administrative expenses for the current fiscal year was ¥711 million, an increase of ¥78 million, or 12.3%, year on year. This was mainly due to increases in audit fees, and salary compensation, etc. accompanying the increase in the number of employees, despite a decrease in patent-related expenses.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	632,836	710,515	77,679	12.3

## (2) Overview of financial position as of December 31, 2024

### Current assets

Current assets as of the end of the current fiscal year was ¥1,542 million, a decrease of ¥1,328 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 decreased by ¥147 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 current fiscal year was ¥151 million, a decrease of ¥132 million from the end of the previous fiscal year. This was mainly due to decreases in accrued liabilities and lease liabilities.

### Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was ¥1 million, a decrease of ¥86 million from the end of the previous fiscal year. This was due to a decrease in lease liabilities.

### Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the end of the current fiscal year was ¥1,390 million, a decrease of ¥1,257 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, 2024

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 ¥2,768 million as of the end of previous fiscal year, and ¥1,455 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 ¥1,336 million for the previous fiscal year, and ¥1,199 million for the current fiscal year. The decrease of ¥137 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 used in investing activities was ¥45 million for the previous fiscal year, and ¥43 million for the current fiscal year. The decrease of ¥2 million in net cash used was mainly due to a decrease in purchase of property, plant and equipment.

### Cash flows from financing activities

Net cash provided by financing activities was ¥97 million for the previous fiscal year, and net cash used in financing activities was ¥88 million for the current fiscal year. This 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, 2023	Fiscal year ended December 31, 2024
Ratio of equity attributable to owners of parent to total assets (%)	87.7	90.1
Ratio of equity attributable to owners of parent on market value basis to total assets (%)	148.7	195.1
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 statements of financial position on which interest is paid.

**(4) Future outlook**

Revenue from sales of Kubota Glass accounts for the majority 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, 2025, 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.

**(5) Significant events regarding going concern assumption**

The Group is a specialty pharmaceutical group that conducts research and development of drugs and medical devices in the field of ophthalmology, and has a business model that requires upfront investment in the research and development stage. Currently, although the Group has pipelines for multiple development products, the research and development for these products is in progress, and it is still expected to take time until the products receive manufacturing and marketing approval, etc., are actually sold, and contribute to final earnings.

Regarding emixustat hydrochloride, despite discussions with authorities regarding the use of accelerated approval programs and priority approval programs to launch this product in markets as soon as possible, it is necessary at this time to conduct a phase 3 clinical study again in order to receive regulatory approval in Japan, the U.S., etc. In addition, regarding the pipelines for products other than emixustat hydrochloride, although the Group is working on out-licensing of development products and business alliances in order to achieve profitability as soon as possible, the Group has not found partner companies at the present time.

In addition, following the soft launch of Kubota Glass in Japan in October 2022, the Group reviewed the manufacturing process and implemented initiatives to improve the quality, while also proceeding

with discussions aimed at sales to Chinese companies through a partnership with Sojitz Kyushu Corporation in order to enter the Chinese market. However, an agreement could not be reached and the partnership was terminated.

Furthermore, regarding the procurement of funds through the issuance of securities, the amount paid upon exercise of share acquisition rights (including a clause for exercise price adjustment) in the fiscal year ended December 31, 2024 was approximately ¥49.00 million, which was a significant decrease from approximately ¥149.00 million in the fiscal year ended December 31, 2023 and below the Company's expected amount.

As mentioned above, in addition to an operating loss with no significant sales from continual pipelines and continuing negative cash flows from operating activities, the amount of funds procured has decreased. As a result, cash and cash equivalents as of December 31, 2024 stood at ¥1.45 billion, a decrease from ¥2.77 billion as of December 31, 2023 and ¥4.05 billion as of December 31, 2022. Accordingly, the Group has determined that there are conditions that raise significant doubts on the going concern assumption.

In light of this situation, the Group is working on implementing the following measures.

- (i) Improve quality and reduce manufacturing costs by bringing the design work of Kubota Glass in-house and transferring manufacturing and development to Japan.
- (ii) Search for sales partners in China in order to expand sales of Kubota Glass.
- (iii) For markets where we aim to expand sales of Kubota Glass, conduct clinical studies to prove the effectiveness of the product.
- (iv) Utilize accelerated approval programs and priority approval programs to launch emixustat hydrochloride in markets.
- (v) Reduce costs by effectively dissolving a U.S. corporation and examining the patents.
- (vi) Procure funds through means other than share acquisition rights (including a clause for exercise price adjustment), such as through capital and business alliances with other companies.

Through the above measures, the Group will strive to eliminate doubts on the going concern assumption by increasing business revenue, reducing costs, and increasing the possibility of procuring funds.

Even when the uncertainties regarding the results of each measure are taken into account, the Group has, as of the end of the current fiscal year, sufficiently secured the funds necessary for business development in the following fiscal year, and the Group believes that there are no significant uncertainties regarding the going concern assumption.

## **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, 2023)	Current fiscal year (As of December 31, 2024)
	Thousands of yen	Thousands of yen
Assets		
Current assets		
Cash and cash equivalents	2,767,639	1,454,908
Trade receivables	1,964	5,000
Inventories	36,849	10,073
Other current assets	62,989	71,926
Total current assets	<u>2,869,441</u>	<u>1,541,907</u>
Non-current assets		
Property, plant and equipment	129,457	-
Other non-current assets	17,942	-
Total non-current assets	<u>147,399</u>	<u>-</u>
Total assets	<u><u>3,016,840</u></u>	<u><u>1,541,907</u></u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	34,547	28,145
Accrued liabilities	110,085	52,287
Accrued compensation	72,276	53,591
Lease liabilities	55,659	10,151
Other current liabilities	10,347	7,089
Total current liabilities	<u>282,914</u>	<u>151,263</u>
Non-current liabilities		
Lease liabilities	87,194	889
Total non-current liabilities	<u>87,194</u>	<u>889</u>
Total liabilities	370,108	152,152
Shareholders' equity		
Share capital	2,141,113	33,964
Capital surplus	27,638,335	27,867,241
Accumulated deficit	(25,670,256)	(25,056,642)
Other components of equity	(1,462,460)	(1,454,808)
Total equity attributable to owners of parent	<u>2,646,732</u>	<u>1,389,755</u>
Total shareholders' equity	<u>2,646,732</u>	<u>1,389,755</u>
Total liabilities and shareholders' equity	<u><u>3,016,840</u></u>	<u><u>1,541,907</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, 2023 to December 31, 2023)	Current fiscal year (January 1, 2024 to December 31, 2024)
	Thousands of yen	Thousands of yen
Revenue	39,887	27,189
Business expenses		
Cost of sales	11,773	5,157
Research and development expenses	788,789	543,835
Selling, general and administrative expenses	632,836	710,515
Total business expenses	1,433,398	1,259,507
Other operating income	110,495	56,376
Operating loss	(1,504,006)	(1,288,694)
Other income and expenses		
Finance income	13,907	5,727
Finance costs	(9,374)	(7,402)
Loss on retirement of fixed assets	-	(56,797)
Other income (expenses)	9,871	14,314
Total other income and expenses	14,404	(44,158)
Loss before tax	(1,489,602)	(1,332,852)
Net loss	(1,489,602)	(1,332,852)
Loss attributable to		
Owners of parent	(1,489,602)	(1,332,852)
Net loss per share		
Basic loss per share (Yen)	(26.79)	(23.65)
Diluted loss per share (Yen)	(26.79)	(23.65)

**Consolidated statements of comprehensive income**

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Current fiscal year (January 1, 2024 to December 31, 2024)
	Thousands of yen	Thousands of yen
Net loss	(1,489,602)	(1,332,852)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	910	7,652
Total other comprehensive income	910	7,652
Comprehensive income (loss)	(1,488,692)	(1,325,200)
Comprehensive income (loss) attributable to		
Owners of parent	(1,488,692)	(1,325,200)

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

	Equity attributable to owners of parent					Total shareholders' equity
	Share capital	Capital surplus	Accumulated deficit	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, 2023	2,066,706	27,526,853	(24,180,654)	(1,463,370)	3,949,535	3,949,535
Net loss			(1,489,602)		(1,489,602)	(1,489,602)
Exchange differences on translation of foreign operations				910	910	910
Total comprehensive income (loss)	-	-	(1,489,602)	910	(1,488,692)	(1,488,692)
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	(25,670,256)	(1,462,460)	2,646,732	2,646,732
Net loss			(1,332,852)		(1,332,852)	(1,332,852)
Exchange differences on translation of foreign operations				7,652	7,652	7,652
Total comprehensive income (loss)	-	-	(1,332,852)	7,652	(1,325,200)	(1,325,200)
Share-based compensation expense		28,330			28,330	28,330
Issuance of new shares	23,964	23,963			47,926	47,926
Capital reduction	(2,131,113)	184,647	1,946,466		-	-
Issuance cost of new shares		(8,033)			(8,033)	(8,033)
Total transactions with owners	(2,107,149)	228,906	1,946,466	-	68,223	68,223
Balance as of December 31, 2024	33,964	27,867,241	(25,056,642)	(1,454,808)	1,389,755	1,389,755

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

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Current fiscal year (January 1, 2024 to December 31, 2024)
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(1,489,602)	(1,332,852)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	87,160	65,646
Impairment losses	110,495	56,376
Share-based compensation expense	41,374	28,330
Loss (gain) on sale and retirement of property, plant and equipment	2,026	52,665
Finance income	(13,907)	(5,727)
Finance costs	9,374	7,402
Change in operating assets and liabilities		
Trade receivables	1,572	(2,653)
Other current assets	19,812	30,103
Other current liabilities	1,341	(4,261)
Trade payables	(11,652)	(10,022)
Accrued liabilities	(96,400)	(68,837)
Accrued compensation	(6,297)	(25,654)
Other assets	18,045	17,688
Subtotal	(1,326,659)	(1,191,796)
Interest paid	(9,280)	(7,411)
Net cash provided by (used in) operating activities	(1,335,939)	(1,199,207)
Cash flows from investing activities		
Interest received	14,933	6,565
Purchase of property, plant and equipment	(66,287)	(49,735)
Proceeds from refund of leasehold and guarantee deposits	7,137	557
Payment of leasehold and guarantee deposits	(816)	(444)
Net cash provided by (used in) investing activities	(45,033)	(43,057)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	148,368	47,793
Proceeds from issuance of share acquisition rights	-	1,120
Payment of lease liabilities	(51,787)	(137,186)
Net cash provided by (used in) financing activities	96,581	(88,273)
Effect of exchange rate changes on cash and cash equivalents	3,061	17,806
Net increase (decrease) in cash and cash equivalents	(1,281,330)	(1,312,731)
Cash and cash equivalents at beginning of period	4,048,969	2,767,639
Cash and cash equivalents at end of period	2,767,639	1,454,908

**(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, 2023 to December 31, 2023)	Current fiscal year (January 1, 2024 to December 31, 2024)
Loss attributable to owners of parent (Thousands of yen)	(1,489,602)	(1,332,852)
Weighted-average number of ordinary shares outstanding (Thousands of shares)	55,594	56,347
Net loss per share		
Basic loss per share (Yen)	(26.79)	(23.65)
Diluted loss per share (Yen)	(26.79)	(23.65)

(Note) Although the number of dilutive potential ordinary shares was 342,000 shares in the previous fiscal year, and 838,000 shares in the current fiscal year, they were excluded from the calculation for diluted loss per share as their impact was antidilutive.

**Other income and expenses**

At a meeting held on July 17, 2024, the Board of Directors of the Company resolved to transfer to the Company the research and development, as well as its administration, conducted at its wholly owned subsidiary in the U.S., Kubota Vision Inc. ("KV"). In conjunction with this transfer, in September 2024, the Company concluded an agreement to terminate the office lease agreement for KV on December 31, 2024. Therefore, the Company recorded ¥56,797 thousand as loss on retirement of fixed assets for the current fiscal year.

**Significant subsequent events**

Not applicable.