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May 14, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (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 to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of 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, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit (loss)		Profit (loss) before tax		Net profit (loss)	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	7	43.9	(259)	–	(259)	–	(259)	–
March 31, 2024	5	(2.8)	(337)	–	(343)	–	(343)	–

	Profit (loss) attributable to owners of parent		Total comprehensive income (loss)		Basic earnings (loss) per share	Diluted earnings (loss) per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2025	(259)	–	(260)	–	(4.49)	(4.49)
March 31, 2024	(343)	–	(334)	–	(6.10)	(6.10)

(2) Consolidated financial position

	Total assets	Total shareholders' equity (deficit)	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%
March 31, 2025	1,351	1,212	1,212	89.7
December 31, 2024	1,542	1,390	1,390	90.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2025	–				
Fiscal year ending December 31, 2025 (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, 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) Explanation of consolidated earnings forecasts and other forward-looking statements” 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 March 31, 2025	58,403,788 shares
As of December 31, 2024	56,765,588 shares

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

As of March 31, 2025	104 shares
As of December 31, 2024	104 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, 2025	57,528,802 shares
For the three months ended March 31, 2024	56,159,608 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 5 of the attached materials for matters relating to earnings forecasts.

Attached Material Index

1. Overview of Operating Results and Others

(1) Overview of operating results for the period under review

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.

Regarding clinical studies for the home-based and remote medical monitoring device and small molecule compounds, while making steady progress with the reanalysis of clinical study data and the search for a partner for research, development and commercialization, the Group restructured its business expansion strategies for the wearable myopia control device and began business expansion into China. During the three months ended March 31, 2025, the Group positioned this period as a preparation period for making a full-scale entry into the Chinese market, which has been engaging in the slowing of myopia as a national policy, and embarked on activities for creating sales channels through conducting market research, opening a direct-to-consumer online store, and making its first exhibition at the China (Shanghai) International Optics Fair.

Medical devices

Wearable myopia control device

In regards to the Japanese market, which is the Group's home market, the Group is engaging in activities such as social media marketing with the aim of increasing myopia awareness and recognition of KUBOTA GLASS®, ad placement in magazine media targeted at high net worth individuals, and exhibiting at the TSUTAYA ELECTRICS PLUS Showroom in Futako Tamagawa, which are successfully leading to an increase in the number of received inquiries.
In regards to overseas markets, the Group has positioned China, Taiwan, and Singapore, which are engaging in the slowing of myopia as a national policy, as priority markets, and has first embarked on activities towards the full-scale entry into China with its overwhelmingly large market size. As of 2023, China has over 700 million people with myopia (reference: National Health Commission of the People's Republic of China), and in 2018, President of the People's Republic of China Xi Jinping created the "Comprehensive Plan to Prevent Myopia among Children and Teenagers," which has the set target of curbing the rate of myopia in high school students to no more than 70%, approximately 10% lower than it is now, by 2030. As schools have been notified that they "should ensure more than two hours of outdoor activity per day," the Group considers this to have a large potential of marketability for the Company's KUBOTA GLASS®. In January of this year, the Group opened a direct-to-consumer online on Taobao, and in February, the Group made its first exhibition at the China (Shanghai) International Optics Fair, which garnered a great response as well as many inquiries in relation to sales agents in China. In March, the Company entered into a letter of intent regarding sales agents in China and a sales agreement for 600 units with Sakata Pharmaceutical Company, which established a subsidiary in Hainan Province, China. Going forward, the Group is working to develop a sales network throughout China with the subsidiary of Sakata Pharmaceutical Company in Hainan as the starting point. The Group is also preparing clinical studies with the goal of evidence creation in China. In parallel with that, the Group is making steady progress with activities aimed at rationalizing production systems and increasing product value.

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 addition to this, a clinical study has also started at National University Hospital in Singapore. 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. 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, there were no statistically significant differences between the treatment groups for primary and secondary endpoints, and no meaningful differences between treatment groups were found at a randomized placebo-controlled double-blind study. The rate of macular atrophy progression, which was the primary endpoint, was 1.280 mm^2/year for the group receiving emixustat and 1.309 mm^2/year for the group receiving the placebo (p=0.8091).

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 to search for co-research and development partners, while proceeding with the examination for commercialization of emixustat hydrochloride.

For the three months ended March 31, 2025, revenue was ¥7 million, an increase of 43.9% year on year, and cost of sales was ¥1 million, a decrease of 21.8% 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, 2025, was ¥71 million, a decrease of ¥94 million, or 56.8%, year on year. This was mainly due to a decrease in development expenses for the wearable myopia control device.

(Unit: Thousands of yen or %)

	Three months ended March 31, 2024	Three months ended March 31, 2025	Increase (Decrease)	Change (%)
Research and development expenses	164,671	71,058	(93,614)	(56.8)

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended March 31, 2025, was ¥168 million, a decrease of ¥9 million, or 5.1%, year on year. This was mainly due to decreases in paid compensation associated with KUBOTA GLASS® and depreciation.

(Unit: Thousands of yen or %)

	Three months ended March 31, 2024	Three months ended March 31, 2025	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	176,736	167,801	(8,935)	(5.1)

(2) Overview of financial position as of March 31, 2025

Current assets

Current assets as of the end of the first quarter of the current fiscal year was ¥1,342 million, a decrease of ¥189 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 ¥9 million, a decrease of ¥2 million from the end of the previous fiscal year. This was due to a decrease in other non-current assets.

Current liabilities

Current liabilities as of the end of the first quarter of the current fiscal year was ¥125 million, a decrease of ¥26 million from the end of the previous fiscal year. This was mainly due to decreases in trade payables and accrued compensation.

Non-current liabilities

Non-current liabilities as of the end of the first quarter of the current fiscal year was ¥15 million, an increase of ¥14 million from the end of the previous fiscal year. This was due to an increase in lease liabilities.

Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the end of the first quarter of the current fiscal year was ¥1,212 million, a decrease of ¥178 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 three months ended March 31, 2025

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 ¥2,454 million as of March 31, 2024, and ¥1,264 million as of March 31, 2025. 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 ¥336 million for the three months ended March 31, 2024, and ¥262 million for the three months ended March 31, 2025. The decrease of ¥73 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 three months ended March 31, 2025.

Cash flows from investing activities

Net cash provided by investing activities was ¥1 million for the three months ended March 31, 2024 and ¥6 million for the three months ended March 31, 2025. The increase of ¥5 million in net cash provided was mainly due to an increase in proceeds from refund of lease and guarantee deposits.

Cash flows from financing activities

Net cash provided by financing activities was ¥4 million for the three months ended March 31, 2024 and ¥70 million for the three months ended March 31, 2025. The increase of ¥65 million in net cash

provided was mainly due to a year-on-year increase in proceeds from issuance of ordinary shares upon exercise of share acquisition rights for the three months ended March 31, 2025.

(4) Explanation of consolidated earnings forecasts and other forward-looking statements

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 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.

(5) Significant events regarding going concern assumption

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, 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 three months ended March 31, 2025 was approximately ¥76 million, and in the fiscal year ended December 31, 2024 was approximately ¥49 million, which was a significant decrease from approximately ¥149 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, the balance of cash and cash equivalents stood at ¥1,264 million as of March 31, 2025 and ¥1,455 million as of December 31, 2024, a decrease from ¥2,768 million as of December 31, 2023 and ¥4,049 million 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.

1. Build a KUBOTA GLASS® sales network throughout China.
2. Conduct clinical studies to encourage the expansion of sales of KUBOTA GLASS® in China.
3. Search for KUBOTA GLASS® sales agents in Taiwan and Singapore that utilize local agents
4. Improve quality and lower manufacturing costs through the rationalization of the KUBOTA GLASS® production system.

5. Utilize accelerated approval programs and priority approval programs to commercialize emixustat hydrochloride.
6. Reduce costs by substantially dissolving a U.S. corporation and examining the patents.
7. 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 first quarter of the current fiscal year, sufficiently secured the funds necessary for immediate business development, and the Group believes that there are no significant uncertainties regarding the going concern assumption.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed quarterly consolidated statements of financial position

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	1,454,908	1,264,124
Trade receivables	5,000	5,324
Inventories	10,073	9,966
Other current assets	61,312	62,864
Total current assets	1,531,293	1,342,278
Non-current assets		
Other non-current assets	10,614	8,819
Total non-current assets	10,614	8,819
Total assets	1,541,907	1,351,097
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	28,145	3,843
Accrued liabilities	52,287	67,802
Accrued compensation	53,591	31,009
Lease liabilities	10,151	16,387
Other current liabilities	7,089	5,782
Total current liabilities	151,263	124,823
Non-current liabilities		
Lease liabilities	889	14,615
Total non-current liabilities	889	14,615
Total liabilities	152,152	139,438
Shareholders' equity		
Share capital	33,964	71,963
Capital surplus	27,867,241	27,910,792
Accumulated deficit	(25,056,642)	(25,315,218)
Other components of equity	(1,454,808)	(1,455,878)
Total equity attributable to owners of parent	1,389,755	1,211,659
Total shareholders' equity	1,389,755	1,211,659
Total liabilities and shareholders' equity	1,541,907	1,351,097

(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, 2024 and 2025

(Thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Revenue	5,036	7,245
Business expenses		
Cost of sales	1,043	815
Research and development expenses	164,671	71,058
Selling, general and administrative expenses	176,736	167,801
Total business expenses	342,450	239,674
Other operating expenses	–	26,601
Operating loss	(337,414)	(259,030)
Other income and expenses		
Finance income	2,398	853
Finance costs	(2,081)	(337)
Other income (expenses)	(5,647)	(62)
Total other income and expenses	(5,330)	454
Loss before tax	(342,744)	(258,576)
Net loss	(342,744)	(258,576)
Loss attributable to		
Owners of parent	(342,744)	(258,576)
Net loss per share		
Basic loss per share (Yen)	(6.10)	(4.49)
Diluted loss per share (Yen)	(6.10)	(4.49)

Condensed quarterly consolidated statements of comprehensive income

Three months ended March 31, 2024 and 2025

(Thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net loss	(342,744)	(258,576)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,646	(1,070)
Total other comprehensive income	8,646	(1,070)
Comprehensive income (loss)	(334,098)	(259,646)
Comprehensive income (loss) attributable to		
Owners of parent	(334,098)	(259,646)

(3) Condensed quarterly consolidated statements of changes in equity

Three months ended March 31, 2024

(Thousands of yen)

	Share capital	Capital surplus	Accumulated deficit	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 (loss)	–	–	(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

Three months ended March 31, 2025

(Thousands of yen)

	Share capital	Capital surplus	Accumulated deficit	Other components of equity	Total equity attributable to owners of parent	Total
Balance as of January 1, 2025	33,964	27,867,241	(25,056,642)	(1,454,808)	1,389,755	1,389,755
Net loss			(258,576)		(258,576)	(258,576)
Exchange differences on translation of foreign operations				(1,070)	(1,070)	(1,070)
Comprehensive income (loss)	–	–	(258,576)	(1,070)	(259,646)	(259,646)
Share-based compensation expense		6,094			6,094	6,094
Issuance of new shares	37,999	37,999			75,998	75,998
Issuance cost of new shares		(542)			(542)	(542)
Total transactions with owners	37,999	43,551	–	–	81,550	81,550
Balance as of March 31, 2025	71,963	27,910,792	(25,315,218)	(1,455,878)	1,211,659	1,211,659

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from operating activities		
Net loss	(342,744)	(258,576)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	14,612	–
Impairment losses	5,590	26,601
Share-based compensation expense	8,745	6,094
Finance income	(2,398)	(853)
Finance costs	2,081	337
Change in operating assets and liabilities		
Trade receivables	887	(608)
Other current assets	5,839	(12,431)
Other current liabilities	200	(935)
Trade payables	4,041	(23,149)
Accrued liabilities	(6,169)	18,665
Accrued compensation	(25,383)	(19,983)
Other assets	938	2,756
Subtotal	(333,761)	(262,082)
Interest paid	(2,068)	(344)
Net cash provided by (used in) operating activities	(335,829)	(262,426)
Cash flows from investing activities		
Interest received	2,759	855
Purchase of property, plant and equipment	(1,591)	–
Proceeds from refund of leasehold and guarantee deposits	–	5,117
Net cash provided by (used in) investing activities	1,168	5,972
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	19,051	75,868
Payment of lease liabilities	(14,630)	(5,962)
Net cash provided by (used in) financing activities	4,421	69,906
Effect of exchange rate changes on cash and cash equivalents	16,424	(4,236)
Net increase (decrease) in cash and cash equivalents	(313,816)	(190,784)
Cash and cash equivalents at beginning of period	2,767,639	1,454,908
Cash and cash equivalents at end of period	2,453,823	1,264,124

(5) Notes to condensed quarterly 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 businesses which comprise a single segment. Hence segment information is omitted.

Significant subsequent events

Grant of share options

The Company resolved, at its 10th Ordinary General Meeting of Shareholders (for the fiscal year 2024) held on April 18, 2025, 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 5,000,000 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.
Number of granted shares after adjustment = Number of granted shares before adjustment × Ratio of share split or share consolidation

(3) Total number of share acquisition rights to be issued
The upper limit shall be 50,000 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.