

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.



August 14, 2025

Consolidated Financial Results for the Six Months Ended June 30, 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
 Inquiries: Eiji Ozawa, Chief Strategy Officer
 Telephone: +81-3-6550-8928
 Scheduled date of the submission of semi-annual securities report: August 14, 2025
 Scheduled date to commence dividend payments: —
 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 six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit (loss)		Profit (loss) before tax		Net profit (loss)	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	13	30.6	(450)	—	(450)	—	(450)	—
June 30, 2024	10	(43.2)	(675)	—	(669)	—	(669)	—

	Profit (loss) attributable to owners of parent		Total comprehensive income (loss)		Basic earnings (loss) per share	Diluted earnings (loss) per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2025	(450)	—	(450)	—	(7.71)	(7.71)
June 30, 2024	(669)	—	(652)	—	(11.90)	(11.90)

(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	%
June 30, 2025	1,213	1,087	1,087	89.6
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	—	0.00			
Fiscal year ending December 31, 2025 (Forecast)			—	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 June 30, 2025	59,965,688 shares
As of December 31, 2024	56,765,588 shares

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

As of June 30, 2025	104 shares
As of December 31, 2024	104 shares

- (iii) Average number of shares outstanding during the period

For the six months ended June 30, 2025	58,310,068 shares
For the six months ended June 30, 2024	56,228,898 shares

- * Semi-annual financial results reports are exempt from reviews conducted by certified public accountants or an audit corporation.

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

(Cautions on forward-looking statements, etc.)

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.

(Means of obtaining the presentation material on financial statements)

The Company is planning to hold a financial results presentation meeting (WEB conference, in Japanese only, recorded and available on the Company’s website at a later date) for institutional investors and analysts on August 26, 2025.

The Company also plans to post presentation materials (in English and Japanese) for the financial results and the recorded WEB conference available on the Company’s website.

Attached Material Index

1. Overview of Operating Results and Others	2
(1) Overview of operating results for the period under review	2
(2) Overview of financial position as of June 30, 2025	4
(3) Overview of cash flows for the six months ended June 30, 2025	4
(4) Explanation of consolidated earnings forecasts and other forward-looking statements.....	5
(5) Significant events regarding going concern assumption	5
2. Condensed Semi-annual Consolidated Financial Statements and Significant Notes Thereto.....	7
(1) Condensed semi-annual consolidated statements of financial position.....	7
(2) Condensed semi-annual consolidated statements of profit or loss and condensed semi-annual consolidated statements of comprehensive income.....	8
(3) Condensed semi-annual consolidated statements of changes in equity.....	9
(4) Condensed semi-annual consolidated statements of cash flows.....	10
(5) Notes to condensed semi-annual consolidated financial statements	11
Notes on going concern assumption.....	11
Significant subsequent events.....	11

1. Overview of Operating Results and Others

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

As a strategy to expand the business of Kubota Glass®, a wearable myopia control device that has already been commercialized, we have begun focusing on China, Taiwan, and Singapore, which are engaging in the slowing of myopia as a national policy as priority countries. In China, the world's largest market for myopia-related products, we have been building a sales network through our participation in the China (Shanghai) International Optics Fair held in Shanghai in February. Sales from China are not expected to begin until the third quarter or later. The sales results through the six months ended June 30, 2025, reflect only sales from Japan. In the Taiwanese and Singaporean markets, we have begun to approach potential sales partners and are in the process of following up on business negotiations.

In the small molecule compound emixustat hydrochloride RETAKU®, we are proceeding with confirmation of the requirements for a one-to-two pivotal study, the final stage of statistical validation of the efficacy and safety of the treatment of Stargardt disease in the phase 3 clinical study. Based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study, we are steadily advancing toward commercialization using the compassionate use programs in Europe.

Clinical trials for eyeMO®, a retinal monitoring device for home-based and remote ophthalmology, have been completed at Shinshu University in Japan and are ongoing in the U.S. and Singapore. We continue to search for commercialization partners.

For the six months ended June 30, 2025, ordinary loss has been slightly reduced compared to the plan, thanks to cost-cutting efforts based on the business situation described above.

Medical devices, etc.

Wearable myopia control device

In regard to the Japanese market, the Group is engaging in activities such as strengthening social media marketing with the aim of increasing myopia awareness and recognition of the wearable myopia control device Kubota Glass®, ongoing 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 generating a certain level of sales and an increase in the number of received inquiries.

In regard 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 embarked on activities towards the full-scale entry into China with its overwhelmingly large market size. China has seriously addressed the issue of controlling myopia, with over 700 million people with myopia as of 2023 (reference: National Health Commission of the People's Republic of China). 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 national 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. In February, we exhibited for the first time at the China (Shanghai) International Optics Fair, the world's largest optical products exposition, in Shanghai, attracting a great deal of attention and receiving requests from many companies for sales agency. We have leveraged this event's exhibition to expand our sales network. We have also launched online marketing using Chinese social networking and search engines. The Group is also steadily preparing for large-scale clinical studies with the goal of establishing scientific evidence in China.

In the Taiwanese and Singaporean markets, in addition to individual approaches to potential sales partners, we have begun social media marketing and advertising in related magazine media.

In parallel with that, the Group is making progress with activities aimed at rationalizing production systems and increasing product value.

Retinal monitoring device for home-based and remote ophthalmology

Clinical studies were completed in March of this year at Shinshu University Hospital in Japan. The Group has been conducting 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 the U.S. A clinical study has also started at National University Hospital in Singapore.

We will continue to search for co-development partners and commercialization partners for practical use in clinical settings.

Small molecule compounds

With regard to emixustat hydrochloride RETAKU®, 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 at a randomized placebo-controlled double-blind study. The rate of macular atrophy progression, which was the primary endpoint, was 1.280 mm²/year for the group receiving emixustat and 1.309 mm²/year for the group receiving the placebo (p=0.8091).

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 continues to proceed with confirmation of the requirements for a one-to-two pivotal study and its search for research and development partners. In addition, based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study, we are currently steadily advancing toward commercialization using the compassionate use programs in Europe.

For the six months ended June 30, 2025, revenue was ¥13 million, an increase of 30.6% year on year, and cost of sales was ¥5 million, an increase of 119.5% 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 six months ended June 30, 2025, was ¥144 million, a decrease of ¥161 million, or 52.9%, year on year. This was mainly due to a decrease in development expenses for the wearable myopia control device Kubota Glass®.

(Unit: Thousands of yen or %)

	Six months ended June 30, 2024	Six months ended June 30, 2025	Increase (Decrease)	Change (%)
Research and development expenses	305,065	143,579	(161,486)	(52.9)

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended June 30, 2025, was ¥283 million, a decrease of ¥95 million, or 25.2%, year on year. This was mainly due to a decrease in patent-related expenses and paid compensation associated with the wearable myopia control device Kubota Glass®.

(Unit: Thousands of yen or %)

	Six months ended June 30, 2024	Six months ended June 30, 2025	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	377,814	282,746	(95,068)	(25.2)

(2) Overview of financial position as of June 30, 2025

Current assets

Current assets as of the end of the second quarter of the current fiscal year was ¥1,202 million, a decrease of ¥329 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 second quarter of the current fiscal year was ¥10 million, a decrease of ¥0 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 second quarter of the current fiscal year was ¥112 million, a decrease of ¥39 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 second quarter of the current fiscal year was ¥14 million, an increase of ¥13 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 second quarter of the current fiscal year was ¥1,087 million, a decrease of ¥303 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 six months ended June 30, 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 ¥2,063 million as of June 30, 2024, and ¥1,140 million as of June 30, 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 ¥696 million for the six months ended June 30, 2024, and ¥443 million for the six months ended June 30, 2025. The decrease of ¥253 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.

Cash flows from investing activities

Net cash used in investing activities was ¥26 million for the six months ended June 30, 2024 and net cash provided by investing activities was ¥2 million for the six months ended June 30, 2025. This was mainly due to a year-on-year decrease in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was ¥11 million for the six months ended June 30, 2024 and net cash provided by financing activities was ¥131 million for the six months ended June 30, 2025. This

was mainly due to a year-on-year increase in proceeds from issuance of ordinary shares upon exercise of share acquisition rights.

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

Revenue from sales of the wearable myopia control device Kubota Glass® accounts for the majority of the current revenue of the Company. We are currently working diligently to establish a sales network suitable for the wearable myopia control device Kubota Glass® sales and services through trial and error aiming to quickly launch sales from China, a large market. As for expenditures, research and development expenses may potentially fluctuate significantly due to the concurrent activities of maintaining and streamlining the production system, improving products, reducing manufacturing costs, and enhancing scientific evidence. With regard to revenue, making an accurate demand forecast is difficult at this time because the wearable myopia control device Kubota Glass® is an extremely novel product.

Due to the reasons above, the Company has maintained its decision to postpone the disclosure of the earnings forecasts for the full year. This is because the consolidated earnings forecasts for the fiscal year ending December 31, 2025, are difficult to formulate at this time based on a clear rationale and in a manner that will enhance the disclosure. They will be promptly disclosed as soon as it becomes possible to make a reasonable calculation that will enhance the disclosure 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 and sales of drugs, medical devices, and others globally, and has formed a business portfolio that requires upfront investment in the research and development stage.

Kubota Glass®, a wearable myopia control device that has already been commercialized, has already been launched in Japan. We are now expanding into China, which holds a large market for myopia-related products. We are currently working diligently to establish a sales network suitable for the wearable myopia control device Kubota Glass® sales and services through trial and error. Accordingly, the start of sales is expected to be delayed until the third quarter or later. Therefore, the sales through the six months ended June 30, 2025, are exclusively from the Japanese market. Regarding emixustat hydrochloride RETAKU®, 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. For this purpose, the Group continues to proceed with confirmation of the requirements for a one-to-two pivotal study and its search for research and development partners. In addition, based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study, as the first step, we are advancing toward commercialization using the compassionate use programs in Europe.

Regarding eyeMO®, a retinal monitoring device for home-based and remote ophthalmology, although the Group is working on out-licensing of development products and business alliances in order to achieve profitability as soon as possible, and has been in contract negotiations with several companies, the Group has not found partner companies at the present time.

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 six months ended June 30, 2025 was approximately ¥140 million, showing an increasing trend compared to approximately ¥49 million in the fiscal year ended December 31, 2024. However, as mentioned above, there has been a delay in the start of overseas sales from the already-commercialized Kubota Glass®, the wearable myopia control device, and operating losses and negative cash flows from operating activities have continued. As a result, the balance of cash and cash equivalents stood at ¥1,140 million as of June 30, 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 recognized 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. Establish a sales network covering major cities in China for Kubota Glass® and start its sales as soon as possible.
2. Start large-scale clinical studies as soon as possible to encourage the expansion of sales of Kubota Glass® in China.
3. Appoint sales agents in Taiwan and Singapore for Kubota Glass® as soon as possible and enhance marketing to increase its awareness.
4. Improve quality and lower manufacturing costs through the rationalization of the Kubota Glass® production system.
5. Commercialize emixustat hydrochloride RETAKU® as soon as possible under the compassionate use programs in Europe.
6. Reduce personnel costs by reviewing the internal personnel structure.
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 second 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 Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed semi-annual consolidated statements of financial position

	As of December 31, 2024	(Thousands of yen) As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	1,454,908	1,139,819
Trade receivables	5,000	996
Inventories	10,073	3,224
Other current assets	61,312	58,162
Total current assets	1,531,293	1,202,201
Non-current assets		
Other non-current assets	10,614	10,436
Total non-current assets	10,614	10,436
Total assets	1,541,907	1,212,637
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	28,145	1,030
Accrued liabilities	52,287	77,136
Accrued compensation	53,591	15,908
Lease liabilities	10,151	12,758
Other current liabilities	7,089	5,037
Total current liabilities	151,263	111,869
Non-current liabilities		
Lease liabilities	889	14,100
Total non-current liabilities	889	14,100
Total liabilities	152,152	125,969
Shareholders' equity		
Share capital	33,964	104,261
Capital surplus	27,867,241	27,943,748
Accumulated deficit	(25,056,642)	(25,506,452)
Other components of equity	(1,454,808)	(1,454,889)
Total equity attributable to owners of parent	1,389,755	1,086,668
Total shareholders' equity	1,389,755	1,086,668
Total liabilities and shareholders' equity	1,541,907	1,212,637

(2) Condensed semi-annual consolidated statements of profit or loss and condensed semi-annual consolidated statements of comprehensive income

Condensed semi-annual consolidated statements of profit or loss

	Six months ended June 30, 2024	(Thousands of yen) Six months ended June 30, 2025
Revenue	9,785	12,777
Business expenses		
Cost of sales	2,100	4,611
Research and development expenses	305,065	143,579
Selling, general and administrative expenses	377,814	282,746
Total business expenses	684,979	430,936
Other operating expenses	–	31,892
Operating loss	(675,194)	(450,051)
Other income and expenses		
Finance income	4,392	876
Finance costs	(4,082)	(599)
Other income (expenses)	5,949	(36)
Total other income and expenses	6,259	241
Loss before tax	(668,935)	(449,810)
Net loss	(668,935)	(449,810)
Loss attributable to Owners of parent	(668,935)	(449,810)
Net loss per share		
Basic loss per share (Yen)	(11.90)	(7.71)
Diluted loss per share (Yen)	(11.90)	(7.71)

Condensed semi-annual consolidated statements of comprehensive income

	Six months ended June 30, 2024	(Thousands of yen) Six months ended June 30, 2025
Net loss	(668,935)	(449,810)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	16,495	(81)
Total other comprehensive income	16,495	(81)
Comprehensive income (loss)	(652,440)	(449,891)
Comprehensive income (loss) attributable to Owners of parent	(652,440)	(449,891)

(3) Condensed semi-annual consolidated statements of changes in equity

Six months ended June 30, 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			(668,935)		(668,935)	(668,935)
Exchange differences on translation of foreign operations				16,495	16,495	16,495
Comprehensive income (loss)	—	—	(668,935)	16,495	(652,440)	(652,440)
Share-based compensation expense		15,537			15,537	15,537
Issuance of new shares	9,562	9,562			19,124	19,124
Capital reduction	(2,131,113)	184,647	1,946,466		—	—
Issuance cost of new shares		(48)			(48)	(48)
Total transactions with owners	(2,121,551)	209,698	1,946,466	—	34,613	34,613
Balance as of June 30, 2024	19,562	27,848,033	(24,392,725)	(1,445,965)	2,028,905	2,028,905

Six months ended June 30, 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			(449,810)		(449,810)	(449,810)
Exchange differences on translation of foreign operations				(81)	(81)	(81)
Comprehensive income (loss)	—	—	(449,810)	(81)	(449,891)	(449,891)
Share-based compensation expense		7,504			7,504	7,504
Issuance of new shares	70,297	70,297			140,594	140,594
Issuance cost of new shares		(1,294)			(1,294)	(1,294)
Total transactions with owners	70,297	76,507	—	—	146,804	146,804
Balance as of June 30, 2025	104,261	27,943,748	(25,506,452)	(1,454,889)	1,086,668	1,086,668

(4) Condensed semi-annual consolidated statements of cash flows

	Six months ended June 30, 2024	(Thousands of yen) Six months ended June 30, 2025
Cash flows from operating activities		
Net loss	(668,935)	(449,810)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	31,722	—
Impairment losses	5,590	31,892
Share-based compensation expense	15,537	7,504
Finance income	(4,392)	(876)
Finance costs	4,082	599
Change in operating assets and liabilities		
Trade receivables	2,136	3,546
Other current assets	(8,429)	(3,091)
Other current liabilities	567	(1,497)
Trade payables	(10,469)	(25,837)
Accrued liabilities	(40,727)	30,103
Accrued compensation	(20,265)	(34,086)
Other assets	1,820	(590)
Subtotal	(691,763)	(442,143)
Interest paid	(4,047)	(605)
Net cash provided by (used in) operating activities	(695,810)	(442,748)
Cash flows from investing activities		
Interest received	5,054	925
Purchase of property, plant and equipment	(30,771)	(4,223)
Proceeds from refund of leasehold and guarantee deposits	—	5,117
Net cash provided by (used in) investing activities	(25,717)	1,819
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	19,051	140,339
Payment of lease liabilities	(30,192)	(9,124)
Net cash provided by (used in) financing activities	(11,141)	131,215
Effect of exchange rate changes on cash and cash equivalents	28,086	(5,375)
Net increase (decrease) in cash and cash equivalents	(704,582)	(315,089)
Cash and cash equivalents at beginning of period	2,767,639	1,454,908
Cash and cash equivalents at end of period	2,063,057	1,139,819

(5) Notes to condensed semi-annual consolidated financial statements

Notes on going concern assumption

Not applicable.

Significant subsequent events

Issuance of offered share acquisition rights (performance-linked paid-in share options)

The Company resolved, at a meeting of the Board of Directors held on July 16, 2025, to issue the 37th series of share acquisition rights to the Director, Chairman, President and Chief Executive Officer of the Company, pursuant to the provisions of Article 236, Article 238 and Article 240 of the Companies Act. Accordingly, the Company issued the share acquisition rights on July 31, 2025 with the following details.

[Outline of the 37th Series of Share Acquisition Rights]

- (1) Issue date of share acquisition rights
July 31, 2025
- (2) Number of eligible grantees and units allotted
One (1) Director, Chairman, President and Chief Executive Officer of the Company, 59,250 units
- (3) Amount to be paid in for share acquisition rights
3 yen per unit
- (4) Class and number of shares underlying share acquisition rights
5,925,000 ordinary shares of the Company (100 shares per share acquisition right)
- (5) Amount to be paid upon exercise of share acquisition rights
55 yen per share
- (6) 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 the provisions of Article 17, paragraph (1) of the Regulation on Corporate Accounting. If any fraction less than ¥1 arises from such calculation, it 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.
- (7) Exercise conditions of share acquisition rights
 - (i) If a Share Acquisition Rights Holder is a Director (including outside director) or employee of the Company or its subsidiary at the time of acquisition of the Share Acquisition Rights, the Share Acquisition Rights Holder shall continuously hold the position of director (including outside director) or employee of the Company or its subsidiary from the time of acquisition of the Share Acquisition Rights until the time of exercise of the rights. However, this shall not apply if the Board of Directors of the Company deems that there is a justifiable reason.
 - (ii) If a Share Acquisition Rights Holder dies during the exercise period, his/her heirs may not exercise the Share Acquisition Rights.
 - (iii) A Share Acquisition Rights Holder may not exercise the Share Acquisition Rights if any of the conditions specified in the following items apply. However, this restriction shall not apply if the Board of Directors of the Company reasonably agrees to allow otherwise, except in the cases specified in items i), iii) and ix).
 - i) If he/she is sentenced to a custodial sentence or greater
 - ii) If he/she directly or indirectly establishes a company engaged in business that competes with the Company, or assumes the position of director or other officer or employee of such company, or otherwise competes with the Company in any name (except in cases where prior written approval has been obtained from the Company)
 - iii) If the Company's reputation is damaged due to a violation of law or other wrongful act committed by him/her
 - iv) If he/she is subject to a petition for seizure, provisional seizure, provisional disposition, compulsory execution, or auction, or subject to punitive measures for delinquent payment of taxes and public dues

- v) If he/she suspends payments or becomes insolvent, or if a bill or check issued or accepted by him/her is dishonored
- vi) If a petition for commencement of bankruptcy proceedings, civil rehabilitation proceedings, or other similar proceedings has been filed against him/her, or he/she has filed such a petition himself/herself
- vii) If he/she has violated employment regulations or becomes subject to disciplinary action
- viii) If he/she is in violation of fiduciary duty, etc. as a director or officer
- ix) If he/she is suspected of falling under the category of anti-social forces or anti-market forces, or suspected of having fallen under any of these within the past five (5) years
- (iv) A Share Acquisition Rights Holder may exercise the Share Acquisition Rights only if the Company achieves revenue of 500 million yen or more in the consolidated statement of profit or loss (or the statement of profit or loss if the Company does not prepare a consolidated statement of profit or loss) in the Company's financial statements for any fiscal year from the fiscal year ending December 31, 2027 to the fiscal year ending December 31, 2031. However, if the Board of Directors determines that the actual figures in the Company's consolidated statement of profit or loss (or the statement of profit or loss if the Company does not prepare a consolidated statement of profit or loss) are not appropriate for the judgement because of a change in applicable accounting standards or an event such as a corporate acquisition that significantly impacts the Company's earnings, the Company shall adjust the actual figures used for the judgement to eliminate the effect of such corporate acquisition, etc. to a reasonable extent. The Board of Directors shall separately determine the indicators to be referenced, if there are material changes in the concept of those indicators due to the application of the International Financial Reporting Standards, a change in the fiscal year end, etc.
- (8) Exercise period of share acquisition rights
From April 1, 2028 to March 31, 2035
- (9) Restrictions on transfer of share acquisition rights
Acquisition of share acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company.

Settlement reached at consolidated subsidiary

Kubota Vision Inc., a consolidated subsidiary of the Company, has received a settlement amount in connection with the settlement of a legal claim filed in the United States and has recorded the settlement amount as other revenue.

- (1) Outline of settlement income
 - (i) Settlement income receipt date: August 2, 2025
 - (ii) Settlement income: US\$1.48 million (¥222 million*)
* Conversion rate of US\$1 = ¥150

We will refrain from disclosing details regarding the counterparty, the legal proceedings, and the specifics of the settlement, as the settlement agreement includes a confidentiality clause.
- (2) Impact on financial results
The settlement payment mentioned above is scheduled to be recorded as other income in the consolidated financial statements for the fiscal year ending December 31, 2025.