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February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended December 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
 Inquiries: Takahiro Tada, Finance & Accounting Director
 Telephone: +81-3-6550-8928
 Scheduled date of Ordinary General Meeting of Shareholders: April 24, 2026
 Scheduled date to commence dividend payments: –
 Scheduled date of the submission of the annual securities report: March 27, 2026
 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, 2025 (January 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(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, 2025	21	(21.5)	(895)	–	(676)	–	(676)	–
December 31, 2024	27	(31.8)	(1,345)	–	(1,333)	–	(1,333)	–

	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, 2025	(676)	–	(670)	–	(10.59)	(10.59)
December 31, 2024	(1,333)	–	(1,325)	–	(23.65)	(23.65)

	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, 2025	(42.2)	(38.4)	–
December 31, 2024	(66.0)	(58.5)	–

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

Fiscal year ended December 31, 2025: ¥– million

Fiscal year ended December 31, 2024: ¥– 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, 2025	1,979	1,814	1,814	91.6	15.72
December 31, 2024	1,542	1,390	1,390	90.1	24.48

(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
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	(583)	(4)	1,066	1,919
December 31, 2024	(1,195)	(43)	(88)	1,455

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2025	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2026 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2026 (January 1, 2026 to December 31, 2026)

The earnings forecasts for the fiscal year ending December 31, 2026, 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 the 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 the end of the period (including treasury shares)

As of December 31, 2025	115,404,288 shares
As of December 31, 2024	56,765,588 shares

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

As of December 31, 2025	187 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 fiscal year ended December 31, 2025	63,852,566 shares
For the fiscal year ended December 31, 2024	56,346,956 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended December 31, 2025

(January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating profit (loss)		Profit (loss) before tax		Net profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	35	(86.1)	(728)	—	(750)	—	(715)	—
December 31, 2024	258	20.7	(381)	—	(1,295)	—	(1,302)	—

Fiscal year ended	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
December 31, 2025	(11.21)	—
December 31, 2024	(23.12)	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2025	2,109	2,029	63.7	11.65
December 31, 2024	1,669	1,589	59.0	17.34

(Reference) Equity:

As of December 31, 2025: ¥1,344 million

As of December 31, 2024: ¥984 million

- * Financial results reports are exempt from an audit conducted by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts and other special items
 - The earnings forecasts and other forward-looking statements contained in these materials are based on information currently available to Kubota Pharmaceutical Holdings Co., Ltd. (the “Company”) and on certain assumptions deemed to be reasonable by the Company. Actual business performance and other results may differ substantially due to various factors. Please refer to “1. Overview of Operating Results and Others, (4) Future outlook” on page 5 of the attached materials for matters relating to earnings forecasts.
 - The Company plans to proactively hold briefings for investors. Please refer to the Company’s website (<https://www.kubotaholdings.co.jp/en/>) for the schedule.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year ended December 31, 2025

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, 2025, the business environment remained uncertain due to continued instability, including rising energy prices and higher costs for major raw materials associated with the prolonged situation in Ukraine, as well as increases in transportation costs. In Asian economies, although there were signs of a partial recovery, mainly in the manufacturing sector in China, the recovery in domestic demand remained sluggish, and the real estate market continued to undergo an adjustment phase, resulting in continuing uncertainty regarding the economic outlook. In other regions as well, the pace of economic recovery showed signs of moderating. In the Japanese economy, the yen continued to depreciate, influenced by interest rate differentials between Japan and overseas markets. In this market environment, the Group proceeded with the development of its business and research and development as follows.

Medical devices

Wearable myopia control device (Kubota Glass)

At present, the Group is pursuing strategic expansion of the Kubota Glass business based on the specific market characteristics of each region.

In particular, in the Chinese market, the Group has been working closely with multiple distributors (currently four), clearly defining their respective roles and phases of engagement, and has been actively advancing the development of sales channels. Through these efforts, the Group has progressed from the market exploration and hypothesis validation stage to a more concrete execution phase, and initial business results are gradually beginning to materialize.

In addition, a new clinical trial has been initiated in Shanghai, China, and to date, progress has been proceeding smoothly. Through these activities, the Group is steadily advancing the validation of product value and the development of a foundation for future business expansion.

At the same time, with a view toward sustainable growth and further expansion, the Group continues to make investments and strengthen its organizational framework aimed at optimizing manufacturing, supply, and overall operational processes.

Looking ahead, in addition to strengthening marketing activities in Japan, where sales have already commenced, the Group intends to pursue collaboration with external partners and explore new business opportunities with an eye toward global expansion, thereby contributing to medium- to long-term business growth.

Specifically, with the aim of increasing awareness in overseas markets and creating future business opportunities, the Group is preparing to exhibit at the international trade show “100% Optical” to be held in the United Kingdom. In the Taiwan market, preparations and coordination are underway with a view to the potential commencement of transactions toward establishing a sales structure. In South Asia, while considering multiple possibilities, the Group continues discussions with local partners to carefully assess market potential and business feasibility, and at present, these initiatives are positioned at the observation and evaluation stage.

In addition, in Japan, the Company is examining and preparing for new sales methods with the objective of delivering the value of Kubota Glass more diversely and on a sustained basis.

With regard to the Chinese market, preparations are underway for a potential future resumption of the e-commerce channel that had previously been temporarily closed, taking into account market conditions and operational frameworks.

All of these initiatives will be evaluated and decided upon in a phased manner, based on future market conditions, the status of discussions with partners, and the progress of internal deliberations. The Group will continue to appropriately manage business risks while striving to create sustainable growth opportunities.

Retinal monitoring device for home-based and remote ophthalmology

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 monitor 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 before requiring an office visit. Since January 2023, the Group has been conducting evaluations at the Joslin Diabetes Center, which is affiliated with Harvard Medical School, to assess the feasibility of eyeMO as a screening device for patients with diabetic retinopathy, as well as a clinical study comparing this device with commercially available OCT systems. 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, the Group is advancing its development with the objective of obtaining regulatory approval and achieving commercialization primarily as a therapeutic drug for the treatment of Stargardt disease.

The Group initiated the phase 3 clinical study for Stargardt disease in November 2018; however, 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. 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. 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 has continued discussions with the U.S. Food and Drug Administration (FDA) with the aim of conducting an additional phase 3 clinical trial.

At the same time, the Group is seeking early monetization through the utilization of the Compassionate Use Program (CUP), which allows unapproved drugs to be used for humanitarian purposes, and continues to proactively approach potential global strategic partners.

During the current consolidated fiscal year, to discuss and evaluate potential partnership opportunities, including collaborations for commercialization, the Group entered into a Letter of Intent (LOI) with Laboratoires KÔL (headquartered in Clermont-Ferrand, France; Founder and CEO: Sophie Momège). Currently, based on this LOI, the Group is reviewing a draft license agreement received from Laboratoires KÔL concerning the sales rights and exclusivity for emixustat and is in discussions regarding practical and detailed matters toward the prompt execution of a definitive agreement.

For the current fiscal year, revenue was ¥21 million, a 21.5% year-on-year decrease, and cost of sales was ¥24 million, a 374.4% year-on-year increase. 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 ¥312 million, a decrease of ¥232 million, or 42.6%, year-on-year. This was mainly due to decreases in research and development expenses for emixustat and the wearable myopia control device.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Increase (Decrease)	Change (%)
Research and development expenses	543,835	312,214	(231,621)	(42.6)

Selling, general and administrative expenses

Selling, general and administrative expenses for the current fiscal year was ¥543 million, a decrease of ¥168 million, or 23.6%, year-on-year. This was mainly due to decreases in patent-related expenses and paid compensation associated with the wearable myopia control device Kubota Glass.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	710,515	542,991	(167,524)	(23.6)

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

Current assets

Current assets as of the end of the current fiscal year was ¥1,969 million, an increase of ¥438 million from the end of the previous fiscal year. This was mainly due to an increase in cash and cash equivalents.

Non-current assets

Non-current assets as of the end of the current fiscal year was ¥10 million, a decrease of ¥0 million from the end of the previous fiscal year. There were no significant changes.

Current liabilities

Current liabilities as of the end of the current fiscal year was ¥157 million, an increase of ¥6 million from the end of the previous fiscal year. This was mainly due to increases in accrued liabilities.

Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was ¥8 million, an increase of ¥7 million from the end of the previous fiscal year. There were no significant changes.

Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the current fiscal year was ¥1,814 million, an increase of ¥424 million from the end of the previous fiscal year. This was mainly due to the issuance of ordinary shares, which raised share capital and capital surplus, despite 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, 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

¥1,455 million as of the end of the previous fiscal year, and ¥1,919 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 ¥1,195 million for the previous fiscal year, and ¥583 million for the current fiscal year. The decrease of ¥612 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 ¥43 million for the previous fiscal year, and ¥4 million for the current fiscal year. The decrease of ¥39 million in net cash used was mainly due to a decrease in the purchase of property, plant, and equipment.

Cash flows from financing activities

Net cash used in financing activities was ¥88 million for the previous fiscal year, and net cash provided by financing activities was ¥1,066 million for the current fiscal year. This was mainly due to an increase in proceeds from the issuance of ordinary shares in the current consolidated fiscal year compared with the previous consolidated fiscal year.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Ratio of equity attributable to owners of parent to total assets (%)	90.1	91.6
Ratio of equity attributable to owners of parent on market value basis to total assets (%)	195.1	244.9
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. By optimizing the sales model for Kubota Glass and advancing license negotiations for emixustat hydrochloride, the Company will continue to move forward with the aim of maximizing corporate value and achieving an early return to profitability.

Based on the above, the Company 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, 2026, are difficult to objectively calculate at this time. They will be promptly disclosed as soon as they become 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., and are actually sold, and contribute to final earnings.

With respect to emixustat hydrochloride, the Group aims to achieve early monetization for indications such as Stargardt disease by analyzing accumulated clinical data and utilizing compassionate use programs in overseas markets. The Group continues discussions with potential global strategic partners. 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, with respect to fundraising through the issuance of securities, proceeds from the exercise of share acquisition rights with variable exercise price provisions amounted to approximately ¥771 million in the fiscal year ended December 31, 2025. This represents a significant increase from approximately ¥49 million in the fiscal year ended December 31, 2024 and exceeded the Company's expectations.

As mentioned above, the absence of large-scale revenue generated from a continuously commercialized pipeline has resulted in ongoing operating losses and negative operating cash flows. However, due to an increase in funds raised, cash and cash equivalents amounted to ¥1,920 million as of December 31, 2025.

In light of the results of these measures and the Company's current funding status, the Company has determined that sufficient funds are secured to support the business operations required for the next consolidated fiscal year. Accordingly, the Company has concluded that no material uncertainty exists related to the going concern assumption.

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

1. Improve quality and reduce manufacturing costs by bringing the design work of Kubota Glass in-house and transferring manufacturing and development to Japan
2. Search for sales partners in China in order to expand sales of Kubota Glass
3. For markets where we aim to expand sales of Kubota Glass, conduct clinical studies to prove the effectiveness of the product
4. Achieve early monetization through the utilization of compassionate use programs for emixustat hydrochloride in overseas markets
5. Reduce costs by effectively winding down the U.S. subsidiary and conducting a thorough review of the patent portfolio
6. Pursue capital and business alliances with corporate partners and alternative financing options, excluding share acquisition rights with variable exercise price provisions

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, 2024)	Current fiscal year (As of December 31, 2025)
	Thousands of yen	Thousands of yen
Assets		
Current assets		
Cash and cash equivalents	1,454,908	1,918,615
Trade receivables	5,000	350
Inventories	10,073	3,759
Other current assets	61,312	46,271
Total current assets	1,531,293	1,968,995
Non-current assets		
Other non-current assets	10,614	10,462
Total non-current assets	10,614	10,462
Total assets	1,541,907	1,979,457
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	28,145	21,358
Accrued liabilities	52,287	105,631
Accrued compensation	53,591	13,642
Lease liabilities	10,151	13,989
Other current liabilities	7,089	2,753
Total current liabilities	151,263	157,373
Non-current liabilities		
Lease liabilities	889	8,252
Total non-current liabilities	889	8,252
Total liabilities	152,152	165,625
Shareholders' equity		
Share capital	33,964	577,576
Capital surplus	27,867,241	28,418,035
Accumulated deficit	(25,056,642)	(25,732,895)
Other components of equity	(1,454,808)	(1,448,884)
Total equity attributable to owners of parent	1,389,755	1,813,832
Total shareholders' equity	1,389,755	1,813,832
Total liabilities and shareholders' equity	1,541,907	1,979,457

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

	Previous fiscal year (January 1, 2024 to December 31, 2024)	Current fiscal year (January 1, 2025 to December 31, 2025)
	Thousands of yen	Thousands of yen
Revenue	27,189	21,335
Business expenses		
Cost of sales	5,157	24,466
Research and development expenses	543,835	312,214
Selling, general and administrative expenses	710,515	542,991
Total business expenses	1,259,507	879,671
Other operating expenses	113,173	36,519
Operating loss	(1,345,491)	(894,855)
Other income and expenses		
Finance income	5,727	1,851
Finance costs	(7,402)	(872)
Settlement income	-	217,872
Other income (expenses)	14,314	(249)
Total other income and expenses	12,639	218,602
Loss before tax	(1,332,852)	(676,253)
Net loss	(1,332,852)	(676,253)
Loss attributable to Owners of parent	(1,332,852)	(676,253)
Net loss per share		
Basic loss per share (Yen)	(23.65)	(10.59)
Diluted loss per share (Yen)	(23.65)	(10.59)

Consolidated statements of comprehensive income

	Previous fiscal year (January 1, 2024 to December 31, 2024)	Current fiscal year (January 1, 2025 to December 31, 2025)
	Thousands of yen	Thousands of yen
Net loss	(1,332,852)	(676,253)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,652	5,924
Total other comprehensive income	7,652	5,924
Comprehensive income (loss)	(1,325,200)	(670,329)
Comprehensive income (loss) attributable to Owners of parent	(1,325,200)	(670,329)

(3) Consolidated statements of changes in equity

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Accumulated deficit	Other components of equity	Total	Total shareholders' equity
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
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			(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	23,963	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
Net loss			(676,253)		(676,253)	(676,253)
Exchange differences on translation of foreign operations				5,924	5,924	5,924
Total comprehensive income (loss)	-	-	(676,253)	5,924	(670,329)	(670,329)
Share-based compensation expense		35,215			35,215	35,215
Issuance of new shares	543,612	543,612			1,087,224	1,087,224
Issuance cost of new shares		(28,033)			(28,033)	(28,033)
Total transactions with owners	543,612	550,794	-	-	1,094,406	1,094,406
Balance as of December 31, 2025	577,576	28,418,035	(25,732,895)	(1,448,884)	1,813,832	1,813,832

(4) Consolidated statements of cash flows

	Previous fiscal year (January 1, 2024 to December 31, 2024)	Current fiscal year (January 1, 2025 to December 31, 2025)
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(1,332,852)	(676,253)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	65,646	—
Impairment losses	56,376	36,519
Share-based compensation expense	28,330	35,038
Loss (gain) on sale and retirement of property, plant and equipment	56,797	—
Finance income	(5,727)	(1,851)
Finance costs	7,402	872
Change in operating assets and liabilities		
Trade receivables	(2,653)	4,274
Other current assets	40,363	12,480
Other current liabilities	(4,261)	(4,116)
Trade payables	(10,022)	(5,823)
Accrued liabilities	(68,837)	52,499
Accrued compensation	(25,654)	(37,529)
Other assets	7,428	1,769
Subtotal	(1,187,664)	(582,121)
Interest paid	(7,411)	(879)
Net cash provided by (used in) operating activities	(1,195,075)	(583,000)
Cash flows from investing activities		
Interest received	6,565	1,862
Purchase of property, plant and equipment	(49,735)	(10,631)
Proceeds from refund of leasehold and guarantee deposits	557	5,117
Payment of leasehold and guarantee deposits	(444)	—
Net cash provided by (used in) investing activities	(43,057)	(3,652)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	47,793	1,081,225
Proceeds from issuance of share acquisition rights	1,120	178
Payment of lease liabilities	(137,186)	(15,737)
Net cash provided by (used in) financing activities	(88,273)	1,065,666
Effect of exchange rate changes on cash and cash equivalents	13,674	(15,307)
Net increase (decrease) in cash and cash equivalents	(1,312,731)	463,707
Cash and cash equivalents at beginning of period	2,767,639	1,454,908
Cash and cash equivalents at end of period	1,454,908	1,918,615

(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 businesses, which comprise a single segment. Hence, segment information is omitted.

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 previous fiscal year ended December 31, 2024.

Per share information

	Previous fiscal year (January 1, 2024 to December 31, 2024)	Current fiscal year (January 1, 2025 to December 31, 2025)
Loss attributable to owners of parent (Thousands of yen)	(1,332,852)	(676,253)
Weighted-average number of ordinary shares outstanding (Thousands of shares)	56,347	63,853
Net loss per share		
Basic loss per share (Yen)	(23.65)	(10.59)
Diluted loss per share (Yen)	(23.65)	(10.59)

(Note) Although the number of dilutive potential ordinary shares was 838 thousand shares in the previous fiscal year, and 615 thousand shares in the current fiscal year, they were excluded from the calculation for diluted loss per share as their impact was antidilutive.

Significant subsequent events

Not applicable.