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.

May 14, 2026

Consolidated Financial Results for the Three Months Ended March 31, 2026 (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, 2026 (January 1, 2026 to March 31, 2026)

(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, 2026	5	(35.2)	(313)	–	(312)	–	(312)	–
March 31, 2025	7	43.9	(259)	–	(259)	–	(259)	–

	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, 2026	(312)	–	(312)	–	(2.58)	(2.58)
March 31, 2025	(259)	–	(260)	–	(4.49)	(4.49)

(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, 2026	1,864	1,676	1,676	89.9
December 31, 2025	1,979	1,814	1,814	91.6

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, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2026	–				
Fiscal year ending December 31, 2026 (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, 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 March 31, 2026	138,504,288 shares
As of December 31, 2025	115,404,288 shares

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

As of March 31, 2026	187 shares
As of December 31, 2025	187 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, 2026	121,209,844 shares
For the three months ended March 31, 2025	57,528,802 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (mandatory).

* 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.

During the three months ended March 31, 2026, the business environment remained uncertain due to the prolonged situation in Ukraine and the continued and expanding geopolitical tensions, including in the Middle East, which led to fluctuations in energy and raw material prices and persistently high logistics costs. In the global economy, although inflation showed signs of moderation, it remained elevated in certain regions, and overall economic growth slowed amid the impact of monetary tightening policies, uncertainty regarding their future direction, and heightened geopolitical risks. In Asian economies, while there were signs of partial recovery, mainly in the manufacturing sector in China, structural challenges such as prolonged adjustments in the real estate market and delays in recovery of domestic demand continued, resulting in ongoing uncertainty regarding the economic outlook. In the Japanese economy, although the yen continued to depreciate due to interest rate differentials with overseas markets, there were signs of a moderate recovery supported by steady consumption driven by wage increases and a pickup in capital investment; however, continued inflation and its impact on real income remain concerns.

In this market environment, the Group proceeded with the development of its business and research and development as follows.

Medical devices

Wearable myopia care 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 clinical trial has been newly initiated in Shanghai, China and has been progressing steadily to date. 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, the Group exhibited at the international trade show "100% Optical" held in the United Kingdom, where it confirmed strong interest and expectations for Kubota Glass through interactions with over 100 industry participants.

In the Taiwan market, the Group continues discussions with contracted partners toward launch and is proceeding with planning of promotional and PR initiatives with local marketing partners, steadily advancing the establishment of a sales framework.

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 Group has launched a new subscription-based sales program, "Kubota Glass My Vision Program," aimed at delivering value to customers in a more diverse and continuous manner and strengthening its business foundation.
With regard to the Chinese market, the Group has reopened its e-commerce channel (Taobao), which had previously been temporarily closed, and will continue to monitor market conditions and operational structures while striving for stable sales activities.
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 continues to verify the ideal practical model while exploring opportunities for joint development and commercialization with partner companies.

<u>Small molecule compounds</u>

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. However, 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.
As part of these efforts, the Group entered into a supply and license agreement with Laboratoires KÔL (headquartered in Clermont-Ferrand, France; Founder and CEO: Sophie Momège) on March 2, 2026 for the provision of emixustat hydrochloride under the CUP in France.

Furthermore, the Group commenced the manufacture of active pharmaceutical ingredients of emixustat hydrochloride in compliance with Good Manufacturing Practice (GMP) from April 2026.
Going forward, the Group will further strengthen its collaboration with Laboratoires KÔL and promote business activities, including engagement with the French authorities, with the aim of achieving early Compassionate Use approval.

For the three months ended March 31, 2026, revenue was ¥5 million, a 35.2% year-on-year decrease, and cost of sales was ¥2 million, an 86.4% 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 three months ended March 31, 2026, was ¥139 million, a increase of ¥68 million, or 96.1%, year-on-year. This was mainly due to increases in research and development expenses for emixustat and the wearable myopia care device.

(Unit: Thousands of yen or %)

	Three months ended March 31, 2025	Three months ended March 31, 2026	Increase (Decrease)	Change (%)
Research and development expenses	71,058	139,334	68,277	96.1

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended March 31 were ¥166 million, remaining at approximately the same level as the same period of the previous year (a year-on-year decrease of 1.0%).

(Unit: Thousands of yen or %)

	Three months ended March 31, 2025	Three months ended March 31, 2026	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	167,801	166,089	(1,712)	(1.0)

(2) Overview of financial position as of March 31, 2026

Current assets

Current assets as of the end of the first quarter of the current fiscal year was ¥1,854 million, a decrease of ¥115 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 ¥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 first quarter of the current fiscal year was ¥188 million, an increase of ¥30 million from the end of the previous fiscal year. This was mainly due to increases in trade payables and accrued liabilities.

Non-current liabilities

Non-current liabilities as of the end of the first quarter of the current fiscal year was ¥1 million, a decrease of ¥8 million from the end of the previous fiscal year. This was mainly due to a decrease in lease liabilities.

Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the end of the first quarter of the current fiscal year was ¥1,676 million, a decrease of ¥138 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, 2026

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 ¥1,264 million as of March 31, 2025, and ¥1,788 million as of March 31, 2026. 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 ¥262 million for the three months ended March 31, 2025, and ¥282 million for the three months ended March 31, 2026. The increase of ¥20 million in net cash used was mainly due to a year-on-year increase in cash related to the payment of research and development expenses for the three months ended March 31, 2026.

Cash flows from investing activities

Net cash provided by investing activities was ¥6 million for the three months ended March 31, 2025, and net cash used in financing activities was ¥9 million for the three months ended March 31, 2026. This was mainly due to a decrease in proceeds from refund of lease and guarantee deposits and an increase in the purchase of property, plant, and equipment.

Cash flows from financing activities

Net cash provided by financing activities was ¥70 million for the three months ended March 31, 2025 and ¥158 million for the three months ended March 31, 2026. The increase of ¥88 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, 2026.

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

Revenue from sales of Kubota Glass, a myopia care device, accounts for the majority of the current revenue of the Company.
The Company is currently working with newly contracted distributors and prospective partners to expand sales channels in the Greater China region and promote market introduction through medical institutions and optical retailers.
With regard to expenditures, while maintaining the production system, improving 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, a myopia care device, is an extremely novel product, it is difficult to determine the objective demand at this time.

Based on the above, the Company has decided to continue 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 reasonably estimate at this time. They will be promptly disclosed as soon as it becomes possible to make a reasonable estimation in light of future business progress.

(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.
With regard to Kubota Glass, a myopia care device, the Group has commenced sales in the Japanese market and is also pursuing expansion into China, a major market for myopia-related products, as well as Taiwan, both of which have been positioned as key markets. Although the Group did not enter into any new distributor agreements or sales agreements during the first quarter, it continues to work with existing contractual partners and prospective partners to establish a foundation for expanding sales channels in the Greater China market, primarily throughout China and southern Taiwan, and to promote market introduction through medical institutions and optical retailers. However, the timing of a full-scale ramp-up in business revenue remains unclear at this time.
With regard to eyeMO, a retinal monitoring device for home-based and remote ophthalmology, the Group has also been working on out-licensing of development products and business alliances in order to achieve early monetization, and has held contractual discussions with multiple companies to date. However, no partner company has been identified at this time.
Regarding emixustat hydrochloride, despite discussions with authorities regarding accelerated and priority approval programs, it is necessary at this time to conduct another phase 3 clinical study in order to obtain regulatory approval in Japan, the United States, and other jurisdictions. Accordingly, the Group continues to confirm the requirements for a one-to-two pivotal trial and to seek research and development partners.
In addition, based on Phase 3 subgroup analysis results, which was a post-hoc analysis of the Phase 3 clinical trial for Stargardt disease, the Group is promoting early monetization in Europe through compassionate use programs. As a result, on March 2, 2026, the Group entered into a supply and license agreement with Laboratoires KÔL, headquartered in Clermont-Ferrand, France, whose Founder and CEO is Sophie Momège, for the provision of emixustat hydrochloride under the CUP in France.

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) amounted to approximately ¥162 million in the three months ended March 31, 2026 and ¥1,087 million in the fiscal year ended December 31, 2025, representing a significant increase from approximately ¥48 million in the fiscal year ended December 31, 2024 and exceeding the Company's expectations.
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 delay in the ramp-up of overseas sales of Kubota Glass, a myopia care device, has resulted in a decrease in cash and cash equivalents. As a result, the balance of cash and cash equivalents stood at ¥1,788 million as of March 31, 2026 and ¥1,919 million as of December 31, 2025, compared with ¥1,455 million as of December 31, 2024, ¥2,768 million as of December 31, 2023, and ¥4,049 million as of December 31, 2022.

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

1. Expanding the sales network covering major cities in China through distributor and sales agreements with multiple partners to achieve early revenue generation from Kubota Glass, a myopia care device
2. Steadily conducting clinical studies aimed at preventing pediatric myopia to support sales expansion of Kubota Glass, a myopia care device, in China
3. Expanding the sales network in Taiwan through distributor and sales agreements to achieve early revenue generation from Kubota Glass, a myopia care device
4. Improving product quality and reducing manufacturing costs through rationalization of the production system for Kubota Glass, a myopia care device

5. Achieving early monetization of emixustat hydrochloride primarily in Europe through the utilization of compassionate use programs
6. 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 taking into account uncertainties regarding the outcomes of these measures, the Group has, as of the end of the first quarter, secured sufficient funds necessary for its business operations for the foreseeable future, and has determined that no material uncertainty exists related to the going concern assumption.

3. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed quarterly consolidated statements of financial position

	As of December 31, 2025	As of March 31, 2026
Assets	Thousands of yen	Thousands of yen
Current assets		
Cash and cash equivalents	1,918,615	1,787,964
Trade receivables	350	300
Inventories	3,759	5,341
Other current assets	46,271	59,962
Total current assets	1,968,995	1,853,567
Non-current assets		
Other non-current assets	10,462	10,442
Total non-current assets	10,462	10,442
Total assets	1,979,457	1,864,009
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	21,358	30,084
Accrued liabilities	105,631	120,240
Accrued compensation	13,642	16,131
Lease liabilities	13,989	18,534
Other current liabilities	2,753	2,833
Total current liabilities	157,373	187,822
Non-current liabilities		
Lease liabilities	8,252	664
Total non-current liabilities	8,252	664
Total liabilities	165,625	188,486
Shareholders' equity		
Share capital	577,576	658,428
Capital surplus	28,418,035	28,510,726
Accumulated deficit	(25,732,895)	(26,045,021)
Other components of equity	(1,448,884)	(1,448,610)
Total equity attributable to owners of parent	1,813,832	1,675,523
Total shareholders' equity	1,813,832	1,675,523
Total liabilities and shareholders' equity	1,979,457	1,864,009

(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, 2025 and 2026

	Three months ended March 31, 2025	Three months ended March 31, 2026
	Thousands of yen	Thousands of yen
Revenue	7,245	4,694
Business expenses		
Cost of sales	815	1,519
Research and development expenses	71,058	139,334
Selling, general and administrative expenses	167,801	166,089
Total business expenses	239,674	306,943
Other operating expenses	26,601	11,017
Operating loss	(259,030)	(313,265)
Other income and expenses		
Finance income	853	1,508
Finance costs	(337)	(121)
Other income (expenses)	(62)	(248)
Total other income and expenses	454	1,139
Loss before tax	(258,576)	(312,126)
Net loss	(258,576)	(312,126)
Loss attributable to		
Owners of parent	(258,576)	(312,126)
Net loss per share		
Basic loss per share (Yen)	(4.49)	(2.58)
Diluted loss per share (Yen)	(4.49)	(2.58)

Condensed quarterly consolidated statements of comprehensive income

Three months ended March 31, 2025 and 2026

	Three months ended March 31, 2025	Three months ended March 31, 2026
	Thousands of yen	Thousands of yen
Net loss	(258,576)	(312,126)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,070)	274
Total other comprehensive income	(1,070)	274
Comprehensive income (loss)	(259,646)	(311,852)
Comprehensive income (loss) attributable to		
Owners of parent	(259,646)	(311,852)

(3) Condensed quarterly consolidated statements of changes in equity

Three months ended March 31, 2025

	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, 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

Three months ended March 31, 2026

	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, 2026	577,576	28,418,035	(25,732,895)	(1,448,884)	1,813,832	1,813,832
Net loss			(312,126)		(312,126)	(312,126)
Exchange differences on translation of foreign operations				274	274	274
Comprehensive income (loss)	–	–	(312,126)	274	(311,852)	(311,852)
Share-based compensation expense		12,011			12,011	12,011
Issuance of new shares	80,851	80,851			161,702	161,702
Issuance cost of new shares		(170)			(170)	(170)
Total transactions with owners	80,852	92,691	–	–	173,543	173,543
Balance as of March 31, 2026	658,428	28,510,726	(26,045,021)	(1,448,610)	1,675,523	1,675,523

(4) Condensed quarterly consolidated statements of cash flows

	Three months ended March 31, 2025	Three months ended March 31, 2026
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(258,576)	(312,126)
Adjustments to reconcile net loss to net cash used in operating activities		
Impairment losses	26,601	11,017
Share-based compensation expense	6,094	12,011
Finance income	(853)	(1,508)
Finance costs	337	121
Change in operating assets and liabilities		
Trade receivables	(608)	57
Other current assets	(12,431)	(14,232)
Other current liabilities	(935)	23
Trade payables	(23,149)	8,167
Accrued liabilities	18,665	12,219
Accrued compensation	(19,983)	2,171
Other assets	2,756	238
Subtotal	(262,082)	(281,842)
Interest paid	(344)	(120)
Net cash provided by (used in) operating activities	(262,426)	(281,962)
Cash flows from investing activities		
Interest received	855	1,534
Purchase of property, plant and equipment	–	(10,958)
Proceeds from refund of leasehold and guarantee deposits	5,117	205
Net cash provided by (used in) investing activities	5,972	(9,219)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	75,868	161,702
Payment of lease liabilities	(5,962)	(3,471)
Net cash provided by (used in) financing activities	69,906	158,231
Effect of exchange rate changes on cash and cash equivalents	(4,236)	2,299
Net increase (decrease) in cash and cash equivalents	(190,784)	(130,651)
Cash and cash equivalents at beginning of period	1,454,908	1,918,615
Cash and cash equivalents at end of period	1,264,124	1,787,964

(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.

Significant subsequent events

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

At a meeting held on March 18, 2026, the Board of Directors of the Company resolved to submit a proposal for reduction in share capital (capital reduction) and appropriation of other capital surplus to the Company's 11th Ordinary General Meeting of Shareholders, as described below, which was approved at the meeting and became effective on April 30, 2026.

(1) Objective

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

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

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

(i) Amount of share capital to be reduced

The Company's share capital of 577,576 thousand yen (as of December 31, 2025) will be reduced by 567,576 thousand yen, and the entire amount of the reduced share capital will be transferred to other capital surplus. The amount of share capital after the reduction will be 109,926 thousand yen (Note).

(Note) Due to the exercise of share acquisition rights in the period up to the effective date of the capital reduction, the amount of share capital increased by 99,926 thousand yen.

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

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

(3) Details of appropriation of other capital surplus

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

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

Other capital surplus 3,460,412 thousand yen

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

Retained earnings brought forward 3,460,412 thousand yen.

(4) Schedule

(i) Date of Resolution at the Board of Directors: March 18, 2026
(ii) Date of public notice of creditors' objection period: March 28, 2026
(iii) Resolution date at the Ordinary General Meeting of Shareholders: April 24, 2026
(iv) Final date for creditors to file objections: April 27, 2026
(v) Effective date of capital reduction: April 30, 2026

Grant of share options

The Company resolved, at its 11th Ordinary General Meeting of Shareholders (for the fiscal year 2025) held on April 24, 2026, 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.

Issuance of New Shares as Restricted Stock Compensation

The Company resolved, at its 11th Ordinary General Meeting of Shareholders (for the fiscal year 2025) held on April 24, 2026, to issue new shares as restricted stock compensation (the "Issuance of New Shares"), as outlined below.

(1) Overview of the Issuance of New Shares

(i) Payment Date: May 8, 2026
(ii) Type and Number of Shares: 1,740,000 shares of common stock of the Company
(iii) Issue Price: JPY 96 per share
(iv) Total Issue Amount: JPY 167,040,000
(v) Allottee: One Representative Director (1,740,000 shares)

(2) Purpose and Reasons for the Issuance

At a meeting of the Board of Directors held on March 18, 2026, the Company resolved to introduce a restricted stock compensation plan (the "Plan") for its directors (excluding outside directors; hereinafter, the "Eligible Directors"), with the aim of providing incentives to enhance the Company's sustainable corporate value and further promote value sharing with shareholders.

At the 11th Annual General Meeting of Shareholders held on April 24, 2026, it was approved that, under the Plan, monetary compensation claims to be contributed as property for acquiring restricted stock shall be granted to Eligible Directors in an amount not exceeding JPY 200,000 thousand per year, and that the total number of the Company's common shares to be issued or disposed of shall be limited to 1,740,000 shares per year.

The Issuance of New Shares is to grant restricted stock to one Eligible Director by having such Eligible Director make an in-kind contribution of the monetary compensation claims granted as compensation.

The payment procedures for the Issuance of New Shares were completed on May 8, 2026.