

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [Japanese GAAP]



February 12, 2021

Company name: Modalis Therapeutics Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 4883

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Scheduled date of Ordinary General Meeting of Shareholders: March 30, 2021

Scheduled date of filing securities report: March 30, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

|                   | Operating revenue |        | Operating income |   | Ordinary income |   | Profit attributable to owners of parent |
|-------------------|-------------------|--------|------------------|---|-----------------|---|-----------------------------------------|
| Fiscal Year ended | Million yen       | %      | Million yen      | % | Million yen     | % | Million yen                             |
| December 31, 2020 | 342               | (46.9) | (398)            | - | (439)           | - | (448)                                   |
| December 31, 2019 | 644               | 887.0  | 157              | - | 146             | - | 140                                     |

(Note) Comprehensive income: Fiscal Year ended December 31, 2020: ¥ (450) million [-%]

Fiscal Year ended December 31, 2019: ¥140million [-%]

|                   | Net income per share | Diluted earnings per share | Return of equity | Ordinary income to total assets | Operating income to operating revenue |
|-------------------|----------------------|----------------------------|------------------|---------------------------------|---------------------------------------|
| Fiscal Year ended | Yen                  | Yen                        | %                | %                               | %                                     |
| December 31, 2020 | (17.02)              | -                          | (8.9)            | (8.6)                           | -                                     |
| December 31, 2019 | 5.96                 | -                          | 5.6              | 5.7                             | 24.4                                  |

(Notes)

For diluted earnings per share for the fiscal year ended December 31, 2019, the figure is not presented as the Company's shares were not listed and the average share price was not available, although the Company had dilutive shares. For the fiscal year ended December 31, 2020, the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares.

## (2) Consolidated Financial Position

|                         | Total assets | Net assets  | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
|                         | Million yen  | Million yen | %            | Yen                  |
| As of December 31, 2020 | 6,277        | 6,206       | 98.9         | 217.67               |
| As of December 31, 2019 | 3,938        | 3,842       | 97.6         | 153.09               |

(Reference) Equity: As of December 31, 2020: ¥6,206 million

As of December 31, 2019: ¥3,842 million

(3) Cash flow

|                         | Cash flows from<br>operating activities | Cash flows from<br>investing activities | Cash flows from<br>financing activities | Cash and cash equivalents<br>at the end of period |
|-------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------------------------------|
|                         | Million yen                             | Million yen                             | Million yen                             | Million yen                                       |
| As of December 31, 2020 | (376)                                   | (830)                                   | 2,777                                   | 5,421                                             |
| As of December 31, 2019 | 224                                     | (61)                                    | 2,490                                   | 3,857                                             |

**2. Dividends**

|                                                    | Annual dividends   |                    |                    |          |       |
|----------------------------------------------------|--------------------|--------------------|--------------------|----------|-------|
|                                                    | 1st<br>quarter-end | 2nd<br>quarter-end | 3rd<br>quarter-end | Year-end | Total |
|                                                    | Yen                | Yen                | Yen                | Yen      | Yen   |
| Fiscal year ended December 31, 2019                | -                  | 0.00               | -                  | 0.00     | 0.00  |
| Fiscal year ended December 31, 2020                | -                  | 0.00               | -                  | 0.00     | 0.00  |
| Fiscal year ending December 31, 2021<br>(Forecast) |                    | 0.00               | -                  | 0.00     | 0.00  |

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (January 1, 2021 to December 31, 2021)**

The earnings forecasts for fiscal year 2021 are not presented due to the difficulty of formulating reasonably accurate estimates at this time. For further details, please refer to page 3 “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information”

**\* Notes:**

- (1) Significant changes to subsidiaries during the Fiscal Year ended December 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Notes on changes in significant subsidiaries during the Fiscal Year ended December 31, 2020

- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

Notes on changes in accounting policies

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2020: 28,515,600 shares

December 31, 2019: 25,100,000 shares

- 2) Total number of treasury shares at the end of the period:

December 31, 2020: - shares

December 31, 2019: - shares

- 3) Average number of shares during the period:

Fiscal Year ended December 31, 2020: 26,349,967 shares

Fiscal Year ended December 31, 2019: 23,572,877 shares

\* These financial results are outside the scope of audit by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecast and other forward-looking statements herein are based on information available and certain assumptions judged to be reasonable as of the date of publication of this document. They do not represent a commitment from the Company that they will be achieved. Actual results may differ significantly from these forecast due to a wide range of factors. Please refer to page 3 of the attachment for matters related to the earnings forecast.

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## 1. Qualitative Information on the Financial Results for the Period Under Review

### (1) Explanation of Business Results

The Japanese economy during the Fiscal Year ended December 31, 2020 was impacted by the COVID-19 pandemic, with restrictions on economic activities and social life. It is expected to take a long time for the economy to recover, and it is becoming increasingly difficult to foresee the future.

Against this backdrop, the Group, since its fifth year of establishment in 2016, has promoted its business proactively under the corporate philosophy “Every Life Deserves Attention,” aiming to provide epoch-making therapeutic agents for genetic disorders, most of which are rare diseases. Capitalizing on the advantages of the foundational CRISPR-GNDM<sup>®</sup> platform, the Group has adopted a hybrid business model to create therapeutic agents for genetic disorders for achieving “wide-range developments” and “value chain supplement;,” combining: “collaboration pipelines” where the Group releases the CRISPR-GNDM<sup>®</sup> technologies, or the technology platform, to partners that develop therapeutic agents for diseases of their choice at their expense; and “internal pipelines” where the Group uses the CRISPR-GNDM<sup>®</sup> platform, choosing diseases to be targeted, and developing the therapeutic agents at the Group’s expense.

During the Fiscal Year ended December 31, 2020, five collaboration pipelines and three internal pipelines were in progress. Steady progress in joint R&D programs with partners led us to achieve a development milestone for one of the licensed programs (MDL-202), receive an upfront payment for a new program (MDL-206), and record research milestone income for three existing programs. In the last quarter, we initiated preclinical studies in non-human primates for internal pipeline candidate, MDL-101, which are making good progress. MDL-104 is newly added to the pipeline and development is under way. For business development, we are in discussions with multiple pharmaceutical companies for licensing of multiple internal pipeline candidates including MDL-101.

As a result, for the Fiscal Year ended December 31, 2020, operating revenue amounted to ¥342,000 thousand, operating loss to ¥398,351 thousand, ordinary loss to ¥439,549 thousand, and loss attributable to owners of parent to ¥448,407 thousand.

The Group consists of a single business segment of developing therapeutic agents for genetic disorders. Accordingly, the Company omits statements of segment information.

### (2) Explanation of Financial Position

#### Status of Assets, Liabilities and Net Assets

##### (Current Assets)

Total current assets at the end of the fiscal year under review increased by ¥1,573,572 thousand from the end of the previous fiscal year to ¥5,448,546 thousand. This is mainly attributable to an increased in cash and deposits by ¥1,564,240 thousand.

##### (Non-Current Assets)

Total non-current assets at the end of the fiscal year under review increased by ¥765,017 thousand from the end of the previous fiscal year to ¥828,470 thousand. This is mainly attributable to right to use patent of ¥767,445 thousand.

##### (Current Liabilities)

Total current liabilities at the end of the fiscal year under review decreased by ¥32,873 thousand from the end of the previous fiscal year to ¥58,266 thousand. This is mainly attributable to a decrease in other liabilities by ¥43,792 thousand.

(Non-Current Liabilities)

Total non-current liabilities at the end of the fiscal year under review increased by ¥7,148 thousand from the end of the previous fiscal year to ¥11,893 thousand. This is attributable to an increase in deferred tax liabilities by ¥7,148 thousand.

(Net Assets)

Total net assets at the end of the fiscal year under review increased by ¥2,364,314 thousand from the end of the previous fiscal year to ¥6,206,857 thousand. This is mainly attributable to a decrease in retained earnings by ¥448,407 thousand resulting from the posting of profit despite an increase in share capital and capital surplus by ¥1,407,320 thousand.

(3) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥5,421,476 thousand, up by ¥1,564,240 thousand from ¥3,857,235 thousand at the previous fiscal year end. The status of respective cash flows and key factors are as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities during the Fiscal Year ended December 31, 2020 amounted to ¥376,575 thousand. This is mainly attributable to the posting of loss before income taxes of ¥439,549 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities during the Fiscal Year ended December 31, 2020 amounted to ¥830,310 thousand. This is mainly attributable to the posting of purchase of intangible assets of ¥814,866 thousand.

(Cash Flows from Financing Activities)

Net cash provided by financing activities during the Fiscal Year ended December 31, 2020 amounted to ¥2,777,992 thousand. This is mainly attributable to the posting of proceeds from issuance of common shares ¥2,749,145 thousand.

(4) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Progress is being made on five collaboration pipelines and three internal pipelines. The Company aims to secure upfront payments for licensing of the MDL-101 and MDL-104 internal pipelines, in addition to achieving a development milestone income for licensing of the MDL-201 collaboration pipeline. MDL-101 has progressed to the stage where key safety concerns have been eliminated based on animal testing results from preclinical studies in non-human primates, and the Company will continue to conduct negotiations for licensing under more favorable terms. Furthermore, the Company will continue conducting R&D with the aim of adding new pipelines and capturing milestone income from licensing and joint R&D programs.

However, at present, there are many uncertain factors affecting our business performance, including the progress of negotiations with our partners, significant fluctuations in performance due to upfront payments for licensing, the possibility of concluding agreements with new partners, and the acquisition of new pipelines. In regard to the future outlook, the Company believes it is difficult to calculate an appropriate and rational figure, so the Company has decided not to disclose the full-year earnings forecast. When it becomes possible to make a forecast, the Company will promptly make an announcement.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Thousand yen)

|                                              | As of December 31, 2019 | As of December 31, 2020 |
|----------------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                |                         |                         |
| Current assets                               |                         |                         |
| Cash and deposits                            | 3,857,235               | 5,421,476               |
| Accounts receivable - trade                  | 6,600                   | -                       |
| Other                                        | 11,139                  | 27,070                  |
| Total current assets                         | 3,874,974               | 5,448,546               |
| Non-current assets                           |                         |                         |
| Property, plant and equipment                |                         |                         |
| Buildings                                    | 2,480                   | 92                      |
| Machinery and equipment                      | 45,078                  | 48,448                  |
| Tools, furniture and fixtures                | 1,394                   | 1,233                   |
| Total Property, plant and equipment          | 48,954                  | 49,774                  |
| Intangible assets                            |                         |                         |
| Right to use patent                          | —                       | 767,445                 |
| Software                                     | —                       | 374                     |
| Total intangible assets                      | —                       | 767,819                 |
| Investments and other assets                 | 14,499                  | 10,876                  |
| Total non-current assets                     | 63,453                  | 828,470                 |
| Total assets                                 | 3,938,428               | 6,277,017               |
| <b>Liabilities</b>                           |                         |                         |
| Current liabilities                          |                         |                         |
| Accounts payable- other                      | 10,424                  | 18,159                  |
| Accrued expenses                             | 13,771                  | 17,156                  |
| Income taxes payable                         | 21,820                  | 21,619                  |
| Other                                        | 45,124                  | 1,331                   |
| Total current liabilities                    | 91,140                  | 58,266                  |
| Non-current liabilities                      |                         |                         |
| Deferred tax liabilities                     | 4,744                   | 11,893                  |
| Total non-current liabilities                | 4,744                   | 11,893                  |
| Total liabilities                            | 95,885                  | 70,160                  |
| <b>Net assets</b>                            |                         |                         |
| Shareholders' equity                         |                         |                         |
| Share capital                                | 1,300,000               | 2,707,320               |
| Capital surplus                              | 2,621,735               | 4,029,055               |
| Retained earnings                            | (79,112)                | (527,519)               |
| Total shareholders' equity                   | 3,842,623               | 6,208,855               |
| Accumulated other comprehensive income       |                         |                         |
| Foreign currency translation adjustment      | (80)                    | (1,998)                 |
| Total accumulated other comprehensive income | (80)                    | (1,998)                 |
| Total net assets                             | 3,842,542               | 6,206,857               |
| Total liabilities and net assets             | 3,938,428               | 6,277,017               |

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Thousand yen)

|                                                                                     | For the Fiscal Year ended<br>December 31, 2019 | For the Fiscal Year ended<br>December 31, 2020 |
|-------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Operating revenue                                                                   | 6,44,500                                       | 342,000                                        |
| Operating expenses                                                                  |                                                |                                                |
| Research and development expenses                                                   | 303,680                                        | 531,896                                        |
| Selling, general and administrative expenses                                        | 183,625                                        | 208,454                                        |
| Total operating expenses                                                            | 487,305                                        | 740,351                                        |
| Operating income or Operating loss                                                  | 157,194                                        | (398,351)                                      |
| Non-operating income                                                                |                                                |                                                |
| Interest income                                                                     | 20                                             | 52                                             |
| Subsidy income                                                                      | 477                                            | 79                                             |
| Other                                                                               | 621                                            | 285                                            |
| Total non-operating income                                                          | 1,119                                          | 417                                            |
| Non-operating expenses                                                              |                                                |                                                |
| Listing expenses                                                                    | —                                              | 20,104                                         |
| Foreign exchange losses                                                             | 2,489                                          | 4,967                                          |
| Stock issuance cost                                                                 | 9,184                                          | 16,374                                         |
| Amortization of stock issuance cost                                                 | 212                                            | —                                              |
| Other                                                                               | 77                                             | 169                                            |
| Total non-operating expenses                                                        | 11,962                                         | 41,614                                         |
| Ordinary income or Ordinary loss                                                    | 146,351                                        | (439,549)                                      |
| Profit before income taxes or Loss before income taxes                              | 146,351                                        | (493,549)                                      |
| Income taxes - current                                                              | 1,043                                          | 1,210                                          |
| Income taxes - deferred                                                             | 4,779                                          | 7,648                                          |
| Total income taxes                                                                  | 5,823                                          | 8,858                                          |
| Profit or Loss                                                                      | 140,528                                        | (448,407)                                      |
| Profit attributable to owners of parent or<br>Loss attributable to owners of parent | 140,528                                        | (448,407)                                      |

# Consolidated Statements of Comprehensive Income

(Thousand yen)

|                                                          | For the Fiscal Year<br>ended December 31, 2019 | For the Fiscal Year<br>ended December 31, 2020 |
|----------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Profit or Loss                                           | 140,528                                        | (448,407)                                      |
| Other comprehensive income                               |                                                |                                                |
| Foreign currency translation adjustment                  | 235                                            | (1,918)                                        |
| Total other comprehensive income                         | 235                                            | (1,918)                                        |
| Comprehensive income                                     | 140,763                                        | (450,325)                                      |
| Comprehensive income attributable to                     |                                                |                                                |
| Comprehensive income attributable to owners of<br>parent | 140,763                                        | (450,325)                                      |

(3) Consolidated Statements of Changes in Equity  
Fiscal Year Ended December 31, 2019

(Thousand yen)

|                                                      | Shareholders' equity |                 |                   |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------------------|
|                                                      | Share capital        | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance at beginning of current period               | 50,000               | 1,371,735       | (219,640)         | 1,202,094                  |
| Changes of items during period                       |                      |                 |                   |                            |
| Issuance of new shares                               | 1,250,000            | 1,250,000       |                   | 2,500,000                  |
| Profit attributable to owners of parent              |                      |                 | 140,528           | 140,528                    |
| Net changes of items other than shareholders' equity |                      |                 |                   |                            |
| Total changes of items during period                 | 1,250,000            | 1,250,000       | 140,528           | 2,640,528                  |
| Balance at end of current period                     | 1,300,000            | 2,621,735       | (79,112)          | 3,842,623                  |

|                                                      | Accumulated other comprehensive income  |                                              | Total net assets |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
|                                                      | Foreign currency translation adjustment | Total accumulated other comprehensive income |                  |
| Balance at beginning of current period               | (315)                                   | (315)                                        | 1,201,779        |
| Changes of items during period                       |                                         |                                              |                  |
| Issuance of new shares                               |                                         |                                              | 2,500,000        |
| Profit attributable to owners of parent              |                                         |                                              | 140,528          |
| Net changes of items other than shareholders' equity | 235                                     | 235                                          | 235              |
| Total changes of items during period                 | 235                                     | 235                                          | 2,640,763        |
| Balance at end of current period                     | (80)                                    | (80)                                         | 3,842,542        |

Fiscal Year Ended December 31,2020

(Thousand yen)

|                                                      | Shareholders' equity |                 |                   |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------------------|
|                                                      | Share capital        | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance at beginning of current period               | 1,300,000            | 2,621,735       | (79,112)          | 3,842,623                  |
| Changes of items during period                       |                      |                 |                   |                            |
| Issuance of new shares                               | 1,407,320            | 1,407,320       |                   | 2,814,640                  |
| Loss attributable to owners of parent                |                      |                 | (448,407)         | (448,407)                  |
| Net changes of items other than shareholders' equity |                      |                 |                   |                            |
| Total changes of items during period                 | 1,407,320            | 1,407,320       | (448,407)         | 2,366,232                  |
| Balance at end of current period                     | 2,707,320            | 4,029,055       | (527,519)         | 6,208,855                  |

|                                                      | Accumulated other comprehensive income  |                                              | Total net assets |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
|                                                      | Foreign currency translation adjustment | Total accumulated other comprehensive income |                  |
| Balance at beginning of current period               | (80)                                    | (80)                                         | 3,842,542        |
| Changes of items during period                       |                                         |                                              |                  |
| Issuance of new shares                               |                                         |                                              | 2,814,640        |
| Loss attributable to owners of parent                |                                         |                                              | (448,407)        |
| Net changes of items other than shareholders' equity | (1,918)                                 | (1,918)                                      | (1,918)          |
| Total changes of items during period                 | (1,918)                                 | (1,918)                                      | 2,364,314        |
| Balance at end of current period                     | (1,998)                                 | (1,998)                                      | 6,206,857        |

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

|                                                                | For the Fiscal Year<br>ended December 31, 2019 | For the Fiscal Year<br>ended December 31, 2020 |
|----------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Cash flows from operating activities                           |                                                |                                                |
| Profit before income taxes or<br>Loss before income taxes      | 146,351                                        | (439,549)                                      |
| Depreciation                                                   | 6,693                                          | 57,588                                         |
| Interest and dividend income                                   | (20)                                           | (52)                                           |
| Subsidy income                                                 | (477)                                          | (79)                                           |
| Stock issuance cost                                            | 9,184                                          | 16,374                                         |
| Listing expenses                                               | -                                              | 20,104                                         |
| Foreign exchange losses (gains)                                | -                                              | 3,393                                          |
| Decrease (increase) in trade receivables                       | (1,210)                                        | 6,600                                          |
| Increase (decrease) in accounts payable - other                | 6,601                                          | 8,439                                          |
| Increase (decrease) in accrued expenses                        | 3,857                                          | 3,942                                          |
| Decrease (increase) in consumption taxes refund<br>receivable  | -                                              | (9,036)                                        |
| Increase (decrease) in accrued consumption taxes               | 40,290                                         | (43,960)                                       |
| Other, net                                                     | 16,199                                         | 477                                            |
| Subtotal                                                       | 227,469                                        | (375,756)                                      |
| Interest and dividends received                                | 20                                             | 52                                             |
| Subsidies received                                             | 477                                            | 79                                             |
| Income taxes paid                                              | (3,819)                                        | (950)                                          |
| Net cash provided by (used in) operating activities            | 224,148                                        | (376,575)                                      |
| Cash flows from investing activities                           |                                                |                                                |
| Purchase of property, plant and equipment                      | (54,284)                                       | (150,148)                                      |
| Purchase of intangible assets                                  | -                                              | (814,866)                                      |
| Payment of lease deposits                                      | (10,742)                                       | (722)                                          |
| Other, net                                                     | 3,256                                          | 427                                            |
| Net cash provided by (used in) investing activities            | (61,769)                                       | (830,310)                                      |
| Cash flows from financing activities                           |                                                |                                                |
| Proceeds from issuance of common shares                        | 2,490,815                                      | 2,749,145                                      |
| Proceeds from issuance of stock acquisition<br>rights          | -                                              | 49,120                                         |
| Payments of listing expenses                                   | -                                              | (20,104)                                       |
| Other, net                                                     | (212)                                          | (169)                                          |
| Net cash provided by (used in) financing activities            | 2,490,603                                      | 2,777,992                                      |
| Effect of exchange rate change on cash and cash<br>equivalents | (890)                                          | (6,865)                                        |
| Net increase (decrease) in cash and cash equivalents           | 2,652,091                                      | 1,564,240                                      |
| Cash and cash equivalents at the beginning of period           | 1,205,143                                      | 3,857,235                                      |
| Cash and cash equivalents at the end of period                 | 3,857,235                                      | 5,421,476                                      |

(4) Notes to Consolidated Financial Statements  
(Notes on going concern assumption)

There is no relevant information.

(Segment information)

The Group consists of a single business segment of developing therapeutic agents for genetic disorders. Accordingly, the Company omits statements of segment information.

(Per share information)

|                            | Fiscal Year<br>ended December 31, 2019 | Fiscal Year<br>ended December 31, 2020 |
|----------------------------|----------------------------------------|----------------------------------------|
| Net assets per share (Yen) | 153.09                                 | 217.67                                 |
| Net income per share (Yen) | 5.96                                   | (17.02)                                |

- NOTE 1. For diluted earnings per share for the fiscal year ended December 31, 2019, the figure is not presented as the Company's shares were not listed and the average share price was not available, although the Company had dilutive shares. For the fiscal year ended December 31, 2020, the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares.
2. The Company conducted a 100-for-1 common shares split effective on November 29 2019. Net income per share and the number of shares outstanding are calculated as if this stock split had taken place at the beginning of the previous fiscal year
3. Net assets per share are calculated based on the following basis:

|                                                                                                            | Fiscal Year<br>ended December 31, 2019 | Fiscal Year<br>ended December 31, 2020 |
|------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Total net assets (thousands of yen)                                                                        | 3,842,542                              | 6,206,857                              |
| Amounts deducted from total net assets (thousands of yen)                                                  | —                                      | —                                      |
| Average number of common shares during the period (shares)                                                 | 3,842,542                              | 6,206,857                              |
| Number of common shares at the end of the period used for the calculation of net assets per share (shares) | 25,100,000                             | 28,515,600                             |

4. Net profit per share and Net loss per share are calculated based on the following basis:

|                                                                                                                                       | Fiscal Year<br>ended December 31, 2019 | Fiscal Year<br>ended December 31, 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Net profit per share                                                                                                                  |                                        |                                        |
| Net loss per share (thousands of yen)                                                                                                 |                                        |                                        |
| Profit attributable to owners of parent or Loss attributable to owners of parent (thousands of yen)                                   | 140,528                                | (448,407)                              |
| Net loss related to common shares (thousands of yen)                                                                                  | —                                      | —                                      |
| Profit attributable to owners of parent to common shares or Loss attributable to owners of parent to common shares (thousands of yen) | 140,528                                | (448,407)                              |
| Average number of common shares during the period (shares)                                                                            | 23,572,877                             | 26,349,967                             |
| common shares                                                                                                                         | 13,319,178                             | 26,349,967                             |

|                                                                                                                                  | Fiscal Year<br>ended December 31, 2019 | Fiscal Year<br>ended December 31, 2020 |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Class A preferred shares (share)                                                                                                 | 7,068,493                              | —                                      |
| Class B preferred shares (share)                                                                                                 | 3,185,206                              | —                                      |
| Dilutive shares that do not have a diluting effect and thus were not included in the calculation of diluted net income per share | —                                      | —                                      |

Note: Class A preferred share and class B preferred share have equivalent rights to common stock on dividend of surplus and therefore are included in common stock for calculation of Net income (loss) per share.

(Significant subsequent events)

There is no relevant information.