



February 10, 2021

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (under IFRS)

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 Listing: Tokyo Stock Exchange  
 Securities code: 4597  
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Scheduled date of ordinary general meeting of shareholders: March 29, 2021  
 Scheduled date to commence dividend payments: –  
 Scheduled date to file annual securities report: March 29, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	454	(65.4)	(4,116)	–	(4,159)	–	(4,127)	–
December 31, 2019	1,310	311.1	(1,762)	–	(1,797)	–	(1,867)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2020	(4,127)	–	(4,129)	–	(35.16)	(35.16)
December 31, 2019	(1,867)	–	(1,868)	–	(17.75)	(17.75)

	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	%	%	%
December 31, 2020	(78.1)	(60.6)	(906.5)
December 31, 2019	(26.7)	(22.9)	(134.5)

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2020	5,775	3,652	3,652	63.2	29.78
December 31, 2019	7,946	6,917	6,917	87.0	59.43

#### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2020	(2,789)	(171)	1,829	2,964
December 31, 2019	(828)	(735)	1,641	4,116

## 2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Dividend 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, 2019	–	0.00	–	0.00	0.00	0	0.0	0.0
Fiscal year ended December 31, 2020	–	0.00	–	0.00	0.00	0	0.0	0.0
Fiscal year ending December 31, 2021 (Forecast)	–	0.00	–	0.00	0.00		0.0	

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Fiscal year ending December 31, 2020	1,600	252.4	(2,800)	–	(2,800)	–	(2,800)	–	(2,800)	–	Yen (22.83)
	~	~	~	~	~	~	~	~	~	~	~
	2,600	472.6	(1,800)	–	(1,800)	–	(1,800)	–	(1,800)	–	(14.68)

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2020	123,081,210 shares
As of December 31, 2019	116,835,795 shares

2) Number of treasury shares at the end of the period

As of December 31, 2020	440,000 shares
As of December 31, 2019	440,000 shares

3) Average number of shares during the period

Fiscal year ended December 31, 2020	117,379,177 shares
Fiscal year ended December 31, 2019	105,200,395 shares

**(Reference) Summary of Non-consolidated Results****1. Non-Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)****(1) Non-Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	454	(65.4)	(3,035)	—	(3,090)	—	(3,091)	—
December 31, 2019	1,310	311.1	(2,150)	—	(2,203)	—	(2,204)	—

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
December 31, 2020	(26.34)	(26.34)
December 31, 2019	(20.96)	(20.96)

**(2) Non-Consolidated Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended	Millions of yen	Millions of yen	%	yen
December 31, 2020	3,286	1,267	38.3	10.33
December 31, 2019	4,365	3,465	79.4	29.77

**(Reference)** Shareholders' equity: Fiscal year ended December 31, 2020: 1,257millions of yen  
: Fiscal year ended December 31, 2019: 3,465millions of yen

The difference between operating results in the fiscal year under review and the preceding fiscal year is attributable to reasons stated in the section titled (1) Overview of operating results for the fiscal year ended December 31, 2020 under 1. Overview of operating results on page 2 of the Attached Material.

\* Consolidated financial results reports are not subject to audit procedures by the Company's independent auditor.

\* Proper use of earnings forecasts, and other special matters

For the Group's consolidated earnings forecasts contained in these materials, disclosure is made with a range because it is difficult to estimate specific figures.

The forecasts are based on judgments and assumptions derived from information available to the Company as of the date of disclosure of these materials, and actual results may differ from such forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of "(3) Future outlook" on page 6 of the attached material.

The Company plans to hold a financial results presentation meeting for institutional investors and analysts on Tuesday, February 16, 2021.

The materials used at this meeting shall be posted on the Company's website promptly after the meeting is held.

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## 1. Overview of operating results

### (1) Overview of operating results for the fiscal year ended December 31, 2020

#### 1) Overview of results

##### Operating results

	(Millions of yen)		
	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Year-on-year
Revenue	1,310	454	(856)
Gross profit	1,244	244	(999)
Operating profit (loss)	(1,762)	(4,116)	(2,353)
Profit (loss)	(1,867)	(4,127)	(2,259)

The Group intends to focus business operations on expanding its oncology development pipeline, which consists of two products that have already been launched and three in the later stage of development.

Under this goal, the Group primarily engaged in the following business activities in the fiscal year ended December 31, 2020.

#### **SP-01 (Chemotherapy-induced nausea and vomiting), SP-03 (Oral mucositis/stomatitis caused by chemotherapy and radiotherapy)**

The COVID-19 pandemic significantly restrained marketing activities of the Group's and sales partners' medical representatives (MRs), including their access to medical sites. This in turn had an impact on the prescription and delivery volumes of Sancuso® (SP-01) and episil® (SP-03), which were launched in China in 2019. In regions where the Company conducts sales on its own (Beijing, Shanghai, and Guangzhou), hospital visits and contacts with healthcare providers by the MRs began to recover in the fiscal year under review. However, as of the submission date of this document, the situation remains largely unpredictable in these regions due to signs of resurgence in COVID-19 cases; for instance, the local government ordered the closure of outpatient clinics at cancer hospitals in response to the resurgence.

#### **SP-02 (Relapsed or Refractory Peripheral T-cell Lymphoma)**

In June 2020, the Company achieved the primary endpoint (antitumor effect) in the Global Phase II clinical trial (pivotal study) of our pipeline product SP-02. As of the submission date of this document, we are preparing to file for approval to the regulatory authorities. Activities aimed at out-licensing SP-02 in the US, Europe, China, and other regions were hampered by the COVID-19 pandemic, as the pandemic restrained negotiations and discussions with prospective licensees. As a result, the Company has yet to conclude an out-licensing agreement for SP-02.

#### **SP-04 (Chemotherapy-induced peripheral neuropathy)**

In December 2020, the Company confirmed that the primary endpoint of the Global Phase III clinical trial, a pivotal study before filing for approval, had not been met. As of the submission date of this document, the Company is conducting an analysis of the secondary endpoints of the trial. Between January and April 2020, the US Food and Drug Administration (FDA) and the French National Agency for the Safety of Medicines and Health Products (ANSM) ordered that the trial be temporarily halted, and the independent Data Safety Monitoring Board recommended that further patient enrollment and trial drug administration be also suspended. In response, the Company revised the trial protocol and reduced the number of patients enrolled in the study from the initially planned 700 to 592. The trial was closed ahead of schedule in the fiscal year ended December 31, 2020.

### SP-05 (Increase in antitumor efficacy of fluorouracil)

For SP-05, our new pipeline product, the Company acquired exclusive rights to develop and market the product in Japan in August 2020. A Global Phase III clinical trial (pivotal study) of the pipeline product is currently underway, designed to be conducted in 440–660 patients. The number of patients enrolled in the study reached 440 in December 2020. As of the submission date of this document, the Company is conducting data collection and data cleaning for an interim analysis of the study data obtained from 330 patients.

### Financing to expand the development pipeline

On August 13, 2020, the Company's Board of Directors passed a resolution to raise funds through the issue of unsecured straight bonds (2,500 million yen, no interest, payments completed on August 31, 2020) and warrants (total expected proceeds: 5,500 million yen). The intended uses of the funds raised are as follows: in-licensing and development of SP-05; potential further development of SP-04; development of SP-02 to expand its target indications beyond peripheral T-cell lymphoma; and development of new pipeline products. The Company will use the proceeds from the exercise of warrants to redeem the unsecured straight bonds, and any proceeds from the exercise of warrants after the bonds have been redeemed will be considered additional funds (besides the 2,500 million yen raised through the issuance of the bonds). As of the end of December 2020, the Company had already redeemed 1,500 million yen of the bonds (1,562 million yen, as of the end of January 2021), leaving the outstanding bond balance at 1,000 million yen (937 million yen, as of the end of January 2021).

We achieved a certain amount of progress with respect to the aforementioned development pipeline. On the financial front, however, we continue making up-front investments, as product sales have just entered the initial stages. Given these circumstances, our financial performance during the fiscal year ended December 31, 2020, was as follows.

### [Revenue, gross profit]

In the fiscal year ended December 31, 2020, revenue totaled 454 million yen, mainly owed to sales of pipeline products Sancuso® (SP-01) and episil® (SP-03). In the preceding fiscal year (ended December 31, 2019), the Company received a lump-sum payment as a result of signing an out-licensing agreement for SP-04. However, in the fiscal year under review, there was no such payment as the Company was not able to conclude an out-licensing agreement for SP-02 due to the impact of the pandemic (see above); it expects to out-license SP-02 in 2021 or later. As a result, revenue declined by 856 million yen versus the preceding fiscal year. In addition, gross profit amounted to 244 million yen, down 999 million yen from the preceding fiscal year. The decrease was attributable to the aforementioned decline in revenue.

### Breakdown of R&D and SG&A expenses

(Millions of yen)			
	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Year-on-year
R&D expenses	1,138	1,928	789
SG&A expenses	1,868	2,432	564
Total	3,006	4,361	1,354
(Breakdown)			
Personnel expenses	648	685	37
Outsourcing expenses / Subcontract expenses	1,415	2,196	780
Depreciation and amortization of intangible assets	475	1,296	821
Other	468	182	(286)

[R&D expenses, SG&A expenses, Operating profit (loss), Profit (loss)]

R&D expenses amounted to 1,928 million yen. This amount is mainly attributable to expenses incurred for a phase II clinical study (pivotal study) of SP-02 and a phase III clinical study (pivotal study) of SP-04 and SP-05. SG&A expenses amounted to 2,432 million yen, up 564 million yen year on year, as a result of impairment losses of 800 million yen on intangible assets for SP-04.

The Company incurred an operating loss of 4,116 million yen.

The Company incurred an overall loss of 4,127 million yen, mainly as a consequence of having posted the aforementioned operating loss.

[Capitalized costs included in intangible assets]

The Group posted a 110 million yen increase in intangible assets attributable to development costs and in-licensing expenses recognized as assets among pipeline investment outlays. In the fiscal year ended December 31, 2020, pipeline investment amounted to 2,038 million yen. This figure includes the 110 million yen in intangible assets derived from capitalization of such outlays and 1,928 million yen in R&D expenses.

Amortization expenses of intangible assets related to the pipeline product Sancuso<sup>®</sup> (SP-01) and episil<sup>®</sup> (SP-03) were 438 million yen. Further, based on the results of the Global Phase III clinical trial of SP-04, the Group reported impairment losses for intangible assets amounting to 800 million yen related to the pipeline product. As a result, the balance of intangible assets was 2,356 million yen as of December 31, 2020.

## 2) Cash flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020	Year-on-year
Net cash provided by (used in) operating activities	(828)	(2,789)	(1,960)
Net cash provided by (used in) investing activities	(735)	(171)	563
Net cash provided by (used in) financing activities	1,641	1,829	188

### [Cash flows from operating activities]

Net cash used in operating activities amounted to 2,789 million yen (compared with 828 million yen in net cash used in these activities in the corresponding period of the previous fiscal year), which was mainly attributable to loss before tax of 4,159 million yen (negative factor), depreciation and amortization of intangible assets of 496 million yen (positive factor) and impairment losses of 800 million yen (positive factor).

### [Cash flows from investing activities]

Net cash used in investing activities amounted to 171 million yen (down from 735 million yen used in these activities in the corresponding period of the previous fiscal year), mainly attributable to 161 million yen in outflows related to capitalized development investment, primarily for the in-licensing of the new pipeline product SP-05.

### [Cash flows from financing activities]

Net cash provided by financing activities amounted to 1,829 million yen (up from 1,641 million yen provided by these activities in the same period of the previous year). This figure was mainly attributable to 1,000 million yen in net proceeds from the aforementioned issuance of bonds and 861 million yen in proceeds from issuance of new shares by the exercise of warrants.



### 3) Research and development activities

R&D expenses amounted to 1,928 million yen. In addition, the Company recorded a 110 million yen increase in intangible assets attributable to development costs, which have been recognized as assets from among pipeline investment outlays. Meanwhile, total pipeline investment amounted to 2,038 million yen.

Summaries regarding progress achieved with pipeline products are as follows.

	As of January 1, 2020	Fiscal year ended December 31, 2020	As of today
SP-01 Sancuso® China	Ongoing sale	Ongoing sale	Ongoing sale
SP-02 darinaparsin Japan etc.	Global Phase II clinical study (pivotal study, patient enrollment completed) in progress	Achieved primary endpoint (antitumor effect) in Global Phase II clinical study (pivotal study)	Preparing for NDA filing
SP-03 episil® Japan	Ongoing sale	Ongoing sale	Ongoing sale
SP-03 episil® China	Ongoing sale	Ongoing sale	Ongoing sale
SP-03 episil® Korea	Preparing for Launch	Launch	Ongoing sale
SP-04 PledOx® Japan etc.	Global Phase III clinical study (POLAR-A study, patient enrollment completed) in progress	Global Phase III clinical study closed (primary endpoint did not achieved)	Analysis of the Global Phase III clinical study results (including secondary endpoints) underway
SP-05 arfolitixorin Japan	—	Acquired exclusive rights to develop and market in Japan; Global Phase III clinical study in progress; patient enrollment reached 440	Global Phase III clinical study in progress. Preparing for an interim analysis of data obtained from 330 patients

Details regarding progress achieved with pipeline products are please refer to today's news release, entitled "Business Overview of Pipeline Products".

### (2) Overview of financial position for the fiscal year ended December 31, 2020

As of December 31, 2020, total assets amounted to 5,775 million yen, down 2,171 million yen from the previous year-end. Current assets were 3,269 million yen, including 2,964 million yen in cash and cash equivalents. Non-current assets came to 2,506 million yen. This figure includes 2,356 million yen in intangible assets constituting the capitalized amount of development investment.

Total liabilities totaled 2,123 million yen, up 1,093 million yen from the previous year-end. Current liabilities were 2,079 million yen, including 987 million yen in trade and other payables and 1,000 million yen in bonds payable. Non-current liabilities amounted to 43 million yen, mainly due to 21 million yen in lease liabilities 11 million yen in deferred tax liabilities.

As of today, the overdraft and committed credit line with domestic banks total 3.5 billion yen. The entire amount is unused.

Total equity equaled 3,652 million yen, down 3,264 million yen from the previous year-end. The increase was mainly attributable to 861 million yen in proceeds from issuance of new shares. The decrease was mainly attributable to the overall loss of 4,127 million yen.

### (3) Future outlook

On the premise of the following business progress, we forecast that for the fiscal year ending December 31, 2021, revenue would range between 1.6 billion to 2.6 billion yen, and operating loss, loss before tax, and

final loss between 1.8 billion and 2.8 billion yen, respectively.

1) Key assumptions behind the revenue forecast (1.6 billion yen to 2.6 billion yen)

We expect to generate revenue from product sales of episil®(SP-03 (Japan)), which launched in the fiscal year ended December 31, 2018, and product sales of Sancuso®(SP-01 (China)) and episil®(SP-03 (China, Korea)), which launched from the fiscal year ended December 31, 2019. However, as sales of these products are still in the initial phase, we believe their market penetration will be limited relative to the potential size of the market. We have also factored in to a certain degree the impact of the COVID-19 pandemic. We also anticipate some revenues from the out-licensing of pipeline products, derived from the partial out-licensing of SP-02 and SP-05, etc.

2) Key assumptions behind the operating expense forecast ( 4.4 billion yen)

We will incur cost of sales due to product sales of Sancuso®(SP-01) and episil®(SP-03). For Sancuso®(SP-01) and episil®(SP-03), we will operate an in-house sales structure in China and invest in marketing activities, including post-marketing surveillance. We will incur amortization expenses on intangible assets of Sancuso®(SP-01) and episil®(SP-03). We expect to incur operating expenses related to NDA filing preparations for SP-02, Phase III clinical trial of SP-05, and development investment into new drug candidates.

Because the overall Group expects to continue making upfront investments as described above, we forecast an operating loss, loss before tax, and final loss of between 1.8 billion and 2.8 billion yen, respectively.

Due to the impact of the COVID-19 pandemic and progress in the clinical trial of SP-05, the Group faces considerable uncertainty with respect to product sales, the possibility of out-licensing its pipeline products, and the scale of upfront payments if it does conclude an out-licensing agreement. It would therefore be difficult to specify individual revenue and expense amounts at this stage, so we have released the range-based projections as above with respect to our forecasts of consolidated performance for the fiscal year ending December 31, 2021.

## **2. Basic rationale for selecting the accounting standard**

The Group adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2015, in order to improve international comparability and the convenience of financial information in capital markets.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,116	2,964
Trade and other receivables	10	173
Inventories	3	4
Other current assets	172	126
Total current assets	4,302	3,269
Non-current assets		
Property, plant and equipment	46	43
Light-of-use asset	66	59
Intangible assets	3,485	2,356
Other non-current assets	45	46
Total non-current assets	3,644	2,506
Total assets	7,946	5,775
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	800	987
Bonds payable	—	1,000
Lease liabilities	41	39
Other current liabilities	84	52
Total current liabilities	925	2,079
Non-current liabilities		
Deferred tax liabilities	65	11
Lease liabilities	27	21
Other non-current liabilities	10	10
Total non-current liabilities	103	43
Total liabilities	1,029	2,123
<b>Equity</b>		
Share capital	960	1,402
Capital surplus	4,630	5,043
Retained earnings	1,400	(2,726)
Treasury stock	(70)	(70)
Other components of equity	(4)	2
Total equity	6,917	3,652
Total liabilities and equity	7,946	5,775

(2) Consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Revenue	1,310	454
Cost of sales	65	209
Gross profit	1,244	244
Research and development expenses	1,138	1,928
Selling, general and administrative expenses	1,868	2,432
Operating profit (loss)	(1,762)	(4,116)
Finance income	0	0
Finance costs	35	43
Other income	0	—
Other costs	—	0
Profit (loss) before tax	(1,797)	(4,159)
Income taxes	70	(32)
Profit (loss)	(1,867)	(4,127)
Profit (loss) attributable to:		
Owners of parent	(1,867)	(4,127)
Earnings (loss) per share		
Basic earnings (loss) per share [yen]	(17.75)	(35.16)
Diluted earnings (loss) per share [yen]	(17.75)	(35.16)

(3) Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit (loss)	(1,867)	(4,127)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(0)	(2)
Subtotal	(0)	(2)
Total other comprehensive income	(0)	(2)
Comprehensive income	(1,868)	(4,129)
Comprehensive income attributable to:		
Owners of parent	(1,868)	(4,129)

## (4) Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity
					Exchange differences on translation of foreign operations	Share acquisition rights	Total Other components of equity	
Balance at January 1, 2019	7,632	7,483	(7,975)	(48)	(3)	—	(3)	7,087
Comprehensive income								
Profit (loss)	—	—	(1,867)	—	—	—	—	(1,867)
Other comprehensive income	—	—	—	—	(0)	—	(0)	(0)
Total comprehensive income	—	—	(1,867)	—	(0)	—	(0)	(1,868)
Transactions with owners								
Issuance of new shares	854	838	—	—	—	—	—	1,693
Exercise of share acquisition rights	5	5	—	—	—	—	—	11
Capital reduction	(7,532)	(3,712)	11,244	—	—	—	—	—
Acquisition of treasury shares	—	—	—	(22)	—	—	—	(22)
Share-based payments	—	15	—	—	—	—	—	15
Total transactions with owners	(6,671)	(2,852)	11,244	(22)	—	—	—	1,698
Balance at December 31, 2019	960	4,630	1,400	(70)	(4)	—	(4)	6,917
Balance at January 1, 2020	960	4,630	1,400	(70)	(4)	—	(4)	6,917
Comprehensive income								
Profit (loss)	—	—	(4,127)	—	—	—	—	(4,127)
Other comprehensive income	—	—	—	—	(2)	—	(2)	(2)
Total comprehensive income	—	—	(4,127)	—	(2)	—	(2)	(4,129)
Transactions with owners								
Exercise of share acquisition rights	442	423	—	—	—	(3)	(3)	861
Issuance of share acquisition rights	—	—	—	—	—	13	13	13
Share-based payments	—	(10)	—	—	—	—	—	(10)
Total transactions with owners	442	413	—	—	—	9	9	865
Balance at December 31, 2020	1,402	5,043	(2,726)	(70)	(6)	9	2	3,652

## (5) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before tax	(1,797)	(4,159)
Depreciation and amortization	475	496
Impairment losses	—	800
Finance income	(0)	(0)
Finance costs	35	43
Decrease (increase) in trade and other receivables	182	(160)
Decrease (increase) in inventories	118	(1)
Increase (decrease) in trade and other payables	151	225
Other	7	(18)
Subtotal	(826)	(2,774)
Interest received	0	0
Interest paid	(1)	(1)
Income taxes paid	(1)	(14)
Net cash provided by (used in) operating activities	(828)	(2,789)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2)	(10)
Purchase of intangible assets	(730)	(161)
Other	(3)	(0)
Net cash provided by (used in) investing activities	(735)	(171)
Cash flows from financing activities		
Proceeds from issuance of bonds	—	2,500
Redemption of bonds	—	(1,500)
Proceeds from issuance of new shares	1,704	861
Proceeds from issuance of share acquisition rights	—	13
Repayment of lease liabilities	(41)	(45)
Acquisition of treasury shares	(22)	—
Net cash provided by (used in) financing activities	1,641	1,829
Net increase (decrease) in cash and cash equivalents	76	(1,131)
Cash and cash equivalents at beginning of period	4,046	4,116
Effect of exchange rate changes on cash and cash equivalents	(6)	(20)
Cash and cash equivalents at end of period	4,116	2,964



(6) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Change in Accounting Policies)

No items to report.

(Segment information)

Disclosure is omitted as the Group has a single reportable segment.

(Per share information)

The basis for calculating basic earnings (loss) per share is as follows.

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit (loss) attributable to ordinary equity holders of parent		
Profit (loss) attributable to owners of parent (Millions of yen)	(1,867)	(4,127)
Amount not attributable to ordinary equity holders of parent (Millions of yen)	—	—
Profit (loss) attributable to ordinary equity holders of parent (Millions of yen)	(1,867)	(4,127)
Average number of ordinary shares during the period (shares)	105,200,395	117,379,177

The figure for diluted earnings (loss) per share has been presented at an amount equal to that of basic earnings (loss) per share due to antidilutive effects of the share options with share acquisition rights.

(Significant subsequent events)

No items to report.