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February 14, 2022

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (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, Representative Executive Officer, Chairman, President and Chief Executive Officer
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 Scheduled date of Ordinary General Meeting of Shareholders: April 22, 2022
 Scheduled date to commence dividend payments: –
 Scheduled date of the submission of annual securities report: March 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2021	–	–	(2,585)	–	(2,616)	–	(2,616)	–
December 31, 2020	38	–	(2,484)	–	(2,437)	–	(2,437)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
December 31, 2021	(2,616)	–	(2,232)	–	(57.46)	(57.46)
December 31, 2020	(2,437)	–	(2,753)	–	(56.90)	(56.90)

	Return on 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, 2021	(51.6)	(45.4)	–
December 31, 2020	(34.6)	(31.6)	–

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

Fiscal year ended December 31, 2021: ¥– million

Fiscal year ended December 31, 2020: ¥– million

(2) Consolidated financial position

	Total assets	Total shareholders' equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2021	4,833	4,153	4,153	85.9	90.55
December 31, 2020	6,692	5,993	5,993	89.6	134.50

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from 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, 2021	(2,514)	3,563	171	3,977
December 31, 2020	(2,249)	340	454	2,534

2. Cash dividends

	Annual dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2020	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2022 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	–	–	(2,000)	–	(2,000)	–	(2,000)	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Full year	(2,000)	–	(43.61)

*** Notes**

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

Newly included: None

Excluded: None

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

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2021	45,861,688 shares
As of December 31, 2020	44,558,588 shares

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

As of December 31, 2021	70 shares
As of December 31, 2020	70 shares

(iii) Average number of shares outstanding during the period

For the fiscal year ended December 31, 2021	45,536,450 shares
For the fiscal year ended December 31, 2020	42,835,811 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended December 31, 2021

(January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	173	(11.6)	(93)	–	(96)	–	(53)	–
December 31, 2020	196	(22.8)	(92)	–	(106)	–	(95)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	(1.18)	–
December 31, 2020	(2.23)	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	1,990	1,963	65.3	28.35
December 31, 2020	1,737	1,698	59.5	23.19

(Reference) Equity:

As of December 31, 2021: ¥1,300 million

As of December 31, 2020: ¥1,033 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special items

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

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year ended December 31, 2021

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.

In the global economy during the fiscal year ended December 31, 2021, the outlook remains uncertain due to the further spread of the novel coronavirus disease (COVID-19) and other factors.

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

Small molecule compounds

With regard to emixustat hydrochloride (“emixustat”), we started a phase 3 clinical study for Stargardt disease in November 2018, and the study is currently ongoing across 29 sites in 11 countries worldwide. For the clinical study, the subjects are randomly assigned to a group receiving emixustat or a group receiving a placebo at a 2:1 ratio. Emixustat (10 mg) or the placebo is administered orally once a day for 24 months. The primary endpoint is to determine if emixustat reduces the rate of macular atrophy progression in subjects with Stargardt disease (juvenile macular degeneration) and the secondary endpoints include changes in visual function parameters, such as best-corrected visual acuity (BCVA) letter score and reading speed.

Although the initial target for the study was 162 subjects, the Group increased the number of enrolled subjects to 194 in light of the impact of the spread of COVID-19 and other factors. The enrollment of the last subject was completed in April 2020 (U.S. time) and database lock is expected to be completed in the second half of 2022 if the study progresses according to schedule.

The phase 3 clinical study was selected for the Orphan Products Clinical Trials Grants Program by the U.S. Food and Drug Administration (FDA) in August 2020, and the Group is expected to receive the grants, of which the total amount will be up to \$1.63 million (approximately ¥170 million), from this grants program over three years. The Group recorded a total of ¥57 million as other operating income for the previous fiscal year, which was the first year of the grants. Similarly, in the current fiscal year, the Group recorded a total of ¥60 million as other operating income.

Emixustat received orphan drug designation as a new drug candidate for treating Stargardt disease from the FDA in January 2017 and from the European Medicines Agency (EMA) in June 2019.

Prior to our ongoing phase 3 clinical study for Stargardt disease, the Group conducted a phase 2 clinical study for emixustat targeting proliferative diabetic retinopathy in the fiscal year ended December 31, 2017. Analysis of this clinical study suggests that emixustat may improve macular edema, but a phase 3 clinical study would be a large-scale clinical study requiring substantial research and development funding. As the Group believes it would be difficult to proceed independently, it is exploring the possibility of joint development with partner companies.

Medical devices

The Patient Based Ophthalmology Suite (PBOS) is a remote retinal monitoring device that makes it possible to check the condition of patients’ retinas at their home. Since the initial prototype was completed in July 2020, we have continued to improve its functions and are exploring the possibility of joint development and commercialization with partner companies while making software improvements, such as 3D imaging capabilities using artificial intelligence (AI).

The Group also has worked to develop a compact optical coherence tomography (OCT) device that can be carried on National Aeronautics and Space Administration (NASA)’s manned mission to Mars. Phase 1 of the project was completed in April 2020. Discussions regarding the details of Phase 2 of this project continue, but the timing of its commencement has not been decided.

With regard to Kubota Glass™, a wearable myopia control device aimed at treating and controlling the progression of myopia utilizing the Group’s original active stimulation technology, in 2020, proof-of-concept (POC) clinical studies using a desktop device and a wearable device demonstrated that axial length (the distance from the cornea to the retina) decreased in the test eye compared to the control eye. In December 2020, the Group has completed an initial prototype. In the current fiscal year, subsequent to receiving medical device registration approval in Taiwan, the Group disclosed in October 2021 that it received “ISO 13485:2016” certification for the design and development of ophthalmic medical

devices. The Group is proceeding with product development toward commercialization and preparation for production and sales, including setting up a branch office in Taiwan, while continuing clinical studies aimed at obtaining more evidence, and other activities.

Gene therapy

In gene therapy, we have continued the pre-clinical study for retinitis pigmentosa, a hereditary retinal disease, but as the Group reconsiders its research and development priorities, the future cash investments in this program will be put on hold to allocate more resources into the projects that are in their later development stages.

Research and development expenses

Research and development expenses for the current fiscal year was ¥2,041 million, an increase of ¥68 million, or 3.4%, year on year. This was mainly due to an increase in development expenses for wearable myopia control devices, despite decreases in research and development expenses for emixustat, for which enrollment of subject has been completed, and in development expenses for the remote retinal monitoring device PBOS.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Increase (Decrease)	Change (%)
Research and development expenses	1,972,837	2,040,674	67,838	3.4

General and administrative expenses

General and administrative expenses for the current fiscal year was ¥604 million, a decrease of ¥2 million, or 0.4%, year on year. This was mainly due to a decrease in other general and administrative expenses associated with the cost-saving measures, despite increases in patent-related expenses and business development expenses following progress in the various projects.

(Unit: Thousands of yen or %)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Increase (Decrease)	Change (%)
General and administrative expenses	606,272	603,905	(2,367)	(0.4)

(2) Overview of financial position as of December 31, 2021

Current assets

Current assets as of the end of the current fiscal year was ¥4,625 million, a decrease of ¥1,792 million from the end of the previous fiscal year. This was mainly due to a decrease in other financial assets as they reached maturity.

Non-current assets

Non-current assets as of the end of the current fiscal year was ¥207 million, a decrease of ¥68 million from the end of the previous fiscal year. This was mainly due to a decrease in other financial assets.

Current liabilities

Current liabilities as of the end of the current fiscal year was ¥542 million, an increase of ¥36 million from the end of the previous fiscal year. This was mainly due to an increase in accrued liabilities, despite a decrease in lease liabilities.

Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was ¥137 million, a decrease of ¥55 million from the end of the previous fiscal year. This was mainly due to a decrease in lease liabilities.

Shareholders' equity

Shareholders' equity as of the end of the current fiscal year was ¥4,153 million, a decrease of ¥1,840 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 fiscal year ended December 31, 2021

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. Short-term investments are comprised of corporate bonds, commercial papers, U.S. government bonds and negotiable certificates of deposit.

The cash, cash equivalents and short- and long-term financial instruments held by the Group were ¥6,339 million as of the end of previous fiscal year, and ¥4,416 million as of the end of the current fiscal year. Deposits at third-party financial institutions may exceed the applicable insurance limits of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation.

Cash flows from operating activities

Cash and cash equivalents ("cash") used in operating activities was ¥2,249 million for the previous fiscal year, and ¥2,514 million for the current fiscal year. The increase of ¥265 million in net cash used was mainly due to a year-on-year increase in cash used for the payment of research and development expenses for the current fiscal year.

Cash flows from investing activities

Net cash provided by investing activities was ¥340 million for the previous fiscal year, and ¥3,563 million for the current fiscal year. The increase of ¥3,222 million in net cash provided was mainly due to curbing re-investment of proceeds from financial assets that reached maturity.

Cash flows from financing activities

Net cash provided by financing activities was ¥454 million for the previous fiscal year, and ¥171 million for the current fiscal year. The decrease of ¥282 million in net cash provided was mainly due to a year-on-year decrease in proceeds from issuance of ordinary shares upon exercise of share acquisition rights for the current fiscal year.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Ratio of equity attributable to owners of parent to total assets (%)	89.6	85.9
Ratio of equity attributable to owners of parent on market value basis to total assets (%)	165.8	141.4
Interest-bearing liabilities to cash flow ratio (years)	-	-
Interest coverage ratio (times)	-	-

Calculating formulas of above indicators

Ratio of equity attributable to owners of parent to total assets: $\text{Equity attributable to owners of parent} / \text{Total assets}$

Ratio of equity attributable to owners of parent on market value basis to total assets: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing liabilities to cash flow ratio: $\text{Interest-bearing liabilities} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest paid}$

(Note 1) Each indicator was calculated using consolidated-basis financial data.

(Note 2) Market capitalization is calculated on the basis of the number of issued shares excluding treasury shares.

- (Note 3) Operating cash flow indicates the net cash provided by (used in) operating activities in the consolidated statement of cash flows.
- (Note 4) Interest-bearing liabilities include all liabilities as recorded on the consolidated statement of financial position on which interest is paid.

(4) Future outlook

Contributing to preserving and restoring vision for people suffering from eye diseases around the world is the mission of the Group. In the fiscal year 2022, the Group, while constantly striving to strengthen the pipeline for realizing that goal, continues to aim to allocate more resources into the projects that are in their later development stages and increase corporate value by selecting and focusing on businesses, continuing the efforts from the preceding fiscal year.

Specifically, with regard to emixustat, the Group will continue the ongoing phase 3 clinical study for Stargardt disease. Database lock is expected to be completed in the second half of 2022 if the study progresses according to schedule subsequent to the period of administration to all subjects. For medical devices, the Group will continue product development and clinical trials with respect to wearable myopia control devices toward commercialization, while focusing its efforts for PBOS remote retinal monitoring devices on seeking partnership opportunities while curbing development investment.

As a result of these initiatives, the Group's research and development expenses for the fiscal year ending December 31, 2022, are expected to decrease significantly compared to the fiscal year ended December 31, 2021. On the other hand, regarding general and administrative expenses, the expenses related to business development toward commercialization of wearable myopia control devices are expected to increase.

Whereas the revenue for the fiscal year ending December 31, 2022, is expected to include sales from a soft launch of wearable myopia control devices and other income, the Group will disclose its outlook at the point when it becomes possible to come up with rational estimates subsequent to product launch.

As a result of the above, the operating loss for the fiscal year ending December 31, 2022, is expected to decrease approximately 23% compared to the fiscal year ended December 31, 2021.

The future outlook was calculated based on an assumed exchange rate of US\$1.00 = ¥115.00. Furthermore, although the Group believes that the effects of the spread of COVID-19 and other factors on business performance will be insignificant, we will continue to monitor the situation closely and promptly disclose any expected impact on business performance that arises.

In securing stable funding for research and development, the Group recognizes that establishing a revenue base is an important management issue and is continuing its efforts to establish the revenue base, including collaborating with partner companies related to research and development and commercialization in the Group's pipeline.

The earnings forecasts and other forward-looking statements contained in these materials are based on information currently available to 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.

2. Basic Policy Regarding Selection of Accounting Standards

The Group is actively promoting the development of its business in the U.S. and other countries around the world. Given this situation, the Group adopted International Financial Reporting Standards (IFRS), aiming to increase comparability by disclosing financial information based on international standards for the convenience of shareholders, investors and various other stakeholders.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated statements of financial position

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
	Thousands of yen	Thousands of yen
Assets		
Current assets		
Cash and cash equivalents	2,533,786	3,977,312
Other financial assets	3,782,856	438,582
Other current assets	100,381	209,378
Total current assets	<u>6,417,023</u>	<u>4,625,272</u>
Non-current assets		
Property, plant and equipment	220,228	192,427
Other financial assets	22,167	-
Other non-current assets	32,518	14,865
Total non-current assets	<u>274,913</u>	<u>207,292</u>
Total assets	<u><u>6,691,936</u></u>	<u><u>4,832,564</u></u>
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	68,612	75,085
Accrued liabilities	226,197	323,220
Accrued compensation	72,058	70,039
Deferred rent, lease incentives, and others	-	11,697
Lease liabilities	139,784	62,312
Total current liabilities	<u>506,651</u>	<u>542,353</u>
Non-current liabilities		
Long-term deferred rent, lease incentives, and others	12,595	-
Lease liabilities	179,611	137,290
Total non-current liabilities	<u>192,206</u>	<u>137,290</u>
Total liabilities	<u>698,857</u>	<u>679,643</u>
Shareholders' equity		
Share capital	1,148,650	1,308,902
Capital surplus	26,523,421	26,755,419
Retained earnings (loss)	(19,548,297)	(22,164,748)
Other components of equity	(2,130,695)	(1,746,652)
Total equity attributable to owners of parent	<u>5,993,079</u>	<u>4,152,921</u>
Total shareholders' equity	<u>5,993,079</u>	<u>4,152,921</u>
Total liabilities and shareholders' equity	<u><u>6,691,936</u></u>	<u><u>4,832,564</u></u>

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

Consolidated statements of profit or loss

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
	Thousands of yen	Thousands of yen
Revenue	37,786	-
Business expenses		
Research and development expenses	1,972,837	2,040,674
General and administrative expenses	606,272	603,905
Total business expenses	<u>2,579,109</u>	<u>2,644,579</u>
Other operating income	57,279	59,874
Operating loss	<u>(2,484,044)</u>	<u>(2,584,705)</u>
Other income and expenses		
Finance income	67,795	11,240
Finance costs	(16,402)	(18,168)
Other income (expenses)	(4,773)	(24,818)
Total other income and expenses	<u>46,620</u>	<u>(31,746)</u>
Loss before tax	<u>(2,437,424)</u>	<u>(2,616,451)</u>
Net loss	<u>(2,437,424)</u>	<u>(2,616,451)</u>
Loss attributable to Owners of parent	(2,437,424)	(2,616,451)
Net loss per share		
Basic loss per share (Yen)	(56.90)	(57.46)
Diluted loss per share (Yen)	(56.90)	(57.46)

Consolidated statements of comprehensive income

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
	Thousands of yen	Thousands of yen
Net loss	(2,437,424)	(2,616,451)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(315,515)	384,043
Total other comprehensive income	<u>(315,515)</u>	<u>384,043</u>
Comprehensive income	<u>(2,752,939)</u>	<u>(2,232,408)</u>
Comprehensive income attributable to Owners of parent	(2,752,939)	(2,232,408)

(3) Consolidated statement of changes in equity

	Equity attributable to owners of parent					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings (loss)	Other components of equity	Total	
	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen	
Balance as of January 1, 2020	842,595	26,160,540	(17,110,873)	(1,815,180)	8,077,082	8,077,082
Net loss			(2,437,424)		(2,437,424)	(2,437,424)
Exchange differences on translation of foreign operations				(315,515)	(315,515)	(315,515)
Total comprehensive income	–	–	(2,437,424)	(315,515)	(2,752,939)	(2,752,939)
Share-based compensation expense		70,903			70,903	70,903
Issuance of new shares	306,055	306,055			612,110	612,110
Issuance cost of new shares		(14,077)			(14,077)	(14,077)
Total equity transactions with owners	306,055	362,881	–	–	668,936	668,936
Balance as of December 31, 2020	1,148,650	26,523,421	(19,548,297)	(2,130,695)	5,993,079	5,993,079
Net loss			(2,616,451)		(2,616,451)	(2,616,451)
Exchange differences on translation of foreign operations				384,043	384,043	384,043
Total comprehensive income	–	–	(2,616,451)	384,043	(2,232,408)	(2,232,408)
Share-based compensation expense		75,614			75,614	75,614
Issuance of new shares	160,252	160,252			320,504	320,504
Issuance cost of new shares		(3,868)			(3,868)	(3,868)
Total equity transactions with owners	160,252	231,998	–	–	392,250	392,250
Balance as of December 31, 2021	1,308,902	26,755,419	(22,164,748)	(1,746,652)	4,152,921	4,152,921

(4) Consolidated statements of cash flows

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
	Thousands of yen	Thousands of yen
Cash flows from operating activities		
Net loss	(2,437,424)	(2,616,451)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	45,380	59,238
Share-based compensation expense	70,903	75,614
Amortization of premium or discount on securities	(4,677)	2,158
Loss (gain) on sale and retirement of property, plant and equipment	(484)	97
Finance income	(67,795)	(11,240)
Finance costs	16,402	18,168
Change in operating assets and liabilities		
Other current assets	138,030	(100,539)
Other current liabilities	(37,127)	-
Trade payables	(19,750)	(1,756)
Accrued liabilities	61,692	69,470
Accrued compensation	10,639	(8,351)
Deferred rent, lease incentives, and others	(4,267)	(2,275)
Other assets	(3,720)	20,301
Subtotal	(2,232,198)	(2,495,566)
Interest paid	(16,506)	(18,017)
Net cash provided by (used in) operating activities	(2,248,704)	(2,513,583)
Cash flows from investing activities		
Interest received	79,541	17,821
Purchase of other financial assets	(4,249,572)	(394,378)
Proceeds from redemption upon maturity of other financial assets	4,404,284	3,813,038
Purchase of property, plant and equipment	(13,417)	(8,666)
Proceeds from collection of lease receivables	108,453	134,764
Proceeds from refund of leasehold and guarantee deposits	19,363	-
Payment of leasehold and guarantee deposits	(8,258)	-
Net cash provided by (used in) investing activities	340,394	3,562,579
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	592,612	319,898
Proceeds from issuance of share acquisition rights	4,590	-
Payment of lease liabilities	(143,423)	(148,474)
Net cash provided by (used in) financing activities	453,779	171,424
Effect of exchange rate changes on cash and cash equivalents	(204,050)	223,106
Net increase (decrease) in cash and cash equivalents	(1,658,581)	1,443,526
Cash and cash equivalents at beginning of period	4,192,367	2,533,786
Cash and cash equivalents at end of period	2,533,786	3,977,312

(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 business activities, which constitute a single segment. All of the Group's significant assets are located in the U.S.

Per share information

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Loss attributable to owners of parent (Thousands of yen)	(2,437,424)	(2,616,451)
Weighted-average number of ordinary shares outstanding (Thousands of shares)	42,836	45,536
Net loss per share		
Basic loss per share (Yen)	(56.90)	(57.46)
Diluted loss per share (Yen)	(56.90)	(57.46)

(Note) Although the number of dilutive potential ordinary shares was 429,000 shares in the previous fiscal year, and 346,000 shares in the current fiscal year, they were excluded from the calculation for diluted loss per share as their impact was antidilutive.

Significant subsequent events

Not applicable.