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Financial Results for the Nine Months Ended June 30, 2022 [Japanese GAAP] (Non-consolidated)

August 12, 2022

Company name: Kringle Pharma, Inc. Stock exchange listing: Tokyo Stock Exchange
Code number: 4884 URL: https://www.kringle-pharma.com/en/
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Scheduled date of filing quarterly securities report: August 12, 2022
Scheduled date of commencing dividend payments: —
Availability of supplementary explanatory materials on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled

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

1. Financial Results for the Nine Months Ended June 30, 2022 (October 1, 2021 - June 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2022	112	(4.9)	(383)	–	(305)	–	(306)	–
June 30, 2021	117	91.4	(304)	–	(245)	–	(246)	–

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2022	(65.02)	–
June 30, 2021	(60.13)	–

Note: Although potential shares existed, diluted earnings per share are not shown, as a net loss per share was recorded.

(2) Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2022	3,015	2,713	89.9
September 30, 2021	2,635	2,506	95.1

Reference: Equity: As of June 30, 2022: ¥2,711 million As of September 30, 2021: ¥2,506 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	–	–	–	0.00	0.00
Fiscal year ending September 30, 2022	–	0.00	–		
Fiscal year ending September 30, 2022 (Forecast)				0.00	0.00

Note: Revision to the dividend forecast announced most recently: None

3. Financial Results Forecast for the Fiscal Year Ending September 30, 2022 (October 1, 2021 - September 30, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	357	23.4	(497)	–	(419)	–	(421)	–	(89.24)

Note: Revision to the financial results forecast announced most recently: Yes

*** Notes:**

(1) Accounting methods adopted particularly for the preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Total number of issued and outstanding shares (common shares)
1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

As of June 30, 2022:	5,196,400 shares
As of September 30, 2021:	4,334,700 shares

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

As of June 30, 2022:	87 shares
As of September 30, 2021:	40 shares

3) Average number of shares during the period:

For the nine months ended June 30, 2022:	4,719,173 shares
For the nine months ended June 30, 2021:	4,095,854 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable at the time of the release of these materials. Actual results may differ significantly from these forecasts due to various factors.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The forward-looking statements herein are based on the judgments of Kringle Pharma, Inc. (the "Company") as of the end of the third quarter under review.

In the Japanese pharmaceutical market during the nine months ended June 30, 2022, generic substitution increased in face of rising medical costs associated with population aging and drug prices declined significantly due to "off-year" NHI price revisions. Meanwhile, higher new drug development costs, reflecting the growing scale of clinical trials, accelerated alliances and M&As between pharmaceutical companies in Japan and overseas looking to expand their corporate scale. Companies focused their R&D efforts on priority therapeutic areas and actively sought in-licensing opportunities outside their organization.

In the development of new drugs, the target is shifting from so-called "blockbuster drugs," which have a large number of potential patients and can generate large, stable future profits, to drugs that can provide effective treatment to specific patient groups. Biotech companies are said to assume a greater role because they usually concentrate their resources on a certain specific field and make decisions quickly. In response to these trends, the Japanese government, primarily led by central ministries including the Ministry of Health, Labour and Welfare (MHLW) and the Ministry of Economy, Trade and Industry (METI), has launched the Medical Innovation Support Office (MEDISO) and compiled the "Ito Review 2.0: Biomedical Edition" as part of its efforts to proactively support Japan-based biotech companies. The Conditional Early Approval System and the SAKIGAKE Designation System for pioneering drugs have been legislated in order to promote drug discovery in Japan.

On the other hand, although the spread of COVID-19 has increased public interest in the pharmaceutical industry, more pharmaceutical resources are currently directed to development of vaccines and treatments for COVID-19, causing potential delay in clinical development of other drugs.

Amidst the above business environment, the Company continued to focus its managerial resources on the recombinant human hepatocyte growth factor (HGF) protein and developed the business activities outlined below, in the belief that development of recombinant human HGF protein (development code: KP-100) will lead to therapeutic innovation, creating business opportunities and maximizing the value of the Company.

1. Drug development activities

(a) Acute spinal cord injury (SCI)

The Company conducted a Phase I/II clinical trial with Professor Masaya Nakamura of the Department of Orthopaedic Surgery, Keio University School of Medicine as a coordinating investigator and obtained results that confirmed the safety and indicated the efficacy of the drug. The Company designed the Phase III clinical trial to verify the proof of concept (POC; a preliminary evidence of efficacy detected in humans with a new drug candidate under development) obtained in the Phase I/II clinical trial. On June 9, 2020, the Company submitted a clinical trial notification for the Phase III study to the Pharmaceuticals and Medical Devices Agency (PMDA).

In July 2020, the Company started the Phase III study at Spinal Injuries Center, Hokkaido Spinal Cord Injury Center, and Murayama Medical Center. With the addition of Japanese Red Cross Kobe Hospital and Aijinkai Rehabilitation Hospital in March 2021, the Phase III clinical trial continued to proceed during the nine months ended June 30, 2022, at the five medical facilities where patients are being enrolled. In May 2022, the Company notified the PMDA of its intention to extend the trial period by 6 months because the target enrollment number had not been reached mainly due to the effects of protraction and resurgence of COVID-19, including fewer accidental injuries. As a result of this change, patient enrollment is expected to be completed in the second half of 2022 and the final follow-up for the last patient is expected to be completed in the first half of 2023.

In order to submit marketing authorization application for the treatment of acute SCI, the Company is also conducting various tests related to the process of manufacturing recombinant human HGF. Trial manufacturing (process validation) is currently underway as planned for the drug substance, which is required for the submission, using the same process as commercial manufacturing. The spread and prolongation of the COVID-19 pandemic has led to a

global decline in plant operating rates and a prioritization of supply of raw materials for the production of COVID-19 vaccines, resulting in a decline in volume and delays in the supply of the raw materials required for the Company's development and manufacturing of HGF. Accordingly, as in the previous fiscal year, several tests that were scheduled to be completed this fiscal year have been rescheduled for completion in the next fiscal year or later.

For the purpose of identifying more effective administration methods and timing with recombinant human HGF for SCI, the Company launched a new joint research program with Keio University School of Medicine in February 2021 to investigate possible combination with the transplantation technology for iPS cell-derived neural progenitor cells. In this joint research program, the transplantation of human induced iPS cell-derived neural stem/progenitor cells owned by Keio University, combined with the scaffold-mediated delivery of HGF developed by the Company demonstrated improvement in recovery of motor function in animal model of chronic complete spinal cord injury, and in March 2022, Keio University and the Company jointly filed a new patent application.

In June 2021, the APSS Congress Best Clinical Research Award was given for the presentation on Phase I/II clinical trial for acute SCI at the 13th Combined Meeting of Asia Pacific Spine Society & Asia Pacific Paediatric Orthopaedic Society (APSS-APPOS 2021; held from June 9 to 12, 2021 at Kobe International Conference Center).

In December 2021, the Company's patent was issued in Europe for an "HGF preparation suitable for treatment of nervous diseases". It covers the Company's proprietary drug formulation used in clinical trials for acute spinal cord injury, amyotrophic lateral sclerosis and vocal fold scarring, being the basis of expanding the target indications for HGF treatment. The patent was already granted in the US, Japan, Canada and Korea, and adding Europe further created a favorable intellectual property environment for the Company to develop HGF drug business worldwide.

(b) Amyotrophic lateral sclerosis (ALS)

A phase II clinical trial is underway at Tohoku University Hospital and Osaka University Hospital as an investigator-initiated trial started in May 2016 by Professor Masashi Aoki of the Department of Neurology, Tohoku University. In November 2020, the enrollment of patients was completed, and the final follow-up for the last patient was completed in December 2021, and data analysis is currently underway at Tohoku University. As the supplier of the investigational drug, the Company has continued to engage in the trial by supplying the investigational drug, supporting clinical trial operations, and performing the drug stability tests. The Company continued to perform the drug stability tests in the nine months ended June 30, 2022.

In addition, during the nine months ended June 30, 2022, the Company supported the clinical trial financially mainly covering the cost for contract research organization (CRO), in order to avoid a delay of the study due to the termination of subsidies provided by Japan Agency for Medical Research and Development (AMED), a National Research and Development Agency, in March 2021.

In September 2021, Professor Masashi Aoki gave a presentation on the development of recombinant human HGF protein as a therapeutic agent for ALS at the Pan-Asian Consortium for Treatment and Research in ALS (PACTALS).

(c) Vocal fold scarring (VFS)

For VFS, a disorder in which the vocal fold mucosa hardens and degenerates (fibrosis), an investigator-initiated Phase I/II clinical trial confirmed the safety of intracordal administration of the recombinant human HGF. It also detected signals of efficacy showing functional recovery of the vocal cord with some patients (J Tissue Eng Regen Med. 2017; 1-8.). A preliminary consultation meeting with PMDA was subsequently conducted in July 2019, based on which discussions were held with Kyoto Prefectural University of Medicine to design details of the next phase trial (double-blind, placebo-controlled comparative study) aimed at obtaining POC, and the Company has formulated a plan to commence the study in the second half of 2022.

In order to raise funds to finance clinical trials, the manufacturing of investigational drugs, and the development of commercial formulations, the Company issued share acquisition rights in November 2021, and the project is also working to utilize public funding, with its proposed research topic being selected for the Cyclic Innovation for Clinical Empowerment (CiCLE) project operated by the Japan Agency for Medical Research and Development (AMED).

(d) Supply of drug substance to Claris Biotherapeutics, Inc.

The Company concluded a license and supply agreement with Claris Biotherapeutics, Inc. (Claris) of the U.S. in April 2020 to supply HGF drug substance for clinical development by Claris to treat ophthalmologic diseases in the U.S.

During the nine months under review, the Company supplied Claris with HGF drug substance required for trial manufacturing of investigational drugs. Claris filed an investigational new drug (IND) application* in May 2021 to initiate a Phase I/II clinical trial for neurotrophic keratitis utilizing the various preclinical and clinical information related to HGF provided by the Company, and the first patient received treatment in August 2021. With this development, the Company now receives a fixed annual technology access fee (royalty income).

Furthermore, Claris filed a clinical trial application to Health Canada in July 2022, to accelerate patient enrollment for the Phase I/II clinical trial, and the application was approved. The trial will now be conducted in both the U.S. and Canada.

* Clinical trial application filed with the U.S. Food and Drug Administration (FDA)

(e) Other collaborative research

In July 2022, the Company signed a collaborative research agreement with Kyoto University focused on applied research using HGF to create regenerative medicine products. The goal of this collaboration is to apply biomaterial technology to conduct exploratory research on optimal and effective next-generation treatments for target diseases, and to expand indications for KP-100 to other intractable diseases.

In addition, the Company has been conducting collaborative research with Tokyo Medical and Dental University since October 2018. In July 2022, the university performed the first surgery of autologous intestinal organoid transplantation treatment aimed at repairing intractable ulcers in ulcerative colitis. KP-100 developed by the Company was used to produce the intestinal organoid used in this transplantation treatment.

2. Business development activities

During the nine months ended June 30, 2022, the Company had business development discussion with potential business partners to expand development of acute SCI outside Japan.

In September 2021, “oremepermin alfa” was registered as the International Nonproprietary Name (INN) for recombinant human HGF protein (five amino acid-deleted, glycosylated; development code, KP-100), the main component of our development pipeline.

As a result of these efforts, during the nine months ended June 30, 2022, net sales amounted to ¥112,068 thousand (a year-on-year decrease of 4.9%), while the Company recorded an operating loss of ¥383,107 thousand (operating loss during the nine months ended June 30, 2021 was ¥304,865 thousand), ordinary loss of ¥305,721 thousand (ordinary loss during the nine months ended June 30, 2021 was ¥245,177 thousand) and loss of ¥306,838 thousand (loss during the nine months ended June 30, 2021 was ¥246,295 thousand).

Since the Company operates in a single segment of pharmaceutical development business, segment information is omitted.

(2) Explanation of Financial Position

Assets

Current assets as of June 30, 2022 increased by ¥377,949 thousand from the end of the previous fiscal year to ¥3,012,543 thousand (an increase of 14.3% from the end of the previous fiscal year). This was mainly due to an increase of ¥310,560 thousand in cash and deposits as a result of an increase in capital due to the exercise of share acquisition rights and a ¥113,250 thousand increase in inventories due to manufacturing and development, despite a decrease in accounts receivable-trade of ¥6,717 thousand due to collection of accounts receivable-trade. Non-current assets increased by ¥1,663 thousand from the end of the previous fiscal year to ¥2,694 thousand (an increase of 161.3% from the end of the previous fiscal year). This was mainly due to an increase of ¥1,663 thousand in long-term prepaid expenses.

As a result, total assets increased by ¥379,613 thousand from the end of the previous fiscal year to ¥3,015,238 thousand (an increase of 14.4% from the end of the previous fiscal year).

Liabilities

Current liabilities as of June 30, 2022 decreased by ¥81,794 thousand from the end of the previous fiscal year to ¥45,402 thousand (a decrease of 64.3% from the end of the previous fiscal year). This was mainly due to a decrease of ¥80,950 thousand in advances received. Non-current liabilities increased ¥254,400 thousand, rising from ¥2,278 thousand at the end of the previous fiscal year to ¥256,679 thousand. This was mainly due to an increase of ¥254,374 thousand in long-term deposits received.

As a result, total liabilities increased by ¥172,606 thousand from the end of the previous fiscal year to ¥302,082 thousand (an increase of 133.3% from the end of the previous fiscal year).

Net assets

Net assets as of June 30, 2022 increased by ¥207,006 thousand from the end of the previous fiscal year to ¥2,713,156 thousand (an increase of 8.3% from the end of the previous fiscal year) due to increases of ¥255,888 thousand in share capital and legal capital surplus respectively, as a result of an increase in capital due to the exercise of share acquisition rights, despite a decrease of ¥306,838 thousand in retained earnings due to loss recorded.

(3) Explanation of Financial Results Forecast and Other Forward-looking Information

There is no major change to the net sales forecast as net sales were almost in line with initial expectations. The Company has revised its operating profit, ordinary profit and profit forecasts for the fiscal year ending September 30, 2022 because some trials were delayed around 6 months from the initial anticipated start date and R&D expenses in the current fiscal year will fall sharply as a result of delays in R&D attributable to longer delivery times for R&D materials and other impacts of the protracted COVID-19 pandemic.

For further details, refer to “Notice of Revision to Financial Results Forecast for the Fiscal Year Ending September 30, 2022” announced today (August 12, 2022).

The results forecasts have been prepared based on information currently available to the Company and may differ from the actual results depending on various factors that will arise in the future.

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousand yen)

	As of September 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	2,137,520	2,448,081
Accounts receivable - trade	6,717	–
Merchandise and finished goods	88,413	88,413
Raw materials and supplies	226,681	339,932
Advance payments to suppliers	77,965	75,262
Consumption taxes receivable	76,684	48,548
Other	20,610	12,305
Total current assets	2,634,594	3,012,543
Non-current assets		
Property, plant and equipment	–	–
Investments and other assets	1,031	2,694
Total non-current assets	1,031	2,694
Total assets	2,635,625	3,015,238
Liabilities		
Current liabilities		
Accounts payable - other	30,968	27,681
Income taxes payable	1,490	1,117
Advances received	89,200	8,250
Other	5,538	8,353
Total current liabilities	127,196	45,402
Non-current liabilities		
Asset retirement obligations	2,278	2,305
Long-term deposits received	–	254,374
Total non-current liabilities	2,278	256,679
Total liabilities	129,475	302,082
Net assets		
Shareholders' equity		
Share capital	51,820	307,708
Capital surplus	2,755,541	3,011,429
Retained earnings	(301,166)	(608,005)
Treasury shares	(45)	(75)
Total shareholders' equity	2,506,149	2,711,056
Share acquisition rights	–	2,099
Total net assets	2,506,149	2,713,156
Total liabilities and net assets	2,635,625	3,015,238

(2) Quarterly Statements of Income

Nine Months Ended June 30, 2022

(Thousand yen)

	For the nine months ended June 30, 2021	For the nine months ended June 30, 2022
Net sales	117,825	112,068
Cost of sales	–	–
Gross profit	117,825	112,068
Selling, general and administrative expenses	422,691	495,175
Operating loss	(304,865)	(383,107)
Non-operating income		
Subsidy income	82,236	80,000
Foreign exchange gains	–	5,535
Interest on tax refund	–	207
Other	341	31
Total non-operating income	82,578	85,774
Non-operating expenses		
Listing expenses	16,282	–
Share issuance costs	6,607	–
Share acquisition rights issuance costs	–	8,387
Total non-operating expenses	22,890	8,387
Ordinary loss	(245,177)	(305,721)
Loss before income taxes	(245,177)	(305,721)
Income taxes - current	1,117	1,117
Total income taxes	1,117	1,117
Loss	(246,295)	(306,838)

(3) Notes to Quarterly Financial Statements

Notes on Going Concern Assumption

Not applicable.

Notes in Case of Significant Changes in Shareholders' Equity

For the nine months ended June 30, 2021

Effective December 28, 2020, the Company was listed on the Tokyo Stock Exchange Mothers market. Upon the listing, share capital and legal capital reserves each increased by ¥266,800 thousand through the issuance of 580,000 shares of new shares by way of a public offering (book building method) with the payment date of December 27, 2020.

Additionally, the Company's total number of issued and outstanding shares increased by 87,000 shares and share capital and legal capital surplus each increased by ¥40,020 thousand through the issuance of new shares through third-party allotment in connection with the offering by way of over-allotment with the payment date of January 26, 2021.

As a result, as of June 30, 2022, share capital and capital surplus amounted to ¥607,600 thousand and ¥2,961,602 thousand, respectively.

For the nine months ended June 30, 2022

On November 1, 2021, the Company allotted its 10th series of share acquisition rights to Barclays Bank PLC. Due to the exercise of share acquisition rights during the nine months ended June 30, 2022, share capital and capital surplus increased by ¥255,888 thousand, respectively.

As a result, as of June 30, 2022, share capital and capital surplus amounted to ¥307,708 thousand and ¥3,011,429 thousand, respectively.

Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition, etc.

Effective the beginning of the first quarter of the fiscal year under review, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020; "Revenue Recognition Accounting Standard") to recognize revenue at the amount it expects to receive in exchange for the promised goods or services when control of the aforementioned goods or services is transferred to the customer.

Regarding the application of the Revenue Recognition Accounting Standard and other standards, although the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, there is no impact on the opening balance of retained earnings brought forward as of October 1, 2021. In addition, there is no impact on profit and loss during the nine months ended June 30, 2022.

In accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not listed information on the breakdown of revenues generated from contracts with customers for the nine months ended June 30, 2021.

Application of Accounting Standard for Fair Value Measurement and Other Standards

Effective the beginning of the first quarter of the fiscal year under review, the Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; "Fair Value Measurement Accounting Standard") to apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard and other standards into the future, in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The above accounting treatment has no impact on the Company's quarterly financial statements.

Revenue Recognition

Information on disaggregated revenue from contracts with customers

The Company operates in a single segment of pharmaceutical development business. Revenue disaggregated by main goods and services are as follows.

(Thousand yen)

Item	Nine Months Ended June 30, 2022
Lump-sum revenue from contracts	–
Milestone revenue	–
Revenue from research collaboration	–
Royalty income	40,950
Revenue from product sales	71,118
Revenue from contracts with customers	112,068
Other revenue	–
Revenues from external customers	112,068

Significant Subsequent Events

Exercise of share acquisition rights

During the period between July 1, 2022 and August 12, 2022, the 10th series of share acquisition rights were exercised. An overview of the exercise of these share acquisition rights is shown below.

1. Number of share acquisition rights exercised 1,643
2. Type and number of shares issued 164,300 common shares
3. Increase in share capital ¥47,277 thousand
4. Increase in legal capital surplus ¥47,277 thousand

Reduction of share capital and legal capital surplus, and appropriation of surplus

The Company resolved at a meeting of the Board of Directors held on July 20, 2022 to submit a proposal on "Reduction of share capital and legal capital surplus, and appropriation of surplus" to an extraordinary shareholders meeting to be held on August 26, 2022.

1. Purpose of reduction of share capital and legal capital surplus, and appropriation of surplus

The Company posted a deficit of ¥301,166 thousand in retained earnings at the end of the previous fiscal year. Accordingly, in order to improve the financial position of the Company, while also securing greater flexibility in its future capital policy including return to shareholders, as well as mitigating the tax burden, pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will reduce share capital and legal capital surplus and transfer the reduction to other capital surplus, and offset the deficit in retained earnings by transferring the increased other capital surplus to retained earnings pursuant to the provisions of Article 452 of the Companies Act.

2. Details of the reduction of share capital

(1) Amount of share capital to be reduced

Pursuant to the provisions of Article 447, Paragraph 1 of the Companies Act, share capital of ¥307,708 thousand as of June 30, 2022 will be reduced by ¥297,708 thousand to ¥10,000 thousand. If share acquisition rights issued by the Company are exercised on or before the effective date, the amount of share capital and the reduced amount of share capital will change.

(2) Method of reduction of share capital

The amount of share capital will be reduced and transferred to other capital surplus.

3. Details of the reduction of legal capital surplus

(1) Amount of legal capital surplus to be reduced

Pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, legal capital surplus of ¥2,447,386 thousand as of June 30, 2022 will be reduced by ¥3,458 thousand to ¥2,443,928 thousand. If share acquisition rights issued by the Company are exercised on or before the effective date, the amount of legal capital surplus and the reduced amount of legal capital surplus will change.

(2) Method of reduction of legal capital surplus

The amount of legal capital surplus will be reduced and transferred to other capital surplus.

4. Details of the appropriation of surplus

Pursuant to the provisions of Article 452 of the Companies Act, and provided that the reductions of the amount of share capital and legal capital surplus described in paragraphs 2 and 3 above, respectively, take effect, other capital surplus of ¥301,166 thousand that increased as a result of these reductions will be fully transferred to retained earnings to offset the deficit.

(1) The item of surplus to be reduced and its amount

Other capital surplus: ¥301,166 thousand

(2) The item of surplus to be increased and its amount

Retained earnings: ¥301,166 thousand

5. Schedule of the reduction of share capital and legal capital surplus and appropriation of surplus (plan)

(1) Resolution by the Board of Directors	July 20, 2022
(2) Announcement to creditors for submitting their objections	August 10, 2022
(3) Resolution by the General Meeting of Shareholders	August 26, 2022
(4) Deadline for creditors' objections	September 12, 2022
(5) Effective date for the capital reduction	September 13, 2022