Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 14, 2025

Consolidated Financial Results for the Nine Months Ended September 30, 2025 (under IFRS)

Company name: Kubota Pharmaceutical Holdings Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4596
URL: https://www.kubotaholdings.co.jp/en/
Representative: Ryo Kubota, Director, Chairman, President and Chief Executive Officer
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: None

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

1. Consolidated financial results for the nine months ended September 30, 2025 (January 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit (loss)		Profit (loss) before tax		Net profit (loss)	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	18	6.3	(654)	–	(435)	–	(435)	–
September 30, 2024	17	(43.9)	(955)	–	(1,000)	–	(1,000)	–

	Profit (loss) attributable to owners of parent		Total comprehensive income (loss)		Basic earnings (loss) per share	Diluted earnings (loss) per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2025	(435)	–	(435)	–	(7.08)	(7.08)
September 30, 2024	(1,000)	–	(997)	–	(17.76)	(17.76)

(2) Consolidated financial position

	Total assets	Total shareholders' equity (deficit)	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2025	1,844	1,733	1,733	94.0
December 31, 2024	1,542	1,390	1,390	90.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2025	–	0.00	–		
Fiscal year ending December 31, 2025 (Forecast)				0.00	0.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025)

The earnings forecasts for the fiscal year ending December 31, 2025, are not shown because they cannot be reasonably calculated at this time. Please refer to “1. Overview of Operating Results and Others, (4) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 5 of the attached materials for details concerning the reasons.

*** Notes**

(1) Significant changes in scope of consolidation during the period: None
Newly included: None
Excluded: None

(2) Changes in accounting policies and changes in accounting estimates
(i) Changes in accounting policies required by IFRS: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of September 30, 2025	70,404,288 shares
As of December 31, 2024	56,765,588 shares

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

As of September 30, 2025	187 shares
As of December 31, 2024	104 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the nine months ended September 30, 2025	61,455,737 shares
For the nine months ended September 30, 2024	56,280,458 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special items

The earnings forecasts and other forward-looking statements contained in these materials are based on information currently available to Kubota Pharmaceutical Holdings Co., Ltd. (the “Company”) and on certain assumptions deemed to be reasonable by the Company. Actual business performance and other results may differ substantially due to various factors. Please refer to “1. Overview of Operating Results and Others, (4) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 5 of the attached materials for matters relating to earnings forecasts.

Attached Material Index

1. Overview of Operating Results and Others

(1) Overview of operating results for the nine months ended September 30, 2025

As part of our efforts to expand the business of Kubota Glass®, the Kubota Pharmaceutical Group's (the "Group") already-commercialized wearable myopia control device, the Group has identified China, where the government is implementing myopia control as a national policy, as well as Taiwan and Singapore as priority markets. The Group are focusing on strengthening the sales network in these regions.

During the third quarter, the Group terminated the letter of intent (LOI) to distribute Kubota Glass® in China with Sakata Pharmaceutical Co., Ltd., headquartered in Osaka, Japan, which had been based on the premise of granting exclusive distribution rights. Instead, the Group entered into distributor and sales agreements with the following three companies:

- DuoYuanQiMeng (Beijing) Medical Technology Co., Ltd. (Headquarters: Beijing, China)
- Fuhao (Shanghai) Optical Technology Co., Ltd. (Headquarters: Shanghai, China)
- EverLight Instrument Co., Ltd. (Headquarters: Tainan, Taiwan)

In September 2025, under the collaboration with Fuhao (Shanghai) Optical Technology Co., Ltd., the Group exhibited Kubota Glass® at the China International Optics Fair held in Beijing. Each of these new partners has strong expertise in the ophthalmology field. Together with them, the Group forms the foundation for expanding sales channels across the Greater China region, particularly throughout mainland China and southern Taiwan. Through these networks, the Group plans to accelerate the market introduction of Kubota Glass® by expanding sales to medical institutions and optical retailers. Based on these developments, revenue from the business in China is expected to begin contributing from the fourth quarter onward.

In Taiwan and Singapore, the Group is continuing to approach potential sales partners individually. In addition to expanding the sales channels, the Group also plans to launch consumer-targeted digital marketing initiatives. In Taiwan, the Group is enhancing the sales network with EverLight Instrument Co., Ltd. as the central partner.

Regarding eyeMO®, a retinal monitoring device for home-based and remote ophthalmology, clinical studies are currently underway in the United States and Singapore. The Group is also continuing the efforts to identify potential commercialization partners.

Regarding the small molecule compound emixustat hydrochloride, the Group is proceeding the confirmation of the requirements for a one-to-two pivotal study, which is the final stage of statistical validation of the therapeutic efficacy and safety in the phase 3 clinical study for Stargardt disease. Based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study, the Group is advancing commercialization activities through the compassionate use programs in Europe, while continuing negotiations with potential commercial partners toward concluding sales agreements.

During the third quarter of the current consolidated fiscal year, in light of the above business developments, the Company promoted cost reduction efforts and, as a result of recording settlement income from received, the quarterly loss has improved compared with the same quarter of the previous fiscal year.

Medical devices, etc.

Wearable myopia control device

In regard to overseas markets, the Group has positioned China, which is engaging in the slowing of myopia as a national policy, as well as Taiwan and Singapore, as priority markets, and has embarked on activities towards the full-scale entry into China with its overwhelmingly large market size. China has seriously addressed the issue of controlling myopia, with over 700 million people with myopia as of 2023 (reference: National Health Commission of the People's Republic of China). In 2018, President of the People's Republic of China Xi Jinping created the "Comprehensive Plan to Prevent Myopia among Children and Teenagers," which has the set national target of curbing the rate of myopia in high school students to no more than 70%, approximately 10% lower than it is now, by 2030.

In September 2025, the Group entered into distributor and sales agreements with three companies—DuoYuanQiMeng (Beijing) Medical Technology Co., Ltd. (Beijing, China), Fuhao (Shanghai) Optical Technology Co., Ltd. (Shanghai, China), and EverLight Instrument Co., Ltd. (Tainan, Taiwan)—and exhibited Kubota Glass® at the China International Optics Fair held in Beijing, in collaboration with Fuhao (Shanghai) Optical Technology Co., Ltd. Together with these new partners and prospective distributors, the Group is establishing a foundation for expanding sales channels across the Greater China region, particularly throughout mainland China and southern Taiwan, and plan to accelerate the market introduction of the wearable myopia control device Kubota Glass® through expansion into medical institutions and optical retailers.

Furthermore, to establish scientific evidence in China, preparations are underway to initiate a clinical study aimed at preventing myopia in children, starting in or after the fourth quarter of 2025.

In the Taiwanese and Singaporean markets, in addition to individual approaches to potential sales partners, the Group has begun social media marketing and advertising in related magazine media. In Taiwan, the Group is expanding the sales network with EverLight Instrument Co., Ltd., with whom the Company has entered into a distribution agreement, as the central partner.

In parallel with that, the Group is making progress with activities aimed at rationalizing production systems and increasing product value.

Retinal monitoring device for home-based and remote ophthalmology

The Group has been currently conducting evaluations regarding the possibility of this model being put to practical use as a screening device for diabetic retinopathy patients and a clinical study that compared this model with OCT devices on the market at Joslin Diabetes Center, which is affiliated with Harvard Medical School in the U.S. A clinical study has also started at National University Hospital in Singapore.

The Group will continue to search for co-development partners and commercialization partners for practical use in clinical settings.

Small molecule compounds

With regard to emixustat hydrochloride, the Group completed the enrollment of the first subject of the phase 3 clinical study for Stargardt disease in November 2018, finally completing the enrollment of 194 subjects, and concluded this phase 3 clinical study. For the results of the aggregation and analysis of the database for the clinical study, there were no statistically significant differences between the treatment groups for primary and secondary endpoints at a randomized placebo-controlled double-blind study. The rate of macular atrophy progression, which was the primary endpoint, was 1.280 mm^2/year for the group receiving emixustat and 1.309 mm^2/year for the group receiving the placebo (p=0.8091).

As a result of further subsequent analysis, when comparing the subject group with a smaller atrophic lesion area at the baseline time against the group that received the placebo, it was demonstrated that the progression of the atrophic lesion was significantly slowed in the group receiving emixustat, and a subgroup analysis was conducted to verify this. A multi-factor analysis was performed on the subgroup of subjects with smaller lesions at baseline, controlling for the baseline factors identified in univariate and multi-factor analyses to affect lesion progression in this subgroup. The result of this analysis found that the progression rate of macular atrophy in the group receiving emixustat was slowed by 40.8% at Month 24 compared with the placebo group (p=0.0206, emixustat receiving group n=34, placebo group n=21).

Given the above result, the Group continues to proceed with confirmation of the requirements for a one-to-two pivotal study and its search for research and development partners. In addition, based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study, the Group is advancing commercialization activities through the compassionate use programs in Europe and continuing negotiations with potential commercial partners toward concluding sales agreements.

For the nine months ended September 30, 2025, revenue was ¥18 million, an increase of 6.3% year on year, and cost of sales was ¥6 million, an increase of 51.3% year on year. Research and development expenses, selling, general and administrative expenses are as follows:

Research and development expenses

Research and development expenses for the nine months ended September 30, 2025, was ¥240 million, a decrease of ¥179 million, or 42.7%, year on year. This was mainly due to decreases in research and development expenses for emixustat and the wearable myopia control device.

(Unit: Thousands of yen or %)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Increase (Decrease)	Change (%)
Research and development expenses	419,037	240,255	(178,782)	(42.7)

Selling, general and administrative expenses

Selling, general and administrative expenses for the nine months ended September 30, 2025, was ¥390 million, a decrease of ¥159 million, or 29.0%, year on year. This was mainly due to decreases in patent-related expenses and paid compensation associated with the wearable myopia control device Kubota Glass®.

(Unit: Thousands of yen or %)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	549,433	390,086	(159,347)	(29.0)

(2) Overview of financial position as of September 30, 2025

Current assets

Current assets as of the end of the third quarter of the current fiscal year was ¥1,833 million, an increase of ¥302 million from the end of the previous fiscal year. This was mainly due to an increase in cash and cash equivalents.

Non-current assets

Non-current assets as of the end of the third quarter of the current fiscal year was ¥10 million, a decrease of ¥0 million from the end of the previous fiscal year. This was due to a decrease in other non-current assets.

Current liabilities

Current liabilities as of the end of the third quarter of the current fiscal year was ¥100 million, a decrease of ¥52 million from the end of the previous fiscal year. This was mainly due to decreases in trade payables and accrued compensation.

Non-current liabilities

Non-current liabilities as of the end of the third quarter of the current fiscal year was ¥11 million, an increase of ¥10 million from the end of the previous fiscal year. This was due to an increase in lease liabilities.

Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the third quarter of the current fiscal year was ¥1,733 million, an increase of ¥343 million from the end of the previous fiscal year. This was mainly due to the issuance of new shares, which raised share capital and capital surplus, despite an increase in loss brought forward (accumulated deficit) due to the recording of net loss.

(3) Overview of cash flows for the nine months ended September 30, 2025

Cash and cash equivalents include all highly liquid short-term investments with a maturity of three months or less from the date of acquisition. Investments with a maturity of three months to one year as of the date of acquisition are classified as short-term investments.

The cash, cash equivalents and short- and long-term financial instruments held by the Group were ¥1,740 million as of September 30, 2024, and ¥1,768 million as of September 30, 2025.

Deposits held at third-party financial institutions may include amounts exceeding the coverage limits of Japanese and the U.S. deposit insurance systems (the Deposit Insurance Corporation of Japan, the Federal Deposit Insurance Corporation, and the Securities Investor Protection Corporation).

Cash flows from operating activities

Cash and cash equivalents ("cash") used in operating activities was ¥951 million for the nine months ended September 30, 2024, and ¥438 million for the nine months ended September 30, 2025. The decrease of ¥513 million in net cash used was mainly due to a year-on-year decrease in cash related to the payment of research and development expenses and general and administrative expenses for the nine months ended September 30, 2025.

Cash flows from investing activities

Net cash used in investing activities was ¥29 million for the nine months ended September 30, 2024, and ¥1 million for the nine months ended September 30, 2025. The decrease of ¥28 million in net cash used was mainly due to a year-on-year decrease in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was ¥49 million for the nine months ended September 30, 2024 and net cash provided by financing activities was ¥759 million for the nine months ended September 30, 2025. This was mainly due to a year-on-year increase in proceeds from issuance of ordinary shares upon exercise of share acquisition rights for the nine months ended September 30, 2025.

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

Revenue from sales of the wearable myopia control device Kubota Glass® accounts for the majority of the current revenue of the Company. At present, together with the newly contracted distributors with whom the Company entered into distributor and sales agreements during the third quarter, and potential partners, the Group is working to establish a foundation for expanding sales channels across the Greater China region, particularly throughout mainland China and southern Taiwan, and to promote market introduction through expansion into medical institutions and optical retailers.

As for expenditures, research and development expenses may potentially fluctuate significantly due to the concurrent activities of maintaining and streamlining the production system, improving products, reducing manufacturing costs, and enhancing scientific evidence. With regard to revenue, making an accurate demand forecast is difficult at this time because the wearable myopia control device Kubota Glass® is an extremely novel product.

Due to the reasons above, the Company has maintained the decision to postpone the disclosure of the earnings forecasts for the full year. This is because it is difficult to formulate the consolidated earnings forecasts for the fiscal year ending December 31, 2025, based on a clear and reasonable rationale. They will be promptly disclosed as soon as it becomes possible to make a reasonable calculation that will enhance the disclosure in light of future business conditions.

(5) Significant events regarding going concern assumption

The Group is an ophthalmic medical solutions company specializing in the field of ophthalmology that conducts research and development and sales of drugs, medical devices, and others globally, and has formed a business portfolio that requires upfront investment in the research and development stage.

Kubota Glass®, a wearable myopia control device that has already been commercialized, has already been launched in Japan. In addition to Japan, the Group is positioning China, which represents a major market for myopia-related products, as well as Taiwan and Singapore, as the priority markets and are advancing the market entry into these regions. Together with the newly contracted distributors with whom the Company entered into distributor and sales agreements during the third quarter, and potential partners, the Group plans to accelerate the market introduction of Kubota Glass® through expansion into medical institutions and optical retailers and by establishing a foundation for sales channel expansion across the Greater China region, particularly throughout mainland China and southern Taiwan. However, the full-scale launch of business revenue is expected to be delayed until the fourth quarter or later.

Regarding eyeMO®, a retinal monitoring device for home-based and remote ophthalmology, although the Group is working on out-licensing of development products and business alliances in order to achieve profitability as soon as possible, and has been in contract negotiations with several companies, the Group has not found partner companies at the present time.

With respect to emixustat hydrochloride, while the Group has been in discussions with the relevant authorities regarding the use of accelerated approval programs and emergency approval programs to enable its early launch, it is currently necessary to conduct another phase 3 clinical study in order to obtain regulatory approval in Japan, the United States, and other countries. Accordingly, the Group continues to proceed with confirmation of the requirements for a one-to-two pivotal study and the search for research and development partners. In addition, based on the results of the subgroup analysis, which is a post-hoc analysis of the phase 3 clinical study for Stargardt disease, the Group is advancing commercialization activities through the compassionate use programs in Europe and continuing negotiations with potential commercial partners toward concluding sales agreements.

Regarding the procurement of funds through the issuance of securities, the amount paid upon exercise of share acquisition rights (including a clause for exercise price adjustment) in the nine months ended September 30, 2025 was approximately ¥771 million, showing an increasing trend compared to approximately ¥49 million in the fiscal year ended December 31, 2024. However, as mentioned above, there has been a delay in the start of overseas sales from the already-commercialized Kubota Glass®, the wearable myopia control device, and operating losses and negative cash flows from operating activities have continued. As a result, the balance of cash and cash equivalents stood at ¥1,768 million as of September 30, 2025 and ¥1,455 million as of December 31, 2024, a decrease from ¥2,768 million as of December 31, 2023 and ¥4,049 million as of December 31, 2022. Accordingly, the Group has recognized that there are conditions that raise significant doubts on the going concern assumption.

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

1. Achieve an early launch of business revenue by expanding a sales network covering major cities in China for Kubota Glass® through entering into the distributor and sales agreements with multiple companies.
2. Start clinical studies aimed at preventing myopia in children as soon as possible to encourage the expansion of sales of Kubota Glass® in China.
3. Achieve an early launch of business revenue by expanding the sales network for Kubota Glass® in Taiwan and Singapore through entering into the distributor and sales agreements.

4. Improve quality and lower manufacturing costs through the rationalization of the Kubota Glass® production system.
5. Commercialize emixustat hydrochloride as soon as possible under the compassionate use programs in Europe.
6. Reduce personnel costs by reviewing the internal personnel structure.
7. Procure funds through means other than share acquisition rights (including a clause for exercise price adjustment), such as through capital and business alliances with other companies.

Through the above measures, the Group will strive to eliminate doubts on the going concern assumption by increasing business revenue, reducing costs, and increasing the possibility of procuring funds.

Even when the uncertainties regarding the results of each measure are taken into account, the Group has, as of the end of the third quarter of the current fiscal year, sufficiently secured the funds necessary for immediate business development, and the Group believes that there are no significant uncertainties regarding the going concern assumption.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed quarterly consolidated statements of financial position

(Thousands of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and cash equivalents	1,454,908	1,767,886
Trade receivables	5,000	1,309
Inventories	10,073	12,609
Other current assets	61,312	51,619
Total current assets	1,531,293	1,833,423
Non-current assets		
Other non-current assets	10,614	10,460
Total non-current assets	10,614	10,460
Total assets	1,541,907	1,843,883
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	28,145	944
Accrued liabilities	52,287	67,582
Accrued compensation	53,591	14,145
Lease liabilities	10,151	13,198
Other current liabilities	7,089	3,878
Total current liabilities	151,263	99,747
Non-current liabilities		
Lease liabilities	889	11,178
Total non-current liabilities	889	11,178
Total liabilities	152,152	110,925
Shareholders' equity		
Share capital	33,964	420,076
Capital surplus	27,867,241	28,259,563
Accumulated deficit	(25,056,642)	(25,491,842)
Other components of equity	(1,454,808)	(1,454,839)
Total equity attributable to owners of parent	1,389,755	1,732,958
Total shareholders' equity	1,389,755	1,732,958
Total liabilities and shareholders' equity	1,541,907	1,843,883

(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of profit or loss

(Thousands of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Revenue	17,159	18,235
Business expenses		
Cost of sales	3,905	5,910
Research and development expenses	419,037	240,255
Selling, general and administrative expenses	549,433	390,086
Total business expenses	972,375	636,251
Other operating expenses	–	35,960
Operating loss	(955,216)	(653,976)
Other income and expenses		
Finance income	5,324	1,851
Finance costs	(5,957)	(739)
Loss on retirement of fixed assets	(52,615)	–
Settlement income	–	217,872
Other income (expenses)	8,776	(208)
Total other income and expenses	(44,472)	218,776
Loss before tax	(999,688)	(435,200)
Net loss	(999,688)	(435,200)
Loss attributable to		
Owners of parent	(999,688)	(435,200)
Net loss per share		
Basic loss per share (Yen)	(17.76)	(7.08)
Diluted loss per share (Yen)	(17.76)	(7.08)

Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Net loss	(999,688)	(435,200)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,862	(31)
Total other comprehensive income	2,862	(31)
Comprehensive income (loss)	(996,826)	(435,231)
Comprehensive income (loss) attributable to		
Owners of parent	(996,826)	(435,231)

(3) Condensed quarterly consolidated statements of changes in equity

Nine months ended September 30, 2024

(Thousands of yen)

	Share capital	Capital surplus	Accumulated deficit	Other components of equity	Total equity attributable to owners of parent	Total
Balance as of January 1, 2024	2,141,113	27,638,335	(25,670,256)	(1,462,460)	2,646,732	2,646,732
Net loss			(999,688)		(999,688)	(999,688)
Exchange differences on translation of foreign operations				2,862	2,862	2,862
Comprehensive income (loss)	–	–	(999,688)	2,862	(996,826)	(996,826)
Share-based compensation expense		21,228			21,228	21,228
Issuance of new shares	14,594	14,594			29,188	29,188
Capital reduction	(2,131,113)	184,647	1,946,466		–	–
Issuance cost of new shares		(4,702)			(4,702)	(4,702)
Total transactions with owners	(2,116,519)	215,767	1,946,466	–	45,714	45,714
Balance as of September 30, 2024	24,594	27,854,102	(24,723,478)	(1,459,598)	1,695,620	1,695,620

Nine months ended September 30, 2025

(Thousands of yen)

	Share capital	Capital surplus	Accumulated deficit	Other components of equity	Total equity attributable to owners of parent	Total
Balance as of January 1, 2025	33,964	27,867,241	(25,056,642)	(1,454,808)	1,389,755	1,389,755
Net loss			(435,200)		(435,200)	(435,200)
Exchange differences on translation of foreign operations				(31)	(31)	(31)
Comprehensive income (loss)	–	–	(435,200)	(31)	(435,231)	(435,231)
Share-based compensation expense		11,910			11,910	11,910
Issuance of new shares	386,112	386,112			772,224	772,224
Issuance cost of new shares		(5,700)			(5,700)	(5,700)
Total transactions with owners	386,112	392,322	–	–	778,434	778,434
Balance as of September 30, 2025	420,076	28,259,563	(25,491,842)	(1,454,839)	1,732,958	1,732,958

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Cash flows from operating activities		
Net loss	(999,688)	(435,200)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	48,322	–
Impairment losses	5,590	35,960
Share-based compensation expense	21,228	11,910
Loss on sale and retirement of fixed assets	52,615	–
Finance income	(5,324)	(1,851)
Finance costs	5,957	739
Change in operating assets and liabilities		
Trade receivables	931	3,259
Other current assets	(21,526)	(4,925)
Other current liabilities	(520)	(2,806)
Trade payables	(22,254)	(25,953)
Accrued liabilities	(36,549)	18,314
Accrued compensation	(10,651)	(36,312)
Other assets	16,755	(313)
Subtotal	(945,114)	(437,178)
Interest paid	(5,974)	(747)
Net cash provided by (used in) operating activities	(951,088)	(437,925)
Cash flows from investing activities		
Interest received	6,156	1,914
Purchase of property, plant and equipment	(35,401)	(8,480)
Proceeds from refund of leasehold and guarantee deposits	413	5,117
Net cash provided by (used in) investing activities	(28,832)	(1,449)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	29,080	771,134
Proceeds from issuance of share acquisition rights	1,120	–
Payment of lease liabilities	(78,989)	(12,384)
Net cash provided by (used in) financing activities	(48,789)	758,750
Effect of exchange rate changes on cash and cash equivalents	1,181	(6,398)
Net increase (decrease) in cash and cash equivalents	(1,027,528)	(312,978)
Cash and cash equivalents at beginning of period	2,767,639	1,454,908
Cash and cash equivalents at end of period	1,740,111	1,767,886

(5) Notes to condensed quarterly consolidated financial statements

Notes on going concern assumption

Not applicable.

Segment information, etc.

The Group is engaged in the drug and medical device business and the related businesses which comprise a single segment. Hence segment information is omitted.

Other income and expenses

At a meeting held on July 17, 2024, the Board of Directors of the Company resolved to transfer to the Company the research and development, as well as its administration, conducted at its wholly owned subsidiary in the U.S., Kubota Vision Inc. ("KV"). In conjunction with this transfer, in September 2024, the Company concluded an agreement to terminate the office lease agreement for KV on December 31, 2024. Therefore, the Company recorded ¥52,615 thousand as loss on retirement of fixed assets for the nine months ended September 30, 2024.

Significant subsequent events

Not applicable.