Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]

February 13, 2025

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Stock exchange listing: Tokyo Stock Exchange
Code number: 4883
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Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2025
Scheduled date of filing securities report: March 27, 2025
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024, to December 31, 2024)

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	−	−	(1,337)	−	(1,303)	−	(1,317)	−
December 31, 2023	−	(100.0)	(2,370)	−	(2,351)	−	(2,391)	−

(Note) Comprehensive income: Fiscal Year ended December 31, 2024: ¥ (1,312) million [-%]
Fiscal Year ended December 31, 2023: ¥ (2,400) million [-%]

	Net income per share	Diluted earnings per share	Return of equity	Ordinary income to total assets	Operating income to operating revenue
Fiscal Year ended	Yen	Yen	%	%	%
December 31, 2024	(28.57)	−	(54.0)	(45.6)	−
December 31, 2023	(77.24)	−	(111.9)	(91.2)	−

(Notes)
For diluted earnings per share, the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares, although the Company had dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	3,691	3,548	95.5	50.81
As of December 31, 2023	2,025	1,380	66.8	40.59

(Reference) Equity: As of December 31, 2024: ¥3,534 million
As of December 31, 2023: ¥1.353 million

(3) Cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
As of December 31, 2024	(1,432)	(0)	3,044	3,575
As of December 31, 2023	(2,254)	(39)	1,216	1,883

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2025 (Forecast)	-	0.00	-	0.00	0.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025, to December 31, 2025)

The earnings forecasts for fiscal year 2025 are not presented due to the difficulty of formulating reasonably accurate estimates at this time. For further details, please refer to page 5 “Explanation of Business Results (4) Other Forward-looking Information”

*** Notes:**

(1) Significant changes to subsidiaries during the Fiscal Year ended December 31, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2024: 69,403,998 shares
December 31, 2023: 33,355,272 shares

2) Total number of treasury shares at the end of the period:
December 31, 2024: 63 shares
December 31, 2023: 63 shares

3) Average number of shares during the period:
Fiscal Year ended December 31, 2024: 46,127,082 shares
Fiscal Year ended December 31, 2023: 30,966,143 shares

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

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

The earnings forecast and other forward-looking statements herein are based on information available and certain assumptions judged to be reasonable as of the date of publication of this document. They do not represent a commitment from the Company that they will be achieved. Actual results may differ significantly from these forecast due to a wide range of factors. Please refer to page 5 “Explanation of Business Results (4) Other Forward-looking Information” of the attachment for matters related to the earnings forecast.

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

(1) Explanation of Business Results

Forward-looking statements in the text are based on our judgment as of the end of the third quarter of the current consolidated fiscal year unless otherwise stated.

During the current consolidated fiscal year (January 1, 2024, to December 31, 2024), the Japanese economy appears to have regained a certain degree of calm, despite the shockwaves that temporarily hit the markets in August following the increase in Japanese interest rates first time in 17years. Meanwhile, in the world of politics, the tense situation in the Middle East and Ukraine, as well as the rise of political parties and governments in major Western countries that are turning their backs on international cooperation, have created an unstable geopolitical environment. Furthermore, due to factors such as persistent inflation, the uncertain situation with exchange rates, and the concentration of investment in certain sectors such as AI, while the overall market index is maintaining its strength, the situation in the pharmaceutical and biotech sectors is not good, and the supply of funds is continuing to dwindle, with layoffs and the reorganization and review of pipelines continuing to progress.

Since our establishment in 2016, MODALIS group has continued to lead the way in cutting-edge research as a leading company in the field of epigenome editing therapy using CRISPR, based on our CRISPR-GNDM® platform, which forms the technological foundation. In order to bring these results to fruition, we are continuing our efforts to begin clinical trials in the current consolidated fiscal year.

MDL-101, our lead program for the treatment of congenital muscular dystrophy type 1A (LAMA2-CMD), is continuing to progress towards clinical trial application, with preparations underway for GLP toxicity studies and GMP investigational drug manufacturing. In May, we published a paper summarizing our preclinical data and also reported on the conferences mentioned below. Since then, we have been receiving inquiries from patients and their families suffering from LAMA2-CMD, as well as from doctors in charge, etc., from all over the world, and we are making progress in collaboration with a patient network for future clinical trials. In addition, we are also continuing to receive inquiries from companies and other organizations regarding partnerships.

MDL-101 is currently undergoing preclinical studies and preparation of GMP manufacturing, to address questions and suggestions provided in the preIND meeting with the U.S. Food and Drug Administration (FDA) last year. During the period, there was a temporary standstill due to financial issues, but the provision of development funds through the financing described below has made it possible to accelerate development. The results of the development have been presented at several meetings held this year, in addition to the paper published in May. The Cell Gene Therapy Summit (July 8-10), the 5th Next Generation Gene Therapy Immunogenicity Summit (August 20-22), the 16th Bioprocess Summit (August 19th to 22nd), the Nanopore Community Meeting 2024 (September 16th to 18th), and the 5th Genome Editing Therapy Summit (December 3rd to 5th) have received a positive response as a result of our company's achievements in maintaining a leading position in epigenome editing while developing.

In September, FDA granted rare pediatric disease (RPD) designation, and in October, FDA granted orphan drug designation (ODD), to MDL-101. The Rare Pediatric Disease (RPD) designation is a system aimed at promoting the development of new drugs for rare diseases that occur in children under the age of 18 and affect fewer than 200,000 people in the United States. When a product receives marketing approval from the FDA, it is eligible to receive priority review voucher for another product. In addition, ODD designation allows the company to take advantage of various preferential measures and incentives for development and promotion, such as exemption from application fees for new drug applications in the US, and reductions in federal taxes related to clinical development, as well as other pharmaceutical and research cost support from the FDA. We believe that this is the result of our gene therapy being recognized as a pharmaceutical product with a high level of medical need.

There was progress in the area of patents this year, and in September we received notification of an assessment from the Japan Patent Office for a patent application (patent application 2022-518586) related to MDL-202, and in January 2025 we received notification of an assessment for a patent application (patent application 2022-50966) related to the lead program MDL-101.

In April and July of this year, we carried out a reorganization of our R&D structure, and as a result, we have been able to shift to an organization that can carry out development in a lean structure, and we are maintaining this.

In addition, in order to promote future business, the 2nd unsecured convertible bond with stock acquisition rights and the 14th and 15th stock acquisition rights were allocated to EVO FUND in August. The bonds and the 14th stock acquisition rights were all converted and exercised, respectively, in October, and as a result, approximately 2.52 billion yen has been raised by the end of 2024. In addition, we have instructed the early exercise of the 15th series of stock acquisition rights on January 14, 2025, as reported, so we will be raising additional funds in the future. All of this is being done with the aim of raising the funds needed for the development of MDL-101, centered on preclinical trials and clinical PoC, and we have achieved the funding.

As a result, for the Fiscal Year ended December 31, 2024, operating revenue amounted to － thousand, operating loss to ¥1,337,650 thousand, ordinary loss to ¥1,303,099 thousand, and loss attributable to owners of parent to ¥1,317,894 thousand.

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

(2) Explanation of Financial Position

Status of Assets, Liabilities and Net Assets

(Current Assets)

Total current assets at the end of the fiscal year under review increased by ¥1,660,755 thousand from the end of the previous fiscal year to ¥3,617,079 thousand. This is mainly attributable to an increased in cash and deposits by ¥1,691,839thousand.

(Non-Current Assets)

Total non-current assets at the end of the fiscal year under review increased by ¥4,868 thousand from the end of the previous fiscal year to ¥74,469 thousand. This is mainly attributable to an increased in investments and other assets of ¥4,868 thousand.

(Current Liabilities)

Total current liabilities at the end of the fiscal year under review decreased by ¥80,778 thousand from the end of the previous fiscal year to ¥117,322 thousand. This is mainly attributable to a decreased in accrued expenses of ¥71,481 thousand and Accounts payable-other of ¥19,753, and an increase in income taxes payable of ¥10,523 thousand.

(Non-Current Liabilities)

Total current liabilities at the end of the fiscal year under review decreased by ¥421,252 thousand from the end of the previous fiscal year to ¥26,148 thousand. This is attributable to a decreased in warrant bond by ¥412,500 thousand.

(Net Assets)

Total net assets at the end of the fiscal year under review increased by ¥2,167,655 thousand from the end of the previous fiscal year to ¥3,548,078 thousand. This is mainly attributable to an increased in capital stock of ¥541,335 thousand, capital surplus of ¥541,335 thousand and retained earnings of ¥1,084,653 thousand.

(3) Explanation of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥3,575,277 thousand, increased by ¥1,691,839 thousand from previous fiscal year end. The status of respective cash flows and key factors are as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities during the Fiscal Year ended December 31, 2024, amounted to ¥1,432,005 thousand. This is mainly attributable to Net loss before income taxes and minority interests of ¥1,316,929 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities during the Fiscal Year ended December 31, 2024, amounted to ¥188 thousand. This is mainly attributable to the posting of Purchase of property, plant and equipment of ¥188 thousand.

(Cash Flows from Financing Activities)

Net cash provided by financing activities during the Fiscal Year ended December 31, 2024, amounted to ¥3,044,985 thousand. This is mainly attributable to the posting of Proceeds from issuance of stock resulting from exercise of subscription right to shares ¥2,384,161 thousand and proceeds from issuance of convertible bond-type bonds with subscription rights to shares ¥694,695 thousand.

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

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

(5) Important Events Related to the Premise of a Going Concern etc.

MODALIS group is a biotech company that conducts research and development of gene therapy drugs. We plan to expand our revenue opportunities and stabilize our business foundation by optimizing our business options by advancing research and development through a “hybrid business model” that combines collaborative model pipelines and in-house model pipelines, but because pharmaceutical/biotech research and development requires a large amount of funding and the recovery of investment funds also takes a relatively long time compared to other industries, we are currently experiencing continuous operating losses and negative operating cash flow, and there are circumstances that raise significant doubt about the company's ability to continue as a going concern.

We will continue to conduct research and development centered on MDL-101 in the 10th fiscal year and beyond, based on the knowledge we have gained from developing gene therapies using CRISPR over the past nine fiscal years. While we are concentrating on starting clinical trials for the MDL-101 program, as part of our efforts to improve the efficiency of our management and organization, we are downsizing the research, development and manufacturing departments of our US subsidiary during 2024, but we have a system in place that will allow us to continue our efforts to bring MDL-101 to clinical trials, and we plan to continue development so that we can provide treatment to patients as soon as possible. In addition, as before, we will continue partnering negotiations in parallel with development. At the same time, we will continue to optimize our R&D structure and work to reduce costs through increased efficiency, while aiming to acquire partnerships for our subsequent pipeline as early as possible.

In terms of funding, as of the end of the current consolidated fiscal year, we had cash and deposits of 3,575,277 thousand yen, and we believe that we have secured sufficient funds to develop our business activities in the following consolidated fiscal year through the above initiatives.

Based on the above, we believe that there is no significant uncertainty regarding the assumption of a going concern.

2. Approach to the Selection of Accounting Standards

The Group has adopted Japanese GAAP in consideration of the comparability of its consolidated financial statements from period to period and between companies. The Group intends to adopt IFRS as appropriate, taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	1,883,437	3,575,277
supplies	6,353	141
Other	66,533	41,661
Total current assets	1,956,323	3,617,079
Non-current assets		
Investments and other assets	69,601	74,469
Total non-current assets	69,601	74,469
Total assets	2,025,925	3,691,549
Liabilities		
Current liabilities		
Accounts payable- other	99,092	79,338
Accrued expenses	91,789	20,308
Income taxes payable	5,973	16,469
Other	1,246	1,179
Total current liabilities	198,101	117,322
Non-current liabilities		
Provision for share-based compensation for director	733	822
Provision for share-based compensation for employee	3,590	3,624
Warrant bond	421,500	–
Other	30,577	21,701
Total non-current liabilities	447,401	26,148
Total liabilities	645,502	143,471
Net assets		
Shareholders' equity		
Share capital	1,217,652	1,758,987
Capital surplus	2,539,387	3,080,722
Retained earnings	(2,410,273)	(1,325,620)
Treasury stock	(97)	(97)
Total shareholders' equity	1.346,669	3,513,992
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,323	12,337
Total accumulated other comprehensive income	7,323	12,337
Subscription rights to shares	26,430	21,748
Total net assets	1,380,422	3,548,078
Total liabilities and net assets	2,025,925	3,691,549

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the Fiscal Year ended December 31, 2023	For the Fiscal Year ended December 31, 2024
Operating revenue	–	–
Operating expenses		
Research and development expenses	2,102,853	1,902,174
Selling, general and administrative expenses	267,812	245,476
Total operating expenses	2,370,666	1,337,650
Operating loss	(2,370,666)	(1,337,650)
Non-operating income		
Interest income	25	102
Foreign exchange income	39,417	64,470
Other	400	11
Total non-operating income	39,843	64,583
Non-operating expenses		
Interest expense	4,414	3,857
Stock issuance cost	11,537	5,304
Loss on retirement of non-current assets	4,413	20,377
Other	600	492
Total non-operating expenses	20,966	30,032
Ordinary loss	(2,351,788)	(1,303,099)
Extraordinary income		
Impairment loss	38,818	188
Loss from money transfer scam at foreign subsidiary	—	13,641
Total extraordinary loss	38,818	13,829
Loss before income taxes	(2,390,607)	(1,316,929)
Income taxes - current	1,213	965
Total income taxes	1,213	965
Loss	(2,391,821)	(1,317,894)
Loss attributable to owners of parent	(2,391,821)	(1,317,894)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the Fiscal Year ended December 31, 2023	For the Fiscal Year ended December 31, 2024
Loss	(2,391,821)	(1,317,894)
Other comprehensive income		
Foreign currency translation adjustment	(9,160)	5,013
Total other comprehensive income	(9,160)	5,013
Comprehensive income	(2,400,981)	(1,312,880)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,400,981)	(1,312,880)

(3) Consolidated Statements of Changes in Equity

Fiscal Year Ended December 31,2023

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance at beginning of current period	2,094,767	3,416,512	(2,605,346)	(97)
Changes of items during period				
Issuance of new shares	372,582	372,582		
Purchase of treasury stock	43,750	43,750		
Transfer to other capital surplus from capital stock	(1,293,447)	1,293,447		
Deficit disposition		(2,586,894)	2,586,894	
Profit attributable to owners of parent			(2,391,821)	
Net changes of items other than shareholders' equity				
Total changes of items during period	(877,114)	(877,114)	(195,073)	－
Balance at end of current period	1,217,652	2,539,387	(2,410,273)	(97)

	Shareholders' equity	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	2,905,825	16,483	16,483	18,923	2,941,232
Changes of items during period					
Issuance of new shares	745,164		－		745,164
Purchase of treasury stock	87,500		－		87,500
Transfer to other capital surplus from capital stock	－		－		－
Deficit disposition	－				－
Profit attributable to owners of parent	(2,391,821)		－		(2,391,821)
Net changes of items other than shareholders' equity	－	(9,160)	(9,160)	7,506	(1,653)
Total changes of items during period	(1,559,156)	(9,160)	(9,160)	7,506	(1,560,810)
Balance at end of current period	1,346,669	7,323	7,323	26,430	1,380,422

Fiscal Year Ended December 31,2024

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance at beginning of current period	1,217,652	2,539,387	(2,410,273)	(97)
Changes of items during period				
Issuance of new shares	1,205,109	1,205,109		
Purchase of treasury stock	537,500	537,500		
Transfer to other capital surplus from capital stock	(1,201,273)	1,201,273		
Deficit disposition		(2,402,547)	2,402,547	
Loss attributable to owners of parent			(1,317,894)	
Net changes of items other than shareholders' equity				
Total changes of items during period	541,335	541,335	1,084,653	－
Balance at end of current period	1,758,987	3,080,722	(1,325,620)	(97)

	Shareholders' equity	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	1.346,669	7,323	7,323	26,430	1,380,422
Changes of items during period					
Issuance of new shares	2,410,218		－		2,410,218
Purchase of treasury stock	1,075,000		－		1,075,000
Transfer to other capital surplus from capital stock	－		－		－
Deficit disposition	－				－
Profit attributable to owners of parent	(1,317,894)		－		(1,317,894)
Net changes of items other than shareholders' equity	－	5,013	5,013	(4,613)	322
Total changes of items during period	2,167,323	5,013	5,013	(4,613)	2,167,655
Balance at end of current period	3,513,992	12,337	12,377	21,748	3,548,078

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the Fiscal Year ended December 31, 2023	For the Fiscal Year ended December 31, 2024
Cash flows from operating activities		
Loss before income taxes	(2,390,607)	(1,316,929)
Depreciation	731	—
Impairment loss	38,818	188
Increase (decrease) in provision for share-based compensation for director	(527)	89
Increase (decrease) in provision for share-based compensation for employee	(2,896)	34
Stock compensation expense	13,062	(2,730)
Interest and dividend income	(25)	(102)
Subsidy income	4,413	20,377
Stock issuance cost	11,537	5,304
Interest expense	4,414	3,857
Foreign exchange loss (income)	(27,860)	(61,558)
Loss on fraudulent remittance by foreign subsidiaries	—	13,641
Increase (decrease) in accounts payable - other	(22,356)	(40,372)
Increase (decrease) in accrued expenses	71,848	(79,013)
Decrease (increase) in consumption taxes refund receivable	(9,557)	2,274
Other, net	60,135	41,540
Subtotal	(2,248,867)	(1,413,398)
Interest and dividends received	25	102
Interest expense paid	(4,414)	(3,857)
Payments for loss on remittance fraud in foreign subsidiaries	—	(13,641)
Income taxes paid	(1,210)	(1,210)
Net cash provided by (used in) operating activities	(2,254,466)	(1,432,005)
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,699)	(188)
Net cash provided by (used in) investing activities	(39,699)	(188)
Cash flows from financing activities		
Repayments of installment payables	(6,604)	(8,026)
Proceeds from issuance of common stock upon exercise of stock acquisition rights	736,119	2,384,161
Proceeds from issuance of stock resulting from exercise of subscription right to shares	5,320	11,655
Payments for issuance of subscription right to shares	(6,246)	—
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	488,462	694,695
Payments for issuance of convertible bond-type bonds with subscription rights to shares	—	(37,500)
Other, net	(600)	—
Net cash provided by (used in) financing activities	1,216,451	3,044,985
Effect of exchange rate change on cash and cash equivalents	27,989	79,047
Net increase (decrease) in cash and cash equivalents	(1,049,725)	1,691,839
Cash and cash equivalents at the beginning of period	2,933,162	1,883,437
Cash and cash equivalents at the end of period	1,883,437	3,575,277

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information)

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

(Per share information)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Net assets per share (Yen)	40.59	50.81
Net income per share (Yen)	(77.24)	(28.57)

NOTE 1. For the fiscal year ended December 31, 2023,and December 31, 2024,the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares.

2. Net assets per share are calculated based on the following basis:

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Total net assets (thousands of yen)	1.380,422	3,548,078
Amounts deducted from total net assets (thousands of yen)	26,430	21,748
(Of which stock acquisition rights)	(26,430)	(21,748)
Average number of common shares during the period (shares)	1,353,992	3,526,329
Number of common shares at the end of the period used for the calculation of net assets per share (shares)	33,355,209	69,403,935

3. Net loss per share are calculated based on the following basis:

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Net loss per share (thousands of yen)		
Loss attributable to owners of parent (thousands of yen)	(2,391,821)	(1,317,894)
Net loss related to common shares (thousands of yen)	—	—
Loss attributable to owners of parent to common shares (thousands of yen)	(2,391,821)	(1,317,894)
Average number of common shares during the period (shares)	30,966,143	46,127,082
Dilutive shares that do not have a diluting effect and thus were not included in the calculation of diluted net income per share	—	—

(Significant subsequent events)

Capital increase through exercise of stock acquisition rights

After the end of the current fiscal year, during the period from January 1, 2025, to January 31, 2025, some of the 15th series of stock acquisition rights with exercise price amendment clause were exercised as follows.

(1) Type and number of shares issued Common stock 3,290,000 shares.

(2) Increase in capital stock ¥165,577 thousand.

(3) Increase in capital reserve ¥165,577 thousand.

As a result, the total number of common shares issued and outstanding as of January 31, 2025, was 72,693,998 shares, capital stock was ¥1,924,565 thousand, and capital reserve was ¥2,679,565 thousand.