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 13, 2026

Consolidated Financial Results for the Nine Months Ended September 30, 2026 (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:	None
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, 2026 (January 1, 2026 to September 30, 2026)

(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, 2026	11	(40.7)	(911)	–	(908)	–	(908)	–
September 30, 2025	18	6.3	(654)	–	(435)	–	(435)	–

	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, 2026	(908)	–	(920)	–	(6.34)	(6.34)
September 30, 2025	(435)	–	(435)	–	(7.08)	(7.08)

(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, 2026	1,580	1,407	1,407	89.0
December 31, 2025	1,979	1,814	1,814	91.6

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, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2026	–	0.00	–		
Fiscal year ending December 31, 2026 (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, 2026 (January 1, 2026 to December 31, 2026)

The earnings forecasts for the fiscal year ending December 31, 2026, 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, 2026	162,144,288 shares
As of December 31, 2025	115,404,288 shares

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

As of September 30, 2026	187 shares
As of December 31, 2025	187 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, 2026	143,157,768 shares
For the nine months ended September 30, 2025	61,455,737 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (mandatory).

* 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 2
(1) Overview of operating results for the period under review 2
(2) Overview of financial position as of September 30, 2026 4
(3) Overview of cash flows for the nine months ended September 30, 2026 4
(4) Explanation of consolidated earnings forecasts and other forward-looking statements 5
(5) Significant events regarding going concern assumption 5
2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto 7
(1) Condensed quarterly consolidated statements of financial position 7
(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income 8
(3) Condensed quarterly consolidated statements of changes in equity 9
(4) Condensed quarterly consolidated statements of cash flows 10
(5) Notes to condensed quarterly consolidated financial statements 11
Notes on going concern assumption 11
Segment information 11
Significant subsequent events 11

1. Overview of Operating Results and Others

(1) Overview of operating results for the period under review

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.

During the nine months ended September 30, 2026, geopolitical risks heightened further due to the prolonged situation in Ukraine as well as the intensifying tensions in the Middle East surrounding the United States and Iran. The situation in the region has remained unstable, and uncertainty in the business environment continued amid fluctuations in energy and raw material prices and persistently high logistics costs.

In the global economy, although inflation showed signs of moderation, it remained elevated in certain regions, and overall economic growth slowed amid the impact of monetary tightening policies, uncertainty regarding their future direction, and heightened geopolitical risks.

In Asian economies, while there were signs of partial recovery, mainly in the manufacturing sector in China, structural challenges such as prolonged adjustments in the real estate market and delays in recovery of domestic demand continued, resulting in ongoing uncertainty regarding the economic outlook.

In the Japanese economy, although the yen continued to depreciate due to interest rate differentials with overseas markets, there were signs of a moderate recovery supported by steady consumption driven by wage increases and a pickup in capital investment; however, continued inflation and its impact on real income remain concerns.

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

Medical devices

Kubota Glass Technology and wearable myopia progression care device (Kubota Glass)

Kubota Glass Technology is the Group's proprietary active stimulation technology that applies artificial light stimuli to the retina with the aim of suppressing and treating the progression of myopia. At present, while accumulating scientific evidence, the Group is pursuing strategic expansion of the business of Kubota Glass, a myopia progression care device that utilizes this technology, based on the specific market characteristics of each region.

In particular, with regard to the Chinese market, taking into comprehensive account trends in local pharmaceutical and medical device regulations, as well as the time required for the preparation of an application, the application itself, and the acquisition of approval as a medical device, the Group has adopted a policy of prioritizing regulatory compliance for the time being and is reexamining how to proceed on the commercial front. China is a large market for myopia-related products, and there is no change in its positioning as a continually important market for the Company. The Group will advance its business development at the appropriate timing while closely monitoring regulatory trends.

In addition, the clinical trial in Shanghai, China is ongoing and has been progressing steadily to date. Through these activities, the Group is steadily advancing the validation of product value and the development of a foundation for future business expansion.

At the same time, with a view toward sustainable growth and further expansion, the Group continues to make investments and strengthen its organizational framework aimed at optimizing manufacturing, supply, and overall operational processes.

Looking ahead, taking into account the business environment and regulatory trends both in Japan and overseas, the Group intends to pursue collaboration with external partners and explore new business opportunities, thereby contributing to medium- to long-term business growth.

In addition, with regard to Kubota Glass Technology, the Group plans to conduct clinical trials toward registration as a medical device, in addition to the initiatives currently underway. These clinical trials are planned to be conducted after a specific study plan has been formulated, taking into account the data from the ongoing clinical trial in Shanghai, China and the status of collaboration with external partners. Furthermore, the Group continues to examine the potential of products related to Kubota Glass Technology, including new shapes and structures, and is also working to acquire and strengthen related intellectual property, which includes technologies relating to the potential application of the technology to forms other than eyeglass-type devices.

Furthermore, the "Basic Policy on Economic and Fiscal Management and Reform 2026" (the "Big-Boned Policy 2026"), which was approved by the Cabinet on July 21, 2026, expressly states in Chapter 3, Section 3 (2), "Revitalization of Public Education and Research Activities," that Japan will "promote experiential activities and reading activities, dietary education and dental health education centered on nutrition teachers, and myopia prevention." The Group will continue to disseminate information based on scientific evidence, in step with the promotion of myopia prevention as a national policy.

The Group will continue to appropriately manage business risks while striving to create sustainable growth opportunities in each market.

Retinal monitoring device for home-based and remote ophthalmology

The Group is developing eyeMO for a compact optical coherence tomography (OCT) device. It is a compact version of an OCT, which is used to test the condition of the retina in ophthalmology. This home-based ophthalmology device solution anticipates growing demand in the home-based and remote medical care field, including mobile health.

It is a testing device that enables patients diagnosed and treated for wet age-related macular degeneration (AMD) and diabetic macular edema (DME) to measure the state of their retina themselves at home. By establishing a system that enables physicians to remotely monitor the progression of symptoms, such as changes in retinal anatomy and vision, via the internet, the Group aims to help individual patients receive optimal ophthalmological treatment to maintain and improve their vision.

Since January 2023, the Group has been conducting evaluations at the Joslin Diabetes Center, which is affiliated with Harvard Medical School, to assess the feasibility of eyeMO as a screening device for patients with diabetic retinopathy, as well as a clinical study comparing this device with commercially available OCT systems.

The Group continues to verify the ideal practical model while exploring opportunities for joint development and commercialization with partner companies.

Small molecule compounds

With regard to emixustat hydrochloride, the Group is advancing its development with the objective of obtaining regulatory approval and achieving commercialization primarily as a therapeutic drug for the treatment of Stargardt disease.

The Group initiated the phase 3 clinical study for Stargardt disease in November 2018; however, the primary endpoint and secondary endpoints were not achieved, and there were no significant differences between the treatment groups. However, in a subsequent subgroup analysis, univariate and multi-factor analyses using a backward elimination method were performed on the subject group with a smaller atrophic lesion area at baseline, and independent baseline factors affecting the progression of atrophic lesions in this subgroup were identified. 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 has continued discussions with the U.S. Food and Drug Administration (FDA) with the aim of conducting an additional phase 3 clinical trial. In parallel, the Group is actively pursuing the search for research and development partners in the U.S. market, including through the utilization of new channels.

At the same time, the Group is seeking early monetization through the utilization of the Compassionate Use Program (CUP), which allows unapproved drugs to be made available for a fee for humanitarian purposes for designated patients. While the Group had been approaching potential global strategic partners, it entered into a supply and license agreement with Laboratoires KÔL (headquartered in Clermont-Ferrand, France; Founder and CEO: Sophie Momège) on March 2, 2026, for the provision of emixustat hydrochloride under the Compassionate Access Authorization (Autorisation d'Accès Compassionnel; "AAC") in France. From April 2026, the Group commenced the manufacture of active pharmaceutical ingredients of emixustat hydrochloride in compliance with Good Manufacturing Practice (GMP). In addition, on June 10, 2026, the Group entered into a supplementary memorandum (Amendment No. 1) providing for, among other matters, updates to the terms and structure of the milestone payments and clarification of refund conditions. Subsequently, as the payment conditions for the first milestone relating to the active pharmaceutical ingredient manufacturing process under the agreement were satisfied, the Group received the consideration for the said milestone from Laboratoires KÔL on July 2, 2026. In light of the progress of the manufacture of active pharmaceutical ingredients, the Group also plans to commence the manufacture of the drug product from November 2026 onward.

Going forward, the Group will further strengthen its collaboration with Laboratoires KÔL, advance application procedures, including the submission of the necessary documents to the French authorities, and promote business activities with the aim of facilitating the early granting of AAC for eligible individual patients. In addition, with a view to expansion into countries and regions other than France, the Group plans to conduct market research and analysis on countries and regions that have similar programs.

For the nine months ended September 30, 2026, revenue was ¥11 million, a 40.7% year-on-year decrease, and cost of sales was ¥3 million, a 55.3% year-on-year decrease. 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, 2026, was ¥455 million, an increase of ¥215 million, or 89.5%, year-on-year. This was mainly due to an increase in development expenses for emixustat hydrochloride.

(Unit: Thousands of yen or %)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026	Increase (Decrease)	Change (%)
Research and development expenses	240,255	455,327	215,073	89.5

Selling, general and administrative expenses

Selling, general and administrative expenses for the nine months ended September 30, 2026, was ¥449 million, an increase of ¥59 million, or 15.0%, year-on-year. This was mainly due to increases in share-based compensation expense, IR-related expenses and patent-related expenses, which more than offset a decrease in salaries and allowances.

(Unit: Thousands of yen or %)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026	Increase (Decrease)	Change (%)
Selling, general and administrative expenses	390,086	448,672	58,585	15.0

(2) Overview of financial position as of September 30, 2026

Current assets

Current assets as of the end of the third quarter of the current fiscal year was ¥1,569 million, a decrease of ¥400 million from the end of the previous fiscal year. This was mainly due to a decrease in cash and cash equivalents, which more than offset an increase in other current assets resulting from an increase in prepaid expenses.

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 ¥173 million, an increase of ¥15 million from the end of the previous fiscal year. This was mainly due to an increase in other current liabilities, which more than offset decreases in trade payables and accrued liabilities. The entire amount of other current liabilities consists of contract liabilities, which are to be recognized as revenue in accordance with the progress of the business going forward.

Non-current liabilities

Non-current liabilities as of the end of the third quarter of the current fiscal year was ¥1 million, a decrease of ¥8 million from the end of the previous fiscal year. This was due to a decrease in lease liabilities.

Shareholders' equity (Accumulated deficit)

Shareholders' equity as of the end of the third quarter of the current fiscal year was ¥1,407 million, a decrease of ¥407 million from the end of the previous fiscal year. This was mainly due to the recording of a net loss of ¥908 million, which more than offset an increase in share capital and capital surplus resulting from the issuance of new shares and other factors. In addition, ¥3,460 million was transferred from share capital and capital surplus to retained earnings as a result of the capital reduction.

(3) Overview of cash flows for the nine months ended September 30, 2026

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 ¥1,768 million as of September 30, 2025, and ¥1,427 million as of September 30, 2026. Deposits at third-party financial institutions may include amounts in excess of the applicable coverage limits of the deposit protection systems in Japan and the United States (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 ¥438 million for the nine months ended September 30, 2025, and ¥773 million for the nine months ended September 30, 2026. The increase of ¥335 million in net cash used was mainly due to a year-on-year increase in cash related to the payment of research and development expenses and general and administrative expenses for the nine months ended September 30, 2026.

Cash flows from investing activities

Net cash used in investing activities was ¥1 million for the nine months ended September 30, 2025, and ¥11 million for the nine months ended September 30, 2026. The increase of ¥9 million in net cash used was mainly due to an increase in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities was ¥759 million for the nine months ended September 30, 2025, and ¥299 million for the nine months ended September 30, 2026. The decrease of ¥459 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 nine months ended September 30, 2026.

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

Revenue of the Group currently consists mostly of revenue from sales of Kubota Glass, a myopia progression care device. With regard to emixustat hydrochloride, the milestone consideration received under the supply and license agreement with Laboratoires KÔL is not recognized as revenue immediately upon receipt in light of the accounting standard for revenue recognition, and is to be recognized as revenue in accordance with the progress of the business going forward. The Company expects the impact of the said milestone consideration on the consolidated financial results for the fiscal year ending December 31, 2026 to be limited.

With regard to Kubota Glass, a myopia progression care device, as the Company is examining how to proceed on the commercial front under a policy of prioritizing regulatory compliance in light of regulatory trends in each market, it is difficult at this time to reasonably project the timing and scale of sales revenue.

With regard to expenditures, the Company plans to commence the manufacture of the drug product of emixustat hydrochloride from November 2026 onward, and is also advancing the continuation of the clinical trial in Shanghai, China, and the formulation of a plan for clinical trials toward registration of Kubota Glass, a myopia progression care device, as a medical device. As these activities are being conducted concurrently, the timing and amount of research and development expenses and other expenditures may fluctuate depending on the progress of each activity.

Based on the above, the Company has decided to continue to postpone the disclosure of the earnings forecasts for the full year, because the consolidated earnings forecasts for the fiscal year ending December 31, 2026 are difficult to formulate at this time based on a clear rationale and in a manner that will enhance the disclosure. 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 progress.

(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 and medical devices globally, and has formed a business portfolio that requires upfront investment in the research and development stage.

With regard to Kubota Glass, a myopia progression care device, in China, in light of trends in local pharmaceutical and medical device regulations, the Group is proceeding with its response toward obtaining approval and is carefully considering the timing of its business development. With regard to Taiwan as well, the Group is carefully considering how to proceed with business expansion in light of the situation in the Chinese market. Although the Group did not enter into any new distributor agreements or sales agreements in China or Taiwan during the third quarter, it continues to work with existing contractual partners and prospective partners to establish a foundation for expanding sales channels in the Greater China market and to promote market introduction through medical institutions and optical retailers. However, the timing of a full-scale ramp-up in business revenue remains unclear at this time.

With regard to eyeMO, a retinal monitoring device for home-based and remote ophthalmology, the Group has also been working on out-licensing of development products and business alliances in order to achieve early monetization, and has held contractual discussions with multiple companies to date. However, no partner company has been identified at this time.

Regarding emixustat hydrochloride, despite discussions with authorities regarding accelerated and priority approval programs to launch this product as soon as possible, it is necessary at this time to conduct another phase 3 clinical study in order to obtain regulatory approval in Japan, the United States, and other jurisdictions. Accordingly, the Group continues to confirm the requirements for a one-to-two pivotal trial and to seek research and development partners in the U.S. market, including through the utilization of new channels. In addition, the Group is promoting business activities aimed at early monetization through the utilization of the Compassionate Use Program (CUP) for designated patients, and on March 2, 2026, entered into a supply and license agreement with Laboratoires KÔL (headquartered in Clermont-Ferrand, France; Founder and CEO: Sophie Momège) for the provision of emixustat hydrochloride under the Compassionate Access Authorization (Autorisation d'Accès Compassionnel; "AAC") framework. Subsequently, on June 10, 2026, the Group entered into a supplementary memorandum (Amendment No. 1) providing for, among other matters, updates to the terms and structure of the milestone payments and clarification of refund conditions. From April 2026, the Group commenced the manufacture of active pharmaceutical ingredients of emixustat hydrochloride in compliance with Good Manufacturing Practice (GMP), and, as the payment conditions for the first milestone relating to the active pharmaceutical ingredient manufacturing process under the agreement were satisfied, the Group received the consideration for the said milestone from Laboratoires KÔL on July 2, 2026. Going forward, in collaboration with Laboratoires KÔL, the Group will advance the application procedures with the French authorities to facilitate the granting of AAC for eligible individual patients.

Regarding the procurement of funds through the issuance of securities, the amount paid upon exercise of share acquisition rights amounted to ¥315 million in the nine months ended September 30, 2026 and ¥1,087 million in the fiscal year ended December 31, 2025, representing a significant increase from ¥48 million in the fiscal year ended December 31, 2024 and exceeding the Company's expectations. With regard to the 38th series of share acquisition rights issued in December 2025, all of the rights had been exercised as of July 7, 2026. As mentioned above, there has been a delay in the ramp-up of overseas sales of the already-commercialized Kubota Glass, a myopia progression care 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 ¥1,427 million as of the end of the third quarter of the fiscal year ending December 31, 2026 and ¥1,919 million as of December 31, 2025,

compared with ¥1,455 million as of December 31, 2024, ¥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. Steadily conducting clinical studies aimed at preventing pediatric myopia in China for the future business development of Kubota Glass, a myopia progression care device, which utilizes Kubota Glass Technology, and the acquisition of approval as a medical device.
2. Improving product quality and reducing manufacturing costs through rationalization of the production system for Kubota Glass, a myopia progression care device.
3. Achieving early monetization of emixustat hydrochloride primarily in France through the utilization of the AAC framework for designated patients, and conducting market research and analysis with a view to expansion into other countries and regions that have similar programs.
4. Considering and implementing a variety of financing measures aimed at strengthening the financial base (including the issuance of the 41st series of share acquisition rights and the 42nd series of share acquisition rights through third-party allotments, which was resolved on October 23, 2026).

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.

With regard to 4. above, at a meeting of the Board of Directors held on October 23, 2026, the Company resolved to issue the 41st series of share acquisition rights (with an exercise price adjustment clause) through a third-party allotment to EVO FUND as the planned allottee, and the 42nd series of share acquisition rights through a third-party allotment to Dr. Ryo Kubota as the planned allottee. The funds to be procured through the issuance and exercise of these share acquisition rights (net proceeds of approximately ¥2,380 million) are planned to be allocated mainly to expenses related to the research and development and commercialization of emixustat hydrochloride and Kubota Glass Technology, as well as to working capital for business operations in 2027 and 2028. In particular, with respect to the 41st series of share acquisition rights, the exercise commitment under the share acquisition rights purchase agreement to be entered into with EVO FUND is expected to secure funds to meet funding requirements from January 2027 onward.

Even when taking into account the uncertainties regarding the outcomes of each measure, the Group holds cash and cash equivalents of ¥1,427 million as of the end of the third quarter of the current fiscal year and has sufficiently secured the funds necessary for its business operations for the foreseeable future. Accordingly, the Group has determined that no material uncertainty exists related to 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, 2025	As of September 30, 2026
Assets		
Current assets		
Cash and cash equivalents	1,918,615	1,427,135
Trade receivables	350	264
Inventories	3,759	8,891
Other current assets	46,271	133,034
Total current assets	1,968,995	1,569,323
Non-current assets		
Other non-current assets	10,462	10,442
Total non-current assets	10,462	10,442
Total assets	1,979,457	1,579,765
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	21,358	1,499
Accrued liabilities	105,631	60,005
Accrued compensation	13,642	11,695
Lease liabilities	13,989	11,313
Other current liabilities	2,753	88,074
Total current liabilities	157,373	172,587
Non-current liabilities		
Lease liabilities	8,252	560
Total non-current liabilities	8,252	560
Total liabilities	165,625	173,148
Shareholders' equity		
Share capital	577,576	151,096
Capital surplus	28,418,035	25,897,325
Accumulated deficit	(25,732,895)	(23,180,237)
Other components of equity	(1,448,884)	(1,461,567)
Total equity attributable to owners of parent	1,813,832	1,406,617
Total shareholders' equity	1,813,832	1,406,617
Total liabilities and shareholders' equity	1,979,457	1,579,765

(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, 2025	Nine months ended September 30, 2026
Revenue	18,235	10,818
Business expenses		
Cost of sales	5,910	2,641
Research and development expenses	240,255	455,327
Selling, general and administrative expenses	390,086	448,672
Total business expenses	636,251	906,640
Other operating expenses	35,960	14,709
Operating loss	(653,976)	(910,531)
Other income and expenses		
Finance income	1,851	3,669
Finance costs	(739)	(325)
Settlement income	217,872	–
Other income (expenses)	(208)	(566)
Total other income and expenses	218,776	2,778
Loss before tax	(435,200)	(907,753)
Net loss	(435,200)	(907,753)
Loss attributable to		
Owners of parent	(435,200)	(907,753)
Net loss per share		
Basic loss per share (Yen)	(7.08)	(6.34)
Diluted loss per share (Yen)	(7.08)	(6.34)

Condensed quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Net loss	(435,200)	(907,753)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(31)	(12,683)
Total other comprehensive income	(31)	(12,683)
Comprehensive income (loss)	(435,231)	(920,436)
Comprehensive income (loss) attributable to		
Owners of parent	(435,231)	(920,436)

(3) Condensed quarterly consolidated statements of changes in equity

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

Nine months ended September 30, 2026

(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, 2026	577,576	28,418,035	(25,732,895)	(1,448,884)	1,813,832	1,813,832
Net loss			(907,753)		(907,753)	(907,753)
Exchange differences on translation of foreign operations				(12,683)	(12,683)	(12,683)
Comprehensive income (loss)	–	–	(907,753)	(12,683)	(920,436)	(920,436)
Share-based compensation expense		36,314			36,314	36,314
Issuance of new shares	157,502	157,502			315,004	315,004
Capital reduction	(667,503)	(2,792,910)	3,460,412		–	–
Issuance of restricted stock compensation	83,520	83,520			167,040	167,040
Issuance cost of new shares		(5,137)			(5,137)	(5,137)
Total transactions with owners	(426,481)	(2,520,711)	3,460,412	–	513,221	513,221
Balance as of September 30, 2026	151,096	25,897,325	(23,180,237)	(1,461,567)	1,406,617	1,406,617

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Cash flows from operating activities		
Net loss	(435,200)	(907,753)
Adjustments to reconcile net loss to net cash used in operating activities		
Impairment losses	35,960	14,709
Share-based compensation expense	11,910	105,914
Finance income	(1,851)	(3,669)
Finance costs	739	325
Change in operating assets and liabilities		
Trade receivables	3,259	89
Other current assets	(4,925)	5,571
Other current liabilities	(2,806)	86,435
Trade payables	(25,953)	(20,379)
Accrued liabilities	18,314	(46,811)
Accrued compensation	(36,312)	(2,059)
Other assets	(313)	(5,062)
Subtotal	(437,178)	(772,691)
Interest paid	(747)	(325)
Net cash provided by (used in) operating activities	(437,925)	(773,016)
Cash flows from investing activities		
Interest received	1,914	3,705
Purchase of property, plant and equipment	(8,480)	(14,683)
Proceeds from refund of leasehold and guarantee deposits	5,117	205
Net cash provided by (used in) investing activities	(1,449)	(10,772)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	771,134	309,862
Payment of lease liabilities	(12,384)	(10,578)
Net cash provided by (used in) financing activities	758,750	299,285
Effect of exchange rate changes on cash and cash equivalents	(6,398)	(6,976)
Net increase (decrease) in cash and cash equivalents	312,978	(491,480)
Cash and cash equivalents at beginning of period	1,454,908	1,918,615
Cash and cash equivalents at end of period	1,767,886	1,427,135

(5) Notes to condensed quarterly consolidated financial statements

Notes on going concern assumption

Not applicable.

Segment information

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.

Significant subsequent events

Issuance of the 41st series of share acquisition rights and the 42nd series of share acquisition rights through third-party allotments

At a meeting of the Board of Directors held on October 23, 2026, the Company resolved to issue the 41st series of share acquisition rights (with an exercise price adjustment clause) through a third-party allotment to EVO FUND as the planned allottee and the 42nd series of share acquisition rights through a third-party allotment to Dr. Ryo Kubota, Director, Chairman, President and Chief Executive Officer of the Company, as the planned allottee, and to enter into share acquisition rights purchase agreements and other agreements with the respective planned allottees. As Dr. Ryo Kubota has a special interest in this matter, he did not participate in the resolution of the Board of Directors concerning the issuance of the 42nd series of share acquisition rights.

The funds to be procured through the issuance and exercise of these share acquisition rights are planned to be allocated mainly to expenses related to the research and development and commercialization of emixustat hydrochloride and Kubota Glass Technology, as well as to working capital for business operations. At the same meeting, the Board of Directors also resolved to change the use of proceeds and the scheduled timing of expenditures with respect to the funds procured through the issuance of new shares and the 38th series of share acquisition rights through a third-party allotment implemented in December 2025.

For details, please refer to “Notice Regarding the Issuance of 41st Series SARs (with Exercise Price Adjustment Clause) and 42nd Series SARs through TPA, and Execution of SAR Purchase Agreement (Commit Issue)” announced on October 23, 2026.