Financial Results for the Fiscal Year ended March 31, 2024
[Japanese GAAP] (non-consolidated)

May 10, 2024

BrightPath Biotherapeutics Co., Ltd. Listed Market Growth, TSE
TSE Code 4594 URL https://www.brightpathbio.com/english/index.html
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Scheduled date of annual meeting of stockholders : June 21, 2024
Scheduled date of dividend payment commencement :—
Scheduled date of submission of securities report : June 21, 2024
Supplementary materials for financial statements : Yes
Briefing of financial results : Yes (for analysts and institutional investors)

(Millions of yen, rounded down to the nearest million)

1. Financial results for fiscal year 2024 (April 1, 2023 – March 31, 2024)

(1) Results of Operation (Percentages represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	0	-98.6	-1,155	—	-1,158	—	-1,168	—
Fiscal year ended March 31, 2023	5	-65.7	-1,467	—	-1,473	—	-1,485	—

	Net income per share	Fully diluted net income per share	Return on shareholders' equity	Ratio of ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	-18.21	—	-93.3	-79.1	—
Fiscal year ended March 31, 2023	-24.90	—	-73.3	-65.9	-27,785.2

(Reference) Equity in earnings (losses) of affiliated companies:
Year ended March 31, 2024: ¥— million
Year ended March 31, 2023: ¥— million

(Note) 1. Fully diluted net income per share is not stated as net loss was recorded for this period although there are residual shares.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	1,230	978	77.7	13.52
As of March 31, 2023	1,701	1,567	90.9	24.60

(Reference) Shareholders' equity As of March 31, 2024 956 million yen
As of March 31, 2023 1,547 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2024	-1,156	-7	690	1,057
Fiscal year ended March 31, 2023	-1,204	-1	432	1,530

2. Dividends

	Annual dividends per share					Total dividends paid (annual)	Payout ratio	Ratio of dividends to net assets
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Projected financial results for fiscal year 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	0	-31.3	-925	—	-925	—	-927	—	-13.08

(Note) 1. The Company manages business results on an annual basis, and therefore only the full-year financial forecasts are disclosed.

[Notes]

(1) Changes in significant accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards, etc. : None

2) Changes in accounting policies due to other reasons than above 1) : None

3) Changes in accounting estimates : None

4) Restatements : None

(2) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury stock)	As of March 31, 2024	70,741,300 shares	As of March 31, 2023	62,891,200 shares
2) Number of shares of treasury stock at the end of the period	As of March 31, 2024	1 shares	As of March 31, 2023	1 shares
3) Average number of shares during the period	Year ended March 31, 2024	64,162,271 shares	Year ended March 31, 2023	59,660,272 shares

* These financial results are outside the scope of audits by a certified public accountant or an audit corporation.

* Explanations regarding appropriate use of forecasts and projections of financial results, and other specific notes

- All forecasts and projections contained in this document are based on the information available and certain assumptions deemed reasonable by the Company at this time. They are not intended to represent our promise to attain them as a goal. Actual results may differ substantially due to various reasons. For details on the assumptions and conditions for forecasts and projections as well as notes on their use, please refer to “1. Overview of Business Results, (4) Future Outlook” on page 5 of the attachment.

Contents of the Attachment

1. Overview of Business Results

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the global economic uncertainty continued to increase due to persistent international conflicts, and economic activity in the United States and Europe was somewhat hindered because they held their policy interest rate at a high level for the purpose of curbing inflation. Nevertheless, the US and European economy remained fairly stable with the help of strong business performance in the US and major emerging market countries. Biotech stock prices, which had been depressed since the end of 2021, showed a recovery trend in specific areas including obesity drugs and cell therapy with gene-editing technology. Meanwhile, the Japanese economy entered a phase of gradual improvement mainly owing to a trend of recovery of inbound travel demand. While the Nikkei Stock Average hit a record high due to robust foreign investments, their investment targets concentrated on highly liquid stocks issued by leading companies. Most Japanese biotech companies therefore continued to face a harsh funding environment.

Under these circumstances, BrightPath Biotherapeutics Co., Ltd. (the “Company”) raised capital through the issuance of Series 16 Share Options. This helped the Company built an environment for exploring and developing iPSC derived NKT cell therapy, as detailed below, and take a step forward for the launch of the novel therapy.

Cell therapy agents

<iPSC derived natural killer T-cell (NKT cell) therapy: BP2201>

BP2201 (iPS-NKT) is a candidate agent for novel allogeneic cell therapy. This novel therapy uses natural killer T-cells (NKT cells)[1] manufactured in large quantities through iPS cell technology to treat cancer, since NKT cells have multifaceted anti-tumor effects including cancer-killing capabilities.

With the emergence of CAR-T cells[2] as new therapeutic agents, cancer treatment has entered a new era. Such new agents are manufactured by collecting T-cells from a patient or non-diseased individual and engineering them with chimeric antigen receptors (CAR) that can recognize cancer antigens with the aim of enhancing tumor killing capabilities. Multiple kinds of CAR-T cell products manufactured in this way have already been approved in some countries. At present, the development of next-generation CAR-T cells with enhanced functionality is underway worldwide. The Company’s ongoing project aims at developing differentiated CAR-iPS NKT by using NKT cells made from non-diseased donors’ iPS cells.

The Company has obtained an exclusive license to use the patent for iPSC derived NKT cells (iPS-NKT) from Institute of Physical and Chemical Research, a.k.a. RIKEN. This patent, registered in Japan, the US and the EU, extensively and exclusively protects the use of iPS-NKT for CAR-T cell therapy and other kinds of allogeneic cell therapy. This license has allowed the Company to establish the manufacturing process capable of differentiating iPS cells in the master iPS cell bank into high-purity and high-yield NKT cells and facilitated the Company’s introduction of gene-editing technologies. At Chiba University where clinical research for autologous NKT cell therapy has been continued since the beginning of the 2000s, an investigator-initiated Phase 1 trial of iPS-NKT in patients with head and neck cancers (started in June 2000) was conducted. This is the world’s first clinical application of iPS-NKT in cellular immunotherapy. This clinical trial demonstrated acceptable tolerability and safety as the primary endpoints and confirmed preliminary anti-tumor activity, as shown by the topline data published at an academic conference in February 2024.

Non-genetically edited iPS-NKT cells used in this clinical trial can serve as a cornerstone or platform for developing novel iPS-NKT cells by transducing CAR-T cells targeting various tumor antigens. Such platform will facilitate the application of iPS-NKT cells to treatment of various types of cancer in

many regions of the world. Compared to non-genetically edited iPS-NKT cells, HER2 CAR iPS-NKT experimentally manufactured by the Company exhibits enhanced anti-tumor effects. The Company reported the data showing this at the American Association for Cancer Research in November 2023.

In May 2023, the Company obtained a license for the STAR-CRISPR™ gene editing technology. This license enables the Company to create programs for advanced gene-edited CAR-iPS NKT cell therapy to treat various types of cancer including solid tumors. The Company's development project to create prototype CAR-NKT cells is underway.

<HER2 CAR-T cell therapy: BP2301>

BP2301 is a chimeric antigen receptor gene-transfected T-cell (CAR-T cell) therapy which targets HER2 that is highly expressed in various solid tumors. In the Phase 1 investigator-initiated clinical trial started in May 2022 at Shinshu University, the treatment of HER2-positive relapsed or advanced sarcomas and gynecological malignancies is being tested.

Until today, CAR-T cell therapies have been approved globally with excellent clinical benefits demonstrated in clinical trials for hematologic cancers. However, the deployment of CAR-T cell therapies to treat solid tumors, from which a larger number of people suffer, faces a challenge due to the lack of sufficient clinical efficacy of CAR-T cells resulting from their exhaustion and dysfunction in the immune-suppressive tumor microenvironment. The Company has successfully overcome this challenge by developing a technology using CAR-T cells rich in stem cell memory phenotypes. Owing to the high replicability and long-term viability of such CAR-T cells in the patient's body, BP2301 is a promising solution to enhance resistance to T-cell exhaustion and to achieve long-lasting anti-tumor effects in the tumor microenvironment. This success is attributed to the joint development of a novel cell culture method with Professor Yozo Nakazawa and Professor Shigeki Yagyu of Shinshu University, based on Professor Nakazawa's non-viral gene transfer method.

Antibody drugs

Since immune checkpoint molecules[3] or immunomodulatory molecules suppress the immune system to eliminate tumor cells, the Company is developing antibody drugs capable of binding to such molecules and inhibiting their function. The Company's antibody drug development pipelines cover BP1200, BP1202, BP1210 and BP1212. BP1200 and BP1202 target CD73 and CD39 respectively, both of which help prevent the production of immunosuppressive adenosine. BP1210 targets TIM-3, which is expressed in immune cells and restraints anti-tumor immunity. Furthermore, BP1212 is a CD39/TIM-3 bispecific antibody targeting immune cells which co-express CD39 and TIM-3 and simultaneously blocking multiple immunosuppressive mechanisms.

Since CD39 is highly expressed in regulatory T-cells (Tregs), which strongly suppress anti-tumor immunity, the Company has altered BP1202 to add the function of selectively eliminating cancer cells and Tregs. Due to the combination of CD39 and TIM-3 as targets, BP1212 is a potential candidate for the first-in-class drug, that is, the first breakthrough drug approved in the same drug class.

Cancer vaccines

<Fully-personalized neoantigen vaccine with immune checkpoint antibodies: BP1209>

BP1209 is a new platform of fully-personalized neoantigen vaccines[4] optimized to induce each individual patient's anti-tumor immunity targeting immunogenic neoantigens derived from mutations in cancer cell derived genes. BP1209 uses checkpoint inhibitor antibodies to deliver neoantigen peptides to dendritic cells acting as messengers to T-cells. To facilitate the binding of BP1209 to such antibodies, the Company's original linker technology is utilized. The Company has

demonstrated in a tumor-bearing mouse model that efficient delivery of vaccine antigens to dendritic cells which direct anti-tumor immunity can induce many more cancer-killing T-cells which identify and attack neoantigens than peptides alone do.

<Cancer peptide vaccine: GRN-1201>

GRN-1201 is a cancer peptide vaccine consisting of four tumor associated antigen derived HLA-A2 restricted peptides[5]. HLA-A2 types are common among Europeans and Americans, and GRN-1201 is intended for global deployment including the US and Europe. In May 2022, the Company decided on the early termination of the Phase 2 clinical trial of the cancer peptide vaccine GRN-1201 in combination with the immune checkpoint inhibitory antibody targeting PD-1 for non-small cell lung cancer conducted in the US. While the Company is redefining the original trial subject and protocol, the Company is not yet to find a new partner to commence a fresh clinical trial for GRN-1201.

As a consequence of all of the foregoing, the Company recorded the financial results for the fiscal year ended March 31, 2024 as follows: net sales of 72 thousand yen (5,280 thousand yen in the prior year), operating loss of 1,155,078 thousand yen (1,467,059 thousand yen in the prior year), ordinary loss of 1,158,929 thousand yen (1,473,774 thousand yen in the prior year), and net loss of 1,168,082 thousand yen (1,485,633 thousand yen in the prior year).

(2) Overview of Financial Position for the Fiscal Year under Review

(i) Current assets

At the end of the fiscal year under review, current assets were 1,180,960 thousand yen, a decrease of 470,250 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 473,609 thousand yen in cash and deposits due to expenditures related to research and development, etc., despite proceeds from the issuance of shares.

(ii) Non-current assets

At the end of the fiscal year under review, non-current assets were 49,296 thousand yen, a decrease of 937 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 937 thousand yen in investments and other assets due to refunded deposit from a temporary employment agency.

(iii) Current liabilities

At the end of the fiscal year under review, current liabilities were 191,011 thousand yen, an increase of 114,453 thousand yen from the end of the previous fiscal year. The main factors for this include an increase of 112,500 thousand yen in current portion of bonds payable.

(iv) Non-current liabilities

At the end of the fiscal year under review, non-current liabilities were 60,258 thousand yen, an increase of 2,912 thousand yen from the end of the previous fiscal year. The main factors for this include an increase of 2,821 thousand yen in provision for retirement benefits.

(v) Net assets

At the end of the fiscal year under review, net assets were 978,987 thousand yen, a decrease of 588,554 thousand yen from the end of the previous fiscal year. The main factors for this are an increase of 576,950 thousand yen in the total of capital stock and capital surplus due to issuance of new shares, and a decrease of a net loss of 1,168,082 thousand yen. As a result of the above, equity ratio was 77.7% compared to 90.9% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

At the end of the fiscal year under review, cash and cash equivalents (hereinafter “net cash”) amounted to 1,057,360 thousand yen, a decrease of 473,609 thousand yen from the end of the previous fiscal year. The situation of each cash flow for the fiscal year under review and the underlying factors are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 1,156,920 thousand yen (1,204,401 thousand yen used in the prior year). This was mainly due to recording loss before income taxes of 1,166,182 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 7,648 thousand yen (1,760 thousand yen used in the prior year). This was mainly due to 6,194 thousand yen spent for purchase of property, plant and equipment associated with research and development equipment, etc.

(Cash flows from financing activities)

Net cash provided from financing activities amounted to 690,959 thousand yen (432,104 thousand yen provided in the prior year). This was mainly due to 573,382 thousand yen in proceeds from issuance of shares resulting from exercise of share acquisition rights.

(4) Future Outlook

The Company’s business mission is to create novel cancer immunotherapy drugs. The Company’s business model is based on developing drugs that utilize the immune system to kill cancer cells, involving in the early development stage of these drugs, and licensing them out to pharmaceutical companies to monetize them. The current goal is to advance each development pipeline to a stage of next-level development where there are many licensing transaction flows.

The pipelines currently underway are as follows, which we are pushing forward developments as we have previously envisioned.

Developed product	Mechanism/target	Cancer type	Discovery	Preclinical	PI	PII
Cell Therapy						
BP2201	iPS cell-derived NKT cells	HNSCC				
BP2301	HER2 CAR-T	Sarcoma Gynecological Tumors				
Antibody						
BP1200	CD73					
BP1202	CD39					
BP1210	TIM-3					
BP1212	CD39×TIM-3					
Cancer vaccines						
GRN-1201	4 Tumor Associated Antigens	NSCLC		*in combination with pembrolizumab*		
BP1209	Personalized neoantigen	Solid Tumor				

<Glossary>

1. NKT cell

An immune cell combining the properties of natural killer (NK) cells and T-cells and serving as a functional bridge between innate and acquired immunity. NKT cells have the ability to directly kill cancer cells through T-cell receptors or NK cell receptors and at the same time have an adjuvant action that activates other immune cells such as T-cells and dendritic cells. When activated, NKT cells produce a variety of cytokines and promote the activation of NK cells belonging to the innate immune system and the maturation of dendritic cells. Mature dendritic cells further proliferate and activate killer T-cells belonging to the acquired immune system, thereby synergistically enhancing anti-tumor effects.

2. CAR-T cell

A *g*enetically modified T-cell with a chimeric antigen receptor, that is, a T-cell (a type of lymphocyte with anti-tumor immunity) into which a chimeric antigen receptor (CAR) that recognize antigens expressed in cancer cells is introduced.

3. Immune checkpoint molecule

A group of molecules that suppress the immune response to self proteins as well as suppress excessive immune responses in order to maintain immune homeostasis. These molecules are present to prevent over-activation of immune cells and protect against the attack on self proteins. In cancer immunity, immune checkpoint molecules play a role to turn activated immune cells back to normal after eliminating cancer cells. During cancer progression, however, immune checkpoint molecules may help cancer cells evade attack from the immune system and promote their proliferation.

4. Fully-personalized neoantigen vaccine

A tailor-made cancer vaccine, which is manufactured by identifying neoantigens (mutated antigens) in each patient's cancer cells to which the patient's T-cells can potentially respond and targeting such neoantigens in an attempt to eliminate cancer cells.

5. HLA

A human leukocyte antigen, or HLA, is a marker to distinguish between self and non-self molecules, and there are diverse types of HLAs. Self molecules are proteins expressed on the surface of almost all cells in the human body and recognized as self by the immune system. Non-self molecules, in contrast, are recognized as foreign which the immune system attempts to eliminate. Peptides used as ingredients in vaccines bind to a specific type of HLA alone and do not bind to any other different types.

(5) Material Uncertainty related to Going Concern

There are no material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

2. Basic Views on Selection of Accounting Standards

The Company's financial reporting is made in accordance with generally accepted accounting principles in Japan (Japanese GAAP). As to whether to adopt the International Financial Reporting Standards (IFRS) in the future, the Company intends to carry out proper deliberation in light of various situations at home and abroad.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,530,969	1,057,360
Accounts receivable - trade	55	6
Other	120,184	123,594
Total current assets	1,651,210	1,180,960
Non-current assets		
Property, plant and equipment		
Buildings, net	0	0
Machinery and equipment, net	0	－
Tools, furniture and fixtures, net	0	0
Total property, plant and equipment	0	0
Intangible assets		
Software	0	0
Total intangible assets	0	0
Investments and other assets		
Long-term prepaid expenses	0	0
Other	50,234	49,296
Total investments and other assets	50,234	49,296
Total non-current assets	50,234	49,296
Total assets	1,701,444	1,230,257

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	77	20
Current portion of bonds payable	—	112,500
Accounts payable - other	56,716	52,729
Accrued expenses	4,047	6,088
Income taxes payable	10,409	12,815
Deposits received	5,308	6,856
Total current liabilities	76,558	191,011
Non-current liabilities		
Deferred tax liabilities	0	0
Provision for retirement benefits	34,789	37,610
Asset retirement obligations	22,556	22,648
Total non-current liabilities	57,345	60,258
Total liabilities	133,903	251,270
Net assets		
Shareholders' equity		
Capital stock	362,185	650,661
Capital surplus		
Legal capital surplus	262,185	550,661
Other capital surplus	2,408,534	2,408,534
Total capital surpluses	2,670,720	2,959,195
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-1,485,633	-2,653,715
Total retained earnings	-1,485,633	-2,653,715
Treasury stock	-0	-0
Total shareholders' equity	1,547,272	956,141
Share acquisition rights	20,268	22,845
Total net assets	1,567,541	978,987
Total liabilities and net assets	1,701,444	1,230,257

(2) Statements of Operations

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	5,280	72
Cost of sales		
Research and development costs	70	18
Other cost of sales	1,825	—
Total cost of sales	1,895	18
Gross profit	3,384	54
Selling, general and administrative expenses	1,470,443	1,155,133
Operating income	-1,467,059	-1,155,078
Non-operating income		
Interest income	20	12
Other	546	286
Total non-operating income	567	299
Non-operating expenses		
Interest on bonds	61	—
Foreign exchange losses	4,822	2,659
Share issuance cost	2,094	1,399
Other	305	90
Total non-operating expenses	7,283	4,149
Ordinary income	-1,473,774	-1,158,929
Extraordinary losses		
Impairment loss	9,958	7,252
Other	—	0
Total extraordinary losses	9,958	7,252
Income before income taxes	-1,483,733	-1,166,182
Income taxes - current	1,900	1,900
Total income taxes	1,900	1,900
Net income	-1,485,633	-1,168,082

Manufacturing Statement

1. Manufacturing statement for research and development costs

		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Category	Notes	Amount (Thousand yen)	Composition (%)	Amount (Thousand yen)	Composition (%)
I Material cost		—	—	—	—
II Labor cost		—	—	—	—
III Expenses		70	100.0	18	100.0
Research and development expenses for the current period		70	100.0	18	100.0
Work in progress at the beginning of the period		—		—	
Total		70		18	
Research and development costs for the current period		70		18	

(Cost accounting method)

The Company adopts the job-order cost system.

2. Manufacturing statement for other costs

		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Category	Notes	Amount (Thousand yen)	Composition (%)	Amount (Thousand yen)	Composition (%)
I Material cost		—	—	—	—
II Labor cost		1,000	54.8	—	—
III Expenses	*1	825	45.2	—	—
Other expenses for the current period		1,825	100.0	—	—
Work in progress at the beginning of the period		—		—	
Total		1,825		—	
Other costs for the current period		1,825		—	

(Note) *1 Main breakdown is as follows:

(Thousand yen)

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Commission expenses	400	—

(Cost accounting method)

The Company adopts the job-order cost system.

(3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital assets surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	6,700,382	6,683,967	—	6,683,967	-10,875,815	-10,875,815	—	2,508,534
Changes of items during period								
Issuance of new shares	262,185	262,185		262,185				524,371
Transfer to other capital surplus from capital stock	-6,600,382		6,600,382	6,600,382				—
Transfer to other capital surplus from legal capital surplus		-6,683,967	6,683,967					—
Deficit disposition			-10,875,815	-10,875,815	10,875,815	10,875,815		—
Net loss					−1,485,633	−1,485,633		−1,485,633
Purchase of treasury stock							-0	-0
Net changes of items other than shareholders' equity								
Total changes of items during period	-6,338,197	-6,421,781	2,408,534	-4,013,247	9,390,182	9,390,182	-0	-961,261
Balance at end of current period	362,185	262,185	2,408,534	2,670,720	−1,485,633	−1,485,633	-0	1,547,272

	Share acquisition rights	Total net assets
Balance at beginning of current period	22,940	2,531,475
Changes of items during period		
Issuance of new shares		524,371
Transfer to other capital surplus from capital stock		—
Transfer to other capital surplus from legal capital surplus		—
Deficit disposition		—
Net loss		-1,485,633
Purchase of treasury stock		-0
Net changes of items other than shareholders' equity	-2,672	-2,672
Total changes of items during period	-2,672	-963,934
Balance at end of current period	20,268	1,567,541

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital assets surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	362,185	262,185	2,408,534	2,670,720	-1,485,633	-1,485,633	-0	1,547,272
Changes of items during period								
Issuance of new shares	288,475	288,475		288,475				576,950
Transfer to other capital surplus from capital stock								—
Transfer to other capital surplus from legal capital surplus								—
Deficit disposition								—
Net loss					−1,168,082	−1,168,082		−1,168,082
Purchase of treasury stock								—
Net changes of items other than shareholders' equity								
Total changes of items during period	288,475	288,475	—	288,475	-1,168,082	-1,168,082	—	-591,131
Balance at end of current period	650,661	550,661	2,408,534	2,959,195	−2,653,715	−2,653,715	-0	956,141

	Share acquisition rights	Total net assets
Balance at beginning of current period	20,268	1,567,541
Changes of items during period		
Issuance of new shares		576,950
Transfer to other capital surplus from capital stock		—
Transfer to other capital surplus from legal capital surplus		—
Deficit disposition		—
Net loss		-1,168,082
Purchase of treasury stock		—
Net changes of items other than shareholders' equity	2,577	2,577
Total changes of items during period	2,577	-588,554
Balance at end of current period	22,845	978,987

(4) Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Loss before income taxes	-1,483,733	-1,166,182
Depreciation	16,719	395
Impairment loss	9,958	7,252
Increase (decrease) in retirement benefit liability	2,183	2,821
Interest and dividend income	-20	-12
Interest on bonds	61	—
Decrease (increase) in notes and accounts receivable - trade	16,530	49
Increase (decrease) in notes and accounts payable - trade	-1,835	-56
Other, net	238,335	698
Subtotal	-1,201,800	-1,155,034
Interest and dividend income received	21	13
Interest paid	-202	—
Income taxes paid	-2,420	-1,900
Net cash provided by (used in) operating activities	-1,204,401	-1,156,920
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,005	-6,194
Purchase of intangible assets	-755	-1,454
Net cash provided by (used in) investing activities	-1,760	-7,648
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	519,604	573,382
Proceeds from issuance of bonds	—	500,000
Redemption of bonds	-87,500	-387,500
Purchase of treasury stock	-0	—
Proceeds from issuance of share acquisition rights	—	5,076
Net cash provided by (used in) financing activities	432,104	690,959
Net increase (decrease) in cash and cash equivalents	-774,056	-473,609
Cash and cash equivalents at beginning of period	2,305,026	1,530,969
Cash and cash equivalents at end of period	1,530,969	1,057,360

(5) Notes to Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

Segment information is omitted as the Company operates in the single business segment of the pharmaceutical development business and there is no other significant segment information.

(Per share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Yen	Yen
Net assets per share	24.60	13.52
Net loss per share	-24.90	-18.21

(Notes) 1. Fully diluted net income per share is not stated as net loss was recorded although there are residual shares.

2. The basis for calculating net loss per share is as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net loss (Thousand yen)	−1,485,633	−1,168,082
Amount not attributable to common shareholders (Thousand yen)	—	—
Net loss for common stock (Thousand yen)	−1,485,633	−1,168,082
Average number of shares of common stock during the period (Shares)	59,660,271	64,162,271
Overview of residual shares not included in calculation of fully diluted net income per share due to lack of dilutive effect	—	—

3. The basis for calculating net assets per share is as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total net assets (Thousand yen)	1,567,541	978,987
Amount deducted from total net assets (Thousand yen)	20,268	22,845
(of which, share acquisition rights) (Thousand yen)	(20,268)	(22,845)
Net assets at the end of the period for common stock (Thousand yen)	1,547,272	956,141
Number of shares of common stock at the end of the period to calculate net assets per share (Shares)	62,891,199	70,741,299

(Significant subsequent events)

(Exercise of the 16 warrants)

The series 16 warrants with exercise price amendment clause (third-party allotment) held by Macquarie Bank Limited has been partially exercised during the period from April 1, 2024 to May 8, 2024. Summary of the exercise of the warrants is as follows:

1. Class and number of shares issued Common stock 200,000 shares
2. Total amount of issue price 11,500 thousand yen

As a result, capital stock and capital surplus increased by 5,783 thousand yen each, including 66 thousand yen transferred from share acquisition rights.