Financial Results for the Fiscal Year ended March 31, 2023
[Japanese GAAP] (non-consolidated)

May 12, 2023

BrightPath Biotherapeutics Co., Ltd. Listed Market Growth, TSE
TSE Code 4594 URL https://www.brightpathbio.com/english/index.html
Representative (Title) President & CEO (Name) Kenichi Nagai
Contact (Title) Director (Name) Yoichi Takeshita (TEL) +81-3-5840-7697

Scheduled date of annual meeting of stockholders : June 22, 2022
Scheduled date of dividend payment commencement :—
Scheduled date of submission of securities report : June 22, 2022
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 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	5	-65.7	-1,467	—	-1,473	—	-1,485	—
Fiscal year ended March 31, 2022	15	515.3	-1,476	—	-1,481	—	-1,484	—

	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, 2023	-24.90	—	-73.3	-65.9	-27,785.2
Fiscal year ended March 31, 2022	-28.55	—	-49.3	-45.5	-9,579.2

(Reference) Equity in earnings (losses) of affiliated companies:
Year ended March 31, 2023: ¥— million
Year ended March 31, 2022: ¥— 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, 2023	1,701	1,567	90.9	24.60
As of March 31, 2022	2,771	2,531	90.5	45.40

(Reference) Shareholders' equity As of March 31, 2023 1,547 million yen
As of March 31, 2022 2,508 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, 2023	-1,204	-1	432	1,530
Fiscal year ended March 31, 2022	-1,512	-17	569	2,305

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, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Projected financial results for fiscal year 2024 (April 1, 2023 – March 31, 2024)

(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	-100.0	-1,353	—	-1,353	—	-1,357	—	-21.58

(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. : Yes

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

3) Changes in accounting estimates : None

4) Restatements : None

(Note) For details, please refer to “3. Financial Statements and Primary Notes (5) Notes to Financial Statements (Changes in accounting policies)” on page 14 of the attachment.

(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, 2023	62,891,200 shares	As of March 31, 2022	55,253,100 shares
2) Number of shares of treasury stock at the end of the period	As of March 31, 2023	1 shares	As of March 31, 2022	— shares
3) Average number of shares during the period	Year ended March 31, 2023	59,660,272 shares	Year ended March 31, 2022	51,993,131 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, 2023, the global economic uncertainty triggered by Russia's invasion of Ukraine was rising. Concerns over the acceleration of inflation stemming from surging resource prices urged the central banks in the US and Europe to continue their tight monetary policy, which has significantly affected equity markets. While biotech stock indices had been depressed since 2021, top pharmaceutical companies (Big Pharma) have started to redefine their development and investment area and decided to terminate some agreements for licensing from biotech companies. Meanwhile, some industrial sectors in Japan returned to a track for gradual recovery, although the Japanese economy as a whole was yet to restore stability. Stock indices of Japanese biotech companies in the fiscal year under review remained at roughly the same level as in a year earlier. However, the situations of stock price fluctuation differed from company to company.

Under these circumstances, BrightPath Biotherapeutics Co., Ltd. (the "Company") has built an environment for exploring and developing iPSC derived NKT cell therapy, as detailed below, and taken 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 novel allogeneic cell therapy agent for cancer treatment that uses natural killer T-cells (NKT cells)[1] induced from iPS cells. This cell therapy agent is a kind of T-cell engineered with chimeric antigen receptors (CAR) that can recognize cancer antigens, and such CAR-T cell therapy[2] is currently under development globally. Compared with T-cells, NK cells or γδT cells typically used in other companies' development projects, NKT cells have a differentiated function and are expected to show a greater presence as immune cells which will underpin the future CAR-T cell therapy.

The Company has been promoting the research and development of the cellular therapy using NKT cells, jointly with Institute of Physical and Chemical Research (a.k.a. RIKEN). In November 2022, the Company exercised the option right to obtain a worldwide exclusive license to develop, manufacture and market BP2201 from RIKEN.

This license has allowed the Company to build an iPS-NKT platform that consists of: (1) the patent in Japan, the US, and the EU to protect the Company's extensive and exclusive use of iPSC-derived NKT cells for allogeneic cell therapy, (2) the master iPS cell bank (MCB), and (3) the manufacturing process capable of differentiating iPS cells in the MCB into high-purity and high-yield NKT cells. The clinical safety and efficacy of the MCB is expected to be demonstrated in the ongoing clinical trial.

This platform serves as a cornerstone for developing novel iPS-NKT cells by transducing CAR T-cells targeting various tumor antigens and ensures the application of iPS-NKT cells to treatment of various types of cancer in many regions of the world.

At the Annual Meeting of Society for Immunotherapy of Cancer held in the US in November 2022 (SITC 2022), the Company reported the non-clinical data of the world's first prototype CAR iPS-NKT created on the iPS-NKT platform, demonstrating anti-tumor effects in vitro[3].

The company entered into research and licensing agreement in May 2023 to receive non-exclusive rights to Artisan's STAR-CRISPR editing platform to accelerate development of iPS-NKT cells.

As for clinical application of iPS-NKT, an investigator-initiated Phase 1 trial of iPS-NKT in patients with head and neck cancers (started in June 2020) is underway at Chiba University. This Phase 1 trial stays on track and, up until now, no safety issues have been reported.

<HER2 CAR-T cell therapy: BP2301>

BP2301 is a chimeric antigen receptor gene-transfected T-cell (CAR-T cell) therapy that targets

HER2 that is highly expressed in various solid tumors. In the Phase I 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 targeting hematologic cancers have been approved globally with excellent clinical benefits demonstrated in clinical trials. 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. To overcome this challenge, BP2301 contains a large number of stem cell-like immune memory phenotype cells that are characterized by excellent replication and long-term viability in the body and are expected to provide exhaustion resistance and sustained anti-tumor effects in the tumor microenvironment. It has been allowed through 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[4] 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 the Company had ascertained high CD39 expression in regulatory T-cells (Tregs), which strongly suppress tumor immunity, the Company has altered BP1202 to add the function of selectively eliminate 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. The pre-clinical data for BP1212 were reported in SITC 2022 in November 2022. The Company is going to expedite pre-clinical testing for these novel antibody drugs and aiming to achieve pre-clinical proof of concept for all of them.

Cancer vaccines

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

BP1209 is a new platform of fully personalized neoantigen vaccines[5] 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[6]-A2 restricted peptides. 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 II 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. At present, the Company is reviewing the original trial subject and protocol and finding a way to commence a new clinical trial with the development partner.

As a consequence of all of the foregoing, the Company recorded the financial results for the fiscal year ended March 31, 2023 as follows : net sales of 5,280 thousand yen (15,408 thousand yen in the prior year), operating loss of 1,467,059 thousand yen (1,476,033 thousand yen in the prior year), ordinary loss of 1,473,774 thousand yen (1,481,945 thousand yen in the prior year), and net loss of 1,485,633 thousand yen (1,484,192 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 1,651,210 thousand yen, a decrease of 1,044,839 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 774,056 thousand yen due to expenditures related to research and development, etc., despite proceeds from the issuance of shares in cash and deposits.

(ii) Non-current assets

At the end of the fiscal year under review, non-current assets were 50,234 thousand yen, a decrease of 24,917 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 24,917 thousand yen in tools, furniture and fixtures due to depreciation of research equipment, etc.

(iii) Current liabilities

At the end of the fiscal year under review, current liabilities were 76,558 thousand yen, a decrease of 108,097 thousand yen from the end of the previous fiscal year. The main factors for this include a decrease of 87,500 thousand yen due to redemption of bonds and a decrease of 28,408 thousand yen in income taxes payable compared to the end of the previous fiscal year.

(iv) Non-current liabilities

At the end of the fiscal year under review, non-current liabilities were 57,345 thousand yen, an increase of 2,274 thousand yen from the end of the previous fiscal year. The main factors for this include an increase of 2,183 thousand yen in provision for retirement benefits.

(v) Net assets

At the end of the fiscal year under review, net assets were 1,567,541 thousand yen, a decrease of 963,934 thousand yen from the end of the previous fiscal year. The main factors for this are an increase of 524,371 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 1,485,633 thousand yen. As a result of the above, equity ratio was 90.9% compared to 90.5% 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 1,530,969 thousand yen, a decrease of 774,056 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 1,204,401 thousand yen (1,512,022 thousand yen used in the prior year). This was mainly due to recording loss before income taxes of 1,483,733 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,760 thousand yen (17,566 thousand yen used in the prior year). This was mainly due to 1,005 thousand yen spent for purchase of property, plant and

equipment associated with research and development equipment, etc.

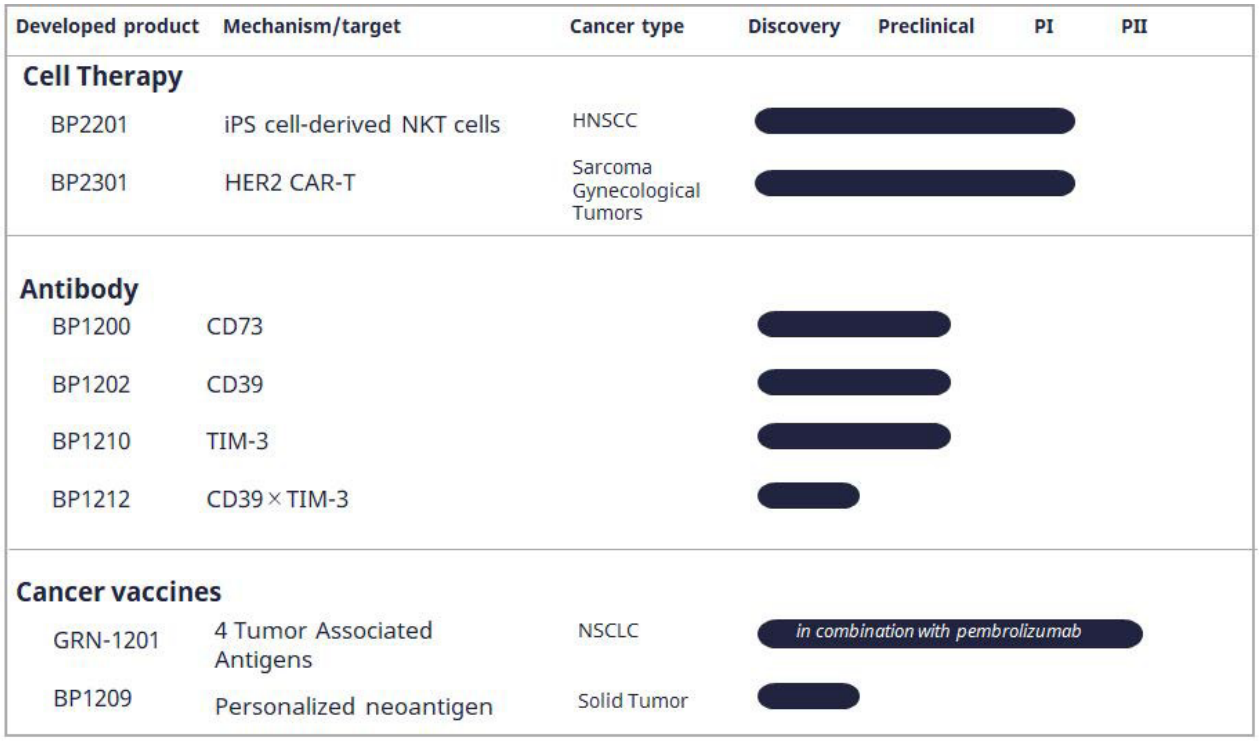
(Cash flows from financing activities)

Net cash provided from financing activities amounted to 432,104 thousand yen (569,226 thousand yen provided in the prior year). This was mainly due to 519,604 thousand yen in proceeds from issuance of shares resulting from exercise of share acquisition rights.

(4) Future Outlook

Our business target is to create novel cancer immunotherapy drugs. Our 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 mainly monetize them. The current goal is to advance each development pipeline to a stage of development where there are many licensing transactions flows.

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



<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, they 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 therapy

Chimeric antigen receptor T-cell therapy. Chimeric antigen receptors that recognize antigens expressed by cancer cells are gene-transfected into T-cells (a type of lymphocyte with anti-tumor immunity), which are then grown in culture and administered.

3. in vitro
Experiments in a model environment, often in a laboratory tube.

4. Immune checkpoint molecule
A group of molecules that suppress the immune response to self as well as suppress excessive immune responses in order to maintain immune homeostasis. In cancer immunity, they are present to prevent the attack on self by over-activation, but in the carcinogenic process, they are used by cancer cells to evade attack from the immune system and to proliferate.

5. Fully personalize neoantigen vaccine
A tailor-made cancer vaccine that searches for neoantigens in cancer cells of individual patients. Clinical trials currently conducted overseas by academia and leading development companies include those for mRNA vaccines, that is, lipid nanoparticles (LNP) loaded with mRNAs coding for neoantigens.

6. HLA
Human leukocyte antigens are proteins which are expressed on the surface of almost all cells in the human body and regulate the immune system. The HLA system, which is also known as the major histocompatibility complex (MHC), is involved in the elimination of pathogens such as bacteria and viruses, cancer cell rejection and organ transplant rejection. HLA expression occurs on the surface of cancer cells as well. In the mechanism of action of cancer vaccines, HLAs bind to peptides formed from antigenic peptides in cancer cells, migrate to the cancer cell surface, and enable cytotoxic T-cells (CTL) to recognize cancer cells. HLA are markers to distinguish self and non-self, and there are diverse types of HLAs to differentiate many varieties of non-self from self. Peptides bind to a specific type of HLA alone and do not bind to any other different types.

(5) Significant Subsequent Events regarding Going Concern Assumptions
Not applicable

2. Basic Stance on Choice of Accounting Standards
The Company applies accounting principles generally accepted in Japan (Japanese GAAP), and will appropriately consider the adoption of International Financial Reporting Standards (IFRS) in line with various conditions in Japan and overseas in the future.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,305,026	1,530,969
Accounts receivable - trade	16,586	55
Other	374,437	120,184
Total current assets	2,696,050	1,651,210
Non-current assets		
Property, plant and equipment		
Buildings, net	0	0
Machinery and equipment, net	0	0
Tools, furniture and fixtures, net	24,918	0
Total property, plant and equipment	24,918	0
Intangible assets		
Software	0	0
Total intangible assets	0	0
Investments and other assets		
Long-term prepaid expenses	0	0
Other	50,234	50,234
Total investments and other assets	50,234	50,234
Total non-current assets	75,152	50,234
Total assets	2,771,202	1,701,444

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,912	77
Current portion of bonds payable	87,500	—
Accounts payable - other	45,650	56,716
Accrued expenses	5,436	4,047
Income taxes payable	38,817	10,409
Deposits received	5,338	5,308
Total current liabilities	184,655	76,558
Non-current liabilities		
Deferred tax liabilities	0	0
Provision for retirement benefits	32,606	34,789
Asset retirement obligations	22,465	22,556
Total non-current liabilities	55,071	57,345
Total liabilities	239,727	133,903
Net assets		
Shareholders' equity		
Capital stock	6,700,382	362,185
Capital surplus		
Legal capital surplus	6,683,967	262,185
Other capital surplus	—	2,408,534
Total capital surpluses	6,683,967	2,670,720
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-10,875,815	-1,485,633
Total retained earnings	-10,875,815	-1,485,633
Treasury stock	—	-0
Total shareholders' equity	2,508,534	1,547,272
Share acquisition rights	22,940	20,268
Total net assets	2,531,475	1,567,541
Total liabilities and net assets	2,771,202	1,701,444

(2) Statements of Operations

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	15,408	5,280
Cost of sales		
Research and development costs	102	70
Other cost of sales	3,215	1,825
Total cost of sales	3,317	1,895
Gross profit	12,091	3,384
Selling, general and administrative expenses	1,488,124	1,470,443
Operating income	-1,476,033	-1,467,059
Non-operating income		
Interest income	27	20
Other	89	546
Total non-operating income	117	567
Non-operating expenses		
Interest on bonds	362	61
Foreign exchange losses	3,470	4,822
Share issuance cost	2,197	2,094
Other	—	305
Total non-operating expenses	6,029	7,283
Ordinary income	-1,481,945	-1,473,774
Extraordinary profit		
Gain on reversal of share acquisition rights	5,899	—
Gain on sales of non-current assets	13	—
Total extraordinary profit	5,912	—
Extraordinary losses		
Impairment loss	5,701	9,958
Other	37	—
Total extraordinary losses	5,738	9,958
Income before income taxes	-1,481,772	-1,483,733
Income taxes - current	2,420	1,900
Total income taxes	2,420	1,900
Net income	-1,484,192	-1,485,633

Manufacturing Statement

1. Manufacturing statement for research and development costs

		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Category	Notes	Amount (Thousand yen)	Composition (%)	Amount (Thousand yen)	Composition (%)
I Material cost		—	—	—	—
II Labor cost		—	—	—	—
III Expenses		102	100.0	70	100.0
Research and development expenses for the current period		102	100.0	70	100.0
Work in progress at the beginning of the period		—		—	
Total		102		70	
Research and development costs for the current period		102		70	

(Cost accounting method)

The Company adopts the job-order cost system.

2. Manufacturing statement for other costs

		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Category	Notes	Amount (Thousand yen)	Composition (%)	Amount (Thousand yen)	Composition (%)
I Material cost		—	—	—	—
II Labor cost		1,250	38.9	1,000	54.8
III Expenses	*1	1,965	61.1	825	45.2
Other expenses for the current period		3,215	100.0	1,825	100.0
Work in progress at the beginning of the period		—		—	
Total		3,215		1,825	
Other costs for the current period		3,215		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	1,800	400

(Cost accounting method)

The Company adopts the job-order cost system.

(3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(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	6,459,712	6,443,296	—	6,443,296	−9,391,623	−9,391,623	—	-9,391,623
Changes of items during period								
Issuance of new shares	240,670	240,670		240,670				481,341
Transfer to other capital surplus from capital stock								—
Transfer to other capital surplus from legal capital surplus								—
Deficit disposition								—
Net loss					−1,484,192	−1,484,192		−1,484,192
Purchase of treasury stock								—
Net changes of items other than shareholders' equity								
Total changes of items during period	240,670	240,670	—	240,670	−1,484,192	−1,484,192	—	−1,002,850
Balance at end of current period	6,700,382	6,683,967	—	6,683,967	−10,875,815	−10,875,815	—	2,508,534

	Share acquisition rights	Total net assets
Balance at beginning of current period	26,257	3,537,642
Changes of items during period		
Issuance of new shares		481,341
Transfer to other capital surplus from capital stock		—
Transfer to other capital surplus from legal capital surplus		—
Deficit disposition		—
Net loss		-1,484,192
Purchase of treasury stock		—
Net changes of items other than shareholders' equity	-3,316	-3,316
Total changes of items during period	-3,316	-1,006,167
Balance at end of current period	22,940	2,531,475

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

(4) Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Loss before income taxes	-1,481,772	-1,483,733
Depreciation	35,123	16,719
Impairment loss	5,701	9,958
Gain on reversal of share acquisition rights	-5,899	—
Loss (gain) on sale of property, plant and equipment	-13	—
Increase (decrease) in retirement benefit liability	-399	2,183
Interest and dividend income	-27	-20
Interest on bonds	362	61
Decrease (increase) in notes and accounts receivable - trade	-16,302	16,530
Increase (decrease) in notes and accounts payable - trade	1,444	-1,835
Increase (decrease) in advances received	-8	—
Other, net	-47,618	238,335
Subtotal	-1,509,410	-1,201,800
Interest and dividend income received	28	21
Interest paid	-221	-202
Income taxes paid	-2,420	-2,420
Net cash provided by (used in) operating activities	-1,512,022	-1,204,401
Cash flows from investing activities		
Purchase of property, plant and equipment	-17,646	-1,005
Purchase of intangible assets	—	-755
Proceeds from sales of property, plant and equipment	80	—
Net cash provided by (used in) investing activities	-17,566	-1,760
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	478,051	519,604
Proceeds from issuance of bonds	300,000	—
Redemption of bonds	-212,500	-87,500
Purchase of treasury stock	—	-0
Proceeds from issuance of share acquisition rights	3,675	—
Net cash provided by (used in) financing activities	569,226	432,104
Net increase (decrease) in cash and cash equivalents	-960,361	-774,056
Cash and cash equivalents at beginning of period	3,265,388	2,305,026
Cash and cash equivalents at end of period	2,305,026	1,530,969

(5) Notes to Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Standard”) from the beginning of the first quarter of the current fiscal year. New accounting policies based on the Fair Value Standard have been applied prospectively in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Standard. There is no impact on the financial statements.

(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, 2022	Fiscal year ended March 31, 2023
	Yen	Yen
Net assets per share	45.40	24.60
Net loss per share	-28.55	-24.90

(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, 2022	Fiscal year ended March 31, 2023
Net loss (Thousand yen)	−1,484,192	−1,485,633
Amount not attributable to common shareholders (Thousand yen)	—	—
Net loss for common stock (Thousand yen)	−1,484,192	−1,485,633
Average number of shares of common stock during the period (Shares)	51,993,131	59,660,271
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, 2022	Fiscal year ended March 31, 2023
Total net assets (Thousand yen)	2,531,475	1,567,541
Amount deducted from total net assets (Thousand yen)	22,940	20,268
(of which, share acquisition rights) (Thousand yen)	(22,940)	(20,268)
Net assets at the end of the period for common stock (Thousand yen)	2,508,534	1,547,272
Number of shares of common stock at the end of the period to calculate net assets per share (Shares)	55,253,100	62,891,199

(Significant subsequent events)

Not applicable.