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February 14, 2023

Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (under IFRS)

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 Listing: Tokyo Stock Exchange
 Securities code: 4597
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Scheduled date of ordinary general meeting of shareholders: March 23, 2023
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: March 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2022	1,092	95.5	(2,470)	–	(2,492)	–	(2,548)	–
December 31, 2021	559	23.1	(2,419)	–	(2,442)	–	(2,478)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
December 31, 2022	(2,548)	–	(2,543)	–	(16.77)	(16.77)
December 31, 2021	(2,478)	–	(2,461)	–	(19.04)	(19.04)

	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
December 31, 2022	(97.1)	(79.4)	(226.1)
December 31, 2021	(79.4)	(54.8)	(432.9)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2022	3,134	2,662	2,662	84.9	15.85
December 31, 2021	3,144	2,587	2,587	82.3	19.38

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
December 31, 2022	(2,074)	(418)	2,571	803
December 31, 2021	(2,473)	(164)	361	714

2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2023 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2023	1,000	(8.5)	(1,150)	–	(1,150)	–	(1,150)	–	(1,150)	–	(6.85)
	~	~	~	~	~	~	~	~	~	~	~
	1,800	64.7	(350)	–	(350)	–	(350)	–	(350)	–	(2.08)

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2022	168,402,310 shares
As of December 31, 2021	133,946,210 shares

2) Number of treasury shares at the end of the period

As of December 31, 2022	436,210 shares
As of December 31, 2021	440,010 shares

3) Average number of shares during the period

Fiscal year ended December 31, 2022	151,986,908 shares
Fiscal year ended December 31, 2021	130,149,265 shares

(Reference) Summary of Non-consolidated Results

1. Non-Consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to

December 31, 2022)**(1) Non-Consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	1,092	95.5	(1,702)	–	(1,772)	–	(2,084)	–
December 31, 2021	559	23.1	(2,206)	–	(2,228)	–	(2,232)	–

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2022	(13.72)	(13.72)
December 31, 2021	(17.15)	(17.15)

(2) Non-Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
December 31, 2022	1,513	1,031	67.9	6.12
December 31, 2021	922	443	47.7	3.30

(Reference) Shareholders' equity: Fiscal year ended December 31, 2022: 1,027 millions of yen
: Fiscal year ended December 31, 2021: 439 millions of yen

The difference between operating results in the fiscal year under review and the preceding fiscal year is attributable to reasons stated in the section titled (1) Overview of operating results for the fiscal year ended December 31, 2022 under 1. Overview of operating results on page 2 of the Attached Material.

* Consolidated financial results reports are not subject to audit procedures by the Company's independent auditor.

* Proper use of earnings forecasts, and other special matters

For the Group's consolidated earnings forecasts contained in these materials, disclosure is made with a range because it is difficult to estimate specific figures.

The forecasts are based on judgments and assumptions derived from information available to the Company as of the date of disclosure of these materials, and actual results may differ from such forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of "(3) Future outlook" on page 5 of the attached material.

The Company plans to hold a financial results presentation meeting for institutional investors and analysts on Friday, February 17, 2023.

The materials used at this meeting shall be posted on the Company's website promptly after the meeting is held.

[Attached Material]

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1. Overview of operating results

(1) Overview of operating results for the fiscal year ended December 31, 2022

1) Overview of results

Operating results

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	(Millions of yen) Year-on-year
Revenue	559	1,092	533
Gross profit	373	662	288
Operating profit (loss)	(2,419)	(2,470)	(50)
Profit (loss)	(2,478)	(2,548)	(70)

The Group intends to focus business operations on expanding its oncology development pipeline, which includes three products that have already been launched. Under this goal, the Group primarily engaged in the following business activities in the fiscal year ended December 31, 2022.

[Launched products (development completed)]

SP-01 (Indication: Chemotherapy-induced nausea and vomiting)

SP-03 (Indication: Oral mucositis/stomatitis caused by chemotherapy and radiotherapy)

Prescription and delivery volumes of Sancuso[®] (SP-01) and episil[®] (SP-03), which are mainly sold in China, were adversely affected by the spread of COVID-19 and related city-wide lockdowns in the country. Specifically, the pandemic and lockdowns resulted in temporary closures of cancer treatment centers and significant reductions in patient treatments. Further, marketing activities of the Group's and sales partners' medical representatives (MRs), including their access to medical institutions, were restrained. Prescription and shipment volumes of the two products were also affected by changes in the sales structure in the three Chinese cities made during the third quarter of the fiscal year under review.

SP-02 (Indication: Relapsed or Refractory Peripheral T-cell Lymphoma)

The Company obtained marketing approval for SP-02 in Japan on June 20, 2022, and began sales on August 22.

[Pipeline products in the non-clinical study phase]

SP-04 (Target Indication: Chemotherapy-induced peripheral neuropathy)

Based on the results of the international Phase III clinical trial including Japan in patients with colorectal cancer of SP-04 targeting oxaliplatin-induced peripheral neuropathy, the Company has decided to park the development of the pipeline product for this indication; instead, we have determined to conduct additional animal studies to investigate the product's potential in treating taxane-induced peripheral neuropathy. Based on information obtained from the results of animal studies conducted so far, we plan to conduct new animal studies in collaboration with licensor Egetis Therapeutics through 2023.

[Pipeline product (development stopped)]

SP-05 (Target Indication: Increase in antitumor efficacy of fluorouracil)

In November 2022, the Company announced final results that neither the primary endpoint of Overall Response Rate (ORR) nor the key secondary endpoint in Progression Free Survival (PFS) achieved statistical significance in the multi-center, international Phase III AGENT Study including Japan of arfolitixorin in combination with 5-FU, oxaliplatin and bevacizumab in metastatic colorectal cancer (mCRC).

[Other]

Solasia implemented the following measures to improve its business structure and relationship with partners.

- On June 28, 2022, Solasia entered into a capital and business partnership agreement with Nippon Kayaku Co., Ltd., its partner for SP-02. The purpose of the partnership was to secure stable financial resources for the long term necessary for the Company's continued active engagement in the development of new cancer treatments to meet the expectations of cancer patients, patients suffering from adverse effects of existing anticancer drugs, and healthcare providers.
- On June 30, 2022, the Company resolved to dissolve its sales structure in China, which had been the main cause of the Group's losses, primarily for the purposes of reducing fixed costs and managing country risk of operating in China, including soaring labor costs and lockdowns in metropolitan areas. In specific, the Company decided to dissolve its sales organization operated by wholly-owned subsidiary Solasia Medical Information Consulting (Shanghai) Co., Ltd. in Beijing, Shanghai, and Guangzhou (hereafter, the "three cities") in the end of July 2022, which brought down the number of Group employees from 77 (as of March 31, 2022) to around 27 (as of December 31, 2022).
- Following the abovementioned decision to dissolve its own sales structure in China, on the same day, the Company entered into a sublicense agreement with Lee's Pharmaceutical (HK) Limited, granting the latter marketing rights to Sancuso[®] and episil[®] in the three cities in China. As a result, the Company's sales of the two products in all of China are made to Lee's.
- To lower product procurement costs and ensure stable supply of products, on July 8, 2022, the Company concluded an agreement with Camurus AB, under which it acquired from the latter global licensing rights, including manufacturing rights, to episil[®] (SP-03) oral liquid.

The Company has made progress in the development of its pipeline products as outlined above, and intends to enhance corporate value in the medium to long term through structural reforms aimed at improving earnings. However, in the short term, upfront expenditures for pipeline product development and investments in establishing sales structures continue to exceed earnings from product sales due to the impact of COVID-19-related lockdowns in China, the Company's main market, and product sales still being in the early stage. As a result, our financial performance during the fiscal year ended December 31, 2022, was as follows.

[Revenue, gross profit]

In the fiscal year ended December 31, 2022, revenue totaled 1,092 million yen, mainly owed to sales of pipeline products Sancuso[®] (SP-01), DARVIAS[®] (SP-02) and episil[®] (SP-03). In addition, gross profit amounted to 662 million yen.

Breakdown of R&D and SG&A expenses

	(Millions of yen)		
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Year-on-year
R&D expenses	845	883	37
SG&A expenses	1,948	2,250	302
Total	2,793	3,133	339
(Breakdown)			
Personnel expenses	882	661	(220)
Outsourcing expenses / Subcontract expenses	1,159	1,013	(145)
Depreciation and amortization of intangible assets	495	965	470
Other	256	492	236

[R&D expenses, SG&A expenses, Operating profit (loss), Profit (loss)]

R&D expenses amounted to 883 million yen, mainly comprising expenses for obtaining marketing approval for SP-02 and conducting a Phase III clinical trial (pivotal study) for SP-05. SG&A expenses amounted to 2,250 million yen, up 302 million yen year on year, as ongoing company-wide efforts to cut costs could not fully offset one-time costs (311 million yen) related to the dissolution of the in-house sales structure in China, an intangible asset impairment loss of 200 million yen reflecting the results of the SP-05 Phase III clinical study, and an intangible asset impairment loss of 231 million yen reflecting sluggish sales of episil[®] (SP-03) due to the impact of the Chinese city lockdown. The Company incurred an operating loss of 2,470 million yen. The Company incurred an overall loss of 2,548 million yen.

[Capitalized costs included in intangible assets]

The Group posted a 401 million yen increase in intangible assets attributable to development costs and in-licensing expenses recognized as assets among pipeline investment outlays. In the fiscal year ended December 31, 2022, pipeline investment amounted to 1,284 million yen. This figure includes the 401 million yen in intangible assets derived from capitalization of such outlays and 883 million yen in R&D expenses. However, amortization of intangible assets related to the pipeline product Sancuso[®] (SP-01), DARVIAS[®] (SP-02) and episil[®] (SP-03), leading to amortization of 480 million yen. Further, the Group reported impairment losses for intangible assets amounting to 431 million yen related to the pipeline product. As a result, the balance of intangible assets was 1,570 million yen as of December 31, 2022.

2) Cash flows

	(Millions of yen)		
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Year-on-year
Net cash provided by (used in) operating activities	(2,473)	(2,074)	398
Net cash provided by (used in) investing activities	(164)	(418)	(254)
Net cash provided by (used in) financing activities	361	2,571	2,210

[Cash flows from operating activities]

Net cash used in operating activities amounted to 2,074 million yen (compared with 2,473 million yen in net cash used in these activities in the corresponding period of the previous fiscal year), which was mainly attributable to loss before tax of 2,492 million yen.

[Cash flows from investing activities]

Net cash used in investing activities amounted to 418 million yen (compared with 164 million yen used in these activities in the corresponding period of the previous fiscal year), mainly attributable to 403 million yen in outflows related to capitalized development investment.

[Cash flows from financing activities]

Net cash provided by financing activities amounted to 2,571 million yen (compared with 361 million yen provided by these activities in the same period of the previous year). This figure was mainly attributable to 2,611 million yen in proceeds from issuance of new shares by third party allotment and the exercise of warrants.

3) Research and development activities

R&D expenses amounted to 883 million yen. In addition, the Company recorded a 401 million yen increase in intangible assets attributable to development costs, which have been recognized as assets from among pipeline investment outlays. Meanwhile, total pipeline investment amounted to 1,284 million yen. Details regarding progress achieved with pipeline products are please refer to today's news release, entitled "Business Overview of Pipeline Products".

(2) Overview of financial position for the fiscal year ended December 31, 2022

As of December 31, 2022, total assets amounted to 3,134 million yen, down 9 million yen from the previous year-end. Current assets were 1,435 million yen, including 803 million yen in cash and cash equivalents, 572 million yen in trade and other receivables. Non-current assets came to 1,698 million yen. This figure includes 1,570 million yen in intangible assets constituting the capitalized amount of development investment.

Total liabilities totaled 472 million yen, down 84 million yen from the previous year-end. Current liabilities were 407 million yen, including 332 million yen in trade and other payables. Non-current liabilities amounted to 64 million yen, mainly due to 53 million yen in deferred tax liabilities.

Total equity equaled 2,662 million yen, up 74 million yen from the previous year-end. The increase was mainly attributable to 2,611 million yen in proceeds from issuance of new shares. The decrease was mainly attributable to the overall loss of 2,548 million yen.

(3) Future outlook

On the premise of the following business progress, we forecast that for the fiscal year ending December 31, 2023, revenue would range between 1.0 billion to 1.8 billion yen, while operating profit (loss), profit (loss) before tax and bottom-line profit (loss) would range between a loss of 1,150 million yen to 350 million yen .

1) Key assumptions behind the revenue forecast (1.0 billion yen to 1.8 billion yen)

We expect to generate a minimum of 1.0 billion yen in revenue, mainly from the sales of Sancuso® (SP-01 [China]), episil® (SP-03 [Japan, China, Korea]), and DARVIAS® (SP-02 [Japan]; launched in August 2022). However, as these products are still in the sales expansion stage, we believe their market penetration will be limited relative to the potential size of the market. Additionally, we anticipate an upfront payment of 800 million yen arising from a potential out-licensing agreement for DARVIAS® in China and added this amount to the lower bound of the revenue forecast to obtain the upper bound of 1.8 billion yen. We note that there is considerable uncertainty stemming from the impact of COVID-19 concerning product sales, the feasibility of concluding an out-licensing agreement, and the scale of upfront payment resulting from the agreement.

2) Key assumptions behind the operating expense forecast (2.15 billion yen yen)

We will incur cost of sales due to product sales of Sancuso® (SP-01), episil® (SP-03) and DARVIAS® (SP-02). For Sancuso® (SP-01), episil® (SP-03), and DARVIAS® (SP-02), we invest in limited marketing activities, including post-marketing surveillance.

We will incur amortization expenses on intangible assets of Sancuso® (SP-01) and DARVIAS® (SP-02). We expect to incur operating expenses and development investment into new drug candidates.

Because the overall Group expects to continue making upfront investments as described above, we forecast an operating profit (loss), profit (loss) before tax, and bottom-line profit (loss) would range between a loss of 1,150 million yen to 350 million yen.

The revenue forecast includes an upfront payment that may arise from a potential out-licensing agreement. At this point, however, it is difficult to estimate the scale of the upfront payment. Considering that the actual receipt and size of the upfront payment will affect the revenue and expenses for the fiscal year ending December 31, 2023, we have disclosed the earnings forecasts for the fiscal year in ranges.

2. Basic rationale for selecting the accounting standard

The Group adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2015, in order to improve international comparability and the convenience of financial information in capital markets.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	714	803
Trade and other receivables	126	572
Inventories	0	14
Other current assets	53	44
Total current assets	894	1,435
Non-current assets		
Property, plant and equipment	36	26
Light-of-use asset	84	37
Intangible assets	2,079	1,570
Investments accounted for using equity method	—	11
Other non-current assets	49	52
Total non-current assets	2,249	1,698
Total assets	3,144	3,134
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	386	332
Lease liabilities	47	37
Other current liabilities	55	37
Total current liabilities	489	407
Non-current liabilities		
Deferred tax liabilities	18	53
Lease liabilities	37	0
Other non-current liabilities	10	10
Total non-current liabilities	67	64
Total liabilities	556	472
Equity		
Share capital	2,110	1,436
Capital surplus	5,738	1,500
Retained earnings	(5,204)	(223)
Treasury stock	(70)	(70)
Other components of equity	13	19
Total equity	2,587	2,662
Total liabilities and equity	3,144	3,144

(2) Consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Revenue	559	1,092
Cost of sales	185	430
Gross profit	373	662
Research and development expenses	845	883
Selling, general and administrative expenses	1,948	2,250
Operating profit (loss)	(2,419)	(2,470)
Finance income	0	0
Finance costs	23	18
Other income	0	—
Share of profit (loss) of investments accounted for using equity method	—	(3)
Profit (loss) before tax	(2,442)	(2,492)
Income taxes	35	56
Profit (loss)	(2,478)	(2,548)
Profit (loss) attributable to:		
Owners of parent	(2,478)	(2,548)
Earnings (loss) per share		
Basic earnings (loss) per share [yen]	(19.04)	(16.77)
Diluted earnings (loss) per share [yen]	(19.04)	(16.77)

(3) Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit (loss)	(2,478)	(2,548)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	17	5
Subtotal	17	5
Total other comprehensive income	17	5
Comprehensive income	(2,461)	(2,543)
Comprehensive income attributable to:		
Owners of parent	(2,461)	(2,543)

(4) Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity
					Exchange differences on translation of foreign operations	Share acquisition rights	Total Other components of equity	
Balance at January 1, 2021	1,402	5,043	(2,726)	(70)	(6)	9	2	3,652
Comprehensive income								
Profit (loss)	–	–	(2,478)	–	–	–	–	(2,478)
Other comprehensive income	–	–	–	–	17	–	17	17
Total comprehensive income	–	–	(2,478)	–	17	–	17	(2,461)
Transactions with owners								
Exercise of share acquisition rights	707	702	–	–	–	(6)	(6)	1,403
Acquisition of treasury shares	–	–	–	(0)	–	–	–	(0)
Share-based payments	–	(7)	–	–	–	–	–	(7)
Total transactions with owners	707	695	–	(0)	–	(6)	(6)	1,396
Balance at December 31, 2021	2,110	5,738	(5,204)	(70)	10	3	13	2,587
Balance at January 1, 2022	2,110	5,738	(5,204)	(70)	10	3	13	2,587
Comprehensive income								
Profit (loss)	–	–	(2,548)	–	–	–	–	(2,548)
Other comprehensive income	–	–	–	–	5	–	5	5
Total comprehensive income	–	–	(2,548)	–	5	–	5	(2,543)
Transactions with owners								
Issuance of new shares	510	477	–	–	–	–	–	987
Exercise of share acquisition rights	826	810	–	–	–	(7)	(7)	1,629
Issuance of share acquisition rights	–	–	–	–	–	10	10	10
Disposal of share acquisition rights	–	–	–	–	–	(3)	(3)	(3)
Capital reduction	(2,010)	(5,519)	7,529	–	–	–	–	–
Disposal of treasury shares	–	–	–	0	–	–	–	0
Share-based payment transactions	–	(6)	–	–	–	–	–	(6)
Total transactions with owners	(674)	(4,237)	7,529	0	–	0	0	2,617
Balance at December 31, 2022	1,436	1,500	223	(70)	15	3	19	2,662

(5) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	(2,442)	(2,492)
Depreciation and amortization	495	534
Impairment losses	—	431
Finance income	(0)	(0)
Finance costs	23	18
Share of loss (profit) of investments accounted for using equity method	—	3
Decrease (increase) in trade and other receivables	51	(446)
Decrease (increase) in inventories	4	(14)
Increase (decrease) in trade and other payables	(626)	(65)
Other	47	(13)
Subtotal	<u>(2,448)</u>	<u>(2,044)</u>
Interest received	0	0
Interest paid	(1)	(1)
Income taxes paid	(22)	(28)
Net cash provided by (used in) operating activities	<u>(2,473)</u>	<u>(2,074)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2)	(0)
Purchase of intangible assets	(161)	(403)
Share-based payment transactions	—	(14)
Net cash provided by (used in) investing activities	<u>(164)</u>	<u>(418)</u>
Cash flows from financing activities		
Proceeds from issuance of bonds	—	500
Redemption of bonds	(1,000)	(500)
Proceeds from issuance of new shares	1,403	2,611
Proceeds from issuance of share acquisition rights	—	10
Acquisition of share acquisition rights	—	(3)
Repayment of lease liabilities	(41)	(47)
Acquisition of treasury shares	(0)	—
Net cash provided by (used in) financing activities	<u>361</u>	<u>2,571</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,275)</u>	<u>78</u>
Cash and cash equivalents at beginning of period	<u>2,964</u>	<u>714</u>
Effect of exchange rate changes on cash and cash equivalents	25	10
Cash and cash equivalents at end of period	<u><u>714</u></u>	<u><u>803</u></u>

(6) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Change in Accounting Policies)

No items to report.

(Segment information)

Disclosure is omitted as the Group has a single reportable segment.

(Per share information)

The basis for calculating basic earnings (loss) per share is as follows.

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit (loss) attributable to ordinary equity holders of parent		
Profit (loss) attributable to owners of parent (Millions of yen)	(2,478)	(2,548)
Amount not attributable to ordinary equity holders of parent (Millions of yen)	—	—
Profit (loss) attributable to ordinary equity holders of parent (Millions of yen)	(2,478)	(2,548)
Average number of ordinary shares during the period (shares)	130,149,265	151,986,908

The figure for diluted earnings (loss) per share has been presented at an amount equal to that of basic earnings (loss) per share due to antidilutive effects of the share options with share acquisition rights.

(Significant subsequent events)

No items to report.