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Financial Results for the Fiscal Year Ended September 30, 2026 [Japanese GAAP] (Non-consolidated)

November 11, 2026

Company name: Kringle Pharma, Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 4884
URL: https://www.kringle-pharma.com/en/
Representative: Kiichi Adachi, President & CEO
Contact: Koichi Murakami, Member of the Board, Executive Officer, Director of Corporate Planning Management
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Scheduled date of the Annual General Meeting of Shareholders: December 23, 2026
Scheduled date of commencing dividend payments: —
Scheduled date of filing securities report: December 18, 2026
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: Scheduled (for institutional investors, analysts, and individual investors)

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

1. Financial Results for the Fiscal Year Ended September 30, 2026 (October 1, 2025 - September 30, 2026)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	442	513.3	(813)	–	(810)	–	(813)	–
September 30, 2025	72	(9.8)	(909)	–	(914)	–	(916)	–

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2026	(105.32)	–	(67.6)	(39.9)	(183.7)
September 30, 2025	(133.92)	–	(54.4)	(37.8)	–

Reference: Equity earnings (losses) of affiliates: Fiscal year ended September 30, 2026: ¥ — million
Fiscal year ended September 30, 2025: ¥ — million

Note: Although potential shares existed, diluted earnings per share are not shown, as a net loss per share was recorded.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2026	1,977	1,166	57.1	131.41
September 30, 2025	2,079	1,309	61.5	182.30

Reference: Equity: As of September 30, 2026: ¥1,129 million As of September 30, 2025: ¥1,279 million

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
September 30, 2026	(563)	(16)	643	1,053
September 30, 2025	(755)	(154)	84	991

2. Dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended September 30, 2025	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended September 30, 2026	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending September 30, 2027 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Financial Results Forecast for the Fiscal Year Ending September 30, 2027 (October 1, 2026 - September 30, 2027)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	127	(71.2)	(1,773)	–	(1,773)	–	(1,775)	–	(206.57)

*** Notes:**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(2) Total number of issued and outstanding shares (common shares)

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

As of September 30, 2026: 8,593,200 shares
As of September 30, 2025: 7,018,200 shares

2) Total number of treasury shares at the end of the period:

As of September 30, 2026: 223 shares
As of September 30, 2025: 183 shares

3) Average number of shares during the period:

Fiscal year ended September 30, 2026: 7,725,771 shares
Fiscal year ended September 30, 2025: 6,841,997 shares

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

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable at the time of the release of these materials. These statements are not guarantees of future performance. Actual results may differ significantly from these forecasts due to various factors. Please refer to “1. Overview of Financial Results (4) Outlook” on page 8 of the Attachments for the conditions on which financial results forecasts are based and the notes on the use of these forecasts.

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1. Overview of Financial Results

(1) Explanation of Operating Results

The forward-looking statements herein are based on the judgments of Kringle Pharma, Inc. (the "Company") as of the end of the fiscal year under review.

In the Japanese pharmaceutical market, generic substitution increased in the face of rising medical costs associated with population aging and drug prices declined significantly due to "off-year" NHI price revisions. Meanwhile, higher new drug development costs, reflecting the growing scale of clinical trials, accelerated alliances and M&As between pharmaceutical companies in Japan and overseas looking to expand their corporate scale. Companies focused their R&D efforts on priority therapeutic areas and actively sought in-licensing opportunities outside their organization.

In the development of new drugs, the target is shifting from so-called "blockbuster drugs," which have a large number of potential patients and can generate large, stable future profits, to drugs that can provide effective treatment to specific patient groups. Biotech companies are said to assume a greater role because they usually concentrate their resources on a certain specific field and make decisions quickly. In response to these trends, the Japanese government, primarily led by central ministries including the Ministry of Health, Labour and Welfare (MHLW) and the Ministry of Economy, Trade and Industry (METI), has launched the Medical Innovation Support Office (MEDISO) and compiled the "Ito Review 2.0: Biomedical Edition" as part of its efforts to proactively support Japan-based biotech companies. The Conditional Early Approval System and the SAKIGAKE Designation System for pioneering drugs have been legislated in order to promote drug discovery in Japan.

Amidst the above business environment, the Company continued to focus its managerial resources on the recombinant human hepatocyte growth factor (HGF) protein and developed the business activities outlined below, in the belief that development of recombinant human HGF protein (development code: KP-100) will lead to therapeutic innovation, creating business opportunities and maximizing the value of the Company.

1. Drug development activities

(a) Acute spinal cord injury (SCI)

The Company conducted a Phase I/II clinical trial targeting patients with the acute spinal cord injuries (SCI) with Professor Masaya Nakamura of the Department of Orthopaedic Surgery, Keio University School of Medicine as a coordinating investigator and obtained results that confirmed the safety and indicated the efficacy of the drug. The Company designed the Phase III clinical trial to verify the proof of concept (POC; a preliminary evidence of efficacy detected in humans with a new drug candidate under development) obtained in the Phase I/II clinical trial. On June 9, 2020, the Company submitted a clinical trial notification for the Phase III study to the Pharmaceuticals and Medical Devices Agency (PMDA).

In July 2020, the Company started the Phase III study at Spinal Injuries Center, Hokkaido Spinal Cord Injury Center, and Murayama Medical Center. A total of five medical facilities, with the addition of Japanese Red Cross Kobe Hospital and Aijinkai Rehabilitation Hospital in March 2021, which had conducted the Phase III clinical trial, completed enrolling the last patients in April 2023 and the final follow-up for the last patient in October 2023. The Company received topline results of the Phase III clinical trial in February 2024, and was in the process of discussions with PMDA based on the results of the trial, with a view toward applying for approval to manufacture and market the drug in Japan. Based on the insights of PMDA gained through past discussions, the Company decided in July 2025 to conduct an additional study to verify the efficacy of the drug. After reaching an agreement with the PMDA on the outline of the additional clinical trial during face-to-face consultations in May 2026, the Company submitted the clinical trial notification for the Phase III additional trial to the PMDA in June 2026, and commenced the Phase III additional clinical trial at three centers: the Spinal Injuries Center, Hokkaido Spinal Cord Injury Center and Murayama Medical Center from July 2026. The Company plans to conduct a Phase III additional trial with a high probability of success based on insights gained through the Phase I/II and the Phase III clinical trials, and to file an application for approval upon obtaining the additional data on efficacy. Additionally, the Company issued share acquisition rights in August 2025, and decided to apply some of the proceeds to fund the additional clinical trial. The exercise of all share acquisition rights was completed in August 2026.

In the meantime, the Company started a preliminary consultation with the U.S. Food and Drug Agency (FDA) in September 2023 in preparation for clinical development in the U.S. and received a response from the FDA in November 2023 in relation to the meeting for Pre-Investigational New Drug (Pre-IND) application. The Company then established a collaborative network of key opinion leaders (KOLs) in North America and prepared for IND submission*. In June 2025, the Company received Orphan Drug Designation for the drug from the FDA. In November 2025, the Company established its subsidiary Kringle Pharma USA, Inc., and are preparing to accelerate and promote the development of treatments for acute spinal cord injuries (SCI) in the U.S. In April 2026, the Company conducted a capital increase in its U.S. subsidiary for the purpose of stabilizing the financial base of the subsidiary and accelerating further development.

With the progress of these activities, in September 2026, the Company submitted an IND application to the FDA for the start of a Phase III clinical trial in the U.S. for oremepermin alfa (recombinant human HGF).

Additionally, in April 2026, following orphan drug designation in Japan and the U.S., the Company also secured Orphan Medicinal Product Designation from the European Medicines Agency (EMA).

* Clinical trial application filed with the U.S. Food and Drug Administration (FDA)

In order to submit a marketing authorization application for the treatment of acute SCI, the Company is also conducting various tests related to the process of manufacturing recombinant human HGF. Trial manufacturing (process validation) of the drug substance using the same process as commercial manufacturing, as required for the submission, was completed in the fiscal year ended September 30, 2022. Process validation for manufacturing of the drug product was also completed in the fiscal year ended September 2023. In November 2024, the Company filed an application with the Osaka Prefectural Government for Type 1 Pharmaceuticals Manufacturing and Sales Business licenses needed for making applications for manufacturing and marketing approval and received the licenses on January 7, 2025. However, it decided to give them back for now. It will continue efforts to develop a treatment for acute SCI. As soon as there arises a prospect of its applications for manufacturing and marketing approval, it will again file an application with the Osaka Prefectural Government for the same licenses.

For the purpose of identifying more effective administration methods and timing with recombinant human HGF for SCI, the Company launched a joint research program with Keio University School of Medicine in February 2021. In this joint research program, the transplantation of human-induced iPS cell-derived neural stem/progenitor cells (hiPSC-NS/PC) owned by Keio University, combined with the scaffold-mediated delivery of HGF developed by the Company, demonstrated improvement in the recovery of motor function in an animal model of chronic complete spinal cord injury. In March 2022, Keio University and the Company jointly filed a patent application, followed by the filing of an application claiming priority based on the said patent application in March 2023. In April 2026, a patent related to a new treatment for chronic spinal cord injury was registered in Japan. Furthermore, confirming that HGF administration in the acute phase, followed by hiPSC-NS/PC transplantation in the sub-acute phase, significantly improved motor function in animal models of severe SCI compared to each single treatment group, Keio University and the Company jointly filed a second patent application in September 2022, and a priority claim based on this patent application in September 2023. As monotherapy of both HGF and hiPSC-NS/PCs already has advanced to clinical trials in humans, a next-generation regenerative therapy combining the HGF and iPS cell technologies is expected to be put into clinical use before long for the treatment of acute and sub-acute SCI.

In December 2021, the Company's patent was issued in Europe for an HGF preparation suitable for the treatment of nervous diseases. It covers the Company's proprietary drug formulation used in clinical trials for acute spinal cord injury, amyotrophic lateral sclerosis and vocal fold scarring, being the basis of expanding the target indications for HGF treatment. The patent was already granted in the US, Japan, Canada and Korea, and adding Europe further created a favorable intellectual property environment for the Company to develop a HGF drug business worldwide.

(b) Vocal fold scarring (VFS)

VFS is a condition in which vocal fold mucosa hardens and degenerates due to the formation of scar tissues (fibrosis). The investigator-initiated Phase I/II clinical trial confirmed the safety of intracordal administration of the recombinant human HGF and also detected signals of efficacy in some patients showing functional recovery of the vocal cord (J

Tissue Eng Regen Med. 2018. 12:1031-1038.). Following a preliminary consultation with PMDA in July 2019 and subsequent discussions with Kyoto Prefectural University of Medicine, the Company submitted a clinical trial application for a Phase III study (placebo-controlled, double-blind trial) to PMDA in October 2022. In November 2022, the Company commenced the Phase III study at University Hospital, Kyoto Prefectural University of Medicine. In May 2023, Kurume University Hospital, Tohoku University Hospital, Kawasaki Medical School Hospital and Nihon University Hospital were added to the study. In May 2024, Sanno Medical Center was added to the study, followed by Fujita Health University Hospital and Fukuoka Sanno Hospital, both of which were added in January 2025. As a result, patient enrollment was conducted at eight facilities. The last patient enrollment was completed in January 2026.

In May 2022, the Company initiated a collaborative research project with Kyoto Prefectural University of Medicine to investigate the molecular mechanisms behind the therapeutic effects of HGF on fibrotic diseases and to explore novel treatment approaches. This collaborative research project found that the combination of HGF developed by the Company and basic fibroblast growth factor (bFGF) enhanced both antifibrotic effects and hyaluronic acid production. In December 2025, Kyoto Prefectural University of Medicine and the Company filed a joint patent for a novel therapeutic agent targeting fibrotic diseases.

In order to raise funds to finance clinical trial expenses, manufacture the investigational drugs, and develop a commercial formulation, the Company issued share acquisition rights in November 2021. By July 2022, all of these rights had been exercised. In addition, the Company has been utilizing public funds since April 2022, with its VFS development being selected for the Cyclic Innovation for Clinical Empowerment (CiCLE) project operated by the Japan Agency for Medical Research and Development (AMED). To raise some of the funds to develop a commercial formulation for the treatment of vocal fold scarring, the Company issued share acquisition rights in August 2025. By August 2026, all of these rights had been exercised.

(c) Amyotrophic lateral sclerosis (ALS)

A phase II clinical trial (placebo-controlled, double-blind trial) was conducted at Tohoku University Hospital and Osaka University Hospital as an investigator-initiated trial that started in May 2016, led by Professor Masashi Aoki of the Department of Neurology, Tohoku University. In November 2020, the enrollment of patients was completed, and the final follow-up for the last patient was completed in December 2021. Subsequent data analysis at Tohoku University has shown no statistically significant differences between the active and placebo groups for the primary and secondary endpoints. On the other hand, there were cases in which progression was slow in the active drug group, suggesting that more detailed analysis is required to interpret the results of this study. Regarding safety, the incidence of adverse events was similar between the active drug group and the placebo group, confirming tolerability. In April 2024, the Company and Tohoku University signed a collaborative research agreement for biomarker testing of specimens as additional analysis for this phase II clinical trial. This collaboration is expected to provide important information for the design of the next clinical trial, including the identification of a patient population in which efficacy signals can be readily detected. The biomarker measurements have already been completed. A cross-sectional analysis with Phase II clinical data was conducted during the fiscal year under review.

(d) Supply of drug substance to Claris Biotherapeutics, Inc.

The Company concluded a license and supply agreement with Claris Biotherapeutics, Inc. (Claris) of the U.S. in April 2020 to supply HGF drug substance for clinical development by Claris to treat ophthalmologic diseases in the U.S.

During the fiscal year under review, the Company supplied the HGF drug substance based on the progress in development at Claris. Claris filed an Investigational New Drug (IND) application in May 2021 to initiate a Phase I/II clinical trial for neurotrophic keratitis utilizing the various preclinical and clinical information related to HGF provided by the Company, and the first patient received treatment in August 2021. With this developmental milestone, the Company now receives a fixed annual technology access fee (royalty income), and recorded the fee for the applicable period in net sales. To initiate the clinical trial in Canada as well, Claris filed a clinical trial application to Health Canada in July 2022, which was approved. The clinical trial both in the U.S. and Canada has been completed. Claris

is concurrently implementing Phase I studies for limbal stem cell deficiency and corneal scars.
Furthermore, the Company formed a business alliance with Claris in September 2023 to improve the efficiency of the manufacturing method for recombinant human HGF. The purpose of the alliance is to meet growing global demand in the future and to achieve a stable worldwide supply of recombinant human HGF.

(e) Other collaborative research

In July 2022, the Company signed a collaborative research agreement with Kyoto University focused on applied research using HGF to create regenerative medicine products. The goal of this collaboration is to apply biomaterial technology to conduct exploratory research on optimal and effective next-generation treatments for target diseases, and to expand indications for KP-100 to other intractable diseases.
In April 2024, the Company signed a collaborative research agreement with Gifu University focused on applied research using HGF to treat idiopathic osteonecrosis of the femoral head. HGF is involved in both angiogenesis and bone metabolism, and has potential as a new therapeutic agent for this intractable disease for which there are no existing drugs. In September 2026, this research project was selected for funding under the FY2026 “Practical Application Research Project for Intractable Diseases” (2nd Open Call) by Japan Agency for Medical Research and Development (AMED).
In June 2024, the Company signed a collaborative research agreement with Kanazawa University focused on applied research using HGF to treat idiopathic pulmonary fibrosis. The Company is currently conducting a phase III clinical trial in Japan for the treatment of vocal fold scar, one of the fibrotic diseases. If we succeed in developing an HGF protein drug for the treatment of vocal fold scar, it will lead to the possibility of expanding the indication to other chronic diseases caused by fibrosis. Based on the findings of this collaboration, the Company will actively consider expanding the indication to pulmonary fibrosis as the next target in fibrotic diseases.
In November 2024, the Company made a collaborative research agreement with Keio University focused on the search for a new acute-phase biomarker that predicts spontaneous recovery after spinal cord damage. Currently, the Company is preparing to make an application for approval of manufacturing and marketing recombinant human HGF for acute SCI. When a biomarker is discovered through the collaborative research and becomes available for use in determining treatment efficacy, predicting degrees of spontaneous recovery, etc. from acute SCI, it is expected to lead to better treatment for SCI subjects.
In June 2025, the Company signed a collaborative research agreement with Kobe University focused on applied research using HGF to treat Peyronie’s disease, a condition in which fibrous scar tissue forms in the deeper tissues under the skin of the penis. The Company is currently conducting a Phase III clinical trial for vocal fold scarring, which is a fibrotic disorder, and has now decided to conduct a pharmacology study in an animal model of Peyronie’s disease, aiming to expand the indications of HGF to include other fibrotic disorders. There is a need for drugs that directly treat fibrotic tissue in Peyronie’s disease, and HGF, with its anti-fibrotic effects, could be a new therapeutic option.
In August 2025, the Company signed a collaborative research agreement with Keio University in association with the development of a new regenerative treatment of peripheral nerve injury with the use of HGF. HGF is reported to have multiple functions of accelerating the regeneration of peripheral nerves. It is also suggested that HGF has the therapeutic effects of easing neuropathic pain in the mice model. With a view to overcoming problems with surgery in peripheral nerve regeneration, the two parties will verify efficacy in using HGF and study methods of administration suited for practical application, aiming to achieve early practical application of a new therapeutic strategy.
In October 2025, the Company entered into a collaborative research agreement with Kyoto University to develop sustained-release wound-healing agents utilizing HGF. In recent years, refractory chronic wounds, such as diabetic ulcers, venous leg ulcers, pressure ulcers, and healthcare-associated pressure injuries, have become a significant social concern due to population aging and the increasing number of patients with diabetes. By developing a new therapeutic agent that combines HGF with a sustained-release matrix, we aim to accelerate the practical implementation of a novel treatment strategy for refractory wounds.
In June 2026, the Company made a collaborative research agreement with Keio University focused on acute-phase

protein biomarkers that will be used to predict spontaneous recovery after spinal cord injury and evaluate treatment efficacy. Biological samples from patients with acute SCI collected in clinical trials conducted by the Company will be used to analyze and evaluate protein biomarkers. The insights gained through this joint research will be expected to help improve accuracy in the evaluation of treatment efficacy and prediction of spontaneous recovery in acute SCI, potentially leading to more sophisticated clinical trial analyses and the development of more appropriate treatment strategies.

In September 2026, the Company signed a collaborative research agreement with Yokohama City University to conduct preclinical studies evaluating the therapeutic efficacy of HGF in peripheral neuropathy. Chemotherapy-induced peripheral neuropathy (CIPN) is a typical side effect of anti-cancer drugs, manifesting in symptoms such as tingling, pain and numbness of the hands and feet. Currently there is no established strategy for the prevention or treatment of CIPN, making CIPN a disease area with high unmet medical needs. It is hoped that the collaborative research will demonstrate the effectiveness of HGF, leading to the creation of a new therapeutic strategy for the treatment of CIPN.

2. Business development activities

During the fiscal year under review, the Company signed an agreement with Maruishi Pharmaceutical Co., Ltd. in September 2026, granting Maruishi Pharmaceutical the exclusive rights to market the Company's vocal fold scarring treatment (KP-100LI), which utilizes recombinant human HGF protein as the active ingredient, in Japan, thereby establishing a framework for marketing KP-100LI in Japan. Meanwhile, the Company had business development discussion with potential business partners to expand development of acute SCI outside Japan. In addition, the Company issued share acquisition rights in September 2023 for the purpose of partially funding clinical development and manufacturing development (improvement of the efficiency of the manufacturing method for recombinant human HGF) for acute SCI in the U.S. The exercise of all share acquisition rights was completed in May 2024. With this move, it expected to clarify the Company's development strategy in the U.S., the largest pharmaceutical market in the world, and accelerate business development activities.

In September 2021, oremepermin alfa was registered as the International Nonproprietary Name (INN) for recombinant human HGF protein (five amino acid-deleted, glycosylated; development code, KP-100), the drug substance of our development pipeline. Additionally, in May 2024, oremepermin alfa was registered as the Japanese Accepted Names for Pharmaceuticals (JAN), and this name can now be used officially in Japan in applications for manufacturing and marketing approval.

As a result of these efforts, business results for the fiscal year under review were as follows.

Net sales for the fiscal year under review amounted to ¥442,922 thousand (a year-on-year increase of 513.3%), while the Company recorded an operating loss of ¥813,446 thousand (operating loss for the previous fiscal year was ¥909,452 thousand), ordinary loss of ¥810,072 thousand (ordinary loss for the previous fiscal year was ¥914,755 thousand) and loss of ¥813,642 thousand (loss for the previous fiscal year was ¥916,255 thousand).

Since the Company operates in a single segment of the pharmaceutical development business, segment information is omitted.

(2) Explanation of Financial Position

Assets

Current assets as of September 30, 2026 decreased by ¥116,733 thousand from the end of the previous fiscal year to ¥1,938,760 thousand (a decrease of 5.7% from the end of the previous fiscal year). This primarily reflected decreases of ¥70,712 thousand in raw materials and supplies and ¥96,351 thousand in advance payments to suppliers, which were partially offset by an increase of ¥62,261 thousand in cash and deposits mainly as a result of capital increase by way of execution of share acquisition rights. Non-current assets increased by ¥14,677 thousand to ¥38,546 thousand (an increase of 61.5% from the end of the previous fiscal year). This reflected an increase of ¥14,677 thousand in investments and other assets, which resulted from the purchase of shares of subsidiaries and associates.

As a result, total assets decreased by ¥102,056 thousand from the end of the previous fiscal year to ¥1,977,307 thousand (a decrease of 4.9% from the end of the previous fiscal year).

Liabilities

Current liabilities as of September 30, 2026 increased by ¥70,691 thousand from the end of the previous fiscal year to ¥180,039 thousand (an increase of 64.6% from the end of the previous fiscal year). This was mainly due to an increase of ¥70,026 thousand in accounts payable-other mainly due to the transfer of long-term accounts payable-other to current liabilities and an increase in drug development expenses for acute phase spinal cord injury (SCI) outside Japan. Non-current liabilities decreased by ¥30,384 thousand from the end of the previous fiscal year to ¥630,375 thousand (a decrease of 4.6% from the end of the previous fiscal year). This was mainly attributable to a decrease of ¥30,384 thousand in long-term accounts payable-other as a result of their transfer to current liabilities.

As a result, total liabilities increased by ¥40,307 thousand from the end of the previous fiscal year to ¥810,414 thousand (an increase of 5.2% from the end of the previous fiscal year).

Net assets

Net assets as of September 30, 2026 decreased by ¥142,363 thousand from the end of the previous fiscal year to ¥1,166,892 thousand (a decrease of 10.9% from the end of the previous fiscal year). This was mainly due to increases of ¥331,713 thousand in both share capital and legal capital surplus due mainly to a capital increase as a result of the exercise of share acquisition rights, which offset the recording of a loss of ¥813,642 thousand.

In September 2026, the Company reduced its share capital and legal capital surplus by ¥331,330 thousand and by ¥1,341,379 thousand, respectively, to transfer the said amounts to other capital surplus. It also offset the deficit in retained earnings brought forward with the other capital surplus worth ¥1,672,709 thousand.

This resulted in share capital of ¥64,560 thousand, capital surplus of ¥1,878,416 thousand, and negative retained earnings of ¥813,642 thousand.

(3) Explanation of Cash Flows

The balance of cash and cash equivalents (“cash”) at the end of the fiscal year under review increased ¥62,261 thousand from the end of the previous fiscal year to ¥1,053,557 thousand.

The status of cash flows in the fiscal year under review was as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥563,221 thousand (net cash used in operating activities during the previous fiscal year was ¥755,782 thousand). This was due mainly to a loss before income taxes of ¥811,869 thousand, offsetting an increase in cash resulting from a decrease in inventories of ¥70,712 thousand and a decrease in advance payments to suppliers of ¥96,351 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥16,475 thousand (net cash used in investing activities during the previous fiscal year was ¥154,006 thousand). This was chiefly due to ¥16,475 thousand being spent on the purchase of shares of subsidiaries and associates.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥643,155 thousand (compared with net cash provided of ¥84,141 thousand in the previous fiscal year). This was chiefly owing to proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥643,168 thousand.

(4) Outlook

In net sales for the fiscal year ended September 30, 2026, the Company recorded sales from the supply of recombinant human HGF protein (KP-100) drug substance to Claris Biotherapeutics in the U.S. as well as a fixed technology access fee, which the Company receives annually starting from the first dose in the first clinical trial conducted by Claris Biotherapeutics. Additionally, the Company recorded license fee income associated with the signing of an agreement with Maruishi Pharmaceutical Co., Ltd., granting Maruishi Pharmaceutical the exclusive rights to market the Company's vocal fold scarring treatment (KP-100LI) in Japan. As a result, net sales came to ¥442 million. In the fiscal year ending September 30, 2027 as in the fiscal year under review, the Company expects to record a technology access fee from Claris Biotherapeutics in the U.S. and a development milestone payment from Maruishi Pharmaceutical, and forecasts net sales of ¥127 million (a decrease of 71.2% year on year).

In terms of selling, general and administrative expenses, the Company anticipates personnel expenses relating to the strengthening of pharmaceutical development, in addition to various expenses in association with the staff increase. The Company also expects domestic additional clinical trial expenses for the acute SCI pipeline, expenses for clinical trial activities and the transfer of formulation manufacturing technologies and trial manufacture (process validation) in anticipation of regulatory submission and approval in the VFS pipeline, expenses for new collaborative research with universities, and expenses for investigational drug manufacturing in connection with acute SCI drug development in the U.S. Consequently, the Company forecasts selling, general and administrative expenses of ¥1,901 million for the fiscal year ending September 30, 2027 compared with ¥1,185 million for the fiscal year ended September 30, 2026 (an increase of 60.3% year on year).

As a result, operating loss for the fiscal year ending September 30, 2027 is projected to be ¥1,773 million (compared to an operating loss of ¥813 million in the fiscal year under review).

The Company expects no non-operating income or expense at the time of creating the forecast. The ordinary loss for the fiscal year ending September 30, 2027 will be ¥1,773 million (compared to an ordinary loss of ¥810 million in the fiscal year under review). There are no extraordinary income or losses projected as of the date of preparation of the forecast, and the loss for the fiscal year ending September 30, 2027 is expected to total ¥1,775 million (compared to a loss of ¥813 million in the fiscal year under review).

(5) Important Matters Related to Going Concern Assumption

The Company falls under the category of biotech companies. One of their characteristics is that a large amount of research and development expenses and a long period of time are required before the commercialization of a drug and the earning of revenue. The Company is striving to develop multiple pipelines in a bid to commercialize HGF drugs, but it has yet to earn any revenue.

With regard to the acute SCI pipeline, which is a principal pipeline, Phase I/II clinical trials and Phase III clinical trials finished, and the Company consulted with the PMDA with a view to filing an application for approval. In July 2025, it decided to file the application for approval after conducting an additional clinical trial. The Company submitted a clinical trial notification for a Phase III additional trial to the PMDA in June 2026, and commenced a Phase III additional trial from July 2026. The Company plans to conduct a Phase III additional trial with a high probability of success and to file an application for approval upon obtaining the additional data on efficacy.

Consequently, the Company's financing capacity declined, partly due to the continued occurrence of operating losses, the posting of negative cash flows from operating activities and delays in the timing of the application for approval from the initial schedule. Under these circumstances, the Company judges that the current situation leads to significant doubt about its going concern assumption.

To resolve this situation, the Company's Board of Directors adopted a resolution at a meeting held on November 11, 2026 to issue new shares, the 19th series of share acquisition rights and the 20th series of share acquisition rights through third-party allotment as part of capital policy measures. The Company set December 7, 2026 as the payment date and allotment date for these issuances and plans to raise funds through the issuance of new shares and the exercise of share acquisition rights.
With regard to expenditures, the Company judges that there is currently no material uncertainty on the going concern assumption, given that it is possible for it to secure funds for continuing its business operations by working to curb spending by reducing costs such as research and development expenses and general expenses, reconsidering its own pipelines based on the progress of our research and development activities.

At the same time, the Company will continue to conduct the drug development activities and business development activities stated below, as well as other efforts to strengthen its business and financial foundations and to remove and remediate the situation.

(i) Securing of sources of continuous revenue

In addition to sales revenue from Claris Biotherapeutics, Inc. in the form of sales from the supply of drug substances and technology access fees, the Company is carrying out collaborative research and development concerning HGF drugs in an effort to earn revenue from the sale of resulting drug substances.

(ii) Cultivation of collaboration partners for the existing pipelines

In association with the Company's acute SCI pipeline in Japan, the Company has already signed agreements on exclusive sales and wholesale rights with a pharmaceutical firm. Additionally, the Company signed an agreement with Maruishi Pharmaceutical Co., Ltd. in September 2026, granting Maruishi Pharmaceutical the exclusive rights to market the Company's vocal fold scarring treatment (KP-100LI) in Japan. For the ALS pipeline, no partnerships with any pharmaceutical or other company have been confirmed to date.

For the overseas acute SCI and VFS pipelines and the global ALS pipeline, no partnerships with any pharmaceutical or other company have been confirmed to date but the Company seeks commercialization through the model of out-licensing and collaborative development. For the individual pipelines, the Company is working to reduce development and financial risks through swift negotiations for partnerships with pharmaceutical and other companies.

In addition to promoting the development of each pipeline, we will also work to reduce research and development expenses, general expenses, and other costs by reviewing the pipeline based on the progress of research and development activities.

(iii) Financing

In addition to utilizing funding sources such as subsidies, the Company will work to secure the necessary funds through fundraising in the form of the issuance of new shares and the issuance of share acquisition rights.

2. Basic Policy in Selection of Accounting Standard

As the Company does not prepare consolidated financial statements, financial statements are prepared in accordance with Japanese GAAP, considering the burden of preparing systems to enable the preparation of financial statements in accordance with International Financial Reporting Standards, among other matters.

3. Financial Statements and Principal Notes

(1) Balance Sheets

(Thousand yen)

	As of September 30, 2025	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	1,619,088	1,681,349
Raw materials and supplies	250,342	179,629
Advance payments to suppliers	101,243	4,891
Prepaid expenses	20,156	20,888
Consumption taxes receivable	60,707	51,105
Other	3,956	895
Total current assets	2,055,494	1,938,760
Non-current assets		
Property, plant and equipment	–	–
Investments and other assets		
Guarantee deposits	23,869	23,869
Shares of subsidiaries and associates	–	14,677
Total investments and other assets	23,869	38,546
Total non-current assets	23,869	38,546
Total assets	2,079,363	1,977,307
Liabilities		
Current liabilities		
Accounts payable - other	20,315	90,341
Accrued expenses	15,594	12,475
Income taxes payable	1,490	1,490
Advances received	66,206	69,949
Deposits received	5,740	5,782
Total current liabilities	109,347	180,039
Non-current liabilities		
Asset retirement obligations	2,176	2,176
Long-term accounts payable - other	30,792	407
Long-term deposits received	627,792	627,792
Total non-current liabilities	660,760	630,375
Total liabilities	770,107	810,414
Net assets		
Shareholders' equity		
Share capital	64,176	64,560
Capital surplus		
Legal capital surplus	2,324,039	1,314,373
Other capital surplus	564,042	564,042
Total capital surplus	2,888,081	1,878,416
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,672,709)	(813,642)
Total retained earnings	(1,672,709)	(813,642)
Treasury shares	(147)	(160)
Total shareholders' equity	1,279,402	1,129,173
Share acquisition rights	29,853	37,719
Total net assets	1,309,255	1,166,892
Total liabilities and net assets	2,079,363	1,977,307

(2) Statements of Income

(Thousand yen)

	For the fiscal year ended September 30, 2025	For the fiscal year ended September 30, 2026
Net sales	72,215	442,922
Cost of sales		
Beginning finished goods inventory	–	–
Cost of products manufactured	–	70,386
Total	–	70,386
Ending finished goods inventory	–	–
Cost of finished goods sold	–	70,386
Gross profit	72,215	372,535
Selling, general and administrative expenses	981,667	1,185,981
Operating loss	(909,452)	(813,446)
Non-operating income		
Interest income	67	1,845
Reagent sales income	1,400	2,650
Interest on tax refund	112	122
Honoraria received	–	38
Other	4	162
Total non-operating income	1,585	4,818
Non-operating expenses		
Share acquisition rights issuance costs	6,645	–
Foreign exchange losses	243	1,444
Total non-operating expenses	6,888	1,444
Ordinary loss	(914,755)	(810,072)
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	–	1,797
Total extraordinary losses	–	1,797
Loss before income taxes	(914,755)	(811,869)
Income taxes - current	1,500	1,772
Total income taxes	1,500	1,772
Loss	(916,255)	(813,642)

(3) Statements of Changes in Net Assets

For the fiscal year ended September 30, 2025 (From October 1, 2024 to September 30, 2025)

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	11,300	2,271,162	564,042	2,835,204
Changes during period				
Issuance of new shares (Exercise of share acquisition rights)	45,264	45,264		45,264
Restricted stock compensation	7,612	7,612		7,612
Capital reduction				
Deficit disposition				
Loss				
Purchase of treasury shares				
Net changes in items other than shareholders' equity				
Total changes during period	52,876	52,876	–	52,876
Balance at end of period	64,176	2,324,039	564,042	2,888,081

	Shareholders' equity				Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at beginning of period	(756,453)	(756,453)	(106)	2,089,944	18,247	2,108,192
Changes during period						
Issuance of new shares (Exercise of share acquisition rights)				90,528		90,528
Restricted stock compensation				15,225		15,225
Capital reduction				–		–
Deficit disposition				–		–
Loss	(916,255)	(916,255)		(916,255)		(916,255)
Purchase of treasury shares			(40)	(40)		(40)
Net changes in items other than shareholders' equity					11,606	11,606
Total changes during period	(916,255)	(916,255)	(40)	(810,542)	11,606	(798,936)
Balance at end of period	(1,672,709)	(1,672,709)	(147)	1,279,402	29,853	1,309,255

For the fiscal year ended September 30, 2026 (From October 1, 2025 to September 30, 2026)

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	64,176	2,324,039	564,042	2,888,081
Changes during period				
Issuance of new shares (Exercise of share acquisition rights)	322,032	322,032		322,032
Restricted stock compensation	9,681	9,681		9,681
Capital reduction	(331,330)	(1,341,379)	1,672,709	331,330
Deficit disposition			(1,672,709)	(1,672,709)
Loss				
Purchase of treasury shares				
Net changes in items other than shareholders' equity				
Total changes during period	383	(1,009,665)	–	(1,009,665)
Balance at end of period	64,560	1,314,373	564,042	1,878,416

	Shareholders' equity				Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at beginning of period	(1,672,709)	(1,672,709)	(147)	1,279,402	29,853	1,309,255
Changes during period						
Issuance of new shares (Exercise of share acquisition rights)				644,064		644,064
Restricted stock compensation				19,362		19,362
Capital reduction				–		–
Deficit disposition	1,672,709	1,672,709		–		–
Loss	(813,642)	(813,642)		(813,642)		(813,642)
Purchase of treasury shares			(12)	(12)		(12)
Net changes in items other than shareholders' equity					7,865	7,865
Total changes during period	859,066	859,066	(12)	(150,228)	7,865	(142,363)
Balance at end of period	(813,642)	(813,642)	(160)	1,129,173	37,719	1,166,892

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended September 30, 2025	For the fiscal year ended September 30, 2026
Cash flows from operating activities		
Loss before income taxes	(914,755)	(811,869)
Loss on valuation of shares of subsidiaries and associates	–	1,797
Interest and dividend income	(67)	(1,845)
Share acquisition rights issuance costs	6,645	–
Decrease (increase) in inventories	44,172	70,712
Decrease (increase) in accounts receivable - other	(7,388)	12,653
Decrease (increase) in advance payments to suppliers	(34,485)	96,351
Decrease (increase) in prepaid expenses	3,810	(731)
Increase (decrease) in accounts payable - other	(16,127)	70,025
Increase (decrease) in advances received	1,455	3,742
Increase (decrease) in long-term accounts payable - other	8,880	(30,384)
Other	22,251	26,254
Subtotal	(885,609)	(563,294)
Interest and dividends received	67	1,845
Proceeds from long-term deposits received	131,260	–
Income taxes paid	(1,500)	(1,772)
Net cash provided by (used in) operating activities	(755,782)	(563,221)
Cash flows from investing activities		
Payments of leasehold and guarantee deposits	(23,869)	–
Proceeds from refund of leasehold and guarantee deposits	1,122	–
Payments into time deposits	(131,260)	–
Purchase of shares of subsidiaries and associates	–	(16,475)
Net cash provided by (used in) investing activities	(154,006)	(16,475)
Cash flows from financing activities		
Purchase of treasury shares	(40)	(12)
Proceeds from issuance of share acquisition rights	1,003	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	83,179	643,168
Net cash provided by (used in) financing activities	84,141	643,155
Effect of exchange rate change on cash and cash equivalents	–	(1,197)
Net increase (decrease) in cash and cash equivalents	(825,647)	62,261
Cash and cash equivalents at beginning of period	1,816,943	991,296
Cash and cash equivalents at end of period	991,296	1,053,557

(5) Notes to Financial Statements

Notes on going concern assumption

Not applicable.

Equity method earnings, etc.

Not applicable.

Revenue recognition

Information on disaggregated revenue from contracts with customers

The Company operates in a single segment of pharmaceutical development business. Revenue disaggregated by main goods and services are as follows.

(Thousand yen)

Item	Fiscal year ended September 30, 2025	Fiscal year ended September 30, 2026
Lump-sum revenue from contracts	–	100,000
Milestone revenue	–	–
Royalty income	72,215	74,138
Revenue from product sales	–	268,783
Revenue from contracts with customers	72,215	442,922
Other revenue	–	–
Revenues from external customers	72,215	442,922

Segment information

Since the Company operates in a single segment of pharmaceutical development business, segment information is omitted.

Per share information

	Previous fiscal year (October 1, 2024 to September 30, 2025)	Fiscal year under review (October 1, 2025 to September 30, 2026)
Net assets per share	¥182.30	¥131.41
Net loss per share	(¥133.92)	(¥105.32)

Notes: 1. Although potential shares existed, diluted earnings per share are not shown, as a net loss per share was recorded.

2. The basis for the calculation of net loss per share is as follows.

Item	Previous fiscal year (October 1, 2024 to September 30, 2025)	Fiscal year under review (October 1, 2025 to September 30, 2026)
Net loss per share		
Loss (thousand yen)	(916,255)	(813,642)
Amount not attributable to common shareholders (thousand yen)	–	–
Loss on common shares (thousand yen)	(916,255)	(813,642)
Average number of common shares during the period (shares)	6,841,997	7,725,771
Overview of potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	–	–

3. The basis for the calculation of net assets per share is as follows.

Item	Previous fiscal year (As of September 30, 2025)	Fiscal year under review (As of September 30, 2026)
Total net assets (thousand yen)	1,309,255	1,166,892
Amount deducted from total net assets (thousand yen)	29,853	37,719
(Of which share acquisition rights (thousand yen))	[29,853]	[37,719]
Net assets related to common shares at the end of the period (thousand yen)	1,279,402	1,129,173
Number of common shares at the end of the period used for the calculation of net assets per share (shares)	7,018,017	8,592,977

Significant subsequent events

(Issuance of new shares, 19th series of share acquisition rights, and 20th series of share acquisition rights by third-party allotment)

At a meeting of its Board of Directors held on November 11, 2026 (the "Issuance Resolution Date"), the Company resolved to issue new shares (hereinafter referred to as the "New Shares") to Maruishi Pharmaceutical Co., Ltd. (hereinafter referred to as "Maruishi Pharmaceutical") and ZENOAQ HOLDINGS CO., LTD. (hereinafter referred to as "ZENOAQ HD" or, together with Maruishi Pharmaceutical, referred to individually or collectively as the "Scheduled Share Allottee(s)"); to issue the 19th series and 20th series of share acquisition rights (hereinafter referred to individually or collectively as the "Share Acquisition Rights" depending on the context) to Macquarie Bank Limited (hereinafter referred to as "Macquarie" or "Scheduled Share Acquisition Rights Allottee" or, together with the Scheduled Share Allottees, referred to individually or collectively to as the "Scheduled Allottee(s)"); and, subject to the effectuation of the securities registration statement under the Financial Instruments and Exchange Act, to enter into a Share Acquisition Rights Purchase Agreement (Target Issue Program, "TIP"*) with the Scheduled Share Acquisition Rights Allottee.

Overview of offering

<The New Shares>

(1) Offering method	Issuance of new shares through a third-party allotment
(2) Class of shares to be issued	Common shares
(3) Number of new shares to be issued	The number of new shares to be issued shall be the total amount of the numbers of shares obtained by dividing 300 million yen and 200 million yen, which are the amounts to be allotted to Maruishi Pharmaceutical and ZENOAQ HD respectively by the amount calculated in accordance with "(4) Issuance price" below (rounded down to the nearest 100 shares). Assuming that the issuance price is the amount equivalent to 92% of 519 yen, which is the closing price of the Company's common stock in regular trading on Tokyo Stock Exchange, Inc. (hereinafter referred to as the "TSE") on the trading day (defined below) immediately preceding the Issuance Resolution Date (or if no closing price exists on that day, the closing price immediately preceding it; hereinafter referred to as the "Closing Price"), with any fraction of one yen rounded up, then the number of new shares to be issued will be 1,046,000 shares. "Trading day" means a day on which a trading session is held at the TSE; provided, however, that any day on which there is any type of suspension of trading or trading restriction in relation to the Company's common stock at the TSE (including a temporary trading restriction) shall not be deemed to be a "trading day."
(4) Issuance price	The issuance price shall be the amount equivalent to 92% of the Closing Price on the trading day immediately preceding any day in the period from November 18, 2026 to November 20, 2026 that is specified by the Company's Board of Directors as the date for determining the final conditions for the New Shares and the Share Acquisition Rights (hereinafter referred to as the "Conditions Determination Date"), taking into consideration various circumstances such as share price fluctuations, with any fraction of one yen rounded up; provided, however, that if such amount is less than 92% of the Closing Price on the trading day immediately preceding the Issuance Resolution Date, then the issuance price shall be the amount equivalent to 92% of the Closing Price on the trading day immediately preceding the Issuance Resolution Date, with any fraction of one yen rounded up.
(5) Total issue value	The total issue value shall be the amount obtained when the issuance price of the New Shares is multiplied by the number of new shares to be issued stated in "(3) Number of new shares to be issued" above. Assuming that the issuance price is the amount equivalent to 92% of 519 yen, which is the Closing Price on the trading day immediately preceding the Issuance Resolution Date, with any fraction of one yen rounded up, then the total issue value will be 499,988,000 yen.
(6) Total amount booked as share capital	The total amount booked as share capital shall be the amount obtained when the amount calculated by multiplying the number of new shares to be issued stated in "(3) Number of new shares to be issued" above by the issuance price of the New Shares is divided by 2 (with any fraction of one yen rounded up).

(7) Payment date	December 7, 2026
(8) Method of offering or allotment (Scheduled Allottees)	The New Shares shall be allotted through a third-party allotment as follows; provided, however, that such numbers of shares are estimates based on the assumption that the New Shares are issued at a price per share that is the amount equivalent to 92% of 519 yen, which is the Closing Price on the trading day immediately preceding the Issuance Resolution Date, with any fraction of one yen rounded up, and are calculated as the numbers obtained by dividing 300 million yen and 200 million yen, which are the amounts to be allotted to Maruishi Pharmaceutical and ZENOAQ HD respectively, by 478 yen, which is the amount equivalent to 92% of the Closing Price on the trading day immediately preceding the Issuance Resolution Date, with any fraction of one yen rounded up (rounded down to the nearest 100 shares). The actual number of shares issued shall be the number obtained by dividing 300 million yen and 200 million yen, which are the amounts to be allotted to Maruishi Pharmaceutical and ZENOAQ HD respectively, by the issuance price determined on the Conditions Determination Date (rounded down to the nearest 100 shares). Maruishi Pharmaceutical 627,600 shares ZENOAQ HD 418,400 shares
(9) Use of funds	(i) Expenses to advance preparations for phase III trial for acute SCI drug development in the U.S. (ii) Expenses to prepare for establishment of system for producing recombinant human HGF protein drug substance by new manufacturing method (iii) Production of drug substances in Japan (iv) Working capital
(10) Others	Each of the above items will be subject to the effectuation of securities registration under the Financial Instruments and Exchange Act.

<The Share Acquisition Rights>

(1) Allotment date	December 7, 2026
(2) Class of shares subject to Share Acquisition Rights	Common shares of the Company
(3) Number of share acquisition rights to be issued	21,460 rights 19th series of share acquisition rights: 10,730 rights 20th series of share acquisition rights: 10,730 rights
(4) Issuance price	Total amount: 4,452,950 yen (228 yen per 1 right of 19th series of share acquisition rights, 187 yen per 1 right of 20th series of share acquisition rights); or the amount determined based on the calculation result on the Conditions Determination Date if the result calculated on the Conditions Determination Date, using the same method as that used to determine the above total issue value, exceeds the above amount. The total issue value is the total amount of the amounts obtained by multiplying the issuance price per right of each series of share acquisition rights by the total number of the Share Acquisition Rights in each series.
(5) Number of potential shares due to this issuance	2,146,000 shares (100 shares per share acquisition right) 19th series of share acquisition rights: 1,073,000 rights 20th series of share acquisition rights: 1,073,000 rights There is no upper limit of the exercise price. The 19th series of share acquisition rights is not subject to an exercise price adjustment condition, and there is no lower limit on the exercise price. The lower limit exercise price for the 20th series of share acquisition rights (defined below) is 260 yen (provided, however, that this is subject to adjustment based on the provisions of section 11 of the Issuance Terms and Conditions of the 20th Series of Share Acquisition Rights), but even at the lower limit exercise price, the number of potential shares is 1,073,000 shares.
(6) Funds to be raised	1,705,252,950 yen (Estimated net proceeds) (Note)

(7) Exercise price and conditions for adjustment of exercise price	<19th series of share acquisition rights> The exercise price of the 19th series of share acquisition rights is 600 yen. The 19th series of share acquisition rights is not subject to an exercise price adjustment condition, and there is no lower limit on the exercise price. The exercise price of the 19th series of share acquisition rights may be adjusted in accordance with the Issuance Terms and Conditions of the 19th Series of Share Acquisition Rights. <20th series of share acquisition rights> The initial exercise price of the 20th series of share acquisition rights is set at 1,000 yen. The exercise price of the 20th series of share acquisition rights shall be fixed initially but, if judged necessary to raise funds, the Company may, upon careful judgment of the probability of exercise of the Share Acquisition Rights in light of the Company's share price trend and market environment, by resolution of the Board of Directors, decide to adjust the exercise price (hereinafter referred to as "Exercise Price Adjustment Option") and if such a decision is made, the exercise price shall be adjusted based on the Issuance Terms and Conditions of the 20th Series of Share Acquisition Rights. If the Company resolves to adjust the exercise price based on the Issuance Terms and Conditions of the 20th Series of Share Acquisition Rights, the Company shall immediately notify the holders of the 20th series of share acquisition rights to this effect. For any requests to exercise the 20th series of share acquisition rights that are made between the 10th trading day reckoned from the day such notification was given (including said day) or a day sooner than the 10th trading day specified separately in such resolution and the expiry date of the period specified in Section 12 of the Issuance Terms and Conditions of the 20th Series of Share Acquisition Rights, the exercise price shall be adjusted to the amount that is equivalent to 92% of the closing price of the Company's common stock in regular trading on the TSE on the trading day immediately preceding each adjustment day (defined below) (or if no closing price exists on that day, the closing price immediately preceding it), with any fraction of one yen rounded up; provided, however, that if exercise of the 20th series of share acquisition rights falls under exercise exceeding restrictions as defined in Article 436, Paragraph 1 of the Enforcement Rules for the TSE's Securities Listing Regulations and the exercise price for such exercise based on the above calculation will be less than the closing price (or the adjusted closing price - multiplied by the ratio of the stock split, etc. - in the event of a stock split, etc. of the Company's common stock after issuance of the 20th series of share acquisition rights) of the Company's common stock in regular trading on the TSE on the Issuance Resolution Date (hereinafter referred to as the "Issuance Resolution Date Closing Price"), then the exercise price for such exercise shall be adjusted to the same amount as the Issuance Resolution Date Closing Price. The exercise price of the 20th series of share acquisition rights shall not be less than 260 yen, which is the amount equivalent to 50% of the closing price on the trading day immediately preceding the Issuance Resolution Date, with any fraction of one yen rounded up (hereinafter referred to as the "Lower Limit Exercise Price"). If the exercise price after adjustment based on the above calculation will be less than the Lower Limit Exercise Price, then the exercise price shall be the Lower Limit Exercise Price. "Adjustment day" means the day on which the Company received notification about each exercise request. The exercise price of the 20th series of share acquisition rights may be adjusted in accordance with the Issuance Terms and Conditions of the 20th Share Acquisition Rights.
(8) Method of offering or allotment (Scheduled Allottee)	The allotment shall be by way of a third-party allotment to Macquarie Bank Limited.
(9) Exercise period of share acquisition rights	From December 8, 2026 to December 8, 2028
(10) Use of funds	(i) Expenses to advance preparations for phase III trial for acute SCI drug development in the U.S. (ii) Expenses to prepare for establishment of system for producing recombinant human HGF protein drug substance by new manufacturing method (iii) Production of drug substances in Japan (iv) Working capital

(11) Others	1) The Company plans to conclude a purchase agreement for the Share Acquisition Rights (hereinafter referred to as the "Share Acquisition Rights Purchase Agreement") with the Scheduled Share Acquisition Rights Allottee after effectuation of securities registration for the Share Acquisition Rights pursuant to the Financial Instruments and Exchange Act. 2) The Share Acquisition Rights Purchase Agreement will stipulate to the effect that if Macquarie transfers the Share Acquisition Rights upon obtaining the prior authorization of the Company's Board of Directors, then the recipient of the transfer from Macquarie shall succeed to all Macquarie's rights and obligations under the Share Acquisition Rights Purchase Agreement.

(Note) The funds to be raised from the Share Acquisition Rights is the amount obtained by adding together the total issue value of the Share Acquisition Rights and the total amount of property to be contributed on exercise of the Share Acquisition Rights calculated on the assumption that all share acquisition rights are exercised based on the initial exercise price, less the amount equivalent to expenses for the issuance of the Share Acquisition Rights. The total issue value of the Share Acquisition Rights is an estimate calculated based on assumptions about figures such as the closing price on the trading day immediately preceding the Issuance Resolution Date, and the final issuance price of the Share Acquisition Rights will be determined on the Conditions Determination Date. If the exercise price is adjusted, the amount of funds raised will fluctuate. Furthermore, if all or some of the Share Acquisition Rights are not exercised within the exercise period of the Share Acquisition Rights or if the Company cancels the Share Acquisition Rights it has acquired, the amount of funds raised will decrease.

* Rationale for establishing a specific period between the Issuance Resolution Date and the Conditions Determination Date for the New Shares

If shares are issued through a third-party allotment, as with the New Shares, the conditions are usually determined based on a single issuance resolution.

However, in the case of this issuance, the Company announced the summary of financial results for the fiscal year ended September 30, 2026 on the same day as the Issuance Resolution Date, and the Company believes that, depending on how this is received by the market, this may affect the Company's share price from the Issuance Resolution Date onwards. In this case, if the Company determines conditions with reference to the share price prior to the Issuance Resolution Date based on a single issuance resolution, the impact of the above announcement on the share price will not be taken into consideration. If the share price increases due to the above announcement, determining the issuance conditions of the New Shares without taking this increase in the share price into account could lead to a mismatch between the issuance conditions and the actual value of the New Shares at the time of their issuance. This discrepancy may negatively affect the interests of current shareholders. In light of this situation, the Company believes it is more appropriate for the issuance conditions of the New Shares to be determined once the increase in share price caused by the announcement has been taken into account to some extent. This approach considers the interests of current shareholders, increasing the fairness of the issuance conditions.

The Company, therefore, decided to set a day on which a certain period will have elapsed since the first resolution on the issuance of the New Shares on November 11, 2026 as the Conditions Determination Date to factor in the impact on the share price, with the intention of making a final decision on the issuance conditions of the New Shares based on a second issuance resolution on the Conditions Determination Date that takes into consideration any movements in the share price up to the Conditions Determination Date.

More specifically, the issuance price of the New Shares shall be the amount equivalent to 92% of the Closing Price per share of the Company's common stock on the trading day immediately preceding the Conditions Determination Date. This approach is based on the usual method for determining conditions in a third-party allotment of shares while also taking the impact on the share price into account as described above; provided, however, that if this amount is less than 92% of the Closing Price on the trading day immediately preceding the Issuance Resolution Date, the issuance price of the New Shares shall be the amount equivalent to 92% of the Closing Price on the trading day immediately preceding the Issuance Resolution Date.

Based on comprehensive consideration of factors such as the past share price trend and volatility of the Company's common stock, the Company believes that the number of days needed for the announcement of the summary of

financial results for the fiscal year ended September 30, 2026 to be factored into the share price is between 5 trading days and 7 trading days, and decided to make the Conditions Determination Date any day in the period between November 18, 2026 and November 20, 2026, which is between 5 trading days and 7 trading days from the Issuance Resolution Date. For details of the summary of financial results for the fiscal year ended September 30, 2026, please refer to Financial Results for the Fiscal Year Ended September 30, 2026 [Japanese GAAP] (Non-consolidated) announced separately on the Issuance Resolution Date.

* Target Issue Program "TIP"

The Share Acquisition Rights have been issued under the Target Issue Program ("TIP"). Under this scheme, the Company sets a target share price, which represents the desired share price level at the time of issuing new shares, and establishes it as the exercise price of the Share Acquisition Rights. This program is designed with the expectation that, anticipating future share price appreciation, new shares can be issued in stages at different exercise prices.

* Rationale for establishing a specific period between the Issuance Resolution Date and the Conditions Determination Date for the Share Acquisition Rights

If share acquisition rights are issued through a third-party allotment, all the conditions are usually determined on the Issuance Resolution Date.

However, in the case of these fundraising activities, the Company announced the summary of financial results for the fiscal year ended September 30, 2026 on the same day as the Issuance Resolution Date, and also announced the issuance of the New Shares for the purpose of deepening relationships with each Scheduled Share Allottee, and the Company believes that, depending on how this is received by the market, this may affect the Company's share price from the Issuance Resolution Date onwards. Under such conditions, the Company believes it is necessary to determine fair issuance conditions that take the interests of current shareholders into consideration. In other words, if the share price increases from the Issuance Resolution Date onwards, determining the issuance conditions of the Share Acquisition Rights without taking this increase in the share price into account could lead to a mismatch between the issuance conditions and the actual value of the Share Acquisition Rights at the time of their issuance. This discrepancy may negatively affect the interests of current shareholders. The Company therefore believes it is more appropriate for the issuance conditions of the Share Acquisition Rights to be determined once the increase in share price has been taken into account. (If the share price falls, this fall will not be taken into account. Details are as described in *Method for determining issuance prices of the Share Acquisition Rights below.)

Accordingly, the Company set a day that is between 5 trading days and 7 trading days after November 11, 2026 as the Conditions Determination Date so that the impact of announcement of the summary of financial results for the fiscal year ended September 30, 2026 and the announcement of issuance the New Shares is factored in.

* Method for determining issuance prices of the Share Acquisition Rights

A third-party valuation agency shall be asked for a valuation and the issuance prices of the Share Acquisition Rights shall be determined based on the valuation results. The issuance prices which were determined through such valuation based on assumptions made in the issuance resolution on November 11, 2026 (the Issuance Resolution Date) such as the closing price on the TSE on the trading day immediately preceding the Issuance Resolution Date are 228 yen per right of the 19th series of share acquisition rights and 187 yen per right of the 20th series of share acquisition rights.

However, such valuation results do not take into consideration share price movements from November 11, 2026 (the Issuance Resolution Date), as explained above. A revaluation by the same method shall, therefore, be carried out as of the trading day immediately preceding the Conditions Determination Date, and if the results of this revaluation exceed 228 yen per right for the 19th series of share acquisition rights and 187 yen per right for the 20th series of share acquisition rights for reasons such as an increase in the share price on or after November 11, 2026 (the Issuance Resolution Date), then the amounts determined based on such revaluation results shall be set as the issuance prices of the Share Acquisition Rights respectively. On the other hand, if the results of revaluation on the Conditions Determination Date are less than 228 yen per right of the 19th series of share acquisition rights and 187 yen per right

of the 20th series of share acquisition rights due to a fall in the share price since November 11, 2026 (the Issuance Resolution Date), then such results shall not be taken into account, and the issuance prices of the Share Acquisition Rights will be left as 228 yen per right of the 19th series of share acquisition rights and 187 yen per right of the 20th series of share acquisition rights. In other words, out of consideration for the interests of current shareholders, if the value of the Share Acquisition Rights has increased on the Conditions Determination Date, such increase shall be taken into account on determination of the issuance prices; but if their value has decreased, such decrease will not be taken into account. Accordingly, the issuance prices per right of the Share Acquisition Rights will never be determined as less than their value as of November 11, 2026 (the Issuance Resolution Date) (228 yen per right of the 19th series of share acquisition rights and 187 yen per right of the 20th series of share acquisition rights).