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Financial Results for the Six Months Ended March 31, 2026 [Japanese GAAP] (Non-consolidated)



May 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, Director of Corporate Planning Management

Phone: +81-7653-6728

Scheduled date of filing semi-annual securities report: May 11, 2026

Scheduled date of commencing dividend payments: —

Availability of supplementary explanatory materials on financial results: Available

Schedule of financial results briefing session: Scheduled

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

1. Financial Results for the Six Months Ended March 31, 2026 (October 1, 2025 - March 31, 2026)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2026	36	2.2	(515)	—	(513)	—	(516)	—
March 31, 2025	35	(16.5)	(511)	—	(511)	—	(512)	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2026	(71.37)	—
March 31, 2025	(75.15)	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
March 31, 2026	1,988	947	45.9
September 30, 2025	2,079	1,309	61.5

Reference: Equity: As of March 31, 2026: ¥913 million

As of September 30, 2025: ¥1,279 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2025	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2026	—	0.00			
Fiscal year ending September 30, 2026 (Forecast)			—	0.00	0.00

Note: Revision to the dividend forecast announced most recently: None

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

(% 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	332	360.4	(1,018)	—	(1,018)	—	(1,020)	(139.41)

Note: Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Application of specific accounting methods for preparing the semi-annual financial statements: None

(2) 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

(3) 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 March 31, 2026: 7,395,200 shares

As of September 30, 2025: 7,018,200 shares

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

As of March 31, 2026: 183 shares

As of September 30, 2025: 183 shares

3) Average number of shares during the period:

For the six months ended March 31, 2026: 7,238,533 shares

For the six months ended March 31, 2025: 6,819,300 shares

* Semi-annual financial results are outside the scope of review by a certified public accountant or an auditing 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. Actual results may differ significantly from these forecasts due to various factors.

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1. Overview of Financial Results

(1) Overview of Semi-annual Business Performance

The forward-looking statements herein are based on the judgments of Kringle Pharma, Inc. (the “Company”) as of the first six months 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 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. The Company plans to propose a study with a high probability of success based on insights gained through the Phase I/II and the Phase III clinical trial conducted previously, 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.

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., to accelerate the development of treatments for acute spinal cord injuries (SCI) in the U.S.

* 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. 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). Furthermore, the Company issued share acquisition rights in August 2025 for the purpose of partially financing the manufacture and development of a commercial formulation for VFS.

(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 first six months of 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.

In the first six months of the fiscal year under review, an order for HGF drug substance was placed by Claris, and although the delivery from the Company has not been completed, the Company received advance income as consideration from 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 regeneration, and has potential as a new therapeutic agent for this intractable disease for which there are no existing drugs.

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 neuropathy 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.

2. Business development activities

During the first six months of the fiscal year under review, the Company had business development discussion with potential business partners to expand development of acute SCI outside Japan. In June 2024, the Company gave an oral presentation at the 2nd Annual Spinal Cord Injury Investor Symposium in the U.S. and networked with the symposium participants. 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, during the six months ended March 31, 2026, net sales amounted to ¥36,736 thousand (a year-on-year increase of 2.2%), while the Company recorded an operating loss of ¥515,272 thousand (operating loss during the six months ended March 31, 2025 was ¥511,933 thousand), ordinary loss of ¥513,782 thousand (ordinary loss during the six months ended March 31, 2025 was ¥511,740 thousand) and loss of ¥516,595 thousand (loss during the six months ended March 31, 2025 was ¥512,490 thousand).

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

(2) Overview of Semi-annual Financial Condition

1. Assets, liabilities and net assets as of March 31, 2026

Assets

Current assets as of March 31, 2026 decreased by ¥91,048 thousand from the end of the previous fiscal year to ¥1,964,445 thousand (a decrease of 4.4% from the end of the previous fiscal year). This was mainly due to a decrease of ¥30,813 thousand in cash and deposits as a result of the payment of R&D expenses including VFS clinical trial expenses. Non-current assets increased by ¥383 thousand to ¥24,253 thousand (an increase of 1.6% from the end of the previous fiscal year). This reflected an increase of ¥383 thousand in investments and other assets, which resulted from the purchase of shares of subsidiaries.

As a result, total assets decreased by ¥90,664 thousand from the end of the previous fiscal year to ¥1,988,699 thousand (a decrease of 4.4% from the end of the previous fiscal year).

Liabilities

Current liabilities as of March 31, 2026 increased by ¥300,988 thousand from the end of the previous fiscal year to ¥410,335 thousand (an increase of 275.3% from the end of the previous fiscal year). This was mainly due to a ¥232,046 thousand increase in advances received for the supply of drug substances. Non-current liabilities decreased by ¥30,278 thousand from the end of the previous fiscal year to ¥630,481 thousand (a decrease of 4.6% from the end of the previous fiscal year). This was attributable to a decrease of ¥30,278 thousand in non-current liabilities as a result of their transfer to current liabilities.

As a result, total liabilities increased by ¥270,709 thousand from the end of the previous fiscal year to ¥1,040,817 thousand (an increase of 35.2% from the end of the previous fiscal year).

Net assets

Net assets as of March 31, 2026 decreased by ¥361,374 thousand from the end of the previous fiscal year to ¥947,881 thousand (a decrease of 27.6% from the end of the previous fiscal year). This primarily reflected the recording of a net loss of ¥516,595 thousand, which was partially offset by a ¥70,387 thousand increase in share capital and an ¥80,225 thousand increase in capital surplus as a result of a capital increase, etc. by way of the execution of share acquisition rights.

This resulted in share capital of ¥134,564 thousand, capital surplus of ¥2,968,307 thousand, and negative retained earnings of ¥2,189,304 thousand.

2. Status of cash flows

Cash and cash equivalents (hereafter “cash”) as of March 31, 2026 were ¥960,483 thousand, a decrease of ¥30,813 thousand from the end of the previous fiscal year.

The status of cash flows for the six months ended March 31, 2026 was as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥169,218 thousand (net cash used in operating activities during the same period the previous fiscal year was ¥404,516 thousand). This was mainly due to a loss before income taxes of ¥515,579 thousand, offsetting an increase in cash resulting from a rise in advances received of ¥232,046 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥2,181 thousand (net cash used in investing activities during the same period the previous fiscal year was ¥155,129 thousand). This was chiefly due to ¥2,181 thousand being spent on the purchase of shares of subsidiaries and associates.

Cash flows from financing activities

Net cash provided by financing activities was ¥140,586 thousand (net cash provided by financing activities during the same period the previous fiscal year was ¥1,047 thousand). This was due to proceeds from the issuance of shares resulting from the exercise of share acquisition rights of ¥140,586 thousand.

(3) Explanation of Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the full fiscal year ending September 30, 2026 (October 1, 2025 - September 30, 2026) is unchanged from the forecast announced in “Notice of Revision to Financial Results Forecast for the Fiscal Year Ending September 30, 2026” on March 11, 2026.

(4) 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.

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 Board of Directors adopted a resolution at a meeting held on July 16, 2025 to issue the 16th series of share acquisition rights through a third-party allotment. Consequently, the third-party allotment took place on August 1, 2025.

During the first six months of the fiscal year under review, the Company proceeded to raise funds through the exercise of such share acquisition rights and also received advance income for consideration from the supply of HGF drug substance to Claris Biotherapeutics, Inc.

In addition, as described in Significant Subsequent Events, the Company is proceeding with fundraising through exercise of share acquisition rights.

On the other hand, 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 reconsidering its own pipelines based on the progress of our research and development activities to cut research and development expenses and reduce general expenses as needed.

In addition, 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, etc.

In association with the Company's acute SCI pipeline in Japan, it has already signed agreements on exclusive sales and wholesale rights with a pharmaceutical firm. For the VFS pipeline, ALS pipeline and the overseas acute SCI pipeline, no partnerships with any pharmaceutical or other company have been confirmed to date.

With respect to the domestic VFS pipeline, the Company seeks commercialization in the model of acquiring approval of pharmaceuticals through independent development and securing sales partners, as in the domestic acute SCI pipeline. For the overseas acute SCI and VFS pipelines and the global ALS pipeline, the Company seeks commercialization in 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

The Company is endeavoring to procure funds with the utilization of subsidies and other sources.

2. Semi-annual Financial Statements and Principal Notes

(1) Semi-annual Balance Sheet

(Thousand yen)

	As of September 30, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	1,619,088	1,588,275
Raw materials and supplies	250,342	250,035
Advance payments to suppliers	101,243	78,151
Consumption taxes receivable	60,707	32,973
Other	24,112	15,010
Total current assets	2,055,494	1,964,445
Non-current assets		
Property, plant and equipment	—	—
Investments and other assets	23,869	24,253
Total non-current assets	23,869	24,253
Total assets	2,079,363	1,988,699
Liabilities		
Current liabilities		
Accounts payable - other	20,315	88,467
Income taxes payable	1,490	745
Advances received	66,206	298,253
Other	21,334	22,869
Total current liabilities	109,347	410,335
Non-current liabilities		
Asset retirement obligations	2,176	2,176
Long-term accounts payable - other	30,792	513
Long-term deposits received	627,792	627,792
Total non-current liabilities	660,760	630,481
Total liabilities	770,107	1,040,817
Net assets		
Shareholders' equity		
Share capital	64,176	134,564
Capital surplus	2,888,081	2,968,307
Retained earnings	(1,672,709)	(2,189,304)
Treasury shares	(147)	(147)
Total shareholders' equity	1,279,402	913,419
Share acquisition rights	29,853	34,462
Total net assets	1,309,255	947,881
Total liabilities and net assets	2,079,363	1,988,699

(2) Semi-annual Statements of Income

(Thousand yen)

	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Net sales	35,928	36,736
Cost of sales	—	—
Gross profit	35,928	36,736
Selling, general and administrative expenses	547,862	552,009
Operating loss	(511,933)	(515,272)
Non-operating income		
Interest income	29	1,771
Interest on tax refund	112	122
Honoraria received	—	38
Other	115	11
Total non-operating income	257	1,943
Non-operating expenses		
Foreign exchange losses	65	453
Total non-operating expenses	65	453
Ordinary loss	(511,740)	(513,782)
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	1,797
Total extraordinary losses	—	1,797
Loss before income taxes	(511,740)	(515,579)
Income taxes - current	749	1,016
Total income taxes	749	1,016
Loss	(512,490)	(516,595)

(3) Semi-annual Statements of Cash Flows

(Thousand yen)

	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Cash flows from operating activities		
Loss before income taxes	(511,740)	(515,579)
Loss on valuation of shares of subsidiaries and associates	–	1,797
Interest income	(29)	(1,771)
Decrease (increase) in inventories	44,108	306
Decrease (increase) in accounts receivable - other	23,276	31,665
Decrease (increase) in advance payments to suppliers	(13,667)	23,091
Decrease (increase) in prepaid expenses	9,811	5,164
Increase (decrease) in accounts payable - other	72,342	68,152
Increase (decrease) in advances received	(35,928)	232,046
Increase (decrease) in long-term accounts payable - other	7,127	(30,278)
Other	1,648	16,176
Subtotal	(403,050)	(169,228)
Interest received	29	1,771
Income taxes paid	(1,494)	(1,761)
Net cash provided by (used in) operating activities	(404,516)	(169,218)
Cash flows from investing activities		
Payments of leasehold and guarantee deposits	(23,869)	–
Payments into time deposits	(131,260)	–
Purchase of shares of subsidiaries and associates	–	(2,181)
Net cash provided by (used in) investing activities	(155,129)	(2,181)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,047	140,586
Net cash provided by (used in) financing activities	1,047	140,586
Net increase (decrease) in cash and cash equivalents	(558,598)	(30,813)
Cash and cash equivalents at beginning of period	1,816,943	991,296
Cash and cash equivalents at end of period	1,258,345	960,483

(4) Notes to Semi-annual Financial Statements

Notes on going concern assumption

Not applicable.

Notes to semi-annual balance sheets

* Collateral assets and loans pledged as collateral

Fixed deposits included in cash and deposits are collateral assets for long-term deposits received from the Japan Agency for Medical Research and Development (AMED).

Collateral assets

	As of September 30, 2025	As of March 31, 2026
Cash and deposits	¥627,792 thousand	¥627,792 thousand

Loans pledged as collateral

	As of September 30, 2025	As of March 31, 2026
Long-term deposits received	¥627,792 thousand	¥627,792 thousand

Notes to semi-annual statement of cash flows

* Cash and cash equivalents at end of semi-annual period and their relationship with the amounts of items listed in the semi-annual balance sheet are as follows:

	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Cash and deposits	¥1,886,137 thousand	¥1,588,275 thousand
Time deposits whose deposit term exceeds 3 months	(¥627,792 thousand)	(¥627,792 thousand)
Cash and cash equivalents	¥1,258,345 thousand	¥960,483 thousand

Notes in case of significant changes in shareholders' equity

For the six months ended March 31, 2025

Not applicable.

For the six months ended March 31, 2026

On August 1, 2025, the Company allotted its 16th series of share acquisition rights to EVO FUND. Due to the exercise of share acquisition rights during the six months ended March 31, 2026, share capital and capital surplus increased by ¥70,387 thousand, respectively.

As a result, as of March 31, 2026, share capital and capital surplus amounted to ¥134,564 thousand and ¥2,968,307 thousand, respectively.

Notes on segment information, etc.

Segment information

For the six months ended March 31, 2025

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

For the six months ended March 31, 2026

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

Revenue recognition

1. Information on disaggregated revenue from contracts with customers

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

(Thousand yen)

Item	For the six months ended March 31, 2025	For the six months ended March 31, 2026
Lump-sum revenue from contracts	—	—
Milestone revenue	—	—
Royalty income	35,928	36,736
Revenue from product sales	—	—
Revenue from contracts with customers	35,928	36,736
Other revenue	—	—
Revenues from external customers	35,928	36,736

2. Information on the relationship between the fulfillment of performance obligations in contracts with customers and the resulting cash flows from those contracts, as well as the revenue expected to be recognized and the timing of that revenue recognition after the end of the interim period under review, based on contracts existing at the end of the interim period under review

(1) Balance, etc. of contract liabilities

For the fiscal year ended September 30, 2025

(Thousand yen)

	Balance at beginning of period	Balance at the end of the period
Contract liabilities	64,751	66,206

Contract liabilities are included in “advances received” on the balance sheet. Contract liabilities are advances received from customers in royalty income and are amortized to income at the time of income recognition. Of the income recognized in the interim period under review, ¥64,751 thousand was included in outstanding contract liabilities as of the beginning of the period. Fluctuations in the outstanding amount of contract liabilities are insignificant.

For the six months ended March 31, 2026

(Thousand yen)

	Balance at beginning of period	Balance at the end of the period
Contract liabilities	66,206	298,253

Contract liabilities are included in “advances received” on the interim balance sheet. Contract liabilities are royalty income and advances received from customers in revenues from product sales and are amortized to income at the time of income recognition. Of the income recognized in the interim period under review, ¥36,736 thousand was included in outstanding contract liabilities as of the beginning of the period. The main factor behind the ¥232,046 thousand increase in contract liabilities in the interim period under review was orders received in relation to revenues from product sales based on the license and supply agreement with Claris Biotherapeutics, Inc. in the United States. The performance obligation was satisfied when the counterparty to the contract received the product, and income was recognized in April 2026.

(2) Transaction prices allocated to outstanding performance obligations

As a practical expedient, disclosure is omitted as there are no important contracts with a term of more than one year.

Notes on significant subsequent events

Exercise of share acquisition rights

During the period between April 1, 2026 and May 11, 2026, the 16th series of share acquisition rights were exercised. An overview of the exercise of these share acquisition rights is shown below.

1. Number of share acquisition rights exercised:	6,830
2. Type and number of shares issued:	683,000 common shares
3. Amount raised by exercise of share acquisition rights	¥284,128 thousand
4. Increase in share capital:	¥142,265 thousand
5. Increase in legal capital surplus:	¥142,265 thousand