

Non-consolidated Financial Results for the Three Months Ended March 31, 2026 (Under Japanese GAAP)



May 15, 2026

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 Listing: Tokyo Stock Exchange
 Securities code: 219A
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: No
 Holding of financial results briefing: No

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2026	465	-	(75)	-	(56)	-	(58)	-
January 31, 2025	-	-	(485)	-	(478)	-	(478)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2026	(2.54)	-
January 31, 2025	(21.52)	-

Note: Diluted earnings per share for the three months ended March 31, 2026 is not stated in the above table, since basic earnings per share was negative.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
March 31, 2026	7,613	7,146	93.8
December 31, 2025	7,675	7,194	93.7

Reference: Shareholder's Equity

As of March 31, 2026: ¥7,142 million

As of December 31, 2025: ¥7,190 million

2. Cash dividends

	Annual dividends per share					
	First quarter-end	Second quarter-end	Third quarter-end	Fourth year-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	-	-	-	0.00	0.00
Fiscal year ending December 31, 2026	-	-	-	-	-	-
Fiscal year ending December 31, 2026 (Forecast)	-	-	-	-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of non-consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2026	467	-	(2,207)	-	(2,155)	-	(2,158)	-	(94.44)

Note:

1. Revisions to the earnings forecasts most recently announced: Yes

2. The percentage change compared to the previous period has been omitted, since the fiscal year ending December 31, 2025 is an irregular 14-month period due to the changes in the fiscal year-end.

* **Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2026	22,874,200 shares
As of December 31, 2025	22,858,200 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	- shares
As of December 31, 2025	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2026	22,862,068 shares
Three months ended January 31, 2025	22,245,452 shares

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautionary notice on forward-looking information)

The financial results forecasts and other forward-looking information contained in this document are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. It is not a guarantee that the forecasts will be achieved, and actual results may differ significantly from such forecasts depending on various factors. For more information on the financial results forecast, please refer to page 3 of the Attachment, "1. Qualitative Information on Quarterly Financial Results for the Fiscal Year under Review (3) Explanation of Financial Results Forecast and Other Forward-looking Information."

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1. Qualitative Information on Quarterly Financial Results for the Fiscal Year under Review

The Company changed its fiscal year-end in the previous fiscal year, resulting in an irregular 14-month period for the fiscal year ended December 31, 2025 (from November 1, 2024 to December 31, 2025). Consequently, as the previous first quarter (from November 1, 2024 to January 31, 2025) and the current first quarter (from January 1, 2026 to March 31, 2026) cover different comparative periods, the year-on-year changes are not provided in this document.

(1) Explanation of Business Results

During the current first quarter (from January 1, 2026 to March 31, 2026), the Japanese economy maintained a moderate recovery trend supported by strong inbound demand and enhancement in the employment and income environment. However, the domestic economic outlook remained uncertain due to factors such as fluctuations in financial and capital markets, as well as the U.S. policy development and trade issues, and the impact of soaring prices caused by unstable international conditions.

In the Japanese regenerative medicine industry, the revised Pharmaceutical Affairs Law enacted in 2014 introduced a “conditional and time-limited approval system” for regenerative medical products. Moreover, the “Sakigake designation system” was also enacted in 2019 to shorten the approval review period and provide priority support for prior consultation with the authorities. Thus, in Japan there are systems in place that allow for the rapid commercialization of superior regenerative medical products. Under this regulatory framework, efforts toward the social implementation of regenerative medicine are steadily progressing, as demonstrated by the conditional and time-limited approval granted to some iPS cell-based products in March 2026.

In terms of the overview of the business during the three months ended March 31, 2026, the Company continued lead pipeline development, the treatment program (HS-001) for heart failure patients with ischemic heart disease by administration of allogeneic iPS cell-derived cardiomyocyte spheroids in conjunction with open heart surgery. In the ongoing Phase I/II clinical trial (LAPiS study) combined with coronary artery bypass graft surgery, the Company is proceeding with the compilation of data for all 10 enrolled patients and data interpretation by a third-party organization.

Regarding the development of catheter-based administration therapeutic program (HS-005) that is less invasive for patients, a Clinical Trial Notification (CTN) has been submitted to the Pharmaceuticals and Medical Devices Agency (PMDA) for the commencement of clinical trials in Japan. The collaboration with clinical trial sites and Japan Lifeline Co., Ltd. is progressing smoothly toward the goal of initiating patient dosing in the clinical trial in the first half of 2026.

As a result, the Company reported net sales of 465,870 thousand yen, operating loss of 75,164 thousand yen, ordinary loss of 56,487 thousand yen, and net loss of 58,160 thousand yen in the three months ended March 31, 2026.

As the Company has only one segment, the pharmaceutical business, the description of business results by segment is omitted.

(2) Explanation of Financial Position

1) Assets, Liabilities and Equity

(Assets)

Total assets at the end of the three months ended March 31, 2026 decreased by 62,394 thousand yen from the end of the previous fiscal year to 7,613,354 thousand yen. Current assets decreased by 51,688 thousand yen from the end of the previous fiscal year to 7,091,846 thousand yen. This is mainly due to a 479,790 thousand yen increase in accounts receivable, while cash and deposits decreased by 424,415 thousand yen. Non-current assets decreased by 10,706 thousand yen to 521,508 thousand yen. This is mainly due to a 10,706 thousand yen decrease in property, plant and equipment by recording depreciation.

(Liabilities)

Total liabilities at the end of the three months ended March 31, 2026 decreased by 14,458 thousand yen from the end of the previous fiscal year to 466,378 thousand yen. Total current liabilities decreased by 14,992 thousand yen from the end of the previous fiscal year to 305,336 thousand yen. This is mainly due to a 32,995 thousand yen decrease in accounts payable, and an 18,685 thousand yen decrease in provision for bonuses due to the payment of bonuses. Non-current liabilities increased by 533 thousand yen to 161,042 thousand yen. This is mainly due to a 475 thousand yen increase in assets retirement obligations.

(Net Assets)

Total net assets at the end of the three months ended March 31, 2026 decreased by 47,936 thousand yen from the end of the previous fiscal year to 7,146,976 thousand yen. This is mainly due to a 58,160 thousand yen decrease in retained earnings from the net losses.

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

The Company has revised the earnings forecasts due to the foreign exchange impact on overseas transactions. The details of the revisions are as described in this document.

2. Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of December 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,836,009	6,411,594
Accounts receivable - trade	-	479,790
Supplies	47,868	64,946
Advance payments to suppliers	26,125	31,418
Prepaid expenses	45,911	32,081
Accounts receivable - other	3,359	2,541
Consumption taxes refund receivable	184,260	69,472
Total current assets	7,143,534	7,091,846
Non-current assets		
Property, plant and equipment	431,381	420,675
Investments and other assets	100,833	100,833
Total non-current assets	532,214	521,508
Total assets	7,675,749	7,613,354
Liabilities		
Current liabilities		
Lease liabilities	252	-
Accounts payable - other	172,170	139,175
Accrued expenses	32,616	38,759
Income taxes payable	9,181	14,329
Advances received	71,492	82,392
Deposits received	8,601	23,351
Provision for bonuses	26,013	7,328
Total current liabilities	320,328	305,336
Non-current liabilities		
Asset retirement obligations	160,508	160,984
Provision for share-based payments	-	58
Total non-current liabilities	160,508	161,042
Total liabilities	480,837	466,378
Net assets		
Shareholders' equity		
Share capital	1,327,698	1,332,913
Capital surplus	8,441,650	8,446,865
Retained earnings	(2,579,138)	(2,637,299)
Total shareholders' equity	7,190,210	7,142,480
Share acquisition rights	4,702	4,496
Total net assets	7,194,912	7,146,976
Total liabilities and net assets	7,675,749	7,613,354

(2) Quarterly Statement of Income
(For the three months ended March 31, 2026)

(Thousands of yen)

	Three months ended January 31, 2025	Three months ended March 31, 2026
Net sales	-	465,870
Cost of sales	-	-
Gross profit	-	465,870
Selling, general and administrative expenses	485,358	541,034
Operating profit (loss)	(485,358)	(75,164)
Non-operating income		
Interest income	-	4,722
Foreign exchange gains	6,995	13,857
Miscellaneous income	179	97
Total non-operating income	7,174	18,677
Non-operating expenses		
Interest expenses	61	-
Total non-operating expenses	61	-
Ordinary profit (loss)	(478,245)	(56,487)
Profit (loss) before income taxes	(478,245)	(56,487)
Income taxes - current	1,252	1,673
Income taxes - deferred	(801)	-
Total income taxes	450	1,673
Profit (loss)	(478,696)	(58,160)

(3) Notes to the Quarterly Financial Statements

(Notes on the segment information)

As the Company has only one segment, the pharmaceutical business, the description by segment is omitted.

(Notes in the event of significant changes in shareholders' equity)

The Company's share capital and capital surplus increased by 5,215 thousand yen each due to the execution of stock option rights. As a result, the Company's share capital and capital surplus amounted to 1,332,913 thousand yen and 8,446,865 thousand yen, respectively, at the end of the first quarter of the current fiscal year.

(Notes on going concern assumptions)

Not applicable.

(Notes on the statement of quarterly cash flows)

The quarterly cashflow statements for the three months ended March 31, 2026 were not prepared.

Depreciation and amortization (including amortization for intangible assets) for the three months ended March 31, 2026 are as below:

	(Thousands of yen)	
	FY2025 (From November 1, 2024 to January 31, 2025)	FY2026 (From January 1, 2026 to March 31, 2026)
Depreciation and amortization	10,026	11,984