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Financial Results for the Nine Months Ended June 30, 2025 [Japanese GAAP] (Non-consolidated)

August 8, 2025

Company name: Kringle Pharma, Inc.
Code number: 4884
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Phone: +81-7653-6728
Stock exchange listing: Tokyo Stock Exchange
URL: https://www.kringle-pharma.com/en/

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 Nine Months Ended June 30, 2025 (October 1, 2024 - June 30, 2025)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2025	53	(12.4)	(738)	–	(738)	–	(739)	–
June 30, 2024	61	19.3	(579)	–	(517)	–	(518)	–

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2025	(108.35)	–
June 30, 2024	(82.76)	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2025	2,108	1,388	64.6
September 30, 2024	2,757	2,108	75.8

Reference: Equity: As of June 30, 2025: ¥1,362 million As of September 30, 2024: ¥2,089 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending September 30, 2025	–	0.00	–		
Fiscal year ending September 30, 2025 (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, 2025 (October 1, 2024 - September 30, 2025)

(% 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	71	(10.2)	(939)	–	(945)	–	(946)	–	(138.66)

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

*** Notes:**

(1) Accounting methods adopted particularly for the preparation of quarterly 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 June 30, 2025:	6,837,200 shares
As of September 30, 2024:	6,810,700 shares

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

As of June 30, 2025:	183 shares
As of September 30, 2024:	136 shares

3) Average number of shares during the period:

For the nine months ended June 30, 2025:	6,825,210 shares
For the nine months ended June 30, 2024:	6,264,493 shares

* Review of the accompanying quarterly financial statements by certified public accountants or audit corporations: None

* 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.

Table of Contents - Attachments

1. Overview of Financial Results

(1) Overview of Quarterly Business Performance

The forward-looking statements herein are based on the judgments of Kringle Pharma, Inc. (the "Company") as of the submission date of this document.

In the Japanese pharmaceutical market, generic substitution increased in 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.

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

In order to submit 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 Osaka Prefectural Government for Type 1 Pharmaceuticals Manufacturing and Sales Business licenses needed for making applications for manufacturing and marketing approval. The Company received the license on January 7, 2025.

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 recovery of motor function in 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 June 2021, the APSS Congress Best Clinical Research Award was given for the presentation on Phase I/II clinical trial for acute SCI at the 13th Combined Meeting of Asia Pacific Spine Society & Asia Pacific Paediatric Orthopaedic Society (APSS-APPOS 2021; held from June 9 to 12, 2021 at Kobe International Conference Center).

In December 2021, the Company's patent was issued in Europe for an HGF preparation suitable for 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 HGF drug business worldwide.

(b) Vocal fold scarring (VFS)

For VFS, a disorder in which the vocal fold mucosa hardens and degenerates (fibrosis), an investigator-initiated Phase I/II clinical trial confirmed the safety of intracordal administration of the recombinant human HGF. It also detected signals of efficacy showing functional recovery of the vocal cord with some patients (J Tissue Eng Regen Med. 2017; 1-8.).

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) in October 2022 which was then accepted by PMDA. The Company then began a clinical trial at University Hospital, Kyoto Prefectural University of Medicine, and the first subject was enrolled in January 2023. In May 2023, Kurume University Hospital, Tohoku University Hospital, Kawasaki Medical School Hospital and Nihon University Hospital were added as medical institutions for carrying out clinical trials. In May 2024, Sanno Medical Center was added, followed by Fujita Health University Hospital and Fukuoka Sanno Hospital, both of which were added in January 2025. As a result, case registration is currently moving forward at a total of eight facilities.

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.

(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 nine months of the fiscal year under review, the Company did not supply HGF drug substance to 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. Patient enrollment for the clinical trial both in the U.S. and Canada has been completed, and clinical data analysis is currently underway. 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 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 addition, the Company has conducted collaborative research with Tokyo Medical and Dental University (now Institute of Science Tokyo) since October 2018. Researchers at Tokyo Medical and Dental University conducted a clinical study based on autologous intestinal organoid transplantation treatment aimed at repairing intractable ulcers in ulcerative colitis. KP-100 developed by the Company was used to produce the intestinal organoid used in this transplantation treatment.

In September 2022, the Company decided to promote open innovation to pursue further potential of HGF proteins by seeking new research proposals from researchers regarding the use of HGF proteins.

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.

2. Business development activities

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 nine months ended June 30, 2025, net sales amounted to ¥53,893 thousand (a year-on-year decrease of 12.4%), while the Company recorded an operating loss of ¥738,515 thousand (operating loss during the nine months ended June 30, 2024 was ¥579,722 thousand), ordinary loss of ¥738,359 thousand (ordinary loss during the nine months ended June 30, 2024 was ¥517,303 thousand) and loss of ¥739,481 thousand (loss during the nine months ended June 30, 2024 was ¥518,421 thousand).

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

(2) Overview of Quarterly Financial Condition

Assets

Current assets as of June 30, 2025 decreased by ¥671,692 thousand from the end of the previous fiscal year to ¥2,084,298 thousand (a decrease of 24.4% from the end of the previous fiscal year). This was mainly due to a decrease of ¥681,666 thousand in cash and deposits as a result of the payment of R&D expenses including VFS clinical trial expenses. Non-current assets increased ¥22,746 thousand, rising from ¥1,122 thousand at the end of the previous fiscal year to ¥23,869 thousand. This reflected an increase of ¥22,746 thousand in investments and other assets chiefly due to a rise in leasehold deposits attributable to the opening of the Nakanoshima Qross Office.

As a result, total assets decreased by ¥648,945 thousand from the end of the previous fiscal year to ¥2,108,167 thousand (a decrease of 23.5% from the end of the previous fiscal year).

Liabilities

Current liabilities as of June 30, 2025 decreased by ¥69,788 thousand from the end of the previous fiscal year to 58,384 thousand (a decrease of 54.4% from the end of the previous fiscal year). This was mainly due to a decrease of ¥53,893 thousand in advances received. Non-current liabilities increased by ¥140,443 thousand from the end of the previous fiscal year to ¥661,192 thousand (an increase of 27.0% from the end of the previous fiscal year). This chiefly reflects an increase of ¥131,260 thousand in long-term deposits received.

As a result, total liabilities increased by ¥70,655 thousand from the end of the previous fiscal year to ¥719,576 thousand (an increase of 10.9% from the end of the previous fiscal year).

Net assets

Net assets as of June 30, 2025 decreased by ¥719,601 thousand from the end of the previous fiscal year to ¥1,388,590 thousand (a decrease of 34.1% from the end of the previous fiscal year). This was primarily due to the recording of a loss of ¥739,481 thousand.

This resulted in share capital of ¥12,122 thousand, capital surplus of ¥2,846,176 thousand, and negative retained earnings of ¥1,495,934 thousand.

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

The Company revised its full-year financial results forecast in “Notice of Revision to Financial Results Forecast for the Fiscal Year Ending September 30, 2025,” announced on July 16, 2025.

Regarding the net sales forecast, the Company had expected a milestone payment in connection with application for manufacturing and marketing approval in Japan for a drug in the acute phase spinal cord injury (SCI) pipeline; however, following consultation with PMDA , there is no longer any prospect of application for manufacturing and marketing approval in Japan during the current fiscal year and the Company has, therefore, reduced its net sales forecast by the amount equivalent to this milestone payment (around 200,000 thousand yen).

Regarding the forecasts for operating profit, ordinary profit and profit, the Company will no longer incur costs associated with application for manufacturing and marketing approval in Japan for a drug in the acute phase spinal cord injury (SCI) pipeline (royalties payable to university, etc. of approximately 63,000 thousand yen) and various research and development expenses such as clinical trial expenses associated with delay in the enrolment of patients for a vocal fold scarring clinical trial and new development are now expected to be incurred next fiscal year or later. Accordingly, research and development expenses for the current fiscal year are expected to fall by around 521,000 thousand yen, and other selling, general and administrative expenses will likely decrease by around 55,000 thousand yen. As a result, the Company has revised its full-year profit forecasts for the fiscal year ending September 30, 2025.

For further details, refer to “Notice of Revision to Financial Results Forecast for the Fiscal Year Ending September 30, 2025” announced on July 16, 2025.

The results forecasts have been prepared based on information currently available to the Company and may differ from the actual results depending on various factors that will arise in the future.

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousand yen)

	As of September 30, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	2,313,475	1,631,809
Raw materials and supplies	294,514	250,405
Advance payments to suppliers	66,757	118,280
Consumption taxes receivable	57,249	49,498
Other	23,993	34,304
Total current assets	2,755,990	2,084,298
Non-current assets		
Property, plant and equipment	–	–
Investments and other assets	1,122	23,869
Total non-current assets	1,122	23,869
Total assets	2,757,113	2,108,167
Liabilities		
Current liabilities		
Accounts payable - other	36,442	28,512
Income taxes payable	1,490	1,117
Advances received	64,751	10,857
Other	25,488	17,896
Total current liabilities	128,172	58,384
Non-current liabilities		
Asset retirement obligations	2,305	2,176
Long-term accounts payable - other	21,911	31,224
Long-term deposits received	496,531	627,792
Total non-current liabilities	520,748	661,192
Total liabilities	648,921	719,576
Net assets		
Shareholders' equity		
Share capital	11,300	12,122
Capital surplus	2,835,204	2,846,176
Retained earnings	(756,453)	(1,495,934)
Treasury shares	(106)	(147)
Total shareholders' equity	2,089,944	1,362,216
Share acquisition rights	18,247	26,374
Total net assets	2,108,192	1,388,590
Total liabilities and net assets	2,757,113	2,108,167

(2) Quarterly Statements of Income

Nine Months Ended June 30

(Thousand yen)

	For the nine months ended June 30, 2024	For the nine months ended June 30, 2025
Net sales	61,494	53,893
Cost of sales	–	–
Gross profit	61,494	53,893
Selling, general and administrative expenses	641,216	792,409
Operating loss	(579,722)	(738,515)
Non-operating income		
Interest income	7	29
Subsidy income	62,011	–
Foreign exchange gains	220	10
Interest on tax refund	179	112
Other	0	3
Total non-operating income	62,419	156
Ordinary loss	(517,303)	(738,359)
Loss before income taxes	(517,303)	(738,359)
Income taxes - current	1,118	1,121
Total income taxes	1,118	1,121
Loss	(518,421)	(739,481)

(3) Notes to Quarterly Financial Statements

Notes on going concern assumption

Not applicable.

Notes on quarterly balance sheet

Collateral assets and loans pledged as collateral

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

Collateral assets		(Thousand yen)
	As of September 30, 2024	As of June 30, 2025
Cash and deposits	496,531	627,792

Loans pledged as collateral		(Thousand yen)
	As of September 30, 2024	As of June 30, 2025
Long-term deposits received	496,531	627,792

Notes on quarterly statement of cash flows

For the nine months ended June 30, 2024

The Group has not prepared a quarterly statement of cash flows for the first nine months of the fiscal year under review. There is no depreciation (including amortization of intangible assets) for the first nine months of the fiscal year under review.

For the nine months ended June 30, 2025

The Group has not prepared a quarterly statement of cash flows for the first nine months of the fiscal year under review. There is no depreciation (including amortization of intangible assets) for the first nine months of the fiscal year under review.

Notes in case of significant changes in shareholders' equity

For the nine months ended June 30, 2024

On September 4, 2023, the Company allotted its 13th series of share acquisition rights to Barclays Bank PLC. Chiefly due to the exercise of the 13th series of share acquisition rights during the first nine months of the fiscal year under review, share capital and capital surplus increased by ¥418,411 thousand each.

As a result, as of June 30, 2025, share capital and capital surplus amounted to ¥515,957 thousand and ¥3,513,928 thousand, respectively.

For the nine months ended June 30, 2025

Not applicable.

Notes on segment information, etc.

Segment information

For the nine months ended June 30, 2024

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

For the nine months ended June 30, 2025

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

Notes on significant subsequent events

(Issuance of 16th series of share acquisition rights by third-party allotment)

The Company resolved, at a meeting of its Board of Directors held on July 16, 2025, to issue a 16th series of share acquisition rights (hereinafter referred to as the "Share Acquisition Rights") by way of third-party allocation with EVO FUND (hereinafter referred to as the "Allottee" or "EVO FUND") as the allottee and to enter into a purchase agreement for the Share Acquisition Rights (hereinafter referred to as the "Purchase Agreement") with the allottee on the condition of the effectiveness of the filing under the Financial Instruments and Exchange Act. Payment of the total amount of the issuance price of the Share Acquisition Rights was completed on August 1, 2025.

Outline of the Share Acquisition Rights

(1) Allotment date	August 1, 2025
(2) Class of shares subject to Share Acquisition Rights	Common shares of the Company
(3) Number of Share Acquisition Rights	17,000 allotment units (100 common shares per allotment unit)
(4) Issuance price	Total amount of 1,003,000 yen (59 yen per share acquisition right)
(5) Number of potential shares due to this issuance	1,700,000 shares (100 shares per share acquisition right) There is no upper limit of the exercise price. The lower limit of the exercise price is set at 416 yen initially but even at the minimum exercise price, the potential number of shares remains at 1,700,000 shares.
(6) Amount of funds to be raised	1,404,103,000 yen (Note)
(7) Amount booked as share capital	The amount booked as share capital shall be one-half (1/2) of the upper limit of the increase in the amounts of stated share capital and other items calculated pursuant to the provisions of Article 17, Paragraph 1 of the Company Accounting Ordinance (with any fraction of less than one yen arising from the calculation rounded up).
(8) Exercise price and conditions for adjustment of exercise price	The initial exercise price shall be 832 yen. The exercise price will first be adjusted on the second trading day (inclusive) following the allotment date (where "trading day" refers to a day on which trading is conducted on the Tokyo Stock Exchange (hereinafter referred to as the "Exchange"); the same applies hereinafter). Thereafter, the exercise price will be adjusted every three trading days. When the exercise price is adjusted under this clause, the exercise price will be revised on the trading day following the third trading day from the day the price was last adjusted (hereinafter referred to as the "Adjustment Date"). The new price will be calculated as 100% of the simple average of the closing prices of the Company's common stock on the Exchange over the three consecutive trading days preceding the Adjustment Date (excluding any day without a closing price)(hereinafter referred to as the "Price Calculation Period"), rounded down to the nearest yen (provided that, if the resulting amount falls below the minimum exercise price, it will be adjusted to the minimum price). If there is no closing price for any of the trading days during the relevant Price Calculation Period, the exercise price will not be adjusted. Furthermore, if an event requiring adjustment under Article 11 of the terms of issuance of the Stock Acquisition Rights occurs within any Price Calculation Period, the closing price of the Company's common stock on the Exchange during the relevant trading days will be adjusted to account for such an event. However, during the period from the trading day immediately preceding the record date for the shareholders of the Company's common shares (inclusive) to this shareholders' record date (inclusive)(hereinafter referred to as the "Shareholder Determination Period;" provided, however, that if the Japan Securities Depository Center, Inc. amends this period, this period as amended shall apply.), when the Share Acquisition Rights cannot be exercised due to the

	Japan Securities Depository Center, Inc.'s procedures, and on the trading day immediately following the last day of the Shareholder Determination Period, the exercise price shall not be adjusted. In such cases, the next adjustment shall occur on the second trading day (inclusive) following the Record Date, etc., and thereafter, the exercise price shall be adjusted every three trading days in accordance with Item 10 (1) of the Terms and Conditions of Issuance. The lower limit of the exercise price shall be 416 yen initially, but shall be adjusted in accordance with the provisions of Item 11 of the Terms and Conditions of Issuance of the Share Acquisition Rights.
(9) Method of offering or allotment (Allottee)	All Share Acquisition Rights will be allocated to EVO FUND through a third-party allotment.
(10) Exercise period	From August 4, 2025 to August 4, 2027
(11) Use of funds	(i) Additional clinical development expenses for a drug in the acute phase spinal cord injury (SCI) pipeline (ii) Manufacturing and development expenses for a commercial formulation to treat vocal fold scarring (iii) Working capital
(12) Other	After the securities registration statement under the Financial Instruments and Exchange Act becomes effective, the Company plans to conclude a Share Acquisition Rights Purchase Agreement with the Allottee, which will stipulate terms such as requiring Board approval for transfers of the Share Acquisition Rights by the Allottee.

(Note) The amount of funds to be raised is calculated by adding the total amount of payment for the Share Acquisition Rights to the value of the assets contributed upon the exercise of the Share Acquisition Rights and then deducting the estimated expenses related to the issuance of the Share Acquisition Rights. If the exercise price is adjusted or modified, the amount of funds raised may increase or decrease.
Furthermore, if no exercise occurs during the exercise period of the Share Acquisition Rights or if the Company cancels any Share Acquisition Rights it has acquired, the amount of funds raised will fluctuate. Additionally, the value of the assets contributed upon exercise of the Share Acquisition Rights used when calculating the amount of funds to be raised above is an amount calculated on the assumption that all of the Share Acquisition Rights are exercised at the initial exercise price, and the actual amount raised may vary depending on market conditions at the time the Share Acquisition Rights are exercised.

(Exercise of share acquisition rights)

During the period between August 4, 2025 and August 8, 2025, 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:	300
2. Type and number of shares issued:	30,000 common shares
3. Increase in share capital:	¥7,523 thousand yen
4. Increase in legal capital surplus:	¥7,523 thousand yen