Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 504A
Date of sending by postal mail: March 11, 2026
Start date of measures for electronic provision: March 4, 2026

To All Shareholders

Colin Lee Novick, Representative Director Co-CEO
Jason David Sieger, Representative Director Co-CEO
Innovacell Inc.
Meguro Villa Garden 5F
3-5-11 Kamiosaki, Shinagawa-ku, Tokyo

NOTICE OF THE 5TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Everyone,
We would like to express our sincere appreciation for your continued support.

Notice is hereby given that the 5th Annual General Meeting of Shareholders of Innovacell Inc. (hereinafter "the Company") will be held as follows, and you are cordially invited to attend the meeting.

When convening this general meeting of shareholders, the Company takes measures for providing information as defined in Article 325-3 of the Companies Act (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as "Notice of the 5th Annual General Meeting of Shareholders" on the Company's website shown below. Please visit the Company's website to review the information.

The Company's website:

https://www.innovacell.co.jp/ir/stock/meeting/?lang=en

In addition to posting matters subject to measures for electronic provision on the Company's website above, the Company also posts this information on the website of the Tokyo Stock Exchange ("TSE"). To access this information, access Listed Company Search by using the internet address shown below, enter the issue name (Innovacell) or securities code (504A), and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information."

TSE website

https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

If you are unable to attend the meeting, please review the Reference Documents as described below, and sign the enclosed Proxy and return it to us by mail or email.

Sincerely

Particulars

1. Date and Time: Thursday, March 26, 2026, at 10:00 JST

*Admission begins 30 minutes before the event
(Please note that the time of the meeting is different from the previous meeting.)

2. Place: Bellesalle Shiba Park
Sumitomo Shiba Park Building 6F
2-7-17 Shiba, Minato-ku, Tokyo
(The venue is different from the previous meeting's venue, so please refer to the "Shareholders Meeting Venue Guide Map" at the end of this document and ensure you go to the correct venue.)

3. Matters to be Objective

Matters to be Reported:

Business Report and Financial Statements for the 5th fiscal year (from January 1, 2025 to December 31, 2025)

Matters to be Resolved:

Proposal 1 Reduction of capital reserve and appropriation of surplus

Proposal 2 Determination of compensation to Directors (excluding outside Directors) for the purpose of granting restricted shares

(Please refer to "Reference Documents for Proxy Solicitation," to see an overview of each proposal.)

End

If revisions to the matters subject to measures for electronic provision and other matters arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on Company's website above and the TSE website.

Business Report

(From January 1, 2025, to December 31, 2025)

1. Current Status of the Stock Company

(1) Status of the Business During the Current Fiscal Year

i. Business' Progress and Results

During this fiscal year, the global economy generally maintained its solid recovery, although there were variations from region to region. While the overall pace of recovery slowed somewhat due to the impact of economic slowdowns in major countries such as the U.S. and China, moderate growth is expected to continue going forward. In the U.S., the economy currently shows signs of weakness due to price trends and the employment situation. However, as inflationary pressures ease and changes in monetary policy gradually take effect, the environment is becoming more conducive to economic recovery for the next fiscal year and beyond. In Europe, tariff policies and weak external demand weighed heavily on the economy, but recovery continued moderately, supported by major countries' fiscal spending and domestic demand. During the same period, Japan's economy continued to recover moderately, mainly driven by domestic demand, which was supported by personal consumption as wage increases spread and price rises paused. Corporate capital investment also remained strong. In this environment, the economy is generally maintaining a steady recovery trend. On the other hand, uncertainties surrounding the global economy, such as investments in AI, adjustments in financial markets, and rising geopolitical risks in regions like Ukraine and the Middle East, have not been dispelled and must continue to be examined carefully.

Regarding the business environment in regenerative medicine, the market size is trending upward over the medium to long term as the population ages and the number of patients with chronic diseases increases. Research and development activities related to advanced technologies, such as stem cell therapy, tissue engineering, and gene therapy, are gaining momentum. In particular, progress is being made in the field of cell therapy with respect to initiatives using iPS cells. In Japan, efforts are underway to improve the approval system and expedite the review process for regenerative medicine products, creating an environment that supports the market introduction of new products. Globally, expectations for regenerative medicine are increasing, driven by advanced medical needs and technological innovations. This field is expected to continue to develop as one of the significant growth areas in pharmaceuticals and healthcare.

In this economic environment, our group focused on promoting the ICEF15 Phase III global clinical trial (hereinafter, "the trial"), which we have been working on since 2022. In this fiscal year, we worked with CROs (Contract Research Organizations) to promote recruitment by taking measures such as reviewing sites participating in clinical trials and conducting patient recruitment advertisements in Japan and Europe. As a result, as of the end of fiscal year, the number of (randomized) patients who had undergone muscle issue collection globally totaled 204, of which 164 patients had completed transplantation.

As a result of the business activities outlined above, in consideration of research and development (R&D) expenses of JPY 264,333 thousand, etc., the Company recorded an operating loss of JPY 701,633 thousand (compared to an operating loss of JPY 636,452 thousand in the previous fiscal year), an ordinary loss of JPY 752,702 thousand (compared to an ordinary loss of JPY 771,949 thousand in the previous fiscal year), and a net loss of JPY 753,912 thousand (compared to a net loss of JPY 772,899 thousand in the previous fiscal year).

The Company received listing approval from Tokyo Stock Exchange, Inc. on January 19, 2026, and was listed on the exchange’s Growth Market on February 24, 2026.

ii. Capital Expenditures

The total amount in capital expenditures made by the Company during the current fiscal year was JPY 802 thousand. The main items were as follows:

・ Tools, furniture, and fixtures: Head office supplies (JPY 802 thousand)

iii. Financing

During the current fiscal year, we raised JPY 4,280,328 thousand (excluding the amount raised through a debt-equity swap (“DES”)) through the issuance of common shares and ratchet-type subscription rights to shares.

(2) Total Assets and Profit and Loss (P&L) of the Most Recent Three Fiscal Years

Classification	2nd Period (Year ended December 31, 2022)	3rd Period (Year ended December 31, 2023)	4th Period (Year ended December 31, 2024)	5th Period (Current fiscal year) (Year ended December 31, 2025)
Net Sales (Thousands of yen)	–	–	–	–
Ordinary Loss (Thousands of yen)	(514,321)	(515,539)	(771,949)	(752,702)
Net Loss (Thousands of yen)	(515,271)	(516,489)	(772,899)	(753,912)
Net Loss per Share (Yen)	(20.64)	(19.45)	(28.89)	(23.50)
Total Assets (Thousands of yen)	2,129,975	2,463,332	4,062,036	7,539,500
Net Assets (Thousands of yen)	1,811,061	2,129,572	3,637,134	7,444,669
Net Assets per Share (Yen)	68.13	48.68	119.95	163.28

(3) Significant Parent Company and Subsidiaries

i. Parent Company

Not applicable.

ii. Significant Subsidiaries

Company Name	Capital Stock	Percentage of Voting Rights Held by the Company	Principal Businesses
Innovacell GmbH	EUR 627,000	100.0%	Research and development of regenerative medicine products

Note: The status of foreign company equivalent to specified wholly-owned subsidiary company as of the end of the current fiscal year is as follows.

Name of company equivalent to specified wholly-owned subsidiary company	Innovacell GmbH
Location of company equivalent to specified wholly-owned subsidiary company	Innsbruck, Republic of Austria
Book value of shares of company equivalent to specified wholly-owned subsidiary company	JPY 5,077,705 thousand
Our total assets	JPY 7,539,500 thousand

(4) Issues to be Addressed

i. Our management policy

Our objective is to contribute to improving the health and quality of life of patients by widely searching for and discovering seeds of pharmaceutical products and medical devices centered around new therapeutic products and methods (cell therapy products) using human cells in countries around the world, and developing and commercializing these seeds in the global market.

The business model of many companies engaged in the R&D of cell therapy products is to focus on specific technologies, seeds, or pipelines. In contrast, we do not necessarily focus on specific technologies, seeds, or pipelines, but rather focus on identifying global seeds of cell therapy and regenerative medicine with commercialization potential based on our expertise, experience, and human network, procure the necessary business infrastructure for the seeds on a global basis to incorporate it into our own pipelines, proceed with development, build the optimal business model for each pipeline, and then commercialize these seeds. We have adopted a “Global Aggregation Model for Cell Therapy and Regenerative Medicine” to build and expand our own revenue portfolio.

ii. The management environment surrounding us

There are “unmet medical needs” in the world that cannot be adequately treated, even with the remarkable advances in pharmaceuticals and medical technology. To address these unmet medical needs, R&D has been conducted not only on conventional low-molecular-weight compounds, but also on various new modalities (basic drug discovery technologies). Cell therapy and regenerative medicine, which use human cells for treatment, are just some examples of such new modalities. Against the backdrop of advances in R&D related to raw cell materials and cell processing technology, cell therapy and regenerative medicine products began to be commercialized on a full-scale in countries around the world in the 21st century. Following such commercialization, the business infrastructure (pharmaceutical laws and regulations, contract manufacturing facilities, various expert personnel, etc.) required to support R&D of cell therapy products and regenerative medicine has been developed, and companies presently engaged in such R&D do not necessarily need to provide all the infrastructure themselves; rather, they can utilize externally-produced infrastructure. As such, the environment is now conducive to attempt to commercialize one's own pipelines through the use of such externally provided infrastructure. However, most of this business infrastructure is provided by professional players who specialize in individual fields, and new business infrastructure is constantly emerging due to rapid technological advances. On the other hand, as operating companies that provide business infrastructure become more specialized in their key therapeutic areas, it is important to identify the best infrastructure providers for individual seeds in order to secure the business infrastructure needed to deliver cell therapy and regenerative medicine products to patients. In other words, the common issue for cell therapy and regenerative medicine R&D companies around the world is "how to select and procure the best among the external business infrastructure available to commercialize their pipelines."

Looking at the Company's unique business environment, our group is working on the development and commercialization of three (3) autologous cell therapy pipelines targeting the incontinence area (both urinary incontinence and fecal incontinence), where many potential patients are assumed to exist and there are also unmet medical needs. However, there are currently no approved competitive products in the incontinence area that are similar to our pipeline.

iii. Our management strategy

We have adopted a "Global Aggregation Model for Cell Therapy and Regenerative Medicine" as our basic business model, will promote research and development of individual pipelines based on this model, and then will promote the commercialization of these pipelines by selecting the most appropriate model for each development project.

Regarding the three (3) autologous cell therapy pipelines on which our group is working, we will focus on obtaining regulatory approval in Japan and Europe for ICEF15, which is currently undergoing Phase III global clinical trial in Europe and Japan, as the first priority. We are also working in parallel to include the U.S., which has the world's largest market, as a participating country in the Phase III global clinical trial of ICEF15, with the aim of earning business revenue as soon as possible through global commercialization of ICEF15.

In addition, following ICEF15, we will strategically prepare for the start of clinical trials of Phase I/II ICEF16 and promote clinical development of our pipeline for ICES13, for which we have conducted Phase IIb clinical trials. ICEF16, which targets passive fecal incontinence and is expected to have a larger market than ICEF15, is a pipeline product that, upon launch, is expected to be cross-sold with ICEF15, which targets urge incontinence, another type of fecal incontinence. ICES13, which targets abdominal pressure incontinence, is expected to act on the same type of muscle tissue (skeletal muscle tissue) using the same cell source (autologous skeletal muscle-derived cells) as ICEF15, and if ICEF15, whose development is ahead of ICES13, receives regulatory approval first, the probability of success for ICES13 development will also increase.

Furthermore, in parallel with these activities, we are continuing to pursue new seed exploration globally to expand our R&D pipelines. The first initiative is the joint research project “Basic Research on Verification of Improvement Effect of Swallowing Function by Myoblast Transplantation,” launched in 2023 with Professor Yoichiro Sugiyama (currently, Department of Otolaryngology - Head & Neck Surgery, Saga University Faculty of Medicine). This joint study is part of an effort to explore the feasibility of ICEF15. With the recent aging of the population, the number of elderly people in Japan with age-related decline in swallowing function is increasing, and aspiration pneumonia is estimated to account for about 70% of pneumonia cases among the elderly. In addition, while cancer survival rates are on the rise with the development of chemotherapy and radiation therapy for cancer, the number of cancer survivors with feeding and swallowing difficulties is expected to increase. This increase in the number of people with dysphagia is a common problem not only in Japan but also in other countries around the world where the population is aging.

Such expansion of potential new R&D pipelines represents “the purchase” of R&D seeds under the “Global Aggregation Model for Cell Therapy and Regenerative Medicine.” Pipeline expansion has many strategic advantages, such as increasing expected future earnings, hedging risks by avoiding dependence on specific pipelines, and acquiring extensive and deep knowledge and know-how regarding cell therapy and regenerative medicine and products.

iv. Business and financial issues to be addressed as a priority

In pursuing the management strategies described above, our group’s priorities are to address the following issues.

(i) Obtain Regulatory Approval for ICEF15 in Japan and Establish a Post-Approval Commercialization System

Regarding the ICEF15 Phase III global clinical trial in Japan, patient enrollment targeting 20 to 30 cases is currently underway. This trial is listed in the main clinical trial information list (processed cells, etc.) on the website of the Pharmaceuticals and Medical Devices Agency (PMDA).

We are considering the most appropriate model for the commercialization of ICEF15 in Japan, in terms of both maximizing business value and minimizing the difficulty of implementation. We have executed non-binding memorandums of understanding with several pharmaceutical-related companies and are currently engaged in specific sales and marketing partnership negotiations. Additionally, we have concluded non-disclosure agreements with several contract manufacturers and are negotiating manufacturing outsourcing arrangements.

On November 19, 2024, we entered into a basic business alliance agreement with Alfresa Corporation, granting it the exclusive wholesale distribution rights, etc. for ICEF15 in Japan. This will enable us to steadily advance preparations for establishing a distribution system in Japan for the sale of ICEF15, which is in the final stage of development. Furthermore, through this partnership, we plan to explore collaboration with Alfresa Corporation regarding collaboration for the commercialization of ICEF15 in Japan and the manufacturing and wholesale marketing of pipeline products other than ICEF15.

(ii) Obtain Regulatory Approval for ICEF15 in Europe and Establish a Post-Approval Commercialization System

In Europe, patient enrollment in the ICEF15 Phase III global clinical trial is progressing from May 2022, well ahead of Japan.

We are also preparing for the commercialization of ICEF15 in Europe. We have signed a term sheet with a company that provides comprehensive commercialization services for pharmaceuticals and regenerative medicine products in Europe and the U.S., and are currently negotiating to finalize the agreement.

(iii) Start of the ICEF15 Phase III Global Clinical Trial in the U.S.

Regarding the ICEF15 Phase III global clinical in the U.S., the world's largest national market, we initiated a Type B Meeting (pre-clinical trial initiation discussions) and a Type C Meeting (manufacturing-related discussions) with the U.S. Food and Drug Administration (FDA) in July 2025. In parallel, the Company is preparing for the commercialization of ICEF15 in the U.S. Following the conclusion of a term sheet with the European negotiating partner mentioned above, we are currently negotiating the definitive agreement.

(iv) Promote Clinical Development of ICEF16 and ICES13

We are advancing preparations for the initiation of a Phase I/II clinical trial for ICEF16 in 2026, which targets passive fecal incontinence.

ICES13, which targets stress urinary incontinence, has done Phase IIb trials, and we plan to prepare for the conduct of pivotal trials (main trials) in the future.

(v) Introduction of New R&D Pipeline Portfolio

The key members of our group actively participate in partnering events and academic conferences related to cell therapy and regenerative medicine in Japan, the U.S., and Europe to collect the latest information on the science and explore opportunities to expand our pipeline.

The first initiative is the joint research project "Basic Research on Verification of Improvement Effect of Swallowing Function by Myoblast Transplantation," launched in 2023 with Professor Yoichiro Sugiyama (currently, Department of Otolaryngology - Head & Neck Surgery, Saga University Faculty of Medicine). In addition, we are currently holding multiple negotiations regarding the introduction of R&D seeds.

(vi) Financing and Strengthening of Equity Capital

In order to prepare for the commercialization of ICEF15 as described above, promote and accelerate the development of our autologous cell therapy pipeline products, and further expand our R&D pipeline portfolio, our group needs to steadily raise funds at the appropriate time. Furthermore, to avoid becoming insolvent, our group must steadily bolster its equity capital at the appropriate time in response to these research and development investments and commercialization preparation investments.

Our group has completed Series D financing activities and the listing of the Company's shares (on February 24, 2026), and secured the necessary funds for the time being. However, we aim to continue to raise necessary funds, expand our funding methods, and strengthen our equity capital. Meanwhile, the business partnership negotiations for

ICEF15 mentioned above also involve aspects of financing activities and equity capital enhancement through upfront payments and milestone revenues.

(vii)Reinforcement of Organizational Structure and Acquisition of Human Resources

We have achieved efficient operations through a small organizational structure by proactively digitalizing our work and utilizing outside resources. However, in order to conduct business activities as described above, in the future, we need to strengthen our organizational structure and acquire appropriate human resources. We are continuously hiring the necessary personnel to expand our organizational structure while maintaining the advantages of a small organization.

(5) Principal Businesses (as of December 31, 2025)

Cell Therapy and Regenerative Medicine R&D Project

Our group is currently engaged in the research, development, and commercialization of regenerative medicine products using cells harvested from patients themselves (autologous cells).

Our group currently has the following three pipelines in R&D.

Name	Target Disease	Type of cells used	Current R&D stage
ICEF15	Urge fecal incontinence	Autologous skeletal muscle-derived cells (aSMDC)	Currently conducting Phase III clinical trials in Japan and EU
ICES13	Stress urinary incontinence	Autologous skeletal muscle-derived cells (aSMDC)	Conducted up to Phase IIb clinical trials
ICEF16	Passive fecal incontinence	Skeletal muscle-derived smooth muscle cells (skSMC)	Pre-clinical trials, etc. are under way to prepare for Phase I/II clinical trials

(6) Main Sales Office (as of December 31, 2025)

Headquarters Meguro Villa Garden 5F, 3-5-11 Kamiosaki, Shinagawa-ku, Tokyo, Japan

(7) Employees (as of December 31, 2025)

Number of Employees	Increase/decrease during the current fiscal year
13 persons	Increase of 5 persons

Note: The number of employees is the number of full-time employees (excluding employees on loan to outside the Company and including employees on loan to the Company from outside the Company). Part-time employees and contract employees are not included.

(8) Principal Lenders (as of December 31, 2025)

Not applicable.

2. Status of Shares (as of December 31, 2025)

(1) Total number of shares authorized to be issued

Common shares	133,300,000 shares

(2) Total number of shares issued

Common shares	33,335,702 shares

(3) Number of shareholders

Common shares	181 shareholders

(4) Major shareholders

Shareholder Name	Number of Shares held (thousand shares)	Shareholding Ratio (%)
Peppermint Grove Limited	3,609	10.8
Insanna Stiftung	3,607	10.8
Ci:z Investment LLP	2,464	7.4
Colin Lee Novick	2,291	6.9
Jason David Sieger	2,291	6.9
Rainer Marksteiner	2,140	6.4
Atsushi Sakano	1,643	4.9
Glymur Biotech Ventures LP	1,339	4.0
Alfresa Corporation	1,176	3.5
Toshiharu Yamada	791	2.4

Note: The Company does not hold treasury stock.

(5) Shares issued to the Company's Directors and Corporate Auditors as compensation for the execution of their duties during the fiscal year under review

Not applicable.

3. Status of Subscription Rights to Shares, etc.

(1) Subscription rights to shares issued as compensation for the execution of duties held by the Company's Directors and Corporate Auditors as of the end of the current fiscal year

		Series 1-1 Subscription Rights to Shares	**Series 1-2 Subscription Rights to Shares**
Date of resolution to issue		December 13, 2022	December 13, 2022
Number of subscription rights to shares		305,200 units	182,500 units
Type and Number of shares underlying the subscription rights to shares		305,200 common shares (1 share per 1 subscription right)	182,500 common shares (1 share per 1 subscription right)
Amount to be paid in exchange for subscription rights to shares		No payment is required in exchange for subscription rights to shares.	No payment is required in exchange for subscription rights to shares.
Amount of property to be contributed when the subscription rights to shares are exercised		720 yen per subscription right (720 yen per share)	720 yen per subscription right (720 yen per share)
Exercise Period		From December 14, 2024 through December 13, 2032.	From December 14, 2024 through December 13, 2032.
Conditions for Exercise		Refer to "Note"	Refer to "Note"
Status of Officers' subscription rights to shares holding	Board Member (excluding outside Directors)	Number of subscription rights to shares 305,200 units Number of shares underlying the subscription rights to shares 305,200 shares Number of holders 3 persons	Number of subscription rights to shares 182,500 units Number of shares underlying the subscription rights to shares 182,500 shares Number of holders 1 person
	Outside Director	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons
	Corporate Auditor	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons

Note: The conditions for exercise are as follows.

(i) Persons who have been allocated subscription rights to shares and who are employed by the Company or its subsidiaries on November 24, 2022 (hereinafter referred to as "Holders of Subscription Rights to Shares") must hold the position of Director, Corporate Auditor or employee of the Company or its subsidiary at the time of exercise. However, this does not apply in cases where the Holders of Subscription Rights to Shares retire due to the expiry of his/her term of office or mandatory retirement age (in this case, the number of subscription rights to shares shall be limited to the number that was exercisable after such retirement or mandatory retirement in relation to the Company at the time of such retirement or mandatory retirement), or where the Board of Directors considers that there is a justifiable reason.

(ii) Exercise of subscription rights to shares shall be subject to the listing of the Company's common share on one of the financial instruments exchanges.

(iii) In the event of the death of a Holder of Subscription Rights to Shares, the exercise of subscription rights to shares by his/her heirs shall not be permitted.

(iv) The subscription rights to shares shall be exercised in units of one subscription right to shares, and the exercise of a portion of each subscription right to shares shall not be permitted.

(v) If the exercise of the subscription rights to shares would cause the total number of issued shares of the Company to exceed the number of shares authorized to be issued at that time, such subscription rights to shares may not be exercised.

(vi) Notwithstanding the provisions of (ii) above, the subscription rights to shares may be exercised only during the period from the day on which a resolution or decision to approve a Takeover of the Company (defined below) is adopted at a general meeting of shareholders or other body required by law (the "Takeover Resolution, etc.") until five days before the effective day of Takeover. "Takeover" shall mean any of the following cases:

A) Where a majority of the voting rights of all shareholders of the Company are acquired by a specific third party (including its subsidiaries and affiliates), for clarity, "subsidiary" and "affiliate" are defined in Article 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, including subsequent amendments);

B) Where the number of voting rights of the surviving or newly established company after the merger that will be held by all shareholders of the Company immediately before the merger as a result of the merger is less than 50% of the total voting rights of all shareholders of the Company;

C) Where the number of voting rights of the wholly owning parent company after the share exchange that will be held by all shareholders of the Company immediately before the share exchange as a result of the share exchange is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

D) Where the number of voting rights of the wholly owning parent company after the share transfer that will be held by all shareholders of the Company immediately before the share transfer as a result of the share transfer jointly with other companies is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

E) Where the number of voting rights of the other company after the delivery of shares that will be held by all the shareholders of the Company immediately before the delivery of shares as a result of delivery of shares by the other company to the shareholders of the Company is less than 50% of the voting rights of all the shareholders of the other company; or

F) Where the Company transfers all or substantially all of its business to a third party through a business transfer or corporate split.

		Series 2-1 Subscription Rights to Shares
Date of resolution to issue		December 13, 2022
Number of subscription rights to shares		16,300 units
Type and Number of shares underlying the subscription rights to shares		16,300 common shares (1 share per 1 subscription right)
Amount to be paid in exchange for subscription rights to shares		No payment is required in exchange for subscription rights to shares.
Amount of property to be contributed when the subscription rights to shares are exercised		720 yen per subscription right (720 yen per share)
Exercise Period		From December 14, 2024 through December 13, 2032.
Conditions for Exercise		Refer to "Note"
Status of Officers' subscription rights to shares holding	Board Member (excluding outside Directors)	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons
	Outside Director	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of holders - persons
	Corporate Auditor	Number of subscription rights to shares 16,300 units Number of shares underlying the subscription rights to shares 16,300 shares Number of holders 1 person

Note: The conditions for exercise are as follows.

(i) Persons who have been allocated subscription rights to shares and who are employed by the Company or its subsidiaries on November 24, 2022 (hereinafter referred to as "Holders of Subscription Rights to Shares") must hold the position of Director, Corporate Auditor or employee of the Company or its subsidiary at the time of exercise. However, this does not apply in cases where the Holders of Subscription Rights to

Shares retire due to the expiry of his/her term of office or mandatory retirement age (in this case, the number of subscription rights to shares shall be limited to the number that was exercisable after such retirement or mandatory retirement in relation to the Company at the time of such retirement or mandatory retirement), or where the Board of Directors considers that there is a justifiable reason.

(ii) Exercise of subscription rights to shares shall be subject to the listing of the Company's common share on one of the financial instruments exchanges.

(iii) In the event of the death of a Holder of Subscription Rights to Shares, the exercise of subscription rights to shares by his/her heirs shall not be permitted.

(iv) The subscription rights to shares shall be exercised in units of one subscription right to shares, and the exercise of a portion of each subscription right to shares shall not be permitted.

(v) If the exercise of the subscription rights to shares would cause the total number of issued shares of the Company to exceed the number of shares authorized to be issued at that time, such subscription rights to shares may not be exercised.

(vi) Notwithstanding the provisions of (ii) above, the subscription rights to shares may be exercised only during the period from the day on which a resolution or decision to approve a Takeover of the Company (defined below) is adopted at a general meeting of shareholders or other body required by law (the "Takeover Resolution, etc.") until five days before the effective day of Takeover. "Takeover" shall mean any of the following cases:

A) Where a majority of the voting rights of all shareholders of the Company are acquired by a specific third party (including its subsidiaries and affiliates), for clarity, "subsidiary" and "affiliate" are defined in Article 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, including subsequent amendments);

B) Where the number of voting rights of the surviving or newly established company after the merger that will be held by all shareholders of the Company immediately before the merger as a result of the merger is less than 50% of the total voting rights of all shareholders of the Company;

C) Where the number of voting rights of the wholly owning parent company after the share exchange that will be held by all shareholders of the Company immediately before the share exchange as a result of the share exchange is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

D) Where the number of voting rights of the wholly owning parent company after the share transfer that will be held by all shareholders of the Company immediately before the share transfer as a result of the share transfer jointly with other companies is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

E) Where the number of voting rights of the other company after the delivery of shares that will be held by all the shareholders of the Company immediately before the delivery of shares as a result of delivery of shares by the other company to the shareholders of the Company is less than 50% of the voting rights of all the shareholders of the other company; or

F) Where the Company transfers all or substantially all of its business to a third party through a business transfer or corporate split.

(2) Subscription rights to shares issued to employees, etc. as compensation for the execution of their duties during the current fiscal year

		Series 4-1 Subscription Rights to Shares	**Series 4-2 Subscription Rights to Shares**
Date of resolution to issue		July 24, 2025	July 24, 2025
Number of subscription rights to shares		333,100 units	264,700 units
Type and Number of shares underlying the subscription rights to shares		333,100 common shares (1 share per 1 subscription right)	264,700 common shares (1 share per 1 subscription right)
Amount to be paid in exchange for subscription rights to shares		No payment is required in exchange for subscription rights to shares.	No payment is required in exchange for subscription rights to shares.
Amount of property to be contributed when the subscription rights to shares are exercised		850 yen per subscription right (850 yen per share)	850 yen per subscription right (850 yen per share)
Exercise Period		From July 25, 2027 Through July 24, 2035.	From July 25, 2027 Through July 24, 2035.
Conditions for Exercise		Refer to “Note”	Refer to “Note”
Status of issuance to employees	Employees of the Company	Number of subscription rights to shares 333,100 units Number of shares underlying the subscription rights to shares 333,100 shares Number of grantees 6 persons	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of grantees - persons
	Employees of our subsidiary	Number of subscription rights to shares - units Number of shares underlying the subscription rights to shares - shares Number of grantees - persons	Number of subscription rights to shares 264,700 units Number of shares underlying the subscription rights to shares 264,700 shares Number of grantees 8 persons

Note: The conditions for exercise are as follows.

(i) Persons who have been allocated subscription rights to shares (hereinafter referred to as “Holders of Subscription Rights to Shares”) must hold the position of Director, Corporate Auditor or employee of the Company or its subsidiary at the time of exercise. However, this does not apply in cases where the Holders of Subscription Rights to Shares retire due to the expiry of his/her term of office or mandatory retirement age, or where the Board of Directors considers that there is a justifiable reason.

(ii) Exercise of subscription rights to shares shall be subject to the listing of the Company’s common share on one of the financial instruments exchanges.

(iii) In the event of the death of a Holder of Subscription Rights to Shares, the exercise of subscription rights to shares by his/her heirs shall not be permitted.

(iv) The subscription rights to shares shall be exercised in units of one subscription right to shares, and the exercise of a portion of each subscription right to shares shall not be permitted.

(v) If the exercise of the subscription rights to shares would cause the total number of issued shares of the Company to exceed the number of shares authorized to be issued at that time, such subscription rights to shares may not be exercised.

(vi) Notwithstanding the provisions of (ii) above, the subscription rights to shares may be exercised only during the period from the day on which a resolution or decision to approve a Takeover of the Company (defined below) is adopted at a general meeting of shareholders or other body required by law (the "Takeover Resolution, etc.") until five days before the effective day of Takeover. "Takeover" shall mean any of the following cases:

A) Where a majority of the voting rights of all shareholders of the Company are acquired by a specific third party (including its subsidiaries and affiliates), for clarity, "subsidiary" and "affiliate" are defined in Article 8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, including subsequent amendments);

B) Where the number of voting rights of the surviving or newly established company after the merger that will be held by all shareholders of the Company immediately before the merger as a result of the merger is less than 50% of the total voting rights of all shareholders of the Company;

C) Where the number of voting rights of the wholly owning parent company after the share exchange that will be held by all shareholders of the Company immediately before the share exchange as a result of the share exchange is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

D) Where the number of voting rights of the wholly owning parent company after the share transfer that will be held by all shareholders of the Company immediately before the share transfer as a result of the share transfer jointly with other companies is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

E) Where the number of voting rights of the other company after the delivery of shares that will be held by all the shareholders of the Company immediately before the delivery of shares as a result of delivery of shares by the other company to the shareholders of the Company is less than 50% of the voting rights of all the shareholders of the other company; or

F) Where the Company transfers all or substantially all of its business to a third party through a business transfer or corporate split.

(3) Other important matters regarding subscription rights to shares, etc.

		Series 3 Subscription Rights to Shares
Date of resolution to issue		December 13, 2022
Number of subscription rights to shares		168,300 units
Type and Number of shares underlying the subscription rights to shares		168,300 common shares (1 share per 1 subscription right)
Amount to be paid in exchange for subscription rights to shares		9.9 yen (per subscription right)
Amount of property to be contributed when the subscription rights to shares are exercised		720 yen per subscription right (720 yen per share)
Exercise Period		From December 14, 2024 through December 13, 2032.
Conditions for Exercise		Refer to “Note”
Status of Officers’ subscription rights to shares holding	Directors	Number of subscription rights to shares 76,200 units Number of shares underlying the subscription rights to shares 76,200 shares Number of holders 3 persons
	Corporate Auditors	Number of subscription rights to shares 75,200 units Number of shares underlying the subscription rights to shares 75,200 shares Number of holders 2 persons
	Employees of the Company	Number of subscription rights to shares 16,900 units Number of shares underlying the subscription rights to shares 16,900 shares Number of holders 1 person

Note: The conditions for exercise are as follows.

(i) The person to whom the subscription rights to shares was allotted and who belongs to the Company or a subsidiary of the Company on November 24, 2022 (“Holders of Subscription Rights to Shares”) may exercise the subscription rights to shares in the case that a regulatory approval (this regulatory approval means, with regard to Japan, Marketing Approval from the Minister of Health, Labour and Welfare and, with regard to any of other countries, an approval of the same effect.) for ICEF15 is obtained in any country.

(ii) Notwithstanding the provisions of (i) above, if any of the following events occurs during the period from the allotment date of the subscription rights to shares to August 31, 2023 (inclusive), each of Holders of Subscription Rights to Shares may not exercise all of the remaining subscription rights to shares:

A) Where shares of common stock of the Company are issued at a price lower than the Exercise Price (excluding cases where the amount to be paid in is a “particularly favorable amount” as defined in Article 199, Paragraph 3 and Article 200, Paragraph 2 of the Companies Act, cases where the price is deemed to be different from the share price of common stock, and cases where such issuance of shares is through a shareholder allocation.);

B) Where subscription rights to shares are issued with an exercise price that is lower than the Exercise Price (except when such subscription rights to shares are issued with the exercise price set at a price that differs from the share price of our common stock at the time of issuance of such subscription rights to shares.);

C) Where the shares of common stock of the Company underlying the subscription rights to shares are not listed on any financial instruments exchange in Japan, and any sale, purchase or other transaction is made for a price below the Exercise Price (except in cases where the transaction is made at a price deemed significantly lower than the share price at the time of such transaction); or

D) Where the shares of common stock of the Company underlying the subscription rights to shares are listed on any financial instruments exchange in Japan, and the closing price of ordinary transactions of the common stock of the Company on such financial instruments exchange after the listing date is lower than the Exercise Price.

(iii) Each of Holders of Subscription Rights to Shares must hold the position of Director, Corporate Auditor or employee of the Company or its subsidiary at the time of exercise. However, this does not apply in cases where the Holders of Subscription Rights to Shares retire due to the expiry of his/her term of office or mandatory retirement age (in this case, the number of subscription rights to shares shall be limited to the number that was exercisable after such retirement or mandatory retirement in relation to the Company at the time of such retirement or mandatory retirement), or where the Board of Directors considers that there is a justifiable reason.

(iv) Exercise of subscription rights to shares shall be subject to the listing of the Company’s common share on one of the financial instruments exchanges.

(v) In the event of the death of a Holder of Subscription Rights to Shares, the exercise of subscription rights to shares by his/her heirs shall be permitted.

(vi) The subscription rights to shares shall be exercised in units of one subscription right to shares, and the exercise of a portion of each subscription right to shares shall not be permitted.

(vii) The subscription rights to shares shall be exercised in units of one subscription right to shares, and the exercise of a portion of each subscription right to shares shall not be permitted.

(viii) Notwithstanding the provisions of (iv) above, the subscription rights to shares may be exercised only during the period from the day on which a resolution or decision to approve a Takeover of the Company (defined below) is adopted at a general meeting of shareholders or other body required by law (the “Takeover Resolution, etc.”) until five days before the effective day of Takeover. “Takeover” shall mean any of the following cases:

A) Where a majority of the voting rights of all shareholders of the Company are acquired by a specific third party (including its subsidiaries and affiliates), for clarity, “subsidiary” and “affiliate” are defined in Article

8 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, including subsequent amendments);

B) Where the number of voting rights of the surviving or newly established company after the merger that will be held by all shareholders of the Company immediately before the merger as a result of the merger is less than 50% of the total voting rights of all shareholders of the Company;

C) Where the number of voting rights of the wholly owning parent company after the share exchange that will be held by all shareholders of the Company immediately before the share exchange as a result of the share exchange is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

D) Where the number of voting rights of the wholly owning parent company after the share transfer that will be held by all shareholders of the Company immediately before the share transfer as a result of the share transfer jointly with other companies is less than 50% of the voting rights of all shareholders of such wholly owning parent company;

E) Where the number of voting rights of the other company after the delivery of shares that will be held by all the shareholders of the Company immediately before the delivery of shares as a result of delivery of shares by the other company to the shareholders of the Company is less than 50% of the voting rights of all the shareholders of the other company; or

F) Where the Company transfers all or substantially all of its business to a third party through a business transfer or corporate split.

	Ratchet-type Subscription Rights to Shares
Date of Issue	August 13, 2025
Number of subscription rights to shares	1 unit
Type of shares underlying the subscription rights to shares	2,352,942 common shares
Amount to be paid in exchange for subscription rights to shares	2,000,000,700 yen (per subscription right)
Amount of property to be contributed when the subscription rights to shares are exercised	1 yen per subscription right
Exercise Period	Each of the subscription rights to shares may be exercised at any time on or after the allotment date, subject to the fulfillment of the conditions for exercise.
Share issue price and capitalization amount when shares are issued upon exercise of the subscription rights to shares	Issue price 850 yen Capitalization amount 425 yen
Conditions for Exercise	Refer to “Note 5”
Number of holders	1 person

Note: The outline of the details of the subscription rights to shares are as follows.

(1) Type and number of shares underlying the subscription rights to shares

A) The type of shares underlying the subscription rights to shares (the "Conversion Shares") shall be the Company's common shares.

B) The number of Conversion Shares to be newly issued by the Company upon exercise of the subscription rights to shares, or the number of Conversion Shares held by the Company to be disposed of in lieu thereof, shall be the number obtained by dividing the total amount to be paid in exchange for the exercised subscription rights to shares by the conversion price (the "Conversion Price"). Fractions arising from the exercise of the subscription rights to shares shall be rounded down, and no cash adjustments shall be made.

(2) Conversion Price

The Conversion Price shall be as follows.

A) Qualified Financing (defined below)
In the event of a Qualifying Financing, the Conversion Price shall be the amount obtained by multiplying the amount to be paid in per share in such financing by 0.9 (however, the maximum amount shall be 850 yen (provided that, if an Adjustment Event (defined below) occurs with respect to the Conversion Shares, such amount shall be appropriately adjusted.).).

B) Redemption Date
The Conversion Price on the corresponding date 24 months after the allotment date (the "Redemption Date") shall be 850 yen (provided that, if an Adjustment Event (defined below) occurs with respect to the Conversion Shares, such amount shall be appropriately adjusted.).

C) IPO (defined below)
The Conversion Price upon completion of an IPO prior to the execution date of a Qualified Financing, the Redemption Date, or the Company's approval of a change of control transaction, etc., shall be the amount obtained by multiplying the public offering or secondary distribution price per share for the initial public offering (offering and secondary distribution) of the Company's common shares to be conducted in connection with such IPO by 0.9 (however, the maximum amount shall be 850 yen (provided that, if an Adjustment Event (defined below) occurs with respect to the Conversion Shares, such amount shall be appropriately adjusted.).).

D) Change of Control Transaction, Etc. (defined below)
The Conversion Price upon the Company's approval of a Change of Control Transaction, Etc. prior to the execution date of a Qualified Financing, the Redemption Date, or the completion date of an IPO shall be 850 yen (provided that, if an Adjustment Event (defined below) occurs with respect to the Conversion Shares, such amount shall be appropriately adjusted.).

E) Unless otherwise specified in the Terms and Conditions of Issue, the following terms used in the Terms and Conditions of Issue shall have the meanings set forth below.

(i) "Qualified Financing" refers to an issuance of shares (or a series of issuances) by the Company primarily for the purpose of financing on or after September 1, 2025 (however, this is limited to issuances where the total amount raised, excluding the total amount of shares issued through conversion in connection with such issuance, is 500,000,000 yen or more, and excludes IPOs).

(ii) "IPO" refers to the listing of the Company's securities on a financial instruments exchange as defined in Article 2, Paragraph 16 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; including subsequent amendments) or on a similar exchange located abroad.

(iii) "Change of Control Transaction, Etc." refers to (i) the sale, transfer, or other disposition of all or substantially all of the Company's assets; (ii) a merger, share exchange, share transfer, or delivery of shares (excluding cases where the Company's shareholders immediately prior to such events would hold a majority of the voting rights of the surviving company or wholly owning parent company); (iii) an absorption-type split or a new-entity split (limited to cases where all or substantially all of the Company's business is transferred, and excluding cases where the Company's shareholders immediately prior to such events would hold a majority of the voting rights of the total shareholders of the successor company or newly established company); or (iv) a transfer or assignment of shares representing a majority of the voting rights of the total shareholders of the Company. However, this excludes cases where these events are solely for the purpose of establishing the Company's holding company (meaning the company that is the Company's wholly owning parent company and in which the Company's shareholders will hold shares with a voting rights ratio substantially equivalent to their voting rights ratio in the Company immediately prior to such events), or where shares are issued or disposed of for the purpose of a pure financing transaction.

(iv) "Adjustment Event" refers to a stock split, stock consolidation, or other similar event requiring adjustment.

(3) Amount of property to be contributed when the subscription rights to shares are exercised or the method for calculating such amount

The amount to be contributed when each of the subscription rights to shares is exercised shall be 1 yen.

(4) Exercise period for the subscription rights to shares

Each of the subscription rights to shares may be exercised at any time on or after the allotment date, subject to the fulfillment of the conditions for exercise set forth in item (5) below.

(5) Conditions for exercising the subscription rights to shares

The subscription rights to shares may be exercised when all of the following conditions are satisfied.

A) Any one of the following events has occurred: (i) the execution of a Qualified Financing, (ii) the completion of an IPO, (iii) the completion of a Change of Control Transaction, Etc., or (iv) the arrival of the Redemption Date.

B) A prior notification regarding inward direct investment, etc. pursuant to Article 27, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (the "Foreign Exchange Act") has been submitted to the competent government authority, and either approval for such inward direct investment, etc., has been obtained from the competent government authority, or 30 days have elapsed since the competent government authority accepted the submission based on the same Act. However, this does not apply in case where the person exercising the subscription rights to shares determines that a prior notification regarding inward direct investment, etc. pursuant to Article 27, Paragraph 1 of the Foreign Exchange Act is not required.

(6) Clause on the acquisition of the subscription rights to shares with shares as consideration

A) Subject to the completion of a Qualified Financing, the Company shall acquire all outstanding subscription rights to shares on the date of such completion (provided that, prior to such completion). In exchange for the acquisition of the subscription rights to shares, the Company shall deliver the number of Conversion Shares obtained by dividing the total amount paid in exchange for such subscription rights to shares by the Conversion Price at that time. Note that if any fractional shares less than one share result in calculating the Conversion Shares described above, the Company shall pay cash in accordance with Article 234 of the Companies Act.

B) Subject to the completion of an IPO, the Company shall acquire all outstanding subscription rights to shares on the date of such completion (provided that, prior to such completion). In exchange for the acquisition of the subscription rights to shares, the Company shall deliver the number of Conversion Shares obtained by dividing the total amount paid in exchange for such subscription rights to shares by the Conversion Price at that time.

C) The Company shall acquire all outstanding subscription rights to shares on the Redemption Date. In exchange for the acquisition of the subscription rights to shares, the Company shall deliver the number of Conversion Shares obtained by dividing the total amount paid in exchange for such subscription rights to shares by the Conversion Price at that time.

D) In the event the Company decides to conduct a Change of Control Transaction, Etc., the Company shall acquire, on the date separately determined by the Company's Board of Directors up to the execution of such transaction, all outstanding subscription rights to shares as of the day preceding such date. In exchange for the acquisition of the subscription rights to shares, the Company shall deliver the number of Conversion Shares obtained by dividing the total amount paid in exchange for such subscription rights to shares by the Conversion Price at that time.

E) In the event the Company acquires the subscription rights to shares pursuant to items A) through D), the Company shall notify the holder of the subscription rights to shares in writing of such acquisition, the details of the Conversion Shares, and other conditions at least two weeks prior to the date of acquisition.

F) Notwithstanding the preceding five items, the conversion of the subscription rights to shares into Conversion Shares pursuant to Item A), B), C), or D) shall be conditional upon the prior notification regarding inward direct investment, etc. pursuant to Article 27, Paragraph 1 of the Foreign Exchange Act being submitted to the competent government authority, and either obtaining approval for such inward direct investment, etc. from the competent government authority, or 30 days having elapsed since the competent government authority accepted the submission based on the same Act. However, this does not apply in case where the person exercising the subscription rights to shares determines that a prior notification regarding inward direct investment, etc. pursuant to Article 27, Paragraph 1 of the Foreign Exchange Act is not required.

(7) Transfer restrictions

The acquisition of the subscription rights to shares through transfer requires the approval of the Company's Board of Directors.

(8) Share capital and capital reserve

A) The amount of share capital to be increased when shares are issued upon exercise of the subscription rights to shares shall be one-half of the maximum amount of increase in share capital, etc. calculated pursuant to Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Fractions arising from such calculation shall be rounded up.

B) The amount of share capital to be increased when shares are issued upon exercise of the subscription rights to shares shall be the amount obtained by subtracting the amount of share capital to be increased pursuant to item A) above from the maximum amount of increase in share capital, etc. set forth in item A) above.

Furthermore, following the completion of the IPO on February 24, 2026, the "number of shares underlying the subscription rights to shares" and the "share issue price and capitalization amount when shares are issued upon exercise of the subscription rights to shares" were determined as stated, based on the determination of the public offering or secondary distribution price per share (1,350 yen) for the initial public offering (offering and secondary distribution) of the Company’s common shares.

4. Status of Company Officers

(1) Names, etc. of Directors and Corporate Auditors (as of December 31, 2025)

Status in the Company	Identity	Responsibilities and important concurrent positions
Representative Director, Co-CEO	Colin Lee Novick	Director (part-time), DiscGenics, Inc. Director, Innovacell GmbH
Representative Director, Co-CEO	Jason David Sieger	In charge of clinical development dept. and business development dept. Director, Innovacell GmbH
Director, CSO	Rainer Marksteiner	Director, Innovacell GmbH
Director, CFO	Yasushi Hosono	In charge of finance & administration dept. Director, Innovacell GmbH
Director	Arata Matsuzawa	Omotesando Skin Clinic Representative Director, Mediskin Corporation Shirono Clinic
Full-time Corporate Auditor	Shigeru Takagi	-
Corporate Auditor	Mariko Hirose	Representative Attorney at SUNFLOWER LAW OFFICE; Outside Auditor of Digital Media Professionals Inc.
Corporate Auditor	Keiichi Uezumi	Representative Director of BizAdvisors, Inc.

Note: (i) Ms. Arata Matsuzawa is an outside Director. Full-time Corporate Auditor Shigeru Takagi, Corporate Auditor Mariko Hirose, and Corporate Auditor Keiichi Uezumi are outside Corporate Auditors.

(ii) Mr. Shigeru Takagi, a Full-time Corporate Auditor, has held important positions such as director and corporate auditor at listed companies and has considerable knowledge of the duties of a full-time corporate auditor.

Ms. Mariko Hirose, an outside auditor, is a licensed attorney and has considerable knowledge of law and judicial affairs.

Mr. Keiichi Uezumi, an outside auditor, is a certified public accountant and tax accountant and has considerable knowledge of finance, accounting, and taxation matters.

(iii) There is no special relationship between the Company and any of the entities listed in the table above.

(iv) The Company has appointed the outside Director Ms. Arata Matsuzawa and the outside Corporate Auditors Mr. Shigeru Takagi, Ms. Mariko Hirose, and Mr. Uezumi as independent officers provided under the provisions of Tokyo Stock Exchange, Inc. and these individuals have been registered as such with that exchange.

(2) Outline of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy with an insurance company pursuant to the provisions of Article 430-3, Paragraph 1 of the Companies Act. The insurance policy indemnifies the insureds, including Directors, Corporate Auditors, executive officers and managerial employees of the Company and its subsidiaries (including individuals who have already resigned or retired or individuals appointed to the aforementioned positions during the insurance period), against damages they may incur as a result of being held liable for the execution of their duties or receiving a claim in connection with the pursuit of such liability. However, there are certain exclusions, such as when the damage arises from acts carried out with the awareness that they constituted a violation of laws or regulations. A deductible clause is established in the policy, whereby losses within the deductible are not covered by the policy.

(3) Outline of the contents of the liability limitation agreement

On February 24, 2026, the Company entered into a liability limitation agreement pursuant to Article 427, Paragraph 1 of the Companies Act with each of its Directors (excluding Executive Directors) and each of its Corporate Auditors. Under the agreement, their liability under Article 423, Paragraph 1 of the Companies Act is limited to the aggregate amount specified in Article 425, Paragraph 1 of the Companies Act, provided they acted in good faith and without gross negligence in performing their duties. The outline of the liability limitation agreement is as follows.

- In cases where Directors (excluding Executive Directors) and Corporate Auditors are liable for damages to the Company due to negligence in their duties, they shall be liable up to the minimum liability limit as provided for in Article 425, Paragraph 1 of the Companies Act.
- The above limitation of liability shall apply only when Directors (excluding Executive Directors) and Corporate Auditors act in good faith and without gross negligence in performing their duties.

(4) Amount of remuneration, etc. of Directors and Corporate Auditors

i. Policy etc. concerning determination of the content of remuneration, etc., for Directors and Corporate Auditors

The Company's Board of Directors, at its meeting held on February 12, 2026, approved a policy for determining the details of individual director remuneration, etc.

In addition, the Board of Directors has determined the details of remuneration of individual Directors for the current fiscal year through deliberation at the Board of Directors meeting in conformance with the above policy, and judged these details as conforming with the aforementioned determination policy.

The details of the policy for determining the details of remuneration, etc. of individual Directors are as follows.

Our basic policy for the director remuneration system is to provide each Director with appropriate incentives to focus on increasing the Company's corporate value over the medium to long term in the performance of duties and to align this system with shareholder interests.

The fixed cash remuneration amount for each Director will be calculated in reference to remuneration data for comparable biotech companies in major countries prepared by external experts and with consideration of each Director's responsibilities and level of contribution. This will be determined at a Board of Directors meeting attended by Corporate Auditors and outside Directors.

Since our group is promoting international business expansion, our Directors may serve concurrently as Directors of overseas group companies. The total amount of remuneration, etc. for the Directors will be determined by the Company's Board of Directors within the scope approved by the Company's General Meeting of Shareholders, based on the basic principles described above. Furthermore, the remuneration for the Directors may be paid from overseas group companies.

In addition, the Company plans to consider providing stock-based remuneration to each Director, aiming to enhance motivation to share value with shareholders and increase corporate value over the medium to long term. The remuneration amount, etc., as in the case of fixed cash remuneration, will be calculated in reference to remuneration data for comparable biotech companies in major countries prepared by external experts and with consideration of each Director's responsibilities and level of contribution. This will be determined at a Board of Directors meeting attended by Corporate Auditors and outside Directors.

ii. Total amount of remuneration, etc. for the current fiscal year

Classification	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type			Number of eligible officers (persons)
		Basic remuneration (Millions of yen)	Performance-linked remuneration, etc. (Millions of yen)	Non-monetary remuneration, etc. (Millions of yen)	
Directors (Of which outside Directors)	95 (1)	95 (1)	– (–)	– (–)	5 (1)
Corporate Auditors (Of which, outside Corporate Auditors)	17 (17)	17 (17)	– (–)	– (–)	3 (3)
Total amount (Of which, outside Directors and outside Corporate Auditors)	113 (19)	113 (19)	– (–)	– (–)	8 (4)

Note: (i) The amount of monetary remuneration for Directors was resolved at the 4th Annual General Meeting of Shareholders held on March 27, 2025 to be no more than 500 million yen per year. The number of Directors as of the close of the General Meeting of Shareholders is 4 (of which 0 are outside Directors).

(ii) The amount of monetary remuneration for Corporate Auditors was resolved at the 4th Annual General Meeting of Shareholders held on March 27, 2025 to be no more than 50 million yen per year. The number of Corporate Auditors as of the close of the General Meeting of Shareholders is 3.

(5) Matters Related to Outside Directors and Outside Corporate Auditors

i. Major activities during the current fiscal year

		Status of Attendance and Statements Made and Summary of Duties Concerning Expected Roles of Outside Directors
Outside Director	Arata Matsuzawa	She was appointed as an outside Director of the Company on October 23, 2025, and has attended all four meetings of the Board of Directors held since then. She has deepened her knowledge and understanding of the Company's business within a short period of time since she assumed office. She provides, as necessary, guidance and advice on our business from her professional perspective as a physician, as well as to supervise and advise our Directors on the execution of their duties based on her experience as a representative of a medical corporation, etc.

		Status of Attendance and Statements Made and Summary of Duties Concerning Expected Roles of Outside Directors
Full-time outside Corporate Auditor	Shigeru Takagi	Attended all 19 meetings of the Board of Directors and all 12 meetings of the Board of Corporate Auditors held during this fiscal year. At Board of Directors meetings, he actively expresses his opinions based on his experience as a director and corporate auditor at listed companies, etc. He plays an appropriate role in ensuring the adequacy and appropriateness of decision-making by the Board of Directors, particularly by providing supervision and advice on internal controls and legal compliance. In addition, he plays a leading role in organizing discussions at the Board of Corporate Auditors.
Outside Corporate Auditor	Mariko Hirose	Attended all 19 meetings of the Board of Directors and all 12 meetings of the Board of Corporate Auditors held during this fiscal year. From her professional perspective as an attorney, she makes statements at meetings of the Board of Directors to ensure the adequacy and appropriateness of the Board's decision-making. At meetings of the Board of Corporate Auditors, she makes comments as necessary regarding the compliance system of the Innovacell Group and other matters as appropriate
Outside Corporate Auditor	Keiichi Uezumi	Attended all 19 meetings of the Board of Directors and all 12 meetings of the Board of Corporate Auditors held during this fiscal year. From his professional perspective as a certified public accountant, he makes statements at meetings of the Board of Directors to ensure the adequacy and appropriateness of the Board's decision-making. At meetings of the Board of Corporate Auditors, he makes comments as necessary regarding the Innovacell Group's accounting system and internal audits.

5. Status of Accounting Auditor

(1) Name: Avantia G.P.

(2) Amount of remuneration, etc.

	Amount of remuneration, etc.
Amount of remuneration, etc. of accounting auditor for the current fiscal year	25,320 thousand yen
Total amount of monetary and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	27,240 thousand yen

Note: (i) The audit contract between the Company and the accounting auditor does not clearly distinguish between the amounts of audit fees, etc. for audits based on the Companies Act and those for audits based on the Quasi-Financial Instruments and Exchange Act, and it is not practically possible to do so. Therefore, the total amount of such fees, etc. for the accounting auditor for the current fiscal year is the sum of these amounts.

(ii) The Board of Corporate Auditors made a decision to consent to the amount of remuneration, etc. paid to the accounting auditor after necessary verification of the appropriateness of the details of the audit plan of the accounting auditor, the performance of duties by the accounting auditor, and the basis for calculation of the remuneration estimate.

(iii) In addition to the amount of remuneration etc. of accounting auditor for the current fiscal year, 1,920 thousand yen was paid as voluntary audit fees for special purposes.

(iv) Innovacell GmbH, a significant subsidiary of the Company, has been audited by a certified public accountant or auditing firm (including those with qualifications equivalent to these qualifications in foreign countries) other than the Company's accounting auditor.

(3) Non-audit services

Not applicable.

(4) Policy on dismissal or non-reappointment of accounting auditors

The Board of Corporate Auditors shall decide the content of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders if it determines that such action is necessary, such as when there is any problem with the accounting auditor's performance of its duties.

In addition, the Board of Corporate Auditors will dismiss the Accounting Auditor with the unanimous consent of the Corporate Auditors if the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the Corporate Auditor selected by the Board of Corporate Auditors will report the dismissal of the accounting auditor and the reasons for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

(5) Outline of the contents of the liability limitation agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and Avantia G.P. have entered into an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act.

The maximum amount of liability for damages based on such agreement is the minimum liability limit stipulated by law.

6. Systems to Ensure the Appropriateness of Business Operations and the Status of Operation of Such Systems

(1) Summary of decisions on systems to ensure the appropriateness of business operations

The following is a summary of decisions made regarding systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the company's operations.

i. Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

The Company shall establish five principles as the basic values and ethics to be shared throughout the organization: "being truthful," "always being positive," "thinking simply," "balancing flexibility and discipline," and "respecting diversity." Furthermore, the Co-CEOs shall continuously communicate the importance of these standards to all officers and employees.

The Company shall also establish compliance regulations and a department supervising compliance to monitor compliance status, and conduct training and meetings to promote the spirit of legal compliance and a high standard of ethics that can be consistently shared by all officers and employees.

Furthermore, the Company shall establish internal audit regulations and a department supervising internal audit to operate the internal audit system, and regularly audit its business activities to ensure compliance with laws and regulations, the Articles of Incorporation, and internal regulations.

ii. System for the storage and management of information related to the execution of duties by Directors

The Company shall properly store and manage information and documents related to the execution of duties by Directors in accordance with document management regulations and the laws and regulations. Directors, Corporate Auditors, and employees designated by them shall have access to these documents at all times.

iii. Regulations and other systems for managing risk of loss at our group

The Company shall designate a department supervising risk management and develop relevant regulations, such as risk management regulations. The Company shall implement training and education programs to create a management system capable of accurately addressing various risk factors surrounding our group.

The Company shall strive to minimize losses by establishing a response system for a situation that may significantly affect the normal business activities of our group.

iv. System to ensure the efficient execution of duties by Directors of our group

The Company shall ensure the efficient execution of duties by Directors of our group by establishing the following management control system.

Specifically, each department within the Company and each group company shall draft medium- to long-term business plans that include annual budgets, along with the necessary measures to achieve those budgets and business plans. The Company's Board of Directors shall then approve the group's annual budgets and the group's medium- to long-term business plan.

During the fiscal year, the Company shall operate a system that enables the Board of Directors to promptly grasp the group's monthly performance. Additionally, the Company shall establish a weekly forum for discussions related to the execution of duties by the group's Executive Directors to ensure the timeliness and efficiency of their execution of duties.

v. System for reporting on the performance of duties by Directors, etc., of our group and the system for ensuring compliance of the performance of duties by Directors, etc., of our group with laws, regulations, and the Articles of Incorporation

The Company shall establish group companies management regulations, formulate the annual budget and medium- to long-term business plans for the group in conjunction with the Company's annual budget and medium- to long-term business plan, and operate a system for reporting on the performance of the Company and the group to the Board of Directors of the Company on a monthly basis.

Additionally, the department supervising compliance of the Company shall monitor the compliance status of the Company and each group company, while the department supervising internal audit of the Company shall regularly audit each group company and report to the Company.

vi. Matters concerning employees in the event that the Company's Corporate Auditors request the assignment of employees to assist them in the performance of their duties; matters concerning the independence of such employees from the Company's Directors; and matters concerning ensuring the effectiveness of instructions given by the Corporate Auditors to such employees

Upon request by the Company's Corporate Auditors, the Company shall assign employees to assist the Corporate Auditors in the performance of their duties during a period determined in consultation with the Corporate Auditors; such employees shall be independent from the chain of command of the Company's Directors.

Employees assisting Corporate Auditors in their duties shall not receive direction from Directors of the Company regarding the execution of instructions necessary for the Corporate Auditors' audit duties when such instructions are received. Furthermore, the Company shall respect the opinions of the Corporate Auditors regarding personnel evaluations pertaining to the personnel transfers of such employees and their support duties for the Corporate Auditors.

vii. System for reporting to Corporate Auditors by Directors, employees, etc. of the Company, and the system to ensure that those who make such reports are not subject to disadvantageous treatment as a result of making the report

If a Director of our group discovers incidents that could cause significant damage to the Company or serious violations of laws, regulations, or the Articles of Incorporation, he/she shall immediately report such matters to Corporate Auditors.

In addition, when requested by Corporate Auditors to report on matters concerning the execution of duties, Directors and employees of our group shall promptly provide appropriate reports.

The Company shall establish a system that enables Directors and employees of our group to directly report to Corporate Auditors any material facts concerning compliance, such as violations of laws, regulations, or the Articles of Incorporation.

Directors and employees of our group shall provide reports and information to Corporate Auditors regarding the status and details of the whistle-blowing system and other matters whenever the auditors deem it necessary for the performance of their duties.

The Group shall prohibit any adverse treatment of individuals who make reports as stipulated in this article solely on the basis of having made such reports, and shall thoroughly communicate this policy to all officers and employees.

viii. Policies regarding the handling of expenses and other items related to the execution of duties by the Company's Corporate Auditors and the system to ensure that the audit conducted by the Company's Corporate Auditors is carried out effectively

Expenses deemed necessary for the execution of duties by the Company's Corporate Auditors shall be incorporated into the Company's annual budget proposal based on the annual budget proposal presented by the Corporate Auditors with the consent of the Board of Corporate Auditors and shall be approved by the Company's Board of Directors.

Furthermore, the Company shall ensure that Directors designated by Corporate Auditors meet with the Corporate Auditors in a timely manner to share information on management issues and problems. Additionally, the Company shall facilitate timely information sharing with the Corporate Auditors, the department supervising internal audit, and accountants as necessary.

(2) Outline of the operation of the system to ensure the appropriateness of business operations

The following is a summary of the operation of the system to ensure the appropriateness of business operations.

i. Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

The finance & administration department serves as the secretariat in holding regular "Operations Review" meetings with Directors (excluding outside Directors), Corporate Auditors (excluding outside Corporate Auditors), and employees residing in Japan. During these meetings, we share and confirm the progress of our group's operations and various updates. Following this "Operations Review," we hold irregular "Confirmation Meetings" on legal compliance and risk management. We select topics aimed at improving compliance, risk management, information management, and internal controls, sharing knowledge and fielding questions.

ii. System for the storage and management of information related to the execution of duties by Directors

The Company appropriately stores and manages the minutes of the General Meeting of Shareholders, the minutes of the Board of Directors meetings, and other documents that are important for the Directors to perform their duties in accordance with internal regulations.

iii. Regulations and other systems for managing risk of loss at our group

The Company has established risk management rules to appropriately build and operate a risk management system in accordance with these rules. Regarding the company-wide "risk classification," "risk matrix," "risk avoidance," and other matters including business risks, we have held multiple internal meetings involving all officers and employees for discussion and verification. Additionally, we have developed manuals for both risk management and crisis management for disasters.

In addition, the Company has established an internal chat tool that allows all officers and employees to immediately share information within the Company, and has built a system that enables accurate and prompt sharing of risk-related information when such information is obtained. Furthermore, at the weekly “Executive Committee Meeting” attended by all full-time Directors, the latest information on major management issues is shared and measures are discussed, and through such information sharing and discussion, risks are identified, evaluated, and necessary countermeasures are discussed.

iv. System to ensure the efficient execution of duties by Directors of our group

The Company’s divisions and subsidiaries first formulate annual budgets and long-term business plans and the measures necessary to achieve them. Then, during the fiscal year, consolidated monthly business results are reported to the regular monthly meetings of the Board of Directors to enable Directors to grasp the business results of the entire Innovacell Group in a timely manner.

v. System for reporting on the performance of duties by Directors, etc., of our group and the system for ensuring compliance of the performance of duties by Directors, etc., of our group with laws, regulations, and the Articles of Incorporation

The Company has been operating a group internal audit system since 2022. We conducted an internal audit (actual inspection) of the Company and its subsidiaries during the current fiscal year.

In addition, the Company has established internal reporting rules. We have contracted with a specialized external company that provides a global whistle-blowing system, and began operating a common whistle-blowing system for the Innovacell Group using the services of this company in 2024.

In addition, all full-time Directors of the Company have been appointed as Director (Managing Director) of Innovacell GmbH, a subsidiary of the Company, and have reported and shared important information at the weekly “Executive Committee Meeting” attended by all full-time Directors of the Company, thereby ensuring that the subsidiary is kept in check.

vi. System for reporting to Corporate Auditors by Directors, employees, etc. of the Company, and the system to ensure that those who make such reports are not subject to disadvantageous treatment as a result of making the report

Both the full-time Directors and the full-time Corporate Auditor are regular attendees at the weekly “Executive Committee Meetings,” and the full-time Directors are able to share information and report with the full-time Corporate Auditors in a timely manner as necessary. In addition, all full-time Directors, employees, and full-time Corporate Auditor residing in Japan are regular attendees at the Company’s weekly “Operations Review” meeting, which enables employees to share information and report to the full-time Corporate Auditor in a timely manner as necessary.

Furthermore, when requested to report on matters related to the execution of business operations by the Corporate Auditors, the Company’s Directors and employees promptly make appropriate reports.

The 5th Business Period

Financial Statements

(From January 1, 2025 to December 31, 2025)

Innovacell Inc.

Amounts and number of shares shown in this report are rounded down to the displayed unit, and percentages are rounded to the nearest whole number.

Balance Sheet

(As of December 31, 2025)

（Thousands of yen）

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
【Current assets】	2,421,867	**【Current liabilities】**	94,830
Cash and deposits	2,379,431	Other payables	80,231
Prepaid expenses	10,240	Income taxes payable	8,360
Consumption taxes refund receivable	29,067	Deposit received	4,080
Others	3,128	Provision for bonuses	2,157
【Non-current assets】	5,117,632	**Total liabilities**	**94,830**
Property, plant and equipment	20,192	Net Assets	
Buildings and structures	16,113	Accounts	Amounts
Tools, furniture, and fixtures	4,078	Shareholders' equity	5,443,003
Investment and other assets	5,097,440	Share capital	4,131,360
Shares of subsidiary	5,077,705	Capital surplus	2,065,555
Others	19,735	Capital reserves	2,065,555
		Retained earnings	-753,912
		Other retained earnings	-753,912
		Retained earnings brought forward	-753,912
		Subscription rights to shares	2,001,666
		Total net assets	**7,444,669**
Total assets	**7,539,500**	**Total liabilities and net assets**	**7,539,500**

(Note) Amounts are rounded down to the nearest thousand yen.

Statement of Income

(From January 1, 2025 To December 31, 2025)

(Thousands of yen)

Accounts	Amounts	
【Net sales】		-
【Cost of sales】		-
Gross profit		-
【Selling, general and administrative expenses】		701,633
Operating loss (-)		-701,633
【Non-operating income】		
Interest income	1,696	
Guarantee commission received	2,917	
Others	7	4,621
【Non-operating expenses】		
Interest expenses	12,664	
Foreign exchange losses	11,026	
Financing expenses	32,000	55,690
Ordinary loss (-)		-752,702
Loss before income taxes (-)		-752,702
Income taxes - current		1,210
Net loss (-)		-753,912

(Note) Amounts are rounded down to the nearest thousand yen.

Statement of Changes in Net Assets

(From January 1, 2025 To December 31, 2025)

(Thousands of yen)

	Shareholders' equity							Subscription rights to shares	Total net assets
	Share capital	Capital surplus			Retained earnings		Total shareholders' equity	Subscription rights to shares	
		Capital reserves	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings			
Beginning balance	2,850,637	1,557,730	-	1,557,730	-772,899	-772,899	3,635,468	1,666	3,637,134
Changes during the period									
Issuance of new shares	1,280,723	1,280,723		1,280,723			2,561,447		2,561,447
Net loss					-753,912	-753,912	-753,912		-753,912
Reduction of capital surplus		-772,899	772,899	-					-
Deficit disposition			-772,899	-772,899	772,899	772,899	-		-
Total changes of items other than shareholders' equity								2,000,000	2,000,000
Total changes during the period	1,280,723	507,824	-	507,824	18,986	18,986	1,807,534	2,000,000	3,807,535
Ending balance	4,131,360	2,065,555	-	2,065,555	-753,912	-753,912	5,443,003	2,001,666	7,444,669

(Note) Amounts are rounded down to the nearest thousand yen.

Notes to the Financial Statements

1. Significant Accounting Policies

(1) Valuation methods for assets

Shares of subsidiary

Stated at cost determined by the moving-average method.

(2) Depreciation method for fixed assets

Property, plant and equipment

Fixed percentage method is used. However, the straight line method is used for buildings and structures acquired on or after April 1, 2016.

The major useful lives are as follows:

Buildings and structures: 10-15 years

Tools, furniture and fixtures: 4-15 years

(3) Basis for accounting for provision

Provision for bonuses

Estimated payment amounts are recorded to prepare for bonus payment to employees.

(4) Foreign currency translation

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses.

(5) Accounting method for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax-excluded method.

2. Accounting Estimates

Valuation of shares of subsidiary

(1) Amount recorded in the financial statements

Shares of subsidiary 5,077,705 thousand yen

(2) Information on the nature of significant accounting estimates for identified item

The acquisition cost of shares of subsidiary, which are shares without market prices, should be impaired if the real value of the shares of subsidiary has fallen significantly below the acquisition cost, unless the possibility of recovery is supported by future business plan or other factors.

When investing in a subsidiary, the Company evaluates the excess earning power of the subsidiary based on its business plan, etc., in consideration of the business potential of the subsidiary, and the amount of the excess earning power is included in the acquisition cost. In the valuation of shares of subsidiary that include a large amount of excess earning power, the Company examines whether there is a significant decline in the real value of the share due to deterioration in the financial condition of the subsidiary or loss of excess earning power, etc. If a decline is recognized, the Company recognizes an impairment loss up to the real value, unless the possibility of recovery is supported by sufficient evidence such as business plan. These valuations are based on historical data obtained from both external

and internal sources, including the subsidiary's future business plan approved by management, including assumptions about business growth and other factors based on the status of pipelines under development and market trends.
No impairment was recorded for shares of subsidiary because there was no significant decline in their real value as of the end of the current fiscal year.
However, the assumptions used in accounting estimates are subject to uncertainty, and the market environment in which the subsidiary belongs and the development of its pipeline, etc. may necessitate the recognition of impairment loss on the shares of subsidiary, which could have a significant impact on the financial statements for the following fiscal year.

3. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 11,526 thousand yen

(2) Monetary obligations to subsidiary
Short-term payables 5,680 thousand yen

(3) Monetary obligations to Directors
Short-term payables 2,704 thousand yen

(4) Guarantees for loans of subsidiary from financial institutions 3,110,192 thousand yen

4. Notes to Statement of Income

Transactions with subsidiary
Operating transactions 6,735 thousand yen
Non-operating transactions 2,917 thousand yen

5. Notes to Statement of Changes in Net Assets

(1) Matters related to the total number of shares issued and outstanding

Type	Number of shares at the beginning of the fiscal year	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares at the end of the fiscal year
Common Stock	29,072,442	4,263,260	–	33,335,702
Class A share	1,249,793	–	1,249,793	–

(Note) The increase in the total number of shares issued and outstanding was due to the issuance of 3,013,467 shares of common stock through a third-party allotment and the conversion of 1,249,793 Class A preferred shares into common stock.

(2) Matters related to subscription rights to shares and treasury subscription rights to shares

(i) Subscription rights to shares as stock option

Type	Type of shares to be issued upon exercise of subscription rights to shares	Number of shares to be issued upon exercise of subscription rights to shares			
		Number of shares at the beginning of the fiscal year	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares at the end of the fiscal year
Stock options Series 1	Common Stock	1,121,200	–	264,240	856,960
Stock options Series 2	Common Stock	983,200	–	115,700	867,500
Stock options Series 3	Common Stock	168,300	–	–	168,300
Stock options Series 4	Common Stock	–	597,800	–	597,800

(ii) Ratchet-type subscription rights to shares

(Thousands of yen)

Type	Type of shares to be issued upon exercise of subscription rights to shares	Amount of subscription rights to shares			
		Balance at the beginning of the fiscal year	Increase during the period	Decrease during the period	Balance at the end of the fiscal year
Ratchet-type subscription rights to shares	Common Stock	–	2,000,000	–	2,000,000

(Note) We had issued the following ratchet-type subscription rights to shares by third-party allotment pursuant to the resolution approving such issuance adopted at the Extraordinary General Meeting of Shareholders held on July 4, 2025. The issuance of these subscription rights to shares (the “Subscription Rights”) was subsequently resolved at the meeting of the Board of Directors held on August 7, 2025, with the allotment date set for August 13, 2025. The payment of the total issue price for the Subscription Rights was completed by August 13, 2025.

The outline of the Subscription Rights is as follows:

Allotment Resolution Date	August 7, 2025
Allottee	One corporate entity (including zero existing shareholders)
Number of Subscription Rights to Shares Issued	1
Issue Price (thousand yen)	Total: 2,000,000 (2,000,000 per subscription right)
Class and number of shares underlying the Rights	(a) The class of shares underlying the Rights (the “Conversion Shares”) shall be Common Stock. (b) The number of Conversion Shares to be newly issued upon exercise of the Rights or the number of Conversion Shares to be disposed of in lieu of such new issuance shall be the number obtained by dividing the total amount of the Rights Issue Price of the exercised Rights by the Conversion Price. Any fraction resulting from an exercise of the Rights shall be rounded down and no cash adjustment shall be made.
Paid-in Amount upon Exercise of the Subscription Rights (yen)	Total: 1 yen (1 yen per subscription right)
Exercise Period, Exercise Conditions, and Acquisition Clauses	Except where the subscription rights are acquired by the Company pursuant to the acquisition clause (Note 1), the subscription rights may be exercised at any time on or after the allotment date, provided that any of the following exercise conditions (Note 1) are satisfied: (a) completion of a qualified financing; (b) completion of an IPO; (c) completion of a change-of-control transaction; or (d) the arrival of the redemption date (the date falling 24 months after the allotment date) (Note 2).
Total Issue Price and Amount Recorded as Capital upon Share Issuance (thousand yen)	Total issue price: 2,000,000 Amount recorded as capital: 1,000,000
Transfer Restrictions	Any acquisition of the subscription rights to shares by transfer requires approval of the Company’s Board of Directors.
Matters Concerning the Delivery of Subscription Rights to Shares in Connection with Organizational Restructuring Transactions	(Note 1) (4)

(Note 1) The exercise conditions, conversion prices, and acquisition clauses are as follows:

	Exercise Condition	Conversion Price	Acquisition Clause
(1)	Qualified Financing	When a Qualified Financing is executed, the conversion price shall be an amount obtained by multiplying the per-share paid-in amount in such financing by 0.9 (provided, however, that the maximum conversion price shall be 850 yen).	Subject to the completion of the Qualified Financing, on the completion date thereof (provided that this occurs prior to such completion), the Company shall acquire all subscription rights to shares then issued, and in exchange for such acquisition, the Company shall deliver to the holder the number of Conversion Shares obtained by dividing the total paid-in amount of the subscription rights by the conversion price at that time. If any fractional share less than one whole share arises in calculating the number of Conversion Shares, the Company shall pay cash in accordance with Article 234 of the Companies Act.
(2)	Redemption Date	850 yen	On the Redemption Date, the Company shall acquire all subscription rights to shares then issued, and in exchange for such acquisition, the Company shall deliver the number of Conversion Shares obtained by dividing the total paid-in amount of the subscription rights by the conversion price at that time.
(3)	IPO	If an IPO is completed prior to the execution of a Qualified Financing, the Redemption Date, or the approval of a Change-of-Control Transaction by the Company, the conversion price shall be an amount obtained by multiplying the public offering price per share in the initial public offering of the Company's common shares (public offering and secondary offering) by 0.9 (provided, however, that the maximum conversion price shall be 850 yen).	Subject to the completion of the IPO, on the completion date thereof (provided that this occurs prior to such completion), the Company shall acquire all subscription rights to shares then issued, and in exchange for such acquisition, the Company shall deliver the number of Conversion Shares obtained by dividing the total paid-in amount of the subscription rights by the conversion price at that time.

(4)	Change-of-Control Transaction	If the Company approves a Change-of-Control Transaction prior to the execution of a Qualified Financing, the Redemption Date, or the completion of the IPO, the conversion price shall be 850 yen.	If the Company determines to carry out a Change-of-Control Transaction, on the date specified separately by the Board of Directors (which shall be a date prior to the execution date of such transaction), the Company shall acquire all subscription rights to shares then issued as of the day immediately preceding such date, and in exchange for such acquisition, the Company shall deliver the number of Conversion Shares obtained by dividing the total paid-in amount of the subscription rights by the conversion price at that time.

(Note 2) The definitions of the relevant terms are as follows:

	Definitions
Qualified Financing	An issuance of shares conducted by the Company on or after September 1, 2025, primarily for the purpose of raising capital (provided, however, that this shall be limited to cases in which the total amount of funds raised—excluding the paid-in amount of shares issued upon conversion—equals or exceeds 500,000 thousand yen, and excluding an IPO).
IPO	The listing of the Company's securities on a financial instruments exchange as defined in Article 2, Paragraph 16 of the Financial Instruments and Exchange Act of Japan, or on a similar exchange located outside Japan.
Change-of-Control Transaction	(a) Sale or disposition of assets The sale, transfer, or other disposition of all or substantially all of the Company's assets. (b) Merger or share exchange, share transfer, or share delivery A merger, share exchange, share transfer, or share delivery; provided, however, that this excludes cases where the shareholders of the Company immediately prior to such transaction come to hold a majority of the voting rights of the surviving company or the wholly owning parent company. (c) Corporate split (absorption-type or incorporation-type) An absorption-type split or incorporation-type split; provided, however, that this applies only when all or substantially all of the Company's business is succeeded, and excludes cases where the shareholders of the Company immediately prior to such transaction come to hold a majority of the voting rights of the successor company or newly incorporated company.

	(d) Transfer of controlling voting rights The transfer or assignment of shares representing a majority of the voting rights of all shareholders of the Company; provided, however, that this excludes cases where the transfer is carried out solely for the purpose of establishing a holding company of the Company or where the issuance or disposition of shares is conducted purely for financing purposes.

(3) Matters related to dividends

Not applicable.

6. Notes to Deferred Taxes

Breakdown of deferred tax assets by major cause

	As of December 31, 2025
Deferred tax assets	(Thousands of yen)
Research and development expenses	1,504
Accrued enterprise tax payable	2,189
Tax loss carried forward	866,909
Provision for bonuses	660
Others	602
Subtotal of deferred tax assets	871,866
Valuation allowance for tax loss carried forward	(866,909)
Valuation allowance for total future deductible temporary differences	(4,956)
Subtotal of valuation allowance	(871,866)
Net deferred tax assets	-

7. Notes to Financial Instruments

(1) Matters Concerning the Status of Financial Instruments

(a) Policy for financial instruments

The Company limits fund management to short-term deposits and raises funds through third-party allotment of new shares and loans. Funds raised through capital increase and loans are mainly used for research and development and business operations.

(b) Description of financial instruments and their risks

Other payables, which are operating payables, are due within one year. Long-term loans are loans at fixed interest rates for the purpose of procuring research and development funds and working capital, and are exposed to foreign currency exchange rate fluctuation risk because they are denominated in foreign currencies.

(c) Risk Management System for Financial Instruments

(i) Management of credit risk (risk related to contract default by counterparties etc.)

Not applicable.

(ii) Management of market risk (risk of fluctuations in foreign exchange rates, interest rates, etc.)

The Company continuously monitors foreign currency exchange market conditions related to foreign currency denominated liabilities.

(iii) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Company manages liquidity risk by preparing and updating cash management plans in a timely manner by the department in charge and maintaining liquidity on hand.

(d) Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments includes values based on market prices and, in the absence of market prices, reasonably calculated values. Since variable factors are incorporated in the calculation of such values, such values may vary due to the adoption of different assumptions and other factors.

(2) Matters related to fair value of financial instruments

As of December 31, 2025, the financial instruments held by the Company consist of cash and deposits and accounts payable. Since these instruments are cash or are settled within a short period of time, their fair values approximate their carrying amounts, and therefore disclosures have been omitted.

8. Notes to Related Party Transactions

(1) Parent company and major corporate shareholders, etc.

Not applicable.

(2) Subsidiaries and affiliates, etc.

Type	Name	Location	Capital amount	Business	Percentage of voting rights (own or held-by)	Relationship with Related Parties	Transaction	Transaction amount (Thousands of yen)	Accounts	Outstanding balance at the fiscal year end (Thousands of yen)
Subsidiaries	Innovacell GmbH	Innsbruck, Republic of Austria	627 (Thousands of euro)	R&D of cell therapy and regenerative medicine	(Own) Direct 100%	Investment, Concurrent directors, Guarantee of debt, Subcontracting	Guarantee commission received	2,917	Other payables	5,680
							Sub-contracting	6,735		
							Guarantee of debt(*1)	3,110,192	Guarantee of debt	3,110,192
							Subscription to capital increase	2,591,700	–	–

(Note) 1 The Company guarantees the loans of Innovacell GmbH from financial institutions. The transaction amount is shown as the outstanding balance at the fiscal year end (equivalent to 16,872 thousand euros).

2 Transaction terms are determined by reference to market prices or general transaction terms.

9. Notes to Per Share Information

(1) Net assets per share 163.28 yen

(2) Net loss per share (23.50) yen

10. Notes to Significant Subsequent Events

(1) Issuance of new Shares by Public Offering and Third-Party Allotment, and Secondary Offering of Shares

Our Company has obtained listing approval from the Tokyo Stock Exchange and is scheduled to list its shares on the TSE Growth Market on February 24, 2026. In connection with this listing, at the Board of Directors meeting held on January 19, 2026, the Company resolved to issue new shares by way of a public offering and a third-party allotment, to conduct a secondary offering through purchase and underwriting by the underwriters, and to conduct a secondary offering by way of over-allotment. The offering conditions were determined on February 12, 2026. With respect to the issuance of new shares by public offering, payment is scheduled to be completed by February 23, 2026. With respect to the issuance of new shares by way of third-party allotment, payment is expected to be received on March 25, 2026. The overview of the new share is as follows:

1. Issuance of new shares through public offering (Public Offering)

(1)	Method of Offering	Offering through the book-building method
(2)	Type and number of shares to be issued	8,400,000 shares of common shares
(3)	Issue price	1,350 yen per share
(4)	Total issue amount	11,340,000 thousand yen
(5)	Amount paid by the underwriters	1,248.75 yen per share
(6)	Total amount paid by the underwriters	10,489,500 thousand yen
(7)	Amount of share capital and capital reserve to be increased	Share capital: 5,244,750 thousand yen Capital reserve: 5,244,750 thousand yen
(8)	Payment date	February 23, 2026

(Note) This price represents the amount the Company received from the underwriters as the payment per share for the newly issued shares. The total difference between the issue price and the amount paid by the underwriters constitutes the underwriters' proceeds.

2. Secondary Offering of Shares (Underwritten Offering by the Underwriters)

(1)	Type and number of shares to be sold	725,300 shares of common shares
(2)	Selling price	1,350 yen per share
(3)	Total selling price	979,155 thousand yen
(4)	Underwriters' purchase price	1,248.75 yen per share
(5)	Total price paid by the underwriters	905,718 thousand yen
(6)	Delivery date	February 24, 2026

3. Secondary Offering of Shares (Sale by Selling Shareholders through Over-allotment)

(1)	Type and number of shares to be sold	Common stock: up to 1,368,700 shares

(2)	Selling price	1,350 yen per share
(3)	Total selling price	Up to 1,847,745 thousand yen
(4)	Delivery date	February 24, 2026

4. Issuance of New Shares by Way of Third-party Allotment

(1)	Type and number of shares to be issued	1,368,700 shares of common shares
(2)	Amount to be paid	1,248.75 yen per share
(3)	Total amount to be paid	1,709,164 thousand yen
(4)	Amount of share capital and capital reserve to be increased	Share capital: 854,582 thousand yen Capital reserve: 854,582 thousand yen
(5)	Application date	March 24, 2026
(6)	Payment date	March 25, 2026
(7)	Allottee	Nomura Securities Co., Ltd.

5. Use of Proceeds and Planned Timing of Expenditures

Use of proceeds	Amount (thousand yen)	Planned timing of expenditures
Research and development expenses for ICEF15, for which a global clinical trial is currently underway	6,932,000	Fiscal years 2026 to 2027
Early repayment of EIB loan	3,100,000	March 31, 2026
Personnel expenses, commercialization-related preparation expenses, capital expenditures, etc.	2,107,364	Fiscal years 2026 to 2027

(2) Subscription to the Third-Party Allotment of Shares by a Subsidiary and Release of Debt Guarantee

At the meeting of the Board of Directors held on January 22, 2026, the Company resolved that its wholly owned subsidiary, Innovacell GmbH, would implement a capital increase through a third-party allotment as outlined below. As a result of this capital increase, the debt guarantee provided by the Company in connection with the subsidiary's loan is expected to be released. The outline of the capital increase is as follows:

Purpose of the Capital Increase	To allocate the funds primarily for the early repayment of the EIB (European Investment Bank) loan borrowed by Innovacell GmbH, a consolidated subsidiary of the Company.
Amount to Be Subscribed	EUR 18,000 thousand
Scheduled Payment Date	February 27, 2026
Capital After the Capital Increase	EUR 1,000 thousand
Equity Ownership Ratio	100%

(3) Conversion of Ratchet-type Share Subscription Rights

At the meeting of the Board of Directors held on February 12, 2026, the Company resolved to convert the “ratchet-type subscription rights to shares” issued by the Company into shares on February 24, 2026, upon the completion of the IPO. The outline of this matter is as follows:

(1)	Number of share subscription rights converted	1
(2)	Total face amount of share subscription rights to be converted	2,000,000 thousand yen
(3)	Type and number of shares to be issued	2,352,942 shares of common shares
(4)	Amount of share capital and capital reserve to be increased	Share capital: 1,000,000 thousand yen Capital reserve: 1,000,000 thousand yen

(Note) For details regarding the Ratchet-Type Subscription Rights, please refer to "5. Notes to Statement of Changes in Net Assets, (2) Matters related to subscription rights to shares and treasury subscription rights to shares, (ii) Ratchet-type subscription rights to shares."

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Innovacell Inc.

Opinion

We have audited the financial statements of Innovacell Inc. (the Company), which comprise the balance sheet as at December 31, 2025, and the statement of income and the statement of changes in net assets for the 4th fiscal year from January 1, 2025 to December 31, 2025, and notes to the financial statements, including a summary of significant accounting policies, and the supplementary schedules thereon, pursuant to the provision of Article 436, paragraph 2, item 1 of the Companies Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in Note 10 "Significant Subsequent Events" to the non-consolidated financial statements, the Company resolved at the meeting of the Board of Directors held on January 19, 2026 to issue new shares through a public offering and a third-party allotment, to conduct a secondary offering by way of underwriters' purchase and resale, and to conduct an over-allotment offering of shares. The terms and conditions were determined on February 12, 2026.

Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the business report and the supplementary schedules thereto, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. In addition, the audit and supervisory board and its members are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Company's reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Board and its Members for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Notes to the Reader of Independent Auditor's Report
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory board and its members are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, decide audit procedures which are selected and applied at our discretion, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and supervisory board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by the auditing standards.

We also provide the audit and supervisory board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Naoto Kimura
Designated Engagement Partner
Certified Public Accountant of Japan

Hidehiko Fujisawa
Designated Engagement Partner
Certified Public Accountant of Japan

Avantia GP
TOKYO, JAPAN

February 17, 2026

Notes to the Reader of Independent Auditor's Report
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report
Innovacell Inc.

The Board of Corporate Auditors of Innovacell Inc. (henceforth referred to as the "Company") has prepared and submitted its audit report based on its examination on each Corporate Auditor's report with respect to the execution of duties by the Directors for the Company's fifth business year (commencing on January 1, 2025 and concluding on December 31, 2025).

1. Audit Methodology and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors established auditing policies, allocation of duties, etc., received reports from each Corporate Auditor on the status and results of audits, received reports from Directors, etc., and the Accounting Auditor on the status of execution of their duties, and requested explanations as necessary.

(2) Each Corporate Auditor, in accordance with the auditing standards for Corporate Auditors established by the Board of Corporate Auditors and in accordance with the auditing policy, assignment of duties, etc., communicated with the Directors, the internal audit division and other employees, etc., made efforts to collect information and improve auditing environment and audited in following ways.

(i) Attended meetings of the Board of Directors and other important meetings, received reports from the Directors and employees, etc., on the status of execution of their duties, requested explanations as necessary, examined important approval documents, etc., and investigated the business and financial conditions at the head office and principal business offices. In addition, when it comes to subsidiaries, communicated and shared information with the Directors of subsidiaries, etc., and requested explanations as necessary.

(ii) The Board of Corporate Auditors have received periodic reports from Directors and employees, etc., on the status of the establishment and operation of the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as stated in the Business Report, and on the details of the resolution of the Board of Directors regarding the establishment of the system stipulated in Article 100, Paragraphs 1 and 3 of the Regulations for Enforcement of the Companies Act as necessary to ensure the properness of the business of a stock company and its subsidiaries, and on the status of the system established based on such resolution. With respect to the system (Internal Control System), the Board of Corporate Auditors have regularly received reports from Directors, employees, regarding the status of establishment and operation of such system, and the Board of Corporate Auditors have requested explanations as necessary and expressed our opinions.

(iii) With respect to the basic policy stipulated in Article 118, Item 3 (a), each of the initiatives stipulated in Item 3 (b), points of attention stipulated in Article 118, Item 5 (a) and judgements and reasons stipulated Article 118, Item 5 (b) of the Regulations for Enforcement of the Companies Act, as described in the Business Report, the Board of Corporate Auditors have reviewed the contents thereof, taking into consideration the deliberations at the meetings of the Board of Directors, etc.

(iv) In addition, the Board of Corporate Auditors has monitored and verified whether each Accounting Auditor maintains his/her independent position and audits properly, and has received reports from the Accounting Auditor on the status of execution of their duties, and requested explanations as necessary. Furthermore, the Board of Corporate Auditors has received notification from the Accounting Auditor that the systems for ensuring that the performance of the duties of financial auditor is being carried out correctly (each item of article 131 of the Regulation on Corporate Accounting) is in place in accordance with the standards concerning auditing for quality control (the Business Accounting Council) and requested explanations as necessary.

Utilizing the aforementioned methods, the Board of Corporate Auditors has examined the Company's business reports, amended financial statements (balance sheet, income statement, statement of shareholders' equity, and notes to non-consolidated financial statements) and amended supplementary schedules for the fiscal year under review.

2. Audit Results

(1) Audit results on the Company's business reports and other documentation

(i) In our opinion, the business report and accompanying schedules present fairly the state of affairs of the Company in accordance with the laws and regulations and the Articles of Incorporation.

(ii) In our opinion, there are no irregularities or material facts in breach of laws, regulations or the Articles of Incorporation in connection with the Directors' performance of their duties.

(iii) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. We also find no matters to be pointed out with regard to the descriptions in the business report regarding the said internal control system and the execution of duties by the Directors.

(iv) We find no matter to be pointed out with respect to the basic policy on the way of being of a person who controls decisions on the Company's financial and business policies stated in the business report. In our opinion, each of the initiatives set forth in Article 118, Item 3 (b) of the Regulations for Enforcement of the Companies Act described in the business report is in line with the said basic policy, does not impair the common interests of the Company's shareholders, and is not intended to maintain the status of the Company's corporate officers.

(v) With respect to the transactions with subsidiaries, etc., in the business report, we find no matter to be pointed out with respect to points of attention as not to impair the interests of the Company and judgement and reasons of the Board of Directors as to whether or not the said transactions will not impair the interest of the Company.

(2) Audit results on the Company's financial statements and supplementary schedules

In our opinion, the auditing methods and results of the Accounting Auditor, Avantia G.P., are appropriate.

3. Subsequent events: The Company raised new funds of approximately 10.5 billion yen through newly listing on the Growth Market of the Tokyo Stock Exchange on February 24, 2026. For details, please refer to the Securities Registration Statement filed to Director-General of the Kanto Local Finance Bureau on January 19, 2026, and subsequent Amendment Reports for Securities Registration Statement filed on February 4, and February 12, 2026.

Note: Full-time Corporate Auditor Shigeru Takagi, Corporate Auditor Mariko Hirose and Corporate Auditor Keiichi Uezumi are outside Corporate Auditors as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

To clarify the progress and results of the above report, each Corporate Auditor has affixed their seal (or signature) on the next page.

Dated: February 24, 2026

Innovacell Inc.
The Board of Corporate Auditors

Shigeru TAKAGI
Full-Time Outside Corporate Auditor

Mariko HIROSE
Outside Corporate Auditor

Keiichi UEZUMI
Outside Corporate Auditor

Reference documents for Proxy Solicitation

1. Proxy Solicitor

Colin Lee Novick, Representative Director Co-CEO

2. Proposals and References

Proposal 1 Reduction of capital reserve and appropriation of surplus

For the purpose of covering the deficit in retained earnings brought forward on December 31, 2025 and striving to improve financial soundness, the Company hereby proposes to reduce capital reserve and appropriate the surplus.

1. Procedure for reducing capital reserve
   - (1) The Company's capital reserve of 753,912,866 yen will be reduced and transferred to other capital surplus pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act.
   - (2) Effective date of the reduction of the capital reserves

     March 31, 2026

2. Procedure for the appropriation of surplus

   Subject to the effectiveness of the above reduction of the capital reserves, pursuant to the provisions of Article 452 of the Companies Act, of the 753,912,866 yen in other capital surplus after the above transfer, 753,912,866 yen will be reduced and transferred to retained earnings brought forward.
   - (1) Amount of other capital surplus to be reduced 753,912,866 yen
   - (2) Amount of retained earnings brought forward to be increased 753,912,866 yen
   - (3) Effective date of appropriation of surplus March 31, 2026

Proposal 2 Determination of compensation to Directors (excluding outside Directors) for the purpose of granting restricted shares

Approval has been granted at the Extraordinary General Meeting of Shareholders held on June 25, 2021, that the amount of compensation for the Company's Directors shall be capped at JPY 150 million per year (which was revised to JPY 500 million at the 4th Annual General Meeting of Shareholders held on March 27, 2025).

As part of the revision of the executive compensation plan, and for the purpose of incentivizing the Company's Directors (excluding outside Directors; the "**Eligible Directors**") in order to continuously enhance the Company's corporate value, and advancing further sharing of value with the Company's shareholders, the Company would like to newly pay compensation to the Eligible Directors, which the Eligible Directors will then contribute in exchange for the grant of restricted shares at a compensation framework separate from the one mentioned above.

Based on this Proposal, the compensation to be paid to the Eligible Directors for the purpose of granting restricted shares shall be monetary claims, and the total amount thereof shall be capped at JPY 100 million per year (provided, however, that this does not include the salary for employees of Directors who concurrently serve as employees). In addition, the specific timing of the payment and the details of the allocation of such compensation to each Eligible Director shall be determined by the Board of Directors.

There are currently 5 Directors (including 1 outside Director).

In addition, in accordance with a resolution of the Company's Board of Directors, the Eligible Directors are to pay in all monetary claims they have been paid pursuant to this Proposal as property contributed in kind, and are to thereby receive the issuance or disposal of the Company's ordinary shares, and the total number of the Company's ordinary shares to be so issued or disposed of shall be capped at 100,000 shares per year (provided, however, that if, after the date of approval of this Proposal, a stock split, including an allotment of the Company's ordinary shares without contribution, or consolidation of the Company's ordinary shares is carried out, or if any other event occurs that requires an adjustment of the total number of the Company's ordinary shares to be issued or disposed of as restricted shares, such total number shall be adjusted to a reasonable extent).

In this regard, the amount to be paid in for each such share will be determined by the Board of Directors based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange as of the business day preceding the date on which the relevant resolution had been passed by the Board of Directors (or, if no transaction is closed on that day, based on the closing price as of the most recent trading day preceding such day), and to the extent that such amount will not be particularly advantageous for the Eligible Director subscribing for such ordinary shares. In addition, the issuance or disposal of the Company's ordinary shares pursuant to the foregoing and the provision of monetary claims to be used as the property contributed in kind will be conditional on the execution of an Agreement for Allotment of Restricted Shares between the Company and the Eligible Directors (the "**Allotment Agreement**") which includes the following details. In addition, the upper limit of the amount of compensation, the total number of the Company's ordinary shares to be issued or disposed of, and other conditions for granting Restricted Shares to Eligible Directors under this Proposal have been determined by comprehensively considering the aforementioned purpose, the business conditions of the Company, as well as other miscellaneous circumstances, and furthermore, the maximum number of shares issued or disposed of to the Eligible Director within one year represents 0.23% or less of the total number of issued shares and the dilution rate is minimal, and the Company believes that such conditions are appropriate.

[Overview of Allotment Agreement]

(1) Transfer Restriction Period

An Eligible Director shall not transfer, establish security interests on or otherwise dispose of the Company's ordinary shares allotted under the Allotment Agreement (the "**Allotted Shares**") during the period from the date on which he/she receives allotment under the Allotment Agreement and until the time immediately after such Eligible Director resigns or retires from all of his/her officer or employee positions at the Company or any of its subsidiaries as predetermined by the Company's Board of Directors (such period, the "**Transfer Restriction Period**") (such restriction, the "**Transfer Restriction**").

(2) Handling Upon Resignation or Retirement

If an Eligible Director resigns or retires from all of his/her officer or employee positions at the Company or any of its subsidiaries as predetermined by the Company's Board of Directors, prior to the expiration of the period determined in advance by the Company's Board of Directors (the "**Service Period**"), the Company shall automatically acquire the Allotted Shares without consideration, unless there is a justifiable reason for such resignation or retirement such as the death of such Eligible Director or the expiration of his/her term of office.

(3) Lifting of Transfer Restrictions

The Company will lift the transfer restriction for all of the Allotted Shares upon the expiration of the Transfer Restriction Period on the condition that the relevant Eligible Director has continuously held an officer or employee position at the Company or any of its subsidiaries during the Service Period, as predetermined by the Company's Board of Directors; provided, however, that if: (i) such Eligible Director resigns or retires from his/her officer or employee positions at the Company or any of its subsidiaries as predetermined by the Company's Board of Directors, for a justifiable reason before the expiration of the Service Period; or (ii) even after the expiration of the Service Period, such Eligible Director resigns or retires from his/her officer or employee positions at the Company or any of its subsidiaries as predetermined by the Company's Board of Directors, for a reason other than a justifiable reason before the expiration of the Transfer Restriction Period, the number of Allotted Shares for which the Transfer Restriction is to be lifted and the timing for lifting the Transfer Restriction shall be reasonably adjusted as necessary. In addition, at the time immediately after the transfer restriction has been lifted in accordance with the foregoing provisions, the Company will automatically acquire the Allotted Shares for which the transfer restriction has not been lifted as of such time, without consideration.

(4) Handling in Organizational Restructuring, Etc.
Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, any matter related to: (i) a merger agreement under which the Company becomes a company disappearing in such merger; (ii) a share exchange agreement or share transfer plan through which the Company becomes a wholly-owned subsidiary; or (iii) any other organizational restructuring, etc., is approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors, if approval at the Company's General Meeting of Shareholders is not required for such organizational restructuring, etc.), the Company will, by a resolution of the Company's Board of Directors, lift the Transfer Restriction for the number of Allotted Shares reasonably determined in consideration of the period from the commencement date of the Transfer Restriction Period to the approval date of such organizational restructuring, etc., prior to the effective date of such restructuring, etc. In addition, in the event of the foregoing, at the time immediately after the transfer restriction has been lifted, the Company will automatically acquire the Allotted Shares for which the transfer restriction has not been lifted as of such time, without consideration.

(5) Other Matters
Other matters relating to the Allotment Agreement shall be determined by the Company's Board of Directors.

End.

● Shareholders Meeting Venue Guide Map

Bellesalle Shiba Park, Sumitomo Shiba Park Building 6F, 2-7-17 Shiba, Minato-ku, Tokyo (The venue is different from the previous meeting's venue, so please ensure you go to the correct venue.)