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Financial Results for the Nine Months Ended June 30, 2026 [Japanese GAAP] (Non-consolidated)

August 10, 2026

Company name: Kringle Pharma, Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 4884
URL: https://www.kringle-pharma.com/en/
Representative: Kiichi Adachi, President & CEO
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Scheduled date of commencing dividend payments: —
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: Scheduled

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

1. Financial Results for the Nine Months Ended June 30, 2026 (October 1, 2025 - June 30, 2026)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	323	501.0	(633)	–	(628)	–	(631)	–
June 30, 2025	53	(12.4)	(738)	–	(738)	–	(739)	–

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2026	(84.44)	–
June 30, 2025	(108.35)	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2026	1,996	1,252	60.9
September 30, 2025	2,079	1,309	61.5

Reference: Equity: As of June 30, 2026: ¥1,216 million As of September 30, 2025: ¥1,279 million

2. Dividends

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

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	332	360.4	(1,018)	–	(1,018)	–	(1,020)	–	(132.34)

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

*** Notes:**

(1) Accounting methods adopted particularly for the preparation of quarterly financial statements: None

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

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

As of June 30, 2026:	8,383,200 shares
As of September 30, 2025:	7,018,200 shares

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

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

3) Average number of shares during the period:

For the nine months ended June 30, 2026:	7,480,443 shares
For the nine months ended June 30, 2025:	6,825,210 shares

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

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable at the time of the release of these materials. Actual results may differ significantly from these forecasts due to various factors.

Table of Contents - Attachments

1. Overview of Financial Results 2
(1) Overview of Quarterly Business Performance 2
(2) Overview of Quarterly Financial Condition 6
(3) Explanation of Financial Results Forecast and Other Forward-looking Information 7
(4) Important Matters Related to Going Concern Assumption 7

2. Quarterly Financial Statements and Principal Notes 9
(1) Quarterly Balance Sheets 9
(2) Quarterly Statements of Income 10
(3) Notes to Quarterly Financial Statements 11
Notes on going concern assumption 11
Notes on quarterly balance sheet 11
Notes on quarterly statement of cash flows 11
Notes in case of significant changes in shareholders' equity 11
Notes on segment information, etc. 11
Notes on significant subsequent events 12

1. Overview of Financial Results

(1) Overview of Quarterly Business Performance

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

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

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

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

1. Drug development activities

(a) Acute spinal cord injury (SCI)

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

In July 2020, the Company started the Phase III study at Spinal Injuries Center, Hokkaido Spinal Cord Injury Center, and Murayama Medical Center. A total of five medical facilities, with the addition of Japanese Red Cross Kobe Hospital and Aijinkai Rehabilitation Hospital in March 2021, which had conducted the Phase III clinical trial, completed enrolling the last patients in April 2023 and the final follow-up for the last patient in October 2023. The Company received topline results of the Phase III clinical trial in February 2024, and was in the process of discussions with PMDA based on the results of the trial, with a view toward applying for approval to manufacture and market the drug in Japan. In light of PMDA insights gained in previous discussions, the Company decided to conduct an additional clinical trial to verify the efficacy of the drug in July 2025 and after reaching an agreement with the PMDA on the outline of the additional clinical trial during face-to-face consultations in May 2026, the Company submitted the clinical trial notification for the Phase III additional trial to the PMDA in June 2026.[*1] The Company plans to conduct a Phase III additional trial with a high probability of success based on insights gained through the Phase I/II and the Phase III clinical trials, and to file an application for approval upon obtaining the additional data on efficacy. Additionally, the Company issued share acquisition rights in August 2025, and decided to apply some of the proceeds to fund the additional clinical trial.

*1 The PMDA's review of the clinical trial notification was completed on July 3.

In the meantime, the Company started a preliminary consultation with the U.S. Food and Drug Agency (FDA) in September 2023 in preparation for clinical development in the U.S. and received a response from the FDA in November 2023 in relation to the meeting for Pre-Investigational New Drug (Pre-IND) application. The Company then established a collaborative network of key opinion leaders (KOLs) in North America and prepared for IND submission[*2]. In June 2025, the Company received Orphan Drug Designation for the drug from the FDA. In November 2025, the Company established its subsidiary Kringle Pharma USA, Inc., and are preparing to accelerate and promote the development of treatments for acute spinal cord injuries (SCI) in the U.S. In April 2026, the Company conducted a capital increase in its U.S. subsidiary for the purpose of stabilizing the financial base of the subsidiary and accelerating further development.

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

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

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

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

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

(b) Vocal fold scarring (VFS)

VFS is a condition in which vocal fold mucosa hardens and degenerates due to the formation of scar tissues (fibrosis). The investigator-initiated Phase I/II clinical trial confirmed the safety of intracordal administration of the recombinant human HGF and also detected signals of efficacy in some patients showing functional recovery of the vocal cord (J Tissue Eng Regen Med. 2018. 12:1031-1038.). Following a preliminary consultation with PMDA in July 2019 and subsequent discussions with Kyoto Prefectural University of Medicine, the Company submitted a

clinical trial application for a Phase III study (placebo-controlled, double-blind trial) to PMDA in October 2022. In November 2022, the Company commenced the Phase III study at University Hospital, Kyoto Prefectural University of Medicine. In May 2023, Kurume University Hospital, Tohoku University Hospital, Kawasaki Medical School Hospital and Nihon University Hospital were added to the study. In May 2024, Sanno Medical Center was added to the study, followed by Fujita Health University Hospital and Fukuoka Sanno Hospital, both of which were added in January 2025. As a result, patient enrollment was conducted at eight facilities. The last patient enrollment was completed in January 2026.

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

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

(c) Amyotrophic lateral sclerosis (ALS)

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

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

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

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

been completed. Claris is concurrently implementing Phase I studies for limbal stem cell deficiency and corneal scars.

Furthermore, the Company formed a business alliance with Claris in September 2023 to improve the efficiency of the manufacturing method for recombinant human HGF. The purpose of the alliance is to meet growing global demand in the future and to achieve a stable worldwide supply of recombinant human HGF.

(e) Other collaborative research

In July 2022, the Company signed a collaborative research agreement with Kyoto University focused on applied research using HGF to create regenerative medicine products. The goal of this collaboration is to apply biomaterial technology to conduct exploratory research on optimal and effective next-generation treatments for target diseases, and to expand indications for KP-100 to other intractable diseases.

In April 2024, the Company signed a collaborative research agreement with Gifu University focused on applied research using HGF to treat idiopathic osteonecrosis of the femoral head. HGF is involved in both angiogenesis and bone regeneration, and has potential as a new therapeutic agent for this intractable disease for which there are no existing drugs.

In June 2024, the Company signed a collaborative research agreement with Kanazawa University focused on applied research using HGF to treat idiopathic pulmonary fibrosis. The Company is currently conducting a phase III clinical trial in Japan for the treatment of vocal fold scar, one of the fibrotic diseases. If we succeed in developing an HGF protein drug for the treatment of vocal fold scar, it will lead to the possibility of expanding the indication to other chronic diseases caused by fibrosis. Based on the findings of this collaboration, the Company will actively consider expanding the indication to pulmonary fibrosis as the next target in fibrotic diseases.

In November 2024, the Company made a collaborative research agreement with Keio University focused on the search for a new acute-phase biomarker that predicts spontaneous recovery after spinal cord damage. Currently, the Company is preparing to make an application for approval of manufacturing and marketing recombinant human HGF for acute SCI. When a biomarker is discovered through the collaborative research and becomes available for use in determining treatment efficacy, predicting degrees of spontaneous recovery, etc. from acute SCI, it is expected to lead to better treatment for SCI subjects.

In June 2025, the Company signed a collaborative research agreement with Kobe University focused on applied research using HGF to treat Peyronie’s disease, a condition in which fibrous scar tissue forms in the deeper tissues under the skin of the penis. The Company is currently conducting a Phase III clinical trial for vocal fold scarring, which is a fibrotic disorder, and has now decided to conduct a pharmacology study in an animal model of Peyronie’s disease, aiming to expand the indications of HGF to include other fibrotic disorders. There is a need for drugs that directly treat fibrotic tissue in Peyronie’s disease, and HGF, with its anti-fibrotic effects, could be a new therapeutic option.

In August 2025, the Company signed a collaborative research agreement with Keio University in association with the development of a new regenerative treatment of peripheral neuropathy with the use of HGF. HGF is reported to have multiple functions of accelerating the regeneration of peripheral nerves. It is also suggested that HGF has the therapeutic effects of easing neuropathic pain in the mice model. With a view to overcoming problems with surgery in peripheral nerve regeneration, the two parties will verify efficacy in using HGF and study methods of administration suited for practical application, aiming to achieve early practical application of a new therapeutic strategy.

In October 2025, the Company entered into a collaborative research agreement with Kyoto University to develop sustained-release wound-healing agents utilizing HGF. In recent years, refractory chronic wounds, such as diabetic ulcers, venous leg ulcers, pressure ulcers, and healthcare-associated pressure injuries, have become a significant social concern due to population aging and the increasing number of patients with diabetes. By developing a new therapeutic agent that combines HGF with a sustained-release matrix, we aim to accelerate the practical implementation of a novel treatment strategy for refractory wounds.

In June 2026, the Company made a collaborative research agreement with Keio University focused on acute-phase

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

2. Business development activities

During the nine months ended June 30, 2026, the Company had business development discussion with potential business partners to expand development of acute SCI outside Japan. In June 2024, the Company gave an oral presentation at the 2nd Annual Spinal Cord Injury Investor Symposium in the U.S. and networked with the symposium participants. In addition, the Company issued share acquisition rights in September 2023 for the purpose of partially funding clinical development and manufacturing development (improvement of the efficiency of the manufacturing method for recombinant human HGF) for acute SCI in the U.S. The exercise of all share acquisition rights was completed in May 2024. With this move, it expected to clarify the Company's development strategy in the U.S., the largest pharmaceutical market in the world, and accelerate business development activities.

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

As a result of these efforts, during the nine months ended June 30, 2026, net sales amounted to ¥323,888 thousand (a year-on-year increase of 501.0%), while the Company recorded an operating loss of ¥633,948 thousand (operating loss during the nine months ended June 30, 2025 was ¥738,515 thousand), ordinary loss of ¥628,484 thousand (ordinary loss during the nine months ended June 30, 2025 was ¥738,359 thousand) and loss of ¥631,670 thousand (loss during the nine months ended June 30, 2025 was ¥739,481 thousand).

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

(2) Overview of Quarterly Financial Condition

Assets

Current assets as of June 30, 2026 decreased by ¥97,305 thousand from the end of the previous fiscal year to ¥1,958,188 thousand (a decrease of 4.7% from the end of the previous fiscal year). This primarily reflected decreases of ¥70,712 thousand in raw materials and supplies and ¥79,821 thousand in advance payments to suppliers, which were partially offset by an increase of ¥76,446 thousand in cash and deposits mainly as a result of capital increase by way of execution of share acquisition rights. Non-current assets increased by ¥14,677 thousand to ¥38,546 thousand (an increase of 61.5% from the end of the previous fiscal year). This reflected an increase of ¥14,677 thousand in investments and other assets, which resulted from the purchase of shares of subsidiaries.

As a result, total assets decreased by ¥82,627 thousand from the end of the previous fiscal year to ¥1,996,735 thousand (a decrease of 4.0% from the end of the previous fiscal year).

Liabilities

Current liabilities as of June 30, 2026 increased by ¥4,732 thousand from the end of the previous fiscal year to ¥114,079 thousand (an increase of 4.3% from the end of the previous fiscal year). This was mainly due to an increase of ¥58,909 thousand in accounts payable - other mainly due to the transfer of long-term accounts payable - other to current liabilities, which was partially offset by a decrease of ¥55,105 thousand in advances received. Non-current liabilities decreased by ¥30,331 thousand from the end of the previous fiscal year to ¥630,428 thousand (a decrease of 4.6% from the end of

the previous fiscal year). This was mainly attributable to a decrease of ¥30,331 thousand in long-term accounts payable-other as a result of their transfer to current liabilities.
As a result, total liabilities decreased by ¥25,599 thousand from the end of the previous fiscal year to ¥744,508 thousand (a decrease of 3.3% from the end of the previous fiscal year).

Net assets
Net assets as of June 30, 2026 decreased by ¥57,028 thousand from the end of the previous fiscal year to ¥1,252,226 thousand (a decrease of 4.4% from the end of the previous fiscal year). This primarily reflected a loss of ¥631,670 thousand, which was partially offset by an increase of ¥277,153 thousand in share capital and a rise of ¥291,753 thousand in capital surplus chiefly as a result of capital increase by way of execution of share acquisition rights.
This resulted in share capital of ¥341,330 thousand, capital surplus of ¥3,179,834 thousand, and negative retained earnings of ¥2,304,379 thousand.

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

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

(4) Important Matters Related to Going Concern Assumption

The Company falls under the category of biotech companies. One of their characteristics is that a large amount of research and development expenses and a long period of time are required before the commercialization of a drug and the earning of revenue. The Company is striving to develop multiple pipelines in a bid to commercialize HGF drugs, but it has yet to earn any revenue.
With regard to the acute SCI pipeline, which is a principal pipeline, Phase I/II clinical trials and Phase III clinical trials finished, and the Company consulted with the PMDA with a view to filing an application for approval. However, in July 2025, it decided to file the application for approval after conducting an additional clinical trial, and submitted a clinical trial notification for a Phase III additional trial to the PMDA in June 2026. The Company plans to conduct a Phase III additional trial with a high probability of success and to file an application for approval upon obtaining the additional data on efficacy.

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

To resolve this situation, the Board of Directors adopted a resolution at a meeting held on July 16, 2025 to issue the 16th series of share acquisition rights through a third-party allotment. Consequently, the third-party allotment took place on August 1, 2025.
During the first nine months of the fiscal year under review, the Company continued to raise funds through the exercise of such share acquisition rights and also received consideration from the supply of HGF drug substance to Claris Biotherapeutics, Inc.
On July 15, 2026, the Company reached a basic agreement with Maruishi Pharmaceutical Co., Ltd. (hereinafter, "Maruishi Pharmaceutical") in preparation for conclusion of a definitive agreement granting Maruishi Pharmaceutical the exclusive rights to market the Company's vocal fold scarring treatment (KP-100LI, hereinafter, "the Product"), which utilizes recombinant human HGF protein as the active ingredient, in Japan. This basic agreement was reached ahead of conclusion of a definitive agreement concerning the Product, in order to confirm matters such as basic financial conditions and business conditions, including upfront agreement payment, development milestone revenue, royalty revenue after the start of sales, and supply of the Product. Additionally, the basic agreement states to the effect that

Maruishi Pharmaceutical will make an additional contribution to the Company after conclusion of the definitive agreement. The Company is still in discussions with Maruishi Pharmaceutical, looking to conclude the definitive agreement in September 2026. Through the realization of this agreement, the Company plans to strengthen its financial base by securing future revenue and raising funds.

On the other hand, with regard to expenditures, the Company judges that there is currently no material uncertainty on the going concern assumption, given that it is possible for it to secure funds for continuing its business operations by reconsidering its own pipelines based on the progress of our research and development activities to cut research and development expenses and reduce general expenses as needed.

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

(i) Securing of sources of continuous revenue

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

(ii) Cultivation of collaboration partners for the existing pipelines, etc.

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

For the overseas acute SCI and VFS pipelines and the global ALS pipeline, the Company seeks commercialization through the model of out-licensing and collaborative development. For the individual pipelines, the Company is working to reduce development and financial risks through swift negotiations for partnerships with pharmaceutical and other companies.

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

(iii) Financing

In addition to utilizing subsidies and other sources, the Company will encourage its business partners who are existing shareholders to make additional contributions.

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousand yen)

	As of September 30, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	1,619,088	1,695,535
Raw materials and supplies	250,342	179,629
Advance payments to suppliers	101,243	21,421
Consumption taxes receivable	60,707	43,939
Other	24,112	17,662
Total current assets	2,055,494	1,958,188
Non-current assets		
Property, plant and equipment	–	–
Investments and other assets	23,869	38,546
Total non-current assets	23,869	38,546
Total assets	2,079,363	1,996,735
Liabilities		
Current liabilities		
Accounts payable - other	20,315	79,225
Income taxes payable	1,490	1,117
Advances received	66,206	11,101
Other	21,334	22,635
Total current liabilities	109,347	114,079
Non-current liabilities		
Asset retirement obligations	2,176	2,176
Long-term accounts payable - other	30,792	460
Long-term deposits received	627,792	627,792
Total non-current liabilities	660,760	630,428
Total liabilities	770,107	744,508
Net assets		
Shareholders' equity		
Share capital	64,176	341,330
Capital surplus	2,888,081	3,179,834
Retained earnings	(1,672,709)	(2,304,379)
Treasury shares	(147)	(147)
Total shareholders' equity	1,279,402	1,216,637
Share acquisition rights	29,853	35,589
Total net assets	1,309,255	1,252,226
Total liabilities and net assets	2,079,363	1,996,735

(2) Quarterly Statements of Income

(Thousand yen)

	For the nine months ended June 30, 2025	For the nine months ended June 30, 2026
Net sales	53,893	323,888
Cost of sales	–	70,386
Gross profit	53,893	253,501
Selling, general and administrative expenses	792,409	887,449
Operating loss	(738,515)	(633,948)
Non-operating income		
Interest income	29	1,771
Reagent sales income	–	1,400
Foreign exchange gains	10	2,120
Interest on tax refund	112	122
Honoraria received	–	38
Other	3	11
Total non-operating income	156	5,464
Ordinary loss	(738,359)	(628,484)
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	–	1,797
Total extraordinary losses	–	1,797
Loss before income taxes	(738,359)	(630,281)
Income taxes - current	1,121	1,388
Total income taxes	1,121	1,388
Loss	(739,481)	(631,670)

(3) Notes to Quarterly Financial Statements

Notes on going concern assumption

Not applicable.

Notes on quarterly balance sheet

Collateral assets and loans pledged as collateral

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

Collateral assets		(Thousand yen)
	As of September 30, 2025	As of June 30, 2026
Cash and deposits	627,792	627,792

Loans pledged as collateral		(Thousand yen)
	As of September 30, 2025	As of June 30, 2026
Long-term deposits received	627,792	627,792

Notes on quarterly statement of cash flows

For the nine months ended June 30, 2025

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

For the nine months ended June 30, 2026

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

Notes in case of significant changes in shareholders' equity

For the nine months ended June 30, 2025

Not applicable.

For the nine months ended June 30, 2026

On August 1, 2025, the Company allotted its 16th series of share acquisition rights to EVO FUND. Chiefly due to the exercise of share acquisition rights during the first nine months of the fiscal year under review, share capital and capital surplus increased by ¥277,153 thousand each.

As a result, as of June 30, 2026, share capital and capital surplus amounted to ¥341,330 thousand and ¥3,179,834 thousand, respectively.

Notes on segment information, etc.

Segment information

For the nine months ended June 30, 2025

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

For the nine months ended June 30, 2026

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

Notes on significant subsequent events

(Reduction of share capital and legal capital surplus, and appropriation of surplus)

The Company resolved at a meeting of the Board of Directors held on July 15, 2026 to submit a proposal on "Reduction of share capital and legal capital surplus, and appropriation of surplus" to an extraordinary shareholders meeting to be held on August 28, 2026.

1. Purpose of reduction of share capital and legal capital surplus, and appropriation of surplus

The Company posted a deficit of ¥1,672,709 thousand in retained earnings at the end of the previous fiscal year. Accordingly, in order to improve the financial position of the Company, while also securing greater flexibility in its future capital policy including return to shareholders, as well as mitigating the tax burden, pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will reduce share capital and legal capital surplus and transfer the reduction to other capital surplus, and offset the deficit in retained earnings by transferring the increased other capital surplus to retained earnings pursuant to the provisions of Article 452 of the Companies Act.

2. Details of the reduction of share capital

(1) Amount of share capital to be reduced

Pursuant to the provisions of Article 447, Paragraph 1 of the Companies Act, share capital of ¥341,330 thousand as of June 30, 2026 will be reduced by ¥331,330 thousand to ¥10,000 thousand. If share acquisition rights issued by the Company are exercised on or before the effective date, the amount of share capital and the reduced amount of share capital will change.

(2) Method of reduction of share capital

The amount of share capital will be reduced and transferred to other capital surplus.

3. Details of the reduction of legal capital surplus

(1) Amount of legal capital surplus to be reduced

Pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, legal capital surplus of ¥2,601,192 thousand as of June 30, 2026 will be reduced by ¥1,341,379 thousand to ¥1,259,813 thousand. If share acquisition rights issued by the Company are exercised on or before the effective date, the amount of legal capital surplus and the reduced amount of legal capital surplus will change.

(2) Method of reduction of legal capital surplus

The amount of legal capital surplus will be reduced and transferred to other capital surplus.

4. Details of the appropriation of surplus

Pursuant to the provisions of Article 452 of the Companies Act, and provided that the reductions of the amount of share capital and legal capital surplus described in paragraphs 2 and 3 above, respectively, take effect, other capital surplus of ¥1,672,709 thousand that increased as a result of these reductions will be fully transferred to retained earnings to offset the deficit.

(1) The item of surplus to be reduced and its amount

Other capital surplus: ¥1,672,709 thousand

(2) The item of surplus to be increased and its amount

Retained earnings: ¥1,672,709 thousand

5. Schedule of the reduction of share capital and legal capital surplus and appropriation of surplus

(1)	Resolution by the Board of Directors	July 15, 2026
(2)	Announcement to creditors for submitting their objections	August 13, 2026 (plan)
(3)	Resolution by the General Meeting of Shareholders	August 28, 2026 (plan)
(4)	Deadline for creditors' objections	September 14, 2026 (plan)
(5)	Effective date for the capital reduction	September 15, 2026 (plan)