



Consolidated Financial Results for the Second Quarter (Interim Period)
(Under Japan GAAP) FYE April 2026

December 11, 2025

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 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (webcast only)

(Figures are rounded down to the nearest million yen.)

1. Consolidated financial results for the second quarter (interim period) of the fiscal year ending April 30, 2026 (from May 1, 2025, to October 31, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Interim period FYE April 2026	4,807	46.8	360	—	2,012	—	1,701	—
Interim period FYE April 2025	3,274	78.3	(531)	—	(797)	—	(805)	—

Note: Comprehensive income Interim period FYE April 2026 ¥194 million (— %) Interim period FYE April 2025 ¥(641) million (— %)

	Basic earnings per share	Diluted earnings per share
	¥ Sen	¥ Sen
Interim period FYE April 2026	14.88	13.12
Interim period FYE April 2025	(8.79)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	¥ million	¥ million	%
Interim period FYE April 2026	6,799	3,954	51.1
FYE April 2025	6,513	2,216	26.8

Reference: Equity Interim period FYE April 2026 ¥3,477 million FYE April 2025 ¥1,744 million

2. Dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
	¥ Sen	¥ Sen	¥ Sen	¥ Sen	¥ Sen
FYE April 2025	—	0.00	—	0.00	0.00
FYE April 2026	—	0.00	—	—	—
FYE April 2026 (Forecast)	—	—	—	0.00	0.00

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

3. Consolidated financial forecasts for the fiscal year ending April 30, 2026 (from May 1, 2025, to April 30, 2026)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ Sen
Full fiscal year	9,283	33.9	400	—	346	—	301	—	2.73

Note: Revisions to the financial forecasts most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period : None

Newly included: — companies (Company name), Excluded: — companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements : None

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

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

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

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(4) Number of issued shares (common stock)

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

Interim period FYE April 2026	120,212,757 shares	FYE April 2025	110,293,406 shares
Interim period FYE April 2026	246 shares	FYE April 2025	246 shares
Interim period FYE April 2026	114,384,892 shares	Interim period FYE April 2025	91,705,680 shares

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

(iii) Average number of shares outstanding during the period (interim period)

* Q2 (interim) financial results reports are exempt from reviews conducted by certified public accountants or audit corporations.

* Proper use of financial forecasts and other special matters

The forward-looking statements, including earnings forecasts, shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. They are not intended to promise their achievement. Actual performance and other results may significantly differ from these forecasted figures due to various factors. Please refer to [1. Qualitative Information on Quarterly Financial Results: (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information] on page 11 of the Appendix for details with regard to the assumptions used as the basis for the financial forecasts and special remarks regarding the use of the financial forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

(i) Results of Operations

Rate of sales growth

+47%

H1 operating profit

¥360 million

**Growth in both revenue and profit,
with our plan to achieve profitability
progressing steadily**

- ◆ H1 sales totaled ¥4.80 billion (a 47% increase year on year). High growth in the U.S. continued.
- ◆ Operating profit totaled ¥360 million (¥350 million higher than our plan). We achieved significant profit growth through increased revenue and cost reductions.
- ◆ No changes to our FY2025 full-year plan (operating profit of ¥400 million).

Table 1. Sales and income at each stage

(Millions of yen)

	Previous interim consolidated accounting period (From May 1, 2024, to October 31, 2024)	Current interim consolidated accounting period (From May 1, 2025, to October 31, 2025)	Year-on-year
Sales	3,274	4,807	+46.8%
Gross profit	2,314	3,704	+60.0%
Operating profit (operating loss)	(531)	360	—

3-D Matrix Group develops, manufactures, and markets medical products based on a self-assembling peptide technology discovered by researchers at the Massachusetts Institute of Technology (MIT) in the United States.

We have received multiple manufacturing and marketing approvals in Japan, the U.S., and Europe. In particular, we are engaged in sales activities on a global scale with a focus on absorbable local hemostatic materials.

(ii) Sales Progress

Table 2. Product sales by area

(Millions of yen)

	Previous interim consolidated accounting period (From May 1, 2024, to October 31, 2024)	Current interim consolidated accounting period (From May 1, 2025, to October 31, 2025)	Year-on-year
U.S.	1,431	2,584	+80.5%
Europe	992	1,276	+28.7%
Japan	567	646	+13.9%
Other	282	300	+6.1%
Total sales	3,274	4,807	+46.8%

Note: The above is based on the product sales of the Company and its consolidated subsidiaries and is classified by country or region.

Product sales in the U.S. totaled ¥2,584 million, an 80.5% increase year on year. High growth has been maintained in the field of gastrointestinal endoscopy, with record quarterly sales achieved continuously since last year and a continued trend of results exceeding our targets. In addition to progress in the growth of product sales for existing customers, the number of new customers acquired is also doing well, indicating significant demand from the market. While overall difficulty has increased with business expansion and progress of our strategy in the mass segment, we are addressing this by improving the quality of our sales activities through measures such as expanding evidence involving KOLs and improving the level of internal training. In the field of Ear, Nose and Throat (ENT), our strategy to shift our selling point from hemostatic materials to wound-healing and anti-adhesion materials has continued to be effective, allowing us to achieve record-high sales not only in the first quarter but also in the second quarter. We aim to strike a balance between profitability in terms of contribution margin* and business growth.

Product sales in Europe grew to ¥1,276 million, a 28.7% increase year on year. We sell hemostatic materials used in the field of gastrointestinal endoscopy, our flagship product, through distributors. In areas where we saw growth last year (the U.K., etc.), we continued to achieve high growth this interim period and successfully achieved our plans. In addition, in areas where we did not see growth last year (Germany, etc.), we similarly do not plan to see any growth this year, but our improvement measures aimed at returning to growth have begun to partially take effect in Germany, allowing us to achieve record-high quarterly sales. In new fields that include ENT and urology, we have continued to carry out direct sales activities by maintaining a small-scale structure. Although the sales amount is small, we continue to see high growth.

Product sales in Japan totaled ¥646 million, a 13.9% increase year on year. Due to the increasing market penetration of our products, we focus our efforts on increasing product usage by existing customers. This efforts have proved successful, allowing us to continue to achieve growth and higher profitability in terms of contribution margin*. Additionally, a potential competing product (a powder-based hemostatic product) has begun sales, and we will continue to monitor future developments closely.

* Contribution margin: Figures calculated by deducting operating expenses from the gross profit

As a result, in the current interim consolidated accounting period, our product sales came to ¥2,584 million in the U.S., ¥1,276 million in Europe, ¥646 million in Japan, and ¥300 million in other countries, resulting in sales of ¥4,807 million (an increase of ¥1,533 million year on year), achieving a 46.8% increase year on year, which has exceeded our target.

Figure 2. (Reference) Changes in planned and actual quarterly sales



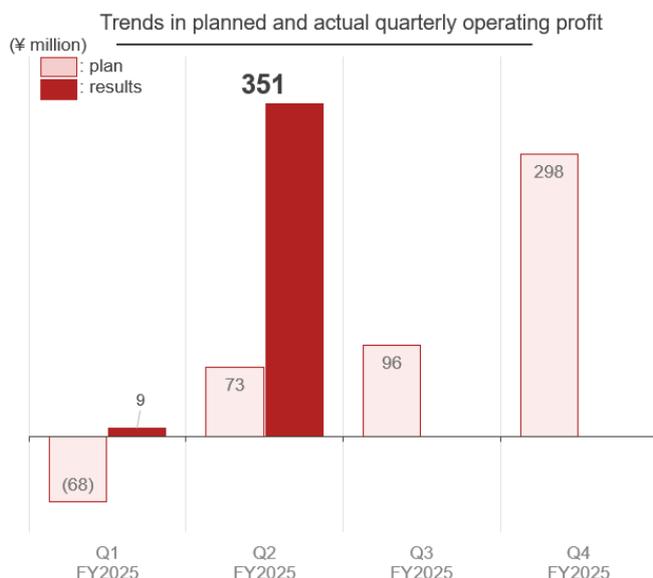
Vs. plan (cumulative)

+12%

- ◆ We made good progress on expanding sales in each region, and our cumulative sales ended up being ¥520 million, or 12%, ahead of our plan.

With regard to expenses, yen-based costs for overseas subsidiaries increased due to greater depreciation of the yen against the expected foreign exchange rates, but these expenses were offset as sales exceeded our target and increased as a result of the depreciation of the yen.

Figure 3. (Reference) Changes in planned and actual quarterly operating profit



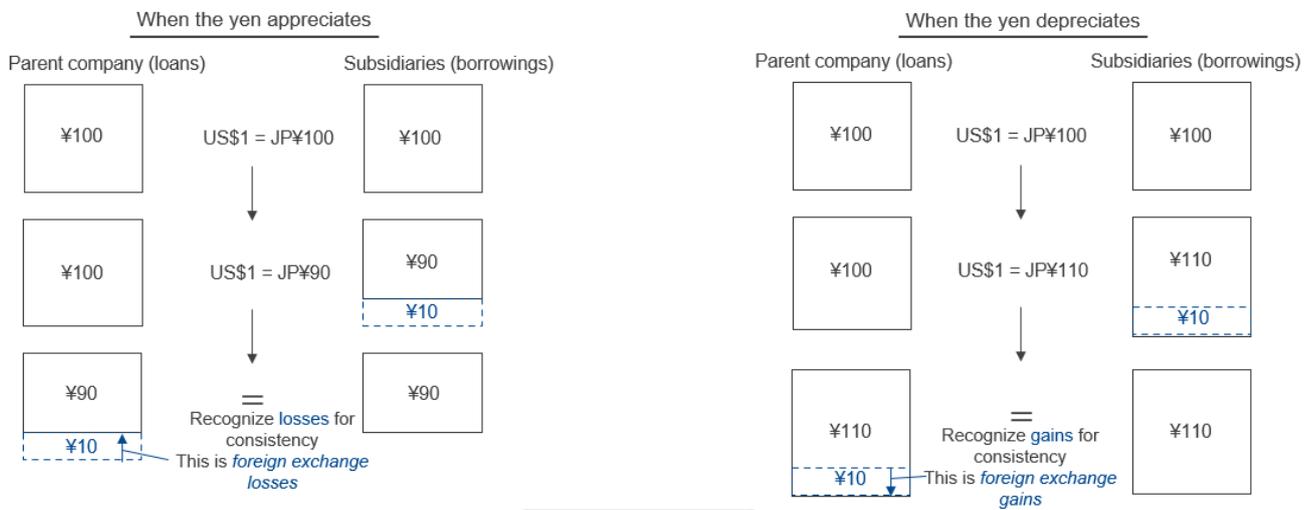
Vs. plan (cumulative)

+¥350 million

- ◆ Due to increased sales, our cumulative operating profit exceeded our plan by approximately ¥350 million, marking a significant increase in profit.

gains represent financial statement gains/losses only and do not constitute changed business costs or cash inflows or outflows. Therefore, we consider operating profit to be a more accurate reflection of the status of our operating revenue.

Figure 4. (Reference) How foreign exchange gains and losses are caused



These figures represent financial statement gains/losses only and do not constitute changed business costs or cash inflows or outflows
 → We want you to emphasize operating profit more

(iii) Research and Development Status

The table below shows the research and development projects that were recently added or in which there has been recent progress.

Table 3. Status of research and development projects

Project	Needs and characteristics	Status
Hemostasis in pediatric cardiac surgery	There are no safe hemostatic materials that have been approved for children. There is a clinical need for a hemostatic agent that does not expand after application, suppresses postoperative adhesions, and maintains visibility even in narrow spaces. PuraStat could be the first candidate.	Currently preparing to apply for approval in Europe and the U.S. Clinical data collection in Europe complete and currently under analysis.
Hemostasis of the oropharynx	Hemostasis using PuraStat reduces tissue damage caused by cauterization, alleviates postoperative pain, reduces the amount of drainage from the surgical site, and enables earlier extubation and discharge. This could significantly reduce hospital costs.	On sale in Europe. Research papers published. Currently conducting a clinical research to obtain data for application in the U.S.
Osler-Weber-Rendu disease (HHT) hemostasis (nose)	HHT is a hereditary disease, and approximately 80% of patients experience recurrent nosebleeds. Because nosebleed treatment is typically handled by hospitals in urban areas, patients living in rural areas must travel long distances. Using PuraStat in home medical care can improve patients' quality of life.	Currently preparing a clinical research in Europe. Already approved and on sale in the U.S. If sufficient efficacy is confirmed, we plan to apply for the technology to be an HHT treatment product. Research papers published.
Hemostasis after biopsy	When collecting tissue using endoscopic biopsy forceps, there are no effective hemostatic measures in cases where the lungs or certain other parts bleed, which makes it difficult to collect sufficient samples. PuraStat can be used for sites where achieving hemostasis is difficult, enabling the collection of sufficient samples.	Currently considering application in the U.S.
Hemostasis during benign prostatic hyperplasia surgery	Hemostasis using a transurethral catheter for oozing that occurs when removing the enlarged prostate in robotic surgery. Reducing cauterization helps prevent the postoperative loss of male reproductive function.	On sale in Europe. Currently preparing research papers (to apply for approval in the U.S.). Currently preparing to apply for approval in the U.S.
Hemostasis for brain surgery (next-generation hemostatic material)	This could be the only hemostatic material available as an alternative to cauterization in transnasal endoscopic brain surgery. This uses a novel proprietary peptide developed by the Company.	Originally expected to be approved in April 2025, but review process has been prolonged.
Submucosal injection agent for endoscopy (PuraLift)	Injected into the submucosa to elevate the lesion during gastrointestinal endoscopic tumor resection. Because it gels after submucosal injection, this makes it easy to inject and resistant to leakage by mucosal incision or dissection during treatment, thereby facilitating tumor removal. It may reduce the required volume and number of injections, and contribute to improved quality of gastrointestinal endoscopic treatment.	Sales are currently suspended due to the termination of the contract with the manufacturing site at the time of regulatory approval. A new contract has been signed with a different manufacturing site. Currently preparing for the start of manufacturing. Currently preparing for application in the U.S.
Healing of radiation proctopathy	A side effect of radiation therapy. Refractory ulcers and bleeding. There are currently no treatment options, which makes this an unmet need. Healing of ulcers by applying PuraStat has been observed.	On sale in the U.S. and currently planning a clinical research. Presented research papers at the European Society of Gastrointestinal Endoscopy (ESGE) and British Society of Gastroenterology (BSG). PuraStat has been included in the European guidelines. Case accumulation underway in European clinical researches with aim of European approval.
Healing of radiation cystitis	A side effect of radiation therapy. Refractory ulcers and bleeding. There are currently no treatment options, which makes this an unmet need. Healing of ulcers by applying PuraStat has been observed.	Presented some European clinical research data at an academic conference. Planning to apply for approval in the U.S.

Project	Needs and characteristics	Status
Mucosal healing for inflammatory bowel disease	Intractable inflammation of the gastrointestinal tract. A chronic disease of unknown cause with repeated cycles of relapse and remission, requiring lifelong treatment. Designated by the Japanese government as an intractable disease. Many anti-inflammatory drugs are currently used for treatment, but mucosal healing might enhance the healing process. The aim is to achieve mucosal healing using PuraStat.	Currently collecting clinical and basic data in the U.S. to elucidate PuraStat's mechanism of action and verify the healing benefits. Case enrollment ongoing at Gunma University, with five cases completed (case report paper in preparation). Enrollment also ongoing at Sapporo Medical University.
Wound healing in the mucosa	Effectiveness as a wound-healing material for the mucosa of the gastrointestinal tract, urethra, bladder, nasal cavity, etc., has been confirmed in various studies. Obtaining regulatory approval will lead to sales expansion and further case accumulation for intractable inflammation.	Currently preparing to apply for approval in Europe. Currently preparing to resubmit application in the U.S. after changing the application category from a 510(k) application to a De Novo application following discussions with the FDA.
Absorbable tissue spacer for radiotherapy	During radiotherapy for prostate or uterine cancers, these spacers are percutaneously injected between the rectum and the prostate or the uterus to reduce damage to the rectum. Our peptides, which are biodegradable and highly biocompatible, are believed to match existing needs. In particular, injectable spacers for uterine cancer have not yet been approved in Japan, and early development is awaited.	Currently conducting joint research with universities in Japan. Animal testing complete. Currently considering clinical application.
Prevention of esophageal strictures	Demonstrated the preventive effects of endoscopic application for esophageal strictures after ESD, for which no preventive methods have been established. It also reduced wound-healing delays due to postoperative bleeding and scarring.	Started the registry process in Europe. Enrollment of 20 clinical research patients completed at Hiroshima University. Paper submission planned following data analysis.
Prevention of dysphagia	Dysphagia following endoscopic laryngopharyngeal surgery performed after chemotherapy/radiotherapy for throat cancer leads to deterioration of quality of life, but no preventive methods exist. The aim is to achieve preventive effects for such dysphagia by endoscopic application.	Currently conducting a specified clinical research at Hiroshima University and Kansai Medical University.
Oral mucositis	Oral mucosal disorder, which can occur during chemotherapy, radiotherapy, or hematopoietic stem cell transplantation aimed at treating cancer, significantly reduces quality of life. PuraStat could be effective for prevention or treatment.	On sale in the U.S. Currently considering clinical application in Japan.
Recovery (regeneration) of myocardial dysfunction	In an effort to develop an injectable myocardial functional recovery device, our proprietary peptides were used to engineer scaffolds for myocardial regeneration and verified that injecting the peptides with stem cells and growth factors facilitated myocardial regeneration.	Research papers published at Harvard University.
Bone graft material (regeneration)	Our aim is to use our proprietary peptides as scaffolds for bone regeneration while retaining growth factors derived from the patient's bodily fluids to develop minimally invasive injectable fillers for bone regeneration. The aim is to develop regeneration materials not only for dental bone grafts but also for reconstruction of large bone defects after resection of tumors.	Currently preparing to apply for approval in the U.S. to use the material as a transplant carrier compatible with previously approved bone graft material.
DDS (slow release of existing drugs)	By mixing our material with antibiotics, steroids, and other drugs, sustained drug release can be expected. This has a wide range of applications, including the ENT, gastrointestinal tract, cardiovascular, and skin fields, and therefore boasts huge market potential.	Currently conducting non-clinical researches and considering applying in the U.S. to use the product as a drug delivery vehicle compatible with a wide range of drugs.
Small interfering RNA (siRNA) delivery for breast cancer	Development of system to deliver siRNA with our proprietary peptides to suppress the cancer stem cells responsible for tumor growth, thereby contributing not only to tumor shrinkage but also to the prevention of breast cancer recurrence and metastasis. Clinical trial in Japan demonstrated that it is safe for people and is an effective mechanism to suppress tumor growth.	We are developing DDS peptides optimized for systemic administration. Multiple research institutions are conducting studies to elucidate the correlation between RPN2 expression profiles and particularly poor-prognosis phenotypes in triple-negative breast cancer.

Project	Needs and characteristics	Status
Micro-RNA (miRNA) delivery for malignant pleural mesothelioma (MPM)	A type of cancer that has a latency period of several decades after exposure to asbestos. The number of cases is expected to continue increasing in the next ten years. After disease presentation, there is no clearly effective drug therapy. Surgery is extremely invasive and offers only a bleak prognosis. The goal is to treat MPM by using our proprietary peptides to deliver micro-RNA (miRNA) as a revolutionary novel drug.	PURMX Therapeutics, our out-licensing partner, is currently preparing to conduct a global phase 1/2 clinical trial. A new clinical trial has also begun in Japan targeting head and neck cancer.
Vaccine delivery	With our sustained-release vaccine, which combines our proprietary peptides and antigens (protein or mRNA), we aim to increase antibody levels, develop antibodies with single doses, and reduce side effects through the suppression of inflammation. Also expected to increase stability of antigens it carries, and to eliminate the need for cold chain (transportation and storage) as the vaccine can be stored at room temperature.	Joint research is underway with a U.S.-based vaccine development company and Hokkaido University.

(2) Explanation of Financial Position

(i) Assets, Liabilities, and Net Assets

In the current interim consolidated accounting period, total assets stood at ¥6,799 million (up ¥286 million from the end of the previous fiscal year).

Current assets totaled ¥6,719 million (up ¥301 million). This was mainly attributable to an increase of ¥385 million in accounts receivable-trade, despite a decrease of ¥22 million in inventories and a decrease of ¥64 million in other current assets.

Noncurrent assets totaled ¥79 million (down ¥15 million). This was attributable to a decrease in investments and other assets.

Current liabilities totaled ¥1,678 million (up ¥99 million). This was mainly attributable to an increase of ¥299 million in income taxes payable, despite a decrease of ¥77 million in accounts payable-other and a decrease of ¥152 million in accrued expenses.

Noncurrent liabilities totaled ¥1,166 million (down ¥1,552 million). This was mainly attributable to a decrease of ¥1,537 million due to the redemption of convertible-bond-type bonds with share acquisition rights.

Net assets totaled ¥3,954 million (up ¥1,738 million). This was mainly attributable to an increase of ¥768 million each in capital stock and capital surplus and an increase of ¥1,701 million in retained earnings due to profit attributable to owners of parent, despite a decrease of ¥1,507 million in foreign currency translation adjustment.

(ii) Cash Flows

Cash and cash equivalents (hereinafter “funds”) for the current interim consolidated accounting period totaled ¥1,579 million, a decrease of ¥700 thousand from the end of the previous fiscal year.

(Cash flow from operating activities)

As a result of our operating activities during the current interim consolidated accounting period, funds decreased by ¥38 million (compared with a decrease of ¥1,004 million in the previous interim consolidated accounting period). This was mainly attributable to ¥27 million in interest paid and ¥12 million in lawsuit settlement money paid.

(Cash flow from investing activities)

As a result of our investing activities during the current interim consolidated accounting period, funds decreased by ¥22 million (compared with a decrease of ¥10 million in the previous interim consolidated accounting period). This was mainly attributable to ¥17 million in the purchase of property, plant and equipment.

(Cash flow from financing activities)

As a result of our financing activities during the current interim consolidated accounting period, funds decreased by ¥8 million (compared with an increase of ¥1,725 million in the previous interim consolidated accounting period). This was attributable to expenditures due to other financing activities.

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

Our financial results have recently reached the break-even point, and the outlook for operating profit going forward may be subject to relatively large fluctuations. Furthermore, the outlook for ordinary profit and profit is uncertain due to the impact of foreign exchange gains and losses arising from fluctuations in foreign exchange rates. Therefore, we will not make any changes at present to our forecast of financial results for the fiscal year ending April 30, 2026, announced on June 12, 2025.

(4) Material Events Related to Going Concern Assumptions

The Group is a company that makes upfront investments in the research and development of medical products. While global sales of our hemostatic materials, our flagship product, have already begun, we have continued to post operating losses and negative operating cash flows since before the previous fiscal year as a result of the considerable amount of upfront expenses recorded even at the present time for the establishment of sales systems for hemostatic materials, etc. We acknowledge that the negative operating cash flow indicates the continued existence of circumstances that could raise material doubts about the assumption of a going concern, even though we recorded an operating profit of ¥360,722 thousand during the current interim consolidated accounting period.

In order to resolve the aforementioned situation as soon as possible and achieve a stable operating foundation, the Group will adopt the following remedial actions moving forward:

(i) Expansion of operating revenues and reduction of costs

At the Group, full-scale product sales for our hemostatic materials, our flagship product, have begun not only in Europe and Australia but also in Japan, a global leader in endoscopy, and the U.S., the world's largest market. As a result of investing the required amount of operating expenses into the establishment and expansion of sales systems in each region with the goal of maximizing sales growth, we suffered ongoing operating losses during previous fiscal years. Although we recorded an operating profit during the current interim consolidated accounting period, for the time being, we will temporarily narrow down our business focus to the field of gastrointestinal endoscopy, where our hemostatic materials are highly competitive and sales growth is expected to be robust, while temporarily scaling back our sales systems in other fields to activities within the scope of those expected to contribute to earnings, thereby reducing marketing expenses and other operating expenses and placing top priority on continuing to secure profits.

With regard to research and development, we will temporarily suspend new development projects except in our priority areas such as next-generation hemostatic materials and wound healing for mucositis, and even in these areas, we will strive to minimize costs and time by selecting the most promising markets from a global perspective, including those that do not require clinical trials or where clinical trials can be conducted on the smallest scale.

(ii) Capital funding

To secure sufficient funds for its business operations and research and development, in July 2025, the Group issued its 9th tranche of unsecured convertible-bond-type bonds with share acquisition rights to Heights Capital Management, Inc., a U.S. investment fund with a solid track record in investing in the biotech sector, while also implementing refinancing to repurchase and cancel the previously issued 5th tranche of unsecured convertible-bond-type bonds with share acquisition rights. Because most of the amount paid for the 9th tranche of unsecured convertible-bond-type bonds with share acquisition rights was offset by the amount used to repurchase the 5th tranche of unsecured convertible-bond-type bonds with share acquisition rights, no funds were actually raised, but we believe that this refinancing reduced our interest burden and that we are more likely to complete conversion by the end of the redemption period as a result.

We also have an ongoing commitment line agreement with Resona Bank, Limited, as part of our efforts to secure stable funding for our business. Moving forward, we will continue to consider various financing options, including borrowing from financial institutions, to strengthen our financial base on an ongoing basis.

However, with regard to “(i) Expansion of operating revenues and reduction of costs,” there is a risk that the expansion of product sales or improvement of profit structure may not proceed as expected. With regard to “(ii) Capital funding,” there is a risk that funding could not be secured through the exercise of share acquisition rights due to stock market trends, a decline in stock prices, or other factors, as well as a risk that the Company may forfeit the benefit of time as a result of breaching the financial covenants of its loans or become obligated to make repayments prior to the final redemption date as a result of the application of the early redemption clauses of its convertible-bond-type bonds with share acquisition rights.

Uncertainty exists as a result of the possibility that we may be unable to secure sufficient funds for our business operations and research and development due to these risks, which we recognize to pose material uncertainty to the going concern assumption at present.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (ended April 30, 2025)	Current interim consolidated accounting period (ended October 31, 2025)
Assets		
Current assets		
Cash and deposits	1,580,268	1,579,489
Accounts receivable-trade	1,970,154	2,355,695
Inventories	2,491,183	2,468,883
Advance payments to suppliers	183,345	193,163
Other	238,560	173,968
Allowance for doubtful account	(44,725)	(51,333)
Total current assets	6,418,787	6,719,868
Noncurrent assets		
Property, plant and equipment	—	—
Intangible assets	—	—
Investments and other assets	94,332	79,332
Total noncurrent assets	94,332	79,332
Total assets	6,513,120	6,799,200
Liabilities		
Current liabilities		
Short-term loans payable	300,000	300,000
Accounts payable-other	602,863	524,893
Accrued expenses	459,984	307,558
Income taxes payable	87,437	386,487
Other	128,603	159,537
Total current liabilities	1,578,888	1,678,476
Noncurrent liabilities		
Convertible-bond-type bonds with share acquisition rights	2,640,683	1,103,184
Other	77,354	62,838
Total noncurrent liabilities	2,718,038	1,166,022
Total liabilities	4,296,926	2,844,498
Net assets		
Shareholders' equity		
Capital stock	15,489,928	16,258,678
Capital surplus	15,479,648	16,248,398
Retained earnings	(26,265,490)	(24,563,570)
Treasury stock	(153)	(153)
Total shareholders' equity	4,703,933	7,943,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(334)	241
Foreign currency translation adjustment	(2,958,678)	(4,466,457)
Total accumulated other comprehensive income	(2,959,013)	(4,466,215)
Share acquisition rights	471,274	477,564
Total net assets	2,216,194	3,954,702
Total liabilities and net assets	6,513,120	6,799,200

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income

(Thousands of yen)

	Previous interim consolidated accounting period (From May 1, 2024, to October 31, 2024)	Current interim consolidated accounting period (From May 1, 2025, to October 31, 2025)
Operating revenue		
Sales	3,274,449	4,807,804
Total operating revenue	3,274,449	4,807,804
Operating expenses		
Cost of goods sold	960,019	1,103,687
Research and development expenses	289,101	321,873
Selling, general and administrative expenses	2,557,257	3,021,521
Total operating expenses	3,806,379	4,447,082
Operating profit (operating loss)	(531,929)	360,722
Non-operating income		
Interest income	99	709
Foreign exchange gains	—	1,667,719
Other	6,632	7,318
Total non-operating income	6,732	1,675,748
Non-operating expenses		
Interest expenses	41,670	13,353
Commission fee	2,293	2,280
Foreign exchange losses	186,299	—
Stock issuance expenses	5,226	5,741
Other	37,162	2,178
Total non-operating expenses	272,652	23,554
Ordinary profit (loss)	(797,850)	2,012,915
Extraordinary income		
Gain on reversal of share acquisition rights	5,424	5,107
Gain on sale of noncurrent assets	—	250
Total extraordinary income	5,424	5,358
Extraordinary loss		
Impairment loss	2,308	22,806
Lawsuit settlement money	—	12,000
Total extraordinary loss	2,308	34,806
Profit (loss) before income taxes	(794,733)	1,983,467
Income taxes-current	11,059	281,547
Total income taxes	11,059	281,547
Net profit (loss)	(805,792)	1,701,920
Profit (loss) attributable to owners of parent	(805,792)	1,701,920

Interim Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Previous interim consolidated accounting period (From May 1, 2024, to October 31, 2024)	Current interim consolidated accounting period (From May 1, 2025, to October 31, 2025)
Net profit (loss)	(805,792)	1,701,920
Other comprehensive income		
Valuation difference on available-for-sale securities	(163)	576
Foreign currency translation adjustment	164,718	(1,507,778)
Total other comprehensive income	164,554	(1,507,201)
Comprehensive income	(641,237)	194,718
(Breakdown)		
Comprehensive income attributable to owners of parent	(641,237)	194,718
Comprehensive income attributable to noncontrolling interests	—	—

(3) Interim Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous interim consolidated accounting period (From May 1, 2024, to October 31, 2024)	Current interim consolidated accounting period (From May 1, 2025, to October 31, 2025)
Cash flow from operating activities		
Profit (loss) before income taxes	(794,733)	1,983,467
Gain on reversal of share acquisition rights	(5,424)	(5,107)
Impairment loss	2,308	22,806
Lawsuit settlement money	—	12,000
Interest income	(99)	(709)
Interest expenses	41,670	13,353
Foreign exchange losses (gains)	192,877	(1,793,655)
Stock issuance expenses	5,226	5,741
Share-based payment expenses	13,601	11,397
Decrease (increase) in trade receivables	(202,972)	(236,235)
Decrease (increase) in inventories	(73,529)	148,406
Decrease (increase) in advance payments to suppliers	140,779	(8,021)
Increase (decrease) in accounts payable-other	(1,988)	(101,796)
Other	(50,810)	(45,481)
Subtotal	(733,095)	6,164
Interest received	99	709
Interest paid	(41,739)	(27,170)
Income taxes paid	(229,293)	(5,908)
Lawsuit settlement money paid	—	(12,000)
Cash flow from operating activities	(1,004,028)	(38,203)
Cash flow from investing activities		
Purchase of property, plant and equipment	(594)	(17,895)
Sale of property, plant and equipment	—	250
Purchase of intangible assets	(186)	—
Purchase of long-term prepaid expenses	(8,689)	(4,327)
Other	(650)	(554)
Cash flow from investing activities	(10,121)	(22,528)
Cash flow from financing activities		
Proceeds from issuance of shares	2,081,673	—
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	—	1,103,184
Redemption of convertible-bond-type bonds with share acquisition rights	(354,166)	(1,103,183)
Other	(2,293)	(8,058)
Cash flow from financing activities	1,725,213	(8,058)
Effect of exchange rate change on cash and cash equivalents	(5,749)	68,011
Net increase (decrease) in cash and cash equivalents	705,314	(778)
Balance of cash and cash equivalents at the beginning of the period	1,363,538	1,580,268
Balance of cash and cash equivalents at the end of the interim period	2,068,853	1,579,489

(4) Notes to Interim Consolidated Financial Statements

(Notes on Going Concern Assumptions)

The Group is a company that makes upfront investments in the research and development of medical products. While global sales of our hemostatic materials, our flagship product, have already begun, we have continued to post operating losses and negative operating cash flows since before the previous fiscal year as a result of the considerable amount of upfront expenses recorded even at the present time for the establishment of sales systems for hemostatic materials, etc. In the current interim consolidated accounting period, the Group recorded an operating profit of ¥360,722 thousand but also a negative operating cash flow. We acknowledge that this indicates the continued existence of circumstances that could raise material doubts about the assumption of a going concern.

In order to resolve the aforementioned situation as soon as possible and achieve a stable operating foundation, the Group will adopt the following remedial actions moving forward:

(i) Expansion of operating revenues and reduction of costs

At the Group, full-scale product sales for our hemostatic materials, our flagship product, have begun not only in Europe and Australia but also in Japan, a global leader in endoscopy, and the U.S., the world's largest market. As a result of investing the required amount of operating expenses into the establishment and expansion of sales systems in each region with the goal of maximizing sales growth, we suffered ongoing operating losses during previous fiscal years. Although we recorded an operating profit during the current interim consolidated accounting period, for the time being, we will temporarily narrow down our business focus to the field of gastrointestinal endoscopy, where our hemostatic materials are highly competitive and sales growth is expected to be robust, while temporarily scaling back our sales systems in other fields to activities within the scope of those expected to contribute to earnings, thereby reducing marketing expenses and other operating expenses and placing top priority on continuing to secure profits.

With regard to research and development, we will temporarily suspend new development projects except in our priority areas such as next-generation hemostatic materials and wound healing for mucositis, and even in these areas, we will strive to minimize costs and time by selecting the most promising markets from a global perspective, including those that do not require clinical trials or where clinical trials can be conducted on the smallest scale.

(ii) Capital funding

To secure sufficient funds for its business operations and research and development, in July 2025, the Group issued its 9th tranche of unsecured convertible-bond-type bonds with share acquisition rights to Heights Capital Management, Inc., a U.S. investment fund with a solid track record in investing in the biotech sector, while also implementing refinancing to repurchase and cancel the previously issued 5th tranche of unsecured convertible-bond-type bonds with share acquisition rights. Because most of the amount paid for the 9th tranche of unsecured convertible-bond-type bonds with share acquisition rights was offset by the amount used to repurchase the 5th tranche of unsecured convertible-bond-type bonds with share acquisition rights, no funds were actually raised, but we believe that this refinancing reduced our interest burden and that we are more likely to complete conversion by the end of the redemption period as a result.

We also have an ongoing commitment line agreement with Resona Bank, Limited, as part of our efforts to secure stable funding for our business. Moving forward, we will continue to consider various financing options, including borrowing from financial institutions, to strengthen our financial base on an ongoing basis.

However, with regard to “(i) Expansion of operating revenues and reduction of costs,” there is a risk that the expansion of product sales or improvement of profit structure may not proceed as expected. With regard to “(ii) Capital funding,” there is a risk that funding could not be secured through the exercise of share acquisition rights due to stock market trends, a decline in stock prices, or other factors, as well as a risk that the Company may forfeit the benefit of time as a result of breaching the financial covenants of its loans or become obligated to make repayments prior to the final redemption date as a result of the application of the early redemption clauses of its convertible-bond-type bonds with share acquisition rights.

Uncertainty exists as a result of the possibility that we may be unable to secure sufficient funds for our business operations and research and development due to these risks, which we recognize to pose material uncertainty to the going concern assumption at present.

The interim consolidated financial statements were prepared with the assumption of a going concern, and no impacts caused by the material uncertainty on the going concern assumption were reflected in the interim consolidated financial statements.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

The Company issued new shares by exercising the rights from the 6th tranche of unsecured convertible-bond-type bonds with share acquisition rights issued in October 2022 to Heights Capital Management, Inc., a U.S. investment fund with a solid track record in investing in the biotech sector. As a result, capital stock and capital surplus both increased by ¥768,750 thousand in the current interim consolidated accounting period, totaling a capital stock of ¥16,258,678 thousand and capital surplus of ¥16,248,398 thousand at the end of the current interim consolidated accounting period.

(Segment Information)

Since the Group is only involved in a single segment (medical products), segment information is omitted.

(Significant Events After Reporting Period)

None to be disclosed.