

Notice of Earnings Forecasts for the Fiscal Year Ending July 31, 2023

Osaka, Japan, 10th April, 2023 – StemRIM Inc. (TSE: 4599, Chairman and CEO: Kensuke Tomita; “StemRIM”) has announced the earnings forecasts for the fiscal year ending July 2023 (August 1, 2022, to July 31, 2023), that was previously undecided and disclosed in the “FY2022 Financial Results Announcement” on September 8, 2022, as follows:

1. Financial forecast for the fiscal year ending July 2023 (August 1, 2022, to July 31, 2023)

	(Million yen)				
	Operating revenue	Operating income	Ordinary income	Net income	Earnings per share
Previously announced forecasts (A)	—	—	—	—	—
Revised forecasts (B)	2,350	146	149	170	2.84
Change (B-A)	—	—	—	—	—
Change (%)	—	—	—	—	—
(Reference) Actual results for the previous fiscal year (Fiscal year ended July 31, 2022)	22	(1,980)	(1,972)	(1,948)	(32.92)

2. Reasons for forecasts

StemRIM did not disclose earnings forecasts for the fiscal year ending July 2023 (August 1, 2022, to July 31, 2023) earlier, as it was difficult to reasonably predict the timing of milestone income related to development progress, which is heavily dependent on the development strategy and schedule of our partners. Instead, StemRIM disclosed a range of cash outflows that could be reasonably calculated (expected cash outflows for research and development were between 1,200–1,600 million yen, and those for general administration were between 230–300 million yen).

StemRIM revised the cash flow projections for the fiscal year ending July 2023 based on the achievement of this milestone, and the information and forecasts available at this time, as follows:

- Research and development expenses to range from 1,400–1,600 million yen.
- General and administrative expenses to range from 250–300 million yen.
- There is a possibility of one-time payments related to new partnerships.

- There is a possibility of milestone revenue from existing partnerships for our pipeline products.

Furthermore, we have secured sufficient funds for our research and development activities up to 2027.

About StemRIM Inc.

StemRIM Inc. is a biotech venture which began in Osaka University with the goal of realizing a new type of medicine called "Regeneration-Inducing Medicine". The overall aim is to achieve regenerative therapy effects equivalent to those of regenerative medicine, solely through drug administration, without using living cells or tissues. Living organisms have inherent self-organizing abilities to repair and regenerate tissues that have been damaged or lost due to injury or disease. This ability arises from the presence of stem cells in the body that exhibit pluripotency i.e., can differentiate into various types of tissues. When tissues are damaged, these cells therefore exhibit proliferative and differentiative capabilities, promoting functional tissue regeneration. "Regeneration-inducing medicine" is aimed at maximizing the tissue repair and regeneration mechanisms already present in the body. With this aim, StemRIM is currently developing one of its most advanced regenerative medicine products. Specifically, this product is designed to release (mobilize) mesenchymal stem cells from bone marrow into the peripheral circulation upon administration, thus increasing the number of stem cells circulating throughout the body and promoting their accumulation in damaged tissues. Here, these stem cells should accelerate tissue repair and regeneration.

Certain disease areas expected to benefit from "Regeneration-Inducing Medicine" include epidermolysis bullosa (EB), acute phase cerebral infarction, cardiomyopathy, osteoarthritis of the knees, chronic liver disease, myocardial infarction, pulmonary fibrosis, traumatic brain injury, spinal cord injury, atopic dermatitis, cerebrovascular disease, intractable skin ulcers, amyotrophic lateral sclerosis (ALS), ulcerative colitis, non-alcoholic steatohepatitis (NASH), systemic sclerosis, and any other areas where treatment with extrapulmonary mesenchymal stem cells is promising.

Inquiries:

StemRIM Inc.

Management & Administrator Dept.

E-Mail: stemrim-ir@stemrim.com

Twitter: [@StemRIM_Inc](https://twitter.com/StemRIM_Inc)

For more information, please visit the StemRIM website (<https://stemrim.com/english/>)