English Translation:
This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

# Non-consolidated Financial Results for the Six Months Ended January 31, 2025 [Japanese GAAP]

March 12, 2025

Company name: StemRIM Inc.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 4599
URL: https://stemrim.com
Representative: Masatsune Okajima, President & Chief Executive Officer
Contact: Shuhei Uematsu, Management & Administration Dept.
Phone: +81-72-648-7152

Scheduled date of commencing dividend payments: —
Scheduled date of commencing dividend payments: —
Supplementary briefing materials on financial results: None
Explanatory meeting on financial results: None

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

1. Financial Results for the Six Months Ended January 31, 2025 (August 1,2024 to January 31, 2025)

(1) Operating results

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Six months ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| January 31, 2025 | — | — | (1,066) | — | (1,065) | — | (1,048) | — |
| January 31, 2024 | — | — | (1,033) | — | (1,033) | — | (1,005) | — |

| | Earnings per share Basic | Earnings per share diluted |
|---|---|---|
| Six months ended | Yen | Yen |
| January 31, 2025 | (17.00) | — |
| January 31, 2024 | (16.45) | — |

Note: Earnings per share diluted is not stated because of a net loss per share.

(2) Financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of January 31, 2025 | 8,369 | 8,157 | 80.6 |
| As of July 31, 2024 | 9,080 | 8,894 | 83.5 |

(Reference) Equity capital: As of January 31, 2025 6,742 Million yen
As of July 31, 2024 7,579 Million yen

2. Payment of Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | End Q1 | End Q2 | End Q3 | Year-end | Total |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen |
| July 31, 2024 | — | 0.00 | — | 0.00 | 0.00 |
| July 31, 2025 | — | 0.00 | | | |
| July 31, 2025(forecast) | | | — | 0.00 | 0.00 |

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

3. Financial Forecasts for the Fiscal Year Ending July 31, 2025 (August 1, 2024 to July 31, 2025)

Most of the Company's current operating revenue comes from milestone revenues associated with the progress of development, and these revenues are highly dependent on the development strategies and schedules of our business partners. Therefore, it is difficult to predict when the Company will receive milestone revenues, and the amount of business revenue for each fiscal year may fluctuate significantly. Hence, the Company has not provided a forecast for the fiscal year ending July 31, 2025.

The Company will continue to research and develop the " Regeneration-Inducing Medicine™ " Redasemtide (a peptide medicine created from HMGB1) in the fiscal year ending July 31, 2025. In addition, the Company expects to continue to progress the development of Regeneration-Inducing Medicine™ candidate that follows Redasemtide for the clinical trials and negotiations for licensing out.

The cash outflow for the fiscal year ending July 31, 2025, is expected to be as follows.

・Forecast cash R&D expenses in the range of 1,200 million yen to 1,600 million yen.

・Forecast cash other selling, general and administrative expenses in the range of 230 million yen to 310 million yen.

・There is a possibility that upfront payments related to new partnerships.

・There is a possibility that milestone payments from existing partners for out-licensed pipelines.

The Company has secured sufficient funds for research and development activities through 2028.

*Notes

(1) Application of specific accounting for preparing the semi-annualsemi-annual non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

| | | |
|---|---|---|
| (a) | Changes in accounting policies due to amendment to the accounting standards, etc. | : None |
| (b) | Changes in accounting policies other than (a) above | : None |
| (c) | Changes in accounting estimates | : None |
| (d) | Retrospective restatements | : None |

(3) Number of shares issued (common stock)

(a) Number of shares issued at the end of the period (including treasury stock)

| | |
|---|---|
| As of January 31, 2025 | 62,136,200 shares |
| As of July 31, 2024 | 61,523,200 shares |

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

| | |
|---|---|
| As of January 31, 2025 | 121 shares |
| As of July 31, 2024 | 121 shares |

(c) Average number of shares during the period

| | |
|---|---|
| Six months ended January 31, 2025 | 61,696,622 shares |
| Six months ended January 31, 2024 | 61,130,694 shares |

* Review of the accompanying semi-annualsemi-annual financial statements by a certified public accountant or auditing firm: None

* Explanation of the appropriate use of business forecasts and other special instructions

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not assure the achievement of any of these. Furthermore, actual results may differ significantly due to various factors.

## Attached Documents

Index of Appendix

# 1. Qualitative Information on Semi-AnnualSemi-Annual Financial Results for the Period under Review

## (1) Explanation of operating results

The forward-looking statements in the text are based on the Company's judgment as of the date of submission.

During the six months ended January 31, 2025 (August 1, 2024, to January 31, 2025) in Japan, research and development for the creation of innovative drugs with new modalities had advanced in the pharmaceutical and regenerative medicine industries, accelerating the commercialization of innovative treatments. The Japanese government has been implementing the support policy to strengthen drug discovery capabilities, and the Ministry of Health, Labour and Welfare (MHLW) is seeking to secure $344 million (53.5 billion yen) in biotechnology-related budgets in FY2025. Their focus areas are the expansion of the drug discovery ecosystems, the facilitation of the new modalities, and the support for the medical device developments. In particular, they are seeking to fund $19 million (3 billion yen) for the commercialization of drug seeds, $45.10 million (7 billion yen) for the improvement of drug discovery cluster infrastructure, and $22.55 million (3.5 billion yen) for the enhancement of AI-driven drug discovery platforms.

In addition, the Ministry of Economy, Trade, and Industry (METI) is planning to launch a new project to support capital investment and talent development for contract development and manufacturing organizations (CDMOs) committed to regenerative medicine and gene therapy in Japan. For this purpose, METI is seeking to secure $64.44 million (10 billion yen) for the FY2024 supplementary budget. This initiative is expected to strengthen the drug discovery infrastructure and improve the research environment for regenerative medicine in Japan.

Furthermore, the Regenerative Medicine Safety Securing Act was amended in 2024, and in vivo gene therapy and genome editing technologies were incorporated in the regulatory framework. This revision is expected to further ensure the safety of advanced medical technologies.

On the other hand, due to the changes in the global financial environment, the financing environment for biotech companies remains challenging, making selection and concentration of the development pipelines increasingly more important. In addition, because of the amendment of the Regenerative Medicine Safety Securing Act and the stricter review policy for regenerative medicine and gene therapy, the quality of evidence and the design of clinical trials are becoming more important.

The global market size of regenerative medicine had reached $26.7 billion (4 trillion yen) in 2024, and it is predicted to grow to $130.4 billion (19.54 trillion yen) by 2033. Therefore, the demand for regenerative medicine will also steadily increase.

Under these circumstances, our company has continued to make progress in the research and development of "Regeneration-Inducing Medicine™" called Redasemtide (a peptide medicine created from HMGB1), toward the initiation of new clinical trials. Additionally, for next-generation "Regeneration-Inducing Medicine™ ", TRIM3 and TRIM4, non-clinical development and business development activities aimed at licensing out have also shown continued progress.

"Regeneration-Inducing Medicine™ " is a next-generation drug with a completely new mechanism of action, unlike conventional regenerative medicine. It does not require the transplantation of artificially cultured cells but induces mesenchymal stem cell accumulation within the patient's body through drug administration. This allows for easier and more cost-effective tissue regeneration, with effects comparable to or greater than those of traditional regenerative medicine and cell therapy. The administered substances include peptides and proteins, which can be manufactured, transported, stored, and administered using the same methods as traditional pharmaceuticals. As a result, compared to conventional regenerative medicine or cell therapy, it offers a more convenient and cost-effective means of promoting tissue regeneration, while delivering effects that are equal to or potentially greater than those of traditional methods.

Based on the concept of realizing regenerative medicine™regenerative medicine™ and cell therapy without the use of living cells, but through the administration of substances (compounds)," "Regeneration-Inducing Medicine™" is expected to overcome numerous challenges associated with transplantation therapies and conventional regenerative medicine. As an innovative regenerative medical technology, it is anticipated to become a game changer not only in Japan but also globally within the regenerative medicine industry.

The progress of R&D in each pipeline is shown in the figure below.

| Project code | Development candidate | Indication | Investigator | Area | Research | Pre-clinical | Phase 1 | Phase 2 | Phase 3 | Status |
|---|---|---|---|---|---|---|---|---|---|---|
| Redasemtide (TRIM2) | (HMGB1 cell mobilization domain peptides) | Epidermolysis bullosa | Shionogi & Co., Ltd. | JP | | | | | | Additional P2 Study Ongoing |
| | | Acute Ischemic Stroke | Shionogi & Co., Ltd. | Global | | | | | | Global P2b Study Ongoing |
| | | Ischemic Cardiomyopathy | Osaka University | JP | | | | | | Physician-Initiated P2 Study Ongoing |
| | | Osteoarthritis of the knee | Hirosaki University | JP | | | | | | Physician-Initiated P2 Study Primary endpoint achieved |
| | | Chronic liver disease | Niigata University | JP | | | | | | Physician-Initiated P2 Study Primary endpoint achieved |
| TRIM3 | Novel Regeneration-Inducing peptide for Systemic administration | Not disclosed | In-house (partnership is planned) | — | | | | | | — |
| TRIM4 | Novel Regeneration-Inducing peptide for Systemic administration | Not disclosed | In-house (partnership is planned) | — | | | | | | — |
| TRIM5 | Novel Regeneration-Inducing peptide for Local administration | Not disclosed | In-house (partnership is planned) | — | | | | | | — |
| SR-GT1 | Stem cell gene therapy | Epidermolysis bullosa | In-house (partnership is planned) | — | | | | | | Under preparation for clinical trial |

Currently, clinical development is progressing for Redasemtide, candidate licensed out to Shionogi & Co., Ltd. The development targets include dystrophic epidermolysis bullosa, acute ischemic stroke, ischemic cardiomyopathy, osteoarthritis of the knee, and chronic liver disease.

In addition, for the next-generation "Regeneration-Inducing Medicine™" candidates TRIM3 and TRIM4, experimental data have been steadily accumulated using various disease model animals, and business development activities aimed at licensing out have continued to progress.

Furthermore, regarding SR-GT1, a stem cell gene therapy aimed at a curative treatment for epidermolysis bullosa, as disclosed on December 6, 2024, the project has been selected for the fiscal year 2024 "Project for Fundamental Technology Development toward Industrialization of Regenerative Medicine and Gene Therapy" conducted by the Japan Agency for Medical Research and Development (AMED).

This research builds upon the manufacturing framework for genetically modified cell products established in the fiscal year 2022 "Practical Research Project for Rare and Intractable Diseases" and incorporates advice received through the Risk-Based Approach (RS) consultation with the Pharmaceuticals and Medical Devices Agency (PMDA). The objective is to swiftly transition to physician-initiated clinical trials by producing investigational drugs with a focus on clinical application. For this research, two-thirds of the expenses incurred can be covered by subsidies from AMED, with a maximum total grant of 179 million yen over three years.

Under these circumstances, for the six months ended January 31, 2025, operating revenue was nothing (operating revenue was nothing in the same period of the previous year), operating loss was 1,066,080 thousand yen (operating loss of 1,033,708 thousand yen in the same period of the previous year), ordinary loss was 1,065,434 thousand yen (ordinary loss of 1,033,753 thousand yen in the same period of the previous year), and net loss was 1,048,742 thousand yen (net loss of 1,005,612 thousand yen in the same period of the previous year).

## (2) Explanation of financial position

**Assets**

Total current assets at the end of the semi-annual periodperiod of the fiscal year under review were 8,147,434 thousand yen, a decrease of 730,054 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 748,060 thousand yen in cash and cash deposits. Total non-current assets were 222,136 thousand yen, an increase of 19,210 thousand yen from the end of the previous fiscal year, mainly due to an increase of 41,360 thousand yen in Building. As a result, total assets amounted to 8,369,570 thousand yen, a decrease of 710,844 thousand yen from the end of the previous fiscal year.

**Liabilities**

Total current liabilities at the end of the semi-annual periodperiod of the fiscal year under review were 93,144 thousand yen, an increase of 25,617 thousand yen from the end of the previous fiscal year, mainly due to an increase of 23,502 thousand yen in income taxes payable and an increase of 12,133 thousand yen in advances received. Total non-current liabilities were 118,439 thousand yen, an increase of 86 thousand yen from the end of the previous fiscal year,due to an increase of 86 thousand yen in asset retirement obligations. As a result, total liabilities amounted to 211,584 thousand yen, an increase of 25,703 thousand yen from the end of the previous fiscal year.

**Net assets**

Total net assets at the end of the semi-annual periodperiod of the fiscal year under review were 8,157,985 thousand yen, a decrease of 736,548 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of a net loss for the semi-annual period, an increase in stock acquisition rights, and an increase in capital stock and capital surplus resulting from the issuance of restricted stock compensation to executives.
As a result, capital stock was 116,400 thousand-yen, capital surplus 9,528,475 thousand yen, and retained earnings (2,902,558) thousand yen.

## (3) Explanation of cash flows

Cash and cash equivalents at the end of the semi-annual period of the fiscal year under review were 7,662,388 thousand yen, a decrease of 748,060 thousand yen from the end of the previous fiscal year.

**Cash flows from operating activities**

Net cash used in operating activities was 746,072 thousand yen (outflow of 1,094,238 thousand yen in the same period of the previous fiscal year). This was mainly due to the recording of 1,046,926 thousand yen in net loss before income taxes, the recording of 231,276 thousand yen in stock-based compensation expenses, an increase of 100,454 thousand yen in prepaid expenses, and a decrease of 131,393 thousand yen in consumption taxes receivable.

**Cash flows from investing activities**

Net cash used in investing activities was 43,238 thousand yen (outflow of 2,386 thousand yen in the same period of the previous fiscal year). This was mainly due to the purchase of property, plant, and equipment amounting to 43,032 thousand yen.

**Cash flows from financing activities**

Net cash provided by financing activities was 41,250 thousand yen (inflow of 62,800 thousand yen in the same period of the previous fiscal year). This was mainly due to proceeds of 41,250 thousand yen from the issuance of shares.

## (4) Financial forecasts for the fiscal year ending July 31, 2025

Most of the Company's current operating revenue comes from milestone revenues associated with the progress of development, and these revenues are highly dependent on the development strategies and schedules of our business partners. Therefore, it is difficult to predict when the Company will receive milestone revenues, and the amount of business revenue for each fiscal year may fluctuate significantly. Hence, the Company has not provided a forecast for the fiscal year ending July 31, 2025.
The Company will continue to research and develop the "Regeneration-Inducing Medicine™" Redasemtide (a peptide medicine created from HMGB1) in the fiscal year ending July 31, 2025. In addition, the Company expects to continue to progress the development of "Regeneration-Inducing Medicine™" candidate that follows Redasemtide for the clinical trials and negotiations for licensing out.
The cash outflow for the fiscal year ending July 31, 2025, is expected to be as follows.
・Forecast cash R&D expenses in the range of 1,200 million yen to 1,600 million yen.
・Forecast cash other selling, general and administrative expenses in the range of 230 million yen to 310 million yen.
・There is a possibility that upfront payments related to new partnerships.
・There is a possibility that milestone payments from existing partners for out-licensed pipelines.
The Company has secured sufficient funds for research and development activities through 2028.

## 2. Semi-AnnualSemi-Annual Financial Statements and Primary Notes

### (1) Semi-AnnualSemi-Annual Balance Sheets

(Thousands of yen)

| | As of July 31, 2024 | As of January 31, 2025 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,410,449 | 7,662,388 |
| Supplies | 29,334 | 23,615 |
| Prepaid expenses | 242,326 | 402,342 |
| Other | 195,379 | 59,087 |
| Total current assets | 8,877,489 | 8,147,434 |
| Non-current assets | | |
| Property, plant, and equipment | 185,847 | 206,394 |
| Intangible assets | 2,439 | 2,045 |
| Investments and other assets | 14,638 | 13,696 |
| Total non-current assets | 202,925 | 222,136 |
| Total assets | 9,080,415 | 8,369,570 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-other | 35,533 | 28,061 |
| Accrued expenses | 24,365 | 21,662 |
| Income taxes payable | 3,630 | 27,132 |
| Advances received | — | 12,133 |
| Deposits received | 3,999 | 4,153 |
| Total current liabilities | 67,527 | 93,144 |
| Non-current liabilities | | |
| Asset retirement obligations | 108,380 | 108,466 |
| Deferred tax liabilities | 9,973 | 9,973 |
| Total non-current liabilities | 118,353 | 118,439 |
| Total liabilities | 185,880 | 211,584 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,750 | 116,400 |
| Capital surplus | 9,422,825 | 9,528,475 |
| Retained earning | (1,853,816) | (2,902,558) |
| Treasury shares | (118) | (118) |
| Total shareholders' equity | 7,579,640 | 6,742,198 |
| Stock acquisition rights | 1,314,893 | 1,415,787 |
| Total net assets | 8,894,534 | 8,157,985 |
| Total liabilities and net assets | 9,080,415 | 8,369,570 |

## (2) Semi-AnnualSemi-Annual Statements of Income

For the Six Months Ended January 31, 2025

(Thousands of yen)

| | For the six months ended January 31, 2024 | For the six months ended January 31, 2025 |
|---|---|---|
| Operating revenue | — | — |
| Operating expenses | | |
| Research and development expenses | 732,257 | 739,576 |
| Other selling, general and administrative expenses | 301,451 | 326,504 |
| Total operating expenses | 1,033,708 | 1,066,080 |
| Operating income or loss | (1,033,708) | (1,066,080) |
| Non-operating income | | |
| Interest and dividend income | 0 | 4 |
| Foreign exchange gains | — | 36 |
| Gain on sale of goods | 256 | 20 |
| Refund income | — | 579 |
| Other income | — | 5 |
| Total non-operating income | 256 | 646 |
| Non-operating expenses | | |
| Interest expenses | 1 | — |
| Foreign exchange loss | 169 | — |
| Other losses | 130 | — |
| Total non-operating expenses | 301 | — |
| Ordinary income or loss | (1,033,753) | (1,065,434) |
| Extraordinary income | | |
| Gain on sale of fixed assets | 57 | 8 |
| Gain on reversal of stock acquisition rights | 29,897 | 18,570 |
| Total extraordinary income | 29,955 | 18,578 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | — | 70 |
| Total extraordinary loss | — | 70 |
| Income or Loss before income taxes | (1,003,797) | (1,046,926) |
| Income taxes - current | 1,815 | 1,815 |
| Total income taxes | 1,815 | 1,815 |
| Net income or loss | (1,005,612) | (1,048,742) |

### (3) Semi-AnnualSemi-Annual Statements of Cash Flows

(Thousands of yen)

| | For the six months ended January 31, 2024 | For the six months ended January 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Income (loss) before income taxes | (1,003,797) | (1,046,926) |
| Depreciation | 22,105 | 22,642 |
| Gain(loss)on sale of fixed assets | (57) | (8) |
| Loss on disposal of fixed assets | — | 70 |
| Interest and dividend income | (0) | (4) |
| Refund income | — | (579) |
| Interest expenses | 1 | — |
| Gain on reversal of share acquisition rights | (29,897) | (18,570) |
| Share-based compensation expenses | 224,196 | 231,276 |
| Decrease (increase) in supplies | (26,361) | 5,718 |
| Decrease (increase) in prepaid expenses | (90,363) | (100,454) |
| Decrease (increase) in consumption taxes refund receivable | (98,715) | 131,393 |
| Increase (decrease) in accounts payable - other | 4,220 | (7,471) |
| Increase (decrease) in accrued expenses | 1,257 | (2,702) |
| Increase (decrease) in deposits received | (3,592) | 154 |
| Increase (decrease) of accrued consumption tax | (117,680) | — |
| Increase (decrease) in income taxes payable – factor based tax | 24,704 | 25,317 |
| Other | 3,374 | 17,119 |
| Subtotal | (1,090,606) | (743,025) |
| Interest and dividends received | 0 | 4 |
| Income taxes refund | — | 579 |
| Interest expenses paid | (1) | — |
| Income taxes paid | (3,630) | (3,630) |
| Net cash provided by (used in) operating activities | (1,094,238) | (746,072) |
| Cash flows from investing activities | | |
| Purchase of property, plant, and equipment | — | (43,032) |
| Sale of property, plant, and equipment | 58 | 175 |
| Purchases of intangibles assets | (2,445) | — |
| Payments for lease and guarantee deposits | — | (381) |
| Net cash provided by (used in) investing activities | (2,386) | (43,238) |
| Cash flows from financing activities | | |
| Repayment of lease obligations | (531) | — |
| Proceeds from issuance of shares | 63,332 | 41,250 |
| Net cash provided by (used in) financing activities | 62,800 | 41,250 |
| Effect of exchange rate change on cash and cash equivalents | — | — |
| Net increase (decrease) in cash and cash equivalents | (1,033,824) | (748,060) |
| Cash and cash equivalents at beginning of period | 10,217,764 | 8,410,449 |
| Cash and cash equivalents at end of period | 9,183,940 | 7,662,388 |

## (4) Notes to the Semi-AnnualSemi-Annual Financial Statements

(Notes regarding going concern assumption)

None

(Notes on significant changes in the amount of shareholders' equity)

None

(Segment information, etc.)

[Segment information]

Since the Company is a single segment of the “Regeneration-Inducing Medicine™” business, the business results by segment are omitted.