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 Nine Months Ended April 30, 2025 [Japanese GAAP]

June 11, 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
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Scheduled date of filling quarterly securities report: —
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 Nine Months Ended April 30, 2025 (August 1,2024 to April 30, 2025)

(1) Operating results (% indicates changes from the same period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 30, 2025	—	—	(1,511)	—	(1,511)	—	(1,469)	—
April 30, 2024	—	—	(1,552)	—	(1,552)	—	(1,519)	—

	Earnings per share Basic	Earnings per share diluted
Nine months ended	Yen	Yen
April 30, 2025	(23.76)	—
April 30, 2024	(24.80)	—

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 April 30, 2025	7,944	7,751	79.6
As of July 31, 2024	9,080	8,894	83.5

(Reference) Equity capital: As of April 30, 2025 6,321 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 have not provided a forecast for the fiscal year ending July 31, 2025.

The Company will continue to research and develop of 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 quarterly 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 April 30, 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 April 30, 2025	121 shares
As of July 31, 2024	121 shares

(c) Average number of shares during the period

Nine months ended April 30, 2025	61,839,889 shares
Nine months ended April 30, 2024	61,248,324 shares

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit 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 Quarterly 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 nine months ended April 30, 2025 (August 1, 2024, to April 30, 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 support measures aimed at strengthening drug discovery capabilities, and a total of 177.4 billion yen (a 1.7% decrease from the previous year) is expected to be allocated to drug discovery-related budget in the fiscal 2025 general account.

Specifically, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) has outlined key policy initiatives such as enhancing support for research and development in medical and life science fields, promoting interdisciplinary basic research to generate innovative seeds, and improving systems in preparation for future infectious disease emergencies.

The Ministry of Health, Labour and Welfare (MHLW) has outlined key policy initiatives such as strengthening the drug discovery ecosystem, supporting emerging modalities, and promoting the practical application of promising seeds in pharmaceuticals and medical devices.

The Ministry of Economy, Trade and Industry (METI) has outlined key policy initiatives such as promoting domestic production of pharmaceuticals and regenerative medicine products, developing infrastructure and technical support for the bioindustry, and promoting the practical application of innovations for biotechnology venture companies.

These initiatives are expected to strengthen Japan’s drug discovery infrastructure and improve the research environment for regenerative medicine, thereby providing further momentum for the pharmaceutical industry, including biotechnology venture companies.

Despite these positive developments, the regenerative medicine and pharmaceutical industries continue to face numerous challenges, including concerns over safety and efficacy, difficulties in quality control, and rising manufacturing costs. In addition, the upcoming revision of the Regenerative Medicine Safety Securing Act, scheduled to take effect in May 2025, is likely to further tighten the approval process for regenerative medicine and gene therapy, raising concerns over prolonged development timelines and increased costs—factors that may further increase the hurdles to practical implementation.

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 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	Investi-gator	Area	Research	Pre-clinical	Phase 1	Phase 2	Phase 3	Status
Redasemtide (TRIM2)	(HMGB1 cell mobilization domain peptides)	Epidermolysis bullosa	Shionogi & Co., Ltd.							Additional P2 Study Ongoing
		Acute Ischemic Stroke	Shionogi & Co., Ltd.							Global P2b Study Ongoing
		Ischemic Cardiomyopathy	Osaka University							Physician-Initiated P2 Study Ongoing
		Osteoarthritis of the knee	Hirosaki University							Physician-Initiated P2 Study Primary endpoint achieved
		Chronic liver disease	Niigata University							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 nine months ended April 30, 2025, operating revenue was nothing (operating revenue was nothing in the same period of the previous year), operating loss was 1,511,769 thousand yen (operating loss of 1,552,134 thousand yen in the same period of the previous year), ordinary loss was 1,511,059 thousand yen (ordinary loss of 1,552,224 thousand yen in the same period of the previous year), and net loss was 1,469,433 thousand yen (net loss of 1,519,000 thousand yen in the same period of the previous year).

Since the Company operates solely in the field of "Regeneration-Inducing Medicine™", segment information is omitted.

(2) Explanation of financial position

Assets

Total current assets at the end of the third quarter of the fiscal year under review were 7,737,776 thousand yen, a decrease of 1,139,713 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 1,164,978 thousand yen in cash and deposits and an increase of 133,129 thousand yen in prepaid expenses. Total non-current assets were 207,172 thousand yen, an increase of 4,246 thousand yen from the end of the previous fiscal year, mainly due to an increase of 7,301 thousand yen in property, plant, and equipment and a decrease of 3,083 thousand yen in investments and other assets. As a result, total assets amounted to 7,944,948 thousand yen, a decrease of 1,135,466 thousand yen from the end of the previous fiscal year.

Liabilities

Total current liabilities at the end of the third quarter of the fiscal year under review were 75,029 thousand yen, an increase of 7,502 thousand yen from the end of the previous fiscal year, mainly due to an increase of 12,133 thousand yen in advance payments and a decrease of 3,511 thousand yen in account payable-other and a decrease of 907 thousand yen in consumption taxes payable included in other current liabilities. Total non-current liabilities were 118,483 thousand yen, an increase of 130 thousand yen from the end of the previous fiscal year, due to an increase of 130 thousand yen in asset retirement obligations. As a result, total liabilities amounted to 193,513 thousand yen, an increase of 7,632 thousand yen from the end of the previous fiscal year.

Net assets

Total net assets at the end of the third quarter of the fiscal year under review were 7,751,435 thousand yen, a decrease of 1,143,099 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of 1,469,433 thousand yen in net loss, and an increase of 105,650 thousand yen in capital stock and capital surplus as a result of the exercise of stock acquisition rights and issuance of new shares through restricted stock compensation. As a result, capital stock amounted to 116,400 thousand yen, capital surplus 9,528,475 thousand yen, and retained earnings (3,323,249) thousand yen.

(3) 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 have not provided a forecast for the fiscal year ending July 31, 2025.

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

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・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.Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheets

(Thousands of yen)

	As of July 31, 2024	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	8,410,449	7,245,470
Supplies	29,334	21,044
Prepaid expenses	242,326	375,456
Other	195,379	95,804
Total current assets	8,877,489	7,737,776
Non-current assets		
Property, plant, and equipment	185,847	193,148
Intangible assets	2,439	2,468
Investments and other assets	14,638	11,555
Total non-current assets	202,925	207,172
Total assets	9,080,415	7,944,948
Liabilities		
Current liabilities		
Accounts payable-other	35,533	32,021
Accrued expenses	24,365	23,951
Income taxes payable	3,630	2,722
Advances received	—	12,133
Deposits received	3,999	4,200
Total current liabilities	67,527	75,029
Non-current liabilities		
Asset retirement obligations	108,380	108,510
Deferred tax liabilities	9,973	9,973
Total non-current liabilities	118,353	118,483
Total liabilities	185,880	193,513
Net assets		
Shareholders' equity		
Capital stock	10,750	116,400
Capital surplus	9,422,825	9,528,475
Retained earning	(1,853,816)	(3,323,249)
Treasury shares	(118)	(118)
Total shareholders' equity	7,579,640	6,321,506
Stock acquisition rights	1,314,893	1,429,928
Total net assets	8,894,534	7,751,435
Total liabilities and net assets	9,080,415	7,944,948

(2) Quarterly Statements of Income

For the Nine Months Ended April 30, 2025

(Thousands of yen)

	For the Nine Months Ended April 30, 2024	For the Nine Months Ended April 30, 2025
Operating revenue	—	—
Operating expenses		
Research and development expenses	1,102,155	1,077,453
Other selling, general and administrative expenses	449,979	434,316
Total operating expenses	1,552,134	1,511,769
Operating loss	(1,552,134)	(1,511,769)
Non-operating income		
Interest and dividend income	0	22
Subsidy income	37	42
Foreign exchange gain	—	20
Gains on sale of goods	256	60
Subsidy income	—	579
Miscellaneous income	—	5
Total non-operating income	294	730
Non-operating expenses		
Interest expenses	1	—
Foreign exchange loss	212	—
Miscellaneous loss	170	—
Loss on removal	—	20
Total non-operating expenses	384	20
Ordinary loss	(1,552,224)	(1,511,059)
Extraordinary income		
Gain on sale of non-current assets	57	8
Gain on reversal of stock acquisition rights	35,888	44,413
Total extraordinary income	35,946	44,422
Extraordinary loss		
Loss on disposal of non-current assets	—	70
Total extraordinary loss	—	70
Loss before income taxes	(1,516,278)	(1,466,707)
Income taxes - current	2,722	2,725
Total income taxes	2,722	2,725
Net loss	(1,519,000)	(1,469,433)

(3) Notes to the Quarterly Financial Statements

(Notes regarding going concern assumption)
None

(Notes on significant changes in the amount of shareholders' equity)
None

(Notes on the quarterly cash flow statement)
The quarterly cash flow statement for the third quarter cumulative period has not been prepared.
However, the depreciation expenses for the third quarter cumulative period (including amortization of intangible fixed assets) are as follows:

	For the nine months ended April 30, 2024	For the nine months ended April 30, 2025
Depreciation Expenses	33,194 thousand yen	36,037 thousand yen

(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.

(Significant subsequent events)
(Reduction in capital stock)
At a meeting of the Board of Directors held on April 9, 2025, the Company resolved to set a record date for convening the Extraordinary General Meeting of Shareholders to be held on July 23, 2025, to hold this Extraordinary General Meeting of Shareholders, and to submit a proposal for "reduction of capital (capital reduction)".

1. Regarding the relevant dates for the Extraordinary Shareholders' Meeting:
To determine the shareholders eligible to exercise their voting rights at the upcoming extraordinary general meeting, our company has established May 30, 2025, as the record date. Shareholders who are listed or recorded in the final shareholder register on this date will be deemed eligible to exercise their voting rights at the meeting. Company have issued a public announcement regarding the record date.
(1) Record date: May 30, 2025
(2) Announcement Date: May 8, 2025
(3) Method of Announcement: Electronic Announcement
(Posted on our company's website at https://stemrim.com)

2. Regarding the reduction of capital:
(1) Purpose of the Reduction:
The purpose of this capital reduction is to ensure flexibility and agility in future capital policies, as well as to reduce tax burdens. It is based on the provisions of Article 447, Paragraph 1 of the Companies Act, and involves decreasing the amount of capital and transferring it to the capital reserve. It should be noted that this proposal involves a non-refundable reduction of capital, without changing the total number of issued shares or affecting the number of shares held by shareholders. Furthermore, this reduction of capital does not affect the net assets per share or the total number of issued shares of the company.

(2) Method of Reduction:
As of April 9, 2025, the current amount of capital is 116,400,000 yen. It will be reduced by 106,400,000 yen to 10,000,000 yen. This reduction will be conducted as a non-refundable reduction without changing the total number of issued shares. The entire reduced amount will be transferred to the capital reserve.

3. The Schedule (Provisional) for the Reduction of Capital
(1) Resolution of the board of directors: April 9, 2025
(2) Announcement to creditors for submitting their objections: June 27, 2025
(3) Resolution of the Extraordinary General Meeting of Shareholders: July 23, 2025
(4) Deadline for creditor objections: July 28, 2025
(5) Effective date of the capital reduction: July 30, 2025