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 Fiscal Year Ended July 31, 2026 [Japanese GAAP]

September 9, 2026

Company name: StemRIM Inc.
Listing: Tokyo Stock Exchange
Securities code: 4599
URL: https://stemrim.com
Representative: Masatsune Okajima , President & Chief Executive Officer
Inquiries: Motoki Mizuno, Management & Administration Dept.
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Scheduled date of annual general meeting of shareholders: October 28, 2026
Scheduled date to commence dividend payments: —
Scheduled date to file annual securities report: October 27, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investor and securities analyst)

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

1. Financial Results for the Fiscal Year Ended July 31, 2026 (August 1, 2025 to July 31, 2026)

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

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
July 31, 2026	—	—	(1,998)	—	(1,879)	—	(1,851)	—
July 31, 2025	—	—	(1,971)	—	(1,970)	—	(1,929)	—

	Earnings per share basic	Earnings per share Diluted	Ratio of return on equity	Ratio of ordinary income to total assets	Ratio of operating income to revenue
Fiscal Year ended	Yen	Yen	%	%	%
July 31, 2026	(29.63)	—	(36.9)	(28.0)	—
July 31, 2025	(31.16)	—	(28.7)	(23.7)	—

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended July 31, 2026: — million yen
Fiscal year ended July 31, 2025: — million yen

Note: Earnings per share diluted, 2026, is not stated because of a net loss per share.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of July 31, 2026	5,909	5,713	70.4	66.39
As of July 31, 2025	7,518	7,314	78.0	94.33

(Reference) Equity capital: As of July 31, 2026 4,161 Million yen
As of July 31, 2025 5,861 Million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
July 31, 2026	(1,609)	(3,207)	—	2,177
July 31, 2025	(1,414)	(42)	41	6,994

2. Payment of Dividends

	Annual dividends					Total dividends (Annual)	Dividend payout ratio	Ratio of dividends to net assets
	End Q1	End Q2	End Q3	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
July 31, 2025	—	0.00	—	0.00	0.00	—	—	—
July 31, 2026	—	0.00	—	0.00	0.00	—	—	—
July 31, 2027(forecast)	—	0.00	—	0.00	0.00		—	

3. Financial Forecasts for the Fiscal Year Ending July 31, 2027 (August 1, 2026 to July 31, 2027)

The majority 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, 2027. We will continue to progress the development of "Regeneration-Inducing Medicine™" candidates following Redasemtide, as well as negotiations for licensing out. In addition, the Company expects to continue the research and development of the "Regeneration-Inducing Medicine™" Redasemtide (a peptide medicine created from HMGB1) in the fiscal year ending July 31, 2027.

The cash outflow for the fiscal year ending July 31, 2027, is expected to be as follows:

・Forecast cash R&D expenses in the range of 1,300 million yen to 1,700 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) 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

(2) Number of shares issued (common stock)

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

As of July 31, 2026	62,681,200 shares
As of July 31, 2025	62,136,200 shares

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

As of July 31, 2026	121 shares
As of July 31, 2025	121 shares

(c) Average number of shares during the period

Fiscal Year ended July 31, 2026	62,483,983 shares
Fiscal Year ended July 31, 2025	61,914,553 shares

* These financial results reports are outside the scope of audit procedures by certified public accountants or an audit corporation.

* 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. Overview of 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 fiscal year ended July 31, 2026 (August 1, 2025 to July 31, 2026), the regenerative medicine and pharmaceutical industry continued to make progress in research and development toward new modalities and innovative drug creation, accelerating the practical application of novel therapies. In the United States, approvals and label expansions, particularly in cell and gene therapies, have continued, with commercialization advancing in areas such as rare diseases and hematological disorders. In addition, the importance of operational frameworks, including post-marketing evaluation and safety management, has been increasing. While these developments in the United States do not directly affect approval processes in Japan, they are expected to indirectly support the commercialization of domestically developed products through the advancement of global standards in evaluation and regulatory practices.

In Japan, government initiatives aimed at strengthening drug discovery capabilities have also continued, including the development of a drug discovery ecosystem, efforts addressing new modalities, and enhanced support for research and development. Furthermore, in the field of regenerative medicine products, efforts to obtain conditional and time-limited approvals remain ongoing, with some projects progressing toward full approval based on post-approval evaluations.

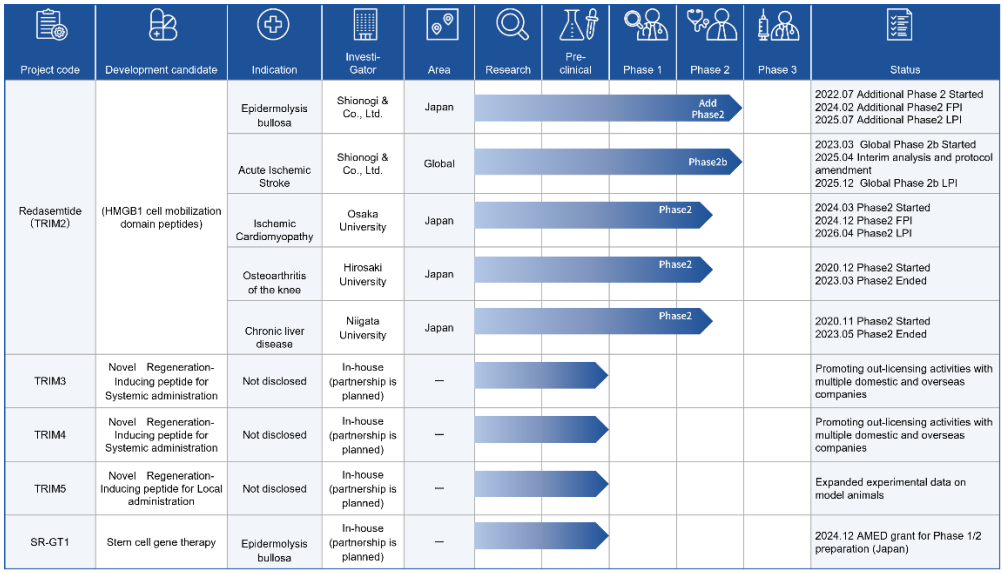
While momentum to strengthen drug discovery capabilities is accelerating both domestically and internationally, the industry continues to face various challenges, including ensuring safety and efficacy, enhancing quality control and manufacturing processes, as well as securing specialized human resources and establishing stable supply systems.

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.



I. Redasemtide for Dystrophic Epidermolysis Bullosa ("DEB"))

Research Progress:

August 2015: Initiation of Phase 1 investigator-initiated clinical trial (In Japan)
March 2017: Completion of Phase 1 investigator-initiated clinical trial (In Japan)
December 2017: Initiation of Phase 2 investigator-initiated clinical trial (In Japan)
September 2019: Completion of Phase 2 investigator-initiated clinical trial (In Japan)
March 2020: Completion of follow-up survey for Phase 2 investigator-initiated clinical trial
July 2022: Initiation of additional Phase 2 clinical trial (In Japan)
March 2023: First patient enrolled in the additional Phase 2 clinical trial (In Japan)
July 2025: Final patient enrolled in the additional Phase 2 clinical trial (In Japan)

Progress Status:

An additional investigator-initiated clinical trial (Additional Phase 2) in patients with DEB was started in July 2022, and the first patient was administered in March 2023. The investigator-initiated clinical trial and follow-up study (Phase 2) in patients with DEB was completed in March 2020. The results of these data analyses showed statistically significant improvement in the primary endpoint (rate of change in the total area of blisters, erosions, and ulcers of the whole body from the pretreatment value) as a result of Redasemtide treatment in all patients (9 patients) in this study. At the last observation point (28 weeks after the end of administration), 7 of 9 patients showed improvement below the pretreatment value, and 4 of them showed a marked improvement of 50% or more. In addition, since the efficacy was shown at the observation point after the end of the follow-up study (52 weeks after the end of administration), long-term effect of Redasemtide on DEB was also confirmed. Furthermore, since no adverse events of concern were observed in the secondary evaluation (safety evaluation), both the safety and efficacy of Redasemtide in patients with DEB were confirmed in this study. DEB is a rare intractable disease with 400 patients in Japan, and there is currently no effective treatment. In addition, it is difficult to plan a large-scale Phase 3 clinical trial. Therefore, Shionogi & Co., Ltd. ("Shionogi"), the licensee of Redasemtide, has been in discussions with Pharmaceuticals and Medical Devices Agency ("PMDA") to file an application for approval of the drug based on the results of the Phase 2 and follow-up study. Although the results of this study showed that there were significant cases of efficacy, PMDA concluded that further efficacy cases need to be accumulated. Therefore, additional trial will be needed to confirm the reproducibility of the study results. The additional Phase 2 clinical trial is intended to evaluate the efficacy of Redasemtide on refractory ulcers, using closure of refractory ulcers as an indicator. The planned number of subjects for this clinical trial is 3 or more.

Furthermore, in May 2023, Redasemtide was designated as an orphan drug for the treatment of DEB by the Ministry of Health, Labour and Welfare ("MHLW"). The designation of Redasemtide as an orphan drug signifies that it has received a certain level of recognition and evaluation from MHLW regarding its potential effectiveness for the treatment of DEB and the soundness of its current development plan. In addition, Shionogi will be able to benefit from various support measures, such as undergoing priority review in the approval process ahead of other pharmaceuticals, in order to provide Redasemtide to the medical field as quickly as possible. This will potentially lead to expedited approval and market launch, which are expected outcomes resulting from the shortened review period.

II. Redasemtide for Acute Ischemic Stroke("AIS")

Research Progress:

April 2019: Initiation of Phase 2 corporate-sponsored clinical trial (In Japan)
October 2021: Completion of Phase 2 corporate-sponsored clinical trial (In Japan)
April 2023: Initiation of global Phase 2b clinical trial in Japan and the United States
July 2023: Initiation of global Phase 2b clinical trial in Europe and China
February 2025: Amendment to the global Phase 2b clinical trial protocol
April 2025: Interim analysis of the global Phase 2b clinical trial
December 2025: Final patient enrolled in the global Phase 2b clinical trial

Progress Status:

In April 2023, global Phase 2b clinical trials were initiated in Japan and the United States, followed by Europe and China in July 2023. Dosing of the last patient was completed in December 2025. In the Phase 2 clinical trial disclosed in October 2022, the Modified Rankin Scale ("mRS"), which is used to assess the severity of neurological disorders such as cerebrovascular diseases (e.g., stroke and cerebral infarction) and neurodegenerative conditions like Parkinson's disease, was evaluated 90 days after drug administration. The mRS is a seven-point scale ranging from score 0 (no symptoms) to score 6 (death). The results showed that the percentage of patients who required assistance (mRS $\geq$3) the day after completing five days of treatment and were no longer in need of assistance (mRS $\leq$2) after 90 days of treatment (i.e., symptom improvement) was 18% (11/60) in the placebo group, compared to 34% (23/68) in the Redasemtide group. This suggests the efficacy of Redasemtide in patients with AIS.

Based on the positive results of this clinical trial, we had been preparing to initiate a global Phase 3 clinical trial.

However, after discussions with various regulatory authorities, it was decided to conduct a global Phase 2b trial aimed at dose setting.

In April 2025, an interim analysis of the global Phase 2b clinical trial was conducted. Predefined futility criteria had been established, and each treatment group was to be discontinued if the criteria were met or continued if they were not met. To maintain the integrity of the blinded study, the interim analysis was evaluated by an independent data monitoring committee, which provided recommendations regarding continuation or discontinuation of each treatment group to Shionogi & Co., Ltd. As a result of the interim analysis, the committee recommended continuation of the high-dose Redasemtide group and discontinuation of the low-dose Redasemtide group. At the time the study was designed, the high-dose Redasemtide group (1.5 mg/kg) had been identified as the dose expected to demonstrate efficacy, while the low-dose group (0.75 mg/kg) was included at the request of regulatory authorities. Therefore, the results of the interim analysis were within the range of outcomes originally anticipated.

In the treatment of AIS, thrombolytic therapy, which is a vascular recanalization therapy, is available up to 4.5 hours after onset, and mechanical thrombectomy can be performed up to 8 hours after onset, but both treatments are limited by time constraints. As a result, adequate therapeutic effects have not been achieved in this area. Compared to conventional thrombolytic therapy and mechanical thrombectomy, the treatment option of Redasemtide, which has fewer time constraints, is expected to meet these unmet medical needs.

III. Redasemtide for Ischemic Cardiomyopathy

Research Progress:

March 2024: Initiation of Phase 2 investigator-initiated clinical trial (In Japan)
December 2024: First patient enrolled in the Phase 2 investigator-initiated clinical trial (In Japan)
April 2026: Final patient enrolled in the Phase 2 investigator-initiated clinical trial (In Japan)

Progress Status:

In March 2024, a Phase 2 investigator-initiated clinical trial was initiated at several sites, mainly Osaka University Hospital. The first patient was dosed in December 2024, and dosing of the last patient was completed in April 2026. The main objective of this clinical trial is to evaluate the efficacy and safety of Redasemtide in patients with ischemic cardiomyopathy who have undergone coronary artery bypass grafting. This clinical trial will evaluate various cardiac function tests such as echocardiography at 52 weeks after treatment with either Redasemtide or placebo (10 patients each) for 5 days. In joint research with the Department of Cardiovascular Surgery, Osaka University Graduate School of Medicine, the Company has demonstrated remarkable therapeutic effects and mechanisms of action in drug efficacy tests using animal models of myocardial infarction and various cardiomyopathies. Ischemic cardiomyopathy is a condition in which the heart muscle is damaged due to insufficient blood flow and oxygen supply, typically caused by narrowing or blockage of the coronary arteries, which are the primary blood vessels supplying the heart muscle. The condition can lead to impaired cardiac function and may ultimately result in heart failure. In non-clinical studies, Redasemtide has been shown to reduce necrotic areas of the myocardium and decrease cardiac fibrosis. Therefore, Redasemtide is expected to become a novel therapeutic option for patients with ischemic cardiomyopathy.

IV. Redasemtide for Osteoarthritis of the Knee("OA")

Research Progress:

November 2020: Initiation of Phase 2 investigator-initiated clinical trial (In Japan)
February 2021: First patient enrolled in the Phase 2 investigator-initiated clinical trial (In Japan)
December 2021: Final patient enrolled in the Phase 2 investigator-initiated clinical trial (In Japan)
December 2022: Completion of Phase 2 investigator-initiated clinical trial (In Japan)

Progress Status:

In March 2023, the Company received notification that the investigator-initiated clinical trial (Phase 2 clinical trial; 10 patients in the Redasemtide group and 10 patients in the placebo group) for patients with OA conducted at Hirosaki University achieved its primary outcome. The primary outcome of this study is to evaluate the safety of administration of Redasemtide. As a result of this trial report, no serious adverse events or side effects judged to be related to this drug were observed. Therefore, the safety of this product when administered in patients with OA was confirmed. In addition, the efficacy of this drug, which was set as a secondary outcome, is currently being analyzed. MRI imaging was performed as a morphological evaluation of cartilage damage, which is one of the underlying causes of OA. At 52 weeks after the start of administration, the change (median value) in the area ratio of the medial femoral condyle cartilage defect was (3.5%) in the placebo group and (7.5%) in the Redasemtide group. The defect site tended to shrink more in the Redasemtide group. In the post-analysis results, the endoscopic visual observation by a specialist physician also showed good cartilage regeneration in 5 patients in the Redasemtide group and in 2 patients in the placebo group. The Company is currently considering future development plans for OA.

Osteoarthritis of the Knee is a disease that causes deformity, pain and swelling of the knee due to wear and tear of the knee joint cartilage. It is estimated that the number of potential patients in Japan is about 25 million, of which

about 10 million have subjective symptoms. The main cause of the disease is aging, and it occurs mostly in middle-aged people in their 40 years or older. It is known that damaged articular cartilage does not repair itself easily, and it is desired to develop a new treatment method to accelerate the repair of damaged cartilage tissue or to avoid the need for joint replacement surgery. In non-clinical trials using a mouse model of cartilage defects in the knee joint, Redasemtide has been shown to have cartilage repairing effects, and is expected to become a new treatment for patients with OA.

V. Redasemtide for Chronic Liver Disease("CLD")

Research Progress:

November 2020: Initiation of Phase 2 investigator-initiated clinical trial
March 2021: First patient enrolled in the Phase 2 investigator-initiated clinical trial
June 2022: Final patient enrolled in the Phase 2 investigator-initiated clinical trial
December 2022: Completion of Phase 2 investigator-initiated clinical trial

Progress Status:

In April 2023, the Company received notification that the physician-led clinical trial (Phase 2 clinical trial) conducted by Niigata University Medical and Dental Hospital has achieved the primary endpoints. Regarding the safety evaluation during the administration of Redasemtide, which was set as a primary objective, one case of a serious adverse event (bleeding during liver biopsy) occurred out of 10 patients. However, the event resolved without intervention, and the causality with Redasemtide was ruled out. Therefore, the tolerability of Redasemtide is considered to be good. Regarding the exploratory efficacy evaluation, which was set as a secondary endpoint, a trend of improvement in liver stiffness measured by MR elastography, was observed at 78 days and 162 days after the start of administration. The average reduction rates were found to be 12% and 8%, respectively, compared to the baseline measurements. In addition to the improvement in liver stiffness measured by MR elastography, several cases demonstrated an accompanying improvement trend in other fibrosis indicators, including fibrosis index, fibrosis markers, and fibrosis stage value based on modified HAI. Based on the comprehensive evaluation by the principal investigator responsible for the clinical trial, taking into account the results of various efficacy evaluation parameters, it is speculated that a trend of improvement in liver fibrosis was suggested in 3 out of 5 patients (60%) who received Redasemtide at a dose of 1.5 mg/kg (adjusted for body weight) once a week for four weeks (total of four administrations), and in 2 out of 5 patients (40%) who received consecutive administrations for 4 days in the first week and once a week for weeks 2-4 (total of 7 administrations). Based on the above results, we are now considering future development policies for CLD.

Liver cirrhosis with progressive fibrosis is a disease that can lead to various life-threatening complications such as liver dysfunction, portal hypertension, and hepatocellular carcinoma, and it is estimated that there are around 400,000 to 500,000 patients with liver cirrhosis in Japan. Currently, there is no established treatment in general therapy that can achieve complete cure for liver cirrhosis with advanced fibrosis, except for liver transplantation. Therefore, the development of new therapies such as anti-fibrotic drugs or tissue regeneration-promoting agents that do not rely on transplantation is highly anticipated. Redasemtide has the potential to become a new treatment option for patients with CLD accompanied by fibrosis, for whom effective treatment options are currently lacking.

VI. TRIM3,TRIM4(the next generation of "Regeneration-Inducing Medicine™")

Progress Status:

Regarding the project to discover new "Regeneration-Inducing Medicine™" candidates following Redasemtide, we have continued to make aggressive investments in R&D to identify the next generation of development candidates. As a result of multifaceted candidate screening efforts, we have so far identified new candidate compounds (TRIM3, TRIM4 and TRIM5) with remarkable activity. TRIM3 and TRIM4, the next generation of "Regeneration-Inducing Medicine™", are drugs that, like Redasemtide, induce tissue regeneration across a wide range of diseases involving tissue damage by increasing mesenchymal stem cells in peripheral blood. During the current fiscal year, we steadily accumulated experimental data from animal models of various diseases and continued to make progress in business development activities related to out-licensing.

VII. SR-GT1(Stem Cell Gene Therapy for the Curative Treatment of Epidermolysis Bullosa)

Progress Status:

SR-GT1, a stem cell gene therapy currently being developed through joint research between the Company and Osaka University, is a curative treatment technology for EB based on the Company's proprietary technology for collecting mesenchymal stem cells (MSCs) from blisters of patients with EB. Using a lentiviral vector, type VII collagen genes are efficiently introduced into MSCs derived from the patient's skin and then administered into blisters, enabling a continuous supply of type VII collagen.

EB model skin tissue was prepared using patient-derived skin cells, and blisters were artificially induced using an aspiration method. In EB model skin tissue treated with MSCs carrying the type VII collagen gene in the same area where blisters had formed, type VII collagen protein was supplied throughout a wide area of the basement membrane

zone, and no blister formation was observed.

In addition, intrablister administration demonstrated superior engraftment compared with other routes of administration. Compared with transplantation using epidermal sheets containing genetically modified cells or intradermal administration, stem cell gene therapy is expected to provide a curative treatment for DEB, for which no effective curative therapy currently exists, by offering less patient burden together with strong and long-lasting therapeutic efficacy.

Since April 2022, the Company has participated as a joint research organization in the "Research Project for Practical Use of Intractable Diseases" implemented by the Japan Agency for Medical Research and Development ("AMED"). Through this AMED-supported research program, the Company aims to realize a curative treatment for DEB by leveraging the extensive data and expertise accumulated through its stem cell gene therapy research.

Under these circumstances, for the fiscal year ended July 31, 2026, operating revenue was none (operating revenue was none for the previous fiscal year).

R&D expenses were 1,499,395 thousand yen for the current fiscal year ended July 31, 2026, an increase of 104,744 thousand yen from the previous fiscal year. Other selling, general and administrative expenses were 499,465 thousand yen for the current fiscal year ended July 31, 2026, a decrease of 77,415 thousand yen from the previous fiscal year. The increase in R&D expenses was mainly due to increases in salaries, donations and outsourcing expenses. Similarly, the decrease in other selling, general and administrative expenses was primarily due to a decrease in stock-based compensation for directors and administrative staff. As a result, the Company recorded 1,998,861 thousand yen in operating expenses for the fiscal year ended July 31, 2026, an increase of 27,329 thousand yen from the previous fiscal year, and 1,998,861 thousand yen in operating loss for the fiscal year ended July 31, 2026 (operating loss of 1,971,532 thousand yen for the previous fiscal year).

Non-operating income was 119,132 thousand yen for the current fiscal year, an increase of 118,019 thousand yen from the previous fiscal year. Non-operating expenses were 160 thousand yen for the current fiscal year, an increase of 135 thousand yen from the previous fiscal year. The main components of non-operating income were subsidy income of 72,167 thousand yen, interest income of 42,618 thousand yen and dividend income of 4,040 thousand yen. In addition, the main component of non-operating expenses was foreign exchange losses amounting to 160 thousand yen. As a result, ordinary loss was 1,879,888 thousand yen (ordinary loss of 1,970,444 thousand yen for the previous fiscal year).

Extraordinary income was 30,342 thousand yen (extraordinary income of 42,870 thousand yen for the previous fiscal year). The main component of extraordinary income was gain on reversal of share acquisition rights resulting from employee resignations. Extraordinary loss was none (extraordinary loss of 210 thousand yen for the previous fiscal year). Net loss before taxes was 1,849,546 thousand yen (net loss before taxes of 1,927,784 thousand yen for the previous fiscal year). Income taxes for the current fiscal year were 1,952 thousand yen. As a result, net loss for the current fiscal year was 1,851,498 thousand yen (net loss of 1,929,437 thousand yen for the previous fiscal year).

As the Company operates in a single segment of the "Regeneration-Inducing Medicine™" business, the disclosure of business results by segment has been omitted.

(2) Explanation of Financial Position

Assets

Total current assets at the end of the fiscal year under review were 5,746,345 thousand yen, a decrease of 1,578,704 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,617,556 thousand yen in cash and cash deposits. Total non-current assets were 162,885 thousand yen, a decrease of 30,724 thousand yen from the end of the previous fiscal year. This was due to a decrease of 30,058 thousand yen in property, plant and equipment resulting from the acquisition and depreciation of fixed assets, and a decrease of 673 thousand yen in intangible assets resulting from the amortization of software. As a result, total assets were 5,909,230 thousand yen, a decrease of 1,609,429 thousand yen from the previous fiscal year.

Liabilities

Total current liabilities at the end of the fiscal year under review were 80,964 thousand yen, a decrease of 6,920 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 12,133 thousand yen in advances received. Total non-current liabilities were 115,073 thousand yen, a decrease of 1,472 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,677 thousand yen in deferred tax liabilities. As a result, total liabilities were 196,037 thousand yen, a decrease of 8,393 thousand yen from the previous fiscal year.

Net assets

Total net assets at the end of the fiscal year under review were 5,713,192 thousand yen, a decrease of 1,601,036 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of 1,851,498 thousand yen in net loss, an increase of 98,952 thousand yen in stock acquisition rights, and an increase of 75,755 thousand yen in capital stock and capital reserve due to the issuance of restricted stock as stock-based compensation for directors. Capital stock decreased by 75,755 thousand yen and capital reserve increased by 75,755 thousand yen as a result of

the capital reduction effective July 30, 2026. As a result, capital stock was 10,000 thousand yen, capital surplus was 9,786,385 thousand yen, and retained earnings were (5,634,751) thousand yen.

(3) Explanation of Cash Flows

Cash and cash equivalents at the fiscal year under review were 2,177,035 thousand yen, a decrease of 4,817,556 thousand yen from the end of the previous fiscal year.

Cash flows from operating activities

Net cash used in operating activities was 1,609,924 thousand yen (outflow of 1,414,608 thousand yen in the previous fiscal year). This was mainly due to the recording of a loss before income taxes of 1,849,546 thousand yen, and share-based compensation expenses of 283,930 thousand yen.

Cash flows from investing activities

Net cash used in investing activities was 3,207,632 thousand yen (outflow of 42,498 thousand yen in the previous fiscal year). This was mainly due to payments for time deposits of 10,310,000 thousand yen and proceeds from withdrawal of time deposits of 7,110,000 thousand yen. Research equipment is expensed as research and development expenses at the time of acquisition.

Cash flows from financing activities

No cash was provided by financing activities (inflow of 41,250 thousand yen in the previous fiscal year).

(4) Financial Forecasts for the Fiscal Year Ending July 31, 2027

The majority 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, 2027. We will continue to progress the development of "Regeneration-Inducing Medicine™" candidates following Redasemtide, as well as negotiations for licensing out. In addition, the Company expects to continue the research and development of the "Regeneration-Inducing Medicine™" Redasemtide (a peptide medicine created from HMGB1) in the fiscal year ending July 31, 2027.

The cash outflow for the fiscal year ending July 31, 2027, is expected to be as follows:

・Forecast cash R&D expenses in the range of 1,300 million yen to 1,700 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.Basic Approach to Accounting Standards

The Company will prepare its financial statements based on Japanese GAAP for the time being, given its comparability from period to period and between companies. The Company plans to appropriately respond to the application of International Financial Reporting Standards (IFRS) upon considering the circumstances in Japan and overseas.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousands of yen)

	As of July 31, 2025	As of July 31, 2026
Assets		
Current assets		
Cash and deposits	6,994,592	5,377,035
Supplies	16,721	15,210
Advances paid	—	21,928
Prepaid expenses	199,827	191,386
Other	113,907	140,782
Total current assets	7,325,049	5,746,345
Non-current assets		
Property, plant, and equipment		
Buildings, Net	176,665	141,590
Vehicles, Net	0	0
Tools, furniture and fixtures, Net	3,563	8,580
Total property, plant, and equipment	180,229	150,171
Intangible assets		
Software	2,300	1,626
Total intangible assets	2,300	1,626
Investments and other assets		
Long-term prepaid expenses	2,678	2,885
Leasehold and guarantee deposits	8,402	8,202
Total investments and other assets	11,080	11,087
Total non-current assets	193,610	162,885
Total assets	7,518,659	5,909,230

(Thousands of yen)

	As of July 31, 2025	As of July 31, 2026
Liabilities		
Current liabilities		
Accounts payable-other	28,111	31,224
Accrued expenses	24,614	26,473
Income taxes payable	3,630	3,630
Advances received	27,126	14,993
Deposits received	4,301	4,643
Total current liabilities	87,884	80,964
Non-current liabilities		
Asset retirement obligations	108,553	108,759
Deferred tax liabilities	7,992	6,314
Total non-current liabilities	116,545	115,073
Total liabilities	204,430	196,037
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus		
Legal capital surplus	9,634,875	9,786,385
Total capital surplus	9,634,875	9,786,385
Retained earning		
Other retained earnings		
Retained earnings brought forward	(3,783,253)	(5,634,751)
Total retained earnings	(3,783,253)	(5,634,751)
Treasury shares	(118)	(118)
Total shareholders' equity	5,861,503	4,161,515
Stock acquisition rights	1,452,725	1,551,677
Total net assets	7,314,229	5,713,192
Total liabilities and net assets	7,518,659	5,909,230

(2) Statements of Income

(Thousands of yen)

	For the fiscal Year ended July 31, 2025	For the fiscal Year ended July 31, 2026
Operating revenue	—	—
Operating expenses		
Research and development expenses	1,394,651	1,499,395
Other selling, general and administrative expenses	576,881	499,465
Total operating expenses	1,971,532	1,998,861
Operating Income (loss)	(1,971,532)	(1,998,861)
Non-operating income		
Interest income	22	42,618
Dividend income	—	4,040
Subsidy income	42	72,167
Gain on sales of goods	463	—
Tax refund income	579	273
Miscellaneous income	5	33
Total non-operating income	1,113	119,132
Non-operating expenses		
Foreign exchange loss	4	160
Removal cost	20	—
Total non-operating expenses	24	160
Ordinary Income (loss)	(1,970,444)	(1,879,888)
Extraordinary income		
Gain on sales of fixed assets	20	—
Gain on reversal of share acquisition rights	42,850	30,342
Total extraordinary income	42,870	30,342
Extraordinary loss		
Loss on sale of fixed assets	140	—
Loss on retirement of fixed assets	70	0
Total extraordinary loss	210	0
Income (loss) before income taxes	(1,927,784)	(1,849,546)
Income taxes – current	3,633	3,630
Income taxes – deferred	(1,980)	(1,677)
Total income taxes	1,652	1,952
Net Income (loss)	(1,929,437)	(1,851,498)

(3) Statements of Changes in Equity

For the fiscal year ended July 31, 2025 (From August 1, 2024 to July 31, 2025)

(Thousands of yen)

		Shareholders' equity	
		Capital surplus	
	Capital stock	Legal capital surplus	Total capital surplus
Balance at the beginning of current period	10,750	9,422,825	9,422,825
Changes of items during period			
Issuance of new shares	105,650	105,650	105,650
Capital reduction	(106,400)	106,400	106,400
Net loss			
Net changes of items other than shareholders' equity			
Total changes of items during period	(750)	212,050	212,050
Balance at the end of current period	10,000	9,634,875	9,634,875

	Shareholders' equity				Stock Acquisition Rights	Total net assets
	Retained earnings brought forward		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at the beginning of current period	(1,853,816)	(1,853,816)	(118)	7,579,640	1,314,893	8,894,534
Changes of items during period						
Issuance of new shares				211,300		211,300
Capital reduction				—		—
Net loss	(1,929,437)	(1,929,437)		(1,929,437)		(1,929,437)
Net changes of items other than shareholders' equity					137,831	137,831
Total changes of items during period	(1,929,437)	(1,929,437)	—	(1,718,137)	137,831	(1,580,305)
Balance at the end of current period	(3,783,253)	(3,783,253)	(118)	5,861,503	1,452,725	7,314,229

For the fiscal year ended July 31, 2026 (From August 1, 2025 to July 31, 2026)

(Thousands of yen)

		Shareholders' equity	
		Capital surplus	
	Capital stock	Legal capital surplus	Total capital surplus
Balance at the beginning of current period	10,000	9,634,875	9,634,875
Changes of items during period			
Issuance of new shares	75,755	75,755	75,755
Capital reduction	(75,755)	75,755	75,755
Net loss			
Net changes of items other than shareholders' equity			
Total changes of items during period	—	151,510	151,510
Balance at the end of current period	10,000	9,786,385	9,786,385

	Shareholders' equity				Stock Acquisition Rights	Total net assets
	Retained earnings brought forward		Treasury shares	Total shareholders' equity		
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at the beginning of current period	(3,783,253)	(3,783,253)	(118)	5,861,503	1,452,725	7,314,229
Changes of items during period						
Issuance of new shares				151,510		151,510
Capital reduction				—		—
Net loss	(1,851,498)	(1,851,498)		(1,851,498)		(1,851,498)
Net changes of items other than shareholders' equity					98,952	98,952
Total changes of items during period	(1,851,498)	(1,851,498)	—	(1,699,988)	98,952	(1,601,036)
Balance at the end of current period	(5,634,751)	(5,634,751)	(118)	4,161,515	1,551,677	5,713,192

(4) Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended July 31, 2025	For the fiscal year ended July 31, 2026
Cash flows from operating activities		
Income (loss) before income taxes	(1,927,784)	(1,849,546)
Depreciation	49,496	38,364
Gain on sales of fixed assets	119	—
Loss on retirement of fixed assets	70	0
Interest and dividend income	(22)	(46,658)
Tax refund income	(579)	(273)
Subsidy income	(42)	(72,167)
Gain on reversal of share acquisition rights	(42,850)	(30,342)
Share-based compensation expenses	391,553	283,930
Decrease (increase) in supplies	12,612	1,510
Increase (decrease) in advances paid	—	(21,928)
Decrease (increase) in prepaid expenses	4,051	5,108
Decrease (increase) in consumption taxes refund receivable	79,495	9,313
Increase (decrease) in accounts payable - other	(7,639)	3,012
Increase (decrease) in accrued expenses	249	1,859
Increase (decrease) of accrued consumption tax	302	341
Increase (decrease) in advances received	27,126	—
Other	2,221	(14,801)
Subtotal	(1,411,618)	(1,692,279)
Interest and dividends received	22	30,321
Subsidy income received	42	60,034
Refund income	579	273
Income taxes paid	(3,633)	(8,273)
Net cash provided by (used in) operating activities	(1,414,608)	(1,609,924)
Cash flows from investing activities		
Payments for time deposits	—	(10,310,000)
Proceeds from withdrawal of time deposits	—	7,110,000
Purchase of property, plant, and equipment	(43,286)	(7,632)
Proceeds from sale of property, plant and equipment	175	—
Purchase of intangible assets	(572)	—
Payments of leasehold and guarantee deposits	(381)	—
Proceeds from collection of leasehold and guarantee deposits	1,566	—
Net cash provided by (used in) investing activities	(42,498)	(3,207,632)
Cash flows from financing activities		
Proceeds from issuance of shares	41,250	—
Net cash provided by (used in) financing activities	41,250	—
Net increase (decrease) in cash and cash equivalents	(1,415,857)	(4,817,556)
Cash and cash equivalents at beginning of period	8,410,449	6,994,592
Cash and cash equivalents at end of period	6,994,592	2,177,035

(5) Notes to the Financial Statements

(Notes regarding going concern assumption)
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.

(Equity in earnings of affiliates, etc.)
None

(Per share information)

	For the fiscal year ended July 31, 2025	For the fiscal year ended July 31, 2026
Net assets per share	94.33 yen	66.39 yen
Earnings (loss) per share	(31.16) yen	(29.63) yen
Diluted earnings per share	— yen	— yen

Notes: 1. Diluted earnings per share are not described here because, although there are potentially dilutive shares, basic loss per share was recorded.

2. Earnings (loss) per share and diluted earnings per share are calculated based on the following basis:

	For the fiscal year ended July 31, 2025	For the fiscal year ended July 31, 2026
Earnings (loss) per share		
Net income (loss) (thousands of yen)	(1,929,437)	(1,851,498)
Amount not attributable to shareholders of capital stock (thousands of yen)		
Net income (loss) related to common stock (thousands of yen)	(1,929,437)	(1,851,498)
Average number of shares during the period (shares)	61,914,553	62,483,983
Diluted earnings per share		
Adjustment to net income (thousand yen)	—	—
Increase in common stock (shares)	—	—
(Stock acquisition rights (shares))	(—)	(—)
Dilutive shares not included in the calculation since there was no dilutive effect.	28 types of stock acquisition rights (5,455,000 common shares)	31 types of stock acquisition rights (6,068,000 common shares)

3. Net assets per share are calculated based on the following basis:

	As of July 31, 2025	As of July 31, 2026
Total net assets (thousands of yen)	7,314,229	5,713,192
Deduction on total net assets (thousands of yen)	1,452,725	1,551,677
(Stock acquisition rights (thousands of yen))	(1,452,725)	(1,551,677)
Net assets applicable to common stock (thousands of yen)	5,861,503	4,161,515
Number of common stock at the fiscal year end in calculation of net assets per share (shares)	62,136,079	62,681,079

(Significant Subsequent Events)

(Issuance of stock acquisition rights as stock options)

The Board of Directors of the Company resolved on September 9, 2026 to issue stock acquisition rights as stock options approved at the Annual General Meeting of Shareholders held on October 27, 2021 and the Ordinary General Meeting of Shareholders held on October 22, 2025. The purpose of this issue is to contribute to the enhancement of the Company's corporate value by increasing the Company's morale and willingness to contribute to the advancement of the Company's research and development.

Name	The 19th stock options (a).
Allotment date	September 10, 2026
Classification and number of grantees	Employee 47
Total number of stock options	4,989 units
Amount to be paid upon issuance of stock acquisition rights	None
Type and number of shares	498,900 shares of common stock
Capital incorporation	The amount of increase in capital stock in the event of the issuance of shares upon the exercise of these equity warrants shall be half of the maximum amount of increase in capital stock, etc., as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than one yen resulting from the calculation shall be rounded up to the nearest one yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of stated capital as provided in the preceding paragraph.
Conditions for exercising stock acquisition rights	A person who has been allotted the Stock Options is required to have the status of any of the directors, corporate auditors, employees or outside collaborators of the Company or its subsidiaries when exercising the rights. In the event of the death of the holder of stock acquisition rights, his/her heirs may not exercise the rights. However, if an application is filed by the heir and approved by the Board of Directors, the heir may exercise the stock acquisition rights. Part of each stock acquisition right cannot be exercised.
Exercise period	From September 11, 2028 to September 9, 2036

Name	The 20th stock options .
Allotment date	September 10, 2026
Classification and number of grantees	Our directors (including outside directors) 4
Total number of stock options	3,000 units
Amount to be paid upon issuance of stock acquisition rights	None
Type and number of shares	300,000 shares of common stock
Capital incorporation	The amount of increase in capital stock in the event of the issuance of shares upon the exercise of these equity warrants shall be half of the maximum amount of increase in capital stock, etc., as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than one yen resulting from the calculation shall be rounded up to the nearest one yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of stated capital as provided in the preceding paragraph.
Conditions for exercising stock acquisition rights	A person who has been allotted the Stock Options is required to have the status of any of the directors, corporate auditors, employees or outside collaborators of the Company or its subsidiaries when exercising the rights. In the event of the death of the holder of stock acquisition rights, his/her heirs may not exercise the rights. However, if an application is filed by the heir and approved by the Board of Directors, the heir may exercise the stock acquisition rights. Part of each stock acquisition right cannot be exercised.
Exercise period	From September 11, 2028 to September 9, 2036