

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, 2026 [Japanese GAAP]

March 11, 2026

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 4599
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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, 2026 (August 1, 2025 to January 31, 2026)

(1) Operating results

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended January 31, 2026	—	—	(992)	—	(958)	—	(928)	—
January 31, 2025	—	—	(1,066)	—	(1,065)	—	(1,048)	—

	Earnings per share Basic		Earnings per share diluted	
	Yen	Yen	Yen	Yen
Six months ended January 31, 2026	(14.91)	—	—	—
January 31, 2025	(17.00)	—	—	—

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, 2026	6,812	6,573	74.6
As of July 31, 2025	7,518	7,314	78.0

(Reference) Equity capital: As of January 31, 2026 5,084 Million yen
 As of July 31, 2025 5,861 Million yen

2. Payment of Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	Year-end	Total
Fiscal year ended July 31, 2025	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
July 31, 2026	—	0.00	—	—	—
July 31, 2026 (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, 2026 (August 1, 2025 to July 31, 2026)

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, 2026.

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, 2026. 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, 2026, 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) Application of specific accounting for preparing the semi-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, 2026	62,681,200 shares
As of July 31, 2025	62,136,200 shares

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

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

(c) Average number of shares during the period

Six months ended January 31, 2026	62,290,101 shares
Six months ended January 31, 2025	61,696,622 shares

* Review of the accompanying semi-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

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1. Qualitative Information on Semi-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, 2026 (August 1, 2025, to January 31, 2026), research and development for the creation of innovative drugs with new modalities continued to progress in the pharmaceutical and regenerative medicine industries, supporting the momentum toward the commercialization of innovative treatments.

In the United States, the FDA (U.S. Food and Drug Administration) has been advancing initiatives to make the drug review process faster and more flexible. In addition, in the United States, approvals and label expansions—particularly for cell and gene therapies—continued, and commercialization progressed in areas such as rare diseases and hematologic disorders. While these U.S. developments do not directly affect Japan's regulatory review process, the advancement of global standards for evaluation and post-marketing management is expected to provide indirect support for the practical application of products under development in Japan. The Company also views these environmental changes as favorable developments and will continue to steadily advance its development activities.

In Japan, the Japanese government has been implementing the support policy to strengthen drug discovery capabilities. The Ministry of Education, Culture, Sports, Science and Technology (MEXT) has highlighted the strengthening of R&D support for medical and life science research, the promotion of cross-disciplinary basic research to create innovative seeds, and the enhancement of preparedness for infectious disease outbreaks. The Ministry of Health, Labour and Welfare (MHLW) has positioned the strengthening of the drug discovery ecosystem, the facilitation of new modalities, and the support for the practical application of promising seeds for pharmaceuticals and medical devices as priority initiatives. The Ministry of Economy, Trade and Industry (METI) has identified priority initiatives such as promoting domestic production of pharmaceuticals and regenerative medicine products, developing hubs and providing technical support for the bioindustry, and supporting the commercialization of bio-ventures. In addition, in Japan, efforts toward obtaining conditional and time-limited approvals for regenerative medicine products continued, and certain products moved into the phase of proceeding toward applications for full approval based on post-approval verification.

On the other hand, due to the increasing complexity of development and commercialization, the regenerative medicine and pharmaceutical industries still face numerous challenges, including issues related to safety and efficacy, the sophistication of quality control and manufacturing processes, securing specialized talent, establishing stable supply systems, and aligning pricing and reimbursement systems with healthcare finances.

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	Investigator	Area	Research	Pre-clinical	Phase 1	Phase 2	Phase 3	Status
Redasemtide (TRIM2)	(HMGB1 cell mobilization domain peptides)	Epidermolysis bullosa	Shionogi & Co., Ltd.	Japan				Add Phase2		2022.07 Additional Phase 2 Started 2024.02 Additional Phase2 FPI 2025.07 Additional Phase2 LPI
		Acute Ischemic Stroke	Shionogi & Co., Ltd.	Global				Phase2b		2023.03 Global Phase 2b Started 2025.04 Interim analysis and protocol amendment 2025.12 Global Phase 2b LPI
		Ischemic Cardiomyopathy	Osaka University	Japan				Phase2		2024.03 Phase2 Started 2024.12 Phase2 FPI
		Osteoarthritis of the knee	Hirosaki University	Japan				Phase2		2020.12 Phase2 Started 2023.03 Phase2 Ended
		Chronic liver disease	Nigata University	Japan				Phase2		2020.11 Phase2 Started 2023.05 Phase2 Ended
TRIM3	Novel Regeneration-Inducing peptide for Systemic administration	Not disclosed	In-house (partnership is planned)	—						Promoting out-licensing activities with multiple domestic and overseas companies
TRIM4	Novel Regeneration-Inducing peptide for Systemic administration	Not disclosed	In-house (partnership is planned)	—						Promoting out-licensing activities with multiple domestic and overseas companies
TRIM5	Novel Regeneration-Inducing peptide for Local administration	Not disclosed	In-house (partnership is planned)	—						Expanded experimental data on model animals
SR-GT1	Stem cell gene therapy	Epidermolysis bullosa	In-house (partnership is planned)	—						2024.12 AMED grant for Phase 1/2 preparation (Japan)

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, 2026, operating revenue was nothing (operating revenue was nothing in the same period of the previous year), operating loss was 992,917 thousand yen (operating loss of 1,066,080 thousand yen in the same period of the previous year), ordinary loss was 958,488 thousand yen (ordinary loss of 1,065,434 thousand yen in the same period of the previous year), and net loss was 928,638 thousand yen (net loss of 1,048,742 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 period of the fiscal year under review were 6,642,153 thousand yen, a decrease of 682,896 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 791,756 thousand yen in cash and cash deposits. Total non-current assets were 170,583 thousand yen, a decrease of 23,026 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 21,902 thousand yen in property, plant, and equipment. As a result, total assets amounted to 6,812,736 thousand yen, a decrease of 705,923 thousand yen from the end of the previous fiscal year.

Liabilities

Total current liabilities at the end of the semi-annual period of the fiscal year under review were 123,667 thousand yen, an increase of 35,782 thousand yen from the end of the previous fiscal year, mainly due to an increase of 32,846 thousand yen in advances received. Total non-current liabilities were 115,314 thousand yen, a decrease of 1,231 thousand yen from the end of the previous fiscal year, due to a decrease of 1,322 thousand yen in a in deferred tax liabilities. As a result, total liabilities amounted to 238,982 thousand yen, an increase of 34,551 thousand yen from the end of the previous fiscal year.

Net assets

Total net assets at the end of the semi-annual period of the fiscal year under review were 6,573,754 thousand yen, a decrease of 740,474 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 85,755 thousand-yen, capital surplus 9,710,630 thousand yen, and retained earnings (4,711,891) 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 4,452,836 thousand yen, a decrease of 2,541,756 thousand yen from the end of the previous fiscal year.

Cash flows from operating activities

Net cash used in operating activities was 789,495 thousand yen (outflow of 746,072 thousand yen in the same period of the previous fiscal year). This was mainly due to the recording of 928,146 thousand yen in net loss before income taxes, the recording of 22,069 thousand yen in recognition of interest income and dividend income, the recording of 135,871 thousand yen in stock-based compensation expenses, an increase of 73,295 thousand yen in prepaid expenses, and a decrease of 58,965 thousand yen in consumption taxes receivable.

Cash flows from investing activities

Net cash used in investing activities was 1,752,261 thousand yen (outflow of 43,238 thousand yen in the same period of the previous fiscal year). This was mainly due to expenditures of 5,110,000 thousand yen in payments into time deposits, and income of 3,360,000 thousand yen in proceeds from withdrawal of time deposits.

Cash flows from financing activities

There were no cash flows from financing activities. (inflow of 41,250 thousand yen in the same period of the previous fiscal year).

(4) Financial forecasts for the fiscal year ending July 31, 2026

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, 2026.

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, 2026. 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, 2026, 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. Semi-Annual Financial Statements and Primary Notes

(1) Semi-Annual Balance Sheets

(Thousands of yen)

	As of July 31, 2025	As of January 31, 2026
Assets		
Current assets		
Cash and deposits	6,994,592	6,202,836
Supplies	16,721	14,163
Prepaid expenses	199,827	356,546
Other	113,907	68,608
Total current assets	7,325,049	6,642,153
Non-current assets		
Property, plant, and equipment	180,229	158,326
Intangible assets	2,300	1,963
Investments and other assets	11,080	10,292
Total non-current assets	193,610	170,583
Total assets	7,518,659	6,812,736
Liabilities		
Current liabilities		
Accounts payable-other	28,211	26,503
Accrued expenses	24,614	33,725
Income taxes payable	3,630	1,815
Advances received	27,126	59,973
Deposits received	4,301	1,650
Total current liabilities	87,884	123,667
Non-current liabilities		
Asset retirement obligations	108,553	108,645
Deferred tax liabilities	7,992	6,669
Total non-current liabilities	116,545	115,314
Total liabilities	204,430	238,982
Net assets		
Shareholders' equity		
Capital stock	10,000	85,755
Capital surplus	9,634,875	9,710,630
Retained earning	(3,783,253)	(4,711,891)
Treasury shares	(118)	(118)
Total shareholders' equity	5,861,503	5,084,374
Stock acquisition rights	1,452,725	1,489,379
Total net assets	7,314,229	6,573,754
Total liabilities and net assets	7,518,659	6,812,736

(2) Semi-Annual Statements of Income

For the Six Months Ended January 31, 2026

(Thousands of yen)

	For the six months ended January 31, 2025	For the six months ended January 31, 2026
Operating revenue	—	—
Operating expenses		
Research and development expenses	739,576	748,507
Other selling, general and administrative expenses	326,504	244,410
Total operating expenses	1,066,080	992,917
Operating income or loss	(1,066,080)	(992,917)
Non-operating income		
Interest income	4	18,642
Dividend income	—	3,426
Foreign exchange gains	36	—
Gain on sale of goods	20	—
Subsidy income	—	12,133
Refund income	579	273
Other income	5	4
Total non-operating income	646	34,480
Non-operating expenses		
Foreign exchange loss	—	51
Total non-operating expenses	—	51
Ordinary income or loss	(1,065,434)	(958,488)
Extraordinary income		
Gain on sale of fixed assets	8	—
Gain on reversal of stock acquisition rights	18,570	30,342
Total extraordinary income	18,578	30,342
Extraordinary loss		
Loss on disposal of fixed assets	70	0
Total extraordinary loss	70	0
Income or Loss before income taxes	(1,046,926)	(928,146)
Income taxes - current	1,815	1,815
Corporate tax adjustments	—	(1,312)
Total income taxes	1,815	492
Net income or loss	(1,048,742)	(928,638)

(3) Semi-Annual Statements of Cash Flows

(Thousands of yen)

	For the six months ended January 31, 2025	For the six months ended January 31, 2026
Cash flows from operating activities		
Income (loss) before income taxes	(1,046,926)	(928,146)
Depreciation	22,642	24,500
Gain(loss)on sale of fixed assets	(8)	—
Loss on disposal of fixed assets	70	0
Interest and dividend income	(4)	(22,069)
Refund income	(579)	(273)
Subsidy income	—	(12,133)
Gain on reversal of share acquisition rights	(18,570)	(30,342)
Share-based compensation expenses	231,276	135,871
Decrease (increase) in supplies	5,718	2,558
Decrease (increase) in prepaid expenses	(100,454)	(73,295)
Decrease (increase) in consumption taxes refund receivable	131,393	58,965
Increase (decrease) in accounts payable - other	(7,471)	(1,708)
Increase (decrease) in accrued expenses	(2,702)	9,111
Increase (decrease) in deposits received	154	(2,651)
Increase (decrease) in income taxes payable – factor based tax	25,317	—
Other	17,119	(628)
Subtotal	(743,025)	(840,241)
Interest and dividends received	4	10,772
Income taxes refund	579	273
Subsidy received	—	44,980
Income taxes paid	(3,630)	(5,279)
Net cash provided by (used in) operating activities	(746,072)	(789,495)
Cash flows from investing activities		
Payments into time deposits	—	(5,110,000)
Proceeds from withdrawal of time deposits	—	3,360,000
Purchase of property, plant, and equipment	(43,032)	(2,261)
Sale of property, plant, and equipment	175	—
Payments for lease and guarantee deposits	(381)	—
Net cash provided by (used in) investing activities	(43,238)	(1,752,261)
Cash flows from financing activities		
Proceeds from issuance of shares	41,250	—
Net cash provided by (used in) financing activities	41,250	—
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(748,060)	(2,541,756)
Cash and cash equivalents at beginning of period	8,410,449	6,994,592
Cash and cash equivalents at end of period	7,662,388	4,452,836

(4) Notes to the Semi-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.