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 Three Months Ended October 31, 2023 [Japanese GAAP]

December 13, 2023

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 Three Months Ended October 31, 2023 (August 1,2023 to October 31, 2023)

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

	Operating revenue		Operating income		Ordinary income		Net income	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2023	—	—	(491)	—	(491)	—	(467)	—
October 31, 2022	—	—	(512)	—	(512)	—	(513)	—

	Earnings per share Basic	Earnings per share diluted
Three months ended	Yen	Yen
October 31, 2023	(7.66)	—
October 31, 2022	(8.62)	—

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 October 31, 2023	10,225	9,988	86.1
As of July 31, 2023	10,706	10,370	85.9

(Reference) Equity capital: As of October 31, 2023 8,800 Million yen
As of July 31, 2023 9,195 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, 2023	—	0.00	—	0.00	0.00
July 31, 2024	—				
July 31, 2024(forecast)		0.00	—	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, 2024 (August 1, 2023 to July 31, 2024)

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, 2024.

The Company will continue to research and develop of the “Regeneration-Inducing Medicine™” Redasemtide (a peptide medicine created from HMGB1; development code: PJ1) in the fiscal year ending July 31, 2024. 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, 2024, 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 October 31, 2023	61,021,800 shares
As of July 31, 2023	60,877,600 shares

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

As of October 31, 2023	121 shares
As of July 31, 2023	121 shares

(c) Average number of shares during the period

Three months ended October 31, 2023	60,972,883 shares
Three months ended October 31, 2022	59,560,279 shares

* Quarterly financial results reports are exempted from quarterly review conducted 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. 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 three months ended October 31, 2023 (August 1, 2023, to October 31, 2023), StemRIM Inc. (“Company”) continued to make progress in the research and development of “Regeneration-Inducing Medicine™” called Redasemtide (a peptide medicine created from HMGB1) for the launch of new trials.

In the regenerative medicine industry, which is the business domain of our company, social expectations and interest in regenerative medicine technology has been increasing, as the foundation for promoting the industrialization of regenerative medicine has been laid by the Act on Securing Safety of Regenerative Medicine and the revised Pharmaceutical Affairs Law enacted in November 2014, with continued approvals of several new regenerative medicine products. The market scale of regenerative medicine is expected to increase significantly, from 95 billion yen in Japan in 2020 to 2.5 trillion yen in 2050, and from 1 trillion yen worldwide in 2020 to 38 trillion yen in 2050. This shows a tremendous need for new medical treatments for diseases that are difficult to treat with conventional drugs or medical care. Under these circumstances, we believe that it is our social mission to deliver " Regeneration-Inducing Medicine™ " which realizes in vivo regeneration therapy by recruitment of patient's own mesenchymal stem cells (“MSCs”) without utilizing in vitro cultured cells, to patients around the world suffering from various diseases including Epidermolysis Bullosa (“EB”) and other intractable diseases.

In the current fiscal year, the progresses of research and development on Redasemtide for each target disease are, as follows.

PJ1-01 (for Dystrophic Epidermolysis Bullosa (“DEB”)): 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.

PJ1-02 (for Acute Ischemic Stroke(“AIS”)): Shionogi disclosed the trial data from the Phase 2 clinical trial in October 2022. This trial was a placebo-controlled, double-blind, randomized, controlled study to evaluate the efficacy and safety of Redasemtide in patients who have had AIS between 4.5 hours and 25 hours after the onset of cerebral infarction and were unable to undergo vascular recanalization (thrombolysis or thrombus retrieval). The results of evaluation of Modified Rankin Scale (“mRS”) after 90 days of drug administration showed that the percentage of patients who needed assistance (mRS≥3) on the day following completion of 5 days of treatment and who were no longer in need of assistance (mRS≤2) after 90 days of treatment was 34% (23/68) in the Redasemtide group compared to 18% (18/60) in the placebo group. The results suggest that Redasemtide is effective in patients with AIS. The social impact of improving the symptoms of AIS patients who require nursing care to a level where they no longer require assistance and can be socially independent is significant. Redasemtide is expected to improve the quality of life of patients with AIS.

Based on the positive results of the clinical trials, Shionogi has initiated global Phase 2b clinical trials for Redasemtide.

The trials began in Japan on April 10 and in the United States on April 28. In Europe, a Clinical Trial Application was submitted on March 31, and a clinical trial is scheduled to start soon. In addition, clinical trials are scheduled to be conducted in 20 countries around the world, including China. The clinical trial was originally planned as a global Phase 3 trial but has been changed to a global Phase 2b trial for the purpose of dose setting. Shionogi plans to transition to a global Phase 3 clinical trial for regulatory approval after obtaining optimal dosage information. They anticipate that the change in development plans will have minimal impact on the timing of the regulatory submission at this time.

In the treatment of AIS, thrombolytic therapy is available up to 4.5 hours after onset, and mechanical thrombus retrieval therapy is available up to 8 hours after onset. Both therapies have time limitations from onset to treatment, and this is an area in which adequate therapeutic effects have not been achieved. The option of treatment with Redasemtide, which is less time-constrained than these therapies, is expected to satisfy these unmet medical needs.

PJ1-03 (for Cardiomyopathy): Phase 2 investigator-initiated clinical trials are planned to be initiated at several sites, mainly Osaka University Hospital, during the first half of 2024. In joint research with the Department of Cardiovascular Surgery, Osaka University Graduate School of Medicine, the Company have demonstrated remarkable therapeutic effects and mechanisms of action in drug efficacy tests using animal models of myocardial infarction and various cardiomyopathies. Currently, preparations are underway at Osaka University for Phase 2 clinical trial. The results were reported at international conferences such as American Heart Association Scientific Sessions 2018. At the 18th Annual Meeting of the Japanese Society for Regenerative Medicine in March 2019, we reported successful observation of the accumulation of GFP (green fluorescent protein)-positive bone marrow-derived cells in myocardial infarction model animals treated with Redasemtide and their active migration around blood vessels. These results have been highly evaluated.

PJ1-04 (for Osteoarthritis of the Knee("OA")): In March 2023, the Company have 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. We plan to proceed with quantitative evaluation of the observation results confirmed by this arthroscope in the future.

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 8 million have subjective symptoms. The main cause of the disease is aging, and it occurs mostly in middle-aged people in their 40s 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.

PJ1-05 (for Chronic Liver Disease("CLD")): In April 2023, the Company have 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.

As for the projects to discover "new" Regeneration-Inducing Medicine™ other than Redasemtide, the Company have identified several new candidate compounds with remarkable activities through the multifaceted development of screening methods with continuing active R&D.

PJ5 (stem cell gene therapy) that the Company are developing in joint research with Osaka University is based on our own development technology that collects MSCs from the skin of patients with EB in a minimally invasive manner using a lentiviral vector. It is a radical EB treatment technology that efficiently introduces VII collagen genes into MSCs derived from the patient's skin and returns them to the patient's skin to enable a continuous supply of type VII collagen. EB model skin tissue was prepared using patient derived MSCs, and blisters were artificially formed by the aspiration method. We have confirmed that blisters do not form in skin tissue. In addition to pluripotency, MSCs have immunoregulatory functions and therapeutic effects on various diseases. A cure for the disease can be expected. Compared to transplantation of transgenic cells via epidermal sheets or intradermal administration, stem cell gene therapy, which is less burdensome for patients and shows high and long-lasting efficacy, is expected to be a curative treatment for DEB, for which no effective curative therapy currently exists.

From April 2022, the Company will participate as a joint research company in the 2022 "Research Project for Practical Use of Intractable Diseases" implemented by the Japan Agency for Medical Research and Development ("AMED"). In this AMED-approved research, we will realize a radical treatment for DEB by utilizing the abundant data and knowledge accumulated by our company in stem cell gene therapy research.

Under these circumstances, for the three months ended October 31, 2023, operating revenue was nothing (operating revenue was nothing in the same period of the previous year), operating loss was 491,517 thousand yen (operating loss of 512,755 thousand yen in the same period of the previous year), ordinary loss was 491,584 thousand yen (ordinary loss of 512,593 thousand yen in the same period of the previous year), and net loss was 467,145 thousand yen (net loss of 513,501 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 first quarter of the fiscal year under review were 9,976,561 thousand yen, a decrease of 463,845 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 430,394 thousand yen in cash and cash deposits. Total non-current assets were 248,725 thousand yen, a decrease of 17,350 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 10,864 thousand yen in property, plant, and equipment and a decrease of 6,992 thousand yen in investments and other assets. As a result, total assets amounted to 10,225,286 thousand yen, a decrease of 481,195 thousand yen from the end of the previous fiscal year.

Liabilities

Total current liabilities at the end of the first quarter of the fiscal year under review were 118,770 thousand yen, a decrease of 98,783 thousand yen from the end of the previous fiscal year, mainly due to a decrease of 117,680 thousand yen in other current liabilities. Total non-current liabilities were 118,511 thousand yen, an increase of 43 thousand yen from the end of the previous fiscal year, mainly due to an increase of 43 thousand yen in asset retirement obligations. As a result, total liabilities amounted to 237,281 thousand yen, a decrease of 98,740 thousand yen from the end of the previous fiscal year.

Net assets

Total net assets at the end of the first quarter of the fiscal year under review were 9,988,004 thousand yen, a decrease of 382,455 thousand yen from the end of the previous fiscal year. This was mainly due to the recording of 467,145 thousand yen in net loss, and an increase of 35,905 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.

(3) Financial forecasts for the fiscal year ending July 31, 2024

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, 2024.

The Company will continue to research and develop of the "Regeneration-Inducing Medicine™" Redasemtide (a peptide medicine created from HMGB1; development code: PJ1) in the fiscal year ending July 31, 2024. 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, 2024, is expected to be as follows.

・Forecast cash R&D expenses in the range of 1,200 million yen to 1,600 million yen.
・Forecast cash other selling, general and administrative expenses in the range of 230 million yen to 310 million yen.
・There is a possibility that upfront payments related to new partnerships.
・There is a possibility that milestone payments from existing partners for out-licensed pipelines.

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

2.Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheets

(Thousands of yen)

	As of July 31, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	10,217,764	9,787,370
Supplies	8,514	9,169
Prepaid expenses	207,536	144,335
Other	6,590	35,685
Total current assets	10,440,406	9,976,561
Non-current assets		
Property, plant, and equipment	226,995	216,130
Intangible assets	799	1,306
Investments and other assets	38,280	31,287
Total non-current assets	266,075	248,725
Total assets	10,706,482	10,225,286
Liabilities		
Current liabilities		
Accounts payable-other	65,481	91,338
Accrued expenses	22,107	22,545
Income taxes payable	3,630	907
Lease obligations	531	—
Deposits received	8,123	3,978
Other	117,680	—
Total current liabilities	217,554	118,770
Non-current liabilities		
Asset retirement obligations	108,206	108,249
Deferred tax liabilities	10,261	10,261
Total non-current liabilities	118,467	118,511
Total liabilities	336,022	237,281
Net assets		
Shareholders' equity		
Capital stock	15,752	51,657
Capital surplus	9,011,683	9,047,589
Retained earning	168,350	(298,794)
Treasury shares	(118)	(118)
Total shareholders' equity	9,195,668	8,800,333
Stock acquisition rights	1,174,791	1,187,671
Total net assets	10,370,460	9,988,004
Total liabilities and net assets	10,706,482	10,225,286

(2) Quarterly Statements of Income

For the Three Months Ended October 31, 2023

(Thousands of yen)

	For the three months ended October 31, 2022	For the three months ended October 31, 2023
Operating revenue	—	—
Operating expenses		
Research and development expenses	370,267	348,284
Other selling, general and administrative expenses	142,487	143,233
Total operating expenses	512,755	491,517
Operating income or loss	(512,755)	(491,517)
Non-operating income		
Interest and dividend income	0	0
Subsidy income	210	—
Total non-operating income	210	0
Non-operating expenses		
Interest expenses	22	1
Foreign exchange loss	—	66
Miscellaneous loss	26	—
Total non-operating expenses	48	67
Ordinary income or loss	(512,593)	(491,584)
Extraordinary income		
Gain on reversal of stock acquisition rights	—	25,346
Total extraordinary income	—	25,346
Income or Loss before income taxes	(512,593)	(466,238)
Income taxes - current	907	907
Total income taxes	907	907
Net income or loss	(513,501)	(467,145)

(3) Notes to the Quarterly 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.

(Significant Subsequent Events)

(Issuance of new shares as restricted stock compensation)

At a meeting of the Board of Directors held on November 8, 2023, the Company resolved to issue new shares of stock as a restricted stock compensation plan with a payment completion date of December 6, 2023. The outline is as follows.

1) Outline of the issuance

Payment date	December 6, 2023
Type and number of shares	433,000 shares of common stock
Issue Price	710 yen per share
Total amount of issued stocks	307,430,000 yen
Capitalized amount	355 yen per share
Allottees	Directors of the Company: 3 peoples 393,000 shares Auditors of the Company: 3 peoples 40,000 shares

2) Purpose of issuance of new shares as restricted stock compensation

The Company resolved at a meeting of the Board of Directors held on September 22, 2021, to introduce a stock-based compensation plan with restrictions on transfer that allocates shares with restrictions on transfer to the Company's directors (including outside directors) and corporate auditors. The purpose of issuance of new shares as restricted stock compensation is to promote the sustainable enhancement of the Company's corporate value over the medium to long term, to increase incentives for future increases in market capitalization, and to promote further value sharing with shareholders, including not only the benefits of rising stock prices but also the risks associated with falling stock prices. At the 16th Ordinary General Meeting of Shareholders of the Company held on October 27, 2021, a resolution was passed on the total amount of monetary remuneration claims to be paid as remuneration for the allotment of shares with transfer restrictions to the subject officers under this plan. It was decided at the meeting that the issue price of the restricted stock shall be up to 300 million yen per year for directors (including up to 60 million yen for outside directors) and up to 30 million yen per year for corporate auditors, the total number of shares of common stock to be issued up to 500 thousand shares per year for directors (including up to 100 thousand shares for outside directors) and up to 50 thousand shares per year for corporate auditors, the Company's board of directors shall determine the specific timing and distribution of the payment to each subject officer.

(Issuance of stock acquisition rights as stock options)

The Board of Directors of the Company resolved on December 13, 2023 to issue stock acquisition rights as stock options approved at the Annual General Meeting of Shareholders held on October 25, 2023. 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 15th stock options (a).
Allotment date	December 28, 2023
Classification and number of grantees	External collaborator 1
Total number of stock options	300 units
Amount to be paid upon issuance of stock acquisition rights	None
Type and number of shares	30,000 shares of common stock
Exercise price	The amount to be paid per share upon exercise of the stock acquisition rights shall be 1.025 times the closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange on the allotment date of the stock acquisition rights (or the closing price of the immediately preceding date if no trading is effected). Any fraction less than one yen shall be rounded up to the nearest one yen.
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 December 29, 2025 to December 28, 2032