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July 15, 2025

Non-consolidated Financial Results for the Three Months Ended May 31, 2025 [Japanese GAAP]

Company name: TMS Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4891
URL: https://www.tms-japan.co.jp/
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended May 31, 2025 (from March 1, 2025 to May 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	–	–	(274)	–	(285)	–	(286)	–
May 31, 2024	–	–	(223)	–	(223)	–	(247)	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2025	(6.75)	–
May 31, 2024	(6.15)	–

Note: Diluted earnings per share is not stated because, although potential shares existed, a basic loss per share was recorded.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2025	3,214	3,091	95.3
February 28, 2025	3,032	2,815	92.1

Reference: Equity
As of May 31, 2025 ¥3,061 million
As of February 28, 2025 ¥2,791 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2025	–				
Fiscal year ending December 31, 2025 (Forecast)		0.00	–	0.00	0.00

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

The current fiscal year is an irregular 10-month period, from March 1, 2025, to December 31, 2025.

3. Forecast of non-consolidated financial results for the fiscal year ending December 31, 2025 (from March 1, 2025 to December 31, 2025)

The forecast of non-consolidated financial results for the fiscal year ending December 31, 2025 has not been presented as it is difficult to reasonably calculate the forecast for financial results. For details concerning the reasons, business policy, estimated costs, etc. for the fiscal year ending December 31, 2025, please refer to "(3) Explanation of earnings forecasts and other forward-looking statements" under "1. Qualitative information regarding financial results for the three months ended May 31, 2025" on page 4 of the attached material.

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly financial statements: Yes

Note: For details, please refer to "Adoption of accounting treatment specific to the preparation of quarterly financial statements" under "(3) Notes to quarterly financial statements" of "2. Quarterly financial statements and significant notes thereto" on page 7 of the attached material.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2025	44,860,067 shares
As of February 28, 2025	40,330,067 shares

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

As of May 31, 2025	10 shares
As of February 28, 2025	10 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2025	42,402,122 shares
Three months ended May 31, 2024	40,304,357 shares

* Review of the Japanese-language originals of the attached quarterly financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual financial results may differ significantly from the forecasts for various reasons. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "(3) Explanation of earnings forecasts and other forward-looking statements" of "1. Qualitative information regarding financial results for the three months ended May 31, 2025" on page 4 of the attached material.

Attached Material

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1. Qualitative information regarding financial results for the three months ended May 31, 2025

(1) Explanation of operating results

During the first three months of this fiscal year (March 1, 2025 - May 31, 2025), the Company made steady progress in the development of its pipeline and worked to expand it using both internal and external sources. The Company's most advanced clinical-stage pipeline product, TMS-007 (JX10), has entered a global Phase 2/3 clinical trial, titled "ORION" (Optimizing Reperfusion to Improve Outcomes and Neurologic function), which is being conducted by CORXEL Pharmaceuticals Hong Kong Limited ("CORXEL"). In Japan, the Company submitted a Clinical Trial Notification as the trial sponsor. Another clinical-stage pipeline product, TMS-008, completed a data readout from the Phase 1 clinical trial in healthy volunteers. In view of this pipeline progress, the Company decided in March 2025 to conduct a financing through the issuance of share acquisition rights.

(i) TMS-007 (JX10)-related activities

TMS-007 (JX10), a small-molecule compound targeting acute ischemic stroke, was solely developed by the Company up to the Phase 2a clinical trial. It was subsequently assigned to CORXEL along with other SMTP compound families. Currently, a global Phase 2/3 study "ORION" is being led by CORXEL. The Company retains the exclusive rights to develop and commercialize TMS-007 in Japan, along with the rights to receive milestone payments and royalties associated with the development and commercialization of TMS-007 in all regions outside Japan through its agreement with CORXEL.

TMS-007 (JX10) has two mechanisms of actions: blood flow restoration through thrombolysis via conformational changes in plasminogen, and suppression of ischemia-reperfusion injury through inhibition of soluble epoxide hydrolase (sEH), which mediates anti-inflammatory effects. This dual mechanism makes TMS-007 a promising drug candidate capable of addressing both therapeutic strategies of blood flow restoration and ischemia-reperfusion injury suppression as a single-agent therapy. As a result, it may offer advantages over existing drugs such as t-PA and other candidate compounds.

In the Phase 2a clinical trial conducted by the Company in Japan, TMS-007 (JX10) demonstrated promising results. The only thrombolytic agent currently approved for the treatment of acute ischemic stroke, t-PA, is known to carry a risk of adverse effects such as promoting intracranial hemorrhage. Therefore, the use of t-PA is, in principle, limited to within 4.5 hours of symptom onset. In contrast, the Company's Phase 2a clinical trial of TMS-007 enrolled patients up to 12 hours after onset (with a mean of 9.5 hours in the TMS-007 group). The incidence of symptomatic intracranial hemorrhage accompanied by a worsening of 4 or more points on the National Institutes of Health Stroke Scale (NIHSS) in the placebo group was 2.6% (1/38), compared with 0% (0/52) in the TMS-007 group, suggesting a favorable safety profile. In terms of efficacy, TMS-007 also showed statistically significant improvement in the rate of patients achieving a score of 0 (no symptoms) or 1 (symptoms present but no significant disability) on the modified Rankin Scale (mRS), a measure of functional independence.

During the first three months of this fiscal year, the Company supported the global Phase 2/3 clinical trial "ORION" being led by CORXEL. In May 2025, the first patient was dosed in China (First Patient In; FPI). The study was registered on ClinicalTrials.gov, the clinical trial database in the United States, and the study design was made publicly available. Preparations for regulatory submissions and site activation are progressing in each participating country. In Japan, the Company submitted a Clinical Trial Notification to the Pharmaceuticals and Medical Devices Agency (PMDA) in April 2025 and is currently preparing clinical sites for patient enrollment.

A paper reporting the Phase 1 clinical trial of TMS-007 (JX10) published in the British Journal of Clinical Pharmacology in 2023, an internationally recognized journal in clinical pharmacology, was selected by Wiley, the publisher of the Journal, as a "Top Viewed Article" for 2023 in April 2025. In addition, the paper detailing the results of the Phase 2a clinical trial, published in November 2024 in Stroke, a journal published by the American Heart Association (AHA) and the American Stroke Association (ASA), was featured on Blogging Stroke, the journal's official outreach platform in May 2025.

(ii) JX09-related activities

JX09 is an oral, small-molecule aldosterone synthase inhibitor being developed for the treatment of patients with treatment-resistant or poorly controlled hypertension. For aldosterone synthase inhibitors, it is considered essential to selectively inhibit CYP11B2, the enzyme responsible for aldosterone synthesis,

without affecting CYP11B1, the structurally similar enzyme involved in cortisol synthesis. Given the high selectivity of JX09 for CYP11B2, it is considered to have the potential to become a best-in-class compound.

The Company has been granted the exclusive rights to develop and market JX09 in Japan from CORXEL. The Phase 1 clinical trial is currently being conducted by CORXEL in Australia. The Company considers playing a role in future global development with conducting clinical studies in Japan.

(iii) TMS-008-related activities

TMS-008, currently under development for the potential treatment of acute kidney injury (AKI) and cancer cachexia, is a compound that belongs to the SMTP family that exhibits anti-inflammatory effects by inhibiting sEH with little pro-thrombolytic activity. TMS-008 has the potential to treat a wide range of inflammatory diseases.

The exclusive worldwide rights for development, manufacturing, and commercialization have been granted by CORXEL for certain TMS-008 indications.

During the first three months of this fiscal year, the Company completed a data readout of the Phase 1 clinical trial in healthy volunteers, which had concluded dosing and observation in the previous fiscal year. In June 2025, after the end of the first quarter, the Clinical Study Report (CSR) was finalized, marking the completion of the Phase 1 clinical trial. The Company is currently preparing for the next-phase clinical trial.

(iv) TMS-010-related activities

TMS-010 is a drug candidate for the treatment of spinal cord injury, originally discovered by Hokkaido University. After entering into an option agreement in July 2022 to evaluate the asset, the Company concluded a license agreement with the university on July 3, 2024, and added the candidate to its pipeline as TMS-010. Under this license agreement, the Company has obtained exclusive worldwide rights for the development, manufacturing, and commercialization of TMS-010.

Spinal cord injury is a serious condition that can lead to motor and sensory paralysis, as well as bladder and bowel dysfunction. There are no effective drugs available to treat this condition. The candidate compound discovered at Hokkaido University is expected to offer neuroprotective effects by preventing the disruption of the blood-brain spinal cord barrier (BBSCB), thereby suppressing secondary injury to the spinal cord.

During the first three months of this fiscal year, the Company advanced the selection of a supplier for the active pharmaceutical ingredient (API), while also evaluating the formulation at GMP manufacturing level and conducting non-clinical studies required to initiate clinical trials. The Company is elaborating the clinical development plan in parallel.

(v) Pipeline expansion-related activities

During the first three months of this fiscal year, the Company has made substantial efforts in research and development to expand its pipeline through internal and external initiatives.

In terms of internal initiatives, the Company has continued efforts to discover novel sEH inhibitors by leveraging its accumulated knowledge and experience with sEH inhibition gained through the development of SMTP compounds. Multiple approaches were employed to identify novel candidate compounds, including the design of inhibitors through the use of AI for compound generation and the screening of natural product libraries. From these activities, the Company identified promising candidate compounds and evaluated the pharmacological activities and toxicities. The Company also explored the possibility of adding new indications for the development of TMS-008. Regarding external initiatives, the Company continued its efforts to identify and evaluate early-stage programs under development at academic institutions and drug discovery companies. In addition to TMS-010, mentioned in section (iv) above, the Company continued in-depth evaluations of another seed asset of Hokkaido University currently under an agreement for the exclusive evaluation.

As a result of these activities, operating expenses for the three months ended May 31, 2025 totaled ¥274,015 thousand, which included ¥171,841 thousand in research and development expenses, mainly for TMS-008, and ¥102,173 thousand in other selling, general and administrative expenses.

Based on these results, operating loss was ¥274,015 thousand (compared to operating loss of ¥223,250 thousand in the same period of the previous fiscal year), ordinary loss was ¥285,411 thousand (compared to ordinary loss of ¥223,808 thousand in the same period of the previous fiscal year), and net loss was ¥286,326 thousand (compared to net loss of ¥247,670 thousand in the same period of the previous fiscal year).

As the Company operates a single segment of drug development business, operating results by segment are omitted.

(2) Explanation of financial position

Assets

Total assets as of the end of the first quarter were ¥3,214,103 thousand, an increase of ¥181,833 thousand from the end of the previous fiscal year.

This was mainly due to an increase of ¥257,167 thousand in cash and deposits, which was a result of the exercise of share acquisition rights, despite payments for operating expenses, etc.

Liabilities

Total liabilities as of the end of the first quarter were ¥122,979 thousand, a decrease of ¥93,801 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥53,163 thousand in accounts payable - other, resulting from payments for expenses accrued in the previous fiscal year and a decrease of ¥44,223 thousand in accrued expenses, resulting from payments for research and development expenses that were recorded as accrued expenses.

Net assets

Net assets as of the end of the first quarter were ¥3,091,123 thousand, an increase of ¥275,635 thousand from the end of the previous fiscal year.

This was mainly due to an increase of ¥278,199 thousand each in share capital and legal capital surplus, resulting from the exercise of share acquisition rights, while net loss of ¥286,326 thousand was recorded.

(3) Explanation of earnings forecasts and other forward-looking statements

The Company's policy for future outlook is to postpone the disclosure of its earnings forecasts for the time being. It is difficult to carry out earnings forecasts right now, since the Company is presently at a stage of implementing upfront investment to advance research and development without having products brought to market, and its financial results are influenced significantly by milestone revenue and other external events. Once the Company is in the position of being able to forecast stable revenue from royalty and other recurrent revenue, it will disclose its earnings forecasts. The current fiscal year is a transitional period for the change in fiscal year-end, and the fiscal year ending December 31, 2025 is an irregular 10-month period.

In the fiscal year ending December 31, 2025, the Company will initiate the ORION clinical trial of TMS-007 (JX10) in Japan, and work toward the development progress of each pipeline product, including TMS-008. In addition, it will work to expand its pipeline by 1) searching for candidate compounds for sEH inhibitors, leveraging its drug discovery expertise, and 2) introducing early-stage programs from academia, research institutions, and biopharma companies.

In light of these factors, operating expenses for the fiscal year ending December 31, 2025 are expected to be as follows.

- Research and development expenses are expected to be in the range of ¥550 million to ¥800 million.
- Other selling, general and administrative expenses are expected to be in the range of ¥260 million to ¥350 million.

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of February 28, 2025	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	2,922,950	3,180,118
Supplies	405	123
Advance payments to suppliers	45,888	5,705
Prepaid expenses	13,061	24,982
Consumption taxes refund receivable	46,549	–
Other	240	–
Total current assets	3,029,096	3,210,930
Non-current assets		
Property, plant and equipment	0	0
Investments and other assets	3,172	3,172
Total non-current assets	3,172	3,172
Total assets	3,032,269	3,214,103
Liabilities		
Current liabilities		
Accounts payable - other	90,935	37,771
Accrued expenses	100,338	56,115
Income taxes payable	12,201	6,584
Provision for bonuses	4,200	16,800
Other	9,106	5,708
Total current liabilities	216,781	122,979
Total liabilities	216,781	122,979
Net assets		
Shareholders' equity		
Share capital	1,510,203	1,788,402
Capital surplus	2,686,346	2,964,545
Retained earnings	(1,404,655)	(1,690,982)
Treasury shares	(2)	(2)
Total shareholders' equity	2,791,891	3,061,963
Share acquisition rights	23,596	29,159
Total net assets	2,815,487	3,091,123
Total liabilities and net assets	3,032,269	3,214,103

(2) Quarterly statement of income

(Cumulative)

(Thousands of yen)

	Three months ended May 31, 2024	Three months ended May 31, 2025
Operating revenue	–	–
Operating expenses		
Research and development expenses	154,173	171,841
Other selling, general and administrative expenses	69,077	102,173
Total operating expenses	223,250	274,015
Operating loss	(223,250)	(274,015)
Non-operating income		
Interest on tax refund	27	14
Miscellaneous income	13	0
Foreign exchange gains	–	587
Total non-operating income	40	602
Non-operating expenses		
Share acquisition rights issuance costs	–	10,557
Share issuance costs	–	1,440
Foreign exchange losses	598	–
Total non-operating expenses	598	11,998
Ordinary loss	(223,808)	(285,411)
Extraordinary losses		
Impairment losses	23,624	677
Total extraordinary losses	23,624	677
Loss before income taxes	(247,433)	(286,088)
Income taxes	237	237
Net loss	(247,670)	(286,326)

(3) Notes to quarterly financial statements

Notes on premise of going concern

Not applicable.

Notes when there are significant changes in amounts of shareholders' equity

During the three months ended May 31, 2025, share capital and legal capital surplus each increased by ¥278,199 thousand due to the exercise of share acquisition rights, and as of the end of the first quarter, share capital amounted to ¥1,788,402 thousand and capital surplus amounted to ¥2,964,545 thousand.

Adoption of accounting treatment specific to the preparation of quarterly financial statements

Calculation of tax expenses

The Company calculates tax expenses by rationally estimating the effective tax rate after applying the tax effect on income before income taxes for the fiscal year including the first quarter of the year ending December 31, 2025, and multiplying income before income taxes by the estimated effective tax rate. However, in cases where the calculation of tax expenses using the estimated effective tax rate yields a result that is considered not to be reasonable to a significant extent, the effective statutory tax rate is used.

Notes on quarterly statement of cash flows

The Company has not prepared quarterly statement of cash flows for the three months ended May 31, 2025. The amounts of depreciation for the three months ended May 31, 2024 and 2025, are as follows:

(Thousands of yen)

	Three months ended May 31, 2024	Three months ended May 31, 2025
Depreciation	3,241	33

Notes on segment information

[Segment information]

I Three months ended May 31, 2024

Segment information is omitted as the Company operates a single segment of drug development business.

II Three months ended May 31, 2025

Segment information is omitted as the Company operates a single segment of drug development business.

Subsequent events

Capital increase through exercise of share acquisition rights

After the end of the first quarter up to June 30, 2025, some of the 10th share acquisition rights with moving strike warrant were exercised. An overview of the exercise of such share acquisition rights is as follows:

(1)	Class and number of shares issued	Common shares: 500,000 shares
(2)	Increased share capital	¥39,837 thousand
(3)	Increased legal capital surplus	¥39,837 thousand

As a result, as of June 30, 2025, the total number of issued common shares was 45,360,067 shares, share capital amounted to ¥1,828,240 thousand, and capital surplus amounted to ¥3,004,382 thousand.

Reduction of share capital and legal capital surplus and appropriation of surplus

At the 21st Annual General Meeting of Shareholders held on May 29, 2025, approval was obtained for the resolution concerning the reduction of share capital and capital surplus, as well as the appropriation of surplus, which became effective on July 15, 2025.

1. Purpose of reduction of share capital and legal capital surplus and appropriation of surplus

   The Company has recorded a loss of retained earnings brought forward of ¥1,404,655 thousand as of February 28, 2025. For the purpose of eliminating this loss carryforwards and reducing the tax burden, the Company reduces the amount of share capital and capital surplus pursuant to the provisions of Article 447, paragraph (1) and Article 448, paragraph (1) of the Companies Act, and appropriates surplus pursuant to the provisions of Article 452 of the Companies Act.

2. Details of the reduction in the amount of share capital and legal capital surplus

   (1) Amount of share capital and legal capital surplus to be reduced

Share capital	¥702,327 thousand
Legal capital surplus	¥702,327 thousand

   (2) Method of reducing the amount of share capital and legal capital surplus

   Only the amount of share capital and capital surplus is reduced without changing the total number of issued shares, and transferred to other capital surplus.

3. Details of appropriation of surplus

   The entire amount of other capital surplus of ¥1,404,655 thousand arising from the effectuation of the reduction of share capital and capital surplus is transferred to retained earnings brought forward to cover the loss.