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January 15, 2024

## Non-consolidated Financial Results for the Nine Months Ended November 30, 2023 [Japanese GAAP]

Company name: TMS Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 4891  
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Representative: Takuro Wakabayashi, Chief Executive Officer  
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Telephone: +81-42-307-7480  
Scheduled date to file quarterly securities report: January 15, 2024  
Scheduled date to commence dividend payments: –  
Preparation of supplementary material on quarterly financial results: None  
Holding of quarterly financial results briefing: None

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

### 1. Non-consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

#### (1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
November 30, 2023	–	–	(566)	–	(563)	–	(564)	–
November 30, 2022	–	–	(412)	–	(753)	–	(753)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
November 30, 2023	(15.42)	–
November 30, 2022	(22.67)	–

Notes: 1. The Company began disclosing the non-consolidated financial results for the first nine months of the fiscal year starting from the fiscal year ended February 28, 2023. Therefore, the year-on-year changes for the nine months ended November 30, 2022 are not shown.

2. 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	%
November 30, 2023	3,229	3,160	97.6
February 28, 2023	3,790	3,714	98.0

Reference: Equity  
As of November 30, 2023      ¥3,152 million  
As of February 28, 2023      ¥3,714 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending February 29, 2024	–	0.00	–		
Fiscal year ending February 29, 2024 (Forecast)				0.00	0.00

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

## 3. Forecast of non-consolidated financial results for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

The forecast of non-consolidated financial results for the fiscal year ending February 29, 2024 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 February 29, 2024, please refer to “(3) Explanation of earnings forecasts and other forward-looking statements” under “1. Qualitative information regarding financial results for the nine months ended November 30, 2023” on page 5 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 8 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 November 30, 2023	36,604,880 shares
As of February 28, 2023	36,574,880 shares

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

As of November 30, 2023	10 shares
As of February 28, 2023	– shares

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

Nine months ended November 30, 2023	36,587,203 shares
Nine months ended November 30, 2022	33,228,218 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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 nine months ended November 30, 2023” on page 5 of the attached material.

## Attached Material

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## 1. Qualitative information regarding financial results for the nine months ended November 30, 2023

### (1) Explanation of operating results

In the first nine months of this fiscal year (March 1, 2023 to November 30, 2023), the Japanese economy saw further normalization of economic activities with a recovery in consumer spending and inbound tourist demand. However, the outlook remains uncertain due to rising prices associated with surging resource and raw material prices caused by prolonged geopolitical risks and the Bank of Japan's monetary policy revisions, leading to an upward trend in inflation rates and long-term interest rates.

Under these circumstances, the Company vigorously conducted the business activities, aiming at developing unique drugs based on unconventional mechanisms and bringing them to the market.

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

Biogen MA Inc. ("Biogen") was developing TMS-007 (BIIB131) which they acquired from the Company in May 2021 for the indication of acute cerebral infarction. Biogen planned to initiate, late-stage Phase 2 clinical trials in the first half of 2023, however, they announced on April 25, 2023, in its first quarter 2023 earnings release, that the initiation of the Phase 2 clinical trial was suspended and the development plan of TMS-007 (BIIB131) would be reevaluated.

Subsequently, Biogen notified the Company that they considered transferring the option agreement between the Company and Biogen entered into in 2018 (the "Option Agreement") to Ji Xing Pharmaceuticals Hong Kong Limited ("JIXING HK"), a wholly owned subsidiary of Ji Xing Pharmaceuticals Limited (Cayman Islands) ("JIXING"). The transfer took place on January 11, 2024. Concurrently, the Company entered into discussions with JIXING and RTW Investments, LP ("RTW"), an investment company based in New York, USA, which owns more than 80% of JIXING's shares. The Company entered into a series of agreements including amendments to the Option Agreement entailing to form an alliance with JIXING and RTW as summarized below ("Alliance"):

#### [Details of the Alliance (Capital and Business Alliance)]

The Alliance consists of A) JIXING HK taking over the contractual position in the Option Agreement from Biogen with amendments of the terms thereof (including the Company's acquiring shares of JIXING), B) the Company acquiring the development and marketing rights from JIXING HK for a JIXING HK's pipeline product, JX09, in Japan at no cost, and C) a fund managed by RTW acquiring shares of the Company.

JX09 is an oral, novel, small molecule aldosterone synthesis inhibitor being developed by JIXING for the treatment of patients with treatment-resistant or uncontrolled hypertension and a Phase 1 clinical trial is expected to begin in the first half of 2024. JX09 has demonstrated excellent aldosterone reduction activity as well as a good safety profile in preclinical studies, suggesting a potential to become the best-in-class drug.

RTW is a leading global investor focused on the healthcare industry, with approximately US\$5.4 billion in assets under management as of September 30, 2023. RTW established JIXING in 2019, has led several subsequent rounds of additional investment, and currently owns over 80% of JIXING through the funds it manages.

#### A) Option Agreement

- JIXING HK shall take over the contractual position of the Option Agreement from Biogen and acquire the worldwide intellectual property rights of the SMTP compounds including TMS-007 and TMS-008.
- The Company shall acquire the rights to develop and market TMS-007 in Japan from JIXING HK at no cost. The Company shall also acquire the rights to develop and market the grant-back compounds, including TMS-008, for specific indications at no cost.
- The Company shall acquire JIXING common shares worth US\$5 million (equivalent to 0.87% equity interest in JIXING including dilutive shares) as an up-front transaction for TMS-007.
- The Company and JIXING HK shall establish a Joint Development and Commercialization Committee to regularly exchange information and hold discussions on the development of TMS-

007.

- The Company may receive the following considerations based on the progress of development and commercialization of TMS-007 by JIXING HK.
  - a. Development milestones up to a maximum total of US\$12.5 million
  - b. Sales milestones up to a maximum total of US\$355 million
  - c. Royalties based on a tiered rate in the high single digits to low teens on TMS-007 sales in territories excluding Japan

The specific development policy for TMS-007 shall be discussed at JIXING HK in the future.

- JIXING shall cover 75% of the development expenses in Japan incurred by the Company as part of the global development of TMS-007, up to a maximum of US\$10 million.

#### B) Free License for Development and Marketing Rights of JX09 in Japan

- The Company and JIXING have entered into a binding term sheet, according to which, the Company would obtain an exclusive, royalty-free license to develop JX09 in Japan from JIXING HK and JIXING shall cover 75% of the development expenses incurred by the Company in Japan as part of the global development of JX09, up to a maximum of US\$5 million.
- Discussions to finalize the details of a definitive agreement based on the above term sheet will continue.

#### C) Acquisition of the Company's shares by RTW

- The funds managed by RTW to which the shares will be allocated will acquire the shares issued by the Company at a price of ¥187 per share, for a total of ¥684 million. The share price was determined by the volume weighted average price ("VWAP") of the Company's common shares in regular trading during the last five trading days until January 10, 2024, the business day prior to the Board of Directors' resolution regarding the issuance of the shares.

#### (ii) TMS-008-related activities

TMS-008 is a drug candidate for the treatment of acute kidney injury and cancer cachexia. Progress was made in CMC (Chemistry, Manufacturing, and Control) and non-clinical GLP toxicology studies, preparing for a Phase 1 clinical trial. The manufacturing of the active pharmaceutical ingredient for clinical trials has been completed and the manufacturing of the formulation is in progress. The second preliminary meeting with the regulatory authorities (Pharmaceuticals and Medical Devices Agency (PMDA)) was held in November 2023, and the preparation for the face-to-face advice meeting after the third preliminary meeting is ongoing. As the preparation of the Phase 1 clinical trial implementation, the selection of a contract research organization (CRO), a clinical trial site, and a contract laboratory testing company were completed. The Japanese patent and the Chinese patent were granted in September 2023 and in December 2023, respectively; the patents are scheduled to be examined in major countries. The Company had obtained a license to use such patents from Biogen at no cost, and after JIXING HK took over the patents, the Company continues to be granted such license from JIXING HK at no cost.

We are currently evaluating manufacturing methods of TMS-009, which is positioned as a backup to TMS-008.

#### (iii) Pipeline expansion

The Company has made substantial efforts to expand its pipeline through internal and external initiatives. With regard to internal initiatives, the Company continued to search for novel soluble Epoxide Hydrolase (sEH) inhibitors, leveraging the Company's knowledge and experience on the enzyme accumulated through development of SMTP compounds (TMS-007 and TMS-008). To achieve this goal, the Company has been taking multiple approaches including optimization of AI-generated compounds and screening of a natural compound library.

With regard to external initiatives, the Company continued to search for and evaluate early-stage programs being developed in academic research institutions and biopharma companies. On May 8, 2023, we

concluded an option agreement with Hokkaido University for exclusive evaluation and licensing of a drug candidate substance, which has completed the first phase of the exclusive evaluation period and is now under the second phase of evaluation. Furthermore, for this drug candidate, we have concluded a three-way joint research agreement including Kanazawa University. With regard to another project pertaining to an option agreement with Hokkaido University in July 2022, the Company completed evaluation and advanced into a next step discussion with the university.

The Company established the Joint Research Chair at Tokyo University of Agriculture and Technology in April 2023 (see item (iv) below) to cultivate new pipeline candidates by leveraging the collaboration with the said university where the SMTP compounds were discovered and developed.

(iv) Reorganization of research and development structure to enhance activities

Effective on April 1, 2023, Keiji Hasumi, Ph.D., a co-founder of the Company, was assigned as a full-time Chief Scientific Officer, following his retirement from the professor position at Tokyo University of Agriculture and Technology on March 31, 2023. Dr. Hasumi leads the research activities in the Company. He continues to be the Board Member of the Company. Accordingly, the research and development activities of the Company are led by Dr. Hasumi, Chief Scientific Officer and Noriaki Inamura, Ph.D., Executive Vice President, Development, as summarized below.

In addition, in April 2023, the Joint Research Chair with Tokyo University of Agriculture and Technology sponsored by the Company was established in order to strengthen its research and development functions.

Name	Title	New field in charge	Old field in charge
Keiji Hasumi Ph.D.	Chief Scientific Officer	Research	-
Noriaki Inamura Ph.D.	Executive Vice President, Development	Development	Research and development

As a result of these activities, operating expenses for the nine months ended November 30, 2023 totaled ¥566,505 thousand, which included ¥364,393 thousand in research and development expenses, mainly development expenses for TMS-008, and ¥202,112 thousand in other selling, general and administrative expenses.

Based on these results, operating loss was ¥566,505 thousand (compared to operating loss of ¥412,616 thousand in the same period of the previous fiscal year), ordinary loss was ¥563,602 thousand (compared to ordinary loss of ¥753,942 thousand in the same period of the previous fiscal year), and net loss was ¥564,315 thousand (compared to net loss of ¥753,159 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 third quarter were ¥3,229,837 thousand, a decrease of ¥560,377 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥522,134 thousand in cash and deposits due to payments for operating expenses.

Liabilities

Total liabilities as of the end of the third quarter were ¥69,769 thousand, a decrease of ¥6,391 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥14,223 thousand in accounts payable - other due to payments for outsourcing expenses and a decrease of ¥13,674 thousand in income taxes payable due to payments for

enterprise taxes, despite an increase of ¥17,137 thousand in accrued expenses due to the recording of fee expenses.

#### Net assets

Net assets as of the end of the third quarter were ¥3,160,067 thousand, a decrease of ¥553,986 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of retained earnings, resulting from the recording of ¥564,315 thousand in net loss.

### (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.

In the fiscal year ending February 29, 2024, the Company will continue to develop 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 this, operating expenses for the fiscal year ending February 29, 2024 are expected to be as follows.

- Research and development expenses are expected to be in the range of ¥500 million to ¥800 million.
- Other selling, general and administrative expenses are expected to be in the range of ¥350 million to ¥450 million.



## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheet

(Thousands of yen)

	As of February 28, 2023	As of November 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,584,667	3,062,532
Supplies	223	-
Advance payments to suppliers	121,715	97,048
Prepaid expenses	12,970	18,216
Consumption taxes refund receivable	47,033	31,052
Other	36	350
<b>Total current assets</b>	<b>3,766,646</b>	<b>3,209,200</b>
Non-current assets		
Property, plant and equipment	12,142	10,850
Intangible assets	4,112	3,264
Investments and other assets	7,314	6,521
<b>Total non-current assets</b>	<b>23,568</b>	<b>20,636</b>
<b>Total assets</b>	<b>3,790,215</b>	<b>3,229,837</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	28,690	14,466
Accrued expenses	19,557	36,694
Income taxes payable	19,315	5,640
Provision for bonuses	2,447	10,072
Other	6,151	2,896
<b>Total current liabilities</b>	<b>76,161</b>	<b>69,769</b>
<b>Total liabilities</b>	<b>76,161</b>	<b>69,769</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,160,988	1,162,488
Capital surplus	2,337,131	2,338,631
Retained earnings	215,933	(348,381)
Treasury shares	-	(2)
<b>Total shareholders' equity</b>	<b>3,714,053</b>	<b>3,152,736</b>
Share acquisition rights	-	7,331
<b>Total net assets</b>	<b>3,714,053</b>	<b>3,160,067</b>
<b>Total liabilities and net assets</b>	<b>3,790,215</b>	<b>3,229,837</b>

(2) Quarterly statement of income  
(Cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Operating revenue	–	–
Operating expenses		
Research and development expenses	202,631	364,393
Other selling, general and administrative expenses	209,985	202,112
Total operating expenses	412,616	566,505
Operating loss	(412,616)	(566,505)
Non-operating income		
Subsidy income	–	3,202
Interest on tax refund	89	42
Other	–	83
Total non-operating income	89	3,328
Non-operating expenses		
Going public expenses	328,186	–
Share issuance costs	12,598	–
Foreign exchange losses	630	425
Total non-operating expenses	341,415	425
Ordinary loss	(753,942)	(563,602)
Loss before income taxes	(753,942)	(563,602)
Income taxes	(783)	712
Net loss	(753,159)	(564,315)

(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

Not applicable.

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 third quarter of the year ending February 29, 2024, 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.

Segment information

*[Segment information]*

I Nine months ended November 30, 2022

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

II Nine months ended November 30, 2023

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

## Subsequent events

### *Capital and Business Alliance and issuance of new shares through third-party allotment*

At a meeting of the Board of Directors held on January 11, 2024, the Company resolved to enter into a capital and business alliance (the “Capital and Business Alliance”) with Ji Xing Pharmaceuticals Limited (“JIXING”) and RTW Investments LP (headquartered in New York State in the United States; representative: Roderick Wong, Managing Partner; “RTW”), and to issue new shares through third-party allotment (the “Shares”) whose planned allottees are RTW Master Fund, Ltd., RTW Innovation Master Fund, Ltd. and RTW Biotech Opportunities Ltd. (the “Planned Allottee(s)”), which are funds managed by RTW.

The impact of these events on the financial results of the Company is currently being scrutinized.

## I. Overview of the Capital and Business Alliance

### 1. Reasons for the Capital and Business Alliance

The Company has focused its research and development on the small-molecule compound family collectively referred to as SMTP (Stachybotrys Microspora Triprenyl Phenol) with thrombolytic and anti-inflammatory activities. An SMPT called TMS-007 is an important part of the Company’s pipeline. TMS-007 has been developed as a drug treating acute cerebral infarction. In the Phase 2a clinical trial conducted by the Company in Japan it achieved outstanding outcomes for efficacy and safety, despite targeting patients up to 12 hours from onset, who are difficult to treat with existing drugs. In response to the results in the Phase 2a clinical trial, Biogen MA Inc. (headquartered in Massachusetts State in the United States; representative: Christopher A. Viehbacher, President and Chief Executive Officer; “Biogen”), with which the Company entered into an option agreement in relation to the SMTP compound in 2018 (the “Option Agreement”), exercised its option rights in May 2021 to acquire rights associated with the SMTP compound, and began preparations for the next clinical trial for TMS-007. However, due to a change in its strategy, Biogen made the decision to transfer its position in the Option Agreement to a third-party, for which it selected Ji Xing Pharmaceuticals Hong Kong Limited (headquartered in Hong Kong; representative: Yanping Mou, CEO; “JIXING HK”), which is a subsidiary of JIXING (headquartered in the Cayman Islands; representative: Yanping Mou, CEO), a biotechnology company that is based in China and active mainly in the cardiovascular and ophthalmologic fields. JIXING HK is wholly owned by JIXING, and thus in substance the two constitute a single organization.

The Company, in light of the matters provided below, and as a result of repeated negotiations with JIXING and RTW, elected to enter into the Capital and Business Alliance, which includes the amendments to the agreement. Firstly, the transfer reflects amendments to the Option Agreement requested by JIXING. JIXING was established by global investment company and life sciences specialist RTW, which holds more than 80% of JIXING through the funds it manages, it has excellent development capabilities and it is an ideal partner for the Company. Secondly, although development milestones have been reduced from a total of \$165 million to \$12.5 million, after taking into account the results of a valuation by a third-party organization that reflects the amendments to the agreement and incorporates the assumption that the Company will obtain the rights in Japan to conduct development and sales of TMS-007 and the new JX09 program, the Company has concluded that this sequence of transactions will result in an increase in expected returns that will exceed the reduction in development milestones, and based on the expected returns reverting to the Company will lead to an increase in corporate value that is greater than previously forecast. Thirdly, the Company is looking to realize a shorter timeline than the one required in a scenario in which the Company negotiates the return of the rights from Biogen and subsequently transfers them to a new partner. Fourthly, the Company sees this as a better alternative to the costs required for in-house research and development, etc. The Capital and Business Alliance includes an agreement for investments in the Company by the Planned Allottees, which are the funds managed by RTW. RTW has shown its interest in the Company’s pipeline, especially TMS-007. The Company believes that by becoming a shareholder of the Company, RTW will not only facilitate the acquisition of knowledge relevant to the global expansion of the Company’s products under the Option Agreement but also contribute to building and maintaining a cooperative relationship with JIXING in a sustainable way, which will become a long-term

partner for drug development, and also contribute to increases in the corporate value of the Company.

## 2. Details of the Capital and Business Alliance

The Capital and Business Alliance consists of (i) JIXING HK taking over the contractual position in the Option Agreement from Biogen with amendments of the terms thereof (including the Company's acquiring shares of JIXING), (ii) the Company acquiring the development and marketing rights from JIXING HK for a JIXING HK's pipeline product, JX09, in Japan at no cost, and (iii) a fund managed by RTW acquiring shares of the Company.

### (i) Option Agreement

- JIXING HK shall take over the contractual position of the Option Agreement from Biogen and acquire the worldwide intellectual property rights of the SMTP compounds including TMS-007 and TMS-008.
- The Company shall acquire the rights to develop and market TMS-007 in Japan from JIXING HK at no cost. The Company shall also acquire the rights to develop and market the grant-back compounds, including TMS-008, for specific indications at no cost.
- The Company shall acquire JIXING common shares worth US\$5 million (equivalent to 0.87% equity interest in JIXING including dilutive shares) as an up-front transaction for TMS-007.
- The Company and JIXING HK shall establish a Joint Development and Commercialization Committee to regularly exchange information and hold discussions on the development of TMS-007.
- The Company may receive the following considerations based on the progress of development and commercialization of TMS-007 by JIXING HK.
  - Development milestones up to a maximum total of US\$12.5 million
  - Sales milestones up to a maximum total of US\$355 million
  - Royalties based on a tiered rate in the high single digits to low teens on TMS-007 sales in territories excluding Japan

The specific development policy for TMS-007 shall be discussed at JIXING HK in the future.

- JIXING shall cover 75% of the development expenses in Japan incurred by the Company as part of the global development of TMS-007, up to a maximum of US\$10 million.

### (ii) Free License for Development and Marketing Rights of JX09 in Japan

- The Company and JIXING have entered into a binding term sheet, according to which, the Company would obtain an exclusive, royalty-free license to develop JX09 in Japan from JIXING HK and JIXING shall cover 75% of the development expenses incurred by the Company in Japan as part of the global development of JX09, up to a maximum of US\$5 million.
- Discussions to finalize the details of a definitive agreement based on the above term sheet will continue.
- JX09 is an oral, novel, small molecule aldosterone synthesis inhibitor being developed by JIXING for the treatment of patients with treatment-resistant or uncontrolled hypertension and a Phase 1 clinical trial is expected to begin in the first half of 2024. JX09 has demonstrated excellent aldosterone reduction activity as well as a good safety profile in preclinical studies, suggesting a potential to become the best-in-class drug.

### (iii) Acquisition of the Company's shares by RTW

- The allottees to be managed by RTW will acquire the shares issued by the Company at a price of ¥187 per share, for a total of ¥684 million. The share price was determined by the volume weighted average price ("VWAP") of the Company's common shares in regular trading during the last five trading days until January 10, 2024, the business day prior to the Board of Directors' resolution regarding the issuance of the shares.

- RTW established JIXING in 2019, has led several subsequent rounds of additional investment, and currently owns over 80% of JIXING through the funds it manages.
- RTW is a leading global investor focused on the healthcare industry, with approximately US\$5.4 billion in assets under management as of September 30, 2023.

## II. Issuance of new shares through third-party allotment

### 1. Overview of offering

(1) Payment date	January 31, 2024
(2) Number of new shares to be issued	3,659,487 common shares
(3) Issue price	¥187 per share
(4) Amount of funds to be procured (approximate net amount to be obtained)	¥674,324,069 (Note)
(5) Method of offering or allotment (Planned Allottees)	Shares shall be allotted by way of third-party allotment to each Planned Allottee as follows: RTW Master Fund, Ltd. 2,083,830 shares RTW Innovation Master Fund, Ltd. 1,524,886 shares RTW Biotech Opportunities Ltd 50,771 shares
(6) Other	Each of the above items shall be subject to the notification filed under the Financial Instruments and Exchange Act coming into effect.

Note: The amount of funds to be procured is the total amount to be paid in for the Shares, less the approximate cost of issuing the Shares.

### 2. Purpose and reasons for offering

Please refer to “I. Overview of the Capital and Business Alliance, 1. Reasons for the Capital and Business Alliance” and “I. Overview of the Capital and Business Alliance, 2. Details of the Capital and Business Alliance” above.