April 11, 2025

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2025 [Japanese GAAP]

Company name: TMS Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4891
URL: https://www.tms-japan.co.jp/
Representative: Takuro Wakabayashi, Chief Executive Officer
Inquiries: Go Ito, Chief Financial Officer
Telephone: +81-42-307-7480

Scheduled date of annual general meeting of shareholders: May 29, 2025
Scheduled date to commence dividend payments: –
Scheduled date to file annual securities report: May 30, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Non-consolidated financial results for the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	–	–	(907)	–	(633)	–	(660)	–
February 29, 2024	–	–	(943)	–	(943)	–	(960)	–

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	(16.38)	–	(21.2)	(19.2)	–
February 29, 2024	(26.02)	–	(26.8)	(25.7)	–

Reference: Share of income (loss) of entities accounted for using equity method
Fiscal year ended February 28, 2025 ¥– million
Fiscal year ended February 29, 2024 ¥– million

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	3,032	2,815	92.1	69.23
February 29, 2024	3,554	3,457	96.9	85.48

Reference: Equity
As of February 28, 2025 ¥2,791 million
As of February 29, 2024 ¥3,445 million

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	(493)	(30)	0	2,922
February 29, 2024	(822)	(3)	688	3,446

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 29, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended February 28, 2025	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

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 “(4) Future outlook” under “1. Overview of operating results” on page 5 of the attached material.

*** Notes**

(1) 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

(2) Number of issued shares (common shares)

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

As of February 28, 2025	40,330,067 shares
As of February 29, 2024	40,304,367 shares

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

As of February 28, 2025	10 shares
As of February 29, 2024	10 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 28, 2025	40,318,372 shares
Fiscal year ended February 29, 2024	36,896,144 shares

* These non-consolidated financial results are outside the scope of audit 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 "(4) Future outlook" of "1. Overview of operating results" on page 5 of the attached material.

Attached Material

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1. Overview of operating results

(1) Overview of operating results for the fiscal year ended February 28, 2025

In the previous fiscal year, TMS Co., Ltd. (the "Company") increased its clinical stage pipeline products from one to three. During the fiscal year under review (March 1, 2024 – February 28, 2025) the Company made steady progress in advancing its pipeline, and as a result of the efforts to expand the pipeline through both internal and external sources, successfully added one new preclinical stage asset. Additionally, with the increase of clinical-stage pipeline products, the Company enhanced its organizational capabilities by recruiting expert personnels in the areas of business development and clinical development. With regard to the development of existing pipeline products, CORXEL Pharmaceuticals Hong Kong Limited (formerly Ji Xing Pharmaceuticals Hong Kong Limited, hereinafter "CORXEL")* initiated a Phase 2/3 clinical trial for TMS-007 (JX10) in February 2025, and the Company is preparing to initiate the Japan cohort as part of the global registrational study. For TMS-008, the Company completed administration and observation for all participants in the Phase 1 clinical trial in December 2024 and reported topline results in April 2025. In March 2025, after the fiscal year under review, the Company strengthened its financial status to support the development of TMS-007 and other pipeline initiatives.

* Ji Xing Pharmaceuticals Hong Kong Limited changed its name to Corxel Pharmaceuticals Hong Kong Limited in November 2024.

A. Status of our pipeline products

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

TMS-007, a small-molecule compound targeting acute ischemic stroke, was solely developed by the Company up to the Phase 2a clinical trial. It was subsequently out-licensed along with other SMTP compound families. Currently, a global Phase 2/3 study "ORION" (Optimizing Reperfusion to Improve Outcomes and Neurologic Function) 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 upfront 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 combines two mechanisms of action: thrombolysis-mediated blood flow restoration through structural modification of plasminogen, and suppression of ischemia-reperfusion injury via anti-inflammatory effects driven by soluble epoxide hydrolase inhibition. 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 is considered to have potential advantages over existing drugs such as t-PA and candidate compounds.

TMS-007 has demonstrated a positive outcome in the Phase 2a clinical trial conducted by the Company in Japan in May 2021. The only existing thrombolytic agent currently approved for the treatment of acute stroke, t-PA, is known to increase the risk of bleeding, including intracranial bleeding. Due to the increased risk of bleeding, the use of t-PA is limited (in principle) to 4.5 hours after the onset of symptoms. In contrast, the risk of bleeding associated to TMS-007 is considered to be low, therefore, patients whose symptoms occurred within up to 12 hours were included (average 9.5 hours for the TMS-007 group) in the Phase 2a clinical trial. As a result, the incidence of symptomatic intracranial hemorrhage (sICH) with a worsening of 4 or more points on the National Institutes of Health Stroke Scale (NIHSS) was 2.6% (1/38) in the placebo group, compared to 0% (0/52) in the TMS-007 group, demonstrating the safety profile of TMS-007. Moreover, in terms of the outcome rate, TMS-007 demonstrated a statistically significant improvement in the rate of patients achieving a score of zero (no symptoms at all) or one (symptoms but no obvious disability) on the modified Rankin Scale (mRS), a scale used to assess the degree of independence in everyday life, thus achieving the gold standard endpoint for acute stroke.

In the fiscal year under review, the Company collaborated with CORXEL on the preparation of the next-phase clinical trial, "ORION," which is being conducted primarily by CORXEL. In February 2025, CORXEL announced the initiation of the Phase 2/3 trial and the Company is preparing to participate in the ORION trial as the Japanese partner.

As for intellectual properties related to SMTP compounds, the Company was granted a patent covering "an agent for treating or preventing cerebral hemorrhage and a method for treating or preventing cerebral hemorrhage using said agent" in Japan in May 2024. In the United States, the patent was granted earlier, in December 2023.

In connection with this, a research paper on the Phase 2a clinical trial of TMS-007 was published in November 2024 in Stroke, a peer-reviewed scientific journal published by the American Heart Association (AHA) and the American Stroke Association (ASA). In February 2025, CORXEL also presented TMS-007 (JX10) at the International Stroke Conference 2025 in Los Angeles.

(ii) JX09-related activities

JX09 is an oral, small-molecule aldosterone synthesis inhibitor intended for the treatment of patients with treatment-resistant or uncontrolled hypertension. As aldosterone synthesis inhibitors for hypertension treatment, it is considered important to selectively inhibit the aldosterone synthase CYP11B2 but not the closely related CYP11B1 (cortisol synthase). Given that JX09 has shown high selectivity to CYP11B2, it is considered to have the potential to be 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 is considering a role in future global trials by 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.

In the fiscal year under review, the Company initiated a first-in-human Phase 1 clinical trial to evaluate the safety, pharmacokinetics and pharmacodynamics of TMS-008 in healthy volunteers. The first dose was administered to a healthy adult male participant on June 19, 2024. By December 2024, the Company completed dosing and observation for all participants in the single ascending dose study with five cohorts. In March 2025 after the fiscal year under review, the Company completed analysis and evaluation and in April 2025, reported Phase 1 topline results. The Company has begun preparations for the next-phase clinical trial. The patent for the use of TMS-008 for the treatment of AKI was granted in the United States in November 2024, following its approval in Japan (October 2023) and China (December 2023).

(iv) TMS-010-related activities

TMS-010, targeting spinal cord injury, was added to our pipeline through a license agreement with Hokkaido University on July 3, 2024. This compound had been under evaluation since the Company entered into an option agreement with the university in July 2022. 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 disease that can lead to motor paralysis, sensory paralysis, and urinary and defecation disorders, and more importantly there are no effective drugs available to treat this condition. The candidate therapeutic compound discovered by Hokkaido University is expected to have neuroprotective effects by preventing the breakdown of the blood-brain spinal cord barrier (BBSCB), thereby inhibiting secondary damage to the spinal cord.

In the fiscal year under review, the Company prepared for non-clinical studies and GMP-grade manufacturing required to initiate clinical studies. The Company also is making progress on a clinical study plan.

(v) Pipeline expansion-related activities

In the fiscal year under review, the Company made substantial efforts in research and development to expand its pipeline through internal and external initiatives.

In terms of internal initiatives, the Company continued to search for novel sEH inhibitors by leveraging its expertise on the enzyme, accumulated through the development of SMTP compounds. To achieve this

goal, the Company employed multiple approaches, including the design of inhibitors through AI-driven compound generation and screening of natural compound libraries. From these activities, the Company discovered promising candidate compounds and proceeded to the preliminary pharmacological evaluation as well as preliminary toxicity testing. As a part of pipeline expansion, additional indications for which TMS-008 could be developed were identified and is being evaluated. Regarding external initiatives, the Company continued to search and evaluate early-stage programs being developed in academic research institutions and biopharma companies. In addition to TMS-010 mentioned in (iv) above, in depth evaluation of another seed derived from Hokkaido University is being conducted under an exclusive option agreement.

B. Enhancement of organizational capability

The Company is evolving as a clinical-stage pharmaceutical company, and to achieve further growth and to accelerate progress in the clinic, business development and strategic acquisitions of external innovations are required. To this end, the Company has strengthened its team by recruiting two highly experienced professionals with proven track records in clinical development and business development. The first new hire has extensive global clinical development experience, having served as head of R&D at a multinational pharmaceutical company, as well as experience in startups. The Company has also recruited a specialist with broad business development experience at major pharmaceutical companies and national institutions, who also has a strong global professional network.

As a result of these activities, operating expenses for the fiscal year ended February 28, 2025 totaled ¥907,791 thousand, which included ¥621,099 thousand in research and development expenses, mainly development expenses for TMS-008, and ¥286,692 thousand in other selling, general and administrative expenses. Operating expenses were lower than the forecast announced on April 12, 2024, mainly because the recording of clinical trial expenses for TMS-007 was changed to start in the following fiscal year, some of the clinical trial expenses and CMC-related expenses for TMS-008 were also shifted to the following fiscal year, and the expenses for searching for candidate compounds for new sEH inhibitors were controlled.

Based on these results, operating loss for the fiscal year ended February 28, 2025 was ¥907,791 thousand (compared to operating loss of ¥943,253 thousand in the previous fiscal year), ordinary loss was ¥633,026 thousand (compared to ordinary loss of ¥943,395 thousand in the previous fiscal year) due to the recording of ¥342,613 thousand in dividend income as non-operating income, and net loss was ¥660,548 thousand due to the recording of ¥26,572 thousand in impairment losses on non-current assets as extraordinary losses (compared to net loss of ¥960,040 thousand in the previous fiscal year).

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

(2) Overview of financial position for the fiscal year ended February 28, 2025

Assets

Total assets as of the end of the fiscal year ended February 28, 2025 were ¥3,032,269 thousand, a decrease of ¥522,485 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥523,679 thousand in cash and deposits, which was a result of payments for operating expenses such as research and development expenses, despite the receipt of dividend income from CORXEL.

Liabilities

Total liabilities as of the end of the fiscal year ended February 28, 2025 were ¥216,781 thousand, an increase of ¥119,092 thousand from the end of the previous fiscal year.

This was mainly due to an increase of ¥58,081 thousand in accounts payable - other due to the recording of license fees to the original right holders in connection with the receipt of dividend income from CORXEL, and an increase of ¥61,132 thousand in accrued expenses for contractors and others in line with an increase in clinical trial expenses for TMS-008, etc.

Net assets

Net assets as of the end of the fiscal year ended February 28, 2025 were ¥2,815,487 thousand, a decrease of ¥641,577 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of retained earnings brought forward, resulting from the recording of ¥660,548 thousand in net loss.

(3) Overview of cash flows for the fiscal year ended February 28, 2025

Cash and cash equivalents ("cash") as of the end of the fiscal year ended February 28, 2025 were ¥2,922,950 thousand, a decrease of ¥523,679 thousand from the end of the previous fiscal year. The respective cash flows for the fiscal year ended February 28, 2025 and factors thereof are as follows.

Cash flows from operating activities

Net cash used in operating activities totaled ¥493,756 thousand (compared to ¥822,814 thousand used in the previous fiscal year). This was mainly due to the recording of ¥659,598 thousand in loss before income taxes as a result of active investment in research and development, including the development of TMS-008, despite the receipt of dividend income from CORXEL.

Cash flows from investing activities

Net cash used in investing activities totaled ¥30,843 thousand (compared to ¥3,356 thousand used in the previous fiscal year). This was due to purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities totaled ¥919 thousand (compared to ¥688,133 thousand provided in the previous fiscal year). This was due to proceeds from the exercise of share acquisition rights.

(4) Future outlook

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.

As announced in the "Notice of Change in Fiscal Year End (Financial Year End)" released on February 28, 2025, the Company plans to change its fiscal year end from the last day of February to December 31, subject to approval of a proposal to change the fiscal year in the current Articles of Incorporation at the Annual General Meeting of Shareholders to be held on May 29, 2025.

Due to the change in the fiscal year end, the next fiscal year will be the fiscal year ending December 31, 2025, which is scheduled to have a ten-month accounting period from March 1, 2025 to December 31, 2025.

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 this, 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. Basic rationale for selection of accounting standards

As the Company does not prepare consolidated financial statements, it has prepared financial statements in accordance with Japanese GAAP, giving consideration to the burden of structural adjustments for preparing financial statements in accordance with the International Financial Reporting Standards (IFRS) and other factors.

3. Financial statements and significant notes thereto

(1) Balance sheet

(Thousands of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	3,446,630	2,922,950
Supplies	–	405
Advance payments to suppliers	32,658	45,888
Prepaid expenses	17,367	13,061
Consumption taxes refund receivable	54,925	46,549
Other	–	240
Total current assets	3,551,581	3,029,096
Non-current assets		
Property, plant and equipment		
Buildings	3,943	3,943
Tools, furniture and fixtures	64,825	94,848
Accumulated depreciation	(68,769)	(98,791)
Total property, plant and equipment	0	0
Investments and other assets		
Other	3,172	3,172
Total investments and other assets	3,172	3,172
Total non-current assets	3,172	3,172
Total assets	3,554,754	3,032,269
Liabilities		
Current liabilities		
Accounts payable - other	32,853	90,935
Accrued expenses	39,206	100,338
Income taxes payable	14,195	12,201
Provision for bonuses	2,956	4,200
Other	8,478	9,106
Total current liabilities	97,689	216,781
Total liabilities	97,689	216,781
Net assets		
Shareholders' equity		
Share capital	1,506,650	1,510,203
Capital surplus		
Legal capital surplus	1,756,149	1,759,702
Other capital surplus	926,643	926,643
Total capital surplus	2,682,793	2,686,346
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(744,106)	(1,404,655)
Total retained earnings	(744,106)	(1,404,655)
Treasury shares	(2)	(2)
Total shareholders' equity	3,445,335	2,791,891
Share acquisition rights	11,729	23,596
Total net assets	3,457,065	2,815,487
Total liabilities and net assets	3,554,754	3,032,269

(2) Statement of income

(Thousands of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Operating revenue	–	–
Operating expenses		
Research and development expenses	607,728	621,099
Other selling, general and administrative expenses	335,525	286,692
Total operating expenses	943,253	907,791
Operating loss	(943,253)	(907,791)
Non-operating income		
Dividend income	–	342,613
Subsidy income	3,202	–
Interest on tax refund	42	27
Other	83	14
Total non-operating income	3,328	342,654
Non-operating expenses		
Share issuance costs	3,187	–
License fees	–	67,862
Other	282	26
Total non-operating expenses	3,470	67,889
Ordinary loss	(943,395)	(633,026)
Extraordinary losses		
Impairment losses	15,694	26,572
Total extraordinary losses	15,694	26,572
Loss before income taxes	(959,090)	(659,598)
Income taxes - current	950	950
Income taxes - deferred	–	–
Total income taxes	950	950
Net loss	(960,040)	(660,548)

(3) Statement of changes in equity

Fiscal year ended February 29, 2024

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	1,160,988	1,410,487	926,643	2,337,131	–	215,933	215,933	–	3,714,053
Changes during period									
Issuance of new shares	345,662	345,662		345,662					691,324
Net loss						(960,040)	(960,040)		(960,040)
Purchase of treasury shares								(2)	(2)
Net changes in items other than shareholders' equity									
Total changes during period	345,662	345,662	–	345,662	–	(960,040)	(960,040)	(2)	(268,718)
Balance at end of period	1,506,650	1,756,149	926,643	2,682,793	–	(744,106)	(744,106)	(2)	3,445,335

	Share acquisition rights	Total net assets
Balance at beginning of period	–	3,714,053
Changes during period		
Issuance of new shares		691,324
Net loss		(960,040)
Purchase of treasury shares		(2)
Net changes in items other than shareholders' equity	11,729	11,729
Total changes during period	11,729	(256,988)
Balance at end of period	11,729	3,457,065

Fiscal year ended February 28, 2025

(Thousands of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,506,650	1,756,149	926,643	2,682,793	–	(744,106)	(744,106)	(2)	3,445,335
Changes during period									
Issuance of new shares	3,552	3,552		3,552					7,105
Net loss						(660,548)	(660,548)		(660,548)
Net changes in items other than shareholders' equity									–
Total changes during period	3,552	3,552	–	3,552	–	(660,548)	(660,548)	–	(653,443)
Balance at end of period	1,510,203	1,759,702	926,643	2,686,346	–	(1,404,655)	(1,404,655)	(2)	2,791,891

	Share acquisition rights	Total net assets
Balance at beginning of period	11,729	3,457,065
Changes during period		
Issuance of new shares		7,105
Net loss		(660,548)
Net changes in items other than shareholders' equity	11,866	11,866
Total changes during period	11,866	(641,577)
Balance at end of period	23,596	2,815,487

(4) Statement of cash flows

(Thousands of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities		
Loss before income taxes	(959,090)	(659,598)
Depreciation	6,950	3,709
Interest and dividend income	–	(342,613)
Impairment losses	15,694	26,572
Increase (decrease) in provision for bonuses	509	1,244
Share-based payment expenses	11,729	18,052
Subsidy income	(3,202)	–
Share issuance costs	3,187	–
Decrease (increase) in inventories	223	(405)
Decrease (increase) in advance payments to suppliers	89,056	(13,230)
Decrease (increase) in consumption taxes refund receivable	(7,892)	8,375
Increase (decrease) in accrued expenses	19,648	61,132
Increase (decrease) in accounts payable - other	4,213	58,642
Increase/decrease in other assets/liabilities	(6,095)	2,699
Subtotal	(825,066)	(835,419)
Interest and dividends received	–	342,613
Subsidies received	3,202	–
Income taxes paid	(950)	(950)
Net cash provided by (used in) operating activities	(822,814)	(493,756)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,356)	(30,843)
Net cash provided by (used in) investing activities	(3,356)	(30,843)
Cash flows from financing activities		
Proceeds from issuance of shares	681,136	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	7,000	919
Other, net	(2)	–
Net cash provided by (used in) financing activities	688,133	919
Net increase (decrease) in cash and cash equivalents	(138,037)	(523,679)
Cash and cash equivalents at beginning of period	3,584,667	3,446,630
Cash and cash equivalents at end of period	3,446,630	2,922,950

(5) Notes to financial statements

Notes on premise of going concern

Not applicable.

Income (loss) of entities accounted for using equity method

Not applicable.

Notes on segment information

[*Segment information*]

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

Per share information

(Yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net assets per share	85.48	69.23
Basic loss per share	(26.02)	(16.38)

Notes: 1. Diluted earnings per share is not stated because, although potential shares exist, a basic loss per share was recorded.

2. Basis for calculation of basic loss per share is as follows:

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net loss (Thousands of yen)	(960,040)	(660,548)
Value not attributable to shareholders of common shares (Thousands of yen)	–	–
Net loss related to common shares (Thousands of yen)	(960,040)	(660,548)
Average number of common shares outstanding during the period (Shares)	36,896,144	40,318,372
Overview of potential shares not included in the calculation of the diluted earnings per share because of the lack of dilution effects	5 types of share acquisition rights (Number of share acquisition rights: 55,773 units, potential shares: 2,331,780 shares)	6 types of share acquisition rights (Number of share acquisition rights: 55,806 units, potential shares: 2,344,080 shares)

3. Basis for calculation of net assets per share is as follows:

	As of February 29, 2024	As of February 28, 2025
Total net assets (Thousands of yen)	3,457,065	2,815,487
Amount deducted from total net assets (Thousands of yen)	11,729	23,596
[of which, share acquisition rights (Thousands of yen)]	[11,729]	[23,596]
Net assets related to common shares (Thousands of yen)	3,445,335	2,791,891
Number of common shares used to calculate net assets per share (Shares)	40,304,357	40,330,057

Subsequent events

Issuance of the 10th share acquisition rights (with moving strike warrant) by third-party allotment

The Company passed a resolution to conduct the issuance of the 10th share acquisition rights (with moving strike warrant) at its Board of Directors meeting held on March 14, 2025, and the Company completed the procedures for paying the total amount of the issue price of the share acquisition rights on March 31, 2025. The overview is as follows:

Allotment date	March 31, 2025
Number of share acquisition rights issued	80,000 units
Issue price	¥17 per unit of share acquisition rights (total amount: ¥1,360,000)
Number of potential shares due to this issuance	Number of potential shares: 8,000,000 shares (100 shares per unit of share acquisition rights) There is no maximum exercise price for the share acquisition rights. The minimum exercise price for the share acquisition rights is ¥100. Even at the minimum exercise price, the number of potential shares is 8,000,000 shares.
Amount of funds to be raised	¥1,521,360,000 (estimated net proceeds)
Exercise price and conditions for revision of exercise price	Initial exercise price: ¥192 The exercise price shall be revised to an amount equivalent to 96% of the closing price of the Company's common shares in regular trading on the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") on the trading day immediately preceding the effective date of each claim for the exercise of the share acquisition rights (yen calculated to the second decimal place and rounded up to the first decimal place). However, if, as a result of such calculation, the revised exercise price falls below the minimum exercise price, the minimum exercise price shall be the revised exercise price.
Method of offering or allotment.	The method of third-party allotment shall be used.
Exercise period	March 31, 2025 to March 31, 2028
Allottee	Growth Capital Inc.
Use of funds	Research and development expenses, including expenses for Phase 2/3 clinical trials of TMS-007 and development of TMS-008, and working capital
Others	After the notification filed under the Financial Instruments and Exchange Act became effective, the Company has entered into a third-party allotment agreement for the share acquisition rights (the "Third-Party Allotment Agreement") with the allottee. The following contents are set out in the Third-Party Allotment Agreement. • The Company shall implement restrictions on the exercise of the share acquisition rights in accordance with Rule 434, Paragraph 1 of the Securities Listing Regulations and Rule 436, Paragraphs 1 to 5 of the Enforcement Rules for Securities Listing Regulations set forth by the Tokyo Stock Exchange, as well as the Rules Concerning Handling of Allotment of New Shares to Third Party, etc. stipulated by the Japan Securities Dealers Association. • The transfer of the share acquisition rights requires the approval of the Company's Board of Directors. In addition to the above, the Third-Party Allotment Agreement includes the exercise commitment clause and the lock-up clause for the share acquisition rights. After the notification filed under the Financial Instruments and Exchange Act became effective, the Company has entered into a memorandum of understanding (the "Memorandum") with the allottee. The Memorandum stipulates clauses regarding the request for suspension of exercise.

Note: The amount of funds to be raised is calculated by taking the total amount of the payment for the share acquisition rights, adding the total value of the assets to be contributed when the share acquisition rights are exercised, and then subtracting the estimated amount of issuance expenses. The total value of the assets to be contributed upon the exercise of the share acquisition rights is the amount assuming that all of the share acquisition rights are exercised at the initial exercise price. If the exercise price of the share acquisition rights is revised or adjusted, the amount of funds to be raised will increase or decrease. If the share acquisition rights are not exercised within the exercise period or if the share acquisition rights acquired by the Company are canceled, the amount of funds to be raised will decrease.

Exercise of the 10th share acquisition rights

From April 1, 2025 to April 10, 2025, Growth Capital Inc. exercised a portion of the 10th share acquisition rights (with moving strike warrant) it holds. An overview of the exercise of such share acquisition rights is as follows:

1.	Number of share acquisition rights exercised	32,300 units
2.	Class and number of shares issued	Common shares: 3,230,000 shares
3.	Total amount of exercise price	¥373,308 thousand
4.	Increase in share capital	¥186,928 thousand
5.	Increase in legal capital surplus	¥186,928 thousand

Note: The amounts in "4. Increase in share capital" and "5. Increase in legal capital surplus" each include a transferred amount of ¥274 thousand for the share acquisition rights. As a result of the issuance of new shares due to the above exercise of share acquisition rights, share capital was ¥1,697,132 thousand and legal capital surplus was ¥1,946,631 thousand as of April 10, 2025.