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NEWS RELEASE

Company name: TMS Co., Ltd.
Name of representative: Takuro Wakabayashi, Chief Executive Officer
(Securities code: 4891; Growth Market)

TMS Enters into Exclusive License Agreement with Hokkaido University to In-License Novel Therapeutic Candidate for Spinal Cord Injury

TMS Co., Ltd. (the "Company") is pleased to announce that it has entered into an exclusive worldwide license agreement (the "Agreement") with Hokkaido University (Location: Sapporo, Hokkaido; President: Kiyohiro Houkin; "Hokkaido University"), a national university corporation, concerning a therapeutic candidate for the treatment of spinal cord injury (the "Substance").

As part of its efforts to expand the pipeline, the Company has been searching for external innovations mainly from academia. In July 2022, the Company entered into an option agreement with Hokkaido University with regard to the Substance, which was identified in the course of such search, and has been evaluating the Substance on various aspects such as efficacy, safety, and marketability. As a result, the Company exercised the option and decided to develop the Substance, now named TMS-010, as a candidate for spinal cord injury therapeutics.

1. About Spinal Cord Injury

The spinal cord is like a thick bundle of nerves that transmits signals, such as those for moving limbs and feeling pain and numbness, from the brain to the thin peripheral nerves. When the spine column is broken or misaligned due to strong external force, spinal cord could be damaged*¹ which can lead to impairments such as motor paralysis, sensory paralysis, and excretory disorders. Spinal cord injury is a serious disease for which there is still no effective drug approved, although it occurs in approximately 5,000 patients per year in Japan*² and 180,000 patients per year worldwide*³. Currently, intravenous steroid is approved as the standard of care, but its effectiveness is limited, and new therapeutic agents are desired.

2. About TMS-010

TMS-010 is a candidate compound for the treatment of spinal cord injury, identified at Hokkaido University. By preventing the disruption of the blood-brain spinal cord barrier (BBSCB), TMS-010 is expected to have a neuroprotective effect, ameliorating secondary damage to the spinal cord. The efficacy of the Substance in animal experiments has been confirmed in various experiments, both by Hokkaido University and the Company.

3. Outline of the Agreement

Under the terms of the Agreement, the Company will acquire exclusive rights to develop, manufacture, use, and sell the Substance worldwide, including in Japan. The Company will pay an upfront payment and annual minimum fees, as well as milestone payments depending on development and regulatory status, to Hokkaido University. The total amount of such payment can be, at maximum, approximately 30% of the Company's expected annual R&D budget for the fiscal year ending Feb 2025. In addition, the Company may pay royalties to Hokkaido University depending on future sales of the Substance.

4. Future Outlook

The impact of this matter on our current fiscal year's financial results is expected to be immaterial. The upfront payment and the annual fee for the current fiscal year are included in the estimated operating expenses for the fiscal year ending February 28, 2025, as announced on April 12, 2024.

If there are any matters that should be announced in the future, we will promptly announce them.

Source

※1 Neurospinal Society of Japan (<https://www.neurospine.jp/original62.html>) (In Japanese)

※2 Miyakoshi, N, *et al.* A nationwide survey on the incidence and characteristics of traumatic spinal cord injury in Japan in 2018. *Spinal Cord* **59**(6), 626-634 (2021)

※3 Lee, BB. *et al.* The global map for traumatic spinal cord injury epidemiology: update 2011, global incidence rate. *Spinal Cord* **52**(2), 110-116 (2014)

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