October 15, 2025

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

Company name: TMS Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4891
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Scheduled date to file semi-annual securities report: October 15, 2025
Scheduled date to commence dividend payments: –
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 six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	–	–	(471)	–	(484)	–	(487)	–
August 31, 2024	–	–	(452)	–	(451)	–	(477)	–

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2025	(11.11)	–
August 31, 2024	(11.85)	–

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	%
August 31, 2025	3,122	2,992	94.9
February 28, 2025	3,032	2,815	92.1

Reference: Equity
As of August 31, 2025 ¥2,963 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	–	0.00			
Fiscal year ending December 31, 2025 (Forecast)			–	0.00	0.00

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

The fiscal year ending December 31, 2025 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 six months ended August 31, 2025” on page 5 of the attached material.

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of semi-annual financial statements: Yes

Note: For details, please refer to "Adoption of accounting treatment specific to the preparation of semi-annual financial statements" under "(4) Notes to semi-annual financial statements" of "2. Semi-annual financial statements and significant notes thereto" on page 9 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 August 31, 2025	45,485,767 shares
As of February 28, 2025	40,330,067 shares

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

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

(iii) Average number of shares outstanding during the period (six months ended August 31)

Six months ended August 31, 2025	43,887,472 shares
Six months ended August 31, 2024	40,307,046 shares

* Semi-annual financial results reports are exempt from 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 six months ended August 31, 2025" on page 5 of the attached material.

Attached Material

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1. Qualitative information regarding financial results for the six months ended August 31, 2025

(1) Explanation of operating results

During the first six months of this fiscal year (March 1, 2025 to August 31, 2025), the Company worked to make steady progress in the development of its pipeline and expand it using both internal and external sources. The Company's most advanced clinical-stage pipeline product, TMS-007 (JX10), 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 May 2025, the first patient was dosed (First Patient In: FPI) in this global trial. In Japan, the Company submitted a Clinical Trial Plan Notification as the trial sponsor and registered the study in the Japan Registry of Clinical Trials (jRCT). Another clinical-stage pipeline product, TMS-008, completed the Phase 1 clinical trial.

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

TMS-007 (JX10), a small-molecule compound targeting acute ischemic strokes, was solely developed by the Company up to the Phase 2a clinical trial. It was derived along with other SMTP compound families. Currently, a global Phase 2/3 clinical trial 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 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 (JX10) has two mechanisms of action: 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 favorable 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. Because of the hemorrhagic risk, 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) was 2.6% (1/38) in the placebo group, 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 six months ended August 31, 2025, 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. 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 patient enrollments are progressing in each participating country. In Japan, the Company submitted a Clinical Trial Plan Notification to the Pharmaceuticals and Medical Devices Agency (PMDA) in April 2025, and registered the study in the Japan Registry of Clinical Trials (jRCT) in August 2025, and prepared for patient dosing.

In addition, the paper reporting the results of the Phase 1 clinical trial of TMS-007 (JX10), published in 2023 in the *British Journal of Clinical Pharmacology*, an internationally recognized journal in clinical pharmacology, was selected by Wiley, the publisher of the journal, as a "Top Viewed Article" in April 2025. Furthermore, 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) TMS-008 related activities

TMS-008 is one of the SMTP family compounds that exhibits anti-inflammatory effects by inhibiting sEH with little thrombolytic activity, and is being developed for acute kidney injury and cancer cachexia. 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 six months ended August 31, 2025, the Company conducted a data readout of the Phase 1 clinical trial in healthy volunteers in April 2025, and finalized the Clinical Study Report (CSR) in June 2025, thereby completing the Phase 1 clinical trial. The Company is currently preparing for the next-phase clinical trial.

(iii) JX09-related activities

JX09 is an oral, small-molecule aldosterone synthesis inhibitor indicated 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 that JX09 has demonstrated high selectivity 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 is considering to take a role in future global trials by conducting clinical studies in Japan.

(iv) TMS-010-related activities

TMS-010 is a drug candidate targeting spinal cord injury, originally discovered by Hokkaido University. After entering into an option agreement in July 2022 with Hokkaido University 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 disease that can lead to motor paralysis, sensory paralysis, and urinary and defecation disorders, and importantly there are yet 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 suppressing secondary damage to the spinal cord.

During the first six 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 the GMP manufacturing level and conducting non-clinical studies required to initiate clinical trials. The Company is elaborating the clinical trial plan in parallel.

(v) Pipeline expansion-related activities

During the six months ended August 31, 2025, 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 discovered promising candidate compounds and proceeded with pharmacological and efficacy evaluations as well as toxicity testing. 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 from multiple perspectives of another seed asset currently under exclusive evaluation with Hokkaido University.

As a result of these activities, operating expenses for the six months ended August 31, 2025 totaled ¥471,934 thousand, which included ¥298,666 thousand in research and development expenses, mainly for TMS-007 and TMS-008, and ¥173,267 thousand in other selling, general and administrative expenses.

Based on these results, operating loss was ¥471,934 thousand (compared to operating loss of ¥452,240 thousand in the same period of the previous fiscal year), ordinary loss was ¥484,716 thousand (compared to ordinary loss of ¥451,834 thousand in the same period of the previous fiscal year), and net loss was ¥487,473 thousand (compared to net loss of ¥477,820 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

(i) Assets, liabilities and net assets

Assets

Total assets as of August 31, 2025 were ¥3,122,129 thousand, an increase of ¥89,859 thousand from the end of the previous fiscal year.

This was mainly due to an increase of ¥161,646 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 August 31, 2025 were ¥130,027 thousand, a decrease of ¥86,753 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥78,723 thousand in accounts payable - other, resulting from payments for expenses accrued in the previous fiscal year.

Net assets

Net assets as of August 31, 2025 were ¥2,992,101 thousand, an increase of ¥176,613 thousand from the end of the previous fiscal year.

This was mainly due to an increase of ¥329,735 thousand each in share capital and legal capital surplus, resulting from the exercise of share acquisition rights, while net loss of ¥487,473 thousand was recorded.

In July 2025, the Company reduced share capital and legal capital surplus by ¥702,327 thousand and ¥702,327 thousand, respectively, and transferred the same amount to other capital surplus, and transferred the said other capital surplus of ¥1,404,655 thousand to retained earnings brought forward to cover the loss.

As a result, as of August 31, 2025, share capital amounted to ¥1,137,611 thousand, capital surplus amounted to ¥2,313,754 thousand, and retained earnings amounted to negative ¥487,473 thousand.

(ii) Cash flows

Cash and cash equivalents (“cash”) as of August 31, 2025 were ¥3,084,596 thousand, an increase of ¥161,646 thousand from the end of the previous fiscal year. The status of cash flows for the six months ended August 31, 2025 is as follows.

Cash flows from operating activities

Net cash used in operating activities for the six months ended August 31, 2025 totaled ¥476,386 thousand (compared to ¥409,597 thousand used in the same period of the previous fiscal year). This was mainly due to the recording of loss before income taxes.

Cash flows from investing activities

Net cash used in investing activities for the six months ended August 31, 2025 totaled ¥2,544 thousand (compared to ¥29,172 thousand used in the same period of 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 for the six months ended August 31, 2025 totaled ¥640,576 thousand (compared to ¥918 thousand provided in the same period of the previous fiscal year). This was mainly due to proceeds from issuance of shares resulting from exercise of share acquisition rights.

(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 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. Semi-annual financial statements and significant notes thereto

(1) Semi-annual balance sheet

(Thousands of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	2,922,950	3,084,596
Supplies	405	123
Advance payments to suppliers	45,888	6,193
Prepaid expenses	13,061	28,042
Consumption taxes refund receivable	46,549	–
Other	240	–
Total current assets	3,029,096	3,118,956
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	3,122,129
Liabilities		
Current liabilities		
Accounts payable - other	90,935	12,211
Accrued expenses	100,338	90,780
Income taxes payable	12,201	9,751
Provision for bonuses	4,200	3,705
Other	9,106	13,578
Total current liabilities	216,781	130,027
Total liabilities	216,781	130,027
Net assets		
Shareholders' equity		
Share capital	1,510,203	1,137,611
Capital surplus	2,686,346	2,313,754
Retained earnings	(1,404,655)	(487,473)
Treasury shares	(2)	(2)
Total shareholders' equity	2,791,891	2,963,890
Share acquisition rights	23,596	28,211
Total net assets	2,815,487	2,992,101
Total liabilities and net assets	3,032,269	3,122,129

(2) Semi-annual statement of income

(Thousands of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Operating revenue	–	–
Operating expenses		
Research and development expenses	314,515	298,666
Other selling, general and administrative expenses	137,724	173,267
Total operating expenses	452,240	471,934
Operating loss	(452,240)	(471,934)
Non-operating income		
Interest on tax refund	27	14
Foreign exchange gains	365	295
Other	13	0
Total non-operating income	406	309
Non-operating expenses		
Share issuance costs	–	2,534
Share acquisition rights issuance costs	–	10,557
Total non-operating expenses	–	13,091
Ordinary loss	(451,834)	(484,716)
Extraordinary losses		
Impairment losses	25,511	2,282
Total extraordinary losses	25,511	2,282
Loss before income taxes	(477,345)	(486,998)
Income taxes	475	475
Net loss	(477,820)	(487,473)

(3) Semi-annual statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Cash flows from operating activities		
Loss before income taxes	(477,345)	(486,998)
Depreciation	3,475	262
Impairment losses	25,511	2,282
Increase (decrease) in provision for bonuses	670	(495)
Share-based payment expenses	8,104	10,418
Share issuance costs	–	2,534
Issuance cost of share acquisition rights	–	10,557
Decrease (increase) in inventories	(104)	281
Decrease (increase) in advance payments to suppliers	5,368	39,695
Decrease (increase) in consumption taxes refund receivable	27,250	46,549
Increase (decrease) in accrued expenses	18,954	(9,557)
Increase (decrease) in accounts payable - other	(17,591)	(11,550)
Increase/decrease in other assets/liabilities	(2,940)	(12,242)
Subtotal	(408,647)	(408,262)
Payment of license fees	–	(67,173)
Income taxes paid	(950)	(950)
Net cash provided by (used in) operating activities	(409,597)	(476,386)
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,172)	(2,544)
Net cash provided by (used in) investing activities	(29,172)	(2,544)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	918	649,774
Payments for issuance of share acquisition rights	–	(9,197)
Net cash provided by (used in) financing activities	918	640,576
Net increase (decrease) in cash and cash equivalents	(437,851)	161,646
Cash and cash equivalents at beginning of period	3,446,630	2,922,950
Cash and cash equivalents at end of period	3,008,779	3,084,596

(4) Notes to semi-annual financial statements

Notes on premise of going concern

Not applicable.

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

During the six months ended August 31, 2025, share capital and legal capital surplus increased by ¥329,735 thousand each due to the exercise of share acquisition rights, and due to the reduction of share capital and legal capital surplus and appropriation of surplus effective July 15, 2025, share capital and legal capital surplus decreased by ¥702,327 thousand each while retained earnings brought forward increased by ¥1,404,655 thousand.

As a result, as of August 31, 2025, share capital amounted to ¥1,137,611 thousand, capital surplus amounted to ¥2,313,754 thousand, and retained earnings amounted to negative ¥487,473 thousand.

Adoption of accounting treatment specific to the preparation of semi-annual 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 six months ended August 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 segment information

[Segment information]

I Six months ended August 31, 2024

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

II Six months ended August 31, 2025

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