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May 15, 2026

Non-consolidated Financial Results for the Three Months Ended March 31, 2026 [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 to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

1. Non-consolidated financial results for the three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	–	–	(203)	–	(203)	–	(204)	–
May 31, 2025	–	–	(274)	–	(285)	–	(286)	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2026	(4.49)	–
May 31, 2025	(6.75)	–

Notes: 1. The Company has changed its fiscal year-end from the last day of February to December 31, effective from the previous fiscal year. Consequently, the period covered by the first three months of this fiscal year (January 1, 2026, to March 31, 2026) differs from that of the first three months of the previous fiscal year (March 1, 2025, to May 31, 2025). Therefore, the year-on-year changes 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	%
March 31, 2026	2,664	2,580	95.3
December 31, 2025	2,865	2,771	95.5

Reference: Equity
As of March 31, 2026 ¥2,538 million
As of December 31, 2025 ¥2,735 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 December 31, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2026	–				
Fiscal year ending December 31, 2026 (Forecast)		0.00	–	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 December 31, 2026 (from January 1, 2026 to December 31, 2026)

The forecast of non-consolidated financial results for the fiscal year ending December 31, 2026 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, 2026, please refer to "(3) Explanation of Earnings Forecasts and Other Forward-Looking Statements" under "1. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2026" on page 4 of the attached material.

*** Notes**

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

Note: For details, please refer to "Adoption of Accounting Treatment Specific to the Preparation of Quarterly Financial Statements" under "(3) Notes to Quarterly Financial Statements" of "2. Quarterly Financial Statements and Significant Notes Thereto" on page 7 of the attached material.

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2026	45,565,767 shares
As of December 31, 2025	45,485,767 shares

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

As of March 31, 2026	10 shares
As of December 31, 2025	10 shares

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

Three months ended March 31, 2026	45,486,646 shares
Three months ended May 31, 2025	42,402,122 shares

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

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual financial results may differ significantly from the forecasts for various reasons. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "(3) Explanation of Earnings Forecasts and Other Forward-Looking Statements" of "1. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2026" on page 4 of the attached material.

Attached Material

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1. Qualitative Information Regarding Financial Results for the Three Months Ended March 31, 2026

(1) Explanation of Operating Results

The Company has changed its fiscal year-end from the last day of February to December 31, effective from the previous fiscal year. The period covered by the first three months of this fiscal year (January 1, 2026, to March 31, 2026) differs from that of the first three months of the previous fiscal year (March 1, 2025, to May 31, 2025). Therefore, comparisons with the same period of the previous fiscal year are not shown.

During the first three months of this fiscal year (January 1, 2026 to March 31, 2026), the Company continued to work to make steady progress in the development of its pipeline and expand it using both internal and external sources, as in the previous fiscal year. The global Phase 2/3 clinical trial "ORION" (Optimizing Reperfusion to Improve Outcomes and Neurologic Function) for TMS-007 (JX10), led by Corxel Pharmaceuticals Hong Kong Limited ("CORXEL") initiated in February 2025. First Patient In ("FPI") occurred in May 2025, and patient enrollment has progressed smoothly since then. The Company retains the exclusive rights to TMS-007 in Japan. The Company is participating in the study as a local sponsor of the study and Japan FPI occurred in the first quarter of 2026. In addition, with regard to TMS-008, which is also in the clinical development stage, the Company proceeded with preparations to initiate the Phase 2a clinical trial, which will be the first administration to patients.

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

TMS-007 (JX10), a small-molecule compound targeting acute ischemic stroke, was solely developed by the Company up to the Phase 2a clinical trial. It was subsequently out-licensed 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 favorable 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 candidate compounds.

In the Phase 2a clinical trial conducted by the Company in Japan, TMS-007 (JX10) demonstrated promising results. The only thrombolytic agent currently approved for the treatment of acute ischemic stroke, t-PA, is known to carry a risk of adverse effects such as promoting intracranial hemorrhage. 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 (JX10) enrolled patients up to 12 hours after onset (with a mean of 9.5 hours in the TMS-007 group). As a result, the incidence of symptomatic intracranial hemorrhage accompanied by a worsening of four 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 (JX10) group, suggesting a favorable safety profile. In terms of efficacy, TMS-007 also showed statistically significant improvement over placebo group 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 three months ended March 31, 2026, patient enrollment in the global Phase 2/3 clinical trial "ORION," led by CORXEL, progressed smoothly. The Company is participating in the trial as the sponsor in Japan, and the first patient was dosed in Japan in February 2026.

(ii) TMS-008-related activities

TMS-008 is one of the SMTP family compounds that exhibits anti-inflammatory effects by inhibiting sEH with little pro-thrombolytic activity and is being developed for acute kidney injury (AKI) 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 three months ended March 31, 2026, the Company proceeded with consideration of the study design for the Phase 2a clinical trial targeting cardiac surgery-associated acute kidney injury ("CSA-AKI"). Although CSA-AKI is a disease involving ischemia-reperfusion injury and subsequent inflammation, and no approved pharmacological treatments are currently available. In February 2026, the Company held a preliminary consultation with the PMDA and continued preparations for formal consultation.

(iii) JX09-related activities

JX09 is an oral, small-molecule aldosterone synthesis inhibitor indicated for the treatment of patients with treatment-resistant or uncontrolled 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.

Regarding the development status of JX09, for which we have been granted exclusive development and commercialization rights in Japan by CORXEL, the Phase 1 clinical trial has been conducted in Australia by CORXEL. The publication of the trial results and next-phase clinical trial plans have not yet been determined at this time.

(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 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 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.

During the three months ended March 31, 2026, the Company advanced pharmacological efficacy studies with a view to clinical use. The Company also continued to formulate the clinical trial plan, including determining the formulation.

(v) Pipeline expansion-related activities

During the three months ended March 31, 2026, 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 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 using AI for compound generation and the screening of natural product libraries. From these activities, the Company obtained promising candidate compounds, proceeded with pharmacological and efficacy evaluations and toxicity testing, and confirmed preliminary safety and efficacy in multiple disease animal models. The Company also proceeded with consideration of indication expansion for TMS-008 and newly began joint research with Kyushu University.

Regarding external initiatives, the Company continued its efforts to identify and evaluate early-stage programs under development at academic institutions and drug discovery companies. For the novel stabilized analog of the bioactive lipid resolvin introduced from Hokkaido University in November 2025, the Company proceeded with consideration of its potential applicability to multiple target diseases.

As a result of these activities, operating expenses for the three months ended March 31, 2026 totaled ¥203,655 thousand, which included ¥121,996 thousand in research and development expenses, mainly for TMS-007 and TMS-008, and ¥81,659 thousand in other selling, general and administrative expenses.

Based on these results, operating loss was ¥203,655 thousand, ordinary loss was ¥203,618 thousand, and net loss was ¥204,314 thousand.

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

(2) Explanation of Financial Position

Assets

Total assets as of the end of the first quarter were ¥2,664,442 thousand, a decrease of ¥200,835 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥147,731 thousand in cash and deposits resulting from payments for operating and other expenses such as research and development expenses, a decrease of ¥25,065 thousand in advance payments to suppliers associated with progress in research and development projects, and a decrease of ¥26,510 thousand in consumption taxes refund receivable.

Liabilities

Total liabilities as of the end of the first quarter were ¥83,914 thousand, a decrease of ¥10,231 thousand from the end of the previous fiscal year.

This was mainly due to a decrease of ¥25,265 thousand in accrued expenses resulting from payments for research and development expenses and other items recorded as accrued expenses, despite an increase of ¥12,501 thousand in provision for bonuses.

Net assets

Net assets as of the end of the first quarter were ¥2,580,527 thousand, a decrease of ¥190,603 thousand from the end of the previous fiscal year.

This was mainly due to a decrease in retained earnings, resulting from the recording of ¥204,314 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 December 31, 2026, the Company will work to advance the development of each pipeline by promoting two clinical trials: the ORION clinical trial of TMS-007 (JX10) in Japan and the planned next-phase clinical trial of TMS-008. In addition, it will work to expand its pipeline by 1) conducting research activities for novel sEH inhibitors, leveraging its drug discovery expertise, and 2) searching for early-stage programs from academia, research institutions, and biopharma companies.

In light of this, operating expenses for the fiscal year ending December 31, 2026 are expected to be as follows.

- Research and development expenses are expected to be in the range of ¥600 million to ¥900 million.
- Other selling, general and administrative expenses are expected to be in the range of ¥300 million to ¥400 million.

2. Quarterly Financial Statements and Significant Notes Thereto

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of December 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	2,781,032	2,633,301
Supplies	123	391
Advance payments to suppliers	29,265	4,200
Prepaid expenses	18,742	16,926
Consumption taxes refund receivable	34,367	7,857
Other	–	19
Total current assets	2,863,532	2,662,697
Non-current assets		
Property, plant and equipment	0	0
Investments and other assets	1,745	1,745
Total non-current assets	1,745	1,745
Total assets	2,865,277	2,664,442
Liabilities		
Current liabilities		
Accounts payable - other	16,351	19,045
Accrued expenses	69,001	43,735
Income taxes payable	5,020	4,886
Provision for bonuses	–	12,501
Other	3,774	3,746
Total current liabilities	94,146	83,914
Total liabilities	94,146	83,914
Net assets		
Shareholders' equity		
Share capital	1,137,611	1,141,611
Capital surplus	2,313,754	2,317,754
Retained earnings	(716,058)	(920,373)
Treasury shares	(2)	(2)
Total shareholders' equity	2,735,304	2,538,989
Share acquisition rights	35,826	41,537
Total net assets	2,771,131	2,580,527
Total liabilities and net assets	2,865,277	2,664,442

(2) Quarterly Statement of Income

(Thousands of yen)

	Three months ended May 31, 2025	Three months ended March 31, 2026
Operating revenue	–	–
Operating expenses		
Research and development expenses	171,841	121,996
Other selling, general and administrative expenses	102,173	81,659
Total operating expenses	274,015	203,655
Operating loss	(274,015)	(203,655)
Non-operating income		
Interest on tax refund	14	17
Miscellaneous income	0	9
Foreign exchange gains	587	10
Other	–	0
Total non-operating income	602	36
Non-operating expenses		
Share acquisition rights issuance costs	10,557	–
Share issuance costs	1,440	–
Total non-operating expenses	11,998	–
Ordinary loss	(285,411)	(203,618)
Extraordinary losses		
Impairment losses	677	458
Total extraordinary losses	677	458
Loss before income taxes	(286,088)	(204,077)
Income taxes	237	237
Net loss	(286,326)	(204,314)

(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 first quarter of the year ending December 31, 2026, and multiplying income before income taxes by the estimated effective tax rate. However, in cases where the calculation of tax expenses using the estimated effective tax rate yields a result that is considered not to be reasonable to a significant extent, the effective statutory tax rate is used.

Notes on Quarterly Statement of Cash Flows

The Company has not prepared quarterly statement of cash flows for the three months ended March 31, 2026. The amounts of depreciation for the three months ended May 31, 2025 and March 31, 2026, are as follows:

(Thousands of yen)

	Three months ended May 31, 2025	Three months ended March 31, 2026
Depreciation	33	41

Notes on Segment Information

[Segment information]

I Three months ended May 31, 2025

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

II Three months ended March 31, 2026

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