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Securities code: 4891

May 12, 2023

To our shareholders:

Takuro Wakabayashi, Chief Executive
Officer
TMS Co., Ltd.
1-9, Fuchu-cho, Fuchu-shi, Tokyo, Japan

Notice of the 19th Annual General Meeting of Shareholders

You are cordially invited to attend the 19th Annual General Meeting of Shareholders of TMS Co., Ltd. (“the Company”), which will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information such as reference documents for the general meeting of shareholders (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on each of the websites listed below. Please access one of the websites to review the information.

[The Company’s website]

<https://www.tms-japan.co.jp/ja/ir/stock/meeting.html> (in Japanese)

[Website for posted informational materials for the general meeting of shareholders]

<https://d.sokai.jp/4891/teiji/> (in Japanese)

[Tokyo Stock Exchange website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “TMS Co., Ltd.” in “Issue name (company name)” or the Company’s securities code “4891” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by mail). If you choose to do so, please review the Reference Documents for the General Meeting of Shareholders as described below, and exercise your voting rights by 5:30 p.m. on Monday, May 29, 2023 (JST).

In order to prevent the spread of infectious diseases such as COVID-19 and to secure your safety, we request that you consider exercising your voting rights in advance via the Internet or in writing (by mail) and that you make a careful decision regarding your attendance at this general meeting of shareholders. The proceedings of the meeting will be streamed live over the Internet. For the details including how to view the streaming, please refer to the pages 5 and after (in Japanese only).

1. **Date and Time:** Tuesday, May 30, 2023, at 10:00 a.m. (JST)
(Reception desk will be open from 9:30 a.m.)
2. **Venue:** “Kaede No Ma,” 2F, Main Building, Hotel Continental Fuchu
1-5-1, Fuchu-cho, Fuchu-shi, Tokyo, Japan
3. **Purpose of the Meeting**
 - Matters to be reported:**

Business report and the non-consolidated financial statements for the 19th fiscal year (from March 1, 2022 to February 28, 2023)
 - Matters to be resolved:**
 - Proposal No. 1** Election of Six Board Members
 - Proposal No. 2** Determination of Remuneration Relating to the Granting of Stock Acquisition Rights as Stock Options to Board Members and Audit & Supervisory Board Members

If you choose to attend the meeting in person, please submit the Voting Rights Exercise Form to the receptionist at the meeting.

In the event of any revision to the reference documents for the general meeting of shareholders, the business report and the non-consolidated financial statements, a notice of the revision and the content before and after the revision will be posted on the respective websites mentioned above.

The results of the resolutions of this general meeting of shareholders will be posted on the Company’s website above instead of sending by mail.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Election of Six Board Members

The terms of office of all six Board Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of six Board Members, including two outside Board Members.

The candidates for Board Member are as follows:

Candidate No.	Name Date of birth	Career summary, and position and responsibility in the Company Significant concurrent positions outside the Company	Number of the Company's shares owned
1	Takuro Wakabayashi (February 26, 1967)	Apr. 1989 Joined Recruit Co., Ltd. Apr. 2001 Founded Advanced Science and Technology Enterprise Corporation as Representative Director (current position) Nov. 2005 Partner of Xseed Partners, LLP May 2011 Representative Director of the Company Sept. 2015 Representative Director of BioMedCore, Inc. May 2018 Chief Executive Officer, Board Member of the Company (current position) Significant concurrent positions outside the Company Representative Director of Advanced Science and Technology Enterprise Corporation	-
[Reasons for the nomination] Takuro Wakabayashi has a wealth of knowledge and experience in the managerial, legal and financial aspects of biotechnology companies, and as a Representative Director of the Company, played a central role in negotiating an option agreement with Biogen. Since his appointment as Chief Executive Officer in May 2018, he has led the Company through completion of TMS-007 Ph2a, multiple private financing rounds, and successful IPO. He has demonstrated his capability to appreciate the Company's value through his tenure as CEO to this day, and he is expected to continue to do so. The Company has decided to nominate him again as a candidate for a Board Member upon determining that he will contribute to the Company's growth and increase its value going forward.			
2	Keiji Hasumi (September 13, 1957)	Apr. 2003 Professor at Faculty of Agriculture, Tokyo University of Agriculture and Technology Apr. 2004 Professor at Graduate School, Tokyo University of Agriculture and Technology June 2005 Board Member of the Company May 2011 Chief Executive Officer, Board Member May 2018 Board Member July 2021 Chief Scientific Officer, Board Member (current position)	804,000
[Reasons for the nomination] Keiji Hasumi is a founding scientist of the Company with extensive knowledge as a researcher and has played a central role in the Company's drug discovery research, including the discovery of SMTP compounds and development of TMS-007. The Company has decided to nominate him again as a candidate for a Board Member upon determining that he will contribute in both research and development fields going forward.			

Candidate No.	Name Date of birth	Career summary, and position and responsibility in the Company Significant concurrent positions outside the Company	Number of the Company's shares owned	
3	Go Ito (May 1, 1970)	Apr. 1993	Joined Nippon Steel Corporation	-
		Nov. 1995	Joined Misawa Business Management Inc.	
		Apr. 2000	Joined Scientia Corporation (currently, SmartCompany Co., Ltd.)	
		Nov. 2006	Director of Administration	
		Feb. 2018	Joined the Company as Manager of Administration	
		May 2018	Board Member (current position)	
[Reasons for the nomination]				
Go Ito has a wealth of knowledge and experience in corporate operations and finance in venture businesses, and since his appointment as a Board Member of the Company in May 2018, he has made the best use of his experience to direct the Company's administrative divisions. The Company has decided to nominate him again as a candidate for a Board Member upon determining that he will contribute to the enhancement of the corporate value and growth of the Company going forward.				
4	Noriaki Inamura (June 25, 1955)	Apr. 1981	Joined Fujisawa Pharmaceutical Co., Ltd. (currently, Astellas Pharma Inc.)	-
		Apr. 2004	Director of Discovery Research Laboratory	
		Apr. 2005	Joined Astellas Pharma Inc. Director of Fermentation Research Laboratory	
		Sept. 2007	Joined Sanofi-Aventis K.K. (currently, Sanofi K.K.)	
		Oct. 2008	Joined Seikagaku Corporation	
		Apr. 2009	Director of Central Research Laboratory	
		June 2015	Director & General Manager of Glyco-Business Affairs Dept.	
		July 2018	Joined Bonac Corporation	
		Apr. 2019	Director of Drug Discovery Department	
		Apr. 2020	Managing Executive Officer of Business Development Department	
		Dec. 2020	Board Member of the Company (current position)	
[Reasons for the nomination]				
Noriaki Inamura has a wealth of experience gained from working for major pharmaceutical companies, and has extensive knowledge of pharmaceutical research, drug development and business development. Since assuming the position of Board Member of the Company in December 2020, he has been directing the Company's drug development making the best use of his insight. The Company has decided to nominate him again as a candidate for a Board Member upon determining that he will contribute to the enhancement of the Company's corporate value going forward.				

Candidate No.	Name Date of birth	Career summary, and position and responsibility in the Company Significant concurrent positions outside the Company	Number of the Company's shares owned
5	Ken Takanashi (May 23, 1964)	<p>Apr. 1987 Joined Mitsubishi Corporation</p> <p>Dec. 1996 SUASA KRISTAL(M) BERHAD</p> <p>Nov. 1998 Executive Vice President</p> <p>Dec. 2002 Director of Shin Nippon Biomedical Laboratories, Ltd. (SNBL)</p> <p>Apr. 2004 Executive Officer Registered as a U.S. Certified Public Accountant</p> <p>June 2004 Senior Managing Director</p> <p>July 2012 Director of WAVE Life Sciences Ltd. (current position)</p> <p>Apr. 2015 Board Member of PPD-SNBL K.K.</p> <p>June 2016 Audit & Supervisory Board Member (current position) Director of Satsuma Pharmaceuticals, Inc. (current position)</p> <p>July 2016 Executive Vice President of Shin Nippon Biomedical Laboratories, Ltd. (SNBL)</p> <p>June 2017 Executive Vice President and Representative Director (current position)</p> <p>Mar. 2020 Board Member of the Company (current position)</p> <p>Significant concurrent positions outside the Company Executive Vice President and Representative Director of Shin Nippon Biomedical Laboratories, Ltd. (SNBL)</p>	-
<p>[Reasons for the nomination and outline of the expected roles]</p> <p>Ken Takanashi has extensive experience in corporate management in the field of life science and has contributed to strengthening the Company's corporate governance by utilizing his knowledge. As a member of the Compensation Committee, he has actively given his opinions at committee meetings and contributed to the committee's deliberations. In the expectation that he continues to contribute to the Company's management by utilizing his wealth of knowledge, the Company has decided to nominate him again as a candidate for an outside Board Member.</p>			

Candidate No.	Name Date of birth	Career summary, and position and responsibility in the Company Significant concurrent positions outside the Company	Number of the Company's shares owned
6	Reiko Namikawa (September 15, 1953)	<p>Mar. 1979 MD</p> <p>June 1984 Assistant Professor of Aichi Medical University</p> <p>Oct. 1988 Senior Scientist of Systemix Inc.</p> <p>Apr. 1993 Senior Research Associate of DNAX Research Institute</p> <p>Apr. 1997 Independent business development consultant</p> <p>Sept. 2002 Executive Director, Science & Medicine of Clearview Projects, Inc.</p> <p>Nov. 2005 Independent consultant: non-clinical and clinical development strategies and business development (current position)</p> <p>Mar. 2007 Senior Vice President, Research and Strategy of REGiMMUNE Corporation</p> <p>Aug. 2014 Board Member of NapaJen Pharma, Inc.</p> <p>Nov. 2017 Board Member of Promethera Biosciences</p> <p>May 2021 Board Member of the Company (current position)</p> <p>June 2022 Executive Vice President, Clinical Development of REGiMMUNE Limited (current position)</p> <p>Significant concurrent positions outside the Company Executive Vice President, Clinical Development of REGiMMUNE Limited</p>	–
<p>[Reasons for the nomination and outline of the expected roles]</p> <p>Reiko Namikawa, MD. Ph.D. has a wealth of knowledge in non-clinical and clinical development and business development, including overseas activities. As an independent outside Board Member, she has provided advice on the Company's management and business operations, mainly from a perspective of her field of expertise. Also, as a member of the Compensation Committee, she has actively given her opinions at committee meetings and contributed to the committee's deliberations. In the expectation that she continues to contribute to the Company's management by utilizing her knowledge from an independent standpoint, the Company has decided to nominate her again as a candidate for an outside Board Member.</p>			

- Notes:
1. Ken Takanashi is Executive Vice President and Representative Director of Shin Nippon Biomedical Laboratories, Ltd. (SNBL), a shareholder of the Company (shareholding of about 3.9% as of February 28, 2023). There is a business relationship between SNBL and the Company involving contracted services.
 2. There is no special interest between any other candidates and the Company.
 3. Ken Takanashi and Reiko Namikawa are candidates for outside Board Member.
 4. Ken Takanashi and Reiko Namikawa are currently outside Board Members of the Company, and at the conclusion of this meeting, their tenure will have been three years and two months for Mr. Takanashi and two years for Ms. Namikawa respectively.
 5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Ken Takanashi and Reiko Namikawa to limit their liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under such agreements is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, and if their reelection is approved, the Company will plan to renew such agreements with both of them.
 6. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. The liability insurance policy covers losses that the insured person, including a Board Member of the Company, would incur (such as payment of compensation and litigation expenses) as a result of a claim for damages made against the insured during the insurance period due to an act committed by the insured in his/her official capacity. However, certain exclusions apply, such as no coverage for damages caused by an illegal act that is willfully committed by the insured. If each candidate is elected and assumes the office as a Board Member, he/she will be the insured under the insurance policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 7. The Company has submitted notification to Tokyo Stock Exchange that Reiko Namikawa has been designated as an independent officer as provided for by the aforementioned exchange. If she is reelected, the Company plans for her designation as an independent officer to continue.

Proposal No. 2 Determination of Remuneration Relating to the Granting of Stock Acquisition Rights as Stock Options to Board Members and Audit & Supervisory Board Members

The Company requests approval for a remuneration (including its amount) relating to the stock acquisition rights as stock options to be provided to the Company's Board Members and Audit & Supervisory Board Members, with the purpose of sharing the benefits and risks of share price fluctuations with the Company's shareholders and providing them with incentives to motivate and inspire themselves to improve the Company's performance, thereby enhancing the sound management, its corporate value, and social trust. This is also for the purpose of sharing the value of shareholders with the Audit & Supervisory Board Members and thereby increasing their motivation to contribute to the prevention of damage to the Company's corporate value and the maintenance of its credibility.

1. Amount of remuneration relating to the stock option

The amount of remuneration for Board Members of the Company was approved at the 17th Annual General Meeting of Shareholders held on May 28, 2021, to be no more than ¥200 million per year (excluding the portion of employee salaries of the Board Members who concurrently serve as employees) and the amount of remuneration for Audit & Supervisory Board Members was approved to be no more than ¥50 million per year.

The Company hereby requests approval that the amount of remuneration related to stock acquisition rights as stock options, which is separate from the above existing amount of monetary remuneration, shall be up to ¥135 million per year for Board Members (of which, up to ¥15 million per year for outside Board Members) excluding the portion of employee salaries of the Board Members who concurrently serve as employees, and up to ¥15 million per year for Audit & Supervisory Board Members. Please note that the amount of such remuneration is based on, in principle, a lump-sum payment to be made once in three fiscal years to Board Members and Audit & Supervisory Board Members to represent the remuneration for their performance of their duties for three years from the date of payment. Therefore, the actual amount of remuneration will not exceed ¥45 million per year for Board Members (of which, ¥5 million per year for outside Board Members) excluding the portion of employee salaries of the Board Members who concurrently serve as employees, and ¥5 million per year for Audit & Supervisory Board Members.

The specific date and number of stock acquisition rights to be granted as remuneration will be determined by a resolution of the Board of Directors for Board Members, and by a discussion among the Audit & Supervisory Board Members for Audit & Supervisory Board Members, each within the total amount of remuneration mentioned above. The Company has established the "Internal Regulations on Executive Remuneration" approved by the Board of Directors as the policy for determining remuneration for each Board Member, a summary of which is shown on page 28 of the business report (in Japanese only). The stock acquisition rights to be granted as remuneration to Board Members, including the specific grantees, the timing of payment and number of stock acquisition rights to be allotted, will be determined by the Board of Directors after consulting the Compensation Committee, based on the aforementioned policy and taking into consideration such factors as the Company's performance, business environment, job responsibilities, and contribution level.

The amount of stock acquisition rights to be issued as stock options is the fair value per stock acquisition right calculated as of the allotment date of the stock acquisition rights multiplied by the total number of stock acquisition rights to be allotted.

The fair value per stock acquisition right as of the allotment date mentioned above will be calculated using the method commonly used to calculate the fair value of stock acquisition rights.

Payment for the allotment of stock acquisition rights as stock options will be made by offsetting the paid-in amount determined based on the fair value at the time of the allotment against the equivalent amount of the remuneration for Board Members and Audit & Supervisory Board Members to be paid by the Company based on the remuneration relating to the stock acquisition rights as stock options under this proposal.

This remuneration relating to the stock option is intended to further encouraging the Company's Board Members to conduct business operations with an emphasis on the interests of shareholders and, for the Company's Audit & Supervisory Board Members, to raise their awareness for rigorous audits, as part of the Company's efforts to motivate its Board Members for improving the Company's business performance, achieve its sound management, and increase the social trust. As such, and also in light of its procedures related to the grant, the Company has determined that the remuneration relating to the stock option is appropriate.

Currently, there are six Board Members (including two outside Board Members) and four Audit & Supervisory Board Members (including three outside Audit & Supervisory Board Members). If Proposal No. 1 is approved and adopted as proposed, there will be six Board Members (including two outside Board Members) and four Audit & Supervisory Board Members (including three outside Audit & Supervisory Board Members).

2. Details of the remuneration (principal terms for the issuance of stock acquisition rights as stock options)

(1) Number of stock acquisition rights

The number of stock acquisition rights to be allotted to the Company's Board Members and Audit & Supervisory Board Members within one year from the date of an annual general meeting of shareholders for each fiscal year shall not exceed 1,800 (including 200 for outside Board Members) for Board Members and 200 for Audit & Supervisory Board Members. However, in principle, the allotment of stock acquisition rights will be made once in three fiscal years in a lump sum to Board Members and Audit & Supervisory Board Members in a number that represents the remuneration for the performance of their duties for three years from the date of allotment. The maximum number of stock acquisition rights that will be allotted to Board Members and Audit & Supervisory Board Members in one year, is 600 (including 66 to 68 for outside Board Members) and 66 to 68 for Audit & Supervisory Board Members, respectively.

(2) Class and number of shares subject to the stock acquisition rights

The number of shares to be issued upon exercise of one stock acquisition right (the "Number of Granted Shares") shall be 100 common shares of the Company.

The Number of Granted Shares shall be adjusted by the following formula if the Company conducts a share split (including allotment of the Company's shares without contribution; the same shall apply hereinafter) or a share consolidation after the allotment date of stock acquisition rights. However, such adjustment shall be made only to the number of shares for the stock acquisition rights that have not been exercised as of such time, and any fraction of less than one share resulting from the adjustment shall be rounded down.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of split (or consolidation)

If the Company conducts a merger, corporate split, share exchange, or share issuance, or in a similar event that necessitates the adjustment of the Number of Granted Shares after the allotment date of stock acquisition rights, the Company may appropriately adjust the Number of Granted Shares to a reasonable extent.

(3) Paid-in amount for the stock acquisition rights

The amount to be paid per stock acquisition right (issue price) shall be an amount determined by the Board of Directors of the Company based on the fair value of the stock acquisition right calculated as of the allotment date thereof.

(4) The amount of property to be contributed upon the exercise of the stock acquisition rights

The amount of property to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the exercise price per share that can be acquired by exercising such stock acquisition right (which shall be ¥1) by the Number of Granted Shares.

(5) The period in which the stock acquisition rights can be exercised

This shall be a period as determined by the Board of Directors but not exceeding 15 years from the day following the date of allotment of stock acquisition rights.

(6) Conditions for exercising the stock acquisition rights

1) A portion of the acquisition rights to shares out of the total number of stock acquisition rights allotted to the holder shall be finalized (finalization of stock acquisition rights is hereinafter referred to as “vesting” or “vested”) on each of the dates specified in the items below for the number of the stock acquisition rights specified in such item. The holder of the stock acquisition rights may exercise only those stock acquisition rights that have been vested. However, if the holder of stock acquisition rights ceases to be a Board Member, Audit & Supervisory Board Member, Executive Officer or employee of the Company or its affiliates (except when such holder resigns from his/her position as a Board Member, Audit & Supervisory Board Member, Executive Officer or employee of the Company or its affiliates for reasons deemed justifiable by the Board of Directors of the Company), the vesting after such point in time shall be terminated.

i) The date one year after the allotment of the stock acquisition rights

One-third of the stock acquisition rights allotted (if there is a fraction of less than one unit, only the number of stock acquisition rights rounded down to the nearest one unit may be exercised; the same shall apply in the following items.)

ii) The date two years after the allotment of the stock acquisition rights

One-third of the stock acquisition rights allotted

iii) The date three years after the allotment of the stock acquisition rights

The balance of stock acquisition rights that have not been vested up to the previous day to the aforementioned day

2) Any partial exercise of one unit of the stock acquisition rights is not allowed.

3) In the event of the death of a holder of the stock acquisition rights, his/her heir may exercise the right.

4) Other conditions shall be set forth in the stock acquisition right allotment agreement to be executed between the Company and each holder of the stock acquisition rights.

(7) Restrictions on the acquisition of the stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company.

(8) Matters relating to an acquisition of stock acquisition rights

1) In the event that a general meeting of shareholders approves (or if approval by a general meeting of shareholders is not required, the Board of Directors resolves) a merger agreement under which the Company will become a dissolving company, a company split agreement or plan under which the Company will become a splitting company, or a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, the Company may acquire all of the stock acquisition rights without contribution on a date separately determined by the Board of Directors of the Company.

2) If a holder of the stock acquisition rights becomes unable to exercise his/her stock acquisition rights pursuant to the provisions set forth in (6) above before exercising the right, the Company may acquire such stock acquisition rights without contribution on a date separately determined by the Board of Directors of the Company.

- 3) In the event that a holder of stock acquisition rights becomes none of the Board Member, Audit & Supervisory Board Member or employee of the Company or its affiliates, the Company may acquire any stock acquisition rights held by such holder that have not been vested without contribution, on a date separately determined by the Board of Directors of the Company.

(9) Other matters relating to the stock acquisition rights

Other matters relating to the stock acquisition rights shall be determined by the Board of Directors of the Company which determines the offering terms of such stock acquisition rights.

Reference:

After the conclusion of this annual general meeting of shareholders, the Company will issue to its employees other stock acquisition rights, the details of which are the same as described in (2) through (9) above, with the paid-in amount to be determined based on the fair value of such stock acquisition rights, in the number as the Company deems necessary.

End