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March 14, 2025

NEWS RELEASE

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

Notice Regarding the Issuance of the 10th Share Acquisition Rights (with Moving Strike Warrant) by Third-Party Allotment and the Conclusion of a Third-Party Allotment Agreement

TMS Co., Ltd. (the "Company") hereby announces that at the Board of Directors meeting held on March 14, 2025, the Company resolved to issue the 10th share acquisition rights (the "Share Acquisition Rights") and to enter into a third-party allotment agreement for the Share Acquisition Rights (the "Third-Party Allotment Agreement") with Growth Capital Inc. (the "Planned Allottee"), subject to the effectiveness of filing under the Financial Instruments and Exchange Act.

1. Overview of the offering

(1)	Allotment date	March 31, 2025
(2)	Number of Share Acquisition Rights to be issued	80,000 units
(3)	Issue price	Total amount: ¥1,360,000
(4)	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.
(5)	Amount of funds to be raised	¥1,521,360,000 (estimated net proceeds)
(6)	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 (the "Closing Price") 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.

(7)	Method of offering or allotment	The method of third-party allotment shall be used.
(8)	Exercise period	March 31, 2025 to March 31, 2028
(9)	Planned Allottee	Growth Capital Inc.
(10)	Others	The Company plans to enter into the Third-Party Allotment Agreement with the Planned Allottee, subject to the effectiveness of filing under the Financial Instruments and Exchange Act. The following contents are expected to be set out in the Third-Party Allotment Agreement. Details are described in "(1) Overview of financing methods" under "3. Overview of financing methods and reasons for selecting those methods." • 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. (Details of the restrictions on exercising rights are described in "(3) The Planned Allottee's holding policy and exercise restrictions" under "7. Reasons for selecting the Planned Allottee.") • 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 shall include the exercise commitment clause described in "(1) Overview of financing methods" under "3. Overview of financing methods and reasons for selecting those methods" and the lock-up clause for the Share Acquisition Rights described in "(6) Lock-up" under "7. Reasons for selecting the Planned Allottee." The Company plans to enter into a memorandum of understanding (the "Memorandum") with the Planned Allottee, subject to the effectiveness of filing under the Financial Instruments and Exchange Act. The Memorandum is expected to stipulate clauses regarding the request for suspension of exercise, as described in "(1) Overview of financing methods" under "3. Overview of financing methods and reasons for selecting those methods."

(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.

2. Purpose and reason for offering

(Overview of the Company's business and development pipeline)

The Company is a biotechnology company whose major business is to conduct research and development of drug candidate substances based on the results of research and development at academic and other research institutions and bridge them to the global pharmaceutical market under the mission of "creating impactful therapeutics by the power of relentless exploration and challenge." The Company's basic business model is to handle from the research stage to the early clinical stage by itself, then, from the late clinical stage onwards, partner with pharmaceutical companies to grant development, manufacturing, and sales rights, receiving development milestone payments and royalties from those partner pharmaceutical companies. Depending on the disease indications, the Company may be involved in the late clinical stage, regulatory approval, and commercial activities.

Up until now, we have been conducting research and development of SMTP compounds, which are drug candidate substances targeting the Soluble Epoxide Hydrolase (sEH) enzyme found in the human body. Inhibiting sEH is known to have an anti-inflammatory effect. The Company is currently developing sEH inhibitors targeting multiple inflammatory diseases.

Our lead pipeline program, TMS-007, is an SMTP compound being developed for the indication of acute ischemic stroke. After developing TMS-007 up to the Phase 2a clinical trial, the Company transferred its rights along with other SMTP compound families. Recently, a global Phase 2/3 clinical trial was initiated led by Corxel Pharmaceuticals Hong Kong Limited (formerly Ji Xing Pharmaceuticals Hong Kong Limited; hereinafter, "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 sEH inhibition. This dual mechanism makes TMS007 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 other candidate compounds.

TMS-007 has shown favorable results in the Phase 2a clinical trial conducted by the Company in Japan. Currently, t-PA is the only thrombolytic agent approved for the treatment of acute ischemic stroke; however, it is known to pose the risk of promoting intracranial hemorrhage as a side effect. To reduce the risk of this side effect, in principle, the use of t-PA is limited to within 4.5 hours after the onset of symptoms. In contrast, in the Phase 2a clinical trials of TMS-007, which is assumed to have a low risk of bleeding, subjects were enrolled up to 12 hours after the onset of symptoms (with an average of 9.5 hours for the TMS-007 group). As a result, the incidence of symptomatic intracranial hemorrhage (sICH) accompanied by a worsening of the National Institutes of Health Stroke Scale (NIHSS) score of 4 or higher was 2.6% (1/38) in the placebo group, while it was 0% (0/52) in the TMS-007 group. This demonstrates the safety of TMS-007. In terms of efficacy, TMS-007 also demonstrated statistically significant efficacy in the outcome rate for a score of zero (no symptoms at all) or 1 (no significant disability despite symptoms) on the Modified Rankin Scale (mRS), which evaluates the degree of independence in daily living. This means that TMS-007 has achieved the gold standard endpoint for acute ischemic stroke.

The initiated Phase 2/3 clinical trial is a global clinical trial led by CORXEL. This trial targets stroke patients between 4.5 and 24 hours after the onset of symptoms. The Company holds exclusive commercialization rights for TMS-007 in Japan and is in the process of participating as the Japanese partner in this clinical trial. Once these procedures are complete, the Company will commence with the clinical trial in Japan and cover related costs. In accordance with our agreement with CORXEL, 75% of the costs of the clinical trial conducted by the Company in Japan as part of the global TMS-007 trial will be reimbursed by CORXEL (up to a maximum of $10 million).

TMS-008 is an SMTP compound with almost no pro-thrombolytic activity and exhibits an anti-inflammatory effect through sEH inhibition. The Company has obtained exclusive worldwide development, manufacturing, and sales rights from CORXEL for certain indications of TMS-008. TMS-008 is expected to have a wide range of indications targeting inflammatory diseases. As announced in "Notice of Completion of Dosing to All Subjects in Phase 1 Single Dose-Escalation Study of TMS-008 for Acute Kidney Injury" dated December 10, 2024 (in Japanese), we conducted a Phase 1 clinical trial of TMS-008 for the indication of acute kidney injury and completed dosing to

all subjects in December 2024. We are currently analyzing the data from this trial and will determine the course of action for the next phase of development after confirming safety, tolerability, pharmacokinetics, and other factors. The Company is also considering the indication of TMS-008 to cancer cachexia and other inflammatory diseases.
As announced in the "TMS Enters into Licensing Agreement Regarding JX09" dated February 26, 2024 (in Japanese), JX09, another clinical pipeline, is a small molecule compound with inhibitory activity against aldosterone synthase. The Company has been granted exclusive rights by CORXEL to develop and sell JX09 in Japan. Due to its activity in inhibiting aldosterone synthase, JX09 is expected to have potential as a treatment for treatment-resistant or uncontrolled hypertension. CORXEL is currently conducting a Phase 1 clinical trial in Australia. The Company intends to begin development in Japan at an appropriate time depending on the progress of global development by CORXEL. In accordance with our agreement with CORXEL, 75% of the development costs incurred by the Company in Japan as part of the global development of JX09 will be reimbursed by CORXEL (up to a maximum of $5 million; the specific method of reimbursement will be decided through separate discussion).
Furthermore, the Company is undertaking research and development activities to expand our pipeline through two axes: internal programs and external programs. In our internal programs, we utilize the knowledge and experience we have gained in sEH inhibition through the research and development of SMTP compounds to engage in basic research, including the search for new candidate compounds for sEH inhibitors. We use multiple approaches, such as optimizing drug discovery through compound generation using AI and screening natural product libraries. In our external programs, we are promoting the evaluation and consideration for the in-licensing of research results from external research institutions, primarily from Japanese academia. As announced in the press release, "TMS Enters into Exclusive License Agreement with Hokkaido University to In-License Novel Therapeutic Candidate for Spinal Cord Injury," dated July 3, 2024, we in-licensed the seed of a preclinical drug candidate indicated for spinal cord injury from Hokkaido University in July 2024, and added it to our pipeline as TMS-010. Spinal cord injury is a serious disease that can lead to motor paralysis, sensory paralysis, and excretory disorders, but there are still no effective drugs approved. TMS-010 is expected to have a neuroprotective effect that ameliorates secondary spinal cord damage by preventing the disruption of the blood-brain spinal cord barrier (BBSCB). The Company is developing a GMP-level formulation for required preclinical studies such as GLP trials.

(Purpose of new funding)
As of the end of November 2024, the Company holds cash and deposits amounting to 2,803 million yen, although all of the Company's pipeline programs remain at the upfront investment stage. The net loss for the first nine months of the fiscal year ended February 28, 2025, was 682 million yen. With an increase in pipeline programs in the clinical development stage and progress in development, capital needs are expected to rise.
Up until now, the Company has been able to develop seeds created at Japanese universities through the research, preclinical, and clinical trial stages, all the way to obtaining human POC. In the process, we have also achieved a track record of partnering with overseas pharmaceutical companies operating globally. Leveraging this track record and experience, our growth strategy consists of two main parts. The first is to solidify our business foundation based on our pipeline of drugs in the clinical development stage, including SMTP compounds. We are placing particular focus on TMS-007, which has shown favorable results in clinical trials targeting acute ischemic stroke patients and is in the late clinical development stage, TMS-008, which is being developed to treat acute kidney injury and other diseases, and JX09, for which we have acquired the commercialization rights in Japan from CORXEL. The second part of our growth strategy is to expand our pipeline by actively in-licensing drug discovery seeds from academia, mainly in Japan, and aim to expand into the global pharmaceutical market, thereby achieving future growth by bridging the gap between scientific breakthroughs in Japanese academia and the global pharmaceutical industry. As mentioned above, we are currently working to increase our medium- to long-term corporate value by advancing the development of our clinical-stage pipeline, as well as expanding the pipeline

through basic research, including exploratory research into new sEH inhibitors. Another initiative for value is evaluating and introducing the results of research conducted by external research institutions.
In this context, for TMS-007, the program most advanced in development in our pipeline, CORXEL announced in February 2025 that it will commence global Phase 2/3 clinical trials. On February 20, 2025, the application for clinical trials in China was approved. The Company plans to participate in these clinical trials as a partner in Japan. We believe that we will be able to minimize expenses for the clinical trial in Japan by receiving 75% of the costs up to a maximum of $10 million from CORXEL; however, the costs of clinical trials often fluctuate depending on various circumstances. For this reason, we have decided to issue Share Acquisition Rights, judging that it is in the medium- to long-term interest of our shareholders to take every possible measure to conduct clinical trials for TMS-007 and to stabilize our financial base by raising funds while fully considering the interests of existing shareholders. As of the end of November 2024, the Company holds cash and deposits totaling 2,803 million yen. Nevertheless, an increase in capital needs is anticipated with the increase in pipeline programs in the clinical development stage and advancements in development. In addition to proceeding with the Phase 2/3 clinical trials of TMS-007, we intend to review the data from the Phase 1 clinical trial of TMS-008 and to determine the course of action for the next phase of development and proceed accordingly. We plan to begin the development of JX09 in Japan at an appropriate time, depending on the progress of CORXEL's global development. In addition to developing TMS-010, which was introduced in July 2024 and is currently in the preclinical stage, we have obtained promising candidate compounds from exploratory research. We plan to actively engage in preclinical research and development activities, including evaluating and considering in-licensing research results from external research institutions. However, the Company currently does not have confirmed revenue sources other than the revenue based on the contract with CORXEL for TMS-007. We expect the negative trend in periodic income and expenses to continue for the time being, and anticipate possible challenges in fully covering operating funds with the previously raised capital. The Company is engaged in the highly uncertain business of pharmaceutical research and development, so procurement delays could raise concerns about the continuity of our business and seriously impact the progress of our development. For this reason, it is important to secure development funds at an early stage to stabilize finances. As we plan to commence clinical trials of TMS-007 in Japan, we have determined that securing sufficient operating funds by 2027, which may cover the duration of the Phase 2 clinical trials as well as part of the Phase 3 clinical trials, will stabilize our financial base and ensure the execution of these clinical trials. We believe this will increase our medium- to long-term corporate value and contribute to the interests of our existing shareholders. The specific use and planned timing of spending the proceeds from this round of funding are described below in "(2) Specific use of funds to be raised" under "4. Amount, use, and planned timing of expenditure of funds to be raised."

3. Overview of financing methods and reasons for selecting those methods

(1) Overview of financing methods

This funding will involve the Company allotting to the Planned Allottee the Share Acquisition Rights with a moving strike warrant (the details of the moving strike warrant are set out in Section 10 of the attached terms and conditions for issuance of the Share Acquisition Rights) with a three-year exercise period by way of a third-party allotment. The Company's capital will increase as the Planned Allottee exercises the Share Acquisition Rights.
The Company will enter into the Third-Party Allotment Agreement and sign the Memorandum with the Planned Allottee, subject to the effectiveness of filing under the Financial Instruments and Exchange Act. The following provisions are expected to be stipulated in the terms and conditions for issuance of the Share Acquisition Rights, the Third-Party Allotment Agreement, and the Memorandum.

(i) Exercise commitment clause
<Commitment clause>

Under the Third-Party Allotment Agreement, in principle, the Planned Allottee commits to exercise all of the Share Acquisition Rights it holds during the period from April 1, 2025 to March 31, 2027 (the "Full Commitment Period").

The existence of such full commitment increases the certainty of the Company's fundraising through this transaction.

On any trading day during the Full Commitment Period, if (i) the Closing Price of the Company's common shares, as announced by the Tokyo Stock Exchange, falls below 110% of the applicable minimum exercise price on that trading day, (ii) the Company's common shares are designated by the Tokyo Stock Exchange as securities under supervision or securities to be delisted (the Full Commitment Period will be extended by the number of days corresponding to the specified period), (iii) regular trading of the Company's common shares is not conducted on the Tokyo Stock Exchange for the entire day (meaning there are no trading transactions on the Tokyo Stock Exchange), or (iv) in addition to (i) to (iii) above, the Share Acquisition Rights cannot be exercised, except in cases attributable to the Planned Allottee (if due to the exercise suspension clause in the Memorandum, the Full Commitment Period will be extended by the number of days corresponding to the period specified in the notice of request for suspension of exercise) (hereinafter, cases (i) to (iv) above are collectively referred to as "Reason(s) for Extension of Commitment Period"), the Full Commitment Period will be extended by one trading day for each occurrence of a Reason for Extension of Commitment Period (however, such extensions shall be limited to a total of 40 times [40 trading days]).

Please note that the extensions described above shall be limited to one per Reason for Extension of Commitment Period that occurs on each trading day. Even if multiple Reasons for Extension of Commitment Period occur on the same trading day, only a total of one extension shall be allowed due to the Reasons for Extension of Commitment Period.

<Termination of commitment clause>

If a Reason for Extension of Commitment Period occurs more than 40 times during the Full Commitment Period, the Planned Allottee's obligations for the Full Commitment will be terminated. However, even in such cases, the Planned Allottee may exercise any number of the Share Acquisition Rights at its discretion.

(ii) Request for suspension of exercise

By a resolution of the Company's Board of Directors or by the decision of the representative director delegated by the Company's Board of Directors by a comprehensive delegation resolution of the Company's Board of Directors, the Company may notify the Planned Allottee of the suspension of exercise for all of the Share Acquisition Rights ("Notice of Request for Suspension of Exercise").

In the Notice of Request for Suspension of Exercise, the Company shall notify the Planned Allottee of the period during which the Company shall suspend the exercise of the Share Acquisition Rights (the "Exercise Suspension Period"). If the Company issues a Notice of Request for Suspension of Exercise, the Planned Allottee shall not be able to exercise any of the Share Acquisition Rights during the Exercise Suspension Period.

The start date of any Exercise Suspension Period shall be on or after April 1, 2025, and the end date of any Exercise Suspension Period shall be by February 29, 2028. Furthermore, no Exercise Suspension Period may exceed a cumulative total of 120 trading days (including the start date of each Exercise Suspension Period) per year (the period from April 1 of each year to March 31 of the following year).

Regarding the issuance of the Notice of Request for Suspension of Exercise, our policy is to give priority to financing; however, we may issue a Notice of Request for Suspension of Exercise that considers factors such as our capital needs after the issuance of the Share Acquisition Rights and the market size. If the Company issues a Notice of Request for Suspension of Exercise, the Company will disclose that fact on the day it decides to issue the Notice of Request for Suspension of Exercise.

Even after the Planned Allottee receives a Notice of Request for Suspension of Exercise, the Company may revoke such notice by a resolution of the Company's Board of Directors or by the decision of the representative director delegated by the Company's Board of Directors by a comprehensive delegation resolution of the Company's Board of Directors.
If the Company revokes a Notice of Request for Suspension of Exercise, the Company will disclose that fact after the notice of the revocation is given and before the date on which the revocation takes effect.

(iii) Transfer of the Share Acquisition Rights

Pursuant to the Third-Party Allotment Agreement, the transfer of the Share Acquisition Rights requires the approval of the Company's Board of Directors. Even if the Share Acquisition Rights are transferred, the transferee must promise in advance to the Company to comply with the contents of the Third-Party Allotment Agreement. If the transferee further transfers the Share Acquisition Rights to a third party, that must also promise to the Company to comply with the same contents.

(2) Reasons for selecting the financing method

After comprehensively considering various financing methods for this funding, the Company has determined, that funding based on the Third-Party Allotment Agreement (the "Scheme") is the optimal method at this time. The Scheme allows the Company to raise the necessary funds on hand with a high probability through the Share Acquisition Rights. Furthermore, the Scheme prevents a significant dilution of the share value at one time, and enables response to the Company's capital needs while considering the interests of existing shareholders.

<Features of the Scheme>

(i) If no Reason for Extension of Commitment Period occurs, the rights will, in principle, be fully exercised (fully committed) by March 31, 2027, and the probability of such an exercise based on the commitment is considered to be high.
(ii) The number of the Company's common shares that are subject to the Share Acquisition Rights is fixed at 8,000,000 shares. Therefore, regardless of movements in share price, the maximum number of shares that can be increased is limited (the maximum dilution rate against the total number of issued shares of 40,330,067 shares [total number of voting rights 403,231 units] as of February 28, 2025 is 19.84% [based on the number of voting rights 19.84%]).
(iii) The exercise price of the Share Acquisition Rights is adjusted in line with the share price, and no upper limit is set for the exercise price. Therefore, the amount raised will increase when the share price rises.
(iv) After the allotment date of the Share Acquisition Rights, the Company may, at its discretion, acquire all or a part of the Share Acquisition Rights by paying an amount equal to the amount paid for the Share Acquisition Rights.
(v) In this case, the Planned Allottee does not intend to hold the Company's common shares acquired through exercising the Share Acquisition Rights for an extended period, nor does the Planned Allottee intend to be involved in the management of the Company.

<Disadvantages and important points of the Scheme>

(i) Depending on market conditions, a certain amount of time may be required to complete exercising the rights.
(ii) If the share price falls, the actual amount of funds raised may be less than the initially planned amount. Furthermore, if the share price remains below the minimum exercise price, raising funds may not be possible.
(iii) Since the Planned Allottee has not committed to a long-term holding of the Company's common shares, it is assumed that the shares acquired through exercising the Share Acquisition Rights will be sold, and

the sale of the Company's common shares by the Planned Allottee will impact the share price to a certain degree.

<Comparison with other financing methods>

(i) Issuing new shares through a public offering makes it possible to raise funds all at once. However, at the same time, it also causes a dilution of earnings per share all at once, which is considered to have a significant direct impact on the share price.

(ii) In the case of movable strike convertible bonds (MSCBs) with a conversion price adjusted in line with the share price, the issuance conditions and exercise conditions are diverse. Generally speaking, due to the structure in which the number of shares to be delivered upon conversion is determined according to the conversion price, the total number of shares to be delivered upon conversion is not determined until the conversion is completed. Therefore, it is considered to have a significant direct impact on the share price.

(iii) In the case of share acquisition rights for which the exercise price is not adjusted, the Company is unable to receive the benefits of an increase in the share price if the share price rises. On the other hand, if the share price falls, the rights are not exercised and it is difficult to raise funds. With regard to the Share Acquisition Rights, even if the share price rises above the exercise price, due to the amendment clause, the exercise price also rises in line with the rise in the share price. Therefore, the Share Acquisition Rights are more favorable for the Company than regular share acquisition rights with a fixed exercise price.

(iv) Issuing new shares through third-party allotment makes it possible to raise funds all at once. However, at the same time, it also causes a dilution of earnings per share all at once. This dilution would have a large direct impact on the share price. Furthermore, no appropriate allottee for new shares exists at the current time.

(v) The term "rights issues" refers to capital increases achieved through the allotment of share acquisition rights to all shareholders free of charge. There are two types of rights issues. The first is commitment-type rights issues, in which the Company enters into an underwriting agreement with a financial instruments business operator. The second is non-commitment-type rights issues, in which the Company does not enter into an underwriting agreement with a financial instruments business operator and the exercise of share acquisition rights is left to the discretion of the shareholders. However, there is little experience in using commitment-type rights issues in Japan, and they are still at an immature stage as a financing method. Moreover, there are concerns that commitment-type rights issues may be an inappropriate financing method, as costs such as underwriting fees are expected to increase and there are limitations on the amount that can be raised due to market capitalization and share liquidity. Furthermore, the Company is unable to conduct a non-commitment type rights issue because it has recorded operating losses for the last two years and does not meet the listing standards set out in the Securities Listing Regulations set forth by the Tokyo Stock Exchange.

(vi) Raising funds through loans or bonds is expected to lower financial soundness because the amount raised will become debt.

4. Amount, use, and planned timing of expenditure of funds to be raised

(1) Amount of funds to be raised (estimated net proceeds)

• Funds to be raised through the Share Acquisition Rights	¥1,537,360 thousand
Total amount to be paid for the Share Acquisition Rights	¥1,360 thousand
Value of assets to be contributed when exercising the Share Acquisition Rights	¥1,536,000 thousand
• Estimated amount of issuance expenses	¥16,000 thousand
• Estimated net proceeds	¥1,521,360 thousand

(Notes) 1. The amount of estimated net proceeds listed above is the amount obtained by adding the total amount of the payment for the Share Acquisition Rights and the total value of the assets to be contributed when the Share Acquisition Rights are exercised, and then deducting the estimated amount of issuance expenses for the Share Acquisition Rights.

2. 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 listed above 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 listed above will decrease.

3. The estimated amount of issuance expenses is the sum of attorney's fees, valuation expenses, registration expenses, securities registration statement preparation expenses, etc.

4. The estimated amount of issuance expenses does not include consumption tax, etc.

(2) Specific use of funds to be raised

We plan to use the funds raised through the issuance of the Share Acquisition Rights as follows.

Specific use	Amount (million yen)	Planned timing of expenditure
(i) Research and development funds	1,021	January 2026 to December 2027
(ii) Working capital	500	January 2026 to December 2027
Total	1,521	—

(Notes) 1. We plan to use the estimated net proceeds as listed above. The funds will be managed and stored in stable financial assets, such as the Company's bank deposits, until the planned timing of expenditure.

2. The exercise price of the Share Acquisition Rights may be revised or adjusted. Furthermore, the amount of funds to be raised and the planned timing of expenditure have not been determined. Therefore, there may be changes to the amount of funds currently expected to be raised and the planned time of expenditure. If the funds raised are less than planned, we will review our business plan and financial plan to address the issue of insufficient funds. We may also consider using cash on hand or exploring other methods of raising funds. The funds raised will be allocated in priority to those items with the earliest expenditure date. If the funds exceed the planned amount, they will be allocated to (i) above.

The Company plans to allocate the funds as shown in the table above. Details on the use of the funds are as follows.

(i) Research and development funds

The Company promotes research and development activities aimed at developing drug candidate substances based on novel mechanisms of action (MOA) to deliver groundbreaking medicines that address unmet medical needs[*1] of patients.

The number of the Company's clinical pipeline programs has increased from one to three in the fiscal year ended February 2024. TMS-007 (JX10)[*2], indicated for acute ischemic stroke, has begun clinical trials as part of a global study led by our partner CORXEL. The Company holds commercialization rights for TMS-007 in Japan and is in the process of participating as the Japanese partner in this clinical trial. Furthermore, dosing of TMS-008[*3] to all subjects in the Phase 1 clinical

trial indicated for acute kidney injury has been completed. We are currently analyzing the data from this trial and will determine the course of action for the next phase of development after confirming safety, tolerability, pharmacokinetics, and other factors. CORXEL is conducting Phase 1 clinical trials in Australia for JX09[*4] as a candidate for the treatment of treatment-resistant or uncontrolled hypertension. The Company intends to begin development in Japan at an appropriate time depending on the progress of global development by CORXEL. Going forward, the Company will actively advance the development of these clinical-stage pipeline programs.

The Company is also engaged in basic research, including exploratory research into new sEH inhibitors, as well as the evaluation and consideration for the in-licensing of research results from external research institutions, primarily within Japanese academia. In July 2024, we in-licensed the seed of a preclinical drug candidate indicated for spinal cord injury from Hokkaido University and added it to our pipeline as TMS-010. Going forward, the Company will continue these activities to build a strong pipeline.

From the proceeds from this round of funding, the Company plans to allocate a total of ¥571 million (planned allocation period: January 2026 to December 2027) in direct research and development costs. This allocation includes ¥250 million (planned allocation period: January 2026 to December 2027) for the costs of the Phase 2/3 clinical trials of TMS-007 in Japan, which are scheduled to begin in the future, and ¥321 million (planned allocation period: January 2027 to December 2027) for future development costs of clinical-stage pipeline programs such as TMS-008, for which Phase 1 clinical trial data analysis is currently underway, GLP trial costs for TMS-010, for which the Company aims to start clinical trials, other development costs for preclinical pipeline programs (including any seeds that will be developed into pipeline programs in the future), as well as costs for drug discovery research and the evaluation and in-licensing of research results from external research institutions to acquire new development pipeline programs in the future. Furthermore, we also plan to allocate ¥450 million (planned allocation period: January 2026 to December 2027) in indirect costs, specifically for personnel expenses for researchers involved in our research and development activities, such as the development of pipeline programs in the clinical and preclinical stages, drug discovery research, and the evaluation and in-licensing of research results from external research institutions, as well as for data service usage fees and transportation expenses.

Regarding the timing of the allocation of direct research and development expenses, we expect to begin allocation as development expenses for TMS-007 in January 2026. We expect to begin the allocation of other funds after the completion of the allocation of “direct research and development expenses for drug discovery research and pipeline development” from the funds raised in November 2022 and “direct research and development expenses for drug discovery research and pipeline development” from the funds raised in January 2024.

Additionally, although the Company operates with a small team, we ensure broad employee involvement in our projects, adopting a multi-faceted approach to project management. As a result, we do not impose indirect costs such as personnel costs for researchers on each pipeline project; instead, we record indirect costs separately from pipeline development costs.

[*1] Needs for new drugs and treatments for diseases for which no effective treatment has yet been found

[*2] SMTP (*stachybotrys microspora* triprenyl phenol) compound that combines pro-thrombolytic activity via conformational changes in plasminogen and anti-inflammatory activity via sEH inhibition

[*3] An SMTP compound with almost no pro-thrombolytic activity and exhibits an anti-inflammatory effect by inhibiting sEH

[*4] A drug candidate under development by CORXEL for indication to patients with treatment-

resistant or uncontrolled hypertension

(ii) Working capital

The Company is a drug discovery biotechnology venture that is driven by research and development. We are at the stage of making upfront investments with the aim of developing original pharmaceuticals and bringing them to market. In addition to the research and development expenses, which include both the direct research and development costs listed in (i) above, and indirect costs such as researcher personnel costs and other costs associated with conducting research and development, approximately ¥300 million is incurred annually as selling, general and administrative expenses for activities related to patents and business development that are our sources of revenue, as well as personnel costs for administrative departments. We plan to allocate a portion of the proceeds from this round of funding as working capital to ensure the stability of our financial situation and to steadily advance our business activities.

Regarding working capital until December 2025, immediately before the start of allocating the proceeds from this round of funding, the Company plans to cover costs by using the funds raised to date and cash on hand. Although there remains a total unallocated amount of approximately ¥1.17 billion from the funds raised so far (¥600 million from the ¥1.72 billion raised at the initial listing and ¥570 million from the ¥670 million raised in the third-party allotment in January 2024), we have decided to raise additional funds at this time. The reason for this decision is our determination that additional financing is necessary to ensure the continuity of our business and to take all possible measures for carrying out clinical trials by procuring the necessary funds for immediate business operations at an early stage and stabilizing our financial base with the start of clinical trials for TMS-007.

5. Approach to reasonable use of funds

As described above in “2. Purpose and reason for offering,” the funds to be raised this time will contribute to increasing the Company’s medium- to long-term corporate value, and the use of funds for this purpose is reasonable. Furthermore, we believe that this funding will benefit existing shareholders by increasing the Company’s medium- to long-term corporate value.

6. Reasonableness of the issuance conditions, etc.

(1) Basis for determining that the issuance conditions are reasonable

The Company has requested a third-party valuation institution, Akasaka International Accounting Co., Ltd. (Representative Director: Kenzo Yamamoto; Address: 1-1-8 Motoakasaka, Minato-ku, Tokyo, Japan) (“Akasaka International Accounting”), to evaluate the price of the Share Acquisition Rights, considering the terms and conditions for issuance of the Share Acquisition Rights and the various conditions set out in the Third-Party Allotment Agreement and the Memorandum to be concluded with the Planned Allottee. Akasaka International Accounting conducted a valuation of the Share Acquisition Rights by considering the terms and conditions for issuance of the Share Acquisition Rights, the Third-Party Allotment Agreement, and the Memorandum. The valuation was based on a Monte Carlo simulation, which is a common price calculation model, and on certain assumptions (the Company’s share price [¥199], the volatility of the Company’s shares [79.1%], the expected dividend amount [¥0], and the risk-free interest rate [0.9%]) that account for the market environment on the valuation date (March 13, 2025), the liquidity of the Company’s shares, the Company’s financing needs, the exercising of rights by the Planned Allottee, and the shareholding trends of the Planned Allottee.

Based on the valuation of the Share Acquisition Rights at ¥17 as calculated by Akasaka International Accounting under the above assumptions, the Company has, after consultation with the Planned Allottee, set the payment amount for each unit of the Share Acquisition Rights at ¥17.

The initial exercise price of the Share Acquisition Rights has been set at ¥192. The exercise price of the Share Acquisition Rights will thereafter be revised to an amount equivalent to 96% of the Closing Price on the trading day immediately preceding the effective date of each claim for the exercise of the Share Acquisition Rights. The exercise price of the Share Acquisition Rights will not fall below the minimum exercise price of ¥100. Therefore, the exercise price of the Share Acquisition Rights is not set at an excessively low level compared to the Company's share price over the last six months and the trading day immediately preceding the issuance resolution date, as described in "(ii) Status over the past six months" and "(iii) Share price on the trading day before the issuance resolution date" under "(3) Recent share price." of "11. Business performance and equity financing over the past three years." In light of this exercise price, we believe that the payment amount for the Share Acquisition Rights is fairly valued.

The Company's four auditors (three of whom are outside auditors) have also determined that Akasaka International Accounting does not have an advisory contract with the Company and is recognized to have a certain degree of independence from our management; that Akasaka International Accounting has conducted its valuation from a position independent of the Planned Allottee; that Akasaka International Accounting's valuation of the price of the Share Acquisition Rights is reasonable based on the data and materials explained or submitted by Akasaka International Accounting regarding the calculation process and assumptions; and that the payment amount for the Share Acquisition Rights is set at the same amount as the valuation amount calculated by Akasaka International Accounting. Accordingly, the Company's auditors have determined that there are no significant facts that violate laws and regulations regarding the directors' judgment that the payment amount is not particularly favorable to the Planned Allottee.

(2) Basis for determining that the issuance quantity and the scale of dilution of shares are reasonable

This funding will result in a dilution of up to 19.84% (up to 19.84% based on the number of voting rights) of the total number of issued shares, 40,330,067 shares (total number of voting rights of 403,231) as of February 28, 2025.

However, as described above in "2. Purpose and reason for offering" and "5. Approach to reasonable use of funds," this funding will strengthen and expand the Company's business base and aim to increase our corporate value in the medium to long term. Even when considering the associated dilution, this funding is expected to contribute to increasing the share value of existing shareholders, and the Company has therefore determined that the issuance quantity and the scale of dilution of shares are reasonable.

The number of the Company's common shares that are the subject of the Share Acquisition Rights is 8,000,000 shares. Since the average daily trading volume of our common shares over the past six months was 1,108,946 shares, which gives the shares a certain level of liquidity, the Company has determined that the issuance of the Share Acquisition Rights will not have an excessive impact on the market and that the level of dilution is reasonable.

7. Reasons for selecting the Planned Allottee, etc.

(1) Overview of the Planned Allottee

(1) Name	Growth Capital Inc.
(2) Address	Aoyama Center Building, 2nd Floor 3-8-40 Minami-Aoyama, Minato-ku, Tokyo, Japan
(3) Name and title of representative	CEO: Masato Minei
(4) Business activities	(i) Investment business (ii) Marketing support business (iii) Growth support consulting, etc.
(5) Capital	¥30 million
(6) Date of establishment	April 1, 2019

(7)	Number of issued shares	3,000 shares
(8)	Fiscal year end	March 31
(9)	Number of employees	4
(10)	Main clients	—
(11)	Main bank	Mizuho Bank, Ltd.
(12)	Major shareholders and shareholding ratio	Masato Minei 100%
(13)	Relationship between the parties	
	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Relevant status to related parties	Not applicable.

(14) Business performance and financial condition over the past three years (Unit: thousand yen)

Fiscal year end	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets	56,087	151,374	284,823
Total assets	581,998	730,521	991,903

(Note) In the Third-Party Allotment Agreement to be concluded between the Company and the Planned Allottee, the Company plans to receive a representation and warranty from the Planned Allottee that neither the Planned Allottee nor its officers and employees are members of antisocial forces, nor have any connections with antisocial forces. Furthermore, the Company independently commissioned Security & Research Co., Ltd. (Representative Director: Toshitsugu Haneda; Head Office: 2-16-6 Akasaka, Minato-ku, Tokyo, Japan), a specialized third-party investigation agency, to investigate whether the Planned Allottee and its officers are members of antisocial forces or have any connections with antisocial forces. The Company received the investigation report on December 13, 2024. In the investigation report, there was no indication that the Planned Allottee or its officers are members of antisocial forces or have any connections with antisocial forces. Based on the above, the Company has determined that the Planned Allottee and its officers have absolutely no connections with antisocial forces and has submitted a confirmation letter to the Tokyo Stock Exchange.

The Planned Allottee is an unlisted company, and we have not disclosed its business performance and financial condition as consent for disclosure has not been obtained apart from matters published in the public financial statements (please refer to the public financial statements for net income for the current fiscal year).

(2) Reasons for selecting the Planned Allottee

The Company has been evaluating the optimal financing methods and timing for us, specifically in terms of equity and debt financing methods necessary to advance our business. We have been holding discussions and negotiations with multiple securities firms and other entities. In this context, the Company began specific consideration around August 2024. After carefully comparing proposals from multiple companies, we concluded that the proposal from the Planned Allottee was the most desirable for us. Specifically, as described above in "(2) Reasons for selecting

the financing method" under "3. Overview of financing methods and reasons for selecting those methods," the Company has determined that the scheme proposed by the Planned Allottee is the optimal financing method to meet the Company's financing needs while considering the interests of existing shareholders.
The Planned Allottee is a Tokyo-based joint-stock company established in April 2019 by CEO Masato Minei for the purpose of investment business and has extensive experience in financing similar to the issuance of the Share Acquisition Rights. The Planned Allottee intends to execute the sale of the Company's shares acquired through the exercise of the Share Acquisition Rights while considering the impact on the share price. The Planned Allottee has supported the growth of many listed venture companies. After a comprehensive evaluation, the Company has concluded that the Planned Allottee proposed the financing for this matter with an understanding of the Company's management policy. The Company has determined that smooth financing can be expected while considering the impact on the share price and the interests of existing shareholders.
After such consideration, at the Board of Directors meeting held on March 14, 2025, the Company resolved to issue the Share Acquisition Rights through a third-party allotment to Growth Capital.

(3) The Planned Allottee's holding policy and exercise restrictions
There are no arrangements between the Company and the Planned Allottee regarding continued holding or deposit of the Share Acquisition Rights. In addition, the Third-Party Allotment Agreement stipulates that approval from the Company's Board of Directors is required for the transfer of the Share Acquisition Rights.
The Planned Allottee has verbally informed the Company that it does not intend to hold the Company shares acquired by exercising the Share Acquisition Rights for a long period of time and that it plans to promptly sell the Company shares it has acquired.
Moreover, 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, the Company plans to take measures in the Third-Party Allotment Agreement to be concluded with the Planned Allottee to, in principle, restrict the conversion or exercise of the portion exceeding 10% if the number of shares acquired through the exercise by the purchaser of MSCBs, etc. (as defined in the aforementioned Regulations; the same applies hereinafter) during a single calendar month exceeds 10% of the number of listed shares as of the payment date of the MSCBs, etc. (including a provision stating that even if the Planned Allottee sells the Share Acquisition Rights to a third party, or if the Share Acquisition Rights are subsequently resold to another party, the Company will enter into an agreement with the transferee to restrict the conversion or exercise of the portion exceeding 10%).

(4) Details of confirmation regarding the existence of assets required for payment by the Planned Allottee
In the Third-Party Allotment Agreement to be concluded with the Planned Allottee, the Company plans to receive a representation and warranty that the Planned Allottee has sufficient assets required for payment. In addition, the Company has received from the Planned Allottee a balance certificate dated January 31, 2025 issued by the Planned Allottee's bank, and has confirmed that the Planned Allottee has a sufficient cash and deposit balance to make payments for the issuance of the Share Acquisition Rights to be allotted to the Planned Allottee. The Company has received from the Planned Allottee a written loan agreement (loan period: from April 1, 2024 to March 31, 2025; the Planned Allottee has confirmed that the agreement is planned to be renewed for one year on April 1, 2025) concluded between the Planned Allottee and its Representative Director, Masato Minei. The Company has confirmed that the said cash and deposit balance is covered by funds loaned from Masato Minei and that the Company's shares are not currently used as collateral (although security interest exists). Furthermore, Masato Minei has verbally confirmed that the source of the loan is his personal funds. When exercising the Share Acquisition Rights, the Planned Allottee is expected to basically repeat the process of exercising the Share Acquisition Rights and recovering funds by selling the shares acquired through exercise. This process will not

require a large amount of funds all at once. The Company has determined that the Planned Allottee has sufficient funds to exercise the Share Acquisition Rights.

(5) Stock lending agreement

The Company, its officers, parties related to the Company's officers, and major shareholders do not plan to enter into a stock lending agreement with the Planned Allottee.

(6) Lock-up

In the Third-Party Allotment Agreement, the Company intends to agree that, from the date of the execution of the Third Party Allotment Agreement until the last day of the exercise period (March 31, 2028), as long as the Planned Allottee has unexercised Share Acquisition Rights, unless the prior written consent has been obtained from the Planned Allottee, the Company will not issue or offer securities, etc., issued by the Company that grant the holder the right to acquire the Company's common shares, or for which the exercise price or conversion price, etc., associated with obtaining the Company's common shares in those securities, etc., will be adjusted in line with the share price of the Company's common shares.

8. Major shareholders and shareholding ratio after the offering

Before the offering (as of February 28, 2025)		
Name	Number of shares held (shares)	Shareholding ratio
Daiwa Taiwan-Japan Biotech Fund Investment Limited Partnership	4,107,920	10.18%
MSC CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3,659,487	9.07%
THVP-1 Investment Limited Partnership	2,845,960	7.05%
SHIN NIPPON BIOMEDICAL LABORATORIES, LTD. (SNBL)	1,433,320	3.55%
Tetsuo Yamamoto	925,000	2.29%
Keiji Hasumi	804,000	1.99%
Nissay Capital No. 9 Investment Limited Partnership	664,380	1.64%
OCP No. 1 Investment Limited Partnership	619,500	1.53%
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	600,000	1.48%
Rakuten Securities, Inc.	530,500	1.31%

(Notes) 1. No promise has been made regarding the long-term holding of the Share Acquisition Rights being offered. Therefore, we have not displayed the "Major shareholders and shareholding ratio after the offering," which reflects the number of potential shares related to the offering of the Share Acquisition Rights.

2. The shareholding ratio is calculated by rounding down to the second decimal place.

3. The large shareholding report dated February 5, 2024, which is available for public inspection, states that RTW Investments, LP holds the following shares as of January 31, 2024. However, we are unable to confirm the actual number of shares held as of February 28, 2025, and therefore have not included them in the status of major shareholders above.

The contents of the report are as follows.

Name or title	Address	Number of shares held (shares)	Ratio of shares held (%)
RTW Investments, LP	40 10th Avenue, Floor 7 New York, NY 10014, USA	3,659,487	9.09

9. Future outlook

This funding will have a minimal impact on the Company's business performance for the fiscal year ending December 31, 2025 (note).

If the use of the raised funds in executing business operations leads to any impact on our business performance, we will disclose such effects promptly and appropriately.

(Note) The fiscal year ending December 31, 2025 is expected to cover the 10 months from March 1, 2025 to December 31, 2025, following a resolution to amend the Articles of Incorporation at the annual general meeting of shareholders scheduled to be held in late May 2025.

10. Procedures under the Code of Business Conduct

The scale of issuance for the Share Acquisition Rights is as described in "(2) Basis for determining that the issuance quantity and the scale of dilution of shares are reasonable" under "6. Reasonableness of the issuance conditions, etc." It will result in a maximum dilution of 19.84% of the total number of voting rights as of February 28, 2025. For this reason, first, since the dilution rate is less than 25%, and secondly, because there is no change in the controlling shareholder (even if all of the Share Acquisition Rights are exercised, a change in the controlling shareholder is not anticipated), it is unnecessary to obtain an opinion on the necessity and appropriateness of the allotment from a person with a certain degree of independence from management or to carry out procedures for confirming the shareholders' intentions, as stipulated in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.

11. Business performance and equity financing over the past three years

(1) Business performance over the past three years (Unit: thousand yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Operating revenue	1,946,520	—	—
Operating income (loss)	1,135,635	(520,149)	(943,253)
Ordinary income (loss)	1,079,304	(861,471)	(943,395)
Net income (loss)	1,076,859	(860,925)	(960,040)
Net assets per share (yen)	74.10	101.55	85.48
Dividend per share (yen)	—	—	—
Net income (loss) per share (yen)	53.36	(25.28)	(26.02)

(2) Current status of number of issued shares and number of potential shares (as of February 28, 2025)

	Number of shares	Ratio to number of issued shares
Number of issued shares	40,330,067 shares	100.0%
Number of potential shares at current conversion price (exercise price)	2,344,080 shares	5.8%

Number of potential shares at minimum conversion price (exercise price)	—	—
Number of potential shares at maximum conversion price (exercise price)	—	—

(Note) The above total number of potential shares is based on stock options.

(3) Recent share price

(i) Status over the past three years

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Opening price	¥919	¥620	¥349
High price	¥1,188	¥629	¥353
Low price	¥514	¥159	¥137
Closing price	¥620	¥325	¥205

(Note) The Company was listed on the Tokyo Stock Exchange Growth Market on November 22, 2022. The share price for the fiscal year ended February 28, 2023 is the share price after the listing date.

(ii) Status over the past six months

	2024 October	November	December	2025 January	February	March
Opening price	¥193	¥191	¥220	¥217	¥260	¥206
High price	¥205	¥229	¥225	¥270	¥314	¥211
Low price	¥163	¥183	¥202	¥198	¥201	¥197
Closing price	¥196	¥224	¥218	¥258	¥205	¥199

(Note) The share price for March 2025 is as of March 13, 2025.

(iii) Share price on the trading day before the issuance resolution date

	March 13, 2025
Opening price	¥199
High price	¥203
Low price	¥199
Closing price	¥199

(4) Equity financing over the past three years

(i) Public offering (at initial listing)

Payment date	November 21, 2022
Amount of funds raised	¥1,727 million (net proceeds)
Underwriting price	¥616.40
Number of shares issued at the time of offering	33,102,080 shares
Number of shares issued after the offering	36,534,880 shares
Initial use of funds at the time of issuance	Direct research and development costs for drug discovery research and pipeline development

	Research and development costs, including research and development personnel costs and miscellaneous costs
Planned timing of expenditure at the time of issuance	November 2022 to February 2026
Current status of fund allocation	The amount allocated to “direct research and development costs for drug discovery research and pipeline development” in the fiscal year ended February 28, 2023 will be lower than planned due to the fact that some costs for preclinical studies for TMS-008 that were expected to be recorded in the fiscal year ended February 28, 2023 are now expected to be incurred in the following fiscal year, and the costs of in-licensing external assets to expand the pipeline were lower than expected. Considering the possibility of fluctuations in the allocation period from the fiscal year ended February 29, 2024 onwards, we have changed the planned allocation timing for “direct research and development costs for drug discovery research and pipeline development.” There is no change in the total amount of funds to be allocated from the funds raised at the time of listing to “direct research and development costs for drug discovery research and pipeline development.” For details, please refer to the “Notice Regarding Change in the Planned Timing of Fund Allocation” released on May 30, 2023. Fund allocation for direct research and development costs for drug discovery research and pipeline development is ¥10 million in the fiscal year ended February 28, 2023, ¥308 million in the fiscal year ended February 29, 2024, and ¥432 million in the fiscal year ended February 28, 2025. Fund allocation for research and development costs, including research and development personnel costs and miscellaneous costs, is ¥35 million in the fiscal year ended February 28, 2023, ¥171 million in the fiscal year ended February 29, 2024, and¥171 million in the fiscal year ended February 28, 2025. Currently, direct research and development costs for drug discovery research and pipeline development amount to approximately ¥750 million of the ¥1.32 billion, and research and development expenses such as research and development personnel costs and miscellaneous costs amount to approximately ¥370 million of the ¥400 million.

(ii) Issuance of new shares through third-party allotment

Allotment date	January 31, 2024
Number of new shares issued	Common shares: 3,659,487 shares
Issue price	¥187 per share
Amount of funds raised	¥674,324,069 (estimated net proceeds)
Method of offering or allotment (Planned Allottees)	The shares will be allotted as follows by third-party allotment to each Planned Allottee. RTW Master Fund, Ltd. 2,083,830 shares RTW Innovation Master Fund, Ltd. 1,524,886 shares RTW Biotech Opportunities Ltd 50,771 shares
Number of new shares issued	Common shares: 3,659,487 shares

Initial use of funds at the time of issuance	(i) Direct research and development costs for drug discovery research and pipeline development (ii) Working capital
Planned timing of expenditure at the time of issuance	(i) March 2025 to February 2027 (ii) March 2024 to February 2026
Initial planned allocation amount for specific use of funds at the time of issuance	(i) ¥500 million (ii) ¥174 million
Current allocation status	(i) — (ii) ¥104 million

Investor and Media Contact:
ir@tms-japan.co.jp

(End)

(Attachment)

TMS Co., Ltd.

Terms and Conditions for the 10th Issuance of Share Acquisition Rights

1. Name of share acquisition rights

10th Share Acquisition Rights of TMS Co., Ltd. (the "Share Acquisition Rights")

2. Total amount to be paid for the Share Acquisition Rights

¥1,360,000

3. Application deadline

March 31, 2025

4. Allotment date and payment date

March 31, 2025

5. Method of offering

All of the Share Acquisition Rights shall be allotted to Growth Capital Inc. (the "Allottee") by way of third-party allotment.

6. Class and number of shares subject to the Share Acquisition Rights

(1) The class and number of shares to be issued subject to the Share Acquisition Rights shall be 8,000,000 common shares of the Company (the number of shares to be issued subject to each Share Acquisition Right [the "Number of Allotted Shares"] shall be 100 shares.). However, if the Number of Allotted Shares is adjusted pursuant to items (2) to (4) of this section, the total number of shares to be issued subject to the Share Acquisition Rights shall be adjusted in accordance with the adjusted Number of Allotted Shares.

(2) If the Company splits, allots free of charge, or consolidates its common shares (collectively, "Stock Splits, etc."), the Number of Allotted Shares shall be adjusted according to the following formula. However, any fraction less than one share resulting from the adjustment shall be rounded down.

Number of Allotted Shares after adjustment = Number of Allotted Shares before adjustment x Ratio of Stock Splits, etc.

(3) In the event that the Company adjusts the exercise price (as defined in Section 9, item (2); the same shall apply hereinafter) in accordance with the provisions of Section 11 (however, excluding cases where the adjustment is due to Stock Splits, etc.), the Number of Allotted Shares shall be adjusted according to the following formula. However, such adjustment shall only be made to the Number of Allotted Shares related to the unexercised Share Acquisition Rights at that time, and any fractions less than one share resulting from the adjustment shall be rounded down. The exercise price before adjustment and the exercise price after adjustment in the formula shall be the exercise price before adjustment and the exercise price after adjustment as specified in Section 11.

$$\text{Number of Allotted Shares after adjustment} = \frac{\text{Number of Allotted Shares before adjustment} \times \text{Exercise price before adjustment}}{\text{Exercise price after adjustment}}$$

(4) In any adjustment under this section, the effective date of the adjusted Number of Allotted Shares shall be the same as the date on which the adjusted exercise price set forth in each of items (2) and (5) of

Section 11 takes effect in relation to the adjustment of the exercise price in accordance with the reason for such adjustment.

(5) When adjusting the Number of Allotted Shares, the Company shall provide the holders of the Share Acquisition Rights (the "Share Acquisition Rights Holders") with written notification of the fact that such adjustment shall be made, the reason for such adjustment, the Number of Allotted Shares before the adjustment, the Number of Allotted Shares after the adjustment, the date on which the adjusted Number of Allotted Shares will take effect, and any other necessary particulars. This notification shall be provided by the day before the effective date of the adjusted Number of Allotted Shares. However, if the above notification cannot be provided by the day before the effective date, it shall be made promptly after the effective date.

7. Total number of Share Acquisition Rights

80,000 units

8. Amount to be paid per unit of Share Acquisition Rights

¥17

9. Value of assets to be contributed when exercising the Share Acquisition Rights and method of calculating the value of assets

(1) The assets to be contributed when exercising each Share Acquisition Right shall be cash, and its value shall be the exercise price multiplied by the Number of Allotted Shares.

(2) In the event that the Company issues new common shares of the Company or disposes of its common shares held in lieu thereof as a result of exercising the Share Acquisition Rights (hereinafter, the issuance or disposal of the Company's common shares is referred to as "delivery"), the value of assets to be contributed per share (the "Exercise Price") shall initially be ¥192. However, the Exercise Price shall be subject to revision or adjustment in accordance with the provisions of Section 10 or Section 11.

10. Revision of Exercise Price

After the issuance of the Share Acquisition Rights, the Exercise Price shall be revised on the effective date of each claim for the exercise of the Share Acquisition Rights as set forth in Section 17, item (2) (the "Determination Date") 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 Determination Date (if there is no closing price on that day, then the immediately preceding trading day with a closing price) (yen calculated to the second decimal place and rounded up to the first decimal place). However, if the amount obtained as a result of the calculation pursuant to this section is less than ¥100 (the "Minimum Exercise Price," which shall be adjusted mutatis mutandis pursuant to the provisions of Section 11), the Exercise Price shall be the Minimum Exercise Price. "Trading day" refers to a day on which trading sessions are held at the Tokyo Stock Exchange.

11. Adjustment of the Exercise Price

(1) After the issuance of the Share Acquisition Rights, if there is a change or possible change in the number of issued common shares of the Company due to any of the reasons set forth in item (2) of this section, the Company shall adjust the Exercise Price according to the following formula (the "Exercise Price Adjustment Formula").

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of shares to be delivered} \times \text{Amount to be paid per share}}{\text{Market value per share}}}{\text{Number of outstanding shares} + \text{Number of shares to be delivered}}$$

(2) The following provisions apply in the case of adjusting the Exercise Price using the Exercise Price Adjustment Formula and to the timing at which the adjusted Exercise Price will take effect.

(i) In the case of newly delivering the Company's common shares at a payment amount below the market price (as defined in item (4)-(ii) of this section; the same shall apply hereinafter) (including cases of free allotment) (however, excluding cases where shares are delivered based on the restricted stock compensation plan, cases where the Company's common shares are delivered by exercising share acquisition rights (including those attached to bonds with share acquisition rights), acquisition of shares with put options or shares subject to calls, or exercising other rights that can claim the delivery of the Company's common shares, and cases where the Company's common shares are delivered through a company split, share exchange, partial share exchange, or merger)

The adjusted Exercise Price shall take effect from the payment date (if a payment period is specified in the offering, the last day of that period; in the case of a free allotment, the effective date) or, if there is a record date for granting shareholders the right to receive the allotment in respect to said delivery, from the day following that record date.

(ii) In the case of a stock split of common shares

The adjusted Exercise Price shall take effect from the day following the record date for the stock split.

(iii) In the case of issuing or granting shares with put options that provide for the delivery of the Company's common shares at a price lower than the market price, or share acquisition rights that can claim the delivery of the Company's common shares at a payment amount lower than the market price (including those attached to bonds with share acquisition rights) (excluding cases where share acquisition rights are delivered based on a stock option system)

The Exercise Price after adjustment shall be calculated by applying the Exercise Price Adjustment Formula assuming that all shares with put options or share acquisition rights relating to all shares with acquisition rights are exercised under the original conditions, and this price shall take effect from the payment date (the last day of the payment period if one was specified at the time of offering, the allotment date in the case of share acquisition rights (including those attached to bonds with share acquisition rights), and the effective date in the case of a free allotment). However, if there is a record date for granting shareholders the right to receive the allotment, this price shall take effect from the day following the record date.

(iv) In the case where the Company's common shares are delivered at a price lower than the market price in exchange for the acquisition of shares subject to calls or share options subject to calls (including those attached to bonds with share acquisition rights) issued by the Company

The adjusted Exercise Price shall take effect from the day following the acquisition date.

Notwithstanding the above, if the Exercise Price of the shares subject to calls or share options subject to calls (including those attached to bonds with share acquisition rights) has been adjusted as set forth in (iii) above before such adjustment, the Exercise Price after adjustment shall be calculated taking into account the prior adjustment.

(v) In each transaction described in (i) to (iv) of item (2) in this section, if a record date is set for granting shareholders the right to receive the allotment, and the effectiveness of each transaction is conditional upon the approval of the general meeting of shareholders or the Board of Directors or other organs of the Company after the record date, then, notwithstanding (i) to (iv) of item (2) in this section, the

adjusted Exercise Price shall take effect from the day following the date on which said approval is granted.

In this case, the Share Acquisition Rights Holders who claim the exercise of the Share Acquisition Rights from the day following the record date until the day of such approval shall be delivered common shares of the Company in accordance with the following calculation method.

$$\text{Number of shares} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Number of shares delivered during the period at the Exercise Price before adjustment}}{\text{Exercise Price after adjustment}}$$

In this case, any fraction less than one share shall be rounded down and no cash adjustment shall be made.

(3) If the difference between the Exercise Price after adjustment calculated using the Exercise Price Adjustment Formula and the Exercise Price before adjustment remains less than ¥1, the Exercise Price shall not be adjusted. However, if a subsequent event occurs that requires an adjustment of the Exercise Price and the Exercise Price is therefore calculated, the amount obtained by subtracting this difference from the Exercise Price before adjustment shall be used in place of the Exercise Price before adjustment in the Exercise Price Adjustment Formula.

(4) (i) Calculations using the Exercise Price Adjustment Formula shall be made up to the second decimal place in yen, and the value shall be rounded down to the first decimal place.

(ii) The market price used in the Exercise Price Adjustment Formula shall be the simple average of the closing prices of the Company's common shares in regular trading on the Tokyo Stock Exchange for 30 consecutive trading days (excluding days without a closing price) beginning with the 45th trading day prior to the date on which the adjusted Exercise Price is to take effect (however, in the case of item (2)-(v) of this section, the record date). (4) In this case, the calculation for the simple average shall be made up to the second decimal place in yen, and rounded down to the first decimal place.

(iii) The number of outstanding shares used in the Exercise Price Adjustment Formula shall be the total number of issued common shares of the Company on the record date (assuming that a record date exists) granting shareholders the right to receive the allotment, or, if there is no such record date, on the day one month prior to the date on which the adjusted Exercise Price is to first take effect, deducting the number of common shares of the Company held by the Company on that day. In addition, in the case of item (2)-(ii) above, the number of delivered shares used in the Exercise Price Adjustment Formula shall not include the number of common shares of the Company to be allotted for the common shares of the Company held by the Company on the record date.

(5) In addition to the cases where an adjustment to the Exercise Price is necessary under item (2) of this section, in the cases listed below, the Company shall adjust the Exercise Price as necessary in consultation with and based on the approval of the Share Acquisition Rights Holders.

(i) When it is necessary to adjust the Exercise Price due to share consolidation, capital reduction, company split, share transfer, share exchange, partial share exchange, or merger.

(ii) When it is necessary to adjust the Exercise Price due to the occurrence of other events that change or may change the number of issued common shares of the Company.

(iii) When multiple events that require an adjustment of the Exercise Price occur in conjunction with each other, and it is necessary to consider the other events to judge the impact of one event on the market value to be used in calculating the Exercise Price after adjustment.

(6) Notwithstanding the provisions of item (2) above, if the date on which the adjusted Exercise Price based on item (2) above takes effect is the same as the date on which the revision of the Exercise Price based on Section 10 takes effect, the Company shall make the necessary adjustments to the Exercise

Price and Minimum Exercise Price in consultation with and based on the approval of the Share Acquisition Rights Holders.

(7) When adjusting the Exercise Price, the Company shall provide Share Acquisition Rights Holders with written notification of the fact that such adjustment shall be made, the reason for such adjustment, the Exercise Price before the adjustment, the Exercise Price after the adjustment, the date on which the adjusted Exercise Price will take effect, and any other necessary particulars. This notification shall be provided by the day before the effective date of the adjusted Exercise Price. However, if the above notification cannot be provided by the day before the effective date, it shall be made promptly after the effective date.

12. Exercise period of the Share Acquisition Rights

The exercise period shall be from the allotment date to March 31, 2028 (the "Exercise Period"). However, if the last day of the Exercise Period is not a bank business day, the last day shall be the following bank business day.

13. Other conditions for exercising Share Acquisition Rights

Each share acquisition right may not be exercised in part.

14. Reasons for the acquisition of Share Acquisition Rights

(1) If the Board of Directors of the Company resolves that it is necessary to acquire the Share Acquisition Rights, after giving notice at least two weeks prior to the acquisition date after the allotment date in accordance with the provisions of Articles 273 and 274 of the Companies Act, the Company may acquire all or part of the Share Acquisition Rights held by the Share Acquisition Right Holders (excluding the Company) for an amount equal to the amount paid per unit of the Share Acquisition Rights on the acquisition date determined by the Board of Directors of the Company. In the event of partial acquisition, the acquisition shall be made by lottery or other reasonable method.

(2) In the event that a resolution is passed at the Company's general meeting of shareholders regarding a merger, absorption-type split or incorporation-type split in which the Company will be the absorbed company, or an exchange of shares or transfer of shares in which the Company will become a wholly owned subsidiary (an "Organizational Restructuring Action"), after giving notice at least two weeks prior to the acquisition date in accordance with the provisions of Articles 273 and 274 of the Companies Act, the Company shall acquire all of the Share Acquisition Rights held by the Share Acquisition Right Holders (excluding the Company) in an amount equal to the amount paid per unit of the Share Acquisition Rights, prior to the effective date of the Organizational Restructuring Action.

(3) In the event that any of the common shares issued by the Company are designated as securities under supervision, securities on alert, or securities to be delisted by the Tokyo Stock Exchange, or if they are delisted, the Company shall acquire all of the Share Acquisition Rights held by the Share Acquisition Rights Holders (excluding the Company) in an amount equal to the amount paid per unit of the Share Acquisition Rights on the day that is two weeks after the day on which the shares become subject to such designation or the day on which the delisting is decided (if that day is a holiday, then the next business day).

(4) On the last day of the Exercise Period, the Company shall acquire all of the Share Acquisition Rights held by the Share Acquisition Right Holders (excluding the Company) in an amount equal to the amount paid per unit of the Share Acquisition Rights.

15. Issuance of share acquisition rights certificates

The Company shall not issue share acquisition rights certificates related to the Share Acquisition Rights.

16. Increase in capital and capital reserve when shares are issued through exercising the Share Acquisition Rights

The amount of increase in capital when common shares of the Company are issued through exercising the Share Acquisition Rights shall be half of the capital increase limit calculated in accordance with the provisions of Article 17, section 1 of the Regulation on Corporate Accounting (if a fraction less than ¥1 results from the calculation, the fraction shall be rounded up), and the amount of increase in capital reserve shall be the amount obtained by subtracting the amount of increase in capital from the capital increase limit.

17. Method of claiming exercise of the Share Acquisition Rights

(1) When exercising the Share Acquisition Rights, the necessary matters for claiming exercise shall be notified to the place to accept or brokerage the claim specified in Section 18 during the Exercise Period as set forth in Section 12, and the full amount to be paid upon the exercise of the relevant Share Acquisition Rights shall be transferred in cash to an account designated by the Company at the place for handling payment as set forth in Section 19.

(2) The claim for the exercise of the Share Acquisition Rights shall become effective when all matters necessary for claiming exercise have been notified to the place to accept or brokerage the claim specified in Section 18, and the full amount to be paid upon the exercise of the relevant Share Acquisition Rights has been deposited in the account set forth in the preceding item.

18. Place to accept or brokerage the claim

TMS Co., Ltd., Administration Department
1-9, Fuchu-cho, Fuchu-shi, Tokyo, Japan

19. Place for handling payment

MUFG Bank, Ltd., Fuchu Branch
1-6-1, Miyanishi-cho, Fuchu-shi, Tokyo, Japan

20. Delivery of shares upon exercise of share acquisition rights

Promptly after the claim for the exercise of the Share Acquisition Rights becomes effective, in accordance with the provisions of Article 130, paragraph 1 of the Act on Book Entry of Corporate Bonds and Shares, the Company shall notify the transfer institution handling the Company's common shares of the new record information of the Company's common shares to be delivered upon the exercise of the relevant Share Acquisition Rights.

21. Amount to be paid for the Share Acquisition Rights and reason for calculating the value of assets to be contributed when exercising the rights

Taking into consideration these issuance terms and conditions and the various terms and conditions of the third-party allotment agreement to be concluded with the Allottee, based on the results of a Monte Carlo simulation (a common price calculation model), and with reference to the results of an evaluation based on certain assumptions regarding the Company's stock price, volatility, expected dividend amount, risk-free interest rate, etc., the payment amount per unit of the Share Acquisition Rights has been set as specified in Section 8. Furthermore, the amount to be paid when exercising the Share Acquisition Rights shall be as specified in Section 9, and the Exercise Price shall initially be set at ¥192.

22. Others

(1) In the event that amendments to the Companies Act or other laws require the provisions of these issuance terms and conditions to be reinterpreted or other measures to be taken, the Company shall take the necessary measures.

(2) In addition to the above, decisions regarding necessary matters for the issuance of the Share Acquisition Rights shall be entrusted to the sole discretion of the representative director of the Company.

(3) The above sections shall be subject to the effectiveness of filing under the Financial Instruments and Exchange Act.

End