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Summary of Non-Consolidated Financial Results for the Fiscal Year Ended March 2025 (Based on Japanese GAAP)

May 12, 2025

Company name: Tsubota Laboratory, Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4890

URL: <https://tsubota-lab.com/>

Representative: Kazuo Tsubota, CEO

Inquiries: KeisukeMitsuoka Senior Executive Officer Corporate Strategy and Operating Div. Phone: +81-3-6384-2866

Scheduled date of Annual General Meeting of Shareholders: June 25, 2025

Scheduled date of filing annual securities report: June 26, 2025

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	1,357	101.5	235	—	281	—	205	—
Fiscal year ended March 31, 2024	673	(29.5)	(649)	—	(636)	—	(641)	—

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to Net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	8.04	7.92	13.9	11.7	17.4
Fiscal year ended March 31, 2024	(25.15)	—	(38.7)	(25.6)	(96.4)

(Reference) Equity in earnings (losses) of affiliated companies (Millions of yen)

Fiscal year ended March 31 2025: — Fiscal year ended March 31 2024: —

(Note) Diluted earnings per share of common stock for the fiscal year ended March 31, 2024 is omitted because basic earnings per share was negative although there are residual shares.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025 (end of previous fiscal year)	2,503	1,587	63.4	61.91
As of March 31, 2024 (end of previous fiscal year)	2,295	1,367	59.6	53.45

(Reference) Total shareholders' equity (millions of yen)

As of March 31, 2025: 1,587

As of March 31, 2024: 1,367

(3) Cash Flows

	Cash flows from Operating activities	Cash flows from investing activities	Cash flows from Financing activities	Cash and cash Equivalent at the end Of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	(317)	(14)	(12)	1,538
Fiscal year ended March 31, 2024	(301)	(12)	35	1,883

2. Cash Dividends

	Annual dividends per share					Total dividends	Payout ratio	Dividends on Equity
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended March 31, 2025	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,400	3.2	200	(15.1)	220	(21.9)	150	(27.1)	5.85

* Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

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|---|----|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| 2) Changes in accounting policies other than those in 1) above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatement of prior period financial statements: | No |

(2) Number of issued shares (common shares)

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

As of March 31, 2025	25,639,300 shares	As of March 31, 2024	25,577,500 shares
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2) Number of treasury shares at the end of the period

As of March 31, 2025	– shares	As of March 31, 2024	– shares
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3) Average number of shares during the period

Fiscal year ended March 31, 2025	25,595,606 shares	Fiscal year ended March 31, 2024	25,497,278 shares
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* This summary of financial results is not subject to review procedures by a public accountant or audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

1. Qualitative Information on the Financial Results for the Period under Review

(1) Overview of Operating Results

During the fiscal year under review (April 1, 2024 – March 31, 2025), the Japanese economy followed a gradual recovery trajectory, supported by wage growth, a rebound in inbound demand, and active capital investment by companies. On the other hand, the economic environment remained highly uncertain due to factors such as rising energy and raw material prices stemming from geopolitical risks, foreign exchange volatility caused by interest rate differentials with Western countries, persistent global political instability, and renewed trade tensions associated with the change in U.S. administration.

In this environment, Tsubota Laboratory, Inc. ("Tsubota Lab" or the "Company"), a startup from Keio University, has conducted business activities aiming to achieve continuous growth and business expansion under the mission of "Create a Future of Clear Vision through Visionary Innovations" and with the aim of developing innovative solutions for myopia, dry eye, presbyopia, and brain diseases.

In our research and development activities, we focused on basic research to generate new intellectual property and expand our development pipeline, while strengthening our development framework through collaborations with research partners.

In the field of myopia, our medical device "TLG-001" utilizing violet light technology completed the treatment period for all participants in the pivotal clinical trial and has transitioned to the observation phase. The eye drop product "TLM-003" has completed its Phase I clinical trial under a long-term development agreement with Rohto Pharmaceutical Co., Ltd., and its safety has been confirmed. Preparations for clinical trials overseas are also underway. Regarding "TLM-007," a new myopia progression inhibitor with a novel mechanism of action, a specified clinical study is currently in progress.

In the dry eye area, Maruho Co., Ltd. is conducting domestic clinical trials for "TLM-001," targeting meibomian gland dysfunction.

In the neurological disorder field, the medical device "TLG-005," which applies violet light technology, has completed specified clinical studies for Parkinson's disease, depression, and mild cognitive impairment (MCI). These studies confirmed safety; in depression, efficacy was suggested, and in Parkinson's disease, some symptoms showed improvement trends.

In other areas, we are conducting a clinical study of "TLG-021," a medical device using violet light technology for treating menstrual irregularities in women, aiming to establish a new therapy through circadian rhythm adjustment. For the retinal degenerative disease device "TLG-020," preparations for a specified clinical trial are underway. Additionally, research aimed at improving cognitive function in elderly dogs is progressing with public support, exploring the potential expansion into the veterinary medical field.

On the business development front, we concluded four out-licensing agreements with domestic and international partner companies. Overseas, we signed an exclusive license agreement for certain patents with Shenyang Xingqi Pharmaceutical Co., Ltd., a major ophthalmic pharmaceutical company in China, establishing a foundation for full-scale market entry in China. We also concluded a formal license agreement for "TLG-001" with Beijing Yijie Pharmaceutical Technology Co., Ltd. in March 2025, following a prior basic agreement. Furthermore, we signed a license agreement with another overseas pharmaceutical company concerning non-clinical and clinical data. Domestically, we concluded an exclusive evaluation agreement with Rohto Pharmaceutical Co., Ltd. for an eye drop under development. Through active participation in international conferences and exhibitions, we promoted awareness and commercialization of our research achievements and intellectual property.

As a result of these initiatives, we achieved solid growth, setting new record highs for net sales, ordinary profit, and net income for the first time in four years.

Note that descriptions related to segment information are not provided, as the Company has a single operating segment engaged in the research and development business

(Thousands of yen)

	Net sales	Operating profit (loss)	Ordinary profit (loss)	Net profit (loss)	Basic earnings (loss) per share
Fiscal year ended March 31, 2025	1,357,133	235,467	281,499	205,766	8.04 yen
Fiscal year ended March 31, 2024	673,532	(649,554)	(636,371)	(641,317)	(25.15 yen)
Change	683,601	885,021	917,870	847,083	33.19 yen

(2) Explanation of Financial Position

1) Financial Position

	As of March 31, 2024	As of S March 31, 2025	Change
Total assets (thousands of yen)	2,295,159	2,503,123	207,964
Total liabilities (thousands of yen)	927,927	915,850	(12,077)
Total net assets (thousands of yen)	1,367,231	1,587,272	220,041
Equity ratio (%)	59.6	63.4	3.8
Net assets per share (yen)	53.45	61.91	8.46

(Current Assets)

The balance of current assets at the end of the fiscal year was ¥2,445,308 thousand, an increase of ¥221,611 thousand compared to the end of the previous fiscal year. This was mainly due to an increase of ¥528,046 thousand in accounts receivable and ¥62,187 thousand in consumption tax receivables, offset by a decrease of ¥344,547 thousand in cash and deposits and ¥28,998 thousand in income taxes receivable.

(Non-Current Assets)

The balance of non-current assets at the end of the fiscal year was ¥57,814 thousand, a decrease of ¥13,648 thousand compared to the end of the previous fiscal year. This was primarily due to a decrease of ¥7,818 thousand in tools, furniture and fixtures, and a decrease of ¥1,970 thousand in patent rights.

(Current Liabilities)

The balance of current liabilities at the end of the fiscal year was ¥846,636 thousand, an increase of ¥9,088 thousand compared to the end of the previous fiscal year. This was mainly attributable to increases of ¥115,296 thousand in accounts payable, ¥28,425 thousand in accrued expenses, and ¥81,241 thousand in income taxes payable, which were partially offset by decreases of ¥87,816 thousand in contract liabilities and ¥121,910 thousand in provision for contract losses.

(Non-Current Liabilities)

The balance of non-current liabilities at the end of the fiscal year was ¥69,214 thousand, a decrease of ¥21,166 thousand compared to the end of the previous fiscal year. This was due to a decrease in long-term borrowings of ¥21,166 thousand.

(Net Assets)

The total net assets at the end of the fiscal year were ¥1,587,272 thousand, an increase of ¥220,040 thousand compared to the end of the previous fiscal year. This was mainly due to increases of ¥7,137 thousand each in capital stock and capital surplus from the exercise of stock acquisition rights, as well as the recording of ¥205,766 thousand in net income for the fiscal year.

(3) Cash Flows

The balance of cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year was ¥1,538,853 thousand. The cash flow status for each activity during the fiscal year and the main contributing factors are as follows:

(Cash Flows from Operating Activities)

Net cash used in operating activities was ¥317,754 thousand (compared to ¥301,350 thousand used in the previous fiscal year). This was primarily due to positive factors such as ¥281,049 thousand in income before income taxes, a ¥115,296 thousand increase in accounts payable, a ¥22,732 thousand increase in accrued expenses, ¥28,754 thousand in depreciation, and ¥27,575 thousand in income tax refunds. On the other hand, negative factors included a ¥528,046 thousand increase in accounts receivable, a ¥121,910 thousand decrease in provision for contract losses, a ¥87,816 thousand decrease in contract liabilities, and a ¥66,959 thousand decrease in consumption taxes payable.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥14,547 thousand (compared to ¥12,001 thousand used in the previous fiscal year). This was mainly due to an outlay of ¥13,994 thousand for the acquisition of property, plant and equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥12,246 thousand (compared to ¥35,736 thousand provided in the previous fiscal year). While proceeds from issuance of shares amounted to ¥14,274 thousand, there was an offsetting outflow of ¥26,520 thousand for the repayment of long-term borrowings.

(4) Explanations on Earnings Forecast and Other Forecast Information

Our company operates a single business segment as a research and development-driven enterprise focused on pharmaceuticals, medical devices, and healthcare products. Revenue is primarily generated from upfront payments associated with out-licensing agreements, milestone payments, royalty income, and consulting service fees.

To maximize the value of each pipeline asset, we are actively promoting out-licensing activities with optimal partner companies across Japan, China, Europe, the United States, and other Asian countries.

The current key pipeline assets and their intended indications are as follows:

[Pharmaceuticals]

TLM-001: Meibomian gland dysfunction (ophthalmology)

TLM-003: Myopia (ophthalmology)

TLM-017: Corneal and conjunctival disorders (ophthalmology)

TLM-018: Undisclosed (ophthalmology)

TLM-XXX (code to be disclosed): Undisclosed (ophthalmology)

[Medical Devices]

TLG-001: Myopia (ophthalmology)

TLG-005D: Depression (central nervous system)

TLG-005P: Parkinson's disease (central nervous system)

TLG-005M: Mild cognitive impairment (central nervous system)

For these pipeline products, we expect revenue to be generated through upfront payments under license agreements, milestone payments based on development progress, and royalties following market launch.

In forecasting next fiscal year's revenue, we have conducted quantitative analysis using Monte Carlo simulations, taking into account the progress of out-licensing activities for each development program, the terms of potential agreements, and the probability of contract execution. The forecasts are conservatively and reasonably set, with a focus on feasibility and without being overly optimistic or pessimistic.

Please note that existing license agreements and collaborative research contracts may be subject to early termination due to changes in partner strategies or business environments. Although no such events have occurred as of this writing, if such contract terminations were to take place, they may impact our business performance. Any material developments will be disclosed in a timely manner.

On the expense side, we will continue to strengthen our research and development and intellectual property strategies through collaborations with leading research institutions and co-researchers in Japan and overseas. These efforts aim to enhance our competitiveness in the global market and to contribute to the long-term growth of corporate value. For the upcoming fiscal year, we plan to invest ¥550 million in research and development.

Furthermore, in order to execute these strategies, we will actively promote recruitment and talent development, aiming to establish key internal capabilities and reinforce our management foundation to support sustainable growth.

Based on the above, our earnings forecast for the next fiscal year is as follows:

Net Sales: ¥1,400 million

Operating Income: ¥200 million

Ordinary Income: ¥220 million

Net Income: ¥150 million

Please note that the above forecasts are based on currently available information and may differ significantly from actual results due to uncertainties in the future business environment and contract negotiations.

2. Interim Financial Statements and Significant Notes Thereto

(1) Interim Balance Sheets

	(Thousands of yen)	
	As of March 31, 2024	(As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	1,883,400	1,538,853
Accounts receivable - trade	17,933	545,979
Work in process	285,500	285,500
Prepaid expenses	7,373	62,187
Consumption taxes refund receivable	-	23,724
Income taxes refund receivable	28,998	-
Other	490	6,134
Total current assets	2,223,696	2,445,308
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,679	3,410
Accumulated depreciation	(550)	(152)
Buildings and structures, net	4,128	3,257
Tools, furniture and fixtures	171,212	143,476
Accumulated depreciation	(122,673)	(102,756)
Tools, furniture and fixtures, net	48,538	40,719
Total property, plant and equipment	52,667	43,977
Intangible assets		

Patent right	8,801	6,831
Software	37	-
Total intangible assets	8,839	6,831
Investments and other assets		
Long-term prepaid expenses	4,066	3,107
Other	5,890	3,898
Total investments and other assets	9,956	7,005
Total non-current assets	71,463	57,814
Total assets	2,295,159	2,503,123
	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025.
Liabilities		
Current liabilities		
Accounts payable - trade	20,366	135,663
Current portion of long-term borrowings	26,520	21,166
Accounts payable - other	44,068	72,493
Income taxes payable	4,880	86,122
Accrued consumption taxes	4,771	-
Contract liabilities	403,315	315,498
Provision for loss on contracts	328,303	206,392
Other	5,321	9,299
Total current liabilities	837,547	846,636
Non-current liabilities		
Long-term borrowings	90,380	69,214
Total non-current liabilities	90,380	69,214
Total liabilities	927,927	915,850
Net assets		
Shareholders' equity		
Share capital	818,060	825,197
Capital surplus		
Legal capital surplus	802,060	809,197
Total legal capital surplus	802,060	809,197
Retained earnings		
Other retained earnings	(252,888)	(47,121)
Retained earnings brought forward	(252,888)	(47,121)
Total retained earnings	(252,888)	(47,121)
Total shareholders' equity	1,367,231	1,587,272
Total net assets	1,367,231	1,587,272
Total liabilities and net assets	2,295,159	2,503,123

(2) Interim Statements of Income

(Thousands of yen)

	For the Fiscal year Ended March 31, 2024	For the Fiscal year Ended March 31, 2025
Net sales	673,532	1,357,133
Cost of sales	652,153	180,231
Gross profit	21,379	1,176,901
Selling, general and administrative expenses	670,934	941,433
Operating profit (loss)	(649,554)	235,467
Non-operating income		
- Interest income	18	961
- Foreign exchange gains		38,170
- Subsidy income	5,354	4,024
- Reversal of allowance for doubtful accounts	7,550	1,584
- Other	1,606	2,378
Total non-operating income	14,528	47,118
Non-operating expenses		
- Interest expense	1,005	1,085
- Foreign exchange losses	339	
Total non-operating expenses	1,344	1,085
Ordinary profit (loss)	(636,371)	281,499
Extraordinary losses		449
- Loss on sales of fixed assets		449
Total extraordinary losses		449
Profit (loss) before income taxes	(636,371)	281,049
Income taxes - current	950	75,283
Income taxes - deferred	3,996	
Total income taxes	4,946	75,283
Net income (loss)	(636,371)	205,766

(3) Interim Statements of Cash Flows

(Thousands of yen)

	For the Fiscal year Ended March 31, 2024	For the Fiscal year Ended March 31, 2025
Cash flows from operating activities		
profit (loss) before income taxes	(636,371)	281,049
Depreciation	35,744	28,754
Interest income	(18)	(961)
Interest expenses	1,005	1,085
Loss (gain) on sale of property, plant and equipment		449
Subsidy income	(5,354)	(4,024)
Increase (decrease) in provision for loss on contracts	328,303	(121,910)
Decrease (increase) in trade receivables	(173)	(528,046)
Decrease (increase) in inventories	69,643	
Increase (decrease) in trade payables	(12,248)	115,296
Increase (decrease) in accounts payable - other	(8,949)	22,732
Increase (decrease) in contract liabilities	(44,054)	(87,816)
Increase (decrease) in accrued consumption taxes	13,948	(66,959)
Decrease (increase) in other assets	17,929	(4,584)
Increase (decrease) in other liabilities	895	3,977
Other, net	(5,614)	12,349
Subtotal	(245,313)	(348,607)
Interest received	18	961
Interest paid	(966)	(1,085)
Subsidies received	5,354	4,024
Income taxes paid	(60,443)	(622)
Income taxes refund		27,575
Net cash provided by (used in) operating activities	(301,350)	(317,754)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,001)	(13,994)
Proceeds from sale of property, plant and equipment		1,100
Collection of security deposits and guarantees		3,070
Payments of leasehold and guarantee deposits		(4,723)
Net cash provided by (used in) investing activities	(12,001)	(14,547)
Cash flows from financing activities		
Repayments of long-term borrowings	(22,440)	(26,520)
Proceeds from issuance of shares	58,176	14,274
Net cash provided by (used in) financing activities	35,736	(12,246)
Net increase (decrease) in cash and cash equivalents	(277,616)	(344,547)
Cash and cash equivalents at beginning of period	2,161,016	1,883,400
Cash and cash equivalents at end of period	1,883,400	1,538,853