COMPANY RESEARCH AND ANALYSIS REPORT

Tsubota Laboratory, Inc.

4890

Tokyo Stock Exchange Growth Market

1-Jul.-2026

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Summary

Drug pipeline is progressing; the Company is also advancing into the healthcare field

Tsubota Laboratory, Inc. <4890> (hereafter, also "the Company") is a bio-venture company launched from Keio University that develops medical devices and drugs that harness violet light with potential effects in suppression of myopia progression and activation of the brain. With a mission of Brightening the Future with VISIONary INNOVATION*, the Company aims to "deliver revolutionary innovations for myopia, dry eye, presbyopia, and brain diseases."

* "VISIONary INNOVATION" is the Company's core value, fusing deep insight "Vision" into diseases related to "visual function" with "Visionary" foresight and innovativeness looking toward the future.

1. Development pipeline situation

In medical devices, the Company announced the domestic clinical trial results for TLG-001, a violet light irradiation device aimed at myopia progression suppression, in February 2026. Although no statistically significant difference was obtained regarding efficacy, a significant difference in myopia progression suppression was obtained when narrowing down to the subject group with short outdoor activity times. For this reason, the Company has decided to reconsider domestic development. Meanwhile, a licensee company in China is preparing to start clinical trials within 2026, and future development trends will attract attention.

In drugs, development is progressing smoothly, with advancements such as Phase 2a clinical trials for TLM-001, a therapeutic drug targeting meibomian gland dysfunction, starting in Japan, and Phase 2 clinical trials for TLM-003, a myopia progression-suppressing drug, starting in Japan and overseas respectively. In addition, the expansion of the pipeline is progressing, such as starting specified clinical research for both TLM-017, an eyedrop drug targeting corneal and conjunctival disorders (severe dry eye) caused by ocular GVHD, and TLG-020, a violet light irradiation device aimed at suppressing the progression of retinitis pigmentosa.

2. Overview of FY3/26 results

In the FY3/26 results, the Company reported ¥200mn in net sales (down 85.3% year on year (YoY)) and ordinary loss of ¥760mn (vs. a profit of ¥281mn in the previous fiscal year). The Company was advancing negotiations for license agreements for multiple pipelines, but was unable to reach a conclusion, and the absence of upfront payments which accounted for the majority of net sales in the previous fiscal year, was the factor behind the decrease in sales and profits. The Company mainly increased personnel in the R&D and intellectual property departments, and the number of employees increased by 5 from the end of the previous fiscal year to 22 employees. Also, the number of R&D personnel including outsourced members increased by 6 to 49 people, and the Company is also working on creating new pipelines.

3. FY3/27 forecasts

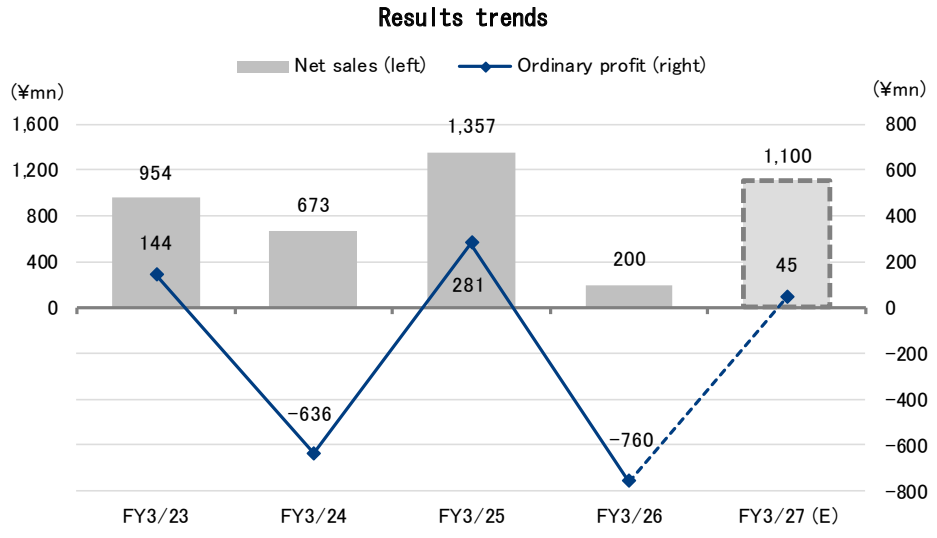
In the FY3/27 results forecast, the Company projects ¥1,100mn–1,500mn in net sales and ¥45mn–90mn in ordinary profit. For net sales, the recording of upfront license payments and new out-licensing will be factors for increased sales. The range for ordinary profit is smaller compared to net sales because the Company has a policy of flexibly adjusting R&D expenses according to the level of net sales. As important matters for FY3/27, the Company plans to complete patient enrollment in the Phase 2a clinical trial for TLM-001, advance clinical trials for TLM-003 in Japan and overseas, as well as start clinical trials for TLG-001 in China, conclude new out-licensing agreements for TLM-017 and TLM-023, and expand sales of the aging care cosmetics brand “aeonia,” which was newly launched as the science cosmetics business.

4. Medium- to long-term strategy

As its medium- to long-term strategy, in addition to aiming for growth through the development of medical devices and drugs and the acquisition of upfront payments, milestones, and royalty income through licensing, the Company will advance into the healthcare field as a third pillar, and aim to stabilize its earnings base and improve corporate value through a cross-domain strategy. In the healthcare field, it plans to cultivate the science cosmetics business and the ReLight Tech business, which aims to “maintain and improve health” based on evidence using light environment control technology.

Key Points

- Development is progressing in two pipelines in the dry eye and myopia fields
- Expected to return to profitability in FY3/27 due to the recording of upfront payments and new out-licensing
- Shift business model to a co-creation core (CCC) model and aim for growth with a cross-domain strategy



Note: FY3/27 forecasts are stated at the upper limit of the range.
Source: Prepared by FISCO from the Company’s financial results

Company profile

Venture company originating from a university founded to pursue R&D and commercialization of products in the field of eye disease

1. History

The Company's predecessor is Dry Eye KT, Inc., which was established by President & CEO Kazuo Tsubota, who was a professor in the Department of Ophthalmology at Keio University School of Medicine, in 2012 (it changed the company name to the current one in February 2015). Inspired by a desire to work on something that contributes to the world before his retirement, Professor Tsubota decided to launch this business with the aim of commercializing science from the ophthalmology field, where he personally conducted research for many years, in order to resolve the issue of excess imports in the field. Additionally, since only a few domestic universities were delivering innovations that actually contribute to society with the results of their research activities at the time, he implemented business activities with a goal of clarifying the path to a successful university-launched bio-venture ahead of others.

He came up with the idea of a myopia progression-suppressing device using violet light, the Company's main development pipeline item at this point, in around 2014. It began with theorization that the difference in patients with diminished eyesight and those that maintained their eyesight level after intraocular lens (IOL) surgery stemmed from the intraocular lens itself (lenses that transmit violet light versus those that block it). He initially conducted research on chicks and then proceeded to research using myopia model mice. These activities obtained results that were consistent with the theory, and he discovered the mechanism of action for suppressing myopia progression. Specifically, he found that irradiation with 360–400nm violet light stimulates the OPN5 non-visual type photoreceptor protein in the inner layer of the retina, and resulting improvement in blood flow maintains choroid thickness. This mechanism suppresses myopia progression (blood flow shortage causes choroidal thinning and this leads to myopia progression). Since sunlight contains violet light, shortage of exposure to violet light caused by decline in outdoor activities is a contributing factor to the steep rise in myopia prevalence in recent years.

Mr. Tsubota announced the research results in an academic journal submission and strengthened the intellectual property strategy by taking measures such as applying for patents for the myopia progression-suppressing device (TLG-001) in Japan and other countries. In May 2019, the Company concluded a license agreement with JINS HOLDINGS and is implementing joint research. He also predicted that if OPN5 stimulation improved blood flow to the eye, it could also improve blood flow to the brain, and the Company has completed research on depression, Parkinson's disease, and others.

It has actively advanced licensing activities in Japan and overseas since then, concluding a licensee agreement for myopia progression-suppressing eye drops (TLM-003) with Rohto Pharmaceutical <4527> in October 2020 and initiating joint research, and concluding a license agreement for a therapeutic agent that treats meibomian gland dysfunction (TLM-001) with Maruho Co., Ltd. in April 2021 for Japan, the United States, France, the United Kingdom, Germany, and other countries. In addition, it listed its shares on the Tokyo Stock Exchange Growth Market in June 2022, and concluded an exclusive license agreement for TLM-003 in the United States and Europe with France-based Laboratoires Théa (hereafter, Thea)* in December of the same year. Most recently, it has been expanding into China, which has a large presence as a myopia-related market, and in July 2024 it opened an office in Wenzhou, Zhejiang Province, which is also called “Eye Valley” where companies and research institutes in the ophthalmology field are concentrated, becoming the first Japanese company to do so. In September of the same year, it concluded an exclusive license agreement for a specific patent in China with Shenyang Xingqi Pharmaceutical Co., Ltd., a major ophthalmic pharmaceutical manufacturer, and in March 2025, it concluded a license agreement related to TLG-001 in China, Hong Kong, Macao, and Taiwan with Beijing Yijie Pharmaceutical Technology Co., Ltd. (BYPT), an affiliate of Sunflower, a major ophthalmic pharmaceutical manufacturer.

* This is a major European independent drug group specializing in the ophthalmology field. It has over 1,600 employees and sells products in 75 countries worldwide.

In June 2025, with the aim of expanding into the healthcare field, the Company acquired licenses for cosmetics manufacturing and cosmetics manufacturing and sales, and from November of the same year, it commenced exclusive domestic sales of “aeonia,” an aging care basic cosmetics brand developed by Delavie Sciences, Inc. based on research at Harvard University.

History

Date	History
May 2012	Founded the Company's predecessor Dry Eye KT, Inc. for the purpose of developing and producing a new dry eye drug and dry eye care goods
February 2015	Dry Eye KT, Inc. merged (absorption merger) Myopia Research Institute, Inc. and Presbyopia Research Institute, Inc. and changed its name to Tsubota Laboratory, Inc.
December 2015	Submitted a patent application for an irradiation device worn on the body that can prevent myopia or delay myopia progression (TLG-001)
April 2019	Started an exploratory clinical study using medical device TLG-001 aimed at suppressing myopia progression
May 2019	Concluded a license agreement for TLG-001 with JINS HOLDINGS Inc.
November 2019	Selected as a business for the New Energy and Industrial Technology Development Organization's (NEDO) FY2019 "Research and Development Startup Support Project/Seed-stage Technology-based Startups" (TLG-005)
October 2020	Concluded a license agreement for intellectual property and R&D results related to the Company's myopia progression-suppressing eye drops with Rohto Pharmaceutical Co., Ltd. (TLM-003) Concluded a joint R&D contract for the myopia suppression mechanism, rebound, and other basic research with Rohto Pharmaceutical Co., Ltd. (TLM-003)
March 2021	Concluded a joint research contract for depression, mild cognitive impairment, and Parkinson's disease using brain-stimulation violet light glasses (TLG-005) with Sumitomo Pharma Co., Ltd.
April 2021	Concluded a license agreement with Maruho Co., Ltd. for a therapeutic agent that treats meibomian gland dysfunction (TLM-001) covering Japan, the United States, France, the United Kingdom, Germany, and other countries
June 2021	Concluded a memorandum that added Taiwan, Vietnam, and Indonesia to countries covered by the license agreement with Rohto Pharmaceutical Co., Ltd. in October 2020
June 2022	Listed its shares on the TSE Growth Market
December 2022	Concluded an exclusive license contract for the United States and Europe for TLM-003 with France-based Laboratoires Théa
September 2023	Selection of "R&D for a cognitive function improvement device that addresses decline in the cognitive function of aging dogs" as a R&D Support Program for Growth-oriented Technology SMEs (Go-Tech Program)
March 2024	Selection of "development of an innovative medical device for retinitis pigmentosa" as a grant project for the TOKYO Strategic Innovation Promotion Program Selection of "development of device for treatment of irregular menstruation using light irradiation" as a grant project for the femtech development support and promotion program Concluded an intellectual property license agreement for intellectual property and R&D related to the Company's eye drops (TLM-018) with Rohto Pharmaceutical Co., Ltd.
July 2024	Became the first Japanese company to open an office in China's Eye Valley in Wenzhou, Zhejiang Province, China
September 2024	Concluded an exclusive license agreement for a specific patent in China with Shenyang Xingqi Pharmaceutical Co., Ltd. in China
March 2025	Concluded a license agreement related to TLG-001 in China, Hong Kong, Macao, and Taiwan with Beijing Yijie Pharmaceutical Technology Co., Ltd.. in China
May 2025	Opened an office in the United States
June 2025	Acquired licenses for cosmetics manufacturing and cosmetics manufacturing and sales for the purpose of expanding into the healthcare field
November 2025	Commenced exclusive domestic sales of the cosmetics brand "aeonia" originating from Harvard University
January 2026	Development of "Flicker LED reading glasses aimed at improving the wellness of the elderly" was selected for the FY2025 "New Business Creation Support Program for the Elderly" by the Tokyo Metropolitan Small and Medium Enterprise Support Center
March 2026	Rohto Pharmaceutical Co., Ltd. released the eye drops for children "Rohto iVision," which is a TLM-018 related product
May 2026	Announced violet light-compatible micro LED display technology through joint research with Tohoku University

Source: Prepared by FISCO from the Company's annual securities report and press releases

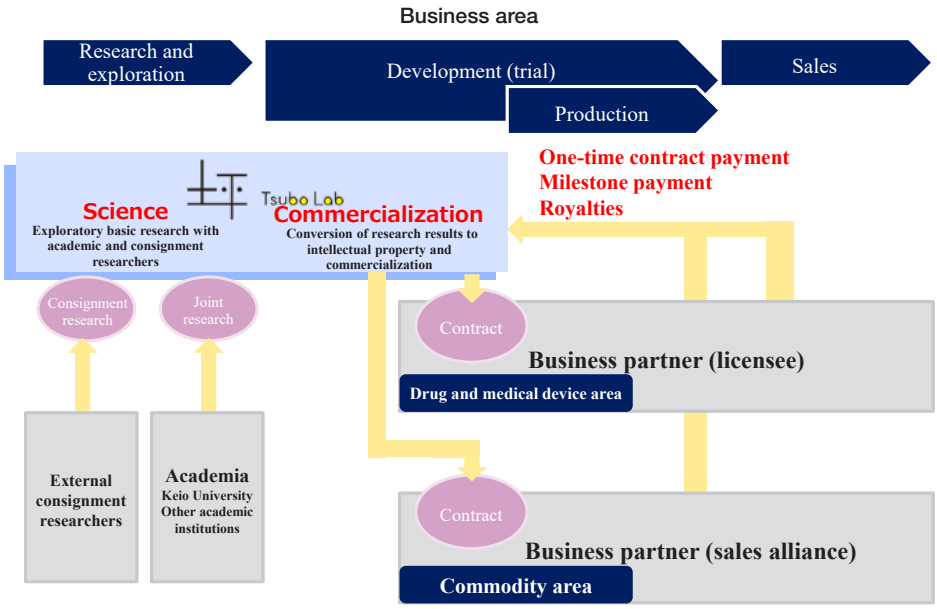
Strength in science and commercialization

2. Business model and strengths

With a mission of Brightening the Future with VISIONary INNOVATION, the Company aims to "deliver revolutionary innovations for myopia, dry eye, presbyopia, and brain diseases" and is steadily promoting business activities. It seeks to increase enterprise value by solving societal issues, such as the steep rise in myopia globally, decline in quality of life (QOL) due to dry eye, and strong needs for presbyopia preventive treatment.

(1) Business model

As its business model, the Company pursues the formation of intellectual property from, and finds joint development partners for development candidates created from exploratory basic research with Keio University, other academic institutions, and external consignment researchers, obtains upfront payments and milestone income by concluding development and sales contracts, and acquires royalty income based on sales volume after the start of development candidate sales. The Company's development candidates include drugs and medical devices that require production and sales approval from regulatory authorities based on clinical trial results and also consumer products that do not need these approvals. Since upfront payments and milestone income are currently the primary income source, sales fluctuate depending on progress with these efforts. Once sales ramp up for development candidate products and expand, income stability will be enhanced by increased royalty income. For example, in a case with a contract that projects roughly ¥200.0bn total sales of the product by the contract partner and income of ¥20.0bn for the Company as a 10% share, the Company will negotiate an upfront payment, milestone income, and the royalty rate (percentage of total income for each of these sources will differ depending on the contract).



Source: From "Business Plan and Items Related to Growth Possibilities"

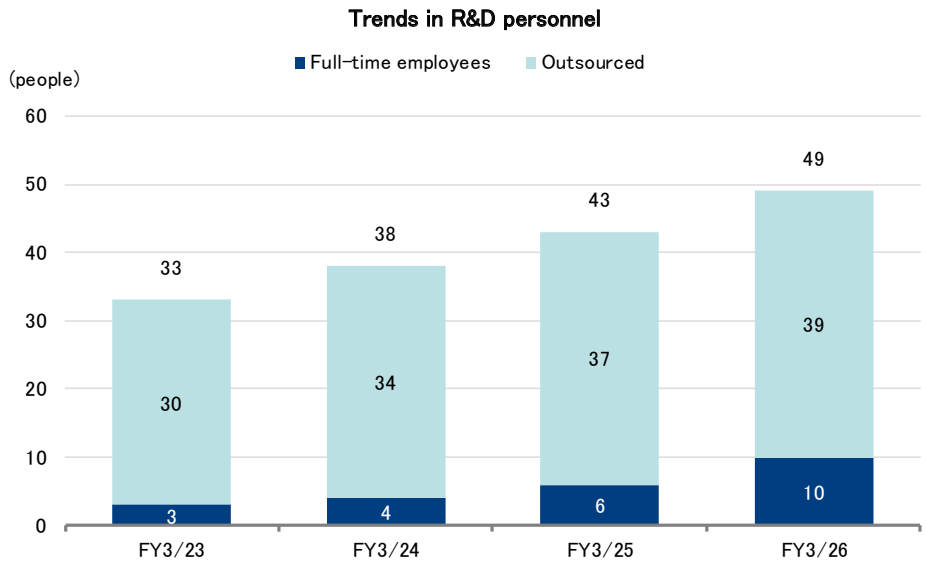
The Company currently does not have any development candidates approved as drugs or medical devices, but the eye drops for children "Rohto iVision" related to TLM-018, for which an intellectual property license agreement was concluded with Rohto Pharmaceutical in March 2024, was released in March 2026. Also, commodity product commercialization examples include the Rohto Pharmaceutical supplement "Rohto Clear Vision Junior," JINS Inc.'s violet-light transmission glasses "JINS VIOLET+" and eyeglass frame that enhances the moisturizing effect around the eye "JINS PROTECT MOIST," and NEC's <6701> notebook PC (violet-light irradiation) "LAVIE Limited-Edition Model" (released in 2023), among others, and the Company is currently promoting the development of various products based on violet-light technology. In particular, Rohto Pharmaceutical's supplement "Rohto V5 Vision Power," which contains crocetin, was notified in February 2026 as the first food with functional claims related to "far (far point)" focus. In November 2025, it also started importing and selling cosmetics, and aims to improve income stability by expanding consumer products in the healthcare field.

(2) Company strengths

An important strength is the Company's operation that can utilize regulatory science knowledge in development strategies. Regulatory science refers to the science of appropriately and promptly forecasting, assessing, and determining the quality, efficacy, and safety for commercialization of R&D results in the medical field based on scientific knowledge. It reflects the ability to develop scientific policies and testing methods for R&D activities and prepare and evaluate data. These are key factors in intellectual property strategy, such as publishing academic papers and acquiring patents, and licensing.

On the intellectual property front, the Company had 65 patent application submissions as of the end of March 2026, of which 32 have been registered. The breakdown of applications is 36 in the myopia field and 14 in the dry eye field, with these two fields accounting for the majority, and the Company is also applying for patents in areas such as the presbyopia field and brain disease field.

In research operations, the Company is currently working with two research teams at Keio University (School of Medicine, School of Science and Engineering, Tonomachi Campus) and implementing joint research. It is also securing researchers with necessary skills as needed via outsourcing arrangements. These resources provide the operations to carry out research work. While the Company itself has 10 full-time R&D employees (an increase of 4 YoY) as of the end of March 2026, its overall scale including outsourced members is 49 people (an increase of 6). The outsourcing system has the advantage of making it possible to keep R&D costs fluid and create diverse research themes. The Company has been holding Tsubo Lab Conferences once a year since 2023. Outside researchers and related parties gather and, after signing an NDA (non-disclosure agreement), each researcher presents and discusses the details of their research, using the meeting as an opportunity to create new pipelines. Approximately 60 researchers participated in the conference held in October 2025, and lively exchanges of opinions took place regarding topics such as the latest research themes.



Source: Prepared by FISCO from the Company's results briefing materials

Another strength is commercialization. In this case, commercialization refers to early arrangement of contracts (development contracts and joint research) for development candidates. The Company has concluded development contracts with 8 companies* since 2019 and conducts joint research and other contracts (including contract research, consignment research, and outsourcing) with more than 20 companies and organizations. It was also selected for grant projects by public entities, with three in FY3/24 (violet light treatment for retinitis pigmentosa, irregular menstruation, and improvement of cognitive functions in aging dogs), and one in FY3/26 (development of flicker LED reading glasses aimed at improving the wellness of the elderly). These results can be attributed to the Company's intellectual property strategy, which leads to early contracts, as well as the fact that the evidence is well covered, including the mechanisms of action, by the publication of papers based on non-clinical and clinical research data. By leveraging this strength, the Company will continue advancing developments with early out-licensing, and in addition to acquiring royalty income via sales of medical devices and drugs, it aims to maximize enterprise value through an out-licensing strategy tailored to the pipeline, such as conducting development independently up to Phase 2 clinical trials before out-licensing in the case of rare diseases.

* Eight companies: JINS HOLDINGS, Sumitomo Pharma <4506>, Rohto Pharmaceutical, Maruho, Laboratoires Théa (France), Twenty Twenty Therapeutics (US), Shenyang Xingqi Pharmaceutical (China), and Beijing Yijie Pharmaceutical Technology (China).

At the 48th SIMASP (Moacyr Álvaro International Symposium) held in Brazil in March 2026, the Company's long years of research achievements regarding myopia and dry eye were recognized, and Mr. Tsubota received "The 2026 Moacyr Álvaro Gold Medal," one of the most prestigious awards in the Brazilian Council of Ophthalmology. These and other achievements demonstrate that the Company's efforts are highly evaluated overseas as well.

Pipeline trends

Development is progressing in two pipelines in the dry eye and myopia fields

The Company's medical device and drug pipeline is currently moving forward with 11 developments (5 drugs, 6 medical devices), mainly in the myopia, dry eye, and brain disease fields. In FY3/26, development moved forward in three of the five pipeline items in the drugs field, and Rohto Pharmaceutical's eye drops for children "Rohto iVision," which is a TLM-018 related product, was launched in March 2026. Meanwhile, in medical devices, the domestic clinical trial results for TLG-001, a myopia progression-suppressing device, were announced in February of the same year. Although a statistically significant difference was not obtained in all cases compared to the comparison group, a sub-analysis showed that a significant difference could be obtained if narrowed down to subjects with short outdoor activity times (less than 60 minutes/day). Based on this result, the Company has stated that it will reconsider its strategy for domestic development.

Pipeline trends

Medical device and drug pipeline

Code	Expected indication	Related patents	Partner	Development stage
TLM-001	Meibomian gland dysfunction	Registered Japan, US, UK, Germany, France	Maruho (global)	Start of domestic Phase 2a clinical trial (FPI in January 2026)
TLM-003	Myopia progression suppression (curtailing sclera thinning)	Registered Japan, South Korea, Europe	Rohto Pharmaceutical (Japan, three Asian regions*1)	Rohto Pharmaceutical completed enrollment for domestic Phase 2 clinical trial (FPI in April 2025 to LPO in February 2026)
		Applied US, China, Thailand, Vietnam	Laboratoires Théa (US, Europe)	Laboratoires Théa started Phase 2 clinical trial in Europe (FPI in January 2026)
TLM-017	Corneal and conjunctival disorders caused by ocular GVHD	Applied Japan, US, Europe, China, Taiwan, South Korea, Vietnam, Indonesia	Undecided	Started specified clinical research (FPI in March 2026)
TLM-018	Undisclosed (OTC eye-drop drug)	Applied International (PCT) (including Japan)	Rohto Pharmaceutical	Market launch (March 2026)
TLM-023	Myopia progression suppression	Applied Japan, US, Europe, China, Australia, Brazil, Canada, Indonesia, India, South Korea, Mexico, Malaysia, Singapore, Thailand, Taiwan, Vietnam	Undecided	Conducting preclinical studies conducting out-licensing activities
TLG-001*2	Myopia progression suppression	Registered Japan, Europe, Kazakhstan, Singapore, Taiwan, South Korea	JINS (Japan)	Announced domestic clinical trial results (February 2026), considering additional clinical trials
		Applied China	BYPT (China, three Asian regions*3)	Preparing to start clinical trials in China
TLG-003*2	Keratoconus progression suppression	Registered Japan, India	Undecided	Completed specified clinical research
		Applied US, Brazil		
TLG-005D	Depression	Registered Japan	Undecided	Completed specified clinical research in May 2024
		Applied US, Europe, China, Israel, Brazil, South Korea, India		
TLG-005P	Parkinson's disease	Registered Japan, US, Europe, China, Canada, South Korea, Mexico	Undecided	Completed specified clinical research in March 2024
		Applied Singapore, Thailand, Vietnam		
TLG-020	Retinitis pigmentosa	Applied International (PCT) (including Japan)	Undecided	Started specified clinical research (FPI in January 2026)
TLG-021	Irregular menstruation	Applied In preparation	Undecided	Started specified clinical research in Japan in 2024 (LPO achieved)

*1 Taiwan, Vietnam, Indonesia
*2 Violet light-related products (TLG-001, TLG-003) are covered by basic patents in addition to related patents. The Company has registered the basic patents in Japan, the US, China, Taiwan, and Korea and is applying in Europe, South Korea, and Singapore.
*3 Hong Kong, Macao, Taiwan
Source: Prepared by FISCO from the Company's results briefing materials and Company materials

1. Drugs

(1) TLM-001 (dry eye)

TLM-001 (ointment) is a treatment for meibomian gland dysfunction. Meibomian gland dysfunction is a type of dry eye in which the meibomian glands, which are sebaceous glands on the edge of the eyelids, become clogged, causing the lipid layer to become unstable and making it impossible to prevent the evaporation of tears. This disease causes inflammation and discomfort on the ocular surface, leading to a chronic decline in visual function and the appearance of pain symptoms, with the number of patients continuing to increase in Japan and overseas. The Company has proven through animal experiments and clinical trials that Vitamin D-related substances can revive this function, and in April 2021, the Company concluded an exclusive license agreement with Maruho for Japan, the United States, France, the United Kingdom, Germany, and other countries. Maruho's Phase 1 clinical trial was completed in February 2025, and it was confirmed that there were no safety issues, so it transitioned to a Phase 2a clinical trial in October of the same year, and the enrollment of the first patient (First Patient In: FPI) started in January 2026.

A review of the details of the Phase 2a clinical trial in the Japan Registry of Clinical Trials (hereafter, jRCT) shows that the planned number of subjects is 100, and a double-blind comparative trial will be conducted by classifying them into four groups: three active drug groups (low, medium, and high doses) and a placebo group. The active drug or placebo will be applied around the upper and lower eyelid margins twice a day for eight weeks to evaluate efficacy and safety. The main endpoint for observing efficacy is the tear film break-up time. The trial is scheduled to be completed in August 2026, and if patient enrollment proceeds smoothly, the results are expected to be known within 2026.

As treatments for meibomian gland dysfunction, various types of drugs such as ointments, eye drops, and oral drugs have been developed, and the market size is seen to exceed USD2.0bn worldwide. The market size is expected to continue to expand along with the increase in the number of patients, and if favorable data is confirmed in the Phase 2a clinical trial, the value of the pipeline is expected to increase further.

(2) TLM-003 (myopia progression suppression)

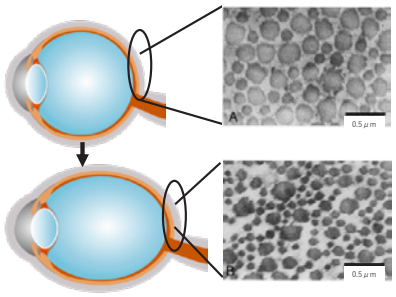
The Company is advancing two pipelines for drugs and one for medical devices as an approach to myopia progression suppression. Among the drugs, TLM-003 is an eye-drop drug that prevents myopia progression by administering eye drops 1–2 times per day. Sclera*1 endoplasmic reticulum stress*2 is viewed as a source of myopia occurrence and the progression mechanism, and stimulation caused by endoplasmic reticulum stress results in thinning of the sclera and thereby makes the eye axial more prone to lengthening, which is one of the causes of myopia progression. It is thought that administering eye drops containing TLM-003, which has the effect of suppressing endoplasmic reticulum stress stimulation, can suppress myopia progression.

*1 White membrane portion on the outside of the eyeball.
*2 An endoplasmic reticulum is an organelle with a bag-shaped structure inside cells that handles the role of transporting substances within the cell. Endoplasmic reticulum stress refers to the state of excess accumulation of protein not correctly folded into the endoplasmic reticulum and protein that is not properly modified.

Pipeline trends

TLM-003 (myopia progression-suppressing eye drops): Started a domestic clinical trial

Curtails extension of the sclera through restriction of sclera thinning and thereby limits myopia



The sclera consists of Type-I collagen fiber and other extracellular matrix. In myopia, there is evidence of remodeling of the scleral tissue's collagen fiber, and it is not possible to curtail extension of eye axis length.

Source: The Company's results briefing materials

An experiment using myopic model mice proved the drug effective in inhibiting the progression of myopia, and domestic licensee Rohto Pharmaceutical conducted a Phase 1 clinical trial starting in November 2023. Since safety was confirmed, a Phase 2 clinical trial started in April 2025. According to jRCT, the planned number of patients is 210 (ages 6 to 15), and the placebo-controlled double-blind comparative trial of the active drug will be conducted in two groups, one a low dose, and the other a high dose. Partly because the clinical trial was conducted at multiple facilities, patient enrollment proceeded at a faster pace than expected, and it was confirmed that final enrollment was completed in February 2026. The treatment period is expected to end during FY3/27. The main endpoint is the amount of change in objective spherical equivalent*, and if efficacy is confirmed, it is expected to move on to the next step.

* Objective spherical equivalent is a value converted into a single spherical power by combining spherical power and cylindrical power based on an objective refraction test performed in ophthalmology (refraction measured by an autorefractometer, retinoscopy, etc.). This figure is used as a guideline for vision correction including the effects of astigmatism.

In addition, overseas, it has been confirmed that Thea*1, which concluded a license agreement targeting the European and US markets, achieved FPI in a Phase 2 clinical trial in January 2026, and development is progressing smoothly. In the Chinese market as well, a major ophthalmic pharmaceutical manufacturer*2 that is a licensee is preparing for clinical development.

*1 EUR41.5mn in upfront payment and milestones + royalties
*2 USD18mn in upfront payment and milestones

Due to changes in lifestyles, the myopic population is rapidly increasing worldwide, and the WHO (World Health Organization) has sounded an alarm that 50% of the global population will be myopic in 2050. In particular, the percentage of myopia among children is high in Japan, South Korea, and China, which has become a societal issue, and development is proceeding with various approaches such as drugs and medical devices for myopia treatment. As a myopia progression-suppressing agent, a low-concentration atropine ophthalmic solution obtained manufacturing and sales approval for the first time in Japan in December 2024. If better medicinal efficacy data than this product is obtained, the value of TLM-003 is expected to increase further, so the results of the domestic Phase 2 clinical trial are attracting attention.

(3) TLM-017 (severe dry eye)

The Company newly started a clinical study to examine the safety and preliminary efficacy of TLM-017 (eye-drop drug) targeting severe dry eye and corneal and conjunctival disorders caused by ocular GVHD, and achieved FPI in March 2026. Ocular GVHD is a type of complication (GVHD) that occurs after allogeneic hematopoietic stem cell transplantation when the donor's immune cells mistake the patient's ocular surface tissue (stem cells) for foreign substances and attack them. It is accompanied by severe dry eye, severe pain, and vision loss, and if it worsens, it can lead to corneal damage and significantly impair quality of life (QOL). Therefore, early diagnosis and appropriate treatment are said to be important. Currently, there are anti-inflammatory drugs such as steroids as treatments, but there are risks such as glaucoma, cataracts, and infections. There are also symptomatic treatments that physically protect the surface of the eye, such as artificial tears and therapeutic contact lenses, but their effects are limited, and it can be said to be a disease with strong unmet medical needs. TLM-017 has a new mechanism of action that curtails inflammation of the ocular surface tissue with components that stimulate stem cells, and its effects have been confirmed in animal experiments. The planned number of subjects for the specified clinical research is 16, and in addition to safety evaluation, it will be a trial to observe the transition of the severity score as a secondary evaluation, and is scheduled to be completed in April 2028. The Company plans to advance development as a new therapeutic drug that enables continuation of long-term treatment by balancing efficacy and safety.

Approximately 3,500 allogeneic hematopoietic stem cell transplants are performed annually in Japan, and it is said that 40–60% of these patients develop chronic GVHD, and 20–60% of those develop ocular GVHD, so the number of patients is seen to be around 1,000 per year, falling under rare diseases. If the early approval system for rare diseases can be utilized, development costs can be kept low, so in addition to out-licensing at the early stage of development as in the past, cases such as independently conducting development up to Phase 2 clinical trials and conducting out-licensing negotiations after increasing the value of the pipeline are also envisioned.

(4) Others

TLM-018 (OTC eye-drop drug) underwent a small-scale clinical trial at partner Rohto Pharmaceutical, obtained marketing approval, and was released as the eye drops for children "Rohto iVision" in March 2026. It is an eye-drop drug that focuses on children's "eye strain due to digital stress" caused by the use of digital devices, and contains components that treat inflammation on the surface of the eye from multiple angles. Although the short-term impact on the Company's results is seen to be slight, it is considered to contribute to strengthening the business foundation over the medium to long term.

In addition, TLM-023 (myopia progression suppression) is an eye-drop drug with a new mechanism of action using a newly-developed compound. Currently, the Company is conducting preclinical studies and advancing negotiations for license agreements in Japan.

2. Medical devices

(1) TLG-001 (myopia progression suppression)

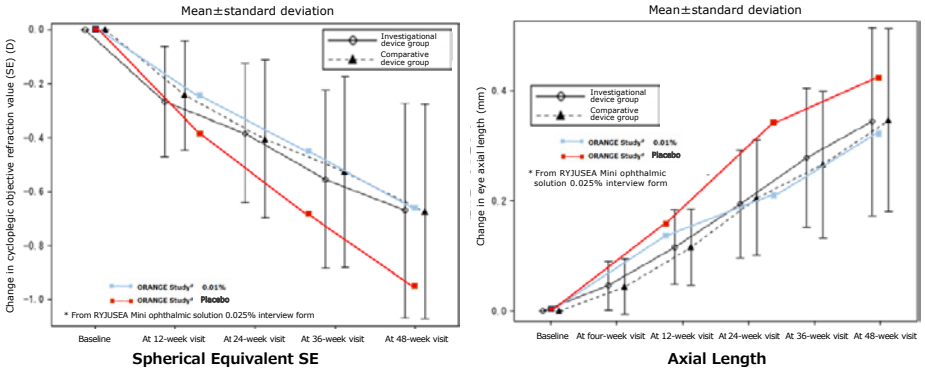
The myopia progression-suppressing device (TLG-001) attaches a violet light source to eyeglasses and actively irradiates the eye with violet light for roughly three hours a day. This stimulates OPN5 non-visual type photoreceptor protein in the inner layer of the retina and the resulting improvement in blood flow maintains choroid thickness, which is expected to suppress myopia progression.

Pipeline trends

The confirmatory clinical trial* that had been implemented since June 2022 ended in October 2025, and preliminary results were announced in February 2026. Although there were no problems with safety, no statistically significant difference was obtained in efficacy between the investigational device group and the comparative device group. However, narrowing down to the subject group with a short average outdoor activity time of less than 60 minutes, results suggesting myopia progression suppression were confirmed in both cycloplegic refraction values and eye axial length.

* The trial method evenly allocates 160 planned subjects aged 6–12 with mild myopia (-1.5D to -3.0D) into an investigational device group and a comparative device group and has them wear the device 3 hours daily for 12 months. For the next 12 months, it observes the situation without wearing the device, conducting 9 tests over 2 years.

Comparison of past clinical data for atropine eyedrops and data for the investigational device group and comparative device group



Source: The Company's results briefing materials

The Company views that the reason a significant difference was not obtained in this clinical trial is related to the outdoor activity time of the subjects. The number of subjects excluding dropouts was 146 (70 in the investigational device group, 76 in the comparative device group), but the average outdoor activity time was 84 minutes in the investigational device group and 101 minutes in the comparative device group, meaning that many subjects with long outdoor activity times participated overall, and the Company views that this affected the trial results. According to a survey on the actual conditions of myopia in children conducted by the Ministry of Education, Culture, Sports, Science and Technology, results show that spending 90 minutes a day on weekdays and 120 minutes or more on holidays outdoors makes visual acuity less likely to decline compared to children who spend less than 30 minutes, but it is thought that because the results were on that borderline in this clinical trial, no difference appeared between the two groups. In the subject population that could be evaluated according to the trial plan, the elongation of the eye axial length, which is an indicator of myopia progression, was statistically significantly suppressed compared to the comparative group. In addition, it was confirmed that cycloplegic objective refraction values also suggested the suppression of myopia progression.

The Company evaluates that these results support the hypothesis of the action of violet light, and that appropriately setting the target subjects has increased the possibility of obtaining valid data. For this reason, the Company has decided to reconsider its strategy regarding domestic development. In a survey by the Ministry of Education, Culture, Sports, Science and Technology, 65% of elementary and junior high school students are said to have outdoor activity times of less than 60 minutes, and considering the size of the target demographic, FISCO thinks there is sufficient significance in conducting additional trials.

Meanwhile, BYPT, a licensee in China, is also preparing to start clinical trials within 2026. If subject conditions are set based on this domestic clinical trial, the probability of success is expected to increase, and there is a possibility that it will be approved for sale earlier than in Japan. The prevalence of myopia among children in China is as high as in Japan and South Korea, and the government has set a goal of keeping the myopic population in check, so if the development is successful, it is expected to make a large contribution to revenue.

(2) TLG-020 (retinitis pigmentosa)

Specified clinical research for TLG-020 targeting retinitis pigmentosa began in January 2026. Retinitis pigmentosa is a rare genetic progressive disease that causes abnormality in the retina that covers the inside of the eyeball, gradually progressing to night blindness, visual field narrowing, and vision loss, and poses risk of blindness. There are over 100 causative genes, and there is currently not an effective treatment method, and Japan has designated it as an intractable disease. The gene therapy drug “LUXTURNA” was approved for sale in Japan in 2023, but the treatment cost is expensive at about ¥100mn for both eyes, and it is a therapeutic drug targeting specific gene mutations, meaning it does not meet the needs of all patients. In addition, symptomatic treatments that slow the progression of symptoms through the use of light-shielding glasses and oral medicines are also being carried out.

TLG-020 is expected to have the effect of safely suppressing the progression of symptoms regardless of the type of gene by improving choroidal blood flow through violet light irradiation. In this specified clinical research, the plan is to confirm safety, severity, the occurrence of defects, etc., with a planned number of three subjects, and it is scheduled to end in December 2026. It is likely to secure licensing contracts in Japan and other countries if it can be proven that violet light significantly suppresses the progression of the disease compared to existing treatments, given the strong unmet medical need.

Results trends

Recorded a loss for the first time in two fiscal years in FY3/26 with no recording of upfront payments

1. Overview of FY3/26 results

In the FY3/26 results, net sales were ¥200mn (down 85.3% YoY), operating loss was ¥787mn (vs. a profit of ¥235mn in the previous fiscal year), ordinary loss was ¥760mn (vs. a profit of ¥281mn), and net loss was ¥761mn (vs. a profit of ¥205mn), resulting in decreased sales and the recording of a loss for the first time in two fiscal years. Also, multiple license contract negotiations were prolonged, and the fact that upfront payment income could not be recorded because contracts were not concluded by the end of the fiscal year was a factor, leading to a shortfall compared to the initial company forecast. In terms of expenses, R&D expenses increased by ¥23mn due to the smooth progress of the pipeline. By curtailing other expenses, SG&A expenses decreased by ¥22mn.

Results trends

FY3/26 results

(¥mn)

	FY3/25 Results	FY3/26		YoY		vs. forecast Change amount
		Company forecast	Results	Change amount	Change (%)	
Net sales	1,357	1,400	200	-1,157	-85.3%	-1,199
Gross profit	1,176	-	131	-1,045	-88.8%	-
SG&A expenses	941	-	919	-22	-2.3%	-
R&D expenses	254	550	277	23	9.3%	-272
Operating profit	235	200	-787	-1,023	-	-987
Ordinary profit	281	220	-760	-1,042	-	-980
Net income	205	150	-761	-967	-	-911

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Financial condition is sound; will consider capital policies while monitoring business performance going forward

2. Financial position

Looking at the financial position as of the end of FY3/26, total assets declined by ¥1,184mn from the end of the previous fiscal year to ¥1,318mn. The main factors behind the change in current assets were a decline of ¥569mn in cash and deposits, a decline of ¥531mn in accounts receivable – trade, and a decline of ¥19mn in consumption taxes refund receivable respectively, and in fixed assets, a decline of ¥16mn in property, plant and equipment.

Total liabilities declined by ¥460mn from the end of the previous fiscal year to ¥454mn. The main factors behind the change in current liabilities were declines of ¥126mn in accounts payable - trade, ¥81mn in income taxes payable, ¥87mn in contract liabilities, and ¥181mn in provision for loss on contracts respectively, and in non-current liabilities, a decline of ¥22mn in long-term borrowings. Total net assets declined by ¥723mn to ¥863mn. This was due to a decline in retained earnings caused by recording net loss of ¥761mn.

The equity ratio increased by 2.1 percentage points (pp) from the end of FY3/25 to 65.5%, but net cash (cash and deposits - interest-bearing debt) declined by ¥547mn to ¥900mn due to the decline in cash and deposits, dropping to a level close to one year's business expenses. Based on this situation, the Company issued the 8th to 10th share acquisition rights (with an exercise price revision option) through a third-party allotment in June 2026 in order to secure investment funds for medium- to long-term growth. The number of potential shares from this issuance is 5.9046 million shares, resulting in a dilution rate of about 23%. If fully exercised at the initial exercise price*, the amount of funds raised will be approximately ¥2.0bn. Regarding the use of funds, ¥1.1bn will be for Company-led clinical development (especially POC trials including overseas), ¥600mn for strategic investments such as in-licensing and M&A to expand the pipeline, and the rest for expenses for R&D and the establishment of manufacturing and sales systems related to the launch of the ReLight Tech business. The Company has a policy of linking the results of corporate value improvement, such as the progress of R&D and out-licensing of pipelines, to stock price increases, and raising funds in stages during that process, thereby achieving both consideration for existing shareholders and medium- to long-term growth investments.

* The initial exercise prices are ¥285 for the 8th, ¥342 for the 9th, and ¥428 for the 10th, and the lower limit exercise price is ¥127.5 for all. The exercise period is from June 18, 2026 to June 15, 2029.

Balance sheet

(¥mn)

	End of FY3/23	End of FY3/24	End of FY3/25	End of FY3/26	Change
Current assets	2,568	2,223	2,445	1,281	-1,164
Cash and deposits	2,161	1,883	1,538	969	-569
Non-current assets	104	71	57	37	-20
Total assets	2,672	2,295	2,503	1,318	-1,184
Total liabilities	722	927	915	454	-460
Interest-bearing debt	139	116	90	69	-21
Total net assets	1,950	1,367	1,587	864	-723
[Soundness]					
Equity ratio	73.0%	59.6%	63.4%	65.5%	2.1pp
Interest-bearing debt ratio	7.1%	8.6%	5.7%	8.0%	2.3pp
Net cash	2,021	1,766	1,448	900	-547

Note: Net cash = Cash and deposits – interest-bearing debt
Source: Prepared by FISCO from the Company's financial results

Expected to return to profitability in FY3/27 due to the recording of upfront payments

3. FY3/27 forecasts

In the FY3/27 results forecast, the Company projects increased sales and profits, with ¥1,100mn–1,500mn in net sales (an increase of 549.9%–749.9% YoY), ¥5mn–50mn in operating profit (vs. a loss of ¥787mn in the previous fiscal year), ¥45mn–90mn in ordinary profit (vs. a loss of ¥760mn), and ¥45mn–90mn in net income (vs. a loss of ¥761mn). For net sales, the main factors for the sales increase will be the recording of upfront license payments and the recording of milestone income in line with the development progress of already out-licensed pipelines. It expects that royalty income will be limited. In terms of expenses, it plans to focus on strengthening R&D and intellectual property through collaboration with leading academic institutions and joint research partners both in Japan and overseas, and is projecting an increase of ¥122mn to ¥400mn in R&D expenses.

FY3/27 forecast

(¥mn)

	FY3/26 Results	FY3/27 Company forecast	YoY	
			Change amount	Change (%)
Net sales	200	1,100~1,500	900~1,300	549.9~749.9%
R&D expenses	277	400	122	44.0%
Operating profit	-787	5~50	792~837	-
Ordinary profit	-760	45~90	805~850	-
Net income	-761	45~90	806~851	-
Net income per share (¥)	-29.58	1.74~3.49		

Source: Prepared by FISCO from the Company's financial results and results briefing materials

The forecast is formulated with ranges for both net sales and each profit line because these figures were estimated conservatively and reasonably, considering the possibility that the timing of concluding individual license contracts may fluctuate. It gives the impression that the range of operating profit is small relative to the range of net sales, but this is because the Company has a policy of flexibly adjusting R&D expenses according to the level of net sales.

Among the major pipelines, those currently undergoing out-licensing negotiations are TLM-017 (China, US/Europe), TLM-023 (Japan), TLG-001 (Asia, US/Europe), TLG-005D (Japan, US/Europe), and TLG-005P (US/Europe). Of these, the Company has entered detailed discussions for TLM-017 in China and TLG-001 in Asia, and there is a possibility that they will be out-licensed during FY3/27. Also, the Company is actively promoting out-licensing activities for TLM-023 in Japan. It is a myopia progression-suppressing agent with a new mechanism of action using a newly developed compound, and it is attracting high attention from pharmaceutical companies, so the Company is aiming for out-licensing during FY3/27.

Licensing situation for major pipeline items

Pipeline (Expected indication)	Japan	China	Asia	Europe	United States	Others
TLM-001 (Meibomian gland dysfunction)	Maruho	Maruho	Maruho	Maruho	Maruho	
TLM-003 (Myopia progression suppression)	Rohto Pharmaceutical	Undisclosed	Rohto Pharmaceutical	Laboratoires Théa	Laboratoires Théa	
TLM-017 (Corneal and conjunctival disorders)	Under in-house development	Detailed discussions	Exploring	Discussions	Discussions	Discussions
TLM-018 (Undisclosed, eye-drop drug)	Rohto Pharmaceutical					
TLM-023 (Myopia progression suppression)	Discussions	Exploring	Exploring	Exploring	Exploring	Discussions
TLG-001 (Myopia progression-suppressing VL eyeglasses)	JINS HOLDINGS	BYPT	Detailed discussions	Discussions	Discussions	
TLG-003 (Keratoconus progression suppression)	Exploring	Exploring	Exploring	Exploring	Exploring	
TLG-005D (Depression)	Discussions	Exploring	Exploring	Discussions	Discussions	
TLG-005P (Parkinson's disease)	Exploring	Exploring	Exploring	Discussions	Discussions	
TLG-020 (Retinitis pigmentosa)	Under in-house development					
TLG-021 (Irregular menstruation)	Under in-house development					

Source: Prepared by FISCO from the Company's results briefing materials

Shift business model to a co-creation core (CCC) model and aim for growth with a cross-domain strategy

4. Medium- to long-term strategy

(1) Evolution of the business model

As a growth strategy from FY3/27 onward, the Company plans to shift its business model from the conventional R&D type to a co-creation core (CCC) model. Regarding the revenue model, in addition to acquiring upfront payments and milestone income from out-licensing at the early stages of development, from FY3/27 onward, it will advance clinical development in-house to a certain extent for some promising development pipelines and rare disease fields. Through this, the strategy is to out-license after increasing the market value of the pipeline. In addition, to improve the stability of earnings, it will expand into healthcare fields outside the medical field (science cosmetics business, ReLight Tech business) in addition to developing medical devices and drugs, and aim to improve corporate value through a cross-domain strategy.

Evolution of Tsubota Laboratory from FY2026

	Up to FY2025	FY2026 onward
Business model	R&D	Co-creation core (CCC)
Revenue model	Early stage out-licensing	+ Late stage out-licensing
Customers	Centered on BtoB	BtoB, BtoC
Strengths	Value of pipelines (Pharmaceuticals, Medical devices)	Cross-domain strategy (Pharmaceuticals, Medical devices, Healthcare)

Source: Prepared by FISCO from the Company's results briefing materials

Regarding the evolution of the business model to a co-creation core (CCC) model, the idea is to conduct cutting-edge research jointly with leading external academic institutions and to put it on a commercialization basis at an early stage while also promoting alliance strategies. Since the Company has limited resources, to quickly generate maximum research results with minimum proprietary assets (researchers and research facilities), it is advancing joint research with external academic institutions and expanding the number of researchers through outsourcing contracts, and it calls this unique R&D model CCC (Co-Creation Core). For its overseas bases, it opened an office in China in 2024 and in the United States in 2025, and plans to actively promote overseas business development going forward.

(2) Expansion into the healthcare field

a) Science cosmetics business

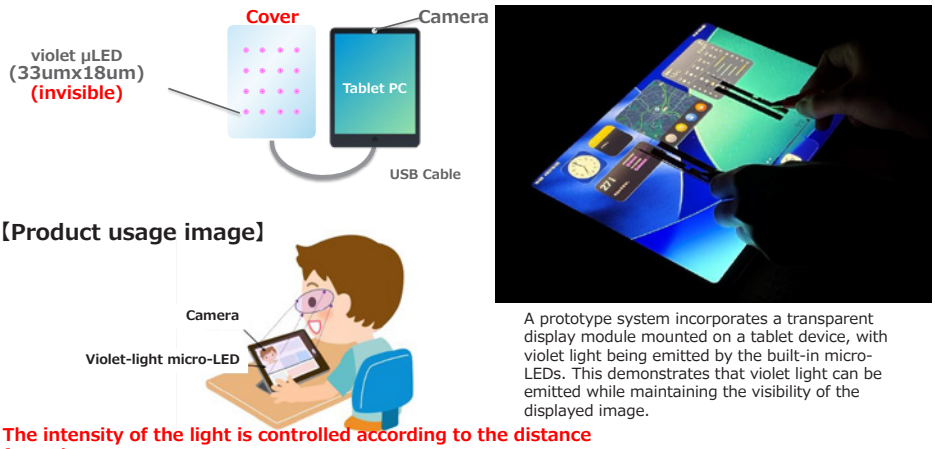
As the first step in the science cosmetics business, in November 2025, the Company commenced exclusive domestic sales of "aeonia," a cosmetics brand developed by Delavie Sciences based on research at Harvard University. It held a product presentation for dermatologists and aesthetic medicine doctors, and began sales through doctors and clinics. The product is a skincare product formulated with "CosmoVeil," a unique component developed based on cutting-edge aging research and space research at Harvard University. "CosmoVeil" contains a new component (Bacillus lysate) developed based on microorganisms that can withstand extreme space environments. This component has been certified as "Certified Space Technology" by the Space Foundation in the United States. In addition, it has been confirmed from research results that this component has a function of stimulating SIRT1, a long-life gene, and sales of the product are expected to expand as an aging care product in the future. First, it aims to expand recognition among doctors and medical personnel through lectures at academic conferences and other events, and build up a sales track record through wholesale sales via clinics. In the future, it is also considering e-commerce sales.

b) ReLight Tech business

The ReLight Tech business is a business that utilizes light environment control technologies such as violet light and aims for the social implementation of new healthcare devices that "maintain and improve health" based on evidence from health science. As a first step, violet-light-compatible micro-LED display technology jointly developed with Tohoku University was presented as an invited lecture at one of the world's largest display technology exhibitions held in the United States in May 2026, and attracted significant attention.

LCD displays mounted on notebook computers and smartphones mainly use blue LEDs as light sources and have structures that do not contain violet light. Long-term use is also a factor in declining visual acuity. The newly jointly developed technology makes violet light irradiation possible while maintaining conventional display functions (visibility) by embedding micro LEDs inside the display, and is a technology that proposes new added value by expanding the design flexibility of light environments through devices used on a daily basis. It is currently in the R&D stage, but there is a possibility that its adoption will advance in areas such as displays, educational equipment, and wearable devices in the future. Going forward, the Company plans to proceed with studies toward commercialization and license negotiations with display manufacturers and others, and cultivate this business.

Violet-light-compatible micro-LED display technology application examples



A prototype system incorporates a transparent display module mounted on a tablet device, with violet light being emitted by the built-in micro-LEDs. This demonstrates that violet light can be emitted while maintaining the visibility of the displayed image.

Source: The Company's results briefing materials

c) Making Mediproduce a subsidiary

On July 1, 2026, the Company acquired all shares of Mediproduce, Inc. for ¥150mn and made it a consolidated subsidiary. In addition to its strengths in medical and healthcare marketing PR, Mediproduce is developing businesses such as planning and managing medical events, and planning and selling cosmetics such as eye shampoo specifically for the eye area developed with ophthalmologists. The Company decided to acquire the shares, highly evaluating Mediproduce's strengths in both its medical expert network and consumer product development and sales. By making it a subsidiary, in addition to aiming to expand the business portfolio crossing the medical, research, and consumer fields, the Company expects synergies such as cooperation in the sales aspect of the cosmetics business, promotion of overseas expansion, and the acceleration of the social implementation of R&D results by utilizing Mediproduce's network of medical academic societies and research groups. The Company also expects to build a more multi-layered earnings structure by capturing a stable earnings base. Mediproduce's most recent results (FY1/26) show net sales of ¥411mn, operating profit of ¥17mn, and net assets of ¥106mn. It will be incorporated into the Company's consolidated results from 2Q FY3/27, and is expected to be a source of upside for net sales.

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