Translation

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May 14, 2026

Consolidated Financial Results for the Three Months Ended March 31, 2026 (Based on Japanese GAAP)

Company name: D.Western Therapeutics Institute, Inc.
Listing: Tokyo
Securities code: 4576
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: No
Holding of financial results meeting: No

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	15	(84.4)	(167)	–	(170)	–	(170)	–
March 31, 2025	96	(7.7)	(142)	–	(149)	–	(150)	–

Note: Comprehensive income For the three months ended March 31, 2026 ¥(170) million [–%]
For the three months ended March 31, 2025 ¥(150) million [–%]

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2026	(3.14)	–
March 31, 2025	(3.41)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2026	1,968	1,314	66.7
December 31, 2025	2,169	1,435	66.1

Reference: Equity
As of March 31, 2026 ¥1,313 million
As of December 31, 2025 ¥1,434 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2026	–				
Fiscal year ending December 31, 2026 (Forecast)		0.00	–	0.00	0.00

Note: Revisions to the dividend forecast most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	300	(22.6)	(780)	–	(800)	–	(800)	–	(14.75)

Note: Revisions to the forecast of consolidated financial results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the three months ended March 31, 2026: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of March 31, 2026	54,831,712 shares
As of December 31, 2025	54,251,712 shares

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

As of March 31, 2026	11,386 shares
As of December 31, 2025	286 shares

(iii) Average number of shares during the period

Three months ended March 31, 2026	54,400,306 shares
Three months ended March 31, 2025	43,993,820 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by D.Western Therapeutics Institute, Inc. (the "Company").

Actual performance and other results may differ significantly due to various factors. For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to "(3) Explanation of forward-looking information such as consolidated earnings forecasts" of "1. Overview of operating results and others" on page 4 of the attached materials.

Attached Material

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1. Overview of operating results and others

(1) Overview of operating results for the three months ended March 31, 2026

During the first three months of the fiscal year ending December 31, 2026, the D.Western Therapeutics Institute Group ("the Group") promoted its research and development activities with the objective of continuously discovering new drugs and expanding the development pipeline.

H-1337, a glaucoma treatment drug that was preparing for Phase III clinical trials in the U.S., signed an option agreement covering Japan and the Asian region with Senju Pharmaceutical Co., Ltd. ("Senju Pharmaceutical") in March. With the signing of this agreement, the Company has shifted its policy to prioritize the development of H-1337 in Japan, and has also accepted an investment of approximately ¥200 million from Senju Pharmaceutical. As regards development in the U.S., we will reconsider the start date based on the development status in Japan.

K-321, a licensed development product for Fuchs' corneal endothelial dystrophy, completed the observation period in March for the remaining of two ongoing global Phase III clinical trials. With this, the observation period for the global Phase III clinical trials has been completed, and we are currently proceeding with data analysis. Moreover, we also continued to develop each of the other products.

In terms of research projects, we promoted research and development activities as well as collaborative research with universities and others for exploring new drug candidate compounds, primarily for ophthalmic diseases.

Under these circumstances, operating results for the first three months of the current fiscal year showed net sales of ¥15 million (down 84.4% year on year), thanks to the steady net sales of "GLA-ALPHA® Eye Drops," the launched product, in Japan and the Asian region. As for "TissueBlue™," the Company has reached an agreement with DORC, its licensee, to extend the agreement concerning the territories where the patent remains in effect, and both companies are currently discussing the details of the terms and conditions. As such, royalties for "TissueBlue™" are not included in the revenue figures for the first quarter of 2026. It is expected that these will be recorded in a lump sum when the contract is extended in the future.

Selling, general and administrative expenses amounted to ¥182 million (down 20.2% year on year). The breakdown is as follows: Research and development expenses decreased to ¥117 million (down 17.5% year on year) due to a decrease in development costs for H-1337 and DWR-2206 year on year, while other selling, general and administrative expenses decreased to ¥64 million (down 24.7% year on year) due to a reduction in personnel costs, etc.

As a result, operating loss of ¥167 million (compared to operating loss of ¥142 million in the same period of the previous fiscal year), ordinary loss of ¥170 million (compared to ordinary loss of ¥149 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥170 million (compared to loss attributable to owners of parent of ¥150 million in the same period of the previous fiscal year).

The state of new drug candidate compound development in the first three months of the fiscal year ending December 31, 2026 is as follows:

(i) Product on market

Product name, etc.		Clinical indication	Region	Licensee
TissueBlue™	Brilliant Blue G	ILM staining	U.S.	DORC
GLA-ALPHA® combination ophthalmic solution	Ripasudil hydrochloride hydrate/brimonidine tartrate	Glaucoma and ocular hypertension	Japan and Asia	Kowa

(ii) Development pipeline

Development code, etc.		Clinical indication	Development stage	Region	Licensee
K-321	Ripasudil hydrochloride hydrate	Fuchs endothelial corneal dystrophy	Phase III clinical trials	U.S., Europe, etc.	Kowa
DW-1002	Brilliant Blue G	ILM staining	Phase III clinical trials	Japan	Wakamoto Pharmaceutical
		ALC staining	Phase III clinical trials	Japan	
	Brilliant Blue G/trypan blue	ILM staining and ERM staining	Preparing for application	U.S.	DORC
DW-1001		Ophthalmic treatment agent (undisclosed)	Phase I clinical trials	Japan	ROHTO Pharmaceutical
H-1337		Glaucoma and ocular hypertension	Preparing for Phase III clinical trial	U.S., Japan	Developed internally
H-1129		Therapeutic agent for keratoconjunctival diseases based on immune disorders (undisclosed)	Preparing for clinical trials	Japan	Developed internally
Bondlido (DW-5LBT)		Neuropathic pain after shingles	Approval	U.S.	Jointly developed with MEDRx
DWR-2206		Bullous Keratopathy	Phase II clinical trials	Japan	Jointly developed with ActualEyes

(iii) Research projects

The Group is engaged in the creation of new drug candidate compounds centered on protein kinase inhibitors. While protein kinases are involved in a variety of diseases, we are particularly focusing our research on ophthalmic-related diseases. Furthermore, we are actively promoting partnerships with other companies, leveraging our proprietary drug discovery platform technology.

Our main projects include the development of signal transduction inhibitors targeting ophthalmic diseases, immune and inflammatory system diseases, and respiratory diseases, which are being conducted at our research institute (a research facility of Mie University, a national university corporation). In addition, in terms of joint development with universities, etc., we are expanding indications of our internally developed products and actively moving forward with multiple projects targeting mainly on ophthalmic conditions.

(2) Overview of financial position for the three months ended March 31, 2026

Total assets decreased by ¥200 million from the end of the previous fiscal year to ¥1,968 million. Current assets decreased by ¥199 million from the end of the previous fiscal year to ¥1,820 million. The main factors were a decrease of ¥169 million in cash and deposits and other factors. Non-current assets decreased by ¥1 million from the end of the previous fiscal year to ¥148 million.

Liabilities decreased by ¥79 million from the end of the previous fiscal year to ¥654 million. Current liabilities decreased by ¥41 million from the end of the previous fiscal year to ¥162 million. The main factor was a decrease of ¥42 million in accounts payable - other, despite an increase of ¥27 million in current portion of long-term borrowings. Non-current liabilities decreased by ¥38 million from the end of the previous fiscal year to ¥491 million. This is due to a decrease of ¥38 million in long-term borrowings.

Net assets decreased by ¥121 million from the end of the previous fiscal year to ¥1,314 million. The main reasons are that share capital and capital surplus each increased by ¥24 million due to the exercise

of share acquisition rights, while retained earnings decreased by ¥170 million due to the recording of a quarterly net loss attributable to owners of parent.

As a result, the equity ratio became 66.7%.

(3) Explanation of forward-looking information such as consolidated earnings forecasts

Regarding the full-year consolidated forecasts for the fiscal year ending December 31, 2026, there is no change in the earnings forecasts announced on February 13, 2026.

(4) Significant events regarding premise of going concern

Due to the nature of its business, the Group incurs expenses for drug discovery research and clinical development before generating earnings, and therefore continuously posts operating losses and generates negative operating cash flow, and has events and situations that can cause material doubts regarding the premise of going concern.

To eliminate such situation, the Group will strive for early market launch through the smooth development progress of its existing development pipeline, secure further revenue opportunities by expanding its development pipeline, and continue to raise funds necessary for research and development through ongoing fundraising efforts. Further, we will also consider additional financing as needed.

In terms of funding, the Company's cash and deposits stood at ¥1,539 million as of March 31, 2026, which is sufficient cash to fund the current business activities as a result of continuous royalty income and development expenditure control as well as timely fund procurement that includes borrowings from main financial institutions along with issuance of share acquisition rights through third-party allotment and the exercise by the allottee.

As a result of the above, the Company recognizes that there are no material uncertainties regarding the premise of going concern.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	1,709,790	1,539,823
Accounts receivable - trade	94,502	110,754
Supplies	86,921	131,707
Other	128,871	37,917
Total current assets	2,020,086	1,820,203
Non-current assets		
Property, plant and equipment	9,221	8,433
Intangible assets	2,355	2,135
Investments and other assets		
Other	150,276	150,305
Allowance for doubtful accounts	(12,477)	(12,591)
Total investments and other assets	137,798	137,713
Total non-current assets	149,375	148,282
Total assets	2,169,461	1,968,486
Liabilities		
Current liabilities		
Current portion of long-term borrowings	99,048	126,548
Accounts payable - other	66,380	24,352
Income taxes payable	618	1,834
Other	37,835	9,907
Total current liabilities	203,882	162,642
Non-current liabilities		
Long-term borrowings	506,130	467,618
Other	24,000	24,000
Total non-current liabilities	530,130	491,618
Total liabilities	734,012	654,260
Net assets		
Shareholders' equity		
Share capital	697,340	722,331
Capital surplus	1,280,933	1,305,924
Retained earnings	(543,564)	(714,359)
Treasury shares	(0)	(0)
Total shareholders' equity	1,434,709	1,313,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(143)
Total accumulated other comprehensive income	(34)	(143)
Share acquisition rights	774	473
Total net assets	1,435,449	1,314,226
Total liabilities and net assets	2,169,461	1,968,486

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Thousands of yen)

	Three months ended March 31, 2025	Three months ended March 31, 2026
Net sales	96,759	15,113
Cost of sales	10,099	–
Gross profit	86,659	15,113
Selling, general and administrative expenses		
Research and development expenses	142,514	117,539
Other	86,149	64,828
Total selling, general and administrative expenses	228,663	182,367
Operating loss	(142,004)	(167,253)
Non-operating income		
Interest income	455	1,266
Reversal of allowance for doubtful accounts	831	–
Other	21	14
Total non-operating income	1,308	1,280
Non-operating expenses		
Interest expenses	1,903	3,197
Foreign exchange losses	4,362	14
Loss on disposal of supplies	1,022	–
Share issuance costs	–	934
Other	1,786	276
Total non-operating expenses	9,075	4,422
Ordinary loss	(149,771)	(170,396)
Loss before income taxes	(149,771)	(170,396)
Income taxes - current	398	398
Total income taxes	398	398
Loss	(150,170)	(170,795)
Loss attributable to owners of parent	(150,170)	(170,795)

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Three months ended March 31, 2025	Three months ended March 31, 2026
Loss	(150,170)	(170,795)
Other comprehensive income		
Valuation difference on available-for-sale securities	(108)	(108)
Total other comprehensive income	(108)	(108)
Comprehensive income	(150,278)	(170,903)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(150,278)	(170,903)
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to the quarterly consolidated financial statements

(Notes on segment information)

(Segment information)

Three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)

This information is omitted as the Group operates a single segment of the drug discovery business.

Three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

This information is omitted as the Group operates a single segment of the drug discovery business.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Notes on premise of going concern)

Not applicable.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows is not prepared for the three months ended March 31, 2026. Depreciation (including amortization of intangible assets) for the three months ended March 31, 2026 is as follows:

(Thousand yen)

	Three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)	Three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)
Depreciation	11,725	1,148

(Subsequent events)

(Issuance of new shares through third-party allotment)

At a meeting of the Board of Directors held on March 25, 2026, the Company resolved to issue new shares through a third-party allotment (the "Third-party Allotment," and the shares issued through the Third-party Allotment are referred to as the "New Shares"), and the payment for these shares was completed on April 10, 2026. The summary is as follows:

Summary of the Third-party Allotment

Payment deadline	April 10, 2026
Number of new shares issued	Common shares: 2,150,500 shares
Issue price	The Company's common stock: ¥93 per share
Amount of funds to be procured (Estimated net proceeds)	¥194,996,500 (Note)
Amount of share capital and legal capital surplus to increase	Share capital: ¥99,998,250 (¥46.5 per share) Legal capital surplus: ¥99,998,250 (¥46.5 per share)
Offer or allotment method (Allottees)	All of the New Shares will be allocated to Senju Pharmaceutical Co., Ltd. through the third-party allotment.

(Note) The amount of funds raised is the total amount of payments made for the New Shares, less the estimated issuance expenses related to the New Shares.

(Issuance of New Shares as Restricted Stock Unit)

At the Board of Directors meeting held on April 17, 2026, the Company resolved to issue new shares for its restricted stock unit, and payment was completed on May 14, 2026.

1. Purpose and reason for the issuance

   Based on the resolution by the Board of Directors meeting held on February 15, 2018, and the approval of the 20th Ordinary General Meeting of Shareholders held on March 29, 2018, the Company introduced a restricted stock unit plan for the Company's Directors (excluding outside Directors) and Directors of the Company's subsidiaries (excluding outside Directors) (the "Plan"), in order for the Company's Directors (excluding outside Directors) and Directors of the Company's subsidiaries (excluding outside Directors) to share the benefits and risks of stock price fluctuations with shareholders and to further increase their motivation to contribute to stock price increases and enhancement of corporate value.

   Additionally, at the 25th Ordinary General Meeting of Shareholders held on March 30, 2023, in conjunction with the transition to a company with an Audit and Supervisory Committee, and by partially revising the Plan, the following matters were approved: to set the total amount of monetary compensation claims to be paid to the Directors (excluding Directors who are the Audit and Supervisory Committee members and outside Directors, and hereinafter referred to as the "Eligible Directors") as compensation relating to restricted stock within 60 million yen per year, to set the total number of restricted stocks to be allocated to the Eligible Directors in each fiscal year at a maximum of 460,000 shares, and to be determined the transfer restriction period for restricted stock by the Board of Directors of the Company between three and five years.

   At the Board of Directors meeting held on April 17, 2026, the Company and its subsidiary, Japan Innovative Therapeutics, Inc. decided to pay a total of ¥47,112,800 in monetary compensation claims as restricted stock units to two Eligible Directors involved in the period from the Company's 28th Ordinary General Meeting of Shareholders to the 29th Ordinary General Meeting of Shareholders to be held in March 2027, as restricted stock units to 15 employees of the Company involved in the period from May 14, 2026 to May 13, 2027, and as restricted stock units to three Directors (excluding outside Directors) of Japan Innovative Therapeutics, Inc., a subsidiary of the Company, involved in the period from the relevant company's Ordinary General Meeting of Shareholders held in 2026 to the Ordinary General

Meeting of Shareholders to be held in 2027 as expected allottees, and also determined to these expected allottees (collectively referred to as the "Eligible Allottees"; among the Eligible Allottees, the two Eligible Directors, and the three Directors (excluding outside Directors) of the Company's subsidiary, Japan Innovative Therapeutics, Inc., are referred to as "Eligible Allottees I" and the 15 employees of the Company are referred to as "Eligible Allottees II"), to allot 501,200 shares of the Company's common stock as restricted stock by having the Eligible Allottees contribute all of their monetary compensation claims to the Company by way of in-kind contribution.

There are two types of restricted stock, and they consist of "Restricted Stock Type I" allocated to the Eligible Allottees I and "Restricted Stock Type II" allocated to the Eligible Allottees II.

2. Overview of the issuance

Payment deadline	May 14, 2026
Type and number of shares to be issued	Company's common stock: 501,200 shares
Issue price	¥94 per share
Total issuance amount	¥47,112,800
Amount to be capitalized	¥47 per share
Total amount of capitalization	¥23,556,400
Offer or allotment method	Method of allocating the restricted stock
Method of fulfilling investment	Contribution in kind of monetary compensation claims
Eligible Allottees, number thereof and number of shares to be allotted	Directors of the Company (excluding Directors who are the Audit and Supervisory Committee Members and outside Directors), 2 people 226,500 shares Employees of the Company: 15 people 197,000 shares Directors of Japan Innovative Therapeutics, Inc., a subsidiary of the Company (excluding outside Directors) 3 people 77,700 shares
Transfer restriction period	"Restricted Stock Type I" May 14, 2026 to May 13, 2029 "Restricted Stock Type II" May 14, 2026 to May 13, 2027