Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 13, 2026

Consolidated Financial Results for the Six Months Ended June 30, 2026 (Based on Japanese GAAP)

Company name: D.Western Therapeutics Institute, Inc.
Listing: Tokyo
Securities code: 4576
URL: https://www.dwti.co.jp
Representative: Yuichi Hidaka, President and CEO
Inquiries: Sayako Matsubara, Director
TEL: +81-52-218-8785

Scheduled date to file semi-annual securities report: August 13, 2026
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	33	(80.9)	(312)	–	(322)	–	(323)	–
June 30, 2025	173	(22.5)	(309)	–	(316)	–	(316)	–

Note: Comprehensive income For the six months ended June 30, 2026 ¥(323) million [–%]
For the six months ended June 30, 2025 ¥(316) million [–%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	(5.80)	–
June 30, 2025	(7.08)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	2,049	1,409	68.7
December 31, 2025	2,169	1,435	66.1

Reference: Equity
As of June 30, 2026 ¥1,408 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	–	0.00			
Fiscal year ending December 31, 2026 (Forecast)			–	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 six months ended June 30, 2026: No

(2) Application of special accounting methods for preparing semi-annual 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 June 30, 2026	57,483,412 shares
As of December 31, 2025	54,251,712 shares

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

As of June 30, 2026	11,387 shares
As of December 31, 2025	286 shares

(iii) Average number of shares during the period

Six months ended June 30, 2026	55,718,650 shares
Six months ended June 30, 2025	44,764,218 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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. Qualitative information regarding financial results for the first six months of the fiscal year ending December 31, 2026” on page 4 of the attached materials.

(Supplementary material on financial results)

Supplementary material on financial results are scheduled to be disclosed via TDnet on the same day.

Attached Material

Index

1. Qualitative information regarding financial results for the first six months of the fiscal year ending December 31, 2026

(1) Explanation of operating results

During the first six 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, among others, 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 ¥194 million from Senju Pharmaceutical. Currently, we are conducting necessary non-clinical trials and other preparations for clinical trials in Japan. 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. Furthermore, regarding the jointly developed neuropathic pain treatment agent “Bondlido,” we reached an agreement on basic terms and conditions in May between our joint development partner, MEDRx Co., Ltd., (“MEDRx”) and the U.S. pharmaceutical company, Terrain Pharmaceuticals, regarding a sales partnership in the United States. Moving forward, we plan to finalize the detailed terms and conditions of the sales license agreement, formally conclude the agreement, and prepare for the launch in the fourth quarter of 2026. 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 six months of the current fiscal year showed net sales of ¥33 million (down 80.9% 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™” (development code: DW-1002), the license agreement with Dutch Ophthalmic Research Center International B.V. (“DORC”), its licensee, expired in December 2025, and the Company and DORC are in discussions about the details of the terms and conditions, among others, as of June 30, 2026, to extend the agreement concerning the territories where the patent remains in effect. As such, royalties for “TissueBlue™” are not included in the revenue figures for the first six months of 2026. The Company expects to record royalties for “TissueBlue™” as net sales in the future, based on the agreed terms and conditions for extension.

Selling, general and administrative expenses amounted to ¥346 million (down 25.5% year on year). The breakdown is as follows: Of the research and development expenses, development costs for H-1337 and DWR-2206, etc., decreased to ¥217 million (down 31.7% year on year), while other selling, general and administrative expenses decreased to ¥128 million (down 12.1% year on year) due to a reduction in personnel costs, etc.

This resulted in operating loss of ¥312 million (compared to operating loss of ¥309 million in the same period of the previous fiscal year), ordinary loss of ¥322 million (compared to ordinary loss of ¥316 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥323 million (compared to loss attributable to owners of parent of ¥316 million in the same period of the previous fiscal year).

The state of new drug candidate compound development in the first six 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 clinical trial	Japan	Developed internally
			Completion of Phase IIb clinical trials	U.S.	Developed internally
H-1129		Therapeutic agent for keratoconjunctival diseases based on immune disorders (undisclosed)	Preparing for clinical trial	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, among others, 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 moving forward with multiple projects targeting ophthalmic conditions.

(2) Explanation of financial position

(i) Assets, liabilities and net assets

Total assets decreased by ¥119 million from the end of the previous fiscal year to ¥2,049 million. Current assets decreased by ¥122 million from the end of the previous fiscal year to ¥1,897 million. The main factor was a decrease of ¥128 million in cash and deposits, despite an increase of ¥41 million in supplies, among others. Non-current assets increased by ¥2 million from the end of the previous fiscal year to ¥151 million.

Liabilities decreased by ¥93 million from the end of the previous fiscal year to ¥640 million. Current liabilities decreased by ¥16 million from the end of the previous fiscal year to ¥187 million. The main factor was a decrease of ¥50 million in accounts payable - other, despite an increase of ¥55 million in current portion of long-term borrowings, among others. Non-current liabilities decreased by ¥77 million from the end of the previous fiscal year to ¥453 million. This is due to a decrease of ¥77 million in long-term borrowings.

Net assets decreased by ¥26 million from the end of the previous fiscal year to ¥1,409 million. The main factor was a decrease of ¥323 million in retained earnings due to the recording of loss attributable to owners of parent, despite increases of ¥148 million each in share capital and capital surplus as a result of the issuance of new shares through third-party allotment and the exercise of share acquisition rights, among others.

As a result, the equity ratio became 68.7%.

(ii) Overview of cash flows

Cash and cash equivalents (“cash”) as of June 30, 2026 decreased by ¥723 million from December 31, 2025 to ¥986 million.

The status of cash flows during the six months ended June 30, 2026 are as follows.

Cash flows from operating activities

Net cash used in operating activities amounted to ¥343 million (¥211 million used in the same period of the previous fiscal year). This was mainly due to loss before income taxes of ¥322 million and decrease in accounts payable - other of ¥49 million.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥601 million (¥2 million used in the same period of the previous fiscal year). This was mainly due to increase in restricted deposits of ¥ 595 million.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥222 million (¥135 million provided in the same period of the previous fiscal year). This was mainly due to proceeds from issuance of shares of ¥194 million and proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥49 million, despite repayments of long-term borrowings of ¥22 million.

(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 in particular 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, among others, as needed.

In terms of funding, the Company's cash and cash equivalents stood at ¥986 million as of June 30, 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, issuance of new shares and share acquisition rights through third-party allotment and the exercise by the allottee, among others.

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

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheets

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	1,709,790	1,581,537
Accounts receivable - trade	94,502	96,182
Supplies	86,921	128,437
Other	128,871	91,568
Total current assets	2,020,086	1,897,726
Non-current assets		
Property, plant and equipment	9,221	12,379
Intangible assets	2,355	1,915
Investments and other assets		
Other	150,276	150,570
Allowance for doubtful accounts	(12,477)	(12,941)
Total investments and other assets	137,798	137,629
Total non-current assets	149,375	151,924
Total assets	2,169,461	2,049,650
Liabilities		
Current liabilities		
Current portion of long-term borrowings	99,048	154,048
Accounts payable - other	66,380	15,647
Income taxes payable	618	6,658
Other	37,835	11,064
Total current liabilities	203,882	187,417
Non-current liabilities		
Long-term borrowings	506,130	429,106
Other	24,000	24,000
Total non-current liabilities	530,130	453,106
Total liabilities	734,012	640,523
Net assets		
Shareholders’ equity		
Share capital	697,340	845,886
Capital surplus	1,280,933	1,429,479
Retained earnings	(543,564)	(866,676)
Treasury shares	(0)	(0)
Total shareholders’ equity	1,434,709	1,408,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(34)
Total accumulated other comprehensive income	(34)	(34)
Share acquisition rights	774	473
Total net assets	1,435,449	1,409,126
Total liabilities and net assets	2,169,461	2,049,650

(2) Semi-annual consolidated statements of income and consolidated statements of comprehensive income

Semi-annual consolidated statements of income

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Net sales	173,239	33,142
Cost of sales	17,469	–
Gross profit	155,769	33,142
Selling, general and administrative expenses		
Research and development expenses	318,262	217,258
Other	146,529	128,830
Total selling, general and administrative expenses	464,791	346,089
Operating loss	(309,022)	(312,947)
Non-operating income		
Interest income	773	2,044
Foreign exchange gains	–	1,033
Reversal of allowance for doubtful accounts	1,065	–
Other	103	23
Total non-operating income	1,942	3,101
Non-operating expenses		
Interest expenses	3,986	6,503
Foreign exchange losses	2,191	–
Share issuance costs	–	4,436
Other	2,811	1,528
Total non-operating expenses	8,989	12,468
Ordinary loss	(316,069)	(322,314)
Loss before income taxes	(316,069)	(322,314)
Income taxes - current	797	797
Total income taxes	797	797
Loss	(316,866)	(323,112)
Loss attributable to owners of parent	(316,866)	(323,112)

Semi-annual consolidated statements of comprehensive income

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Loss	(316,866)	(323,112)
Other comprehensive income		
Total other comprehensive income	–	–
Comprehensive income	(316,866)	(323,112)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(316,866)	(323,112)
Comprehensive income attributable to non-controlling interests	–	–

(3) Semi-annual consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Loss before income taxes	(316,069)	(322,314)
Depreciation	23,620	2,997
Share-based payment expenses	13,565	22,935
Interest income	(773)	(2,044)
Interest expenses	3,986	6,503
Foreign exchange losses (gains)	1,283	(572)
Share issuance costs	–	964
Share issuance costs	–	4,436
Decrease (increase) in trade receivables	44,348	(1,679)
Decrease (increase) in inventories	2,489	(41,515)
Increase (decrease) in allowance for doubtful accounts	(1,065)	464
Increase (decrease) in accounts payable - other	(13,077)	(49,789)
Other, net	35,316	40,618
Subtotal	(206,375)	(338,994)
Interest received	695	1,964
Interest paid	(4,001)	(6,504)
Income taxes paid	(1,690)	(416)
Net cash provided by (used in) operating activities	(211,372)	(343,950)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,745)	(6,660)
Decrease (increase) in guarantee deposits	298	–
Net decrease (increase) in restricted deposits	–	(595,000)
Net cash provided by (used in) investing activities	(2,447)	(601,660)
Cash flows from financing activities		
Proceeds from long-term borrowings	32,000	–
Repayments of long-term borrowings	(9,524)	(22,024)
Redemption of bonds	(302,500)	–
Proceeds from issuance of shares	–	194,829
Proceeds from issuance of shares resulting from exercise of share acquisition rights	415,921	49,445
Purchase of treasury shares	–	(0)
Commission expenses paid	(32)	(0)
Net cash provided by (used in) financing activities	135,864	222,250
Effect of exchange rate change on cash and cash equivalents	(218)	107
Net increase (decrease) in cash and cash equivalents	(78,173)	(723,252)
Cash and cash equivalents at beginning of period	1,126,035	1,709,790
Cash and cash equivalents at end of period	1,047,861	986,537

(4) Notes to semi-annual consolidated financial statements

(Notes on changes in accounting policies)

Not applicable.

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

At the Board of Directors meeting held on March 25, 2026, the Company resolved to issue new shares through a third-party allotment, and with the completion of payment on April 10, 2026, share capital and legal capital surplus each increased by ¥99,998 thousand.

In addition, due to the payment from the exercise of the 13th series of share acquisition rights (with an exercise price adjustment clause), which were issued through a third-party allotment on July 31, 2025, share capital and legal capital surplus each increased by ¥24,990 thousand.

Furthermore, the issuance of new shares as restricted stock unit with a payment date of May 14, 2026, resulted in an additional increase of ¥23,556 thousand in both share capital and legal capital surplus.

As a result, as of June 30, 2026, share capital stood at ¥845,886 thousand and capital surplus at ¥1,429,479 thousand.

(Notes on segment information)

(Segment information)

Six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

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

Six months ended June 30, 2026 (January 1, 2026 to June 30, 2026)

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

(Subsequent events)

Not applicable.