Translation

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November 12, 2026

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

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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 nine months ended September 30, 2026 (from January 1, 2026 to September 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	51	(82.7)	(483)	–	(501)	–	(502)	–
September 30, 2025	297	(14.9)	(478)	–	(491)	–	(492)	–

Note: Comprehensive income For the nine months ended September 30, 2026 ¥(502) million [–%]
For the nine months ended September 30, 2025 ¥(492) million [–%]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2026	(8.91)	–
September 30, 2025	(10.75)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	1,372	1,238	90.3
December 31, 2025	2,169	1,435	66.1

Reference: Equity
As of September 30, 2026 ¥1,238 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 nine months ended September 30, 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 September 30, 2026	57,599,412 shares
As of December 31, 2025	54,251,712 shares

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

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

(iii) Average number of shares during the period

Nine months ended September 30, 2026	56,335,202 shares
Nine months ended September 30, 2025	45,850,730 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

Index

1. Overview of operating results and others 2
(1) Overview of operating results for the nine months ended September 30, 2026 2
(2) Overview of financial position for the nine months ended September 30, 2026 4
(3) Explanation of forward-looking information such as consolidated earnings forecasts 4
(4) Significant events regarding premise of going concern 4
2. Quarterly consolidated financial statements and significant notes thereto 5
(1) Quarterly consolidated balance sheets 5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income 6
Quarterly consolidated statements of income 6
Quarterly consolidated statements of comprehensive income 7
(3) Notes to the quarterly consolidated financial statements 8
(Notes on segment information) 8
(Notes on significant changes in shareholders' equity) 8
(Notes on premise of going concern) 8
(Notes on quarterly consolidated statement of cash flows) 8
(Subsequent events) 9

1. Overview of operating results and others

(1) Overview of operating results for the nine months ended September 30, 2026

During the first nine 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, signed an option agreement covering Japan and the Asian region, among others, with Senju Pharmaceutical Co., Ltd. ("Senju Pharmaceutical") in March. While preparing for Phase III clinical trials in the U.S., the Company has shifted its policy to prioritize the development of H-1337 in Japan with the signing of this agreement, 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 are finalizing the detailed terms and conditions of the sales license agreement, formally concluding the agreement, and preparing for the launch in 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 nine months of the current fiscal year showed net sales of ¥51 million (down 82.7% 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 September 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 nine 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 ¥535 million (down 28.2% year on year). The breakdown of selling, general and administrative expenses was research and development expenses of ¥349 million (down 34.8% year on year, the US late-stage Phase II clinical trial of H-1337 was performed in the same period of the previous fiscal year), and other selling, general and administrative expenses of ¥185 million (down 11.5% year on year) due to a decrease in personnel expenses, etc.

This resulted in operating loss of ¥483 million (compared to operating loss of ¥478 million in the same period of the previous fiscal year). Ordinary loss came to ¥501 million (compared to ordinary loss of ¥491 million in the same period of the previous fiscal year) due to factors such as the recording of interest expenses of ¥11 million and share issuance costs of ¥6 million in non-operating expenses. Loss attributable to owners of parent came to ¥502 million (compared to loss attributable to owners of parent of ¥492 million in the same period of the previous fiscal year).

The state of new drug candidate compound development in the first nine 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) Overview of financial position for the nine months ended September 30, 2026

Total assets decreased by ¥797 million from the end of the previous fiscal year to ¥1,372 million. Current assets decreased by ¥799 million from the end of the previous fiscal year to ¥1,221 million. The main factor was a decrease of ¥860 million in cash and deposits, primarily due to the early repayment of a portion of borrowings from financial institutions, among others. Non-current assets increased by ¥1 million from the end of the previous fiscal year to ¥150 million.

Liabilities decreased by ¥600 million from the end of the previous fiscal year to ¥133 million. Current liabilities decreased by ¥144 million from the end of the previous fiscal year to ¥59 million. The main factor was a decrease of ¥74 million in current portion of long-term borrowings, due to the early repayment of a portion of borrowings from financial institutions. Non-current liabilities decreased by ¥456 million from the end of the previous fiscal year to ¥74 million. The factor was a decrease of ¥456 million in long-term borrowings, primarily due to the early repayment of a portion of borrowings from financial institutions.

Net assets decreased by ¥196 million from the end of the previous fiscal year to ¥1,238 million. The main factor was a decrease of ¥502 million in retained earnings due to the recording of loss attributable to owners of parent, despite increases of ¥153 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 90.3%.

(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 deposits stood at ¥849 million as of September 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. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2025	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	1,709,790	849,520
Accounts receivable - trade	94,502	113,522
Supplies	86,921	122,556
Other	128,871	135,467
Total current assets	2,020,086	1,221,066
Non-current assets		
Property, plant and equipment	9,221	11,735
Intangible assets	2,355	1,695
Investments and other assets		
Other	150,276	149,934
Allowance for doubtful accounts	(12,477)	(12,390)
Total investments and other assets	137,798	137,544
Total non-current assets	149,375	150,974
Total assets	2,169,461	1,372,041
Liabilities		
Current liabilities		
Current portion of long-term borrowings	99,048	25,000
Accounts payable - other	66,380	19,196
Income taxes payable	618	4,860
Other	37,835	10,138
Total current liabilities	203,882	59,194
Non-current liabilities		
Long-term borrowings	506,130	50,000
Other	24,000	24,000
Total non-current liabilities	530,130	74,000
Total liabilities	734,012	133,194
Net assets		
Shareholders' equity		
Share capital	697,340	850,556
Capital surplus	1,280,933	1,434,149
Retained earnings	(543,564)	(1,045,714)
Treasury shares	(0)	(0)
Total shareholders' equity	1,434,709	1,238,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(144)
Total accumulated other comprehensive income	(34)	(144)
Share acquisition rights	774	–
Total net assets	1,435,449	1,238,846
Total liabilities and net assets	2,169,461	1,372,041

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

Quarterly consolidated statements of income

(Thousands of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Net sales	297,097	51,490
Cost of sales	30,062	–
Gross profit	267,034	51,490
Selling, general and administrative expenses		
Research and development expenses	535,424	349,340
Other	210,061	185,813
Total selling, general and administrative expenses	745,485	535,153
Operating loss	(478,450)	(483,663)
Non-operating income		
Interest income	1,560	3,893
Foreign exchange gains	758	–
Reversal of allowance for doubtful accounts	883	–
Other	103	110
Total non-operating income	3,305	4,003
Non-operating expenses		
Interest expenses	6,078	11,123
Foreign exchange losses	–	2,291
Share issuance costs	6,008	6,809
Other	4,287	1,123
Total non-operating expenses	16,374	21,347
Ordinary loss	(491,520)	(501,006)
Loss before income taxes	(491,520)	(501,006)
Income taxes - current	1,196	1,142
Total income taxes	1,196	1,142
Loss	(492,716)	(502,149)
Loss attributable to owners of parent	(492,716)	(502,149)

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended September 30, 2025	Nine months ended September 30, 2026
Loss	(492,716)	(502,149)
Other comprehensive income		
Valuation difference on available-for-sale securities	(109)	(109)
Total other comprehensive income	(109)	(109)
Comprehensive income	(492,826)	(502,259)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(492,826)	(502,259)
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to the quarterly consolidated financial statements

(Notes on segment information)

(Segment information)

Nine months ended September 30, 2025 (January 1, 2025 to September 30, 2025)

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

Nine months ended September 30, 2026 (January 1, 2026 to September 30, 2026)

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

(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 ¥29,660 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 September 30, 2026, share capital stood at ¥850,556 thousand and capital surplus at ¥1,434,149 thousand.

(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 nine months ended September 30, 2026. Depreciation (including amortization of intangible assets) for the nine months ended September 30, 2026 is as follows:

(Thousand yen)

	Nine months ended September 30, 2025 (from January 1, 2025 to September 30, 2025)	Nine months ended September 30, 2026 (from January 1, 2026 to September 30, 2026)
Depreciation	35,550	4,910

(Subsequent events)

(Issuance of 14th series of share acquisition rights through third-party allotment and the second series of unsecured bonds)

At the Board of Directors meeting held on September 14, 2026, the Company resolved to issue the 14th series of share acquisition rights (with an exercise price adjustment clause) (hereinafter the "Share Acquisition Rights") by means of third-party allotment, and to issue the second series of unsecured bonds (hereinafter the "Bonds"). We completed the payment for the total amount of issue of the Share Acquisition Rights and the Bonds on October 1, 2026. The overview is as follows.

1. Overview of the Share Acquisition Rights

Date of allotment	October 1, 2026
Number of share acquisition rights to be issued	390,000 units
Issue price	Total amount: ¥14,430,000 (¥37 per Share Acquisition Right)
Number of potential shares resulting from the issuance	Potential shares: 39,000,000 shares (100 shares per Share Acquisition Right) There is no maximum exercise price for the Share Acquisition Rights. The minimum exercise price for the Share Acquisition Rights is ~~¥44~~; however, even at the minimum exercise price, the number of potential shares is 39,000,000 shares.
Amount of funds to be procured (Estimated net proceeds)	¥3,086,430,000 (Note)
Exercise price and adjustment conditions thereof	Initial exercise price: ¥79 The exercise price for the Share Acquisition Rights shall be revised to an amount equivalent to 90% of the closing price of the Company's common shares in regular trading on the Tokyo Stock Exchange, Inc. on the trading day immediately preceding the effective date of each request for the exercise of the Share Acquisition Rights (if there is no closing price on the said day, it shall be the immediately preceding trading day with a closing price; the amount is calculated to the second decimal place in yen, and the second decimal place is rounded up). However, if the result of such calculation is that the adjusted exercise price is below the minimum exercise price, the minimum exercise price shall be the amended exercise price.
Amount to be capitalized	The amount of an increase in share capital when common shares of the Company are issued upon exercise of the Share Acquisition Rights shall be half of the maximum amount of increase in share capital, etc., as calculated in accordance with the provisions of Article 17, Paragraph 1 of the Regulations for Corporate Accounting (any fraction of less than ¥1 resulting from the calculation shall be rounded up). The amount of an increase in legal capital surplus shall be the amount obtained by subtracting the amount of an increase in share capital from the maximum amount of increase in share capital, etc.
Offer or allotment method	The method of third-party allotment shall be used.
Exercise period	October 1, 2026 to September 30, 2029 (However, if the last day of the exercise period is not a bank business day, the bank business day immediately preceding that day shall be the last day.)
Allottee	Growth Capital Inc.
Use of funds	Funds for the development of H-1337

(Note) The amount of funds to be raised is the sum of the total amount to be paid in for the Share Acquisition Rights plus the total value of the assets to be contributed upon exercise of the Share Acquisition Rights, minus the estimated amount of issuance expenses. The total amount of the value of assets to be contributed upon exercise of the Share Acquisition Rights is the amount that would be obtained if all of the Share Acquisition Rights were exercised at the initial exercise price. If the exercise price of the Share Acquisition Rights is revised or adjusted, the amount of funds raised will increase or decrease. In addition, if the Share Acquisition Rights are not exercised within the exercise period or if the Company cancels the Share Acquisition Rights it has acquired, the amount of funds raised will decrease.

2. Overview of the Bonds

Name	D.Western Therapeutics Institute, Inc. second series of unsecured bonds
Total face value	¥500,000,000
Face value	¥12,500,000
Interest rate	None
Amount to be paid	¥100 per ¥100 of face value
Redemption price	¥100 per ¥100 of face value
Payment deadline	October 1, 2026
Maturity date	October 29, 2027
Bond redemption method	Early redemption clauses are stipulated in addition to lump-sum redemption at maturity. (i) Early redemption will be implemented within five trading days each time the amount paid upon exercise of share acquisition rights reaches a whole number multiple of the bond amount (¥12,500,000). (ii) For the portion exercised by the end of 2026, early redemption will not be conducted until the cumulative exercise amount exceeds ¥300,000,000, and (i) will apply to the portion exceeding ¥300,000,000. (iii) If the cumulative exercise amount has not reached ¥300,000,000 by the end of 2026, (i) will apply to the portion exercised from January 2027 onward.
Recipient of the total amount	Bonds of ¥400,000,000 and ¥100,000,000 have been allotted to Growth Capital Inc. and Next Growth Inc., respectively.
Use of funds	Funds for the development of H-1337