

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: D. Western Therapeutics Institute, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4576 URL: <https://www.dwti.co.jp>  
 Representative: President and CEO Yuichi Hidaka  
 Inquiries: Director Sayako Matsubara TEL 052-218-8785  
 Scheduled date to file Quarterly Securities Report: May 12, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	90	(18.0)	(101)	–	(101)	–	(97)	–
Three months ended March 31, 2022	109	22.3	(37)	–	(26)	–	(21)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	(3.14)		–	
Three months ended March 31, 2022	(0.74)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	2,852	1,899	66.1
As of December 31, 2022	2,956	1,873	62.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–				
Year ending December 31, 2023 (Forecast)		0.00	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	400	(10.7)	(1,400)	–	(1,410)	–	(1,390)	–	(44.60)

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of March 31, 2023	31,558,848 shares	As of December 31, 2022	30,871,138 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	285 shares	As of December 31, 2022	100 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2023	31,181,731 shares	Three months ended March 31, 2022	29,358,500 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,334,668	2,273,896
Accounts receivable - trade	170,755	134,130
Supplies	79,211	78,137
Other	74,436	76,128
Total current assets	2,659,072	2,562,292
Non-current assets		
Property, plant and equipment	10,105	11,271
Intangible assets		
Contract-related intangible assets	123,428	113,142
Other	1,101	932
Total intangible assets	124,529	114,075
Investments and other assets	162,668	164,490
Total non-current assets	297,303	289,837
Total assets	2,956,376	2,852,129
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	120,000	90,000
Accounts payable - other	64,210	51,199
Income taxes payable	11,234	5,022
Other	15,762	11,981
Total current liabilities	211,207	158,203
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	734,693	642,857
Long-term borrowings	113,000	128,000
Other	24,000	24,000
Total non-current liabilities	871,693	794,857
Total liabilities	1,082,900	953,061
<b>Net assets</b>		
Shareholders' equity		
Share capital	714,244	777,906
Capital surplus	2,772,484	2,836,145
Retained earnings	(1,629,961)	(1,727,822)
Treasury shares	–	(0)
Total shareholders' equity	1,856,767	1,886,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(222)	(127)
Total accumulated other comprehensive income	(222)	(127)
Share acquisition rights	943	848
Non-controlling interests	15,987	12,119
Total net assets	1,873,475	1,899,068
Total liabilities and net assets	2,956,376	2,852,129

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	109,717	90,000
Cost of sales	7,001	7,331
Gross profit	102,715	82,668
Selling, general and administrative expenses		
Research and development expenses	75,971	113,175
Other	64,735	70,578
Total selling, general and administrative expenses	140,706	183,753
Operating loss	(37,991)	(101,085)
Non-operating income		
Interest income	13	6
Foreign exchange gains	11,781	1,201
Other	1,000	11
Total non-operating income	12,794	1,219
Non-operating expenses		
Interest expenses	886	626
Share issuance costs	–	665
Other	24	172
Total non-operating expenses	910	1,464
Ordinary loss	(26,107)	(101,330)
Loss before income taxes	(26,107)	(101,330)
Income taxes - current	398	398
Total income taxes	398	398
Loss	(26,506)	(101,729)
Loss attributable to non-controlling interests	(4,644)	(3,867)
Loss attributable to owners of parent	(21,861)	(97,861)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Loss	(26,506)	(101,729)
Other comprehensive income		
Valuation difference on available-for-sale securities	(569)	(127)
Total other comprehensive income	(569)	(127)
Comprehensive income	(27,075)	(101,856)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(22,431)	(97,988)
Comprehensive income attributable to non-controlling interests	(4,644)	(3,867)