

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 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: August 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 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	%
Six months ended June 30, 2023	187	(10.6)	(258)	–	(254)	–	(247)	–
Six months ended June 30, 2022	210	4.2	(132)	–	(118)	–	(110)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	(7.89)		–	
Six months ended June 30, 2022	(3.76)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	2,820	1,820	64.2
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	–	0.00			
Year ending December 31, 2023 (Forecast)			–	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 six months ended June 30, 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 June 30, 2023	31,955,730 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 June 30, 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)

Six months ended June 30, 2023	31,448,528 shares	Six months ended June 30, 2022	29,378,997 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,334,668	2,235,105
Accounts receivable - trade	170,755	102,911
Supplies	79,211	140,920
Other	74,436	61,928
Total current assets	2,659,072	2,540,866
Non-current assets		
Property, plant and equipment	10,105	11,236
Intangible assets		
Contract-related intangible assets	123,428	102,857
Other	1,101	763
Total intangible assets	124,529	103,620
Investments and other assets	162,668	164,813
Total non-current assets	297,303	279,670
Total assets	2,956,376	2,820,536
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	120,000	60,000
Accounts payable - other	64,210	124,444
Income taxes payable	11,234	10,236
Other	15,762	12,457
Total current liabilities	211,207	207,138
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	734,693	624,489
Long-term borrowings	113,000	144,000
Other	24,000	24,000
Total non-current liabilities	871,693	792,489
Total liabilities	1,082,900	999,628
<b>Net assets</b>		
Shareholders' equity		
Share capital	714,244	815,663
Capital surplus	2,772,484	2,873,902
Retained earnings	(1,629,961)	(1,877,945)
Treasury shares	–	(0)
Total shareholders' equity	1,856,767	1,811,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(222)	(31)
Total accumulated other comprehensive income	(222)	(31)
Share acquisition rights	943	736
Non-controlling interests	15,987	8,583
Total net assets	1,873,475	1,820,908
Total liabilities and net assets	2,956,376	2,820,536

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	210,034	187,710
Cost of sales	13,126	14,696
Gross profit	196,908	173,014
Selling, general and administrative expenses		
Research and development expenses	199,768	294,752
Other	129,507	136,614
Total selling, general and administrative expenses	329,275	431,366
Operating loss	(132,367)	(258,352)
Non-operating income		
Interest income	13	6
Foreign exchange gains	32,820	6,275
Other	1,008	11
Total non-operating income	33,841	6,292
Non-operating expenses		
Interest expenses	1,710	1,225
Share issuance costs	–	1,007
Commission expenses	13,250	255
Share issuance costs	4,634	–
Other	–	42
Total non-operating expenses	19,595	2,530
Ordinary loss	(118,120)	(254,590)
Loss before income taxes	(118,120)	(254,590)
Income taxes - current	797	797
Total income taxes	797	797
Loss	(118,918)	(255,387)
Loss attributable to non-controlling interests	(8,436)	(7,403)
Loss attributable to owners of parent	(110,481)	(247,983)

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

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Loss	(118,918)	(255,387)
Other comprehensive income		
Valuation difference on available-for-sale securities	(454)	(31)
Total other comprehensive income	(454)	(31)
Comprehensive income	(119,372)	(255,419)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(110,936)	(248,015)
Comprehensive income attributable to non-controlling interests	(8,436)	(7,403)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Loss before income taxes	(118,120)	(254,590)
Depreciation	22,743	23,206
Share-based payment expenses	7,190	7,093
Interest income	(13)	(6)
Interest expenses	1,710	1,225
Commission expenses	13,250	255
Foreign exchange losses (gains)	(28,109)	(1,266)
Share issuance costs	–	1,007
Share issuance costs	4,634	–
Decrease (increase) in trade receivables	(3,005)	67,843
Decrease (increase) in inventories	19,519	(30,463)
Increase (decrease) in accounts payable - other	(13,246)	60,234
Other, net	(33,819)	(14,562)
Subtotal	(127,267)	(140,022)
Interest received	13	6
Interest paid	(1,572)	(1,073)
Income taxes paid	(1,594)	(1,592)
Net cash provided by (used in) operating activities	(130,420)	(142,683)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,877)	(3,428)
Purchase of intangible assets	(200)	–
Decrease (increase) in guarantee deposits	–	(316)
Net cash provided by (used in) investing activities	(4,077)	(3,744)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	31,000
Repayments of long-term borrowings	(60,000)	(60,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	75,879
Purchase of treasury share acquisition rights	(2,692)	–
Purchase of treasury shares	–	(0)
Commission expenses paid	(13,200)	(272)
Other, net	(499)	–
Net cash provided by (used in) financing activities	(76,391)	46,606
Effect of exchange rate change on cash and cash equivalents	26,462	256
Net increase (decrease) in cash and cash equivalents	(184,428)	(99,563)
Cash and cash equivalents at beginning of period	1,933,743	2,334,668
Cash and cash equivalents at end of period	1,749,315	2,235,105