

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 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: November 10, 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 nine months ended September 30, 2023 (from January 1, 2023 to September 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	%
Nine months ended September 30, 2023	313	1.6	(457)	–	(453)	–	(443)	–
Nine months ended September 30, 2022	309	(2.1)	(251)	–	(239)	–	(226)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	(14.02)		–	
Nine months ended September 30, 2022	(7.70)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	2,626	1,652	62.7
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 nine months ended September 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 September 30, 2023	32,128,012 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 September 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)

Nine months ended September 30, 2023	31,662,901 shares	Nine months ended September 30, 2022	29,408,326 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	2,334,668	2,038,049
Accounts receivable - trade	170,755	170,414
Supplies	79,211	85,796
Other	74,436	54,281
Total current assets	2,659,072	2,348,540
Non-current assets		
Property, plant and equipment	10,105	17,806
Intangible assets		
Contract-related intangible assets	123,428	92,571
Other	1,101	3,362
Total intangible assets	124,529	95,934
Investments and other assets	162,668	164,341
Total non-current assets	297,303	278,082
Total assets	2,956,376	2,626,622
Liabilities		
Current liabilities		
Current portion of long-term borrowings	120,000	34,762
Accounts payable - other	64,210	103,022
Income taxes payable	11,234	6,550
Other	15,762	14,020
Total current liabilities	211,207	158,355
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	734,693	606,122
Long-term borrowings	113,000	185,238
Other	24,000	24,000
Total non-current liabilities	871,693	815,360
Total liabilities	1,082,900	973,715
Net assets		
Shareholders' equity		
Share capital	714,244	831,617
Capital surplus	2,772,484	2,889,857
Retained earnings	(1,629,961)	(2,073,882)
Treasury shares	–	(0)
Total shareholders' equity	1,856,767	1,647,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(222)	(148)
Total accumulated other comprehensive income	(222)	(148)
Share acquisition rights	943	699
Non-controlling interests	15,987	4,763
Total net assets	1,873,475	1,652,907
Total liabilities and net assets	2,956,376	2,626,622

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	309,158	313,994
Cost of sales	19,008	27,730
Gross profit	290,149	286,264
Selling, general and administrative expenses		
Research and development expenses	351,470	545,612
Other	190,201	198,289
Total selling, general and administrative expenses	541,671	743,901
Operating loss	(251,521)	(457,637)
Non-operating income		
Interest income	25	10
Foreign exchange gains	37,756	7,394
Other	1,008	11
Total non-operating income	38,789	7,416
Non-operating expenses		
Interest expenses	2,465	1,816
Share issuance costs	–	1,396
Commission expenses	13,386	376
Share issuance costs	10,825	–
Other	–	137
Total non-operating expenses	26,677	3,726
Ordinary loss	(239,408)	(453,947)
Loss before income taxes	(239,408)	(453,947)
Income taxes - current	1,196	1,196
Total income taxes	1,196	1,196
Loss	(240,605)	(455,144)
Loss attributable to non-controlling interests	(14,138)	(11,223)
Loss attributable to owners of parent	(226,467)	(443,920)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Loss	(240,605)	(455,144)
Other comprehensive income		
Valuation difference on available-for-sale securities	(338)	(148)
Total other comprehensive income	(338)	(148)
Comprehensive income	(240,943)	(455,292)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(226,805)	(444,069)
Comprehensive income attributable to non-controlling interests	(14,138)	(11,223)