

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 2022

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
 Director and General Administration Tetsuya Kawakami
 Inquiries: Division Manager TEL 052-218-8785
 Scheduled date to file Quarterly Securities Report: November 10, 2022
 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, 2022 (from January 1, 2022 to September 30, 2022)

(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, 2022	309	(2.1)	(251)	–	(239)	–	(226)	–
Nine months ended September 30, 2021	315	31.3	(114)	–	(105)	–	(101)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	(7.70)		–	
Nine months ended September 30, 2021	(3.48)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	3,056	1,853	60.1
As of December 31, 2021	2,462	2,035	81.4

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, 2021	–	0.00	–	0.00	0.00
Year ending December 31, 2022	–	0.00	–		
Year ending December 31, 2022 (Forecast)				0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	370	(10.7)	(690)	–	(700)	–	(670)	–	(22.82)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(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: Yes
- 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, 2022	29,675,364 shares	As of December 31, 2021	29,358,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	100 shares	As of December 31, 2021	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, 2022	29,408,326 shares	Nine months ended September 30, 2021	29,325,370 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	1,933,743	2,370,473
Accounts receivable - trade	101,674	157,002
Supplies	88,399	71,993
Other	38,365	54,019
Total current assets	2,162,183	2,653,489
Non-current assets		
Property, plant and equipment	4,567	6,156
Intangible assets		
Contract-related intangible assets	164,571	133,714
Other	2,047	1,390
Total intangible assets	166,619	135,104
Investments and other assets	129,489	261,695
Total non-current assets	300,676	402,956
Total assets	2,462,860	3,056,445
Liabilities		
Current liabilities		
Current portion of long-term borrowings	129,524	120,000
Accounts payable - other	41,759	46,590
Income taxes payable	9,889	5,532
Other	12,072	13,659
Total current liabilities	193,245	185,782
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	863,265
Long-term borrowings	210,476	130,000
Other	24,000	24,000
Total non-current liabilities	234,476	1,017,265
Total liabilities	427,721	1,203,047
Net assets		
Shareholders' equity		
Share capital	573,159	603,509
Capital surplus	2,631,398	2,661,749
Retained earnings	(1,200,276)	(1,426,743)
Total shareholders' equity	2,004,281	1,838,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(338)
Total accumulated other comprehensive income	–	(338)
Share acquisition rights	2,692	1,194
Non-controlling interests	28,164	14,026
Total net assets	2,035,138	1,853,398
Total liabilities and net assets	2,462,860	3,056,445

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, 2021	Nine months ended September 30, 2022
Net sales	315,893	309,158
Cost of sales	14,441	19,008
Gross profit	301,451	290,149
Selling, general and administrative expenses		
Research and development expenses	228,125	351,470
Other	187,694	190,201
Total selling, general and administrative expenses	415,820	541,671
Operating loss	(114,369)	(251,521)
Non-operating income		
Interest income	21	25
Foreign exchange gains	12,865	37,756
Other	368	1,008
Total non-operating income	13,255	38,789
Non-operating expenses		
Interest expenses	3,440	2,465
Share issuance costs	1,168	-
Commission expenses	81	13,386
Share issuance costs	-	10,825
Other	111	-
Total non-operating expenses	4,801	26,677
Ordinary loss	(105,915)	(239,408)
Loss before income taxes	(105,915)	(239,408)
Income taxes - current	1,196	1,196
Total income taxes	1,196	1,196
Loss	(107,112)	(240,605)
Loss attributable to non-controlling interests	(5,201)	(14,138)
Loss attributable to owners of parent	(101,910)	(226,467)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Loss	(107,112)	(240,605)
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(338)
Total other comprehensive income	–	(338)
Comprehensive income	(107,112)	(240,943)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(101,910)	(226,805)
Comprehensive income attributable to non-controlling interests	(5,201)	(14,138)