Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 12, 2020

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 and General Administration Division Manager Tetsuya Kawakami TEL 052-218-8785
Scheduled date to file Quarterly Securities Report: November 13, 2020
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, 2020 (from January 1, 2020 to September 30, 2020)

(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, 2020	240	(46.8)	(147)	–	(164)	–	(150)	–
Nine months ended September 30, 2019	451	119.4	107	–	99	–	119	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2020	(5.70)	–
Nine months ended September 30, 2019	4.57	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	2,754	2,289	83.0
As of December 31, 2019	1,981	1,408	70.3

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
Year ended December 31, 2019	–	0.00	–	0.00	0.00
Year ending December 31, 2020	–	0.00	–		
Year ending December 31, 2020 (Forecast)				0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	310	(46.6)	(390)	–	(410)	–	(340)	–	(12.94)

4. Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2020 (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, 2020	29,251,100 shares	As of December 31, 2019	26,275,200 shares

Number of treasury shares at the end of the period

As of September 30, 2020	100 shares	As of December 31, 2019	– shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2020	26,473,827 shares	Nine months ended September 30, 2019	26,275,200 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	1,540,784	2,302,031
Accounts receivable - trade	103,523	122,788
Work in process	804	95
Supplies	58,564	58,366
Other	12,105	34,432
Total current assets	1,715,782	2,517,713
Non-current assets		
Property, plant and equipment	3,128	5,602
Intangible assets		
Contract-related intangible assets	246,857	216,000
Other	3,054	2,786
Total intangible assets	249,911	218,786
Investments and other assets	12,527	11,995
Total non-current assets	265,567	236,384
Total assets	1,981,349	2,754,098
Liabilities		
Current liabilities		
Current portion of long-term borrowings	120,000	120,000
Accounts payable - other	25,788	23,528
Income taxes payable	2,892	13,659
Other	40,585	12,846
Total current liabilities	189,265	170,034
Non-current liabilities		
Long-term borrowings	360,000	270,000
Other	24,000	24,995
Total non-current liabilities	384,000	294,995
Total liabilities	573,265	465,029
Net assets		
Shareholders' equity		
Share capital	34,762	556,856
Capital surplus	2,133,478	2,655,571
Retained earnings	(775,176)	(926,118)
Total shareholders' equity	1,393,065	2,286,310
Share acquisition rights	–	2,758
Non-controlling interests	15,018	–
Total net assets	1,408,083	2,289,068
Total liabilities and net assets	1,981,349	2,754,098

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, 2019	Nine months ended September 30, 2020
Net sales	451,815	240,547
Cost of sales	16,044	11,363
Gross profit	435,770	229,184
Selling, general and administrative expenses		
Research and development expenses	181,260	184,386
Other	147,177	192,493
Total selling, general and administrative expenses	328,437	376,880
Operating profit (loss)	107,333	(147,696)
Non-operating income		
Interest income	152	120
Subsidy income	367	2,367
Other	50	116
Total non-operating income	569	2,603
Non-operating expenses		
Interest expenses	4,513	3,579
Foreign exchange losses	3,766	4,069
Commission expenses	–	6,084
Share issuance cost	–	5,535
Other	0	402
Total non-operating expenses	8,280	19,671
Ordinary profit (loss)	99,622	(164,764)
Profit (loss) before income taxes	99,622	(164,764)
Income taxes - current	1,196	1,196
Total income taxes	1,196	1,196
Profit (loss)	98,426	(165,960)
Loss attributable to non-controlling interests	(21,522)	(15,018)
Profit (loss) attributable to owners of parent	119,949	(150,942)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit (loss)	98,426	(165,960)
Comprehensive income	98,426	(165,960)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	119,949	(150,942)
Comprehensive income attributable to non-controlling interests	(21,522)	(15,018)