Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

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: May 13, 2021
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, 2021 (from January 1, 2021 to March 31, 2021)

(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, 2021	89	20.2	(50)	–	(40)	–	(41)	–
Three months ended March 31, 2020	74	(72.9)	(50)	–	(52)	–	(43)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2021	(1.41)	–
Three months ended March 31, 2020	(1.66)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2021	2,657	2,139	80.4
As of December 31, 2020	2,737	2,163	78.9

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, 2020	–	0.00	–	0.00	0.00
Year ending December 31, 2021	–				
Year ending December 31, 2021 (Forecast)		0.00	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	340	(4.4)	(580)	–	(580)	–	(530)	–	(18.12)

4. Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2021 (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, 2021	29,305,300 shares	As of December 31, 2020	29,251,100 shares

Number of treasury shares at the end of the period

As of March 31, 2021	100 shares	As of December 31, 2020	100 shares

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

Three months ended March 31, 2021	29,283,345 shares	Three months ended March 31, 2020	26,275,200 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	2,308,210	2,229,385
Accounts receivable - trade	91,877	123,923
Supplies	58,324	58,205
Other	44,872	22,314
Total current assets	2,503,284	2,433,828
Non-current assets		
Property, plant and equipment	5,292	4,667
Intangible assets		
Contract-related intangible assets	205,714	195,428
Other	2,540	2,294
Total intangible assets	208,254	197,723
Investments and other assets	20,879	20,872
Total non-current assets	234,426	223,263
Total assets	2,737,711	2,657,091
Liabilities		
Current liabilities		
Current portion of long-term borrowings	120,000	120,000
Accounts payable - other	37,637	27,943
Income taxes payable	18,771	5,132
Other	33,396	30,743
Total current liabilities	209,805	183,819
Non-current liabilities		
Long-term borrowings	340,000	310,000
Other	24,000	24,000
Total non-current liabilities	364,000	334,000
Total liabilities	573,805	517,819
Net assets		
Shareholders' equity		
Share capital	556,856	565,244
Capital surplus	2,655,571	2,663,959
Retained earnings	(1,051,280)	(1,092,624)
Total shareholders' equity	2,161,147	2,136,579
Share acquisition rights	2,758	2,692
Total net assets	2,163,905	2,139,271
Total liabilities and net assets	2,737,711	2,657,091

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, 2020	Three months ended March 31, 2021
Net sales	74,589	89,688
Cost of sales	2,924	3,916
Gross profit	71,665	85,771
Selling, general and administrative expenses		
Research and development expenses	61,977	65,574
Other	59,758	71,001
Total selling, general and administrative expenses	121,735	136,576
Operating loss	(50,070)	(50,805)
Non-operating income		
Interest income	75	9
Foreign exchange gains	–	11,049
Other	–	132
Total non-operating income	75	11,190
Non-operating expenses		
Interest expenses	1,268	1,216
Foreign exchange losses	1,372	–
Other	–	113
Total non-operating expenses	2,640	1,330
Ordinary loss	(52,636)	(40,944)
Loss before income taxes	(52,636)	(40,944)
Income taxes - current	398	398
Total income taxes	398	398
Loss	(53,034)	(41,343)
Loss attributable to non-controlling interests	(9,458)	–
Loss attributable to owners of parent	(43,576)	(41,343)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Loss	(53,034)	(41,343)
Comprehensive income	(53,034)	(41,343)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(43,576)	(41,343)
Comprehensive income attributable to non-controlling interests	(9,458)	–