

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 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: May 12, 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 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	%
Three months ended March 31, 2022	109	22.3	(37)	–	(26)	–	(21)	–
Three months ended March 31, 2021	89	20.2	(50)	–	(40)	–	(41)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2022	(0.74)	–
Three months ended March 31, 2021	(1.41)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	2,387	2,008	83.0
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	Yen	Yen	Yen	Yen
Year ended December 31, 2021	–	0.00	–	0.00	0.00
Year ending December 31, 2022	–				
Year ending December 31, 2022 (Forecast)		0.00	–	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 three months ended March 31, 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 March 31, 2022	29,358,600 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 March 31, 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)

Three months ended March 31, 2022	29,358,500 shares	Three months ended March 31, 2021	29,283,345 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,933,743	1,768,982
Accounts receivable - trade	101,674	170,046
Supplies	88,399	88,393
Other	38,365	68,137
Total current assets	2,162,183	2,095,559
Non-current assets		
Property, plant and equipment	4,567	6,600
Intangible assets		
Contract-related intangible assets	164,571	154,285
Other	2,047	1,768
Total intangible assets	166,619	156,054
Investments and other assets	129,489	129,473
Total non-current assets	300,676	292,128
Total assets	2,462,860	2,387,687
Liabilities		
Current liabilities		
Current portion of long-term borrowings	129,524	134,286
Accounts payable - other	41,759	28,975
Income taxes payable	9,889	4,504
Other	12,072	12,144
Total current liabilities	193,245	179,910
Non-current liabilities		
Long-term borrowings	210,476	175,714
Other	24,000	24,000
Total non-current liabilities	234,476	199,714
Total liabilities	427,721	379,624
Net assets		
Shareholders' equity		
Share capital	573,159	573,159
Capital surplus	2,631,398	2,631,398
Retained earnings	(1,200,276)	(1,222,137)
Total shareholders' equity	2,004,281	1,982,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	(569)
Total accumulated other comprehensive income	—	(569)
Share acquisition rights	2,692	2,692
Non-controlling interests	28,164	23,520
Total net assets	2,035,138	2,008,062
Total liabilities and net assets	2,462,860	2,387,687

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, 2021	Three months ended March 31, 2022
Net sales	89,688	109,717
Cost of sales	3,916	7,001
Gross profit	85,771	102,715
Selling, general and administrative expenses		
Research and development expenses	65,574	75,971
Other	71,001	64,735
Total selling, general and administrative expenses	136,576	140,706
Operating loss	(50,805)	(37,991)
Non-operating income		
Interest income	9	13
Foreign exchange gains	11,049	11,781
Other	132	1,000
Total non-operating income	11,190	12,794
Non-operating expenses		
Interest expenses	1,216	886
Other	113	24
Total non-operating expenses	1,330	910
Ordinary loss	(40,944)	(26,107)
Loss before income taxes	(40,944)	(26,107)
Income taxes - current	398	398
Total income taxes	398	398
Loss	(41,343)	(26,506)
Loss attributable to non-controlling interests	—	(4,644)
Loss attributable to owners of parent	(41,343)	(21,861)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Loss	(41,343)	(26,506)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(569)
Total other comprehensive income	—	(569)
Comprehensive income	(41,343)	(27,075)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(41,343)	(22,431)
Comprehensive income attributable to non-controlling interests	—	(4,644)