

# Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

May 14, 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  
 Director and General Administration Tetsuya Kawakami  
 Inquiries: Division Manager TEL 052-218-8785  
 Scheduled date to file Quarterly Securities Report: May 14, 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 three months ended March 31, 2020 (from January 1, 2020 to March 31, 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	%
Three months ended March 31, 2020	74	(72.9)	(50)	–	(52)	–	(43)	–
Three months ended March 31, 2019	275	412.8	145	–	143	–	152	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2020	(1.66)		–	
Three months ended March 31, 2019	5.81		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	1,869	1,355	72.2
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	–				
Year ending December 31, 2020 (Forecast)		0.00	–	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 three months ended March 31, 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 March 31, 2020	26,275,200 shares	As of December 31, 2019	26,275,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	– shares	As of December 31, 2019	– 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, 2020	26,275,200 shares	Three months ended March 31, 2019	26,275,200 shares
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# Quarterly consolidated financial statements

## Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,540,784	1,434,503
Accounts receivable - trade	103,523	105,600
Work in process	804	1,095
Supplies	58,564	58,456
Other	12,105	14,741
Total current assets	1,715,782	1,614,398
Non-current assets		
Property, plant and equipment	3,128	2,845
Intangible assets		
Contract-related intangible assets	246,857	236,571
Other	3,054	2,843
Total intangible assets	249,911	239,415
Investments and other assets	12,527	12,527
Total non-current assets	265,567	254,788
Total assets	1,981,349	1,869,187
Liabilities		
Current liabilities		
Current portion of long-term borrowings	120,000	120,000
Accounts payable - other	25,788	19,561
Income taxes payable	2,892	1,047
Other	40,585	19,528
Total current liabilities	189,265	160,137
Non-current liabilities		
Long-term borrowings	360,000	330,000
Other	24,000	24,000
Total non-current liabilities	384,000	354,000
Total liabilities	573,265	514,137
Net assets		
Shareholders' equity		
Share capital	34,762	34,762
Capital surplus	2,133,478	2,133,478
Retained earnings	(775,176)	(818,752)
Total shareholders' equity	1,393,065	1,349,488
Non-controlling interests	15,018	5,560
Total net assets	1,408,083	1,355,049
Total liabilities and net assets	1,981,349	1,869,187

**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, 2019	Three months ended March 31, 2020
Net sales	275,650	74,589
Cost of sales	3,342	2,924
Gross profit	272,308	71,665
Selling, general and administrative expenses		
Research and development expenses	63,944	61,977
Other	62,477	59,758
Total selling, general and administrative expenses	126,421	121,735
Operating profit (loss)	145,886	(50,070)
Non-operating income		
Interest income	51	75
Total non-operating income	51	75
Non-operating expenses		
Interest expenses	1,566	1,268
Foreign exchange losses	454	1,372
Other	0	—
Total non-operating expenses	2,020	2,640
Ordinary profit (loss)	143,918	(52,636)
Profit (loss) before income taxes	143,918	(52,636)
Income taxes - current	398	398
Total income taxes	398	398
Profit (loss)	143,519	(53,034)
Loss attributable to non-controlling interests	(9,106)	(9,458)
Profit (loss) attributable to owners of parent	152,625	(43,576)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit (loss)	143,519	(53,034)
Comprehensive income	143,519	(53,034)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	152,625	(43,576)
Comprehensive income attributable to non-controlling interests	(9,106)	(9,458)