

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 10, 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  
 Director and General Administration Tetsuya Kawakami  
 Inquiries: Division Manager TEL 052-218-8785  
 Scheduled date to file Quarterly Securities Report: August 10, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 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	%
Six months ended June 30, 2021	201	33.1	(91)	–	(82)	–	(82)	–
Six months ended June 30, 2020	151	(58.3)	(100)	–	(111)	–	(96)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	(2.83)		–	
Six months ended June 30, 2020	(3.69)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	2,604	2,113	81.0
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				
Year ended December 31, 2020	–	0.00	–	0.00	0.00
Year ending December 31, 2021	–	0.00	–	–	–
Year ending December 31, 2021 (Forecast)	–	–	–	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 six months ended June 30, 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 June 30, 2021	29,358,600 shares	As of December 31, 2020	29,251,100 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	100 shares	As of December 31, 2020	100 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	29,308,623 shares	Six months ended June 30, 2020	26,284,892 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,308,210	2,100,319
Accounts receivable - trade	91,877	92,958
Supplies	58,324	57,485
Other	44,872	37,748
Total current assets	2,503,284	2,288,511
Non-current assets		
Property, plant and equipment	5,292	4,194
Intangible assets		
Contract-related intangible assets	205,714	185,142
Other	2,540	2,621
Total intangible assets	208,254	187,763
Investments and other assets	20,879	123,954
Total non-current assets	234,426	315,913
Total assets	2,737,711	2,604,424
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term borrowings	120,000	120,000
Accounts payable - other	37,637	25,782
Income taxes payable	18,771	10,306
Other	33,396	30,865
Total current liabilities	209,805	186,954
Non-current liabilities		
Long-term borrowings	340,000	280,000
Other	24,000	24,000
Total non-current liabilities	364,000	304,000
Total liabilities	573,805	490,954
<b>Net assets</b>		
Shareholders' equity		
Share capital	556,856	573,159
Capital surplus	2,655,571	2,671,874
Retained earnings	(1,051,280)	(1,134,256)
Total shareholders' equity	2,161,147	2,110,777
Share acquisition rights	2,758	2,692
Total net assets	2,163,905	2,113,469
Total liabilities and net assets	2,737,711	2,604,424

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	151,482	201,594
Cost of sales	5,595	9,137
Gross profit	145,887	192,457
Selling, general and administrative expenses		
Research and development expenses	123,809	152,066
Other	122,955	131,616
Total selling, general and administrative expenses	246,764	283,682
Operating loss	(100,877)	(91,225)
Non-operating income		
Interest income	90	9
Foreign exchange gains	–	11,263
Other	483	323
Total non-operating income	573	11,595
Non-operating expenses		
Interest expenses	2,457	2,366
Foreign exchange losses	2,414	–
Commission expenses	6,033	–
Other	–	181
Total non-operating expenses	10,906	2,548
Ordinary loss	(111,210)	(82,178)
Loss before income taxes	(111,210)	(82,178)
Income taxes - current	797	797
Total income taxes	797	797
Loss	(112,007)	(82,975)
Loss attributable to non-controlling interests	(15,018)	–
Loss attributable to owners of parent	(96,989)	(82,975)

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Loss	(112,007)	(82,975)
Comprehensive income	(112,007)	(82,975)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(96,989)	(82,975)
Comprehensive income attributable to non-controlling interests	(15,018)	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Loss before income taxes	(111,210)	(82,178)
Depreciation	21,609	22,333
Share-based remuneration expenses	2,475	6,591
Interest income	(90)	(9)
Interest expenses	2,457	2,366
Foreign exchange losses (gains)	1,883	(10,177)
Share issuance costs	–	88
Decrease (increase) in trade receivables	38,334	(1,080)
Decrease (increase) in inventories	(292)	838
Increase (decrease) in accounts payable - other	(8,167)	(12,015)
Other, net	(23,184)	2,348
Subtotal	(76,183)	(70,891)
Interest received	91	9
Interest paid	(2,311)	(2,221)
Income taxes paid	(1,582)	(1,576)
Net cash provided by (used in) operating activities	(79,985)	(74,681)
Cash flows from investing activities		
Purchase of property, plant and equipment	(803)	–
Purchase of intangible assets	(421)	(585)
Purchase of investment securities	–	(100,320)
Decrease (increase) in guarantee deposits	404	897
Net cash provided by (used in) investing activities	(821)	(100,007)
Cash flows from financing activities		
Repayments of long-term borrowings	(60,000)	(60,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	16,620
Net cash provided by (used in) financing activities	(60,000)	(43,379)
Effect of exchange rate change on cash and cash equivalents	(1,883)	10,177
Net increase (decrease) in cash and cash equivalents	(142,690)	(207,890)
Cash and cash equivalents at beginning of period	1,540,784	2,308,210
Cash and cash equivalents at end of period	1,398,094	2,100,319