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November 5, 2021

CMIC HOLDINGS Co., Ltd. Consolidated Financial Results For the Year Ended September 30, 2021

(The Fiscal Year Ended September 30, 2021, Japan Accounting Standards)

Highlights:

- ◆ **Net sales grew 12.7% year on year to ¥85,788 million on a consolidated basis**
- ◆ **Operating income increased 88.8% to ¥4,920 million**
- ◆ **Earnings per share: ¥111.85**
- ◆ **Order backlog of contract services grew 10.2% year on year**

Tokyo, November 5, 2021 – CMIC HOLDINGS Co., Ltd. (TSE Code: 2309) today reported financial results for the year ended September 30, 2021

CMIC Group is rolling out a PVC (Pharmaceutical Value Creator) model, which is our unique business model contributing to increasing additional values of pharmaceutical companies. We provide extensive support for development, manufacturing, sales and marketing value chains of pharmaceutical companies with our CRO (Contract Research Organization) business, CDMO (Contract Development Manufacturing Organization) business, CSO (Contract Sales Organization) business, and Healthcare business. In addition, our IPM (Innovative Pharma Model) business is providing new business solutions to pharmaceutical companies that combine marketing authorization licenses (intellectual properties) and value chains.

In the pharmaceutical industry, while the creation of innovative drugs is expected through technological innovation and industry-government-academia collaboration towards providing personalized medicine or “precision medicine,” NHI price revisions are implemented on an annual basis starting in FY2021. In the first mid-year revision, a large number of drugs were subject to NHI price reductions, which has put pressure on the earnings of pharmaceutical companies. In response, pharmaceutical companies are expanding their development pipelines through M&A and other means, strengthening their overseas operations, and improving management efficiency. Furthermore, in R&D, the development of pharmaceuticals using new basic drug discovery technologies, efforts to provide total care for diseases ranging from prevention to diagnosis to treatment to prognosis, and research and development using new technologies such as artificial intelligence (AI) and IoT are being accelerated. On the other hand, since the last year, there have been a series of voluntary recalls by generic drug manufacturers and cases of production using non-approved manufacturing methods have been uncovered. Here once again, the quality of pharmaceutical products is being required to be strictly controlled.

Though it is taking time to bring the coronavirus pandemic under control due to the emergence of multiple variants, as vaccination programs at workplaces and large-scale sites run by municipalities are progressing, strain on hospital capacity has been lessened and the environment surrounding drug development is improving. Timely and efficient drug development is pursued through remote clinical trials, remote collection of adverse events, and utilization of real-world data. Some companies are

transitioning from existing business models following the advancement of digitalization.

CMIC Group is executing the focus activities in the mid-term business plan (FY2019-2021) to adapt ourselves to the rapidly changing external environment. While promoting various measures, including 1) Acceleration of PVC model, 2) Promoting globalization, and 3) Creation of healthcare business, we have started the “Healthcare Revolution” project to transform ourselves from a business model centering on pharmaceutical drugs to the creation of new healthcare business. We are now creating new businesses that will contribute to maintaining and improving personal health, and utilizing our talents in the healthcare arena.

CMIC Group will support the development of effective treatment and preventive measures against the COVID-19 infection, contribute to providing efficacious treatment for early recovery of patients and maintaining the medical system, and deliver our mission as a healthcare company.

Sales and Operating Income

In the current consolidated fiscal year, we focused on sales activities to win new projects such as those of developmental and post-marketing support services for COVID-19 infection treatment drugs, while addressing the top-priority items identified in the mid-term plan, including utilization of CMIC Group talents in the healthcare arena and providing support services for local governments in their fight against COVID-19 pandemic. Due to the spread of COVID-19 infection, we are still self-imposing restrictions on visits to medical institutions and facing delays in the progress of some developmental projects, while remote-based business activities have taken root and inquiries are increasing.

Net sales during this consolidated cumulative period was 85,788 million (grew 12.7% year-on-year), operating income was 4,920 million (up 88.8% year-on-year), which both exceeded the previous consolidated fiscal year, mainly thanks to the growth of healthcare business.

Segment Information

The business results by segment are listed as below:

- **CRO (Contract Research Organization) Business**

	(Millions of yen)			
	FY2021	FY2020	YoY Change Amount	YoY Change %
Sales	34,954	34,242	+712	+2.1
Operating income	4,364	5,052	(687)	(13.6)

In this business, we provide services primarily to pharmaceutical companies to support drug development.

In the current consolidated fiscal year, we supported overseas companies entering the Japanese market and non-healthcare companies entering the healthcare sphere and promoted measures to address increasingly sophisticated development needs, including biopharmaceuticals and regenerative medicines, while helping to maximize the speed of drug development by offering one-

stop service from non-clinical to post-marketing.

For clinical services, we are working to improve the efficiency of clinical trial process by using the healthcare communication channel harmo®, proposing a new clinical trial model in the age of the New Normal, and improving the expertise and technical capabilities of our talents.

For non-clinical services, our laboratories in Japan and the United States are in collaboration to actively provide drug discovery support for advanced medicine, including nucleic acid drugs and regenerative medicines.

Sales exceeded the previous consolidated fiscal year thanks to the growth of non-clinical business and acquisition of new post-marketing and clinical operations projects related to COVID-19.

Operating income, on the other hand, was below the previous consolidated fiscal year due to factors such as generation of retirement benefit expenses.

- **CDMO (Contract Development Manufacturing Organization) Business**

	(Millions of yen)			
	FY2021	FY2020	YoY Change Amount	YoY Change %
Sales	21,196	20,832	+364	+1.7
Operating income	(153)	(412)	+259	—

In this business, we provide services primarily to pharmaceutical companies to support drug formulation development and manufacturing.

In the current consolidated fiscal year, CDMO business is further improving technical capabilities and quality, developing a low-cost production structure, and enhancing competitiveness through strategic capital investment as a global pharmaceutical drug manufacturing platform that includes formulation design, investigational new drug manufacturing, and commercial production. We are focusing on a large-scale commercial production project that is scheduled to start production in the fiscal year ending September 30, 2022, the launch of new facility and production line in the United States, and the acquisition of new projects.

Sales were above the previous consolidated fiscal year due to factors such as an increase in contracted production volume. As for operating income, while operating loss was recorded due to prior investment costs for the contract manufacturing business of biopharmaceutical APIs, due to the increase in sales, degree of deficit decreased compared to the previous consolidated fiscal year.

- **CSO (Contract Sales Organization) Business**

	(Millions of yen)			
	FY2021	FY2020	YoY Change Amount	YoY Change %
Sales	8,977	8,626	+351	+4.1
Operating income	890	834	+55	+6.7

In this business, we provide sales- and marketing-support services, primarily to pharmaceutical companies.

In the current consolidated fiscal year, in addition to the medical representative (MR) dispatch and other related new services, we are strengthening the sales activities for Medical Affairs-related operations and providing comprehensive solution that combines multiple communication channels and various services.

Sales and operating income exceeded the previous consolidated fiscal year, thanks to the acquisition of new MR dispatch service projects.

- **Healthcare Business**

	(Millions of yen)			
	FY2021	FY2020	YoY Change Amount	YoY Change %
Sales	17,876	9,903	+7,972	+80.5
Operating income	3,590	583	+3,007	+515.8

In this business, we provide SMO (Site Management Organization) services, as well as healthcare services related to treating and maintaining and promoting the health mainly for medical institutions, patients, and general consumers.

In the current consolidated fiscal year, we are focusing on supporting the development of effective treatment and preventive measures against COVID-19 infection, as well as supporting the PCR testing and vaccination by local governments. We will continue to work on the healthcare communication channel harmo® business and create new healthcare business that contributes to the early detection of disease and prevention of disease aggravation, while winning new SMO business orders and aiming to expedite the in-flow of income for the new healthcare business.

Sales were significantly above the previous consolidated fiscal year due to growth in the BPO and personnel services for vaccination support and SMO operations. Operating income was also significantly above the previous consolidated fiscal year due to an increase in sales, despite prior investments for the creation of new healthcare business.

- **IPM (Innovative Pharma Model) Business**

	(Millions of yen)			
	FY2021	FY2020	YoY Change Amount	YoY Change %
Sales	3,683	3,395	+288	+8.5
Operating income	(19)	169	(188)	—

IPM business provides new business solutions to pharmaceutical companies that combine value chains and marketing authorization licenses (intellectual properties) possessed by our Group. We are mainly delivering development and marketing services for orphan drugs and diagnostics.

In addition to selling orphan drugs, etc., including products developed in-house, we are strengthening our business foundation through the provision of IPM platform that includes supporting foreign pharmaceutical companies entering the Japanese market and providing strategic options to

pharmaceutical companies following changes in their business models. Multiple projects are progressing with increased demand in recent years from foreign pharmaceutical companies to use our IPM platform. In January 2021, we received a manufacturing and marketing approval in Japan of ORLADEYO Capsules 150mg for the suppression of the onset of attacks in acute hereditary angioedema (HAE). In July 2021, we launched Lynspad™ for Intravenous Infusion 1000 mg of Grifols Therapeutics LLC in Japan for which we provided support toward the approval as an appointed marketing authorization holder. We will further expand our business scale and secure profitability by continuing to provide new business solutions.

Sales exceeded the previous consolidated fiscal year thanks to new product launches. Operating income, on the other hand, went below the previous consolidated fiscal year due to an increase of orphan drug R&D expenditure and recording an inventory valuation loss.

Ordinary Income

Ordinary income for the current fiscal year was ¥5,091 million (up 77.6% YoY).

For non-operating income, we recorded ¥399 million of foreign exchange gains, subsidy income and other, for non-operating expenses we recorded ¥228 million of Interest expenses and other.

Profit attributable to owners of parent

Profit attributable to owners of parent for the current fiscal year was ¥2,023 million (up 34.4% YoY).

We recorded ¥714 million as gain on sale of investment securities, gain on forgiveness of debts and other for extraordinary income, ¥2,331 million as impairment loss and loss on valuation of investment securities and other for extraordinary losses, ¥2,397 million for total income taxes, and ¥946 million as net loss attributable to non-controlling interests.

We recorded an impairment loss of ¥2,102 million on the fixed assets of the Ashikaga Plant (excluding the new sterile injectable production facility) owned by CMIC CMO Co., Ltd. due to a drop in the production volume of our mainstay products and the deterioration of facilities, which led to the start of a drastic improvement plan to establish stable production foundation.

For income taxes, we recorded ¥1,550 million as income taxes deferred owing to the increase of deferred tax assets caused by the revised classification of certain subsidiaries in tax effect accounting and increases of future deductible timing differences.

Overview of the financial condition and Cash Flow

Assets, liabilities, and net assets

Total assets at the end of the current fiscal year increased by ¥1,674 million YoY to ¥91,192 million.

This is due mainly to an increase in notes and accounts receivable-trade, and a decrease in cash and deposits and others.

Total liabilities increased by ¥1,200 million YoY to ¥56,706 million. This is due mainly to increases of income taxes payable, long-term loans, and "other" of the current liabilities and, decrease in short-term loans.

Total net assets increased by ¥474 million YoY to ¥34,485 million. This is due mainly to an increase in retained earnings and a decrease in non-controlling interests, etc.

Cash Flows

Cash and cash equivalents at end of year decrease by ¥3,308 million YoY to ¥9,379 million.

Status of each cash flow and key factors are as follows:

(Cash flow from operating activities)

Cash flow from operating activities was ¥9,804 million in revenue (¥6,703 million in revenue in the previous fiscal year). This was mainly due to proceeds from profit before income taxes, and increased funds due to depreciation.

(Cash flow from investing activities)

Cash flow from investing activities was ¥6,685 million in expenditure (¥8,542 million in expenditure in the previous fiscal year). This was mainly due to purchase of tangible fixed assets of CDMO business.

(Cash flow from financing activities)

Cash flow from financing activities was ¥6,348 million in expenditure (¥2,354 million in revenue in the previous fiscal year). This was mainly due to repayment of loans from financial institutions and expenditure from payment for dividends.

Future Outlook

“Pharma Industry Vision 2021” established in September 2021 states the following directions for the promotion of pharmaceutical industry policies: (1) As a drug discovery superpower, make a contribution to extend healthy life expectancy of Japanese people through innovative drugs, (2) Support the growth of industry and economy through medical research and industrial technology improvements, and (3) Establish a society where people can receive high quality care with peace of mind through quality assurance and stable supply of pharmaceutical drugs.

CMIC Group has positioned the fiscal year ending in September 2022 (our 30th anniversary) as The Third Founding, and is promoting digitization and drug development using the new drug discovery platform, expanding our business to the healthcare arena, and supporting the disease total care initiatives that cover prevention, diagnosis, treatment, and prognosis. Under the new business environment with COVID-19, we aim to strengthen the CMIC Group business foundation for sustainable growth. CRO and other group companies will make a contribution to disease treatment with the latest science and pursue IKIGAI (purpose in life) by expanding the concept of health. In addition, CMIC Group business will be divided into two segments, “Pharmaceutical solution” based on our PVC model and “Healthcare solution” for personal health contribution through medical institutions and municipalities, for growth according to each business characteristics.

<Pharmaceutical solution>

This segment comprises CRO (Contract Research Organization), CDMO (Contract Development Manufacturing Organization), and Marketing Solutions (CSO: Contract Sales Organization, development/manufacture and sales/distribution business for orphan and other drugs) for cross-functional collaboration for our unique PVC (Pharmaceutical Value Creator) business model to provide value-added services for pharmaceutical companies.

For drug discovery, as modality becomes more complex and diversified with the progress of personalized medicine, drug development is becoming ever more difficult. CMIC will improve the speed and efficiency of drug development and comprehensively support R&D and marketing activities for preventive and treatment drugs through cross-industrial cooperation, utilization of real-world data, and digital transformation.

In addition, to address the supply chain issue identified during the COVID-19 pandemic, as a pharmaceutical drug manufacturing platform, CMIC will continue to improve quality and technologies, improve low-cost production structure, and contribute to stable supply through strategic capital investment.

<Healthcare solution>

This segment comprises of (1) business to comprehensively support medical institutions and healthcare providers and (2) business that provides solution using the new healthcare ecosystem for individuals and municipalities.

CMIC will integrate its knowledge/experience/network in the pharmaceutical industry, disease prevention/health information, and IT technologies to provide solutions using the new healthcare ecosystem and support personal health value.

Sales and profits for the first year of the medium-term plan (Fiscal year ending September 2022) are as follows.

Consolidated business results forecasts for the fiscal year ending September 30, 2022	Amount (Millions of yen)
Net sales	88,000
Operating income	4,000
Ordinary income	3,850
Profit attributable to owners of parent	2,050

Basic Policy Concerning Distribution of Profits and Dividends for the Current and Next Fiscal Years

Our basic policy is to prioritize distribution of profits to shareholders as one of our key managerial policies and to distribute performance-based dividends while securing retained earnings to improve earnings and strengthen our corporate base. We make steady and stable distributions with a target 30% consolidated payout ratio. Toward stable dividends, our annual dividend is currently set at a minimum of ¥10 per share.

Our intention with internal reserves is to reinforce a corporate culture that can respond to changes in

the management environment and utilize the reserves for capital and development investment to achieve sustainable growth.

Our basic policy is to distribute surplus twice a year, as mid-term and term-end dividends. Except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the Board of Directors, but not by resolutions of the general shareholders meeting.

Dividends will be paid twice a year for the current fiscal year and the interim dividend was 5 yen per share. The year-end dividend will be 28.50 yen per share, and the annual dividend will be 33.50 yen per share (Consolidated dividend payout ratio 30%).

In the next fiscal year, the Company plans to pay an annual dividend of ¥34 per share, comprising an interim dividend of ¥5 per share and a year-end dividend of ¥29 per share.

The amount of annual dividends for the current fiscal year is as follows.

Resolution	Total Amount of Dividends (millions of yen)	Cash Dividends per Share (yen)
April 28 2021 Board of Directors' Meeting	91	5.00
November 15 2021 Board of Directors' Meeting	520	28.50

(Note)

1. The amount at the end of the interim period (April 28 2021 resolution) includes 0 million yen held by Custody Bank of Japan, Ltd. as trust assets for Employee Stock Ownership Plan (J ESOP).
2. The amount at the end of the interim period (November 15 2021 resolution) includes 4 million yen held by Custody Bank of Japan, Ltd. as trust assets for Employee Stock Ownership Plan (J ESOP).

Cautionary statement:

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may vary materially from the content of this material depending on a number of factors. While this material contains information on pharmaceuticals (including compounds under development), this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of their preparations, promote any kind of unapproved uses, nor provide medical advice of any kind.

Summary of Results for Ended September 30, 2021 (October 1, 2020 through September 30, 2021)

(1) Consolidated financial results (Millions of yen; amounts less than one million yen are omitted)
(Percentage figures indicate increase/decrease compared with the corresponding period of the prior fiscal year)

	FY2021		FY2020	
		Change (%)		Change (%)
Net sales	85,788	12.7	76,098	2.3
Operating income	4,920	88.8	2,605	(40.9)
Ordinary income	5,091	77.6	2,867	(25.4)
Profit attributable to owners of parent	2,023	34.4	1,505	(17.4)
Earnings per share (Yen)	111.85		83.27	
Diluted net income per share (Yen)	—		—	

Reference: Comprehensive income: FY2021: ¥949 million (down 41.1% YoY)

FY2020: ¥1,613 million (up 64.8% YoY)

(2) Consolidated financial position (Millions of yen; amounts less than one million yen are omitted)

	Year End FY2021	Year End FY2020
Total assets	91,192	89,517
Net assets	34,485	34,011
Equity ratio (%)	27.5	26.4
Book value per share (Yen)	1,385.55	1,306.08

Reference: Shareholders' equity: FY2021: ¥25,065 million

FY2020: ¥23,627 million.

(3) Consolidated cash flows (Millions of yen; amounts less than one million yen are omitted)

	FY2021	FY2020
Net cash provided by (used in) operating activities	9,804	6,703
Net cash provided by (used in) investing activities	(6,685)	(8,542)
Net cash provided by (used in) financing activities	(6,348)	2,354
Cash and cash equivalents at end of period	9,379	12,688

Distribution Status

(Yen)

	FY2020	FY2021	FY2022 (Estimated)
Dividend per share (Base date)			
End of first quarter	—	—	—
End of second quarter	5.00	5.00	5.00
End of third quarter	—	—	—
End of FY	20.00	28.50	29.00
Total	25.00	33.50	34.00
Total cash dividends (annual) (Million yen)	456	611	
Dividend payout ratio (consolidated) (%)	30.0	30.0	30.0
Dividend on equity ratio (consolidated) (%)	2.0	2.5	

Consolidated Financial Statements for the Fiscal Year Ended September 30, 2021

(1) Consolidated Balance Sheets

(Millions of yen)

	Year End FY2021 (September 30, 2021)	Year End FY2020 (September 30, 2020)
Assets		
Current assets		
Cash and deposits	9,381	12,690
Notes and accounts receivable - trade	18,065	13,211
Merchandise and finished goods	560	729
Work in process	4,715	3,985
Raw materials and supplies	2,503	3,196
Other	3,409	3,696
Allowance for doubtful accounts	(59)	(66)
Total current assets	38,577	37,443
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,886	26,009
Accumulated depreciation	(11,972)	(10,787)
Buildings and structures, net	14,914	15,221
Machinery, equipment and vehicles	24,059	23,558
Accumulated depreciation	(13,939)	(11,550)
Machinery, equipment and vehicles, net	10,120	12,008
Tools, furniture and fixtures	7,118	6,240
Accumulated depreciation	(4,488)	(3,692)
Tools, furniture and fixtures, net	2,630	2,548
Land	6,570	6,425
Leased assets	3,792	3,596
Accumulated depreciation	(1,352)	(1,038)
Leased assets, net	2,439	2,558
Construction in progress	3,414	1,496
Total property, plant and equipment	40,089	40,258
Intangible assets		
Goodwill	54	76
Other	1,907	1,645
Total intangible assets	1,961	1,721
Investments and other assets		
Investment securities	2,813	3,962
Deferred tax assets	5,389	3,912
Lease and guarantee deposits	1,974	1,971
Other	998	814
Allowance for doubtful accounts	(611)	(567)
Total investments and other assets	10,564	10,093
Total non-current assets	52,615	52,074
Total assets	91,192	89,517

(Millions of yen)

	Year End FY2021 (September 30, 2021)	Year End FY2020 (September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,034	1,019
Short-term borrowings	918	6,004
Current portion of long-term debt	3,652	3,258
Commercial papers	—	3,000
Accounts payables-other	6,495	5,658
Accrued expenses	1,484	1,326
Income taxes payable	3,312	586
Advances received	1,944	1,723
Provision For Directors Bonuses	89	—
Provision for bonuses	3,138	2,413
Provision for loss on orders received	1,307	824
Other	4,445	3,376
Total current liabilities	27,823	29,191
Non-current liabilities		
Long-term debt	12,469	10,321
Lease obligations	2,689	2,865
Deferred tax liabilities	11	100
Net defined benefit liability	10,258	9,931
Asset retirement obligations	571	578
Long-term unearned revenue	2,542	2,259
Other	340	257
Total non-current liabilities	28,883	26,314
Total liabilities	56,706	55,506
Net assets		
Shareholders' equity		
Capital stock	3,087	3,087
Capital surplus	6,100	6,100
Retained earnings	16,600	15,052
Treasury shares	(1,546)	(1,545)
Total shareholders' equity	24,242	22,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	642	1,336
Foreign currency translation adjustments	(1)	(29)
Remeasurements of defined benefit plans	182	(373)
Total accumulated other comprehensive income	822	933
Non-controlling interests	9,420	10,384
Total net assets	34,485	34,011
Total liabilities and net assets	91,192	89,517

(2) Consolidated Statement of Income

(Millions of yen)

	FY2021 (October 1, 2020– September 30, 2021)	FY2020 (October 1, 2019– September 30, 2020)
Net sales	85,788	76,098
Cost of sales	68,061	61,451
Gross profit	17,727	14,646
Selling, general and administrative expenses	12,806	12,041
Operating income	4,920	2,605
Non-operating income		
Interest income	2	4
Foreign exchange gains	190	—
Share of profit of entities accounted for using equity method	20	394
Subsidy income	98	43
Other	88	113
Total non-operating income	399	555
Non-operating expenses		
Interest expenses	133	123
Foreign exchange losses	—	121
Other	95	48
Total non-operating expenses	228	293
Ordinary income	5,091	2,867
Extraordinary income		
Gain on sales of non-current assets	—	7
Gain on sales of investment securities	577	10
Gain on sales of shares of subsidiaries and associates	19	30
Gain on forgiveness of debts	117	—
Insurance claim income	—	54
Total extraordinary income	714	103
Extraordinary losses		
Impairment loss	2,102	736
Loss on retirement of non-current assets	107	142
Loss on valuation of investment securities	122	26
Loss on cancellation of system	—	108
Total extraordinary losses	2,331	1,013
Profit before income taxes	3,474	1,956
Current	3,947	1,118
Deferred	(1,550)	(325)
Total income taxes	2,397	792
Profit	1,077	1,164
Profit (loss) attributable to non-controlling interests	(946)	(341)
Profit attributable to owners of parent	2,023	1,505

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 (October 1, 2020– September 30, 2021)	FY2020 (October 1, 2019– September 30, 2020)
Profit	1,077	1,164
Other comprehensive income		
Valuation difference on available-for-sale securities	(694)	723
Foreign currency translation adjustments	7	12
Remeasurements of defined benefit plans	561	(288)
Share of other comprehensive income of entities accounted for using equity method	(1)	1
Total other comprehensive income	(127)	448
Comprehensive income	949	1,613
Comprehensive income attributable to		
Owners of parent	1,913	1,913
Non-controlling interests	(963)	(300)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2021 (October 1, 2020– September 30, 2021)	FY2020 (October 1, 2019– September 30, 2020)
Cash flows from operating activities:		
Profit before income taxes	3,474	1,956
Depreciation	5,161	4,529
Impairment loss	2,102	736
Amortization of goodwill	21	159
Increase (decrease) in allowance for doubtful accounts	34	(13)
Interest and dividend income	(2)	(4)
Interest expenses	133	123
Foreign exchange losses (gains)	(41)	10
Share of loss (profit) of entities accounted for using equity method	(20)	(394)
Decrease (increase) in notes and accounts receivable – trade	(4,795)	(132)
Decrease (increase) in inventories	147	(610)
Increase (decrease) in notes and accounts payable – trade	3	(64)
Increase (decrease) in provision for bonuses	721	(261)
Increase (decrease) in provision for directors' bonuses	89	–
Increase (decrease) in retirement benefit liability	1,163	740
Increase (decrease) in provision for loss on order received	481	211
Loss (gain) on sales of investment securities	(577)	(10)
Loss (gain) on valuation of investment securities	122	26
Loss (gain) on sales of shares of subsidiaries and affiliates	(19)	(30)
Loss (gain) on sales of non-current assets	–	(7)
Loss on retirement of non-current assets	107	142
Insurance claim income	–	(54)
Subsidy income	(98)	(43)
Gain on forgiveness of debt	(117)	–
Loss on cancellation of system	–	108
Increase (decrease) in advances received	215	477
Increase (decrease) in accrued expenses	155	160
Increase (decrease) in deposits received	398	155
Other, net	1,991	558
Subtotal	10,850	8,468
Interest and dividend income received	47	21
Interest expenses paid	(141)	(112)
Income taxes paid	(1,050)	(1,716)
Proceeds from subsidy income	98	43
Net cash provided by (used in) operating activities	9,804	6,703

(Millions of yen)

	FY2021 (October 1, 2020– September 30, 2021)	FY2020 (October 1, 2019– September 30, 2020)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,527)	(7,915)
Proceeds from sales of property, plant and equipment	9	23
Purchase of investment securities	(80)	(3)
Proceeds from sales of investment securities	734	110
Purchase of intangible assets	(744)	(513)
Payment for investments in subsidiaries	(60)	—
Net decrease (increase) in short-term loans receivable	1	(331)
Payments for lease and guarantee deposits	(54)	(31)
Proceeds from collection of lease and guarantee deposits	55	57
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	67
Other, net	(19)	(5)
Net cash provided by (used in) investing activities	(6,685)	(8,542)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,000)	2,988
Proceeds from long-term loans payable	5,800	2,250
Repayments of long-term loans payable	(3,259)	(2,849)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(456)	(581)
Repayments of lease obligations	(431)	(454)
Net increase (decrease) in commercial papers	(3,000)	1,000
Other, net	—	1
Net cash provided by (used in) financing activities	(6,348)	2,354
Effect of exchange rate change on cash and cash equivalents	(82)	42
Net increase (decrease) in cash and cash equivalents	(3,310)	557
Cash and cash equivalents at beginning of period	12,688	12,144
Increase in cash and cash equivalents from newly consolidated subsidiary	1	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(14)
Cash and cash equivalents at end of period	9,379	12,688