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November 8, 2022

## **CMIC HOLDINGS Co., Ltd. Consolidated Financial Results For the Year Ended September 30, 2022**

(The Fiscal Year Ended September 30, 2022, Japan Accounting Standards)

### **Highlights:**

- ◆ **Net sales grew 26.4% year on year to ¥108,461 million on a consolidated basis**
- ◆ **Operating income increased 140.7% to ¥11,845 million**
- ◆ **Earnings per share: ¥469.44**
- ◆ **Order received grew 23.2%, order backlog grew 7.0% year on year**

Tokyo, November 8, 2022 – CMIC HOLDINGS Co., Ltd. (TSE Prime Code: 2309 ) today reported financial results for the year ended September 30, 2022

CMIC Group aims at transitioning to PHVC (Personal Health Value Creator) business model that “maximizes the individual health value”, while using our unique PVC (Pharmaceutical Value Creator) model that fully supports the value chain of pharmaceutical companies as the foundation for sustainable growth.

In the fiscal year ended September 2022, which marks the 30th anniversary of the company's founding, the Group will position the year as the first year of its third founding and strengthen its response to drug development and digitalization using new basic technologies for drug discovery. At the same time, we will expand our business domain into the healthcare field and promote support for efforts to provide total care for diseases, from prevention to diagnosis, treatment, and prognosis. With an eye on the post-COVID business environment, we intend to strengthen the Group's business foundation and make great strides toward sustainable growth.

CMIC Group is promoting “Pharmaceutical solutions” based on our PVC model and “Healthcare solutions” that contribute to the individual's health through medical institutions and municipal governments, in alignment with the focus activities in the mid-term business plan (FY2022-2025) 1) Evolution of healthcare business, 2) Comprehensive support for disease prevention, treatment R&D, and marketing, and 3) Contribution to sustainable society through services with high social benefits.

[Consolidated operating results]

In the current consolidated fiscal year, as part of our efforts to address the key issues in our mid-term plan, we focused on sales activities to propose business solutions for local governments that support local communities in terms of both digital and human resources, and to win new contracts for pharmaceutical development and manufacturing.

The invasion of Ukraine by Russia in February 2022 has caused social instability and there continues to be concern about the impact on our business, but there has been no significant direct impact on our Group in the current fiscal year.

In the current consolidated fiscal year, net sales amounted to 108,461 million yen (up 26.4% year on year), operating income to 11,845 million yen (up 140.7% year on year), ordinary income to 13,450 million yen (up 164.2% year on year), and net income attributable to owners of the parent was 8,387 million yen (up 314.5 year on year), significantly exceeding the previous consolidated fiscal year, thanks to significant growth in vaccine development and vaccination support services for new coronavirus infection in the Healthcare Solutions segment and solid performance in various businesses in the Pharmaceutical Solutions segment.

(Millions of yen)

	FY2021	FY2022	YoY Change Amount	YoY Change (%)
Net sales	85,788	108,461	+22,672	+26.4
Pharmaceutical solutions	68,392	78,188	+9,796	+14.3
Healthcare solutions	17,958	31,007	+13,048	+72.7
Adjustments	(562)	(735)	(173)	—
Operating income	4,920	11,845	+6,924	+140.7
Pharmaceutical solutions	3,127	4,752	+1,625	+52.0
Healthcare solutions	3,159	8,660	+5,500	+174.1
Adjustments	(1,365)	(1,566)	(201)	—
Ordinary income	5,091	13,450	+8,358	+164.2
Profit attributable to owners of parent	2,023	8,387	+6,364	+314.5

※ Effective from the first quarter of the current fiscal year, the Company has adopted the new revenue recognition standard.

The business results by segment are listed as below:

Effective from the fiscal year ended September 30, 2022, the Group's reportable segments have been changed to two segments, "Pharmaceutical Solutions" and "Healthcare Solutions". Year-on-year comparisons of operating results by segment have been made based on the new segments.

#### <Pharmaceutical Solutions>

We are developing a PVC (Pharmaceutical Value Creator) business model that provides solutions to the value chain of pharmaceutical companies through our CRO (drug development support), CDMO (drug formulation development and manufacturing support) and Market Solutions (pharmaceutical sales support, development, manufacturing, sales and distribution of orphan drugs, etc.) businesses.

Sales increased to ¥78,188 million (up 14.3% year on year) due to growth in all businesses, and operating income increased to ¥4,752 million (up 52.0% year on year).

The application of the accounting standard for revenue recognition increased sales by ¥2,819 million and segment income by ¥242 million compared with the previous method.

#### CRO Business

- Sales increased from the previous consolidated fiscal year
- Increased inquiries for development projects
- Partnership with Science 37® to promote Decentralized Clinical Trials (DCT) and speed up drug development; more trials incorporating DCT (telemedicine, home nursing, ePRO, etc.)
- In the bioanalysis business, CMIC supports drug discovery in cutting-edge areas where modalities are diversifying, such as next-generation biopharmaceuticals and gene therapy drugs

#### CDMO Business

- Sales increased from the previous consolidated fiscal year
- Growing need to ensure stable supply in response to the spread of new coronavirus infections and generic quality issues
- Rising prices for energy, raw materials, and packaging materials in manufacturing
- Respond to supply shortage risks, such as prolonged delivery times, in cooperation with customers and suppliers
- Delayed recovery in US performance, focus on acquiring new projects

#### Market Solutions Business

- Sales increased from the previous consolidated fiscal year
- Acquired new projects and made steady progress in existing projects in MR dispatch services
- Launched the development of glycerol phenylbutyrate (overseas trade name Ravicti®) for the treatment of urea cycle disorders in Japan

#### <Healthcare Solutions>

The Site Support Solutions business provides comprehensive support for healthcare-related facilities and healthcare professionals, and the Healthcare Revolution business provides solutions using a new ecosystem for healthcare to individuals and local governments.

Sales increased to ¥31,007 million (up 72.7% year on year) and operating income increased to ¥8,660 million (up 174.1% year on year) due to significant growth in total support services, including vaccine development and vaccination support services for new coronavirus infection as well as follow-up services for positive cases and sales of antigen test kits.

The application of the accounting standard for revenue recognition increased sales by ¥474 million, and decreased segment income by ¥39 million compared with the previous method.

#### Site Support Solutions Business

- Sales significantly exceeded the previous consolidated fiscal year
- Increase in development projects for vaccines and therapeutic drugs for new coronavirus infections and needs for call center projects
- Needs for clinical trials (researches) and other support for medical institutions are expanding
- Promote collaboration with academia

#### Healthcare Revolution Business

- Sales significantly exceeded the previous consolidated fiscal year
- Municipal support services greatly expanded from vaccination support services for new coronavirus infection
- Expansion of businesses that integrate disease prevention, health information, and IT technologies

-Municipal support services greatly expanded from vaccination support services for new coronavirus infection

-Developing self-testing services such as the launch of the Frailty\* testing kit "FrailSign" and POC (Proof of Concept) for stress check

\* Decline in physical and cognitive functions

## Ordinary Income

Ordinary income for the current fiscal year was ¥13,450 million (up 164.2% year on year).

Foreign exchange gains, interest income, and other income totaled ¥1,830 million as non-operating income, and interest expenses, commissions paid, and other expenses totaled ¥225 million as non-operating expenses.

## Profit attributable to owners of parent

Profit attributable to owners of parent for the current fiscal year was ¥8,387 million (up 314.5% year on year).

The Company recorded an extraordinary gain of ¥139 million from reversal of asset retirement obligations, an extraordinary loss of ¥1,550 million from impairment loss and loss on retirement of fixed assets, etc., ¥6,066 million in income taxes, inhabitant taxes, and enterprise taxes, and ¥657 million in net income attributable to non-controlling interests.

The impairment loss of ¥1,386 million was recorded for fixed assets of a new facility launched in October 2019 by CMIC CMO USA Corporation, which operates CDMO business in the U.S. The start of operation of the new facility was significantly delayed from the original plan due to the new coronavirus and other factors, making it difficult to recover the amount in the current fiscal year within the originally expected period.

Income taxes-deferred of -3,071 million yen was recorded due to an increase in deferred tax assets resulting from a review of tax-effect company classification and an increase in future subtractive temporary differences at some consolidated subsidiaries.

## 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 ¥16,397 million YoY to ¥107,590 million. This was mainly due to increases in accounts receivable and contract assets, deferred tax assets, property, plant and equipment, and cash and deposits.

Total liabilities increased by ¥9,614 million YoY to ¥66,320 million. This was mainly due to increases in accrued bonuses, contract liabilities, and long-term lease obligations.

Total net assets increased by ¥6,783 million YoY to ¥41,269 million. This was mainly due to increases in retained earnings and treasury stock, etc.

## Cash Flows

Cash and cash equivalents at end of year increase by ¥2,323 million YoY to ¥11,703 million.

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

### (Cash flow from operating activities)

Cash flow from operating activities was ¥11,213 million in revenue (¥9,804 million in revenue in the previous fiscal year). This was mainly due to an increase in funds from net income before income taxes, depreciation and amortization, and expenditure due to payment of corporate tax, etc.

### (Cash flow from investing activities)

Cash flow from investing activities was ¥8,045 million in expenditure (¥6,685 million in expenditure in the previous fiscal year). This was mainly due to expenditures for the acquisition of property, plant and equipment.

### (Cash flow from financing activities)

Cash flow from financing activities was ¥1,230 million in expenditure (¥6,348 million in revenue in the previous fiscal year). This was mainly due to cash dividends paid and expenditure for acquisition of treasury stock, etc.

## Future Outlook

In the next consolidated fiscal year, the Company expects steady progress in each business segment (development, manufacturing, and sales support) of the Pharmaceutical Solutions segment. However, both sales and profits of the entire Group are expected to decline in the next consolidated fiscal year, due to the reaction to the significant demand for vaccination support services and others in the Healthcare Solutions segment in the wake of the spread of new coronavirus infection in the current fiscal year.

In our mid-term plan (FY2022-2025) formulated in November 2021, we have identified (1) Progress in the healthcare business, (2) Strengthening comprehensive support for disease prevention and treatment from R&D to sales, and (3) Contributing to a sustainable society through socially beneficial businesses, as the key issues. In the fiscal year ending September 30, 2023, which is the second year of the mid-term plan, we will continue to steadily implement measures against these issues to achieve our goals for the final year of the plan.

### <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, in order to address the supply chain challenge started by a drug quality issue, CMIC as a pharmaceutical drug manufacturing platform will continue to improve technologies and quality, develop a low-cost production structure, and contribute to stable supply through strategic capital investment.

In Japan, the number of “drugs unapproved in Japan,” or the drugs that are approved in Europe and the U.S. but not in Japan, is increasing, making the drug lag issue a more serious one. In order to address this issue, overseas bio-ventures, the leaders in drug discovery, are expected to introduce such unapproved drugs to Japan. On the other hand, for Japanese pharmaceutical companies, development in Europe and the U.S. where the markets are large is becoming more important. In response to these bidirectional needs, we will continue to advance the sophistication of total solutions in our PVC model, centered on the newly established Consulting & Navigation Unit that will provide consulting to and navigate our clients.

#### <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.

It has been reported that changes in lifestyle due to the COVID-19 pandemic can hinder the health of the elderly and others. In response to this, from the perspective of “IKIGAI (a reason for living),” we will provide support for health management while appropriately handling health information. We will expand services for medical institutions and local governments, the network that has expanded through COVID-19 vaccination support, and develop the foundation for the healthcare business over the medium term through the linkage of PHR (Personal Health Records) and IT technology.

Net sales and profits for the fiscal year ending September 30, 2023 are as follows.

Consolidated business results forecasts for the fiscal year ending September 30, 2023	Amount (Millions of yen)
Net sales	95,000
Operating income	5,000
Ordinary income	4,700
Profit attributable to owners of parent	2,900

#### **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. At the same time, the Company will purchase treasury stock flexibly, taking into consideration stock market trends, capital efficiency, and other factors.

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 is 45 yen per share (that includes a commemorative dividend of 10 yen per share for the company's 30th anniversary), and the annual dividend is 50 yen per share (consolidated dividend payout ratio: 10.7%). In addition, at the Board of Directors meeting held on January 31, 2022, the Company resolved to repurchase up to 670,000 shares of common stock for a total amount of 1 billion yen. The total number of shares of treasury stock (on a contract basis) acquired by September 30, 2022 based on this resolution was 532,500 (shares), and the total acquisition cost was 799,714,534 yen.

In the next fiscal year, the Company plans to pay an annual dividend of ¥50.00 per share, comprising an interim dividend of ¥5 per share and a year-end dividend of ¥45.00 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 2022 Board of Directors' Meeting	90	5.00
November 15 2022 Board of Directors' Meeting	797	45.00

(Note)

1. The amount at the end of the interim period (April 28 2022 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 2022 resolution) includes 7 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, 2022 (October 1, 2021 through September 30, 2022)

(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)

	FY2022		FY2021	
		Change (%)		Change (%)
Net sales	108,461	26.4	85,788	12.7
Operating income	11,845	140.7	4,920	88.8
Ordinary income	13,450	164.2	5,091	77.6
Profit attributable to owners of parent	8,387	314.5	2,023	34.4
Earnings per share (Yen)	469.44		111.85	
Diluted net income per share (Yen)	—		—	

Reference: Comprehensive income: FY2022: ¥8,142 million (up 757.3% YoY)  
FY2021: ¥949 million (down 41.1% YoY)

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

	Year End FY2022	Year End FY2021
Total assets	107,590	91,192
Net assets	41,269	34,485
Equity ratio (%)	29.4	27.5
Book value per share (Yen)	1,801.31	1,385.55

Reference: Shareholders' equity: FY2022: ¥31,624 million  
FY2021: ¥25,065 million

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

	FY2022	FY2021
Net cash provided by (used in) operating activities	11,213	9,804
Net cash provided by (used in) investing activities	(8,045)	(6,685)
Net cash provided by (used in) financing activities	(1,230)	(6,348)
Cash and cash equivalents at end of period	11,703	9,379

## Distribution Status

(Yen)

	FY2021	FY2022	FY2023 (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	28.50	45.00	45.00
Total	33.50	50.00	50.00
Total cash dividends (annual) (Million yen)	611	888	
Dividend payout ratio (consolidated) (%)	30.0	10.7	30.6
Dividend on equity ratio (consolidated) (%)	2.5	3.1	



## Consolidated Financial Statements for the Fiscal Year Ended September 30, 2022

### (1) Consolidated Balance Sheets

(Millions of yen)

	Year End FY2022 (September 30, 2022)	Year End FY2021 (September 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,806	9,381
Notes and accounts receivable - trade	—	18,065
Notes and accounts receivable trade and contract assets	24,632	—
Merchandise and finished goods	526	560
Work in process	4,384	4,715
Raw materials and supplies	3,932	2,503
Other	2,786	3,409
Allowance for doubtful accounts	(58)	(59)
<b>Total current assets</b>	<b>48,010</b>	<b>38,577</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	29,412	26,886
Accumulated depreciation	(13,200)	(11,972)
Buildings and structures, net	16,211	14,914
Machinery, equipment and vehicles	25,593	24,059
Accumulated depreciation	(16,138)	(13,939)
Machinery, equipment and vehicles, net	9,454	10,120
Tools, furniture and fixtures	8,026	7,118
Accumulated depreciation	(5,441)	(4,488)
Tools, furniture and fixtures, net	2,585	2,630
Land	6,836	6,570
Leased assets	5,183	3,792
Accumulated depreciation	(1,784)	(1,352)
Leased assets, net	3,398	2,439
Construction in progress	4,335	3,414
<b>Total property, plant and equipment</b>	<b>42,822</b>	<b>40,089</b>
Intangible assets		
Goodwill	32	54
Other	2,260	1,907
<b>Total intangible assets</b>	<b>2,292</b>	<b>1,961</b>
Investments and other assets		
Investment securities	3,039	2,813
Deferred tax assets	8,471	5,389
Lease and guarantee deposits	2,350	1,974
Other	1,321	998
Allowance for doubtful accounts	(719)	(611)
<b>Total investments and other assets</b>	<b>14,464</b>	<b>10,564</b>
<b>Total non-current assets</b>	<b>59,580</b>	<b>52,615</b>
<b>Total assets</b>	<b>107,590</b>	<b>91,192</b>

(Millions of yen)

	Year End FY2022 (September 30, 2022)	Year End FY2021 (September 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	1,190	1,034
Short-term borrowings	–	918
Current portion of long-term debt	3,602	3,652
Accounts payables-other	8,400	6,495
Accrued expenses	2,024	1,484
Income taxes payable	3,868	3,312
Advances received	–	1,944
Contract liabilities	4,470	–
Provision for bonuses	6,110	3,138
Provision For Directors Bonuses	92	89
Provision for loss on orders received	1,225	1,307
Other	4,888	4,445
<b>Total current liabilities</b>	<b>35,872</b>	<b>27,823</b>
<b>Non-current liabilities</b>		
Long-term debt	13,534	12,469
Lease obligations	3,627	2,689
Deferred tax liabilities	12	11
Net defined benefit liability	11,000	10,258
Asset retirement obligations	370	571
Long-term unearned revenue	1,581	2,542
Other	322	340
<b>Total non-current liabilities</b>	<b>30,448</b>	<b>28,883</b>
<b>Total liabilities</b>	<b>66,320</b>	<b>56,706</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,087	3,087
Capital surplus	6,093	6,100
Retained earnings	24,444	16,600
Treasury shares	(2,346)	(1,546)
<b>Total shareholders' equity</b>	<b>31,279</b>	<b>24,242</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	742	642
Foreign currency translation adjustments	(432)	(1)
Remeasurements of defined benefit plans	34	182
<b>Total accumulated other comprehensive income</b>	<b>344</b>	<b>822</b>
<b>Non-controlling interests</b>	<b>9,645</b>	<b>9,420</b>
<b>Total net assets</b>	<b>41,269</b>	<b>34,485</b>
<b>Total liabilities and net assets</b>	<b>107,590</b>	<b>91,192</b>

**(2) Consolidated Statement of Income**

(Millions of yen)

	<b>FY2022</b> <b>(October 1, 2021–</b> <b>September 30, 2022)</b>	<b>FY2021</b> <b>(October 1, 2020–</b> <b>September 30, 2021)</b>
<b>Net sales</b>	<b>108,461</b>	85,788
<b>Cost of sales</b>	<b>82,203</b>	68,061
<b>Gross profit</b>	<b>26,258</b>	17,727
<b>Selling, general and administrative expenses</b>	<b>14,412</b>	12,806
<b>Operating income</b>	<b>11,845</b>	4,920
<b>Non-operating income</b>		
Interest income	3	2
Foreign exchange gains	1,720	190
Share of profit of entities accounted for using equity method	—	20
Other	106	187
<b>Total non-operating income</b>	<b>1,830</b>	399
<b>Non-operating expenses</b>		
Interest expenses	152	133
Commission fee	29	19
Other	43	76
<b>Total non-operating expenses</b>	<b>225</b>	228
<b>Ordinary income</b>	<b>13,450</b>	5,091
<b>Extraordinary income</b>		
Gain on sales of investment securities	—	577
Gain on sales of shares of subsidiaries and associates	—	19
Gain on forgiveness of debts	—	117
Gain on reversal of loss of asset retirement obligations	139	—
<b>Total extraordinary income</b>	<b>139</b>	714
<b>Extraordinary losses</b>		
Impairment loss	1,386	2,102
Loss on retirement of non-current assets	155	107
Loss on valuation of investment securities	8	122
<b>Total extraordinary losses</b>	<b>1,550</b>	2,331
<b>Profit before income taxes</b>	<b>12,039</b>	3,474
Current	6,066	3,947
Deferred	(3,071)	(1,550)
<b>Total income taxes</b>	<b>2,994</b>	2,397
<b>Profit</b>	<b>9,045</b>	1,077
<b>Profit (loss) attributable to non-controlling interests</b>	<b>657</b>	(946)
<b>Profit attributable to owners of parent</b>	<b>8,387</b>	2,023

**(3) Consolidated Statement of Comprehensive Income**

(Millions of yen)

	<b>FY2022</b> <b>(October 1, 2021–</b> <b>September 30, 2022)</b>	<b>FY2021</b> <b>(October 1, 2020–</b> <b>September 30, 2021)</b>
<b>Profit</b>	<b>9,045</b>	<b>1,077</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	99	(694)
Foreign currency translation adjustments	(828)	7
Remeasurements of defined benefit plans	(173)	561
Share of other comprehensive income of entities accounted for using equity method	—	(1)
<b>Total other comprehensive income</b>	<b>(902)</b>	<b>(127)</b>
<b>Comprehensive income</b>	<b>8,142</b>	<b>949</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	7,909	1,913
Non-controlling interests	233	(963)

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	<b>FY2022</b> <b>(October 1, 2021–</b> <b>September 30, 2022)</b>	<b>FY2021</b> <b>(October 1, 2020–</b> <b>September 30, 2021)</b>
<b>Cash flows from operating activities:</b>		
Profit before income taxes	12,039	3,474
Depreciation	5,227	5,161
Impairment loss	1,386	2,102
Amortization of goodwill	21	21
Increase (decrease) in allowance for doubtful accounts	105	34
Interest and dividend income	(3)	(2)
Interest expenses	152	133
Commission fee	29	19
Foreign exchange losses (gains)	(1,646)	(41)
Share of loss (profit) of entities accounted for using equity method	—	(20)
Decrease (increase) in notes and accounts receivable – trade	(6,064)	(4,795)
Decrease (increase) in inventories	(1,398)	147
Increase (decrease) in notes and accounts payable – trade	124	3
Increase (decrease) in provision for bonuses	2,962	721
Increase (decrease) in provision for directors' bonuses	2	89
Increase (decrease) in retirement benefit liability	471	1,163
Increase (decrease) in provision for loss on order received	(81)	481
Loss (gain) on sales of investment securities	—	(577)
Loss (gain) on valuation of investment securities	8	122
Loss (gain) on sales of shares of subsidiaries and affiliates	—	(19)
Loss on retirement of non-current assets	155	107
Gain on forgiveness of debt	—	△117
Gain on reversal of asset retirement obligations	△139	—
Increase (decrease) in advances received	—	215
Increase (decrease) in contract liabilities	2,111	—
Increase (decrease) in accrued expenses	488	155
Increase (decrease) in deposits received	557	398
Other, net	143	1,971
Subtotal	16,654	10,949
Interest and dividend income received	2	47
Interest expenses paid	(154)	(141)
Income taxes paid	(5,289)	(1,050)
<b>Net cash provided by (used in) operating activities</b>	<b>11,213</b>	<b>9,804</b>

(Millions of yen)

	<b>FY2022</b> <b>(October 1, 2021–</b> <b>September 30, 2022)</b>	<b>FY2021</b> <b>(October 1, 2020–</b> <b>September 30, 2021)</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits in	(99)	–
Purchase of property, plant and equipment	(6,508)	(6,527)
Proceeds from sales of property, plant and equipment	12	9
Purchase of investment securities	(80)	(80)
Proceeds from sales of investment securities	30	734
Purchase of intangible assets	(885)	(744)
Payment for investments in subsidiaries	(136)	(60)
Net decrease (increase) in short-term loans receivable	–	1
Payments for lease and guarantee deposits	(466)	(54)
Proceeds from collection of lease and guarantee deposits	98	55
Other, net	(8)	(19)
<b>Net cash provided by (used in) investing activities</b>	<b>(8,045)</b>	<b>(6,685)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(918)	(5,000)
Proceeds from long-term loans payable	4,700	5,800
Repayments of long-term loans payable	(3,684)	(3,259)
Purchase of treasury stock	(800)	(0)
Cash dividends paid	(610)	(456)
Dividends paid to non controlling interests	(8)	–
Repayments of lease obligations	(552)	(431)
Proceeds from sale and leaseback	643	–
Net increase (decrease) in commercial papers	–	(3,000)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,230)</b>	<b>(6,348)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>325</b>	<b>(82)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,263</b>	<b>(3,310)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,379</b>	<b>12,688</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>60</b>	<b>1</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,703</b>	<b>9,379</b>