

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 2022

Company name: Euglena Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2931 URL <http://www.euglena.jp/>  
 Representative: Representative Director, President Mitsuru Izumo  
 Inquiries: Executive Officer, CFiO Tomohiro Wakahara TEL 03(3454)4907  
 Scheduled date of ordinary general meeting of shareholders: March 26, 2022  
 Scheduled date to file Securities Report: March 28, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2021 (from October 1, 2020 to December 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

|                               | Net sales       |       | Adjusted EBITDA* |   | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   |
|-------------------------------|-----------------|-------|------------------|---|------------------|---|-----------------|---|---|---|
|                               | Millions of yen | %     | Millions of yen  | % | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % |
| Year ended December 31, 2021  | 34,420          | –     | 1,368            | – | (6,565)          | – | (6,354)         | – | (5,038)                                 | – |
| Year ended September 30, 2020 | 13,317          | (4.7) | (732)            | – | (1,807)          | – | (1,457)         | – | (1,486)                                 | – |

\* Because management has shifted its focus to cash flow management, the Company now presents adjusted EBITDA as a key performance indicator to show its capacity for generating free cash flows.

Note 1: Comprehensive income Year ended December 31, 2021 ¥(5,853) million [–%]

Year ended September 30, 2020 ¥(1,483) million [–%]

Note 2: The fiscal year ended December 31, 2021 is an irregular 15-month period due to the change in the fiscal year end. Consequently, year-on-year changes are not presented.

|                               | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|-------------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
|                               | Yen                | Yen                        | %  | %                            | %                          |
| Year ended December 31, 2021  | (49.07)            | –                          | (34.1)   | (16.5)                       | (19.1)                     |
| Year ended September 30, 2020 | (16.00)            | –                          | (14.7)   | (9.0)                        | (13.6)                     |

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended December 31, 2021 ¥58 million

Year ended September 30, 2020 ¥(27) million

(2) Consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
|                          | Millions of yen | Millions of yen | %            | Yen                  |
| As of December 31, 2021  | 61,007          | 20,588          | 33.0         | 181.35               |
| As of September 30, 2020 | 15,351          | 9,386           | 61.0         | 100.58               |

Reference: Equity As of December 31, 2021 ¥20,355 million

As of September 30, 2020 ¥9,363 million

(3) Consolidated cash flows

|                               | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                               | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Year ended December 31, 2021  | 1,378                                | (10,338)                             | 12,062                               | 9,820                                      |
| Year ended September 30, 2020 | (1,217)                              | (350)                                | 162                                  | 6,253                                      |

## 2. Cash dividends

|  | Annual dividends per share |                 |                 |                 |                 |       | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
|  | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | 4th quarter-end | Fiscal year-end | Total |                              |                                      |   |
|  | Yen                        | Yen             | Yen             | Yen             | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Year ended September 30, 2020            | –                          | 0.00            | –               | –               | 0.00            | 0.00  | –                            | –                                    | –   |
| Year ended December 31, 2021             | –                          | 0.00            | –               | –               | 0.00            | 0.00  | –                            | –                                    | –   |
| 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       |   | Adjusted EBITDA* |   | 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 | % | Millions of yen                         | % | Yen                |
| Full year | 48,000          | – | 2,100            | – | –                | – | –               | – | –                                       | – | –                  |

Reference: Adjusted EBITDA = EBITDA (Operating profit + Amortization of goodwill and Depreciation) + Subsidy income + Stock-related remuneration + Inventory step-up effect.

## 4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

|                         |   |                    |                          |   |                   |
|-------------------------|---|--------------------|--------------------------|---|-------------------|
| As of December 31, 2021 | ∴ | 111,161,886 shares | As of September 30, 2020 | ∴ | 93,153,322 shares |
|-------------------------|---|--------------------|--------------------------|---|-------------------|

Number of treasury shares at the end of the period

|                         |   |               |                          |   |               |
|-------------------------|---|---------------|--------------------------|---|---------------|
| As of December 31, 2021 | ∴ | 20,431 shares | As of September 30, 2020 | ∴ | 56,459 shares |
|-------------------------|---|---------------|--------------------------|---|---------------|

Average number of shares during the period

|                              |   |                    |                               |   |                   |
|------------------------------|---|--------------------|-------------------------------|---|-------------------|
| Year ended December 31, 2021 | ∴ | 102,692,699 shares | Year ended September 30, 2020 | ∴ | 92,900,464 shares |
|------------------------------|---|--------------------|-------------------------------|---|-------------------|

\* Financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

\* Proper use of financial results forecast, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|                                       | As of September 30, 2020 | As of December 31, 2021 |
|---------------------------------------|--------------------------|-------------------------|
| <b>Assets</b>                         |                          |                         |
| Current assets                        |                          |                         |
| Cash and deposits                     | 6,253,900                | 9,900,624               |
| Notes and accounts receivable - trade | 1,076,070                | 3,182,255               |
| Securities                            | –                        | 285,340                 |
| Merchandise and finished goods        | 805,920                  | 4,572,465               |
| Work in process                       | 44,636                   | 744,762                 |
| Raw materials and supplies            | 949,842                  | 1,144,292               |
| Other                                 | 669,477                  | 673,020                 |
| Allowance for doubtful accounts       | (8,292)                  | (64,383)                |
| Total current assets                  | 9,791,554                | 20,438,377              |
| Non-current assets                    |                          |                         |
| Property, plant and equipment         |                          |                         |
| Buildings and structures              | 3,068,137                | 7,314,680               |
| Machinery, equipment and vehicles     | 1,488,471                | 3,375,030               |
| Tools, furniture and fixtures         | 391,575                  | 1,396,667               |
| Land                                  | 900,520                  | 2,499,773               |
| Leased assets                         | 25,946                   | 109,588                 |
| Construction in progress              | 6,253                    | 5,457                   |
| Accumulated depreciation              | (2,576,423)              | (7,849,249)             |
| Total property, plant and equipment   | 3,304,480                | 6,851,949               |
| Intangible assets                     |                          |                         |
| Goodwill                              | 961,239                  | 13,034,671              |
| Customer-related assets               | 285,941                  | 17,011,026              |
| Other                                 | 312,416                  | 1,858,079               |
| Total intangible assets               | 1,559,597                | 31,903,777              |
| Investments and other assets          |                          |                         |
| Investment securities                 | 319,946                  | 397,252                 |
| Guarantee deposits                    | 283,979                  | 317,686                 |
| Deferred tax assets                   | 8,291                    | 740,246                 |
| Other                                 | 83,248                   | 395,616                 |
| Allowance for doubtful accounts       | –                        | (37,173)                |
| Total investments and other assets    | 695,465                  | 1,813,629               |
| Total non-current assets              | 5,559,543                | 40,569,356              |
| Total assets                          | 15,351,098               | 61,007,734              |

(Thousands of yen)

|  | As of September 30, 2020 | As of December 31, 2021 |
|--|--------------------------|-------------------------|
| <b>Liabilities</b>   |                          |                         |
| <b>Current liabilities</b>   |                          |                         |
| Notes and accounts payable - trade                                   | 260,402                  | 1,082,104               |
| Short-term borrowings  | 547,425                  | 2,287,746               |
| Accounts payable - other   | 935,975                  | 3,715,753               |
| Lease obligations  | 291                      | 8,898                   |
| Income taxes payable   | 8,500                    | 486,483                 |
| Provision for bonuses  | 28,800                   | 267,344                 |
| Provision for point card certificates                                | 22,200                   | 1,202,169               |
| Provision for business restructuring                                 | –                        | 31,319                  |
| Asset retirement obligations   | 24,620                   | –                       |
| Other  | 332,185                  | 1,552,228               |
| <b>Total current liabilities</b>                                     | <b>2,160,401</b>         | <b>10,634,047</b>       |
| <b>Non-current liabilities</b>                                       |                          |                         |
| Long-term borrowings   | 3,216,532                | 22,598,636              |
| Lease obligations  | 24                       | 14,285                  |
| Provision for retirement benefits for directors (and other officers) | –                        | 52,647                  |
| Retirement benefit liability   | 19,839                   | 390,482                 |
| Asset retirement obligations   | 399,080                  | 427,027                 |
| Deferred tax liabilities   | 164,805                  | 6,297,173               |
| Other  | 3,656                    | 4,574                   |
| <b>Total non-current liabilities</b>                                 | <b>3,803,938</b>         | <b>29,784,827</b>       |
| <b>Total liabilities</b>   | <b>5,964,339</b>         | <b>40,418,874</b>       |
| <b>Net assets</b>  |                          |                         |
| <b>Shareholders' equity</b>  |                          |                         |
| Share capital  | 7,323,548                | 13,888,478              |
| Capital surplus  | 2,229,643                | 11,602,445              |
| Retained earnings  | (84,993)                 | (5,273,240)             |
| Treasury shares  | (94,737)                 | (34,282)                |
| <b>Total shareholders' equity</b>                                    | <b>9,373,460</b>         | <b>20,183,400</b>       |
| <b>Accumulated other comprehensive income</b>                        |                          |                         |
| Valuation difference on available-for-sale securities                | (1,802)                  | (2,121)                 |
| Foreign currency translation adjustment                              | (8,227)                  | (20,625)                |
| Remeasurements of defined benefit plans                              | –                        | (5,035)                 |
| <b>Total accumulated other comprehensive income</b>                  | <b>(10,029)</b>          | <b>(27,782)</b>         |
| Share acquisition rights   | 13,556                   | 427,696                 |
| Non-controlling interests  | 9,771                    | 5,545                   |
| <b>Total net assets</b>  | <b>9,386,758</b>         | <b>20,588,859</b>       |
| <b>Total liabilities and net assets</b>                              | <b>15,351,098</b>        | <b>61,007,734</b>       |

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

|   | Fiscal year ended<br>September 30, 2020 | Fiscal year ended<br>December 31, 2021 |
|---|---|--|
| Net sales   | 13,317,316                              | 34,420,387                             |
| Cost of sales   | 3,825,098                               | 12,951,062                             |
| Gross profit  | 9,492,218                               | 21,469,324                             |
| Selling, general and administrative expenses                  | 11,299,938                              | 28,034,551                             |
| Operating loss  | (1,807,720)                             | (6,565,226)                            |
| Non-operating income  |   |  |
| Interest income   | 2,008                                   | 379                                    |
| Subsidy income  | 329,227                                 | 334,268                                |
| Commission income   | 12,000                                  | 45,705                                 |
| Foreign exchange gains  | 2,054                                   | 5,121                                  |
| Share of profit of entities accounted for using equity method | –                                       | 58,412                                 |
| Surrender value of insurance policies                         | –                                       | 143,160                                |
| Other   | 43,949                                  | 107,706                                |
| Total non-operating income                                    | 389,239                                 | 694,753                                |
| Non-operating expenses  |   |  |
| Interest expenses   | 8,957                                   | 306,315                                |
| Share issuance costs  | –                                       | 160,160                                |
| Share of loss of entities accounted for using equity method   | 27,492                                  | –                                      |
| Other   | 2,759                                   | 17,385                                 |
| Total non-operating expenses                                  | 39,208                                  | 483,861                                |
| Ordinary loss   | (1,457,689)                             | (6,354,334)                            |
| Extraordinary income  |   |  |
| Gain on reversal of share acquisition rights                  | 1,662                                   | 12,296                                 |
| Gain on sale of non-current assets                            | 365                                     | 299                                    |
| Gain on sale of investment securities                         | 36,278                                  | –                                      |
| Gain on change in equity                                      | 12,856                                  | –                                      |
| Gain on step acquisitions                                     | –                                       | 174,000                                |
| Total extraordinary income                                    | 51,162                                  | 186,596                                |
| Extraordinary losses  |   |  |
| Loss on sale of non-current assets                            | –                                       | 256                                    |
| Impairment losses   | 26,672                                  | 54,896                                 |
| Loss on change in equity                                      | –                                       | 5,791                                  |
| Loss on valuation of investment securities                    | 1,027                                   | 42,542                                 |
| Loss on extinguishment of tie-in shares                       | –                                       | 4,275                                  |
| Provision for business restructuring                          | –                                       | 461,952                                |
| Total extraordinary losses                                    | 27,699                                  | 569,715                                |
| Loss before income taxes                                      | (1,434,226)                             | (6,737,453)                            |
| Income taxes - current  | 153,443                                 | 492,342                                |
| Income taxes - deferred                                       | (101,170)                               | (1,392,464)                            |
| Total income taxes  | 52,272                                  | (900,121)                              |
| Loss  | (1,486,498)                             | (5,837,331)                            |
| Profit (loss) attributable to non-controlling interests       | 188                                     | (798,390)                              |
| Loss attributable to owners of parent                         | (1,486,686)                             | (5,038,941)                            |

## Consolidated statements of comprehensive income

(Thousands of yen)

|  | Fiscal year ended<br>September 30, 2020 | Fiscal year ended<br>December 31, 2021 |
|--|---|--|
| Loss   | (1,486,498)                             | (5,837,331)                            |
| Other comprehensive income   |   |  |
| Valuation difference on available-for-sale securities                                | (428)                                   | (318)                                  |
| Foreign currency translation adjustment  | 4,013                                   | (13,589)                               |
| Remeasurements of defined benefit plans, before tax                                  | –                                       | (5,035)                                |
| Share of other comprehensive income of entities accounted<br>for using equity method | (244)                                   | 2,387                                  |
| Total other comprehensive income   | 3,340                                   | (16,556)                               |
| Comprehensive income   | (1,483,157)                             | (5,853,888)                            |
| Comprehensive income attributable to   |   |  |
| Comprehensive income attributable to owners of parent                                | (1,485,199)                             | (5,056,694)                            |
| Comprehensive income attributable to non-controlling<br>interests                    | 2,041                                   | (797,194)                              |

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2020

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 7,318,148            | 11,880,107      | (8,224,708)       | (150,597)       | 10,822,948                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 5,400                | 5,400           |                   |                 | 10,800                     |
| Increase by merger                                   |                      |                 |                   |                 | –                          |
| Deficit disposition                                  |                      | (9,655,863)     | 9,655,863         |                 | –                          |
| Loss attributable to owners of parent                |                      |                 | (1,486,686)       |                 | (1,486,686)                |
| Increase by share exchanges                          |                      |                 |                   |                 | –                          |
| Disposal of treasury shares                          |                      | (29,461)        |                   | 55,860          | 26,398                     |
| Transfer of loss on disposal of treasury shares      |                      | 29,461          | (29,461)          |                 | –                          |
| Change in scope of consolidation                     |                      |                 |                   |                 | –                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes during period                          | 5,400                | (9,650,463)     | 8,139,715         | 55,860          | (1,449,487)                |
| Balance at end of period                             | 7,323,548            | 2,229,643       | (84,993)          | (94,737)        | 9,373,460                  |

|  | Valuation and translation adjustments                 |   |   | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|---|---|--------------------------|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total valuation and translation adjustments |                          |                           |                  |
| Balance at beginning of period                       | (1,374)   | (10,143)                                | (11,517)                                    | 15,219                   | 7,730                     | 10,834,380       |
| Changes during period                                |   |   |   |                          |                           |                  |
| Issuance of new shares                               |   |   |   |                          |                           | 10,800           |
| Increase by merger                                   |   |   |   |                          |                           | –                |
| Deficit disposition                                  |   |   |   |                          |                           | –                |
| Loss attributable to owners of parent                |   |   |   |                          |                           | (1,486,686)      |
| Increase by share exchanges                          |   |   |   |                          |                           | –                |
| Disposal of treasury shares                          |   |   |   |                          |                           | 26,398           |
| Transfer of loss on disposal of treasury shares      |   |   |   |                          |                           | –                |
| Change in scope of consolidation                     |   |   |   |                          |                           | –                |
| Net changes in items other than shareholders' equity | (428)   | 1,915                                   | 1,487                                       | (1,662)                  | 2,041                     | 1,866            |
| Total changes during period                          | (428)   | 1,915                                   | 1,487                                       | (1,662)                  | 2,041                     | (1,447,621)      |
| Balance at end of period                             | (1,802)   | (8,227)                                 | (10,029)                                    | 13,556                   | 9,771                     | 9,386,758        |

Fiscal year ended December 31, 2021

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 7,323,548            | 2,229,643       | (84,993)          | (94,737)        | 9,373,460                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 6,564,930            | 6,564,930       |                   |                 | 13,129,860                 |
| Increase by merger                                   |                      |                 |                   |                 | –                          |
| Deficit disposition                                  |                      |                 |                   |                 | –                          |
| Loss attributable to owners of parent                |                      |                 | (5,038,941)       |                 | (5,038,941)                |
| Increase by share exchanges                          |                      | 2,807,871       |                   |                 | 2,807,871                  |
| Disposal of treasury shares                          |                      | (31,416)        |                   | 60,454          | 29,038                     |
| Transfer of loss on disposal of treasury shares      |                      | 31,416          | (31,416)          |                 | –                          |
| Change in scope of consolidation                     |                      |                 | (117,889)         |                 | (117,889)                  |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes during period                          | 6,564,930            | 9,372,801       | (5,188,247)       | 60,454          | 10,809,939                 |
| Balance at end of period                             | 13,888,478           | 11,602,445      | (5,273,240)       | (34,282)        | 20,183,400                 |

|  | Valuation and translation adjustments                 |   |   |   | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|---|---|---|--------------------------|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total valuation and translation adjustments |                          |                           |                  |
| Balance at beginning of period                       | (1,802)   | (8,227)                                 | –                                       | (10,029)                                    | 13,556                   | 9,771                     | 9,386,758        |
| Changes during period                                |   |   |   |   |                          |                           |                  |
| Issuance of new shares                               |   |   |   |   |                          |                           | 13,129,860       |
| Increase by merger                                   |   |   |   |   |                          |                           | –                |
| Deficit disposition                                  |   |   |   |   |                          |                           | –                |
| Loss attributable to owners of parent                |   |   |   |   |                          |                           | (5,038,941)      |
| Increase by share exchanges                          |   |   |   |   |                          |                           | 2,807,871        |
| Disposal of treasury shares                          |   |   |   |   |                          |                           | 29,038           |
| Transfer of loss on disposal of treasury shares      |   |   |   |   |                          |                           | –                |
| Change in scope of consolidation                     |   |   | (5,035)                                 | (5,035)                                     |                          |                           | (122,925)        |
| Net changes in items other than shareholders' equity | (318)   | (12,397)                                |   | (12,716)                                    | 414,140                  | (4,226)                   | 397,197          |
| Total changes during period                          | (318)   | (12,397)                                | (5,035)                                 | (17,752)                                    | 414,140                  | (4,226)                   | 11,202,100       |
| Balance at end of period                             | (2,121)   | (20,625)                                | (5,035)                                 | (27,782)                                    | 427,696                  | 5,545                     | 20,588,859       |



## Consolidated statements of cash flows

(Thousands of yen)

|  | Fiscal year ended<br>September 30, 2020 | Fiscal year ended<br>December 31, 2021 |
|--|---|--|
| Cash flows from operating activities   |   |  |
| Loss before income taxes   | (1,434,226)                             | (6,737,453)                            |
| Depreciation   | 567,511                                 | 1,670,778                              |
| Amortization of goodwill   | 151,307                                 | 521,121                                |
| Impairment losses  | 26,672                                  | 54,896                                 |
| Share-based payment expenses   | 27,298                                  | 569,206                                |
| Loss (gain) on step acquisitions   | –                                       | (174,000)                              |
| Loss (gain) on valuation of investment securities  | –                                       | 42,542                                 |
| Loss (gain) on valuation of securities   | 1,027                                   | –                                      |
| Loss (gain) on sale of securities  | (49,134)                                | –                                      |
| Loss (gain) on sale of property, plant and equipment   | –                                       | (43)                                   |
| Increase (decrease) in allowance for doubtful accounts   | (264)                                   | 9,336                                  |
| Increase (decrease) in provision for bonuses   | (10,960)                                | 12,328                                 |
| Increase (decrease) in provision for retirement benefits<br>and retirement benefits for directors (and other officers) | 3,670                                   | (20,842)                               |
| Increase (decrease) in provision for business restructuring  | –                                       | 31,319                                 |
| Interest and dividend income   | (681)                                   | (518)                                  |
| Subsidy income   | (329,227)                               | (334,268)                              |
| Gain on reversal of share acquisition rights   | (1,662)                                 | (12,296)                               |
| Interest expenses  | 8,957                                   | 306,315                                |
| Share issuance costs   | –                                       | 159,791                                |
| Foreign exchange losses (gains)  | –                                       | (600)                                  |
| Loss (gain) on extinguishment of tie-in shares   | –                                       | 4,275                                  |
| Share of loss (profit) of entities accounted for using<br>equity method  | 27,492                                  | (58,412)                               |
| Loss (gain) on change in equity  | –                                       | 5,791                                  |
| Decrease (increase) in trade receivables   | 1,806                                   | (209,373)                              |
| Decrease (increase) in inventories   | 236,790                                 | 4,913,587                              |
| Increase (decrease) in trade payables  | (119,584)                               | (12,910)                               |
| Increase (decrease) in accounts payable - other  | 29,435                                  | 133,820                                |
| Decrease/increase in consumption taxes<br>receivable/payable   | (100,623)                               | (80,581)                               |
| Other, net   | (45,025)                                | 1,152,470                              |
| Subtotal   | (1,009,421)                             | 1,946,280                              |
| Interest and dividends received  | 104,962                                 | 4,540                                  |
| Subsidies received   | 277,647                                 | 398,035                                |
| Interest paid  | (2,545)                                 | (308,342)                              |
| Income taxes paid  | (621,453)                               | (865,877)                              |
| Income taxes refund  | 33,337                                  | 203,862                                |
| Net cash provided by (used in) operating activities  | (1,217,472)                             | 1,378,499                              |

(Thousands of yen)

|  | Fiscal year ended<br>September 30, 2020 | Fiscal year ended<br>December 31, 2021 |
|--|---|--|
| Cash flows from investing activities   |   |  |
| Decrease (increase) in time deposits   | 41,848                                  | (80,000)                               |
| Purchase of property, plant and equipment  | (157,529)                               | (198,267)                              |
| Proceeds from sale of property, plant and equipment                              | 854                                     | 407                                    |
| Purchase of intangible assets  | (235,803)                               | (246,526)                              |
| Purchase of investment securities  | (9,999)                                 | (5,960)                                |
| Proceeds from sale and redemption of investment securities                       | 36,843                                  | –                                      |
| Payments of guarantee deposits   | (31,248)                                | (15,505)                               |
| Proceeds from refund of guarantee deposits                                       | 2,279                                   | 73,482                                 |
| Payments for asset retirement obligations  | –                                       | (31,726)                               |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | –                                       | (9,838,150)                            |
| Other, net   | 2,222                                   | 3,470                                  |
| Net cash provided by (used in) investing activities                              | (350,533)                               | (10,338,772)                           |

(Thousands of yen)

|   | Fiscal year ended<br>September 30, 2020 | Fiscal year ended<br>December 31, 2021 |
|---|---|--|
| Cash flows from financing activities  |   |  |
| Increase (decrease) in short-term borrowings  | (2,901)                                 | 28,450                                 |
| Proceeds from long-term borrowings  | 580,000                                 | 610,000                                |
| Repayments of long-term borrowings  | (474,360)                               | (1,510,300)                            |
| Repayments of lease obligations   | (647)                                   | (6,274)                                |
| Proceeds from issuance of shares  | 10,800                                  | 12,940,447                             |
| Proceeds from share issuance to non-controlling<br>shareholders                                     | 50,000                                  | –                                      |
| Net cash provided by (used in) financing activities   | 162,891                                 | 12,062,322                             |
| Effect of exchange rate change on cash and cash equivalents   | (519)                                   | 4,202                                  |
| Net increase (decrease) in cash and cash equivalents  | (1,405,632)                             | 3,106,251                              |
| Cash and cash equivalents at beginning of period  | 7,791,799                               | 6,253,900                              |
| Increase in cash and cash equivalents resulting from share<br>exchanges                             | –                                       | 455,514                                |
| Increase (decrease) in cash and cash equivalents resulting<br>from change in scope of consolidation | (132,266)                               | 4,957                                  |
| Cash and cash equivalents at end of period  | 6,253,900                               | 9,820,624                              |