CMIC
Pharmaceutical Value Creator

Overview of Financial Results for FY2022 3rd Quarter

CMIC HOLDINGS Co., Ltd.

Jul 29, 2022

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CMIC Group Business

Healthcare Solutions

Comprehensive support of medical institutes and medical staff

Support individuals, local governments, etc. with solutions using a new ecosystem of health care

Pharmaceutical Solutions

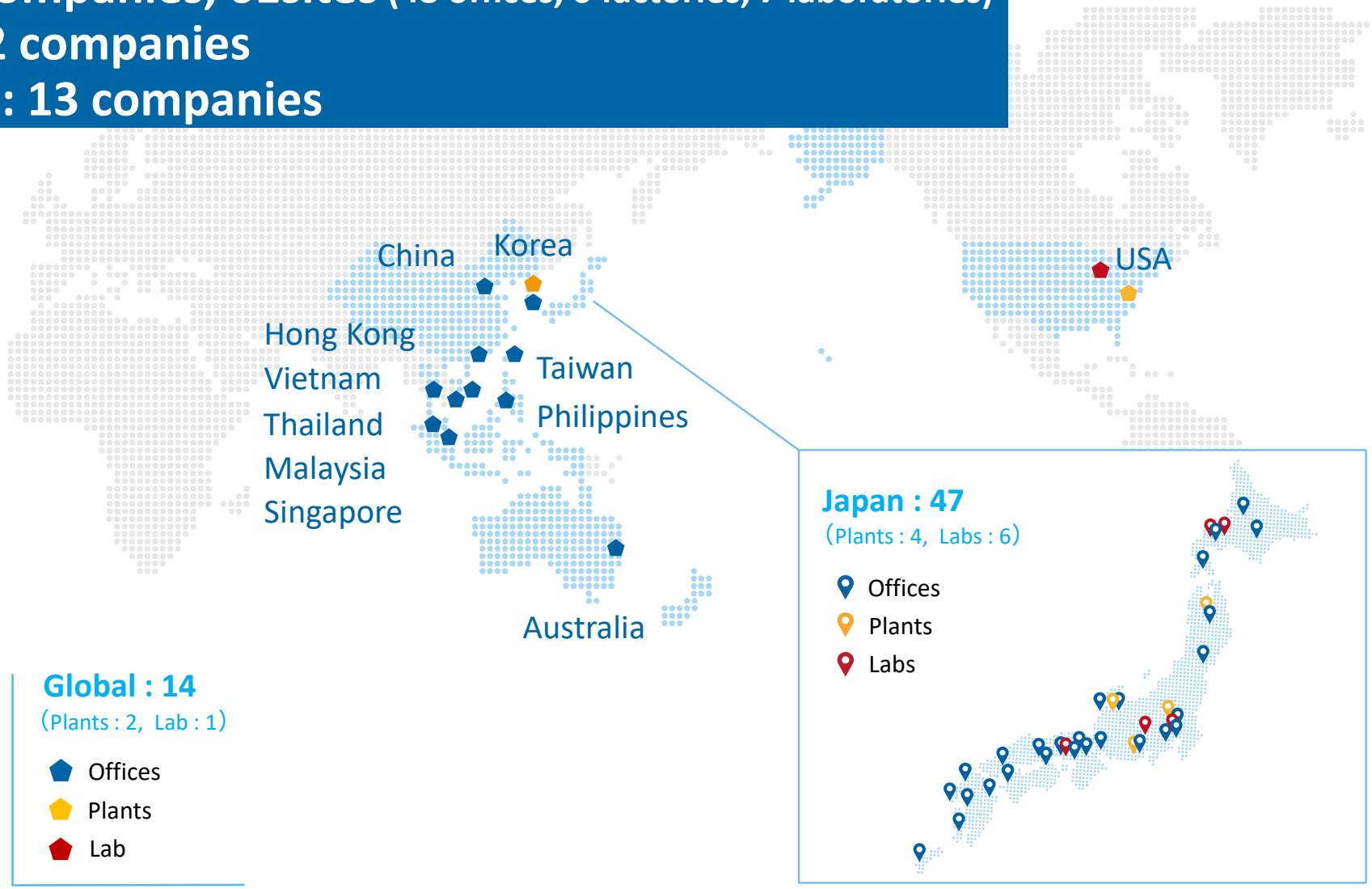
Comprehensive support for research and development of disease prevention and treatment

Development and manufacturing support for pharmaceutical products and biopharmaceutical API from clinical to commercial

Medical, sales and marketing support for pharmaceuticals, and orphan drugs development to commercialization

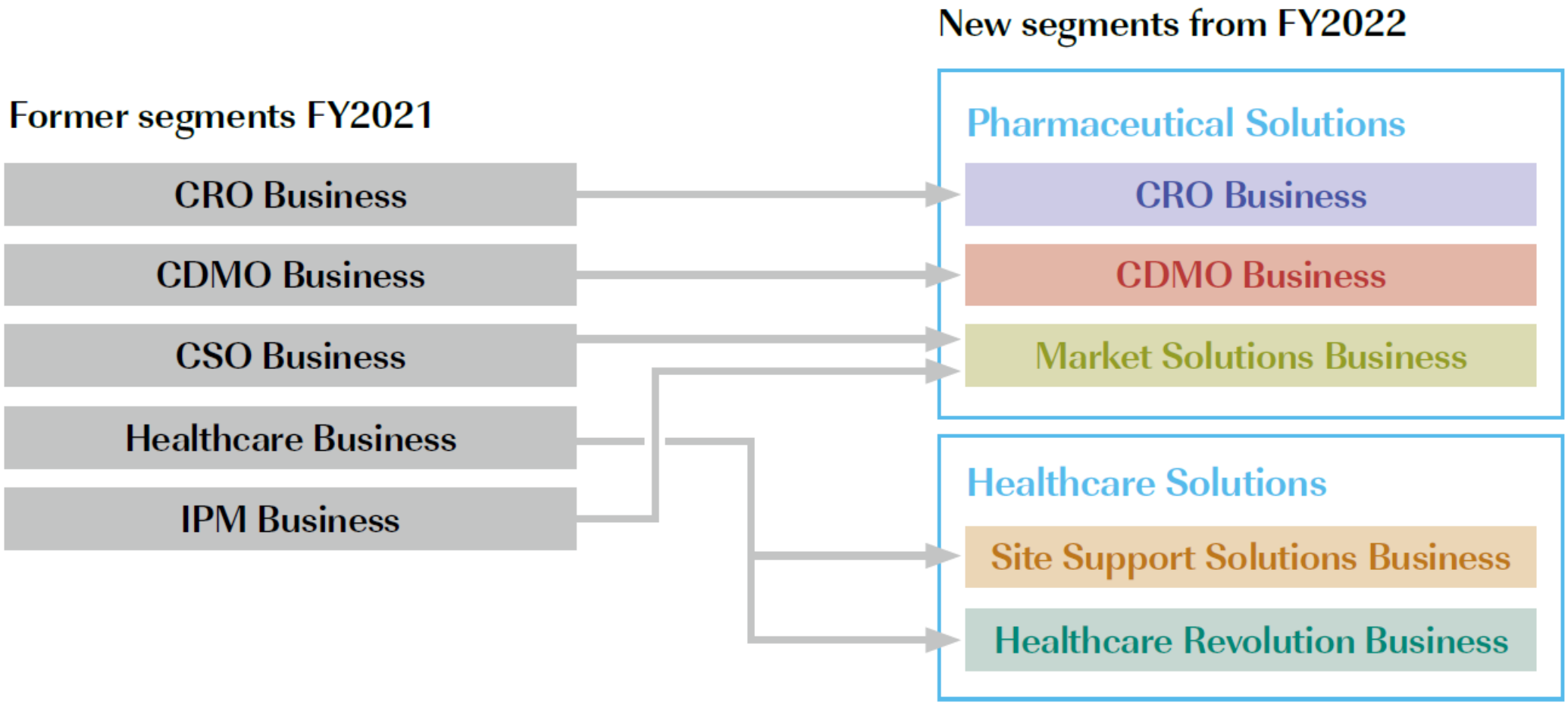
CMIC Group Network

25 group companies, 61sites (48 offices, 6 factories, 7 laboratories)
Japan: 12 companies
Overseas: 13 companies



Change in reportable segment

From FY22, there will be two reportable segments: Pharmaceutical Solutions, which expands PVC models, and Healthcare Solutions, which contributes to the health of individuals through medical institutions and local governments, etc.



Focus Activities of Mid-term Management Plan (FY2022-25)

Evolution of healthcare business

Comprehensive support for disease prevention, treatment R&D, and marketing

Contribution to sustainable society through services with high social benefits

harmo

CMIC Healthcare Professional

Progress of 3rd quarter of FY2022

Evolution of healthcare business

harmo

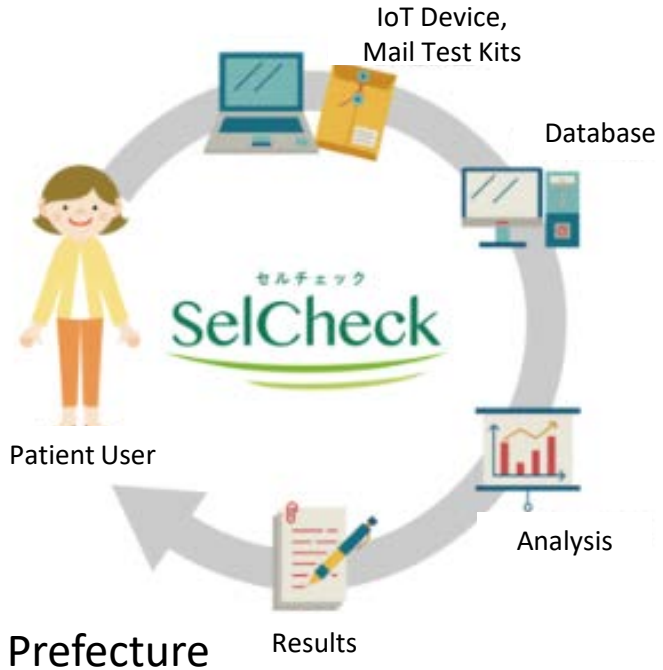
- Support for COVID vaccination and PCR testing by local governments ・Following up on COVID patients including health observation
  - Utilization of the COVID-19 vaccination information management system

    “harmo® vaccine care”
  - Call center (to consult about adverse reactions), human resources support （Physician and nurse reference, admin staff) , launch of antigen test kits
- Collaboration with local governments
  - VRS Vaccination Records used by all Citizens: “harmo® vaccine care " in Hokuto City, Yamanashi Prefecture
  - Comprehensive Collaborative Agreement with Myoko City, Niigata Prefecture, on measures against new coronavirus infection and health promotion
  - "harmo® vaccine care" app used in seven towns and villages at the foot of Mt. Yotei to prevent accidental vaccination of children

Progress of 3rd quarter of FY2022

➢ Deployment of "Selcheck®" self-check service

—Contributing to disease prevention and early detection by utilizing IoT, bio-sensing data obtained from wearable devices, and self-sampling tests by mail—



SelCheck® **Papear™** : HPV test

SelCheck® **Renatest™** : Detect L-FABP in urine, an indicator of the aggravation risk of chronic kidney disease (CKD)

＊Support for Chronic Kidney Disease (CKD) prevention efforts in Ashikaga City, Tochigi Prefecture

➢ harmo® enhancements

- Electronic Medication Record function - development progressing well toward October release of New version App
- Provision of survey information - "Survey on Trends and Attitudes toward the COVID Vaccine"

Progress of 3rd quarter of FY2022

- Efforts to utilize PHR (Personal Health Record)

June 2022: Joined "PHR Service Business Association (tentative name)"

Study on standardization for effective utilization of data held by various entities related to health and medical care, and development of rules to promote quality improvement of PHR services

Participating companies: A total of 15 companies in the PHR service business (SOMPO Holdings, KDDI, Eisai, Shionogi, Omron, Welby, MICIN, etc.)

CMIC, as coordinator of "Subcommittee 2“, will address issues related to standardization and portability of information handled in PHRs.

Progress of 3rd quarter of FY2022

Comprehensive support for disease prevention, treatment R&D, and marketing

- Accelerating & streamlining drug and device development
  - Partnership with Science 37® to accelerate Decentralized Clinical Trials (DCTs) and speed up drug development
  - Increase in trials partially incorporating DCT (telemedicine, home nursing, ePRO, etc.)
  - Supporting the Implementation of Clinical Trials using Blockchain Technology
  - The only Japanese company to offer a drug safety information management system, Oracle Argus Safety
  - Launched multi-tenant rental service (a service in which the global safety database is rented separately to each customer for operation and management)

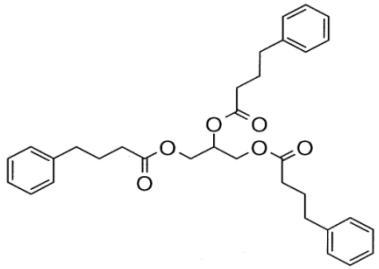
Progress of 3rd quarter of FY2022

Comprehensive support for disease prevention, treatment R&D, and marketing

- 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

- Exclusive license agreement for the development, manufacturing and marketing of glycerol phenylbutyrate (overseas trade name: Ravicti®) in Japan for the treatment of urea cycle disorders

***Urea Cycle Disorders (UCD)**
A congenital deficiency of an enzyme in the urea cycle of the liver results in hyperammonemia, a failure to metabolize ammonia



Progress of 3rd quarter of FY2022

Contribution to sustainable society through services with high social benefits

- CMIC acquires "Kurumin Certification" as a company that supports child-rearing
- Presentation of the 18th "Society Prize (CMIC Prize) of the AIDS Society of Japan" and co-sponsorship of the 13th "International Children's Drawing Contest
- Support of Rare Disease Day (the world rare and intractable disease day) activities
- Support for athletes with disabilities

Consolidated income statement (overview)

	2021/Q3		2022/Q3			
	Amount	Composition ratio	Amount	Composition ratio	Change	Percent Change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Sales	59,146	100.0	**78,367**	100.0	+19,221	+32.5
Operating income	3,571	6.0	**9,280**	11.8	+5,709	+159.9
Ordinary income	3,733	6.3	**10,440**	13.3	+6,707	+179.6
Profit attributable to owners of parent	1,943	3.3	**5,932**	7.6	+3,988	+205.2
Earnings per share	¥107.44		¥330.30			

The impact of the situation in Ukraine on our Group through the 3rd quarter of the current fiscal year has been minimal.

Breakdown of Non-operating income and expenses/Extraordinary income and losses/Income taxes/Profit (loss) attributable to non-controlling interests

(¥ millions)	2021/Q3	2022/Q3
Non-operating income	329	1,314
Interest income	1	2
Foreign exchange gains	146	1,222
Share of profit of entities accounted for using equity method	20	–
Other	161	90
Non-operating expenses	166	153
Interest expenses	99	112
Other	67	40

(¥ millions)	2021/Q3	2022/Q3
Extraordinary income	136	–
Gain on sales of shares of subsidiaries and associates	19	–
Gain on forgiveness of debts	117	–
Extraordinary losses	95	79
Loss on retirement of non-current assets	56	71
Loss on valuation of investment securities	39	8
Income taxes	1,626	4,258
Profit attributable to non-controlling interests	203	170

Sales & Operating income by reportable segment

		2021/Q3 Amount (¥ millions)	**2022/Q3** Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	50,159	**56,977**	+6,818	+13.6
	Operating income	3,632	**4,139**	+506	+13.9
Healthcare Solutions	Sales	9,404	**21,862**	+12,457	+132.5
	Operating income	884	**6,210**	+5,325	+602.0
Adjustments	Sales	(418)	**(472)**	(54)	–
	Operating income	(946)	**(1,069)**	(122)	–
Consolidated	Sales	59,146	**78,367**	+19,221	+32.5
	Operating income	3,571	**9,280**	+5,709	+159.9

*Adjustments

Sales are internal elimination of transactions between reporting segments .

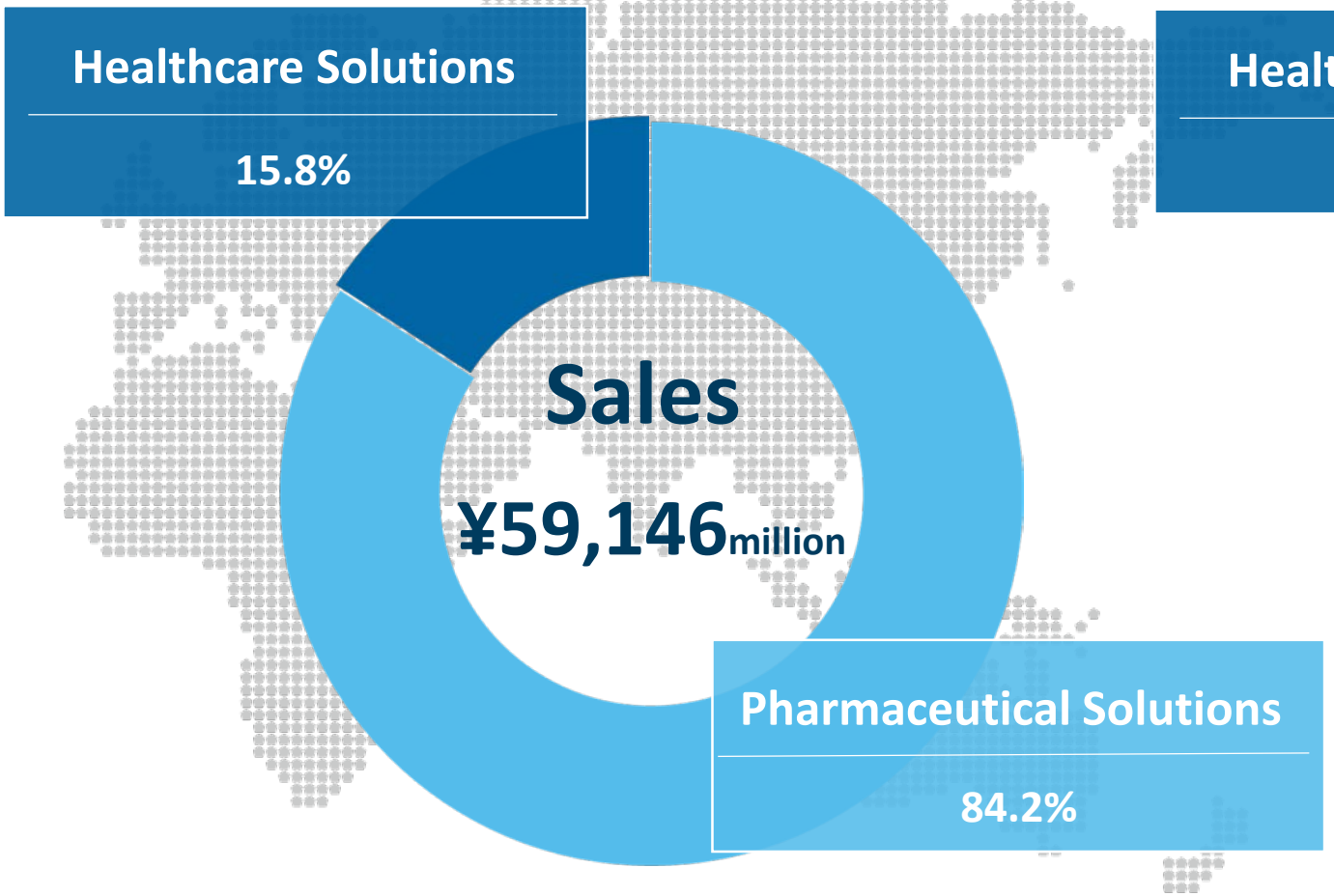
Operating income represents corporate expenses that are not allocated to each reportable segment and are related to the Company (holding company).

Orders received / Backlog

	2021/Q3		2022/Q3			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent Change (%)	Backlog (¥ millions)	Percent Change (%)
Pharmaceutical Solutions	52,467	69,922	**65,500**	+24.8	**79,419**	+13.6
Healthcare Solutions	15,183	18,045	**22,279**	+46.7	**17,438**	(3.4)
Total	67,651	87,968	**87,780**	+29.8	**96,857**	+10.1

Sales composition ratio

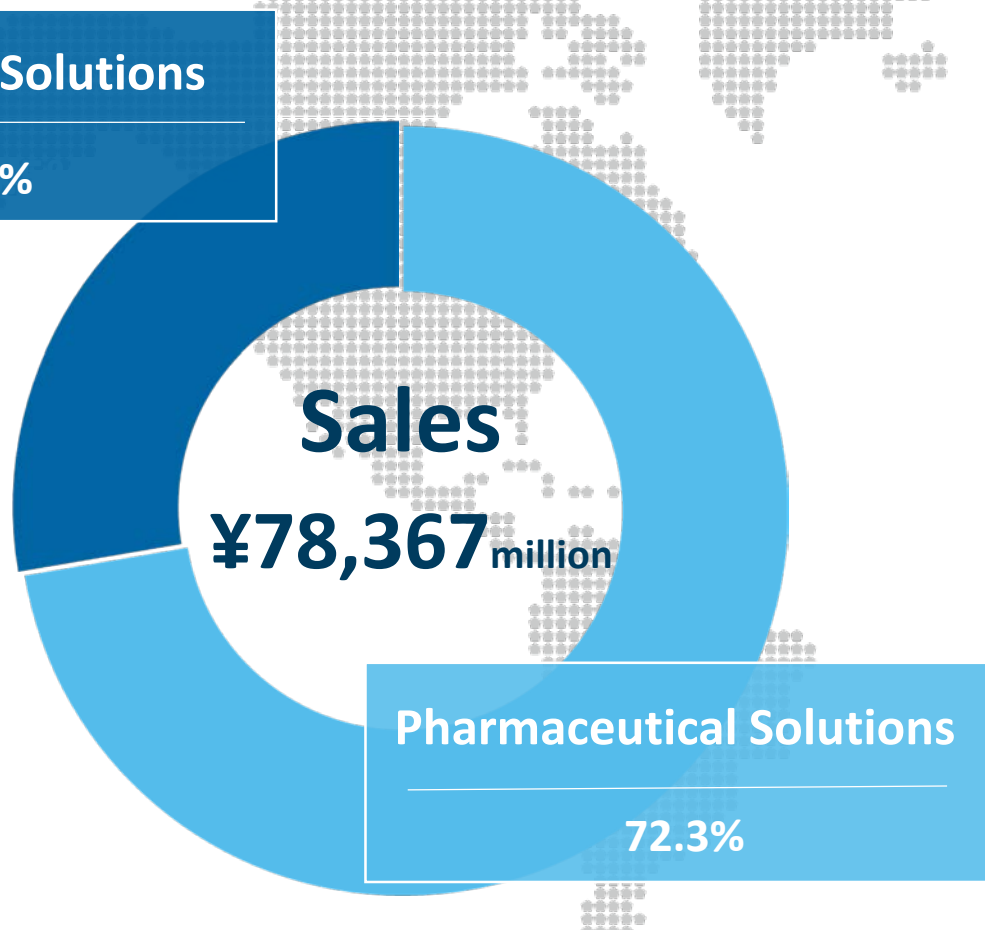
FY2021 Q3



Operating income ¥3,571million

Operating margin 6.0%

FY2022 Q3

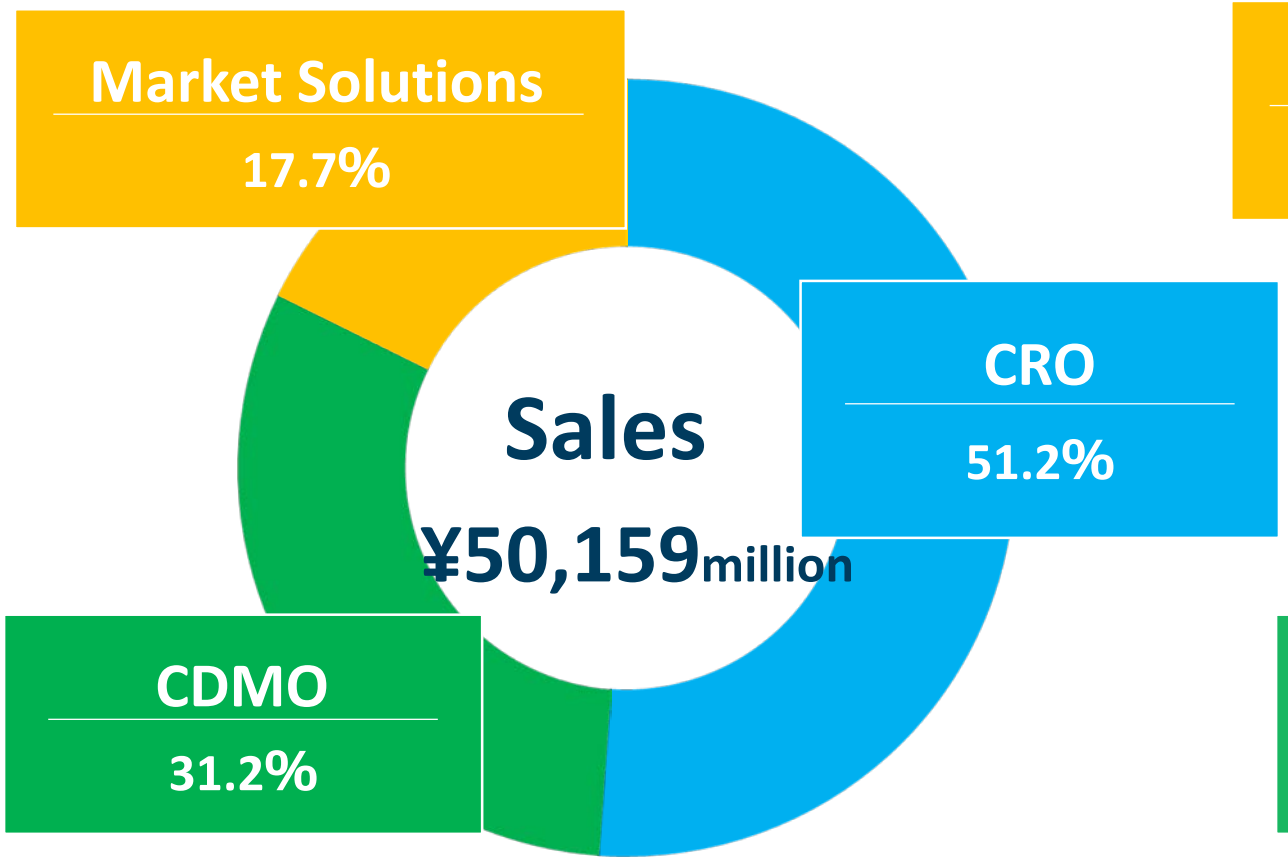


Operating income ¥9,280milllion

Operating margin 11.8%

Sales composition ratio of Pharmaceutical Solutions

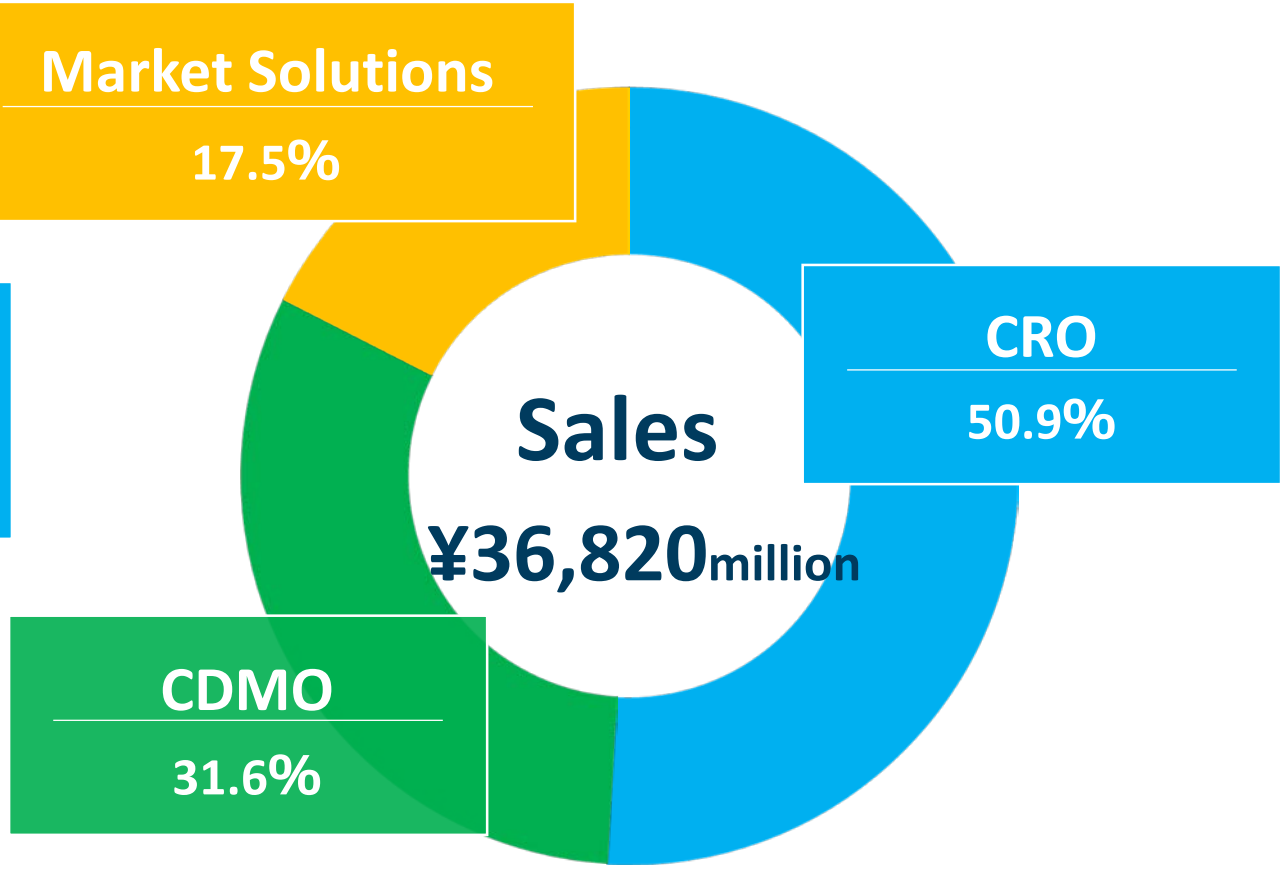
FY2021 Q3



Operating income ¥3,632million

Operating margin 7.2%

FY2022 Q3



Operating income ¥4,139million

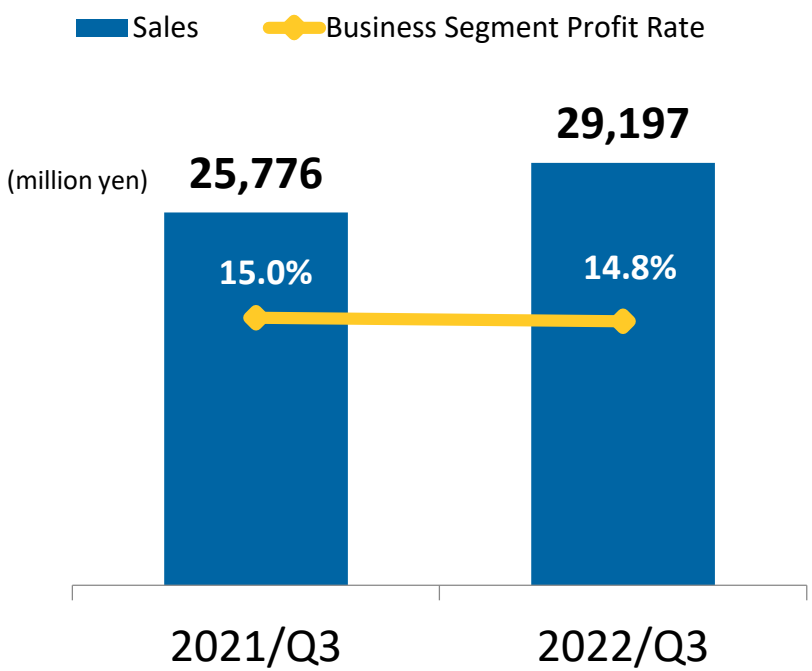
Operating margin 7.3%

Business Segment: CRO Business

Comprehensive support for research and development of disease prevention and treatment

Business Overview

- Sales increased from the same period of the previous year. Increase in inquiries for development projects
- Partnership with Science 37® to Promote Decentralized Clinical Trials (DCTs) and Accelerate Drug Development, Increased number of trials incorporating DCT (telemedicine, home nursing, ePRO, etc.)
- Launched Oracle Argus Safety multi-tenant rental service for pharmacovigilance operations
- 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



Focus activities

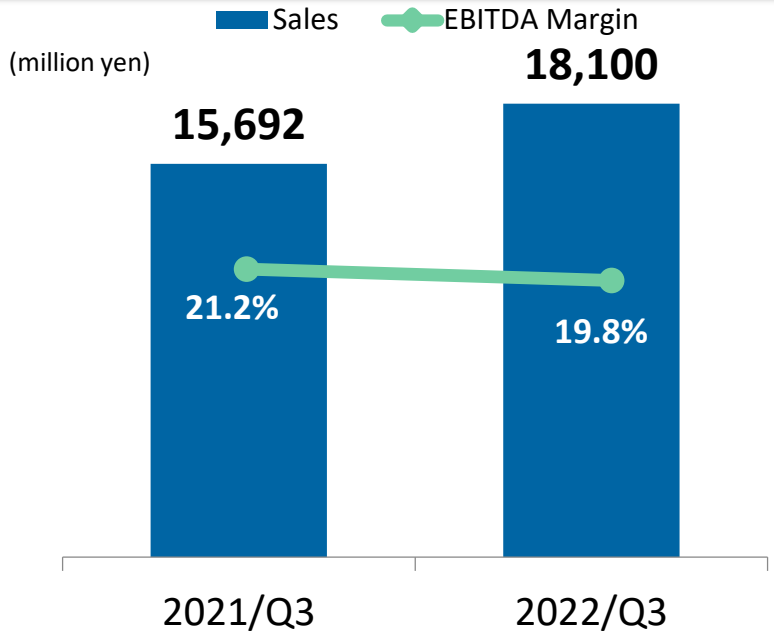
- Enhanced development support for advanced therapies such as biologics and regenerative medicine
  (full support for filing by Academia and BV)
- Digital applications such as DCT and RWD
- Proactive take on nucleic acid medicine projects via collaboration of laboratories in Japan and the U.S.
- Proactive take on global clinical studies
  (clinical trials in Asia, Japan-US bioanalysis business)
- Business expansion to the U.S. and Asia
- Aim for the #1 share in Japan

Business Segment: CDMO Business

Development and manufacturing support for pharmaceutical products and biopharmaceutical API from clinical to commercial

Business Overview

- Sales increased from the same period of the previous year
- Growing need to ensure stable supply in response to the spread of new coronavirus infections and generic quality issues
- Responding to supply shortage risks such as rising prices of energy, raw materials, packaging materials, etc., and longer delivery times in manufacturing
- Delayed recovery in US performance, focus on acquiring new projects



*Business segment profit 1.1% 0.7%

Focus activities

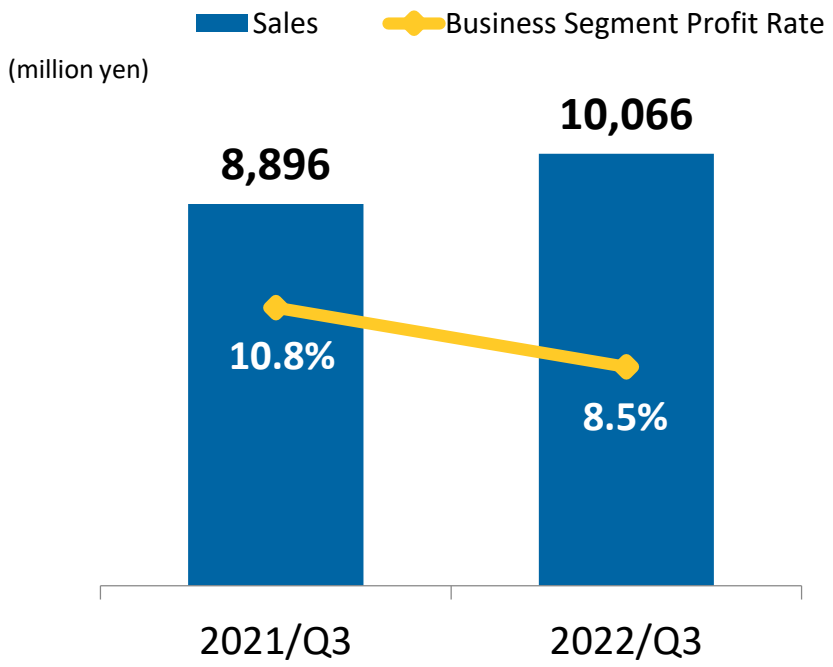
- Steady implementation of production at the Ashikaga injectable facility and its contribution to earnings
- Full-scale development of licensing business for formulation technologies (microneedles, etc.)
- Expand business at the new U.S. site
- Strengthen our position as a strategic partner for domestic pharmaceutical companies

Business Segment: Market Solutions Business

Medical, sales and marketing support for pharmaceuticals, and orphan drugs development to commercialization

Business Overview

- Sales increased from the same period of the previous year
- Acquired new projects and made steady progress in existing projects in MR dispatch services
- Exclusive license agreement for the development, manufacturing and marketing of glycerol phenylbutyrate (overseas trade name: Ravicti®) for the treatment of urea cycle disorders in Japan

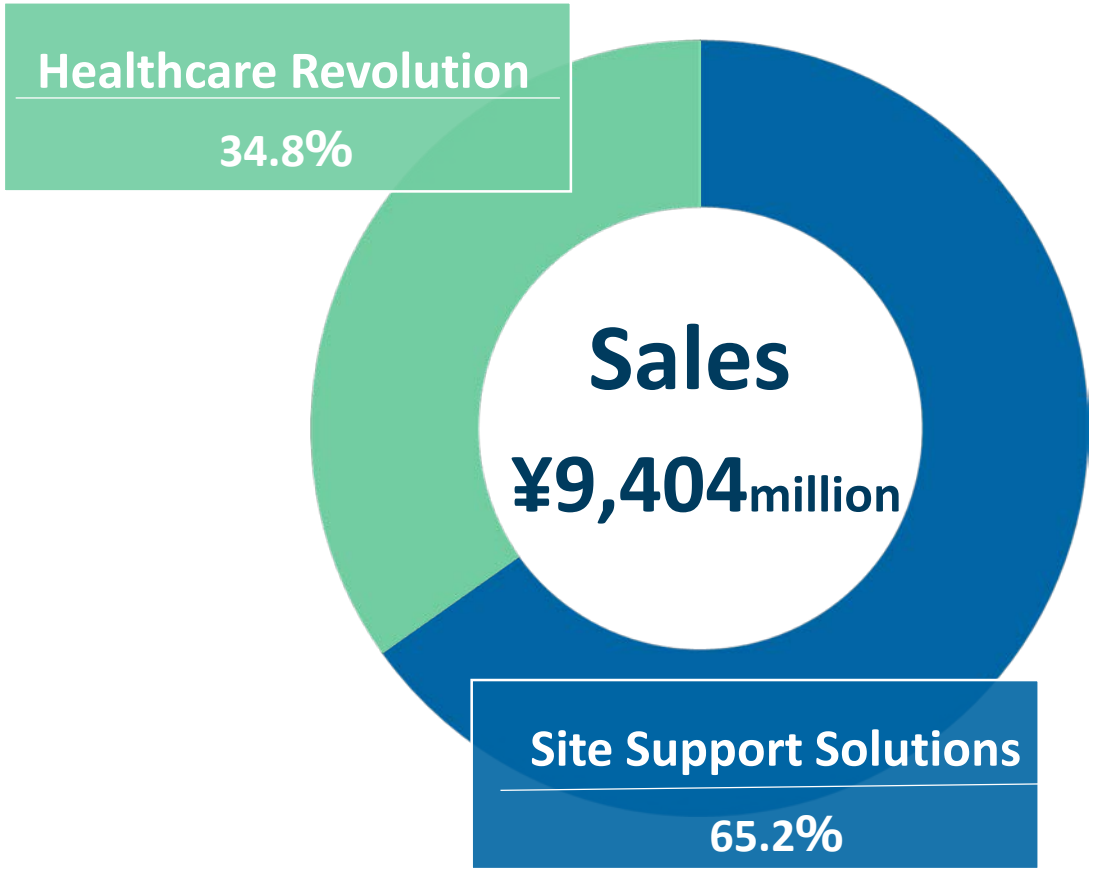


Focus activities

- Expand positioning in the MR dispatch business
- Efficient recruitment of MRs and MSLs
- Provision of hybrid services
- Promotion of multi-channel
- Development of new orphan drugs
- Supporting foreign pharmaceutical companies entering the Japanese market

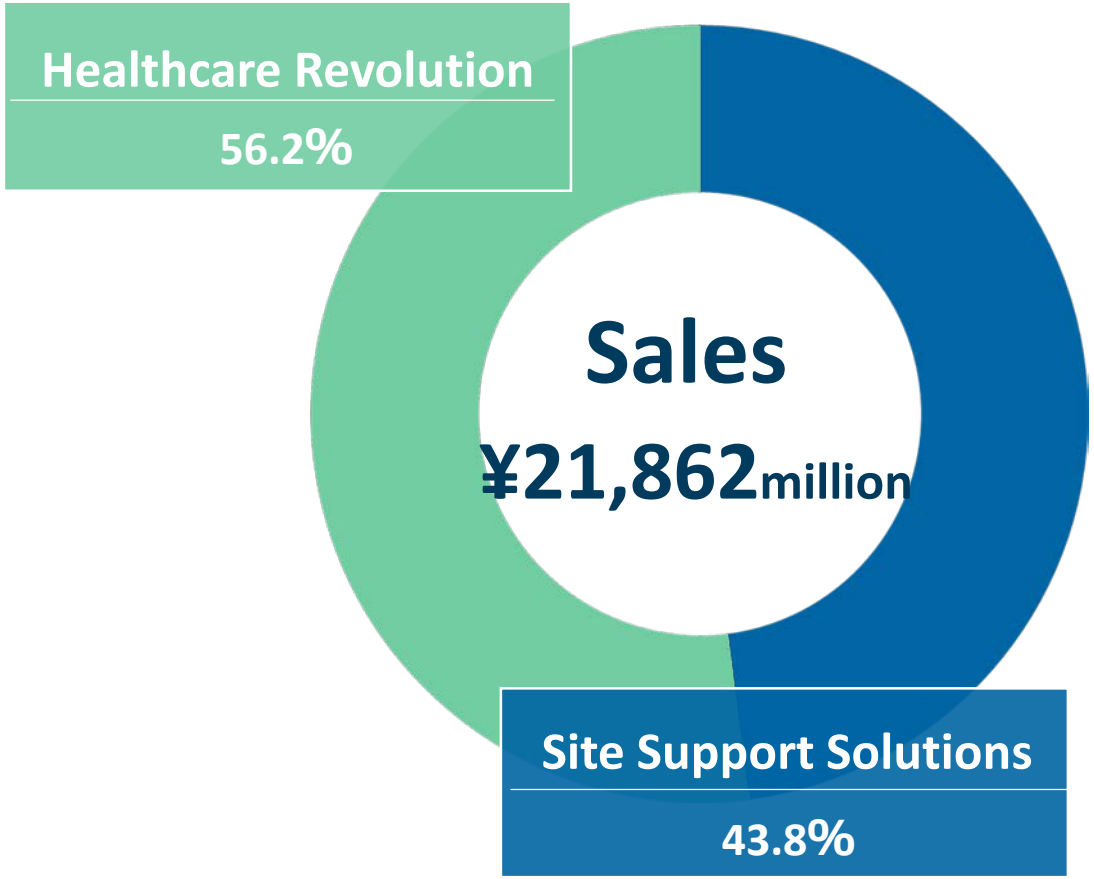
Sales composition ratio of Healthcare Solutions

FY2021 Q3



Operating income	¥884million
Operating margin	9.4%

FY2022 Q3



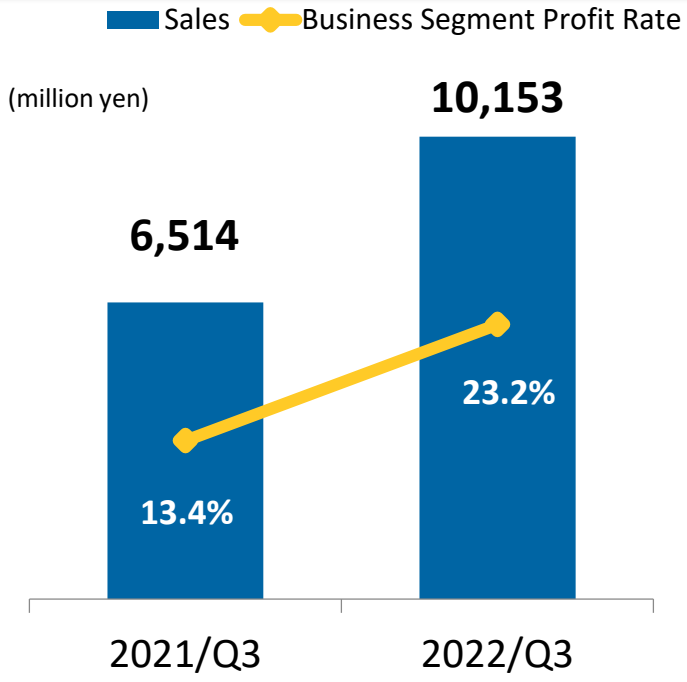
Operating income	¥6,210million
Operating margin	28.4%

Business Segment: Site Support Solutions Business

Comprehensive support of medical institutes and medical staff

Business Overview

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



Focus activities

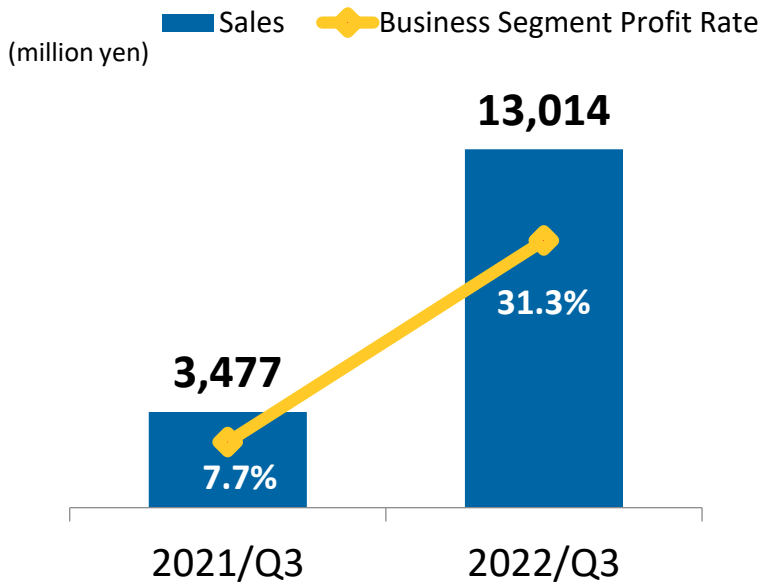
- Shifting from treatment to prevention/prognosis market (prophylaxis treatment agents and clinical trias using apps)
- Providing support for university hospital network, etc.
- Providing services in community healthcare

Business Segment: Healthcare Revolution Business

Support individuals, local governments, etc. with solutions using a new ecosystem of health care

Business Overview

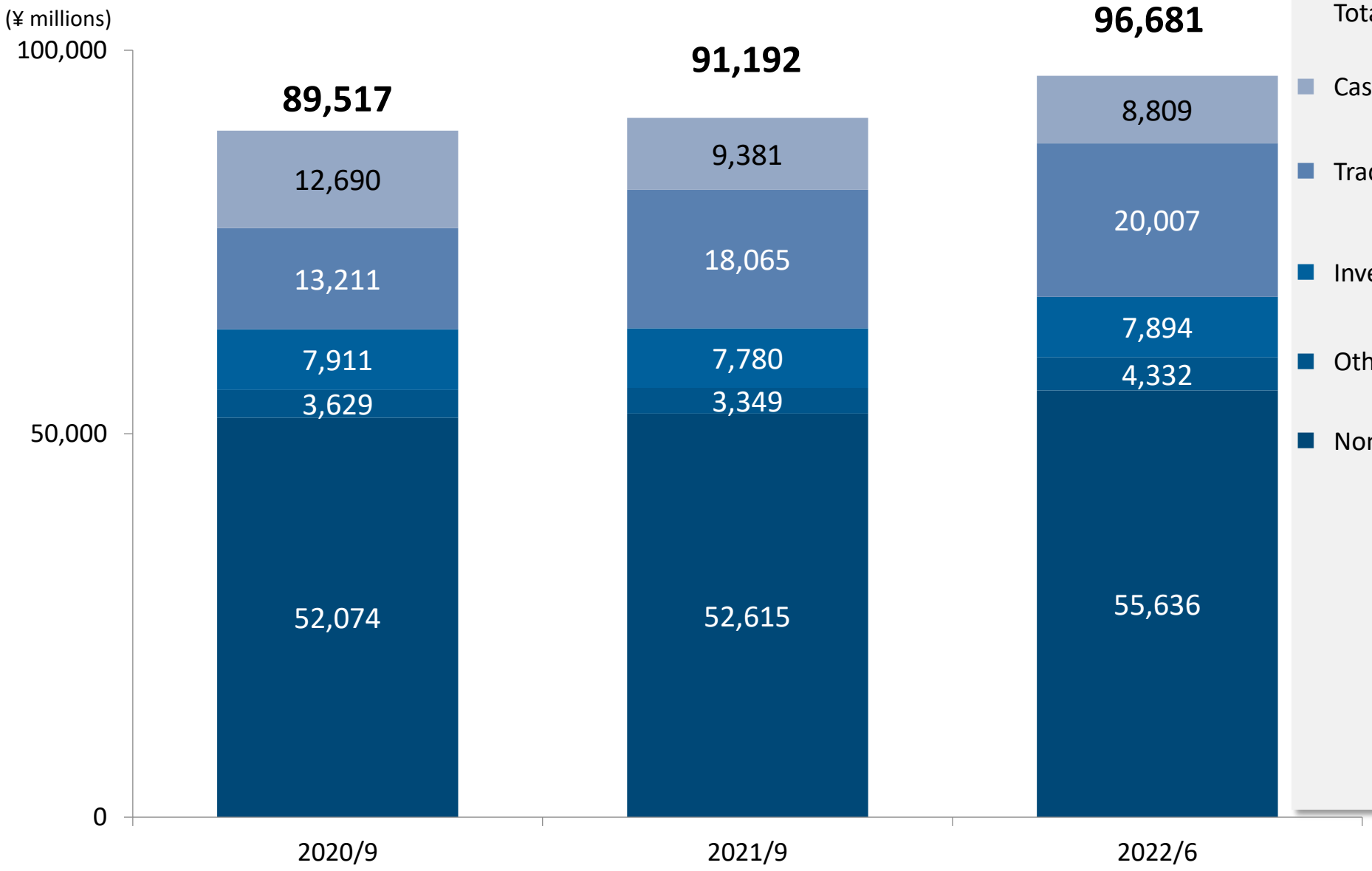
- Sales significantly exceeded the same period of the previous year
- Significant increase in vaccination support services for new coronavirus infections, etc.
- Expansion of businesses that integrate disease prevention, health information, and IT technologies
- Promote cooperation with local governments
- Promote the use of harmo® as a Healthcare Communication Channel in PHRs, etc.
- Promote the use of Selcheck® self-check service



Focus activities

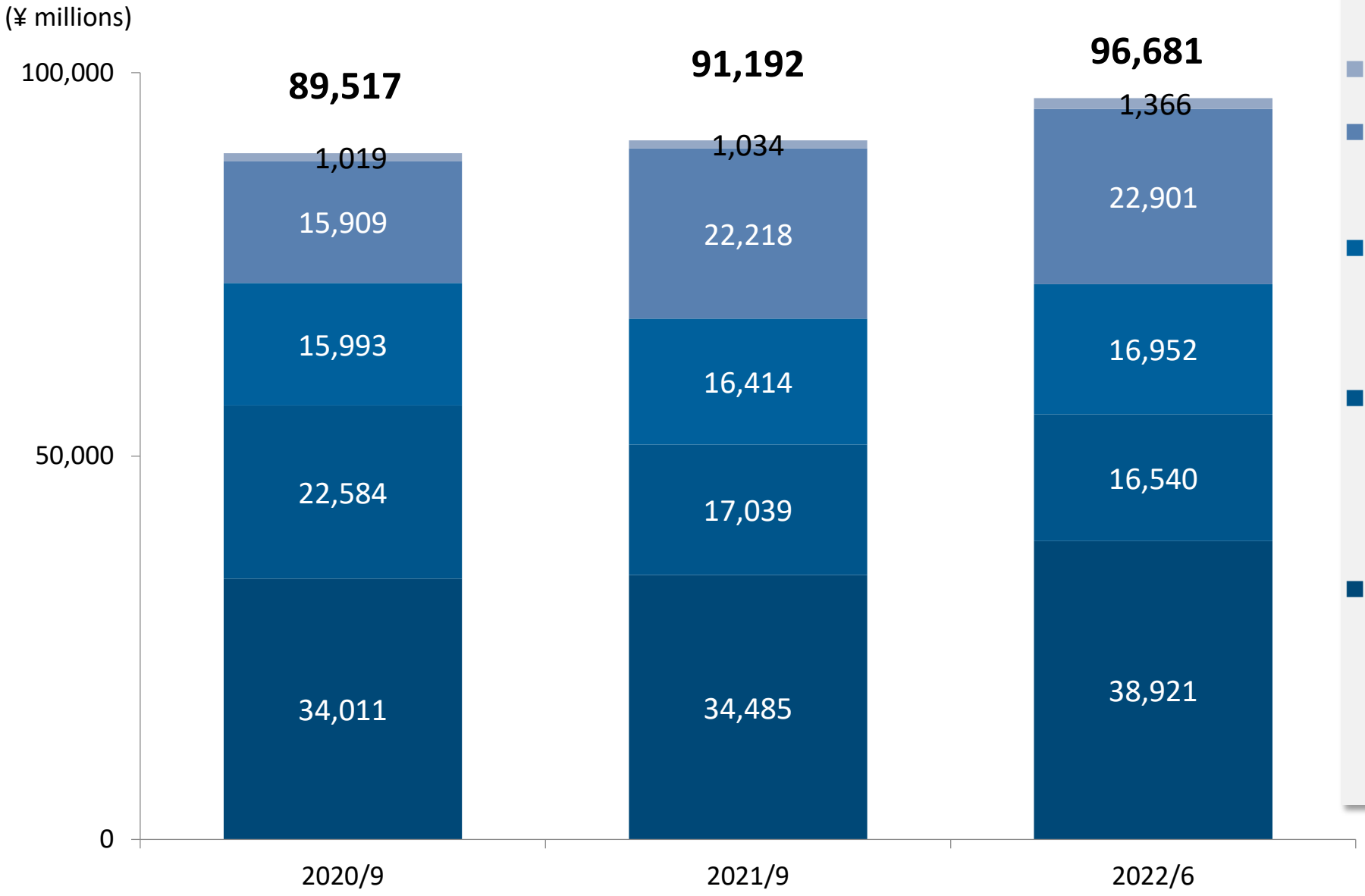
- Expansion of healthcare services & utilization of data by using harmo®
- Expansion of healthcare services for local governments and companies
- Expansion of self-screening services
- Nurture and secure healthcare human resources

Consolidated balance sheet (assets)



Total assets	+5,488
Cash equivalents	(571)
Trade receivables	+1,942
Inventory	+114
Other current assets	+983
Non-current assets	+3,021

Consolidated balance sheet (liabilities and net assets)



Accounts payable	+331
Other current liabilities	+683
Other non-current liabilities	+537
Interest-bearing debt (excl. lease obligations)	(499)
Net assets	+4,435

Forecast for FY ending Sep. 2022

Impact and Risks of Changes in Business Environment on Forecasts

COVID-19-related

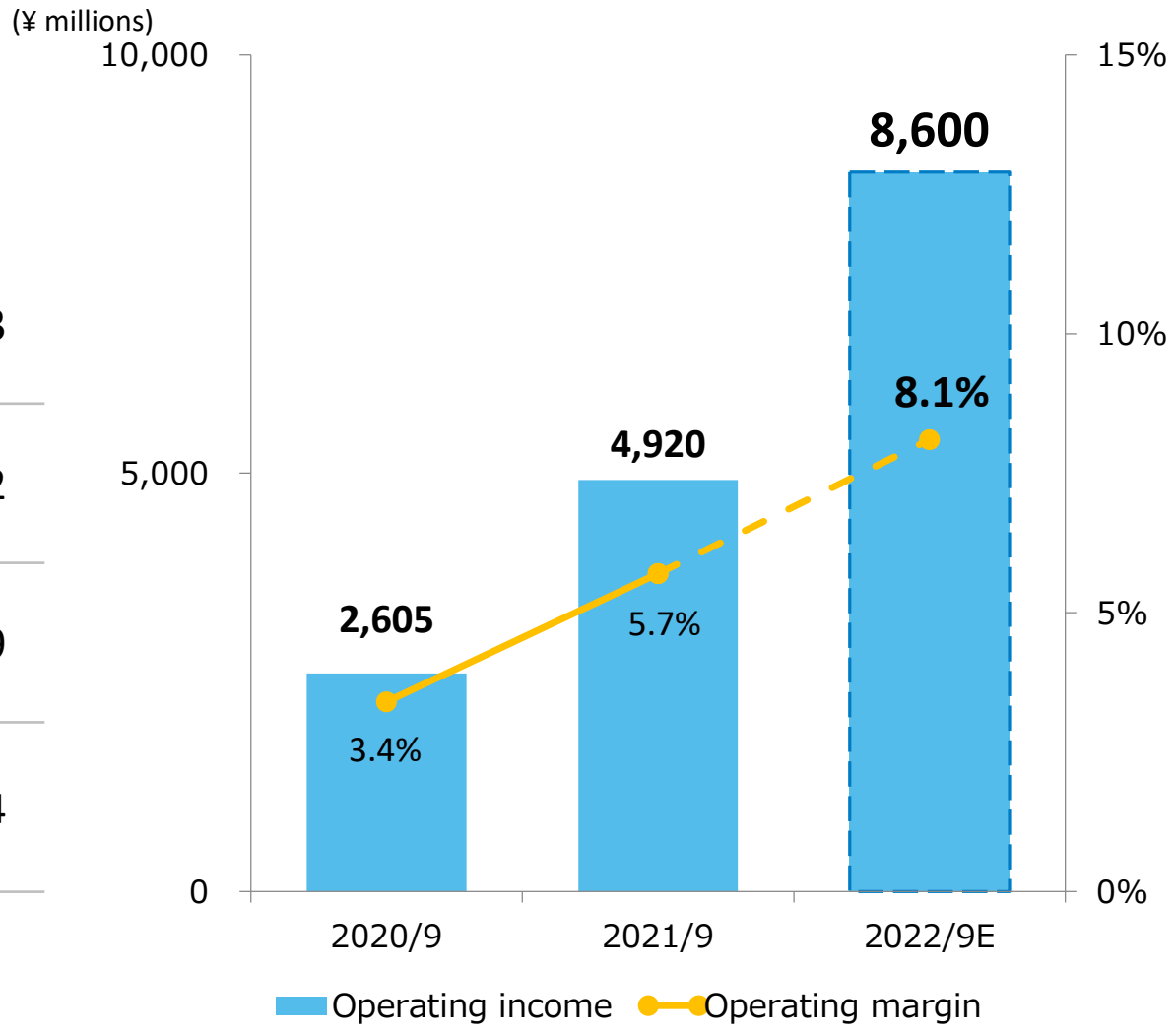
- Therapeutic drug and vaccine development projects continue
- Increased inquiries from municipalities due to another wave of COVID

Russia and Ukraine situation

- Although price hikes in energy, raw materials, packaging materials, etc. are factored in, the impact on this fiscal year will be limited
- Continue to work with customers and suppliers to address supply shortage risk
- Minimal impact on clinical trials

Forecast for FY ending Sep. 2022

	2021/9 Actual (¥ millions)	2022/9 Previous Forecast (2022/4/28) (¥ millions)	2022/9 Revised Forecast (¥ millions)	Change from April Forecast (%)
Net Sales	85,788	97,000	106,000	+9.3
Operating income	4,920	7,600	8,600	+13.2
Ordinary income	5,091	7,800	9,200	+17.9
Profit attributable to owners of parent	2,023	3,900	4,500	+15.4
Earnings per share	¥ 111.85	¥ 217.30	¥254.49	



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