



Overview of Financial Results for FY2023 2nd Quarter/1H

CMIC HOLDINGS Co., Ltd.
April 28, 2023

CMIC Group Business



CMIC Group Network



27 group companies, 61 sites (48 offices, 6 factories, 7 laboratories)
Japan: 14 companies
Overseas: 13 companies



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





Evolution of healthcare business

- Expansion of support for local governments
 - Comprehensive support for measures against COVID-19 infections, ranging from infection prevention to post-infection follow-up
 - New solutions to local government / municipalities
- Strengthening our digital platform with the aim of increasing the individuals' health values
 - Business development centered on “nanacara”, a support platform for patients and families
 - New business developed with OKEIOS Inc. utilizing personal data



Progress of 2nd quarter of FY2023



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

- Comprehensive support from drug development, manufacturing, to sales and marketing
 - PVC (Pharmaceutical Value Creator) Model -
 - Consulting for entering the Japanese market and entering the healthcare field from other industries
 - Projects for efficacy and safety evaluation and analysis in cutting-edge areas where modalities are diversifying
- Support combining manufacturing, marketing, and other permits with PVC's value chain
 - Clinical trials in Japan for a treatment for 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 2nd quarter of FY2023

Contribution to sustainable society through services with high social benefits



- Co-sponsorship of the 14th "International Children's Drawing Contest"
Presentation of the 19th "Society Prize (CMIC Prize) of the AIDS Society of Japan"
Sponsoring "Rare Disease Day 2023"
- Support for athletes with disabilities

Consolidated income statement (overview)



	FY2022 Q2		FY2023 Q2			
	Amount	Composition ratio	Amount	Composition ratio	Change	Percent Change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Net sales	51,769	100.0	59,883	100.0	+8,114	+15.7
Operating profit	5,743	11.1	8,546	14.3	+2,803	+48.8
Ordinary profit	6,169	11.9	7,665	12.8	+1,495	+24.2
Profit attributable to owners of parent	3,503	6.8	6,545	10.9	+3,042	+86.8
Earnings per share	¥194.07		¥377.14			

The situation in Ukraine had no significant direct impact on the Group during the period under review.

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



(¥ millions)	FY2022 Q2	FY2023 Q2
Non-operating income	530	63
Interest income	1	5
Foreign exchange gains	467	—
Subsidy income	13	26
Other	47	30
Non-operating expenses	104	945
Interest expenses	74	94
Foreign exchange losses	—	809
Share of loss of entities accounted for using equity method	—	19
Other	29	22

(¥ millions)	FY2022 Q2	FY2023 Q2
Extraordinary income	—	3,349
Gain on sale of investment securities	—	3,349
Extraordinary losses	51	86
Loss on retirement of non-current assets	43	27
Loss on valuation of investment securities	8	11
Loss on liquidation of subsidiaries	—	47
Income taxes	2,631	4,388
Profit (loss) attributable to non-controlling interests	(17)	(6)

Sales & Operating profit by reportable segment



		FY2022 Q2 Amount (¥ millions)	FY2023 Q2 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	36,820	42,309	+5,488	+14.9
	Operating profit	2,326	3,559	+1,233	+53.0
Healthcare Solutions	Sales	15,262	18,443	+3,181	+20.8
	Operating profit	4,182	5,892	+1,710	+40.9
Adjustments	Sales	(314)	(870)	(556)	—
	Operating profit	(765)	(905)	(139)	—
Consolidated	Sales	51,769	59,883	+8,114	+15.7
	Operating profit	5,743	8,546	+2,803	+48.8

*Adjustments

Sales are internal elimination of transactions between reporting segments .

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

Orders received / Backlog

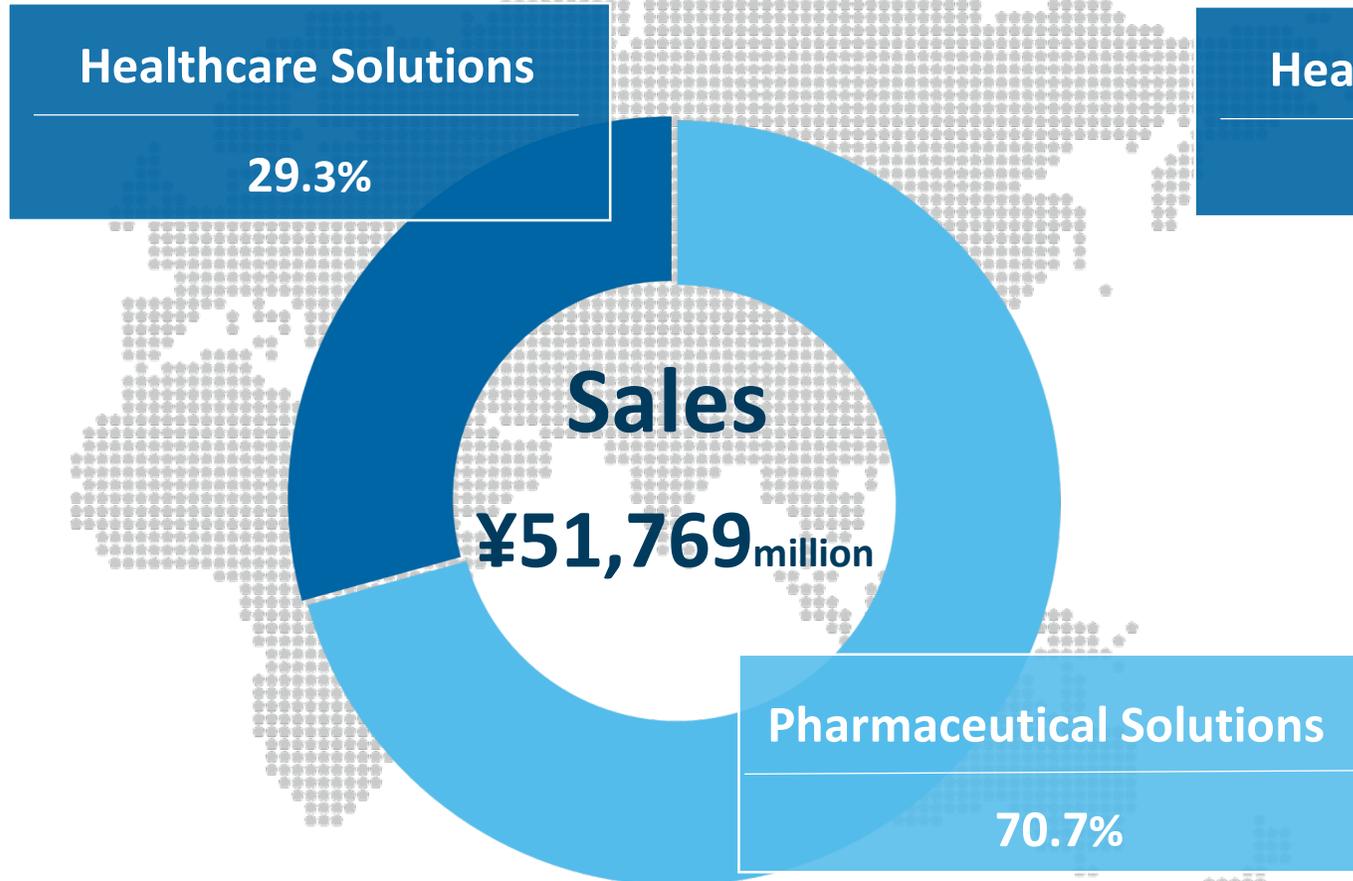


	FY2022 Q2		FY2023 Q2			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
P h a r m a c e u t i c a l S o l u t i o n s	44,327	77,688	40,737	(8.1)	76,772	(1.2)
H e a l t h c a r e S o l u t i o n s	15,334	16,947	19,915	+29.9	17,900	+5.6
T o t a l	59,661	94,636	60,653	+1.7	94,672	+0.0

Sales composition ratio



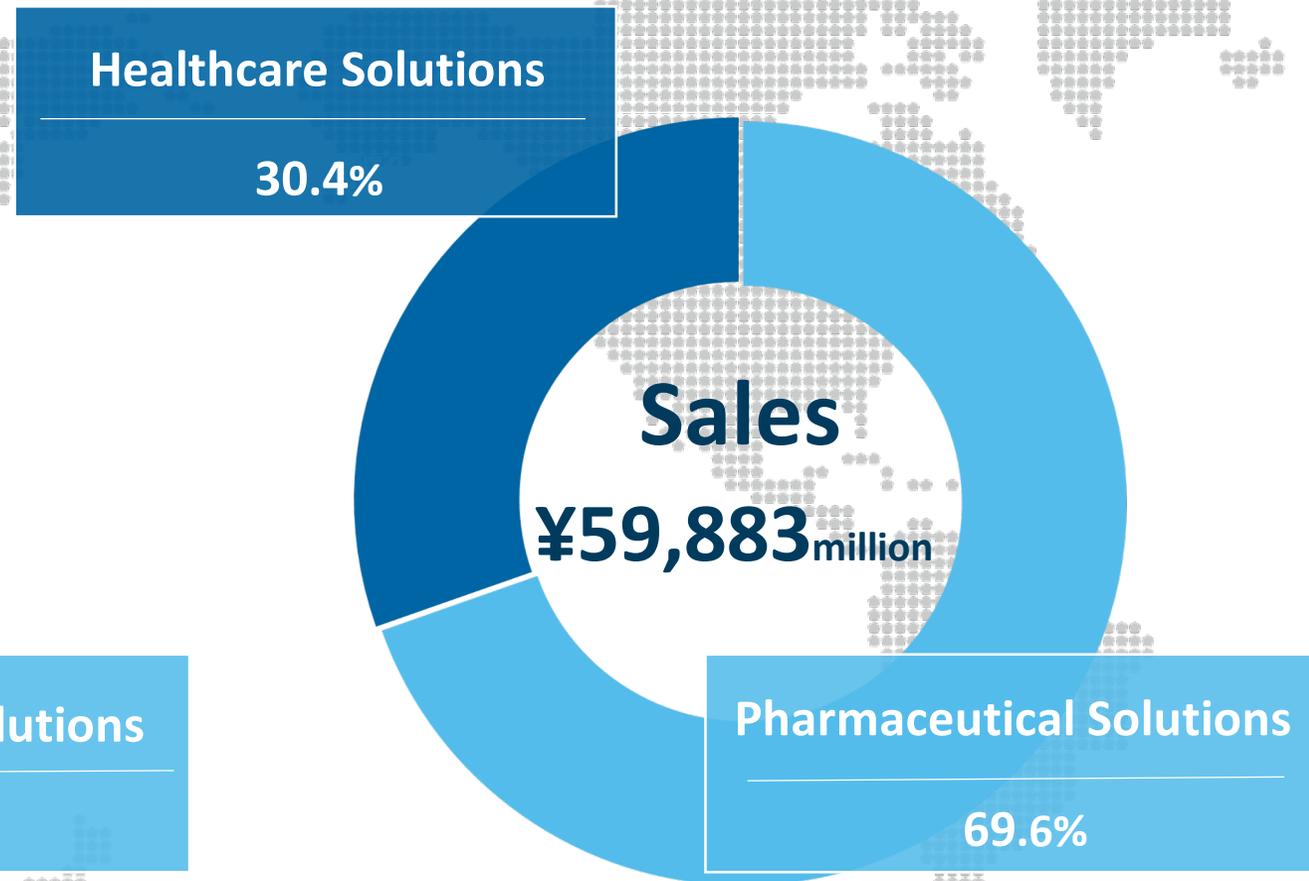
FY2022 Q2



Operating profit ¥5,743million

Operating margin 11.1%

FY2023 Q2



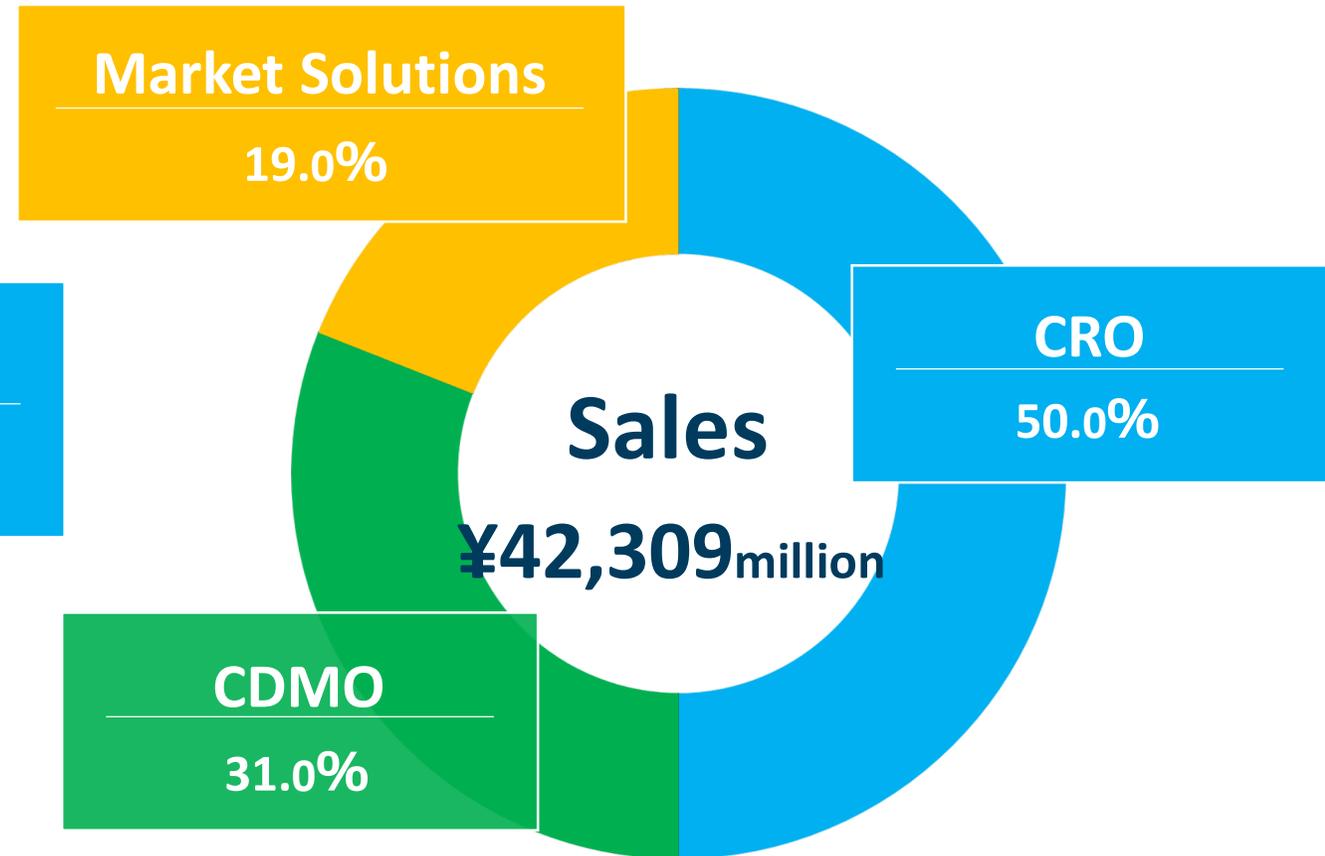
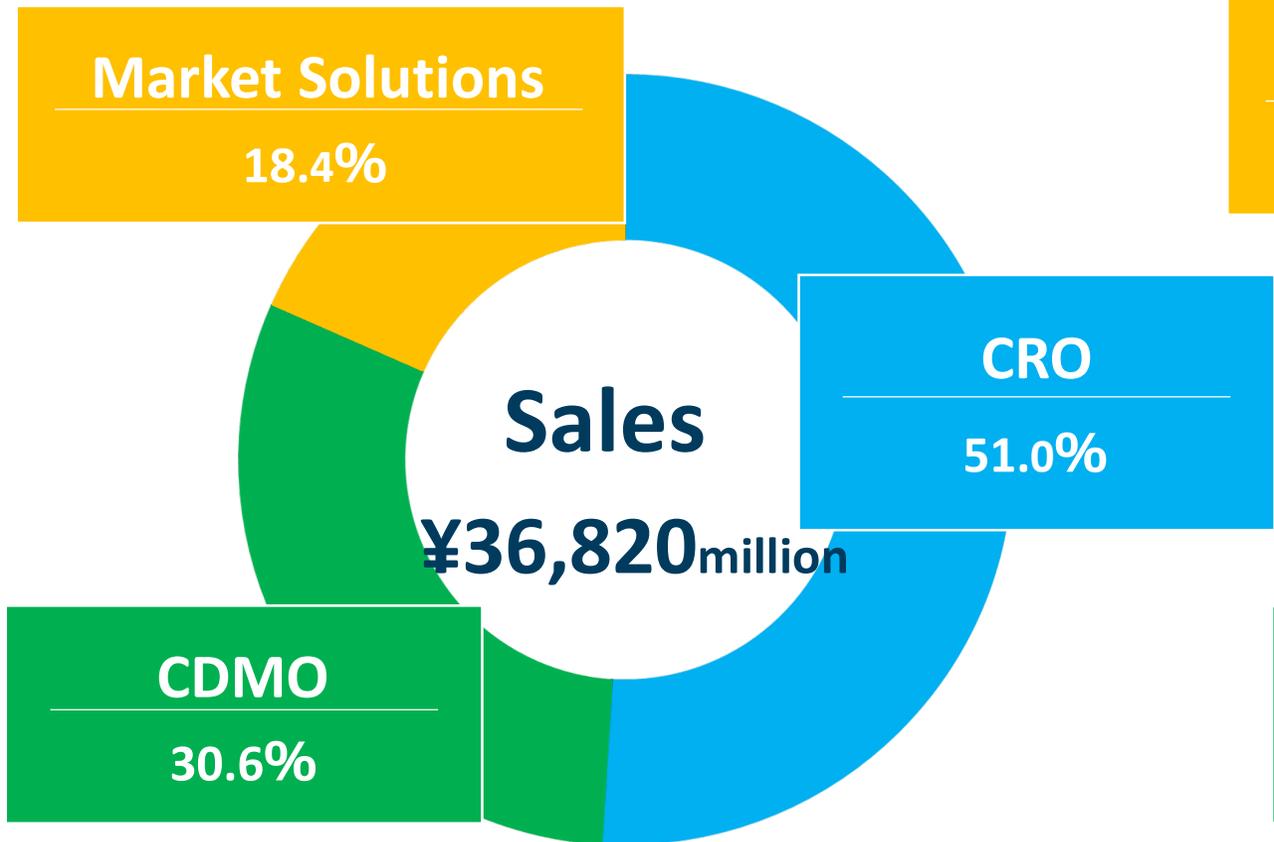
Operating profit ¥8,546million

Operating margin 14.3%

Sales composition ratio of Pharmaceutical Solutions

FY2022 Q2

FY2023 Q2



Operating profit ¥2,326million
Operating margin 6.3%

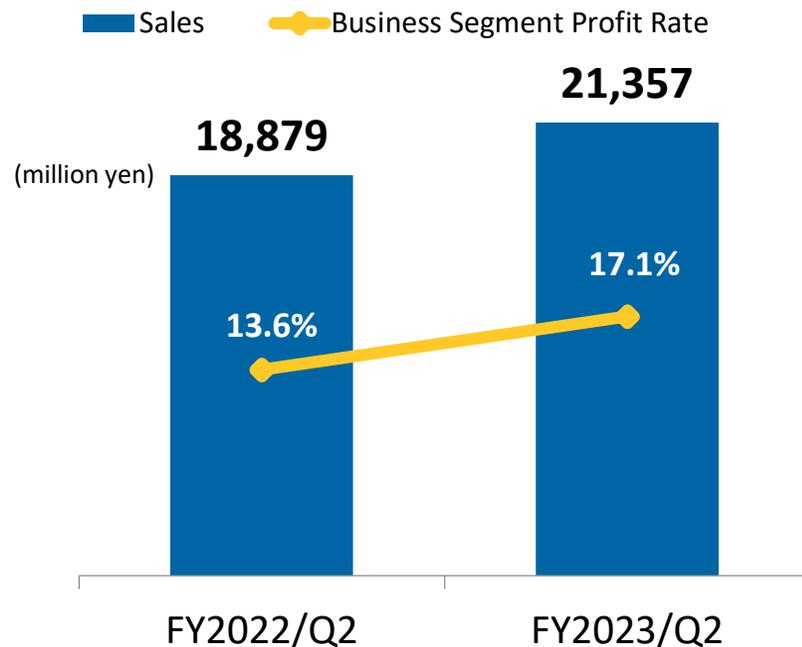
Operating profit ¥3,559million
Operating margin 8.4%

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
- Strengthen comprehensive consulting services for overseas bio ventures entering the Japanese market and other industries entering the healthcare field
- Increase in support for DX (Digital Transformation) promotion and DTx (Digital Therapeutics) entry
- Increase in projects for efficacy and safety evaluation and analysis in cutting-edge areas where modalities are diversifying, such as next-generation antibody drugs, nucleic acid drugs, gene therapeutics, and biomarkers



Focus activities

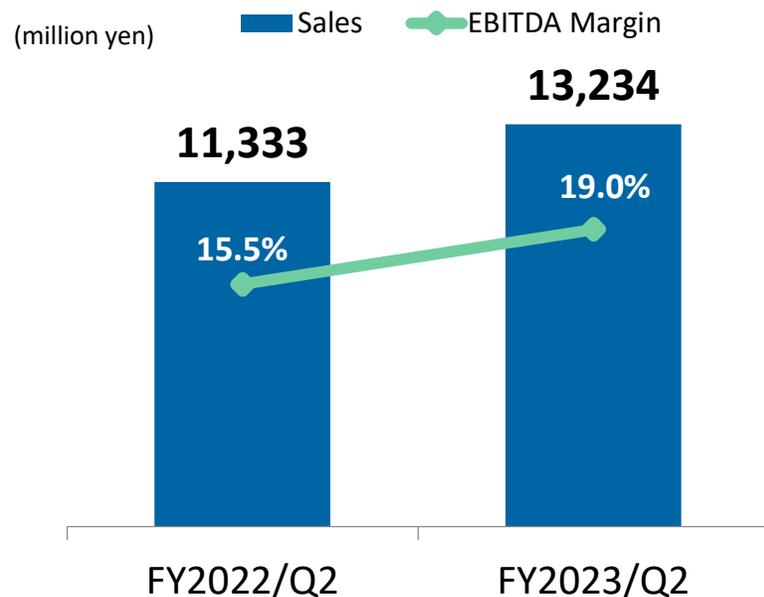
- Enhanced development support for advanced therapies such as biologics and regenerative medicine (full support for filing by Academia and BV)
- Digital applications such as DCT and RWD
- Proactive take on nucleic acid medicine projects via collaboration of laboratories in Japan and the U.S.
- Proactive 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 COVID-19 and generic quality issues
- Increase in manufacturing costs due to higher prices for energy, raw materials, packaging materials, etc.
- 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



Focus activities

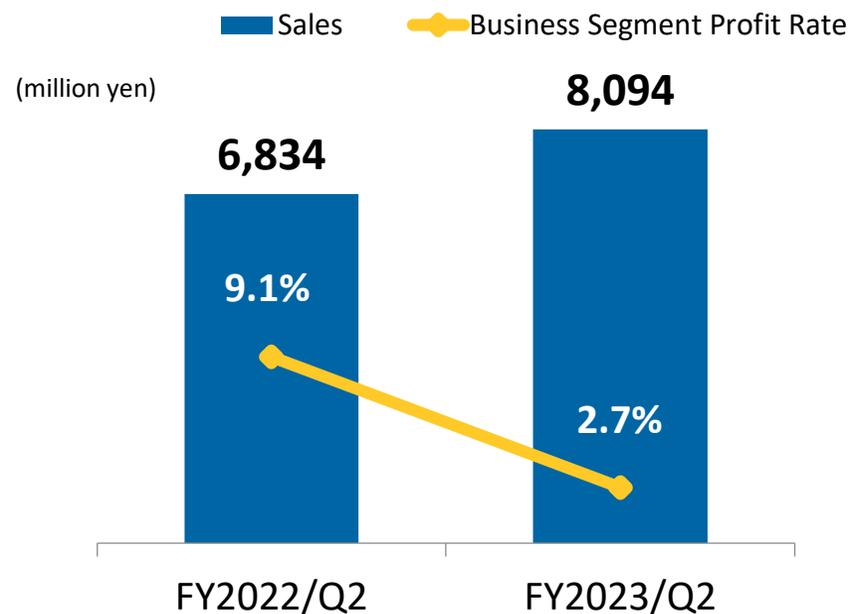
- Steady implementation of production at the Ashikaga injectable facility and its contribution to earnings
- Full-scale development of licensing business for formulation technologies (microneedles, etc.)
- Expand business at the new U.S. site
- Strengthen our position as a strategic partner for domestic 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
- Received many customer inquiries for MR dispatch services
- Commencement of Phase III clinical trials in Japan for glycerol phenylbutyrate (overseas trade name: Ravicti®), a treatment for urea cycle disorders, and associated increase in R&D expenses

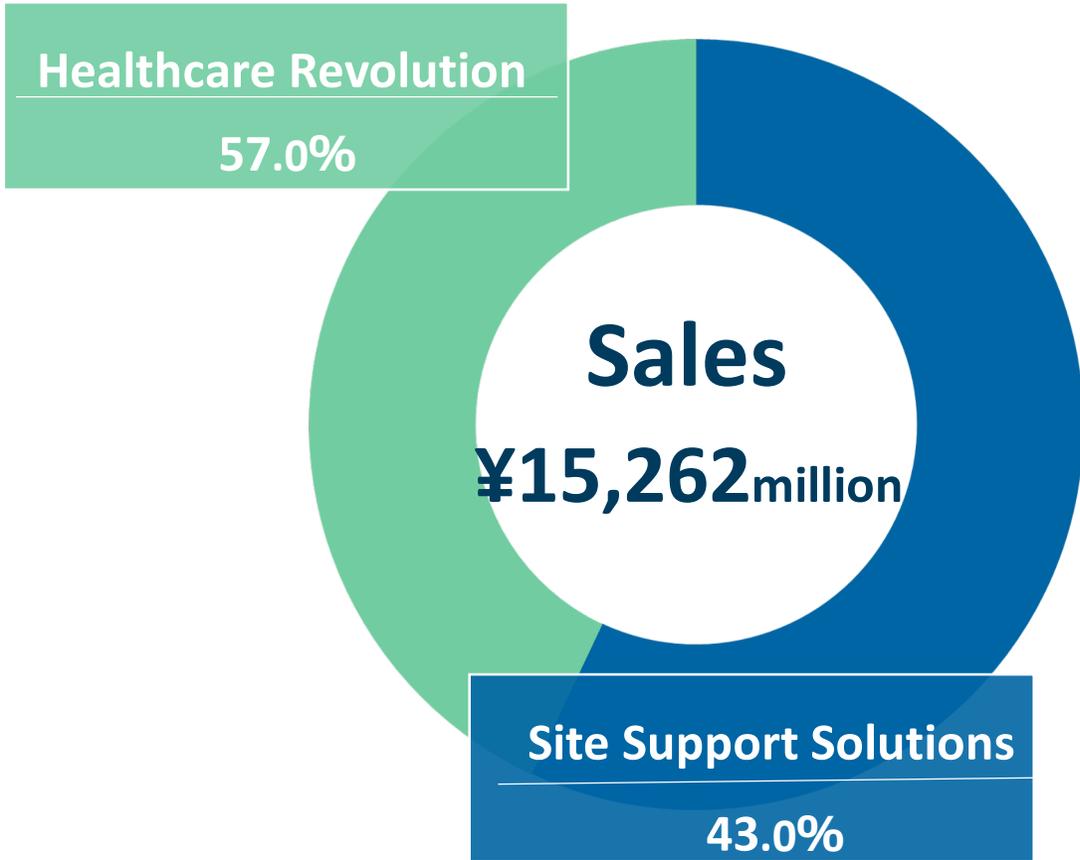


Focus activities

- 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

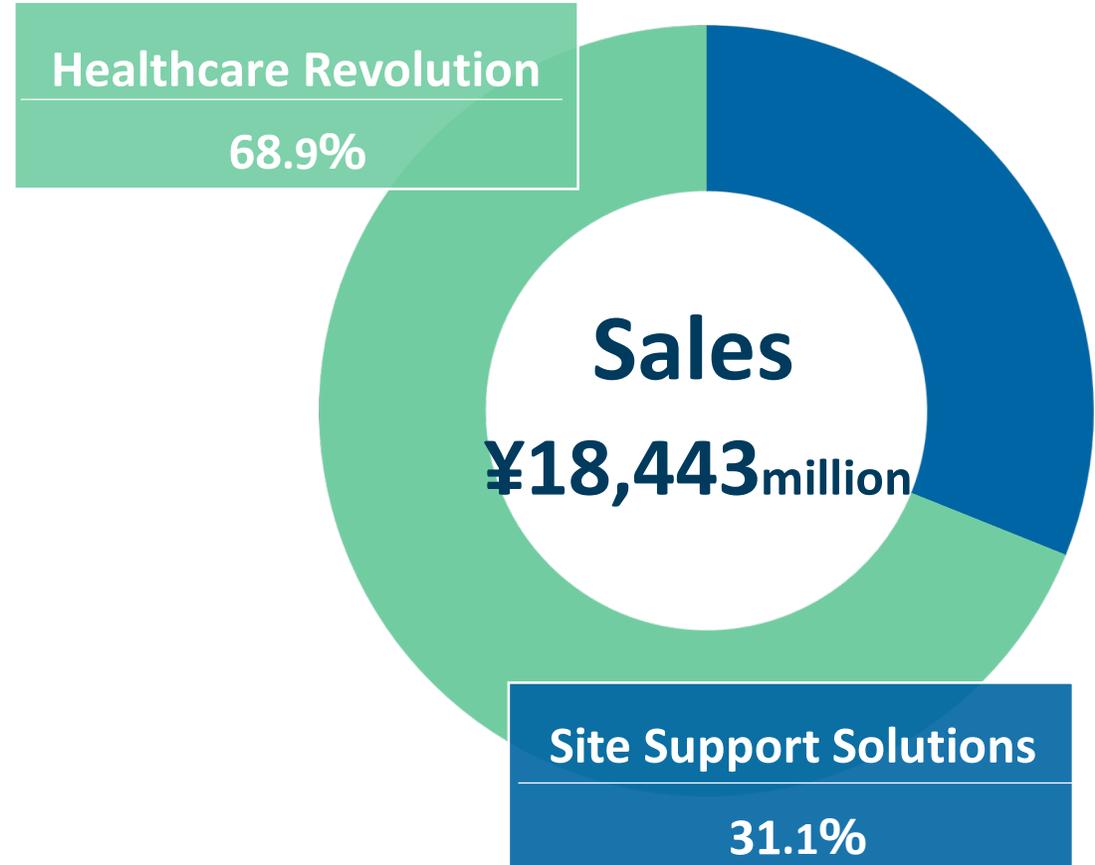
Sales composition ratio of Healthcare Solutions

FY2022 Q2



Operating profit ¥4,182million
Operating margin 27.4%

FY2023 Q2



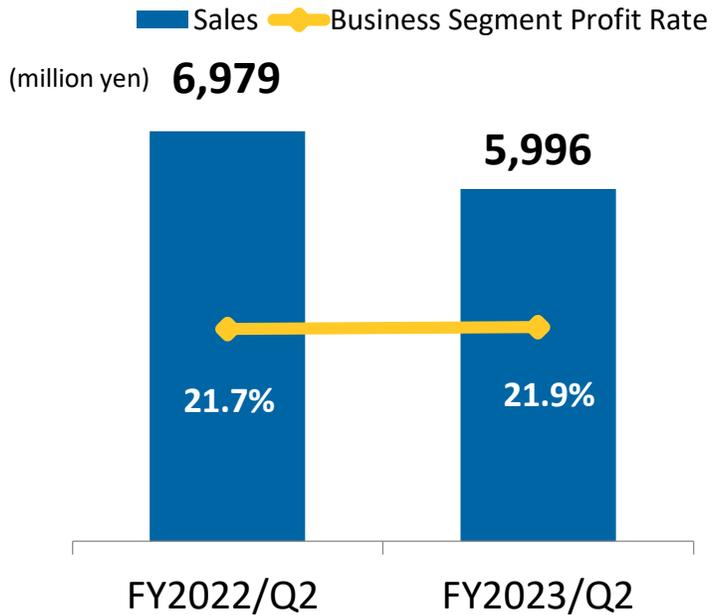
Operating profit ¥5,892million
Operating margin 31.9%

Business Segment: Site Support Solutions Business

Comprehensive support of medical institutes and medical staff

Business Overview

- Sales decreased from the same period of the previous fiscal year due to a decline in large new coronavirus vaccine development projects
- Solid orders received
- Expansion of Clinical Trial Office Support for Medical Institutions
- Expand collaboration with academia



Focus activities

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

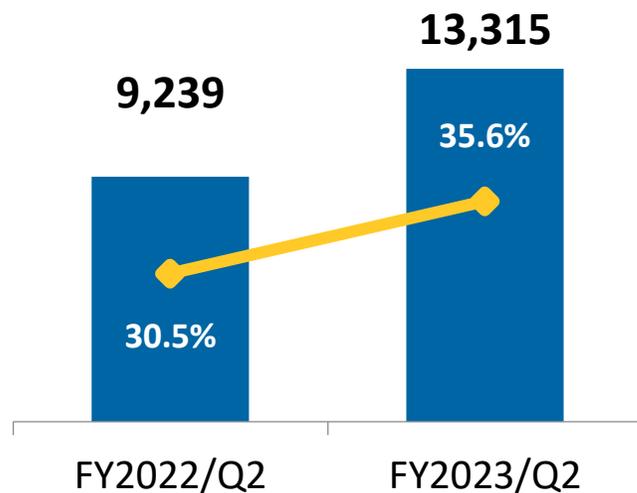
Business Segment: Healthcare Revolution Business

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
- Continued support services related to COVID-19
- Expansion of businesses that integrate disease prevention, health information, and IT technologies
 - Increase in the number of medical institutions introducing “nanacara”, a support platform for epilepsy patients and their families, and expansion of target diseases for nanacara-based services
 - Support for local government projects in line with the "Digital Garden Cities and Green Transformation"

(million yen) Sales Business Segment Profit Rate



Focus activities

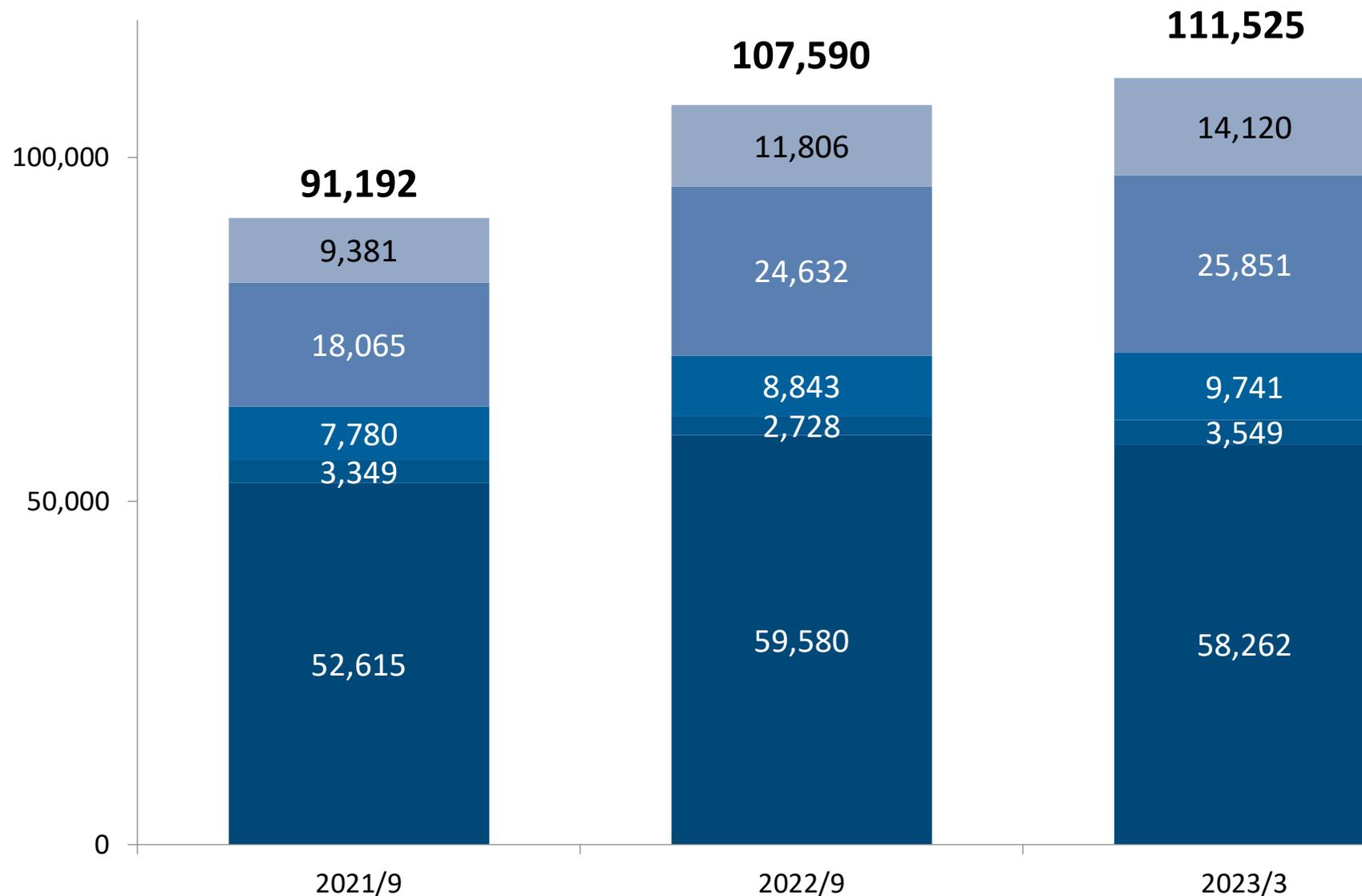
- Expansion of healthcare services & utilization of data by using harmo®
- Expansion of healthcare services for local governments and companies
- Expansion of self-screening services
- Nurture and secure healthcare human resources



Consolidated balance sheet (assets)



(¥ millions)

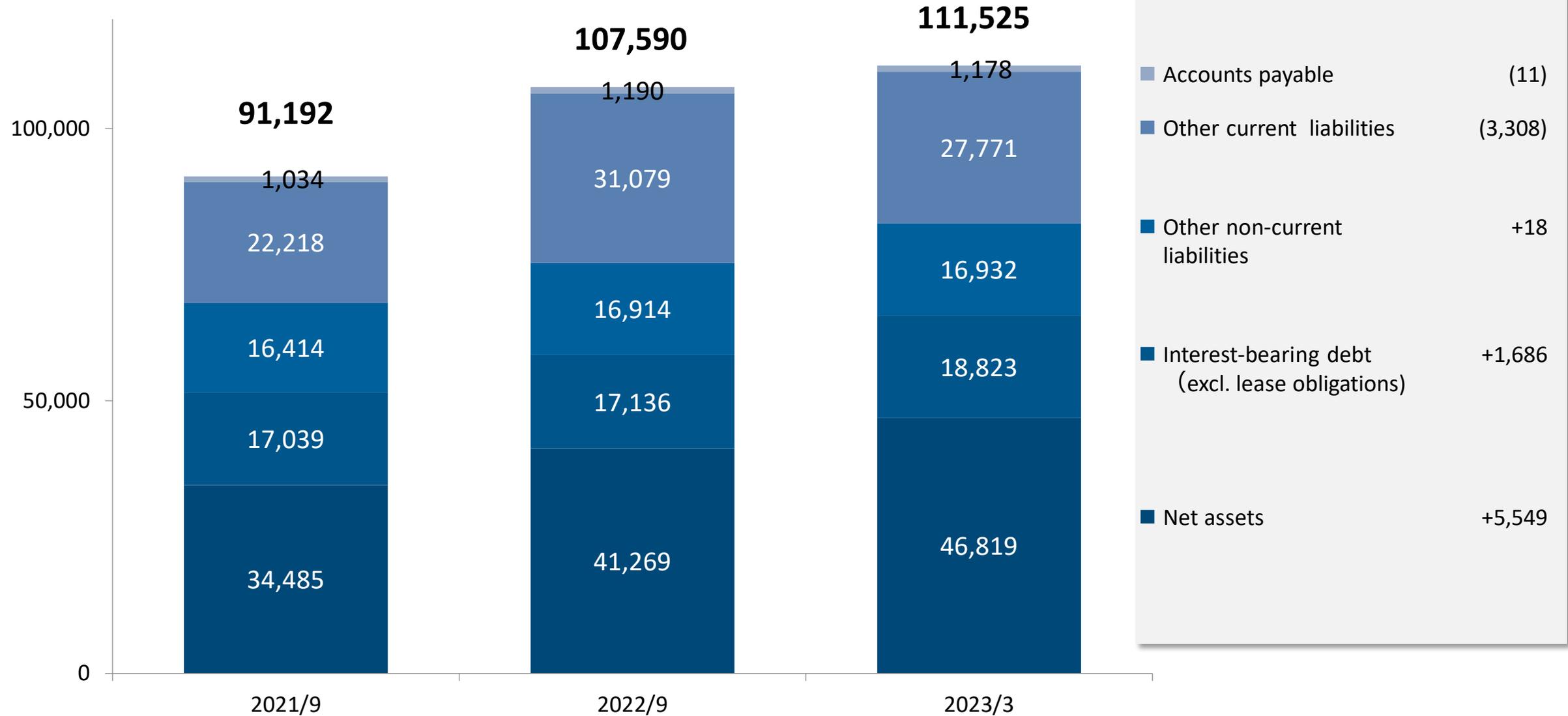


Total assets	+3,935
Cash equivalents	+2,314
Trade receivables	+1,219
Inventory	+898
Other current assets	+821
Non-current assets	(1,317)

Consolidated balance sheet (liabilities and net assets)



(¥ millions)



Cash Flows



(¥ millions)	2022/3	2023/3	Increase (decrease)	【Key factors】
Cash flows from operating activities	4,011	2,168	(1,842)	(Cash flow from operating activities) • Increase in funds due to recording of profit before income taxes, decrease in funds due to payment of income taxes and bonus payments, etc.
Cash flows from investing activities	(3,682)	267	+3,950	(Cash flow from investing activities) • Increase in funds from sale of investment securities, decrease in funds from acquisition of fixed assets, etc.
Cash flows from financing activities	906	(114)	(1,020)	(Cash flow from financing activities) • Increase in funds due to long-term borrowings, decrease in funds due to cash dividends paid and purchase of treasury shares, etc.
Effect of exchange rate change on cash and cash equivalents	(278)	(40)	+237	
Net increase(decrease) in cash and cash equivalents	956	2,281	+1,325	
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	60	—	(60)	
Cash and cash equivalents at beginning of period	9,379	11,703	+2,323	
Cash and cash equivalents at end of period	10,395	13,984	+3,588	



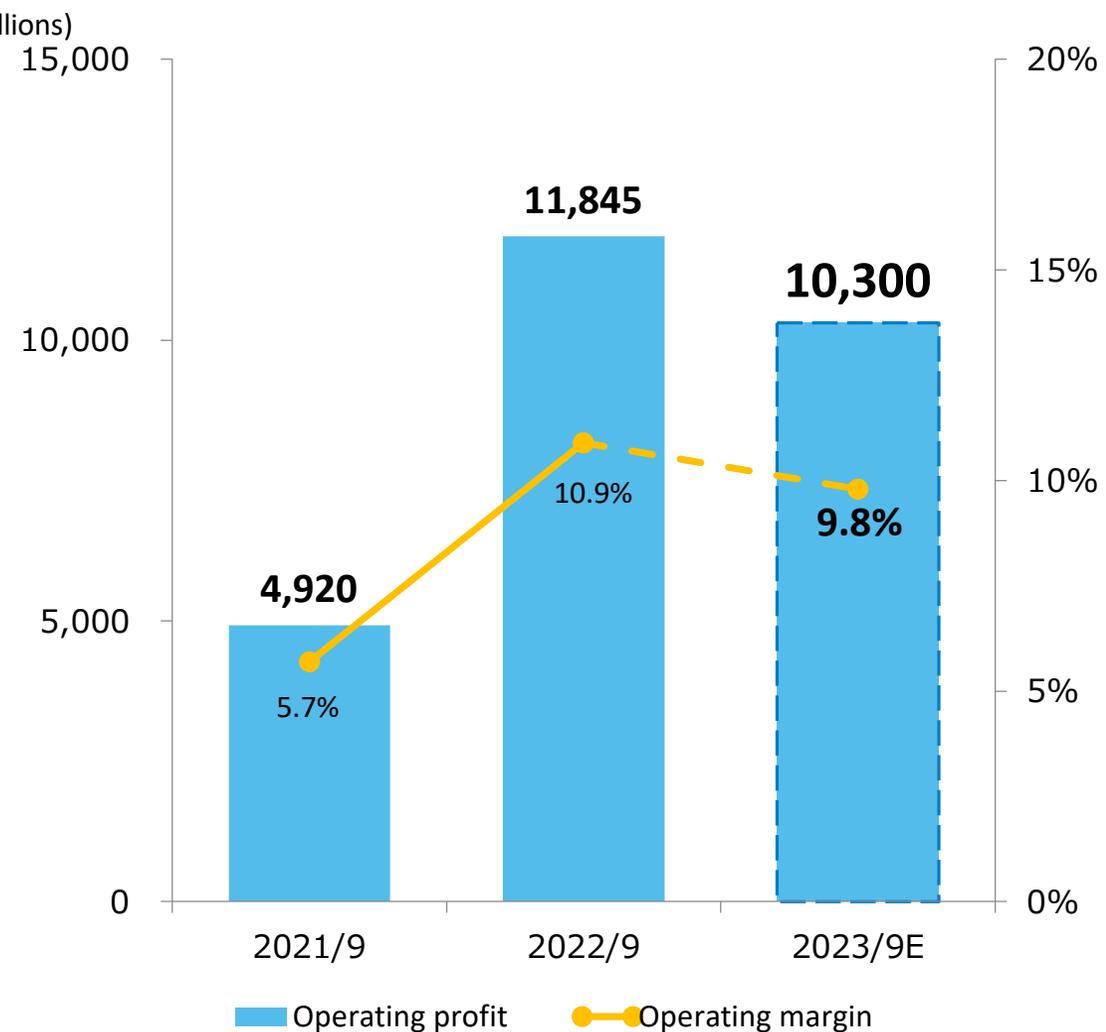
Forecast for FY ending Sep. 2023



Forecast for FY ending Sep. 2023



	2022/9 Actual	2023/9 Plan	2023/9 Forecast	Change from the original plan	(¥ millions)
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	
Net Sales	108,461	95,000	105,000	+10.5	
Operating profit	11,845	5,000	10,300	+106.0	
Ordinary profit	13,450	4,700	9,000	+ 91.5	
Profit attributable to owners of parent	8,387	2,900	7,300	+151.7	
Earnings per share	¥ 469.44	¥ 165.23	¥ 420.42		





Cautionary statement:

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