



# Overview of Financial Results for FY2023 3<sup>rd</sup> Quarter

**CMIC HOLDINGS Co., Ltd.**  
**July 31, 2023**



# 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**



# The change of CMIC CMO Group to equity-method affiliates and our Strategic Alliance Agreement with Dai Nippon Printing Co., Ltd. (DNP)



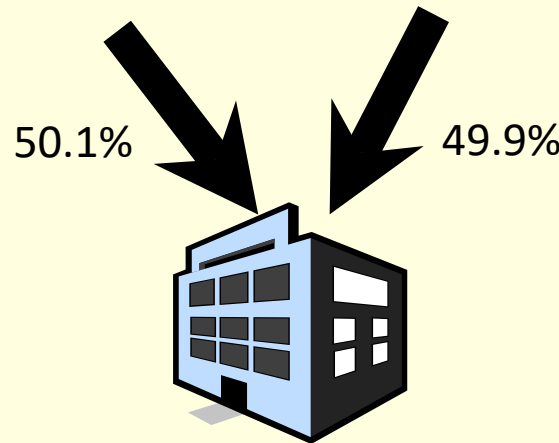
**DNP**  
Dai Nippon Printing



**CMIC**

## Targeting New Value Creation in Medical and Healthcare Field

Knowledge of APIs,  
functional packaging  
technology, and packaging  
design, etc.



Entrepreneurial strength and  
extensive knowledge in the  
medical and healthcare field

CMIC CMO Co., Ltd.

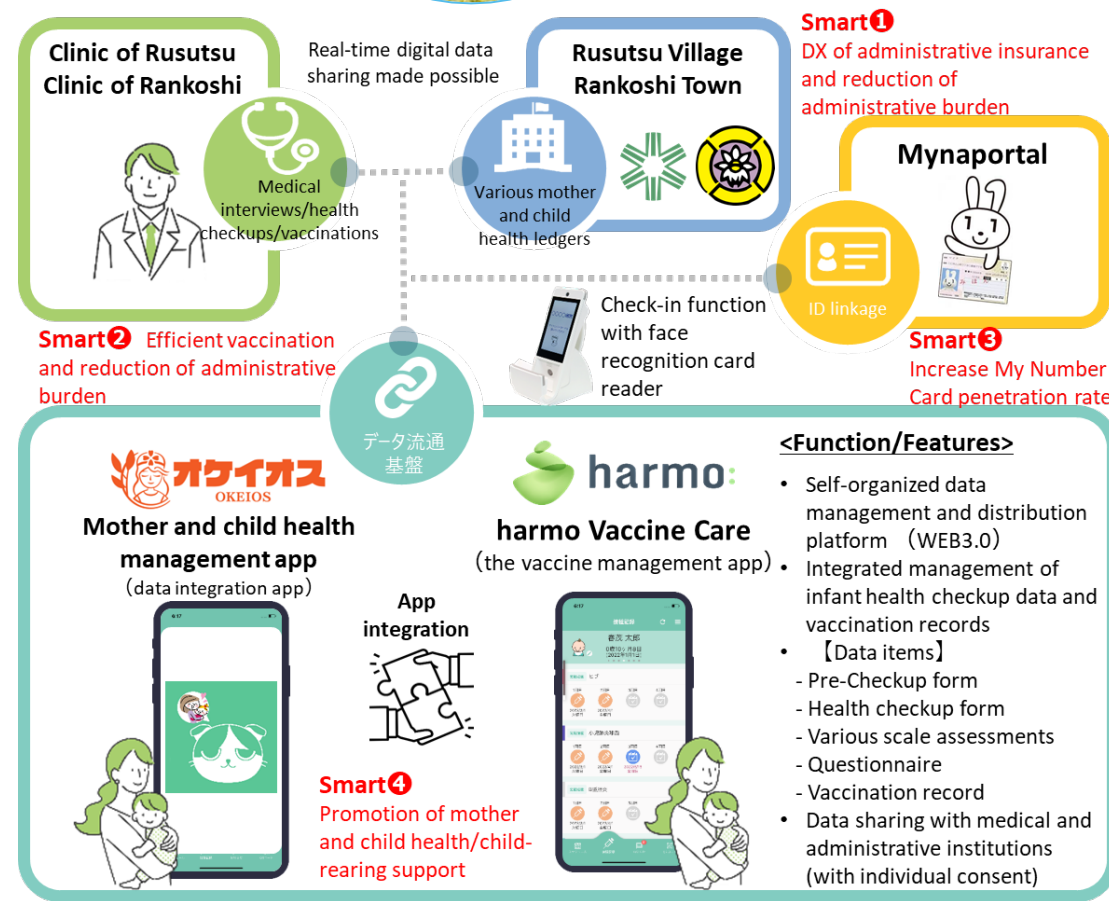
- **Development of value-added pharmaceuticals by combining packaging technology with drug formulation technology**  
→ Develop products using deoxygenated packaging technology that can stabilize lyophilized injections as liquids even at room temperature
- **Establishment of an integrated system from API process development and manufacturing to formulation development and manufacturing**  
→ Create a platform for developing new generic products

Using June 30 as the deemed date, CMIC CMO Group's statement of income is consolidated through Q3, while the balance sheet is excluded at the end of the period.



## 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
  - Started new solutions to local government / municipalities
    - Hokkaido's Rusutsu Village and Rankoshi Town promoting the digitization of smart maternal and child health services





## Evolution of healthcare business

### ➤ 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
- In May 2023, the vaccine management app “harmo Vaccine Care” started collaborating with My Number Portal
  - Public vaccination records can be viewed on the app, making vaccination management easier.
- Participating in the “Be Smart KOBE Project” for the 2023 fiscal year in Kobe City
  - Aim to strengthen contacts between citizens and their regular pharmacists through the use of “harmo” channel
- Participating in the "PHR Service Business Association" launched in July 2023.
  - Leading discussions on PHR standardization as the chair company in the “Standardization Committee”



# Progress of 3<sup>rd</sup> 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 –
    - Supports the first rare cancer online clinical trial (full remote DCT) at National Cancer Center Hospital
    - 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
  - Commencement of Phase III 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 3<sup>rd</sup> quarter of FY2023



## Contribution to sustainable society through services with high social benefits

- Developing and nurturing human resources
  - Completion of “Yuzuriha,” a next-generation education and international exchange hub
  - Introduction of a remuneration system that allows for the flexible hiring and treatment of human resources
- 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



【Yuzuriha】

# Consolidated income statement (overview)



	FY2022 Q3		FY2023 Q3		Change	Percent Change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Net sales	78,367	100.0	85,816	100.0	+7,448	+9.5
Operating profit	9,280	11.8	10,095	11.8	+815	+8.8
Ordinary profit	10,440	13.3	9,996	11.6	(444)	(4.3)
Profit attributable to owners of parent	5,932	7.6	7,636	8.9	+1,704	+28.7
Earnings per share	¥330.30		¥442.19			

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 Q3	FY2023 Q3
Non-operating income	1,314	110
Interest income	2	7
Foreign exchange gains	1,222	28
Subsidy income	20	33
Other	69	40
Non-operating expenses	153	209
Interest expenses	112	145
Share of loss of entities accounted for using equity method	—	19
Other	40	43

(¥ millions)	FY2022 Q3	FY2023 Q3
Extraordinary income	—	3,388
Gain on change in equity	—	38
Gain on sale of investment securities	—	3,349
Extraordinary losses	79	283
Loss on retirement of non-current assets	71	172
Loss on valuation of investment securities	8	61
Loss on liquidation of subsidiaries	—	49
Income taxes	4,258	5,350
Profit (loss) attributable to non-controlling interests	170	113

# Sales & Operating profit by reportable segment



		FY2022 Q3 Amount (¥ millions)	FY2023 Q3 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	56,977	<b>62,840</b>	+5,862	+10.3
	Operating profit	4,139	<b>4,402</b>	+263	+6.4
Healthcare Solutions	Sales	21,862	<b>24,102</b>	+2,239	+10.2
	Operating profit	6,210	<b>7,007</b>	+797	+12.8
Adjustments	Sales	(472)	<b>(1,125)</b>	(653)	—
	Operating profit	(1,069)	<b>(1,314)</b>	(245)	—
Consolidated	Sales	78,367	<b>85,816</b>	+7,448	+9.5
	Operating profit	9,280	<b>10,095</b>	+815	+8.8

## \*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



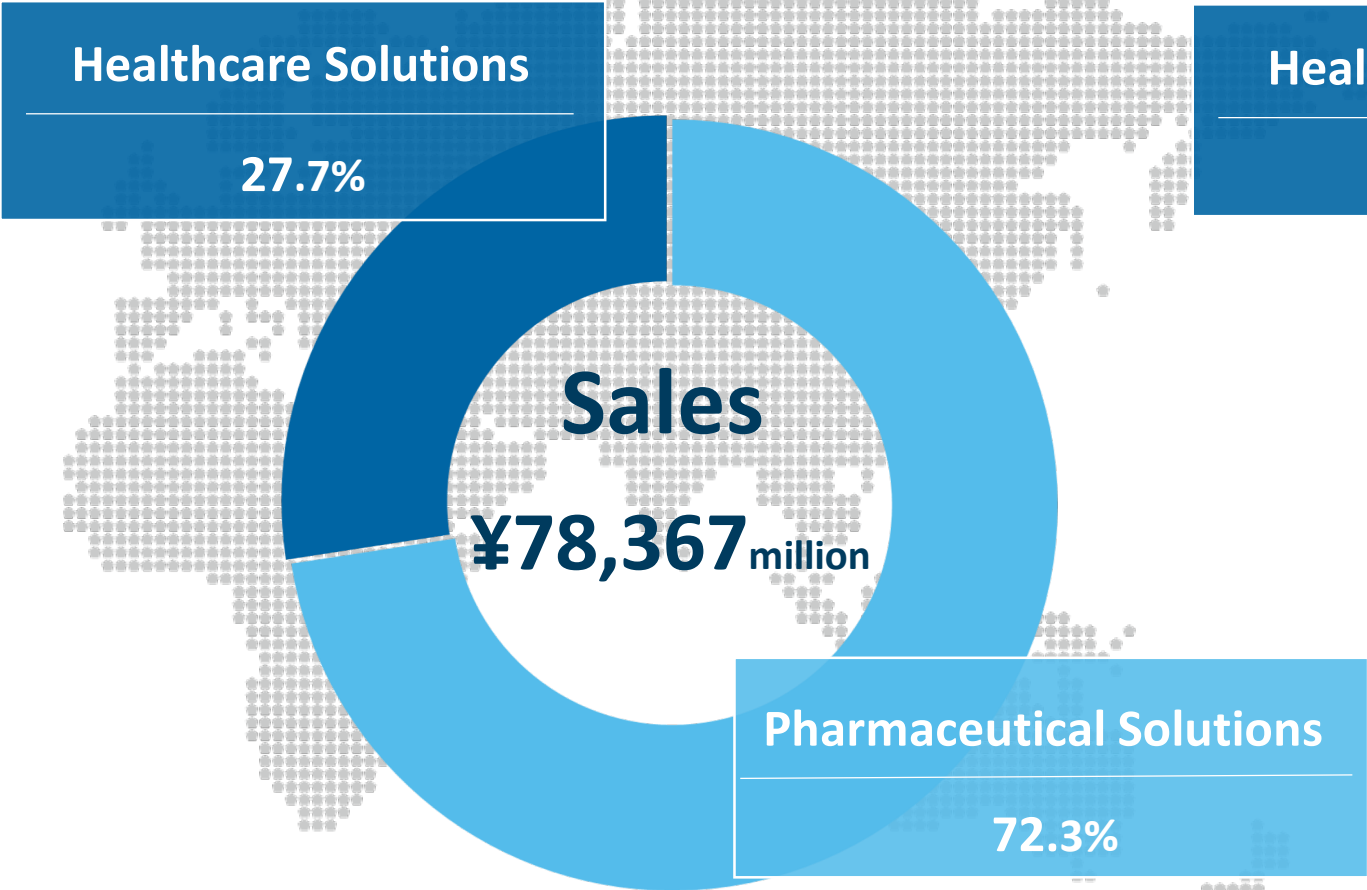
	FY2022 Q3		FY2023 Q3			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
Pharmaceutical Solutions	65,500	79,419	53,602	(18.2)	70,491	(11.2)
Healthcare Solutions	22,279	17,438	22,915	+2.9	15,362	(11.9)
T o t a l	87,780	96,857	76,518	(12.8)	85,854	(11.4)

Following the conversion to an equity-method affiliate, orders received and backlog of 6,835 million yen for CMIC CMO Group, which will be recognized as sales from the fourth quarter onward, have been deducted from the cumulative period of the third quarter. The order received of Pharmaceutical Solutions prior to deduction decreased by 7.7% compared to the same period of the previous year, and the backlog decreased by 2.6%.

# Sales composition ratio

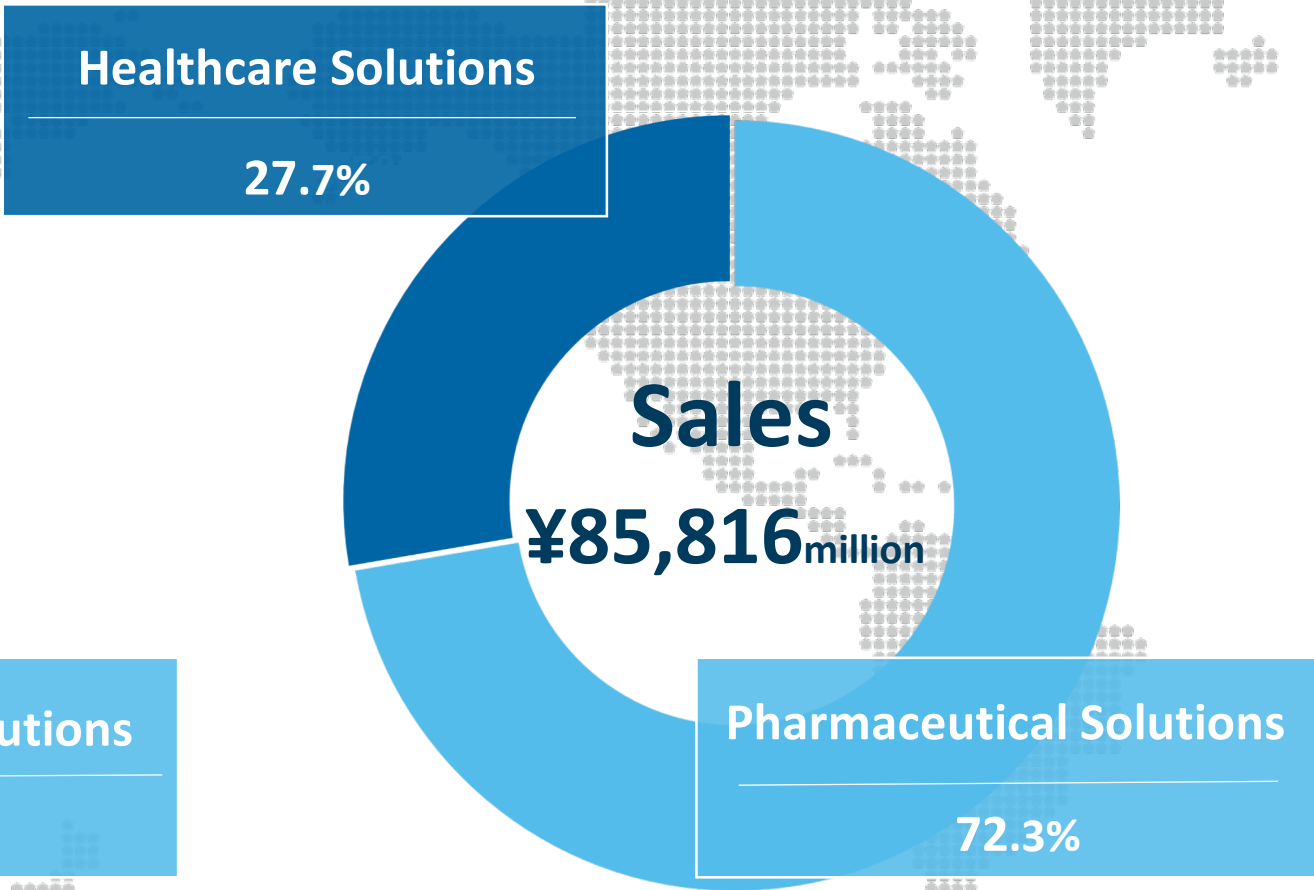


FY2022 Q3



**Operating profit**    ¥9,280million  
**Operating margin**   11.8%

FY2023 Q3

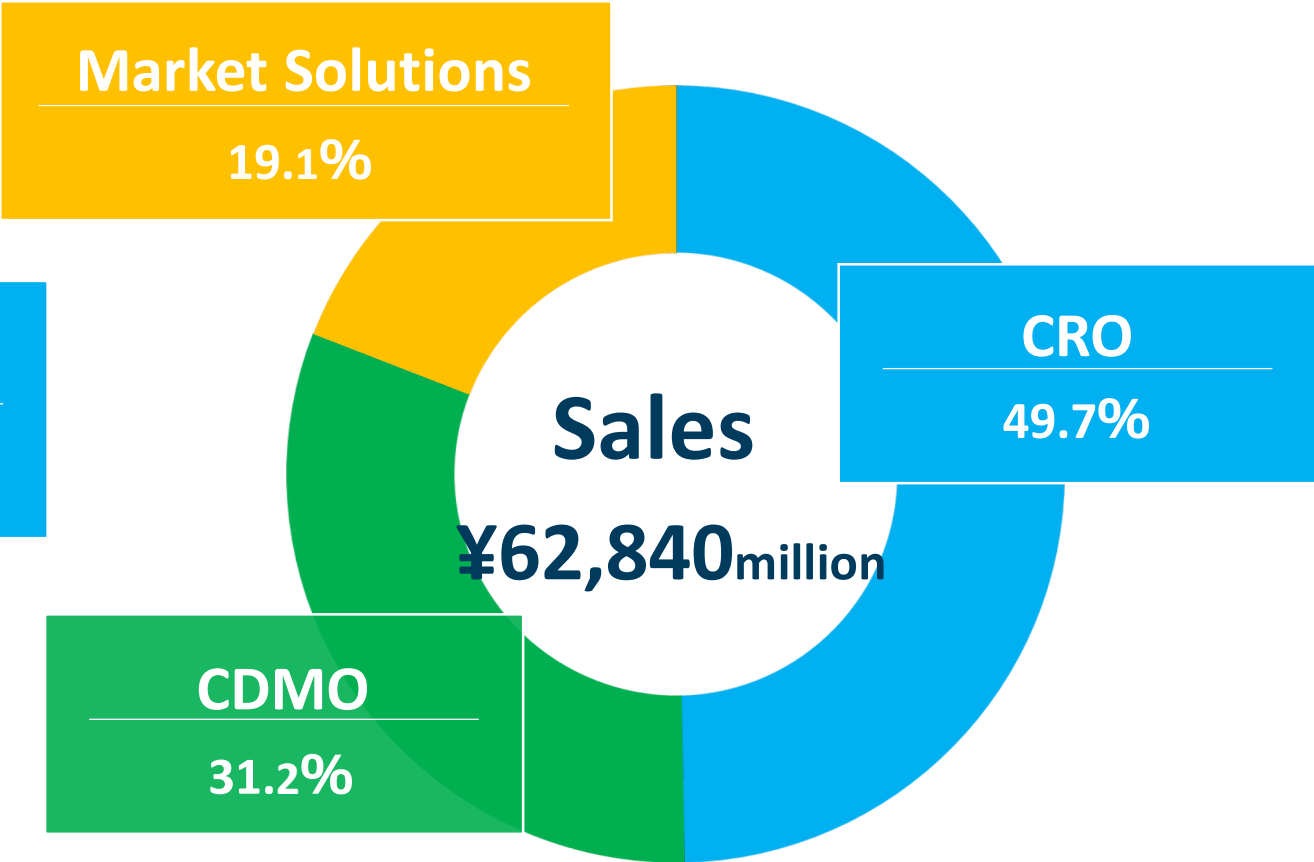
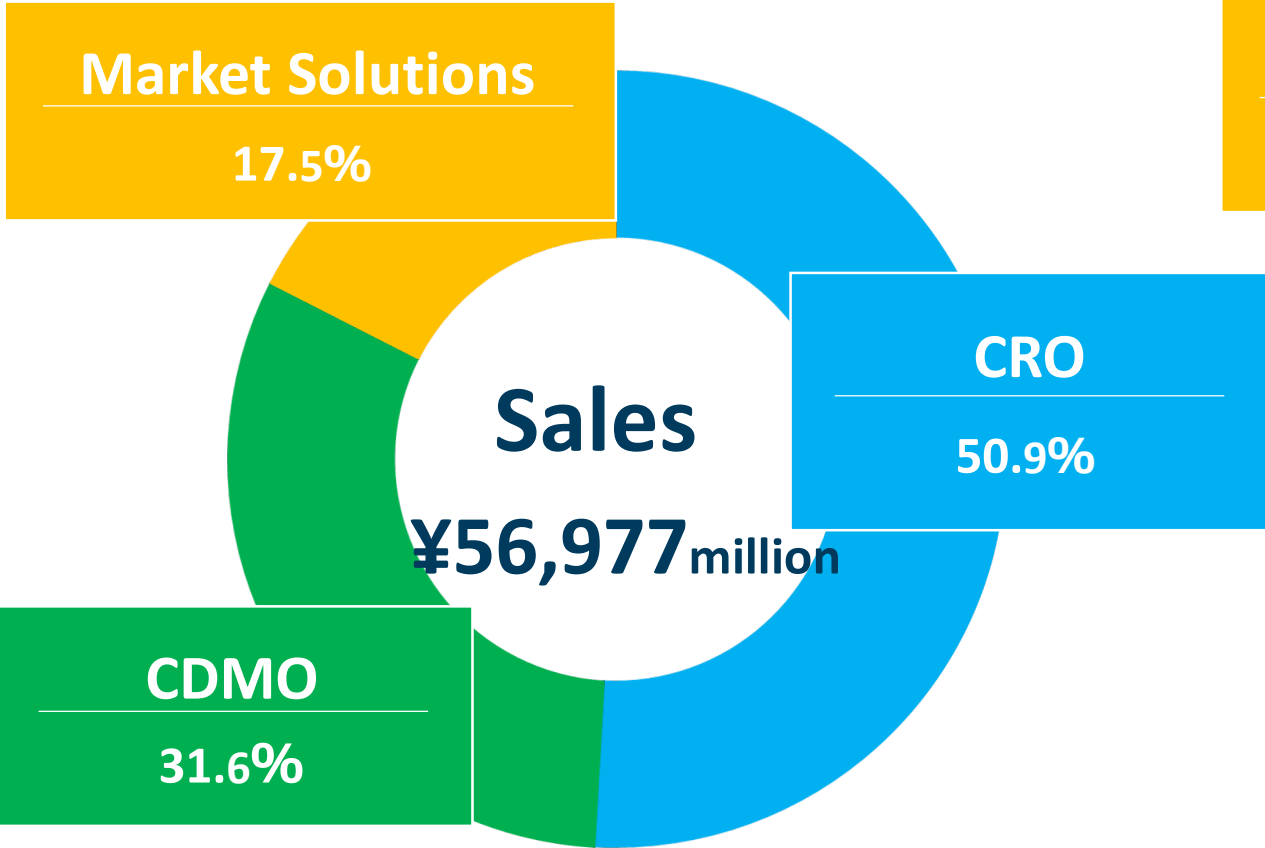


**Operating profit**    ¥10,095million  
**Operating margin**   11.8%

# Sales composition ratio of Pharmaceutical Solutions

FY2022 Q3

FY2023 Q3



Operating profit    ¥4,139million  
Operating margin    7.3%

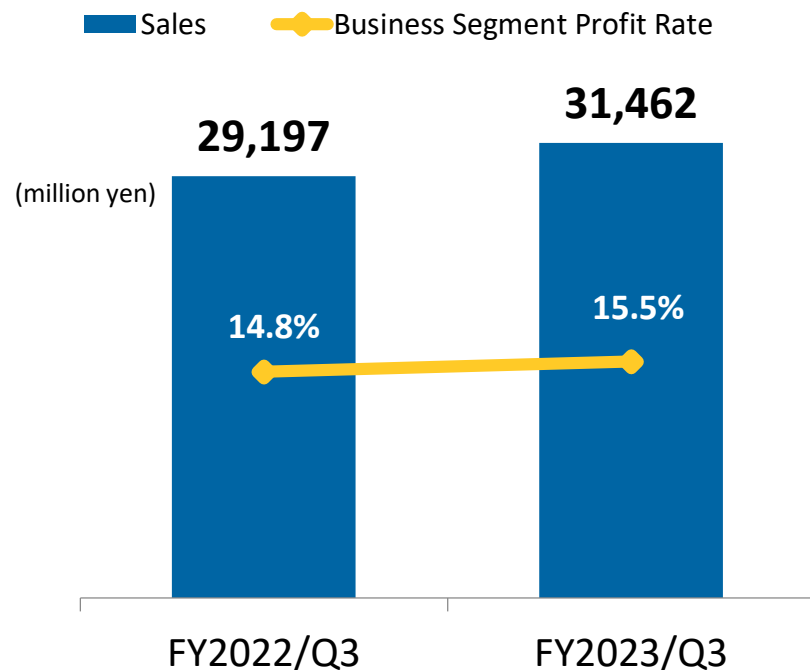
Operating profit    ¥4,402million  
Operating margin    7.0%

# 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

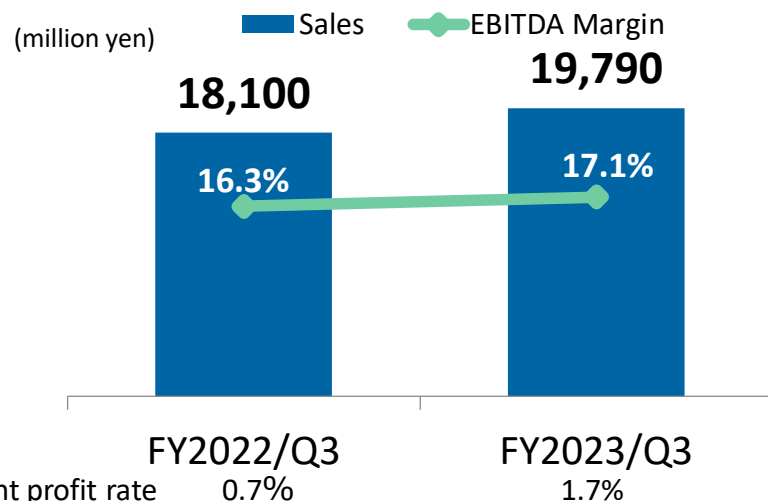
- Enhanced development support for advanced therapies such as biologics and regenerative medicine (full support for filing by Academia and BV)
- Digital applications such as DCT and RWD
- Proactive take on nucleic acid medicine projects via collaboration of laboratories in Japan and the U.S.
- Proactive 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
- Business Collaboration with DNP Group
  - Development of value-added pharmaceuticals by combining DNP's packaging technology with CMIC's formulation development technology
  - Establishment of an integrated system from DNP's process development and manufacturing of APIs to CMIC's formulation development and manufacturing
- 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.
- Ashikaga Injectable Drug Facility smoothly started production and sales of large projects
- Delayed recovery in US performance, focus on acquiring new projects



## Focus activities

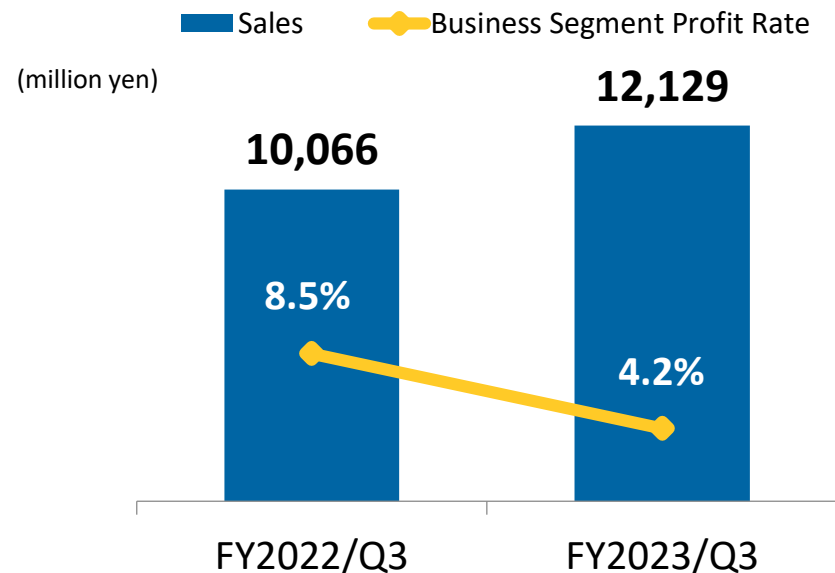
- Steady implementation of production at the Ashikaga injectable drug facility and its contribution to earnings
- Full-scale development of licensing business for formulation technologies (microneedles, etc.)
- Expand business at the new U.S. site
- Strengthen our position as a strategic partner for 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
- Outsourcing by pharmaceutical companies is accelerating due to personnel adjustments and other factors, and the MR dispatch market is expanding
- 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



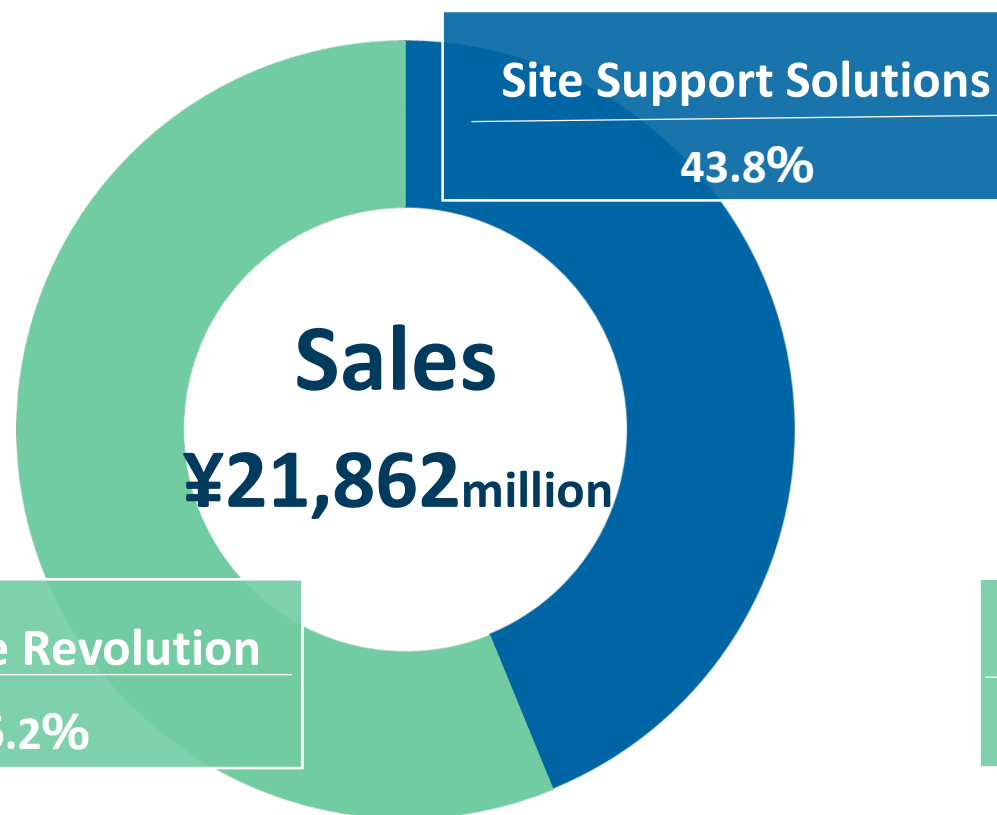
## Focus activities

- 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

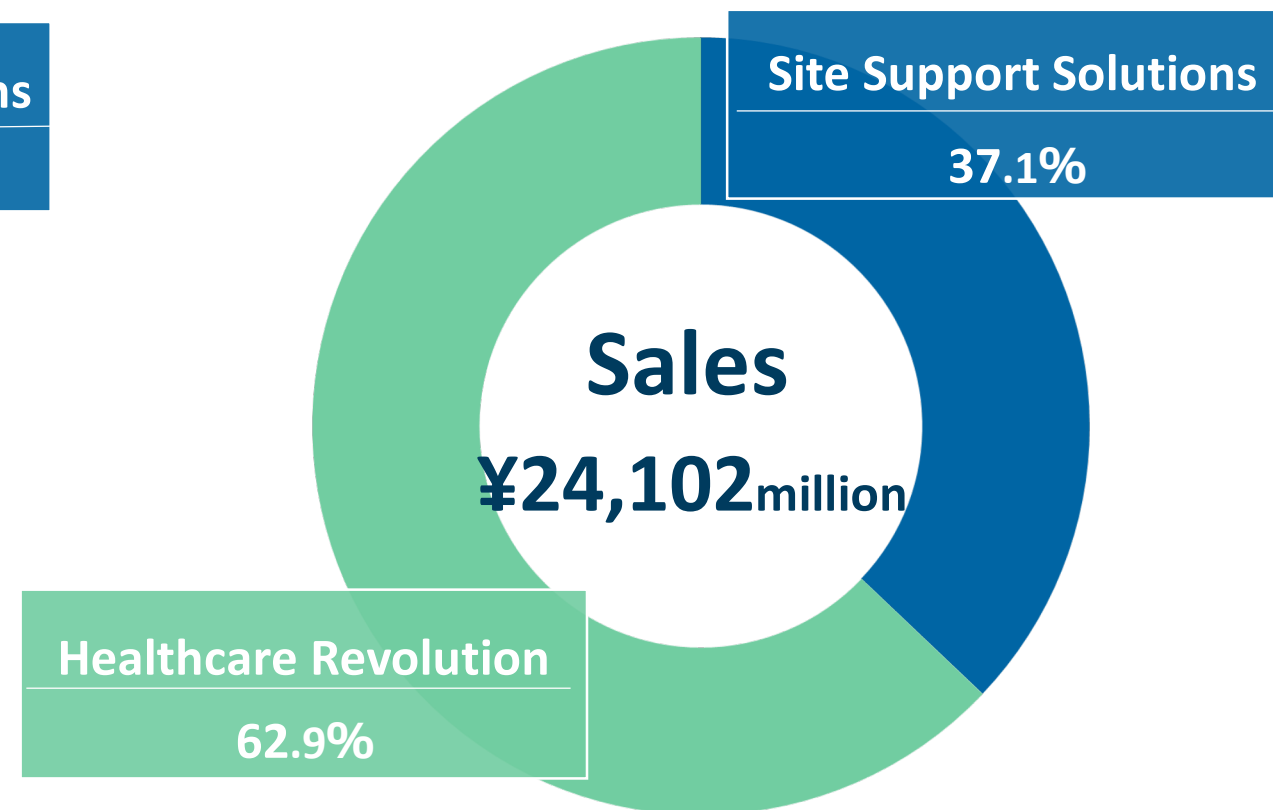
Healthcare  
Solutions

FY2022 Q3



Operating profit    ¥6,210million  
Operating margin    28.4%

FY2023 Q3



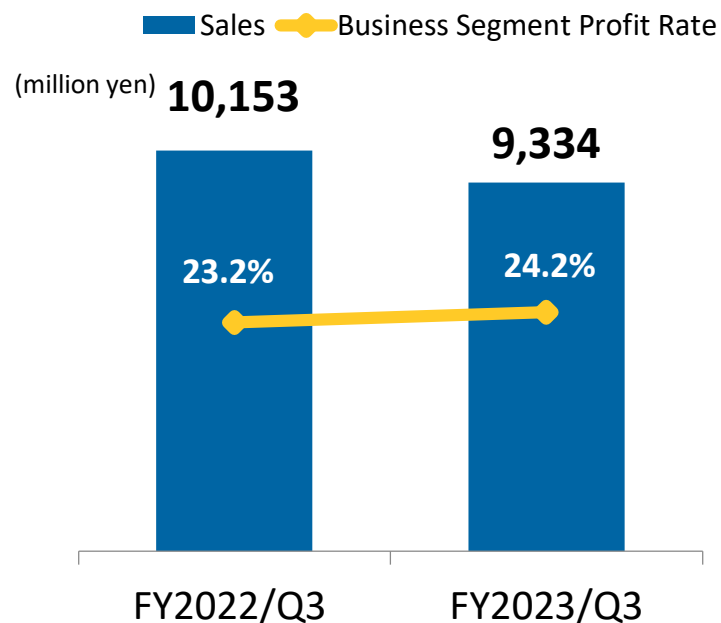
Operating profit    ¥7,007million  
Operating margin    29.1%

# 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

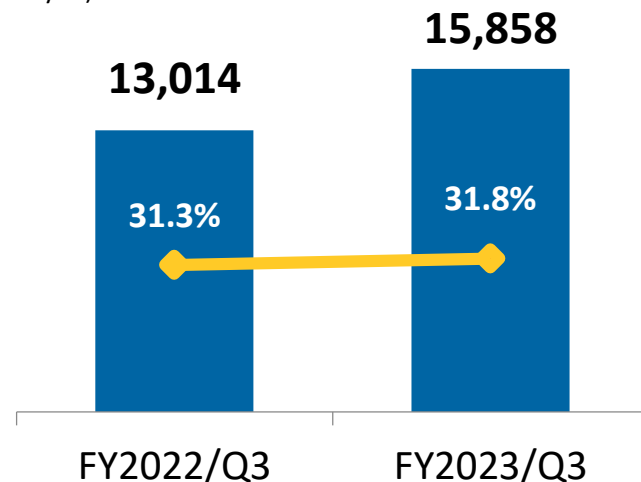
# Business Segment: Healthcare Revolution Business

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

## Business Overview

- Sales increased from 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
  - Started digitalization supporting local government projects in line with the "Digital Garden Cities and Green Transformation"
- "harmo Vaccine Care" is now linked to Mynaportal

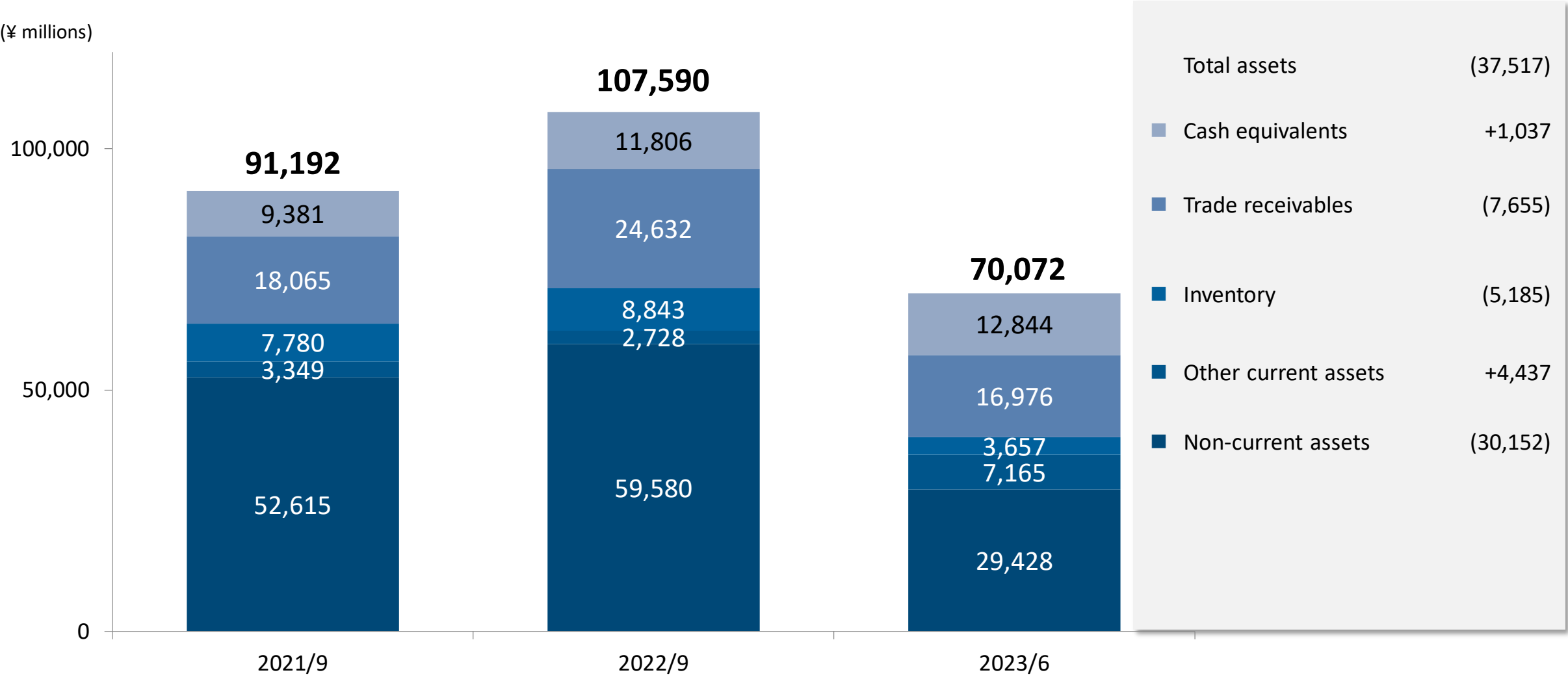
(million yen)      ■ Sales      ◆ Business Segment Profit Rate



## Focus activities

- Expansion of healthcare services and 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

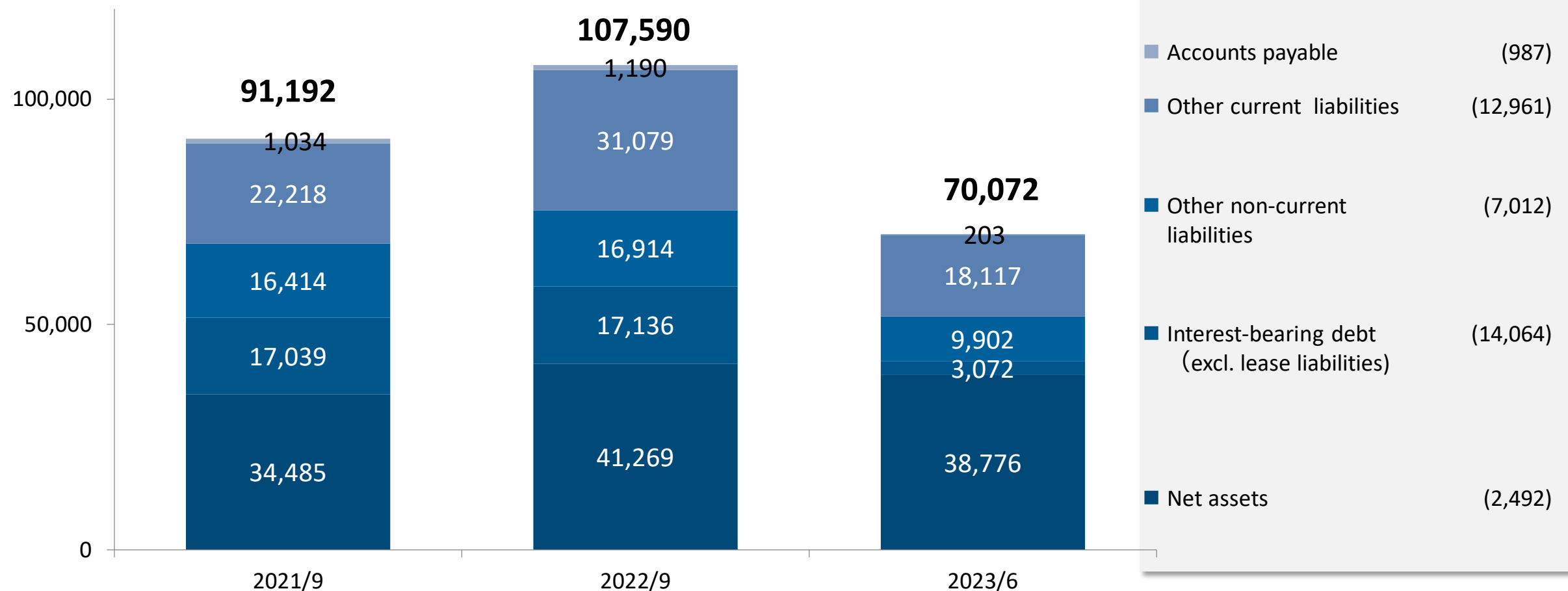
# Consolidated balance sheet (assets)



Mainly due to the conversion of CMIC CMO Group into an equity-method affiliate, tangible fixed assets, trade receivable, and inventories etc. have decreased.

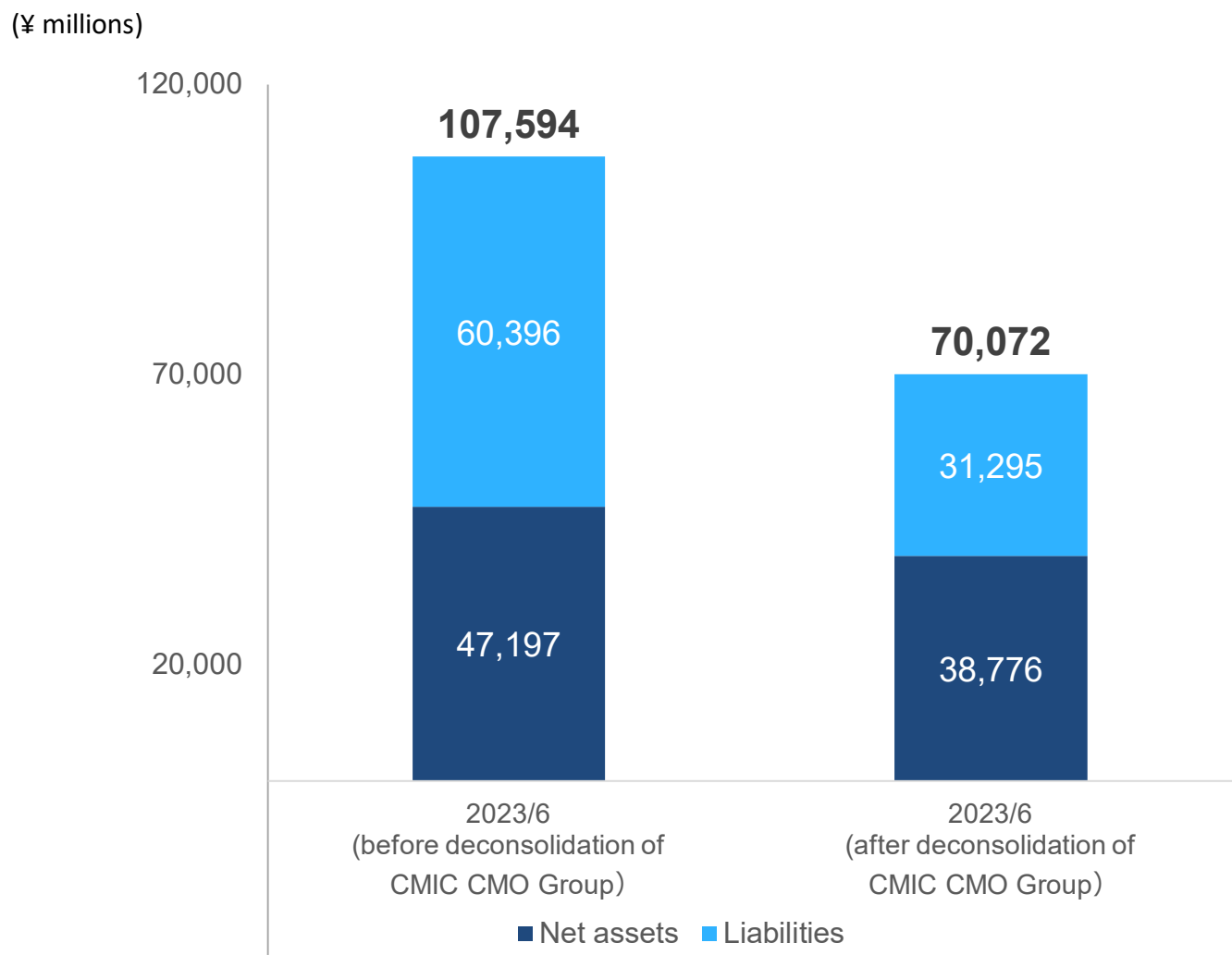
# Consolidated balance sheet (liabilities and net assets)

(¥ millions)



Decreased mainly due to conversion of CMIC CMO Group into an equity-method affiliate.

# Impact of the deconsolidation of CMIC CMO Group



<b>Assets</b>	<b>(37,522)</b>
Trade receivables	(3,035)
Inventory	(5,496)
Non-current assets	(28,842)

<b>Liabilities</b>	<b>(29,101)</b>
Interest-bearing debt	(15,080)
<b>Net assets</b>	<b>(8,421)</b>
Non-controlling interests	(8,411)

Tangible fixed assets and interest-bearing debt etc. decreased  
Equity ratio increased from 34.4% to 52.8%



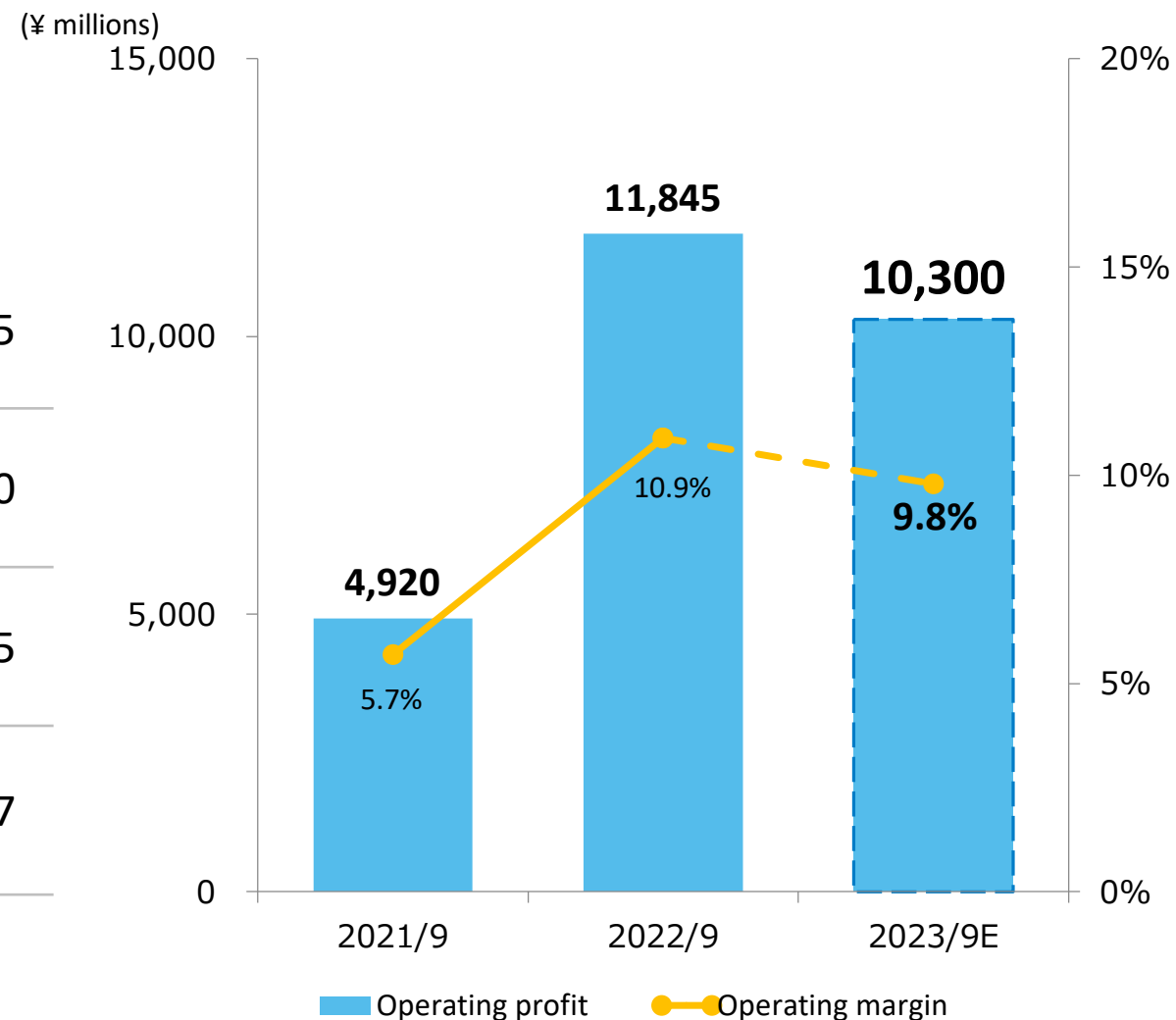
# Forecast for FY ending Sep. 2023



# Forecast for FY ending Sep. 2023



	2022/9 Actual (¥ millions)	2023/9 Plan (¥ millions)	2023/9 Forecast (2023/4/28) (¥ millions)	Change from the original plan (%)
Net Sales	108,461	95,000	<b>105,000</b>	+10.5
Operating profit	11,845	5,000	<b>10,300</b>	+106.0
Ordinary profit	13,450	4,700	<b>9,000</b>	+ 91.5
Profit attributable to owners of parent	8,387	2,900	<b>7,300</b>	+151.7
Earnings per share	¥ 469.44	¥ 165.23	<b>¥ 424.07</b>	





Cautionary statement:

This translation is prepared and provided for readers' convenience only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

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.

