CMIC
Pharmaceutical Value Creator

Overview of Financial Results for FY2024 1st Quarter

CMIC HOLDINGS Co., Ltd.

January 31, 2024

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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

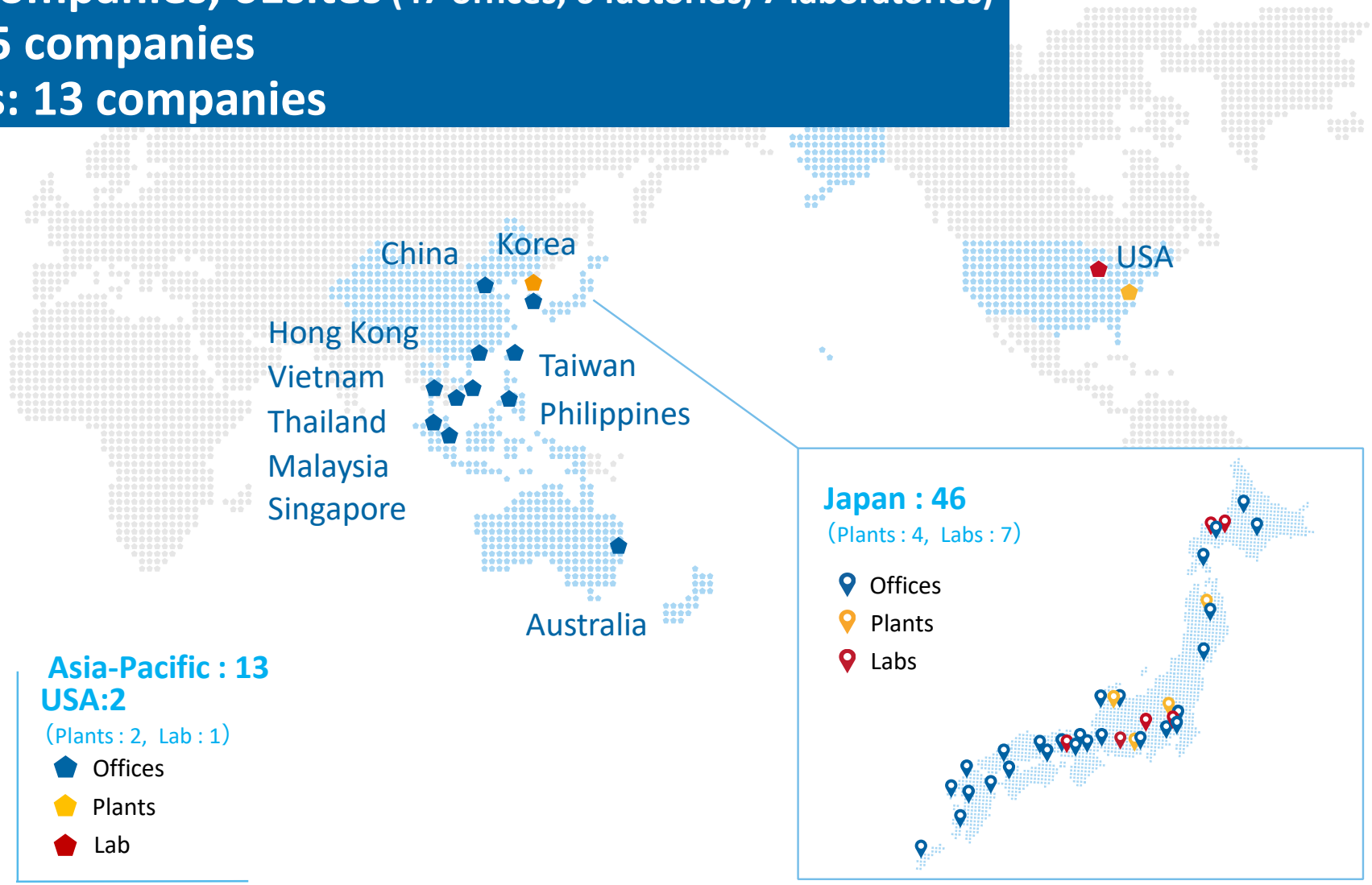
Comprehensive support for research and development of disease prevention and treatment

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

28 group companies, 61sites (47 offices, 6 factories, 7 laboratories)
Japan: 15 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

Actual Results for 1st quarter of FY2024

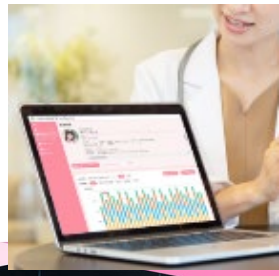
Evolution of healthcare business

- **Accumulation of PHR (Personal Health Record) and establishment of health and disease platform**
  - **Business development centered on "nanacara", a support platform for patients and families**

    - Epilepsy patient support pharmacy "nanacara pharmacy" opened in Osaka
    - Expanding diseases/indications covered by "nanacara"

  - **Develop business using health and disease data platforms**

    - Provide health and disease data management solutions (Healthcare Passbook™ application) using fundamental technologies such as harmo® and blockchain technology



【 nanacara pharmacy 】

[Healthcare Passbook™ App: my melmo™]
Ability to integrate, store, and provide personal data with the consent of the individual *Image is for reference only.

Evolution of healthcare business

Diversification of Healthcare services

- **Expansion of support for local governments**

  - In a demonstration project to promote communication in Ina City, Nagano Prefecture, the conversation AI robot "Romi" (provided by MIXI, Inc.) was used to alleviate problems with loneliness and isolation.

- **Support “healthy management” of enterprises**

  - Providing an electronic medication diary service to the transportation industry to prevent health-related driving accidents caused by medications and diseases.

harmo
おくすり手帳

Actual Results for 1st quarter of FY2024

Evolution of healthcare business

- **Strengthening support to medical care institutions and healthcare providers**
  - **Expansion in scope of supporting clinical trials**

    - expand support for universities and flagship hospitals that serve as the hub of regional medical care
    - strengthen cooperation with hospitals specializing in disease areas and academia
  - **Development of healthcare services**

    - Contact center specializing in the medical field and support for improving medication adherence

- **Expansion of BPO and talent/HR services in the healthcare sector**

Actual Results for 1st quarter of FY2024

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 –
  - **<u>Strengthening drug discovery platforms that contribute to the creation of innovative drugs</u>**

    - Developed comprehensive consulting services for overseas bio ventures entering the Japanese market

    - Turned Hamamatsu Pharma Research into a CMIC Group subsidiary to expand services in the early stages of drug discovery in cutting-edge fields, using an original monkey pathological model that evaluates the efficacy of drug candidate substances

Actual Results for 1st quarter of FY2024

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 –
  - **<u>Accelerating the global expansion of CRO Business</u>**
    - Promoting DX of clinical trials
    - Alliance with CROs outside Japan
  - **<u>Growth in MR dispatching services due to the boost in outsourcing activities</u>**

Actual Results for 1st quarter of FY2024

Contribution to sustainable society through services with high social benefits

- **Establish a management foundation that can respond promptly to changes in the business environment**
  - **Boost the value that employees autonomously demonstrate (Personal Business Value)**
  - **Early development and acquisition of diverse human resources**

    - Fundamental review of evaluation and compensation systems

- **Initiatives to combat climate changes**
  - **Addressing climate change in line with TCFD recommendations**
  - **Raising Global Environmental Awareness**

    - Co-hosting the 15th "International Children's Drawing Contest" and workshop

【Yuzuriha】a next-generation education and international exchange hub

Consolidated income statement (overview)

	FY2023 Q1		FY2024 Q1			
	Amount	Composition Ratio	Amount	Composition ratio	Change	Percent Change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Net sales	29,677	100.0	**18,087**	100.0	(11,590)	(39.1)
Operating profit	4,270	14.4	**944**	5.2	(3,325)	(77.9)
Ordinary profit	3,401	11.5	**505**	2.8	(2,896)	(85.1)
Profit attributable to owners of parent	1,950	6.6	**125**	0.7	(1,824)	(93.6)
Earnings per share	¥111.73		¥7.42			

Both sales and profits declined due to a decrease in municipal support services related to novel coronavirus infection and the conversion of CMIC CMO Group into an equity-method affiliate in June 2023.

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

(¥ millions)	FY2023 Q1	FY2024 Q1
Non-operating income	32	13
Interest income	1	0
Subsidy income	11	3
Other	19	9
Non-operating expenses	901	452
Interest expenses	42	8
Foreign exchange losses	816	93
Share of loss of entities accounted for using equity method	15	198
Tender offer related expenses	–	148
Other	27	2

(¥ millions)	FY2023 Q1	FY2024 Q1
Extraordinary losses	25	4
Loss on retirement of non-current assets	13	–
Loss on sale of investment securities	–	4
Loss on valuation of investment securities	11	–
Income taxes	1,516	331
Profit attributable to non-controlling interests	(91)	43

Sales & Operating profit by reportable segment

		FY2023 Q1 Amount (¥ millions)	FY2024 Q1 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	20,494	**14,220**	(6,274)	(30.6)
	Operating profit	1,722	**1,191**	(530)	(30.8)
Healthcare Solutions	Sales	9,646	**4,017**	(5,629)	(58.4)
	Operating profit	2,945	**228**	(2,716)	(92.2)
Adjustments	Sales	(463)	**(150)**	+313	–
	Operating profit	(398)	**(476)**	(77)	–
Consolidated	Sales	29,677	**18,087**	(11,590)	(39.1)
	Operating profit	4,270	**944**	(3,325)	(77.9)

*Adjustments

Sales are internal elimination of transactions between reporting segments ,and sales that are not allocated to each reportable segment and are related to the Company (holding company).

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

Pharmaceutical Solutions: Revenues decreased due to the deconsolidation of CMIC CMO Group, and income decreased due to increased labor costs associated with the deconsolidation and higher compensation levels.

Healthcare Solutions: Revenues and earnings declined due to a decrease in municipal support services related to novel coronavirus infections.

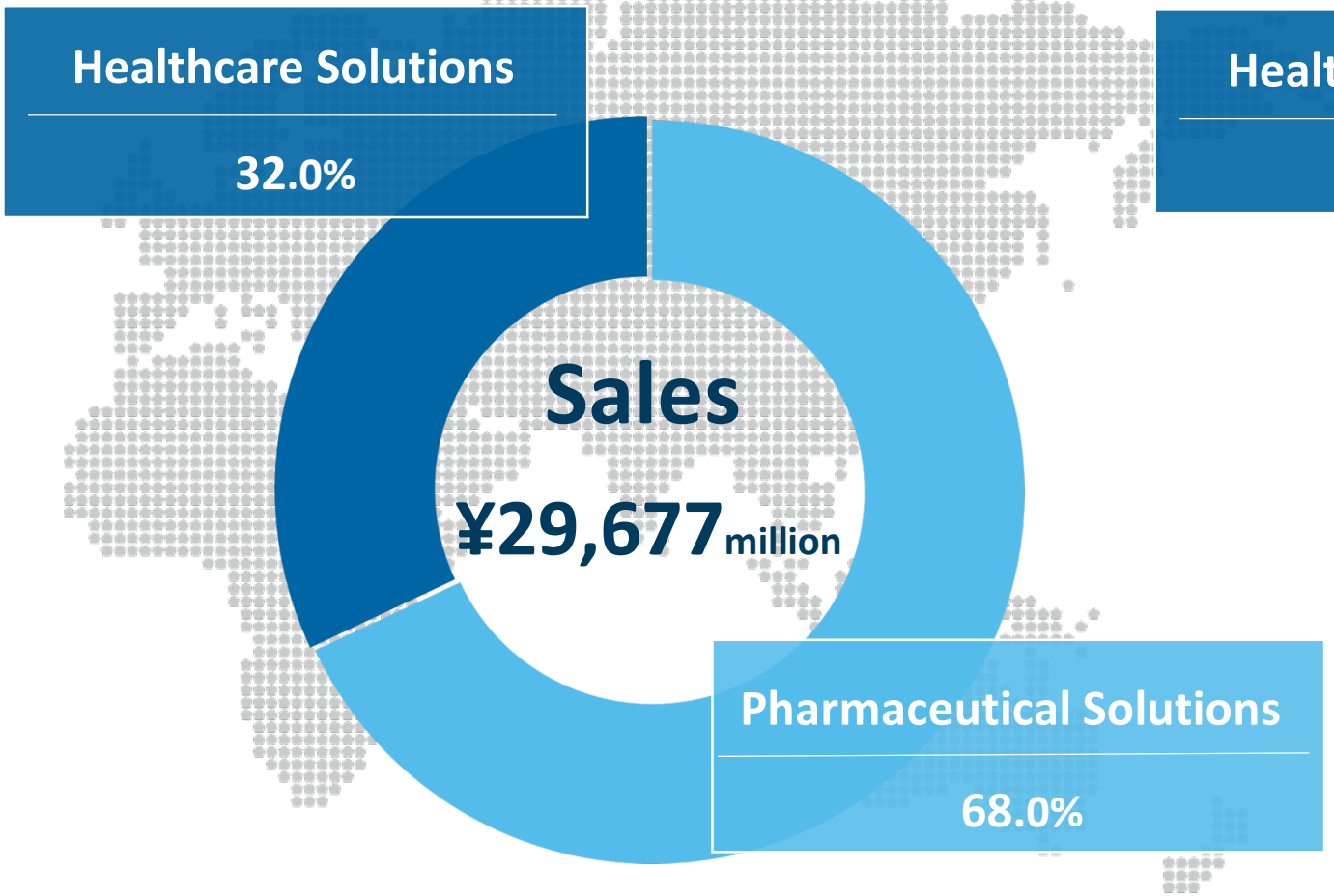
Orders received / Backlog

	FY2023 Q1		FY2024 Q1			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent Change (%)	Backlog (¥ millions)	Percent Change (%)
Pharmaceutical Solutions	20,514	76,239	**11,725**	(42.8)	**66,820**	(12.4)
Healthcare Solutions	13,945	20,592	**4,989**	(64.2)	**15,604**	(24.2)
Total	34,460	96,832	**16,715**	(51.5)	**82,425**	(14.9)

In Pharmaceutical Solutions, orders received and backlog were down YoY due to the exclusion of CMIC CMO Group from consolidation. If the results of CMIC CMO Group are deducted from the results of the same period of the previous year, orders received and backlog for Pharmaceutical Solutions in the quarter were -13.2% and -3.4%, respectively, YoY.

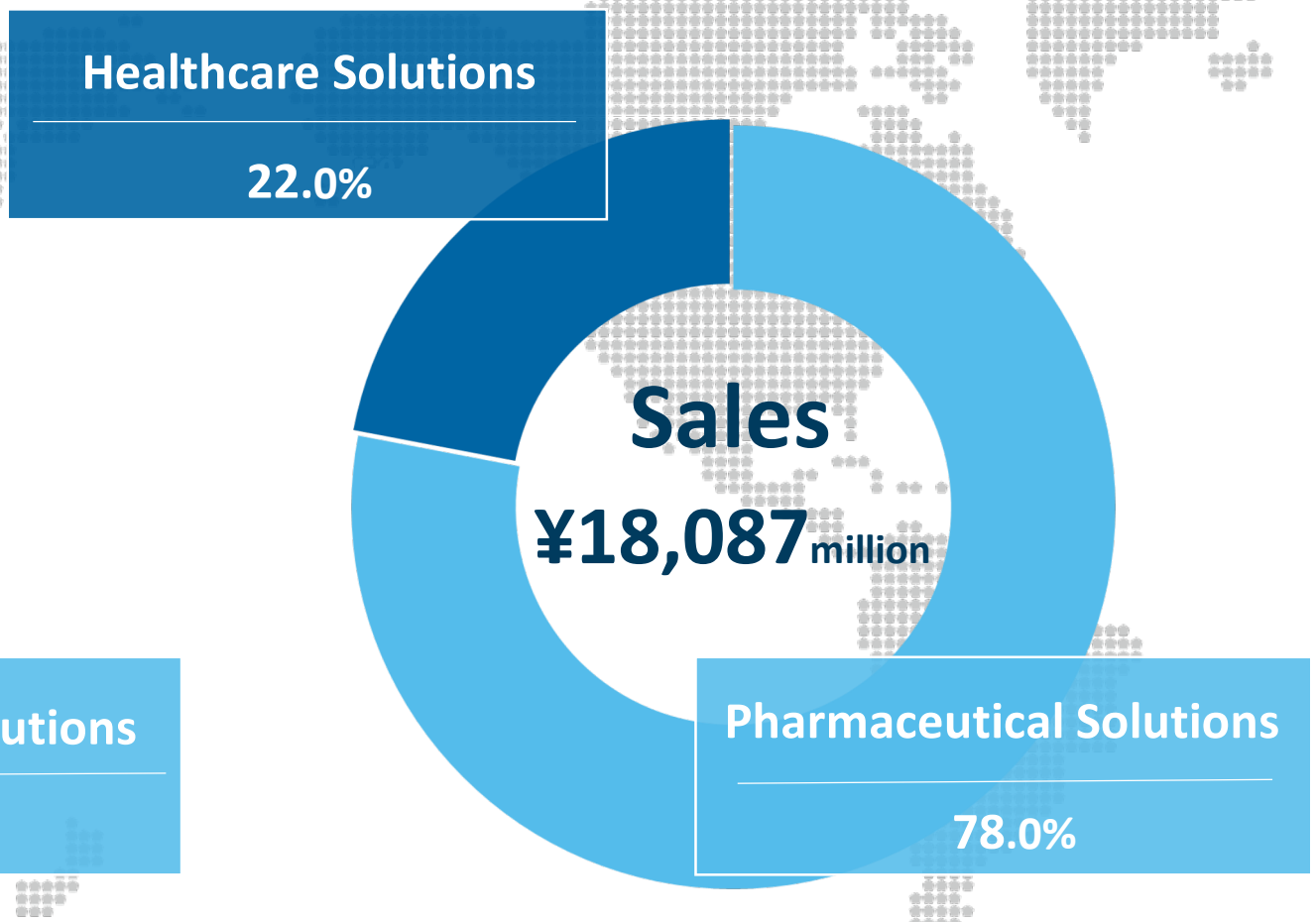
Sales composition ratio

FY2023 Q1



Operating profit	¥4,270million
Operating margin	14.4%

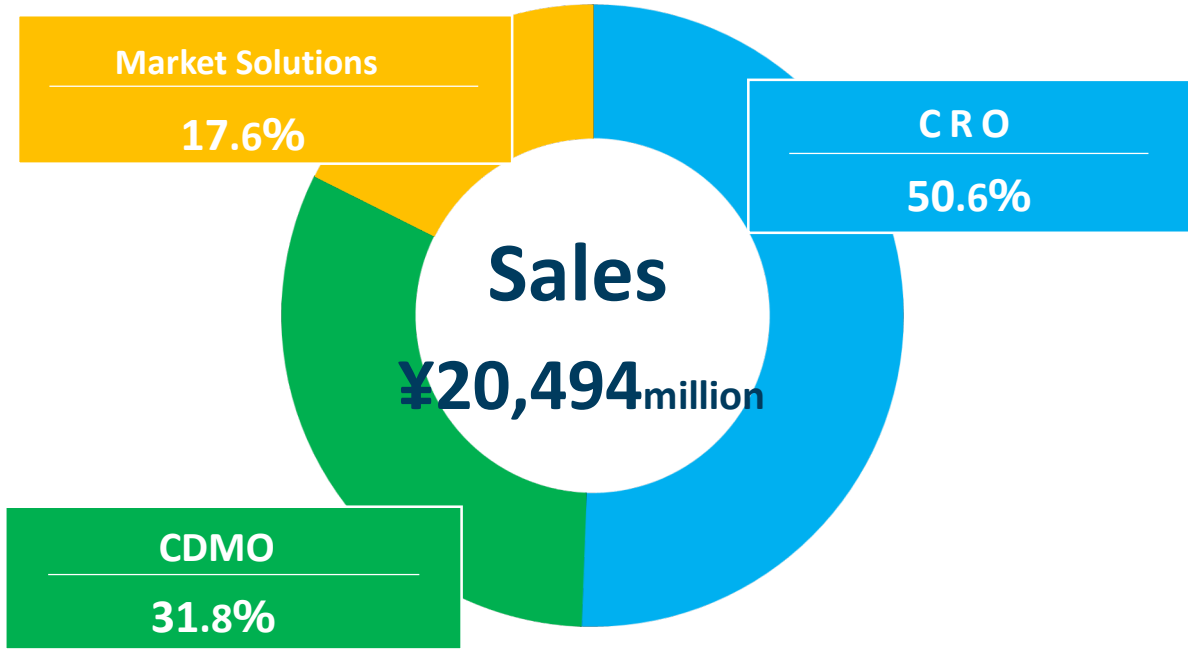
FY2024 Q1



Operating profit	¥944million
Operating margin	5.2%

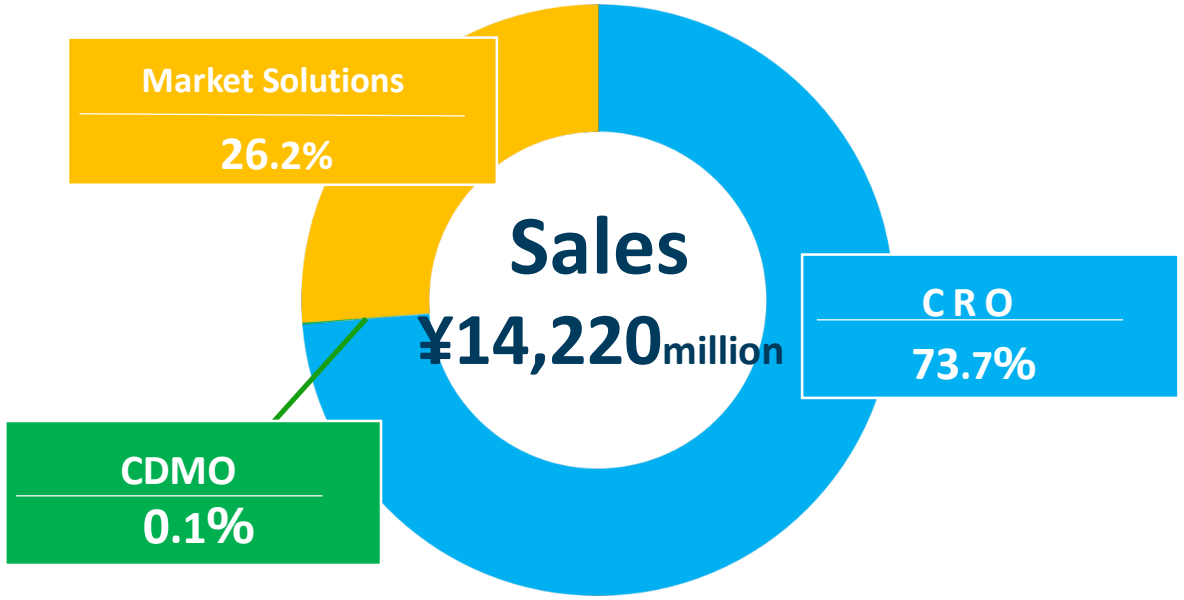
Sales composition ratio of Pharmaceutical Solutions

FY2023 Q1



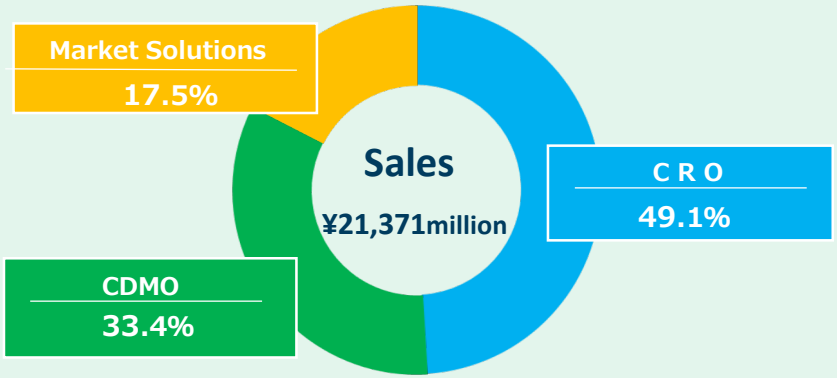
Operating profit	¥1,722million
Operating margin	8.4%

FY2024 Q1



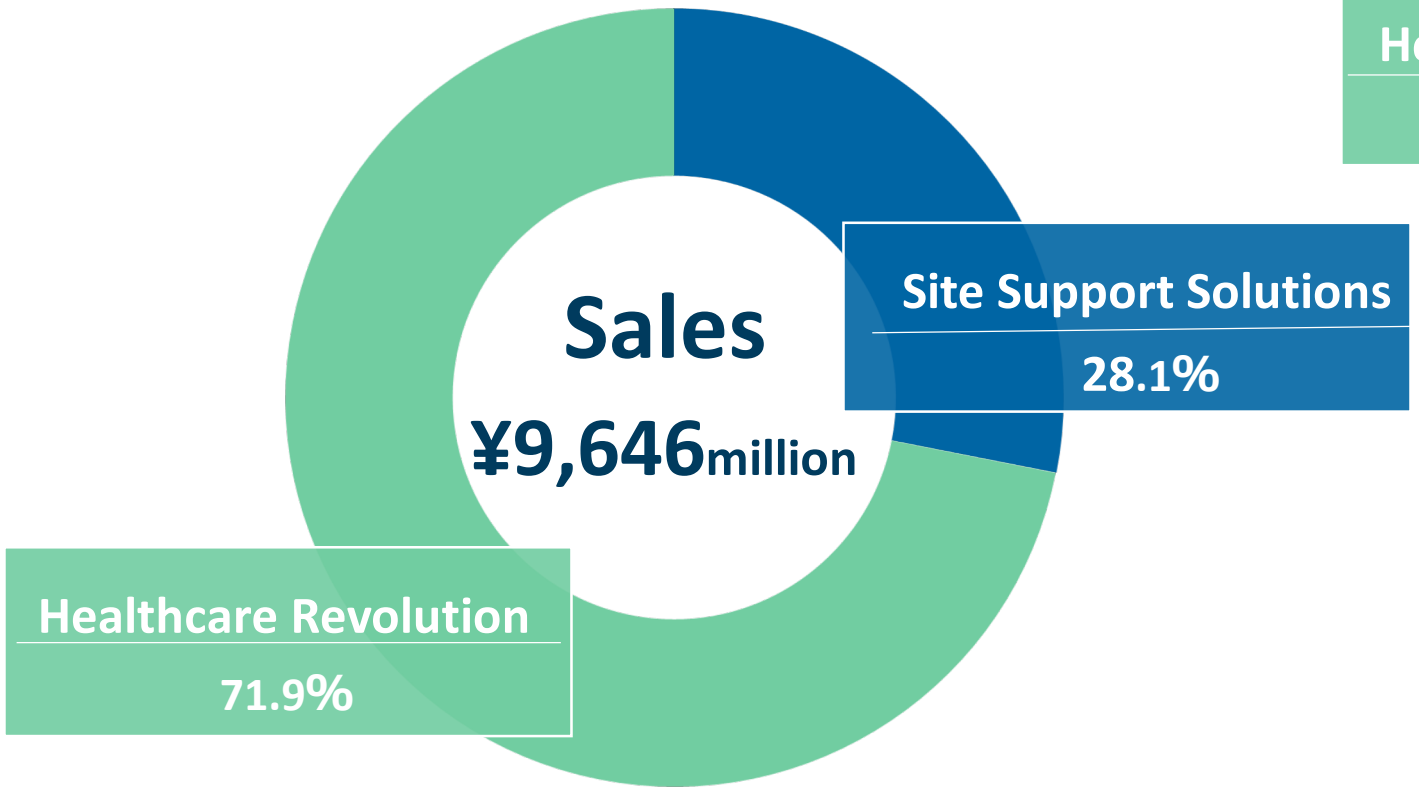
Operating profit	¥1,191million
Operating margin	8.4%

Reference: including CMIC CMO Group as an equity method affiliate



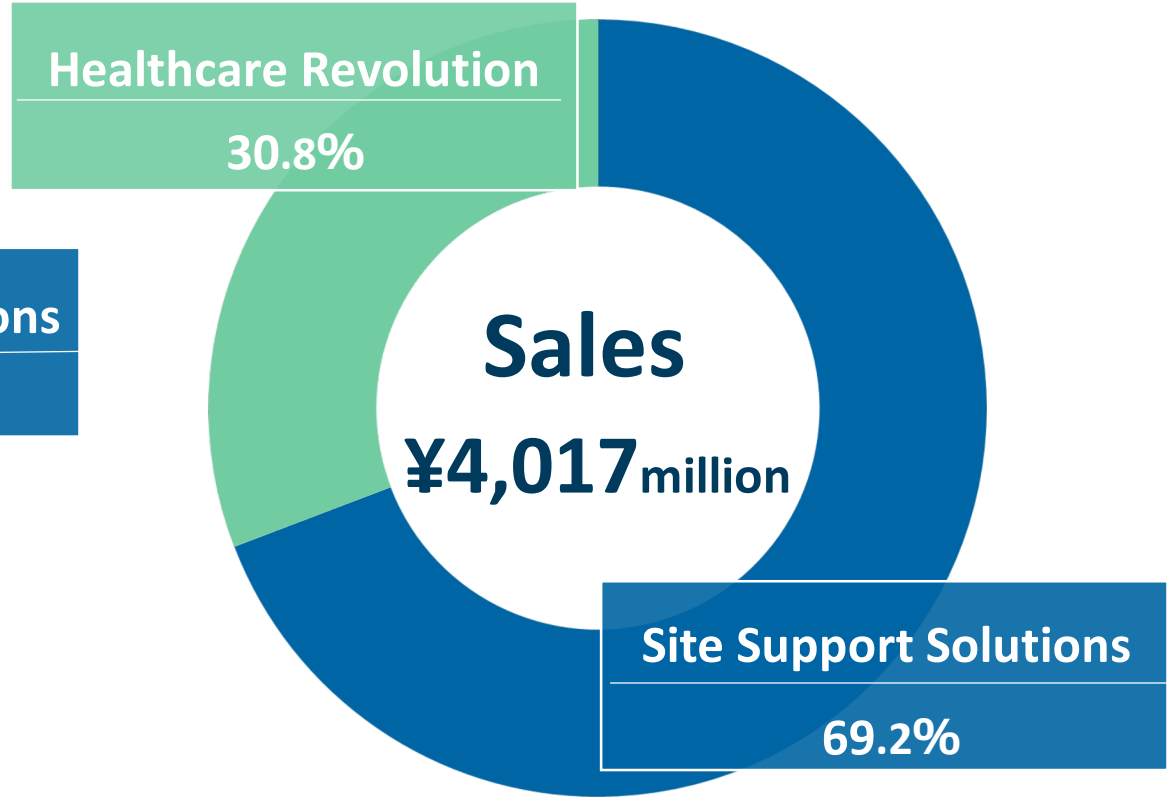
Sales composition ratio of Healthcare Solutions

FY2023 Q1



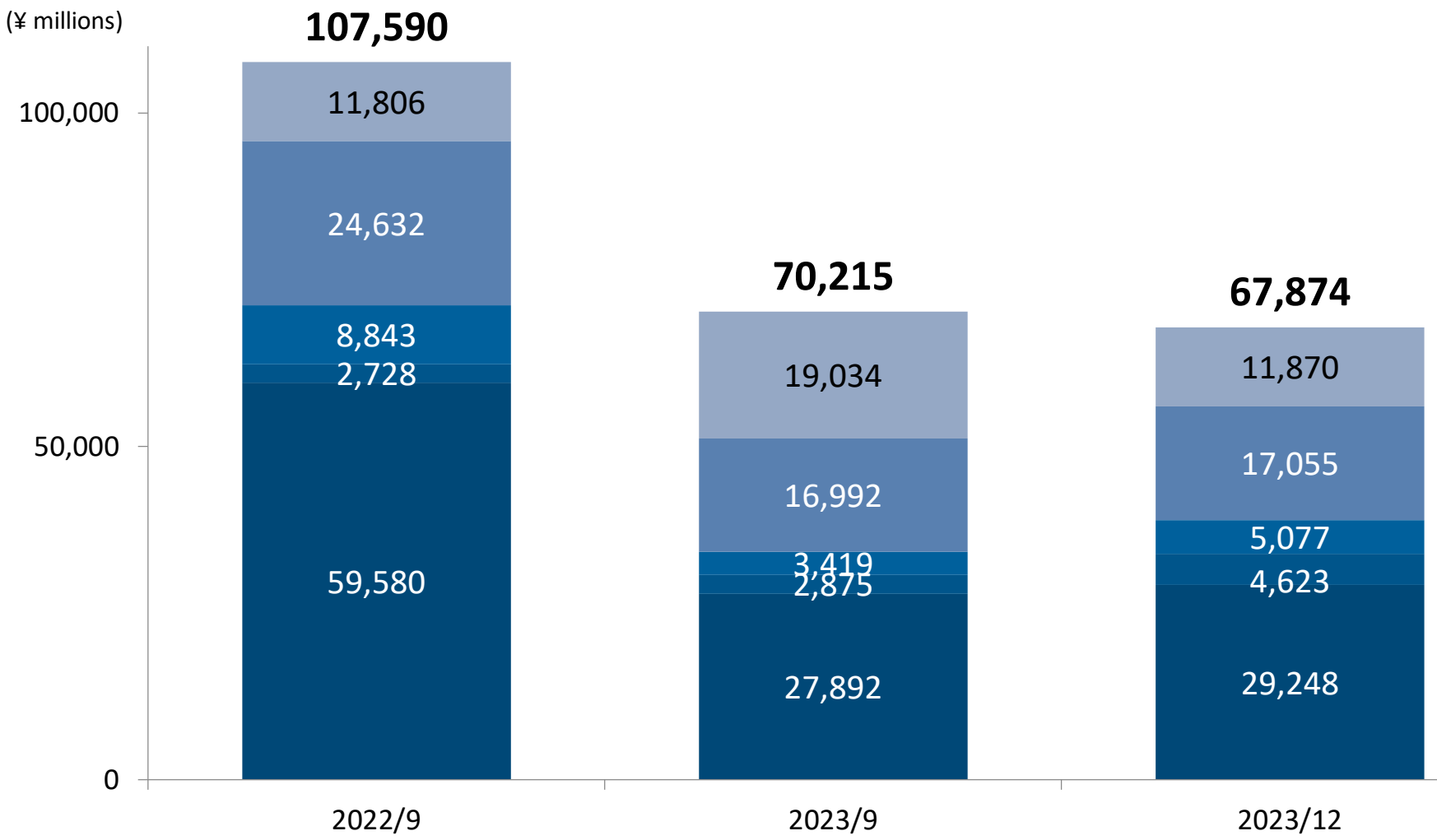
Operating profit	¥2,945million
Operating margin	30.5%

FY2024 Q1



Operating profit	¥228million
Operating margin	5.7%

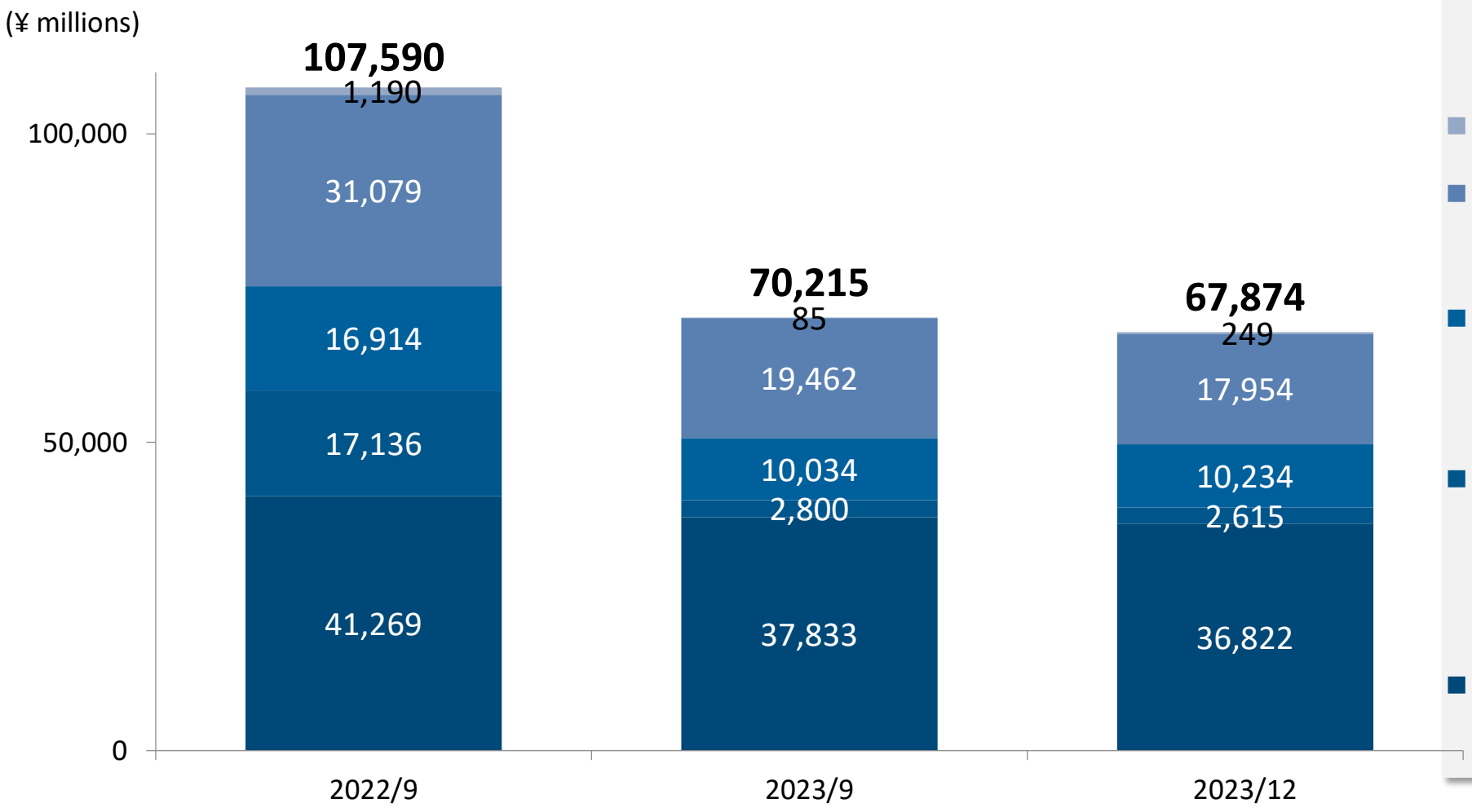
Consolidated balance sheet (assets)



Total assets	(2,340)
Cash equivalents	(7,164)
Trade receivables	+62
Inventory	+1,657
Other current assets	+1,747
Non-current assets	+1,356

In the fiscal year ended in September 2023, tangible fixed assets, trade receivables, inventories, etc. decreased mainly due to the conversion of CMIC CMO Group into an equity-method affiliate.

Consolidated balance sheet (liabilities and net assets)



Accounts payable	+164
Other current liabilities	(1,507)
Other non-current liabilities	+199
Interest-bearing debt (excl. lease liabilities)	(185)
Net assets	(1,011)

In the fiscal year ended in September 2023, liabilities decreased mainly due to the conversion of CMIC CMO Group into an equity-method affiliate.

The results of the Tender offer for CMIC’s shares by Hokuto Management Co., Ltd. and the upcoming schedule

The results of the Tender offer for CMIC's shares by Hokuto Management Co., Ltd. and the upcoming schedule

- ✓ On January 4, 2024, the tender offer for our common stock commenced by Hokuto Management (hereinafter referred to as the Tender Offeror) was consummated.
- ✓ The Tender Offeror was established on October 2, 2023 by Kazuo Nakamura, our CEO of the Chairman and Representative Director, and falls under the so-called Management Buyout (MBO).
- ✓ The Tender Offeror plans to acquire any shares not acquired through the Tender Offer through a squeeze-out procedure (share consolidation).
- ✓ At the request of the Offeror, the Company plans to propose at the extraordinary general meeting of shareholders a partial amendment to the Articles of Incorporation to abolish the share trading unit provision, subject to the share consolidation and the share consolidation becoming effective.
- ✓ Since the share consolidation will result in the issuance of fractional shares, the Tender Offeror plans to deliver cash equivalent to the number of the Company's shares held by shareholders of record as of March 29 (the day before the effective date of the share consolidation) multiplied by 2,650 yen, the same amount as the tender offer price.
- ✓ Upcoming schedule (tentative):

  March 4 (Monday) : Extraordinary General Meeting of Shareholders (share consolidation and related amendments to the Articles of Incorporation (total number of authorized shares)
  March 4 (Monday) : Date of designation as Securities to Be Delisted
  March 27 (Wednesday) : Last day of trading of the Company's shares
  March 28 (Thursday) : Delisting date
  March 30 (Saturday) : Effective date of share consolidation
- ✓ For details, please refer to the disclosure material on our website.

Cautionary statement:

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