



Overview of Financial Results for FY2020 2nd Quarter / 1H

CMIC HOLDINGS Co., Ltd.
May 1st, 2020

Business segments and group companies

Blue indicates overseas. *indicates affiliated company



Segment	Products and services	CMIC Group companies (as of end of Mar. 2020)
CRO Business	Services related to pharmaceutical development support and analytical chemistry services	CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd. CMIC ShiftZero K.K. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD. CMIC Asia-Pacific (Hong Kong) Limited CMIC ASIA-PACIFIC (PHILIPPINES), INC. CMIC ASIA-PACIFIC (AUSTRALIA)PTY LTD CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd. CMIC DATA SCIENCE VIETNAM COMPANY LIMITED CMIC Pharma Science Co., Ltd. CMIC, INC. CMIC (Suzhou) Pharmaceutical Technology Co., Ltd.
CDMO Business	Services related to drug formulation development and manufacturing support, from formulation design to investigational new drug manufacturing to commercial production of ethical drugs and nonprescription drugs for pharmaceutical companies	CMIC CMO Co., Ltd. CMIC CMO NISHINE Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation CMIC JSR Biologics Co., Ltd.*
CSO Business	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd. McCann MDS Inc.*
Healthcare Business	SMO services, healthcare services related to treating, maintaining, and promoting the health for medical institutions, patients and general consumer, and services related to BPO and human resources	CMIC HealthCare Institute Co., Ltd. CMIC Career Co., Ltd. CMIC Well Co., Ltd.
IPM Business	Provision of new business solution to pharmaceutical companies that combines the system to support all value chains and manufacturing authorization and other licenses (intellectual properties) held by CMIC Group	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.



Main initiatives of the current term



✓ Push forward focus activities "2019-2021 Mid-term Plan"

- ◆ In addition to the PVC model, we will accelerate the IPM solution business that combines the marketing authorization licenses
 - Increasing need for IPM platform from overseas pharmaceutical companies
- ◆ Strengthening Area Competitiveness and promoting Globalization
 - Expansion of Asian bases
- ◆ Creation of healthcare business
 - Promotion of the electronic prescription record service "harmo" , heat stress measurement system, self-inspection service "SelCheck"

✓ Deal with COVID-19

- ◆ Continue existing contracted projects in each business , while activities are limited such as restrictions on visits to medical institutions.
 - For clinical trial, continue existing projects and respond to postponement and cancellation of new development projects
- ◆ COVID-19 related work and support activities
 - Support for clinical trials and production of anti-influenza virus drug "Avigan® Tablets"
 - Sales of antibody test kit for COVID-19 research
 - Distribution of COVID-19 related information from " harmo"

✓ Introduction of Shareholder Benefit Program

- ◆ Introduce for shareholders as holding 100 shares (one unit) or more in our shareholder register as of March 31, 2020.



Main initiatives of the current term(segment)



CRO Business

- ▶ Promotion of Virtual Clinical Trial (Joint development of Virtual Clinical Trial system with MICIN)
- ▶ Utilization of Real World Data (CMIC and SUSMED launch simplified analytics solutions for big data using AI)

CDMO Business

- ▶ Promoting our order-receiving activities for the injectable drug manufacturing facility in Ashikaga
- ▶ Expansion of US production capability

CSO Business

- ▶ Fostering MRs with advanced expertise and detailing skills
- ▶ Expand services in the field of medical affairs

Healthcare Business

- ▶ As of January 2020, SMO and a healthcare information service subsidiary were merged. Creating new healthcare business by fusing expertise in clinical trial support with disease prevention / health information and IT technology
- ▶ Promoting the development of the "harmo" business , the electronic prescription record service

IPM Business

- ▶ Supported foreign pharmaceutical companies entering the Japanese market through provision of the IPM platform

Consolidated income statement(overview)



	2019/1H		2020/1H		YoY change	Percent Change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	36,633	100.0	38,958	100.0	2,324	6.3
Operating income	2,879	7.9	1,970	5.1	(908)	(31.6)
Ordinary income	2,661	7.3	2,368	6.1	(292)	(11.0)
Profit attributable to owners of parent	1,536	4.2	1,479	3.8	(56)	(3.7)
Earnings per share	¥82.72		¥81.86			

Breakdown of Non-operating income and expenses /Extraordinary income and losses/Income taxes



(¥ millions)	2019/1H	2020/1H	(¥ millions)	2019/1H	2020/1H
Non-operating income	50	492	Extraordinary income	6	5
Interest income	2	2	Gain on sales of non-current assets	6	5
Share of profit of entities accounted for using equity method	-	421			
Other	48	68	Extraordinary losses	174	114
			Impairment loss	124	-
Non-operating expenses	268	94	Loss on retirement of non-current assets	50	47
Interest expenses	56	57	Loss on valuation of investment securities	-	66
Share of loss of entities accounted for using equity method	108	-			
Foreign exchange losses	77	13	Income taxes	1,142	674
Other	25	23	Current	1,035	684
			Deferred	107	(10)

Sales & Operating income by segment

		2019/1H Amount (¥ millions)	2020/1H Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	18,797	17,898	(898)	(4.8)
	Operating income	4,143	2,930	(1,212)	(29.3)
CDMO Business	Sales	7,724	10,325	2,601	33.7
	Operating income	(147)	147	294	–
CSO Business	Sales	3,701	4,313	611	16.5
	Operating income	(33)	437	471	–
Healthcare Business	Sales	4,903	4,892	(11)	(0.2)
	Operating income	579	262	(316)	(54.6)
IPM Business	Sales	1,881	1,912	30	1.6
	Operating income	(108)	67	175	–
Adjustments	Sales	(375)	(384)	(8)	–
	Operating income	(1,553)	(1,875)	(321)	–
Consolidated	Sales	36,633	38,958	2,324	6.3
	Operating income	2,879	1,970	(908)	(31.6)

The reported segment was changed. The percentage change in sales and operating income by segment versus the same period during the previous year are compared using the segments after the changes as the basis.

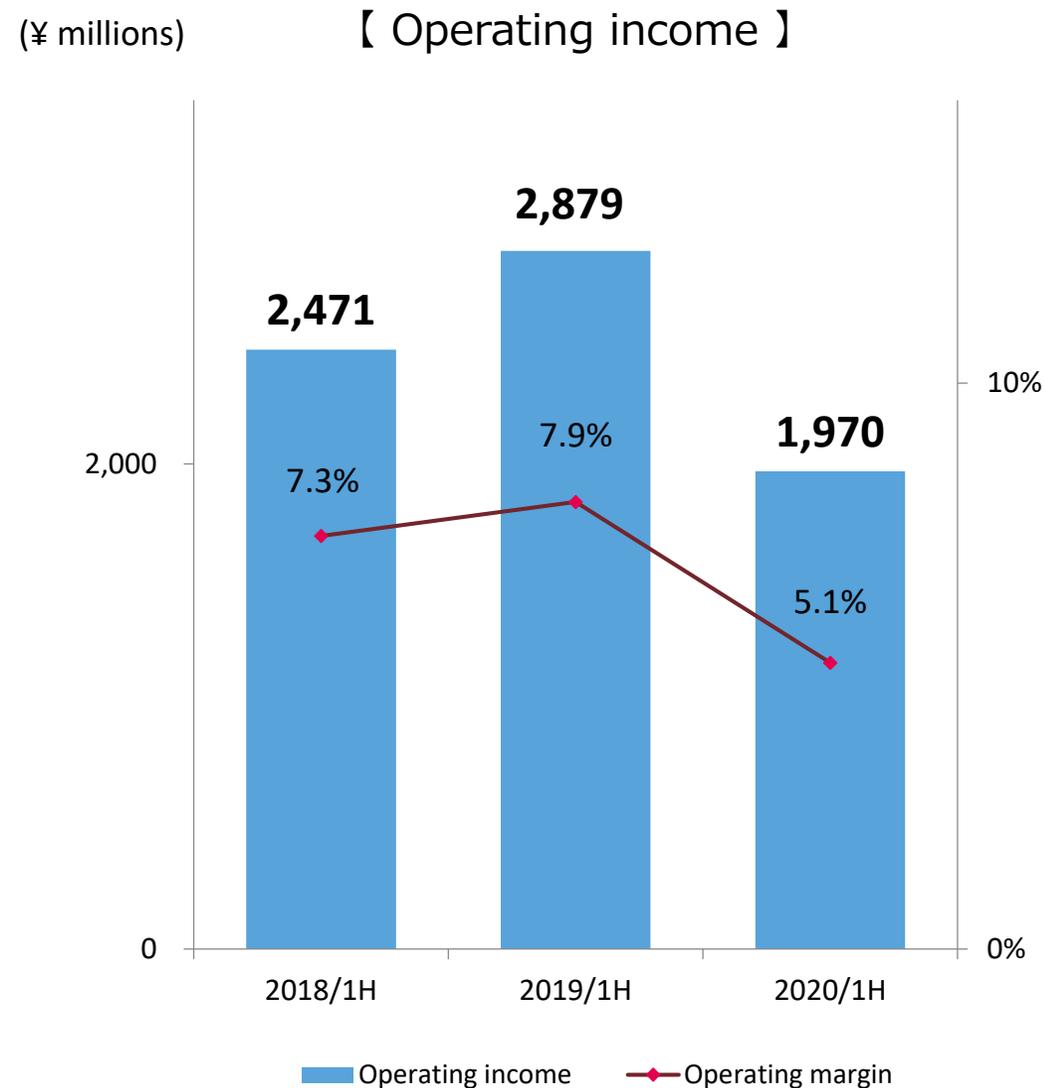
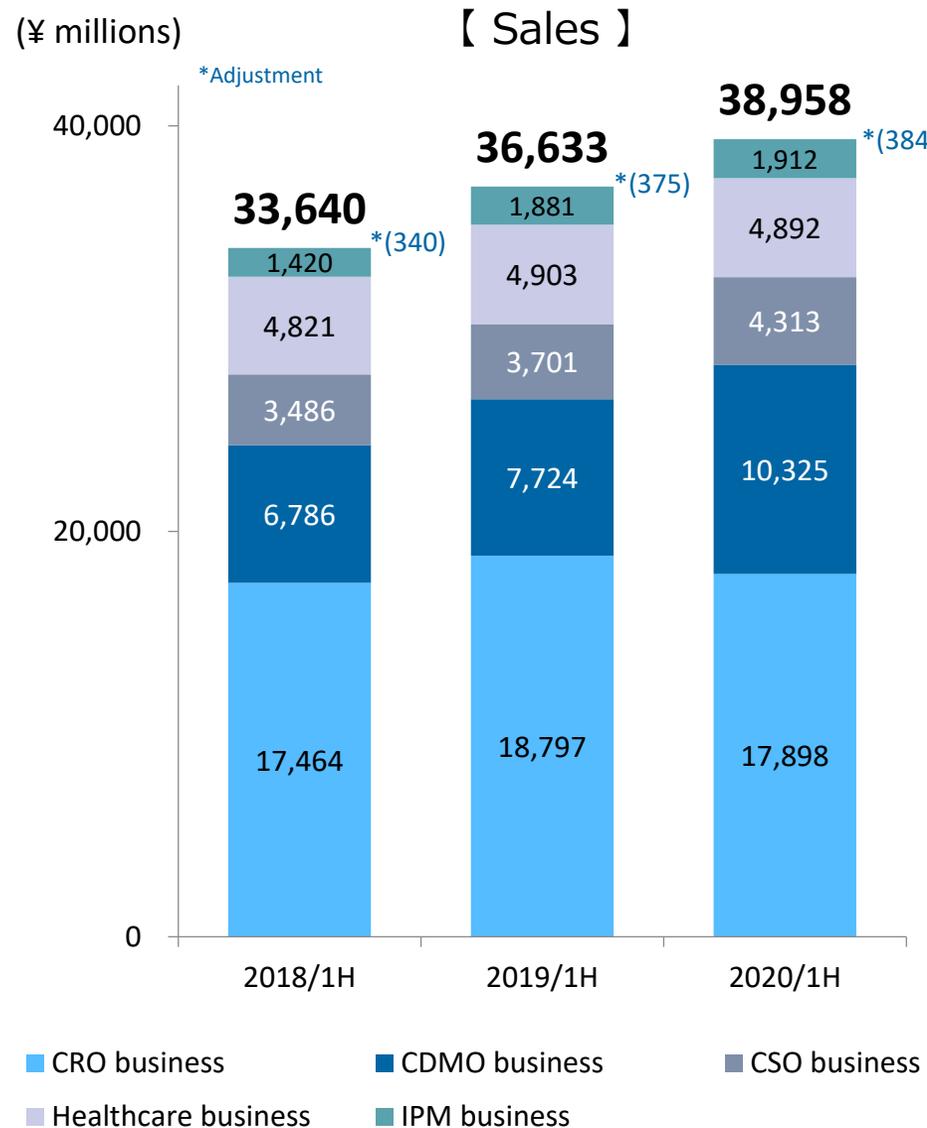
Orders received / Backlog



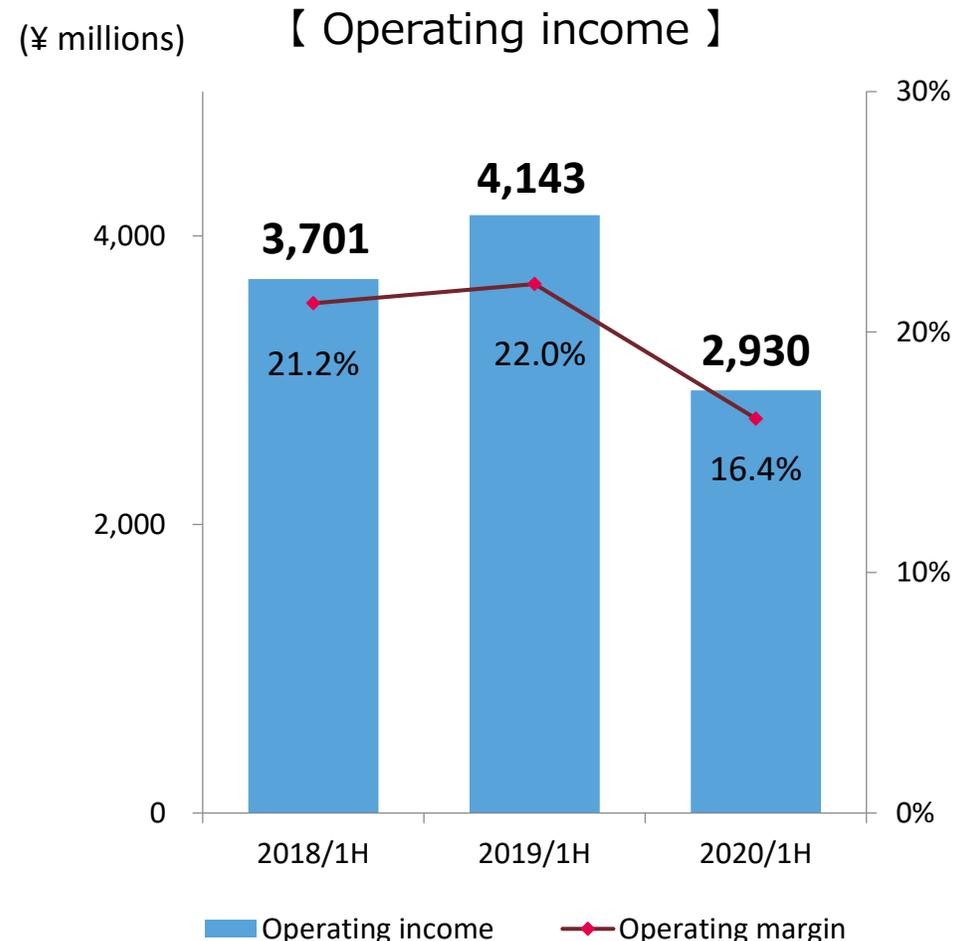
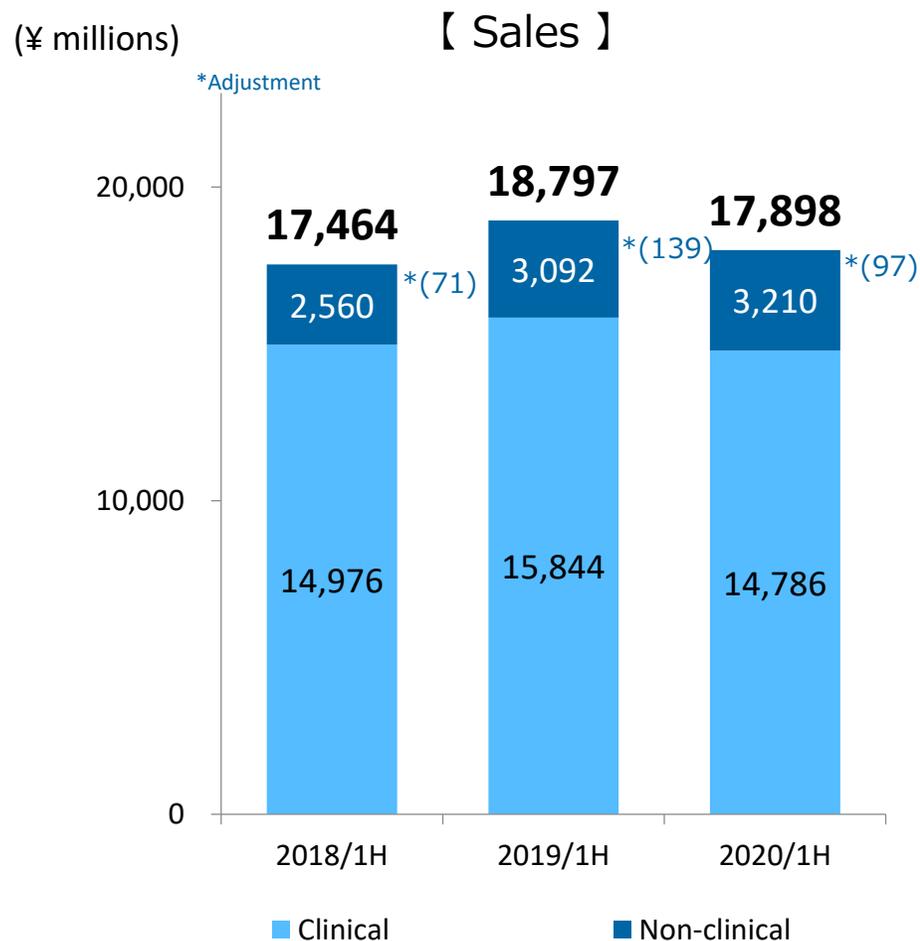
	2019/1H		2020/1H			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
CRO Business	17,614	54,396	18,201	3.3	54,041	(0.7)
CDMO Business	8,274	4,409	9,248	11.8	4,263	(3.3)
CSO Business	5,302	4,863	4,077	(23.1)	3,786	(22.1)
Healthcare Business	5,861	11,166	5,313	(9.4)	11,864	6.3
Total	37,053	74,836	36,840	(0.6)	73,956	(1.2)

- New orders for CSO business dropped as a rebound from the acquisition of large-scale projects from the same period of the previous year
- Accounts for only the backlog of firm CDMO business orders. There is customer demand for scheduled orders but these are different from firm orders so we have not included these in the backlog.
- Order status is not included for IPM Business because its business conditions are different from those of contract business.

Trend in consolidated Sales & Operating income



Contract Research Organization (CRO) Business



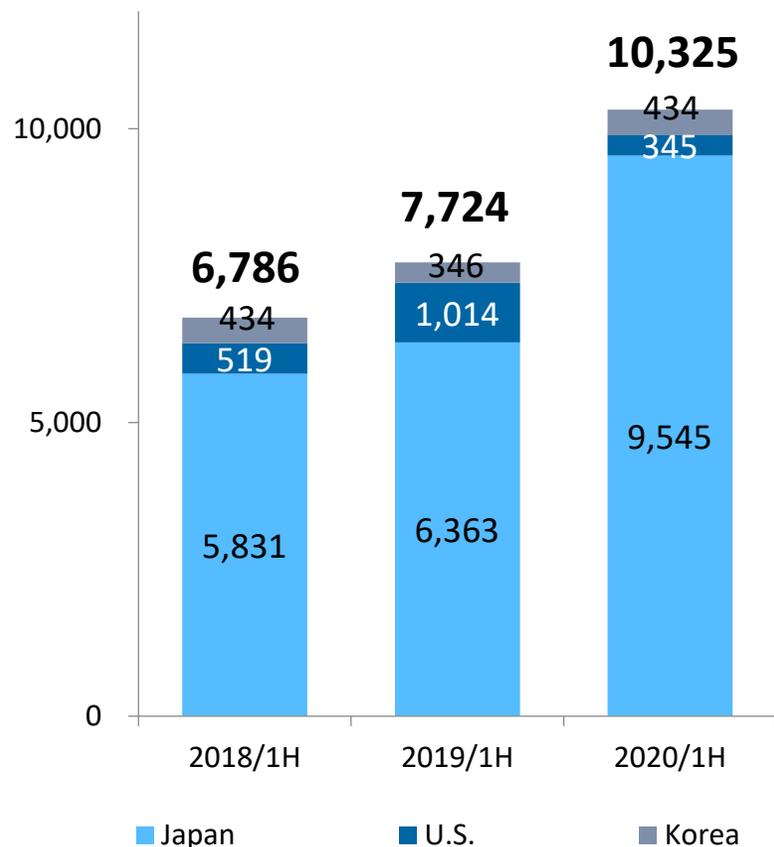
Support overseas companies entering the Japanese market, non-healthcare companies entering the healthcare sphere, and promoted measures to address sophisticating development needs including biopharmaceuticals and regenerative medicine. Sales were below the same period last year due to the impact of delay in receiving orders and cancellation/postponement of existing projects result from the effect of the downsizing of development projects and the increase in the level of difficulty. Operating income was also below the same period last year impacted by reduced operation rates and listing of unprofitable projects.

Contract Development Manufacturing Organization (CDMO) Business



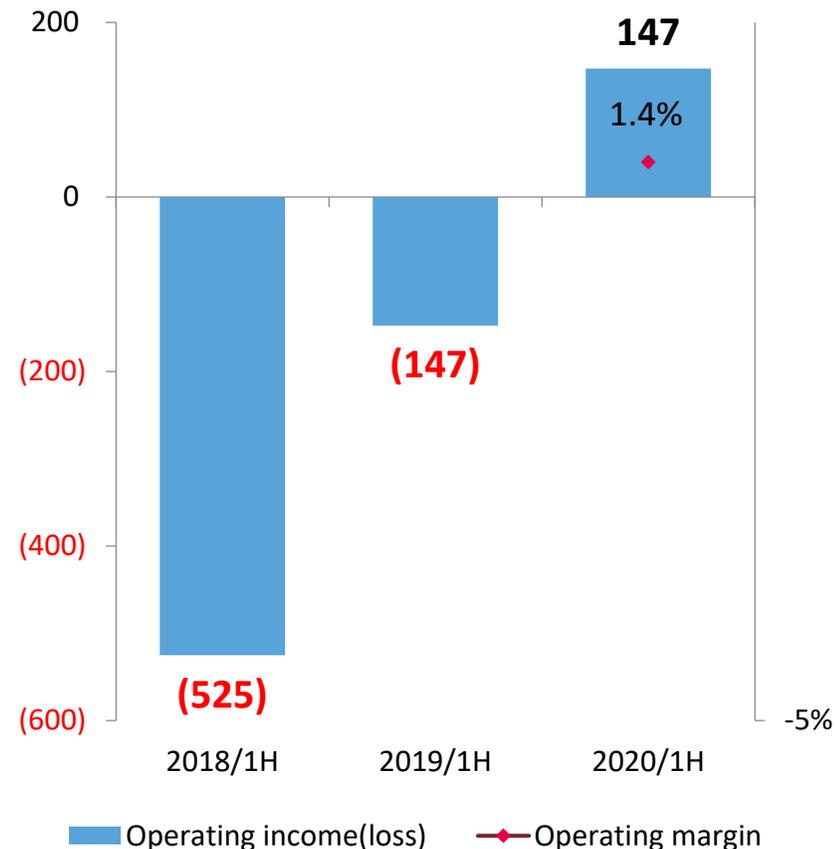
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



Enhance its technological capabilities, advance its low-cost production system, and strengthen its competitiveness through strategic capital investment as a pharmaceutical manufacturing platform that expands globally, from formulation studies to investigational drug production and commercial production.

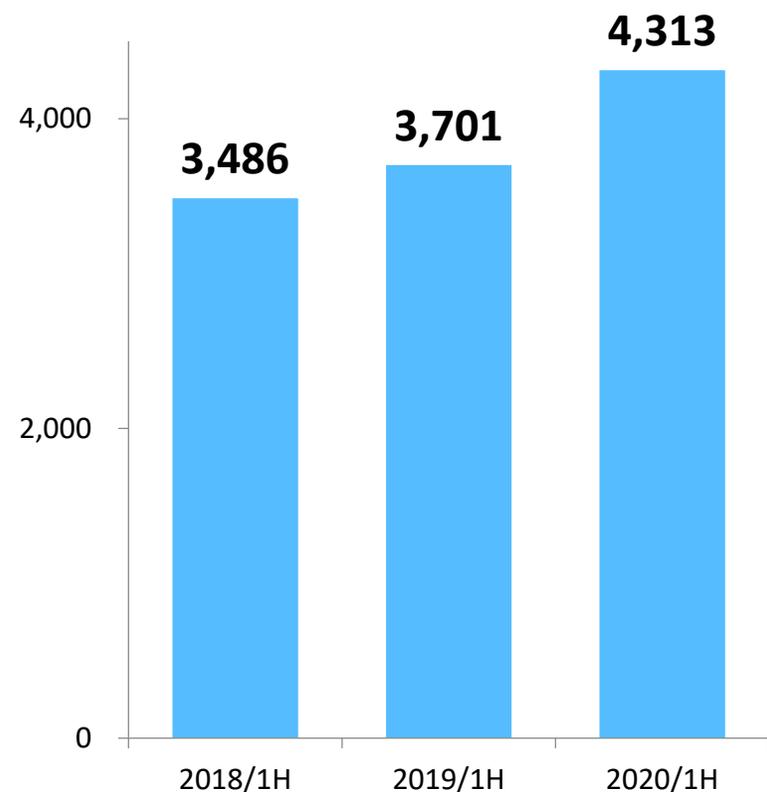
Sales and operating income exceeded the same period last year thanks to increased contract volume in Japan and the sales contribution by CMIC CMO Nishine Co., Ltd., despite the reduction of contract volume following the inventory adjustment by customers in the United States.

Contract Sales Organization (CSO) Business



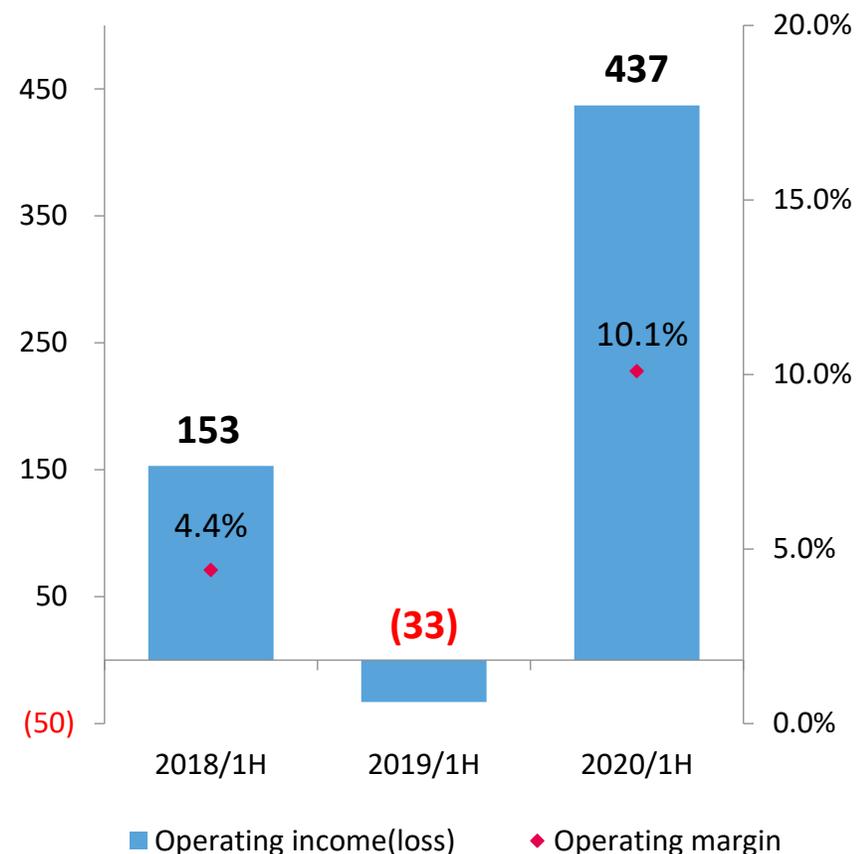
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



Focus on securing human resources in response to strong inquiries regarding MR dispatch services. Strengthening medical affairs-related business activities.

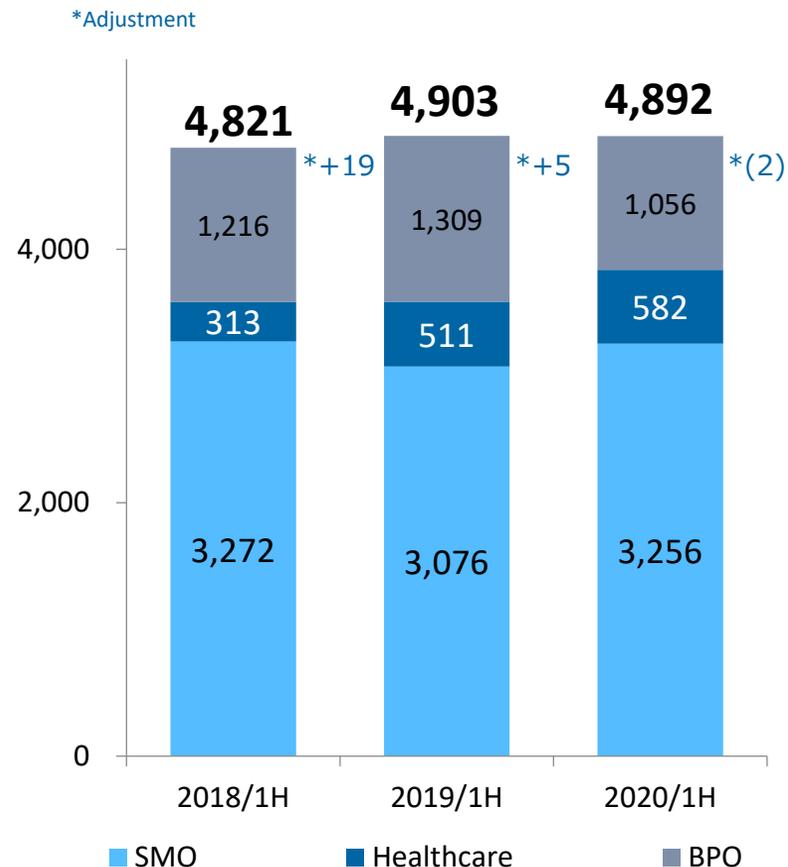
Sales and operating income exceeded the same period last year thanks to the steady progress in MR dispatch projects acquired in the previous period and the operation rates maintained at the high level.

Healthcare Business



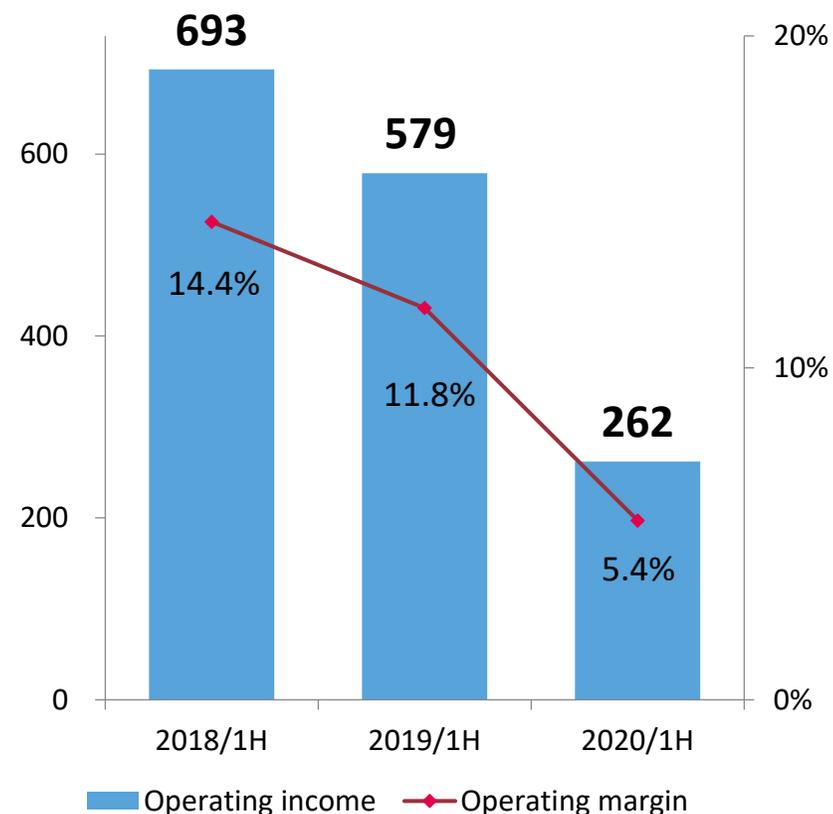
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



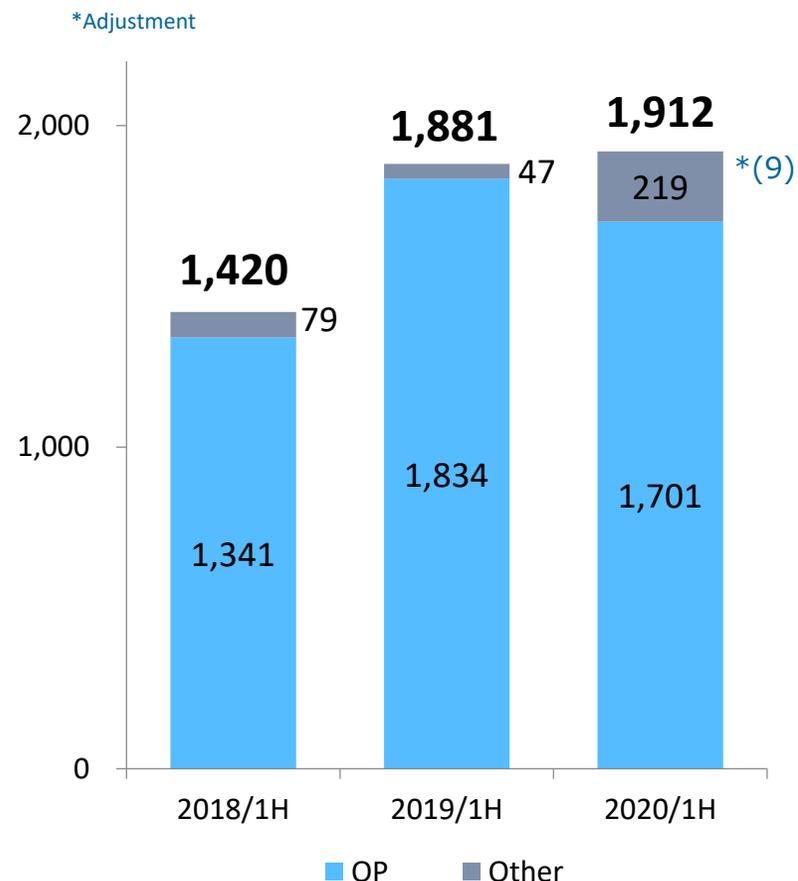
Striving to win new SMO business orders and aim to expedite the in-flow of income for the new healthcare business. Sales were consistent with the corresponding period last year despite growth in both SMO operations and healthcare services, due to reduction in work volume for some BPO/Staffing services. Operating income was below the same period last year impacted by lower sales of BPO/Staffing services and prior investment cost to create new healthcare business models.

Innovative Pharma Model (IPM) Business



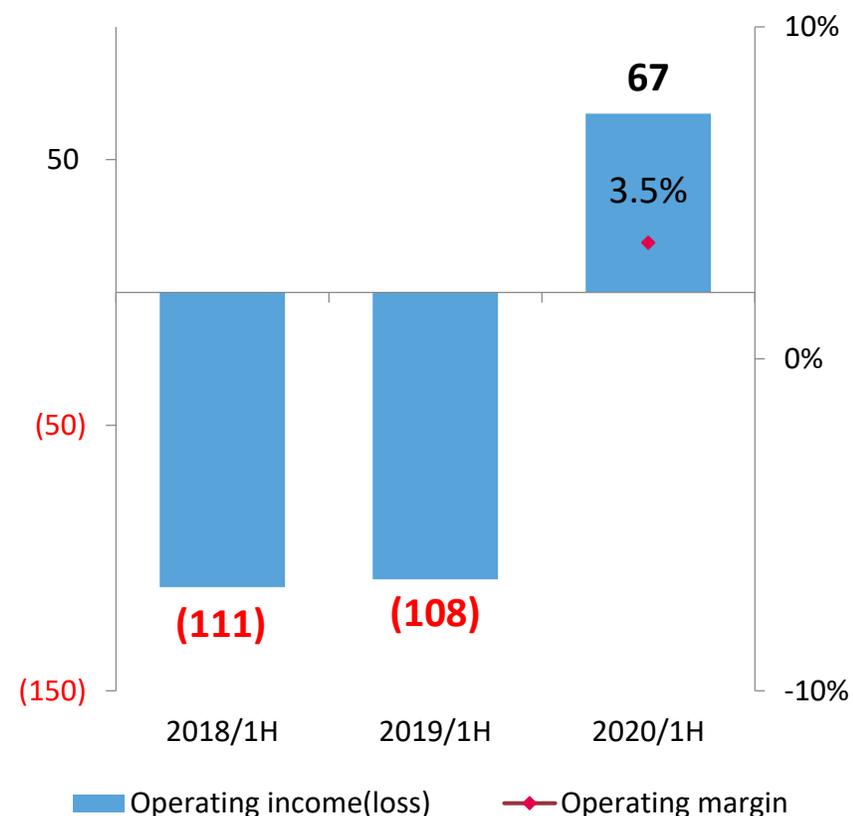
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



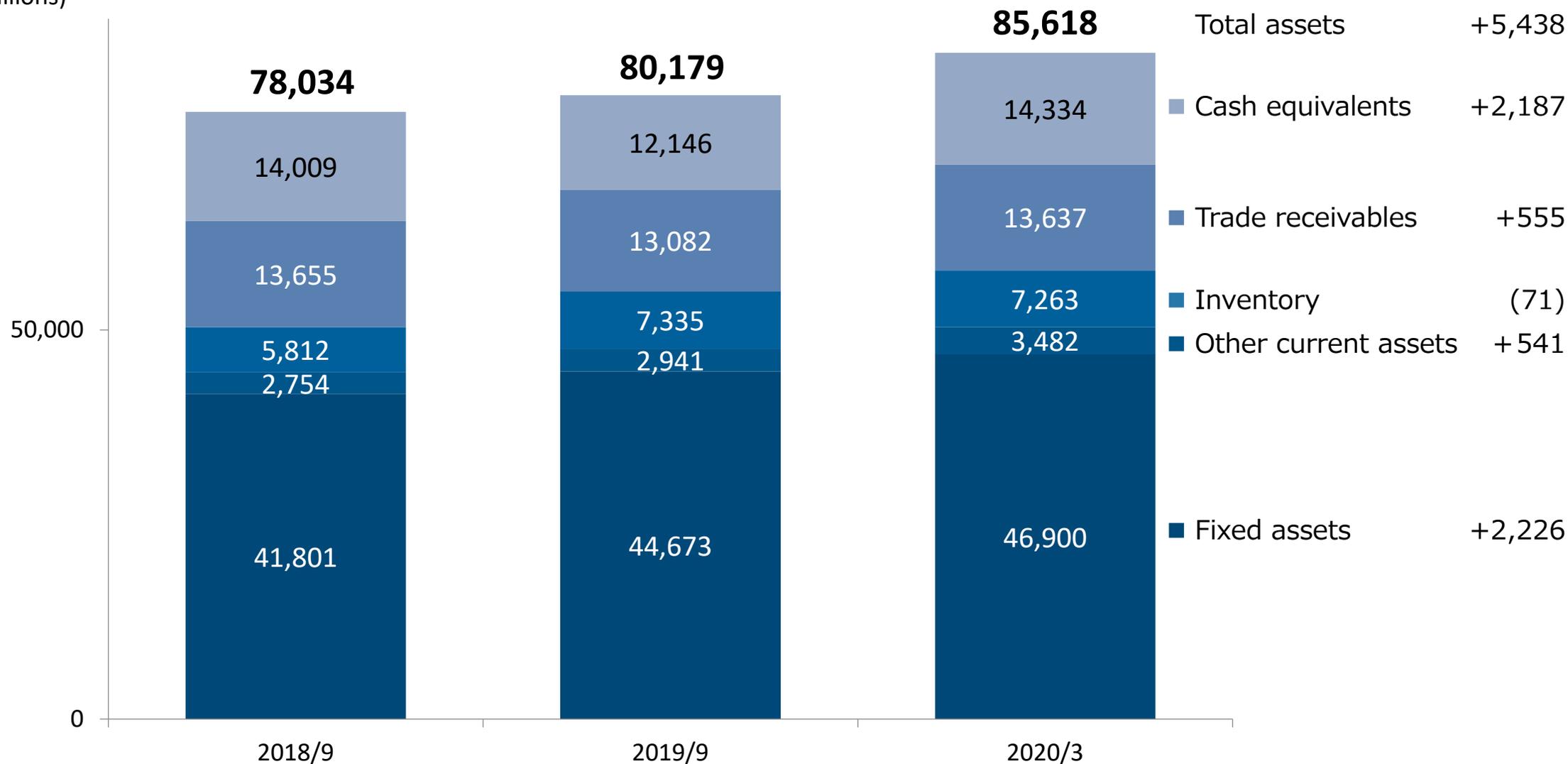
Selling orphan drugs, including products developed in-house, strengthening business foundation through provision of IPM platform such as supporting foreign companies entering the Japanese market and providing strategic options to pharmaceutical companies in accordance with their business model changes.

Though sales were consistent with the corresponding period last year, due to the effect of cost reduction and commission income, operating surplus was recorded.

Balance sheet (assets)



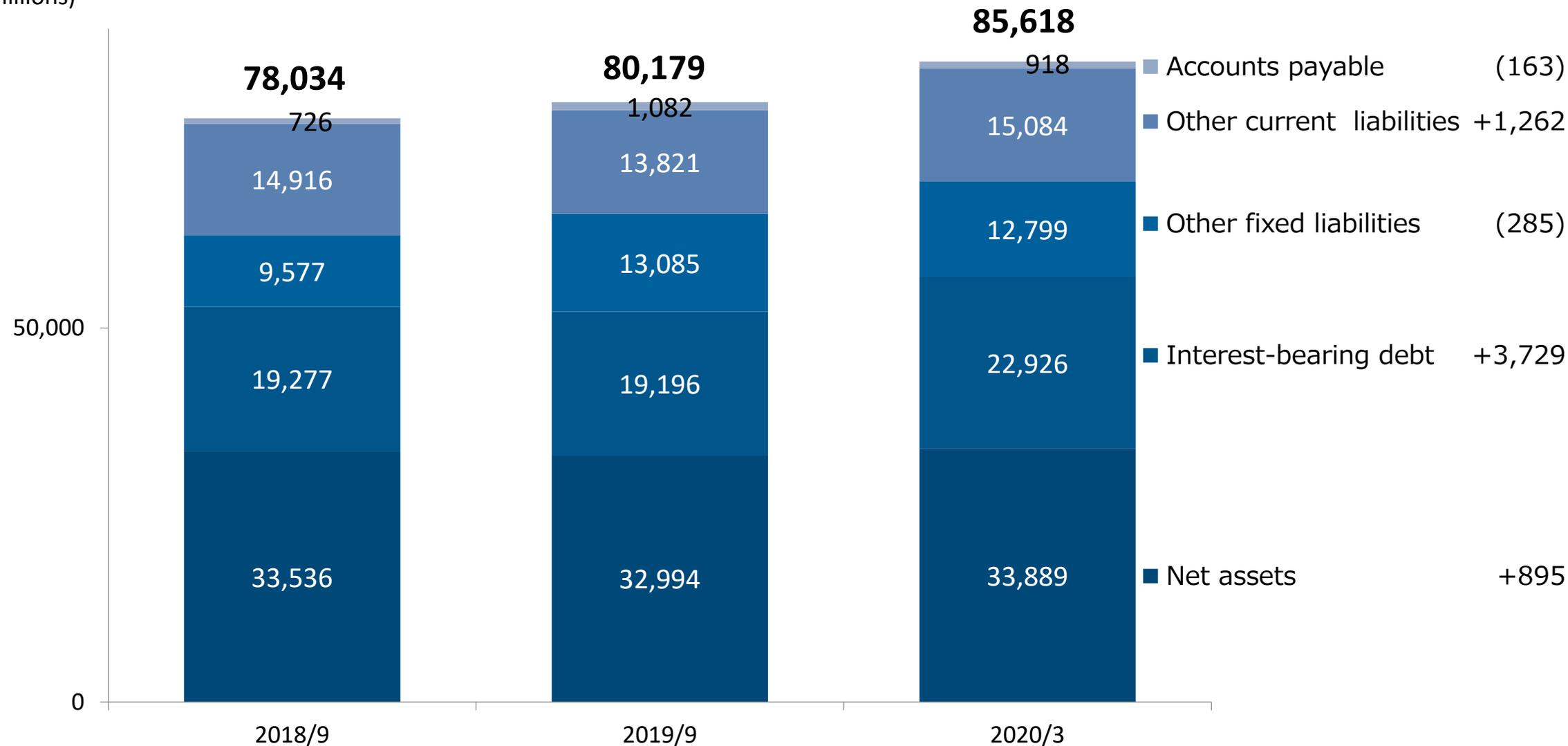
(¥ millions)



Balance sheet (liabilities and net assets)



(¥ millions)



Cash Flows

(¥ millions)	2019/1H	2020/1H	Increase (decrease)
Cash flows from operating activities	1,744	1,574	(170)
Cash flows from investing activities	(1,687)	(2,519)	(832)
Cash flows from financing activities	931	3,156	+ 2,224
Effect of exchange rate change on cash and cash equivalents	(28)	(8)	+19
Net increase(decrease) in cash and cash equivalents	960	2,202	+1,241
Cash and cash equivalents at beginning of period	13,976	12,144	(1,832)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(14)	(14)
Cash and cash equivalents at end of period	14,937	14,332	(605)

[Key factor]

(Cash flow from operating activities)

- Proceeds from net income before taxes and depreciation
- Decline in cash flows from increase in income taxes paid and trade receivables

(Cash flow from investing activities)

- Outflow from purchase of property, plant and equipment of CDMO business

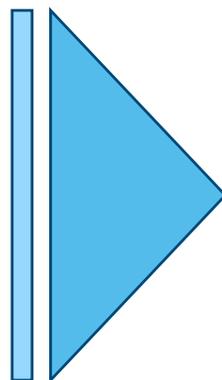
(Cash flow from financing activities)

- Proceeds from short-term borrowings anticipating the impact of COVID-19, issuance of commercial papers and long-term borrowing

Forecast for FY ending Sep. 2020



	2019/9 Actual	2020/9 Plan
	(¥ millions)	(¥ millions)
Sales	74,373	81,500
Operating income	4,405	4,900
Ordinary income	3,841	4,600
Profit attributable to owners of parent	1,822	2,300
Earnings per share	¥98.93	¥127.26



Forecast for FY2020

Many pharmaceutical R&D projects have been postponed and cancelled with no prospect of restart at present.

Since it is quite difficult to predict the impact of COVID-19, our future outlook is undetermined.

future outlook will be announced immediately after reasonable calculation becomes possible.

FY2020 Dividend



- **Interim dividend: Implemented dividend of ¥5 per share as originally planned**
- **Year-end dividend: Undetermined in conjunction with full-year earnings forecast**

<The policy on the distribution of profits>

- **Maintain sustainable payment of dividends based on the dividend payout target of 30%**
- **Pay a stable dividend with the minimum annual dividend set at ¥10 per share**

	Annual dividends		
	End of second quarter	Term end	Total
	Yen	Yen	Yen
Original forecast (out November 7, 2019)	5.00	33.00	38.00
Revised forecast		undetermined	undetermined
Results for the current fiscal year	5.00		
Results for the previous fiscal year (Fiscal year ended September 2019)	5.00	27.00	32.00



Cautionary statement:

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.