



Overview of Financial Results for FY2020

CMIC HOLDINGS Co., Ltd.
Nov 6, 2020

Business segments and group companies

Blue indicates overseas. *indicates affiliated company



Segment	Products and services	CMIC Group companies (as of end of Sep. 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 ASIA-PACIFIC (THAI LAND) LIMITED CMIC (Beijing) Co., Ltd. CMIC DATA SCIENCE VIETNAM COMPANY LIMITED CMIC Pharma Science Co., Ltd. CMIC, INC.
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 Bio 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 :THAILAND
- ◆ Creation of healthcare business
 - Promotion of the electronic prescription record service "harmo" and self-inspection service "SelCheck"

✓ **"Healthcare Revolution 2.0" started from July 2020**

- ◆ Transform ourselves from business model centering on pharmaceutical drugs to creation of new healthcare business
- ◆ Create new businesses that will contribute to maintaining and improving personal health
- ◆ Utilize our talents in the healthcare arena

✓ **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.

COVID-19 Impact and related activities



✓ Impact

- ◆ Suspend or reduce business activities including restriction on hospital visits, delayed collection of safety information, and cancellation of academic conferences and seminars.
- ◆ Starting to recover with COVID-19 treatment drug development and post-marketing support orders

✓ Activities

- ◆ Sales activities toward winning new projects of COVID-19 treatment drug development support operations etc.
- ◆ COVID-19 related work and support activities
 - Drug development projects including clinical trials and manufacturing support for the anti-influenza virus drug “Avigan® Tablet”
 - Sales of antibody test kit for COVID-19 research
 - Distribution of COVID-19 related information through "harmo”

Main initiatives of the current term (By segment)



CRO Business

- ▶ Digitalization :Promotion of Virtual Clinical Trial (Joint development of Virtual Clinical Trial system with MICIN)
Provision of one-stop contract services for the digital therapeutics application market with SUSMED
Utilization of Real World Data (CMIC and SUSMED launch simplified analytics solutions for big data using AI)
- ▶ Expanding post-marketing studies and clinical researches

CDMO Business

- ▶ Promotion of order-taking activities in the US and for the new parenteral drug manufacturing building in Ashikaga
- ▶ Expansion of US production capability
- ▶ Establishes a New Biologic Contract Development and Manufacturing Business

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
- ▶ Accelerated promotion of the "harmo" business, the electronic prescription record service for over a million users, through partnership and collaboration
- ▶ Started a joint research with Keio University on immunization management solutions using the "harmo" platform

IPM Business

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

Consolidated income statement(overview)



	2019/9		2020/9		YoY change (¥ millions)	Percent Change (%)
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	74,373	100.0	76,098	100.0	1,725	2.3
Operating income	4,405	5.9	2,605	3.4	(1,799)	(40.9)
Ordinary income	3,841	5.2	2,867	3.8	(974)	(25.4)
Profit attributable to owners of parent	1,822	2.5	1,505	2.0	(316)	(17.4)
Earnings per share	¥98.93		¥83.27			

Breakdown of Non-operating income and expenses

Extraordinary income and losses/Income taxes



(¥ millions)	2019/9	2020/9	(¥ millions)	2019/9	2020/9
Non-operating income	97	555	Extraordinary income	14	103
Interest income	4	4	Gain on sales of non-current assets	14	7
Share of profit of entities accounted for using equity method	–	394	Gain on sales of investment securities	–	10
Other	92	156	Gain on sales of shares of subsidiaries	–	30
			Insurance claim income	–	54
			Extraordinary losses	409	1,013
Non-operating expenses	661	293	Impairment loss	225	736
Interest expenses	114	123	Loss on retirement of non-current assets	122	142
Share of loss of entities accounted for using equity method	252	–	Loss on valuation of investment securities	–	26
Foreign exchange losses	176	121	Loss on cancellation of system	–	108
Other	117	48	System failure response cost	62	–
			Income taxes	1,785	792
			Current	1,949	1,118
			Deferred	(163)	(325)

Sales & Operating income by segment



		2019/9	2020/9	Change	Percent
		Amount (¥ millions)	Amount (¥ millions)	(¥ millions)	change (%)
CRO Business	Sales	36,522	34,242	(2,280)	(6.2)
	Operating income	6,623	5,052	(1,571)	(23.7)
CDMO Business	Sales	17,292	20,832	3,539	20.5
	Operating income	116	△412	(529)	—
CSO Business	Sales	7,929	8,626	696	8.8
	Operating income	236	834	598	252.9
Healthcare Business	Sales	10,107	9,903	(203)	(2.0)
	Operating income	1,158	583	(575)	(49.7)
IPM Business	Sales	3,368	3,395	27	0.8
	Operating income	(396)	169	566	—
Adjustments	Sales	(846)	(901)	(54)	—
	Operating income	(3,332)	(3,621)	(288)	—
Consolidated	Sales	74,373	76,098	1,725	2.3
	Operating income	4,405	2,605	(1,799)	(40.9)

We compare the percentage change in sales and operating income by segment versus the same period during the previous year, using the segments after the changes as the basis.

Orders received / Backlog



	2019/9		2020/9			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
CRO Business	34,408	53,614	36,852	+7.1	56,608	+5.6
CDMO Business	18,722	5,312	20,855	+11.4	5,412	+1.9
CSO Business	8,688	4,022	7,736	(11.0)	3,132	(22.1)
Healthcare Business	10,813	11,211	10,125	(6.4)	11,873	+5.9
Total	72,633	74,161	75,570	+4.0	77,028	+3.9

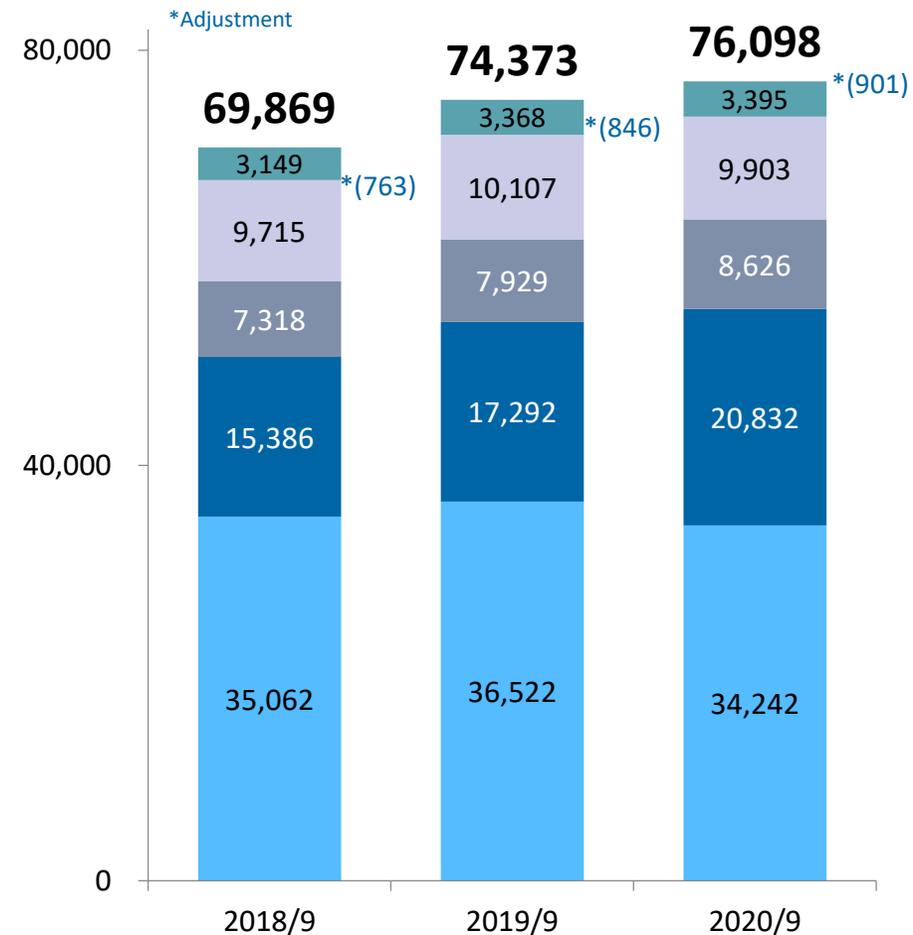
- Orders for CSO business dropped as a rebound from the acquisition of large-scale projects from the same period of the previous year
- Accounts for only the backlog of firm CDMO business orders. There is customer demand for scheduled orders but these are different from firm orders so we have not included 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



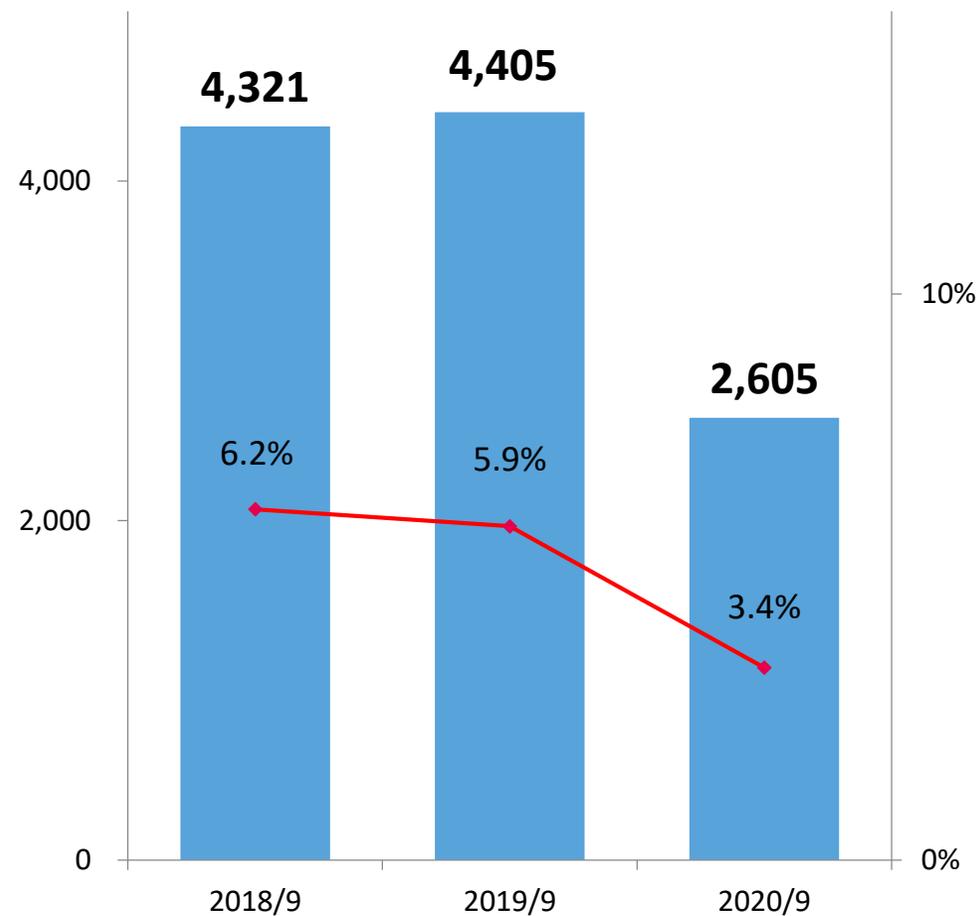
(¥ millions)

【 Sales 】



(¥ millions)

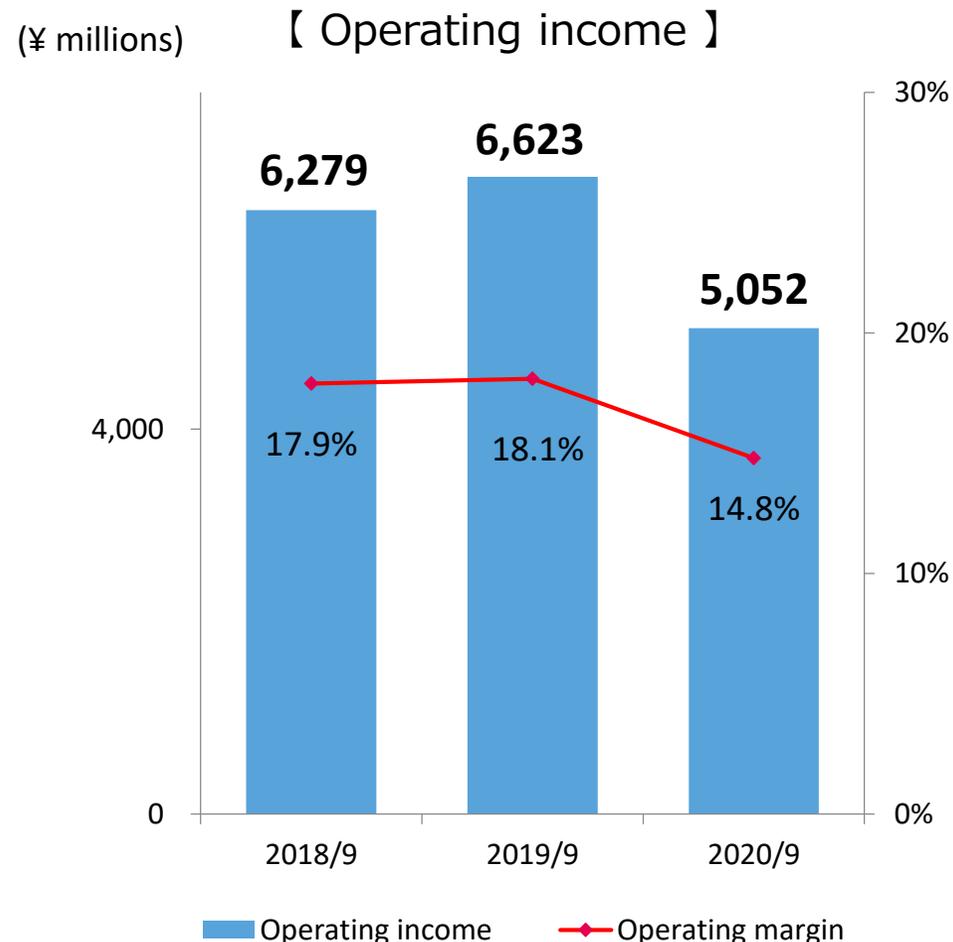
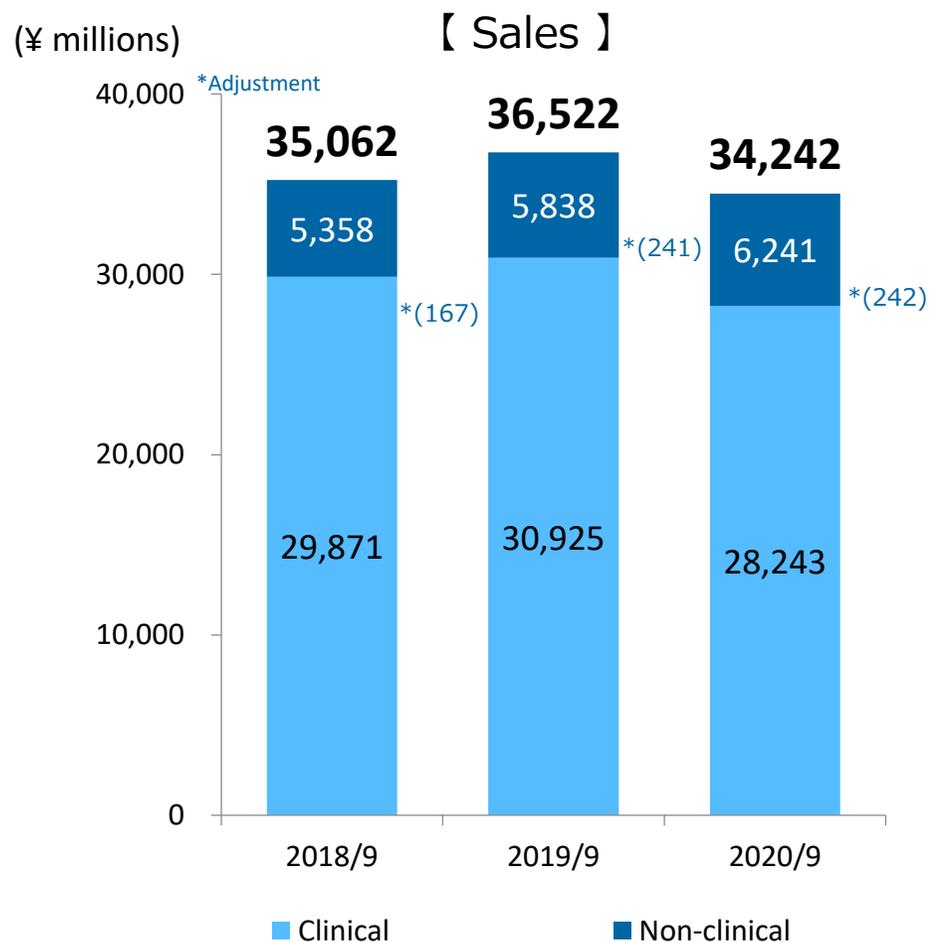
【 Operating income 】



■ CRO business ■ CDMO business ■ CSO business
■ Healthcare business ■ IPM business

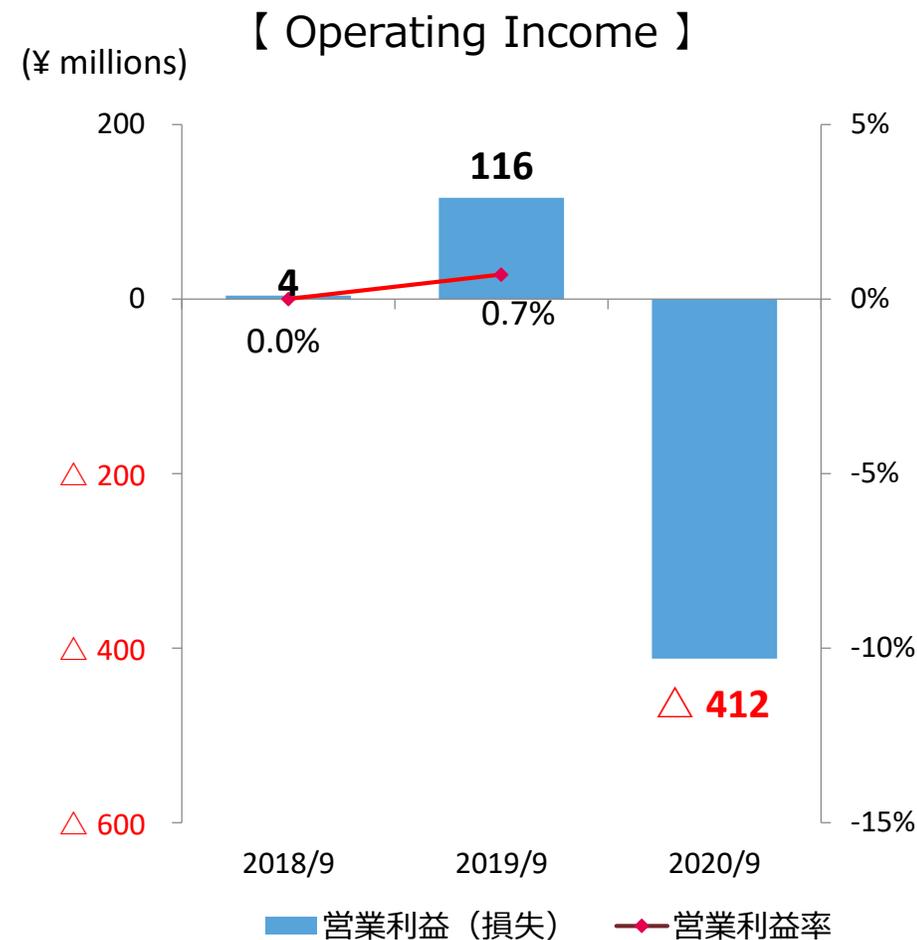
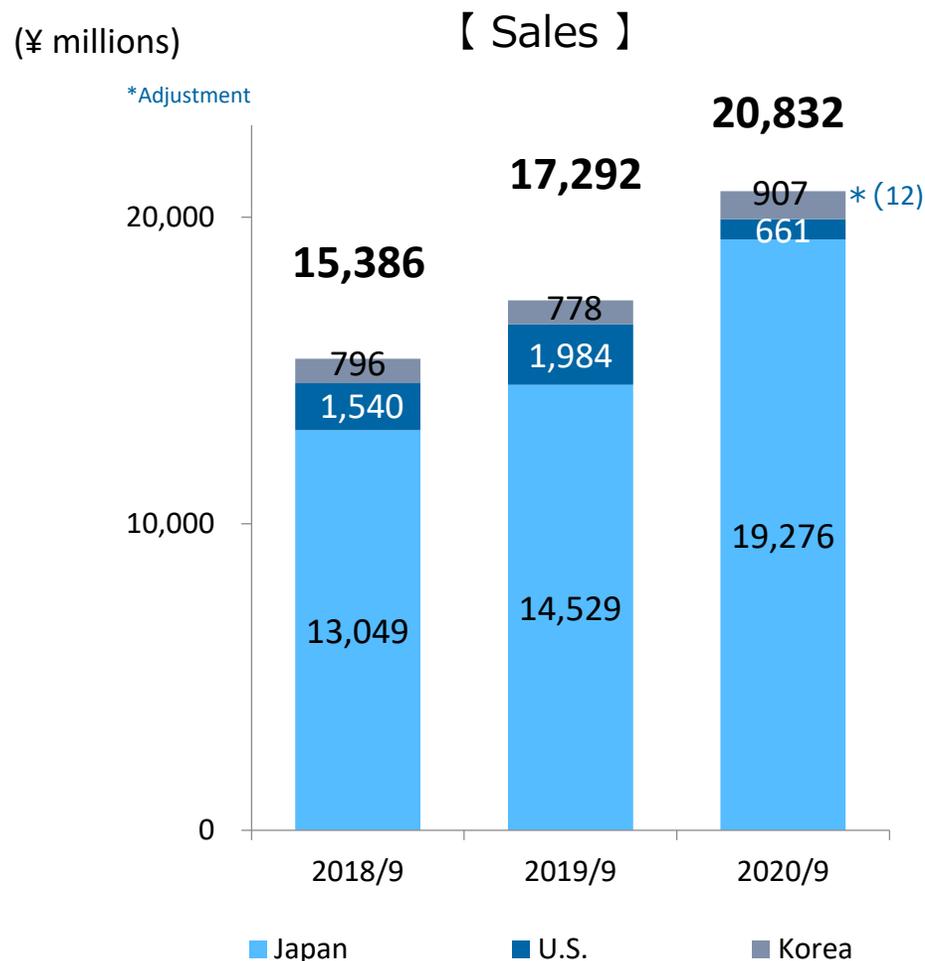
■ Operating income ◆ Operating margin

Contract Research Organization (CRO) Business



Supporting overseas companies entering the Japanese market and non-healthcare companies entering the healthcare sphere, promoting measures to address sophisticating development needs (e.g. biopharmaceuticals), and expanding our presence in Asia. Promoting PVC projects involving multiple business units, clinical trials with the latest method and technologies (e.g. Virtual clinical trials with on-line doctor consultation, improving the efficiency of clinical trials with electronic prescription records). Sales were below the same period last year due to the impact of delay in receiving orders following the downsizing/increased complexity of development projects, and cancellation/postponement of existing projects following the global pandemic of COVID-19. Operating income was also below the same period last year impacted by the subsequent reduction of operation rates.

Contract Development Manufacturing Organization (CDMO) Business



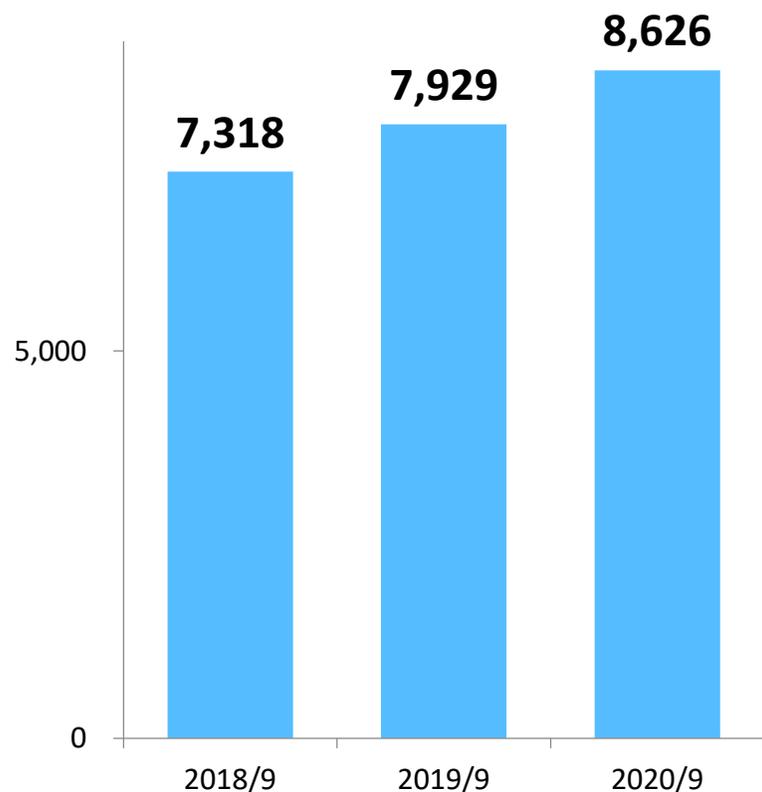
CDMO business is further improving technical capabilities, developing low-cost production structure, and enhancing competitiveness through strategic capital investment. Sales exceeded the same period last year thanks to increased contract volume in Japan and the sales contribution by CMIC CMO Nishine Co., Ltd. that started its operation in June 2019, despite the reduction of contract volume in the United States. Operating income fell below the previous consolidated fiscal year level reflecting the significant impact of reduced sales in the United States.

Contract Sales Organization (CSO) Business



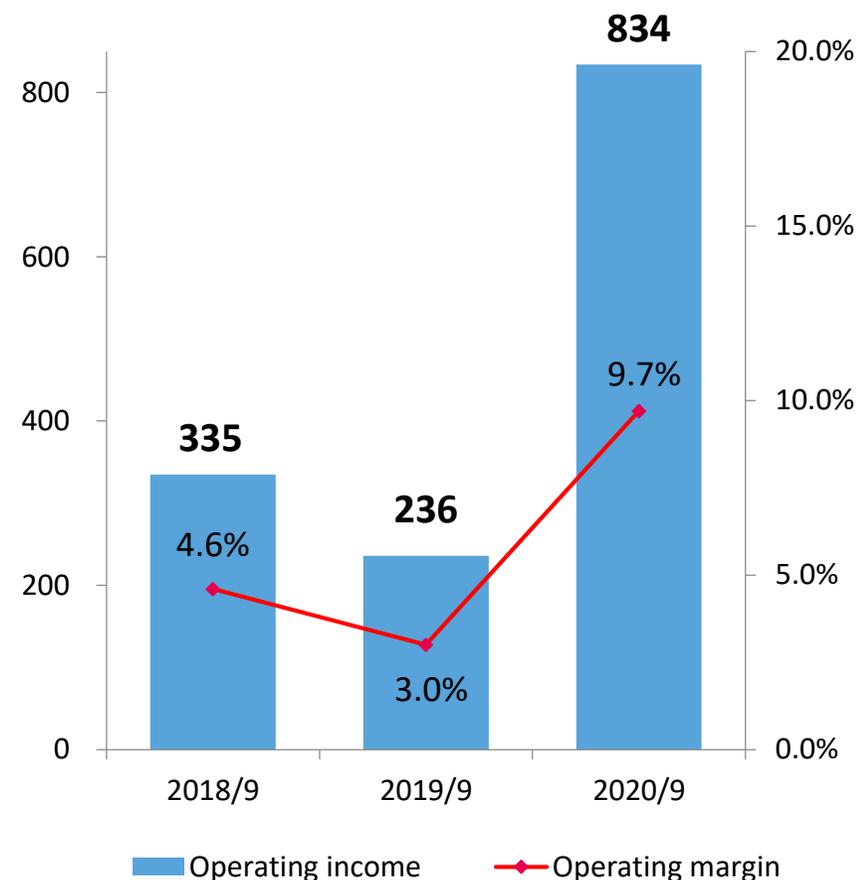
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



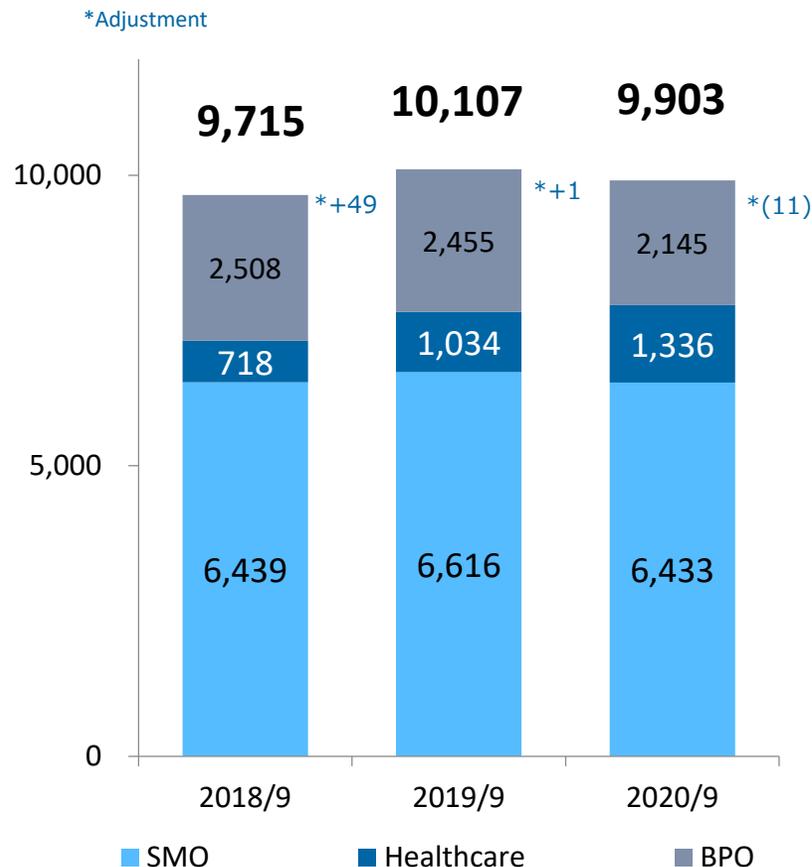
In addition to the medical representative (MR) dispatch and other related new services, we are strengthening the sales activities for the Medical Affairs-related operations and providing comprehensive solution that combines multiple communication channels and various services. Sales and operating income 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



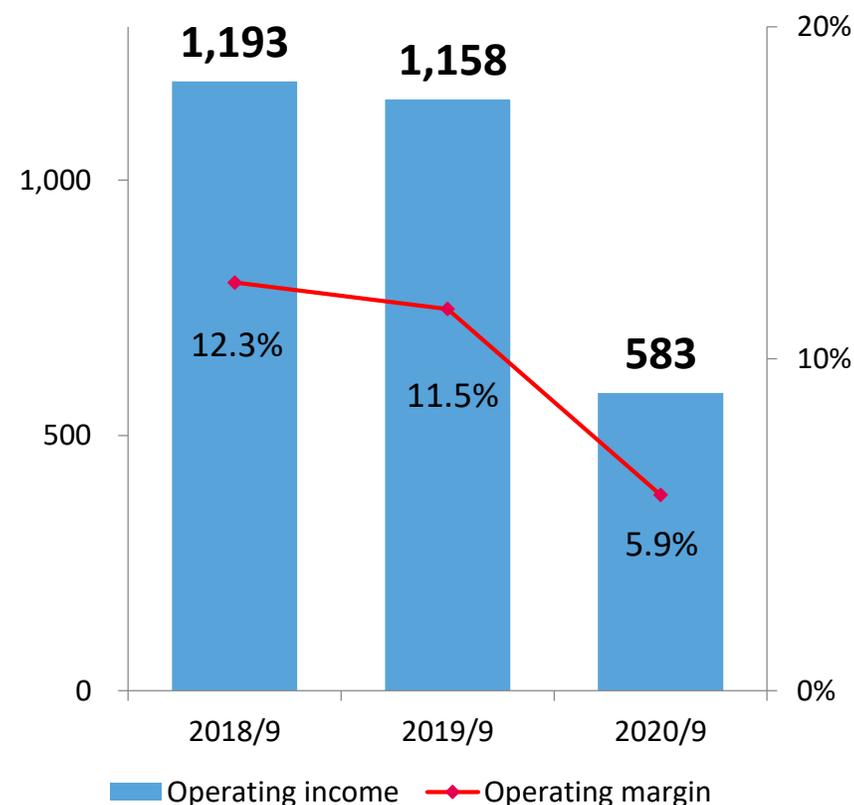
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】



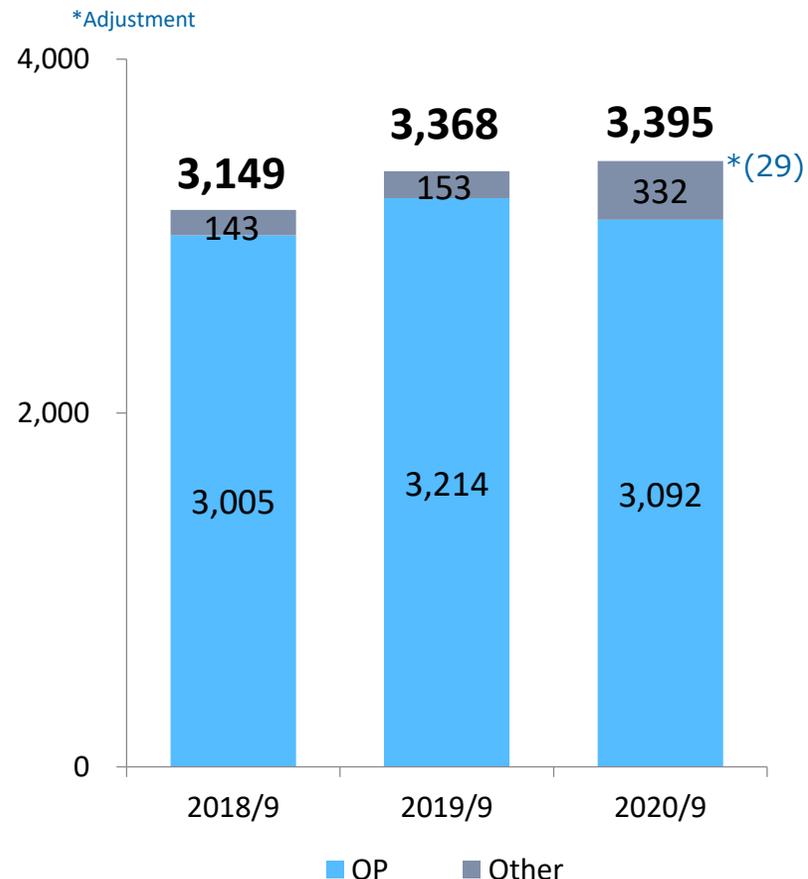
We are further strengthening the oncology capabilities in the SMO operations and providing new services. We are creating new business for early detection and prevention of aggravation of disease, including "harmoni" electronic prescription record service and "SelCheck" (self-screening) service. Sales were below the same period last year despite growth in 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



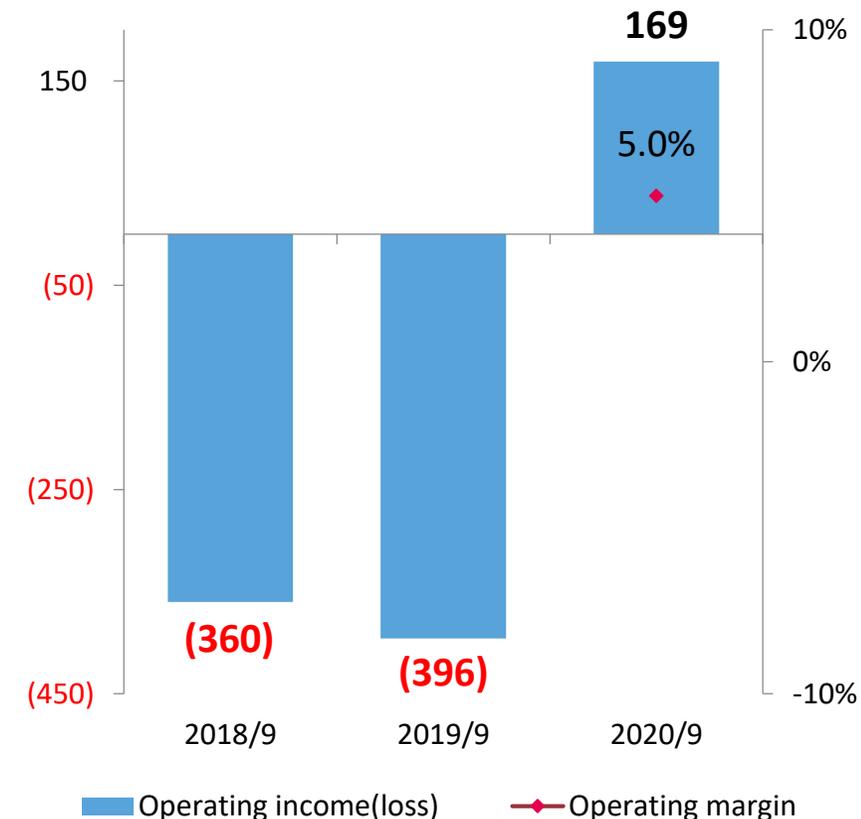
(¥ millions)

【 Sales 】



(¥ millions)

【 Operating income 】

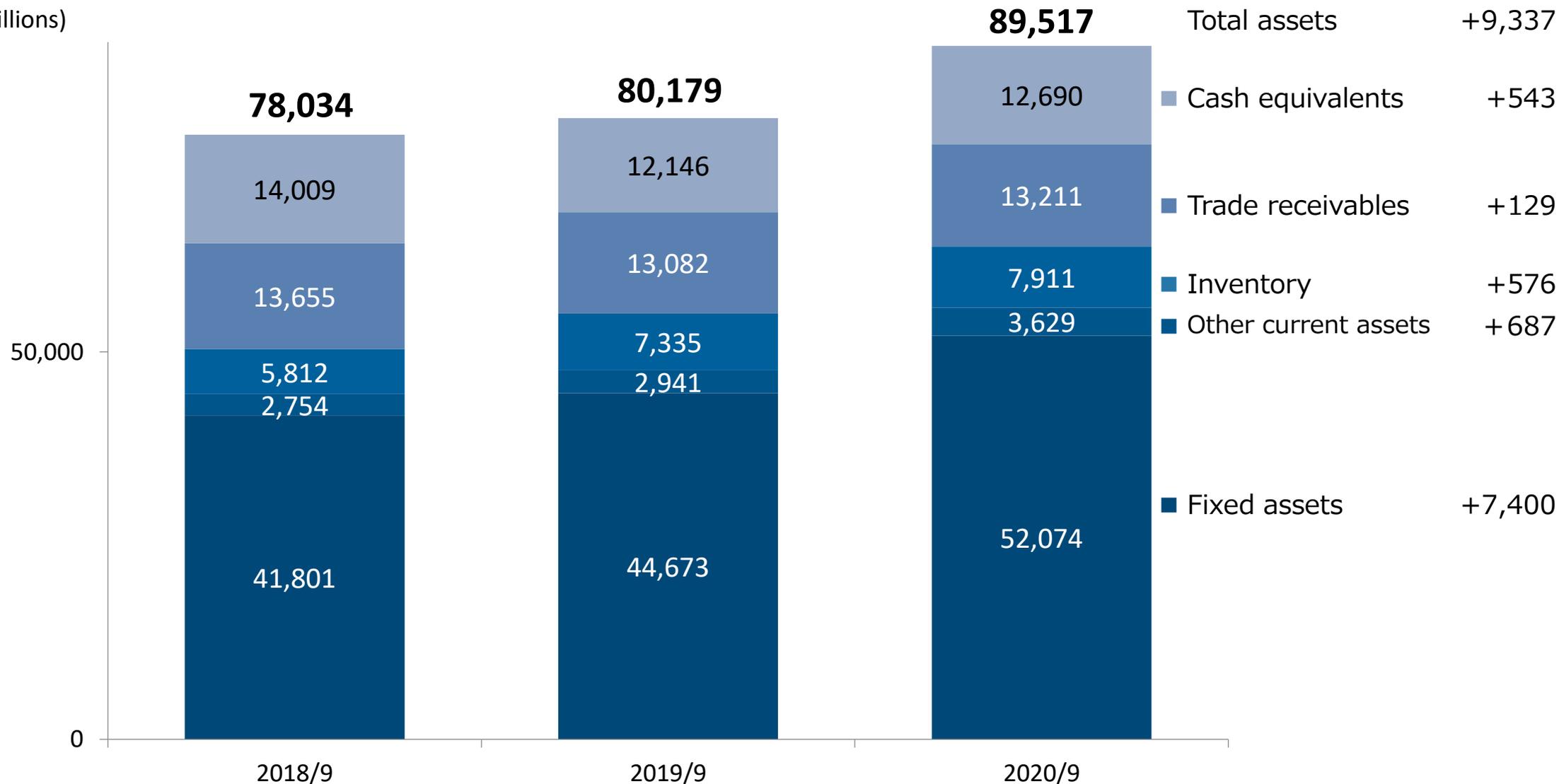


In addition to selling orphan drugs including products developed in-house, we are strengthening business foundation through provision of IPM platform such as supporting foreign companies entering the Japanese market and providing strategic options to pharmaceutical companies following changes in their business models. Multiple projects are progressing with increased demand by foreign pharmaceutical companies to use our IPM platform. Though sales stay at the same level as the previous fiscal year, operating surplus was recorded due to the effect of cost reduction.

Balance sheet (assets)



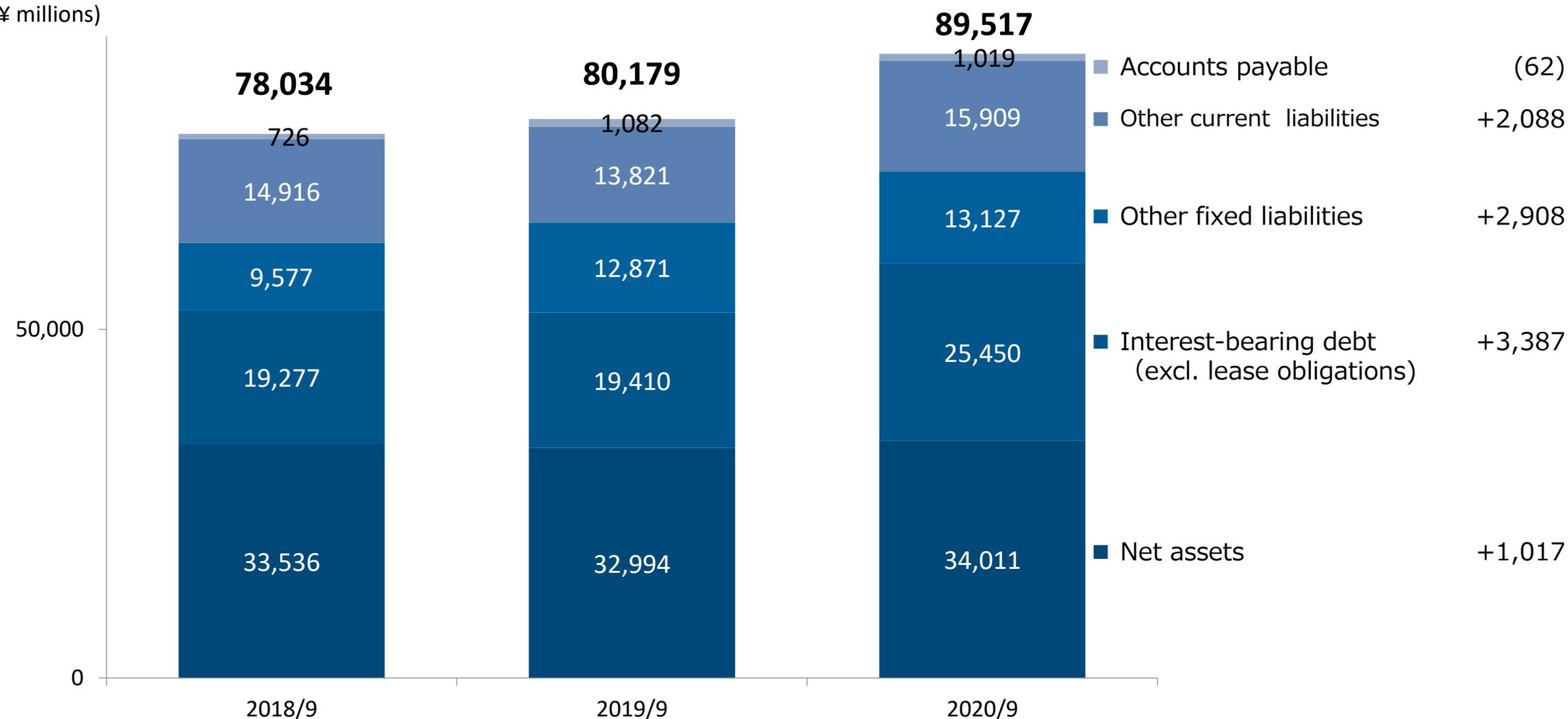
(¥ millions)



Balance sheet (liabilities and net assets)



(¥ millions)



Cash Flows



(¥ millions)	2019/9	2020/9	Increase (decrease)	【Key factor】
Cash flows from operating activities	4,922	6,703	1,780	(Cash flow from operating activities) • Proceeds from profit before income taxes and depreciation
Cash flows from investing activities	(4,889)	(8,542)	(3,653)	• Decline in cash flows from income taxes paid
Cash flows from financing activities	(1,764)	2,354	+ 4,118	
Effect of exchange rate change on cash and cash equivalents	(101)	42	+143	(Cash flow from investing activities) • Purchase of tangible fixed assets of CDMO business
Net increase(decrease) in cash and cash equivalents	(1,832)	557	+2,390	
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(14)	(14)	(Cash flow from financing activities) • Mainly due to borrowings from financial institutions anticipating the impact of COVID-19 and cash dividends paid
Cash and cash equivalents at beginning of period	13,976	12,144	(1,832)	
Cash and cash equivalents at end of period	12,144	12,688	(543)	

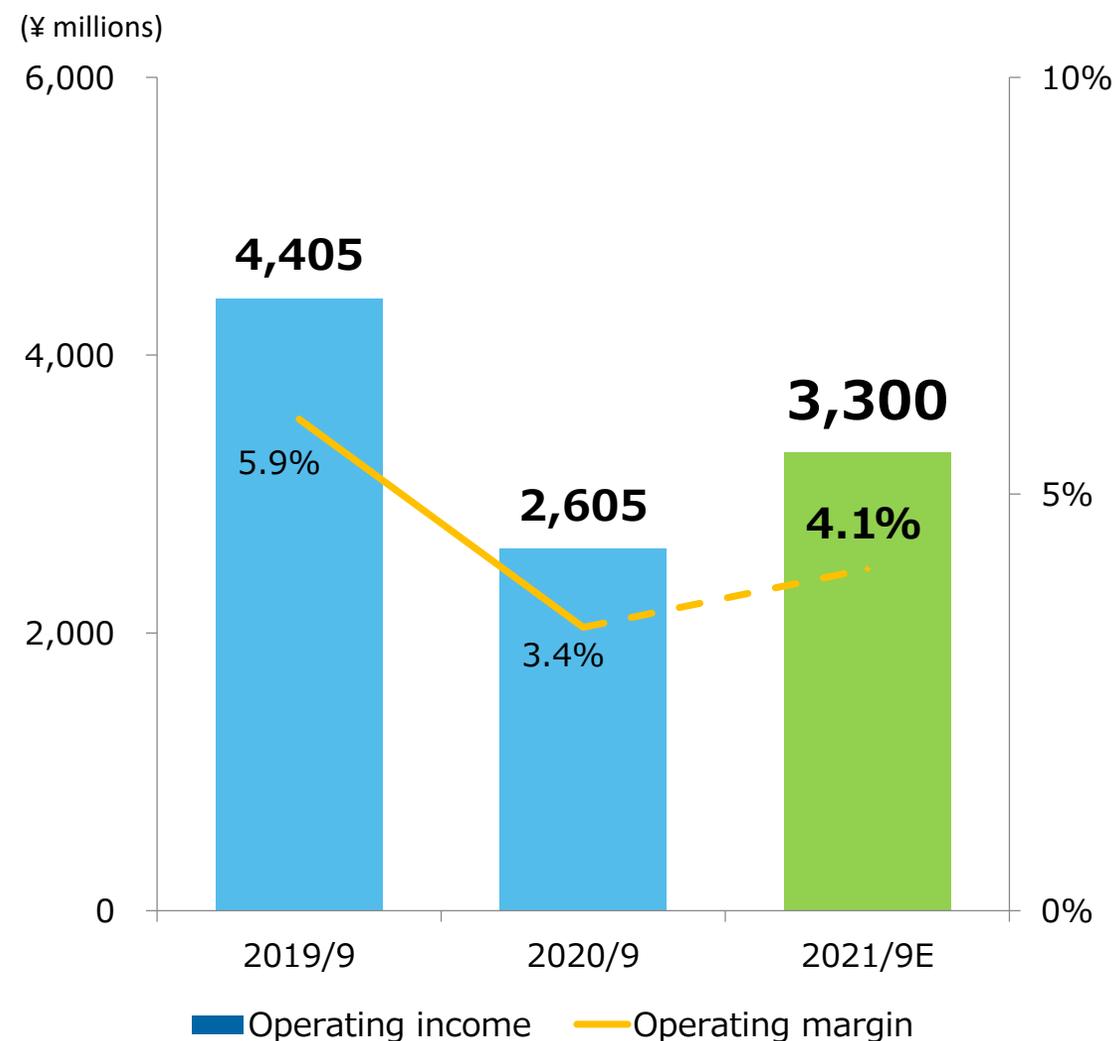


Forecast for FY ending Sep. 2021

Forecast for FY ending Sep. 2021



	2020/9 Actual (¥ millions)	2021/9 Forecast (¥ millions)	Change (%)
Sales	76,098	80,000	5.1
Operating income	2,605	3,300	26.6
Ordinary income	2,867	3,100	8.1
Profit attributable to owners of parent	1,505	1,650	9.6
Earnings per share	¥83.27	¥91.21	



Forecast for FY ending Sep. 2021 (by segment)



		2020/9 Actual Amount (¥ millions)	2021/9 Forecast Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	34,242	36,100	1,857	5.4
	Operating income	5,052	5,550	498	9.9
CDMO Business	Sales	20,832	22,100	1,268	6.1
	Operating income	△412	100	513	—
CSO Business	Sales	8,626	8,500	(126)	(1.5)
	Operating income	834	650	(185)	(22.2)
Healthcare Business	Sales	9,903	10,750	846	8.5
	Operating income	583	700	116	20.0
IPM Business	Sales	3,395	3,450	55	1.6
	Operating income	169	0	(169)	—
Adjustments	Sales	(901)	(900)	1	—
	Operating income	(3,621)	(3,700)	(79)	—
Consolidated	Sales	76,098	80,000	3,901	5.1
	Operating income	2,605	3,300	694	26.6



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.