



# **Overview of Financial Results** for FY2021

CMIC HOLDINGS Co., Ltd. November 11, 2021



# **Overview of Financial Results**



Wataru Mochizuki

Corporate Director and CFO



- Blue indicates overseas group companies.

•		

Segment	Products and services	CMIC Group companies (as of end of Sep. 2021)
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 ASIA-PACIFIC (VIETNAM) 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.
Healthcare Business	SMO (Site Management Organization) and healthcare services related to treating and maintaining and promoting the health for medical institutions, patients, and general consumers, as well as services related to BPO (Business Process Outsourcing) and human resources	CMIC HOLDINGS Co., Ltd. CMIC HealthCare Institute Co., Ltd. CMIC Solutions Co., Ltd. CMIC Well Co., Ltd.
IPM Business	Provision of new business solutions to pharmaceutical companies, etc. that combine value chains and marketing authorization licenses (intellectual properties) possessed by our Group	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.

## Main initiatives in the current term



# √ Focus activities in the "Mid-term Plan (FY2019-2021)"

- ◆ In addition to the PVC model, accelerate the IPM solution business that combines marketing authorization licenses
- ◆ Strengthen area competitiveness and promote globalization
- Create healthcare business

# √ "Healthcare Revolution 2.0" (since 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



# ✓ Contributing to COVID-19 countermeasures

- ◆ Full fledged support for COVID-19 vaccination by local governments (mass vaccination, mobile vaccination) and preparation for workplace vaccination program
  - Utilization of the COVID-19 vaccination information management system "harmo® vaccine care with corona"
    - Total people registered on harmo vaccine app: 23,000 harmo vaccine care with Corona: 1.5 million shots, prescription record users: 420,000
  - Call center (to consult about adverse reactions), human resources support (Physician and nurse reference, admin staff)
- Commissioned by local governments, including Setagaya Ward (as social testing), to provide PCR testing services targeting nursing care providers, etc.
- ◆ Support for clinical trials/post-marketing studies/clinical research, contract manufacturing of COVID-19 treatment drugs
  - Dedicated transportation service started for COVID-19 study subjects for smooth conduction of clinical trials amid COVID-19 outbreak



# ✓ Creating business that contributes to maintaining personal health

- ◆ A harmo® project was designated by the Tokyo Metropolitan government as "Business to Establish the Next Generation Wellness Solution (a Project to Promote Commercialization)."
- ◆ Have joined the Healthcare Open Innovation program hosted by Kouhoukai Group of International University of Health and Welfare, with the aim of developing pre-symptomatic disease prevention services and creating personalized healthcare services utilizing data.
- ◆ Will launch "MONET LABO—HEALTHCARE," a medical MaaS (Mobility as a Service) specialized business development program, with MONET Technologies. Inc
- ◆ Joint development agreement was concluded with ENEOS regarding the heat stress measurement system "lobesense"
- ◆ Activities to support Digital Transformation in Healthcare "PSP (Patient Support Program) digital platform"

\*MONET: Jointly established by SoftBank Corp., TOYOTA MOTOR CORPORATION, etc.



# ✓ Accelerating & streamlining drug and device development

- ◆ Proposing a new clinical trial model in the age of the New Normal (using digital technology)
  - A demonstration experiment of clinical trial using harmo® is ongoing
  - Launched clinical trial support services targeting digital therapeutics
  - Development support for AI medical device clinical trials
- ◆ Signed a joint research agreement on blood cancer with the National Cancer Center Japan
  - Promoting projects for the use of data on gene mutations in refractory leukemia, etc.
- Introduced continuous production equipment, which requires no scale-up from IMP production to commercial production, contributing to the acceleration and cost reduction of development (plant operation started in May 2021)
- ◆ Entered into an agreement with Bayer Yakuhin to improve the efficiency and quality of clinical trials by leveraging digital technology (August 2021)
  - Started using the system that automatically detects information on all drugs contraindicated for coadministration in cardiology clinical trials



## ✓ Progress of IPM solution

- ◆ OrphanPacific, Inc. received a manufacturing and marketing approval in Japan of ORLADEYO Capsules 150mg for the suppression of the onset of attacks in acute hereditary angioedema (HAE) (on Jan. 22, 2021; NHI price listing on Apr. 21)--- a drug that was developed in Japan by BioCryst Pharmaceuticals, Inc. and will be marketed by Torii Pharmaceutical Co.,Ltd. from Apr. 23.
- ◆ Grifols Therapeutics LLC received a foreign exceptional approval of *Lynspad™ for Intravenous Infusion 1000 mg* in Japan (on Jan. 22, 2021; NHI price listing on Apr. 21)---in which OrphanPacific, Inc. has provided support toward the approval as an appointed marketing authorization holder, and its sales started on July 27.



# ✓ Change of Executive Management (Apr. 2021)

- ◆ Enhanced the corporate hub function and transferred the Group's back-office operations to a group company to respond to business environment changes in a more agile way
- ◆ Repeal of the executive officer system

# ✓ Launched Group-wide "Healthcare Professional Certification System"

- ◆ Aimed at developing talents who are capable of responding flexibly to the drastically changing healthcare market
- ◆ Dispatch CMIC Group healthcare professionals to COVID-19 vaccine sites, etc.



✓ Acquired international standard certification with regard to Information Security Management System (ISMS)

JUSE	認証規格	JIS Q 27001:2014(ISO/IEC 27001:2013)
	登録番号	JUSE-IR-470
TO THE PARTY OF TH	認証取得事業者	シミックホールディングス株式会社 ICT部 シミック株式会社 データサイエンス事業本部 シミック株式会社 PMS事業本部
SO/IEC27001 JUSE-IR-470	登録日	2020年11月27日
JUJE-IN-4/U		

- ◆ Obtained the ISMS-related international standard certification "JIS Q 27001:2014(ISO/IEC27001:2013)" in order for us to continue to strengthen information security and operate appropriately.
- ✓ CDMO received a letter of appreciation from the Ministry of Economy, Trade and Industry as a company that contributed to the increased production of medical supplies in the COVID-19 pandemic.
- ✓ Dr. Emilio Hideyuki Moriguchi received FESCO (Foundation for Social Contribution) 50th Anniversary Award
  - \* CMIC supports annual travel clinic service for Japanese immigrants in Brazil, which has been provided for over three generations by Dr. Emilio Moriguchi (CMIC's consultant in Brazil).
- ✓ CMIC Healthcare Institute received Highest "Eruboshi" certification as a company that promotes women's participation and advancement in the workplace

# **Consolidated income statement (overview)**



	202	0/9	202	1/9		
	Amount	Composition ratio	Amount	Composition ratio	Change	Percent Change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Net Sales	76,098	100.0	85,788	100.0	+9,690	+12.7
Operating income	2,605	3.4	4,920	5.7	+2,315	+88.8
Ordinary income	2,867	3.8	5,091	5.9	+2,224	+77.6
Profit attributable to owners of parent	1,505	2.0	2,023	2.4	+517	+34.4
Earnings per share	83.27		111.85			

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

P	

(¥ millions)	2020/9	2021/9	(¥ millions)	2020/9	2021/9
Non-operating income	555	399	Extraordinary income	103	714
Interest income	4	2	Gain on sales of non-current assets	7	_
Foreign exchange gains	_	190	Gain on Sales of investment securities	10	577
Share of profit of entities accounted for using equity method	394	20	Gain on sales of shares of subsidiaries and associates	30	19
Subsidy income	43	98	Gain on forgiveness of debts	_	117
Other	113	88	Insurance claim income	54	_
Non-operating expenses	293	228	Extraordinary losses	1,013	2,331
Interest expenses	123	133	Impairment loss	736	2,102
Foreign exchange losses	121	_	Loss on retirement of non-current assets	142	107
Other	48	95	Loss on valuation of investment securities	26	122
			Loss on cancellation of system	108	_
			Income taxes	792	2,397
			Current	1,118	3,947
			Deferred	(325)	(1,550)

# Sales & Operating income by segment



		2020/9 Amount (¥ millions)	2021/9 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	34,242	34,954	+712	+2.1
CRO Business	Operating income	5,052	4,364	(687)	(13.6)
CDMO Business	Sales	20,832	21,196	+364	+1.7
CDMO Business	Operating income	(412)	(153)	+259	_
CSO Business	Sales	8,626	8,977	+351	+4.1
CSO Business	Operating income	834	890	+55	+6.7
Healthcare	Sales	9,903	17,876	+7,972	+80.5
Business	Operating income	583	3,590	+3,007	+515.8
IDMA Ducinoss	Sales	3,395	3,683	+288	+8.5
IPM Business	Operating income	169	(19)	(188)	_
A diverse a set	Sales	(901)	(899)	+1	_
Adjustments (	Operating income	(3,621)	(3,751)	(130)	_
Consolidated	Sales	76,098	85,788	+9,690	+12.7
Consolidated	Operating income	2,605	4,920	+2,315	+88.8

# **Orders received / Backlog**

	2020/9					
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
CRO Business	36,852	56,608	36,883	+0.1	58,889	+4.0
CDMO Business	20,855	5,412	21,554	+3.4	5,880	+8.6
CSO Business	7,736	3,132	9,413	+21.7	3,568	+13.9
Healthcare Business	10,125	11,873	22,164	+118.9	16,581	+39.7
Total	75,570	77,028	90,015	+19.1	84,920	+10.2

<sup>-</sup> Both orders received and order backlog exceeded the previous year in all segments.

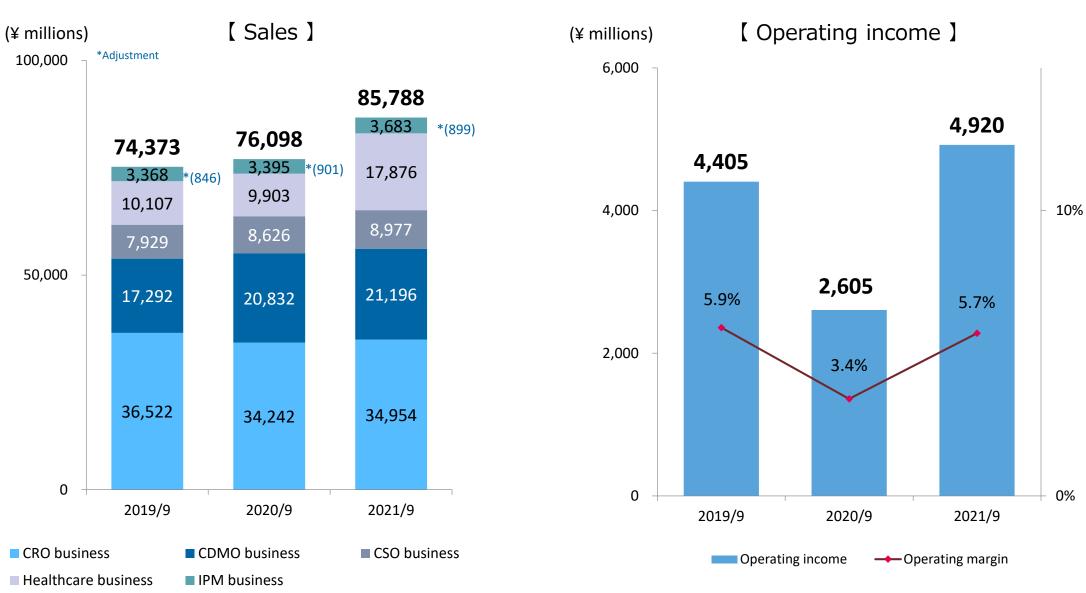
<sup>-</sup> The backlogs increased in all the businesses segments.

<sup>-</sup> Accounts only for the firm business orders in the CDMO business backlog. The annually scheduled orders presented by customers are not equivalent to firm orders so are not included in the backlog.

<sup>-</sup> The order status excludes the IPM business, for its business conditions are different from those of contract business.

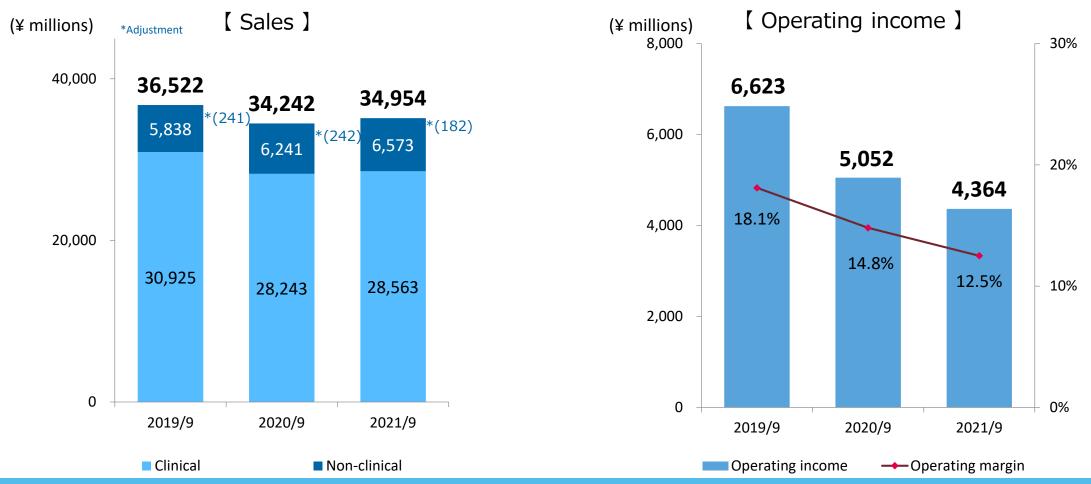
### Trends in consolidated sales & operating income





## **Contract Research Organization (CRO) Business**

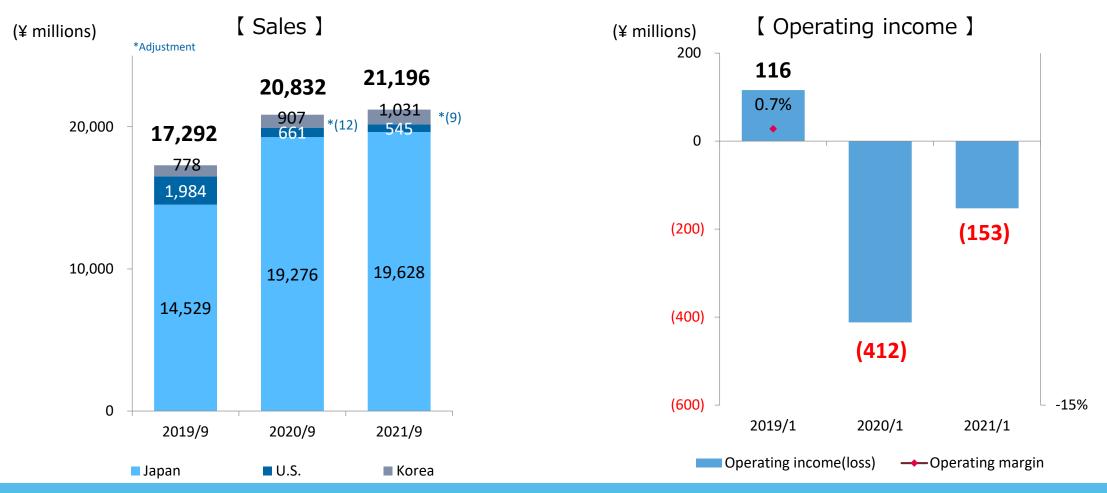




- Support overseas companies entering the Japanese market and non-healthcare companies entering the healthcare sphere, and promoted measures to address increasingly sophisticated development needs (biopharmaceuticals, etc.), while helping to maximize the speed of drug development by offering one-stop service from non-clinical to post-marketing. Propose the improvement of efficiency of clinical trial process by using harmo®, as well as a new clinical trial model.
- Sales exceeded the previous consolidated fiscal year thanks to the growth of non-clinical business and acquisition of new post-marketing and clinical operations projects related to COVID-19. Operating income went below the previous fiscal year due to factors such as generation of retirement benefit expenses.

# **Contract Development Manufacturing Organization (CDMO) Business**

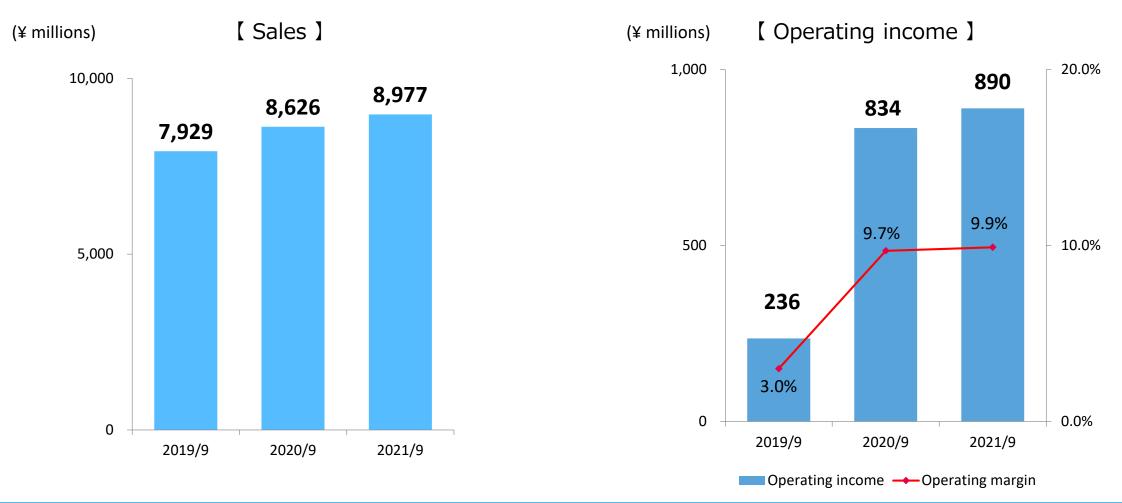




- Improve technical capabilities and quality, develop a low-cost production structure, and enhance competitiveness through strategic capital investment as a global pharmaceutical drug manufacturing platform that includes formulation design, investigational new drug manufacturing, and commercial production
- Focus on a large-scale commercial production project that is scheduled to start production in the fiscal year ending September 30, 2022, the launch of new facility and production line in the United States, and the acquisition of new projects.
- Sales were above the previous consolidated fiscal year due to factors such as an increase in contracted production volume. As for operating income, while operating loss was recorded due to prior investment costs for the contract manufacturing business of biopharmaceutical APIs, due to the increase in sales, degree of deficit decreased compared to the previous consolidated fiscal year.

## **Contract Sales Organization (CSO) Business**

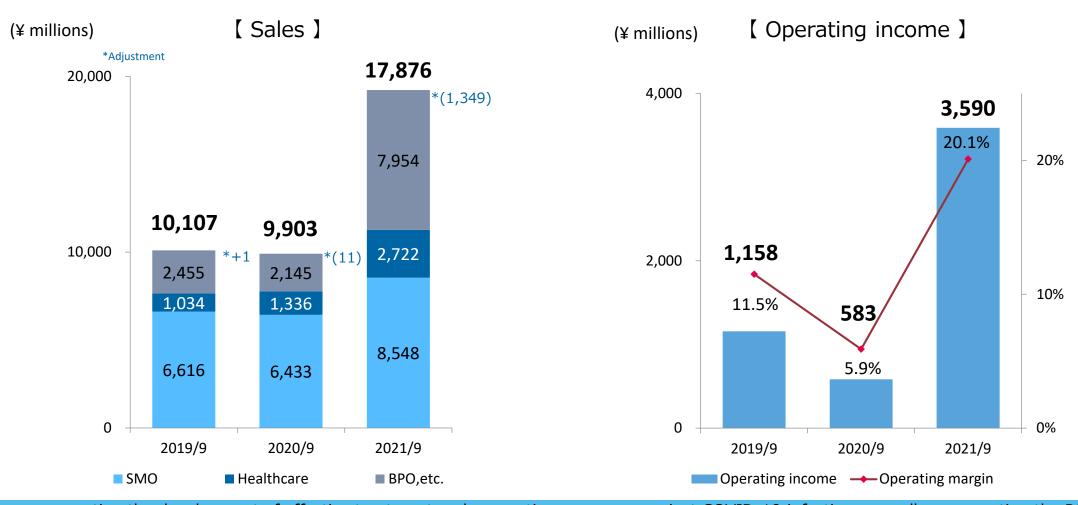




- In addition to the medical representative (MR) dispatch and other related new services, strengthen the sales activities for Medical Affairs-related operations and provide comprehensive solution that combines multiple communication channels and various services.
- Sales and operating income exceeded the previous consolidated fiscal year, thanks to the acquisition of new MR dispatch service projects.

#### **Healthcare Business**

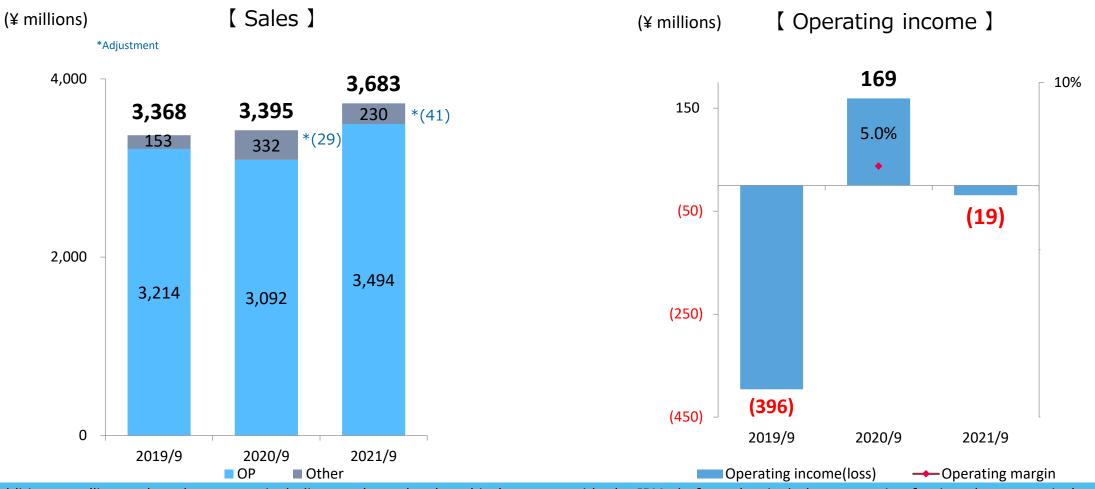




- Focus on supporting the development of effective treatment and preventive measures against COVID-19 infection, as well as supporting the PCR testing and vaccination by local governments.
- Work on the healthcare communication channel harmo® business and create business that contributes to the early detection of disease and prevention of disease aggravation.
- Sales were significantly above the previous consolidated fiscal year due to growth in the BPO and personnel services for vaccination support and SMO operations. Operating income was also significantly above the previous consolidated fiscal year due to an increase in sales, despite prior investments for the creation of new healthcare business.

## **Innovative Pharma Model (IPM) Business**

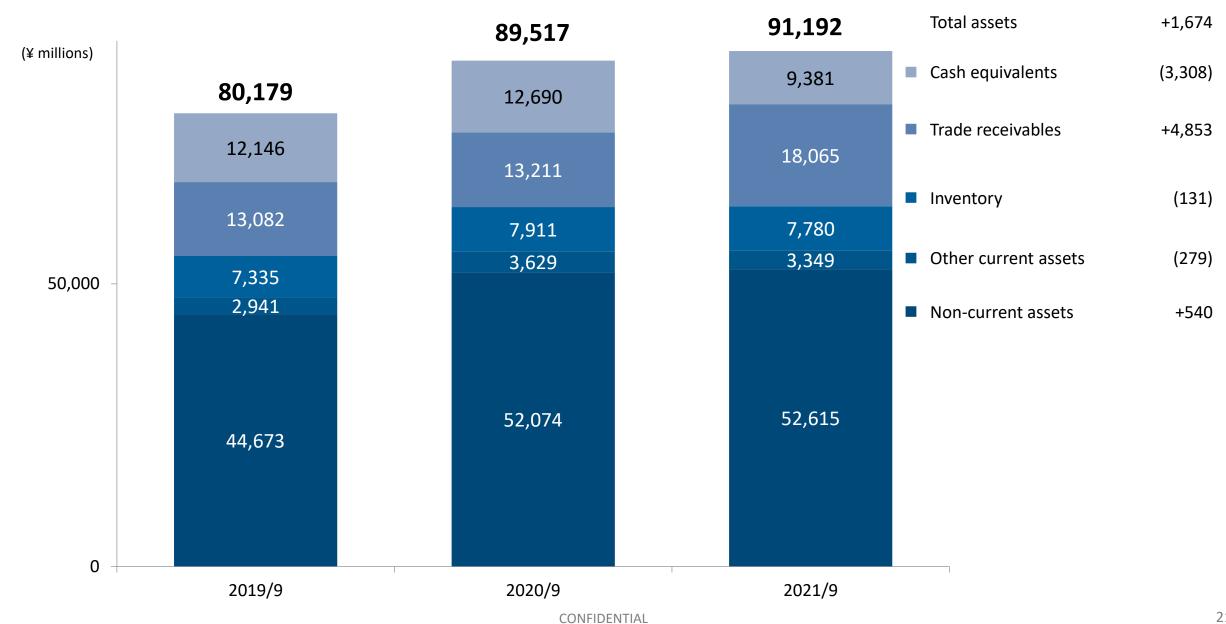




- In addition to selling orphan drugs, etc., including products developed in-house, provide the IPM platform that includes supporting foreign pharmaceutical companies entering the Japanese market and providing strategic options to pharmaceutical companies following changes in their business models. Multiple projects are progressing with increased demand from foreign pharmaceutical companies to use our IPM platform. In January 2021, we received a manufacturing and marketing approval in Japan of ORLADEYO Capsules 150mg for the suppression of the onset of attacks in acute hereditary angioedema (HAE). In July 2021, we launched Lynspad™ for Intravenous Infusion 1000 mg of Grifols Therapeutics LLC in Japan for which we provided support toward the approval as an appointed marketing authorization holder. We will further expand our business scale and secure profitability by continuing to provide new business solutions.
- Sales exceeded the previous consolidated fiscal year thanks to new product launch. Operating income went below the previous fiscal year due to an increase of orphan 19 drug R&D expenditure and registering an inventory valuation loss.

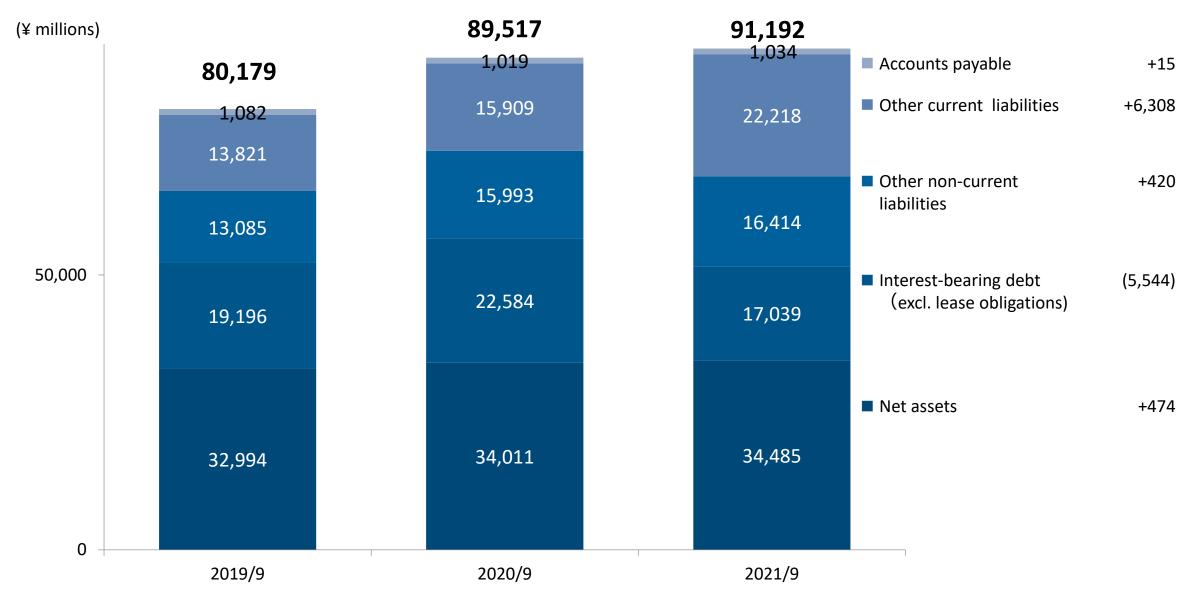
# **Consolidated balance sheet (assets)**





# Consolidated balance sheet (liabilities and net assets)





# **Cash Flows**



(¥ millions)	2020/9	2021/9	Increase (decrease)	【Key factors】
Cash flows from operating activities	6,703	9,804	+3,100	(Cash flow from operating activities)
Cash flows from investing activities	(8,542)	(6,685)	+1,857	<ul> <li>Increase in cash flow due to profit before income taxes and depreciation</li> </ul>
Cash flows from financing activities	2,354	(6,348)	(8,702)	(Cash flow from investing activities)
Effect of exchange rate change on cash and cash equivalents	42	(82)	(124)	<ul> <li>(Cash flow from investing activities)</li> <li>Expenditure from the acquisition of</li> </ul>
Net increase(decrease) in cash and cash equivalents	557	(3,310)	(3,868)	tangible fixed assets in the CDMO business
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	_	1	+1	(Cash flow from financing activities) • Expenditure from repayment of loans
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(14)	_	+14	from financial institutions and payment for dividends
Cash and cash equivalents at beginning of period	12,144	12,688	+543	
Cash and cash equivalents at end of period	12,688	9,379	(3,308)	



# Forecast for FY ending Sep. 2022



# Forecast for FY ending Sep. 2022



	2021/9 Actual (¥ millions)	2022/9 Forecast (¥ millions)	Change (%)	(¥ millions) 6,000		4,920		10%
Net Sales	85,788	88,000	2.6	4.000			4,000	
Operating income	4,920	4,000	(18.7)	4,000	2,605	5.7%		- 5%
Ordinary income	5,091	3,850	(24.4)	2,000 -	3.4%		4.5%	
Profit attributable to owners of parent	1,879	2,050	1.3					
Earnings per share	103.90	113.32		0 +	2020/9  Operating inc	2021/9 come — Op	2022/9E erating margin	+ 0%

<sup>\*</sup> Because we are applying the new revenue recognition standard from September 2022, percentage change from previous term is for your reference only.



# **Mid-term Business Plan**

(FY ending Sept. 2022 – FY ending Sept. 2025)

Representative Director, Chairman and CEO

Dr. Kazuo Nakamura



#### **Review of the Previous Mid-term Plan**



# Reasons for the undershooting of operating income in the previous mid-term plan (FY2019-FY2021)

- Decrease in the CRO business because of delay and suspension of development due to the spread of COVID-19 infectious disease in 2020
- Delay in the start of full-scale commercial production at the new sterile injectable production facility in the CDMO business (Ashikaga Plant)

	Fiscal year ended Sept. 30, 2018	Fiscal year ended Sept. 30, 2021					
	Actual	Actual	Mid-term Plan	Achievement Ratio			
Sales	69.8 bil yen	85.7 bil yen	85.5 bil yen	100.3%			
Operating income	4.3 bil yen	4.9 bil yen	6.8 bil yen	72.4%			
Operating margin (%)	6.2%	5.7%	8.0%				
ROE	6.5%	8.3%	over 12%				



# Overview of Mid-term Business Plan

(FY ending Sept. 2022 – FY ending Sept. 2025)





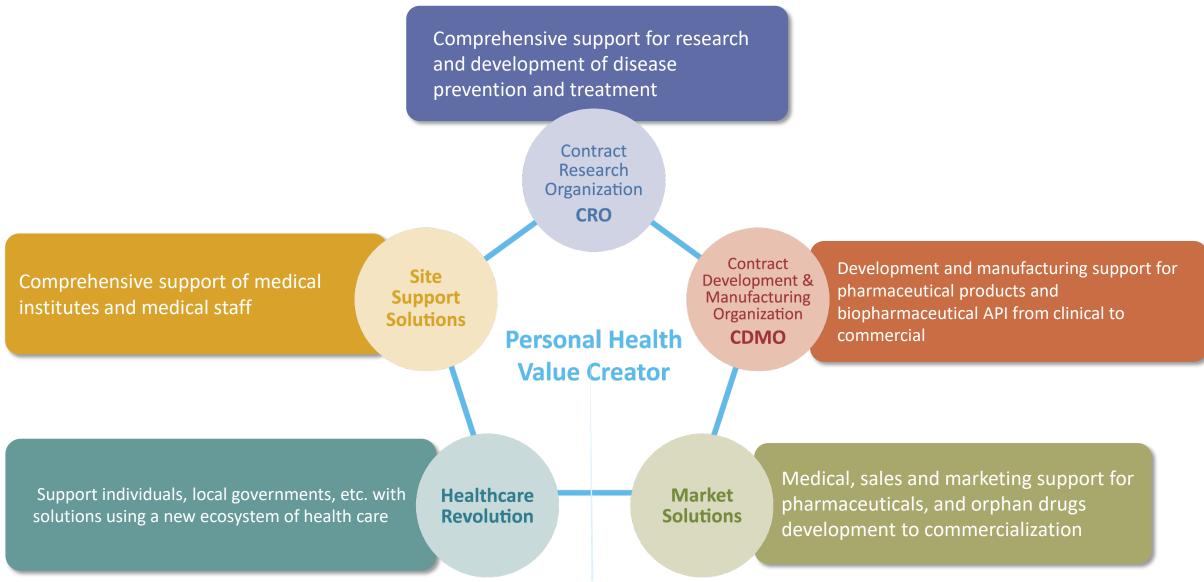
# From Pharmaceutical Value Creator to Personal Health Value Creator

Based on the PVC (Pharmaceutical Value Creator) model, which is a unique business model that fully supports the value chains of pharmaceutical companies, we aim to expand to PHVC (Personal Health Value Creator), a business model that maximizes the "health values of individuals."



# **Business Segments**





# **Financial Targets**



FY2021

Actual

**Net Sales** 

85.8 bil yen

Operating profit

4.9 bil yen

Operating margin

**5.7%** 

ROE

8.3%

FY2025

**Target** 

100 bil yen

+3.9%

**Annual growth** 

target (%)

7 bil yen

+9.2%

**7**%

**≥10%** 





# **Business Environment & Response**





# **Global COVID-19 Pandemic**



## The Biggest Global Pandemic in Recent History



■ Dec. 8, 2019

The first COVID-19 case was reported in Wuhan City, Hubei Province, China.

■ Jan. 15, 2020

The first COVID-19 case was reported in Japan. (The man had a fever during his stay in Wuhan and developed it after returning to Japan.)



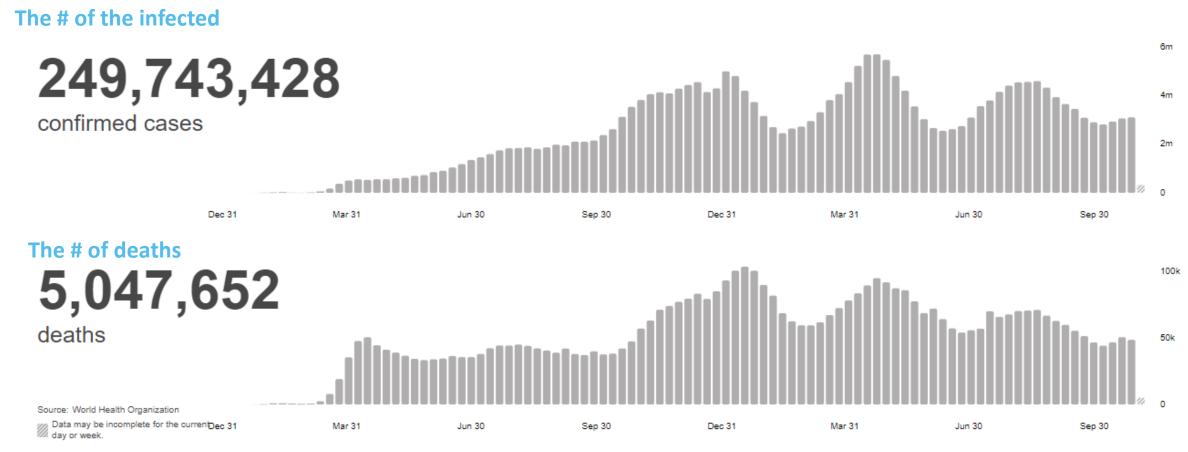


## The Total # of Confirmed Cases & Deaths by COVID-19



Global COVID-19 cases total over 200 million, with over 5 million deaths.





# **Rapid Expansion of Variants**





): The country where the variant was first found

#### **VOC** = Variant of Concern

A SARS-CoV-2 variant with one or more of the following changes:

- ∇ Increase in transmissibility
- ∇ Increase in virulence
- $\nabla$  Decrease in effectiveness of vaccines

α

**Alpha** 

(UK)

в

Beta

(South Africa)

γ

Gamma

(Brazil)

δ

**Delta** 

(India)

#### **VOI = Variant of Interest**

 ∇ A SARS-CoV-2 variant known to affect transmissibility and effectiveness of vaccines AND

 ∇ Identified to cause significant community transmission in multiple countries

η

Eta

(U.K.)

l

lota

(U.S.A.)

K

Kappa

(India)

λ

Lambda

(Peru)

 $\mu$ 

Mu

(Columbia)

Highly infectious variants are spreading, causing infection to re-emerge

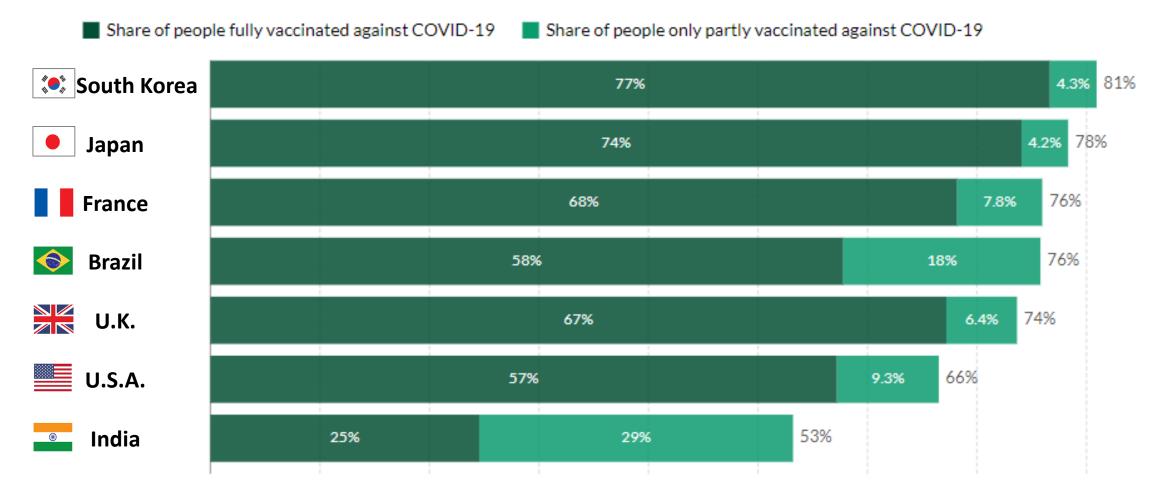
## Vaccination Status of the World



37

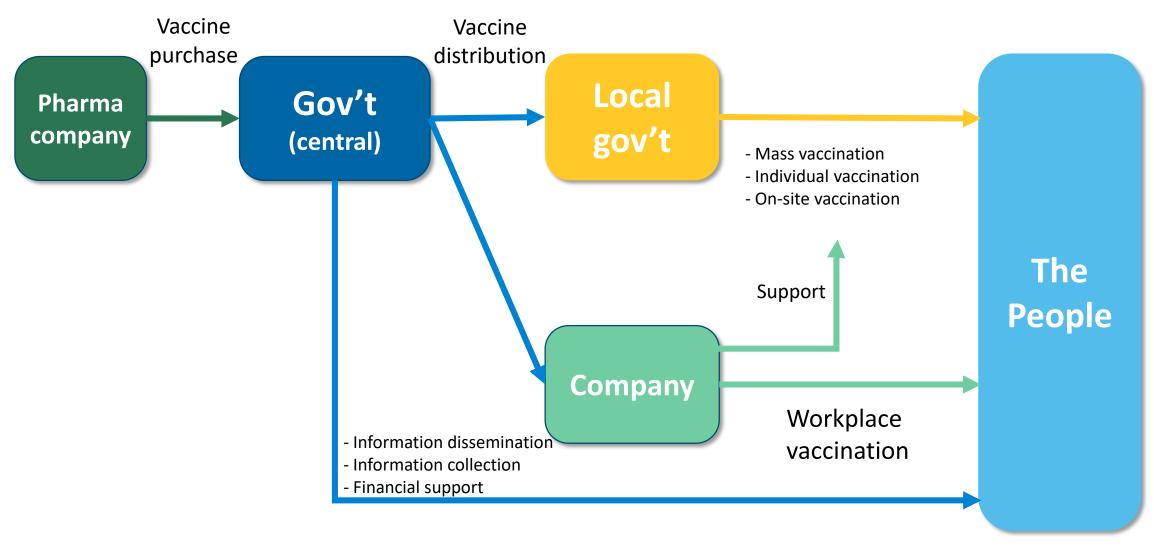
51% of the world population has received at least one dose of a COVID-19 vaccine.

7.28 billion doses have been administered globally, and 26.56 million are now administered each day.



## Actors/players in Healthcare in COVID-19 Vaccination





## This Term's Business Cases of Supporting Local Governments



(\*only those whose information can be made public)

#### World-class resort

Comprehensive partnership with 7 municipalities in the Mt. Yotei foothills

Vaccination

#### 7 municipalities in the Mt. Yotei foothills



#### **Local city**

Comprehensive partnership with Yamanashi Prefecture

Vaccination

Yamanashi Prefecture

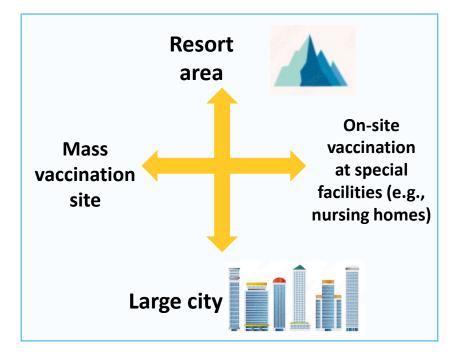
> Tokyo Metropolitan

# Gov't

#### **Tokyo Metropolitan Area**

Setagaya Ward, Ota Ward, Koto Ward, Suginami Ward, Akishima City, Fussa City

PCR testing work, vaccination support, etc.



## Wide-ranging services:

- Antigen/PCR testing
- **Vaccination**
- **Epidemiological study**
- Call center
- harmo vaccine care with corona



# This Term's Achievements of Supporting Local Governments



harmo vaccine care with corona

#### [Characteristics]

1 Check vaccination intervals/vaccine types



2 Secure data management system that separates personal info from vaccination info

(Patent#: 6202152)



Follow up on those vaccinated based on accurate information





Introduced by **20 local gov't** 

#### [Results]

1 Check vaccination intervals/vaccine types

Prevented **32** vaccinationrelated medical accidents (Wrong vaccination intervals/vaccine types)

- Secure data management system that separates personal info from vaccination info

  Manage vaccination information of 1.5 million
- Follow up on those vaccinated based on accurate information

Information was communicated to those vaccinated on whether they were affected or not on **the same day** that the MHLW announced the contamination of vaccine with a foreign substance.

people in total



## **Cultivating Professionals to Meet Diverse Healthcare Needs**







Help clinical trials move forward

**CRA** 

Ca. 1,000 staff

Support clinical trial sites

CRC

Over 500 staff

Provide drug-related information

MR

Over 600 staff

ca. **8,000** employees who contribute to CMIC's business, ranging from drug development, manufacturing, and sales support to the healthcare arena

CMIC's unique in-house training & certification system (since Feb. 2021)

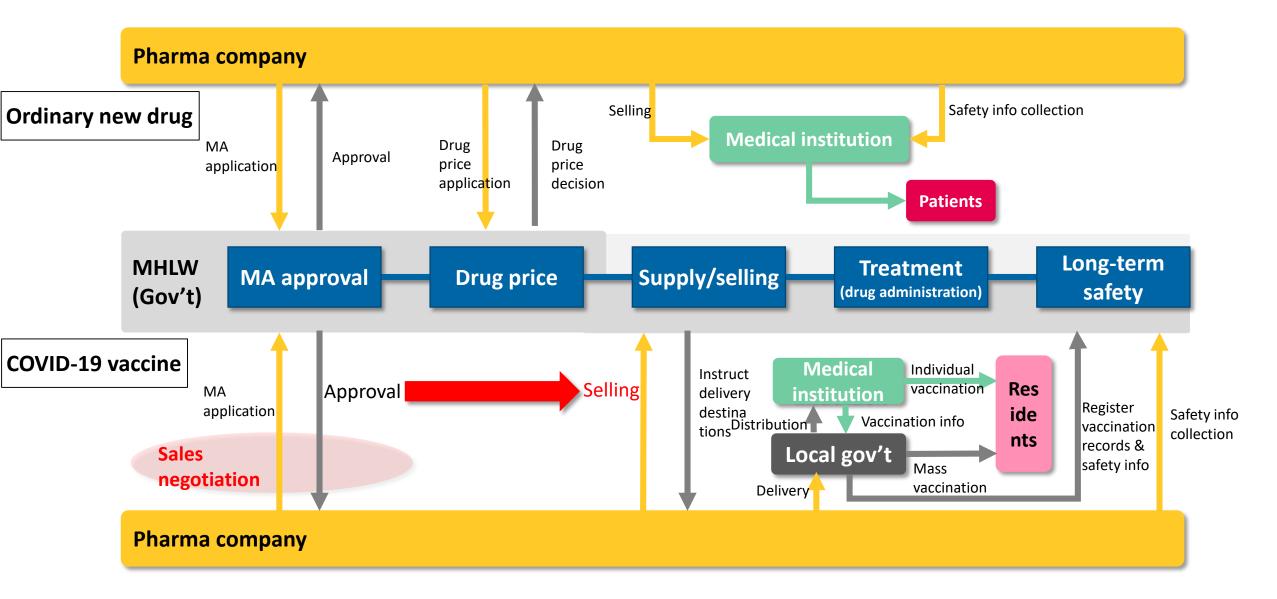




- Healthcare Partner
- Healthcare Advisor
- Healthcare Producer

## **COVID-19 Vaccination Changed the Stakeholder Picture**





## **Various Impacts of Pandemic on Society**



#### NHK

May 11, 2021

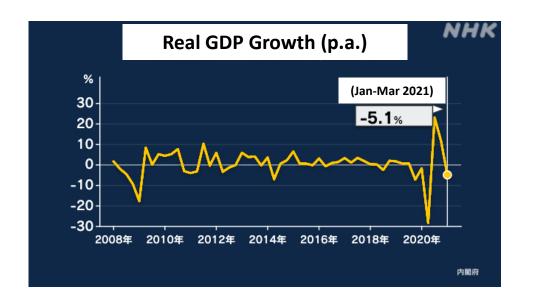
"National debt": Over 1216 trillion yen Increase by over 100 trillion yen in the past year

5 consecutive years of record highs

## 讀實新聞

Feb. 26, 2021

**Pandemic cornering nursing** homes, record number of bankruptcies last year, decline in use, and staff turnover





May 28, 2021

pandemic: Disproportionate negative impact on women and its background

**Employment & income status under the** 

# the japan times

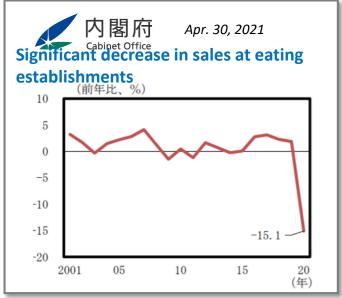
Jun. 13, 2021

Mental health during the pandemic: 'A lot of us feel like we're in a dark tunnel' Japan's mental health is in crisis, without concrete solutions in sight



Japan Business Federation

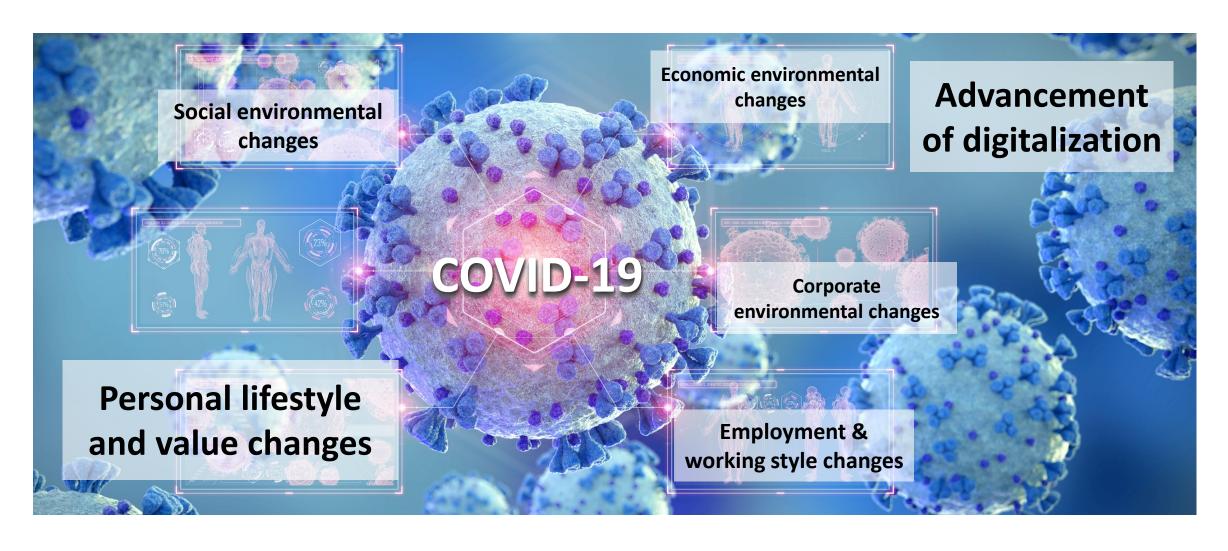
Jul. 15, 2021 In 2020, the # of foreign visitors to Japan and their spending decreased by ca. 85%, while the # of domestic overnight travelers decreased by ca. 48%.





## **Drastic Environmental Changes Due to COVID-19 Pandemic**







# CMIC's Philosophy - Healthcare Revolution -



## **CMIC's Philosophy**



## **PHVC**

Personal Healthcare Value Creator

PHVC = To provide healthcare services based on individuals' health values

## Not an existing concept

Unlike conventional medicine-based treatment/prevention/presymptomatic disease

**Personal Health Value** 



Established in 2015

## Our Creed

CMIC Group will bring innovation to healthcare so that all people, regardless of age, gender or race, can live their one and only lives according to their own will.

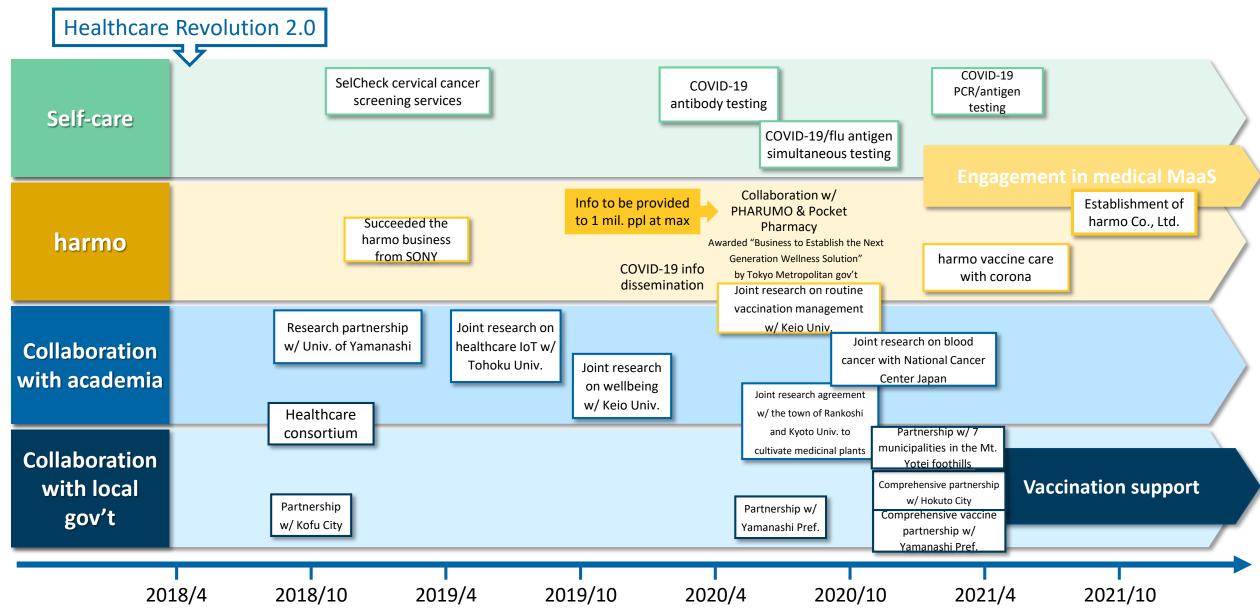
Whether in youth, when potential has yet the blossom, or in later years, when the fruits of one's life are maturing, every individual has an equally earnest desire to live every moment to its fullest. We wish to genuinely answer each and every one of these wills to live.

To achieve this, we aspire to always challenge ourselves for a better future. By evolving and gaining new perspectives, we will create value out of our unwavering determination, and continue to contribute to society and humanity.

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## **CMIC's History in the Healthcare Arena**





## **CMIC's Evolution**



*Ikigai* (purpose in life) **PHVC** Prevention/pr A team of esymtomatic professionals contributing to the disease individuals' healthcare needs **Treatment PVC** A team of professionals **Drug supply** contributing to pharma companies' evolutions **CRO** A team of Drug clinical development operation specialists

Recipients of services

- Ordinary citizens
- Local governments
- Healthcare companies
- Medical institutions
- Patients

- Pharma companies



# **Digital Adoption in Healthcare**



The vaccination app introduced jointly by the 7 municipalities in the Mt. Yotei foothills

(Source: The Hokkaido Shimbun Press, Aug. 30, 2021)

## 日本經濟新聞

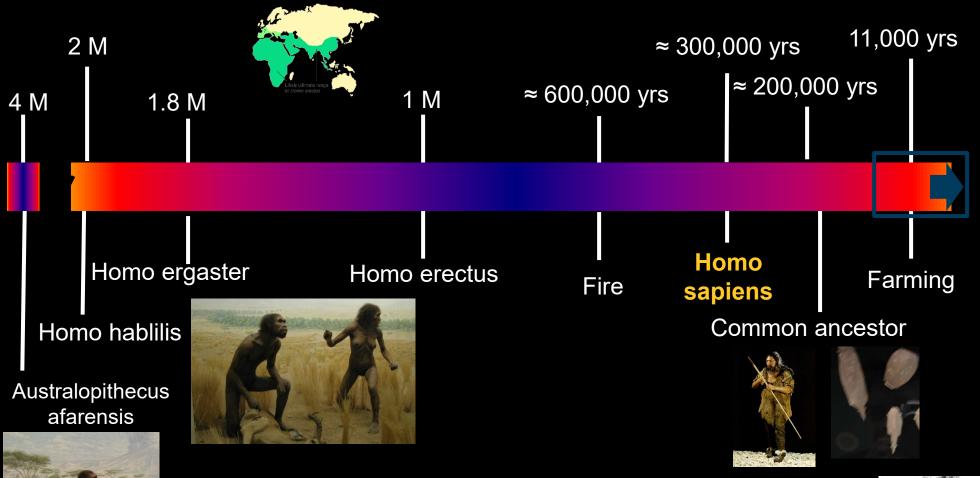
CMIC HD and MONET to support the use of MaaS in the healthcare arena

(Apr. 15, 2021)



# Timeline

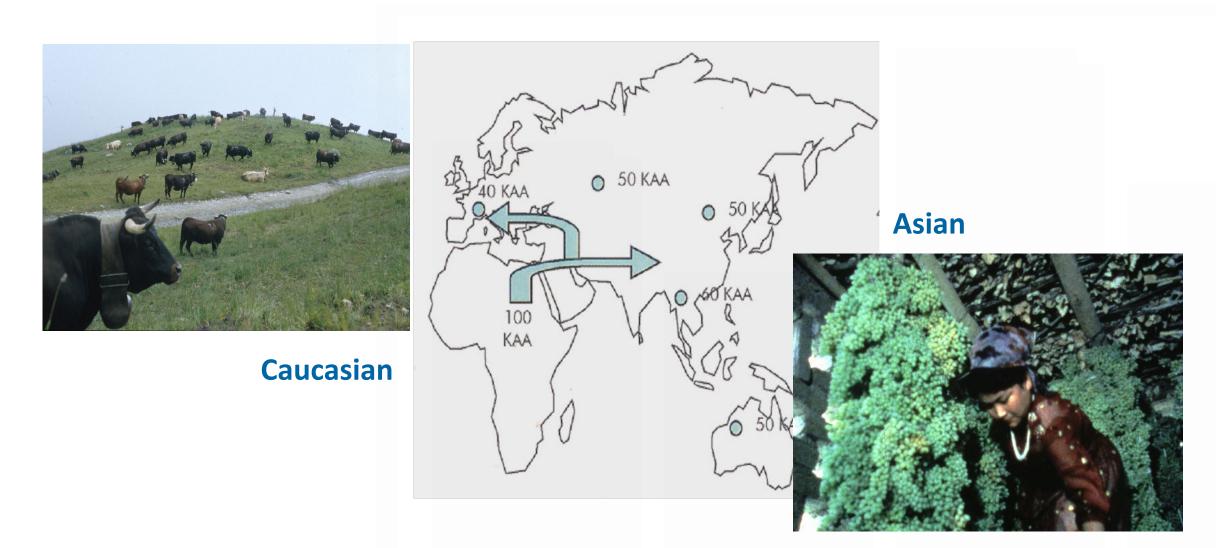




The selection of our genome happened mainly between 100,000 to 20,000 years ago and, in the last 10,000 years there was no more significant changes in the human genome.



## The Evolution of *Homo sapiens*



## **Contributions of Molecular Archeology to Paleoanthropology**





# **Plans of Each Business Segment**



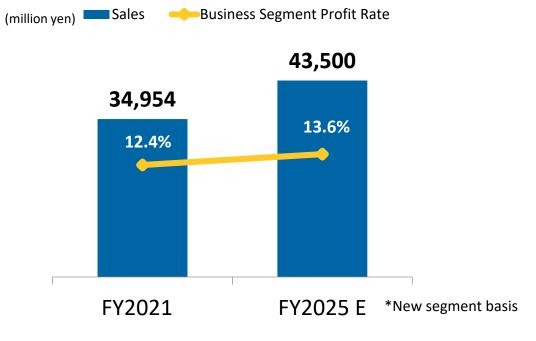
## **Business Segment: CRO Business**



## Comprehensive support for research and development of disease prevention and treatment

#### CMIC's unique advantages & the previous mid-term plan results

- Experience in wide range of therapeutic areas
- Japan's leading regulatory affairs consulting function
- Provide full-function services from non-clinical to postmarketing
- Diverse customer base in both Japan and overseas
- New services by therapeutic area (e.g., oncology, CNS, regenerative medicine) and via digitalization



#### **Business environment**

- Development advancing in areas of unmet needs using new modalities
- Increasing number of global clinical trials and declining number of Japanese local trials
- Downsizing of development projects, increase in post-marketing projects
- Utilization of Real World Data (RWD)
- Productivity improvement using RPA & AI for routine/non-routine operations
- Alliance for global development

#### **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**

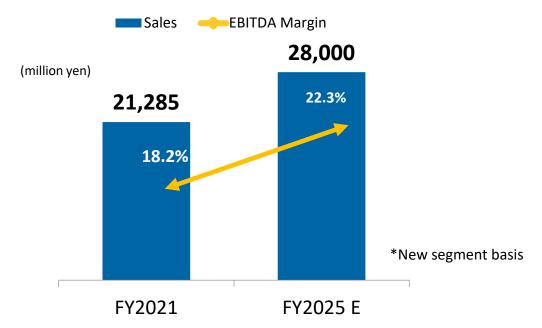


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# Development and manufacturing support for pharmaceutical products and biopharmaceutical API from clinical to commercial

#### CMIC's unique advantages & the previous mid-term plan results

- Scale, expertise & wide range of formulation capabilities
- Improvement of formulation technologies such as continuous production and microneedles
- One-stop services from the formulation development stage
- Seamless support in the U.S. and Japan
- Strengthening of business foundation via JV with DBJ



#### **Business environment**

- Increase in domestic contract manufacturing
- The domestic pharmaceutical industry reevaluating their manufacturing bases
- Reduced contract production volume due to NHI price revision
- Capabilities of manufacturing biologics, etc.
- Continued high growth in injectables
- Challenge in stable domestic supply of generic drugs

#### **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

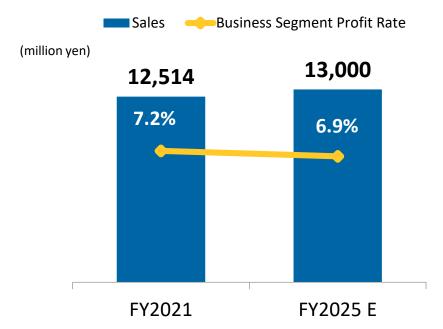
## **Business Segment: Market Solutions Business**



#### Medical, sales and marketing support for pharmaceuticals, and orphan drugs development to commercialization

#### CMIC's unique advantages & the previous mid-term plan results

- Proposal-based CSO with multi-channel services
- The #2 player in the industry for the contract MR business
- Increase in customer recognition as a proposal-based CSO
- A track record in obtaining approvals & selling
- Support for the launch of seeds from academia and bio-venture companies
- Support for overseas companies' out-licensing to Japan



#### **Business environment**

- Growth in the orphan drug space
- Reduced demand for CMR following the divestment of long-listed products
- Heightening needs for specialty (MSL)
- Change in promotion following the growth of communitywide care

#### **Focus activities**

- Expand positioning in the MR dispatch business
- Efficient recruitment of MRs and MSLs
- Provision of hybrid services
- Promotion of multi-channel

\*New segment basis

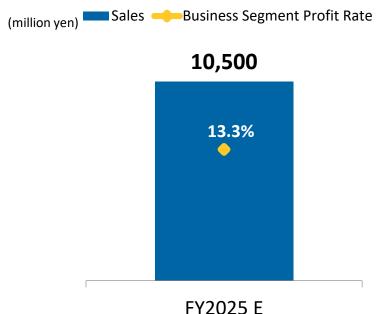
## **Business Segment: Site Support Solutions Business**



#### Comprehensive support of medical institutes and medical staff

#### CMIC's unique advantages & the previous mid-term plan results

- Network with medical institutions and highly specialized talents
- Experience in a broad range of therapeutic areas from large-scale clinical trials for lifestyle-related diseases, etc. to intractable/rare diseases
- Expanding network with large-scale sites and university hospitals



#### **Business environment**

- Development projects becoming smaller and more complex
- Increasing number of new services using new technologies
- Productivity improvement using RPA & AI for routine/non-routine operations
- Increase in new healthcare service providers and alliances

#### **Focus activities**

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

\*New segment basis

## **Business Segment: Healthcare Revolution Business**



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

# CMIC's unique advantages & the previous mid-term plan results

- Network with local governments and companies through the vaccination business
- Improved resource efficiency in the human resources business
- A healthcare digital platform established centering on human resources and harmo



#### **Business environment**

- Expanding needs for healthcare business, especially among local governments
- Digital technology further advancing

#### **Focus activities**

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

\*New segment basis



# **Basic Policy Concerning Distribution of Profits**



## **Basic Policy Concerning Distribution of Profits**



- Our basic policy is to prioritize distribution of profits to shareholders as one of our key managerial policies and to distribute performance-based dividends while securing retained earnings to improve earnings and strengthen our corporate base. We make steady and stable distributions with <u>a target 30% consolidated</u> <u>payout ratio</u>. Toward stable dividends, our annual dividend is currently set at a minimum of ¥10 per share.
- Our intention with internal reserves is to reinforce a corporate culture that can respond to changes in the management environment and utilize the reserves for capital and development investment to achieve sustainable growth.



#### Cautionary statement:

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