

(Note) 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.

January 31, 2022

## **CMIC HOLDINGS Co., Ltd. Consolidated Financial Results For the 1st Quarter Ended December 31, 2021**

(The Fiscal Year Ending September 30, 2022, Japan Accounting Standards)

### **Highlights:**

- ◆ **Net sales grew 30.4% year on year to ¥24,629 million on a consolidated basis**
- ◆ **Operating income increased 315.7% to ¥3,375 million**
- ◆ **Earnings per share: ¥116.48**
- ◆ **Order backlog of contract services grew 9.9% year on year**

Tokyo, January 31, 2022 - CMIC HOLDINGS Co., Ltd. (TSE Code: 2309) today reported financial results for the 1st quarter ended December 31, 2021.

CMIC Group aims at transitioning to PHVC (Personal Health Value Creator) business model that "maximizes the individual health value", while using our unique PVC (Pharmaceutical Value Creator) model that fully supports the value chain of pharmaceutical companies as the foundation for sustainable growth.

In the fiscal year ending September 2022, which marks the 30th anniversary of the company's founding, the Group will position the year as the first year of its third founding and strengthen its response to drug development and digitalization using new basic technologies for drug discovery. At the same time, we will expand our business domain into the healthcare field and promote support for efforts to provide total care for diseases, from prevention to diagnosis, treatment, and prognosis. With an eye on the post-COVID business environment, we intend to strengthen the Group's business foundation and make great strides toward sustainable growth.

CMIC Group is promoting "Pharmaceutical solutions" based on our PVC model and "Healthcare solutions" that contribute to the individual's health through medical institutions and municipal governments, in alignment with the focus activities in the mid-term business plan (FY2022-2025) 1) Evolution of healthcare business, 2) Comprehensive support for disease prevention, treatment R&D, and marketing, and 3) Contribution to sustainable society through services with high social benefits.

[Consolidated operating results for the first quarter]

During the first quarter of the current fiscal year, as part of our efforts to address the key issues in our mid-term plan, we focused on sales activities to propose business solutions for local governments that support local communities in terms of both digital and human resources, and to win new contracts for pharmaceutical development and manufacturing.

In the first quarter of the current fiscal year, the results significant increased over the same period previous year, mainly due to significant growth in the Healthcare Solutions segment, including vaccine development and vaccination support services for new coronavirus infections. Sales were ¥24,629

million (up 30.4% from the same period of the previous year), operating income was ¥3,375 million (up 315.7% from the same period of the previous year), ordinary income was ¥3,462 million (up 330.9% from the same period of the previous year), and net income attributable to shareholders of the parent company was ¥2,107 million (up 275.0% from the same period of the previous year).

(Millions of yen)					
		Q1 FY2021	Q1 FY2022	YoY Change Amount	YoY Change (%)
Net sales		18,885	24,629	+5,744	+30.4
	Pharmaceutical solutions	16,539	17,723	+1,184	+7.2
	Healthcare solutions	2,472	7,069	+4,596	+185.9
	Adjustments	(127)	(163)	(36)	—
Operating income		811	3,375	+2,563	+315.7
	Pharmaceutical solutions	1,135	1,306	+172	+15.2
	Healthcare solutions	(44)	2,395	+2,439	—
	Adjustments	(277)	(326)	(49)	—
Ordinary income		803	3,462	+2,658	+330.9
Profit attributable to owners of parent		561	2,107	+1,545	+275.0

※ Effective from the first quarter of the current fiscal year, the Company has adopted the new revenue recognition standard.

The business results by segment are listed as below:

Effective from the fiscal year ending September 30, 2022, the Group's reportable segments have been changed to two segments, "Pharmaceutical Solutions" and "Healthcare Solutions. Year-on-year comparisons of operating results by segment have been made based on the new segments.

#### <Pharmaceutical Solutions>

We are developing a PVC (Pharmaceutical Value Creator) business model that provides solutions to the value chain of pharmaceutical companies through our CRO (drug development support), CDMO (drug formulation development and manufacturing support) and Market Solutions (pharmaceutical sales support, development, manufacturing, sales and distribution of orphan drugs, etc.) businesses.

Sales increased 7.2% year on year to ¥17,723 million due to growth in the CDMO business and Market Solutions business, and operating income also increased 15.2% year on year to ¥1,306 million.

#### CRO Business

-Sales were the same level as the previous year

-Increase in inquiries for post-marketing trials and development projects for new coronavirus infection drugs, etc.

-Partnership with Science 37® to Promote Decentralized Clinical Trials (DCTs) and Accelerate Drug Development

-In the bioanalysis business, CMIC supports drug discovery in cutting-edge areas where modalities are diversifying, such as next-generation biopharmaceuticals and gene therapy drugs

#### CDMO Business

- Sales increased from the same period of the previous year
- Growing need to ensure stable supply in response to the spread of new coronavirus infections and generic quality issues
- Focus on acquiring new projects in the U.S.

#### Market Solutions Business

- Sales increased from the same period of the previous year
- In the MR dispatch business, the utilization rate increased due to the acquisition of new projects and steady progress in existing projects

#### <Healthcare Solutions>

The Site Support Solutions business provides comprehensive support for healthcare-related facilities and healthcare professionals, and the Healthcare Revolution business provides solutions using a new ecosystem for healthcare to individuals and local governments.

Sales increased to ¥7,069 million (up 185.9% year on year) and operating income to ¥2,395 million (compared to an operating loss of ¥44 million in the same period of the previous fiscal year) due to significant growth in vaccine development and vaccination support services for new coronavirus infections and other services.

#### Site Support Solutions Business

- Sales significantly exceeded the same period of the previous year
- Increase in development projects for vaccines and therapeutic drugs for new coronavirus infections and needs for call center projects
- Needs for clinical trials (researches) and other support for medical institutions are expanding

#### Healthcare Revolution Business

- Sales significantly exceeded the same period of the previous year
- Significant increase in vaccination support services for new coronavirus infections, etc.
- Expansion of businesses that integrate disease prevention, health information, and IT technologies
- Promote the use of harmo® as a Healthcare Communication Channel in PHRs, etc.

### **Ordinary Income**

Ordinary income in the consolidated first quarter was ¥3,462 million (up 330.9% year-on-year).

Foreign exchange gains and other of ¥137 million were recorded as non-operating income, and interest expenses and other of ¥50 million were recorded as non-operating expenses.

### **Profit attributable to owners of parent**

Profit attributable to owners of parent in the consolidated first quarter was ¥2,107 million (up 275.0% year-on-year).

Loss on retirement of noncurrent assets of ¥23 million as extraordinary losses, income taxes of ¥1,330 million, and net income attributable to non-controlling interests of ¥1 million were recorded.

## Overview of the financial condition

### Assets, liabilities, and net assets

Total assets at the end of the consolidated first quarter increased by ¥2,509 million compared to the end of the previous consolidated fiscal year to ¥93,702 million. This was mainly due to an increase in property, plant and equipment, cash and deposits, and other factors.

Total liabilities increased by ¥1,079 million from the end of the previous fiscal year to ¥57,786 million. This was mainly due to an increase in commercial paper and loans payable, and "other" in long-term liabilities, and a decrease in provision for bonuses.

Total net assets increased by ¥1,430 million compared to the end of the previous consolidated fiscal year to ¥35,916 million. This was mainly due to an increase in retained earnings.

## Future Outlook

The Company has revised upward its full-year forecasts for the fiscal year ending September 30, 2022 to ¥95,000 million in net sales, ¥6,000 million in operating income, ¥5,800 million in ordinary income, and ¥3,000 million in net income attributable to shareholders of the parent company, based on currently available information, due to the expansion of vaccine development and vaccination support services for new coronavirus infections during the first quarter of the current fiscal year

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	88,000	4,000	3,850	2,050	113.32
Current revised forecast (B)	95,000	6,000	5,800	3,000	165.82
Increase (B-A)	7,000	2,000	1,950	950	-
Rate of change (%)	8.0	50.0	50.7	46.3	-
(Reference) Results for the previous fiscal year (FY2021)	85,788	4,920	5,091	2,023	111.85

### 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.

**Summary of Results for the 1st Quarter Ended December 31, 2021 (October 1, 2021 through December 31, 2021)**

(1) Consolidated financial results (Millions of yen; amounts less than one million yen are omitted)  
(Percentage figures indicate increase/decrease compared with the corresponding period of the prior fiscal year)

	Q1 FY2022		Q1 FY2021	
		Change (%)		Change (%)
Net sales	24,629	30.4	18,885	(4.6)
Operating income	3,375	315.7	811	(12.1)
Ordinary income	3,462	330.9	803	(11.9)
Profit attributable to owners of parent	2,107	275.0	561	16.7
Earnings per share (Yen)	116.48		31.06	
Diluted net income per share (Yen)	-		-	

Reference: Comprehensive income: 1st quarter FY2022: ¥1,899 million (up 42.5% YoY)  
1st quarter FY2021: ¥1,332 million (up 211.4% YoY)

(2) Consolidated financial position (Millions of yen; amounts less than one million yen are omitted)

	Q1 FY2022	Year End FY2021
Total assets	93,702	91,192
Net assets	35,916	34,485
Equity ratio (%)	28.3	27.5
Book value per share (Yen)	1,467.30	1,385.55

Reference: Shareholders' equity: 1st quarter FY2022: ¥26,542 million  
Year End FY2021: ¥25,065 million

**Distribution Status**

	(Yen)		
	FY2021	FY2022	FY2022 (Estimated)
Dividend per share (Base date)			
End of first quarter	-	-	-
End of second quarter	5.00		5.00
End of third quarter	-		-
End of FY	28.50		29.00
Total	33.50		34.00

Consolidated Financial Statements for the 1st Quarter Ended December 31, 2021

(1) Consolidated Balance Sheets

(Millions of yen)

	Q1 FY2022 (December 31, 2021)	Year End FY2021 (September 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,470	9,381
Notes and accounts receivable - trade	—	18,065
Notes and accounts receivable-trade and contract assets	17,890	—
Merchandise and finished goods	430	560
Work in process	4,614	4,715
Raw materials and supplies	2,609	2,503
Other	3,534	3,409
Allowance for doubtful accounts	(57)	(59)
<b>Total current assets</b>	<b>39,492</b>	<b>38,577</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	14,881	14,914
Machinery, equipment and vehicles, net	9,877	10,120
Land	6,803	6,570
Other, net	10,084	8,484
<b>Total property, plant and equipment</b>	<b>41,647</b>	<b>40,089</b>
<b>Intangible assets</b>		
Goodwill	48	54
Other	1,933	1,907
<b>Total intangible assets</b>	<b>1,982</b>	<b>1,961</b>
<b>Investments and other assets</b>		
Investment securities	2,591	2,813
Lease and guarantee deposits	1,962	1,974
Other	6,624	6,387
Allowance for doubtful accounts	(598)	(611)
<b>Total investments and other assets</b>	<b>10,580</b>	<b>10,564</b>
<b>Total non-current assets</b>	<b>54,209</b>	<b>52,615</b>
<b>Total assets</b>	<b>93,702</b>	<b>91,192</b>

(Millions of yen)

	<b>Q1 FY2022</b> <b>(December 31, 2021)</b>	<b>Year End FY2021</b> <b>(September 30, 2021)</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,163	1,034
Short-term borrowings	1,500	918
Current portion of long-term debt	3,634	3,652
Commercial papers	1,000	—
Income taxes payable	1,410	3,312
Provision for bonuses	838	3,138
Provision for directors bonuses	—	89
Provision for loss on orders received	1,337	1,307
Other	15,854	14,370
<b>Total current liabilities</b>	<b>26,737</b>	<b>27,823</b>
<b>Non-current liabilities</b>		
Long-term debt	12,774	12,469
Net defined benefit liability	10,501	10,258
Other	7,772	6,156
<b>Total non-current liabilities</b>	<b>31,048</b>	<b>28,883</b>
<b>Total liabilities</b>	<b>57,786</b>	<b>56,706</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,087	3,087
Capital surplus	6,093	6,100
Retained earnings	18,254	16,600
Treasury shares	(1,546)	(1,546)
<b>Total shareholders' equity</b>	<b>25,889</b>	<b>24,242</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	530	642
Foreign currency translation adjustments	(4)	(1)
Remeasurements of defined benefit plans	127	182
<b>Total accumulated other comprehensive income</b>	<b>652</b>	<b>822</b>
<b>Non-controlling interests</b>	<b>9,373</b>	<b>9,420</b>
<b>Total net assets</b>	<b>35,916</b>	<b>34,485</b>
<b>Total liabilities and net assets</b>	<b>93,702</b>	<b>91,192</b>

**(2) Consolidated Statement of Income**

(Millions of yen)

	<b>Q1 FY2022 (October 1, 2021 - December 31, 2021)</b>	<b>Q1 FY2021 (October 1, 2020 - December 31, 2020)</b>
<b>Net sales</b>	<b>24,629</b>	<b>18,885</b>
<b>Cost of sales</b>	<b>18,093</b>	<b>15,052</b>
<b>Gross profit</b>	<b>6,535</b>	<b>3,832</b>
<b>Selling, general and administrative expenses</b>	<b>3,160</b>	<b>3,020</b>
<b>Operating income</b>	<b>3,375</b>	<b>811</b>
<b>Non-operating income</b>		
Interest income	0	3
Foreign exchange gains	109	—
Share of profit of entities accounted for using equity method	—	27
Other	26	94
<b>Total non-operating income</b>	<b>137</b>	<b>125</b>
<b>Non-operating expenses</b>		
Interest expenses	37	32
Foreign exchange losses	—	84
Other	12	16
<b>Total non-operating expenses</b>	<b>50</b>	<b>133</b>
<b>Ordinary income</b>	<b>3,462</b>	<b>803</b>
<b>Extraordinary income</b>		
Gain on forgiveness of debts	—	115
<b>Total extraordinary income</b>	<b>—</b>	<b>115</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	23	—
Loss on valuation of investment securities	—	30
<b>Total extraordinary losses</b>	<b>23</b>	<b>30</b>
<b>Profit before income taxes</b>	<b>3,438</b>	<b>888</b>
<b>Total income taxes</b>	<b>1,330</b>	<b>289</b>
<b>Profit</b>	<b>2,108</b>	<b>598</b>
<b>Profit (Loss) attributable to non-controlling interests</b>	<b>1</b>	<b>36</b>
<b>Profit attributable to owners of parent</b>	<b>2,107</b>	<b>561</b>

**(3) Consolidated Statement of Comprehensive Income**

(Millions of yen)

	<b>Q1 FY2022</b> <b>(October 1, 2021 -</b> <b>December 31, 2021)</b>	<b>Q1 FY2021</b> <b>(October 1, 2020 -</b> <b>December 31, 2020)</b>
<b>Profit</b>	<b>2,108</b>	<b>598</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	421
Foreign currency translation adjustments	(17)	52
Remeasurements of defined benefit plans	(79)	259
Share of other comprehensive income of entities accounted for using equity method	—	0
<b>Total other comprehensive income</b>	<b>(209)</b>	<b>733</b>
<b>Comprehensive income</b>	<b>1,899</b>	<b>1,332</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	1,937	1,277
Non-controlling interests	(38)	54