



Overview of Financial Results for FY2022 2nd Quarter/1H

CMIC HOLDINGS Co., Ltd.
May 11, 2022



Overview of Financial Results

CMIC GROUP CFO

Wataru Mochizuki





CMIC Group Network



25 group companies, 61 sites (48 offices, 6 plants, 7 laboratories)

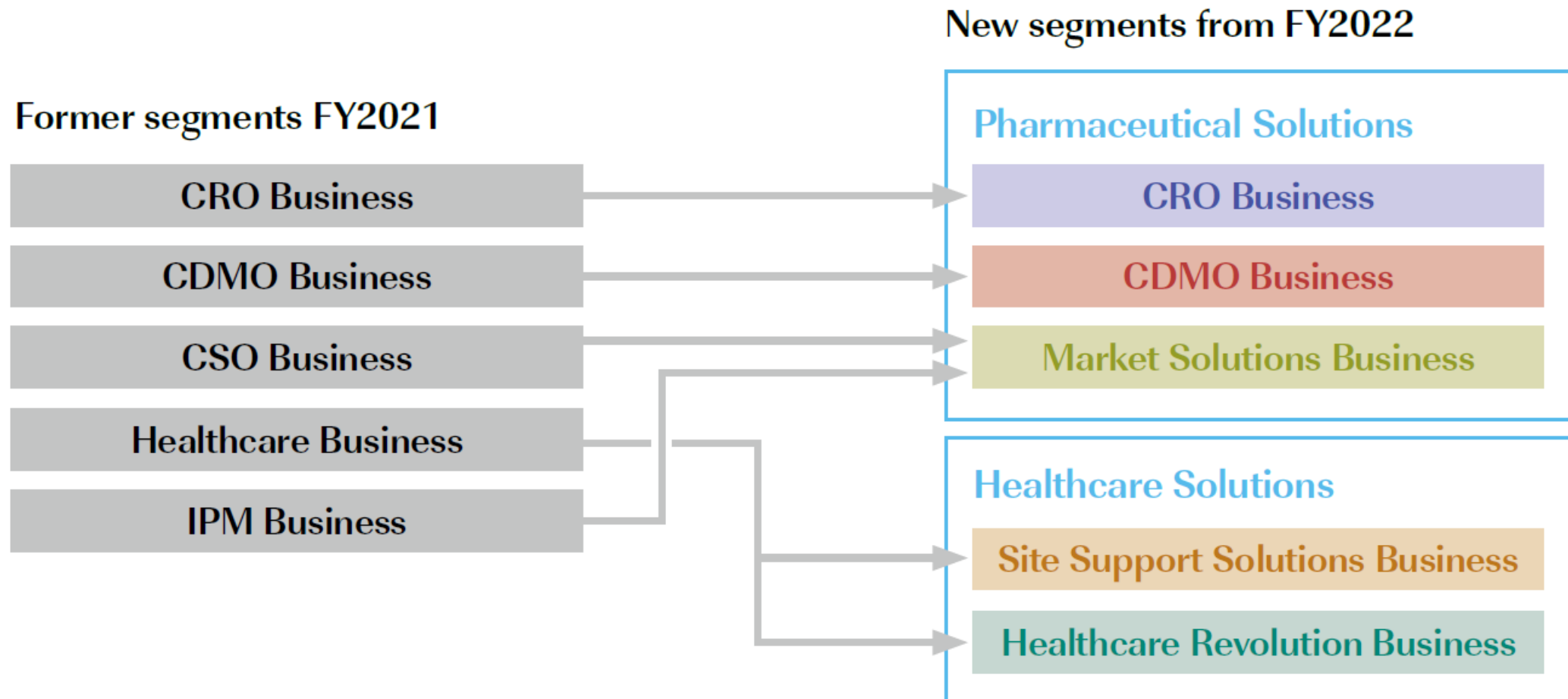
Japan: 12 companies

Overseas: 13 companies



Change in reportable segment

From FY22, there will be two reportable segments: Pharmaceutical Solutions, which expands PVC models, and Healthcare Solutions, which contributes to the health of individuals through medical institutions and local governments, etc.



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





Evolution of healthcare business



- Support for COVID vaccination and PCR testing by local governments
 - Utilization of the COVID-19 vaccination information management system “harmo[®] vaccine care”
 - Call center (to consult about adverse reactions), human resources support (Physician and nurse reference, admin staff) , launch of antigen test kits
- Collaboration with local governments
 - VRS Vaccination Records used by all Citizens: “harmo[®] vaccine care ” in Hokuto City, Yamanashi Prefecture
 - Comprehensive Collaborative Agreement with Myoko City, Niigata Prefecture, on measures against new coronavirus infection and health promotion
 - "harmo[®] vaccine care" app used in seven towns and villages at the foot of Mt. Yotei to prevent accidental vaccination of children



Progress of 2nd quarter of FY2022

Comprehensive support for disease prevention, treatment R&D, and marketing



- Accelerating & streamlining drug and device development
 - Partnership with Science 37[®] to accelerate Decentralized Clinical Trials (DCTs) and speed up 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

Progress of 2nd quarter of FY2022

Contribution to sustainable society through services with high social benefits

- CMIC acquires "Kurumin Certification" as a company that supports child-rearing
- Presentation of the 18th "Society Prize (CMIC Prize) of the AIDS Society of Japan" and co-sponsorship of the 13th "International Children's Drawing Contest
- Support of Rare Disease Day (the world rare and intractable disease day) activities



Consolidated income statement (overview)



	2021/Q2		2022/Q2		Change	Percent Change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	38,645	100.0	51,769	100.0	+13,123	+34.0
Operating income	2,158	5.6	5,743	11.1	+3,584	+166.1
Ordinary income	2,368	6.1	6,169	11.9	+3,800	+160.5
Profit attributable to owners of parent	1,222	3.2	3,503	6.8	+2,281	+186.6
Earnings per share	¥67.58		¥194.07			

The impact of the situation in Ukraine on our Group through the first half of the current fiscal year has been minimal.

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



(¥ millions)	2021/Q2	2022/Q2
Non-operating income	326	530
Interest income	1	1
Foreign exchange gains	159	467
Share of profit of entities accounted for using equity method	20	—
Other	145	61
Non-operating expenses	116	104
Interest expenses	64	74
Other	52	29

(¥ millions)	2021/Q2	2022/Q2
Extraordinary income	116	—
Gain on forgiveness of debts	116	—
Extraordinary losses	58	51
Loss on retirement of non-current assets	25	43
Loss on valuation of investment securities	32	8
Income taxes	1,004	2,631
Profit (loss) attributable to non-controlling interests	199	(17)

Sales & Operating income by reportable segment



		2021/Q2 Amount (¥ millions)	2022/Q2 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	33,566	36,820	+3,254	+9.7
	Operating income	2,686	2,326	(359)	(13.4)
Healthcare Solutions	Sales	5,348	15,262	+9,913	+185.4
	Operating income	152	4,182	+4,030	+2,650.4
Adjustments	Sales	(269)	(314)	(44)	—
	Operating income	(679)	(765)	(86)	—
Consolidated	Sales	38,645	51,769	+13,123	+34.0
	Operating income	2,158	5,743	+3,584	+166.1

*Adjustments

Sales are internal elimination of transactions between reporting segments

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

Orders received / Backlog

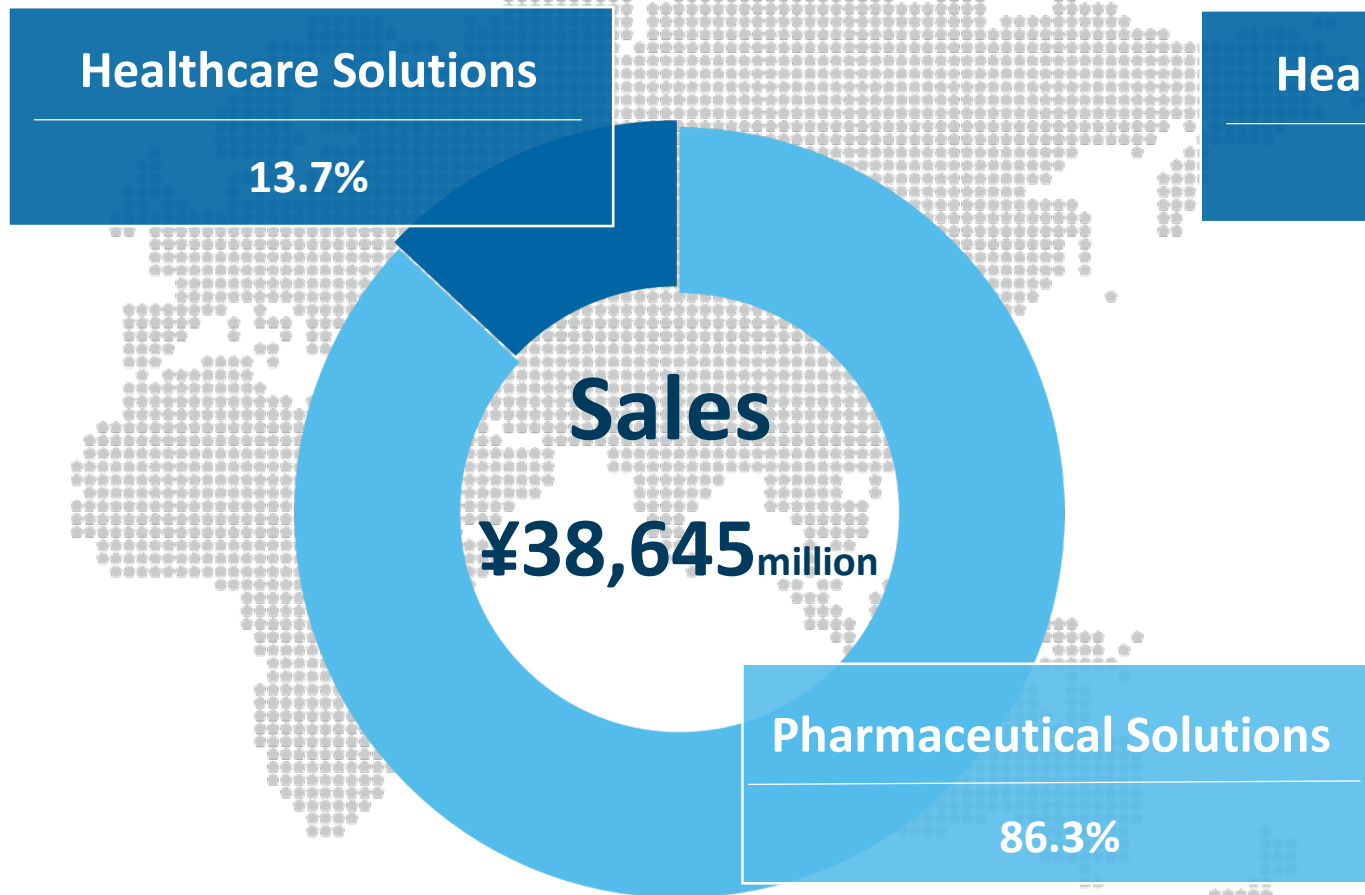


	2021/Q2		2022/Q2			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent Change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
P h a r m a c e u t i c a l S o l u t i o n s	33,156	66,227	44,327	+33.7	77,688	+17.3
H e a l t h c a r e S o l u t i o n s	7,249	14,026	15,334	+111.5	16,947	+20.8
T o t a l	40,405	80,254	59,661	+47.7	94,636	+17.9

Sales composition ratio



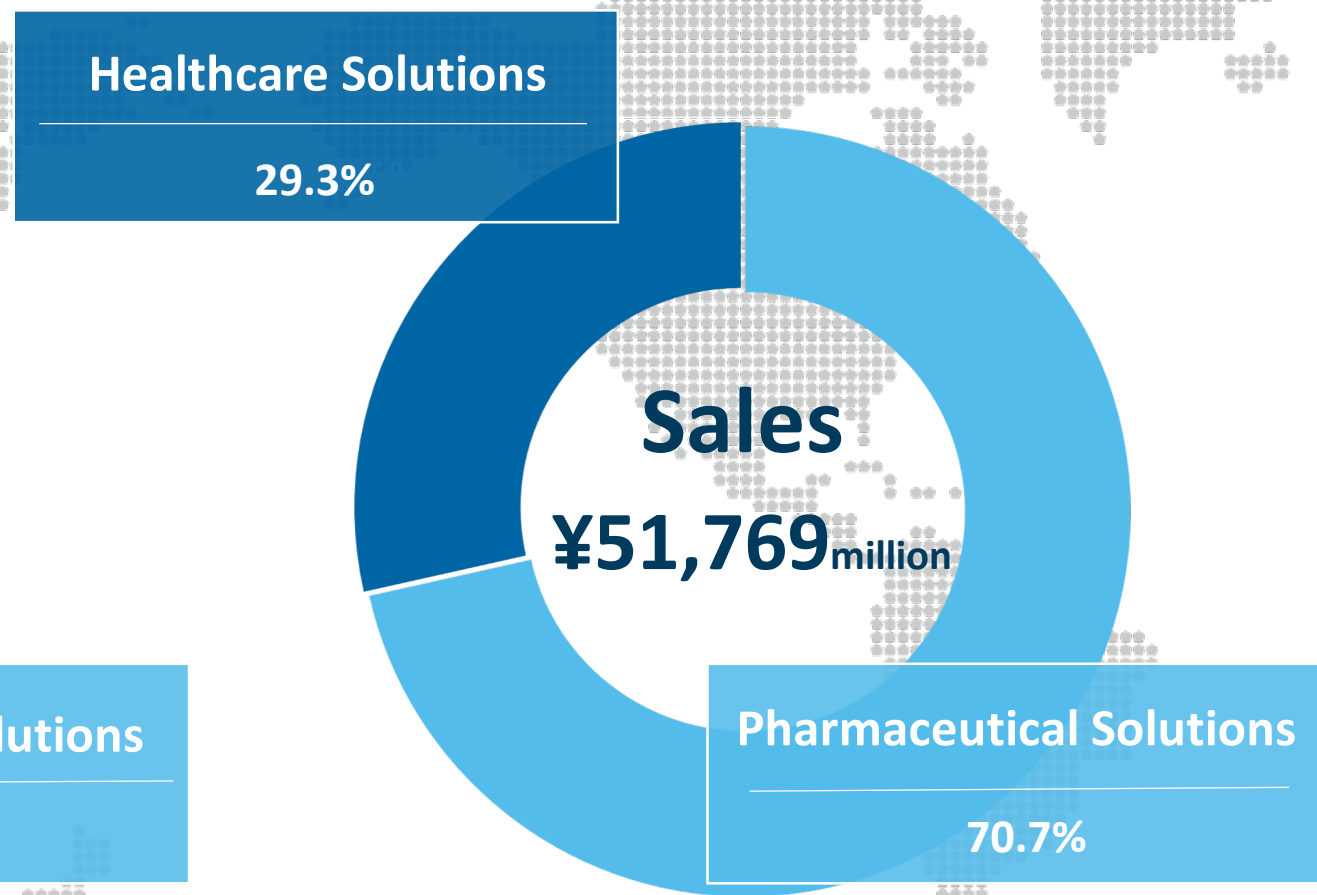
FY2021 Q2



Operating income ¥2,158million

Operating margin 5.6%

FY2022 Q2



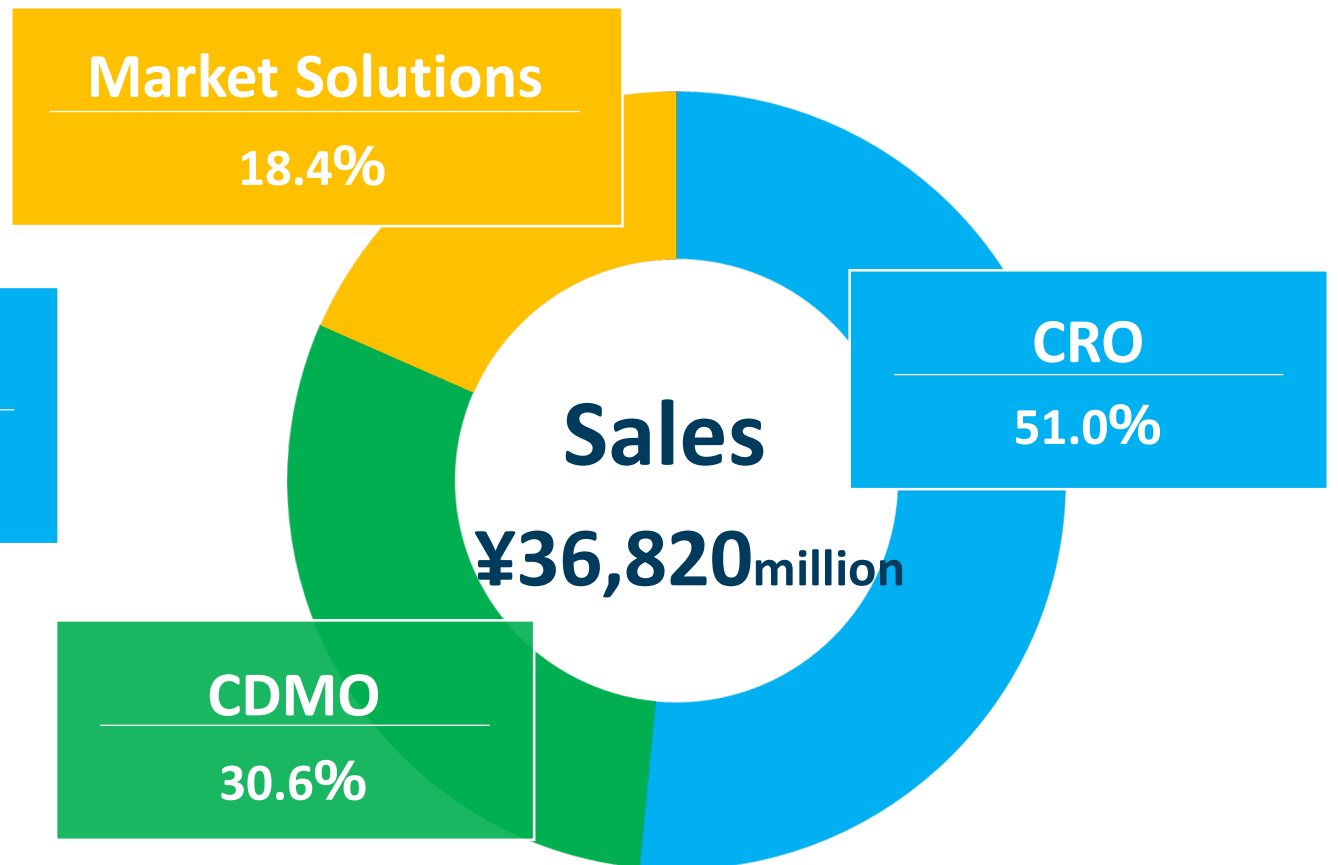
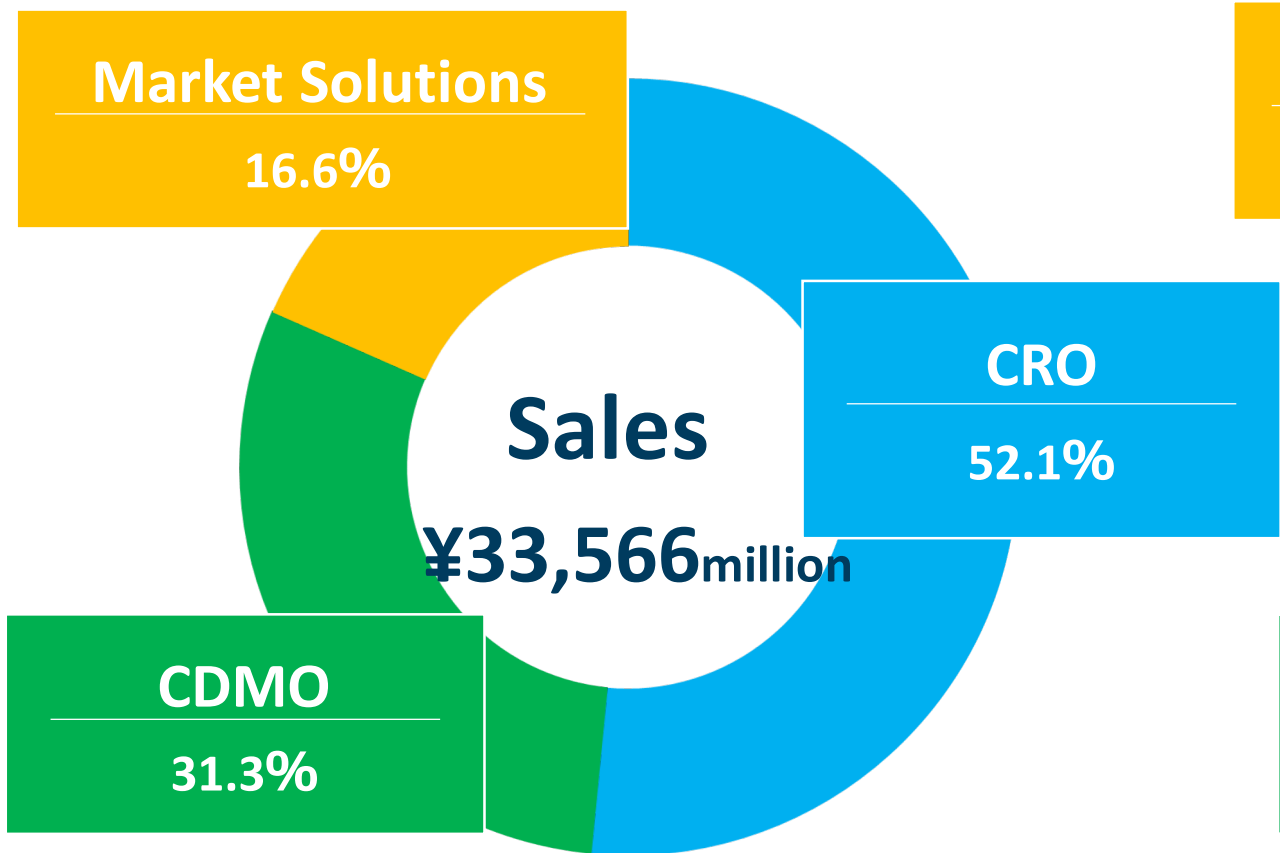
Operating income ¥5,743million

Operating margin 11.1%

Sales composition ratio of Pharmaceutical Solutions

FY2021 Q2

FY2022 Q2



Operating income ¥2,686million

Operating margin 8.0%

Operating income ¥2,326million

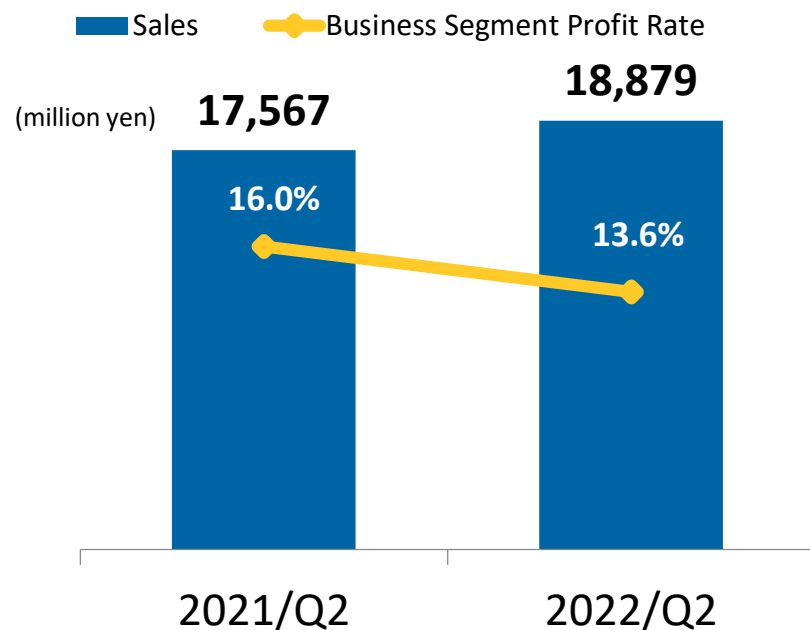
Operating margin 6.3%

Business Segment: CRO Business

Comprehensive support for research and development of disease prevention and treatment

Business Overview

- Sales increased from the same period of the previous year
- Increase in inquiries for development projects
- 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



Focus activities

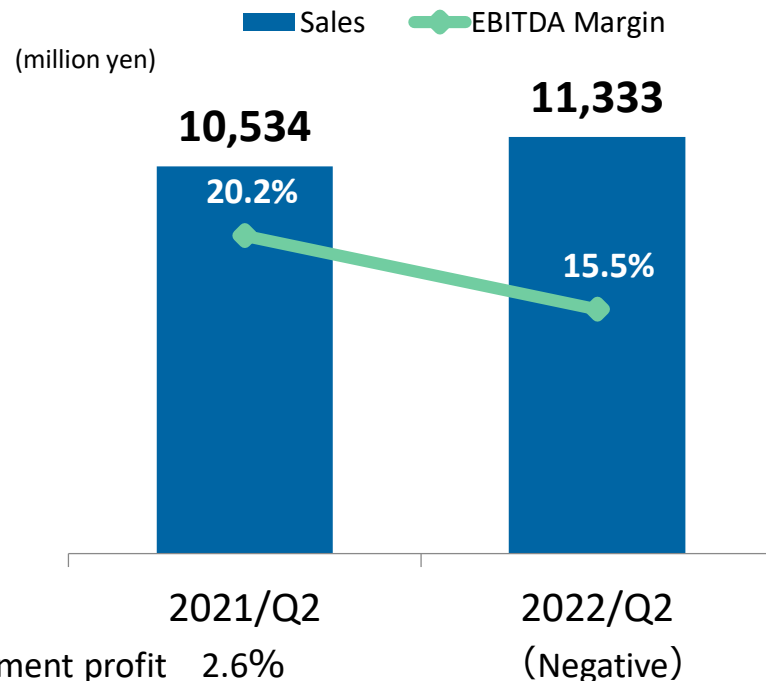
- Enhanced development support for advanced therapies such as biologics and regenerative medicine (full support for filing by Academia and BV)
- Digital applications such as DCT and RWD
- Proactive take on nucleic acid medicine projects via collaboration of laboratories in Japan and the U.S.
- Proactive 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

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

Business Overview

- Sales increased from the same period of the previous year
- Energy costs on the rise
- 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.



Focus activities

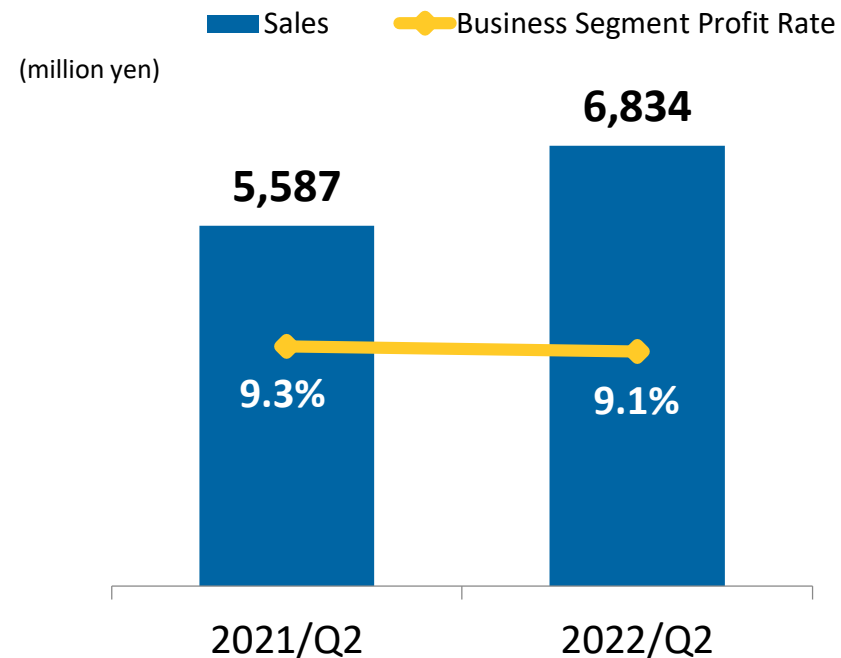
- Steady implementation of production at the Ashikaga injectable facility and its contribution to earnings
- Full-scale development of licensing business for formulation technologies (microneedles, etc.)
- Expand business at the new U.S. site
- Strengthen our position as a strategic partner for domestic pharmaceutical companies

Business Segment: Market Solutions Business

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

Business Overview

- Sales increased from the same period of the previous year
- Acquired new projects and made steady progress in existing projects in MR dispatch services

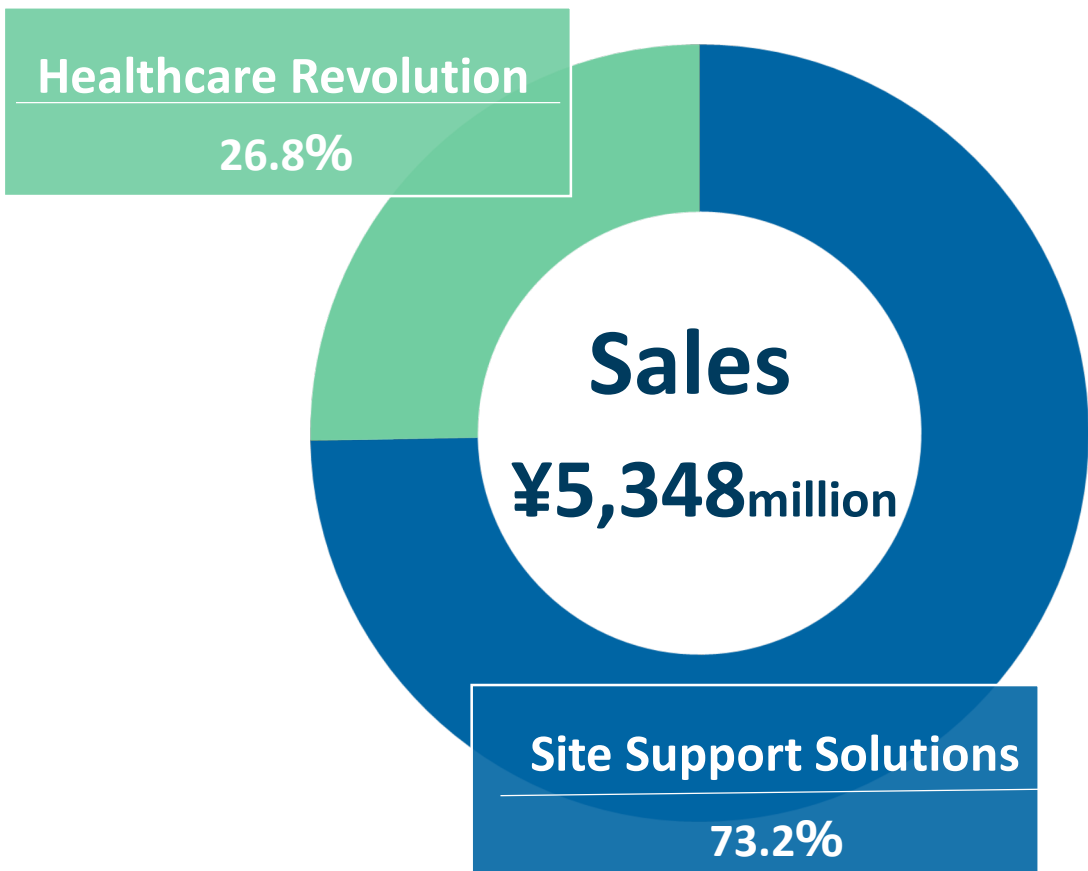


Focus activities

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

Sales composition ratio of Healthcare Solutions

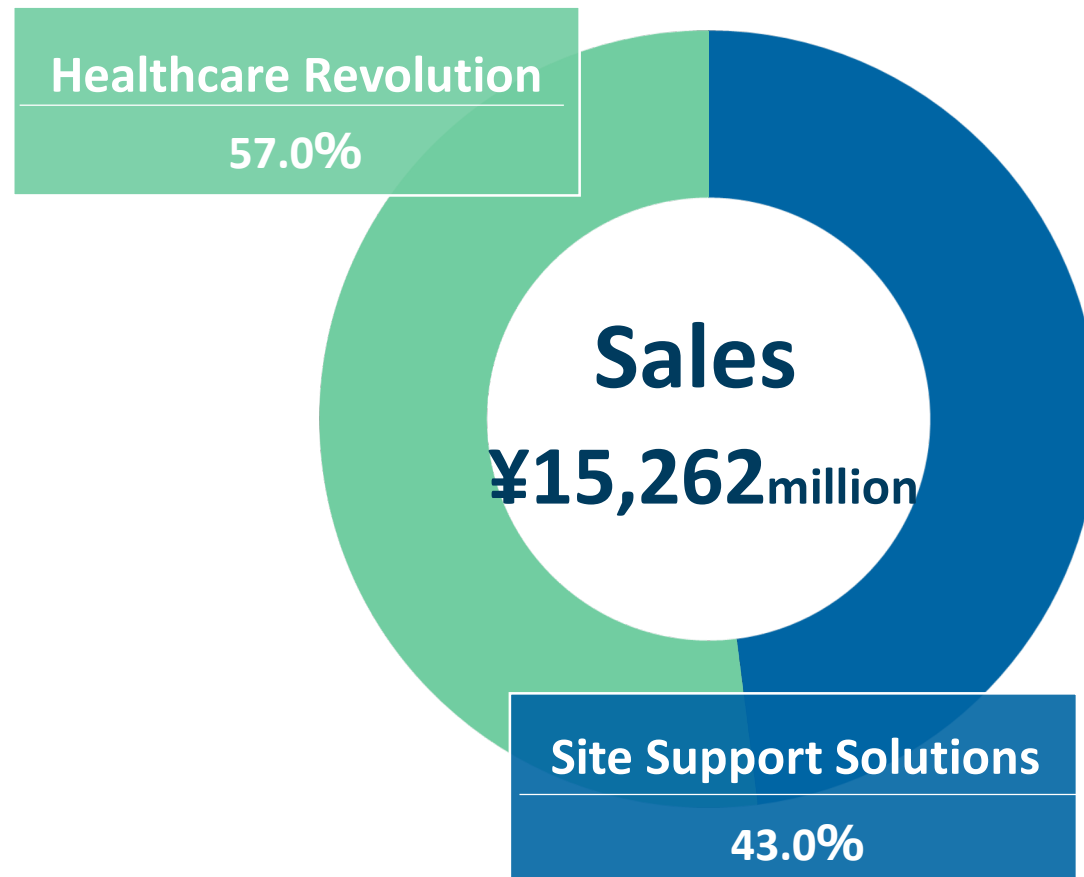
FY2021 Q2



Operating income ¥152million

Operating margin 2.8%

FY2022 Q2



Operating income ¥4,182million

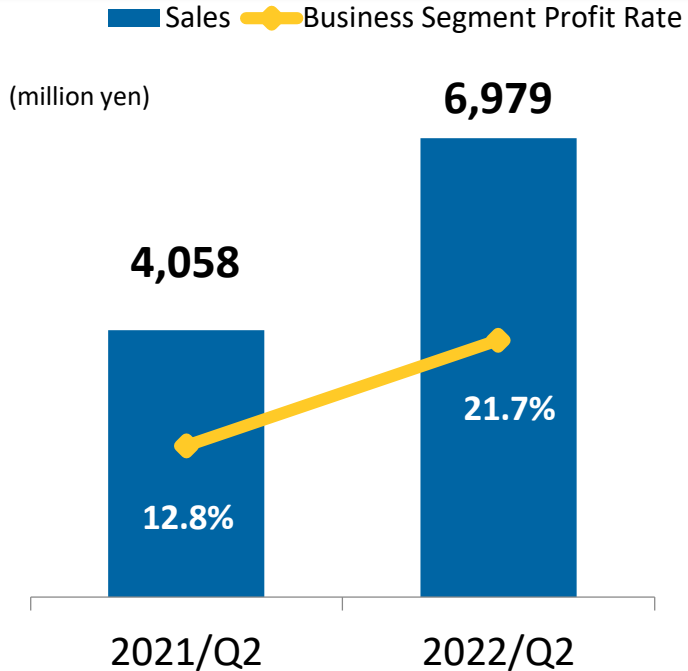
Operating margin 27.4%

Business Segment: Site Support Solutions Business

Comprehensive support of medical institutes and medical staff

Business Overview

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



Focus activities

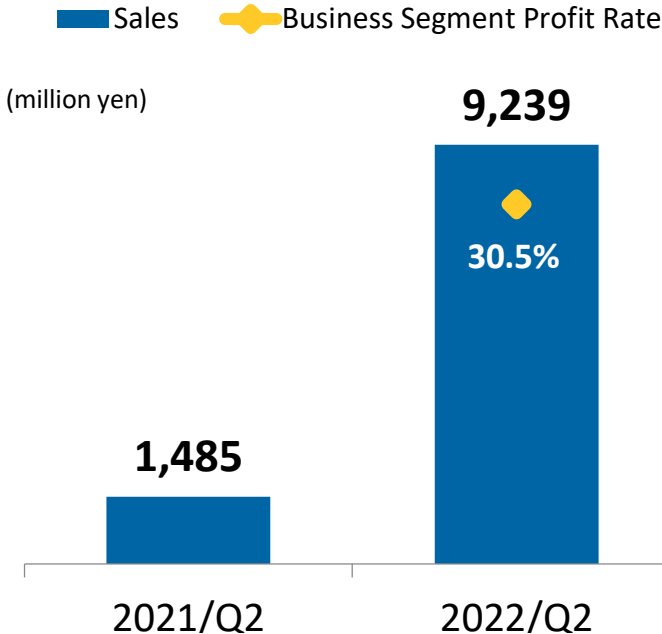
- Shifting from treatment to prevention/prognosis market (prophylaxis treatment agents and clinical trials using apps)
- Providing support for university hospital network, etc.
- Providing services in community healthcare

Business Segment: Healthcare Revolution Business

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

Business Overview

- 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 cooperation with local governments
- Promote the use of harmo[®] as a Healthcare Communication Channel in PHRs, etc.



Focus activities

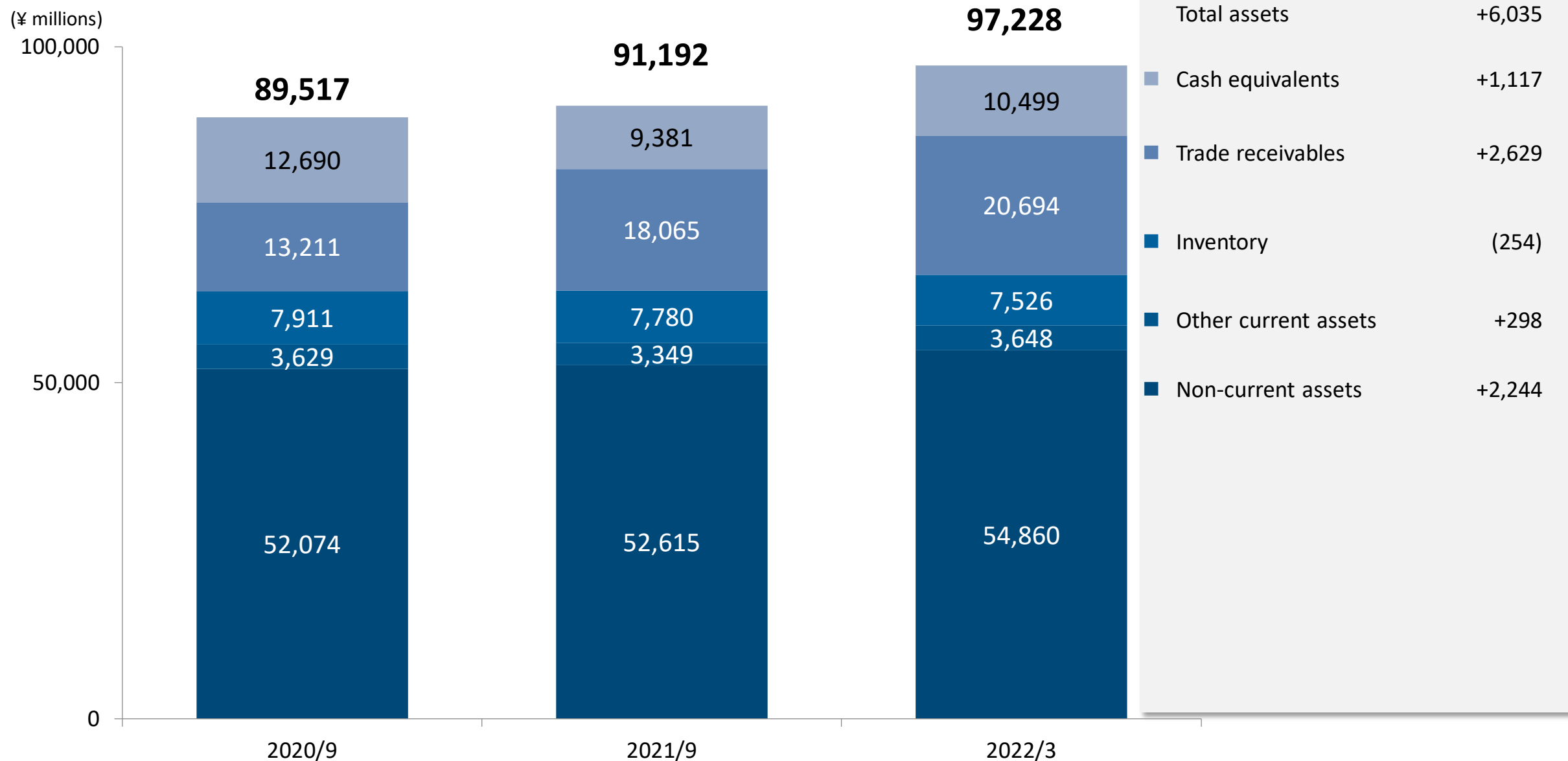
- Expansion of healthcare services & utilization of data by using harmo
- Expansion of healthcare services for local governments and companies
- Expansion of self-screening services
- Nurture and secure healthcare human resources

*Business segment profit (Negative)

Consolidated balance sheet (assets)



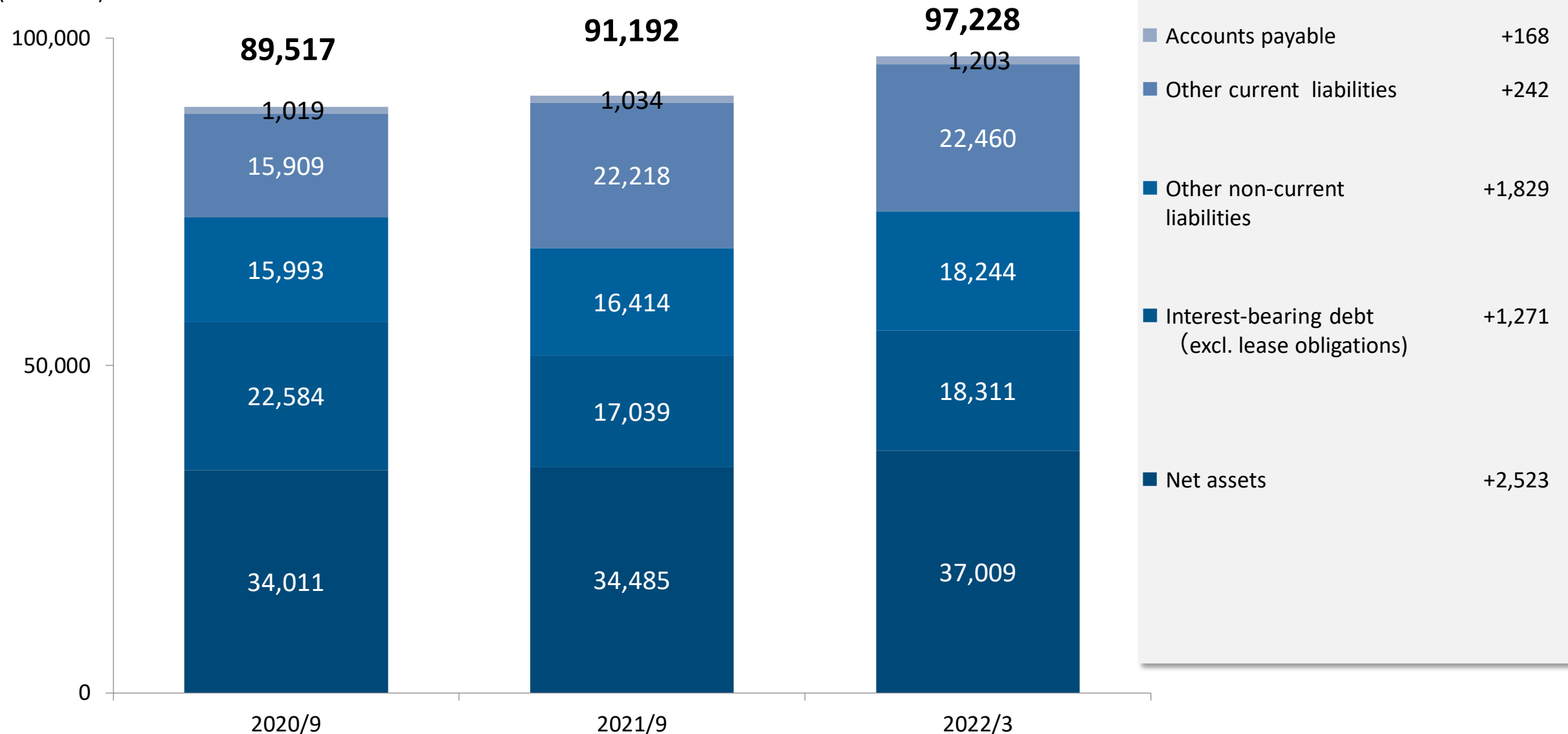
(¥ millions)
100,000



Consolidated balance sheet (liabilities and net assets)



(¥ millions)



Cash Flows



(¥ millions)	2021/3	2022/3	Increase (decrease)	【Key factors】
Cash flows from operating activities	2,089	4,011	+1,921	(Cash flow from operating activities) • Increase in funds due to recording of income before income taxes, etc.
Cash flows from investing activities	(2,730)	(3,682)	(951)	(Cash flow from investing activities) • Expenditures for the acquisition of property, plant and equipment, etc. in the CDMO business
Cash flows from financing activities	(1,412)	906	+2,318	(Cash flow from financing activities) • Proceeds from borrowing payable, etc.
Effect of exchange rate change on cash and cash equivalents	(47)	(278)	(231)	
Net increase(decrease) in cash and cash equivalents	(2,100)	956	+3,056	
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1	60	+58	
Cash and cash equivalents at beginning of period	12,688	9,379	(3,308)	
Cash and cash equivalents at end of period	10,589	10,395	(193)	



Forecast for FY ending Sep. 2022





COVID-19-related

- Therapeutic drug and vaccine development projects continue
- Large-scale vaccination projects expected to decline

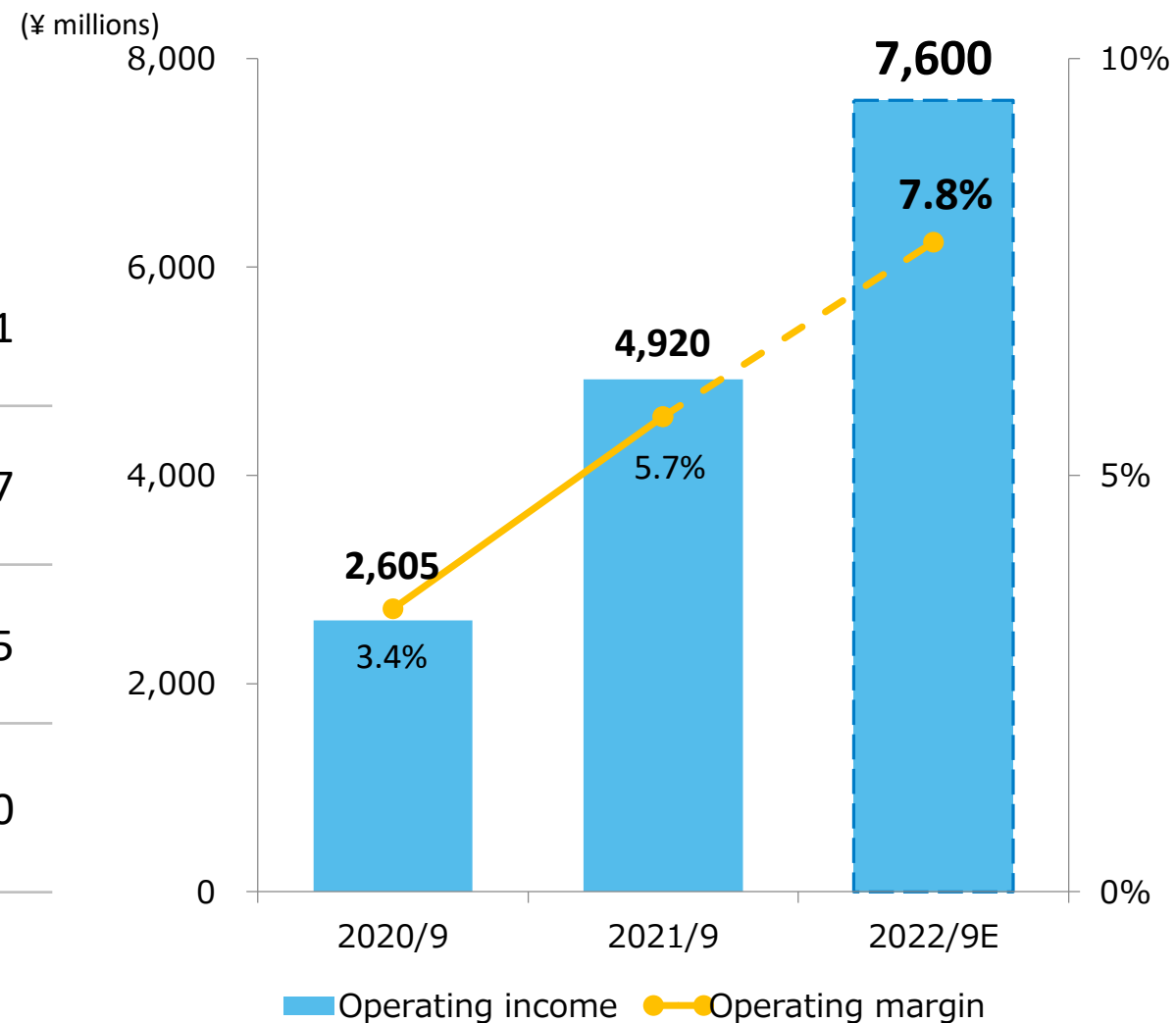
Russia and Ukraine situation

- No group sites in Russia or Ukraine
- Impact on contracted projects
 - Cancellation or postponement of clinical trials in Russia and Ukraine
 - Delays in procurement of raw materials, medical equipment, and other materials due to logistics disruptions, etc.
- Impact on profits from higher energy and logistics costs

Forecast for FY ending Sep. 2022



	2021/9 Actual (¥ millions)	2022/9 Previous Forecast (2022/1/31) (¥ millions)	2022/9 Revised Forecast (¥ millions)	Change from January Forecast (%)
Net Sales	85,788	95,000	97,000	2.1
Operating income	4,920	6,000	7,600	26.7
Ordinary income	5,091	5,800	7,800	34.5
Profit attributable to owners of parent	2,023	3,000	3,900	30.0
Earnings per share	¥ 111.85	¥ 165.82	¥ 217.30	



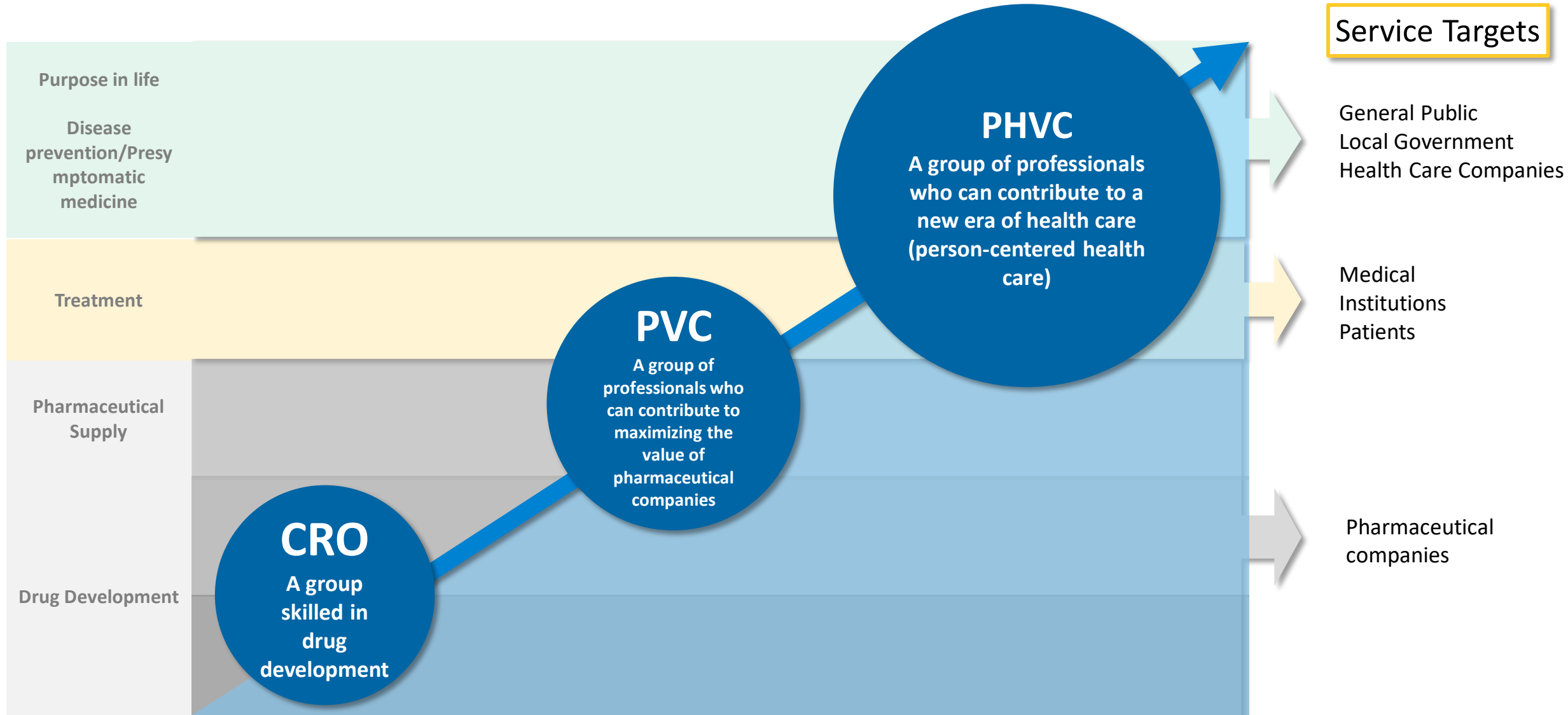


Healthcare Revolution

CMIC Group CEO
Dr. Kazuo Nakamura



Changes in CMIC's business model



Healthcare Revolution – CMIC's Philosophy



Personal Health Value

PHVC = Health care services based on individual health values

Not existing concepts such as treatment based on conventional medicine, disease prevention, and MIBYO (presymptomatic medicine)

Developed in 2015

CMIC'S CREED

Our CREED

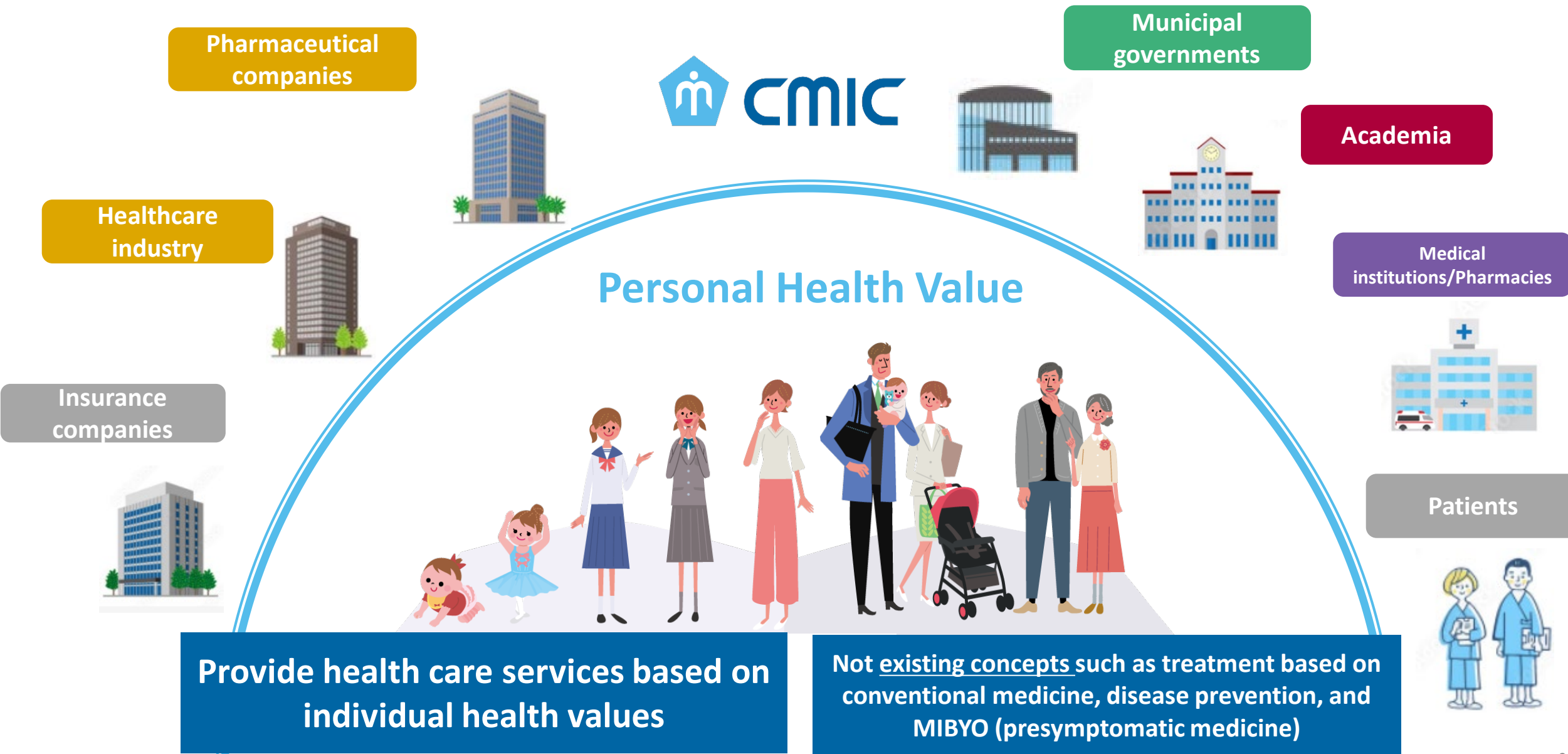
CMIC Group will bring innovation to healthcare so that all people, regardless of age, gender or race, **can live their one and only lives according to their own will.**

Whether in youth, when potential has yet to 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.

Toward Personalized Health Care



Developing Professionals to Meet Diverse Health Care Needs



Manage clinical trials

CRA **Approx. 1,000**

Support clinical trial sites

CRC **Over 500**

Provide pharmaceutical product information

MR **Over 600**

Responsible for CMIC's business from drug development, manufacturing, and sales support to healthcare-related projects

approx. **8,000**

CMIC's unique in-house training and certification system (from February 2021)



- Healthcare Partners 1,350
- Healthcare Advisors 631
- Healthcare Producers 44

One of the worst pandemics in history

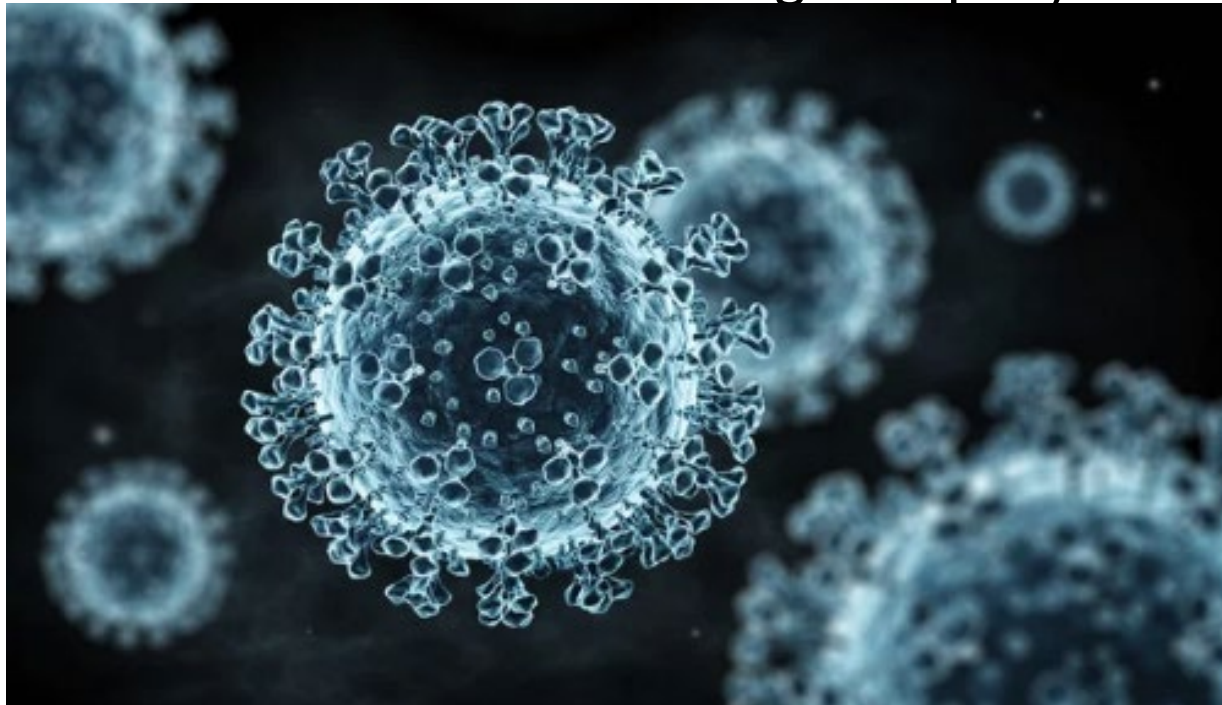


- December 8, 2019

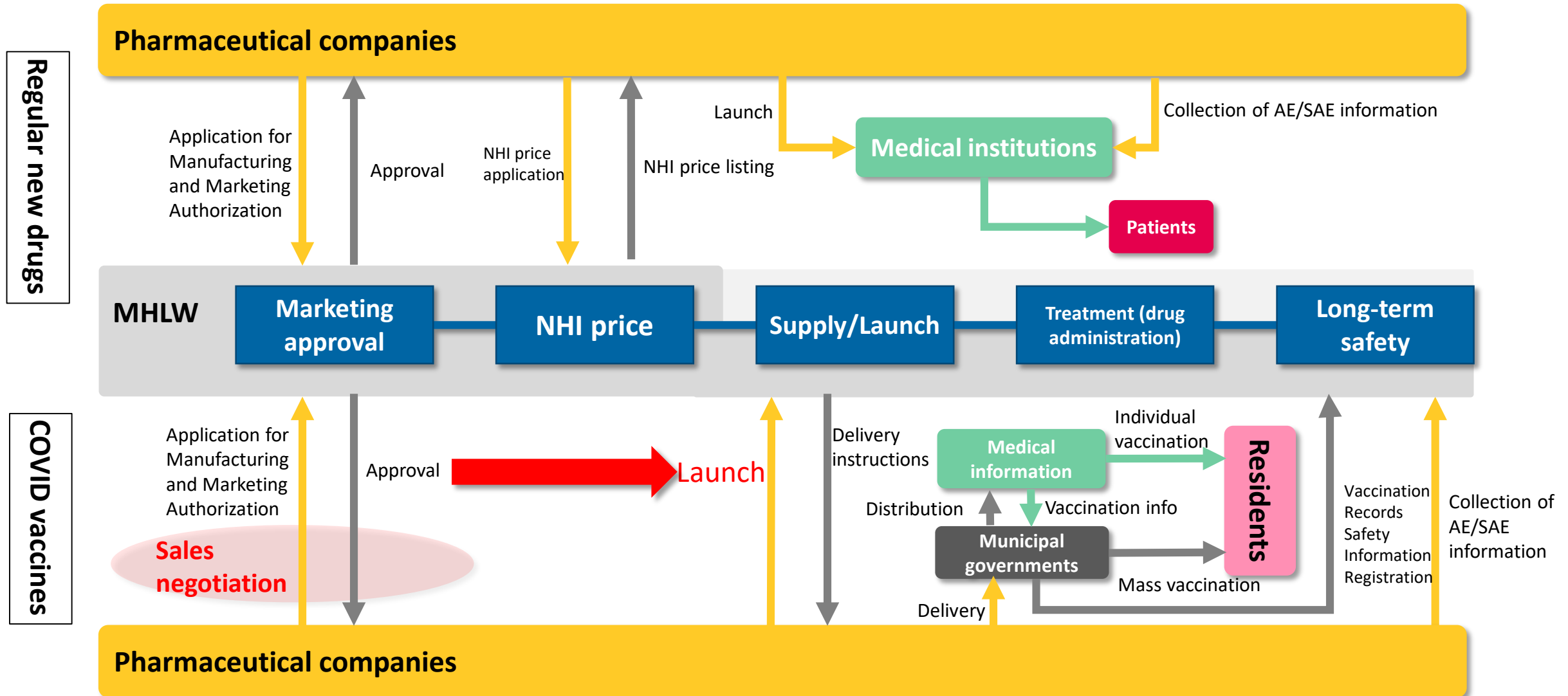
The first case of the new coronavirus infection has been confirmed in Wuhan, Hubei Province, China

- January 15, 2020

The first case was reported in Japan (Fever during the stay in Wuhan, and the disease onset after returning to Japan)



The COVID Vaccine Changed the Value Chain/Supply Chain



CMIC's New Role in the COVID-era



- Mass vaccination venue
- Vaccine bus
- PCR caravan
- Vaccination caravan for medical institutions



【harmo utilization】

1 Check vaccination intervals/vaccine types



2 Secure data management system that separates personal info from vaccination info (Patent#: 6202152)



3 Follow up on those vaccinated based on accurate information



Examples of current support for local governments (*examples of those that can be disclosed)



World-famous resort
 7 municipalities in the Mt. Yotei foothills
 Comprehensive Collaborative Agreement for Vaccination

7 municipalities in the Mt. Yotei foothills



Local cities
 Yamanashi Prefecture
 Comprehensive Collaborative Agreement for Vaccination

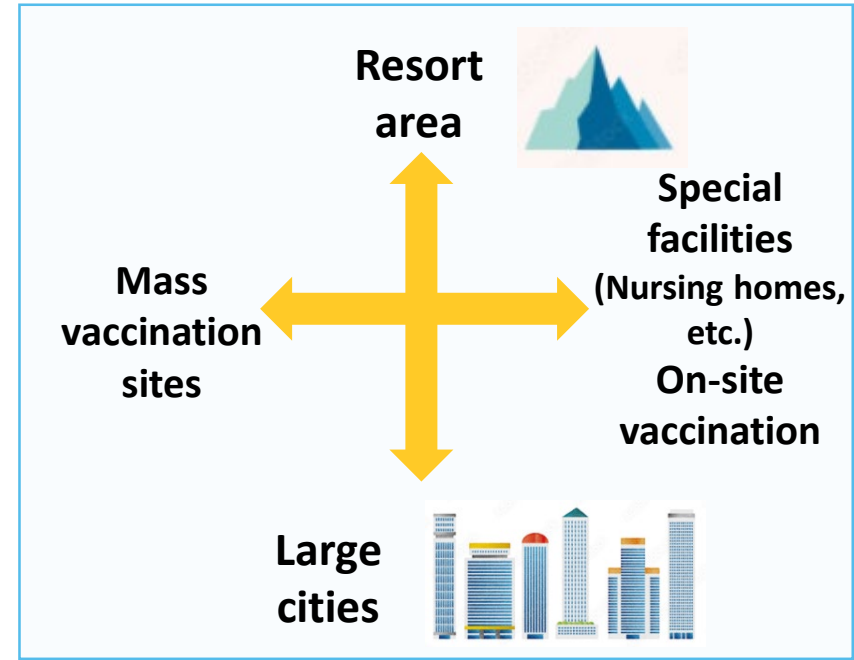
Yamanashi

Tokyo

Tokyo metropolitan area
 Setagaya Ward, Ota Ward, Koto Ward, Sugunami Ward, Akishima City, Fussa City
 PCR testing services
 Vaccination support ...

Contracted municipalities: 40 cities, wards, towns, and villages

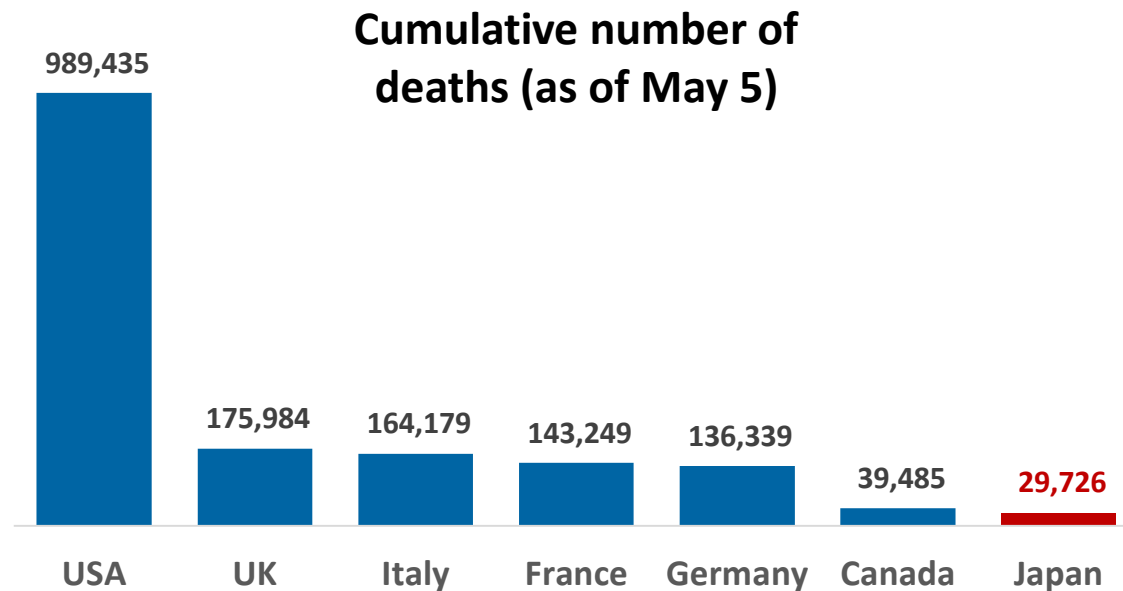
Introduction of harmo: 22 cities, towns, and villages



Wide range of services

- Antigen and PCR testing
- Vaccination
- Epidemiological Surveys
- Call Center
- harmo Vaccine Care with Corona

What are the Japanese healthcare services under COVID-19 crisis?



(Prepared by CMIC based on New York Times data)

The New York Times

Deaths Fell in Japan Last Year. How?(2/24/2021)



Japan: From vaccine hesitancy to vaccine success
(11/20/2021)



The number of deaths is by far the lowest in the developed world due to universal health insurance and a high level of health care awareness among the population.

Challenges for Japanese Healthcare Services under COVID-19 crisis?



■ Various issues...



Japan has the most beds per capita in the developed world. So why is its health system crashing?

(2/17/2021)

日本経済新聞

"Frequent Vaccine Recording Mistakes, Difficulty in Reading Government System, Concerns of Delays in Third Vaccination Procedure."

November 3, 2021 (Nihon Keizai Shimbun)

東京新聞

"23% of health center employees are "overworked (surpassed the so-called "death from overwork danger line" of 80 overtime hours/month) and 17 work overtime "more than 200 hours per month" "The frontline workers are exhausted by the continued response to COVID."

February 18, 2022 (Tokyo Shimbun)

読賣新聞

"Last year, 60,000 fewer "cancer diagnoses" were made...due to the impact of the refraining from seeing a doctor due to COVID"

November 26, 2021 (Yomiuri Shimbun)



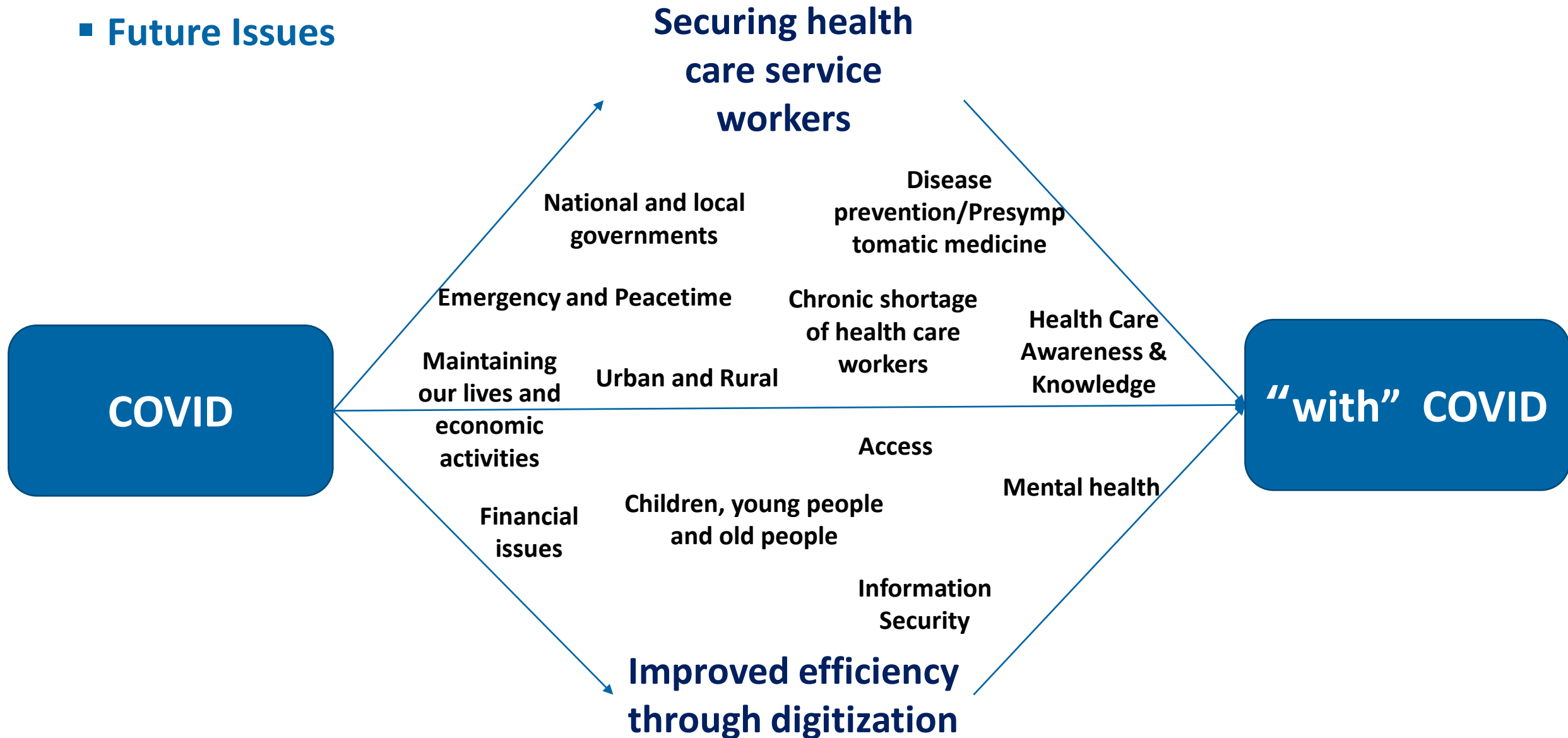
"Loneliness" most common among those in their 30s, getting worse under COVID, can lead to suicides

April 8, 2022 (Mainichi Shimbun)

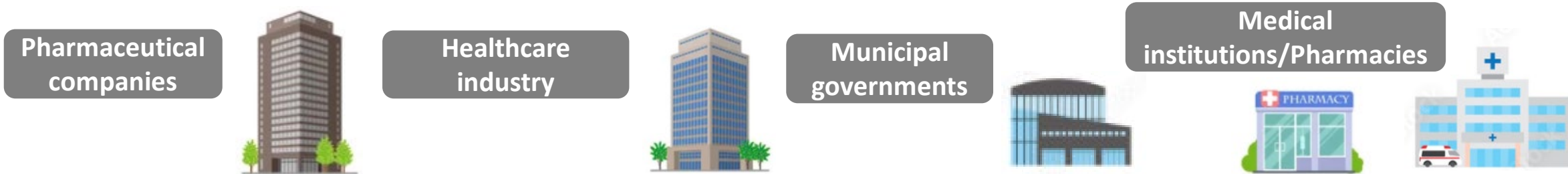
What are the key points of health care services for post-COVID era?



Future Issues



Toward Personalized Health Care



Personal Health Value





Together we can create a system that enables us to take better care of our loved ones, and to help our loved ones live their own precious lives



h a r m o 😊



harmo Vision



-2025 harmo2.0

Healthcare communication channels utilizing drug- and vaccine-related data

Value proposition:

Solving drug-related patient and consumer issues by collecting, visualizing, and resolving the real voices of patients regarding drug therapy and prevention

harmo1.0

Digitalization of paper medication notebook

Value proposition :

Centralized management of medication information and improved patient convenience

Digitize paper documents

Establish service platform
Expansion of platform market share

harmo capable of resolving issues related to medicines

Realization of value cycle through data utilization

harmo maximizes Ikigai (Purpose in Life)

Data Expansion
Use Case Expansion

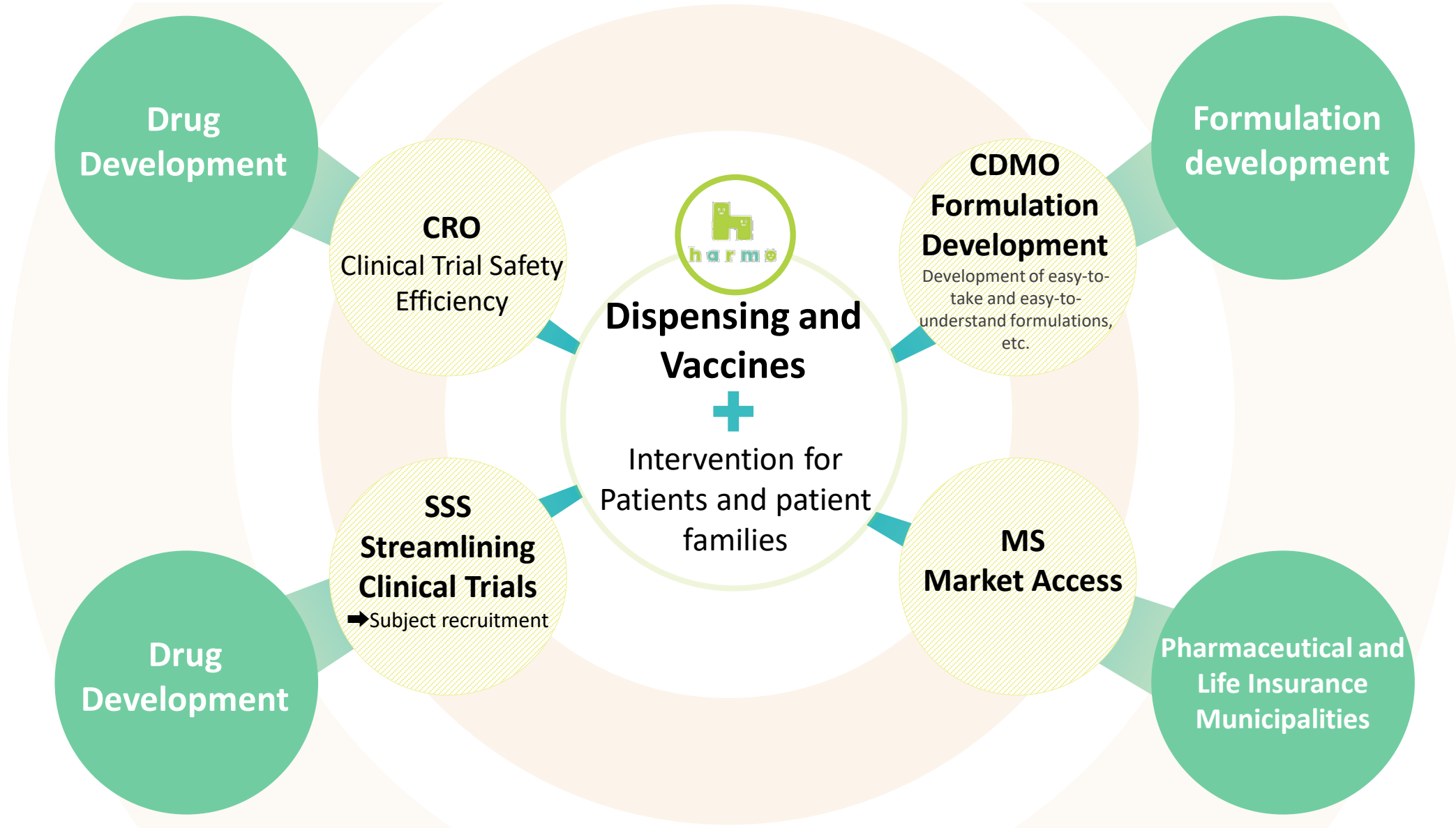
-2030 harmo3.0

Healthcare communication channels that maximize "Ikigai (Purpose in Life)"

Value proposition:

Tailor-made health care for individuals, municipalities, etc.

Business synergies with CMIC Group





Cautionary statement:

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