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July 29, 2022

## **CMIC HOLDINGS Co., Ltd. Consolidated Financial Results**

### **For the 3rd Quarter Ended June 30, 2022**

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

#### **Highlights:**

- ◆ **Net sales grew 32.5% year on year to ¥78,367 million on a consolidated basis**
- ◆ **Operating income increased 159.9% to ¥9,280 million**
- ◆ **Earnings per share: ¥330.30**
- ◆ **Order received grew 29.8%, order backlog grew 10.1% year on year**

Tokyo, July 29, 2022 – CMIC HOLDINGS Co., Ltd. (TSE Prime Code: 2309) today reported financial results for the 3rd quarter ended June 30, 2022.

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 third quarter]

During the third 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.

The invasion of Ukraine by Russia in February 2022 has caused social instability and there continues to be concern about the impact on our business, but the impact on our Group through the third quarter of the current consolidated fiscal year has been minimal.

In the third 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 ¥78,367 million (up 32.5% from the same period of the previous year), operating income was ¥9,280 million (up 159.9% from the same period of the previous year), ordinary income was ¥10,440 million (up 179.6% from the same period of the previous year), and net income attributable to shareholders of the parent company was ¥5,932 million (up 205.2% from the same period of the previous year).

(Millions of yen)

	Q3 FY2021	Q3 FY2022	YoY Change Amount	YoY Change (%)
Net sales	59,146	78,367	+19,221	+32.5
Pharmaceutical solutions	50,159	56,977	+6,818	+13.6
Healthcare solutions	9,404	21,862	+12,457	+132.5
Adjustments	(418)	(472)	(54)	—
Operating income	3,571	9,280	+5,709	+159.9
Pharmaceutical solutions	3,632	4,139	+506	+13.9
Healthcare solutions	884	6,210	+5,325	+602.0
Adjustments	(946)	(1,069)	(122)	—
Ordinary income	3,733	10,440	+6,707	+179.6
Profit attributable to owners of parent	1,943	5,932	+3,988	+205.2

※ 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 to ¥56,977 million (up 13.6% year on year) due to growth in all businesses, and operating income increased to ¥4,139 million (up 13.9% year on year).

The application of the accounting standard for revenue recognition increased sales by ¥1,899 million and segment income by ¥120 million compared with the previous method.

#### CRO Business

- Sales increased from the same period of the previous year
- Increased inquiries for development projects
- Partnership with Science 37® to promote Decentralized Clinical Trials (DCT) and speed up drug development; more trials incorporating DCT (telemedicine, home nursing, ePRO, etc.)
- Launched Oracle Argus Safety multi-tenant rental service for pharmacovigilance operations
- 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
- Rising prices for energy, raw materials, and packaging materials in manufacturing
- Respond to supply shortage risks, such as prolonged delivery times, in cooperation with customers and suppliers
- Delayed recovery in US performance, focus on acquiring new projects

#### Market Solutions Business

- Sales increased from the same period of the previous year
- Acquired new projects and made steady progress in existing projects in MR dispatch services
- Exclusive license agreement for the development, manufacturing and marketing of glycerol phenylbutyrate (overseas trade name: Ravicti®) for the treatment of urea cycle disorders in Japan

#### <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 ¥21,862 million (up 132.5% year on year) and operating income increased to ¥6,210 million (up 602.0% year on year) due to significant growth in vaccine development and vaccination support services for new coronavirus infections and other services.

The application of the accounting standard for revenue recognition increased sales by ¥292 million and segment income by ¥105 million compared with the previous method.

#### 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
- Promote collaboration with academia

#### 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 cooperation with local governments

- Promote the use of harmo® as a Healthcare Communication Channel in PHRs, etc.
- Promotion of Selcheck® self-check service

### **Ordinary Income**

Ordinary income in the consolidated cumulative third quarter was ¥10,440 million (up 179.6% year-on-year).

Foreign exchange gains and other of ¥1,314 million were recorded as non-operating income, and interest expenses and other of ¥153 million were recorded as non-operating expenses.

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

Profit attributable to owners of parent in the consolidated cumulative third quarter was ¥5,932 million (up 205.2% year-on-year).

CMIC recorded an extraordinary loss of ¥79 million for loss on retirement of fixed assets and loss on valuation of investment securities, income taxes of ¥4,258 million, and net profit for the quarter attributable to non-controlling interests of ¥170 million for the period.

### **Overview of the financial condition**

#### Assets, liabilities, and net assets

Total assets at the end of the consolidated cumulative third quarter increased by ¥5,488 million compared with the end of the previous consolidated fiscal year to ¥96,681 million. This was mainly due to increases in notes and accounts receivable, trade and contract assets, "Other" (suspense paid income taxes) in current assets, and property, plant and equipment.

Total liabilities increased by ¥1,053 million compared with the end of the previous consolidated fiscal year to ¥57,759 million. This was mainly due to an increase in "Other" (contract liabilities) in current liabilities.

Total net assets increased by ¥4,435 million compared with the end of the previous consolidated fiscal year to ¥38,921 million. This is due mainly to an increase in retained earnings.

## Future Outlook

The outlook for the fiscal year ending September 30, 2022, incorporates the outlook for future work related to COVID-19 and the impact of the situation in Ukraine on our business, based on information available at this time.

For COVID-related operations, we expect therapeutic drug and vaccine development projects will continue, and the number of inquiries from local governments are expected to increase due to another wave of COVID.

The situation in Russia and Ukraine has no direct impact on our business, as we do not operate any business bases in either country. The impact of the situation on our business is expected to be limited, although there will be price increases in energy, raw materials, packaging materials, and other items.

Based on the above, we have revised upward our full-year forecasts for the fiscal year ending September 30, 2022, to net sales of ¥ 106,000 million, operating income of ¥ 8,600 million, ordinary income of ¥ 9,200 million, and net income attributable to owners of the parent of the company of ¥ 4,500 million, respectively, in light of continued strong performance in vaccine development and vaccination support services for new coronavirus infection during the first half 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)	97,000	7,600	7,800	3,900	217.30
Current revised forecast (B)	106,000	8,600	9,200	4,500	254.49
Increase (B-A)	9,000	1,000	1,400	600	-
Rate of change (%)	9.3	13.2	17.9	15.4	-
(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 3rd Quarter Ended June 30, 2022 (October 1, 2021 through June 30, 2022)

(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)

	3Q FY2022		3Q FY2021	
		Change (%)		Change (%)
Net sales	78,367	32.5	59,146	4.2
Operating income	9,280	159.9	3,571	13.8
Ordinary income	10,440	179.6	3,733	7.1
Profit attributable to owners of parent	5,932	205.2	1,943	(18.1)
Earnings per share (Yen)	330.30		107.44	
Diluted net income per share (Yen)	—		—	

Reference: Comprehensive income: 3<sup>rd</sup> quarter FY2022: ¥5,598 million (up 108.7 YoY)  
3<sup>rd</sup> quarter FY2021: ¥2,682 million (down 1.9 % YoY)

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

	End Q3 FY2022	Year End FY2021
Total assets	96,681	91,192
Net assets	38,921	34,485
Equity ratio (%)	30.6	27.5
Book value per share (Yen)	1,671.11	1,385.55

Reference: Shareholders' equity: 3<sup>rd</sup> quarter FY2022: ¥29,549 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

We regard the return of profits to shareholders as one of our most important management policies. Our basic policy is to pay dividends in accordance with our business performance, while securing internal reserves to improve profitability and strengthen our business foundation. At the same time, we will maintain a consolidated dividend payout ratio of 30% and pay continuous and stable dividends. For the time being, the minimum annual dividend is set at ¥10.00 for stable dividends.

Consolidated Financial Statements for the 3rd Quarter Ended June 30, 2022

(1) Consolidated Balance Sheets

(Millions of yen)

	Q3 FY2022 (June 30, 2022)	Year End FY2021 (September 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,809	9,381
Notes and accounts receivable-trade	—	18,065
Notes and accounts receivable-trade and contract assets	20,007	—
Merchandise and finished goods	468	560
Work in process	4,506	4,715
Raw materials and supplies	2,919	2,503
Other	4,390	3,409
Allowance for doubtful accounts	(57)	(59)
<b>Total current assets</b>	<b>41,044</b>	<b>38,577</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	14,788	14,914
Machinery, equipment and vehicles, net	9,635	10,120
Land	6,838	6,570
Other, net	11,457	8,484
<b>Total property, plant and equipment</b>	<b>42,720</b>	<b>40,089</b>
Intangible assets		
Goodwill	38	54
Other	2,163	1,907
<b>Total intangible assets</b>	<b>2,201</b>	<b>1,961</b>
Investments and other assets		
Investment securities	2,748	2,813
Lease and guarantee deposits	1,966	1,974
Other	6,697	6,387
Allowance for doubtful accounts	(696)	(611)
<b>Total investments and other assets</b>	<b>10,714</b>	<b>10,564</b>
<b>Total non-current assets</b>	<b>55,636</b>	<b>52,615</b>
<b>Total assets</b>	<b>96,681</b>	<b>91,192</b>

(Millions of yen)

	<b>Q3 FY2022 (June 30, 2022)</b>	Year End FY2021 (September 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,366	1,034
Short-term borrowings	—	918
Current portion of long-term debt	3,582	3,652
Income taxes payable	3,297	3,312
Provision for bonuses	2,307	3,138
Provision for directors bonuses	—	89
Provision for loss on orders received	1,516	1,307
Other	15,780	14,370
<b>Total current liabilities</b>	<b>27,850</b>	<b>27,823</b>
<b>Non-current liabilities</b>		
Long-term debt	12,957	12,469
Net defined benefit liability	10,824	10,258
Other	6,127	6,156
<b>Total non-current liabilities</b>	<b>29,909</b>	<b>28,883</b>
<b>Total liabilities</b>	<b>57,759</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	21,989	16,600
Treasury shares	(2,149)	(1,546)
<b>Total shareholders' equity</b>	<b>29,020</b>	<b>24,242</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	644	642
Foreign currency translation adjustments	(182)	(1)
Remeasurements of defined benefit plans	66	182
<b>Total accumulated other comprehensive income</b>	<b>528</b>	<b>822</b>
<b>Non-controlling interests</b>	<b>9,372</b>	<b>9,420</b>
<b>Total net assets</b>	<b>38,921</b>	<b>34,485</b>
<b>Total liabilities and net assets</b>	<b>96,681</b>	<b>91,192</b>



**(2) Consolidated Statement of Income**

(Millions of yen)

	<b>Q3 FY2022</b> <b>(October 1, 2021—</b> <b>June 30, 2022)</b>	<b>Q3 FY2021</b> <b>(October 1, 2020—</b> <b>June 30, 2021)</b>
<b>Net sales</b>	<b>78,367</b>	<b>59,146</b>
<b>Cost of sales</b>	<b>58,806</b>	<b>46,402</b>
<b>Gross profit</b>	<b>19,561</b>	<b>12,744</b>
<b>Selling, general and administrative expenses</b>	<b>10,281</b>	<b>9,173</b>
<b>Operating income</b>	<b>9,280</b>	<b>3,571</b>
<b>Non-operating income</b>		
Interest income	2	1
Foreign exchange gains	1,222	146
Share of profit of entities accounted for using equity method	—	20
Other	90	161
<b>Total non-operating income</b>	<b>1,314</b>	<b>329</b>
<b>Non-operating expenses</b>		
Interest expenses	112	99
Other	40	67
<b>Total non-operating expenses</b>	<b>153</b>	<b>166</b>
<b>Ordinary income</b>	<b>10,440</b>	<b>3,733</b>
<b>Extraordinary income</b>		
Gain on sales of shares of subsidiaries and associates	—	19
Gain on forgiveness of debts	—	117
<b>Total extraordinary income</b>	<b>—</b>	<b>136</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	71	56
Loss on valuation of investment securities	8	39
<b>Total extraordinary losses</b>	<b>79</b>	<b>95</b>
<b>Profit before income taxes</b>	<b>10,361</b>	<b>3,774</b>
<b>Total income taxes</b>	<b>4,258</b>	<b>1,626</b>
<b>Profit</b>	<b>6,103</b>	<b>2,147</b>
<b>Profit attributable to non-controlling interests</b>	<b>170</b>	<b>203</b>
<b>Profit attributable to owners of parent</b>	<b>5,932</b>	<b>1,943</b>

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

(Millions of yen)

	<b>Q3 FY2022</b> <b>(October 1, 2021 –</b> <b>June 30, 2022)</b>	<b>Q3 FY2021</b> <b>(October 1, 2020 –</b> <b>June 30, 2021)</b>
<b>Profit</b>	<b>6,103</b>	<b>2,147</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	1	96
Foreign currency translation adjustments	(359)	39
Remeasurements of defined benefit plans	(146)	400
Share of other comprehensive income of entities accounted for using equity method	—	(1)
<b>Total other comprehensive income</b>	<b>(504)</b>	<b>535</b>
<b>Comprehensive income</b>	<b>5,598</b>	<b>2,682</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	5,638	2,473
Non-controlling interests	(39)	209