

Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2022 WEB Conference Q&A (July 29, 2022)

CMIC HOLDINGS Co., Ltd.

Q. Q3 results and full-year forecast for the COVID Vaccine project

⇒The COVID Vaccine Project recorded sales in excess of 10 billion yen and a considerable amount of profit in the cumulative Q3 period. Though we are forecasting a loss in Q4 due to the inclusion of special factors such as provision for personnel expenses, the project itself is expected to grow steadily due to continued demand for our services.

Q. Outlook for orders in Q4

⇒Both pharmaceuticals and healthcare solutions are in good shape with inquiries. COVID vaccine projects are affected by the 7th wave, and there are high needs for support to local governments and antigen test kits.

Q. How likely is it that you will achieve the upwardly revised forecast for the full year?

⇒A. Yes, we are currently on track to achieve our forecasted figures.

Q. What is the distribution of Q3 and Q4 among the upward swing in full-year results?

⇒There is no difference between Q3 and Q4.

Q. Is it correct to understand that the reason for the small increase in profit compared to the increase in sales in the full-year forecast is due to the provision for bonuses for the fiscal year?

⇒A. Yes, it is correct.

Q. What is the full-year forecast for the three existing pharmaceutical solutions businesses (CRO, CDMO, and CSO)?

⇒Existing businesses are all performing well, with both sales and profits on the rise, with CRO having the greatest impact.

Q. Is the growth of CROs due to new areas such as DCT or the resumption of conventional clinical trials?

⇒Regardless of whether it is foreign or domestic capital, there is an increase in activity centered

on conventional clinical trials.

Q. Why did the profit margins of CDMO and MS decline YoY?

⇒CDMO: In Japan, both inquiries and operations are favorable, but EBITDA margin declined due to the impact of losses in the US caused by delays in orders. In Japan, there have been problems with the start-up of a new building at the Ashikaga Plant, but the plant is becoming profitable and will be in full operation next year. Although rising energy and material costs are a concern, domestic operations have been steady.

MS: Sales and profits in the MR dispatch business were solid, continuing on from last year. On the other hand, there were problems with the supply of some orphan drugs and new development costs, which led to a decline in the business segment profit rate.

Q. What is CMIC's role in the blockchain project?

⇒We will be using SUSMED, Inc.'s blockchain system to conduct a clinical trial for bioventures, and since this is the first time for us to do so, we will incorporate our know-how, including usability. This is a new project, but we believe it has the potential to improve efficiency.