

Q. To what extent are COVID-19 vaccination projects factored into the FY2023 earnings forecast?

⇒ Since inquiries for COVID-19 vaccination support can fluctuate, the forecast contains only projects that have already been commissioned and does not include new projects that will arise in the future.

Q. The market environment for CROs

⇒ In terms of the drug development environment, the number of products developed by Japanese pharmaceutical companies is decreasing, while overseas biotech companies have many products in development, especially drugs for rare diseases. Although foreign biotech companies are not actively engaged in development in Japan due to the drug price issue, the quality of drug development in Japan is high with the cost becoming relatively lower, so more development in Japan is expected. This will improve the market environment for CROs. In addition, Japan's price competitiveness is increasing in the non-clinical space, thereby growing the number of projects commissioned from overseas. Our newly established Consulting & Navigation Unit will support foreign pharmaceutical and biotech companies in entering the Japanese market.

Q. Capital investment and recovery

⇒ Since most of the facilities are now in place, the capital investment is expected to peak out in FY2022 and slow down afterwards. The U.S. CDMO facility has posted impairment loss up to FY2022 because it is an old facility with no expected return on product. On the other hand, the facility that is about to be launched is performing well, including customer acquisition, and will now enter the phase of investment recovery.

Q. Will CDMO's EBITDA margin improve once the new equipment at the Ashikaga plant is in full operation?

⇒ It is expected to improve.