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January 31, 2023

## **CMIC HOLDINGS Co., Ltd. Consolidated Financial Results For the 1st Quarter Ended December 31, 2022**

(The Fiscal Year Ending September 30, 2023, Japan Accounting Standards)

### **Highlights:**

- ◆**Net sales grew 20.5% year on year to ¥29,677 million on a consolidated basis**
- ◆**Operating income increased 26.5% to ¥4,270 million**
- ◆**Earnings per share: ¥111.73**
- ◆**Order received grew 34.4% year on year**
- ◆**Order backlog grew 11.7% year on year**

Tokyo, January 31, 2023 - CMIC HOLDINGS Co., Ltd. (TSE Prime Code: 2309) today reported financial results for the 1st quarter ended December 31, 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.

The Group will 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. Through such efforts, we intend to strengthen the Group's business foundation and make great strides toward sustainable growth.

In our mid-term plan (FY2022-2025) formulated in November 2021, we have identified (1) progress in the healthcare business, (2) strengthening comprehensive support for disease prevention and treatment from R&D to sales, and (3) contributing to a sustainable society through socially beneficial businesses as the key pillars. In the fiscal year ending September 30, 2023, the second year of the mid-term plan, we will steadily implement measures to address each of these pillars in order to achieve our goals for the final year of the plan.

[Consolidated operating results for the first quarter]

During the consolidated cumulative first quarter, as part of our efforts to address the key pillars of our medium-term plan, we focused on coming up with solutions for local governments, which supports local communities in terms of both digital and human resources, and on acquiring new projects and securing human resources for pharmaceutical companies and biotech ventures.

The prolonged situation in Ukraine continues to raise concerns about the impact on our business, but there has been no direct significant impact on our group in the first quarter of the current fiscal year. We continue to closely monitor price trends and supply issues for energy and raw materials, and are working to minimize the impact on our business.

In the first quarter of the consolidated fiscal year under review, net sales increased 20.5% year on year to ¥29,677 million and operating income increased 26.5% to ¥4,270 million due to significant growth in municipal support services related to new coronavirus infection in the Healthcare Solutions segment, as well as growth in the Pharmaceutical Solutions segment.

On the other hand, due to the recording of foreign exchange losses in non-operating expenses resulting from the appreciation of the yen since the end of the previous period, ordinary income was ¥3,401 million (down 1.7% from the same period of the previous year), and net income attributable to shareholders of the parent company was ¥1,950 million (down 7.4% from the same period of the previous year).

		(Millions of yen)			
		Q1 FY2022	Q1 FY2023	YoY Change Amount	YoY Change (%)
Net sales		24,629	29,677	+5,048	+20.5
	Pharmaceutical solutions	17,723	20,494	+2,770	+15.6
	Healthcare solutions	7,069	9,646	+2,577	+36.5
	Adjustments	(163)	(463)	(300)	—
Operating income		3,375	4,270	+894	+26.5
	Pharmaceutical solutions	1,306	1,722	+416	+31.8
	Healthcare solutions	2,395	2,945	+550	+23.0
	Adjustments	(326)	(398)	(71)	—
Ordinary income		3,462	3,401	(60)	(1.7)
Profit attributable to owners of parent		2,107	1,950	(156)	(7.4)

The business results by segment are listed as below:

#### <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 15.6% year on year to ¥20,494 million due to growth in all businesses, and operating income also increased 31.8% year on year to ¥1,722 million.

#### CRO Business

- Sales increased from the same period of the previous year
- Increased inquiries for development projects
- Promote DCT (Decentralized Clinical Trial: telemedicine, home nursing, ePRO, wearable devices, etc.)
- Strengthen support for overseas bio-venture companies entering the Japanese market and for companies from other industries entering the healthcare field.
- In the bioanalysis business, CMIC supports drug discovery in cutting-edge areas where modalities are diversifying, such as next-generation biopharmaceuticals, gene therapy drugs and biomarker

#### 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
- Received many customer inquiries for MR dispatch services
- Launched the development of glycerol phenylbutyrate (overseas trade name Ravicti®) for the treatment of urea cycle disorders in Japan and increased research and development expenses associated with this development

#### <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 ¥9,646 million (up 36.5% year on year) and operating income to ¥2,945 million (up 23.0% year on year) due to substantial growth in support for vaccination against new coronavirus infection, follow-up for positive cases, and sales of antigen test kits.

#### Site Support Solutions Business

- Sales fell below the same period of the previous year due to a decrease in new coronavirus vaccine and drug development projects
- Current orders received increased due to an influx in clinical trial 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
- Support services related to novel coronavirus infection expanded
- Expansion of businesses that integrate disease prevention, health information, and IT technologies
  - Acquired KNOCK ON THE DOOR, Inc. as a subsidiary, a business centered on a support platform for patients and families with a focus on rare diseases.

#### Ordinary Income

Ordinary income in the consolidated first quarter was ¥3,401 million (down 1.7% year on year).

Non-operating income, such as subsidy income, totaled ¥32 million, and non-operating expenses, such as foreign exchange losses, totaled ¥901 million.

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

Profit attributable to owners of parent in the consolidated first quarter was ¥1,950 million (down 7.4% year on year).

CMIC recorded an extraordinary loss of ¥25 million for the loss on retirement of non-current assets, income taxes of ¥1,516 million, and net loss attributable to noncontrolling interests of ¥91 million for the period.

## **Overview of the financial condition**

### **Assets, liabilities, and net assets**

Total assets at the end of the consolidated first quarter increased by ¥4,603 million compared to the end of the previous consolidated fiscal year to ¥112,193 million. This was mainly due to increases in accounts receivable - trade and contract assets, intangible assets, and "Other" (mostly income taxes refund receivables) in current assets.

Total liabilities increased by ¥3,260 million from the end of the previous fiscal year to ¥69,581 million. This was mainly due to an increase in commercial papers and borrowings and a decrease in provision for bonuses.

Total net assets increased by ¥1,343 million compared to the end of the previous consolidated fiscal year to ¥42,612 million. This was mainly due to an increase in retained earnings.

## **Future Outlook**

As for the full-year earnings forecast for the fiscal year ending September 30, 2023, after considering the outlook for future business related to new coronavirus infection, the impact of the situation in Ukraine on our business, and other factors based on the information currently available, there is no change from the forecast in the "Summary of Consolidated Financial Results for the Year Ended September 30, 2022" released on November 8, 2022.

## **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, 2022 (October 1, 2022 through December 31, 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)

	Q1 FY2023		Q1 FY2022	
		Change (%)		Change (%)
Net sales	29,677	20.5	24,629	30.4
Operating income	4,270	26.5	3,375	315.7
Ordinary income	3,401	(1.7)	3,462	330.9
Profit attributable to owners of parent	1,950	(7.4)	2,107	275.0
Earnings per share (Yen)	111.73		116.48	
Diluted net income per share (Yen)	-		-	

Reference: Comprehensive income: 1st quarter FY2023: ¥2,154 million (up 13.5% YoY)  
1st quarter FY2022: ¥1,899 million (up 42.5 % YoY)

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

	Q1 FY2023	Year End FY2022
Total assets	112,193	107,590
Net assets	42,612	41,269
Equity ratio (%)	29.0	29.4
Book value per share (Yen)	1,871.76	1,801.31

Reference: Shareholders' equity: 1st quarter FY2023: ¥32,540 million  
Year End FY2022: ¥31,624 million

**Distribution Status**

	(Yen)		
	FY2022	FY2023	FY2023 (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	45.00		45.00
Total	50.00		50.00

Consolidated Financial Statements for the 1st Quarter Ended December 31, 2022

(1) Consolidated Balance Sheets

(Millions of yen)

	Q1 FY2023 (December 31, 2022)	Year End FY2022 (September 30, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,550	11,806
Notes and accounts receivable-trade and contract assets	26,086	24,632
Merchandise and finished goods	698	526
Work in process	4,829	4,384
Raw materials and supplies	4,580	3,932
Other	4,391	2,786
Allowance for doubtful accounts	(58)	(58)
<b>Total current assets</b>	<b>52,077</b>	<b>48,010</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	17,787	16,211
Machinery, equipment and vehicles, net	9,460	9,454
Land	6,835	6,836
Other, net	8,790	10,319
<b>Total property, plant and equipment</b>	<b>42,875</b>	<b>42,822</b>
<b>Intangible assets</b>		
Goodwill	415	32
Other	2,517	2,260
<b>Total intangible assets</b>	<b>2,932</b>	<b>2,292</b>
<b>Investments and other assets</b>		
Investment securities	2,741	3,039
Lease and guarantee deposits	2,354	2,350
Other	10,270	9,793
Allowance for doubtful accounts	(1,057)	(719)
<b>Total investments and other assets</b>	<b>14,309</b>	<b>14,464</b>
<b>Total non-current assets</b>	<b>60,116</b>	<b>59,580</b>
<b>Total assets</b>	<b>112,193</b>	<b>107,590</b>

(Millions of yen)

	<b>Q1 FY2023</b> <b>(December 31, 2022)</b>	<b>Year End FY2022</b> <b>(September 30, 2022)</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,382	1,190
Current portion of long-term debt	3,658	3,602
Commercial papers	4,000	—
Income taxes payable	1,544	3,868
Provision for bonuses	2,192	6,110
Provision for directors bonuses	—	92
Provision for loss on orders received	1,290	1,225
Other	23,329	19,783
<b>Total current liabilities</b>	<b>37,399</b>	<b>35,872</b>
<b>Non-current liabilities</b>		
Long-term debt	15,132	13,534
Net defined benefit liability	11,161	11,000
Other	5,887	5,914
<b>Total non-current liabilities</b>	<b>32,181</b>	<b>30,448</b>
<b>Total liabilities</b>	<b>69,581</b>	<b>66,320</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,087	3,087
Capital surplus	6,093	6,093
Retained earnings	25,597	24,444
Treasury shares	(2,633)	(2,346)
<b>Total shareholders' equity</b>	<b>32,145</b>	<b>31,279</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	554	742
Foreign currency translation adjustments	(194)	(432)
Remeasurements of defined benefit plans	35	34
<b>Total accumulated other comprehensive income</b>	<b>395</b>	<b>344</b>
<b>Non-controlling interests</b>	<b>10,072</b>	<b>9,645</b>
<b>Total net assets</b>	<b>42,612</b>	<b>41,269</b>
<b>Total liabilities and net assets</b>	<b>112,193</b>	<b>107,590</b>

**(2) Consolidated Statement of Income**

(Millions of yen)

	<b>Q1 FY2023 (October 1, 2022 - December 31, 2022)</b>	<b>Q1 FY2022 (October 1, 2021 - December 31, 2021)</b>
<b>Net sales</b>	<b>29,677</b>	<b>24,629</b>
<b>Cost of sales</b>	<b>21,678</b>	<b>18,093</b>
<b>Gross profit</b>	<b>7,999</b>	<b>6,535</b>
<b>Selling, general and administrative expenses</b>	<b>3,728</b>	<b>3,160</b>
<b>Operating income</b>	<b>4,270</b>	<b>3,375</b>
<b>Non-operating income</b>		
Interest income	1	0
Foreign exchange gains	—	109
Subsidy income	11	6
Other	19	20
<b>Total non-operating income</b>	<b>32</b>	<b>137</b>
<b>Non-operating expenses</b>		
Interest expenses	42	37
Foreign exchange losses	816	—
Share of loss of entities accounted for using equity method	15	—
Other	27	12
<b>Total non-operating expenses</b>	<b>901</b>	<b>50</b>
<b>Ordinary income</b>	<b>3,401</b>	<b>3,462</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	13	23
Loss on valuation of investment securities	11	—
<b>Total extraordinary losses</b>	<b>25</b>	<b>23</b>
<b>Profit before income taxes</b>	<b>3,375</b>	<b>3,438</b>
<b>Total income taxes</b>	<b>1,516</b>	<b>1,330</b>
<b>Profit</b>	<b>1,859</b>	<b>2,108</b>
<b>Profit (Loss) attributable to non-controlling interests</b>	<b>(91)</b>	<b>1</b>
<b>Profit attributable to owners of parent</b>	<b>1,950</b>	<b>2,107</b>



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

(Millions of yen)

	<b>Q1 FY2023 (October 1, 2022 - December 31, 2022)</b>	<b>Q1 FY2022 (October 1, 2021 - December 31, 2021)</b>
<b>Profit</b>	<b>1,859</b>	<b>2,108</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(188)	(112)
Foreign currency translation adjustments	479	(17)
Remeasurements of defined benefit plans	4	(79)
<b>Total other comprehensive income</b>	<b>295</b>	<b>(209)</b>
<b>Comprehensive income</b>	<b>2,154</b>	<b>1,899</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	2,001	1,937
Non-controlling interests	153	(38)