



Overview of Financial Results for FY2023

CMIC HOLDINGS Co., Ltd.
November 7, 2023

CMIC Group Business



CMIC Group Network



28 group companies, 61 sites (48 offices, 6 factories, 7 laboratories)
Japan: 15 companies
Overseas: 13 companies



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

- **Strengthening our digital platform with the aim of increasing the individuals' health values**
 - Business development centered on "nanacara", a support platform for patients and families
 - Epilepsy patient support pharmacy "nanacara pharmacy" opened in Osaka
 - Developed a business utilizing personal data with OKEIOS Inc., a blockchain technology company
 - In May 2023, the vaccine management app "harmo Vaccine Care" started collaborating with Mynportal
 - Participating in the "PHR Service Business Association" launched in July 2023
 - Leading discussions on PHR standardization as the chair company in the "Standardization Committee"



harmo:



Evolution of healthcare business



- **Expansion of support for local governments**
 - **Comprehensive support for measures against COVID-19 infections, ranging from infection prevention to post-infection follow-up**
 - **Started new solutions to local government / municipalities**
 - **Hokkaido's Rusutsu Village and Rankoshi Town promoting the digitization of smart maternal and child health services**

Actual Results for FY2023



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

- **Comprehensive support from drug development, manufacturing, to sales and marketing**
 - **PVC (Pharmaceutical Value Creator) Model** –
 - **Strengthen comprehensive consulting services for entering the Japanese market and other industries entering the healthcare field**
 - **Supports the first rare cancer online clinical trial (full remote DCT) at National Cancer Center Hospital**
 - **CMIC supports system development, collaboration between NCCH and NCCH's partner hospitals in remote areas, and assists in the creation of SOPs and manuals**
 - **Projects for efficacy and safety evaluation and analysis in cutting-edge areas where modalities are diversifying**
 - **Strengthen drug discovery support services**
 - **Alliance with NEXEL Co., Ltd. of Korea, a biotechnology company specializing in iPSC (induced pluripotent stem cells)**
 - **Providing contract research services using human hepatocyte chimeric mice (product name: PXB mice)-Expansion of support for drug discovery in the early stages using an original monkey disease model**

Actual Results for FY2023



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

- **Comprehensive support from drug development, manufacturing, to sales and marketing**
 - **PVC (Pharmaceutical Value Creator) Model** –
 - **Strategic alliance agreement with Dai Nippon Printing Co., Ltd. Group (DNP) (Creating value with CMIC's extensive knowledge in the medical and healthcare field and DNP's advanced technology)**
 - **Development of value-added pharmaceuticals by combining packaging technology with drug formulation technology**
 - **Establishment of an integrated system from API process development and manufacturing to formulation development and manufacturing**
 - **Expand MR dispatch services by accelerating outsourcing**
- **Support combining manufacturing, marketing, and other permits with PVC's value chain**
 - **Commencement of Phase III clinical trials in Japan for a treatment for urea cycle disorders**

***Urea Cycle Disorders (UCD)**

A congenital deficiency of an enzyme in the urea cycle of the liver results in hyperammonemia, a failure to metabolize ammonia



Actual Results for FY2023



Contribution to sustainable society through services with high social benefits

- **Developing and nurturing human resources**
 - Completion of "Yuzuriha, " a next-generation education and international exchange hub
 - Introduction of a remuneration system that allows for the flexible hiring and treatment of human resources
- **Co-sponsorship of the 14th "International Children's Drawing Contest"**
Presentation of the 19th " Society Prize (CMIC Prize) of the AIDS Society of Japan"
Sponsoring "Rare Disease Day 2023"
- **Support for athletes with disabilities**



Consolidated income statement (overview)



	FY2022		FY2023		Change	Percent Change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Net sales	108,461	100.0	104,701	100.0	(3,759)	(3.5)
Operating profit	11,845	10.9	10,267	9.8	(1,578)	(13.3)
Ordinary profit	13,450	12.4	10,022	9.6	(3,427)	(25.5)
Profit attributable to owners of parent	8,387	7.7	7,152	6.8	(1,234)	(14.7)
Earnings per share	¥469.44		¥416.25			

The situation in Ukraine had no significant direct impact on the Group during the period under review.

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



(¥ millions)	FY2022	FY2023
Non-operating income	1,830	253
Interest income	3	22
Foreign exchange gains	1,720	135
Subsidy income	23	37
Other	83	57
Non-operating expenses	225	497
Interest expenses	152	154
Share of loss of entities accounted for using equity method	—	295
Other	73	47

(¥ millions)	FY2022	FY2023
Extraordinary income	139	3,388
Gain on change in equity	—	38
Gain on sale of investment securities	—	3,349
Gain on reversal of asset retirement obligations	139	—
Extraordinary losses	1,550	1,535
Impairment losses	1,386	1,090
Loss on retirement of non-current assets	155	233
Loss on valuation of investment securities	8	62
Loss on liquidation of subsidiaries	—	49
Compensation for loss	—	100
Income taxes	2,994	4,585
Current	6,066	4,163
Deferred	(3,071)	421
Profit attributable to non-controlling interests	657	137

Sales & Operating profit by reportable segment



		FY2022 Amount (¥ millions)	FY2023 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
Pharmaceutical Solutions	Sales	78,188	78,060	(128)	(0.2)
	Operating profit	4,752	5,184	+432	+9.1
Healthcare Solutions	Sales	31,007	27,922	(3,085)	(10.0)
	Operating profit	8,660	7,029	(1,630)	(18.8)
Adjustments	Sales	(735)	(1,281)	(546)	—
	Operating profit	(1,566)	(1,946)	(379)	—
Consolidated	Sales	108,461	104,701	(3,759)	(3.5)
	Operating profit	11,845	10,267	(1,578)	(13.3)

*Adjustments

Sales include internal elimination of transactions between reporting segments, and sales that are not allocated to each reportable segment and are related to the Company (holding company).

Operating profit includes such sales and corporate expenses that are not allocated to each reportable segment and are related to the Company (holding company).

Orders received / Backlog



	FY2022		FY2023			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent Change (%)	Backlog (¥ millions)	Percent Change (%)
Pharmaceutical Solutions	80,907	74,742	65,653	(18.9)	68,374	(8.5)
Healthcare Solutions	29,982	16,139	25,669	(14.4)	14,426	(10.6)
T o t a l	110,890	90,882	91,322	(17.6)	82,800	(8.9)

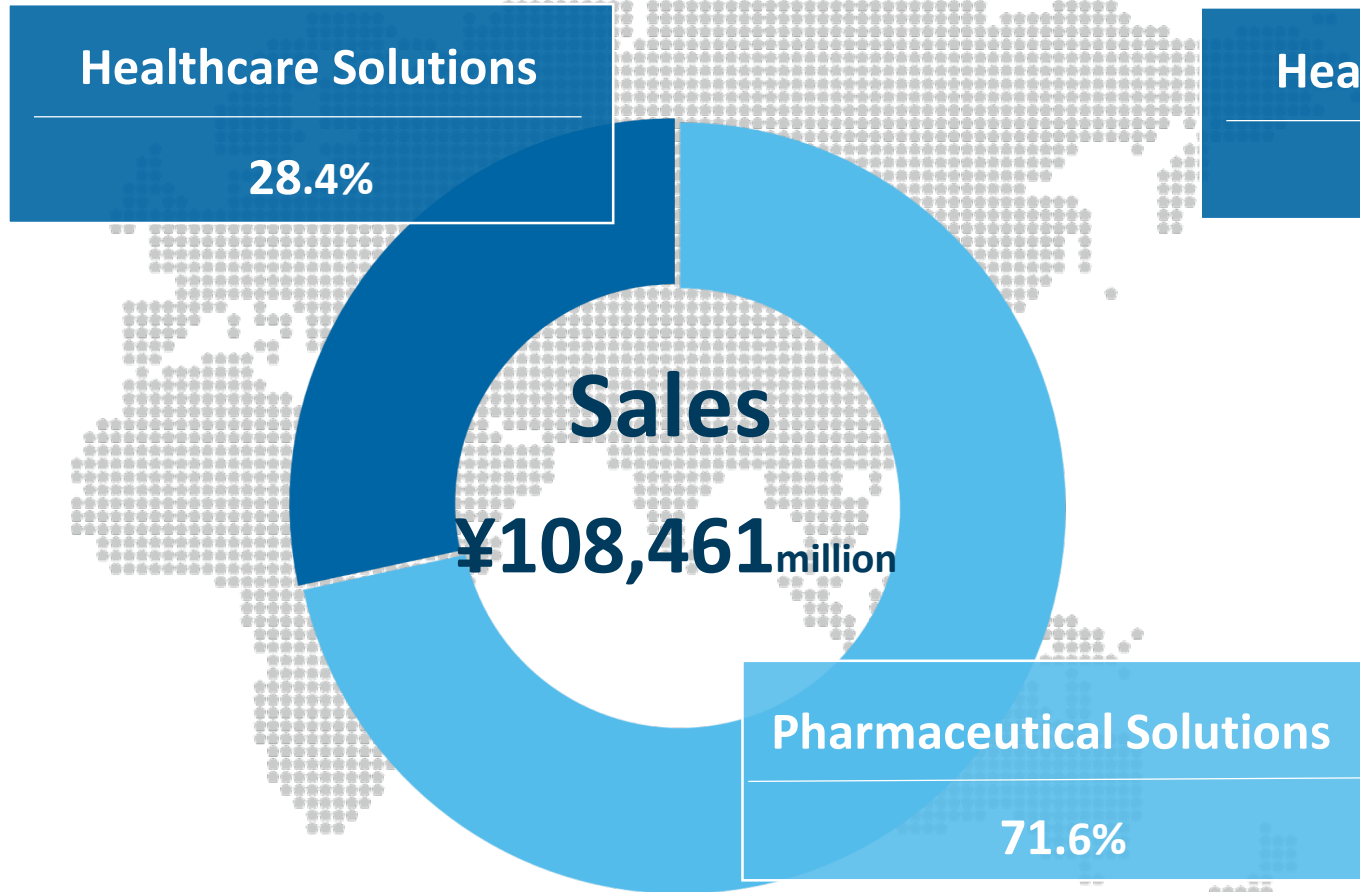
In Pharmaceutical Solutions, orders received fell below the previous fiscal year's level due to the change of CMIC CMO Group to an equity-method affiliate and cancellations of development projects. In Healthcare Solutions, orders received fell below the previous fiscal year's level due to a decline in demand for large-scale vaccination projects for local governments. Orders secured through sales of the CMIC CMO Group by the end of the third quarter are included in orders received and not in the order backlog as of the end of the consolidated fiscal year.

Orders received for Pharmaceutical Solutions before deducting order backlogs would be -10.1% y-o-y and order backlogs +0.6% y-o-y.

Sales composition ratio



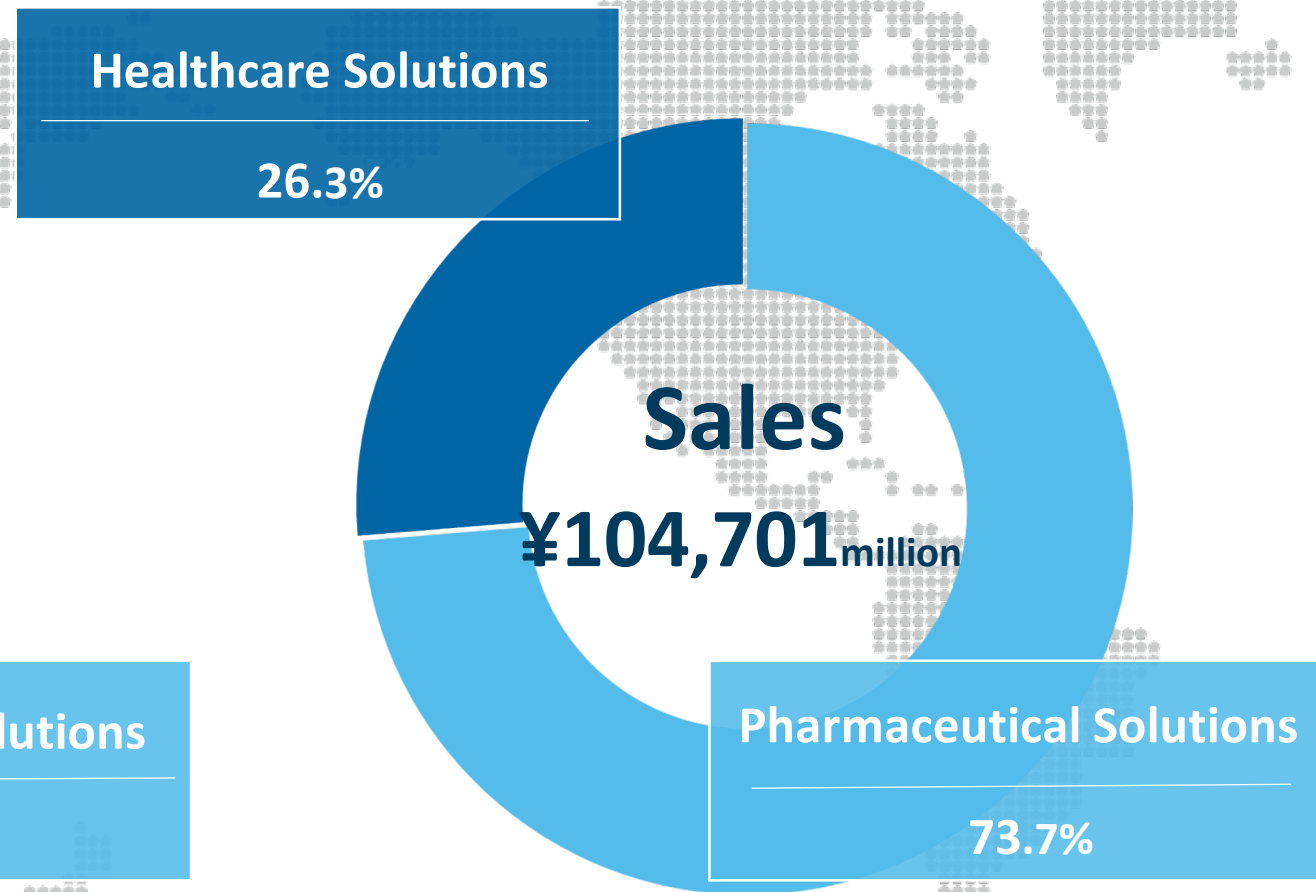
FY2022



Operating profit ¥11,845million

Operating margin **10.9%**

FY2023



Operating profit ¥10,267million

Operating margin **9.8%**

Sales composition ratio of Pharmaceutical Solutions

FY2022

FY2023

Market Solutions

17.3%

Sales

¥78,188million

CRO

51.2%

CDMO

31.5%

Market Solutions

19.9%

Sales

¥78,060million

CRO

54.6%

CDMO

25.5%

Operating profit ¥4,752million

Operating margin 6.1%

Operating profit ¥5,184 million

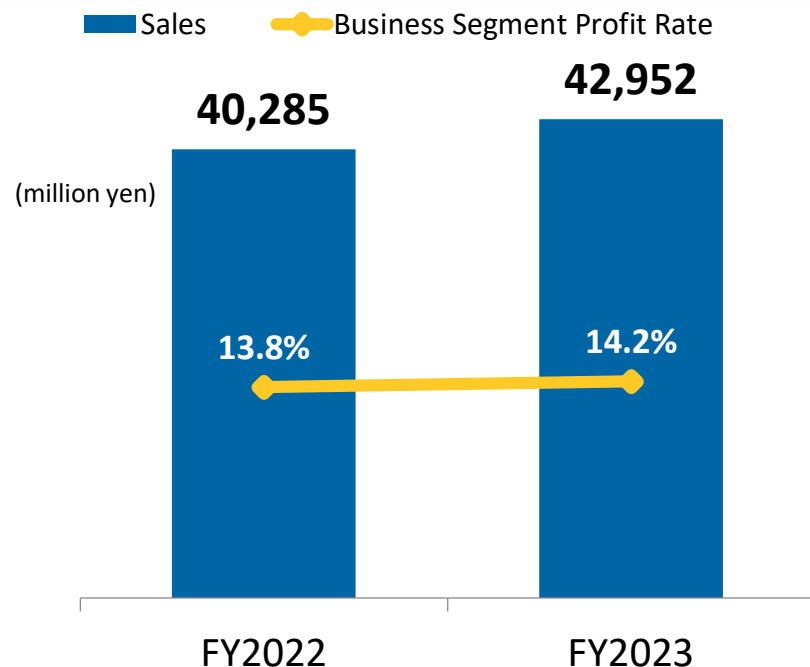
Operating margin 6.6%

Business Segment: CRO Business

Comprehensive support for research and development of disease prevention and treatment

Business Overview

- Sales increased from the previous consolidated fiscal year
- Strengthen comprehensive consulting services for overseas bio ventures entering the Japanese market and other industries entering the healthcare field
- Increase in support for DX (Digital Transformation) promotion and DTx (Digital Therapeutics) entry
 - Supports the first rare cancer online clinical trial (full remote DCT) at National Cancer Center Hospital
- Increase in projects for efficacy and safety evaluation and analysis in cutting-edge areas where modalities are diversifying, such as next-generation antibody drugs, nucleic acid drugs, gene therapeutics, and biomarkers



Focus activities

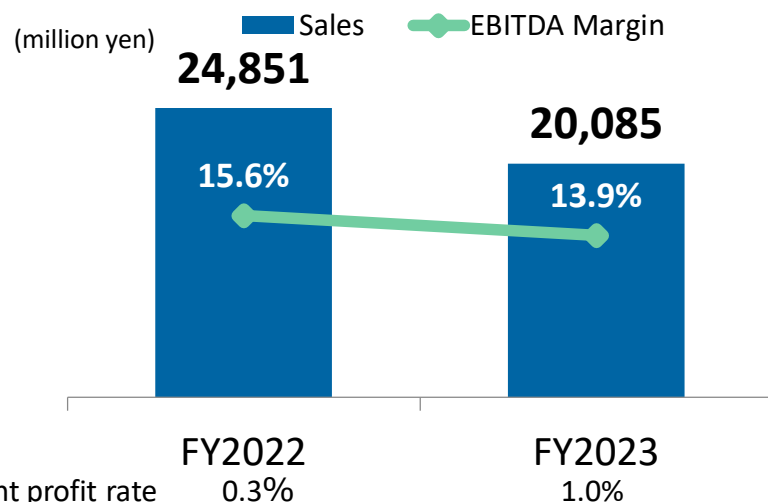
- Enhanced development support for advanced therapies such as biologics and regenerative medicine
(full support for filing by Academia and BV)
- Digital applications such as DCT and RWD
- Proactive take on nucleic acid medicine projects via collaboration of laboratories in Japan and the U.S.
- Proactive 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 decreased from the previous consolidated fiscal year due to the effect of the deconsolidation of CMIC CMO Group
- Business Collaboration with DNP Group
 - Development of value-added pharmaceuticals by combining DNP's packaging technology with CMIC's formulation development technology
 - Establishment of an integrated system from DNP's process development and manufacturing of APIs to CMIC's formulation development and manufacturing
- Growing need to ensure stable supply in response to the spread of COVID-19 and generic quality issues
- Increase in manufacturing costs due to higher prices for energy, raw materials, packaging materials, etc.
- Ashikaga Injectable Drug Facility smoothly started production and sales of large projects
- Launch of a packaging line in the U.S. and focus on the acquisition of new projects



Focus activities

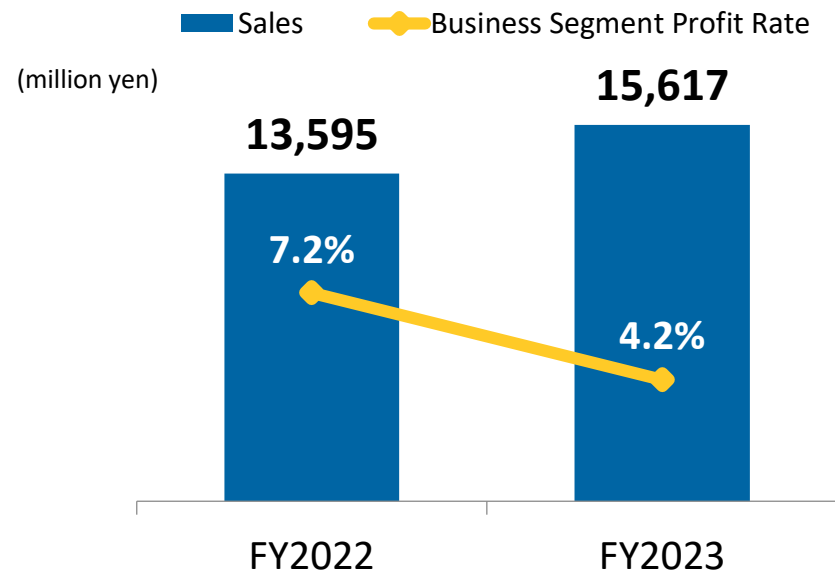
- Steady implementation of production at the Ashikaga injectable drug facility and its contribution to earnings
- Full-scale development of licensing business for formulation technologies (microneedles, etc.)
- Expand business at the new U.S. site
- Strengthen our position as a strategic partner for 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 previous consolidated fiscal year
- Outsourcing by pharmaceutical companies is accelerating due to personnel adjustments and other factors, and the MR dispatch market is expanding
- Inquiries about MR dispatch services were favorable, and recruitment was strengthened
- Commencement of Phase III clinical trials in Japan for glycerol phenylbutyrate (overseas trade name: Ravicti®), a treatment for urea cycle disorders, and associated increase in R&D expenses



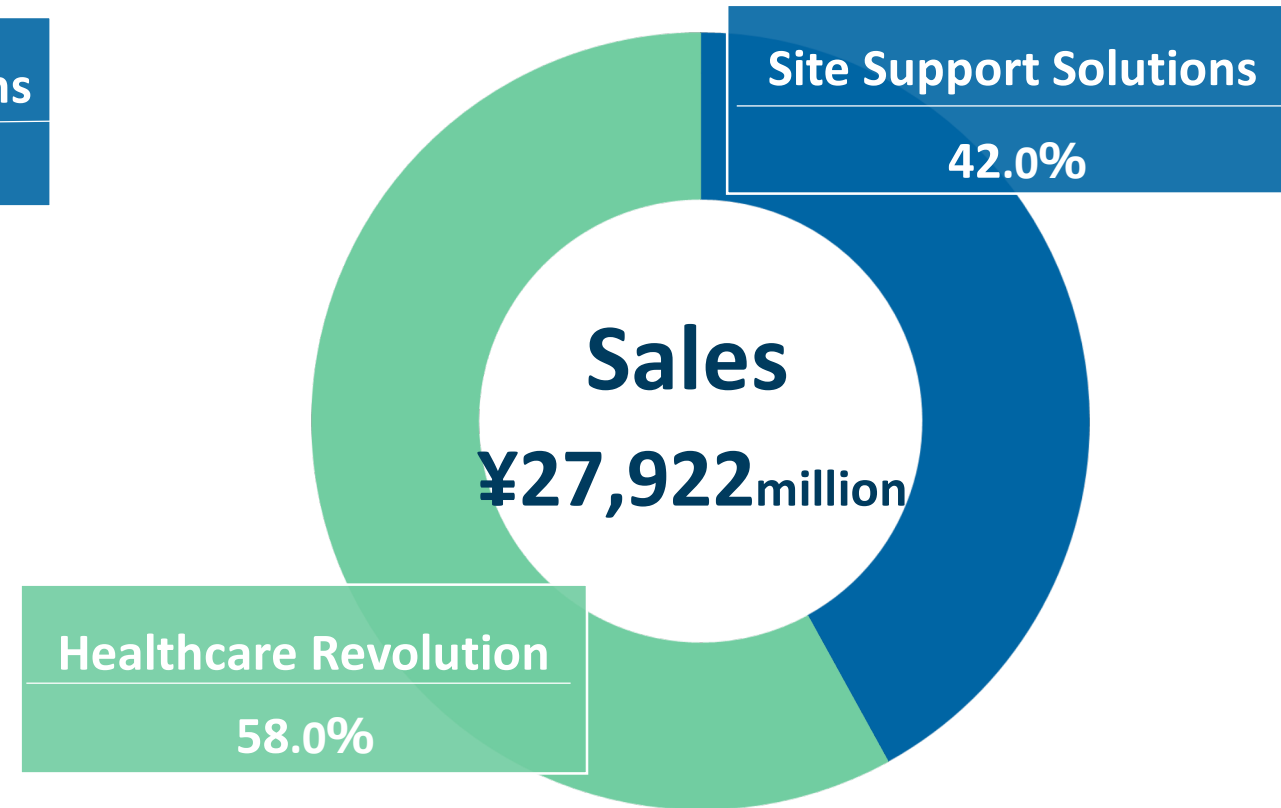
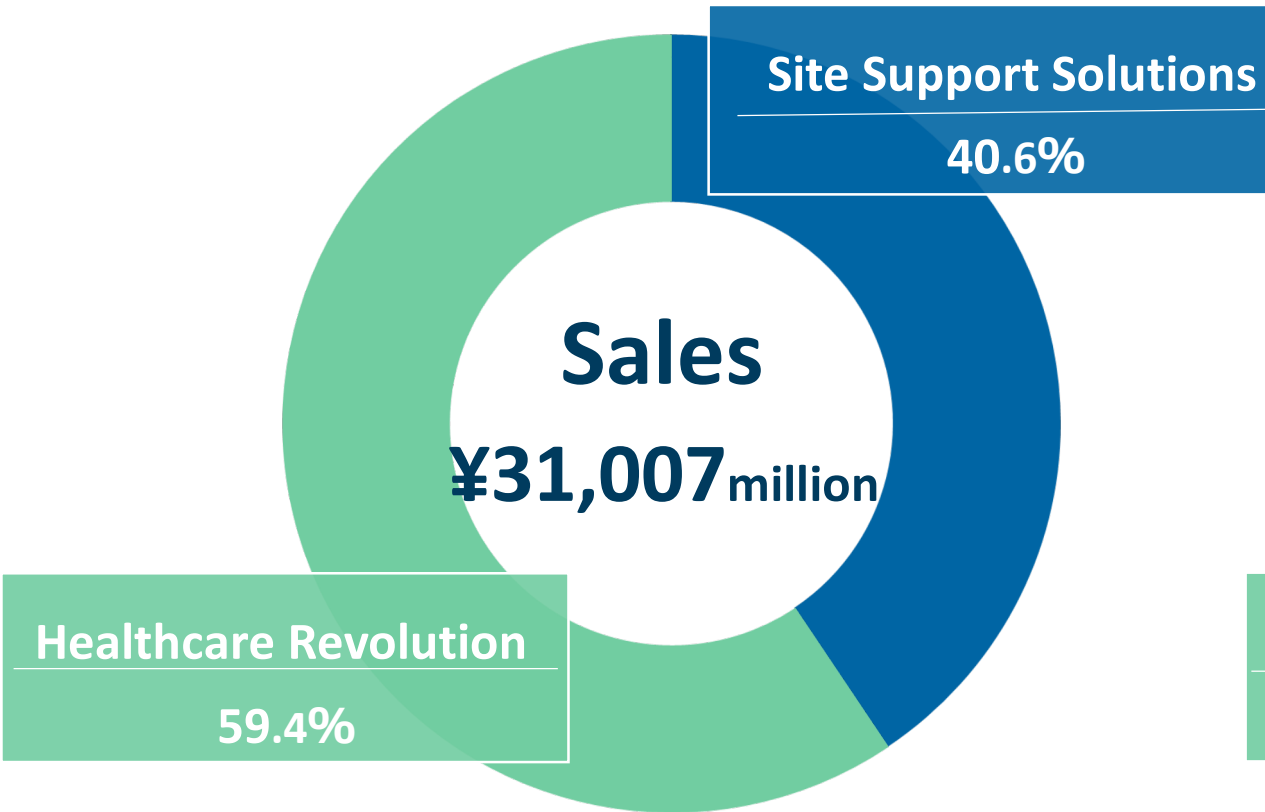
Focus activities

- Expand positioning in the MR dispatch business
- Efficient recruitment of MRs and MSLs
- Provision of hybrid services
- Promotion of multi-channel
- Development of new orphan drugs
- Supporting foreign pharmaceutical companies entering the Japanese market

Sales composition ratio of Healthcare Solutions

FY2022

FY2023



Operating profit ¥8,660million
Operating margin 27.9%

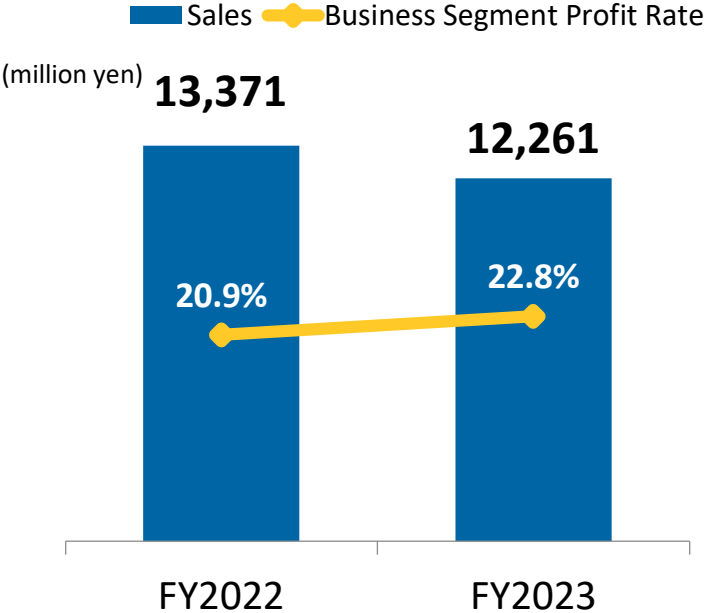
Operating profit ¥7,029million
Operating margin 25.2%

Business Segment: Site Support Solutions Business

Comprehensive support of medical institutes and medical staff

Business Overview

- Sales decreased from the previous consolidated fiscal year due to a decline in large new coronavirus vaccine development projects
- Solid orders received
- Expansion of Clinical Trial Office Support for Medical Institutions
- Expand collaboration with academia



Focus activities

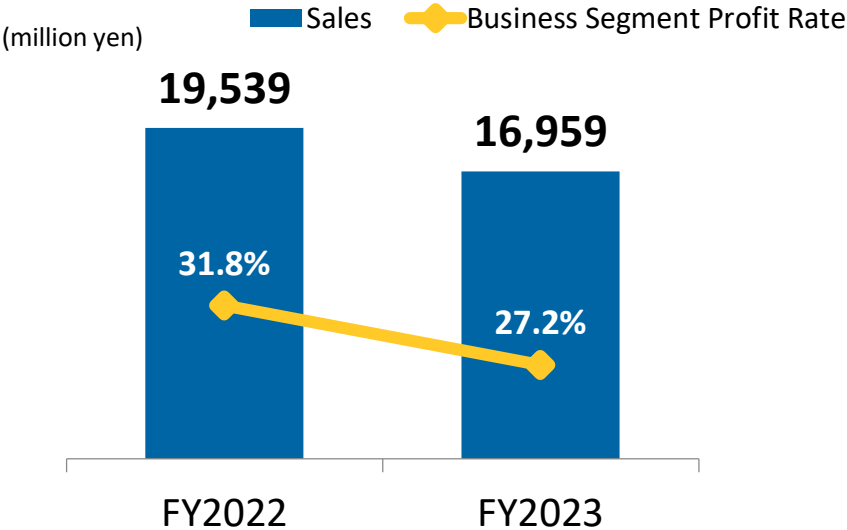
- Shifting from treatment to prevention/prognosis market (prophylaxis treatment agents and clinical trials using apps)
- Providing support for university hospital network, etc.
- Providing services in community healthcare

Business Segment: Healthcare Revolution Business

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

Business Overview

- Sales decreased from the previous consolidated fiscal year due to a decline in demand for large-scale vaccination projects for municipalities
- Continuation of projects related to new coronavirus infection and expansion of human resource support services for local governments
- Expansion of businesses that integrate disease prevention, health information, and IT technologies
 - Increase in the number of medical institutions introducing "nanacara", a support platform for epilepsy patients and their families, and expansion of target diseases for nanacara-based services
 - Opened a pharmacy to support epilepsy patients
 - Started digitalization supporting local government projects in line with the "Digital Garden Cities and Green Transformation"
- "harmo Vaccine Care" is now linked to Mynaportal



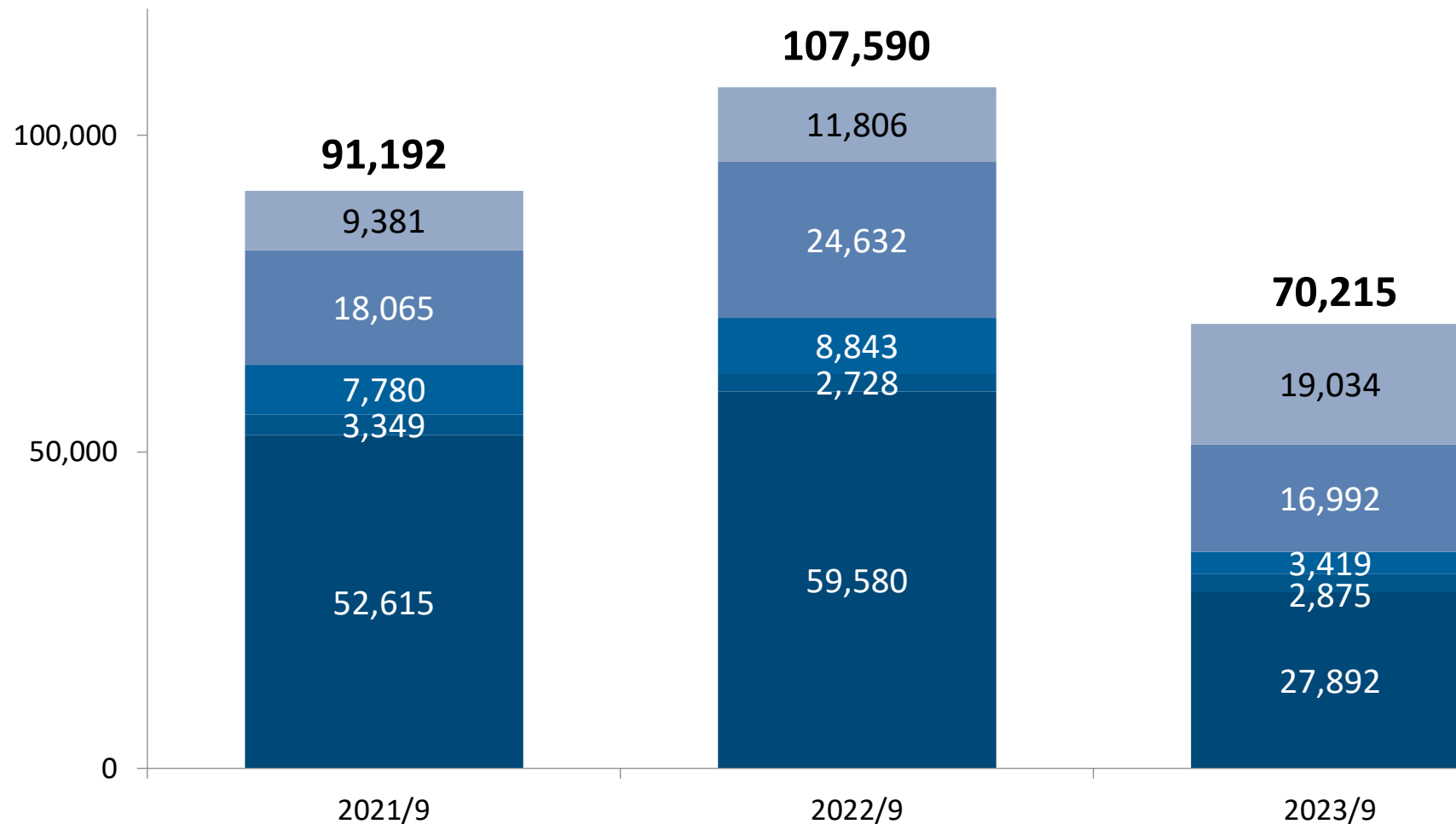
Focus activities

- Expansion of healthcare services and 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

Consolidated balance sheet (assets)



(¥ millions)



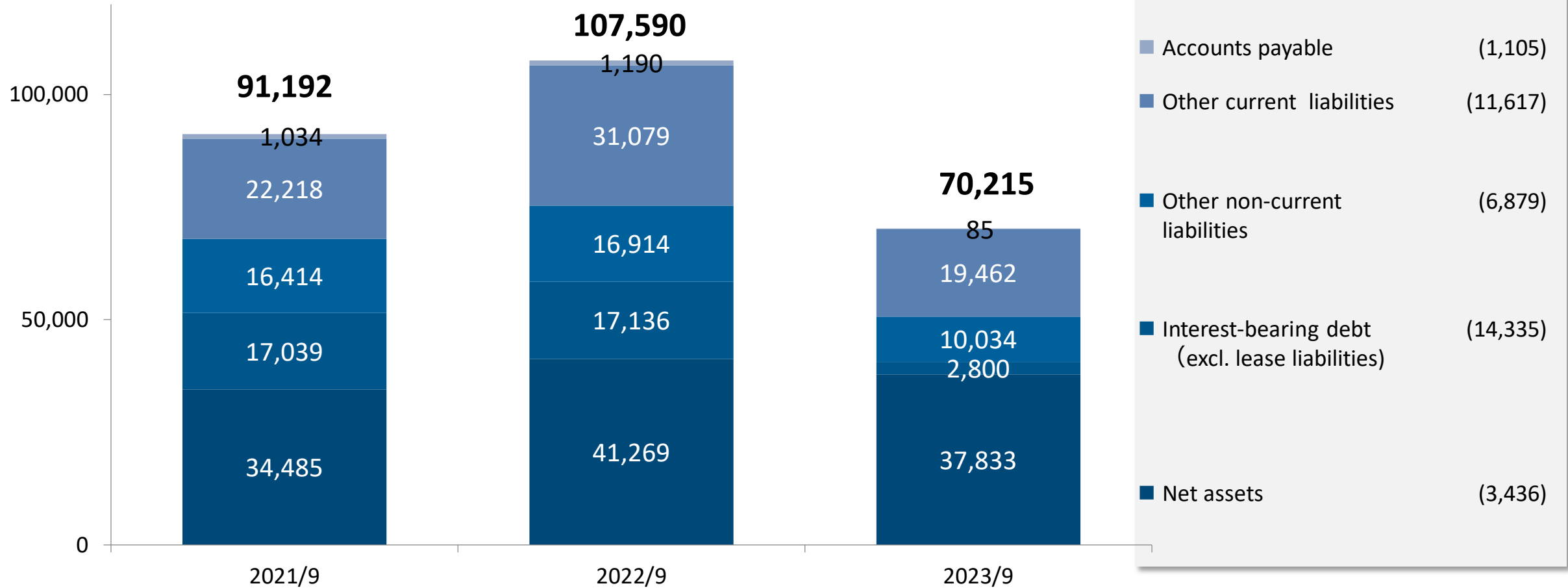
Total assets	(37,374)
Cash equivalents	+7,227
Trade receivables	(7,639)
Inventory	(5,423)
Other current assets	+147
Non-current assets	(31,687)

Mainly due to the conversion of CMIC CMO Group into an equity-method affiliate, tangible fixed assets, trade receivable, and inventories etc. have decreased.

Consolidated balance sheet (liabilities and net assets)



(¥ millions)



Decreased mainly due to the conversion of CMIC CMO Group into an equity-method affiliate.

Cash Flows



(¥ millions)	2022/9	2023/9	Increase (decrease)	【Key factors】
Cash flows from operating activities	11,213	10,449	(764)	(Cash flow from operating activities) Increase in funds due to recording of profit before income taxes and minority interests, and depreciation and collection of trade receivables.
Cash flows from investing activities	(8,045)	2,136	+10,182	
Cash flows from financing activities	(1,230)	(1,606)	(376)	
Effect of exchange rate change on cash and cash equivalents	325	109	(216)	Decrease in funds due to payment of income taxes, etc.
Net increase(decrease) in cash and cash equivalents	2,263	11,088	+8,825	(Cash flow from investing activities)
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	60	—	(60)	Increase in funds from sale of investment securities, and collection of long-term loans receivable.
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(3,760)	(3,760)	Decrease in funds due to purchase of non-current assets, etc.
Cash and cash equivalents at beginning of period	9,379	11,703	+2,323	(Cash flow from financing activities)
Cash and cash equivalents at end of period	11,703	19,032	+7,328	Decrease in funds due to the purchase of treasury shares, dividends paid, etc.



**Tender offer for our shares
by Hokuto Management Co., Ltd.**



Tender offer for our shares by Hokuto Management Co., Ltd.



- ✓ On November 7, 2023, Hokuto Management (hereinafter referred to as the Tender Offeror) announced the commencement of a tender offer for our common stock.
- ✓ The Tender Offer was established on October 2, 2023 by Kazuo Nakamura, our CEO of the Chairman and Representative Director, and falls under the so-called Management Buyout (MBO).
- ✓ The Tender Offeror intends to acquire all of our shares and make the shares privately held. If the Tender Offer is consummated, we will be delisted.
- ✓ Our Board of Directors resolved to express its opinion in favor of the tender offer and to recommend that shareholders apply for the tender offer.
- ✓ For details, please refer to the disclosure material on our website.



Cautionary statement:

This translation is prepared and provided for readers' convenience only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

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.

