

Business Activities Report 2023



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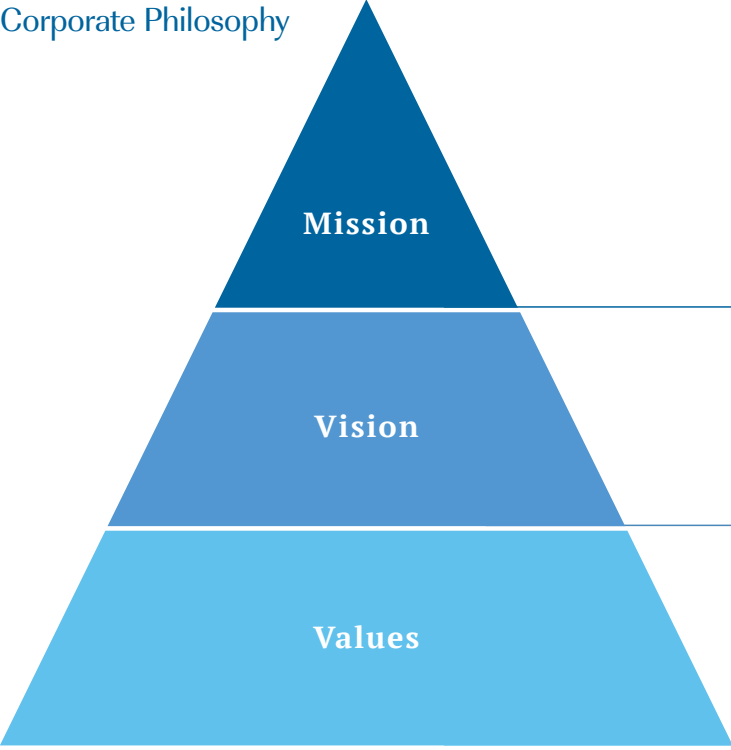
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Editorial Policy

To help various stakeholders understand its business models, strategies, and management foundation initiatives for creating medium- to long-term corporate value, the CMIC Group publishes a Business Activity Report (Integrated Report) that comprehensively summarizes its business activities from each of the financial as well as social, environmental, and other non-financial perspectives. During the editing process, we referred to the international framework put forward by the Value Reporting Foundation (VRF) and the value co-creation guidelines formulated by Japan's Ministry of Economy, Trade and Industry.



Corporate Philosophy



CMIC is an innovative and unique provider of high-quality solutions for the healthcare industry. We create value by accelerating the access to therapies that improve patients' lives.

To advance the innovation of products and solutions that will empower people worldwide to achieve greater health and well-being.

W&3C



WELLBEING
Fully Live Every Moment

Challenge
Liberate opportunity by changing our vantage point

Change
Transform without seeking refuge in conventional wisdom

Communication
Proactively reach out to people and society

CMIC'S CREED

CMIC'S CREED is based on the ideas of our founder, Kazuo Nakamura. Right from the start of our business as the first CRO in Japan, the CREED has been the core policy of the company. We must change flexibly without fear of innovation to respond to the diverse needs of the pharmaceutical industry. At the same time, we maintain continual devotion to our CREED. Thus, we change ourselves while maintaining a steady core belief. With this unwavering belief in our hearts, we will transform ourselves.

ABOUT CMIC'S CREED

Our CREED is a clear expression of the CMIC Group's corporate calling & raison d'être. "Bringing about innovation in healthcare fields" is our very mission.

What is more, the reason we wish to bring about innovation to healthcare fields lies in our "every desire to live fully in the moment is equally precious" ideal.

This also shows us how to follow through with our mission, and the virtues we hold dear to that end: "those who dare" (Challenge), "new perspectives" (Change), and "turning passion into value paid forward to people and the public" (Communication).

Our CREED is the CMIC Group's very corporate philosophy itself, the criteria each and every employee makes value judgments by, and the cornerstone of our actions.



Our CREED

CMIC Group will bring innovation to healthcare so that all people, regardless of age, gender or race, can live their one and only lives according to their own will.

What
CMIC's corporate calling & raison d'être

Whether in youth, when potential has yet to blossom, or in later years, when the fruits of one's life are maturing, every individual has an equally earnest desire to live every moment to its fullest. We wish to genuinely answer each and every one of these wills to live.

Why
States our corporate mission

To achieve this, we aspire to always challenge ourselves for a better future.

By evolving and gaining new perspectives, We will create value out of our unwavering determination, and continue to contribute to society and humanity.

How
Virtues we hold dear to accomplish our mission

Moving Forward with Challenges and Growth -Contributing to Solving Social Issues

Since its foundation as Japan's first contract research organization (CRO), CMIC has expanded its businesses by anticipating changing needs in different eras to offer a variety of services. With the desire to "make better drugs as fast as possible", we have achieved continuing growth in wide-ranging fields and currently contribute to the creation of about 80% of new drugs development in Japan. Going forward, we will contribute to the treatment of illnesses through cutting-edge science and pursue IKIGAI (purpose of life) with a broad view of the concept of health.

External Environment
1980s: CROs developed in the US with the rise of bio-venture firms

1992 Founded as Japan's first CRO

CMIC was founded as a CRO that contracts for clinical trials for pharmaceutical development. In the US during the 1980s, demand for CROs increased with the wave of bio-venture firms due to the outsourcing of clinical trials, a particularly time-consuming and labor-intensive aspect of drug development. Seeing how these dynamic actions profoundly changed the very idea of the pharmaceutical industry and convinced that CROs would become indispensable in Japan, we established CMIC as the first CRO in Japan.

1996 Launch of Japan's First CRC Business

We launched Japan's first Clinical Research Coordinator (CRC) services and expanded our support not only to pharmaceutical companies but also to medical institutions conducting clinical trials. In 2000, we established Japan's first Patient Recruit Center, a call center, and launched a model to refer patients to appropriate medical institutions.

External Environment
The enactment of new Good Clinical Practice (GCP) guidelines led to rising CRO needs and propelled surging growth

1997

With the goal of ensuring the human rights and safety of test subjects, as well as advancing the reliability and quality of clinical trials, the government established in 1997 the Ministerial Ordinance on Good Clinical Practice (GCP) for Drugs in Japan, bringing stringent standards in line with those in Europe and the US. This provided the first legal standing for CROs in Japan. The enforcement of the new GCP guidelines increased the workload of pharmaceutical companies and medical institutions, increasing the need for CROs and, in turn, fueling CMIC's dramatic growth. In 2000, we launched our CSO business and began providing sales and marketing support for pharmaceutical products.

- ▶ Contributing to increased clinical trial quality and shorter clinical trial duration
- ▶ Contributing to the leveling out and optimization of resources for pharmaceutical companies and medical institutions conducting clinical trials

External Environment
Implementation of Revised Pharmaceutical Affairs Act enabled complete outsourcing of pharmaceutical manufacturing

2005 Launch of CDMO Business

The implementation of the Revised Pharmaceutical Affairs Act permitted the complete outsourcing of pharmaceutical manufacturing, so CMIC started a Contract Development and Manufacturing Organization (CDMO) business. In this way, CMIC has completed its unique Pharmaceutical Value Creator (PVC) model, which helps maximize the value of pharmaceutical companies by connecting them to an integrated value chain, extending from development to manufacturing and sales.

Utilizing our abundant accumulated experience and knowledge, we will provide new solutions in the healthcare field

2015 Launched Project Phoenix

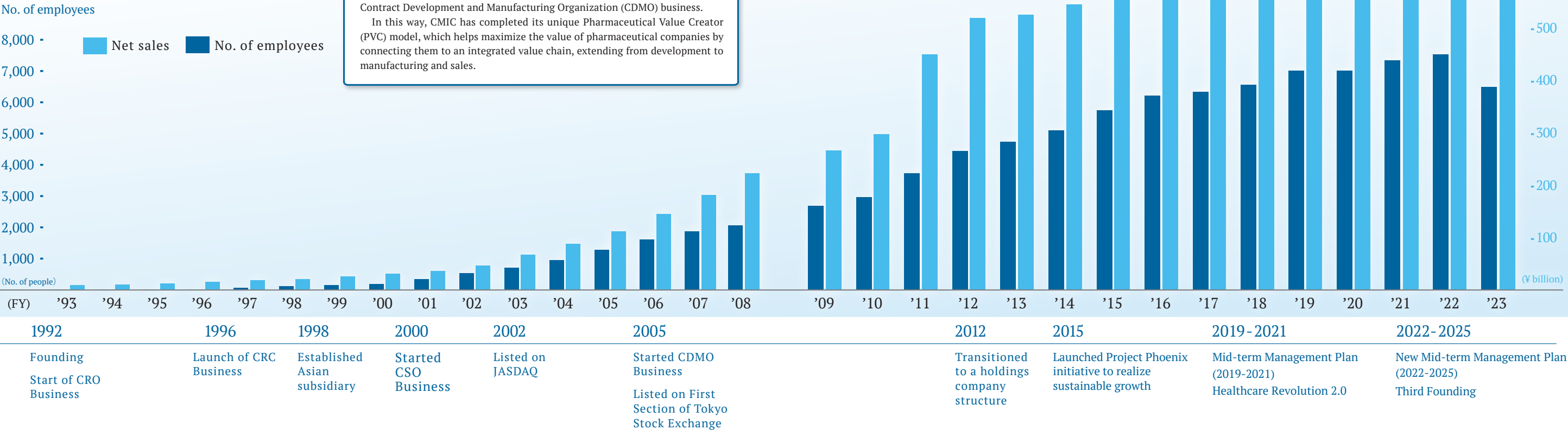
We embarked upon our "Project Phoenix" initiative to realize sustainable growth in a period of transition in the healthcare and pharmaceutical industry. This paved the way to eliminate unprofitable businesses and initiate cost-structure reform, and this was when we formulated "CMIC'S CREED," our corporate philosophy that expresses the founding spirit of the Group's origins. We rolled out our proprietary Pharmaceutical Value Creator (PVC) business model to provide total support to pharmaceutical companies. This is representative of our efforts to create new businesses.

External Environment
Spread of COVID-19 infections

2022 Toward the Third Founding

The spread of COVID-19 overloaded the medical system, and CMIC was affected by the decision to refrain from visiting medical institutions and delays in development projects. However, we promoted the utilization of CMIC Group human resources in the healthcare field and focused on providing infectious disease control support services, including support for COVID-19 vaccinations and PCR testing to local governments, infected person follow-ups, and the provision of antigen/antibody test kits. In April 2023, the CDMO business executed a strategic business partnership contract with Dai Nippon Printing Co., Ltd. In June, CMIC CMO Group was converted from a consolidated subsidiary to a consolidated affiliated company, and the CMIC Group established a framework for effective utilization of operation resources created by the healthcare business while maintaining the PVC model development strategic policy. Although we are now a privately held company, we are promoting support for initiatives for total care from prevention to diagnosis, treatment, and recuperation. By strengthening Group business foundations and accelerating leaps forward to achieve continuous growth, we aim to achieve a sustainable society and increased corporate value in the mid- to long-term.

- ▶ Contribution to support COVID-19 infection countermeasures
- ▶ We will contribute to the treatment of illnesses through cutting-edge science centered on CROs.



Business Model and Value Creation Process

Moving toward the creation of new value with a unique business model that facilitates one-stop shopping throughout the value chain of pharmaceutical companies and a business model that maximizes the “Personal Health Value.”

The Pharmaceutical Value Creator (PVC) model Comprehensively supporting the value chain of pharmaceutical companies

The CMIC Group is a pioneer in the CRO field with a proprietary business model as Pharmaceutical Value Creator (PVC).

The CMIC Group's PVC model works to raise the value of pharmaceutical companies by providing support throughout the value chain, from drug development, drug formulation development and manufacturing, to sales and marketing. Pharmaceuticals require a long-term development process and R&D expenses. Given this, pharmaceutical companies contract their business to the CMIC Group so as to optimize management resources and address issues such as the leveling out of business fluctuations, and alleviating manufacturing costs and capital

investment burden. By providing all-encompassing support, from upstream to downstream, throughout a pharmaceutical company's value chain, the CMIC Group offers solutions that are tailor-made to individual needs, and that elicit the maximum value of stakeholders. Making use of its wide-ranging experience, CMIC's strength is its diverse customer base, which not only includes pharmaceutical companies based both in and outside of Japan, but also bio ventures, and companies that are new entrants in the pharmaceutical industry.

Creating value as a pharmaceutical company, for pharmaceutical companies

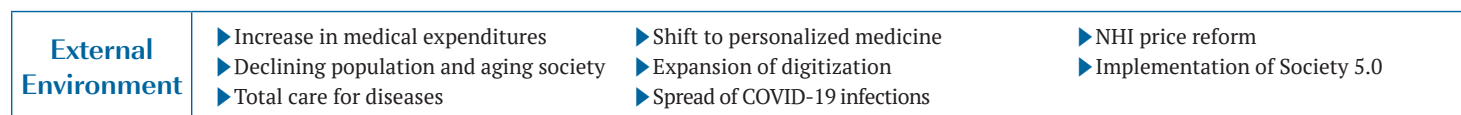
Utilizing its many years of experience providing support, the CMIC Group conducts in-house development of orphan drugs, that on account of a low number of patients do not attract the attention of pharmaceutical companies. It also acquires marketing authorization licenses (intellectual property) as a pharmaceutical company so as to also perform manufacturing and sales. The CMIC Group combines this function as a pharmaceutical company with its PVC model, supporting each value chain of pharmaceutical companies. Through the performance of product strategy reviews for pharmaceutical companies and support for the launch of pharmaceuticals not yet marketed in Japan, CMIC offers new solutions to pharmaceutical companies, bio ventures and other stakeholders. This is an evolution in the development of the PVC model. The CMIC Group offers management strategy options to stakeholders by combining the marketing authorization licenses (intellectual property) that it holds, together with drug development, manufacturing, sales, and marketing value chain.

The Personal Health Value Creator Model (PHVC) Maximizing the “Personal Health Value”

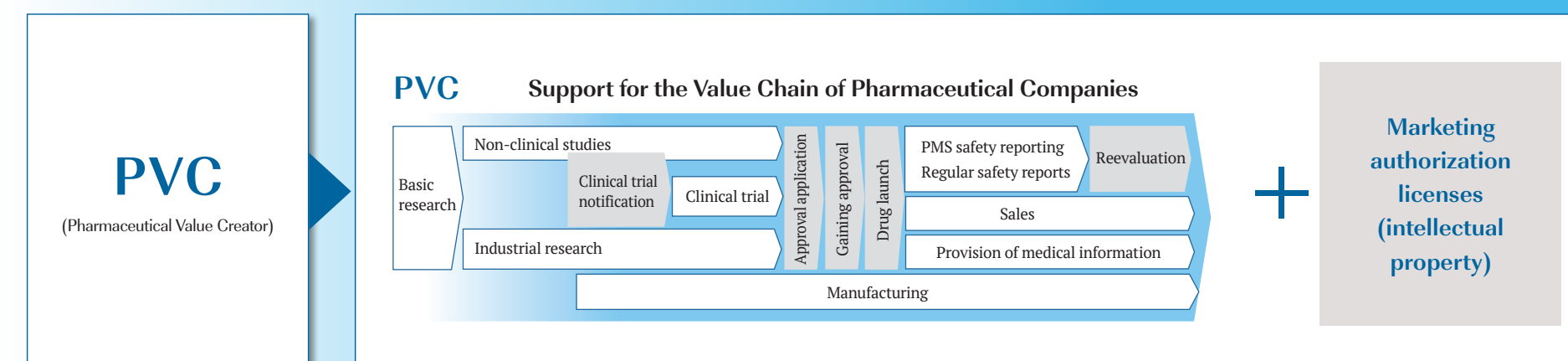
With the PVC model serving as the foundation for sustainable growth, the Personal Health Value Creator (PHVC) model is a business model that maximizes the “Personal Health Value.”

Positioning the fiscal year ending September 30, 2022, which marks the 30th Anniversary, as the first year of the Third Founding, we are carrying out efforts to broaden the concept of health and work to maximize the health value of every individual. At the same time promoting drug development and digitization with new drug discovery basic technology, we are expanding our business domain into the healthcare field and contributing to the treatment of cutting-edge diseases centered on CROs.

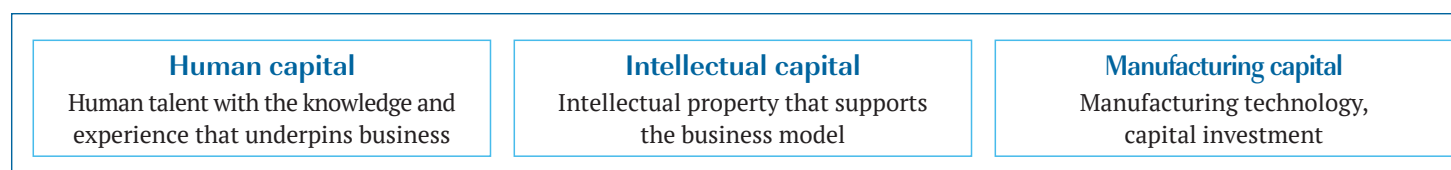
The CMIC Group positions this business model as the foundation of the Group's sustainable growth. By creating a healthcare business that broadly contributes to maintaining and promoting the health of all people, we are aiming to be a company that grows hand in hand with society.



Evolution of Business Model in Line with Changes in the External Environment



Source of Value Creation



PHVC

(Personal Health Value Creator)

“Healthcare Revolution”

New Value Creation in the Medical and Healthcare Field

Maximizing the
“Personal Health Value”

Message from the CEO

Spearheading the Healthcare Revolution from an “IKIGAI” Perspective

Kazuo Nakamura
Representative Director,
Chairman and CEO

Guided by CMIC’S CREED, which encapsulates thoughts on to what extent each and every person can live a happy life, we are seeking to seize new business opportunities in healthcare. This perspective can be expressed by one word: IKIGAI (purpose of life).



Now, Japan is facing a major challenge of declining international competitiveness in the pharmaceutical industry as the drug-loss and drug-lag problems have become apparent again. The government is therefore considering measures to improve drug discovery capabilities to ensure the prompt delivery of the latest medicines to the people of Japan. In our industry, changes in the business environment are accelerating as CROs are being acquired by funds and restructuring is occurring on a global scale. In light of these changes in the environment, we have made the management decision to conduct an MBO in order to expand our business through bold strategic alliances with overseas business partners and strategic investments in new businesses. We are reevaluating our Group businesses, appointing the next generation with an eye to the future, presenting a way of working from the perspective of IKIGAI, and developing an organizational structure that is responsive to technological innovations such as generative AI.

In the healthcare area as well, we believe in the premise of living with illness and hope to create a healthcare ecosystem by utilizing DX, including businesses related to local governments, and furthermore, to link this to the drug discovery business.

The concept behind CMIC’S CREED, the CMIC Group’s origins, is for each and every person to live their lives to the fullest. Beyond the treatment of illnesses, what is needed for everyone to spend their lives happily, from birth to death? For example, interaction with society, things they like or are good at, and what kind of incentives they can derive from them. We are trying to create businesses that can contribute to the health of individuals from the perspective of IKIGAI.

Of course, our efforts could also result in some failures, though in response to this risk we have sought to minimize any resultant losses through meticulous management in line with our aim of creating social value that contributes to advancements in medical care and people’s health in general. I believe that if we can create social value, economic value will follow.

I would like to thank our stakeholders for their understanding and ask for their continued support as we take on these new challenges.

From CRO to PVC, PHVC
The CMIC Growth Story Began by Challenging the Existing Mechanisms
Thoughts on the Founding of CMIC

CMIC was founded in 1992. In the 1980s, I was working at a domestic pharmaceutical company. At the time, many of these companies were focused on improving their ability to develop new drugs, and when I was in my 30s, I frequently traveled to the US to promote our products overseas. The US at the time was witnessing a wave of new bio-venture firms. In those days, pharmaceutical companies needed to expand and streamline their new drug pipelines while bio-ventures without in-house clinical staff were forced to outsource clinical trials of drugs under development, which requires a significant level of time and effort. This contributed to the birth and rapid expansion in the US of the **CRO**¹⁾. After learning of the CRO model during licensing negotiations with a US pharmaceutical company, I sought to launch a similar organization in Japan. The dynamic actions by the bio-venture companies in the US profoundly changed the very idea of the pharmaceutical industry in that country, yet they were still unheard of in Japan, which created a sense of crisis in me that Japan could be left behind if it did not adapt quickly. This kind of thinking eventually turned into a sense of the mission I myself had to follow. After taking over a dormant pharmaceutical data analysis contractor, we re-launched it in 1992 as Japan’s first CRO.

Development of the CRO Business

We had some difficulties generating cash as we launched our business in Japan, where the very idea of partially outsourcing clinical development work was all but unheard of, though non-Japanese bio-venture companies understood not only our business but also its future potential from the start. We learned quite a bit about the excitement of the business from them as well.

With the goal of ensuring the human rights and safety of test subjects, as well as advancing the reliability and quality of clinical trials, the government established in 1997 the Ministerial Ordinance on Good Clinical Practice (**GCP**)²⁾ for Drugs in Japan, bringing stringent standards in line with those in Europe

and the US. While this contributed to a significant increase in work volume at pharmaceutical companies and medical device companies, it also provided the first legal standing for CROs in Japan. Amid growing demand to shorten the development period and improve testing quality, CMIC moved rapidly to establish an independent domestic quality organization as it sought to further improve quality.

Since that point, we have expanded overseas, mainly in Asia. Moreover, after establishing our first overseas subsidiary in South Korea, we focused on further expanding our operating bases, including in China and Singapore.

Development of CSO³⁾ and SMO Services

For me, the development of a business is always about challenging the status quo. Our goal is to facilitate the delivery of new drugs to the patients needing them as soon as possible. With this in mind, we have been focused on using our business model to accelerate the transformation of pharmaceutical companies and the existing healthcare system.

We launched Japan’s first Site Management Organization (SMO) in 1996, providing support not only to pharmaceutical companies, but also medical institutions conducting clinical trials. SMO supports the smooth conduct of clinical trials under doctor’s supervision at hospitals or medical institutions, though at the launch of the business we had trouble recruiting patients. This led us to launch in 2000 Patient Recruit Center, Japan’s first service for assistance in the recruiting of patients for clinical trial. In the same year, we launched our CSO business, adding support for sales and marketing to our services focused on the development of new drugs.

Entering the CDMO⁴⁾ Business to Build a Value Chain Extending from Development to Manufacturing and Sales

We launched our CDMO business by consolidating the South Korean pharmaceuticals manufacturing business in August 2005. The implementation of the Revised Pharmaceutical Affairs Act allowed this by permitting the complete outsourcing of pharmaceutical manufacturing. I have always believed that if you were following in the footsteps of the US, you should never hesitate to act in the world market. On the other hand, when considering what was unique to Japan, I believed it was necessary to maintain a manufacturing base. At the time, demand for manufacturing from pharmaceuticals companies was particularly strong, as they were faced with the necessity of reducing costs amid sustained price reductions and growing competition from generic drugs. At the same time, the CDMO business is equipment intensive, and we developed ours by taking over the existing factory of a pharmaceutical company, making that company a subsidiary, and charging it with production. Our contract development and manufacturing business currently consists of four domestic plants and two overseas plants, and we are also providing total solution services in pharmacological manufacturing, from formulation studies to the manufacture of clinical trial drugs and commercial production, in almost all dosage forms.

Launching the IPM Business (Intellectual Property Business)

Having acquired licenses for the manufacture and sales of Class 1 and Class 2 pharmaceuticals in 2006 and a license for the manufacture and sales of Class 1 medical equipment in 2009, the CMIC Group has been creating a value chain extending from non-clinical trials, clinical trials, and pharmaceutical manufacturing to post-marketing surveillance, the provision of medical information, and marketing and sales. However, in addition to supporting pharmaceutical companies through contract work, we wanted to promote innovation among Japanese pharmaceutical companies, medical institutions, and even the national healthcare administration. This desire resulted in the creation of the Innovative Pharma Model (IPM) business, a solutions business that provides a variety of management options to pharmaceutical companies by combining our value chain with our various manufacturing and sales licenses. In 2011, we launched “Renapro®” L-FABP, an in-vitro diagnostic drug, while in 2012 we started the development of mainly orphan drugs, established a sales company, and in 2013, started selling products developed in-house.

By creating a value chain, the CMIC Group established Pharmaceutical Value Creator (PVC) business model that supports a variety of pharmaceutical company businesses. However, this is just one stop on our way to our ultimate goal.

The CMIC DNA Each Employee Shares
The Source Can Be Found in the Unchanging CMIC’S CREED

As CMIC develops its business, makes decisions at the management level and at its plants, and formulates and implements its policies, strategies, and vision for the future, CMIC’S CREED has remained the same since the Company’s founding and can rightly be described as integral to the Company’s DNA.

CMIC’S CREED springs from our desire from the outset to promote “Wellbeing,” which to me generally means existing in good condition and enjoying each moment in life, but taking a lifetime view of the concept, it means using every moment from birth to death to live every moment in life to its fullest. The idea of Wellbeing we have carried with us since our founding is supported by the three concepts of change, challenge, and communication, what we call the 3C culture.

Reflecting the Company’s growth as well as troubles encountered at the acquired subsidiary, we moved in

1) CRO:
Contract Research Organization:
Within the development process for pharmaceuticals and other products, a company engaged mainly in contracted clinical trials and post-marketing clinical trials as well as support for the development of pharmaceuticals.

2) GCP:
Good Clinical Practice:
Standards that must be followed when conducting clinical trials.

3) CSO:
Contract Sales Organization:
Pharmaceutical contract sales organization. Service providing Medical Representative (MR) activities to pharmaceutical companies.

4) CDMO:
Contract Development and Manufacturing Organization:
Pharmaceutical contract manufacturing development organization. A company engaged mainly in the contracted development and manufacture of pharmaceuticals and other products from pharmaceutical companies.

2015 to enshrine this founding concept as “CMIC’S CREED.” While it is certainly true that we must be flexible and open to change to meet the diversifying needs of the pharmaceutical industry, we also believe that one thing that should never change is our CREED.

Our position on acquisitions is that they should not take place solely for the purpose of expansion, but should only be enacted when deemed necessary for the business. Accumulated know-how in medical care is deeply rooted in the culture of a country and region, and in that sense medical care can be seen as benefitting both from globalization and localization. By bringing into the group skills and know-how we need but do not already hold, we can gradually build our accumulated knowledge and further strengthen our business base. I really believe this to be important. The acquisition of businesses is contributing to an increase in employees, not only in Japan, but overseas as well, and given the importance of sharing and entrenching our founding philosophy, we are actively engaged in deepening understanding of CMIC’S CREED among our employees through training sessions.

From a Contract Business to a Problem-Solving Solutions Business
A Business Model Making the Best Use of Our Strengths and the Source of Value

The CMIC Group has accumulated extensive experience in providing assistance pharmaceutical companies and medical institutions conducting clinical trials, and one of our key strengths lies in our ability to quickly understand the issues and concerns these customers may have.

For pharmaceutical companies, the development of new drugs is a long process that requires a substantial level of R&D spending, from basic research all the way through post-marketing surveillance. Moreover, there is not always a constant supply of development candidates in clinical development, which significantly slows down the development work process during periods when new drug seeds are not developed in the Company’s own development centers. Thus, careful outsourcing to CROs can not only act as a safety valve, but also optimize management resources, including by allowing the shifting of human resources to operations that are producing higher added value. The CSO business is somewhat similar. When pharmaceutical companies release a new drug, they significantly increase the number of MRs to boost awareness. However, MRs have varying degrees of expertise in different areas such as diseases, which can lead to situations where the company’s existing workforce cannot fully cover the needs. On the other hand, once the new drug passes its peak, the company might find itself with a surplus of personnel, underscoring the ongoing need for a “safety valve” role, such as the one played by the CSO business, to adjust accordingly. That being said, it is important to remember that production sites must also be able to reduce costs as drug prices fall, and also face the risk of technological innovations making both equipment and accumulated know-how obsolescent.

By taking charge of projects based on the development standards and procedures of the major pharmaceutical companies, which can often differ substantially from one company to another, CMIC is learning rational procedures from the CRO side. We are also building up our technological base and accumulating know-how by our ability to respond to each and every need from the customer side in terms of quality, speed, and pricing. Leveraging and reflecting this technological expertise and accumulated know-how in the hiring of employees and our training systems results in employees with experiences and knowledge that are fundamentally different to those of the pharmaceutical companies, which forms a cornerstone in the development of a solutions business that can solve customer problems.

One of the key advantages of the CMIC business model over our competitors is that we can support one area of a pharmaceutical company’s value chain, or the entire value chain. Even if you have the same function as a pharmaceutical company, if you do not deliver directly to the patient, you are not really understood as a pharmaceutical company. Accordingly, having an in-house in-vitro diagnostic drug development and sales business and an in-house orphan drugs sales business makes sense and gives you an advantage that other companies do not have.

Revenue and value in this business are derived from human resources that are well acquainted with the business of pharmaceutical companies, as well as from business development excellence (sales and proposal capabilities), operational excellence (business execution skills), and excellence in terms of management skills. In other words, success stems from the ability to see beyond established trends and perceive upcoming change, and then take responsibility and risks by adapting to those changes using existing technologies and expertise. Having human resources that are able to meet these high requirements means the Company has the power to generate new value based on the earned trust of its customers.

The Way Forward
Realizing a Healthcare Revolution

Since April 2018, CMIC has been aiming to realize a “Healthcare Revolution” through the use of digitalization in the healthcare field among other new initiatives.

“Healthcare Revolution” is a fairly broad concept. Put simply, as an idea that healthcare is moving toward tailor-made medical treatment, we will support its evolution. Our goal of quickly delivering

new drugs to patients eagerly awaiting their release is unchanged since we launched the CRO and CSO businesses. That said, it is not enough merely to deliver new pharmaceuticals. From the individual patient side, there may be issues such as treatments that do not work or have adverse side effects, and while it may be difficult for pharmaceutical companies or medical institutions, it is in areas such as these that I believe we can provide solutions. Filling this need marks the first step in our effort to advance the “Healthcare Revolution.”

What does CMIC need to do to survive beyond COVID-19? Each group officer and employee must take on the challenge of transforming themselves and accelerating the speed at which we do business. We are shifting from a business model centered on pharmaceuticals to one that creates a new healthcare business, creating businesses that contribute to maintaining and improving the health of individuals, and promoting the deployment of Group human resources in the healthcare field.

The CMIC Group’s goal is to achieve a “Healthcare Revolution” by supporting the development of innovative treatments, and by developing and introducing its own innovative technologies. In addition to extending the life expectancy of the body itself, we are focused on encouraging the development of medical technologies contributing to a society of healthy and long-lived citizens. Our goals are keeping patients and potential patients as far away from the risk of illness as possible so that they can live full and healthy lives, and fulfilling the promise of “Wellbeing” mentioned in our CREED. This is the corporate image we wish to pursue.

Risks and Opportunities
Fostering Human Resources and Using Their Experience as Intellectual Capital

As globalization further accelerates, how national policies that create medical and healthcare systems change over the long term will be critical to the growth of our business. After the US and China, Japan is the third largest country in the world in terms of spending on pharmaceuticals, though spending appears likely to decline moving forward as the population dwindles. Moreover, if tighter regulations make it more difficult to obtain approval for new formulations, there is some risk that pharmaceutical development and manufacturing could move overseas, resulting in a deterioration in Japan’s position as a major drug developer and manufacturer. In contrast, using the spread of the COVID-19 infection as an opportunity, the importance of drug development that is directly linked to the life support of patients has once again been recognized. There is a need to secure a stable supply system for pharmaceuticals, such as promoting the domestic production of highly overseas-dependent pharmaceutical ingredients. We see this as an opportunity to expand our business.

The utilization of human resources represents both a risk and an opportunity for the Company. We recognize that securing personnel, including opportunity losses stemming from a lack of personnel, resolving generational gaps, and even successor training, is a major issue for the foreseeable future. On the other hand, effectively directing this human capital, in addition to its intellectual capital, in an expanding healthcare market could provide tremendous growth opportunities for the Company in the long term. Our management and human resources development system focuses on adapting to non-continuous change and reading ahead, with the Company following a “campus” style of management that affirms creativity rather than “managing” it. While it is vital to maintain a certain level of control at manufacturing sites, we are focused on creating a management system that values and maintains the diversity of each of our employees while promoting a culture of repeated destruction and creation. Strategic investment at CMIC centers on human resources investment, and we will continue to invest in this area, including in global human resources. Given the importance of sustainability, I believe it is more important for us to take the following steps than to single-mindedly pursue profit alone. First, we need to look ahead without destroying what was just created. Moreover, we need to contribute to society as well as the happiness of our employees. This requires management excellence, which by itself has no real meaning without implementation. In practice, I belong to the school of management that places an emphasis on fostering the next generation. I am not a perfect person, but I believe that by sharing experiences, including both the good and the hard experiences, we can provide value in terms of gained experience to the next generation of leaders. I also believe the importance of training can be found in its ability to teach how to look outside the box, rather than to just accept conditions as they are.

Another opportunity can be found in new technologies, such as AI and real-world data (RWD), which we think have the potential to be major game changers. As technology itself continues to evolve, we will work to incorporate that which we need now while simultaneously keeping an eye out for future opportunities centered on “harmo®,” which is being utilized as a PHR (Personal Health Record)-type medical information linkage system that centrally manages information related to personal health. As this happens, we will also change our entire management structure, including its organizational and working mechanisms. This, of course, will also require management excellence, but we think that only then will the technologies arise that will enable us to seize substantial growth opportunities for the Company.

Message from the COO

Executing the Focus Activities of the Mid-term Management Plan Aiming for Sustainable Growth

Keiko Oishi

Representative Director,
President and COO



The priority action items of the Mid-term Management Plan (FY2022–2025) are **1) evolution of healthcare business; 2) comprehensive support for disease prevention, treatment R&D, and marketing; and 3) contribution to a sustainable society through services with high social benefits.** The progress and future initiatives are as follows.

Progress on Priority Action Items

1) Evolution of Healthcare Business

- Expand collaborations with local governments and other organizations, which were broadened through the COVID-19 vaccination support operations.
- Through the incorporation of KNOCK ON THE DOOR Inc., and OKEIOS Inc. into the Group, as well as alliances with health-tech companies, we are advancing digital-related services in the medical and healthcare fields, such as electronic medication notebooks and smartphone applications.

2) Comprehensive Support for Disease Prevention, Treatment R&D, and Marketing

- Strengthen comprehensive consulting services to support the entry of overseas bio-ventures into the Japanese market and the entry of companies from other industries into healthcare field.
- Promote the acceleration and increased efficiency of drug development through the promotion of Decentralized Clinical Trials (DCTs), the utilization of real-world data, and digital transformation.
- Through a strategic business partnership with the Dai Nippon Printing Co., Ltd. Group (DNP), we are developing value-added pharmaceuticals by combining packaging technology with drug formulation development technology, as well as advancing process development and manufacturing of active pharmaceutical ingredients and formulation development.
- Establish a fully integrated system up to manufacturing and conduct efficacy and safety evaluation and analysis in advanced fields with increasing modality diversification, such as next-generation biopharmaceuticals and gene therapies.
- Strengthen drug discovery support services through business partnerships with specialized bio-companies in human induced pluripotent stem cells (iPSC).

3) Contribution to a Sustainable Society through Services with High Social Benefits

- Establish the Sustainability Committee and implement climate-related risk scenario analysis.
- Implement action plans aimed at employee health management, disease prevention, and improving health literacy.
- More than 2,000 certifications as Healthcare Professionals contributing to the maintenance of medical and care systems.

Future Initiatives

Growth in our main business, the CRO business, requires expansion in the global market, including Japan, as well as Asia and the United States, and we believe that we need to form alliances with business partners to accelerate our global expansion. In the Asia-Pacific region, the CMIC Group operates in China, South Korea, Taiwan, Singapore, Thailand, Vietnam, Malaysia, Hong Kong, Australia, New Zealand, Indonesia, and the Philippines in addition to Japan, and works with more than 4,000 medical institutions to gain knowledge and experience in pharmaceutical affairs in each country. We also have the largest number of ICCCs (in-country caretakers of clinical trials) of any CRO in Japan. In the US, we provide high-quality, flexible solutions and seamless support for expansion into the US through collaboration between our U.S. and Japan offices within the Group and with other countries. In the future, we will further strengthen our partnerships with other countries and accelerate our global expansion as one of the largest CROs in Japan capable of handling large-scale global clinical trials.

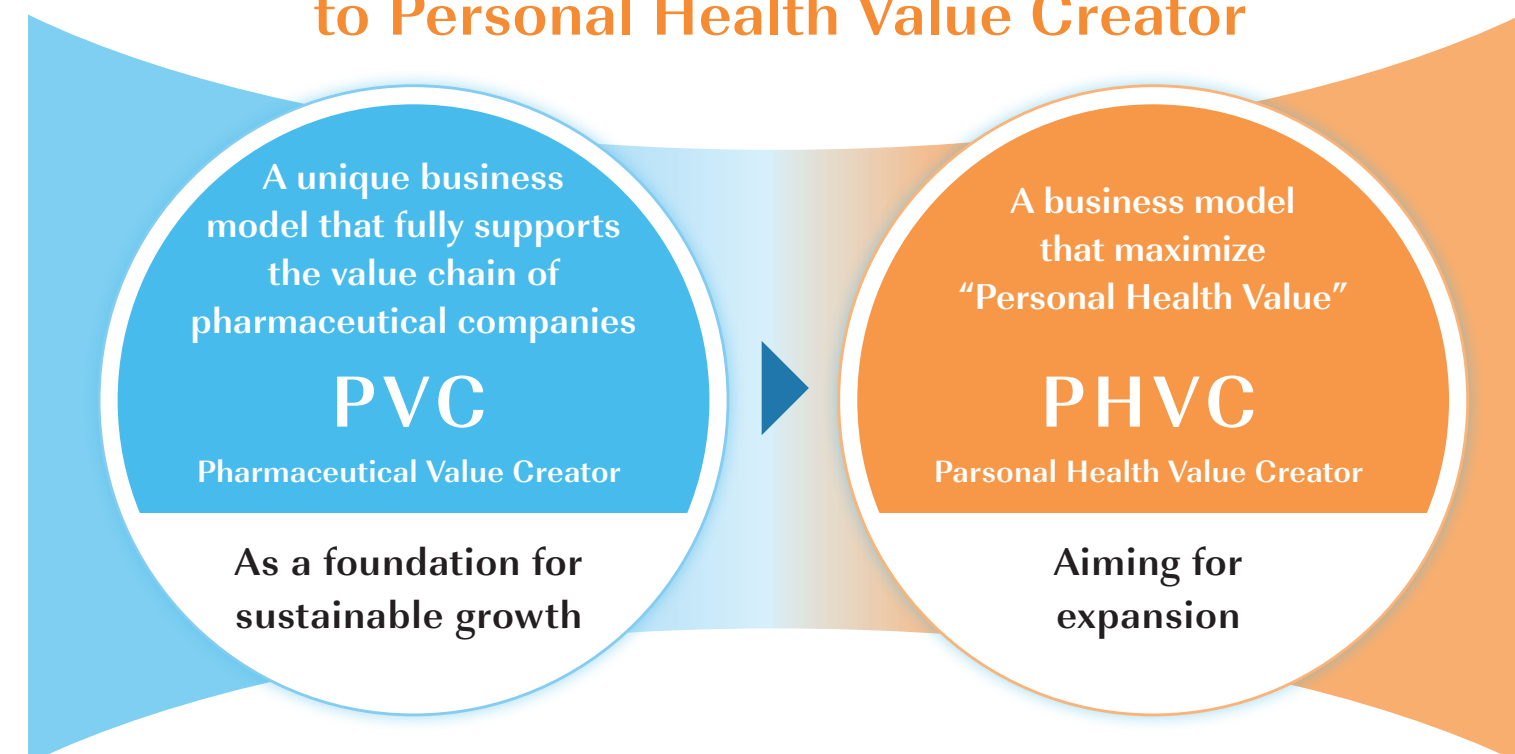
In addition, as drug discovery platforms such as non-clinical trials are essential for the creation of innovative drugs, the CMIC Group will expand its drug discovery support services and strengthen its drug discovery platform. In the healthcare field, the CMIC Group will



accumulate personal health records (PHRs) and build a disease platform by utilizing fundamental technologies such as harmo®, an electronic pharmacy handbook; nanacara, a support platform for epilepsy patients; and blockchain technology.

The early development and acquisition of excellent and diverse human resources, who are the source of our competitiveness, is essential for the medium- to long-term growth of our business. We will accelerate our efforts to further enhance our corporate value by promoting diversity and building a management foundation that can respond quickly to changes in the business environment.

From Pharmaceutical Value Creator to Personal Health Value Creator



CMIC’s Earnings Structure, Finance and Capital Strategy (CFO Interview)

In the second year of the Mid-term Management Plan (FY2022–2025), formulated in November 2021, the fiscal year ending September 2023, we have steadily advanced the initiatives outlined in the plan’s key areas: 1) evolution of healthcare business, 2) comprehensive support for disease prevention, treatment R&D, and marketing, and 3) contribution to a sustainable society through services with high social benefits.

Free cash flow has improved as a result of capturing new demand such as large-scale vaccination projects for municipalities amid the prolonged impact of new coronavirus infections after 2020. In the CDMO business, which requires continuous capital investment, the transition of CMIC CMO Group from a consolidated subsidiary to an equity-method affiliate during the third quarter of the current fiscal year significantly changed the assets, liabilities, and net assets of the CMIC Group, raising its equity ratio to 51%.

Earnings Structure by Segment

The CMIC Group’s consolidated sales for the fiscal year ending September 30, 2023, are composed of 74% from the Pharmaceutical Solutions segment and 26% from the Healthcare Solutions segment. Each of these businesses utilizes human resources, facilities, and intellectual property, but as the core business is human resources, personnel costs account for 60% of total costs (cost plus SG&A expenses).

In the Pharmaceutical Solutions segment, the CRO business accounts for 55% of net sales, the CDMO business for 25%, and the Market Solutions business for 20%. The CRO business, the Group’s core business, is highly profitable, with a profit margin of 15%–20%. It is a highly capital-efficient business, as it is personnel-centered and does not require large capital investments. The majority of expenses are personnel costs, and the company is thoroughly managing its resources appropriately. During the period of the spread of the new coronavirus infection, drug development stalled due to the tightness of the medical system, but as development resumed and new orders were received, the profit margin improved in the fiscal year ending September 2023 due to increased revenue and improved productivity, which absorbed increased labor costs resulting from higher compensation levels and other factors.

On the other hand, the CDMO business requires continuous capital investment, and profits are affected by plant and equipment utilization rates. We concluded a strategic business alliance agreement with Dai Nippon Printing (DNP) and made CMIC CMO Group an equity-method affiliate in the third quarter of the current fiscal year, and we believe that DNP’s equity participation in CMIC CMO as a long-term management partner will contribute to CMIC CMO’s expansion and growth. We expect to create synergies by adding DNP’s strong management base and advanced technologies to the CMIC Group’s broad knowledge in the medical healthcare field. We

will continue to establish an integrated system from process development and manufacturing of bulk pharmaceuticals to formulation development and manufacturing.

The Market Solutions business consists of a human resource business centered on MR dispatch services and an intellectual property business that develops and markets orphan drugs (medicines for rare diseases). Due to pharmaceutical companies accelerating outsourcing as they downsize their workforces, the market for MR dispatch services is expanding. Within the CMIC Group, which focuses primarily on the contract-based business, the subsidiary Orphan Pacific, functioning as a pharmaceutical company, contributes to the expansion of the Group’s business opportunities by developing a solution business that leverages the various business functions of the CMIC Group that other pharmaceutical companies are not engaged in. For instance, Orphan Pacific meets the needs of overseas pharmaceutical companies that do not have a base in Japan but wish to market a single product.

In the fiscal year ending September 30, 2023, the Site Support Solutions business accounted for 42% of sales in the Healthcare Solutions segment and the Healthcare Revolution business accounted for 58%. The Site Support Solutions business is a human resource business with a profit margin of about 10%. The mainstay of this business is the Site Management Organization (SMO) business, which provides clinical trial support services to medical institutions and is working to improve operational efficiency and strengthen ties with quality medical institutions. Although the number of large-scale new coronavirus infection vaccine development projects decreased compared with the previous fiscal year, the profit margin is increasing in the fiscal year ending September 2023 due to strong orders for various vaccines and other new projects.

The Healthcare Revolution business provides individuals and municipalities with solutions using the new healthcare ecosystem. Although vaccination support services using the Group’s healthcare professional human resources grew substantially during the COVID-19 pandemic, there was a temporary decline in demand for large-scale vaccination projects for municipalities due to the shift to the new Class 5 coronavirus infection. We are making up-front investments to create new healthcare businesses by promoting the development of digital platforms such as harmo®*1 and nanacara®*2, which aim to improve the value of individual health, in order to build a health and disease platform.

*1. harmo® : Healthcare Communication Channel based on an electronic pharmacy handbook
*2. nanacara: Support platform for patients, their families, and healthcare providers

Looking Back at Financial Results

The CMIC Group’s total assets and net sales have increased 1.4 times and 2.0 times, respectively, over the past 10 years because of sustained business growth and expansion of its operations. In

	2014/9	2015/9	2016/9	2017/9	2018/9	2019/9	2020/9	2021/9	2022/9	2023/9
¥ million										
Profit and Loss (For the Year)										
Net sales	52,836	55,904	62,039	65,282	69,869	74,373	76,098	85,788	108,461	104,701
Operating income	2,766	1,411	3,363	3,897	4,321	4,405	2,605	4,920	11,845	10,267
Financial Condition (Year-end)										
Total assets	49,237	55,861	59,104	65,605	78,034	80,179	89,517	91,192	107,590	70,215
Cash and cash equivalents	5,751	5,638	4,946	4,928	13,976	12,144	12,688	9,379	11,703	19,032
Interest-bearing debt	13,409	18,069	16,085	18,898	19,276	19,196	22,584	17,039	17,136	2,800
Net assets	20,309	20,667	21,397	23,608	33,536	32,994	34,011	34,485	41,269	37,833
Key Indices										
Operating margin (%)	5.2	2.5	5.4	6.0	6.2	5.9	3.4	5.7	10.9	9.8
ROE (%)	5.9	-	4.3	7.1	6.5	8.1	6.6	8.3	29.6	21.1
ROA (%)	2.5	-	1.5	2.5	2.1	2.3	1.8	2.2	8.4	8.0
Equity ratio (%)	41.1	36.4	35.5	34.9	28.9	27.8	26.4	27.5	29.4	51.4
Net D/E ratio (times)	0.37	0.60	0.52	0.61	0.23	0.32	0.41	0.30	0.17	(0.45)

2015, the CMIC Group promoted “Project Phoenix,” an initiative aimed at achieving sustainable growth, as the pharmaceutical industry shifted from a model reliant on long-listed drugs to one that emphasizes high drug discovery capabilities. By the fiscal year ended September 2016, the Group had made strides in eliminating unprofitable businesses and reforming its cost structure, establishing an agile management system to respond swiftly to changes in the medical and pharmaceutical industries. The CMIC Group also began offering a new solution, the Integrated Pharmaceutical Management (IPM) system, which combines the capabilities of its pharmaceutical business value chain with regulatory approvals, such as for manufacturing and marketing (intellectual property). In April 2018, under a new management structure led by a CEO responsible for Group management strategy and a COO responsible for business execution, the Group advanced global initiatives and launched “Project Phoenix 3.0.” To address the significant changes in the business environment caused by the COVID-19 pandemic, we launched “Healthcare Revolution 2.0” in July 2020, promoting new initiatives such as the use of digital technologies in the healthcare sector. In the fiscal year ended September 2023, CMIC CMO Group transitioned from a consolidated subsidiary to an equity-method affiliate, resulting in significant changes to the CMIC Group’s assets, liabilities, and net assets. The CMIC Group aims to strengthen its management foundation and achieve further growth by reinforcing drug development through new drug discovery platform technologies and digitalization. At the same time, the Group is expanding its business domain into the healthcare field and supporting total care for diseases, from prevention to diagnosis, treatment, and prognosis, to foster sustainable growth.

Future Financial Strategies

We are pursuing a growth strategy with an awareness of sustainable management. Our main focus is to secure the necessary investment funds for future growth in our profits,

and our guideline for this is to secure an operating margin of 10% over the long term. While maintaining financial stability, the Company intends to invest in growth to achieve the priority tasks of the mid-term plan: “advancement of the healthcare business,” “strengthening of comprehensive support for disease prevention and treatment from R&D to sales,” and “contribution to a sustainable society through socially beneficial businesses.” With regard to our business portfolio, we are shifting to a structure in which each business grows while improving profitability, with the foundation in the CRO business. In preparation for the maturation of the domestic CRO market, we will accelerate global expansion and, over the medium to long term, grow our business in the healthcare field from our pharmaceutical-related business.

Growth investments include human resources, the healthcare business, new development of orphan drugs, and M&A. In particular, the largest investment in our future growth strategy is in human resources. To secure global human resources and improve technical capabilities, we will hire higher-quality personnel and promote employee growth through continuous education and development.

M&As will be financed by equity capital and long-term debt, with a debt/equity ratio not to exceed 1.0x. In particular, to accelerate the development of the “Healthcare Revolution,” we intend to aggressively incorporate outside management resources through M&A while being conscious of the cost of capital. Our M&A decisions are contingent on the ability to contribute to our business, and we are targeting a hurdle rate of 8%.

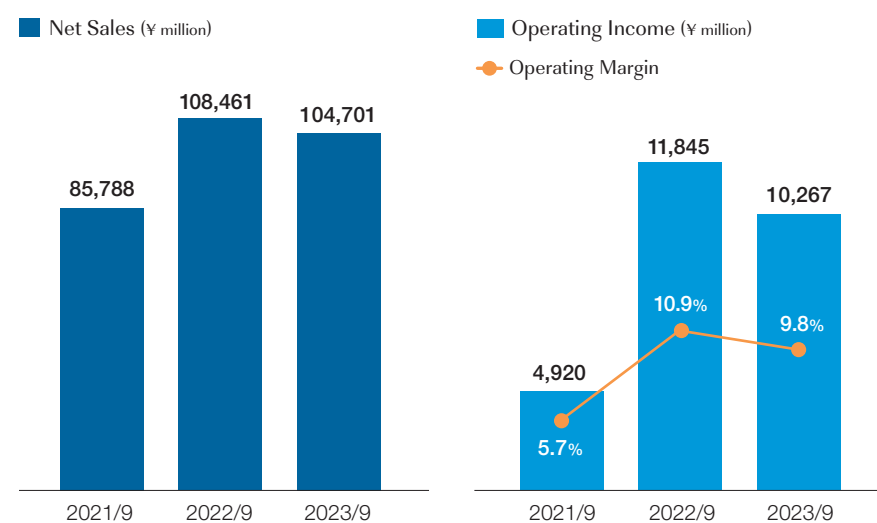
Although we are now a privately held company, we will continue to work to maximize our corporate value over the medium to long term while maintaining financial stability to survive the intensifying competition in a rapidly changing business environment. We look forward to your continued support.

Consolidated Results for the Fiscal Year Ended September 30, 2023

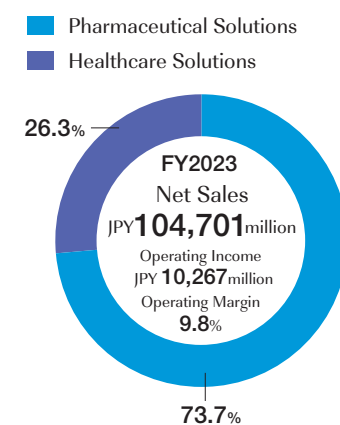
In the current consolidated fiscal year, as part of our efforts to address the key issues of our mid-term plan, we focused on promoting DX Solutions in the medical and healthcare fields, providing business solutions for local governments that support local communities from both digital and human resource perspectives, and acquiring new projects from pharmaceutical companies and biotech ventures. In addition, we worked on human resource policies linked to management strategies, aiming to improve the value of each employee: PBV (Personal Business Value), which leads to the realization of CMIC'S CREED, the Group's corporate philosophy.

In April 2023, the Company decided to dissolve its capital and business alliance with Development Bank of Japan Inc. in the CDMO business, to form a strategic business alliance with Dai Nippon Printing Co., Ltd., (DNP) and to transition CMIC CMO Group. CMIC CMO Co., Ltd., CMIC CMO Korea Co., Ltd. And CMIC CMO USA Corporation were transferred from consolidated subsidiaries to affiliates accounted for by the equity method. With this, along with the expansion and growth of the CDMO business, the CMIC Group will maintain its strategic policy of developing PVC models, while effectively utilizing its management resources to create healthcare businesses and achieve sustainable growth.

In the current consolidated fiscal year, the CRO business and the Market Solutions business in the Pharmaceutical Solutions segment grew substantially. On the other hand, temporary demand for large-scale vaccination projects for local governments, which had continued since the previous fiscal year, declined due to the shift of the novel coronavirus infection to a "Class 5" infectious disease, and the effect of the deconsolidation of CMIC CMO Group with a deemed transfer date of June 30, 2023. Net sales were 104,701 million yen (down 3.5% year on year), operating income was 10,267 million yen (down 13.3% year on year), ordinary income was 10,022 million yen (down 25.5% year on year), and net income attributable to owners of parent was 7,152 million yen (down 14.7% year on year).

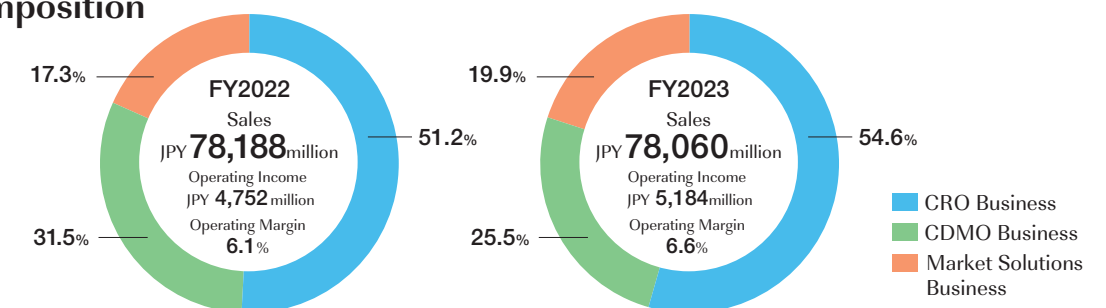


Sales Composition Ratio



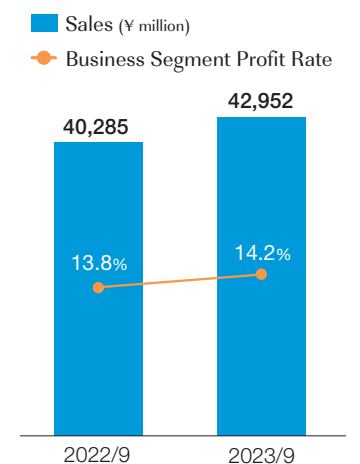
Pharmaceutical Solutions

Sales Composition Ratio



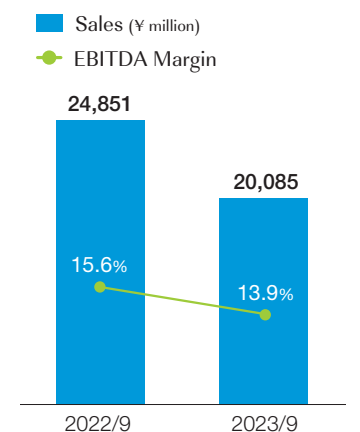
CRO Business

- 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 Digital Transformation (DX) promotion and Digital Therapeutics (DTx) entry
 - Supports the first rare cancer online clinical trial (full remote decentralized clinical trials (DCT)) at the 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



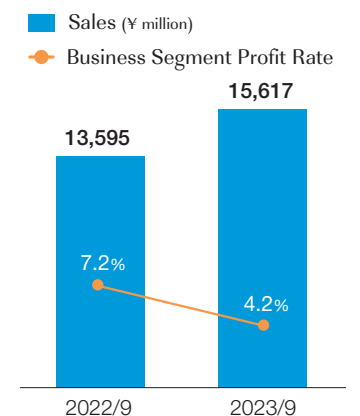
CDMO Business

- 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 new coronavirus infections 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



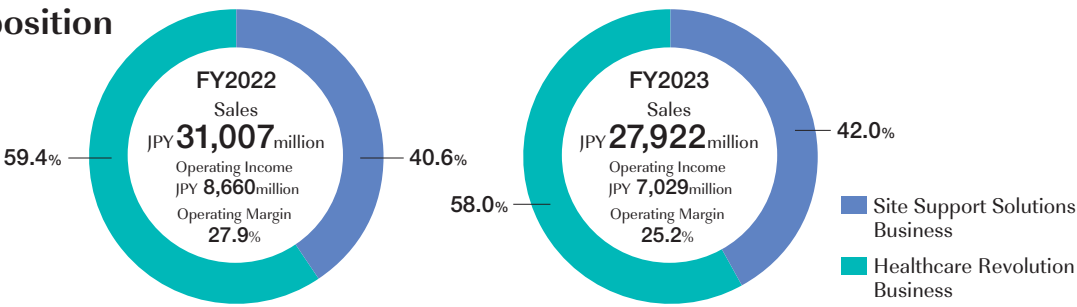
Market Solutions Business

- 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



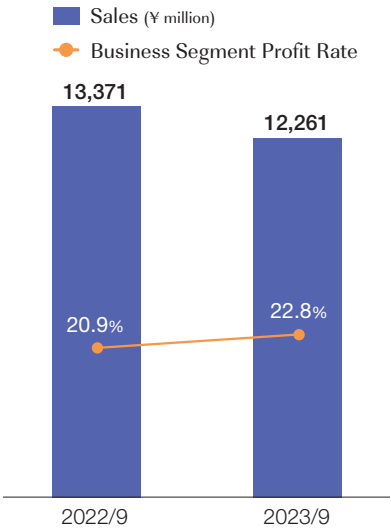
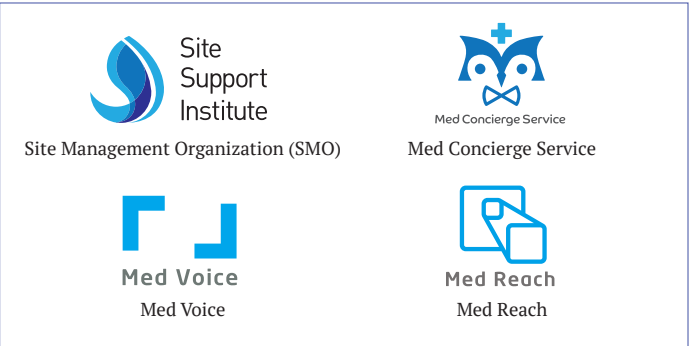
Healthcare Solutions

Sales Composition Ratio



Site Support Solutions Business

- 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



Healthcare Revolution Business

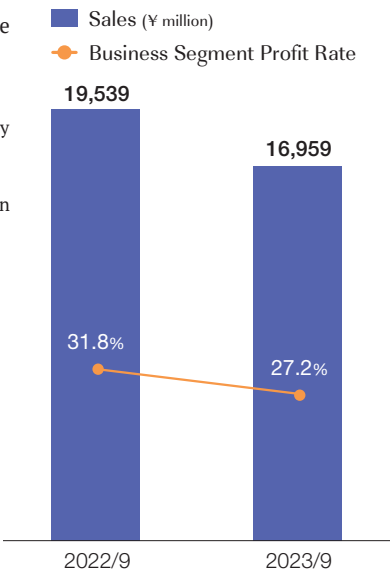
- Sales decreased from the previous consolidated fiscal year due to a decline in demand for large-scale vaccination projects for municipalities
- Continuation of projects related to new coronavirus infection and expansion of human resource support services for local governments
- Expansion of businesses 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 Mynportal



nanacara pharmacy



“nanacara” mobile app for recording epilepsy seizures



Sustainability

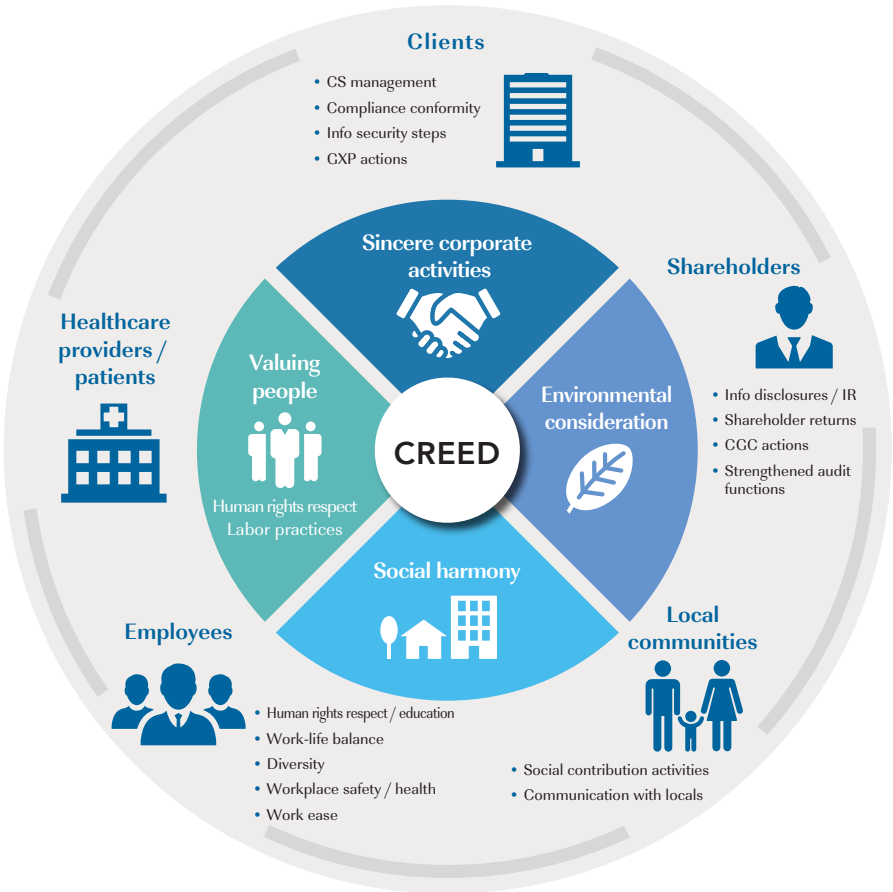
Basic Policy and Promotion Framework

Essential Conceptst

The essential sustainability concepts held by the CMIC Group are laid out in its CMIC’S CREED corporate philosophy.

The CMIC Group Code of Conduct requires all executives and employees of the CMIC Group to engage in corporate activities based on this CMIC’S CREED and related Mission, Vision, and Values, and to act proactively to achieve sustainable growth, enhance corporate value over the medium to long term, and resolve social issues while complying with laws and regulations.

In identifying and incorporating key sustainability issues into its medium- to long-term strategies, the CMIC Group formulates and implements various measures through its business activities in a bid to realize sustainable management. In this manner, every effort is made to secure the sustainable development of society and sustainable growth of the Group.



Sustainability Promotion Framework

- 1. Establishment of the Sustainability Committee**

The CMIC Group works diligently to resolve social issues while enhancing its corporate value over the medium to long term through business activities based on CMIC’S CREED. With this in mind, the Group established the Sustainability Committee to promote more effective sustainability initiatives.
- 2. Role of the Committee**

The Committee is responsible for developing an overall plan for the Group’s sustainability activities, monitoring progress, and evaluating the status of results. In addition, the Committee reports and makes recommendations to the Board of Directors on a regular basis.
- 3. Composition of Committee Members**

The Committee is chaired by a representative director. Members include Group directors, senior management, and other executive personnel. Subcommittees on such issues as the environment, human resources, and social contribution activities will be established within the Committee to promote sustainability-related initiatives.

Development of and Active Participation by Human Resources

Human Capital at CMIC

The CMIC Group has worked continuously to develop the unique Pharmaceutical Value Creator (PVC) business model, which contributes to the value-added enhancement of pharmaceutical companies. Moreover, and in addition to the further growth of existing businesses, we have now entered the next stage during which we will promote the development of the Personal Health Value Creator (PHVC) model, which aims to maximize Personal Health Value . Against this backdrop, the Company’s revenue and value are derived from human resources that are well acquainted with the pharmaceutical-related and healthcare businesses as well as its four core attributes of creative excellence (creative prowess), business development excellence (business development capability), operational excellence (business execution skills), and management excellence (management skills), which all serve as force multipliers. In light of the current unpredictable business environment, human resources that are capable of seeing beyond established trends and perceiving upcoming change while pursuing self-improvement, that are able to take on the challenge of the unknown without the fear of risk, that are able to accomplish tasks with conviction and passion by combining their accumulated knowledge and know-how with newly acquired advanced expertise and technologies are vital in the continuous creation of new value that extends beyond the Group’s traditional businesses and in bringing innovation to healthcare, the core principle of CMIC’s CREED. With this in mind, we are committed to creating an environment that allows the human resources that will carry the next generation of the CMIC Group and serve as its hope for the future can maximize their value while encouraging further growth.

CMIC Group Basic Human Resources Policy

We at the CMIC Group will continue to change and take on new challenges. Not resting on our laurels, we will innovate and open up possibilities from new perspectives. We are convinced that by living in the moment, each employee will take on the challenge of creating new value.

1. Creating People who aspire to self-evolve and take on challenges on their own

We support all employees who are motivated to change themselves so that they can provide new value to people and society quickly. We will provide opportunities for employees who are willing to take on challenges and to learn to transform themselves to grow.

2. Respect differences and provide an environment in which people can openly face others in earnest

We will create a trusting workplace where everyone respects each other, and where everyone can face each other with sincerity. A diverse range of personnel are active in the CIMIC Group. Employees with various ideas, regardless of nationality, age, gender, etc., will go beyond organizational boundaries and positions to work together to achieve their goals.

3. Realization of fair evaluation and treatment

We will fairly evaluate the new values we have created and reflect it in our compensation(remuneration, promotion, demotion, assignment, etc.). We conduct fair and convincing personnel evaluations based on daily communication and feedback that align with targets. In addition, by rewarding employees adequately with appropriate treatment, each employee can feel a sense of satisfaction in their work.

HR Strategy IKIGAI 1.0

In the CMIC Group, we set achieving an organization in which employees can contribute to society through various career paths as a continuing goal. We recognize human capital, including lost opportunity and generational gaps caused by insufficient labor force as well as training successors, as an important theme. However, by combining this human capital with intellectual capital, including experience, we can utilize personnel more effectively in the continually expanding healthcare market and create new value, which will in turn link to major long-term growth opportunities. In order to achieve these objectives, we are working to hire outside personnel with advanced specializations and train and assign next-generation human resources who can lead innovation in new businesses.

In addition, we have defined the “HR Strategy IKIGAI 1.0” Group-wide personnel strategy to reach our goals.

Personal Business Value

Leading to the realization of CMIC’S CREED, Personal Business Value expresses the value that employees autonomously demonstrate through their roles and missions. Each employee chooses a role and work style that suits his or her lifestyle and, by demonstrating sustainable Personal Business Value, aims to proactively engage with society and work with the CMIC Group for a long time while pursuing IKIGAI.

New Work Style & Space

Fulfilling multiple roles beyond their organizations and positions, employees work agilely on a project basis without being bound by time and place. The Company aims to provide environments in which all employees can be themselves and work with “IKIGAI” anytime, anywhere, together with the opportunities, tools, and resources that support co-creation as well as new work styles that transcend organizations and positions.

Respect Each Other (Diversity & Inclusion)

By respecting each other’s individuality and lifestyle differences and maintaining psychological safety, we aim to continue evolving through frank discussions and agile trials and learning in our organizations and projects.

We have set employee engagement as one of the indicators which we will use to determine progress and measure results for HR Strategy IKIGAI 1.0. For this reason, we completely revamped the engagement survey in fiscal 2023 and expanded it across the Group. By applying the results to our medium-term strategy and KPIs, we are promoting further utilization as a foundation for autonomous continuous organizational reform.

Personal Business Value

In the course of achieving continuous growth alongside society, the CMIC Group also considers elevating each employee’s autonomous manifestation of value through their individual roles and missions, known as Personal Business Value (PBV below) to be important for realizing CMIC’S CREED.

Hiring Activities

In our hiring activities, CMIC proactively hires both new graduates and mid-career employees to continually secure human resources well-suited to its businesses related to medical supplies and health care.

For positions such as Clinical Research Associate (CRA), we also welcome personnel without experience, leveraging our technological foundation and knowledge for training that allows them to increase PBV after joining the company.

	2021	2022	2023
Ratio of Mid-career Hires	75.4%	78.6%	79.4%

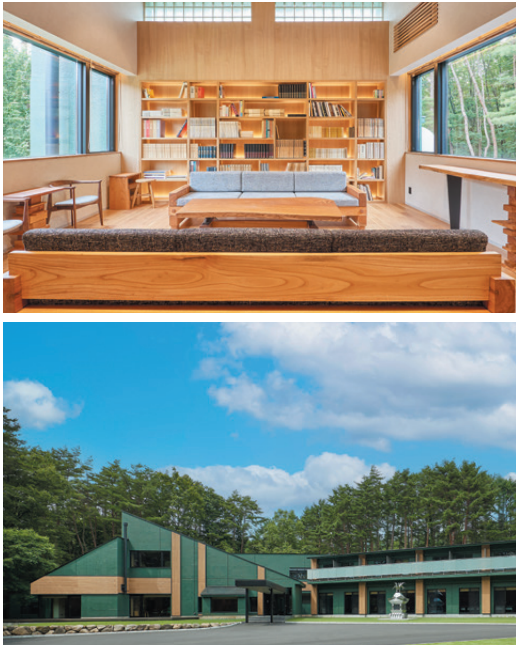
*Scope: Consolidated Group companies in Japan
*Period covered: From October of the previous year to September of the subject year

Personnel Training

For personnel training, we provide the CMIC Group-wide leader training program, known as “Nakamura Cram School,” training programs tailored to each organizational level, starting from new hires and moving up, and training programs for specific specializations covering the unique technology and knowledge at each company, strengthening the creative excellence, business development excellence, operational excellence, and management excellence of each individual employee. In addition, the CMIC Group’s total spending on training fees for the September 2023 period was 262 million yen.



CMIC Group General Training



Next-generation education and international exchange hub: “Yuzuriha”

Health Care Professional Certification System

In the CMIC Group, the majority of employees earn the internal “Health Care Professional” certification as human resources with the skills necessary to promote multi-faceted activities within the health care field. This both serves as an impetus for taking on the challenges of new business fields outside the scope of their posts and is one of the unique aspects of personnel training in the CMIC Group, known as “CMIC-Type ReSkilling.” In this way, we aim for the certification to act as an initiative for discovering and redefining PBV, increasing the numbers of both certification recipients and employees who choose to take specialized training courses.



	2022	2023
Healthcare Partner	1,811	2,350
Healthcare Advisor	853	1,139
Healthcare Producer	54	61

*As of September 30
Healthcare Partner (Human resources who have completed basic training in health knowledge and can identify issues)
Healthcare Advisor (Human resources who have completed development training in health knowledge and can solve problems)
Healthcare Producer (Human resources who can plan and co-create for the future based on their advanced health knowledge)

New Work Style & Space

We promote the implementation of “Career Challenges” which enable each individual employee to autonomously carve out a career path and expand their experience. We achieve this by creating opportunities for work experience outside of day-to-day operations via means such as our job posting system, gathering members across different departments within the Group to establish projects and conduct agile consideration and promotion.

Respect Each Other (Diversity & Inclusion)

The CMIC Group has human resources in a wide range of nationalities, genders, and age groups who are prospering, and we have a culture of mutual respect. Personnel with certifications related to our medical products and health care businesses, which form the core of our clinical operations, are a source of intellectual resources, including their experiences within the CMIC Group. Under our culture of mutual respect, we aim to create an environment where personnel with varied specializations can grow together with the CMIC Group, providing stimulation and elevating one another through their relationships.

Goals for Women in the Workforce

We are aiming to achieve a 30% ratio of female officers at domestic Group companies by 2030. In addition, the target for the ratio of female managers is set within the range of 20% to 60% for each domestic group company in the action plan formulated in accordance with the Act on the Promotion of Women’s Active Engagement in Professional Life.

Main Action Plans

Through the policies below, we will foster a culture which inspires increased awareness and interest in career improvement, driving employees with aspirations and ability to take on new challenges.

- Talent Management Project
- Improved satisfaction through the introduction and appropriate operation of a new personnel system
- Introducing female manager role models
- Creating networks for female managers

Diversity & Inclusion

Irrespective of gender, age or disability, we contribute to resolving social issues by conducting business that utilizes the strengths of diverse human resources on the basis of having the right people in the right place.

Business Environments in Which Women Can Easily Excel

	2021	2022	2023
Ratio of females*1	55.3%	56.0%	58.8%
Ratio of males*1	44.7%	44.4%	41.2%
Female manager ratio*1	24.5%	24.6%	28.3%
Female director ratio*2	8.3%	15.4%	18.5%

*1 Scope: Consolidated Group companies in Japan
*2 Scope: Ratio of Executive management, outside directors and Audit & Supervisory Board members Accounted for by Women

Female Manager Ratio

	2023
Consolidated Group companies in Japan	28.3%
CMIC HOLDINGS Co., Ltd.	33.8%
CMIC Co., Ltd.	33.3%
CMIC Pharma Science Co., Ltd.	14.8%
CMIC Inizio Co., Ltd.	16.0%
CMIC HealthCare Institute Co., Ltd.	25.7%
CMIC Solutions Co., Ltd.	37.9%

* Ratio of Management Positions Accounted for by Women

Gender Pay Gaps

	2022	2023
All workers	71.5%	76.2%
Regular workers	76.5%	77.6%
Non-regular workers	53.8%	63.2%

*Ratio of women’s wages to men’s wages
 *Scope 2022: A company with the obligation to disclose data pursuant to the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015)
 2023: Consolidated Group companies in Japan

	2023		
	All workers	Regular workers	Non-regular workers
Consolidated Group companies in Japan	76.2%	77.6%	63.2%
CMIC HOLDINGS Co., Ltd.	75.2%	75.9%	54.1%
CMIC Co., Ltd.	80.2%	81.3%	74.9%
CMIC Pharma Science Co., Ltd.	74.2%	80.7%	42.1%
CMIC Inizio Co., Ltd.	81.5%	77.1%	92.2%
CMIC HealthCare Institute Co., Ltd.	71.3%	72.9%	60.2%
CMIC Solutions Co., Ltd.	59.2%	71.4%	62.8%

*Ratio of women’s wages to men’s wages

Ratio of Male Employees Who Have Taken Childcare Leave

	2023
CMIC HOLDINGS Co., Ltd.	20.0%
CMIC Co., Ltd.	73.1%

Ratio of Management Positions Accounted for by Foreigners

	2021	2022	2023
Ratio of management positions accounted for by foreigners	8.3%	7.2%	4.5%

* Scope: Consolidated Group companies

Employment of People with Disabilities

	2021	2022	2023
Number of employees with disabilities	88	94	74
As a percentage of all employees	1.41%	1.46%	1.37%

* Scope: Consolidated Group companies in Japan

Employee Ratio by Age Group

We believe that highly experienced senior human resources are highly valuable because they possess a wide variety of pharmaceuticals-related experience. The Company is making the most of that experience by, for example, being accepting of senior human resources from outside the Company who have retired or who are approaching retirement age.

(Age)	2021	2022	2023
0-14	-	-	-
15-19	1.0%	0.9%	0.1%
20-29	20.4%	19.6%	18.1%
30-39	28.7%	28.0%	29.1%
40-49	28.3%	28.1%	28.6%
50-59	16.2%	18.1%	18.3%
60-65	4.2%	4.2%	4.7%
66-	1.1%	1.0%	1.2%

* Scope: Consolidated Group companies in Japan

Approaches to Diversity

The CMIC Group has embodied its ideals of “bringing about innovation in healthcare fields, so that all may stride forth true to themselves in this one and only life, regardless of age, gender or race” and “whether when the radiant flower of youthful vitality blooms, or as life matures in later age, every desire to live fully in the moment is equally precious” within CMIC’s CREED.

It is upon the basis of these ideals that we hold up diversity as a management theme of great importance, and lend ourselves to concepts and thinking that enrich by venerating all forms of variety. Diversity in the CMIC Group is not limited to personnel policies focused on women alone, and by venerating the ways in which our work and thoughts mutually differ, to arrive at yet higher caliber discussion and outcomes, whilst celebrating our variety, it is held up as something that makes us a company able to deliver high performance. We believe that the employment of diverse personnel, irrespective of race/gender/disability, the veneration the contrasts between people to find value, and fair treatment regardless of dissimilarity are indispensable for business growth, and incorporate these beliefs into our advancement of diversity.

Human rights/Labor practices/Health and Safety

The CMIC Group’s management philosophy, CMIC’S CREED, is to bring innovation to healthcare so that all people, regardless of age, gender or race, can live their one and only lives according to their own will. Based on this philosophy, we respect the human rights of all stakeholders involved in our business, including patients, medical professionals, employees, and contract workers. For this reason, CMIC Group employees are working to acquire and establish the ethics and compliance knowledge required of healthcare professionals through regular education and training. We will create work environments that show our consideration for health and safety as well as conduct health promotions so that employees can demonstrate their abilities to the fullest and work with a sense of reward and fulfillment.

Human rights

The scope of the CMIC Group’s business activities encompass and impact a wide range of stakeholders, including suppliers, customers, and business partners and are also deeply connected to stakeholders’ human rights. The CMIC Group Human Rights Policy clarifies our commitment to respect human rights as a company and represents our promise to reflect this in our business activities.

1. Basic Approach to Human Rights

We understand that our business activities may affect human rights and promise to respect them.

2. Comply with national laws and regulations

We will comply with the human rights laws of each country and regions in which we operate.

3. Human rights in the workplace

We will respect diversity, prohibit all forms of discrimination and harassment, and comply with laws and labor practices domestically and internationally.

4. Training on human rights

Regular educational sessions are provided to all directors and employees. Separate training sessions for management are also provided.

5. Human rights remedies

In the event of a human rights breach in connection with our business activities, we will take remedial measures by grasping the situation and taking appropriate measures.

Labor practices

Under the CMIC Group Human Rights Policy, we promise to support and respect the following international norms.

- International Bill of Human Rights, which stipulates the fundamental human rights of all people (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights)
- ILO Declaration on Fundamental Principles and Rights at Work (including the core labor standards of prohibition of child labor, prohibition of forced and compulsory labor, elimination of discrimination and recognition of the right to freedom of association and collective bargaining) of the International Labor Organization (ILO), which provides for fundamental rights at work
- Convention on the Rights of Workers, including Wages and Working Hours
- United Nations Declaration on the Rights of Indigenous Peoples
- United Nations Global Compact Ten Principles
- “Ethical Principles of Medical Research for Human Subjects (Declaration of Helsinki)”

Compliance Training

Through regular education and training, CMIC Group employees are striving to acquire and instill the ethics and compliance knowledge required as professionals engaged in healthcare.

Participation Rate for Each Item

	2021	2022	2023
Compliance	96.0%	97.7%	98.8%
Privacy protection	96.1%	97.5%	98.9%
Quality management	96.3%	97.3%	98.5%
Management of Conflict of Interest/ Anti-Bribery and Corruption	96.5%	96.9%	97.8%
Information security	98.6%	96.6%	97.3%
Harassment prevention	98.5%	95.9%	95.6%

Establishment of Whistleblower Hotline

Having set up a whistleblower hotline as a point of contact for consultations relating to internal legal violations, misconduct, labor-related issues, etc., we have established a system for promptly responding to incident reports and risks.

Number and Types of Incidents

	2021	2022	2023
Overall work environment	4	3	1
Harassment related	29	34	16
Other	23	20	43
Total	56	57	60

Types and Numbers of Disciplinary Actions

	2021	2022	2023
Dismissal	0	1	0
Other than dismissal	6	8	8

Health and Safety

Included in the CMIC Group are companies that possess production facilities and conduct business operations with particular attention to occupational health and safety in their production-related operations.

Number of Fatalities due to Occupational Accidents

	2021	2022	2023
Number of fatalities	0	0	0

* Consolidated Group companies in Japan based on Japan’s Industrial Safety and Health Act (Period: April of the previous year to March of the year under review).

Number of Occupational Accidents

	2021	2022	2023
Number of work-related accidents	14	27	16

* Consolidated Group companies in Japan based on Japan’s Industrial Safety and Health Act (Period: April of the previous year to March of the year under review).

Health Management Initiatives

The CMIC Group has declared that it will work to create a system that prioritizes health maintenance.

CMIC Group Health Declaration

What the CMIC Group is aiming for is the health of its employees and a sound organization.

The CMIC Group declares that it will work on creating a system that prioritizes health maintenance while, in accordance with the spirit of CMIC’S CREED, actively supporting its employees and their families in leading fulfilling lives and creating workplaces where all employees can find their work rewarding.

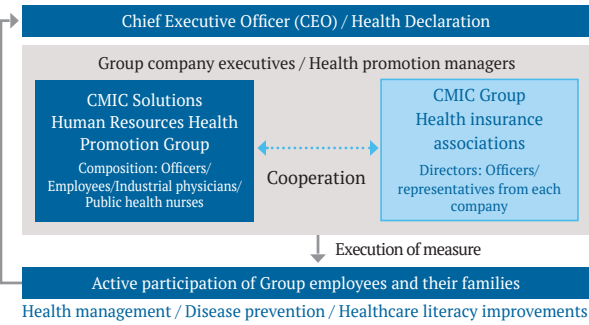
CMIC Group Health Policy

- ① Utilizing the various expertise of the CMIC Group, we actively support independent health management for each employee and each and every employees’ family member.
- ② In conjunction with efforts to reform work styles and promote diversity, we will promote the creation of workplaces where diverse employees can play active roles, such as maintaining and promoting the health of employees and their families, achieving work-life balance, and improving productivity.

Health Management Promotion System

Playing a central role in health management are all CMIC Group employees and their families.

The Human Resources Health Promotion Group will strongly encourage the planning of specific measures in cooperation with the health insurance associations and Group companies. Employees and the revitalization of organizations will bring about the sustainable growth of the CMIC Group.

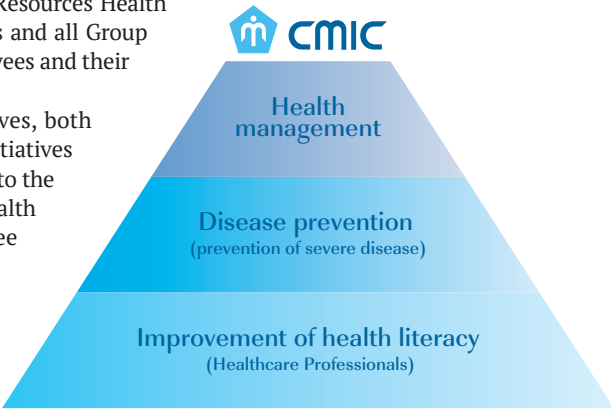


CMIC Group Health Challenge 2023

Along with placing importance on diversity among our employees and working styles, the CMIC Group is aiming for robust growth by creating working environments and systems that prioritize health maintenance for its employees.

In promoting health and productivity management, the Human Resources Health Promotion Group is cooperating with health insurance associations and all Group companies while striving for health promotion among Group employees and their families.

Health Challenge 2023, which summarizes the specific initiatives, both defines “health management” as a priority measure and advances initiatives for “disease prevention (prevention of severe illness)” that stay true to the CMIC Group. Moreover, we also recognize that a greater level of health awareness among the Company, organization, and every employee is essential for health and productivity management. Likewise, we work to improve the health of Group employees and their families by promoting greater health literacy, which nurtures the ability to search for, properly understand, and apply health and medical information.



Health Management Initiative Indicator

		2020	2021	2022
Disease prevention	Regular health checkup rate	96.8%	98.6%	98.8%
	Observer rate	27.0%	27.0%	26.7%
	Specific health guidance implementation rate	74.8%	75.6%	81.3%
Health maintenance and promotion	Percentage of persons maintaining an appropriate body weight*2	67.1%	66.8%	66.5%
	Percentage of smokers	14.5%	14.1%	13.9%
	Percentage of persons who exercise on a regular basis*3	15.4%	16.4%	17.4%
Mental health initiatives	Percentage of persons undertaking stress checks	92.9%	93.7%	96.5%
	Percentage of persons exhibiting high levels of stress	10.5%	11.4%	10.3%
	Personal injury and illness absentee rate*4	0.29%	0.34%	0.61%
Health literacy	Number of participants in the “Eat, Sleep, Walk” initiatives	743 (12.1%)	1,061 (18.3%)	1,540 (23.7%)

*1 Period covered: From April of the subject year to March of the following year

*2 BMI: 18.5 to less than 25

*3 Those who exercise twice a week for at least 30 minutes each time

*4 Ratio of employees on leave at the end of the fiscal year to full-time employees at the end of the fiscal year

Efforts to Address Climate Change

With regard to our efforts to address climate change, we are aiming for the sustainable development of society and sustainable corporate growth. Based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)—Governance, Strategy, Risk Management, and Metrics and Targets—we are working to respond to climate change and to devise ways to improve both the quality and quantity of our information disclosure.

Governance

With regard to governance, we have established a Sustainability Committee, chaired by the Group’s representative director, which formulates overall plans for sustainability promotion activities, monitors progress, and evaluates achievements. These results are regularly reported to the Board of Directors, which manages and supervises the sustainability promotion activities carried out by the committee.

Strategies

In addition to evaluating the financial impact under different scenarios(1.5°C, 4°C), to better assess the effects of climate-related risks and opportunities on our business, we have implemented scenario analyses, the details of which are shown in the table that follows. No significant risks affecting the Group’s business were identified. Meanwhile, when conducting the scenario analyses, we referred to information from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) as the impacts on the Company in 2030 and 2050.

	Broad Category	Sub-category	Content
Risk	Transition risk	Policy and regulation	Increased costs associated with introduction of a carbon tax
			Increased costs associated with more stringent environmental regulations
		Technology	Increase in costs associated with investment in energy conversion, such as introduction of renewable energy facilities
		Market	Increase in costs due to rising energy prices, etc.
	Physical risk	Reputation	Declining corporate value due to delays in measures designed to combat climate change
		Acute	Increased costs of relocating offices and distribution centers in preparation for natural disasters
		Chronic	Increased energy costs associated with increased air conditioning load due to rising temperatures
Opportunity	Products and services		Increased opportunities to receive orders due to increased risk of infectious diseases and illnesses caused by climate change

	Broad Category	Sub-category	Our Policies in Response
Risk	Transition risk	Policy and regulation	Promoting use of decarbonized and low-carbon energy
			Responding appropriately to trends in environmental regulations
		Technology	Considering all options relevant to moving away from fossil fuels
		Market	Responding appropriately to trends in external environment
	Physical risk	Reputation	Setting CO2 reduction targets and addressing them as business strategy
		Acute	Strengthening of business continuity plans
		Chronic	On an ongoing basis, considering promoting use of decarbonized and low-carbon energy

Risk Management

The CMIC Group conducts scenario analyses and identifies climate change risks and opportunities to ascertain and assess the impact of climate change on its business. The identified risks and opportunities are examined, and the Sustainability Committee and Risk Management Committee work together to report them to the Board of Directors.

Metrics and Targets

CO2 emission data is presented as follows. While ascertaining the situation over time and identifying those areas in need of improvement, we will give consideration to our CO2 reduction targets, advance the formulation of measures to achieve our goals, and proceed to determine their effects.

Environmental Data	2021	2022	2023
Scope 1 (thousand tons CO2)	13	14	1
Scope 2 (thousand tons CO2)	29	29	7
Total Scope 1, Scope 2 (thousand tons CO2)	42	44	8

* Bases in Japan
 Scope 1: Direct emissions of greenhouse gases by business operators themselves
 Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies
 Reference: Since the CMIC CMO Group became an equity-method affiliate in the fiscal year ended September 30, 2023, it has been excluded from emission calculations from the beginning of the fiscal year ended September 30, 2023.

Efforts to Address Environmental Issues

Within the CMIC Group Code of Conduct, the CMIC Group recognizes that tackling environmental issues is an essential prerequisite for the continued existence and activities of the corporation, and stipulates that it must take the initiatives in implementing measures aimed at building a low-carbon, recycling-oriented society, addressing environmental risks, and conserving biodiversity.

As of September 2023, the CMIC Group conducts business at 46 locations in Japan (including four plants, six pharmaceutical development centers) and 15 locations globally (including two plants, one pharmaceutical development center).

With regard to Contract Development and Manufacturing Organization (CDMO) services, which are relatively important from the viewpoint of environmental burdens, our four plants in Japan have acquired ISO 14001 (the international certification standard for environmental management systems), with each plant working to reduce environmental burdens according to the location and characteristics of the products manufactured.

CMIC also established an Environment, Health and Safety (EHS) Promotion Committee to continuously review, educate, and improve management systems at its four plants in Japan for the purposes of environmental conservation and employee health and safety promotion.

To reduce CO2 emissions from our plants, we have been making efforts to convert from heavy oil to LNG (natural gas), to switch to electricity derived from renewable energy sources, and to maintain green spaces on plant premises. We will realize further reductions in environmental burdens by sharing knowledge among these four plants. Furthermore, all of our pharmaceutical development centers that conduct non-clinical business are also giving consideration to the environment by taking measures to deal with toxic substances and waste.



LNG satellite facility and small boiler facility



Carp swimming in the final wastewater pond

ISO 14001-certified Business Sites

Company name	Business Site	Certifying Body	Certification Number
CMIC CMO Co., Ltd.	Shizuoka Plant*	KHK-ISO Center	01ER•157
	Toyama Plant	JSA-SOL	JSAE056
	Ashikaga Plant	KHK-ISO Center	01ER•140
	Nishine Plant	KHK-ISO Center	20ER•1103

* Shizuoka Plant scope of registration: Includes CMIC Bio Co., Ltd.

Social Contribution Activities

We engage in a variety of activities based on the CMIC Group Code of Conduct, ranging from Group-wide efforts to activities that contribute to local communities at each plant, pharmaceutical development centers, branch office, and sales office.

CMIC Award for AIDS Researcher

On December 4, 2023, at the 37th Academic General Meeting of the Japanese Society for AIDS Research held at Kyoto City, the CMIC Award was presented to Dr. Kazuhisa Yoshimura of the Tokyo Metropolitan Institute of Public Health for his achievements in HIV-related research.

The CMIC Award is presented each year by the Japanese Society for AIDS Research (membership: approximately 2,000 persons) to one person whose innovative and superior achievements have contributed to the development of the Society, through activities in relation to the spread of HIV. Dr. Yoshimura is the 20th person to receive this award.

About the Awardee

The 20th CMIC Award, The Japanese Society for AIDS Research Academic Award
Dr. Kazuhisa Yoshimura
Head of the Tokyo Metropolitan Institute of Public Health
Principal research : Research on development of new anti-HIV drugs effective against drug-resistant HIV and elucidation of resistance mechanisms



Support for travel clinic service (medical examination and treatment) in Brazil

CMIC supports annual travel clinic service for Japanese immigrants in Brazil, which has been provided for over three generations by Dr. Emilio Hideyuki Moriguchi (CMIC’s consultant in Brazil).

Following the economic growth in Brazil, the amount of public subsidy for the travel clinic service went down and Dr. Moriguchi’s out-of-pocket expenses have increased as a result. Under such circumstances, CMIC Group has started employee donations in 2014 in addition to corporate donations. CMIC Group will continue supporting Dr. Moriguchi in his wish to “continue travel clinic service for Japanese immigrants in the south of Brazil.”

Taking Part in Rare Disease Day (RDD)



The aim of Rare Disease Day (RDD) is to improve quality of life (QOL) for patients with rare/intractable diseases through better diagnoses and treatments, with February 28th (February 29th in leap years) being so named, and RDD has now been held in more than 100 countries around the world, since its inception in 2008 in Sweden.

Although rare diseases can affect over 7,000 people, diagnoses can often take time because of poor awareness, and it has been reported that there is an average 5 year wait before a diagnosis is reached, with patients changing hospital 7 times or more during that time. We take part in RDD events in Japan so that more people, through RDD activities, will have a deeper understanding of rare/intractable diseases, and to make possible a society where patients suffering from refractory conditions and those who care for them may live life more at ease.

Co-hosting of the International Children’s Drawing Contest

CMIC Group and Nakamura Keith Haring Collection cohost the International Children’s Drawing Contest.

This annual contest started in 2009 as the only drawing competition officially recognized by the Keith Haring Foundation. Every year, we invite special guest judges from art and fashion fields. The award-winning entries will be exhibited at the museum alongside Keith Haring’s works for one week after the award ceremony.



Quality Management

The CMIC Group recognizes that the height of quality (quality of work) connects to customer satisfaction, helps build relationships of trust with customers, improves the profits of the CMIC Group, and is a management theme of great importance that is essential for sustainable growth. We are working to improve efficiency by ascertaining customer needs and expectations, and by continuously improving the quality of all operating processes, not simply the quality of the final product, from the perspective of overall optimization in working to ensure an “appropriate level of quality” that meets these needs and expectations. Moreover, we are working to enhance quality management by systematically implementing human resource development through training-based quality education and continuous PDCA-based improvement.

CMIC Group Quality Policy

CMIC Group Top Management has defined the following Quality Policy, to demonstrate commitment to establish and implement an integrated Quality Management System. CMIC Group aims to provide continually high quality services and products to our customers in order to meet their expectations.

- Ensure our customers’ needs and expectations are continually monitored
- Set our Quality Objectives
- Establish effective and efficient operating processes
- Ensure continual improvement in our processes and procedures
- Enhance competence of all employees

This quality policy is conveyed to all CMIC Group employees.

Quality Management Promotion

As part of promoting quality management, under the CMIC Group Quality Policy, the CMIC Group established and implements an integrated Quality Management System (QMS) in compliance with its Quality Management Guidelines, which identify the elements, frameworks, and actions required to achieve the CMIC Group Quality Policy. Our QMS ensures that incidents that have occurred at group companies are quickly reported to top management in positions of responsibility at each company through each company’s QMS supervisor and manager. Following this, the CMIC Group’s QMS manager takes charge of the situation, and provides management and guidance. We also implement corrective and precautionary measures for problematic cases that occur during the QMS activity process, and take steps to prevent recurrence of similar problems.

The CMIC Group has established organizational and individual goals as part of the quality targets based on the mid-term management plan and makes continuous improvements through the implementation of a PDCA cycle in working to strengthen the Quality Management Framework.

Supply Chain Management

The CMIC Group has established the CMIC Group Basic Procurement Policy aimed at the sustainable development of society and sustained corporate growth.

CMIC Group Basic Procurement Policy

We, the CMIC Group, have established the following basic policy on procurement activities, and will conduct fair, impartial and transparent procurement activities to realize the development of a sustainable society.

1. Compliance and Corporate Ethics
- We will comply with the laws and social norms of each country in which we operate and act on the basis of high ethical standards.
- We will strictly maintain the confidentiality of information regarding our business partners which we obtain in the course of business.
2. Relationship with Business Partners
- We will respect our business partners as important partners, and strive to deal with them equally and in good faith, and to build and maintain mutually cooperative and trusting relationships.
- We will select business partners fairly and impartially from the perspective of economic rationality, quality, delivery time, stable supplies, environment, health, safety (EHS), etc., and make the relationships with them transparent.
- In addition, we will not require business partners of unreasonable profits, discounts or services for the selection of business partners and pricing decisions.
3. Human Rights
- We will respect the human rights of all stakeholders involved in the business activities of the CMIC Group, and conduct procurement with consideration for the work environment, safety and health.
4. Environment
- We will conduct procurement activities with consideration for the global environment.
5. Sustainable Procurement
- From the standpoint of sustainability, we aim for procurement that realizes the development of a sustainable society in cooperation with our business partners.

We will also seek the understanding of our business partners involved in the businesses of the CMIC Group in our approach to procurement activities.

Supply Chain Initiatives

In order for a company to fulfill its social responsibility, it is important to build a relationship of trust and work together not only internally but also with its suppliers, which are important partners. The CMIC Group works with suppliers to strengthen supply chain management based on the CMIC Group Basic Procurement Policy—which is a fundamental concept for conducting procurement activities based on fairness, impartiality, and transparency—and is taking steps to achieve a sustainable society.

For problems and risks related to procurement activities, CMIC maintains systems that enable prompt responses by establishing a whistleblower hotline and implementing incident reporting.

Endorsement of the PSCI Principles

The CMIC Group practices responsible corporate behavior as a pharmaceutical company supplier, recognizes the importance of properly supporting society and business, and endorses the PSCI (Pharmaceutical Supply Chain Initiative) principles.

*PSCI Principles: Pharmaceutical industry principles for responsible supply chain management.

Risk Management Framework

The CMIC Group formulated the CMIC Group Risk Management Rules from the perspective of addressing incidents where the Group is directly faced with risk management issues or a management crisis. Based on these rules, the risk management officer appointed by the Board of Directors oversees risk management and crisis management, and promotes risk management as part of business management across the Group.

Risk management and incident management serve to centralize information both at the Group and at the individual Group company level, analyze the information and investigate the cause, promptly convey information, and make an appropriate response. Important matters are escalated to the risk management officer, who then directs the necessary response.

When a management crisis emerges due to the event of a disaster or some other occurrence, a Group Emergency Response Headquarters is organized to respond to the event.

Compliance Framework

Based on its Code of Conduct, the CMIC Group strives to disseminate and thoroughly implement the Company Rules, nurture a corporate culture of conforming to norms, and cultivate compliance awareness. The Group is strengthening initiatives that enable all Group executives and employees to correctly understand this concept and to always put it into practice as part of their individual duties.

Code of Conduct Formulation, Measures for Education and Dissemination

As a basic policy with which all CMIC Group executives and employees must adhere from the perspective of complying with laws and regulations and acting in a manner that conforms to social ethics when conducting business activities, the Group formulated the CMIC Group Code of Conduct. All Group executives and employees are required to act conscientiously based on the CMIC Group Code of Conduct, where compliance officers appointed by the Board of Directors are responsible for promoting such behavior. As a part of the Group’s initiative designed to strengthen compliance awareness, the Group produced CMIC WAY Compliance Handbook and distribute it via the intranet to all CMIC Group executives and employees, as well as regularly conduct compliance training for executive and employees.

Early Detection, Response, and Prevention of Problems

For the purpose of detecting, addressing, and preventing the occurrence of compliance-related problems early on, the CMIC Group established the “CMIC Group Compliance Reporting / Consultation Desk” internally and externally to receive reports from and provide consultations to CMIC Group executives and employees regarding compliance-related concerns and workplace issues. The contact receiving the report or consultation, or the contact office, objectively and fairly investigates and addresses the report or consultation, and promptly works to improve upon the problem and prevent recurrence.

The Internal Audit Department monitors the enforcement status of compliance among the Group and Group companies.

Corporate Governance

Basic Principle of Corporate Governance

As a company involved in the business of supporting human life, the CMIC Group places the utmost importance on ethics and science, and believes the basis of corporate governance is to secure the soundness, transparency, legal compliance, and fairness of management for all stakeholders, including shareholders and customers.

Based on this basic principle, as a holding company the Group endeavors to further improve corporate value by ensuring the efficiency and speed of management decision-making and business execution, clarifying the responsibilities of management, ensuring compliance, and strengthening risk management.

Organizational Structure and Framework (As of December 15, 2023)

Organizational Format	Company with Audit & Supervisory Board
No. of Directors Under the Articles of Incorporation	15
Director Term Under the Articles of Incorporation	1 year
Board of Directors Chairperson	Chairman (excluding when serving concurrently as president)
No. of Directors (No. of Outside Directors)	9 (4)
No. of Independent Directors Appointed Among the Outside Directors	4
No. of Audit & Supervisory Board members (No. of Outside Audit & Supervisory Board members)	4 (3)
No. of Independent Audit & Supervisory Board members Appointed Among the Outside Audit & Supervisory Board members	4

1) Nomination and Remuneration Committee

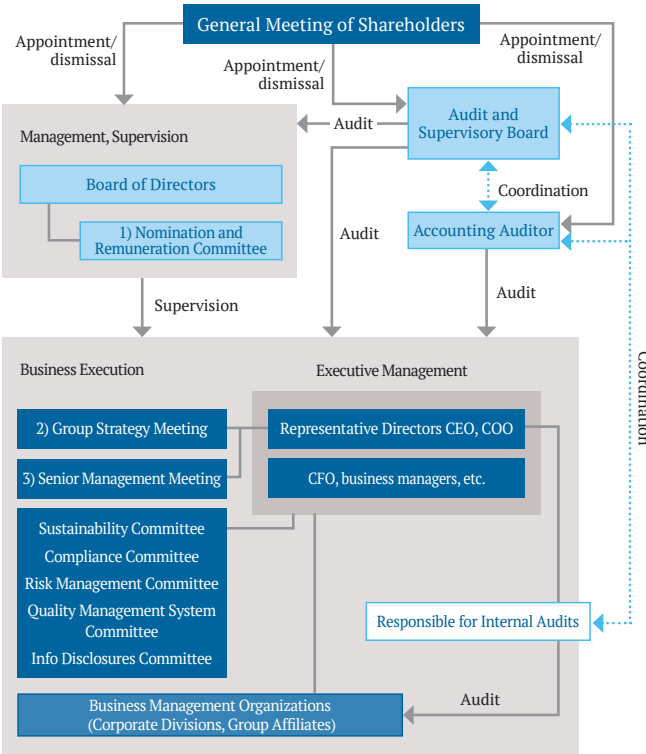
This discretionary committee was established to enhance corporate governance by strengthening the fairness and transparency of procedures related to the nomination of directors and Audit & Supervisory Board member candidates, appointment and dismissal of representative directors and executive management, and the compensation of directors, Audit & Supervisory Board members, and executive management. The committee comprises a majority of independent outside directors and is chaired by an independent outside director.

2) Group Strategy Meeting

This is a forum for formulating and determining Group business strategy and discussing overall and individual strategies. Meetings are held quarterly, chaired by the CEO and attended by senior management who are committee members (including executive management), with additional participants selected for their relevance to specific agenda items.

3) Senior Management Meeting

This meeting is held to make decisions regarding major issues and deliberate and approve matters resolved by the Board of Directors, among other important items. Held, in principle, once per month, meetings are chaired by the CEO and attended by members who are involved in executive management and business execution, with additional participants selected for their relevance to specific agenda items.



For details on the compliance status with the Corporate Governance Code, see the Corporate Governance Report <https://www.cmicgroup.com/files/user/ir/pdf/cg20231219.pdf> (Japanese only)

Corporate Governance Code Compliance Status

CMIC implements all principles established in the Tokyo Stock Exchange Corporate Governance Code except the following.

■ Supplementary Principle 4.8.1: Meetings Consisting Solely of Independent Outside Directors

The Company does not take any special measures such as regularly holding meetings consisting solely of independent outside directors.

Each of the Company's outside directors form their own opinions from their individual standpoints and actively participate in discussions at the Board of Directors, Audit & Supervisory Board, and other meetings. In addition, the outside directors meet individually with management as a means of sharing information and cooperation.

As for the future, CMIC continues to believe that respecting thoughts and independence of outside directors will help facilitate active discussion. Moreover, the Company will continue to expand opportunities for outside directors and the CEO to exchange information and achieve a shared understanding.

■ Supplementary Principle 4.8.2: Lead Independent Outside Directors

CMIC has thus far held individual meetings between independent outside directors and management as a means of sharing information and promoting cooperation. However, the Company has not established a framework wherein a lead independent outside director is selected to contact and coordinate with management or cooperate with Audit & Supervisory Board members.

As for the future, CMIC feels that individual discussions held between independent outside directors and management based on the views of each independent outside director and their cooperation with Audit & Supervisory Board members will contribute to the sustainable growth of the Company and to greater medium- and long-term corporate value.

■ Supplementary Principle 4.10.1: Establishment of an Independent Nomination Committee and Remuneration Advisory Committee

CMIC is a company with an Audit & Supervisory Board. While independent outside directors do not constitute a majority of the Board of Directors, the Company has put in place the Nomination and Remuneration Committee, which is centered largely around independent executives as an optional organization and advisory body to the Board of Directors.

The Nomination and Remuneration Committee consists of two independent outside directors, one external advisor, and one member from senior management. Accordingly, independent outside directors account for half of the Committee. To secure the Committee's independence, an independent outside director serves as chairperson.

From each of the diversity and skills perspectives, the Company has sought the advice of the Nomination and Remuneration Committee regarding the skills matrix attached to the Reference Documents for the 2023 General Meeting of Shareholders.

While information regarding important matters including the composition, authority, and role of the Nomination and Remuneration Committee is disclosed in the Company's Securities Report (in Japanese only), CMIC will work to upgrade and expand the information disclosed on each of the aforementioned as well as its approach toward the independence of committees.

■ Board of Directors Diversity

CMIC's Board of Directors requires a composition comprised of individuals having profound knowledge in the healthcare field, including pharmaceuticals and medical instruments, as well as experts in finance, planning, and other forms of business management. Having this composition, the Group feels its Board of Directors is sufficiently organized to support the Group's PVC business model. The Board of Directors includes one woman.

The Group feels that the proper size of its Board of Directors is 10 to 15 members, which takes into account the diversity required to support the Group's business scope and scale, and ensures diversity from the perspectives of gender and internationality, while still enabling practical discussions.

As far as gender and other diversity as well as skills are concerned, the Company has sought the advice of the Nomination and Remuneration Committee regarding the skills matrix attached to the Reference Documents for the 2023 General Meeting of Shareholders.

Board of Directors Effectiveness Assessment

Execution Process	Evaluations were collected from the directors and Audit & Supervisory Board members appointed for the period ended September 2023 using questionnaires. These evaluations were then compiled and the effectiveness of the Board of Directors analyzed and assessed. [Evaluation Items] (1) Board of Directors composition, (2) Board of Directors management, (3) Information sharing with the Board of Directors, (4) Discussion and decision-making processes
Results Overview	(1) Board of Directors composition: Generally appropriate (2) Board of Directors management: Recognizing such issues as the timing at which materials are provided, steps will be taken to strengthen the involvement of the Board of Directors' Secretariat. (3) Information sharing with the Board of Director: Recognizing such issues as the timing at which materials are provided, steps will be taken to strengthen the involvement of the Board of Directors' Secretariat. (4) Discussion and decision-making processes: The number and scope of agenda proposals and sufficient opportunities to voice opinions were maintained at the previous year's level or slightly higher, while evaluations remain at high levels. Given the above, the Company feels its Board of Directors functions effectively
Improvement Points	In light of the growing sophistication of social demands from customers and other stakeholders and issues relating to the Company's initiatives as well as the speed of its response, CMIC will endeavor to promote continuous improvement going forward through oversight by the Sustainability Committee established this fiscal year.

Board of Directors

Frequency of Board of Directors meetings and attendance

The Board of Directors met a total of 12 times during the fiscal year under review. The Board also passed five resolutions in writing deemed to be resolutions of the Board of Directors pursuant to Article 370 of the Companies Act and to Article 23, Paragraph 2, of the Articles of Incorporation. Attendance of Board of Directors members is presented in the table on the right.

Post	Name	Attendance/Number of times held
Representative Director	Kazuo Nakamura	12/12
Representative Director	Keiko Oishi	11/12
Corporate Director	Makoto Matsukawa	12/12
Corporate Director	Wataru Mochizuki	12/12
Corporate Director	Takeshi Hamaura	12/12
Corporate Director	Akihisa Mitake ^(Note)	10/10
Independent Director	Masaru Iwasaki	11/12
Independent Director	Takeshi Karasawa	12/12
Independent Director	Gregg Lindstrom Mayer	11/12
Independent Director	Masaru Ota ^(Note)	8/10

(Note) Attendance data for Akihisa Mitake and Masaru Ota since their appointment as Board of Directors members on December 15, 2022.

Specific matters for consideration by the Board of Directors

- Management plans and budgets
- Operating results
- Business investment projects
- Selection of director and Audit & Supervisory Board member candidates
- Selection of executive management
- Assessment of the effectiveness of the Board of Directors
- Risk management, compliance, and internal audit
- Sustainability
- Payment of monetary compensation claims related to transfer-restricted stock and disposal of treasury shares

Officer Appointments and Dismissals

Officer Appointments

During the nomination process for director and Audit & Supervisory Board member candidates, and during the appointment process for executive management that serve as top management, in addition to selecting individuals with a rich law-abiding spirit, excellent character, and superior insight, CMIC maintains a basic policy of selecting individuals based on the following comprehensive assessments. Further, executive management must also conform to the provisions of the Company’s Executive Management Rules.

Independent officers must conform with our "Independence Standards for Outside Officers."

- Inside director candidates and executive management: Comprehensive assessment indicating abundant knowledge and experience in the Group's business scope, foresight and insight acquired in these areas, leadership, and the ability to make judgments and act, etc.
- Outside director candidates: Comprehensive assessment indicating sufficient insight to objectively audit management, ability to make judgments, and abundant knowledge and experience in specialized fields, such as corporate management, finance, accounting, law, etc.
- Audit & Supervisory Board member candidates: Comprehensive assessment indicating sufficient knowledge and experience in the Group's business scope, high level of knowledge in finance and accounting, and ability to make objective judgments, etc.
- Outside Audit & Supervisory Board member candidates: Comprehensive assessment indicating sufficient insight to objectively audit the execution of duties among the directors, the ability to make judgments, and abundant knowledge and experience in specialized fields, such as finance, accounting, and law, etc.

Executive Management Dismissals

The conditions regarding dismissal of executive management are clearly stipulated in the Executive Management Rules. The Board of Directors maintains the power to dismiss executive management in the event of fraud or improper conduct, or in the event executive management is judged to be lacking in qualification in light of the above basic policy.

Nomination and Remuneration Committee

Frequency of Nomination and Remuneration Committee meetings and attendance

The Nomination and Remuneration Committee met a total of six times during the fiscal year under review. Attendance of Nomination and Remuneration Committee members is presented in the table on the right.

Post	Name	Attendance/Number of times held
Chairperson and Outside Director	Takeshi Karasawa	6/6
Member and Outside Director	Masaru Ota ^(Note)	4/4
Member and Senior Management Meeting Member	Satoko Ishikawa ^(Note)	2/4
Member and Senior Management Meeting Member	Satoshi Izumi ^(Note)	4/4

(Note) Attendance data for Masaru Ota, Satoko Ishikawa, and Satoshi Izumi since their appointment as Nomination and Remuneration Committee members on December 15, 2022.

Specific consideration points of the Nomination and Remuneration Committee

- Selection of Director and Audit and Supervisory Board member candidates
- Selection of Executive Management
- Determination of officer remuneration levels, amounts, etc.
- Endowment of transfer-restricted stock-based compensation

Audit & Supervisory Board

Frequency of Audit & Supervisory Board meetings and attendance

The Audit & Supervisory Board met a total of 12 times during the fiscal year under review. Attendance of Audit & Supervisory Board members is presented in the table on the right.

Post	Name	Attendance/Number of times held
Audit & Supervisory Board member	Takanori Tobe ^(Note)	10/10
External Audit & Supervisory Board member	Kei Hata	11/12
External Audit & Supervisory Board member	Hidetoshi Watanabe	12/12
External Audit & Supervisory Board member	Eiko Hakoda ^(Note)	10/10

(Note) Attendance data for Takanori Tobe and Eiko Hakoda since their appointment as Audit & Supervisory Board members on December 15, 2022.

Specific matters for consideration by the Audit & Supervisory Board

- Management of Group companies
- Status of the execution of duties by directors
- Communication with the accounting auditor
- Coordination with the Internal Audit Department
- Operating audits
- Accounting audits

Officer Remuneration

Method of Deciding Officer Remuneration

Remuneration for the Company's officers is decided, within the scope of officer remuneration determined at the general meeting of shareholders, by focusing on the relationship of remuneration with operating performance and medium- to long-term corporate value and with amounts that appropriately reflect shared value with the shareholders and officers' roles and responsibilities. To ensure objectivity and transparency in determining officer remuneration, remuneration is deliberated by the Nomination and Remuneration Committee, a voluntary body.

Remuneration Framework and Recipients

Director remuneration is composed of three parts to reflect in the execution of business a focus on meeting short-term targets for operating performance and raise awareness toward enhancing corporate value over the medium to long term. These parts are basic compensation, which is fixed; officers' bonuses, or short-term incentive-based remuneration; and share-based compensation (share-based compensation with restrictions on transfer), a type of long-term incentive-based remuneration. Performance-linked compensation is set to be around 20-30% of total remuneration when performance targets are met.

Outside directors receive only basic compensation, reflecting their role in providing management supervision and advice to the Company and the Group as a whole.

Audit & Supervisory Board members receive only basic compensation, reflecting their role in supervising the execution of operations by directors.

Total Remuneration by Officer Classification of the Submitting Company, Total Remuneration by Type of Remuneration, and Number of Eligible Officers

Officer Classification	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of eligible officers
		Fixed remuneration	Performance-based remuneration	Transfer-restricted stock-based compensation	
Directors (excluding outside directors)	340	234	100	5	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	10	10	-	-	2
Outside directors	37	37	-	-	9

Note: The above includes the 3 directors including 1 outside director and 2 Audit and Supervisory Board members including 1 outside director who retired from office at the conclusion of the 38th Ordinary General Meeting of Shareholders on December 15, 2022.

Strategic shareholdings

The CMIC Group maintains a strategic shareholdings policy when there is an important objective, such as the outlook of an operational alliance or business synergy, in order to sustainably enhance corporate value. With a view to determining the propriety of such strategic shareholdings, each year the Board of Directors evaluates the holding objective, trading conditions over the past year, and medium- to long-term prospects. In September 2023, the Board of Directors undertook a review and made decisions.

The Group held 14 stocks amounting to a total of JPY 1,070 million on its balance sheet during the fiscal year under review.

Corporate Governance Framework

As a holdings company, the CMIC Group has established frameworks to ensure that each Group company operates appropriately, including those for allocating the required management resources to each Group company from the perspective of overall optimization and for governing and monitoring the business management of each Group company. Specifically, the Group has defined the management standards for each Group company, established the Affiliated Company Management Rules in order to help mutually raise management efficiency, and formed a Management Agreement between each Group company based on these Rules. Each Group company makes regular reports to and shares information with the Group regarding their operational progress, financial standings, and other important matters provided for in the Management Agreement. When important matters are to be executed, prior to decision-making, each Group company reports on and discusses the matter with the department in charge at the Group and receives the necessary approval. The Group also dispatches directors to each Group company as a means of improving the governance of the entire CMIC Group.

Management Team | Board of Directors As of December 15, 2023

Corporate Directors



Kazuo Nakamura
Representative Director,
Chairman and CEO,
Division Director of CRO Business, Head
of Drug Discovery Support Business



Keiko Oishi
Representative Director,
President and COO,
Division Director of CRO Business



Makoto Matsukawa
Corporate Director, Vice President,
Head of Corporate Development



Wataru Mochizuki
Corporate Director, CFO,
Responsible for Group Information
Disclosure/Internal Control



Akihisa Mitake
Corporate Director,
Division Director of CRO Business
(Division Director of Clinical CRO)

Independent Directors



Masaru Iwasaki
Independent External Corporate
Director
Significant concurrent positions outside
the Company:
Vice President, University of Yamanashi
Program Director, Japan Agency for
Medical Research and Development
Visiting Professor, Juntendo University
School of Medicine



Takeshi Karasawa
Independent External Corporate
Director
Significant concurrent positions outside
the Company:
Outside Director, Value HR Co., Ltd.
Director, Social Welfare Corporation
Sun Vision



Gregg Lindstrom Mayer
Independent External Corporate
Director
Significant concurrent positions outside
the Company:
DISEASE MANAGEMENT ASSOCIATION
OF JAPAN Director
Population Health Research Committee
ASIA PACIFIC SOCIETY FOR HEALTH
SUPPORT SCIENCES Co-Chair



Masaru Ota
Independent External Corporate
Director
Significant concurrent positions outside
the Company:
Representative Director, Ascent
Partners
Outside Corporate Auditor, MORITA
HOLDINGS CORPORATION
Outside Audit & Supervisory Board
Member, Wealth Management, Inc.

Management Team | Audit and Supervisory Board Members



Takanori Tobe
Audit and Supervisory Board Member



Kei Hata
Independent External Audit and
Supervisory Board Member
Significant concurrent positions outside
the Company:
Representative, Hata & Co. Law Offices
Lecturer, Graduate School, Rikkyo
University



Hidetoshi Watanabe
Independent External Audit and
Supervisory Board
Member
Significant concurrent positions outside
the Company:
Outside Director, Audit and Supervisory
Committee Member, Business Brain
Showa-Ota Inc.
Outside Audit & Supervisory Board
Member, SAN-AI OBBLI Co., Ltd.



Eiko Hakoda
Independent External Audit and
Supervisory Board
Member
Significant concurrent positions outside
the Company:
Partner, Mori Hamada & Matsumoto
Senior Counsel
Outside Corporate Auditor, KITO
CORPORATION
Outside Director
Prudential Life Insurance Company, Ltd.

Director and Audit & Supervisory Board Member Skill Matrix

	Name	Corporate Management	Finance and Accounting	Legal Affairs and Risk Management	Business Knowledge	Global Business
Corporate Directors	Kazuo Nakamura	●		●	●	
	Keiko Oishi	●			●	●
	Makoto Matsukawa	●			●	●
	Wataru Mochizuki	●	●	●		
	Akihisa Mitake	●			●	●
	Masaru Iwasaki			●	●	●
	Takeshi Karasawa	●		●	●	
	Gregg Lindstrom Mayer	●			●	●
Audit and Supervisory Board Members	Masaru Ota	●	●	●		
	Takanori Tobe			●	●	
	Kei Hata			●		
	Hidetoshi Watanabe		●	●		
	Eiko Hakoda		●	●		●

The above list indicates up to three items that are particularly expected of each candidate, and does not exhaustively describe all the knowledge and experience possessed by each candidate.

10-Year Financial and Non-Financial Highlights

CMIC HOLDINGS Co., Ltd. and Consolidated Subsidiaries

Fiscal years ended September 30

¥ million

	2014/9	2015/9	2016/9	2017/9	2018/9	2019/9	2020/9	2021/9	2022/9	2023/9
Profit and Loss (For the Year)										
Net sales	52,836	55,904	62,039	65,282	69,869	74,373	76,098	85,788	108,461	104,701
Gross profit	10,887	11,087	13,097	14,237	14,892	16,112	14,646	17,727	26,258	24,702
Selling, general and administrative expenses	8,120	9,676	9,733	10,340	10,570	11,706	12,041	12,806	14,412	14,434
Operating income	2,766	1,411	3,363	3,897	4,321	4,405	2,605	4,920	11,845	10,267
Ordinary income	2,645	970	2,989	3,732	4,061	3,841	2,867	5,091	13,450	10,022
Profit attributable to owners of parent	1,174	(542)	878	1,550	1,487	1,822	1,505	2,023	8,387	7,152
Capital expenditures	3,253	4,418	5,611	6,372	4,933	5,990	9,063	6,969	8,846	4,951
Depreciation and amortization	1,579	2,314	2,566	2,822	3,127	3,620	4,529	5,161	5,227	4,660
Cash Flows (For the Year)										
Cash flows from operating activities	2,677	889	6,493	4,937	7,488	4,922	6,703	9,804	11,213	10,449
Cash flows from investing activities	(6,910)	(3,461)	(4,639)	(7,541)	(6,203)	(4,889)	(8,542)	(6,685)	(8,045)	2,136
Free cash flows	(4,233)	(2,572)	1,854	(2,604)	1,285	33	(1,839)	3,119	3,168	12,586
Cash flows from financing activities	3,111	1,904	(2,391)	2,458	7,770	(1,764)	2,354	(6,348)	(1,230)	(1,606)
Financial Condition (Year-end)										
Total assets	49,237	55,861	59,104	65,605	78,034	80,179	89,517	91,192	107,590	70,215
Cash and cash equivalents	5,751	5,638	4,946	4,928	13,976	12,144	12,688	9,379	11,703	19,032
Interest-bearing debt	13,409	18,069	16,085	18,898	19,276	19,196	22,584	17,039	17,136	2,800
Net assets	20,309	20,667	21,397	23,608	33,536	32,994	34,011	34,485	41,269	37,833
Per Share Data (Yen)										
Earnings per share	65.26	(29.57)	47.00	82.90	79.71	98.93	83.27	111.85	469.44	416.25
Book value per share	1,123.74	1,087.84	1,122.55	1,222.37	1,215.95	1,231.65	1,306.08	1,385.55	1,801.31	2,137.14
Dividend per share	35.00	22.50	16.00	27.50	27.50	32.00	25.00	33.50	50.00	50.00
Key Indices										
Overseas subsidiary sales ratio (%)	4.9	5.7	5.9	7.3	6.8	7.6	5.7	4.8	5.1	5.1
Operating margin (%)	5.2	2.5	5.4	6.0	6.2	5.9	3.4	5.7	10.9	9.8
ROE (%)	5.9	-	4.3	7.1	6.5	8.1	6.6	8.3	29.6	21.1
ROA (%)	2.5	-	1.5	2.5	2.1	2.3	1.8	2.2	8.4	8.0
Equity ratio (%)	41.1	36.4	35.5	34.9	28.9	27.8	26.4	27.5	29.4	51.4
Net D/E ratio (times)	0.37	0.60	0.52	0.61	0.23	0.32	0.41	0.30	0.17	(0.45)
Stock price at year-end (yen)* ¹	1,971	1,700	1,532	1,573	2,291	1,716	1,350	1,500	1,528	1,722
Price earning ratio (times)	30.2	-	32.6	19.0	28.7	17.3	16.2	13.4	3.3	4.1
Price book value ratio (times)	1.8	1.6	1.4	1.3	1.9	1.4	1.0	1.1	0.8	0.8
Dividend yield (%)	1.8	1.3	1.0	1.7	1.2	1.9	1.9	2.2	3.3	2.9
Non-Financial										
Employees (consolidated)	4,192	4,473	4,539	4,704	4,962	5,344	5,464	5,569	5,651	4,684
(of which average number of temporary employees)	(1,170)	(1,327)	(1,368)	(1,409)	(1,499)	(1,567)	(1,581)	(1,772)	(1,995)	(1,903)

Non-Financial Highlights

CMIC HOLDINGS Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended September 30

	2020/9	2021/9	2022/9	2023/9
Non-Financial				
Employees (consolidated)	5,464	5,569	5,651	4,684
(of which average number of temporary employees)	(1,581)	(1,772)	(1,995)	(1,903)
Male-female ratio				
Female(%)	55.4	55.3	56.0	58.8
Male(%)	44.6	44.7	44.0	41.2
Ratio of female officers(%)*2		8.3	15.4	18.5
Female manager ratio(%)				
Consolidated Group companies in Japan	27.9	24.5	24.6	28.3
CMIC HOLDINGS Co., Ltd.				33.8
CMIC Co., Ltd.				33.3
CMIC Pharma Science Co., Ltd.				14.8
CMIC Inizio Co., Ltd.				16.0
CMIC HealthCare Institute Co., Ltd.				25.7
CMIC Solutions Co., Ltd.				37.9
Gender pay gap(%)*3				
Consolidated Group companies in Japan*4				
All employees			71.5	76.2
Full-time permanent employees			76.5	77.6
Part-time/temporary employees			53.8	63.2
CMIC HOLDINGS Co., Ltd.				
All employees				75.2
Full-time permanent employees				75.9
Part-time/temporary employees				54.1
CMIC Co., Ltd.				
All employees				80.2
Full-time permanent employees				81.3
Part-time/temporary employees				74.9
CMIC Pharma Science Co., Ltd.				
All employees				74.2
Full-time permanent employees				80.7
Part-time/temporary employees				42.1
CMIC Inizio Co., Ltd.				
All employees				81.5
Full-time permanent employees				77.1
Part-time/temporary employees				92.2
CMIC HealthCare Institute Co., Ltd.				
All employees				71.3
Full-time permanent employees				72.9
Part-time/temporary employees				60.2
CMIC Solutions Co., Ltd.				
All employees				59.2
Full-time permanent employees				71.4
Part-time/temporary employees				62.8
Ratio of male employees who have taken childcare leave				
CMIC HOLDINGS Co., Ltd.				20.0
CMIC Co., Ltd.				73.1

	2020/9	2021/9	2022/9	2023/9
Non-Financial				
Mid-career employee recruitment ratio(%) (April-March)*5	75.3	75.4	78.6	79.4
Ratio of management positions accounted for by foreigners		8.3	7.2	4.5
Employment of disabled persons*1				
No. of persons	88	88	94	74
Ratio of all employees (%)	1.45	1.41	1.46	1.37
Employee ratio by age cohort (%)*1				
(Age) 0-14	-	-	-	-
15-19	1.1	1.0	0.9	0.1
20-29	20.8	20.4	19.6	18.1
30-39	30.9	28.7	28.0	29.1
40-49	28.4	28.3	28.1	28.6
50-59	14.1	16.2	18.1	18.3
60-65	3.8	4.2	4.2	4.7
66-	1.0	1.1	1.0	1.2
CO2 emissions*5				
SCOPE1 (thousand tons CO2)	12	13	14	1
SCOPE2 (thousand tons CO2)	30	29	29	7
SCOPE1, SCOPE2 total (thousand tons CO2)	43	42	44	8
Industrial waste emissions*6				
Ascertained weight(kg)	876	1,073	947	14
Ascertained volume(L)	152	163	153	165
No. of whistle-blowing cases	23	56	57	60
Working environments	3	4	3	1
Harassment-related	6	29	34	16
Other	14	23	20	43
Disciplinary action				
Dismissal	0	0	1	0
Other than dismissal	10	6	8	8
Health and Safety*7				
Deaths due to work-related accidents	0	0	0	0
Work-related accidents	27	14	27	16
Training attendance (%)				
Compliance	99.4	96.0	97.7	98.8
Privacy protection	99.4	96.1	97.5	98.9
Quality management	99.4	96.3	97.3	98.5
Management of Conflict of Interest/Anti-Bribery and Corruption	99.4	96.5	96.9	97.8
Information security	99.4	98.6	96.6	97.3
Harassment prevention	99.4	98.5	95.9	95.6

*1. Scope: Consolidated Group companies in Japan
*2. Executive Management, Outside Directors and Audit & Supervisory Board members
*3. The percentage of wages earned by females compared with wages earned by males
*4. Scope 2022: A company with the obligation to disclose data pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
2023: Consolidated Group companies in Japan
*5. Consolidated Group companies in Japan
Period covered: 2020: April of the previous year to March of the subject year; 2021 to 2023: October of the previous year to September of the subject year.
*6. Bases in Japan
Scope 1: Direct emissions of greenhouse gases by business operators themselves
Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies
Reference: Since the CMIC CMO Group became an equity-method affiliate in the fiscal year ended September 30, 2023, it has been excluded from emission calculations from the beginning of the fiscal year ended September 30, 2023.
*7. Number of cases reported by consolidated Group companies in Japan based on Japan's Industrial Safety and Health Act (Period: April of the previous year to March of the subject year)

Consolidated Financial Statements

Consolidated Balance Sheets

Consolidated Balance Sheets
As of September 30, 2022 and 2023

	2022	2023
Assets		
Current assets		
Cash and deposits	11,806	19,034
Notes and accounts receivable – trade and contract assets	24,632	16,992
Merchandise and finished goods	526	414
Work in process	4,384	1,927
Raw materials and supplies	3,932	1,077
Other	2,786	2,997
Allowance for doubtful accounts	(58)	(121)
Total current assets	48,010	42,322
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,412	9,120
Accumulated depreciation	(13,200)	(4,479)
Buildings and structures, net	16,211	4,641
Machinery, equipment and vehicles	25,593	1,642
Accumulated depreciation	(16,138)	(1,226)
Machinery, equipment and vehicles, net	9,454	416
Tools, furniture and fixtures	8,026	4,984
Accumulated depreciation	(5,441)	(3,365)
Tools, furniture and fixtures, net	2,585	1,619
Land	6,836	1,247
Leased assets	5,183	638
Accumulated depreciation	(1,784)	(465)
Leased assets, net	3,398	173
Construction in progress	4,335	91
Total property, plant and equipment	42,822	8,189
Intangible assets		
Goodwill	32	337
Other	2,260	1,241
Total intangible assets	2,292	1,579
Investments and other assets		
Investment securities	3,039	9,369
Deferred tax assets	8,471	5,718
Lease and guarantee deposits	2,350	2,246
Other	1,321	789
Allowance for doubtful accounts	(719)	-
Total investments and other assets	14,464	18,123
Total non-current assets	59,580	27,892
Total assets	107,590	70,215

	2022	2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,190	85
Current portion of long-term debt	3,602	1,123
Accounts payable-other	8,400	5,929
Accrued expenses	2,024	1,586
Income taxes payable	3,868	564
Contract liabilities	4,470	2,014
Provision for bonuses	6,110	4,335
Provision for directors bonuses	92	100
Provision for loss on order received	1,225	1,030
Other	4,888	3,901
Total current liabilities	35,872	20,670
Non-current liabilities		
Long-term debt	13,534	1,677
Lease obligations	3,627	127
Deferred tax liabilities	12	4
Net defined benefit liability	11,000	9,388
Asset retirement obligations	370	259
Long-term unearned revenue	1,581	-
Other	322	255
Total non-current liabilities	30,448	11,711
Total liabilities	66,320	32,382
Net assets		
Shareholders' equity		
Capital stock	3,087	3,087
Capital surplus	6,093	6,050
Retained earnings	24,444	30,712
Treasury stock	(2,346)	(3,580)
Total shareholders' equity	31,279	36,271
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	742	352
Foreign currency translation adjustments	(432)	(557)
Remeasurements of defined benefit plans	34	18
Total accumulated other comprehensive income	344	(186)
Non-controlling interests	9,645	1,748
Total net assets	41,269	37,833
Total liabilities and net assets	107,590	70,215

Consolidated Statements of Income

CMIC HOLDINGS Co., Ltd., and Consolidated Subsidiaries
For the fiscal years ended September 30, 2022 and 2023

	¥ million	
	2022	2023
Net sales	108,461	104,701
Cost of sales	82,203	79,999
Gross profit	26,258	24,702
Selling, general and administrative expenses	14,412	14,434
Operating income	11,845	10,267
Non-operating income		
Interest income	3	22
Foreign exchange gains	1,720	135
Subsidy income	23	37
Other	83	57
Total non-operating income	1,830	253
Non-operating expenses		
Interest expenses	152	154
Share of loss of entities accounted for using equity method	-	295
Other	73	47
Total non-operating expenses	225	497
Ordinary income	13,450	10,022
Extraordinary income		
Gain on change in equity	-	(38)
Gain on sales of investment securities	-	3,349
Gain on reversal of loss of asset retirement obligations	139	-
Total extraordinary income	139	3,388
Extraordinary losses		
Impairment loss	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
Total extraordinary losses	1,550	1,535
Profit before income taxes	12,039	11,875
Current	6,066	4,163
Deferred	(3,071)	421
Total income taxes	2,994	4,585
Profit	9,045	7,289
Profit (loss) attributable to non-controlling interests	657	137
Profit attributable to owners of parent	8,387	7,152

Consolidated Statements of Comprehensive Income

CMIC HOLDINGS Co., Ltd., and Consolidated Subsidiaries
For the fiscal years ended September 30, 2022 and 2023

	¥ million	
	2022	2023
Profit	9,045	7,289
Other comprehensive income		
Valuation difference on available-for-sale securities	99	(390)
Foreign currency translation adjustments	(8280)	4
Remeasurements of defined benefit plans	(173)	(12)
Accounted for using equity method	-	(130)
Total other comprehensive income	(902)	(529)
Comprehensive income	8,142	6,760
Comprehensive income attributable to		
Owners of parent	7,909	6,622
Non-controlling interests	233	138

Consolidated Statements of Changes in Equity

CMIC HOLDINGS Co., Ltd., and Consolidated Subsidiaries

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
For the fiscal year ended September 30, 2022	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,087	6,100	16,600	(1,546)	24,242	642	(1)	182	822	9,420	34,485
Cumulative effects of changes in accounting policies			67		67						67
Balance at the beginning of period reflecting changes in accounting policies	3,087	6,100	16,667	(1,546)	24,309	642	(1)	182	822	9,420	34,553
Changes in items during period											
Dividends of surplus			(520)		(520)						(520)
Dividends of surplus (Interim dividends)			(90)		(90)						(90)
Profit (loss) attributable to owners of parent			8,387		8,387						8,387
Purchase of treasury shares				(800)	(800)						(800)
Change in scope of consolidation			(0)		(0)						(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(6)			(6)						(6)
Net changes in items other than shareholders' equity						100	(431)	(147)	(478)	224	(253)
Total changes in items during period	-	(6)	7,776	(800)	6,969	100	(431)	(147)	(478)	224	6,715
Balance at end of period	3,087	6,093	24,444	(2,346)	31,279	742	(432)	34	344	9,645	41,269

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
For the fiscal year ended September 30, 2023	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,087	6,093	24,444	(2,346)	31,279	742	(432)	34	344	9,645	41,269
Changes in items during period											
Dividends of surplus			(797)		(797)						(797)
Dividends of surplus (Interim dividends)			(86)		(86)						(86)
Profit (loss) attributable to owners of parent			7,152		7,152						7,152
Purchase of treasury shares				(1,269)	(1,269)						(1,269)
Disposal of treasury shares		2		35	38						38
Change in ownership interest of parent due to transactions with non-controlling interests		(45)			(45)						(45)
Net changes in items other than shareholders' equity						(390)	(124)	(16)	(530)	(7,896)	(8,427)
Total changes in items during period	-	(42)	6,268	(1,234)	4,991	(390)	(124)	(16)	(530)	(7,896)	(3,436)
Balance at end of period	3,087	6,050	30,712	(3,580)	36,271	352	(557)	18	(186)	1,748	37,833

Consolidated Statements of Cash Flows

CMIC HOLDINGS Co., Ltd., and Consolidated Subsidiaries
For the fiscal years ended September 30, 2022 and 2023

	¥ million	
	2022	2023
Cash flows from operating activities:		
Profit before income taxes	12,039	11,875
Depreciation	5,227	4,660
Impairment loss	1,386	1,090
Amortization of goodwill	21	103
Increase (decrease) in allowance for doubtful accounts	105	(619)
Interest and dividend income	(3)	(22)
Interest expenses	152	154
Foreign exchange losses (gains)	(1,646)	(444)
Share of (loss) profit of entities accounted for using equity method	-	295
Decrease (increase) in notes and accounts receivable - trade	(6,064)	4,678
Decrease (increase) in inventories	(1,398)	(32)
Increase (decrease) in notes and accounts payable - trade	124	(23)
Increase (decrease) in provision for bonuses	2,962	(1,559)
Increase (decrease) in provision for directors' bonuses	2	8
Increase (decrease) in retirement benefit liability	471	616
Increase (decrease) in provision for loss on order received	(81)	(198)
Loss (gain) on sales of investment securities	-	(3,349)
Loss (gain) on valuation of investment securities	8	62
Loss on retirement of non-current assets	155	233
Loss (gain) on change in equity	-	(38)
Gain on reversal of loss of asset retirement obligations	(139)	-
Loss on liquidation of subsidiaries	-	49
Compensation for loss	-	100
Subsidy income	(23)	(37)
Increase (decrease) in contract liabilities	2,111	71
Increase (decrease) in accrued expenses	488	(91)
Increase (decrease) in deposits received	557	126
Other, net	173	296
Subtotal	16,631	18,004
Interest and dividend income received	2	23
Interest expenses paid	(154)	(156)
Amount of subsidy acquired	23	37
Income taxes paid	(5,289)	(7,458)
Net cash provided by (used in) operating activities	11,213	10,449
Cash flows from investing activities:		
Payments into time deposits	(99)	(41)
Purchase of property, plant and equipment	(6,508)	(5,417)
Proceeds from sales of property, plant and equipment	12	6
Purchase of investment securities	(80)	(486)
Proceeds from sales of investment securities	30	5,039
Purchase of intangible assets	(885)	(826)
Proceeds from sale of intangible assets	-	1
Payment for investments in subsidiaries	(136)	-
Payments for lease and guarantee deposits	(466)	(74)
Proceeds from collection of lease and guarantee deposits	98	187
Proceeds from collection of long-term loans receivable	-	3,907
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(160)
Other, net	(8)	(0)
Net cash provided by (used in) investing activities	(8,045)	2,136

	¥ million	
	2022	2023
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(918)	(25)
Proceeds from long-term loans payable	4,700	3,500
Repayments of long-term loans payable	(3,684)	(2,770)
Purchase of treasury stock	(800)	(1,260)
Cash dividends paid	(610)	(883)
Dividends paid to non-controlling interests	(8)	(5)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(210)
Proceeds from share issuance to non-controlling shareholders	-	250
Repayments of lease obligations	(552)	(451)
Income from sale-and-leaseback	643	-
Purchase of treasury shares of subsidiaries	-	(12,000)
Proceeds from disposal of treasury shares of subsidiaries	-	12,249
Net cash provided by (used in) financing activities	(6,348)	(1,606)
Effect of exchange rate change on cash and cash equivalents	(82)	109
Net increase (decrease) in cash and cash equivalents	(3,310)	11,088
Cash and cash equivalents at beginning of period	12,688	11,703
Increase in cash and cash equivalents from newly consolidated subsidiary	1	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(3,760)
Cash and cash equivalents at end of period	11,703	19,032

Group Network

Important Subsidiaries
As of September, 2023

Business segment	Company name	Paid-in capital	Share ownership (%)	Main business
Pharmaceutical Solutions	CRO Business			
	CMIC Co., Ltd.	100 million yen	100.0%	Clinical services
	CMIC ShiftZero K.K.	10 million yen	100.0%	Clinical services/Oncology drugs
	CMIC Korea Co., Ltd.	1,300 million won	100.0%	Clinical services/South Korea
	CMIC ASIA-PACIFIC, PTE. LTD.	350 thousand US dollars	100.0%	Clinical services/Singapore and Taiwan
	CMIC(Beijing)Co., Ltd.	605 million yen	100.0%	Clinical services/China
	CMIC Pharma Science Co., Ltd.	99 million yen	100.0%	Non-clinical services/Bioanalysis services and non-clinical trials
	CMIC, INC.	11 thousand US dollars	100.0%	Non-clinical services/Bioanalysis services/US
	CDMO Business			
	CMIC Bio Co., Ltd.	100 million yen	100.0%	Development of manufacturing technologies for biopharmaceutical drug substances and contract manufacturing
	Market Solutions Business			
	CMIC Ashfield Co., Ltd.	55 million yen	50.01%	MR dispatch, pharmaceutical sales and marketing support
	OrphanPacific, Inc.	100 million yen	100.0%	Development and sales of orphan drugs, etc.
Healthcare Revolution	Site Support Solutions Business			
	CMIC HealthCare Institute Co., Ltd.	99 million yen	100.0%	Site Management Organization (SMO) services, healthcare services
	Healthcare Revolution Business			
	CMIC Solutions Co., Ltd.	25 million yen	100.0%	BPO and human resource services for the medical and pharmaceutical industries
	CMIC Well Co., Ltd.	5 million yen	100.0%	Business support operations
	harmoni Co., Ltd.	30 million yen	100.0%	Services utilizing healthcare communication channels
	KNOCK ON THE DOOR Inc.	80 million yen	56.19%	Business development and support centered on a support platform for patients and families

Notes: 1. After acquiring all of the shares of CMIC ShiftZero K.K. on April 1, 2023, CMIC HOLDINGS Co., Ltd. transferred all of the company's shares to CMIC Co., Ltd. As a result, the Company's indirect voting rights share ownership in CMIC ShiftZero K.K. came in at 100%. Meanwhile, CMIC ShiftZero K.K. was merged into CMIC Co., Ltd. through an absorption-type merger on October 1, 2023.
2. CMIC Ashfield Co., Ltd. changed its corporate name to CMIC Inizio Co., Ltd. on October 1, 2023.
3. CMIC HOLDINGS Co., Ltd. acquired shares of Knock on the Door, Inc. through the subscription of preferred shares with voting rights by way of a third-party allotment of shares conducted by the company on October 19, 2022 and the transfer of outstanding preferred shares with voting rights. As a result, KNOCK ON THE DOOR Inc. was included in the scope of the Company's consolidation as a subsidiary.

Corporate Data/Investor Information

Corporate Overview (As of September 30, 2023)

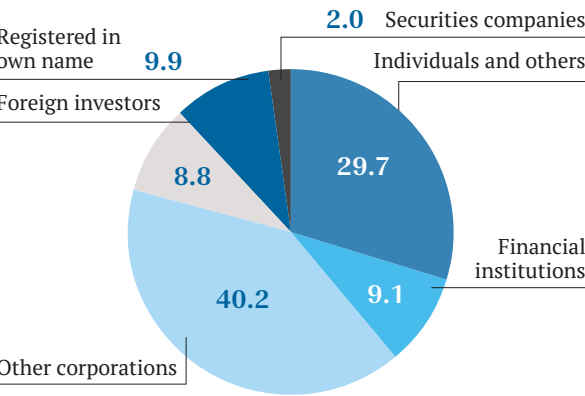
Company name	CMIC HOLDINGS Co., Ltd.	Number of shares issued	18,923,569 shares (including 1,880,924 treasury stocks)
Headquarters	1-1-1 Shibaura, Minato-ku, Tokyo, Japan 105-0023	Trading unit	100 shares
Founded	1992	Number of shareholders	15,458
Paid-in capital	¥3,087.75 million	Transfer agent	Mizuho Trust & Banking Co., Ltd.
Number of employees (consolidated)	6,587	Fiscal year-end	September 30
Stock exchange listing	Prime Market of Tokyo Stock Exchange (Code: 2309)	Ordinary general meeting of shareholders	December
Number of authorized shares	46,000,000	Record date	September 30

Major Shareholders (As of September 30, 2023)

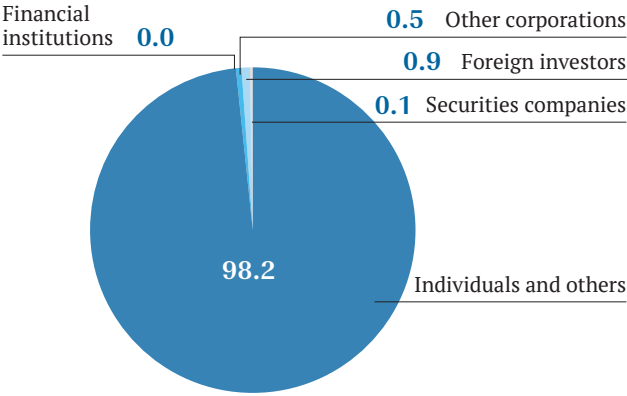
Shareholders	Number of shares held	Ratio of shares held *(%)
Artemis Inc.	4,022,200	23.60
Keith Japan	3,552,240	20.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,122,600	6.59
Employees' Stockholding	1,038,895	6.10
Kazuo Nakamura	565,620	3.32
DZ PRIVATBANK S.A.RE INVESTMENTFONDS	240,000	1.41
Custody Bank of Japan, Ltd. (Trust Account)	239,000	1.40
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	178,907	1.05
SMBC Nikko Securities Inc.	160,200	0.94
Custody Bank of Japan, Ltd. (Trust E Account)	158,000	0.93
Total	11,277,662	66.17

Notes: 1. The stockholding ratio is calculated by subtracting treasury stock (1,880,924 shares) from the total amount of common stock issued.
2. Treasury stock (1,880,924 shares) is excluded from the major shareholders.
3. Treasury stock does not include shares in the Company (158,000) held by the Board Benefit Trust (J-ESOP).

Breakdown by Number of Shares Held (%)



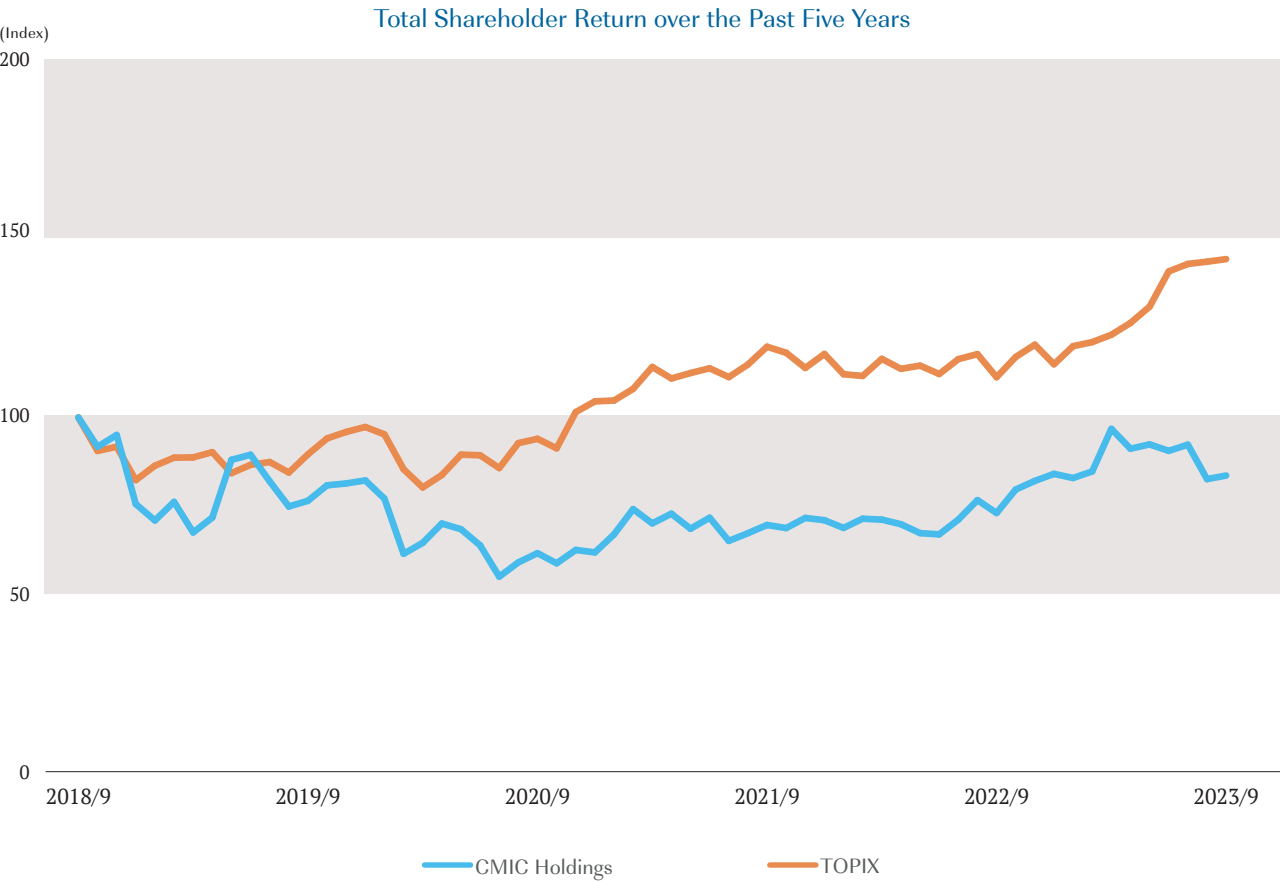
Breakdown by Number of Shareholders (%)



Shareholder Distribution by Number of Shares Held (%)

Less than 1 share unit	8.82	100 or more but fewer than 500 share units	0.37
1 or more but fewer than 5 share units	81.54	500 or more but fewer than 1,000 share units	0.05
5 or more but fewer than 10 share units	4.36	1,000 or more but fewer than 5,000 share units	0.06
10 or more but fewer than 50 share units	4.26	5,000 or more share units	0.03
50 or more but fewer than 100 share units	0.47	Registered in own name	0.00

Total Shareholder Return



Note: The above chart shows the rate of return taking into consideration the dividend as of September 30, 2023, and the stock price when an investment was conducted on September 30, 2018. Investment performance including dividends has been added to the CMIC Holdings stock price and indexed at 100 as of September 30, 2018. The TSE Stock Price Index (TOPIX), which is a comparative index, also uses indexed data and is indexed in the same way.

Other Information about CMIC Group

CMIC Group Website



<https://en.cmicgroup.com/>

Our Services



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