



Overview of Financial Results for FY2019

CMIC HOLDINGS Co., Ltd.
November 14, 2019



FY19 Financial highlights

(October 1, 2018-September 30, 2019)

CMIC HOLDINGS Co., Ltd.
Wataru Mochizuki, CFO

CMIC Overview



CMIC's unique business model (PVC)

CSO business

(Contract Sales Organization)

Sales and marketing support

Healthcare business

(Healthcare)

Business that enhances individual health value

Pharmaceutical Value Creator

Strategic partner for pharmaceutical companies

CDMO business

(Contract Development Manufacturing Organization)

Formulation development and manufacturing support

IPM business

(Innovative Pharma Model)

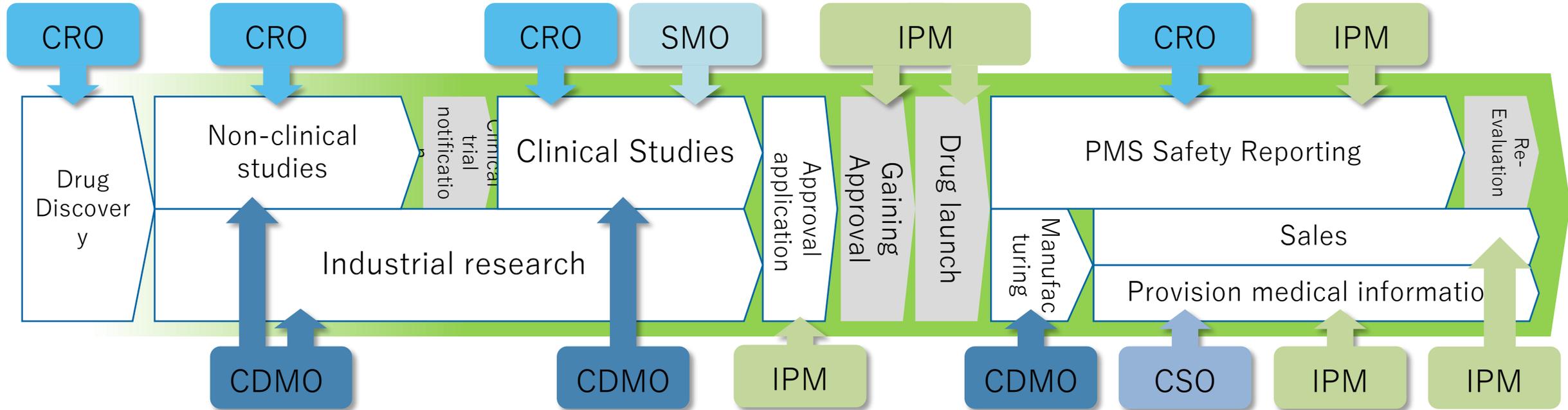
Pharmaceutical company that exists for the benefit of pharmaceutical companies

CRO business

(Contract Research Organization)

Drug development support

Comprehensively support the value chains of pharmaceutical companies



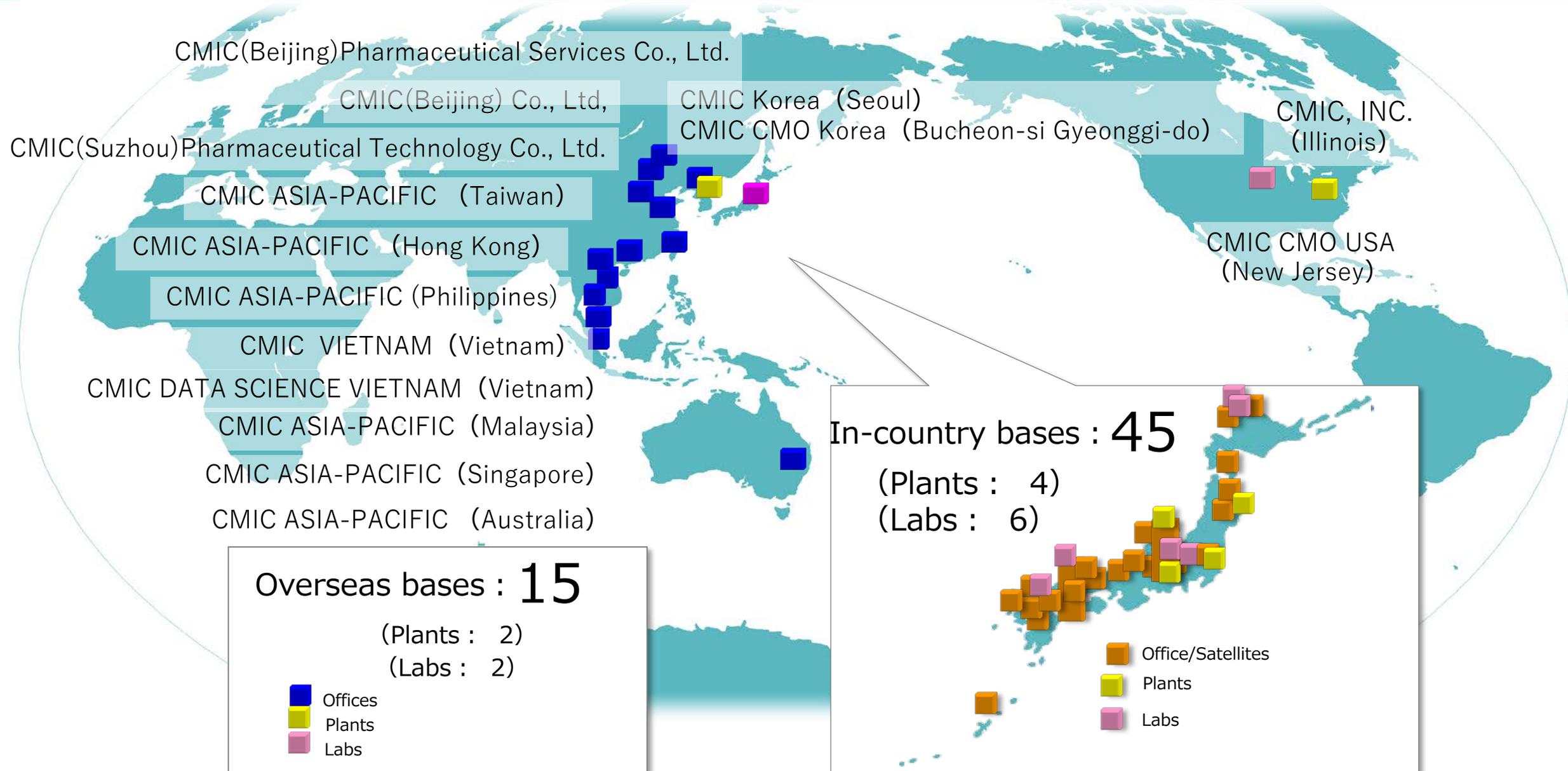
IPM

Platform-type pharmaceutical business

HC

Business to enhance individual health value

CMIC Group Global Coverage



Business segments and group companies

Blue indicates overseas.

*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of Sep. 2019)
<p>CRO Business</p>	<p>Services related to pharmaceutical development support, analytical chemistry services, and healthcare for pharmaceutical companies, and BPO and personnel services for the pharmaceutical industry</p>	<p>CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd. CMIC ShiftZero K.K. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD. CMIC Asia-Pacific (Hong Kong) Limited CMIC ASIA-PACIFIC (PHILIPPINES), INC. CMIC ASIA-PACIFIC (AUSTRALIA) PTY LTD CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd. CMIC DATA SCIENCE VIETNAM COMPANY LIMITED CMIC Pharma Science Co., Ltd. CMIC, INC. CMIC (Suzhou) Pharmaceutical Technology Co., Ltd. CMIC Career Co., Ltd.</p>
<p>CDMO Business</p>	<p>Services related to drug formulation development and manufacturing support, from formulation design to investigational new drug manufacturing to commercial production of ethical drugs and nonprescription drugs for pharmaceutical companies</p>	<p>CMIC CMO Co., Ltd. CMIC CMO NISHINE Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation CMIC JSR Biologics Co., Ltd.*</p>
<p>CSO Business</p>	<p>Services provided to pharma companies related to sales & marketing support</p>	<p>CMIC Ashfield Co., Ltd. McCann MDS Inc.*</p>
<p>Healthcare Business</p>	<p>Support services primarily for medical institutions and treating, maintaining, and promoting the health of patients and general consumers, such as SMO services and healthcare information services</p>	<p>Site Support Institute Co., Ltd. SSI-CP co.,Ltd. CMIC Healthcare Co., Ltd. CMIC VIETNAM COMPANY LIMITED</p>
<p>IPM Business</p>	<p>Provision of new business solution to pharmaceutical companies that combines the system to support all value chains and manufacturing authorization and other licenses (intellectual properties) held by CMIC Group</p>	<p>CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.</p>

Main initiatives of the current term

Push forward “Project Phoenix -Initiatives to achieve sustainable growth-” and start “2019-2021 Mid-term Plan”

Focus activities

- ◆ In addition to the PVC model, we will accelerate the IPM solution business that combines the marketing authorization licenses
- ◆ Strengthening Area Competitiveness and promoting Globalization
- ◆ Creation of healthcare business

CRO Business

- ✓ Established a local affiliate in Australia to increase area competitiveness in Asia and Oceania
- ✓ Enhanced Post-marketing surveillance (PMS) and Clinical research support business using medical database
- ✓ Promoted readiness for evolving fields including biologics and regenerative medicine

CDMO Business

- ✓ Succeeded Astellas Pharma Tech Nishine Plant to increase the manufacturing capabilities of oral solid dosage forms
- ✓ Launched a new parenteral drug manufacturing facility with capabilities to manufacture high-potency drugs and started producing clinical-trial materials
- ✓ Formed business alliances with U.S.-based corporations that possess 3DP technology platform and sophisticated flexible dosing tablet technology

CSO Business

- ✓ Opened “MA academy”, the first private sector institution to train Medical Affairs (MA) personnel, and expanded services in the Medical Affairs arena

Healthcare Business

- ✓ BELL24-Cell Product, Inc. became our group company to further enhance our presence in Hokkaido
- ✓ Started "harmo", the electronic prescription record service transferred from Sony Corporation
- ✓ Started services for self-collect HPV test “SelCheck Cervical Cancer”
- ✓ Started collaborative research with Tohoku University aiming at practical application of Healthcare IoT

IPM Business

- ✓ Supported foreign pharmaceutical companies entering the Japanese market through provision of the IPM platform

Consolidated income statement (overview)

	2018/9		2019/9		YoY change	Percent change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	69,869	100.0	74,373	100.0	4,504	6.4
Operating income	4,321	6.2	4,405	5.9	84	1.9
Ordinary income	4,061	5.8	3,841	5.2	(220)	(5.4)
Profit attributable to owners of parent	1,487	2.1	1,822	2.5	334	22.5
Earnings per share	¥79.71		¥98.93			

Breakdown of Non-operating income and expenses /Extraordinary income and losses/Income taxes

	2018/9	2019/9		2018/9	2019/9	(¥ millions)
Non-operating income	98	97	Extraordinary income	233	14	
Interest income	6	4	Gain on sales of non-current assets	-	14	
Foreign exchange gains	17	-	Gain on abolishment of retirement benefit plan	233	-	
Rent income	20	22				
Refunded consumption taxes	14	21	Extraordinary losses	346	409	
Insurance claims received	3	16	Impairment loss	-	225	
Other	36	32	Loss on retirement of non-current assets	59	122	
Non-operating expenses	357	661	Loss on revision of pay Regulations	280	-	
Interest expenses	116	114	Corresponding cost system failure	-	62	
Foreign exchange gains	-	176	Other	5	-	
Share of loss of entities accounted for using equity method	182	252	Income taxes	2,187	1,785	
Other	58	117	Current	2,260	1,949	
			Deferred	(72)	(163)	

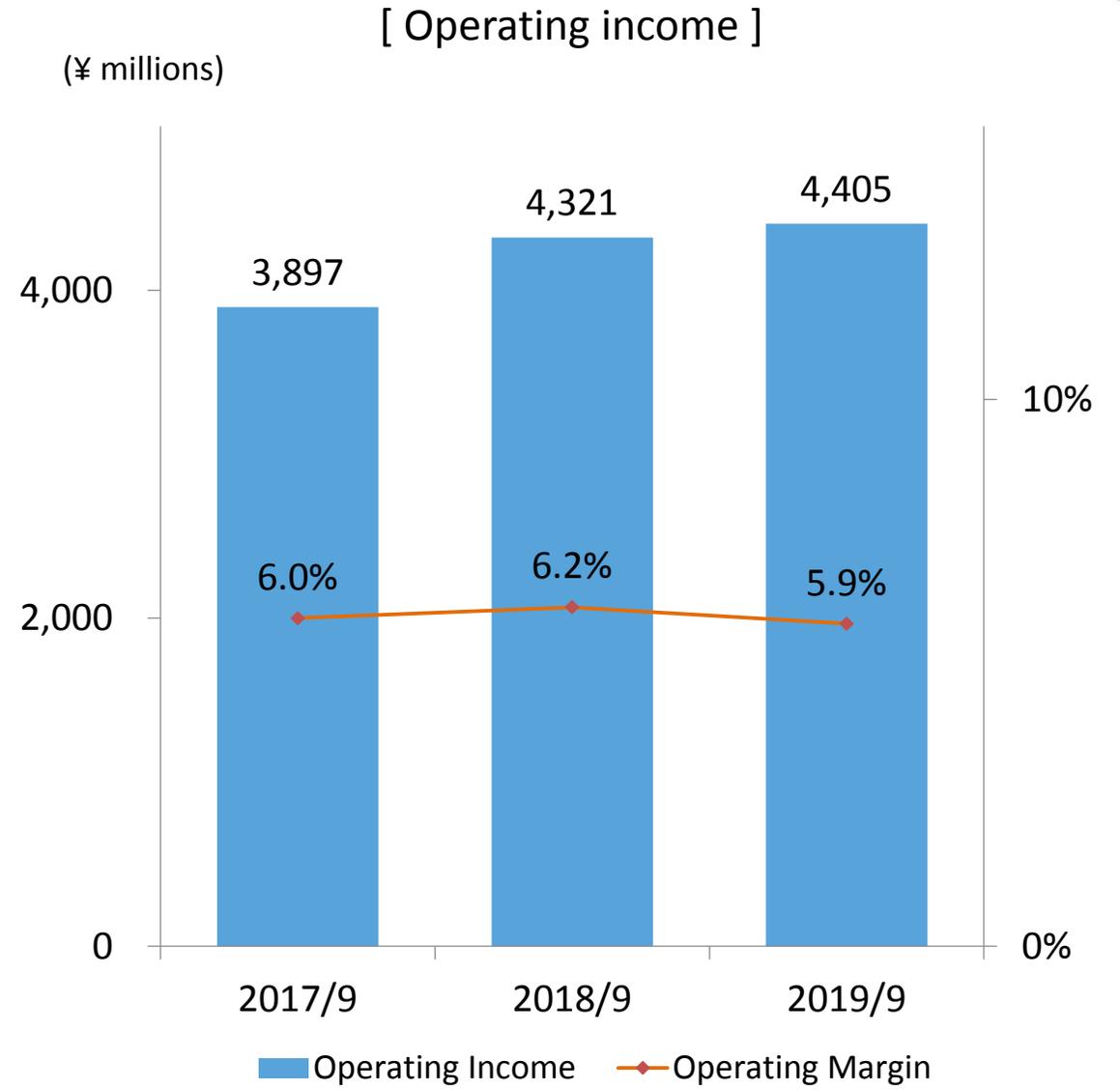
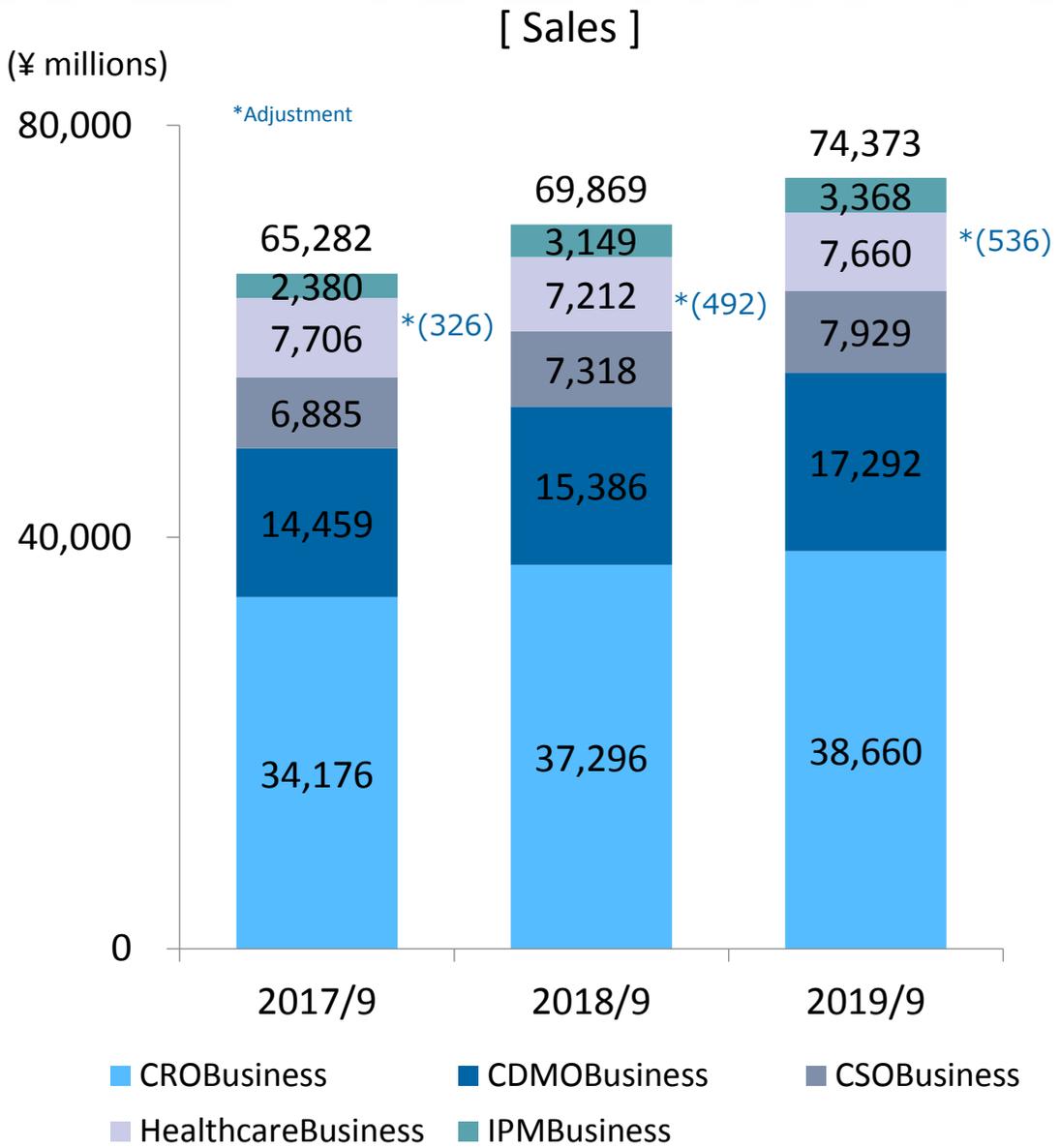
Sales & Operating income by segment

		2018/9 Amount (¥ millions)	2019/9 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	37,296	38,660	1,364	3.7
	Operating income	6,650	6,899	249	3.7
CDMO Business	Sales	15,386	17,292	1,905	12.4
	Operating income	4	116	112	2,692.9
CSO Business	Sales	7,318	7,929	611	8.4
	Operating income	335	236	(99)	(29.5)
Healthcare Business	Sales	7,212	7,660	448	6.2
	Operating income	822	881	59	7.3
IPM Business	Sales	3,149	3,368	218	7.0
	Operating income	(360)	(396)	(35)	-
Adjustments	Sales	(492)	(536)	(43)	-
	Operating income	(3,130)	(3,332)	(201)	-
Consolidated	Sales	69,869	74,373	4,504	6.4
	Operating income	4,321	4,405	84	1.9

Orders received / Backlog

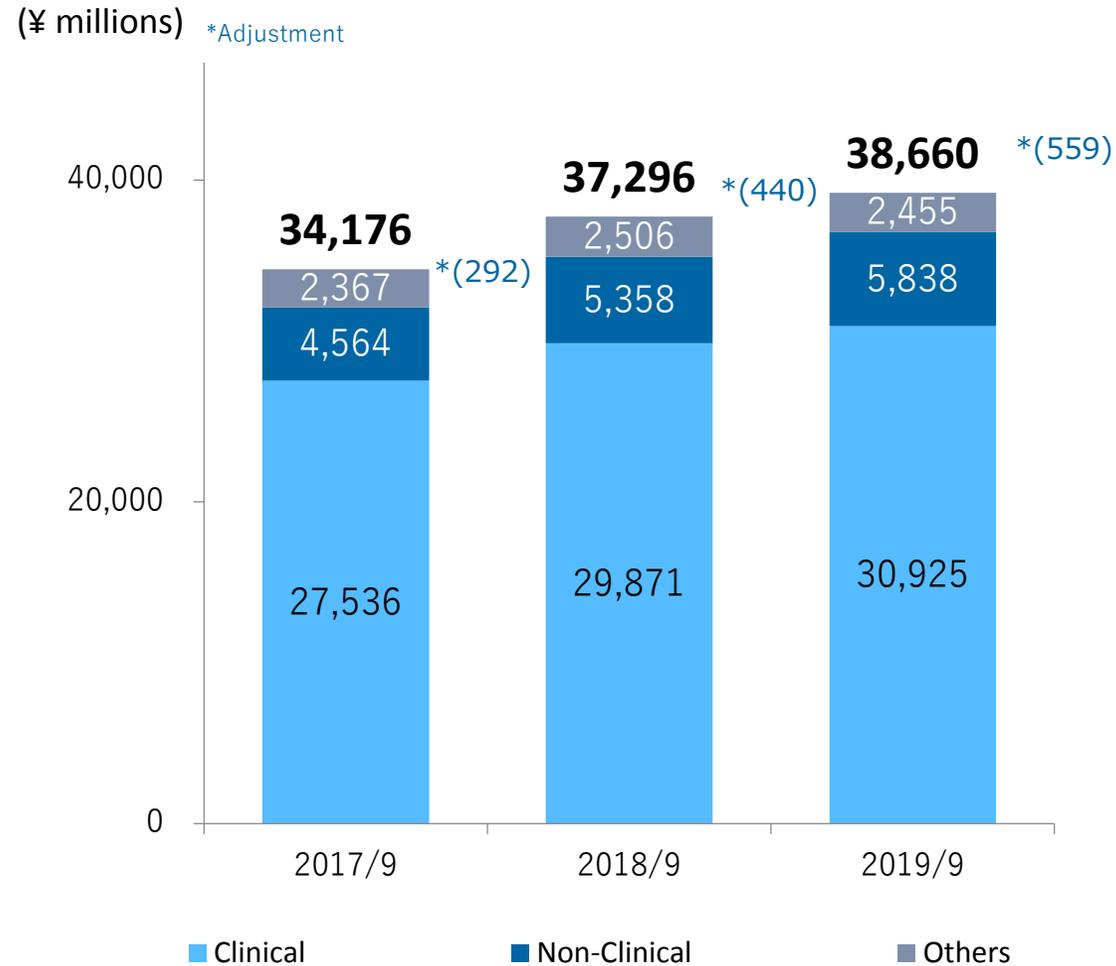
	2018/9		2019/9			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent change (%)	Backlog (¥ millions)	Percent change (%)
CRO Business	37,873	55,805	36,359	(4.0)	53,895	(3.4)
CDMO Business	15,463	3,827	18,722	21.1	5,312	38.8
CSO Business	7,482	3,261	8,688	16.1	4,022	23.3
Healthcare Business	7,654	9,639	8,862	15.8	10,930	13.4
Total	68,474	72,534	72,633	6.1	74,161	2.2

Trend in consolidated Sales & Operating income

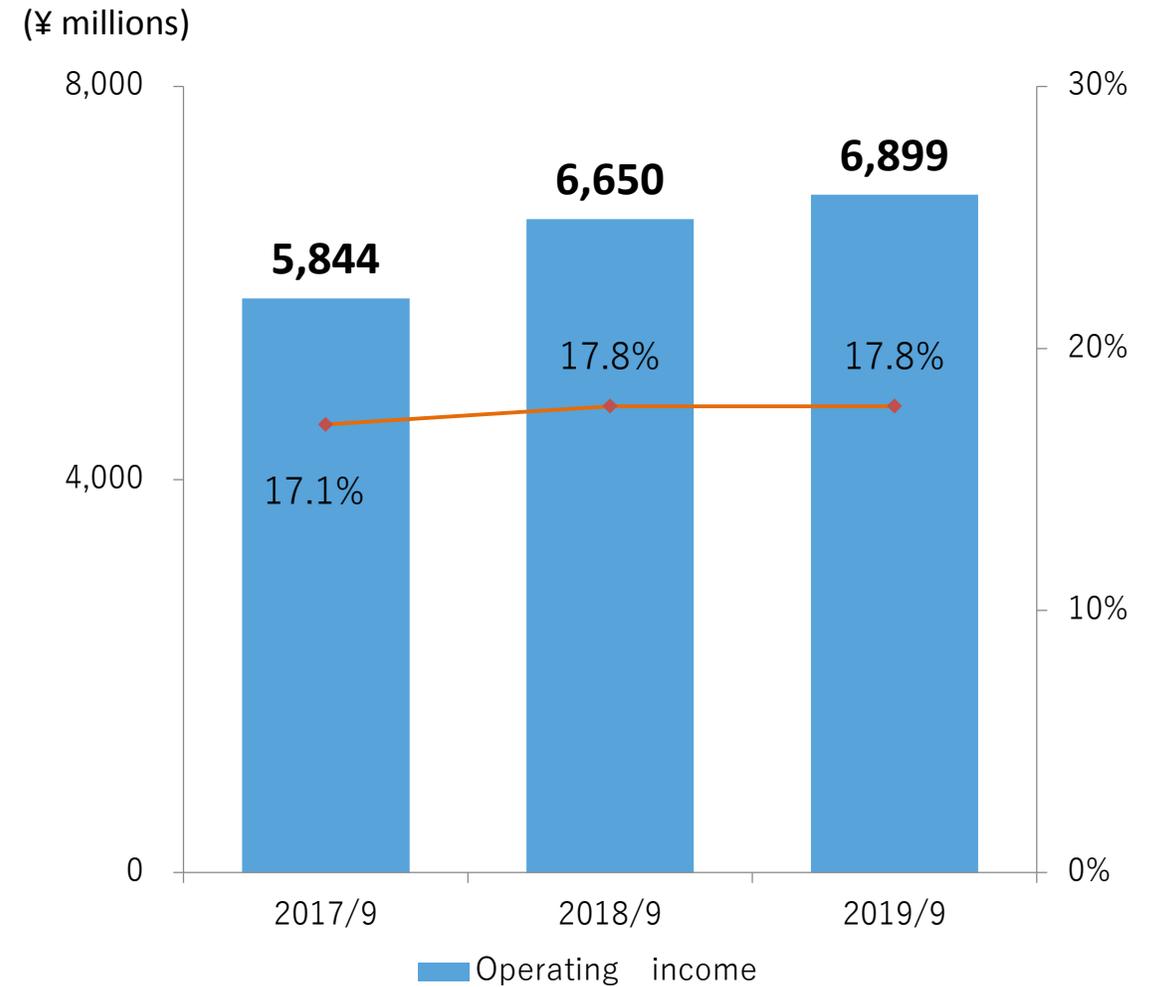


Contract Research Organization (CRO) Business

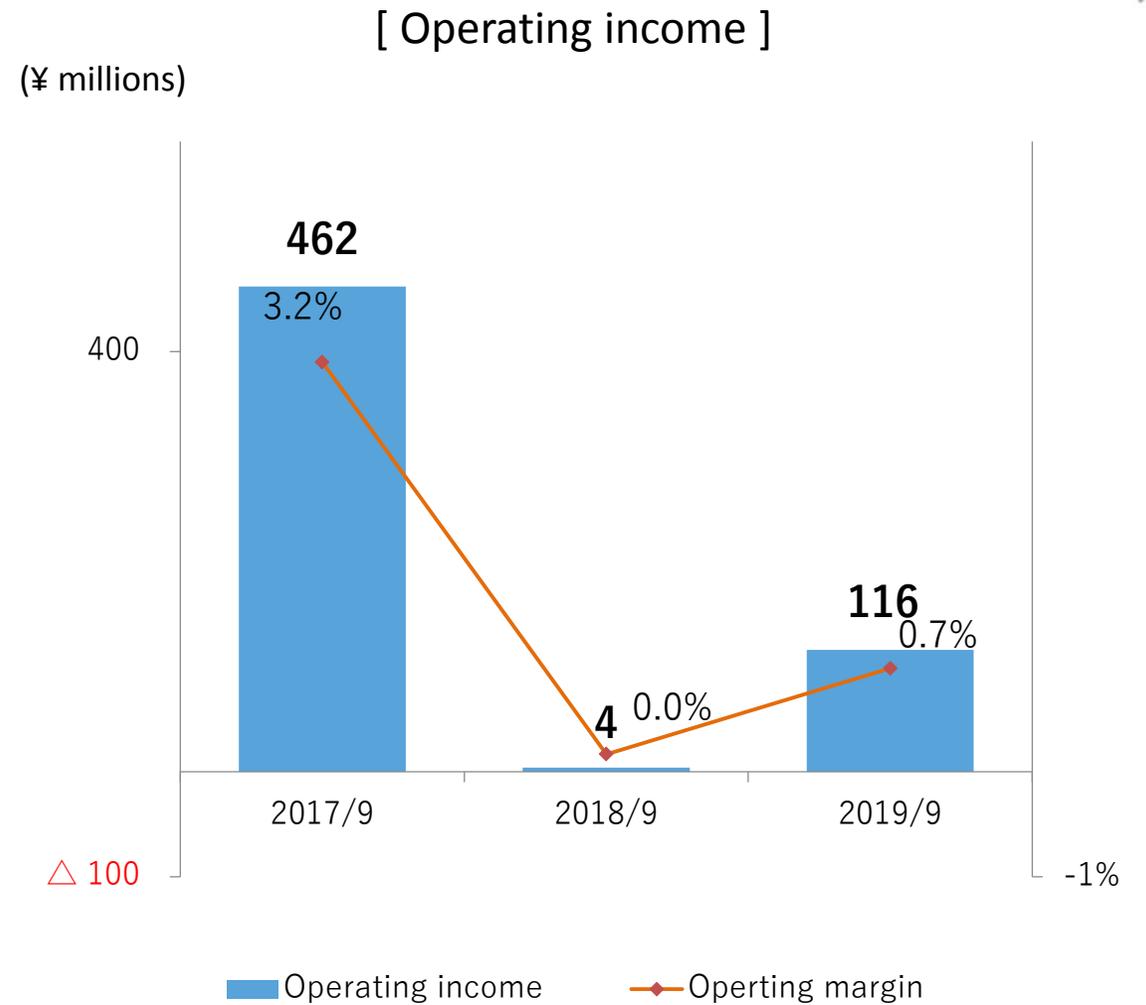
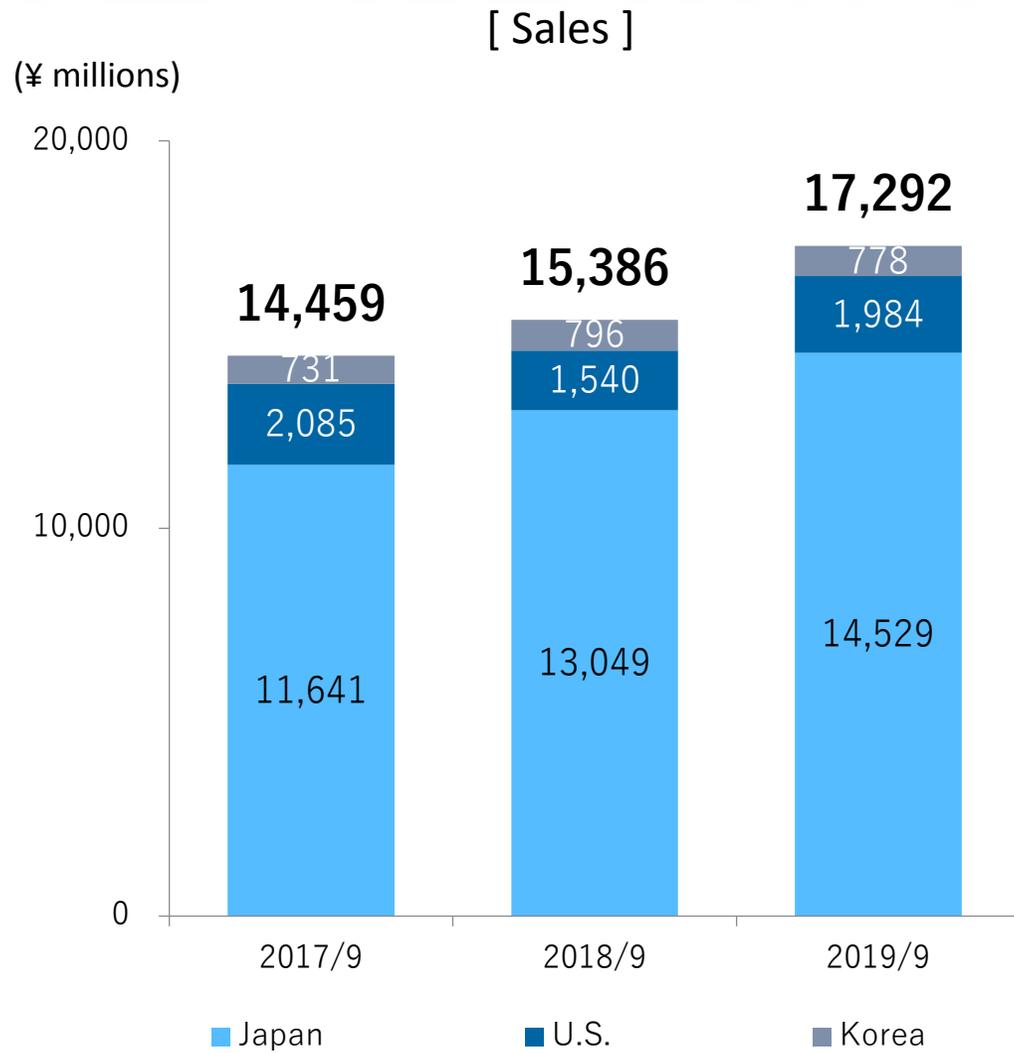
[Sales]



[Operating income]



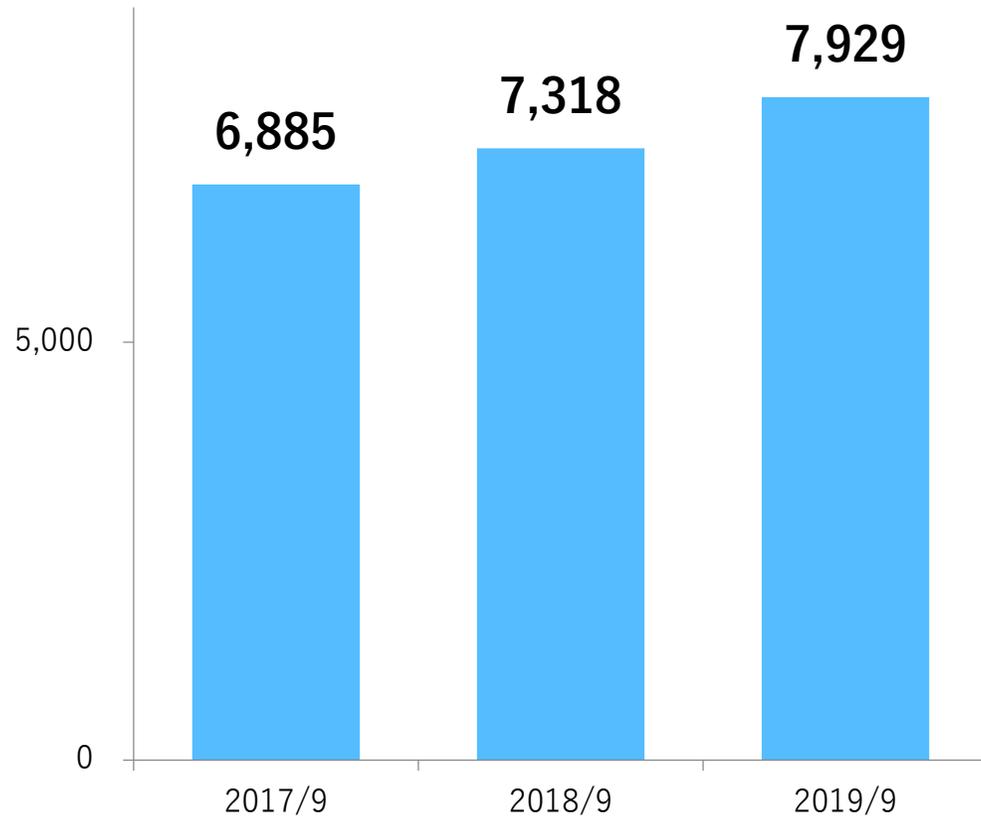
Contract Development Manufacturing Organization (CDMO) Business



Contract Sales Organization (CSO) Business

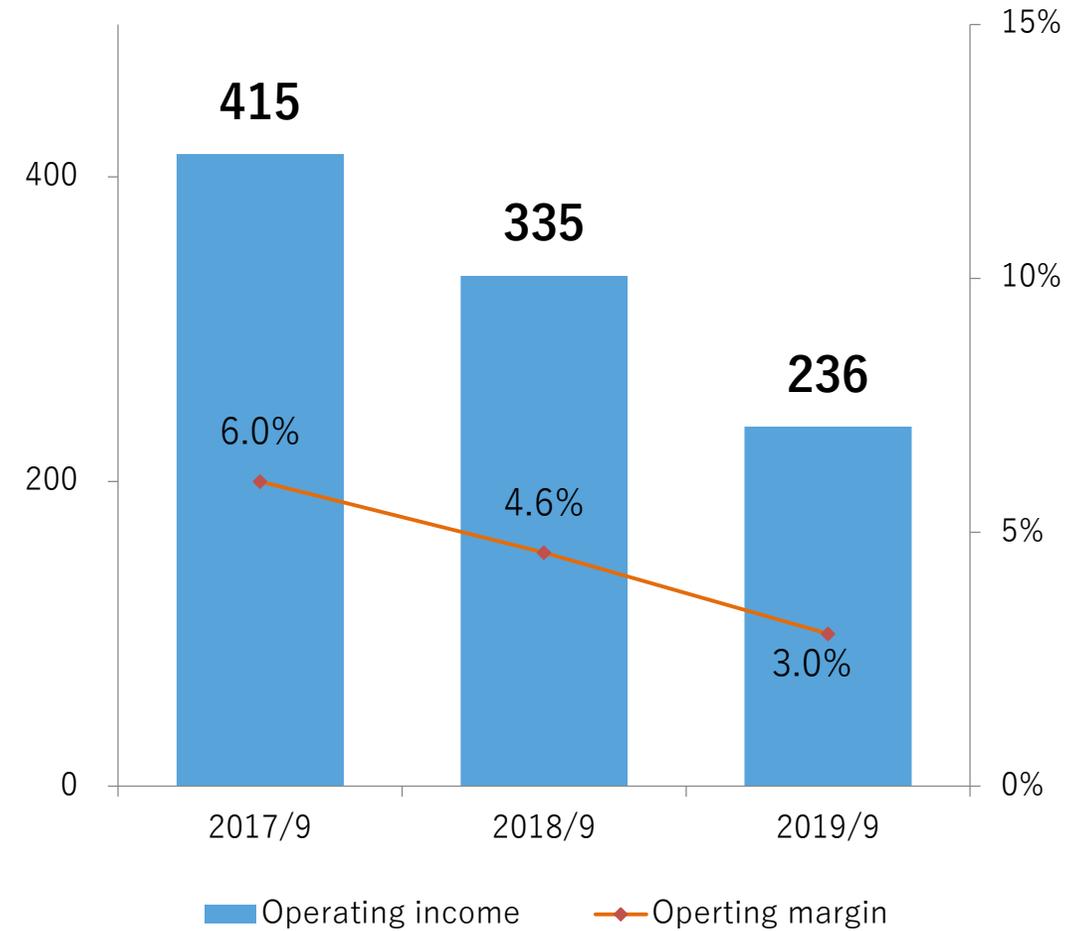
[Sales]

(¥ millions)



[Operating income]

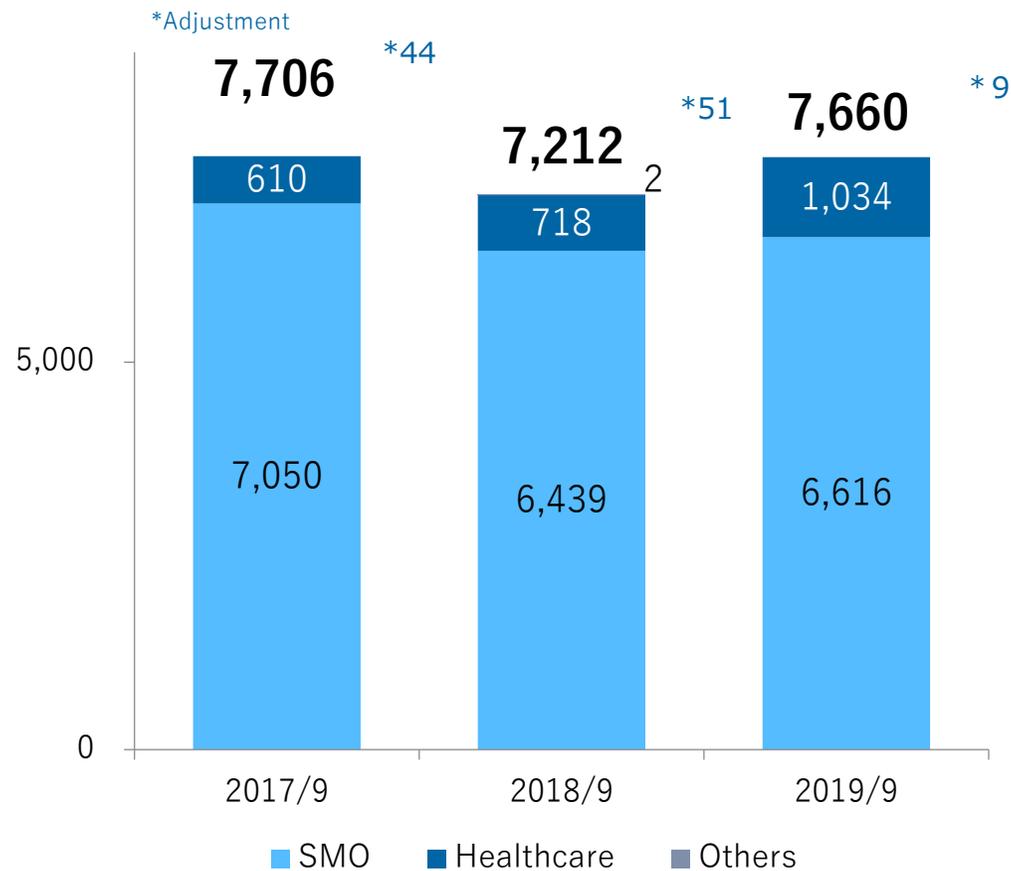
(¥ millions)



Healthcare Business

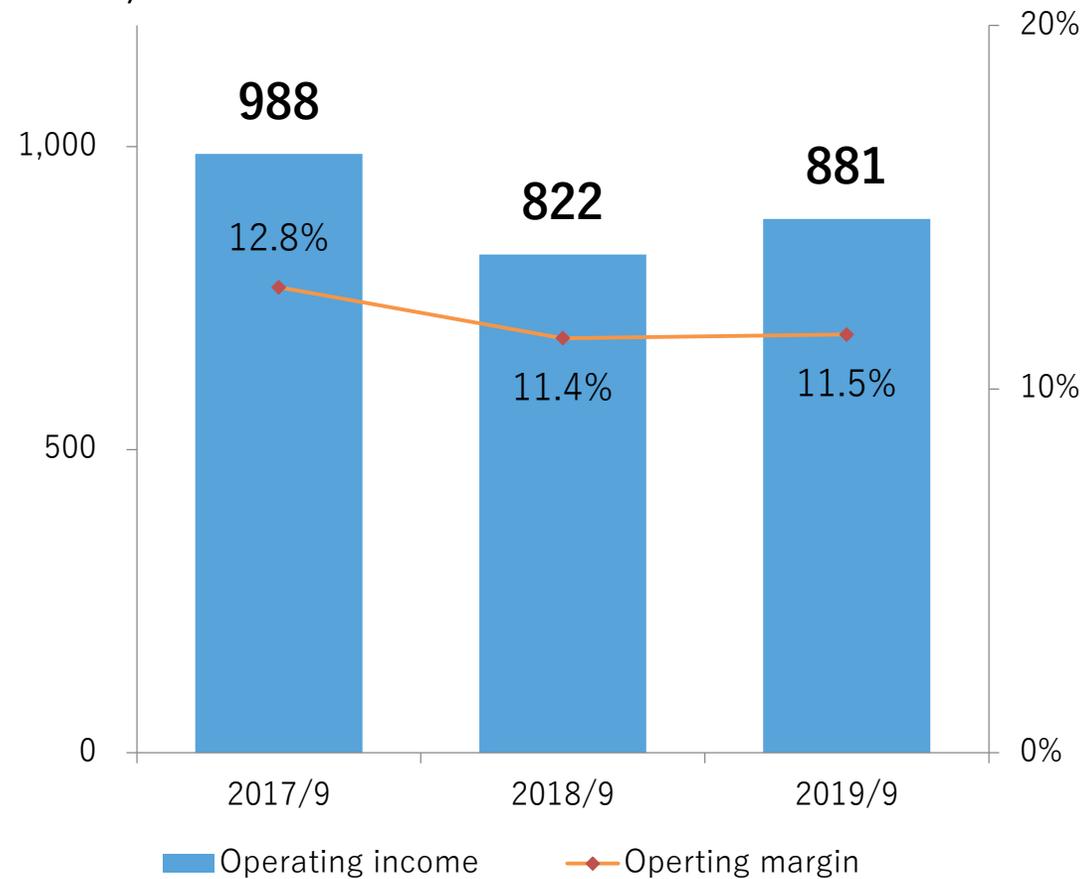
[Sales]

(¥ millions)

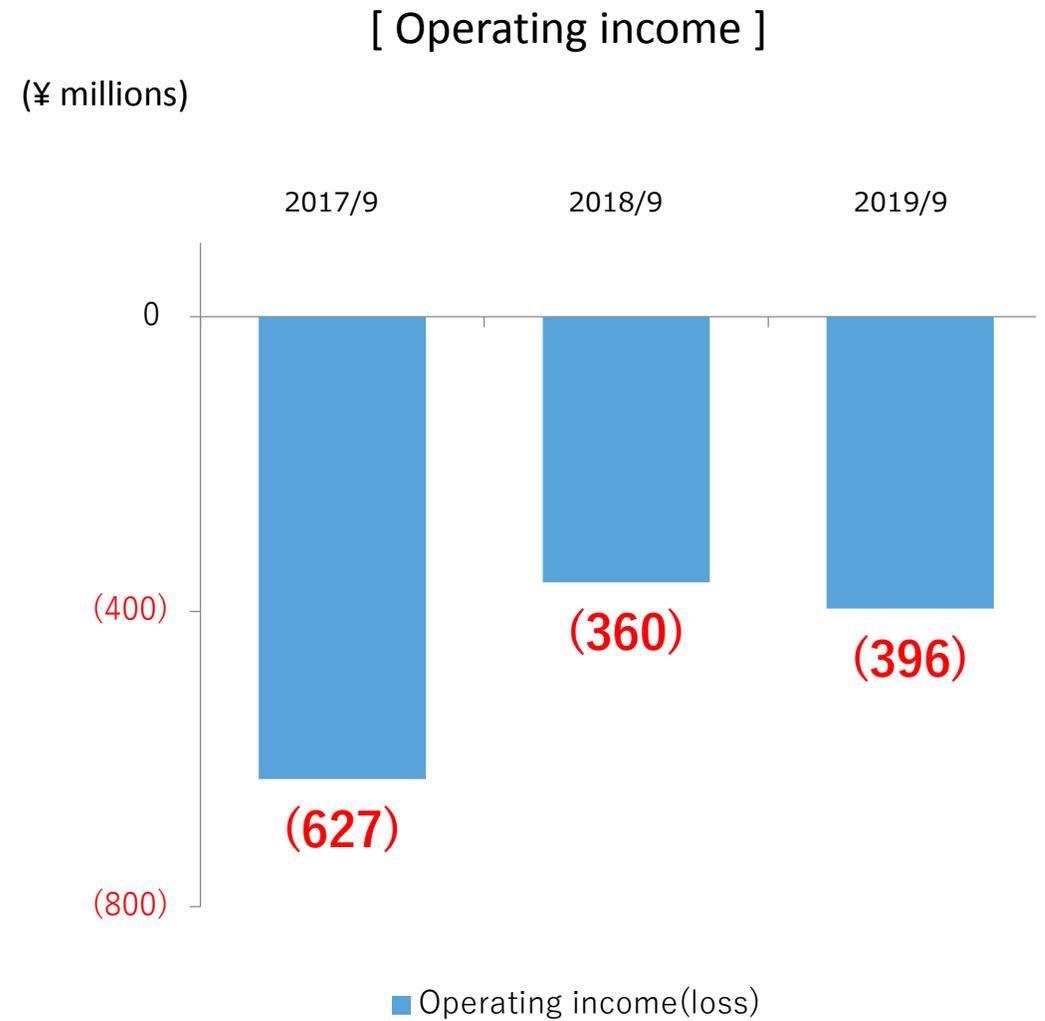
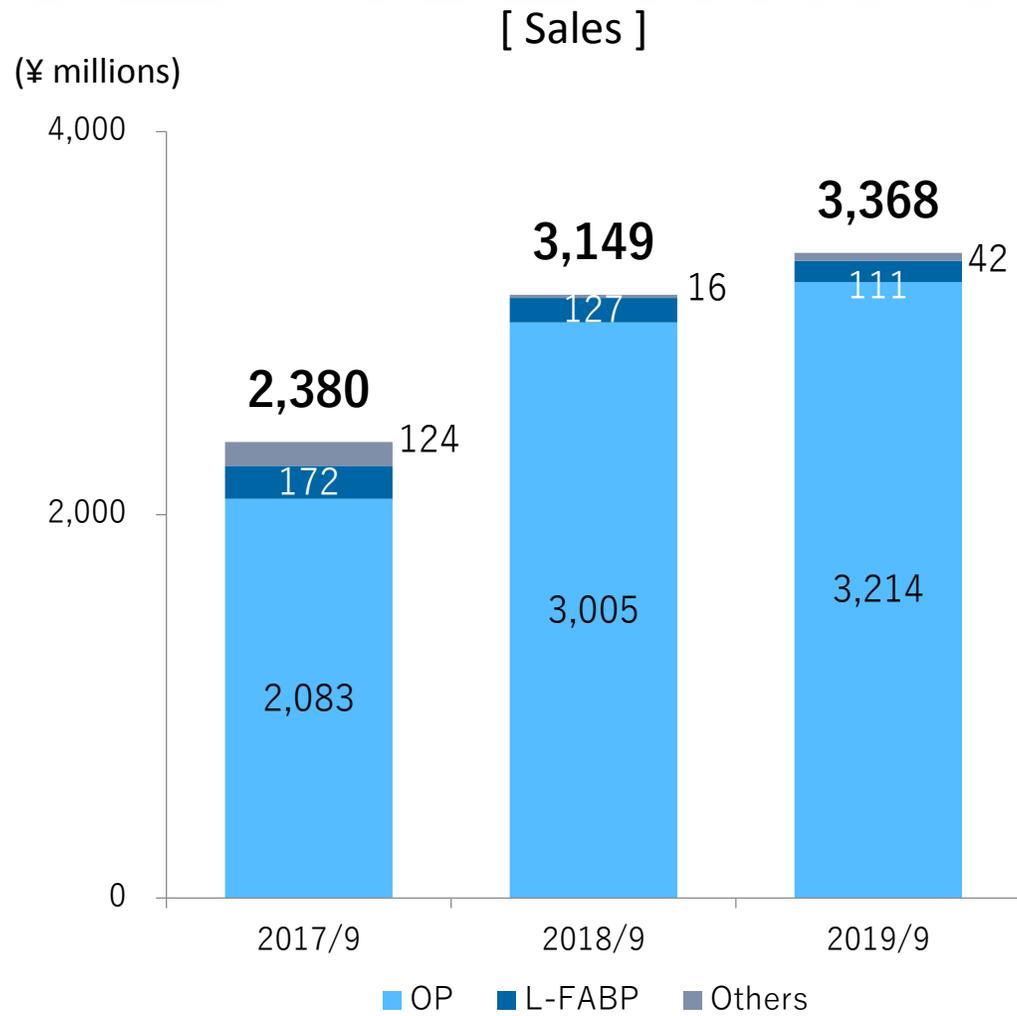


[Operating income]

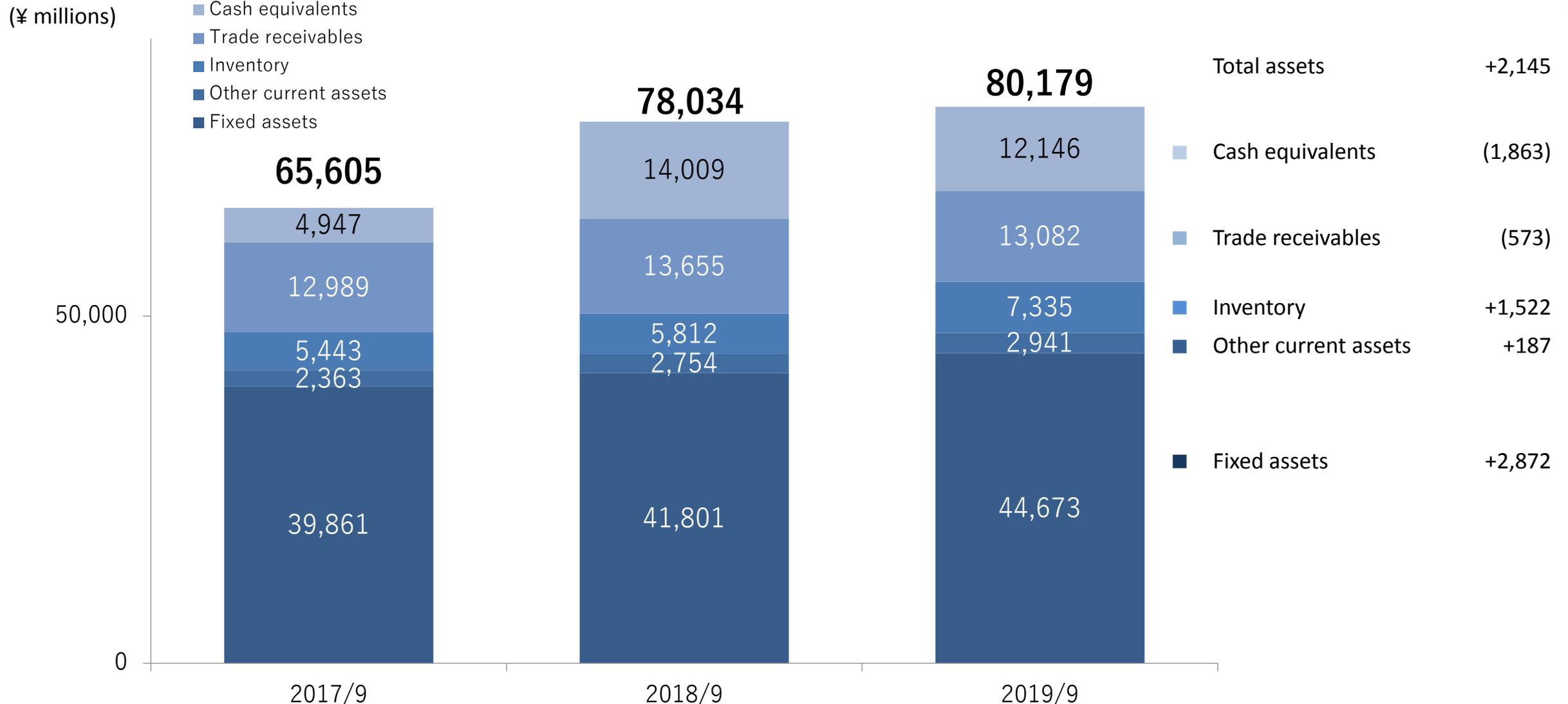
(¥ millions)



Innovative Pharma Model (IPM) Business



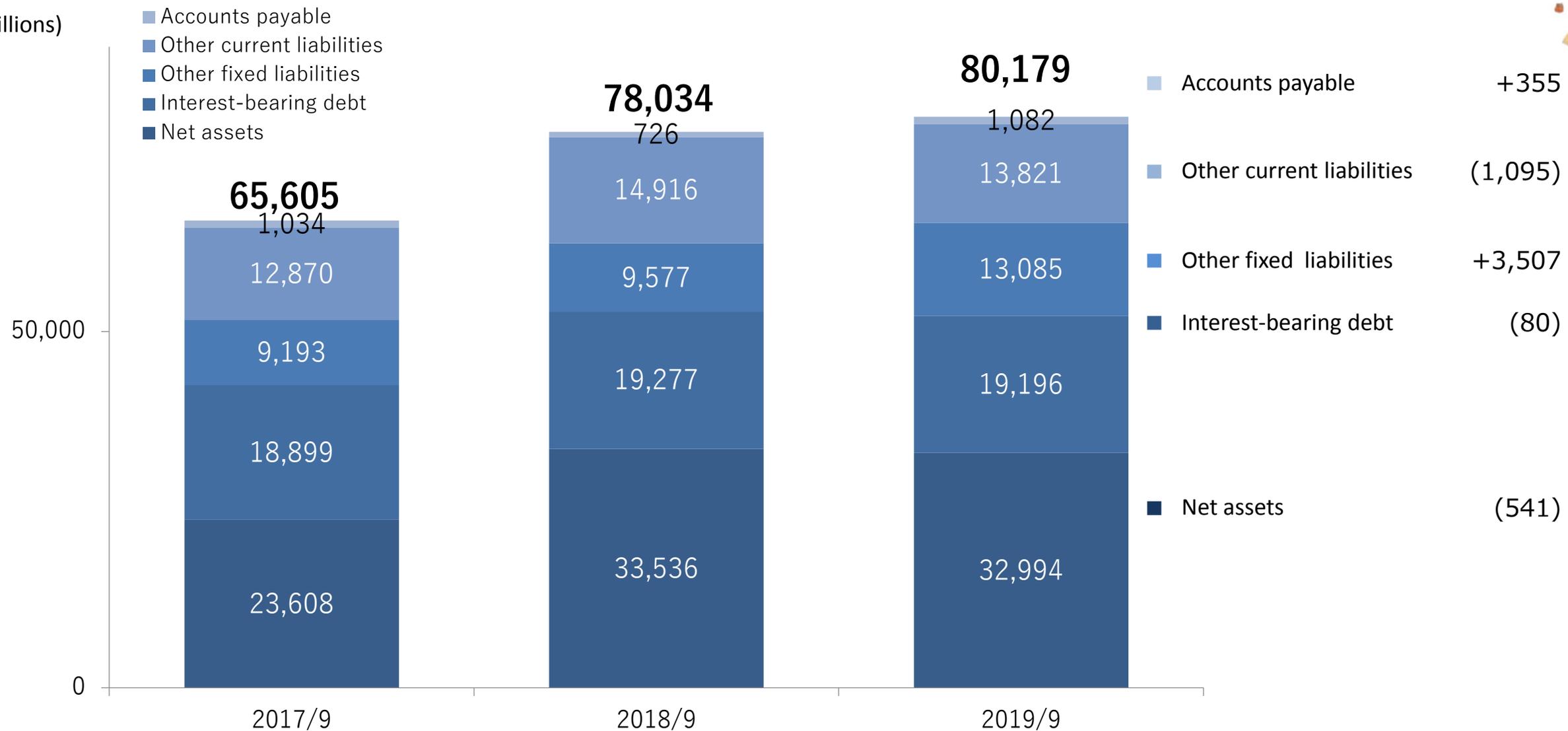
Balance sheet (assets)



*Deferred assets in the past BSs are reclassified according to "Partial Amendments to Accounting Standard for Tax Effect Accounting"

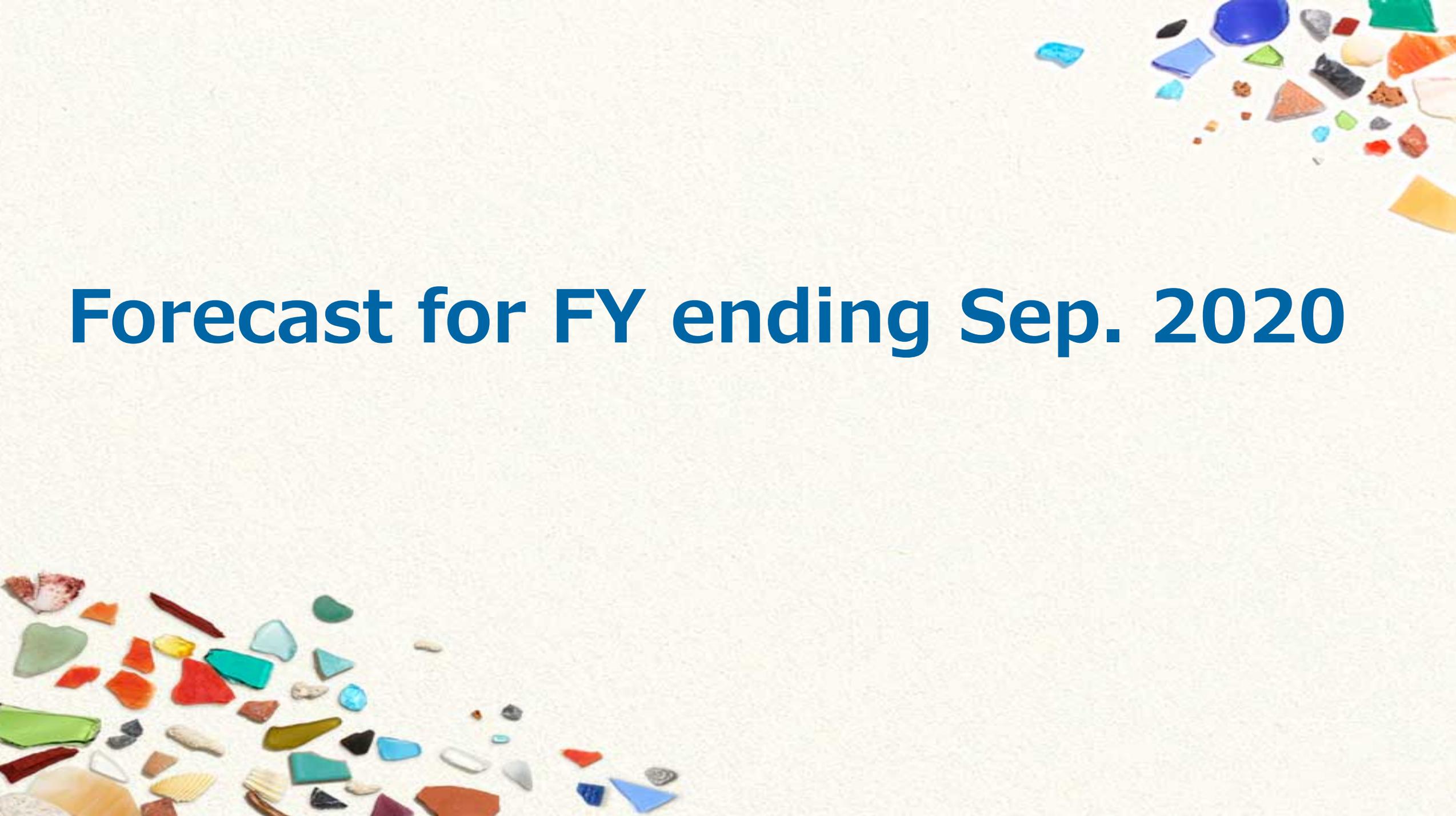
Balance sheet (liabilities and net assets)

(¥ millions)



Cash Flows

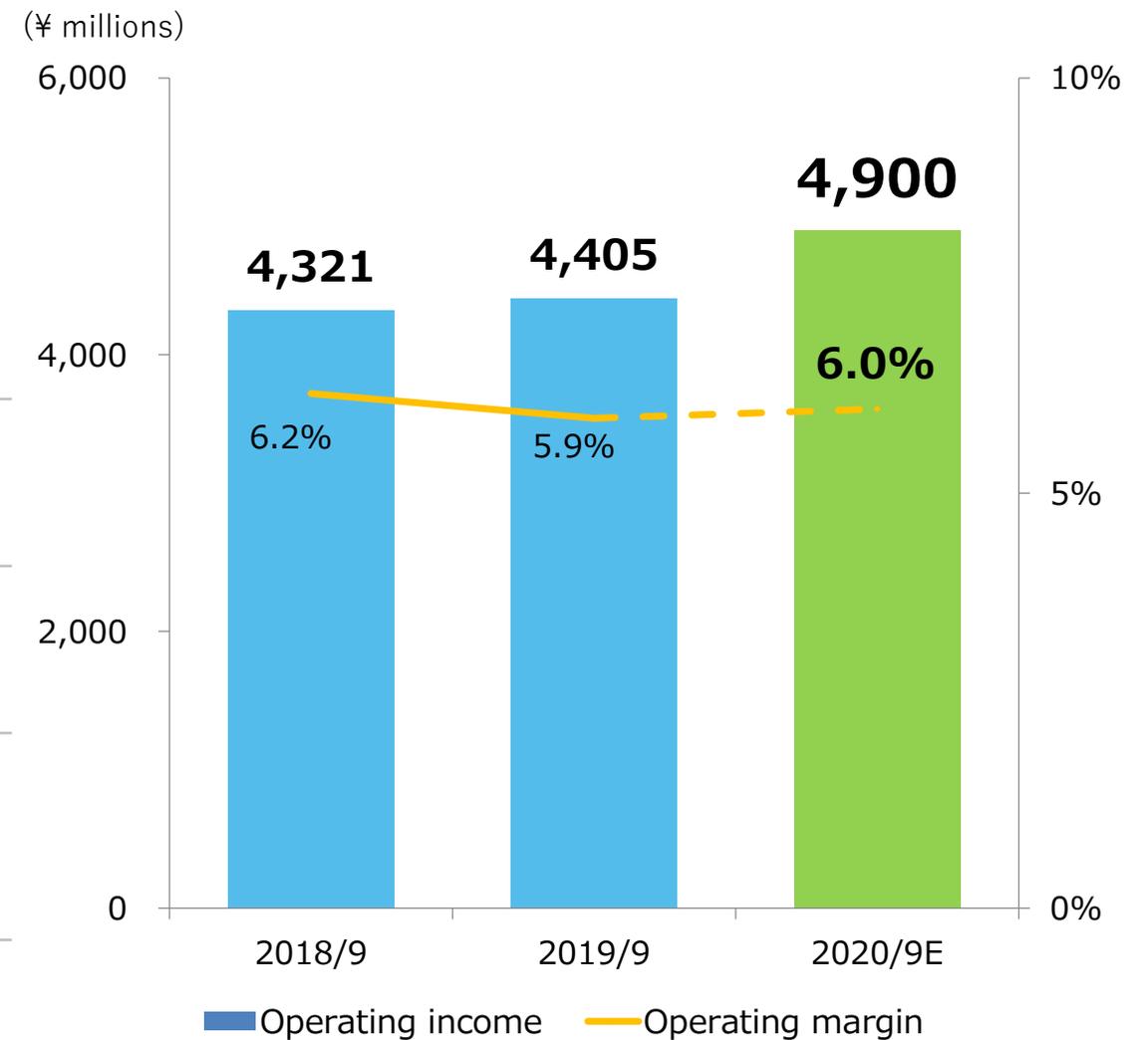
	2018/9	2019/9	(¥ millions) Increase (decrease)	
Cash flows from operating activities	7,488	4,922	(2,565)	[Key factor] (Cash flow from operating activities) · proceeds from net income before taxes, depreciation and liability for retirement benefits
Cash flows from investing activities	(6,203)	(4,889)	1,313	· decline in cash flows from income taxes paid and decrease in deposits, etc
Cash flows from financing activities	7,770	(1,764)	(9,535)	(Cash flow from investing activities) · Outflow from purchases of property, plant and equipment and intangible assets
Effect of exchange rate change on cash and cash equivalents	(26)	(101)	(74)	(Cash flow from financing activities) · payment of dividends and purchase of treasury stock
Net increase(decrease) in cash and cash equivalents	9,028	(1,832)	(10,860)	
Cash and cash equivalents at beginning of period	4,928	13,976	9,048	
Increase in cash and cash equivalents from newly consolidated subsidiary	19	—	(19)	
Cash and cash equivalents at end of period	13,976	12,144	(1,832)	



Forecast for FY ending Sep. 2020

Forecast for FY ending Sep. 2020

	2019/9 Actual (¥ millions)	2020/9 Forecast (¥ millions)	Change (%)
Sales	74,373	81,500	9.6
Operating income	4,405	4,900	11.2
Ordinary income	3,841	4,600	19.8
Profit attributable to owners of parent	1,822	2,300	26.2
Earnings per share	¥98.93	¥127.26	



Forecast for FY ending Sep. 2020 (by segment)

		2019/9 results (¥ millions)	2020/9 forecast (¥ millions)	Change (¥ millions)	Change (%)
CRO Business	Sales	38,660	40,000	1,340	3.5
	Operating income	6,899	7,440	540	7.8
CDMO Business	Sales	17,292	21,800	4,508	26.1
	Operating income	116	180	63	54.8
CSO Business	Sales	7,929	8,300	370	4.7
	Operating income	236	380	143	60.6
Healthcare Business	Sales	7,660	8,500	840	11.0
	Operating income	881	900	18	2.0
IPM Business	Sales	3,368	3,400	31	0.9
	Operating income	(396)	40	436	-
Adjustments	Sales	(536)	(500)	36	-
	Operating income	(3,332)	(4,040)	(707)	-
Consolidated	Sales	74,373	81,500	7,126	9.6
	Operating income	4,405	4,900	494	11.2



Mid-term Management Plan (FY19-21) Progress Updates

Keiko Oishi, COO

▶ Basic Policy

“Project Phoenix 3.0” towards Healthcare Value Creator

▶ Focus activities

PVC model plus acceleration of IPM solution business that combines the manufacturing licenses possessed by CMIC Group

Strengthening area competitiveness and promoting globalization

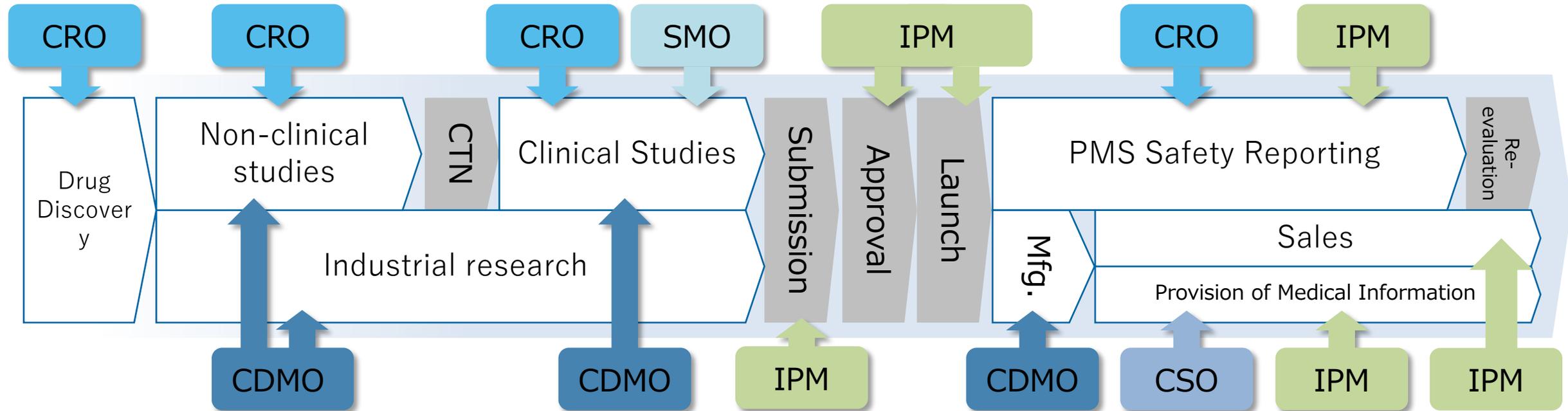
Creating new healthcare business

▶ Quantitative Targets

	FY2021	
	Targets	Growth Rate
Sales	¥85.5 billion	7.0 %
Operating income	¥6.8 billion	16.6 %
Operating profit rate	8.0 %	
ROE	≥12 %	

Acceleration of PVC model and IPM solutions

Comprehensively support the value chains of pharmaceutical companies



IPM

Platform-type pharmaceutical business

HC

Business to enhance individual health value

Promotion of PVC projects

Sales ratio of PVC projects

Actual	FY2019 17% (YoY +6%UP)	Target	FY2021 20%
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- ▶ Providing support from the early phase of development including Academia
- ▶ Consulting service for overseas clients
- ▶ Hiring and retaining consultants with extensive experience
- ▶ Readiness for the latest modality (treatment options)

*PVC projects: Multi-functional involvement for a single project

Understanding the CRO landscape

Customers

- ▶ Promoting global utilization of data (using overseas data)
- ▶ Entering the US and Chinese markets
- ▶ Increasing number of mid to small-sized biotech companies
- ▶ Broader customer base (focus towards healthcare companies)
- ▶ Active R&D activities in Asia

Services

- ▶ Seeking for CRO with high-value-proposal approach
- ▶ Increased number of global and pan-Asian clinical trials
- ▶ Increased number of early stage development program by venture capital firms
- ▶ Smaller and more complex development projects

Digitalization

- ▶ Utilization of Real World Data /Big Data
- ▶ Promoting digitalization (Virtual Clinical Trial)

CRO business activities

- ▶ Established a local affiliate in Australia to increase area competitiveness in Asia and Oceania
- ▶ Enhanced Post-marketing surveillance (PMS) and Clinical research support business using medical database
- ▶ Promoted readiness for evolving fields including biologics and regenerative medicine



CMIC Bioresearch Center (Yamanashi Pref.)



CMIC, INC. US Lab

CDMO business activities and CMIC Group Manufacturing Sites

Shizuoka/Nishine

Solid dosage forms



Transferred in June 2019

Toyama

Semi-solid dosage forms



High alcohol containing drugs

Ashikaga

Injections/Solid dosage forms



High potency drugs

Overseas

Korea

Semi-solid dosage forms



USA

Solid dosage forms



- ▶ Succeeded Astellas Pharma Tech Nishine Plant to increase the manufacturing capabilities of oral solid dosage forms
- ▶ Launched a new parenteral drug manufacturing facility with capabilities to manufacture high-potency drugs and started producing clinical-trial materials
- ▶ Formed business alliances with U.S.-based corporations that possess 3DP technology platform and sophisticated flexible dosing tablet technology

CSO business activities

- ▶ Promoting the provision of comprehensive solutions that combine multiple communication channels and various services
- ▶ Opened “MA academy”, the first private sector institution to train Medical Affairs (MA) personnel, and expanded services in the Medical Affairs arena

Syndicate Sales Force

Medical sales team representing non-competing products from different companies that belong to similar therapeutic area

MA Academy

Combining e-learning and classroom training to provide necessary knowledge and skills to work as professionals in medical affairs arena

Remote Detailing

To provide solutions to strengthen engagement with healthcare professionals and pharmaceutical companies based on the know-how accumulated through CSO business

Customer Service Reps

They can maintain and improve branding through communication with healthcare professionals and medical institutions using approach that is different from medical reps.

Healthcare business initiatives

- ▶ Succeeded Sony's "harmo" electronic prescription record service to enhance patient support program
- ▶ Started services for self-collect HPV test "SelCheck Cervical Cancer"
- ▶ Started a joint research with Tohoku University on a Heat Stress Measurement System



人と人をつなぐ
電子お薬手帳サービス

ハルモ
h a r m o

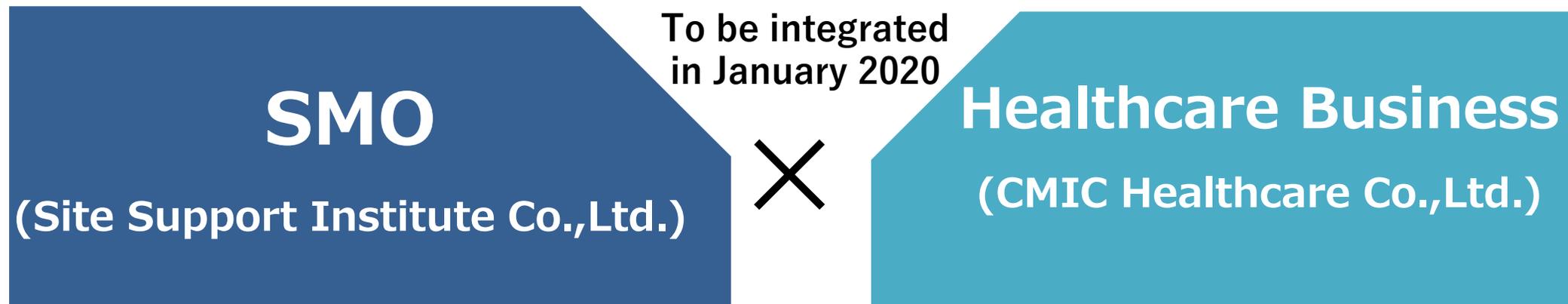
セルチェック 子宮頸がん
SelCheck

To accelerate healthcare business transformation

Integrating various information and know-how accumulated through SMO business and disease prevention/health information and IT technology possessed by CMIC Healthcare



CMIC Healthcare Institute



IPM business activities

Supported foreign pharmaceutical companies entering the Japanese market through provision of the IPM platform

- ▶ OrphanPacific, Inc. was established in May 2012 to provide orphan drugs that utilize the functions of CMIC Group and MEDIPAL Group.
- ▶ Portfolio expansion (additional indications/formulation changes) of existing products
- ▶ Contributions to the stable supply of essential drugs, introduction of new orphan drugs, and providing support to foreign companies entering the Japanese market



Buphenyl®



Somazon®



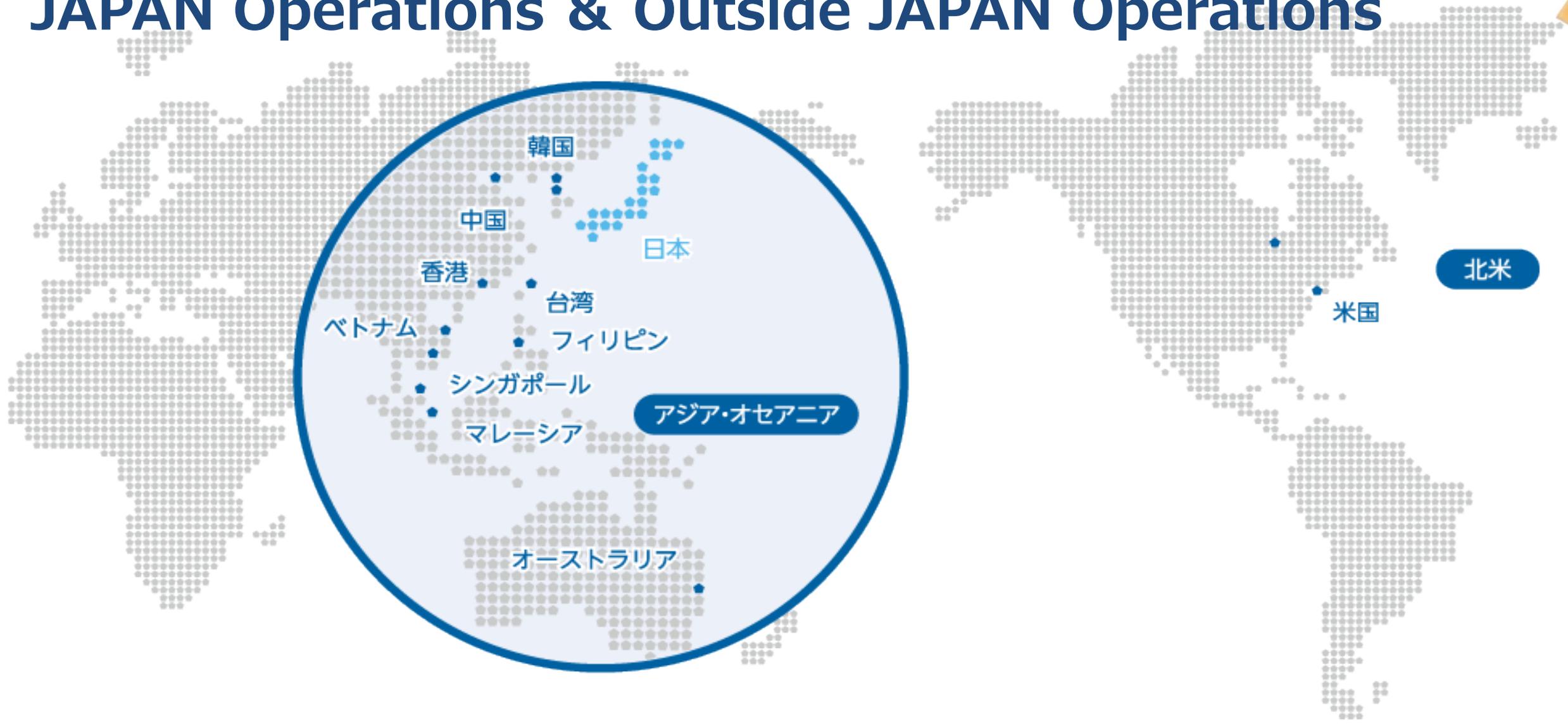
Dantrium®



DIAZOXIDE®

Promoting CRO Globalization

JAPAN Operations & Outside JAPAN Operations



JAPAN Operations

CRO globalization in Japan

- ▶ We have the largest number of CRAs in Japan
- ▶ Professional consultants who know the ins and outs of Japanese regulations
- ▶ Rich global talent pool

**The highest level of service and quality for a fair price that meet
CLIENTS needs and expectations**

Driven by our unique business model PVC

Wide range of network covering medical institutions and KOLs

Outside JAPAN Operations

CRO globalization outside Japan

- ▶ CRO coverage in Asia and Oceania (including China and Australia)
- ▶ Gained foothold in the USA
- ▶ Data science business in Vietnam
- ▶ Partnership with European CRO

Conducting pan-Asian trials
Providing support to companies in Japan/Asia
Conducting global trials originating from Japan

Mid-term Management Plan Updates

Toward achieving FY21 targets

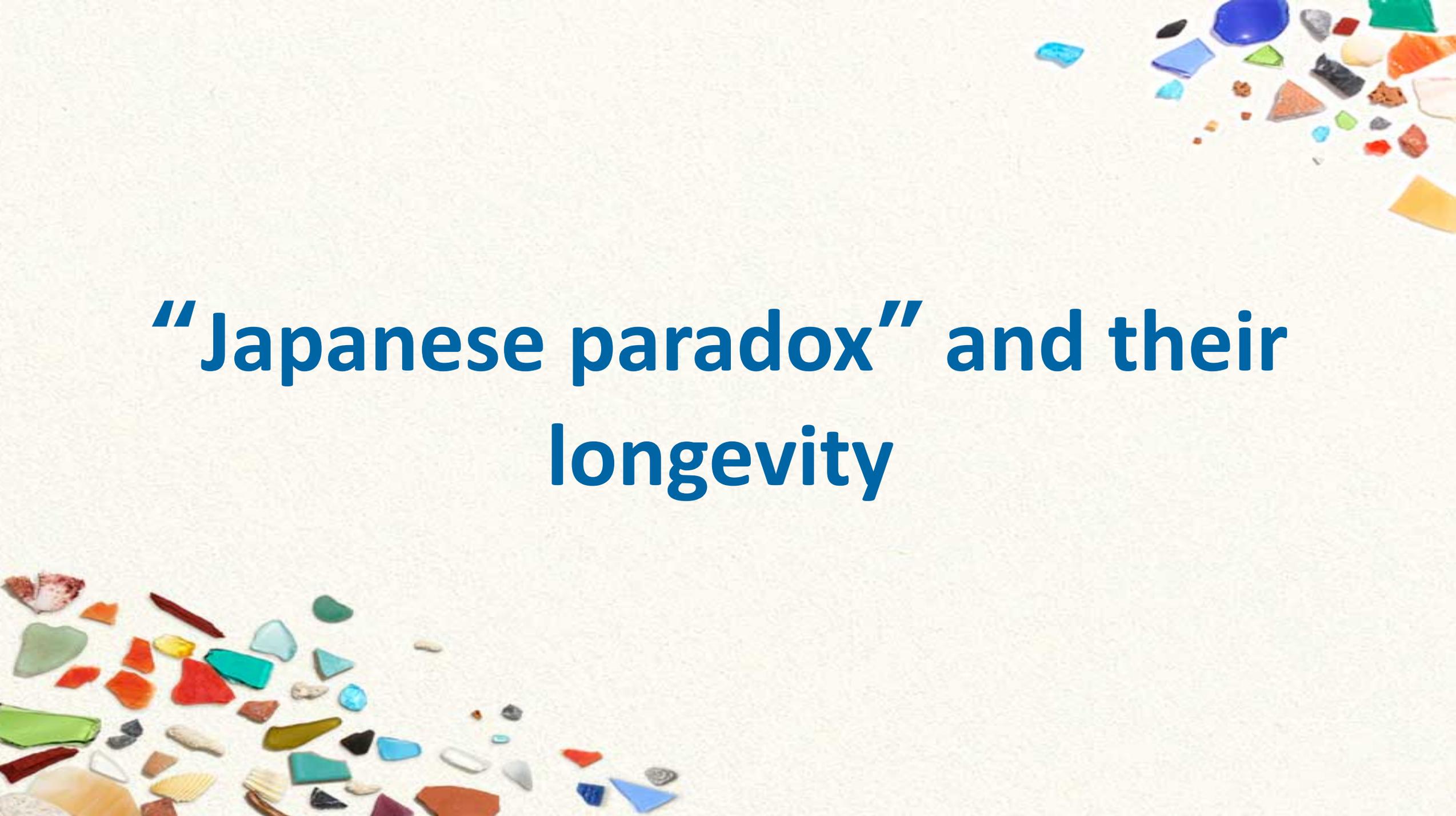
- ▶ Sales: CRO and CDMO business growth
- ▶ Operating income: In addition to existing business growth, we must improve operating profit of CDMO and IPM business

	FY2020	FY2021		
	Plan	Target	Increase	Growth
Sales	¥81.5 billion	¥85.5 billion	+ ¥4 billion	+ 5 %
Operating income	¥4.9 billion	¥6.8 billion	+ ¥1.9 billion	+ 39 %
Operating profit rate	6.0 %	8.0 %		
ROE		≥ 12 %		



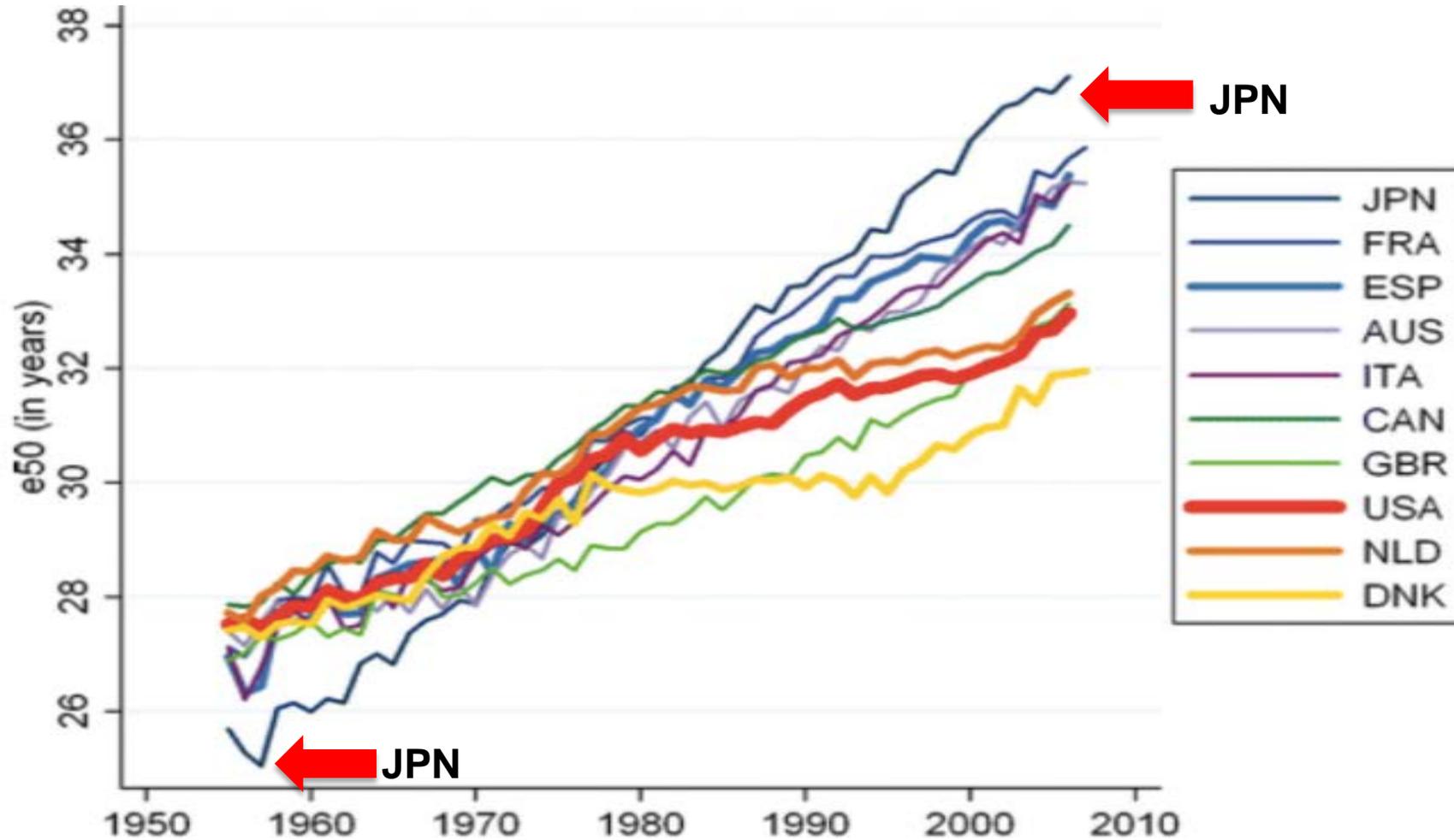
Healthcare Revolution

CMIC HOLDINGS Co., Ltd.
Kazuo Nakamura, CEO



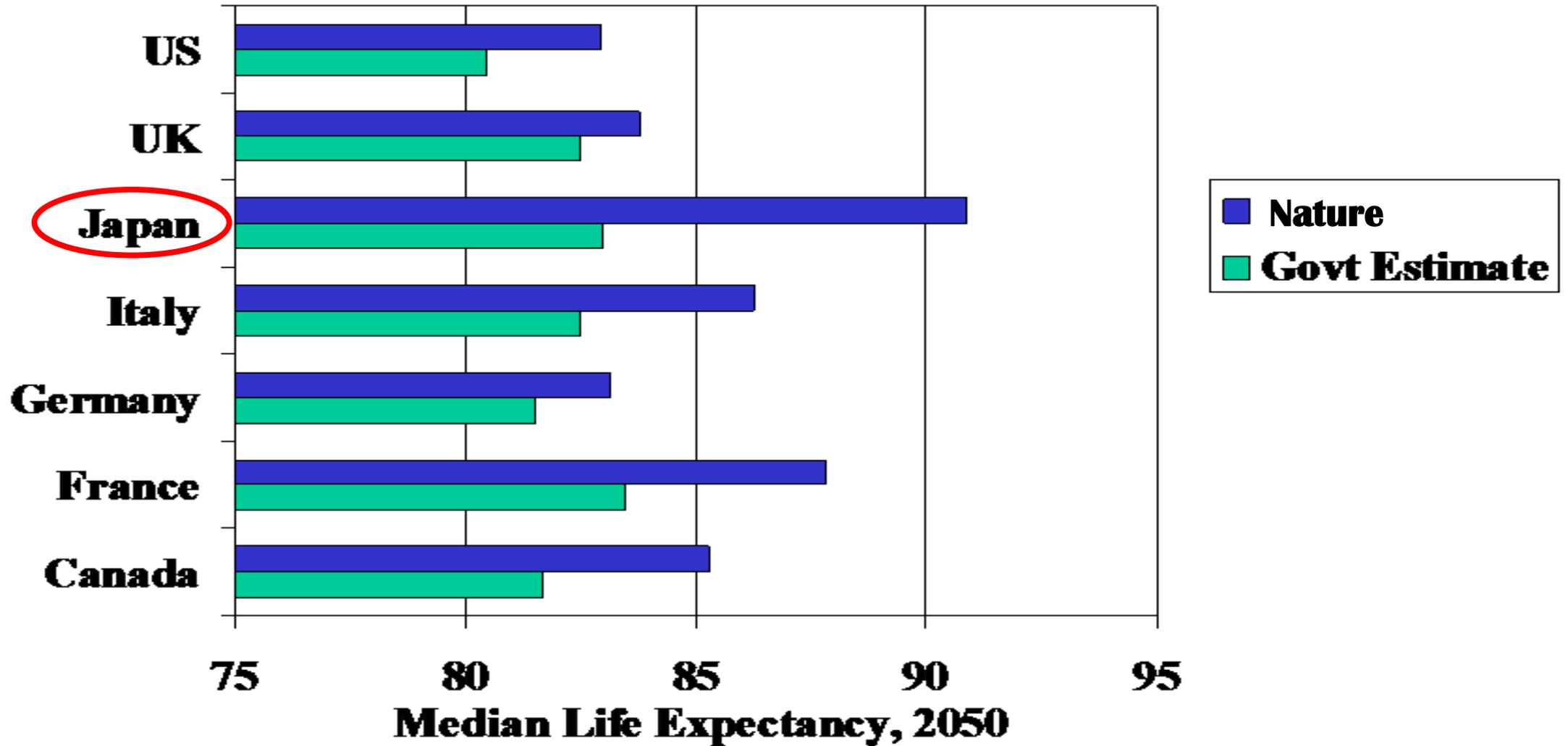
“Japanese paradox” and their longevity

Japan's Mean Life Expectancy : From the bottom to the top



 Bezruchka S. 2012.
Annu. Rev. Public Health. 33:157–73

G7 Countries Median Life Expectancy (2050)

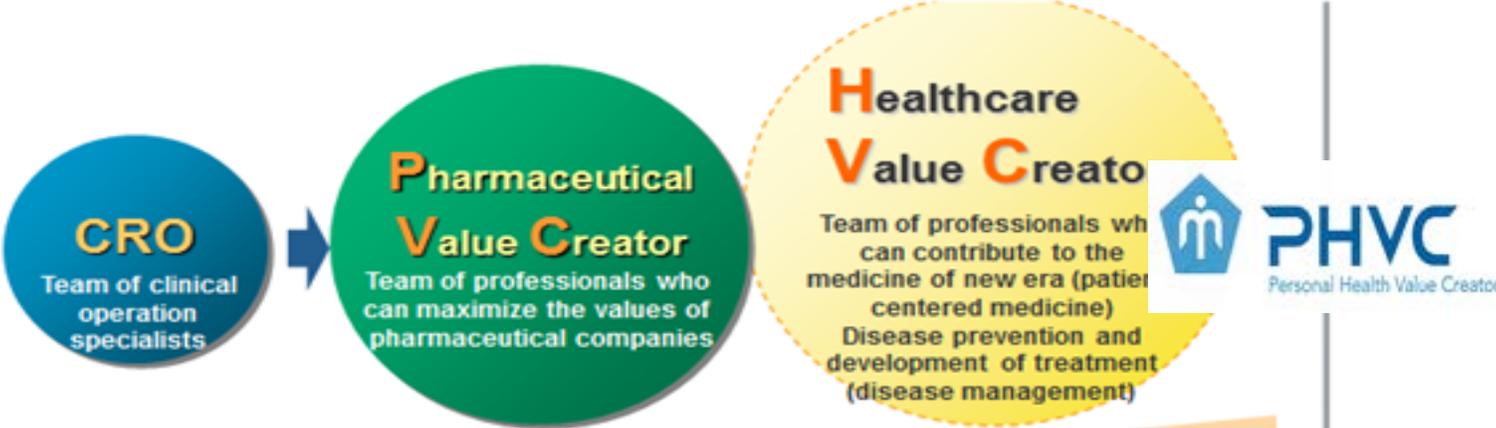


"A universal pattern of mortality decline in the G7 countries." Tuljapurkar S1, Li N, Boe C.: Nature. 2000 Jun 15;405(6788):789-92.

From CRO through PVC to Healthcare Value Creator

CMIC's ideal state (excerpt from 2005 material)

CMIC has promoted the concept of "Healthcare Value Creator" since 2005



Corporate values = Sound profits

- 1st stage: Pioneer of Clinical Research Organization (CRO) in Japan
- 2nd stage: Business centering on supporting the value chain of pharmaceutical companies by utilizing the extensive experience and know-how accumulated as a Clinical Research Organization (CRO)
- 3rd stage: Launch a new business (HVC: Healthcare Value Creator) toward contribution to disease prevention, treatment, and maintenance of healthy lives

The CMIC Way

Actions required for CRO



- ▶ Unique business model from CRO
- ▶ Globalization readiness
- ▶ Adaptation to the new healthcare system

The CMIC Way

- ▶ Unique business model from CRO
 - PVC model plus acceleration of IPM solution business that combines the manufacturing licenses possessed by CMIC Group
- ▶ Globalization readiness
 - Strengthening area competitiveness and promoting globalization
- ▶ Adaptation to the new healthcare system
 - New PHVC* business, moving forward in consideration of social impact (local government, people in the community)
 - Creating new healthcare business that entails not only treatment but also prevention and health promotion
 - DX* initiatives

*PHVC (Personal Health Value Creator): Creator contributing to the personal health value

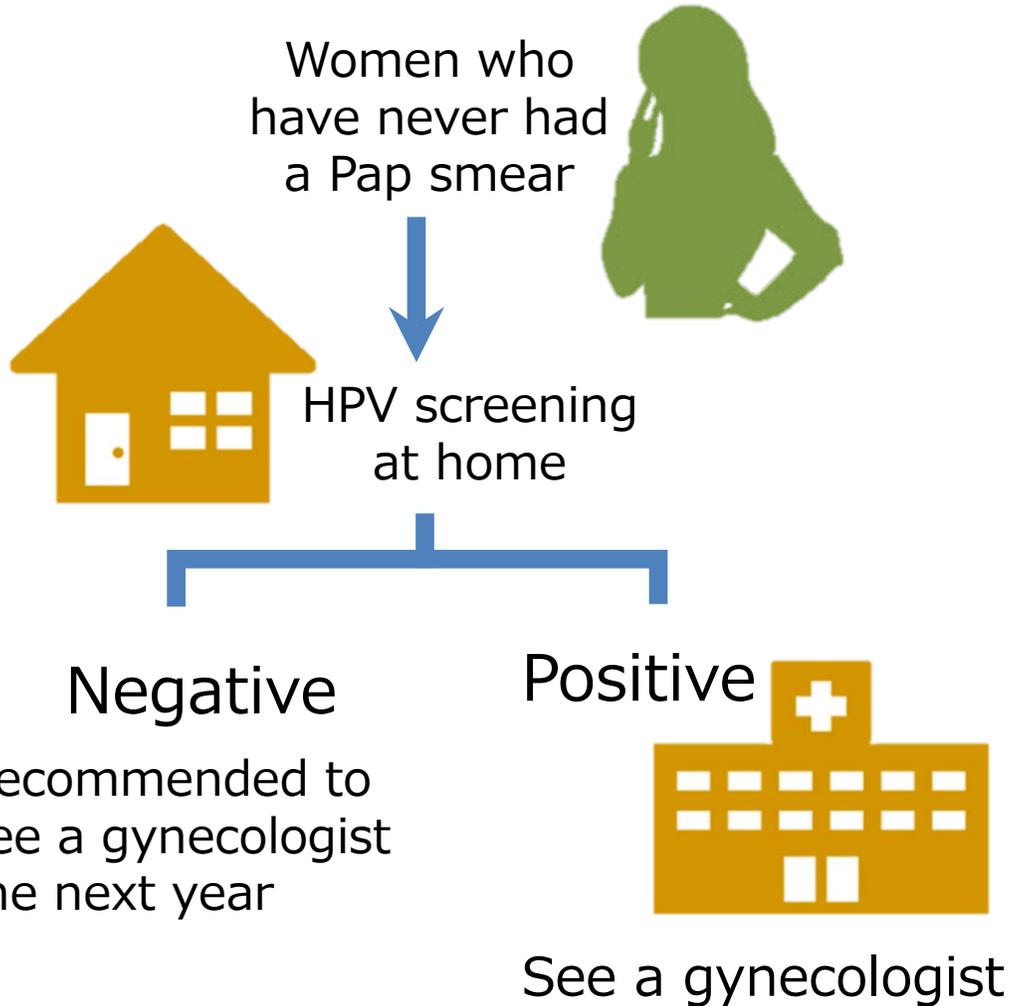
**DX (Digital transformation): Concept of changing people's lives in all dimensions by using IT and transform business and social system foundation

Definition of the new healthcare system

- ▶ Addressing the unsustainable increase of healthcare cost
- ▶ Change in the social environment surrounding healthcare
- ▶ Respecting people's IKIGAI (Finding Purpose in Life) as the society matures

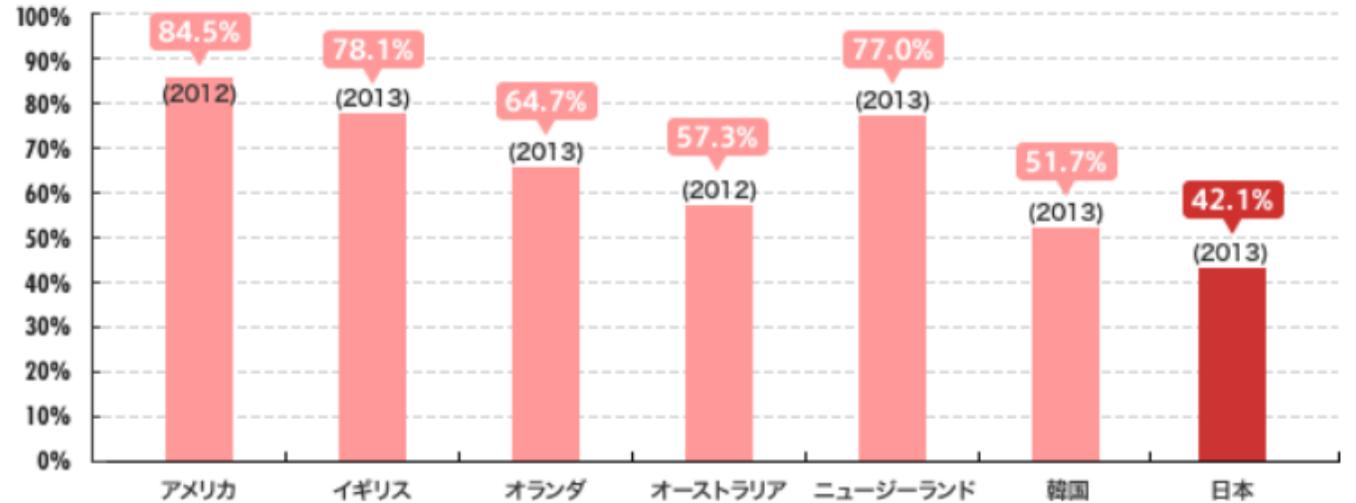


SelCheck®



● 女性の子宮頸がん検診受診割合(20-69歳)

OECD, OECD Health at a Glance 2015, Nov 2015 より



https://www.gankenshin50.mhlw.go.jp/campaign_2019/outline/low.html

- ▶ Improved screening rate
- ▶ Periodical check-up by gynecologist

“Cervical cancer”

- ▶ Approx. 7,000 new diagnosis and 2,500 deaths every year
- ▶ Increased morbidity among women in 20s and 30s
- ▶ Highest morbidity among all cancers for the generation
- ▶ 99% caused by human papillomavirus (HPV)

- ▶ Improved screening rate
- ▶ Prevention of disease progression
- ▶ Cut down medical expenditure



“harmo” business

Electronic prescription record service “harmo”
**To be extended to “PHR (Personal Health
Records) Platform” business**

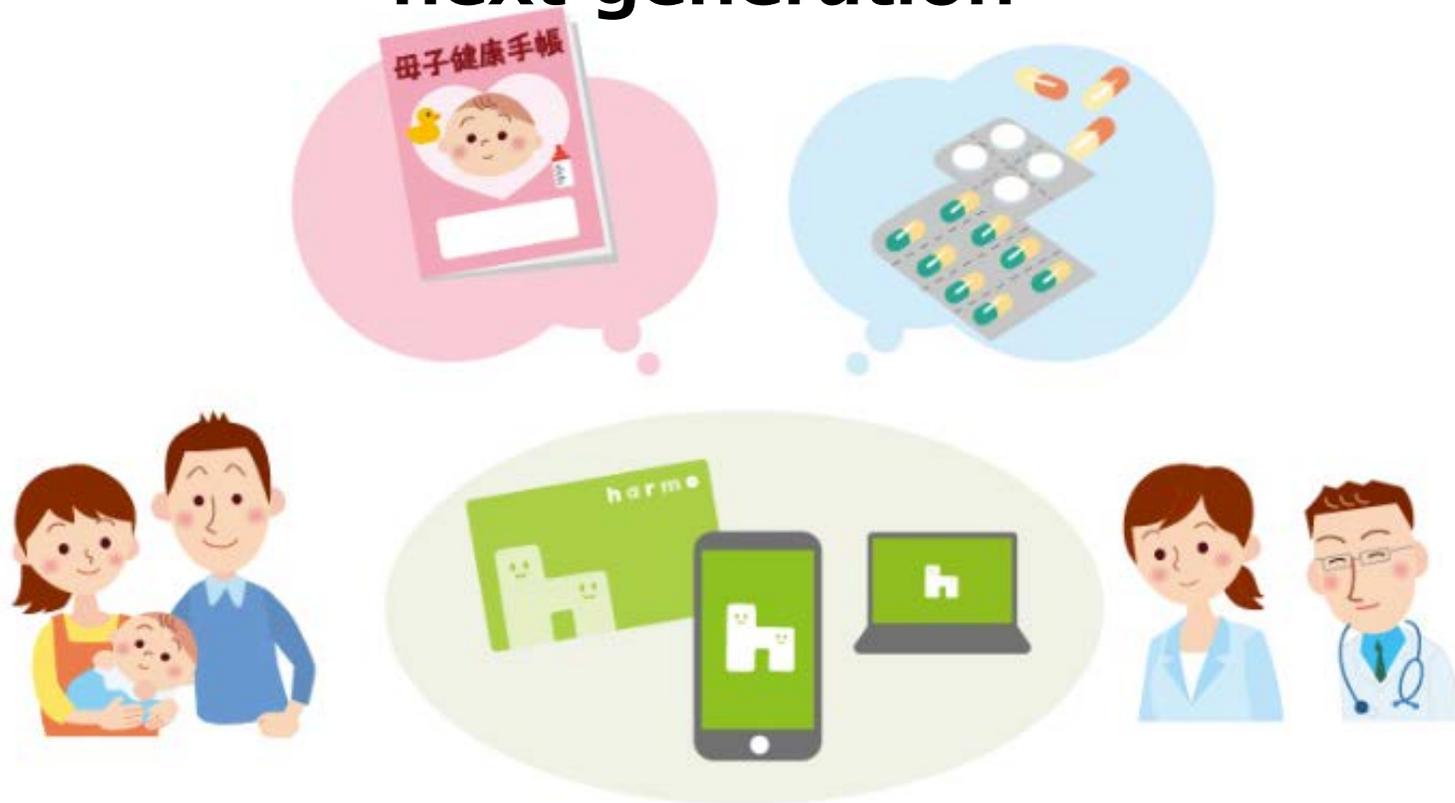
Approx. **350,000** Users (as of March 2019)

Pharmacies nationwide Over **11,000**



Value of harmo service

**Your “health records” from the time you were born to when you are grown up
Medical and health information to be passed down to the next generation**



Future outlook

Various Proof-of-Concept (POC) Experiments in each region using PHR (Personal Health Records) CMIC Group's comprehensive healthcare solutions to be proposed and executed in new regions

Shiga pref. 240 pharmacies (40% penetration rate)
8 medical institutions
Approx. 100,000 users (7% of the total population)

Kobe City 195 pharmacies (30% penetration rate)
18 medical institutions
Approx. 70,000 users (5% of the total population)

Toyonaka City 90 pharmacies (70% penetration rate)
16 medical institutions
Approx. 50,000 users (13% of the total population)

Kawasaki City 180 pharmacies (70% penetration rate)
31 medical institutions
Approx. 60,000 users (4% of the total population)

■ Study themes in each region
• Improved Well-being of users

WELLBEING
その瞬間を生ききる

• Reduction of medical malpractice associated with immunization



• Utilization by ER



• Efficient execution of clinical trials



○ Additional areas

Concept of using harmo as PHR



Maternal and Child Health Handbook

Care Handbook

Genome

Vaccine

Health check-up data

Vital data/Daily living activity data

Prescription data



Pharmaceutical companies

- Efficient execution of clinical trials
- Adherence improvement
- Patient outcome measurements

Administration

- Efficient management of medical information
- Safety assurance of drugs
- Achieving both outcome and optimization

Patients/Family members/Healthy people

- Safe drug administration
- Disease management/enhancement of disease prevention
- Family watching

Physicians

- Individual patient drug accountability
- Adopting generic drugs
- Prevention of polypharmacy/duplication

Joint research to improve Wellbeing

Joint research with Professor Takashi Maeno, Keio University Graduate School of System Design and Management



Research topics:

To improve users' Wellbeing by using PHR (Personal Health Record system "harmo"



Developing "Wellbeing training program" to promote workstyle reform



CMIC'S CREED



CMIC'S CREED

Our CREED

We are determined to bring innovation to healthcare so that all people, regardless of age and gender, can live their precious lives according to their will. This is our aspiration as the CMIC Group.

Whether in childhood, when brilliance has yet to blossom, or in late adulthood, when potential has bloomed, we respect every individual's drive to live fully in the moment. We shall sincerely address each and every life. We shall overlook no one.

To achieve this, we shall continually challenge ourselves to strive for a better future. We shall transform ourselves, seek new vantage points, turn our unwavering passion into values, and continue to contribute to individuals and society.

With unchanging determination at heart, we change





Cautionary statement:

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may vary materially from the content of this material depending on a number of factors. While this material contains information on pharmaceuticals (including compounds under development), this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of their preparations, promote any kind of unapproved uses, nor provide medical advice of any kind.

