

Overview of Financial Results for FY2019 2nd Quarter/1H

CMIC HOLDINGS Co., Ltd.

April 26, 2019

Business segments and group companies

Blue indicates overseas.
*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of Mar. 2019)
CRO Business	Services related to pharmaceutical development support and analytical chemistry services for pharmaceutical companies, and BPO and personnel services for the pharmaceutical and healthcare industry	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 (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.
CDMO Business	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	CMIC CMO Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation CMIC JSR Biologics Co., Ltd.*
CSO Business	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd. McCann MDS Inc.*
Healthcare Business	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	Site Support Institute Co., Ltd. CMIC Healthcare Co., Ltd. CMIC VIETNAM COMPANY LIMITED
IPM Business	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	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.

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

- ✓ 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

- ✓ Launched a new parenteral drug manufacturing facility with capabilities to manufacture high-potency drugs and started producing clinical-trial materials
- ✓ Concluded a stock transfer agreement on the assignment of Nishine Plant from Astellas Pharma Tech (scheduled for June 1 2019)
- ✓ 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 became the CMIC Group's wholly-owned subsidiary (as of April 2019) to enhance our SMO business presence in Hokkaido
- ✓ Concluded a formal agreement with Sony Corporation for the transfer of “harmo”, the electronic prescription record service (scheduled for June 1 2019)
- ✓ Started services for self-collect HPV test “SelCheck Cervical Cancer”

IPM Business

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

Consolidated income statement (overview)

	2018/1H		2019/1H		YoY change	Percent change
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	33,640	100.0	36,633	100.0	2,992	8.9
Operating income	2,471	7.3	2,879	7.9	407	16.5
Ordinary income	2,225	6.6	2,661	7.3	435	19.6
Profit attributable to owners of parent	489	1.5	1,536	4.2	1,047	214.1
Earnings per share	¥26.14		¥82.72			

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



(¥ millions)	2018/1H	2019/1H		2018/1H	2019/1H
Non-operating income	39	50	Extraordinary income	-	6
Interest income	3	2	Gain on sales of non-current assets	-	6
Rent income	8	11			
Refunded consumption taxes	8	10	Extraordinary losses	287	174
Insurance income	-	15	Impairment loss	-	124
Other	19	11	Loss on sales of non-current assets	0	-
Non-operating expenses	285	268	Loss on retirement of non-current assets	28	50
Interest expenses	57	56	Loss on valuation of investment securities	4	-
Share of loss of entities accounted for using equity method	59	108	Loss on revision of pay regulations	252	-
Foreign exchange losses	131	77			
Other	36	25	Income taxes	1,450	1,142
			Current	1,038	1,035
			Deferred	412	107

Sales & Operating income by segment

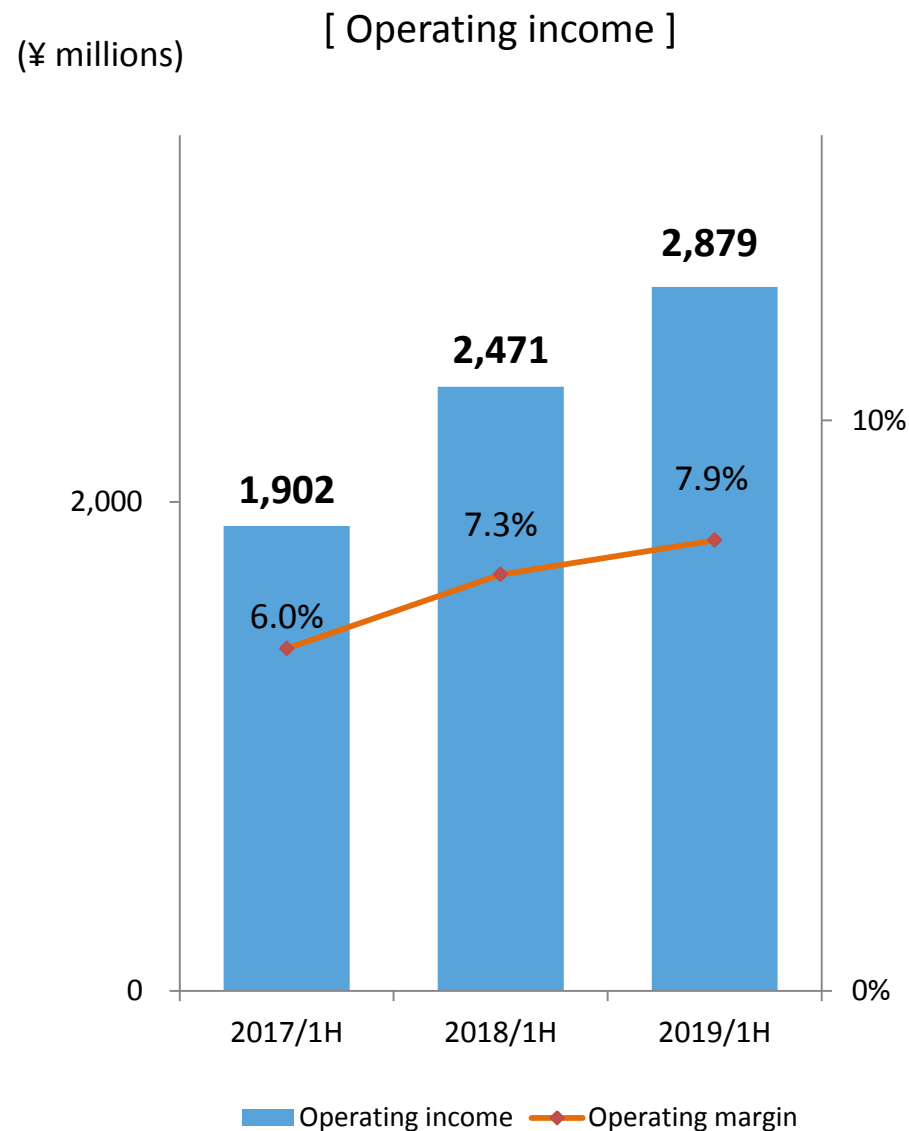
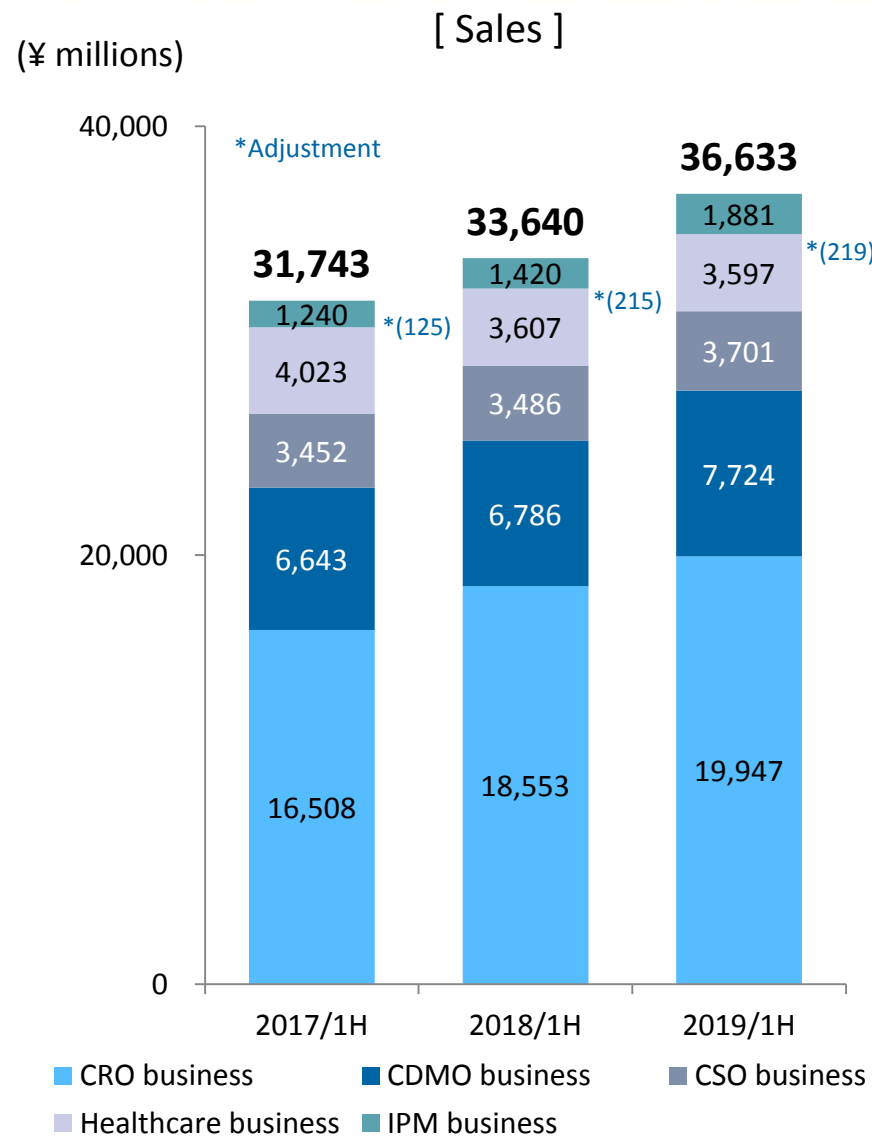
		2018/1H Amount (¥ millions)	2019/1H Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	18,553	19,947	1,393	7.5
	Operating income	3,929	4,306	376	9.6
CDMO Business	Sales	6,786	7,724	937	13.8
	Operating income	(525)	(147)	377	-
CSO Business	Sales	3,486	3,701	214	6.2
	Operating income	153	(33)	(187)	-
Healthcare Business	Sales	3,607	3,597	(10)	(0.3)
	Operating income	465	416	(48)	(10.5)
IPM Business	Sales	1,420	1,881	460	32.4
	Operating income	(111)	(108)	3	-
Adjustments	Sales	(215)	(219)	(3)	-
	Operating income	(1,440)	(1,553)	(113)	-
Consolidated	Sales	33,640	36,633	2,992	8.9
	Operating income	2,471	2,879	407	16.5

Orders received / Backlog

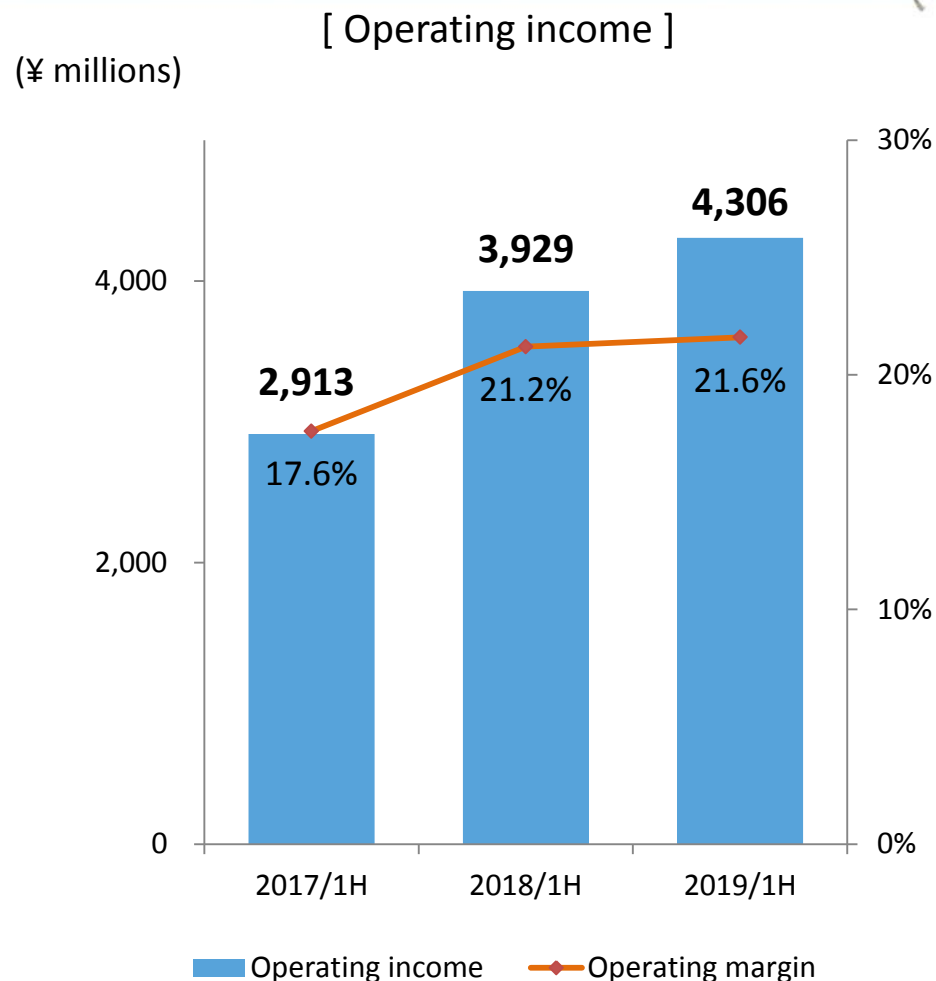
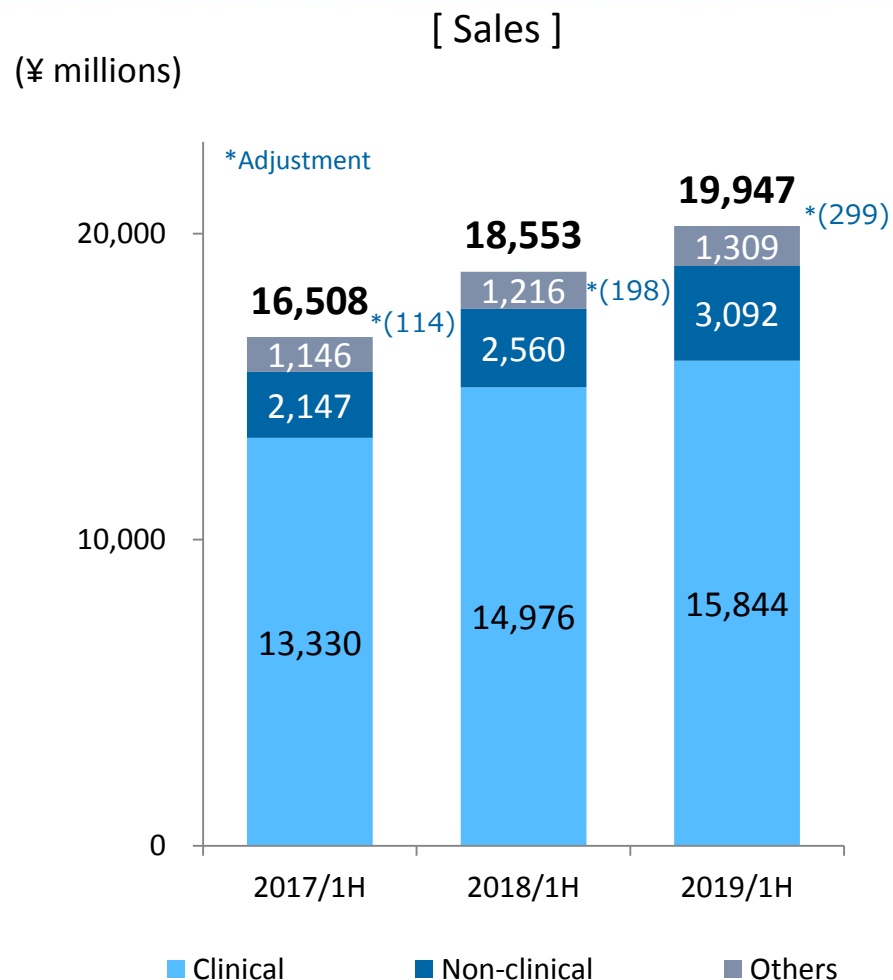
	2018/1H		2019/1H			
	Orders received	Backlog	Orders received	Percent Change	Backlog	Percent change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
CRO Business	25,564	62,065	18,934	(25.9)	54,960	(11.4)
CDMO Business	7,290	4,186	8,274	13.5	4,409	5.3
CSO Business	5,234	4,843	5,302	1.3	4,863	0.4
Healthcare Business	3,027	8,582	4,542	50.0	10,601	23.5
Total	41,117	79,677	37,053	(9.9)	74,836	(6.1)

- New orders dropped as a rebound from the acquisition of large-scale projects from the same period of the previous year, and the number of inquiries remains high. New orders for Healthcare significantly exceeded that of the same period of the previous year.
- Accounts for only the backlog of firm CDMO business orders. There is customer demand for scheduled orders but these are different from firm orders so we have not included these in the backlog.
- Order status is not included for IPM Business because its business conditions are different from those of contract business.

Trend in consolidated Sales & Operating income

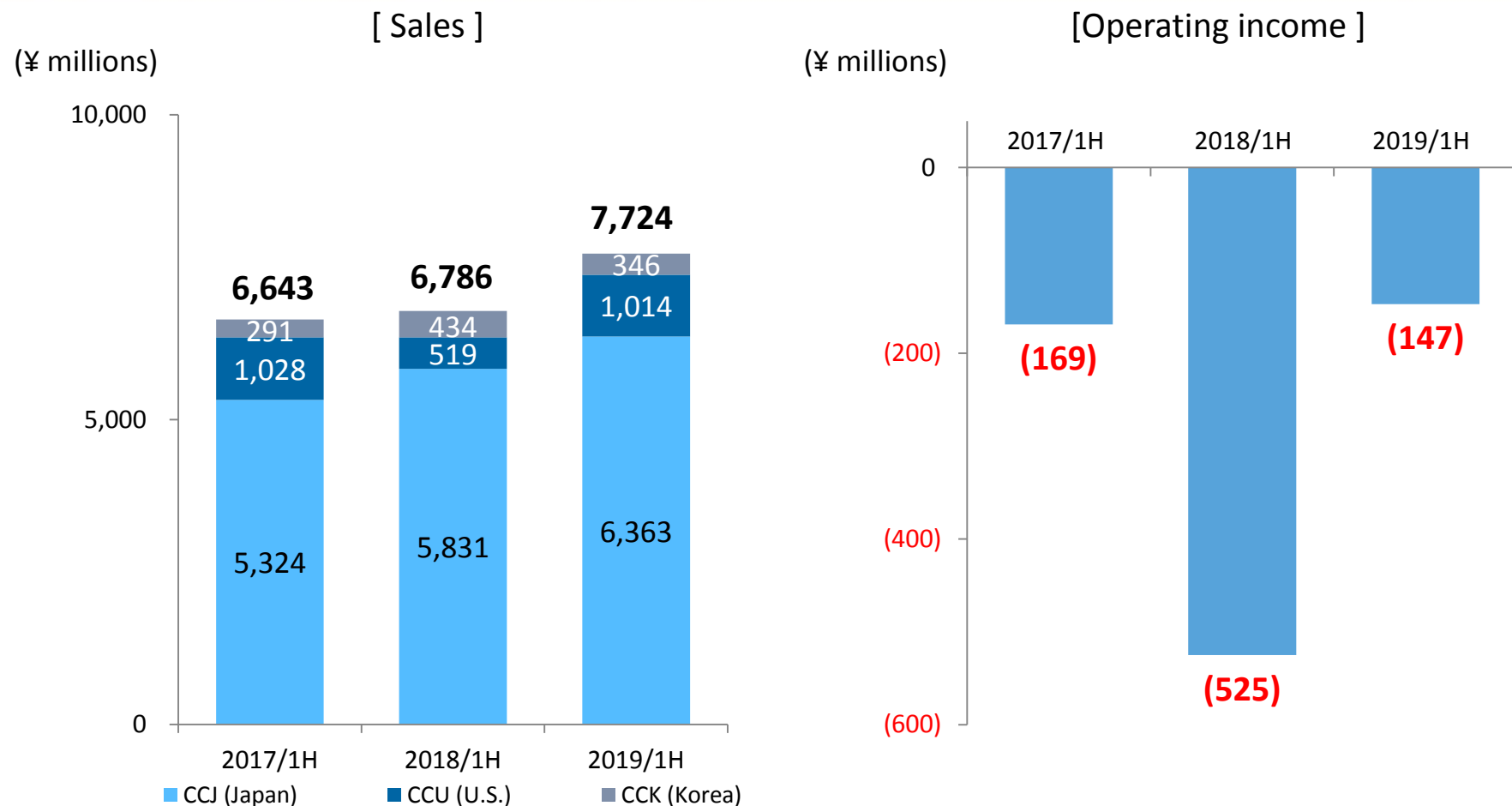


Contract Research Organization (CRO) Business



Supported overseas companies entering the Japanese market, non-healthcare companies entering the healthcare sphere, and promoted measures to address sophisticated development needs including biopharmaceuticals and regenerative medicine. Sales and operating income exceeded those from the same period of the previous year thanks to robust growth in new and existing contracts.

Contract Development Manufacturing Organization (CDMO) Business

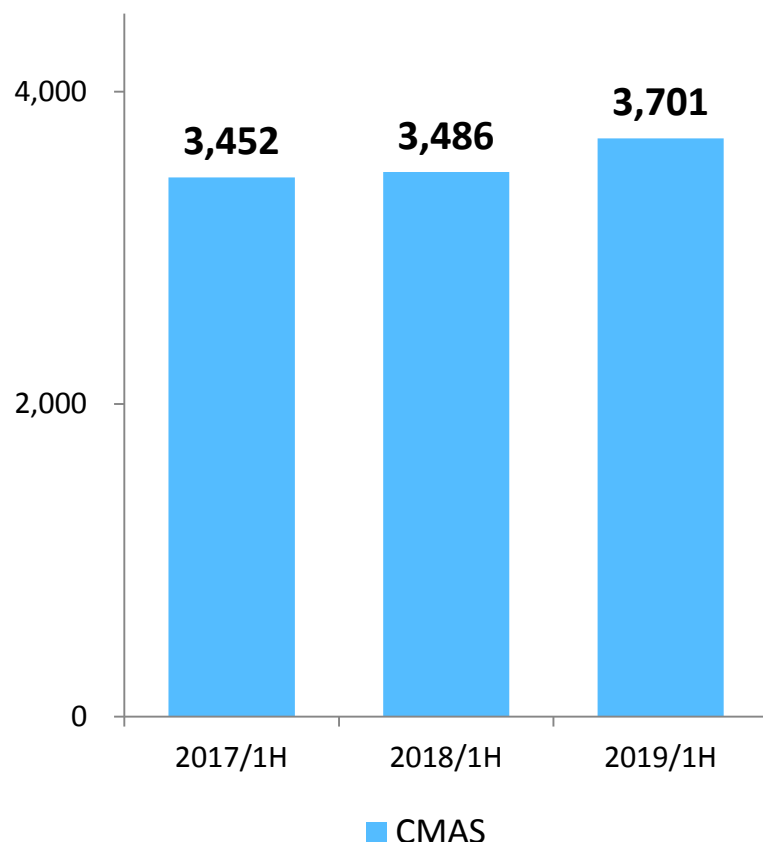


Launched a new parenteral drug manufacturing facility in Ashikaga and started producing clinical-trial materials. Concluded a stock transfer agreement on the assignment of Nishine Plant from Astellas Pharma Tech to improve the oral solid dose manufacturing capabilities. Sales exceeded that of the same period last year mainly due to increase of contract production sales in Japan and the United States. While operating loss was recorded due to commercial production start-up expenses and increased depreciation cost for the new parenteral drug manufacturing facility in Ashikaga, the loss amount has decreased following the increase of contract manufacturing volume.

Contract Sales Organization (CSO) Business

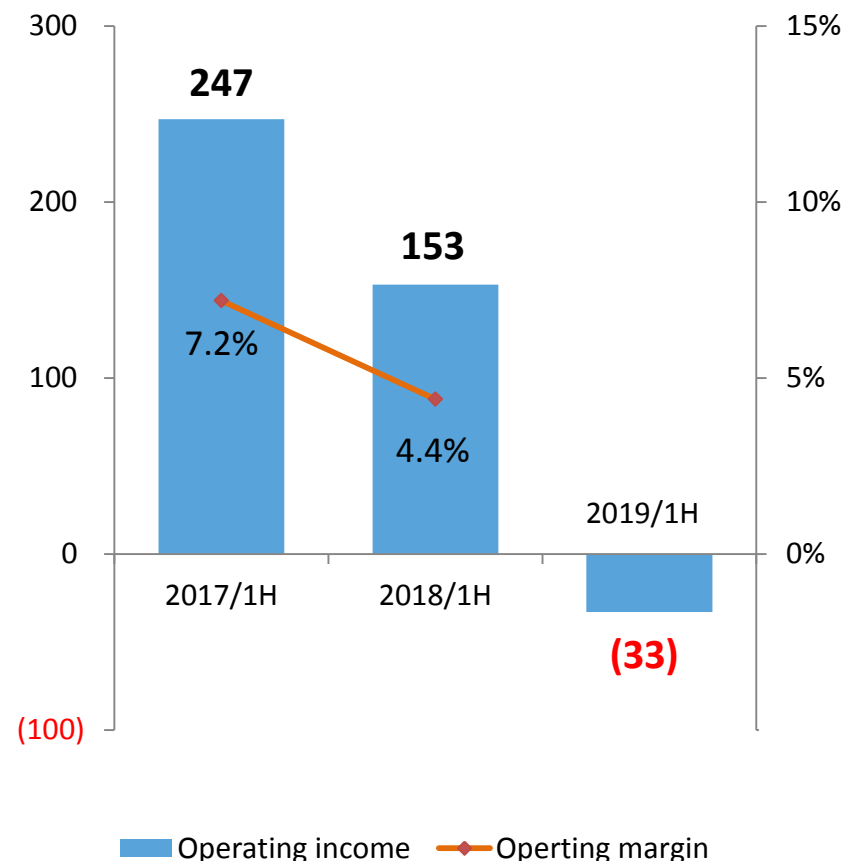
[Sales]

(¥ millions)



[Operating income]

(¥ millions)

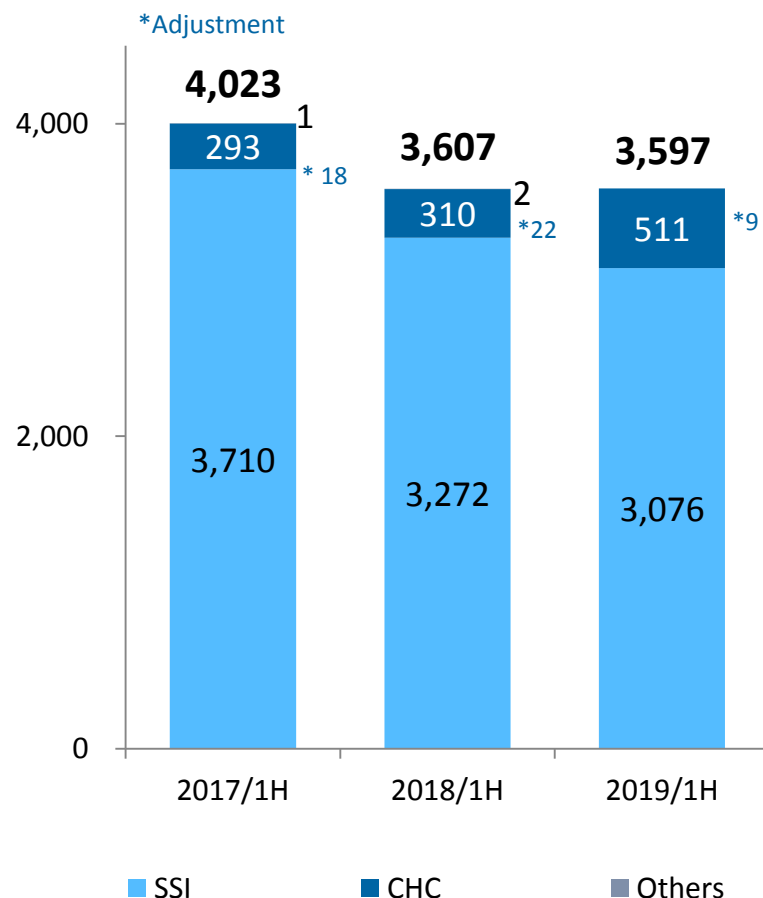


Enhanced the sales activities for Medical Affairs-related operations. Sales exceeded that of the same period of the previous year thanks to the steady execution of both new and existing projects, but operating loss was recorded due to the costs generated to meet the increasing demand of MR dispatch and take on large-scale projects including hiring and training costs.

Healthcare Business

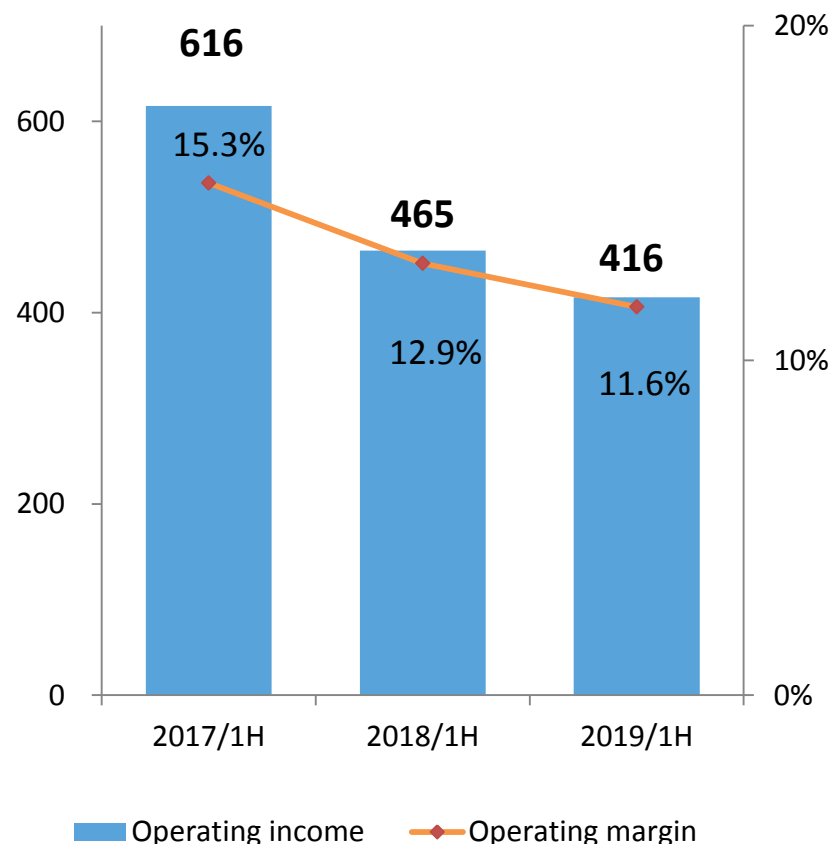
[Sales]

(¥ millions)



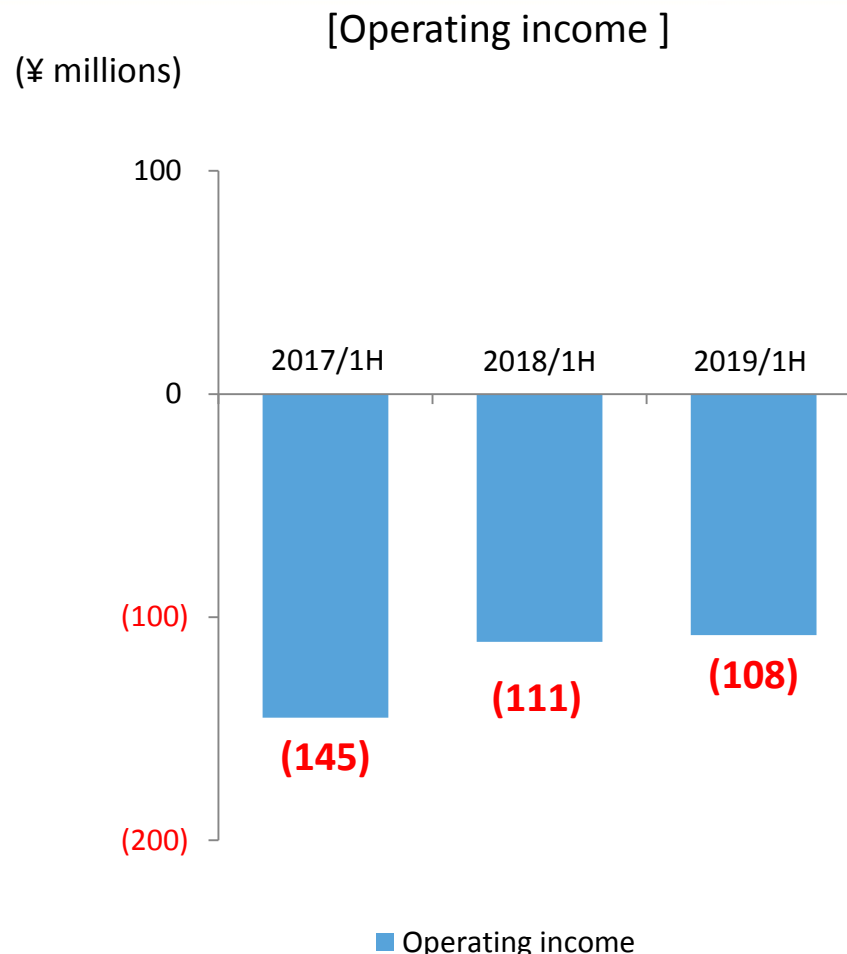
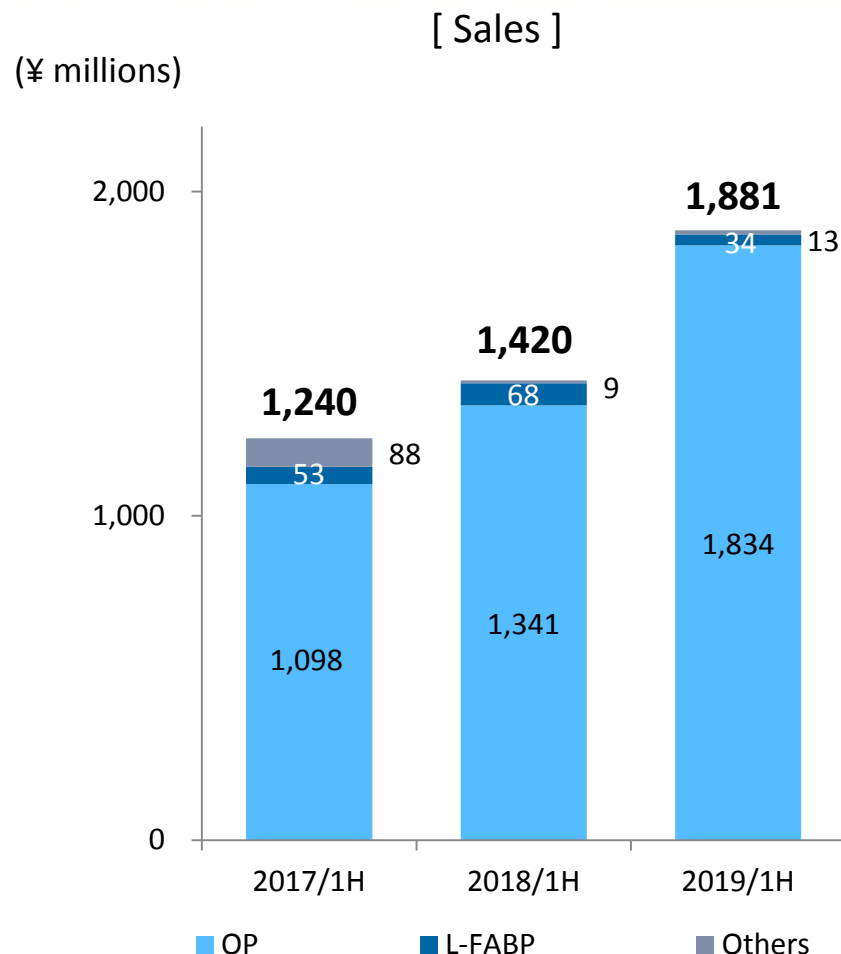
[Operating income]

(¥ millions)



BELL24-Cell Product became the wholly-owned subsidiary to further enhance our presence in Hokkaido. Enhanced patient services by offering "SelCheck" (self-screening) and transferring "harmo", the electronic prescription record service from Sony Corporation. While sales remain unchanged from the previous year, operating income are below that of the same period of the previous year due to the impact of discontinuation or temporary interruption of contract studies in SMO business operations.

Innovative Pharma Model (IPM) Business

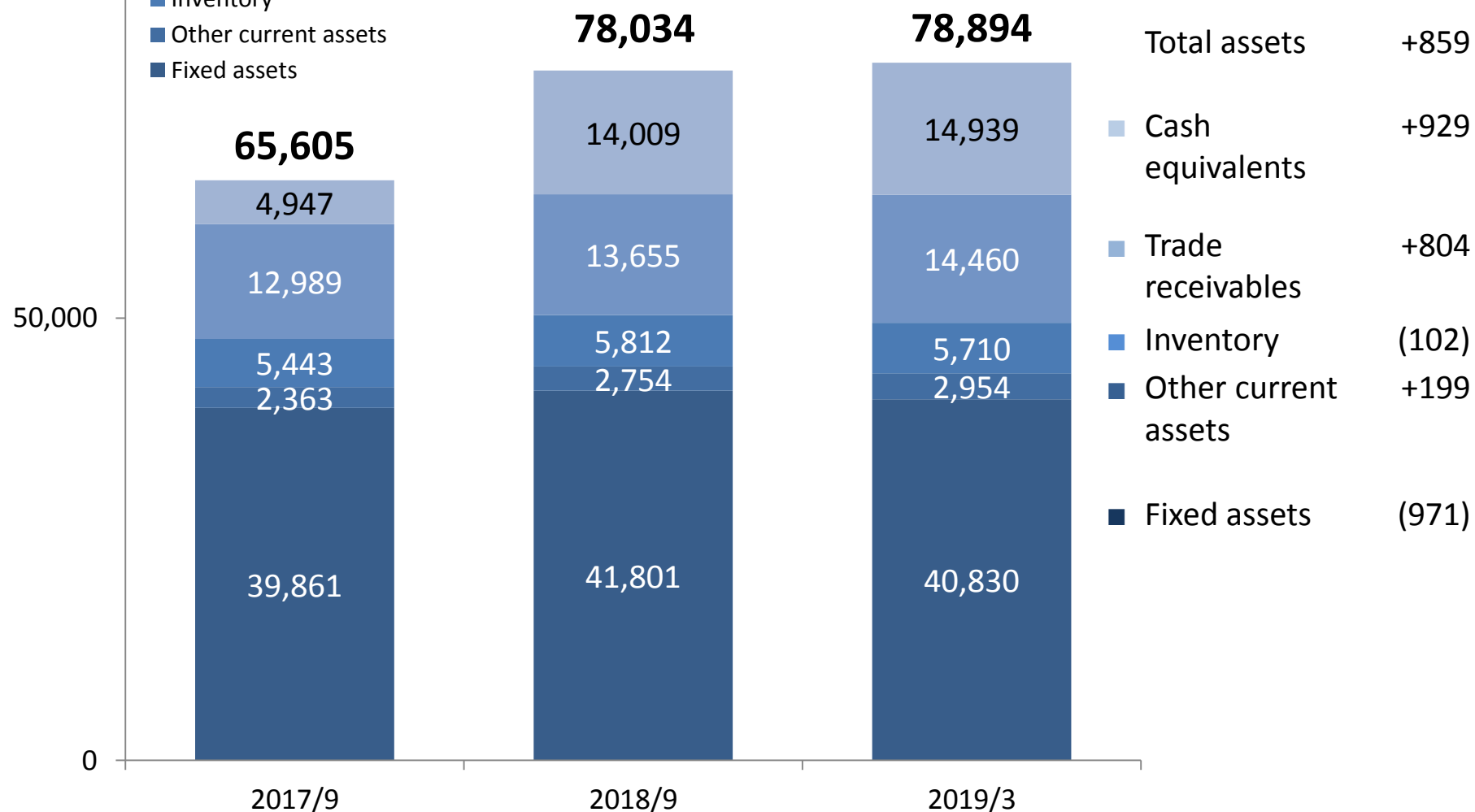


Marketed orphan drugs, including products developed in-house. Expanded the market and strengthened promotions of the kidney disease biomarker “human L-type fatty acid-binding protein (L-FABP) kit”. Sales exceeded that of the same period of the previous year due to sales increase of orphan drugs. Continued to expand our business scale through provision of new solutions towards positive turnaround of sales.

Balance sheet (assets)

(¥ millions)

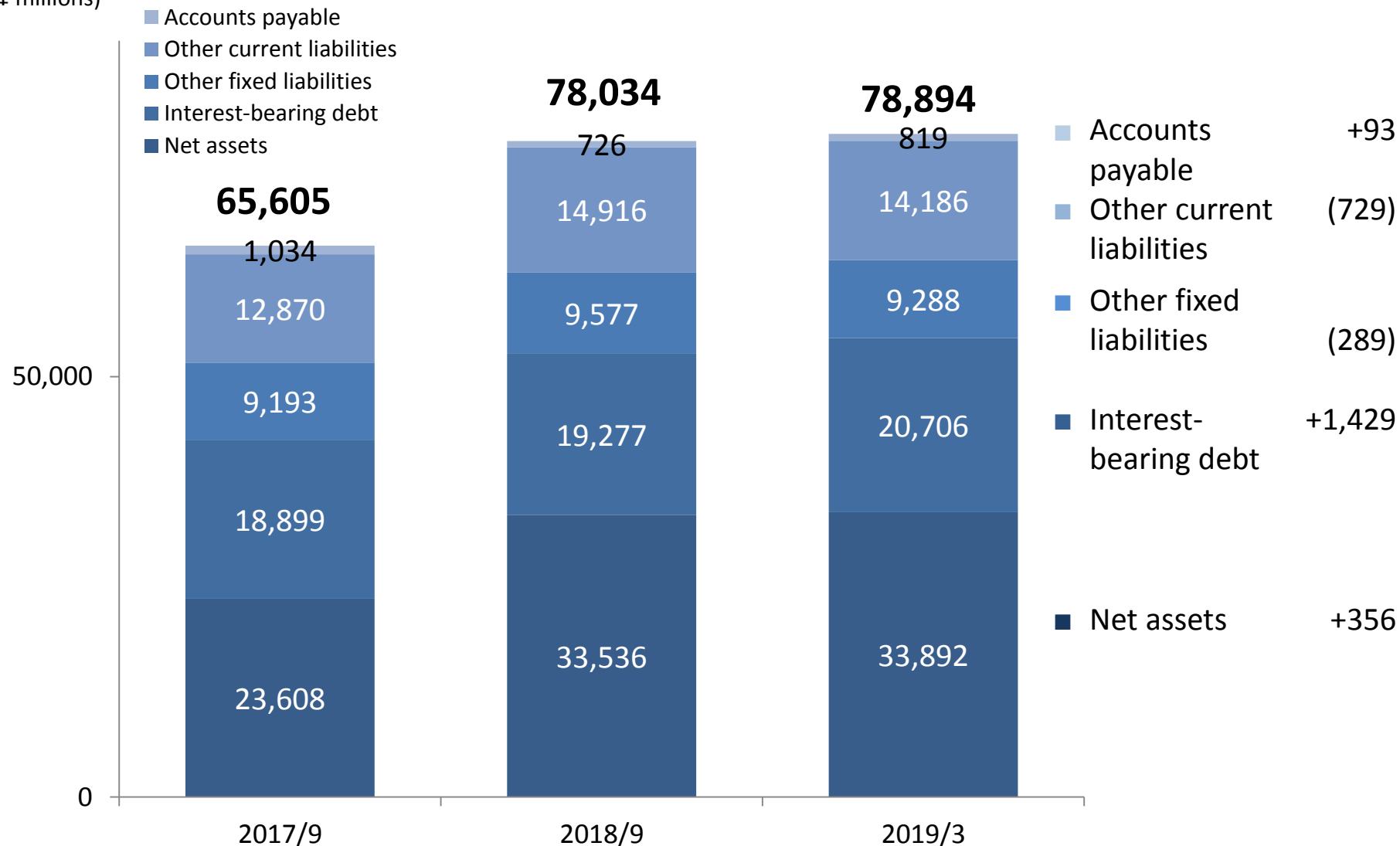
- Cash equivalents
- Trade receivables
- Inventory
- Other current assets
- Fixed assets



*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

	2018/1H	2019/1H	(¥ millions) Increase (decrease)
Cash flows from operating activities	1,986	1,744	(242)
Cash flows from investing activities	(4,266)	(1,687)	2,579
Cash flows from financing activities	2,853	931	(1,921)
Effect of exchange rate change on cash and cash equivalents	(40)	(28)	11
Net increase(decrease) in cash and cash equivalents	533	960	427
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	5,481	14,937	9,456

[Key factor]

(Cash flow from operating activities)


- Increase in funds due to increase in net income before tax and depreciation
- Decrease in funds due to increase in accounts receivable, and income taxes paid

(Cash flow from investing activities)

- Outflow from purchase of property, plant and equipment


(Cash flow from financing activities)

- Expenditure due to the decrease of the net change of the commercial paper and repayment of long-term loans
- Decrease in funds due to cash dividends paid

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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.

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