

Overview of Financial Results for FY2019

CMIC HOLDINGS Co., Ltd.
November 7, 2019

Business segments and group companies

Blue indicates overseas.

*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of Sep. 2019)
CRO Business	Services related to pharmaceutical development support, analytical chemistry services, and healthcare for pharmaceutical companies, and BPO and personnel services for the pharmaceutical 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 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.
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 NISHINE 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. SSI-CP 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

- ✓ 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				
Insurance claims received	3	16	Extraordinary losses	346	409	
Other	36	32	Impairment loss	-	225	
			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

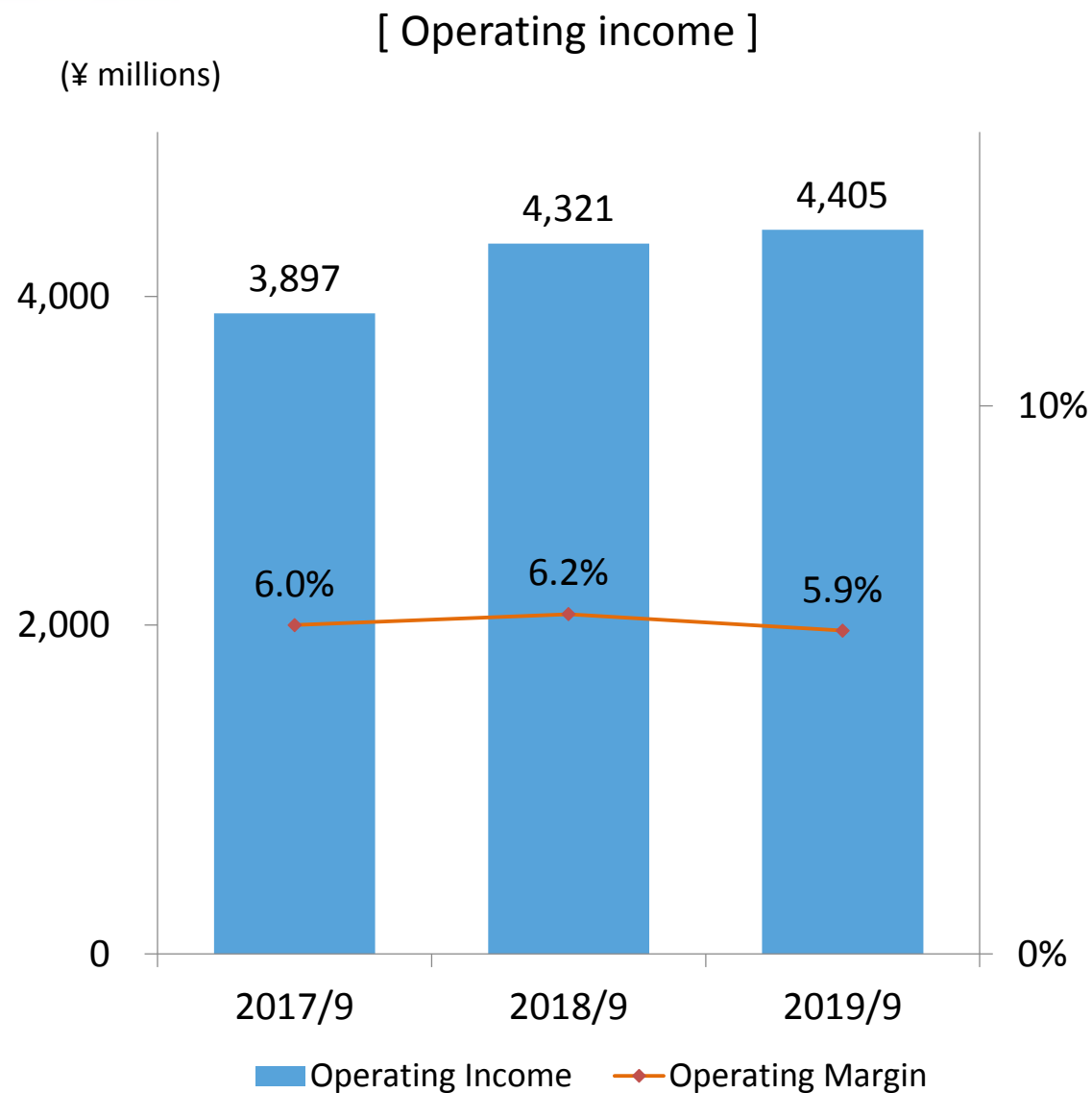
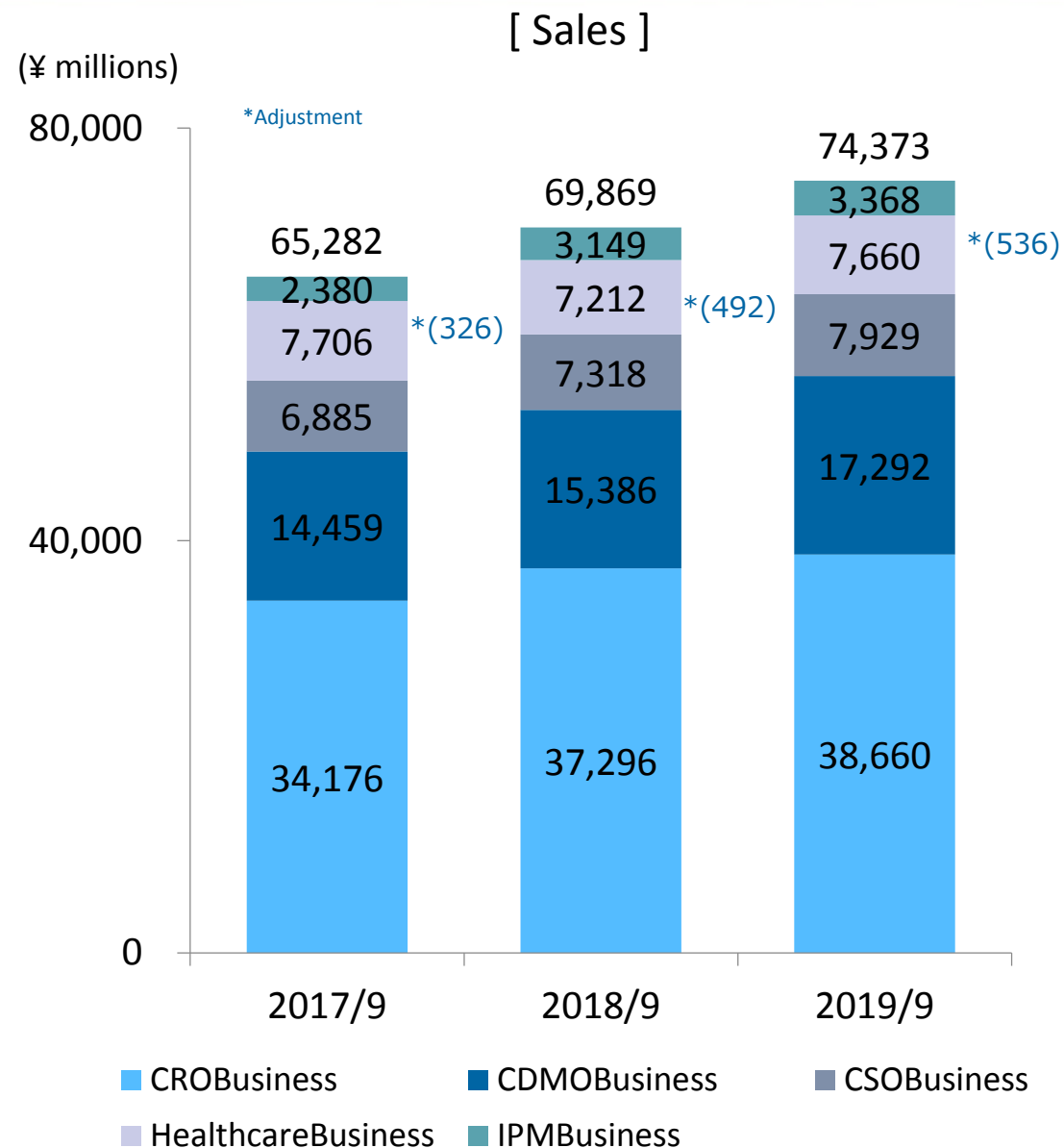
		2018/9 Amount (¥ millions)	2019/9 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	37,296	38,660	1,364	3.7
	Operating income	6,650	6,899	249	3.7
CDMO Business	Sales	15,386	17,292	1,905	12.4
	Operating income	4	116	112	2,692.9
CSO Business	Sales	7,318	7,929	611	8.4
	Operating 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	Backlog	Orders received	Percent change	Backlog	Percent change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
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

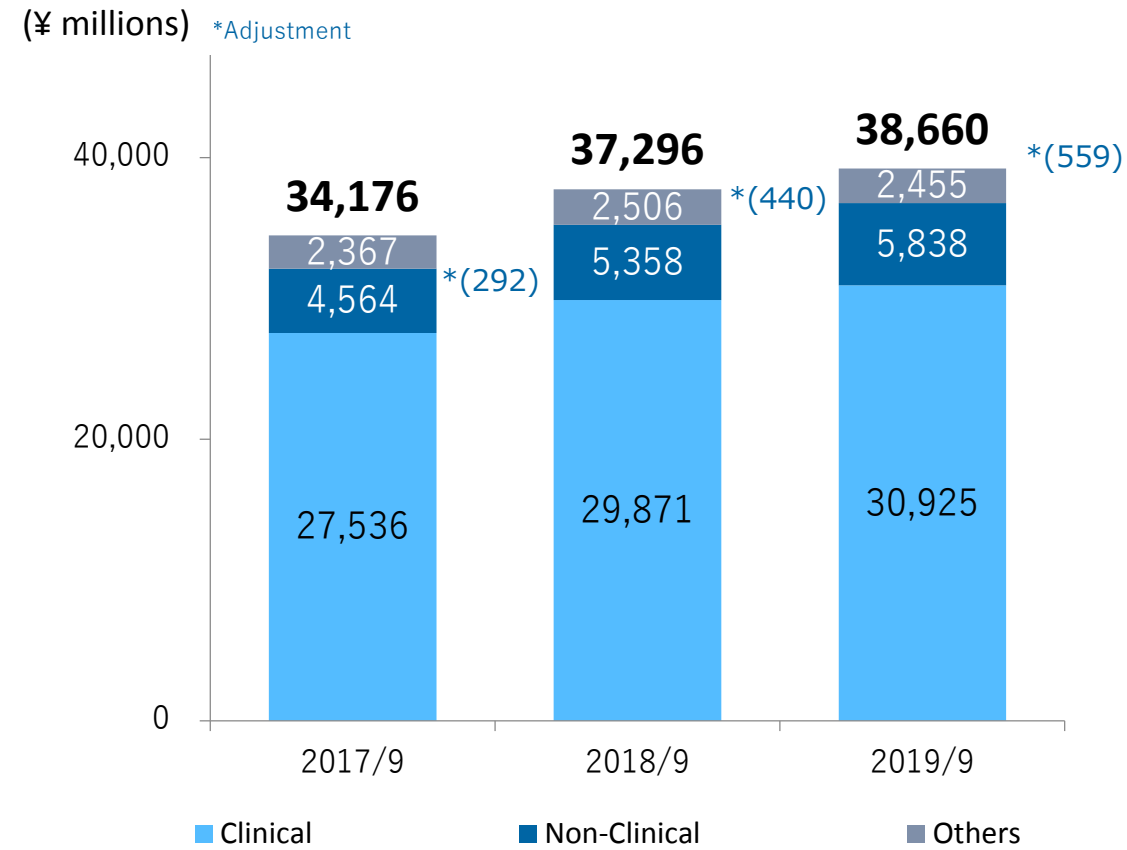
- Orders received by CRO remained at the same level as the previous year due to the impact of customer review of development plans, etc. In other businesses, both orders received and backlogs were significantly higher than the same period last year.
- Accounts for only the backlog of firm CDMO business 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

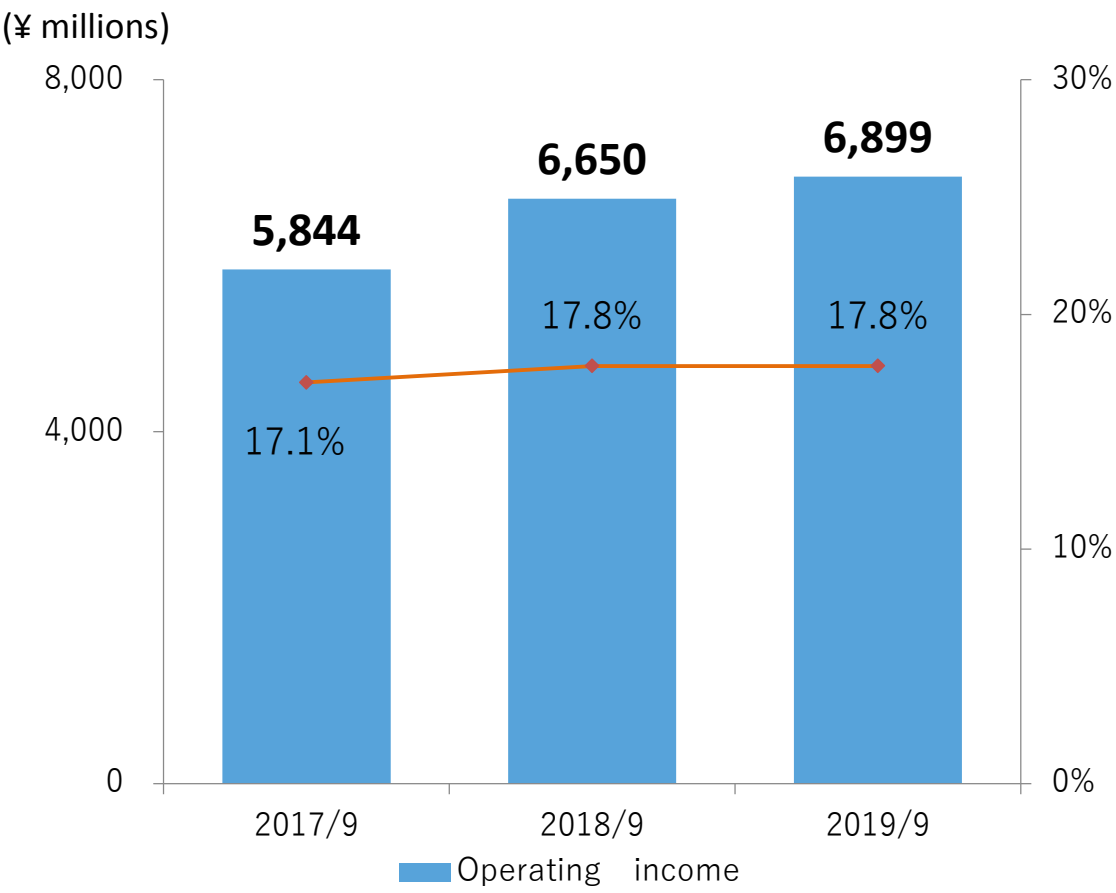


Contract Research Organization (CRO) Business

[Sales]

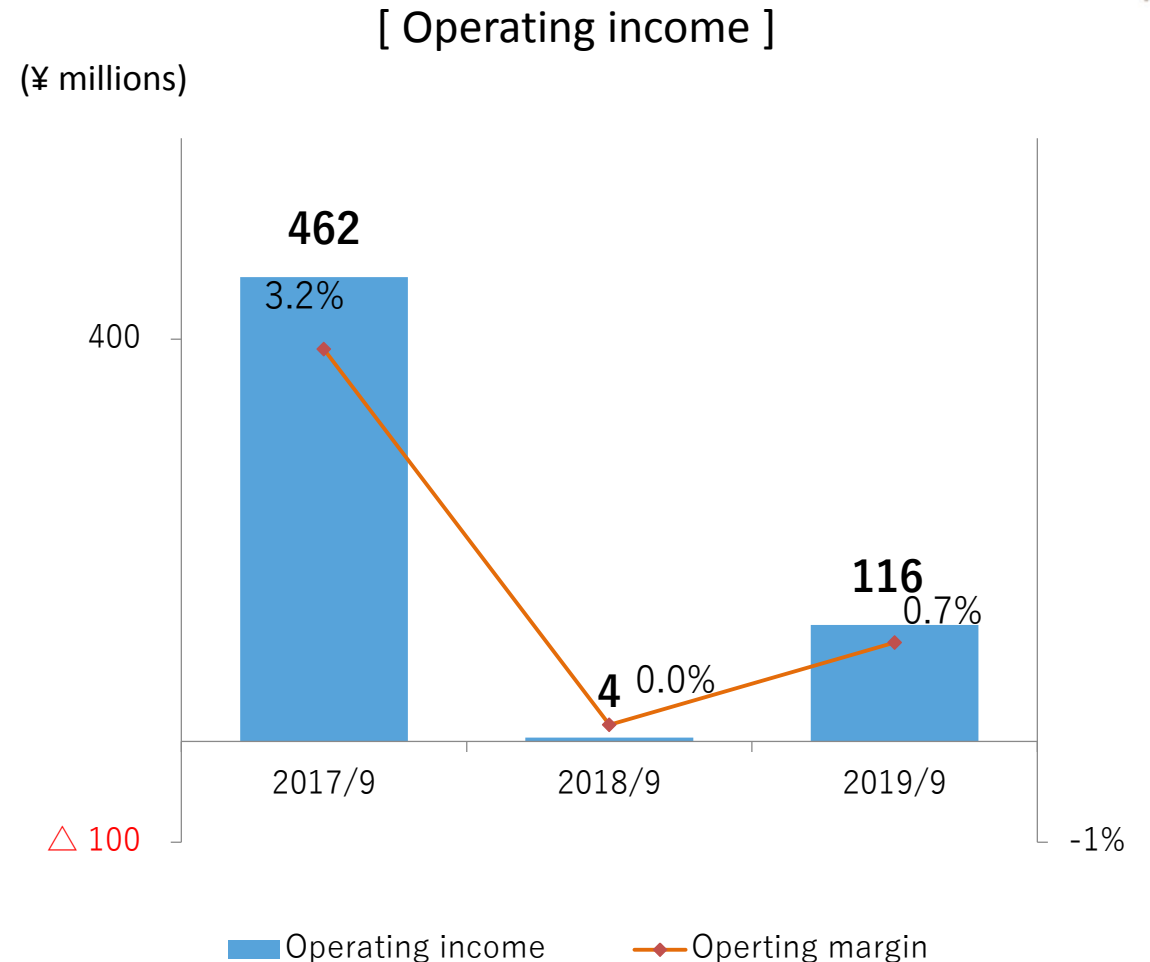
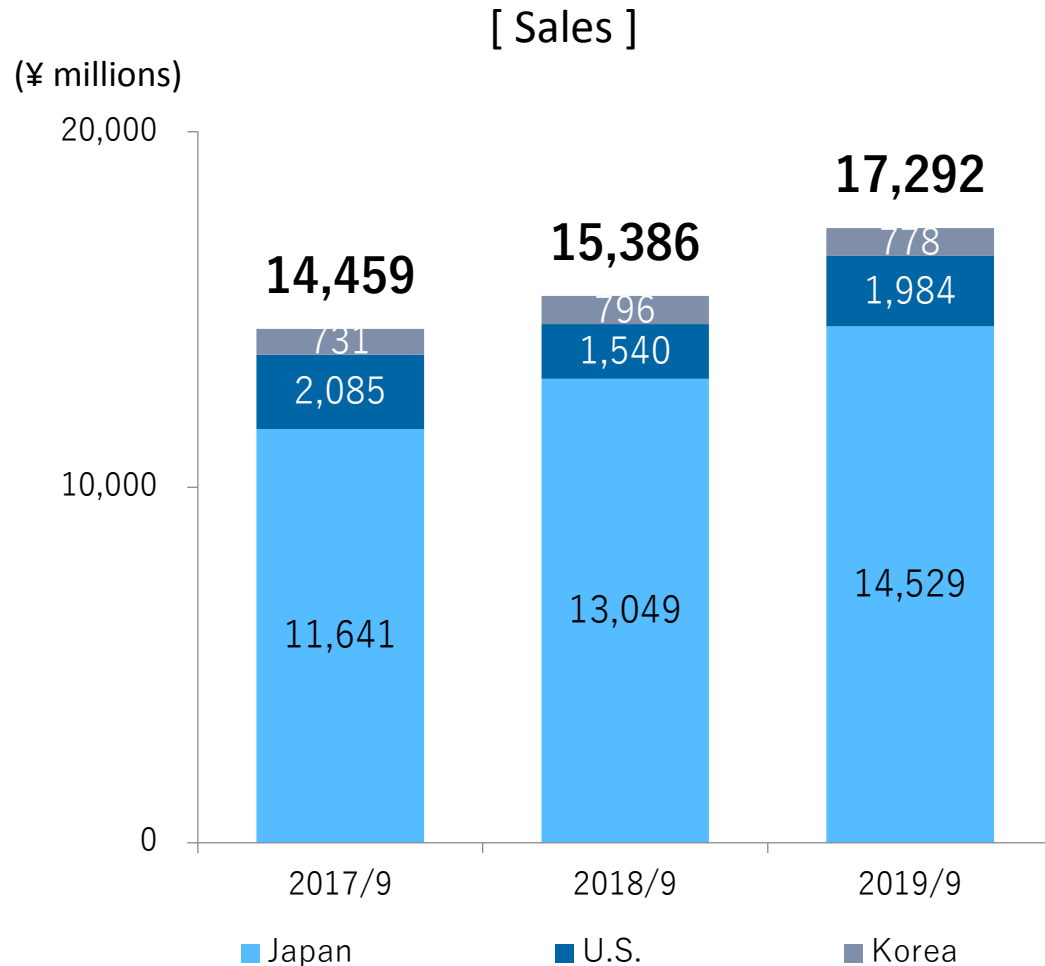


[Operating income]



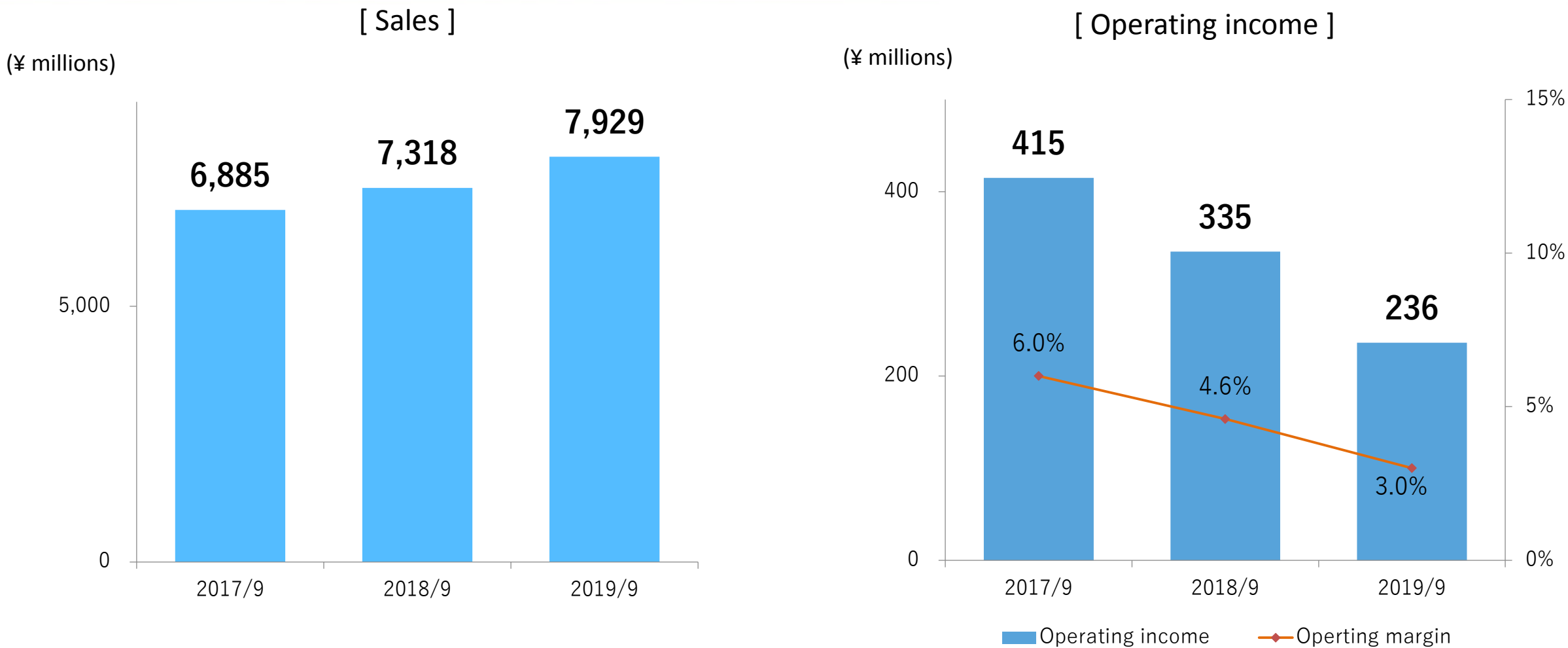
Supported overseas companies entering the Japanese market, non-healthcare companies entering the healthcare sphere, and promoted measures to address sophisticating development needs including biopharmaceuticals and regenerative medicine. Sales and operating income exceeded those of the previous year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

Contract Development Manufacturing Organization (CDMO) Business



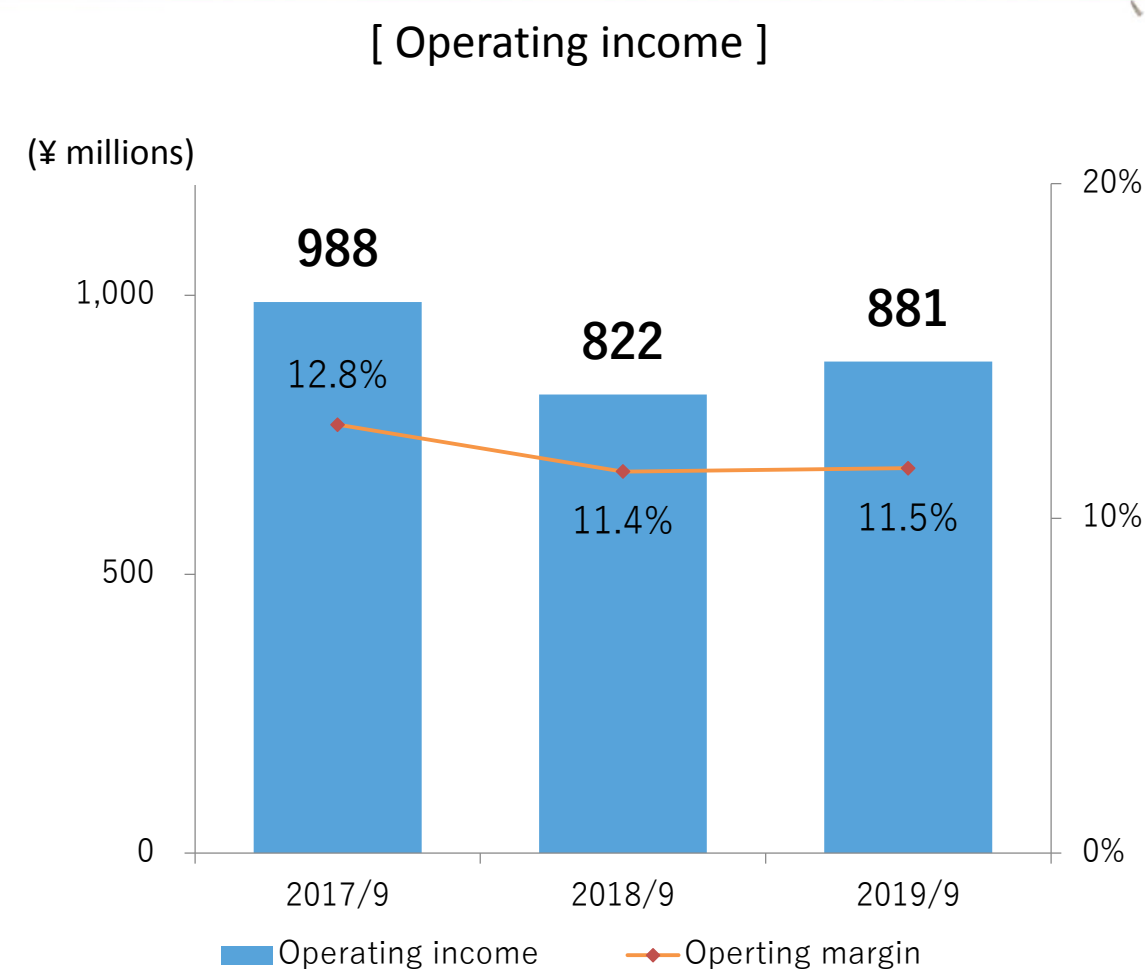
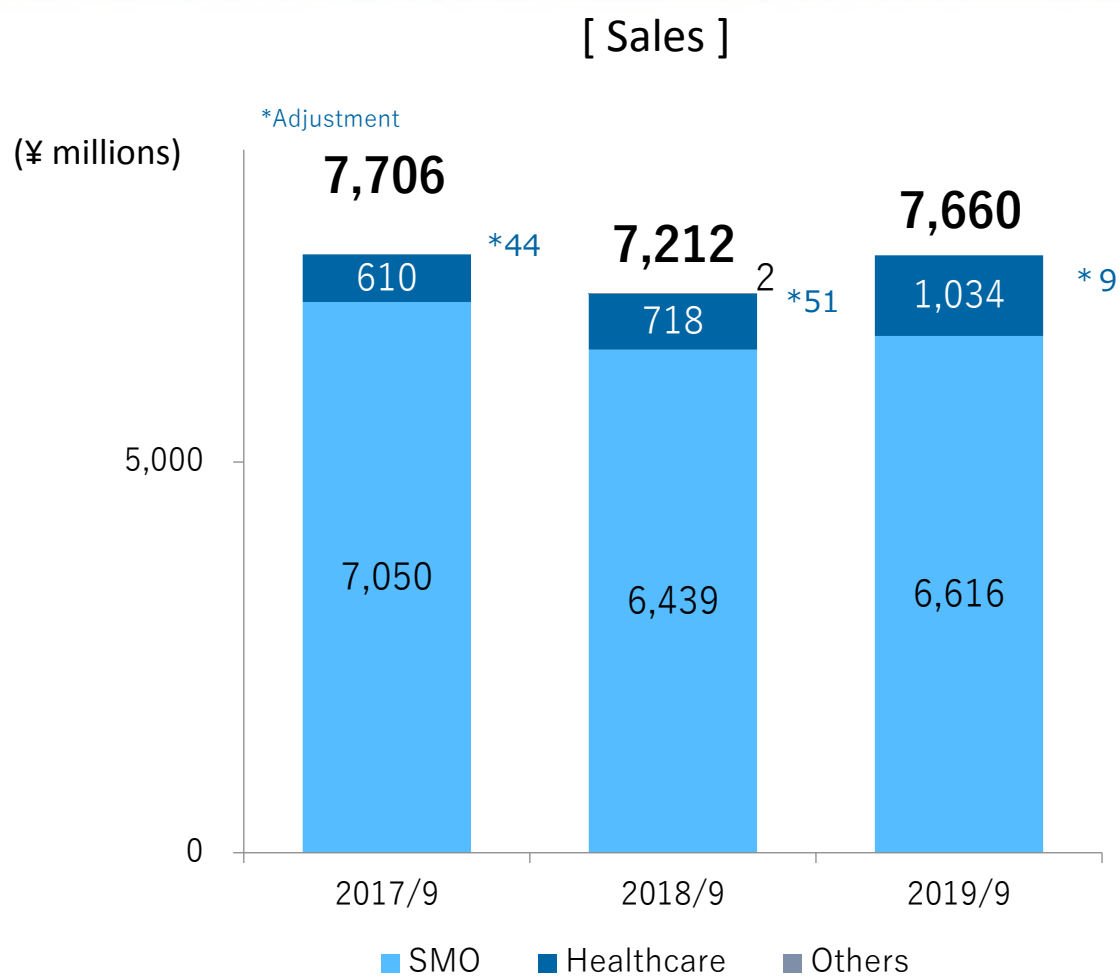
Launched a new parenteral drug manufacturing facility in Ashikaga and started producing clinical-trial materials. Succeeded Astellas Pharma Tech Nishine Plant and CMIC CMO NISHINE Co., Ltd. started its operations to increase the manufacturing capabilities of oral solid dosage forms. Sales exceeded that of the previous year due to increase of contract production sales in Japan and the United States ,with added results from CMIC CMO Nishine Co., Ltd. Operating profit also exceeded that of the previous year absorbing increased depreciation cost for the new parenteral drug manufacturing facility in Ashikaga.

Contract Sales Organization (CSO) Business



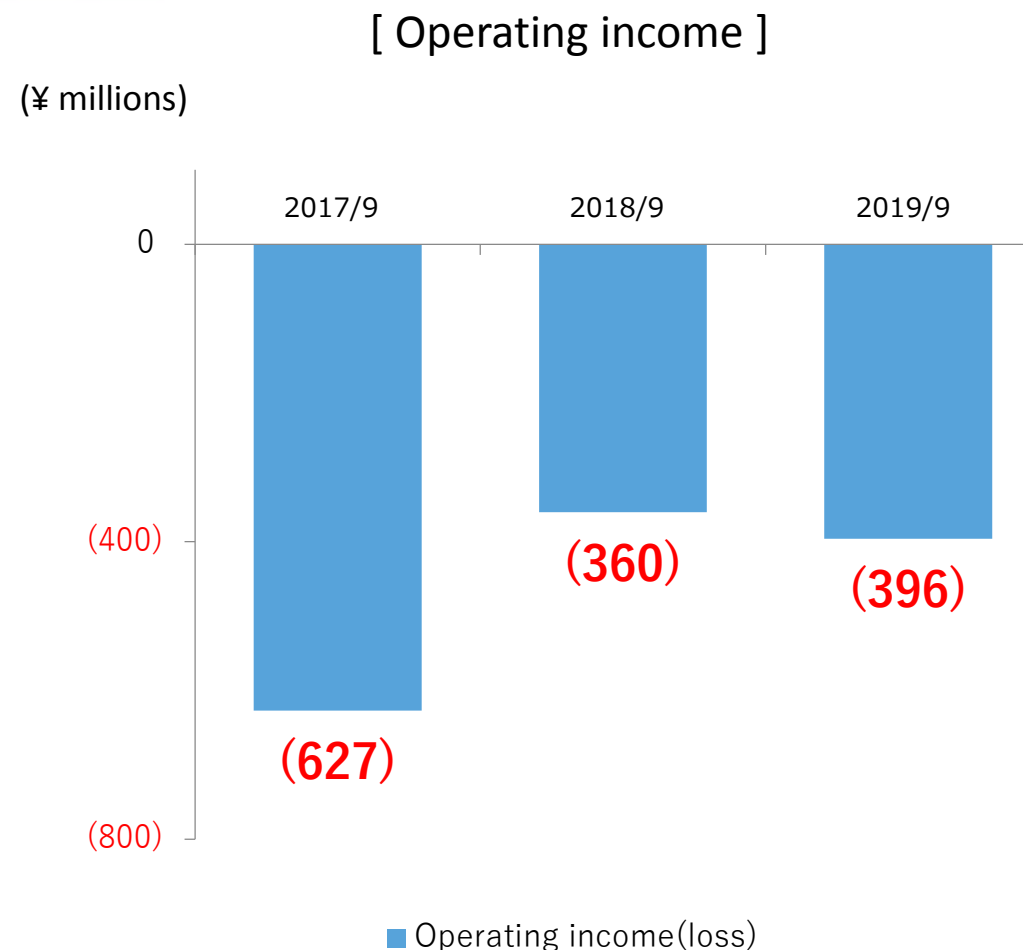
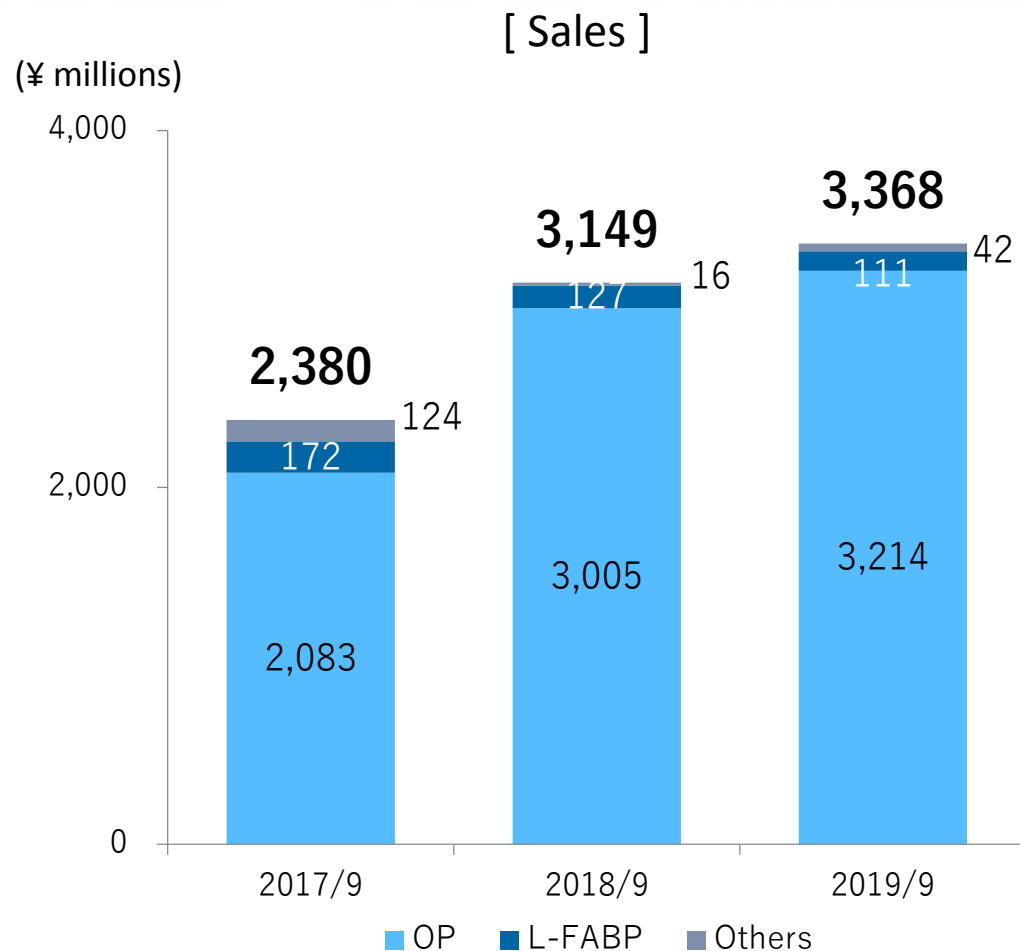
Enhanced the sales activities for Medical Affairs-related operations. Sales exceeded that of the same period of the previous year thanks to the steady execution of both new and existing projects. However, operating profit was below that of the same period last year due to the preceding costs generated to take on new projects.

Healthcare Business



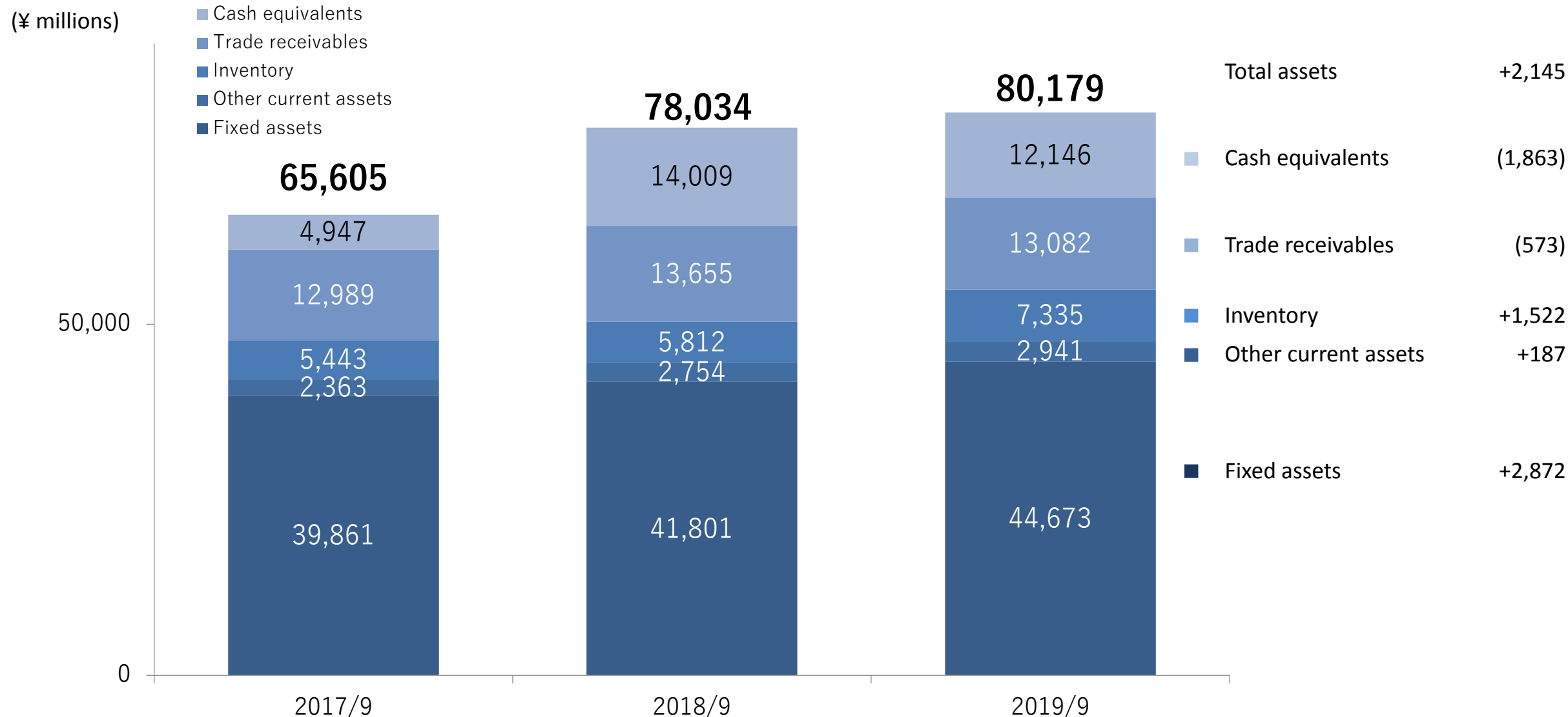
BELL24-Cell Product, Inc. became our group company to further enhance our presence in Hokkaido. Commenced services for self-collect HPV test "SelCheck Cervical Cancer" and succeeded "harmo", the electronic prescription record service, from Sony Corporation to enhance patient support programs. Sales and operating income both exceeded those of the previous year thanks to the steady execution of new projects.

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.

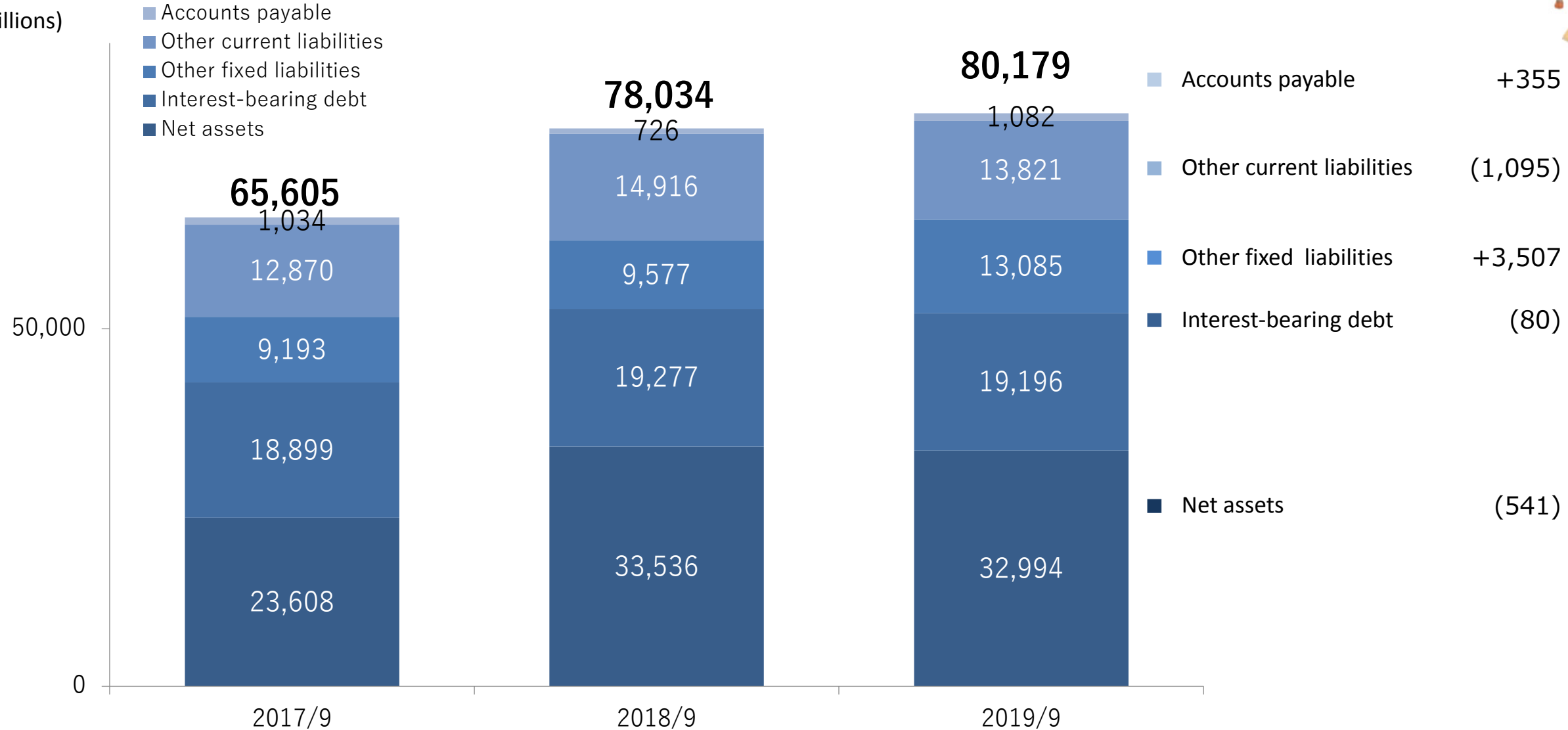
Balance sheet (assets)



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

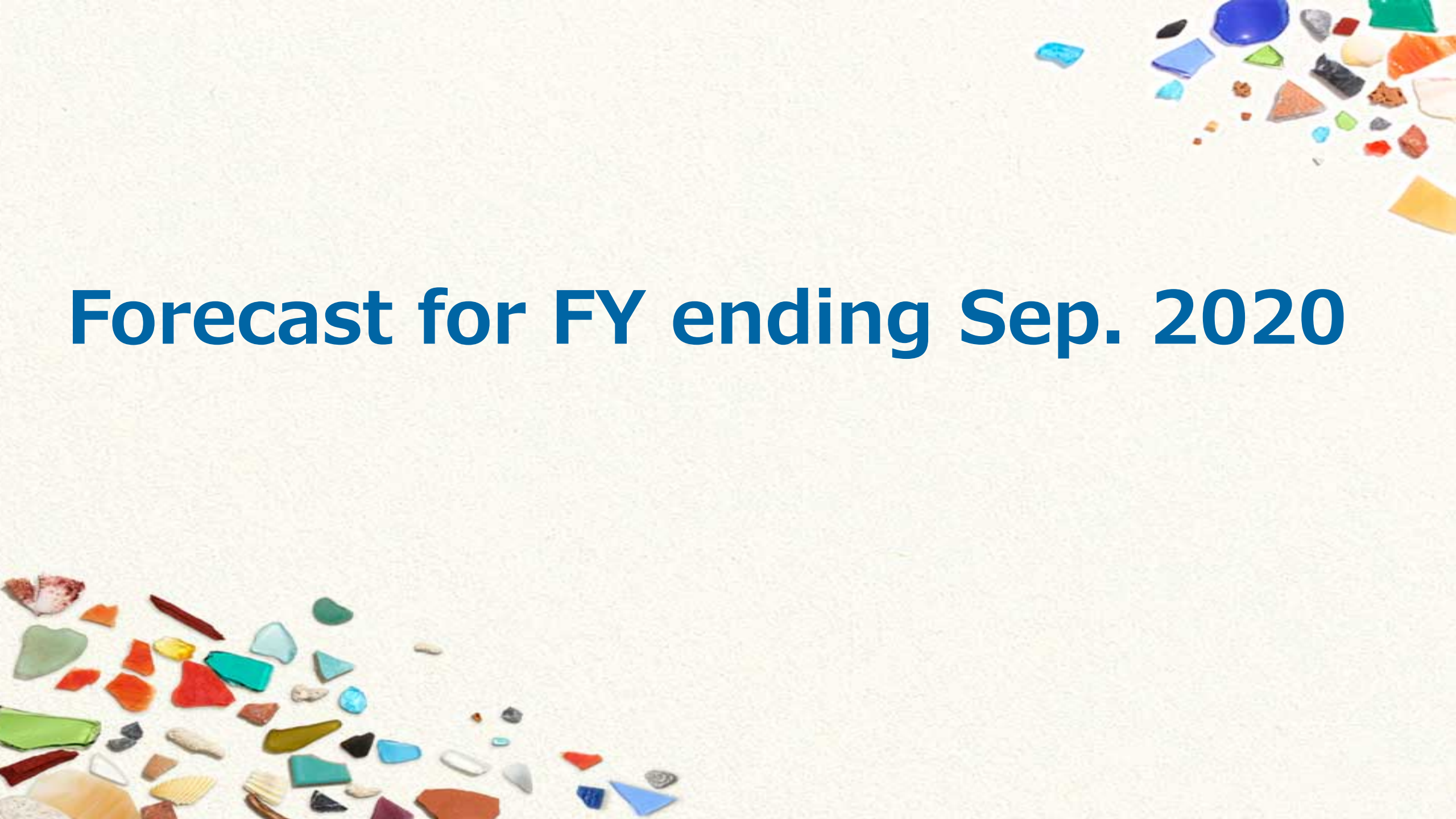
Balance sheet (liabilities and net assets)

(¥ millions)



Cash Flows

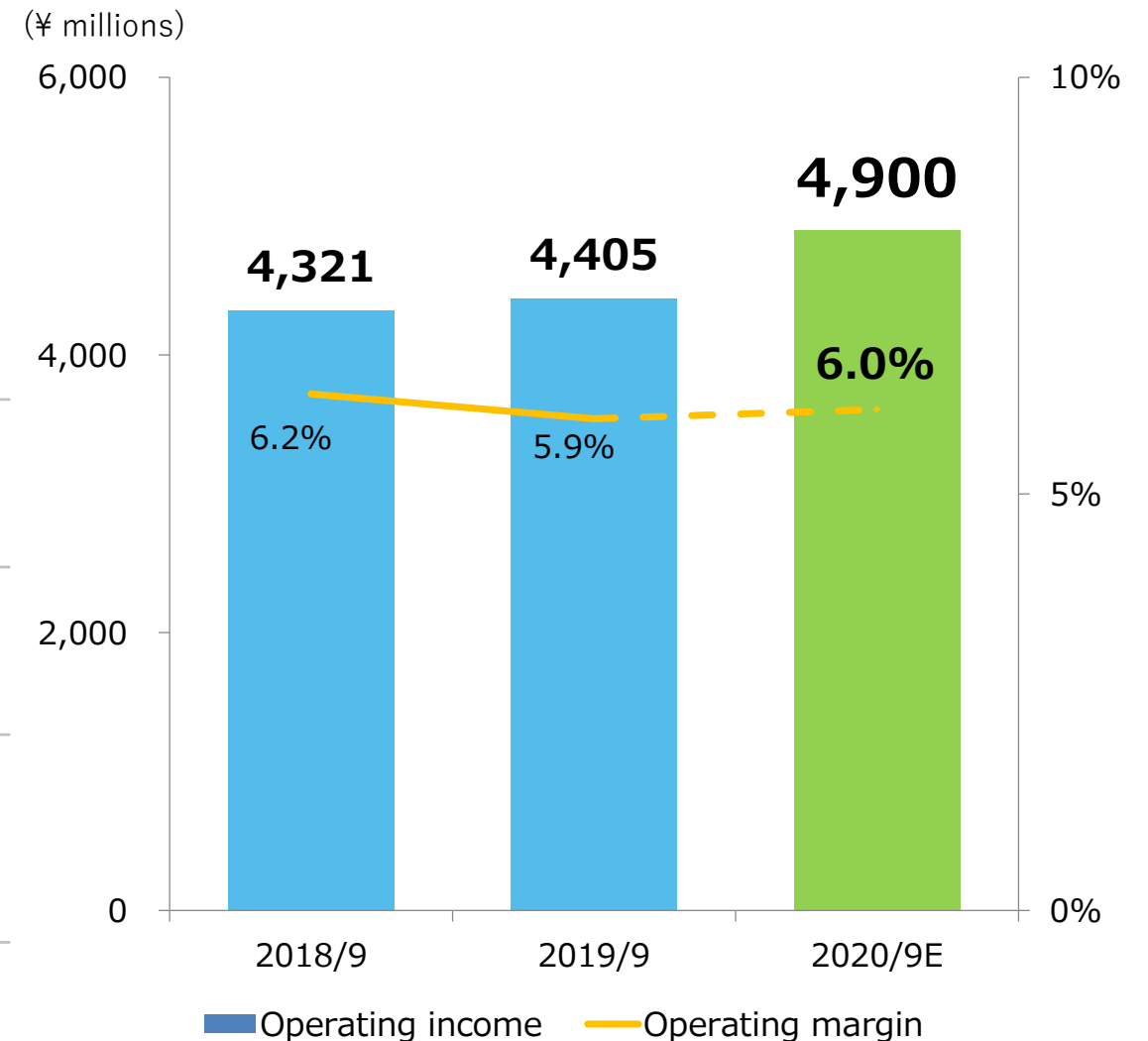
			(¥ millions)	
	2018/9	2019/9	Increase (decrease)	
Cash flows from operating activities	7,488	4,922	(2,565)	[Key factor] (Cash flow from operating activities) • proceeds from net income before taxes, depreciation and liability for retirement benefits
Cash flows from investing activities	(6,203)	(4,889)	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)	

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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

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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.

A larger, more dense cluster of colorful glass shards in various shapes and colors (red, orange, yellow, green, blue, black, white) scattered in the bottom left corner of the page.