



December 21, 2018

To the press and whom it may concern,

Company name: CMIC Holdings Co., Ltd.
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Announcement on transfer of subsidiaries

-Assignment of Nishine Plant from Astellas Pharma Tech by CMIC CMO-

CMIC Holdings Co., Ltd. ("CMIC") today announced that at the Board of Directors meeting held today, CMIC decided to conclude a stock transfer agreement between CMIC CMO Corporation ("CMIC CMO"), a consolidated subsidiary of the CDMO (Contract Development and Manufacturing Organization) business, and Astellas Pharma Tech Co., Ltd. ("Astellas Pharma Tech"), a manufacturing subsidiary of Astellas Pharma Inc. ("Astellas").

Astellas Pharma Tech will establish a wholly-owned subsidiary ("new company"), to which Nishine Plant's business (in Hachimantai-city, Iwate) will be transferred through an absorption-type split, and CMIC CMO will acquire all shares of this new company from Astellas Pharma Tech on June 1, 2019 (planned).

In addition, CMIC CMO will contract and continue to manufacture existing products at Nishine Plant.

1. Reason for Acquisition of shares

CMIC Group has initiated the first CRO (Contract Research Organization) business in Japan, and is rolling out a business model called PVC (Pharmaceutical Value Creator). The model is unique in providing comprehensive support within the value chains of pharmaceutical companies, in areas including R&D, manufacturing, marketing and sales. The CDMO business is a critical part of the PVC model. CMIC CMO provides comprehensive pharmaceutical production services that correspond to almost all dosage forms, from initial formulation studies to commercial production, at a total of five production sites, including three plants in Japan, one in Korea and one in the United States. Taking the opportunity from forming a joint venture with Development Bank of Japan Inc. in July 2018, CMIC CMO aims at broadening its inorganic growth strategies for M&A and other alliances, while adding to its organic growth.

This transfer allows us to secure a stable supply and gain flexibility in production of solid dosage forms, which is the mainstay dosage form, by joint effort among our existing sites in Japan as well as our new addition, Nishine Plant. Nishine Plant not only contributes to securing the medium-term profitability of the CDMO business by continual contract manufacturing of existing products, but also serves as our main production base with high value-added formulation capability. We will further strengthen our manufacturing and pharmaceutical development capabilities by combining the high quality control capabilities and technological capabilities of Nishine Plant with the existing sites of CMIC CMO, and will provide flexible and prompt services to cater various needs of domestic and overseas pharmaceutical companies promoting outsourcing.

2. Overview of Subsidiaries Acquiring Shares

(1)	Name	CMIC CMO Co., Ltd.
(2)	Location	<u>1-1-1 ,Shibaura, Minato-ku, Tokyo</u>
(3)	Representative	Representative Director and CEO, Makoto Matsukawa
(4)	Capital	¥100 million
(5)	Operations	contracted-manufacturing of pharmaceuticals, and quasi-pharmaceutical products
(6)	Employees	approx. 860 employees (as of the end of September)
(7)	Production sites	Japan (Shizuoka Plant, Pharmaceutical Development Center, Toyama Plant, Ashikaga Plant) Overseas (USA, Korea)

3. Overview of Subsidiaries to be Transferred

Since Astellas Pharma Tech plans to establish a new company that succeeds the Nishine Plant's business, there is no record of sales activities at this time.

Disclosure will be made clear at the time of clarification.

4. Overview of Nishine Plant (Astellas Pharma Tech Co., Ltd.)

- (1) Location: Obuke 2-154-13, Hachimantai-city, Iwate
- (2) Area: Site area: 345,563 m², Building area: 14,337 m²
- (3) Commencement of operations: 1986
- (4) Employees: approx. 190 employees (as of the end of September 2018)
- (5) Forms of pharmaceuticals being produced: tablets and capsules

5. Outline of the Transaction Party

(1)	Name	Astellas Pharma Tech Co., Ltd.
(2)	Headquarters	2-5-1, Nihonbashi-Honcho, Chuo-Ku, Tokyo
(3)	Representative	President Toshiomi Nakate
(4)	Capital	¥1 million
(5)	Operations	contracted-manufacturing of drugs and drug substances for medical use in Japan and overseas; contracted-manufacturing of drugs and drug substances for clinical trials; and contracted-manufacturing of drug substances for development
(6)	Employees	approx. 1,300 employees (as of the end of September 2018)
(7)	Production sites	Takahagi Technology Center, Toyama Technology Center, Yaizu Technology Center, Takaoka Plant, and Nishine Plant

6. Acquisition cost

The acquisition cost is not disclosed at the request of the other party.

7. Schedule

(1)	Conclusion of a share transfer agreement	December 21, 2018
(2)	Conclusion of share transfer	June 1, 2019 (Planned)



8. Future outlook

The Company will promptly announce any matters to be disclosed regarding the effect of this matter on consolidated results for the fiscal year ending September 2019.