



Overview of Financial Results for FY ending September 2016



CMIC HOLDINGS Co., Ltd. November 11, 2016





Business segments and group companies

Segment	Products and services	CMIC Group companies (as of end of Sept. 2016)
CRO business	Services provided to pharma companies related to contract research and analytical chemistry	CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd CMIC-PMS Co., Ltd. CMIC ShiftZero K.K. CMIC Pharma Science Co., Ltd. CMIC, Inc. CMIC, Inc. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE, Ltd. CMIC ASIA-PACIFIC (Malaysia) SDN. BHD. CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd.
CMO business	Services provided to pharma companies related to prescription drugs and over-the-counter contract manufacturing	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, and BPO and personnel for the healthcare and pharmaceutical industries	CMIC Ashfield Co., Ltd. CMIC-BS Co., Ltd. MDS-CMG, Inc.*
Health care 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. Healthclick Co., Ltd. CMIC VIETNAM COMPANY LIMITED
IPD business	Services related to development and marketing of diagnostics and orphan drugs	CMIC Holdings Co., Ltd. OrphanPacific, Inc.

- Institute of Applied Medicine, Inc. merged with JCL Bioassay Corporation and changed its business name to CMIC Pharma Science on October 1, 2015.
- CMIC ShiftZero K.K. was founded on January 13, 2016, becoming a subsidiary of this company.
- CMIC Pharma Science merged with CMIC Bioresearch Center, and CMIC CMO merged with CMIC CMO Ashikaga in April 1, 2016.
- CMIC-BS Co., Ltd. changed its trading name to CMIC Career Co., Ltd. and changed its segment to CRO business on October 1, 2016.
- Changed segments, renamed CMO business to CDMO business, and IPD business to IPM business, on October 1, 2016.

Summary of FY ending September 2016

Project Phoenix – to achieve profit-driven growth -

- Achieved a surplus in CMO and SMO businesses
- Built a comprehensive support system for oncology, from new drug development to marketing
- Built a system that can be provided as a total solution in non-clinical fields
- Strengthened our contract research system in the fields of regenerative and cellular medicine
- Restructured domestic CMO business and undertook strategic capital investment for CDMO
- Began commercial solutions such as a CSO "syndicated sales force"
- Developed in-vitro diagnostic "L-FABP" high-sensitivity kit and new drugs for POC* simple test kits
- Expanded sales to achieve a surplus in orphan drug business

*Point of care

Consolidated income statement (overview)

	2015/9		201		
	Amount Composition ratio		Amount	Composition ratio	Change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)
Sales	55,904	100.0	62,039	100.0	6,134
Operating income	1,411	2.5	3,363	5.4	1,951
Ordinary profit	970	1.7	2,989	4.8	2,018
Net profit belonging to parent company shareholders	(542)	(1.0)	878	1.4	1,421
Current profit per share	(¥29.57)		¥47	.00	

Sales & operating income by segment

		2015/9 Amount (¥ millions)	2016/9 Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CDO business	Sales	27,471	29,330	1,858	6.8
CRO business	Operating income	5,092	4,689	(402)	(7.9)
CMO business	Sales	13,810	14,167	356	2.6
CIVIO DUSITIESS	Operating income	(325)	305	630	_
CSO business	Sales	8,875	9,712	836	9.4
C3O business	Operating income	716	905	188	26.3
Healthcare	Sales	5,640	6,895	1,255	22.3
business 	Operating income	(1,188)	172	1,360	_
IPD business	Sales	762	2,643	1,881	246.8
	Operating income	(356)	(177)	178	
Adjustments	Sales	(656)	(710)	(53)	_
Adjustments	Operating income	(2,526)	(2,531)	(5)	_
Consolidated	Sales	55,904	62,039	6,134	11.0
	Operating income	1,411	3,363	1,951	138.2

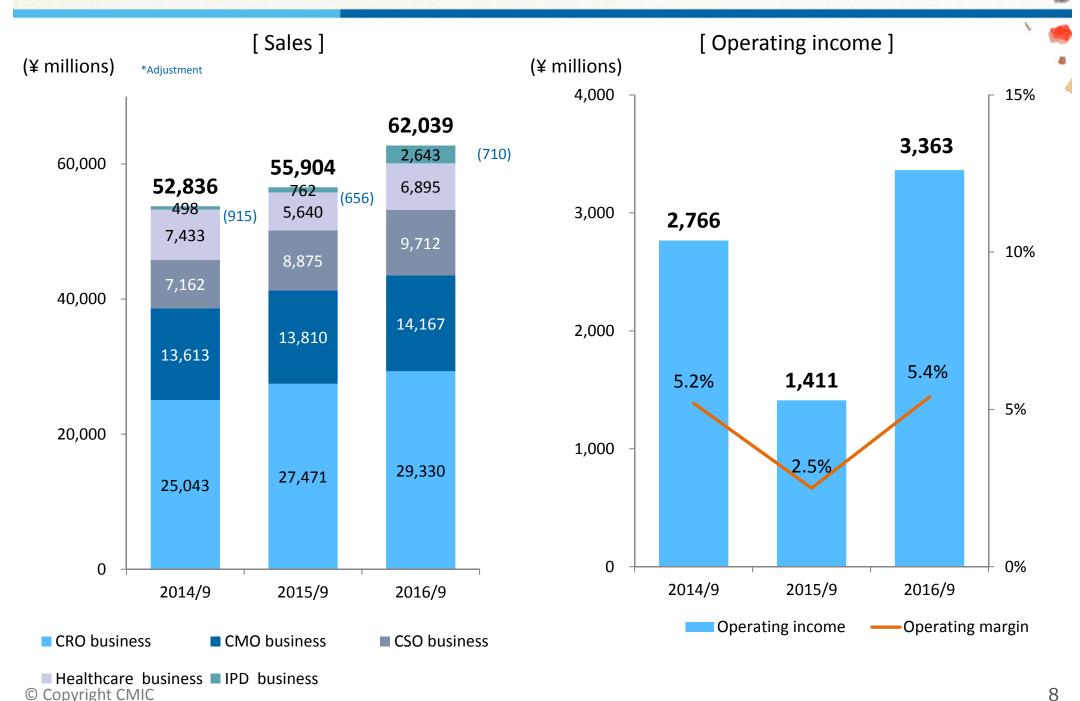
Orders received / Backlog

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201	5/9	2016/9			
Orders received	Backlog	Orders received	Percent change	Backlog	Percent change

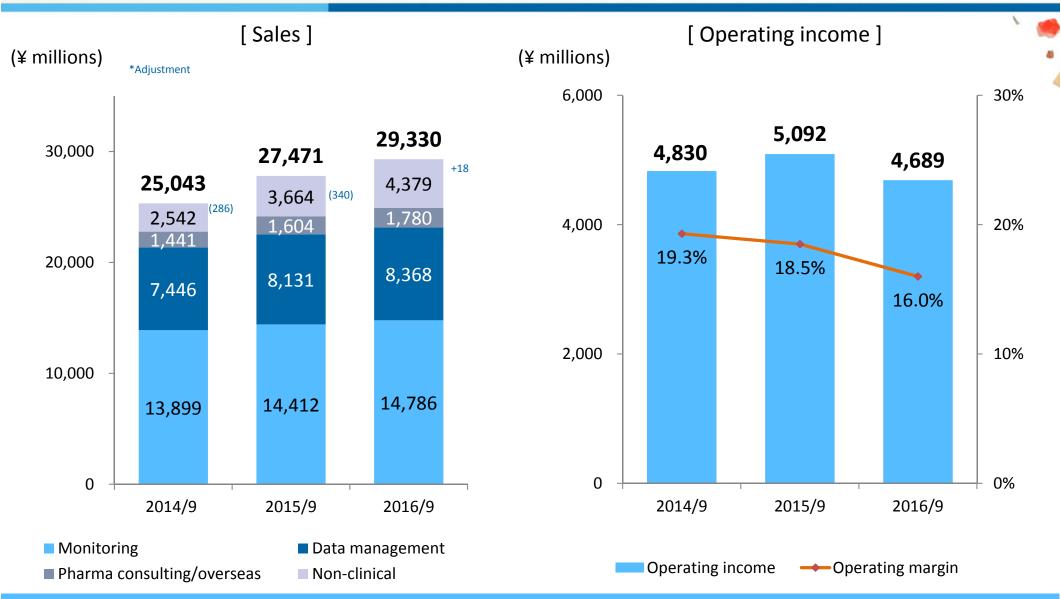
	Orders received	Backlog	Orders received	Percent change	Backlog	Percent change
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥ millions)	(%)
CRO business	31,587	42,430	31,764	0.6	44,996	6.0
CMO business	13,350	3,240	14,179	6.2	3,289	1.5
CSO business	10,174	7,247	7,969	(21.7)	5,930	(18.2)
Healthcare business	6,229	8,908	7,415	19.0	9,490	6.5
IPD business	905	327	2,517	177.9	254	(22.3)
Total	62,247	62,153	63,846	2.6	63,961	2.9

- •There has been a lag in new CSO business orders received, but this is recovering.
- •Orders received for the CRO business in 2015/9 includes a backlog of ¥1.959 billion at the end of Mar. 2015 for consolidated subsidiaries JCL Bioassay (now CMIC Pharma Science) and CMIC, Inc. in 205/H1.
- •IPD business orders received for 2016/9 includes orders for orphan drugs approved for sales and marketing inherited from Astellas Pharma.
- •Accounts for only the backlog of firm CMO 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.

Trend in consolidated sales & operating income

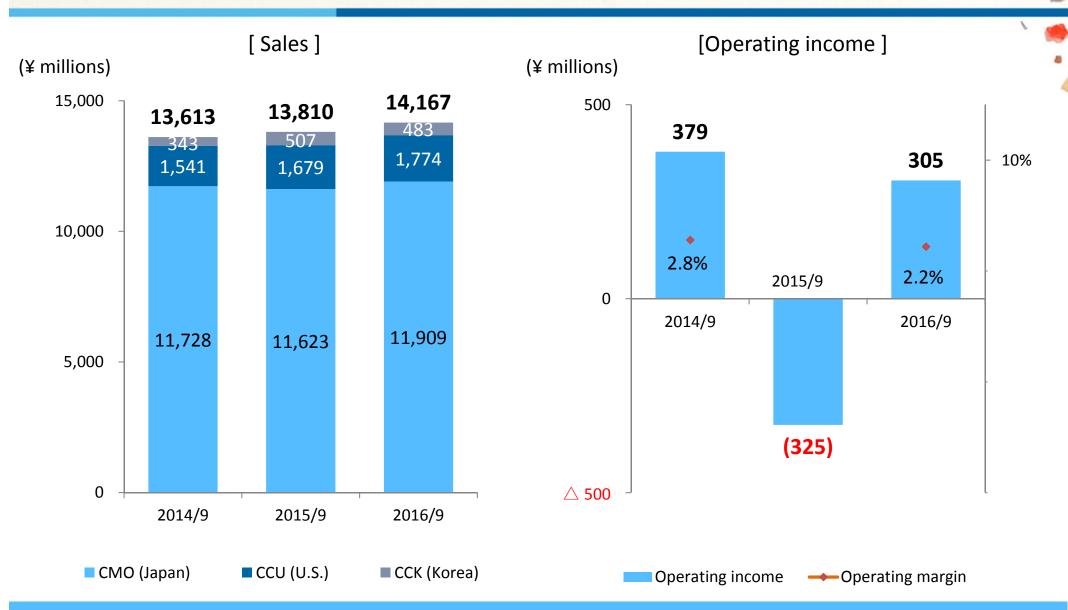


Contract research organization (CRO) business



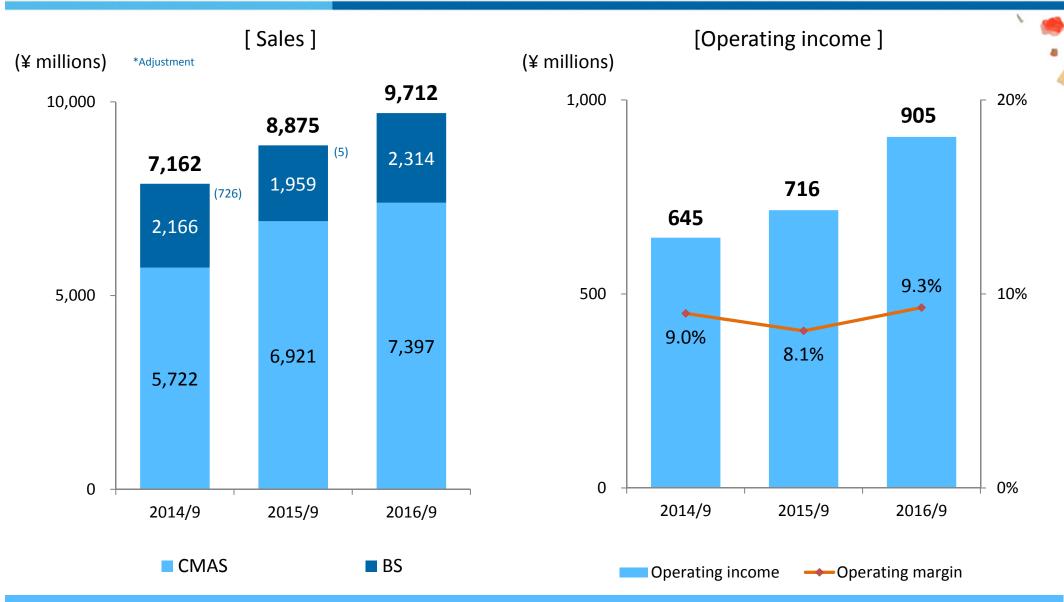
Expanded global development projects and in-country clinical caretaker business. New orders and existing business in monitoring and post-marketing survey services are steadily progressing, while sales have exceeded the previous year on added JCL Bioassay sales. Operating income has come in lower than the previous year due to delays in non-clinical business orders and goodwill amortization, including the U.S..

Contract manufacturing organization (CMO) business



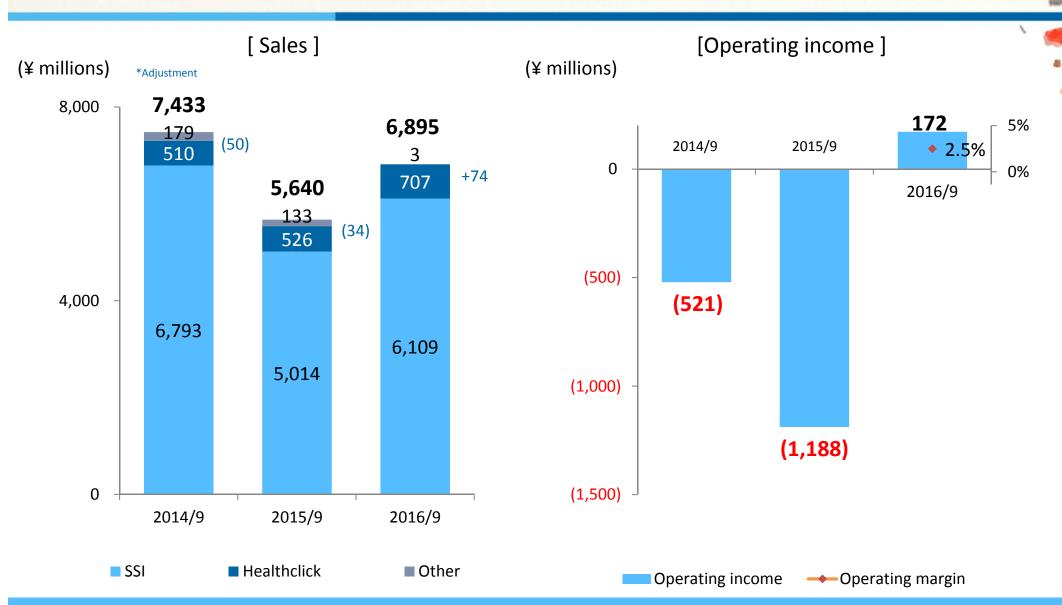
Through efforts at structural reforms, we have improved our price competitiveness and business development capabilities, with order inquiries such as clinical drug contract manufacturing steadily increasing. Sales have exceeded last year's as contract manufacturing for new orders has steadily increased. Profit has improved significantly and we have recorded an operating surplus as a result of ongoing efforts at cost structure reform.

Contract sales organization (CSO) business



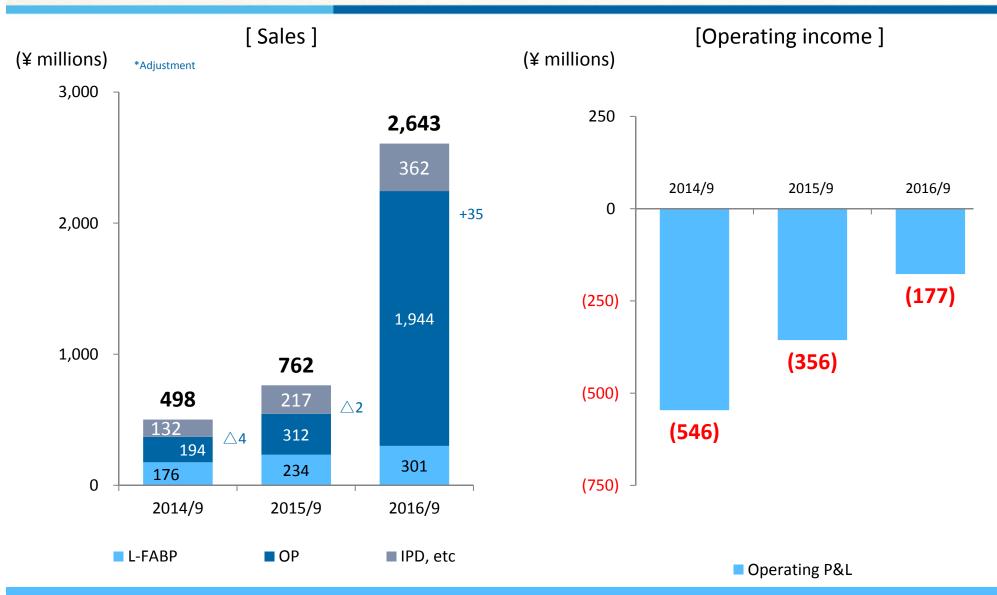
CMIC Ashfield worked to strengthen capabilities and to expand existing services. They worked hard to expand service models such as the "syndicated sales force," Japan's first commission service. Sales and operating income exceeded last year's on a steady increase in MR dispatches and existing BPO services.

Healthcare business



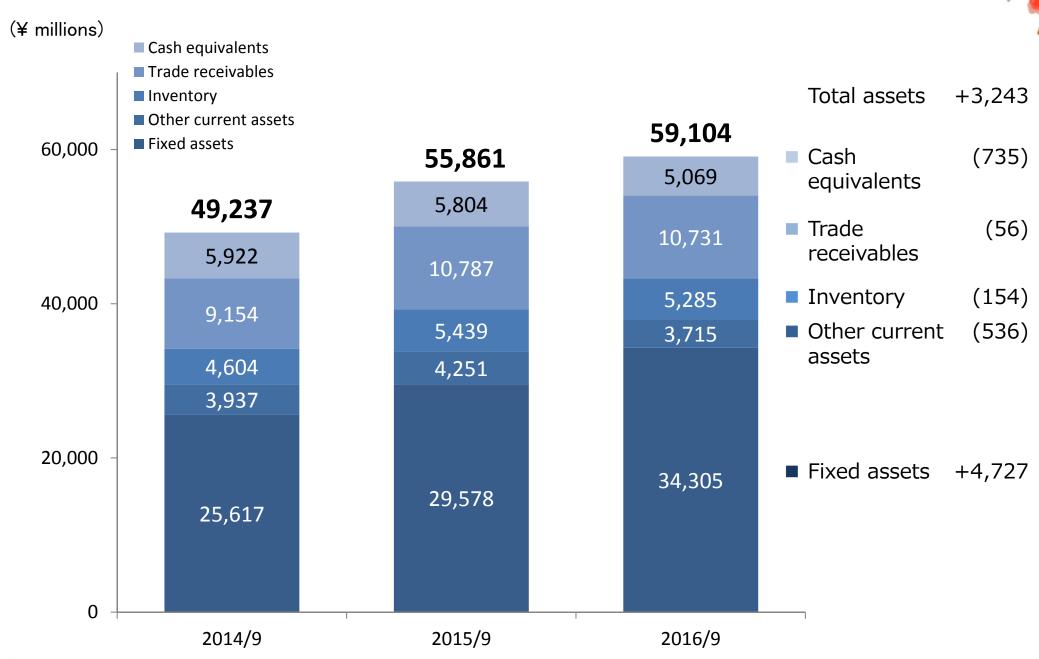
In order to recover from a recent downturn, we continued to move forward with measures to cut costs and bolster project management. Through improvements in business development activities and new orders from the expansion of services to new institutional networks, orders are recovering smoothly. Sales have significantly exceeded last year's on a steady improvement in new orders and existing business. Profit has improved significantly and we have recorded an operating surplus with development of our management streamlining policy.

Intellectual property development (IPD) business



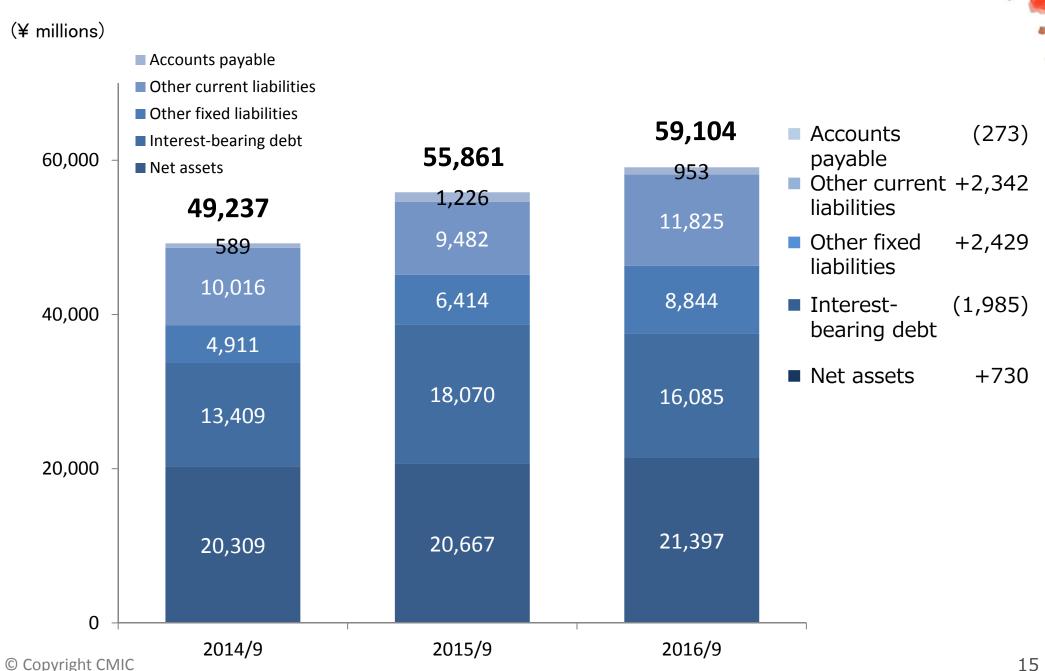
Diagnostic development began sales and marketing of high-sensitivity external diagnostics. After the simple test (diptest) kit was covered for insurance, we worked to expand the market. Sales and marketing of orphan drugs approved for manufacture and sale by pharmaceutical companies improved sales. Sales significantly exceeded the previous year's with increased sales of diagnostics and orphan drugs, shrinking the operating loss.

Balance sheet (assets)



Balance sheet (liabilities and net assets)





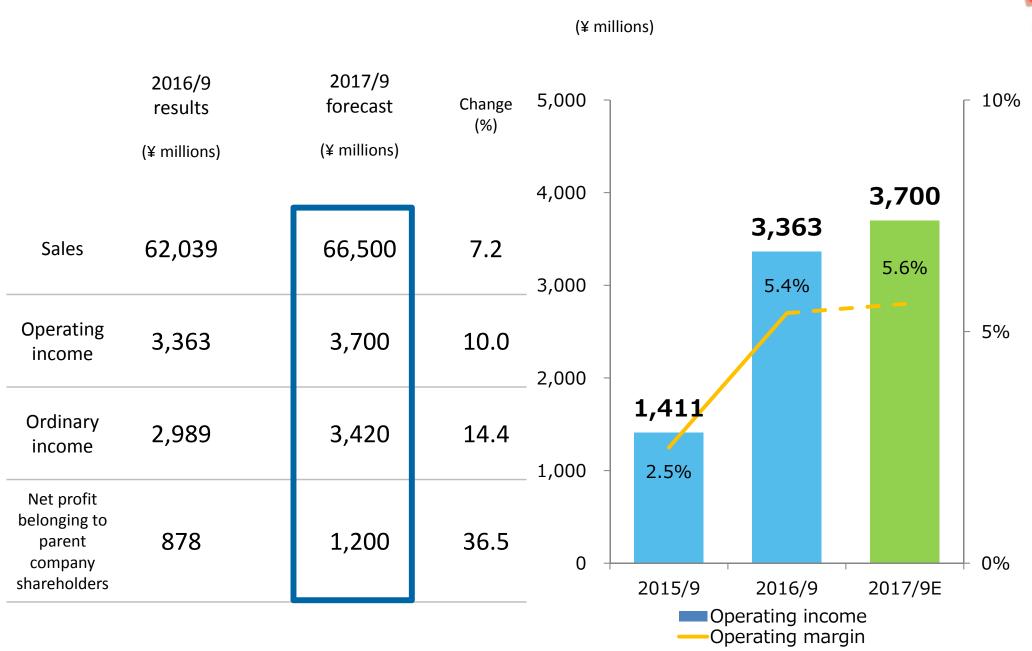
Cash flow

	2015/9	2016/9	(¥ millions Change) •
Cash flow from operating activities	889	6,493	5,604	[Major components]
Cash flow from investing activities	(3,461)	(4,639)	(1,178)	(Cash flow from operating activities)Increase in current term net income before tax
Cash flow from financing activities	1,904	(2,391)	(4,295)	Decrease from payment of corporate tax (Cash flow from investing activities)
Translation difference of cash and cash equivalents	21	(153)	(174)	 Expenses from acquisition of tangible and intangible fixed assets
Change in cash and cash equivalents	(646)	(692)	(46)	 Expenses from long-term loans (Cash flow from financing activities) Expenses from repayment of short-term debt
Cash and cash equivalents at beginning of period	5,751	5,638	(113)	from financial institutions and reimbursement of commercial paper
Increase in cash and cash equivalents from share exchange	533	_	(533)	
Cash and cash equivalents at end of period © Copyright CMIC	5,638	4,946	(692)	- 16

Forecast for FY ending Sept. 2017

CMIC-BS Co., Ltd. (currently CMIC Career Co., Ltd.), which provides BPO and personnel services for the pharmaceutical industry as of October 1, 2016 in line with changes in its organizational system, has changed its reported segment from CSO to CRO, and a portion of the IPD services provided by CMIC Holdings Co., Ltd., to CRO. Therefore, for results for FY ending Sept. 2016, we have published information on calculation methods subsequent to said change as reference data.

Forecast for FY ending Sept. 2017



Forecast for FY ending Sept. 2017 (by segment)

		2016/9 results (¥ millions)	2017/9 forecast (¥ millions)	Change (%)
CDO husinoss	Sales	31,971	35,200	10.1
CRO business	Operating income	5,203	5,650	8.6
	Sales	14,167	14,600	3.0
CDMO business	Operating income	305	350	14.8
	Sales	7,398	7,900	6.8
CSO business	Operating income	453	460	1.5
Hoolthcare business	Sales	6,895	7,200	4.4
Healthcare business	Operating income	172	400	132.6
IPM business	Sales	2,317	2,400	3.6
iPivi business	Operating income	(239)	(250)	_
Adiustmonts	Sales	(710)	(800)	_
Adjustments	Operating income	(2,531)	(2,910)	_
Consolidated	Sales	62,039	66,500	7.2
Consolidated	Operating income	3,363	3,700	10.0 ₉

(Reference) Trend in dividends and payout ratio per share



CMIC Group Business Strategy



A changing environment for pharmaceutical companies

Promote controls on medical and pharmaceutical expenses, and maintain and improve new drug development capacity

The pharmaceutical industry is facing major structural changes

- Introducing HTA (health technology assessment)
- Utilizing real world data (RWD)
- Utilizing big data and AI
- Facilitate precision medicine

Overview of CMIC



CMIC's unique business model (PVC)



(Contract Sales Organization)

Healthcare business

(Healthcare)

Pharmaceutical Value Creator

CDMO business

(Contract Development Manufacturing Organization)

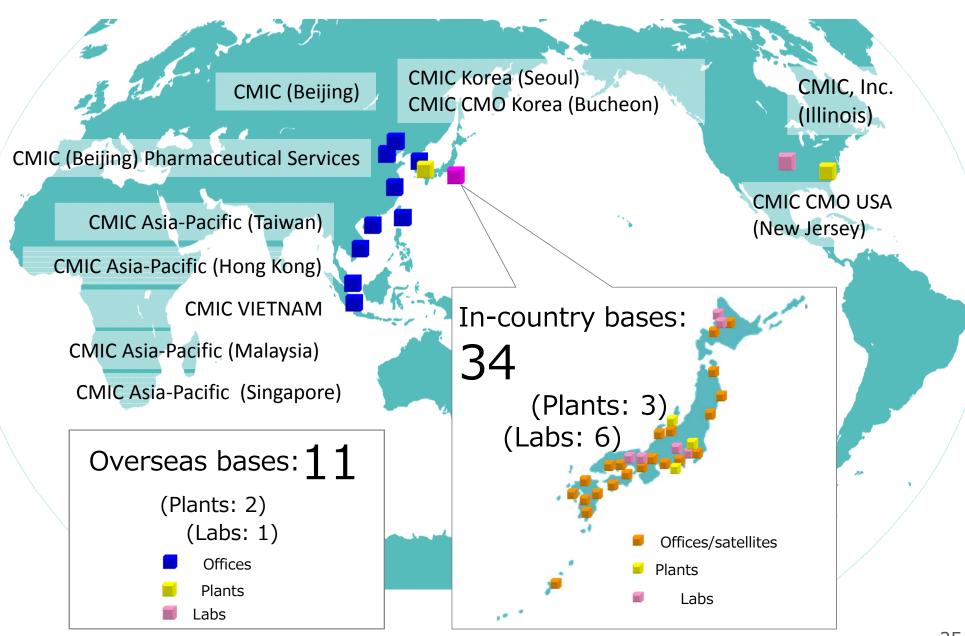
IPM business

(Innovative Pharma Model)

CRO business

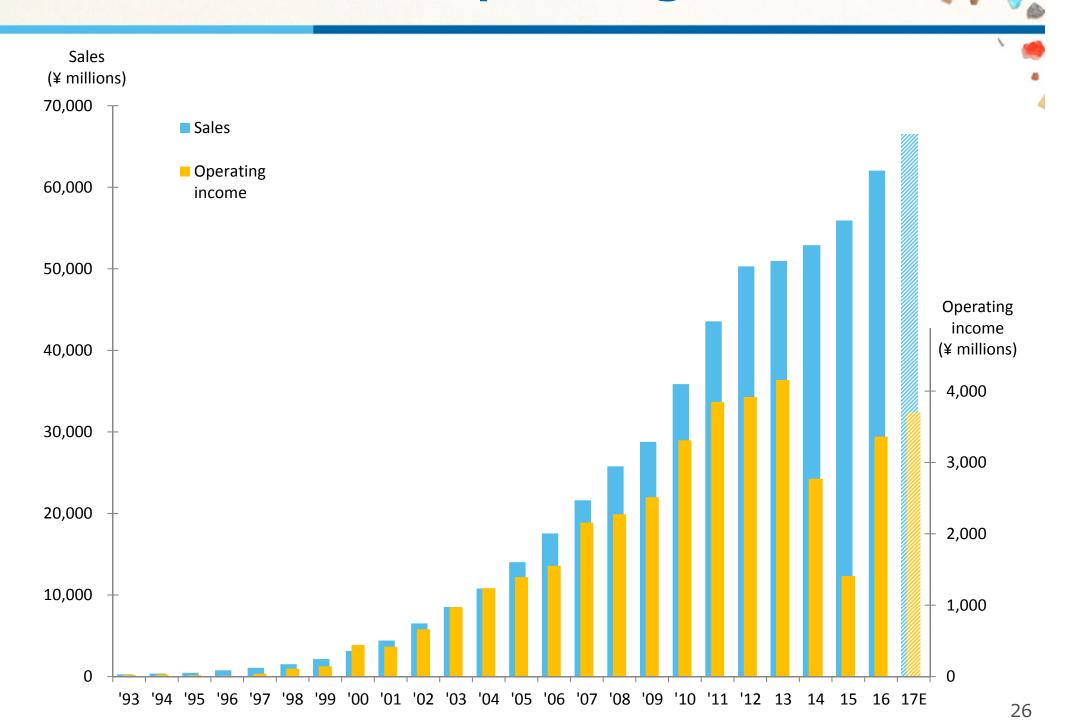
(Contract Research Organization)

CMIC Group area development



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Trend in sales & operating income



Project Phoenix



from October 2014
To achieve profit-driven growth

Phoenix 1.0 (Oct. 2014 - Mar. 2016)

- Eliminate unprofitable business, reform cost structure
- Establish corporate culture (CMIC'S creed)

Phoenix 2.0 (Apr. 2016 – Mar. 2018)

- Organizational reform and personnel education for agile management
- Offer solutions which utilize PVC feature
- Offer innovative pharma model platform

Phoenix 3.0 (Apr. 2018 – Mar. 2020)

Evolve business model for further growth

Progress and Future Prospects of Project Phoenix



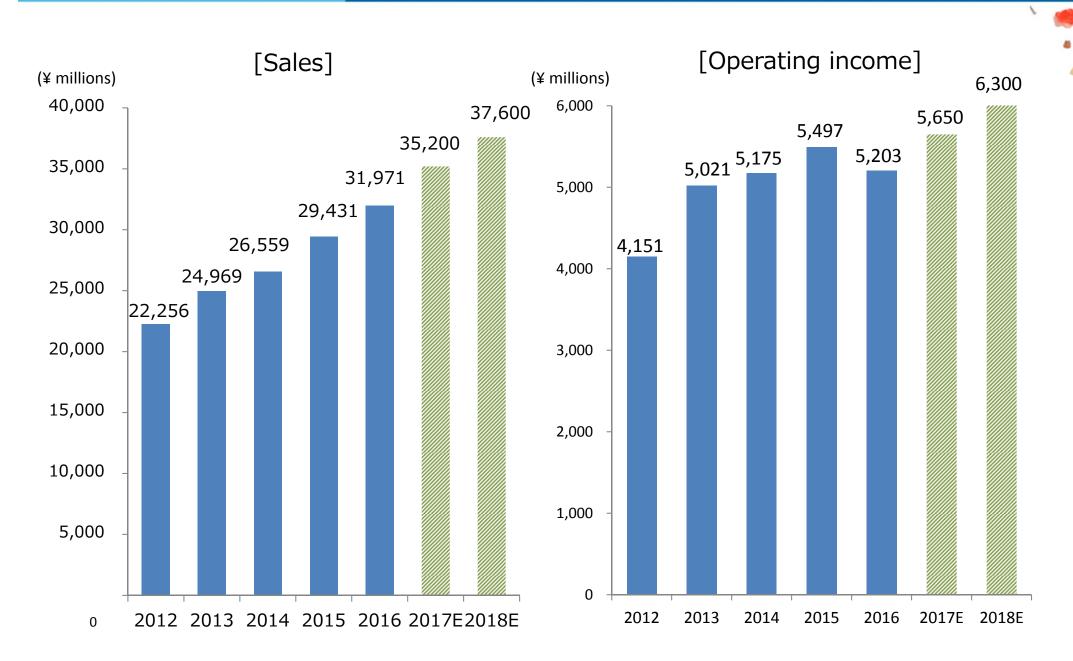
CRO business

Contract Research Organization



Sales & operating income forecast [CRO business]



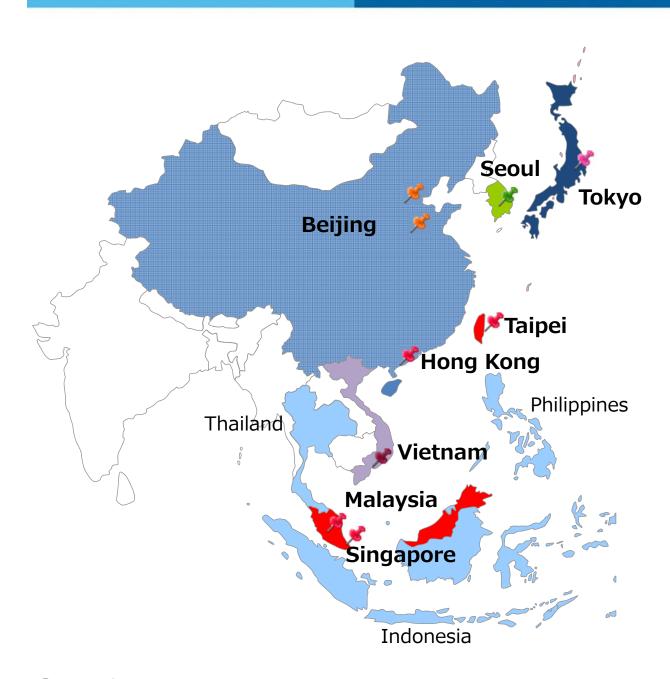


CRO business (clinical)

- Drive globalization
- More advanced solutions business
- ► Improve contract medical affairs project implementation systems such as Phase IIIb, IV, PMS, and clinical research
- Design a cost-effective operations model

"To be #1 in Asia"

Locations in Asia



- CMIC HD / CMIC: Japan
- ★ CMIC Korea: Korea
- CMIC Beijing: China
- CMIC Asia-Pacific
 - Singapore (HQ)
 - Taiwan
 - Malaysia
 - Hong Kong

Field-based locations

- Philippines
- Indonesia
- CMIC Vietnam

Non-clinical CRO business



Non-clinical CRO business analysis facilities







► U.S. (CMIC, Inc.)

Ishikari
QA business

NishiwakiBioanalysisbusiness

Seamless coordination between labs in the U.S. and Japan

New animal testing facility

New "bioresearch center" in Kobuchizawa. Validation to be finalized in Jan. 2017



*Test which confirms whether xenogeneic cells transplanted in the body have become cancerous





We consider animal protection and welfare

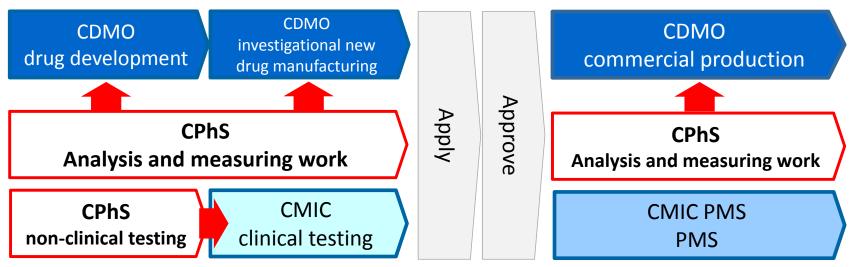
AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care)

Fully accredited: Feb. 2007

(Accreditation renewed Mar. 2013) 35

Non-clinical CRO initiatives

<Comprehensive support based on the development stage of customer products>



- Specialized for pharmaceutical companies
- Bridge non-clinical to clinical and CDMO
 - Compliant with GMP, can conduct materials acceptance tests and product acceptance tests

(Product acceptance tests of macromolecular products are especially advantageous)

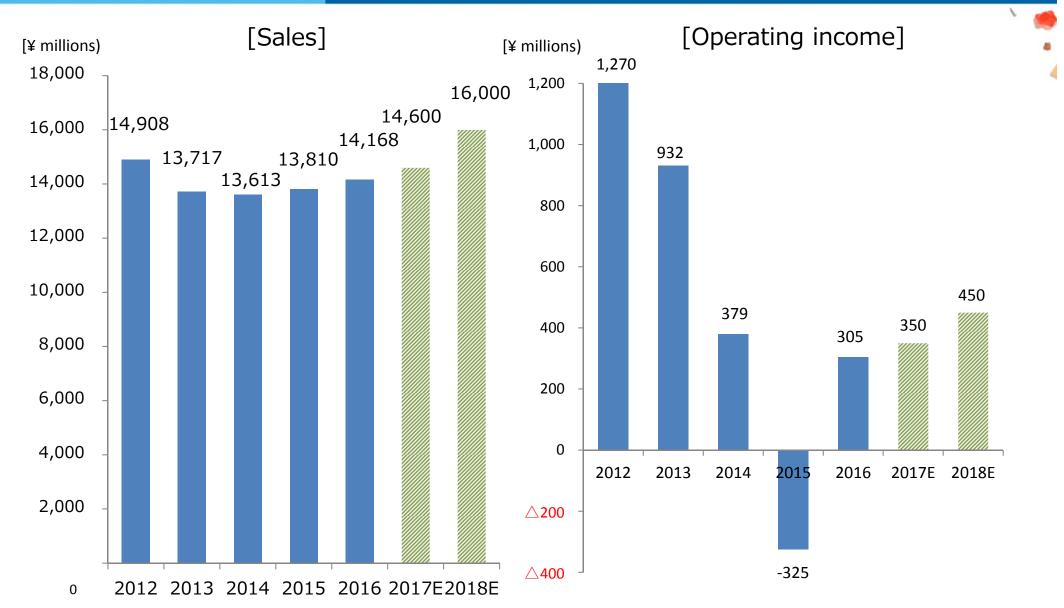
- ▶ Bolster analytical labs in the U.S. → U.S.-Japan coordination (simultaneous tests)
 - Exclusively commission measuring work in North America for major Japanese pharmaceutical companies
 - Plan to deploy in Europe and China as well in the future

CDMO business

Contract Development and Manufacturing Organization

Sales & operating income forecast [CDMO business]





Target for FY ending Sept. 2021: ¥20 billion in sales and ¥1.5-2 billion in operating income

Size of global CDMO business market





2015 ¥**2.0** trillion 2020 ¥**2.6** trillion CAGR **5.6**%

US CMO market 2015 ¥2.9 trillion 2020 ¥4.3 trillion

CAGR **7.8**%

CMO global market

2015 ¥**7.27 trillion** 2020 ¥**10.87 trillion** CAGR **8.4**% Japan CMO market 2015 ¥0.5 trillion

2020 ¥**0.7 trillion**CAGR **5.7**%

APAC CMO market 2015 ¥2.0 trillion

2020 ¥**3.6 trillion**

CAGR **12.2%**

CDMO business environment paradigm shift



Type of company

Current status

New drug manufacturers

- Deteriorating profit and deepening loss due to difficulty developing new drugs, NHI price revision, and lower sales of long-term listed products
- Decline in availability at our own plants
 - **⇒** Streamline R&D and production department
 - **⇒** Actively commission long-term listed products to CDMOs

GE manufacturers

- Favorable conditions for promoting use of GE drugs
- Commit to expanding lineup

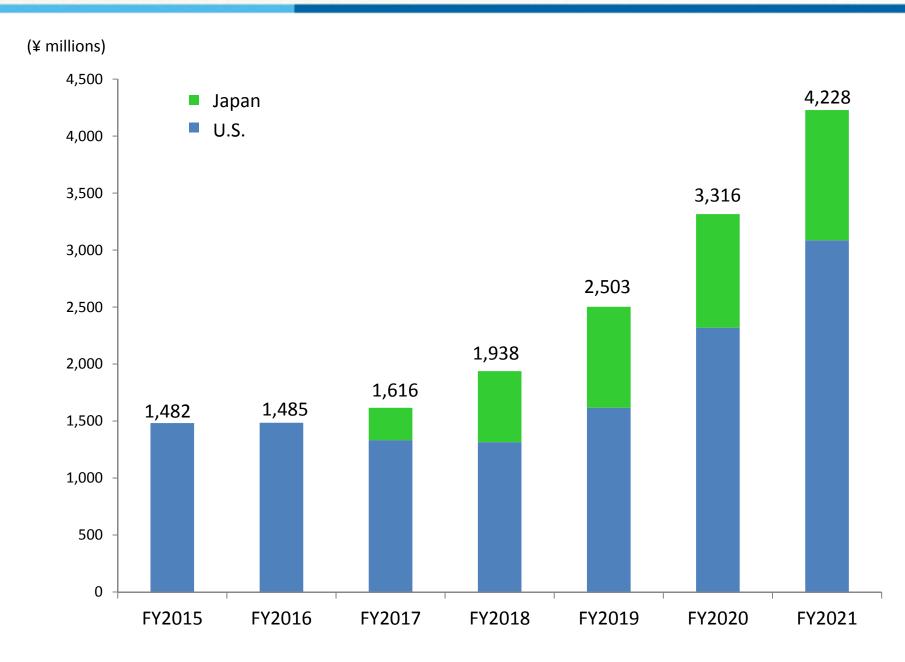
⇒ Insufficient production facilities and personnel

Academia/bioventures

- Formulate academic seeds, manufacture investigational new drugs, commercial production
 - ⇒Need comprehensive support for development, manufacturing, sales, and marketing

Sales from commissioned generic drug projects

(As of Oct. 2016)



Strategic capital investment



Shizuoka

Toyama

Ashikaga

Solid agents

Semi-solid agents

Injections

2013

2014

2015

2016

2017

2018

2019

2020



Highly pharmacological production line

High-alcohol formulation manufacturing building



Reconfigure product line (technology transfer)

Increase filling/ packaging line facilities



New injection building Scheduled Dec. 2018

Highly pharmacological production building



Overview of new injection building



- Advanced production technology and global standards (PIC/S*1 and trilateral GMP*2 compliant)
- Accommodates high pharmacological activity and organism-derived preparations
- Expand market of anti-cancer agents

Scheduled to be built and operating in Ashikaga Plant in Dec. 2018





PIC/S and trilateral GMP compliant

^{*1:} International framework to promote shared manufacturing, the formulation of quality control standards, and inspection in the drug field

^{*2:} Standards on drug manufacturing and quality control stipulated in the U.S., Japan, and Europe

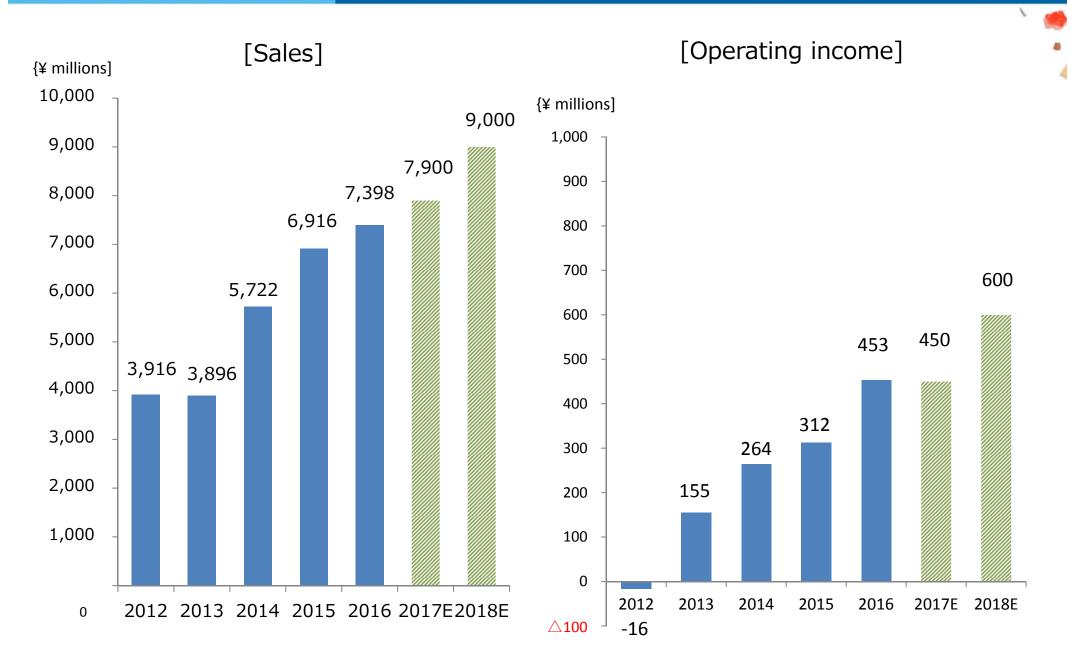
CSO business

Contract Sales Organization

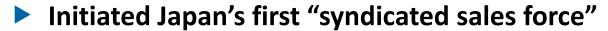


Sales & operating income forecast [CSO business]





CMAS initiatives



MR oversees products of multiple companies (non-competitive segments)

→92.8%* of doctors at visited sites evaluated this as useful according to the results of a satisfaction survey

* 194 valid responses in an outsourced questionnaire survey

Contact center business

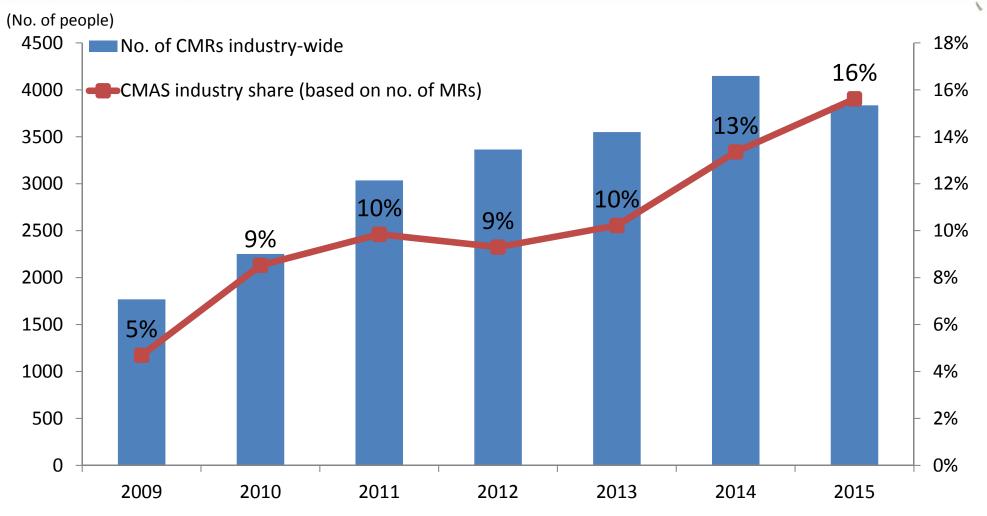
→ Provide drug information to medical practitioners through remote channels such as websites.

Medical affairs business

→ In addition to dispatching MSLs (medical science liaisons), provide comprehensive support to the medical affairs departments of pharmaceutical companies.

Aim to improve quality and offer services based on diverse needs

Expanding share of contract MRs



No. of CMRs industry-wide: Japan CSO Association

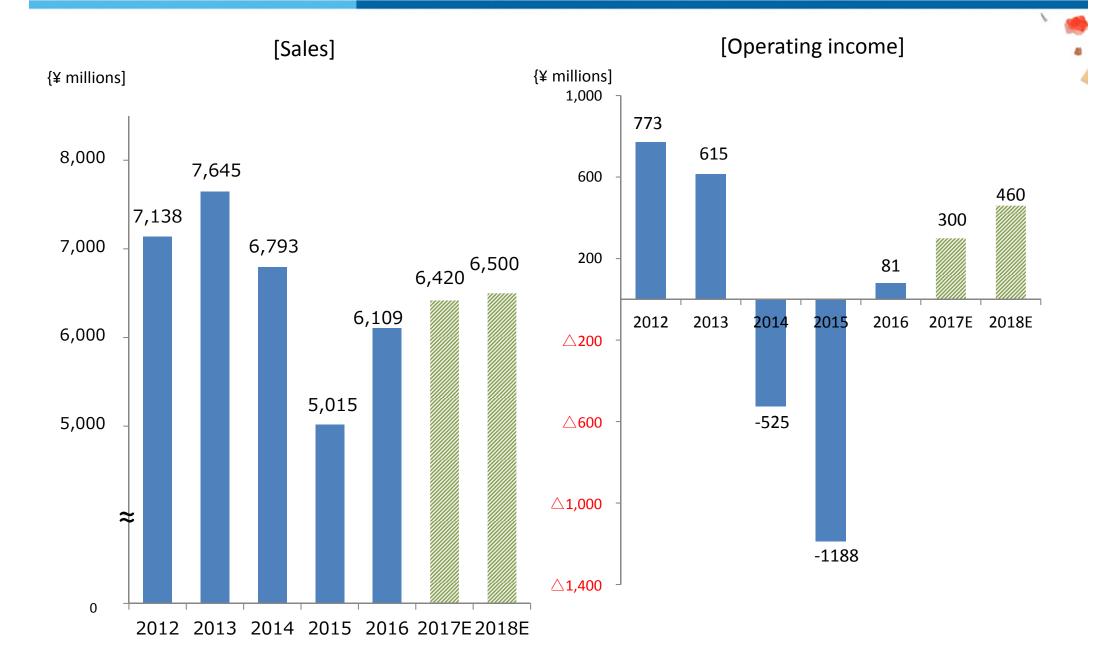
The number of CMRs decreased industry-wide in 2015, expanding our share of CMAS (No. 2 in industry)

Healthcare business

Site management organization (SMO)



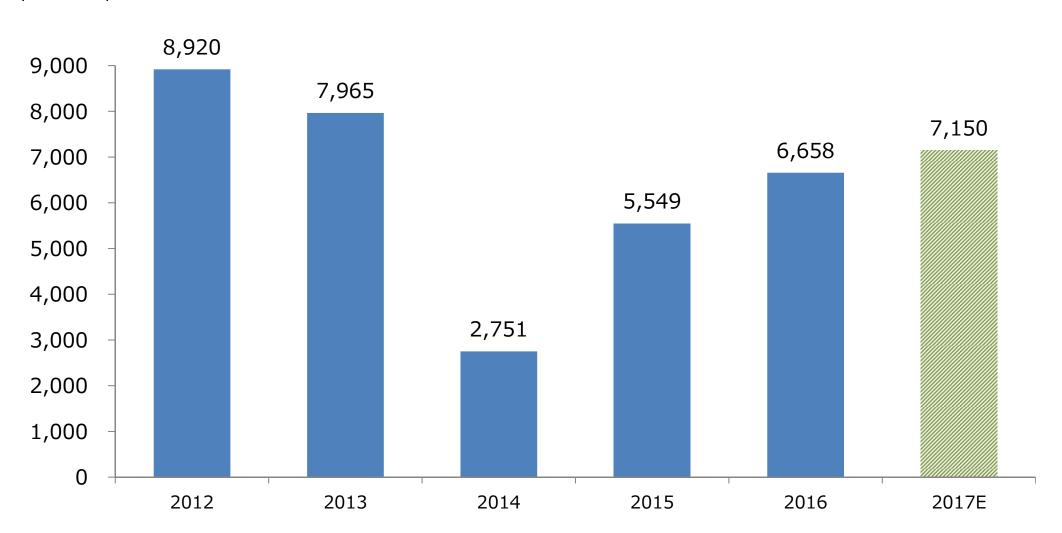
Sales & operating income forecast [SSI]



Trend in orders accepted [SSI]

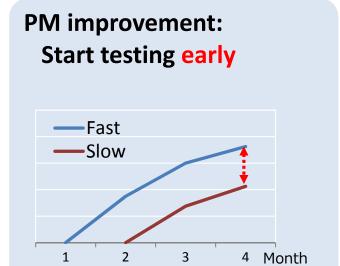






Initiatives in SMO business







Improve SR* sales capacity:

Increase in key HPs

- ·Basic partnerships up
- Specialize in TA (therapeutic area)

*Site Relation

Evolution & Future Innovation

IPM business

Innovative Pharma Model



IPM (Innovative Pharma Model) business: existing products



Domestic pharmaceutical companies



Products that stray from pharma companies' strategy, especially long-term listed products and orphan drugs



Marketing Approval Holder (MAH)

Acquire manufacturing and distribution license (prescription drugs, generic drugs, quasi-drugs, in-vitro diagnostics, cosmetic medical devices)

Utilize all CMIC's tools, including development, manufacturing, and distribution

Approval notification

Provision

Ministry of Health, Labour and Welfare Medical institutions/ patients

IPM (Innovative Pharma Model) business: new products



Overseas pharma companies without offices in Japan, academia, bioventures



Candidate drugs



Marketing Approval Holder (MAH)

Acquire manufacturing and distribution license (prescription drugs, generic drugs, quasi-drugs, in-vitro diagnostics, cosmetic medical devices)

Utilize all CMIC's tools, including development, manufacturing, and distribution

Approval notification/ acquisition

Ministry of Health, Labour and Welfare **Provision**

Medical institutions/ patients

IPM business

Innovative Pharma Model

Status of L-FABP



L-FABP business strategy



- In-vitro diagnostics
- Drug screening
- Application to clinical testing
- Application to digital health

Human L-type fatty acid binding protein (L-FABP) POC* kit



Released on October 21, 2016

D001 License fee for quantitative assay of special material in urine: 210 points

D026 1 urine/feces screening and diagnosis fee: 34 points

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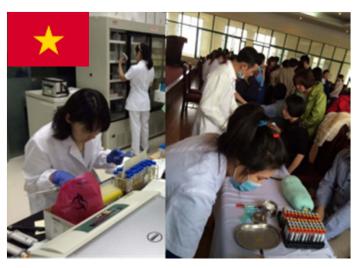
Domestic and international medical exam programs



"KEN-NYOU" (urinalysis) program Out-patients and community-based screening



JICA-backed disease control program in Bangladesh



METI/AMED-backed CKD prevention program in Vietnam



Vietnamese Ministry of Industry and Trade medicalengineering collaboration program activities





Demonstrating L-FABP POC kits in ICU of Bach Mai Hospital, Hanoi's largest hospital (Nov. 2016)



Urinalysis event at private elementary school in Hanoi: "KEN-NYOU urinalysis" project (Nov. 2016)

Healthcare app for precise prediction of kidney disease risk (in development as a 2016 AMED program)



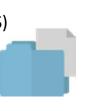
Insurance

Name Birthdate (age) Height Weight Blood test results **Urinalysis** results



CMIC/CLS*

Health score (HS) Disease risk score (DRS) Treatment cost data HS improvement tips DRS reduction tips Recommendations



Data collection

Send to dr.

& patients

Analysis





CMIC Health app

Healthcare data analysis tool

Health index Today Dashboard Daily steps Health score Prospective cost Liked tips



User

Daily steps Distance traveled

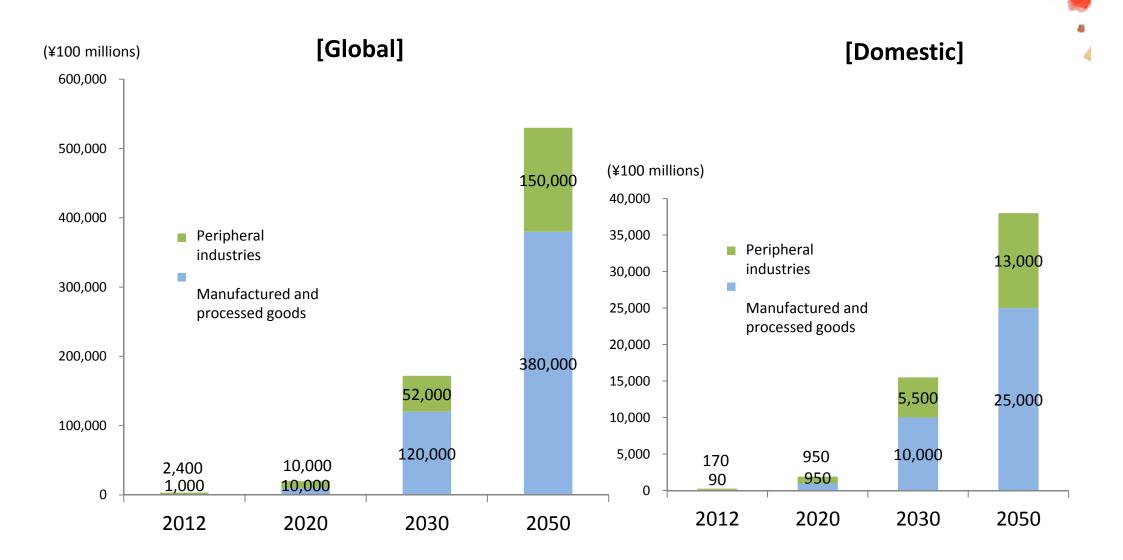


The app can visualize individuals' health risks by collecting, analyzing, and indexing data from medical checkups and daily activities. This can help prevent disease and improve health.

Topics



Scale of the regenerative medicine market



Source: Conference on the practical applications of regenerative medicine and the industry. "Paper on the practical applications of regenerative medicine and the industry - final report" (February, 2013)

Regenerative medicine program



- Different from normal drug development, requires testing and data based on product specifications
- Increase in projects that have advanced to clinical trial stage
- Domestic: mainly development by bioventures and academia
- Overseas: ambitiously pursue entering Japan, where we can expect to go to market early
- Communication with regulatory authorities is important



We need to be thoroughly familiar with the specifications of regenerative medicine products and the Japanese medical affairs system

CMIC Group's approach to regenerative medicine business



2015, May Established "Regenerative Medicine Group" in the Medical Affairs Consulting Department

2016, June Completed new test building adapted to regenerative medicine biological safety testing

2016, July Business partnership with Medinet, which excels at cell production, with the aim of providing

seamless service in the regenerative medicine and cellular therapy fields

2016, October Established the "Regenerative Medicine Clinical Development Department"

Future Increase personnel and further improve expertise



Consulting services Commissioned for about 40 projects from 17 companies (including international companies)

Type of products commissioned

- Cultured cells (allogeneic, xenogeneic)
 Stem cells (allogeneic, xenogeneic)
- •iPS cell-derived products •Cancer vaccine •Gene therapy drugs Nucleic acid drugs, etc.

Vietnam business



CMIC VIETNAM



What is Vistar?



Operate "Vistar Pharmacy," a pharmacy chain in Vietnam

Founded: 2015

Number of stores: 19 stores (4th in Vietnam)

Obtained GPP chain certification (2016/8; the 3rd pharmacy chain certified in Vietnam)

- Good Storage Practices (GSP) in March 2016
- Good Distribution Practices (GDP) in March 2016
- Good Pharmacy Practices (GPP) for each drugstore

Objectives of Vietnam business through Vistar

Establish business foundations in Vietnam, where the medical affairs system is undeveloped and the market has tremendous prospects for future growth

Clinical trial business

Drug licensing business

Pharmacy business

Healthcare solutions business

Local authorities collect information by creating a network related to the healthcare industry and personnel market.

Utilize local bases to promote drug licensing business as soon as possible once the system is ready.

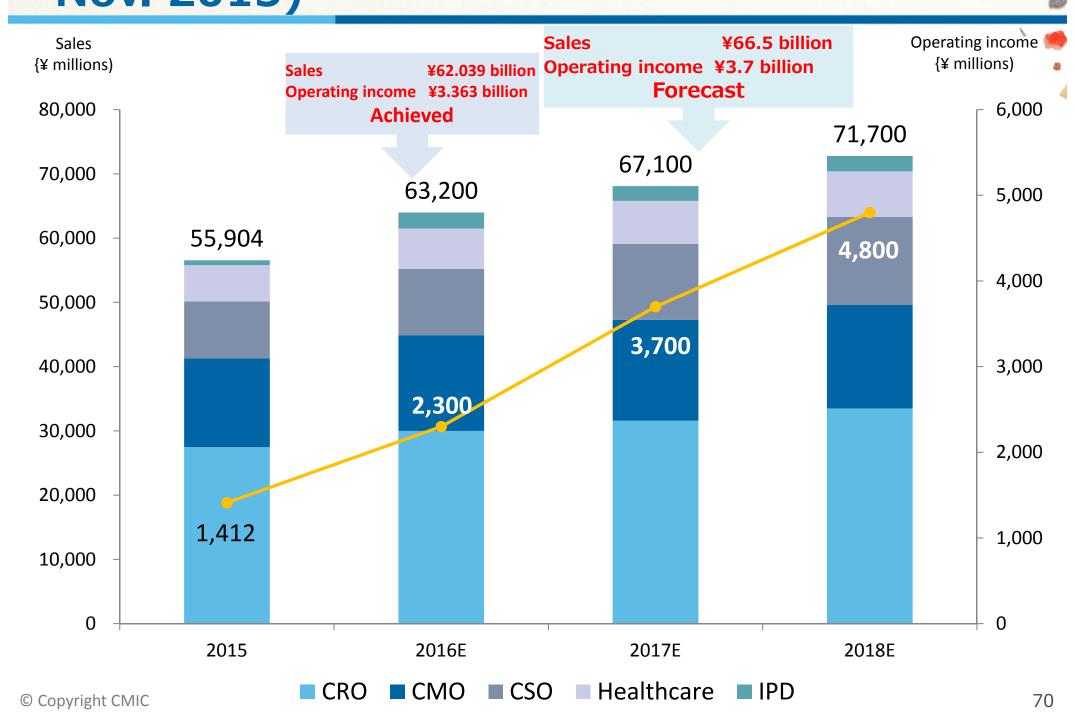
With significant room for growth, high affinity when deploying CMIC core business such as CRO in the future.

While there is a pronounced trend towards health consciousness in Vietnam, much of the health industry is still undeveloped.

Mid-term accounting plans



Mid-term accounting plans (announced Nov. 2015)



Establishing corporate culture

CMIC'S CREED



With unchanging determination at heart, we change



Since we are at turning point, our needs are increasingly sophisticated and diversified.

To respond to them, we need to transform ourselves. But, there's one thing that should not change:

"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.



Creed workshop





May 2016 - CMIC, Inc.





May 2016 - CMIC CMO USA



Thank you for your attention.

W&3C

CMIC culture: "Wellbeing" and the 3 Cs



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