

March 30, 2018

*Press release*

CMIC HOLDINGS Co., Ltd.  
Development Bank of Japan Inc.

**Announcement of Capital and Business Tie-up in CDMO Business  
between CMIC HOLDINGS Co., Ltd. and Development Bank of Japan Inc.**

CMIC HOLDINGS Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director and CEO: Kazuo Nakamura; hereafter “CMIC”) and Development Bank of Japan Inc. (Head office: Chiyoda-ku, Tokyo; Representative Director, President & CEO: Masanori Yanagi; hereafter “DBJ”) today announced a capital and business tie-up agreement (hereafter the “Agreement”) for CDMO (Contract Development and Manufacturing Organization) business.

CMIC agreed to allocate new shares of CMIC CMO Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director and CEO: Makoto Matsukawa; hereafter “CMIC CMO”) to DBJ through a third-party allotment (hereafter called the “Third-Party Allotment”). CMIC CMO is a wholly-owned subsidiary of CMIC which has integrated CDMO businesses within CMIC Group and is to become a joint venture company, with CMIC retaining the majority stake.

**1. Background and Objectives of the Agreement and the Third-Party Allotment**

The healthcare industry is headed for significant changes on many fronts in recent years. As the burden of health care costs continues to grow on a global basis, there are many diseases for which no established treatment is available. Public expectations are stronger than ever that the healthcare industry addresses these unmet medical needs.

Japan’s pharmaceutical industry, meanwhile, is struggling in an environment of stringent pricing revisions, requiring the industry to increase its productivity and efficiency as a whole. In drug manufacturing, where equipment and human resources are adjusted on the basis of production levels, there is growing demand for efficient manufacturing solutions as well as the outsourcing of formulation development.

The CMIC Group initiated the first CRO (Contract Research Organization) business in Japan, and is now 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 (Contract Development Manufacturing Organization) business is a critical part of the PVC model. Since its launch in 2005, the CMIC Group’s CDMO business has increased in production capacity and is now operating five production plants in total, including three plants in Japan, one in Korea and one in the United States. The aging society creates special needs for formulation changes. The CMIC Group’s CDMO business is addressing these needs, along with the need for more advanced formulation technologies by strengthening its commercial production expertise and formulation development capabilities. By providing this innovative drug manufacturing platform, the CDMO business will help to improve productivity in the pharmaceutical industry.

In proactively meeting the growing needs for CDMO both within and outside of Japan and in expanding the CDMO business footprint as well, the collaboration with DBJ will broaden the CMIC CMO’s inorganic growth strategies for M&A and other alliances, while adding to its organic growth based on existing businesses. Through this collaboration, CMIC aims to enhance patients’ Personal Health Value throughout the world by providing an expanded scope of services to the pharmaceutical companies which are its customers.

DBJ's corporate philosophy is "Applying financial expertise to design the future: We apply creative financing to resolve client issues, as we work to earn the trust of our clients and help them achieve their future prosperity." DBJ is a financial institution providing integrated loan, investment and advisory services. In December 2009, as part of its investment business, the bank launched the Value for Growth investment program, which uses added-value creative equity investment to support the growth strategies of Japanese companies (hereafter called the "VG Investment Program"). Under the VG investment program, the DBJ Group makes equity investments which promote the growth strategies of individual firms, especially those involving M&A, corporate finance and overseas strategies. The multidimensional solutions provided include financial services, human resources, professional network and know-how, all of which will contribute to improving enterprise value in the mid- to long-term. "The promotion of innovation and growth investments in the healthcare sector" was a key theme of DBJ's Fourth Medium-term Management Plan, and the bank is working fully to provide the integrated loan and investment solutions which help healthcare companies grow and strengthen their business foundations.

DBJ will support CMIC's growth strategy in the CDMO business by providing growth capital as well as access to its extensive professional network and information resources.

CMIC believes the Agreement will enable it to meet its clients' expectations, accelerate the expansion of the CDMO business, and promote the growth of the entire healthcare industry.

## 2. Overview of the Agreement and the Third-Party Allotment

Through the Agreement and the Third-Party Allotment, CMIC CMO will raise 8.5 billion yen from DBJ, and the proceeds will be used to achieve business growth through capital investments in the CDMO business.

DBJ funding for the Third-Party Allotment will be conducted as "Special Investment Operations." "Special Investment Operations" promote the supply of growth capital to encourage regional revitalization and reinforce the competitiveness of Japanese companies in accordance with "The Bill for Partial Amendment of the Development Bank of Japan Inc. Act" that took effect in May 2015.

## 3. CMIC CMO Overview (as of today)

(1) Company Name	CMIC CMO Co., Ltd.
(2) Headquarters	Hamamatsucho Building, 1-1-1 Shibaura, Minato-ku, Tokyo
(3) Name and Title of Representative	Makoto Matsukawa, Representative Director and CEO
(4) Business Description	Manufacturing, import/export and sales of pharmaceutical products
(5) Founded	October 16, 2009
(6) Capital	100 million yen
(7) Shareholder	CMIC HOLDINGS Co., Ltd.: 100%
(8) Number of Employees	501 (as of September 30, 2017)

## 4. Future Schedule

(1) Date of Signing	March 30, 2018
(2) Third-Party Allotment to DBJ / Closing	June 2018 (expected)
(3) Start of JV Operations	June 2018 (expected)

**About CMIC HOLDINGS Co., Ltd.**

The CMIC Group started business in 1992 as the first CRO in Japan, and the company today provides comprehensive support services for the development, manufacturing, sales, and marketing of pharmaceutical products. Also, the company operates to respond to diversifying needs by managing the Healthcare Business sector and developing and selling diagnostic pharmaceuticals and orphan drugs. The CMIC Group has developed a unique business model called Pharmaceutical Value Creator (PVC) based on its abundant accumulated experience and knowledge as a CRO pioneer. CMIC utilizes the PVC to create new value in the healthcare field. For more information, visit the CMIC Group's website: [www.cmicgroup.com/e](http://www.cmicgroup.com/e)

**About Development Bank of Japan Inc.**

DBJ is a 100% Japanese government-owned financial institution headquartered in Tokyo, Japan. Since the establishment of its predecessor, Japan Development Bank in 1951, throughout its history, the bank has been devoted to regional development, environmental conservation, basic social infrastructure, and the creation of technology and industry. With the customer-oriented innovative solutions drawn from its unique integrated business model of investment and loans, DBJ aims to promote joint risk capital-financing with business players, financial institutions and investors for the creation and promotion of the growth capital market. For more information, visit the DBJ website: <http://www.dbj.jp/en>

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