

April 17, 2023

To the press and whom it may concern,

Company name: CMIC HOLDINGS Co., Ltd.
Representative: Kazuo Nakamura, Representative Director and CEO
(TSE Prime Code No. 2309)
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Notice of Change of CDMO Business Subsidiary and Notice of Strategic Business Alliance with Dai Nippon Printing Co., Ltd.

CMIC holdings hereby announces that our Board of Directors has resolved at a meeting held on April 17, 2023 that CMIC CMO Co., Ltd. (hereinafter referred to as "CMIC CMO"), a consolidated subsidiary of the Company, will enter into an agreement with Dai Nippon Printing Co., Ltd. (hereinafter referred to as "DNP") for the disposal of treasury stock and third-party allotment of new shares to DNP (hereinafter referred to as the "Treasury Stock Disposal and Third-Party Allotment"), and will conclude a basic agreement regarding a strategic business alliance in the medical healthcare field between the Company and DNP. As a result, CMIC CMO will become an equity-method affiliate of the Company.

Notes

1. Reason for capital and business alliance and change of subsidiary

The CMIC Group is aiming to expand its unique business model, PVC (Pharmaceutical Value Creator), which fully supports the value chain of pharmaceutical companies, into PHVC (Personal Health Value Creator), a business model that maximizes the health value of each individual, as the foundation for sustainable growth. Since entering the CDMO (drug product development and manufacturing support) business in 2005, Pharmaceutical Solutions has increased the number of its sites. Currently, through a total of six manufacturing sites (four in Japan and two overseas), we are engaged in formulation development, investigational drug manufacturing, and commercial production for almost all dosage forms of "solid dosage forms," "semi-solid dosage forms," and "injectable dosage forms."

Based on the strength of P&I (Printing & Information) cultivated over many years, the DNP Group has focused on a pharmaceutical packaging business that was developed upon food packaging technology, and an active pharmaceutical ingredient (API) business that utilizes precision organic synthesis technology. In addition, we have focused on advanced medical fields such as regenerative medicine from early on, and provide ongoing support for advanced medical providers through AI-based analytical testing and other technologies. We are also developing services using ICT and online technologies in the fields of infertility treatment, telemedicine, and health checkups.

CMIC Group and DNP are collaborating on COVID vaccination support services for local governments, jointly developing injection drugs combining technologies for formulation and packaging material development, and studying the expansion of bulk drug substance production. DNP's capital participation in CMIC CMO as a long-term management partner through the Alliance, the Treasury Stock Disposal and Third-Party Allotment will contribute to the expansion and growth of CMIC CMO, and will enable the CMIC Group to effectively utilize its management resources to create healthcare businesses and achieve sustainable growth while maintaining its strategic policy of developing PVC models. Furthermore, synergistic effects are expected to be created by the addition of DNP's strong management base and advanced technologies to the CMIC Group's broad knowledge in the medical healthcare field.

2. Details of Capital and Business Alliance and Change of Subsidiary

As announced in the "Notice of Dissolution of Capital and Business Alliance in CDMO Business with Development Bank of Japan Inc." dated today, CMIC CMO will acquire 2,445 of its own shares (49.6% stake) from Development Bank of Japan Inc. and dispose of its own shares to DNP. At the same time, CMIC CMO will issue 50 new shares to DNP through a third-party allotment, resulting in DNP holding 2,495 shares of CMIC CMO stock, making CMIC CMO a 49.9%-owned joint venture with DNP holding 50.1%.

As a result, CMIC CMO, CMIC CMO Korea Co., Ltd. and CMIC CMO USA Corporation will change from consolidated subsidiaries to equity method affiliates, and as a result, CMIC CMO and CMIC CMO Korea Co., Ltd will no longer be specified subsidiaries of the Company.

The amount of CMIC CMO shares transferred will not be disclosed.

3. Outline of the subsidiary to be transferred

①:CMIC CMO Co., Ltd. (Specified Subsidiary)

(1)	Name	CMIC CMO Co.,Ltd.		
(2)	Address	1-1-1, Shibaura, Minato-ku, Tokyo		
(3)	Job Title/ Name of Representative	Representative Director and CEO : Makoto Matsukawa Representative Director and COO : Takeshi Hamaura		
(4)	Description of Businesses	Manufacture, import/export, and sale of pharmaceuticals		
(5)	Paid-in Capital	100 million yen		
(6)	Date of Incorporation	October 16,2009		
(7)	Major shareholders and Shareholding Ratio	CMIC HOLDINGS (50.4%) Development Bank of Japan Inc.(49.6%)		
(8)	Relationship between the listed company and the relevant company	Capital relationship	CMIC Holdings (the Company) holds 50.4% of the shares.	
		Personnel relationship	The Company dispatches directors to CMIC CMO Co., Ltd. .	
		Business relationship	The Company loans funds and guarantees debts.	
		Applicable status to the relevant party	Not applicable.	
(9) Operating results and financial condition of the company for the past three years				
Fiscal year end		FY2020	FY2021	FY2022
Net sales(million yen)		15,069	15,101	22,743
Operating income(million yen)		(553)	(465)	1,798
Ordinary income(million yen)		(614)	(483)	2,637
Net income(million yen)		(427)	(2,327)	(327)
Net assets(million yen)		19,441	17,112	16,784
Total assets(million yen)		36,622	36,734	46,281

②:CMIC CMO Korea Co., Ltd. (Specified Subsidiary)

(1) Name	CMIC CMO Korea Co., Ltd.
(2) Address	23, Oksan-ro 230beon-gil Bucheon-si, Gyeonggi-do, Korea
(3) Job Title/ Name of Representative	President : Takeshi Hamaura
(4) Description of Businesses	Manufacture, import/export, and sale of pharmaceuticals

(5)	Paid-in Capital	3,827million won		
(6)	Date of Incorporation	September 1,1973		
(7)	Major shareholders and Shareholding Ratio	CMIC CMO (100%)		
(8)	Relationship between the listed company and the relevant company	Capital relationship	The Company holds 50.4% of the shares indirectly.	
		Personnel relationship	The Company dispatches directors to CMIC CMO Korea Co., Ltd. .	
		Business relationship	Not applicable.	
		Applicable status to the relevant party	Not applicable.	
(9) Operating results and financial condition of the company for the past three years				
Fiscal year end		FY2020	FY2021	FY2022
Net sales(million won)		10,024	10,827	11,414
Operating income(million won)		995	401	363
Ordinary income(million won)		989	301	481
Net income(million won)		989	252	480
Net assets(million won)		4,621	4,873	5,354
Total assets(million won)		8,633	8,990	9,976

③:CMIC CMO USA Corporation (Subsidiary)

(1)	Name	CMIC CMO USA Corporation		
(2)	Address	270 Prospect Plains Road, Cranbury, NJ 08512 U.S.A.		
(3)	Job Title/ Name of Representative	CEO : Takahiro Ueda		
(4)	Description of Businesses	Manufacture of investigational drug and pharmaceuticals		
(5)	Paid-in Capital	1,339 thousand US dollars		
(6)	Date of Incorporation	January 18, 2001		
(7)	Major shareholders and Shareholding Ratio	CMIC CMO (86%)、Freund-Vector Corporation (14%)		
(8)	Relationship between the listed company and the relevant company	Capital relationship	The Company holds 43.4% of the shares indirectly.	
		Personnel relationship	The Company dispatches directors to CMIC CMO USA Corporation.	
		Business relationship	The Company guarantees debts.	
		Applicable status to the relevant party	Not applicable.	

(9) Operating results and financial condition of the company for the past three years			
Fiscal year end	FY2020	FY2021	FY2022
Net sales(thousand US dollars)	6,137	5,069	5,060
Operating income(thousand US dollars)	(8,043)	(9,657)	(13,148)
Ordinary income(thousand US dollars)	(8,110)	(9,774)	(13,715)
Net income(thousand US dollars)	(12,026)	(9,062)	(24,948)
Net assets(thousand US dollars)	(1,516)	(10,579)	(35,528)
Total assets(thousand US dollars)	33,453	36,371	24,129

4. Outline of DNP (Partner)

(1) Name	Dai Nippon Printing Co., Ltd.	
(2) Address	1-1-1 Ichigaya-Kagacho, Shinjuku-ku, Tokyo	
(3) Job Title/ Name of Representative	President : Yoshinari Kitajima	
(4) Description of Businesses	Printing business, Beverages business	
(5) Paid-in Capital	114,464million yen	
(6) Date of Incorporation	January 19, 1894	
(7) Major shareholders and Shareholding Ratio (As of September 30, 2022)	The Master Trust Bank of Japan, Ltd. (Trust Account)(18.27%) Custody Bank of Japan, Ltd. (Trust Account)(6.33%) The Dai-ichi Life Insurance Co., Ltd.(3.47%) Employees' Shareholding Association(2.98%) JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO(2.61%) Mizuho Bank, Ltd.(2.14%) Nippon Life Insurance Company(1.78%) STATE STREET BANK WEST CLIENT - TREATY 505234(1.54%) JP MORGAN CHASE BANK 385781(1.33%) BNP PARIBAS NEW YORK BRANCH-PRIME BROKERAGE SEGREGATION ACCOUNT (1.23%)	
(8) Relationship between the listed company and the relevant company	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Applicable status to the relevant party	Not applicable.

(9) Operating results and financial condition of the company for the past three years			
Fiscal year end	FY2020	FY2021	FY2022
Net assets (million yen)	968,574	1,098,613	1,148,413
Total assets (million yen)	1,721,724	1,825,019	1,876,647
Net assets per share(yen)	3,260.38	3,716.85	4,057.97
Net sales(million yen)	1,401,894	1,335,439	1,344,147
Operating income(million yen)	56,274	49,529	66,788
Ordinary income(million yen)	63,786	59,907	81,249
Net income attributable to parent company shareholders(million yen)	69,497	25,088	97,182
Net income per share(yen)	235.18	89.31	355.84
Dividend(yen)	64	64	64

5. Schedule

(1)	Date of Board Resolution	April 17, 2023
(2)	Date of contract conclusion	April 17, 2023
(3)	DNP capital increase underwriting and closing	End of May 2023 (TBD)
(4)	Business commencement date	June 2023 (TBD)

6. Future Outlook

The Company is currently examining the impact of this matter on its consolidated business results for the current fiscal year, and plans to announce its consolidated business forecast for the current fiscal year, including the impact of this matter, at the announcement of financial results for the second quarter of the fiscal year ending September 30, 2023 (scheduled for April 28, 2023).