

Miraca Holdings Inc.

FY2017 Business Results and Future Outlook

May 10, 2018

Please be aware of the following:

- * The financial information provided on this material has been prepared in accordance with Japanese GAAP in principle.
- * Figures and ratio in this material are rounded to the appropriate unit in principle, and the sums of the individual figures in each table do not always correspond to the total, because of rounding.
- * Abbreviations:
 - CLT: Clinical Laboratory Testing (business)
 - HR: Healthcare Related (business)
 - Op. income: Operating income
 - IVD: In Vitro Diagnostics (business)
 - Ord. income: Ordinary income

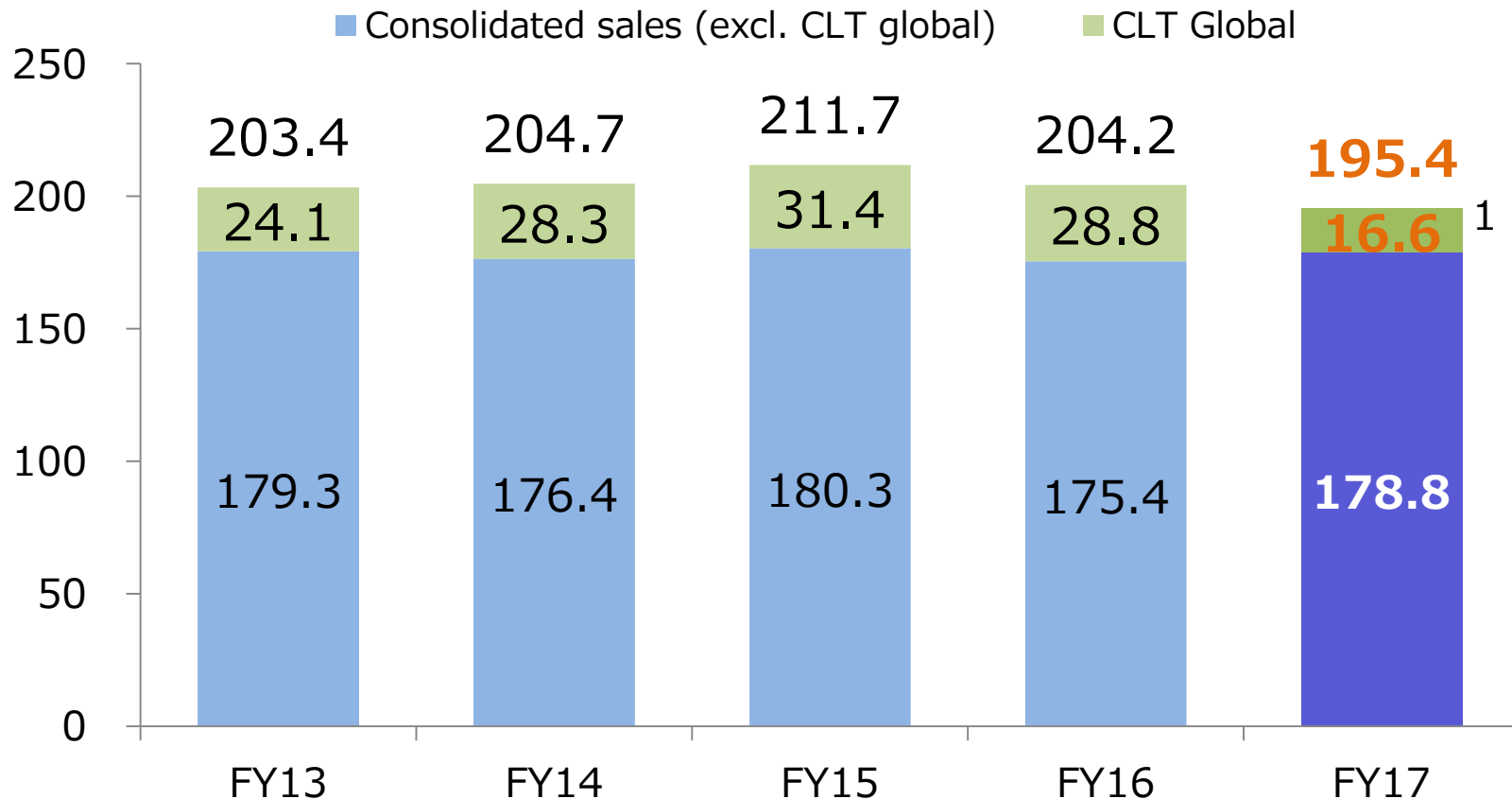
| | | |
|-----------------|---------------------------------------|---------------------|
| Exchange rate : | FY2016: 1 USD = 108.40 JPY | 1 EURO = 118.83 JPY |
| | FY2017: 1 USD = 110.88 JPY | 1 EURO = 129.70 JPY |
| | FY2018 (forecast): 1 USD = 110.00 JPY | 1 EURO = 135.00 JPY |

FY2017 Business Results

Transition of Consolidated Sales

Net sales increased excluding CDxHD(MLS)

(¥ billion)

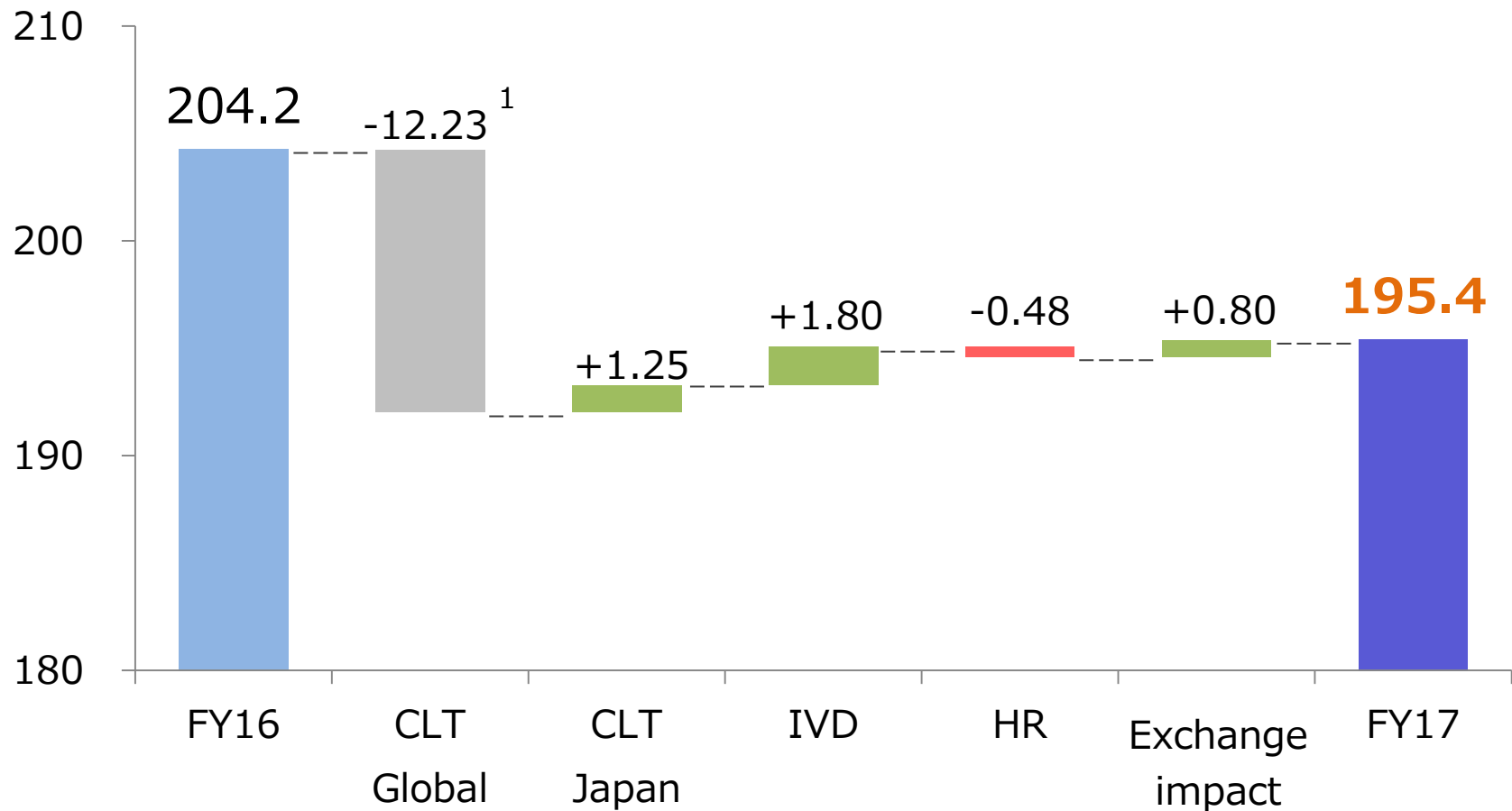


1. Business performance from April 1 to November 20 has been consolidated

Consolidated Sales (vs. FY2016)

Net sales increased in CLT Japan and IVD

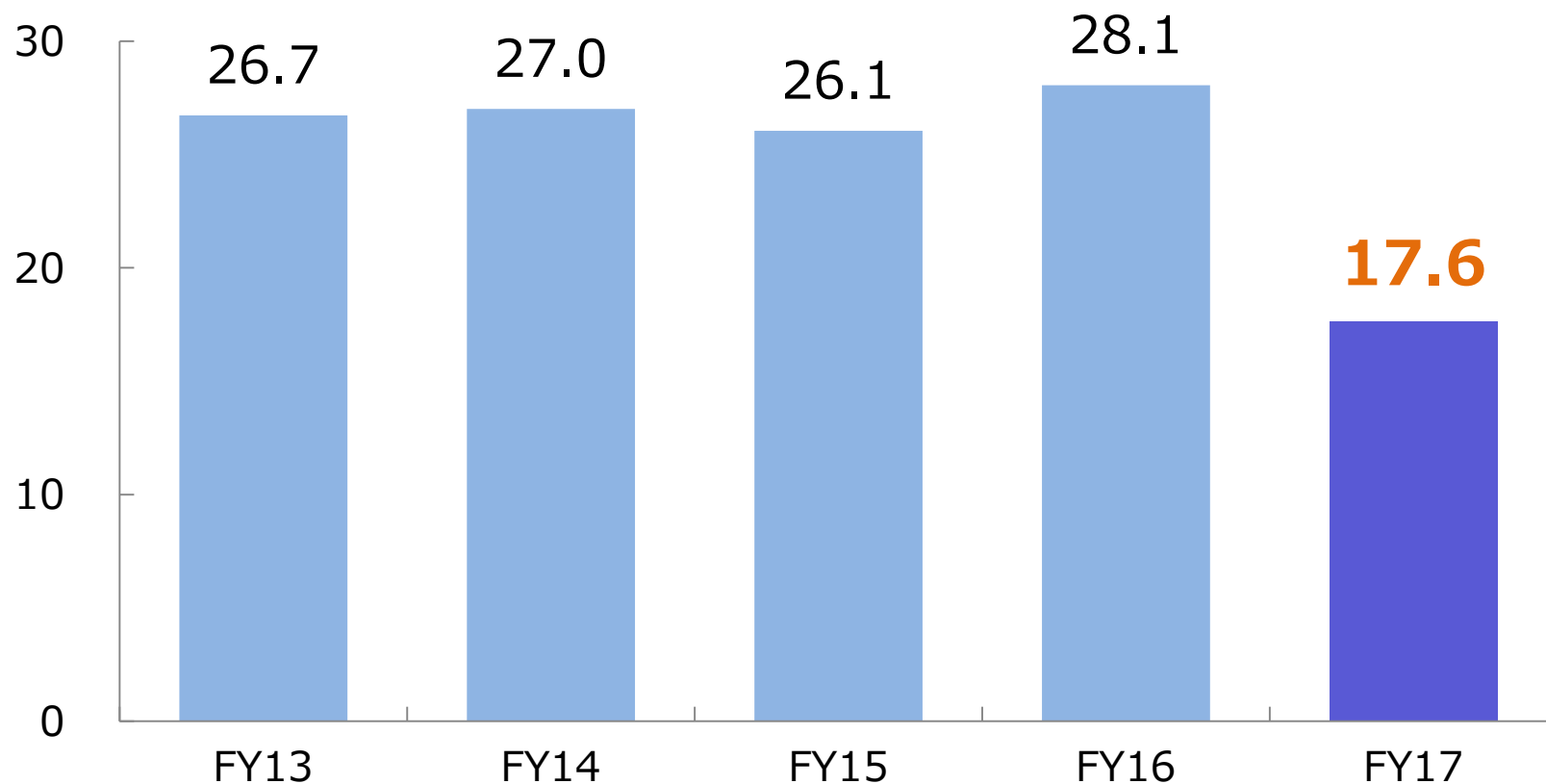
(¥ billion)



1. Including exchange impact

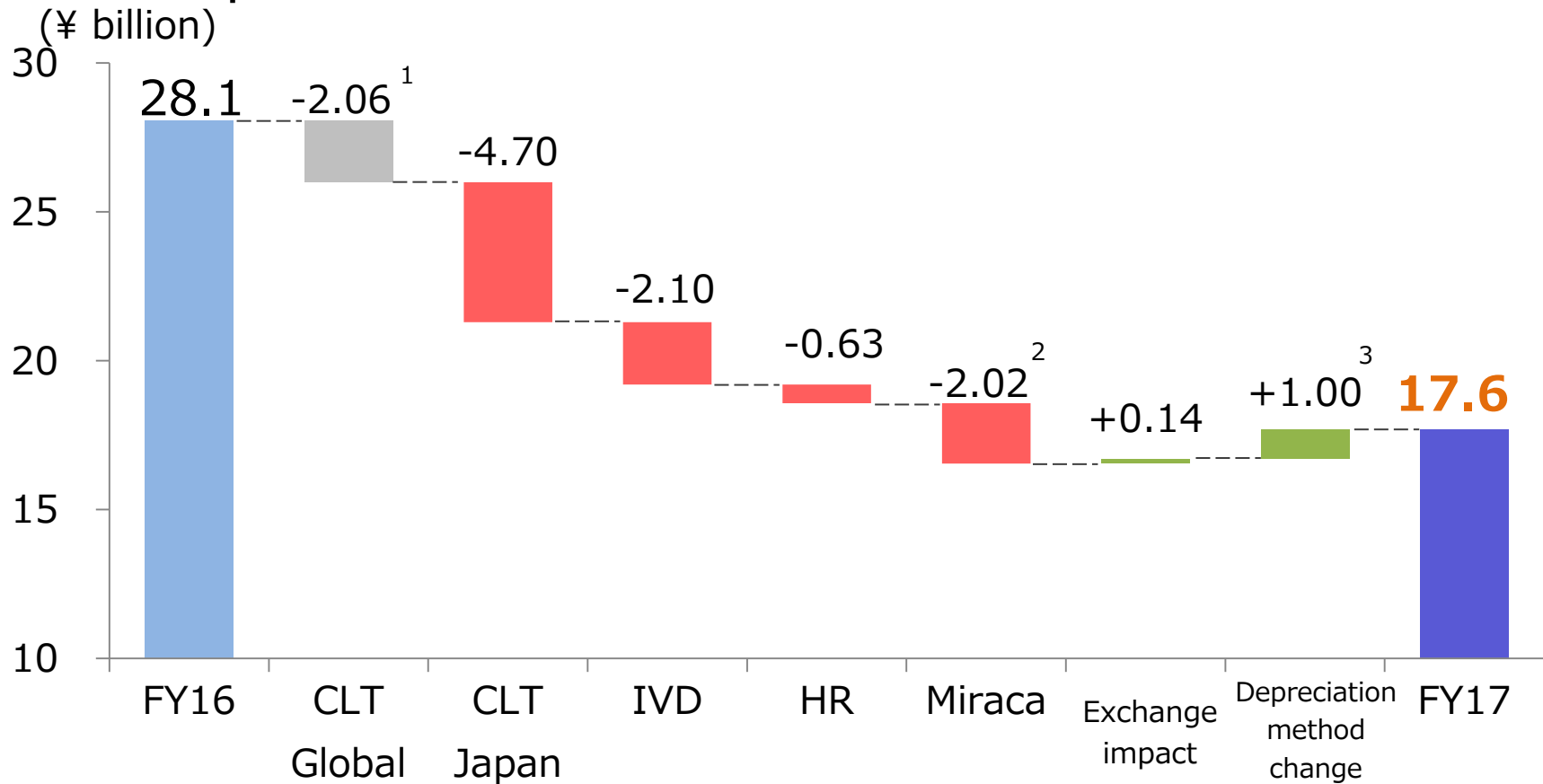
Transition of Consolidated Op. Income

(¥ billion)



Consolidated Op. Income (vs. FY2016)

Op. income decreased mainly by expenditure increase in CLT Japan and MHD



1. Including exchange impact

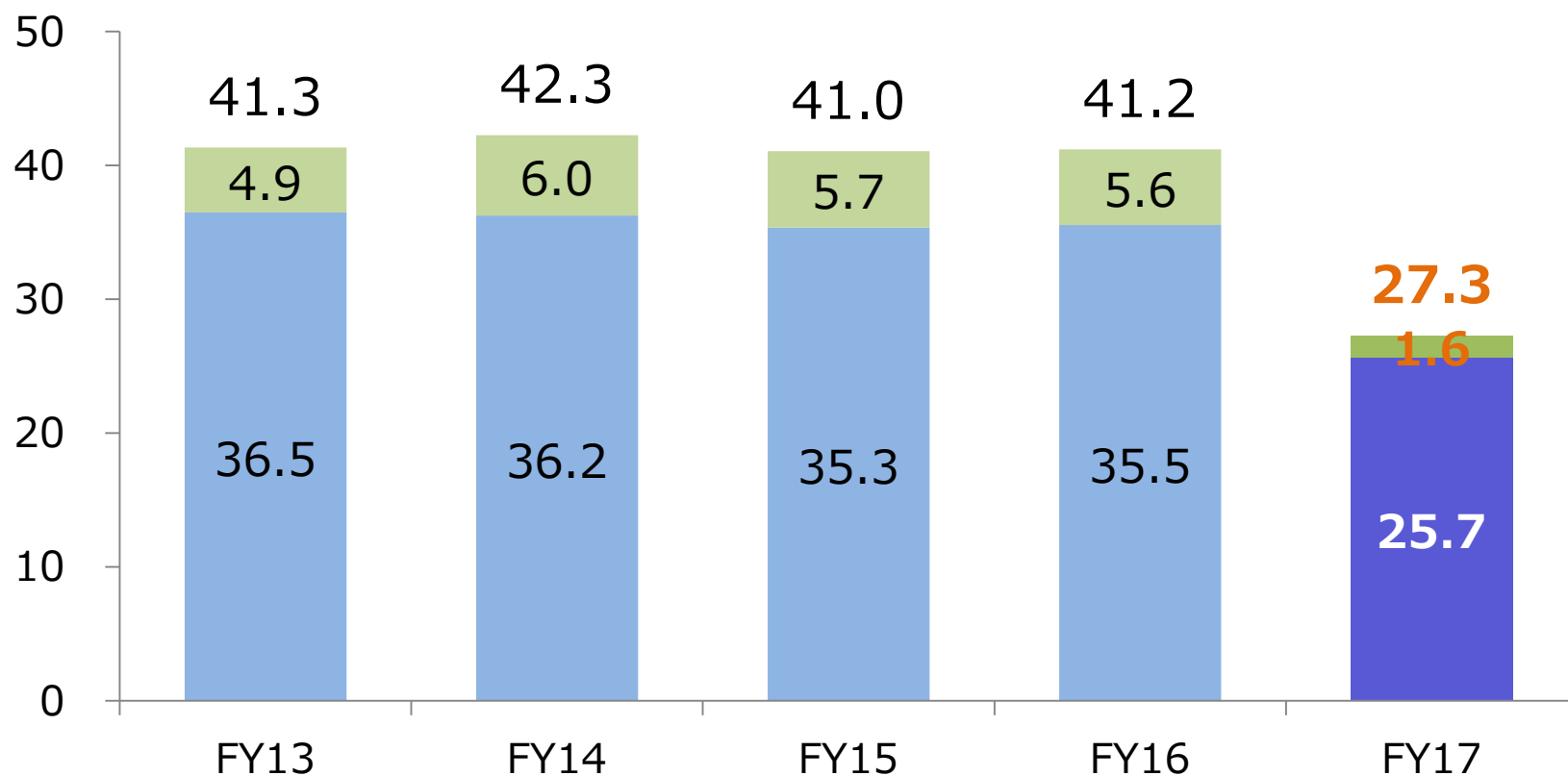
2. Main expenses in Miraca: Advisory cost related to transfer of CDxHD (MLS), R&D expenses in Miraca Research Institute, etc.

3. Depreciation method was changed from fixed percentage to straight-line

Transition of Consolidated EBITDA

(¥ billion)

■ Consolidated EBITDA (excl. CLT Global) ■ CLT Global

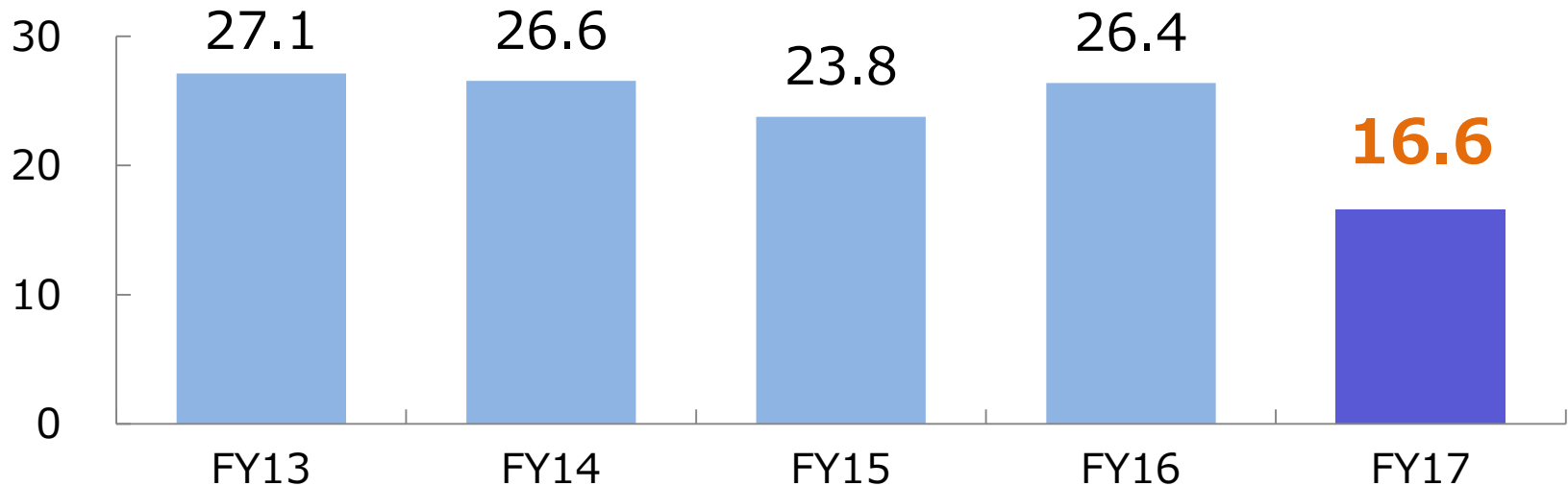


EBITDA = Operating income + Depreciation + Amortization of goodwill

Transition of Consolidated Ord. Income

Ord. income decreased due to Op. income decline

(¥ billion)



Main factors for non-operating losses

【FY2016】

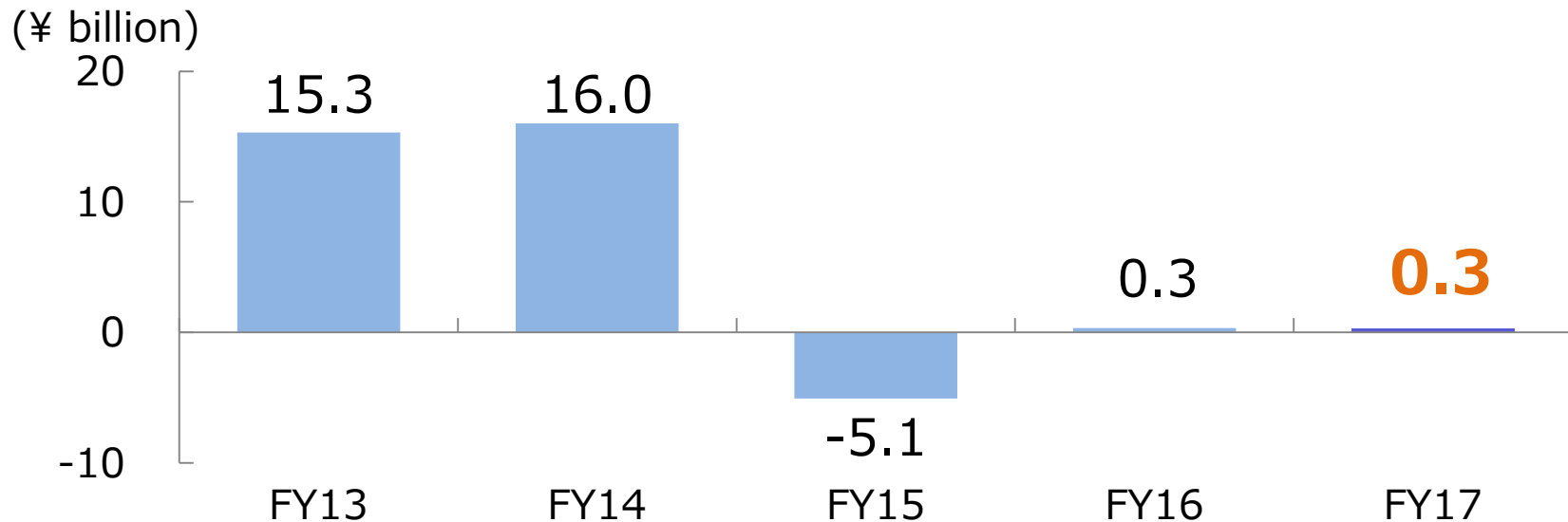
- Share of loss of entities accounted for using equity method -¥1.3bn

【FY2017】

- Share of loss of entities accounted for using equity method -¥1.1bn

Transition of Consolidated Net Profit

Extraordinary losses related to divestment of CDxHD (MLS) influenced net profit



Main factors for extraordinary income/losses

【FY2016】

- Loss on liquidation of project -¥14.6bn
- Impairment loss of goodwill (MLS) -¥3.3bn
- Extraordinary losses related to MLS -¥2.7bn

【FY2017】

- Foreign currency translation adjustments reversal gains +¥27.5bn
- Extraordinary losses related to divestment of CDxHD -¥40.8bn
- Business structure improvement expenses (voluntary retirement program) -¥2.6bn
- Provision for compensation loss -¥6.7bn

FY2017 Results by Business Segment (ex. CLT Global)

(¥ billion)

| | FY2016 | FY2017 | Variation | |
|----------------------------|---------------------------------------|---|--------------|---------------|
| Net Sales | 175.4 | 178.8 | +3.38 | +1.9% |
| CLT Japan | 104.1 | 105.4 | +1.25 | +1.2% |
| IVD | 42.7 | 45.3 | +2.61 | +6.1% |
| HR | 28.6 | 28.1 | -0.48 | -1.7% |
| Op. Income | ¹ 26.9 15.3% | ¹ 18.6 10.4% ₃ | -8.31 | -30.9% |
| CLT Japan | 12.5 12.0% | 8.4 8.0% | -4.04 | -32.4% |
| IVD | 11.5 27.0% | 9.8 21.7% | -1.68 | -14.6% |
| HR | 3.1 10.7% | 2.4 8.7% | -0.61 | -20.1% |
| EBITDA ² | 35.5 20.3% | 25.7 14.4% | -9.87 | -27.7% |

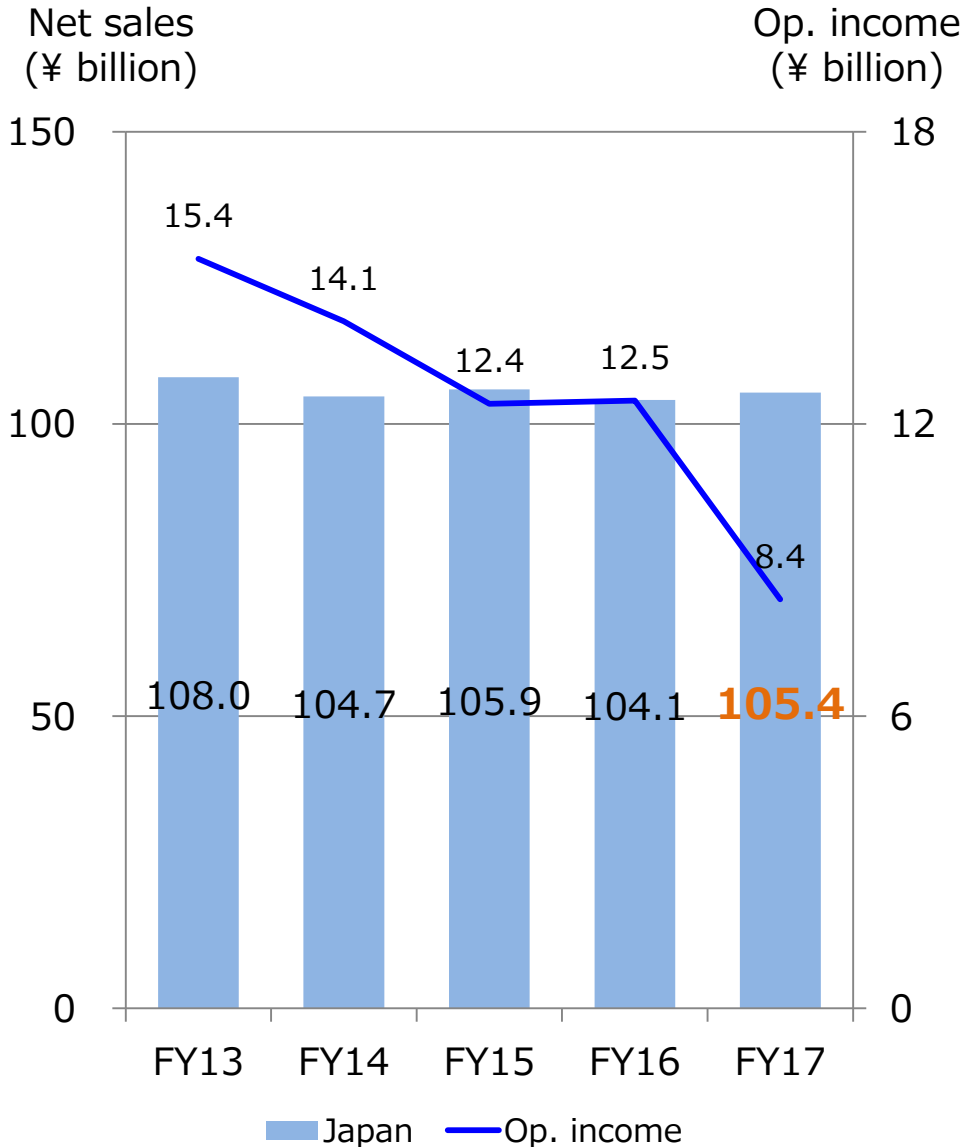
1. Op. income includes Miraca Corporate and segmentation adjustment (FY16 : -0.17, FY17 : -2.15)

2. EBITDA = Operating income + Depreciation + Amortization of goodwill

3. Small blue figures shown in the upper right corners are the individual profit margins

CLT Japan Business

(¥ billion)



Net sales : +1.3
Op. income : - 4.0

Net sales

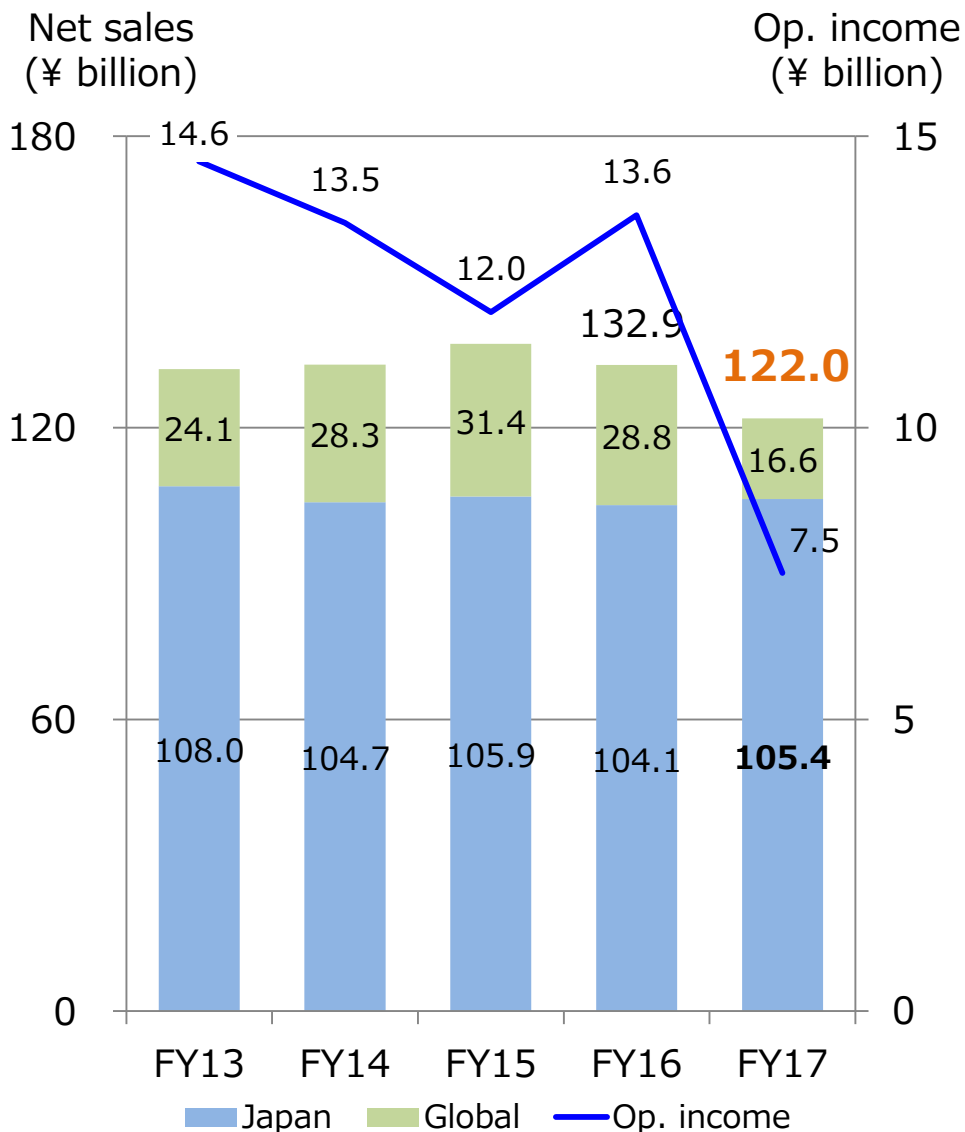
- ◆ New test item expansion
- ◆ Sales increase by newly acquired FMS/branch lab clients

Op. income

- ◆ Advanced costs for growth foundation establishment (including labor costs)
- ◆ One-time expenses

(Reference) Total CLT Business

(¥ billion)



Net sales : - 11.0

Op. income : - 6.1

◆ Japan

Net sales : +1.25, Op. income :-4.04

◆ Global

Net sales : -12.23, Op. income : -2.10

- Consolidation period decrease (approx. 4.3 months)
- Price cut impact

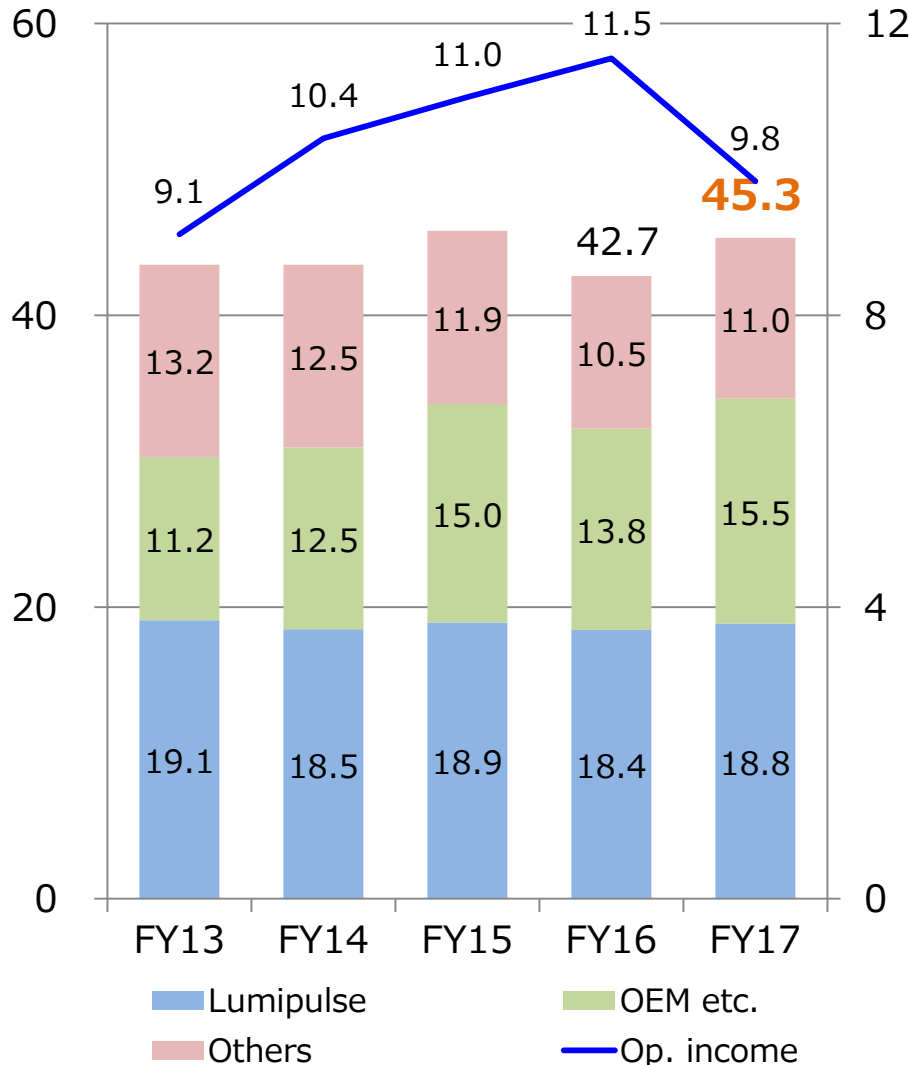
IVD Business

Net sales
(¥ billion)

Op. income
(¥ billion)

Net sales : + 2.6 (¥ billion)

Op. income : - 1.7



Net sales

◆ Lumipulse

- Sales increase in both domestic and overseas Lumipulse business

◆ OEM & Raw Material Supply

- Stable growth in OEM
- One-time sales in USA business (+ 0.28)

◆ Other

- Contribution by sales of Stago products

* Currency exchange impact: +0.80

Op. income

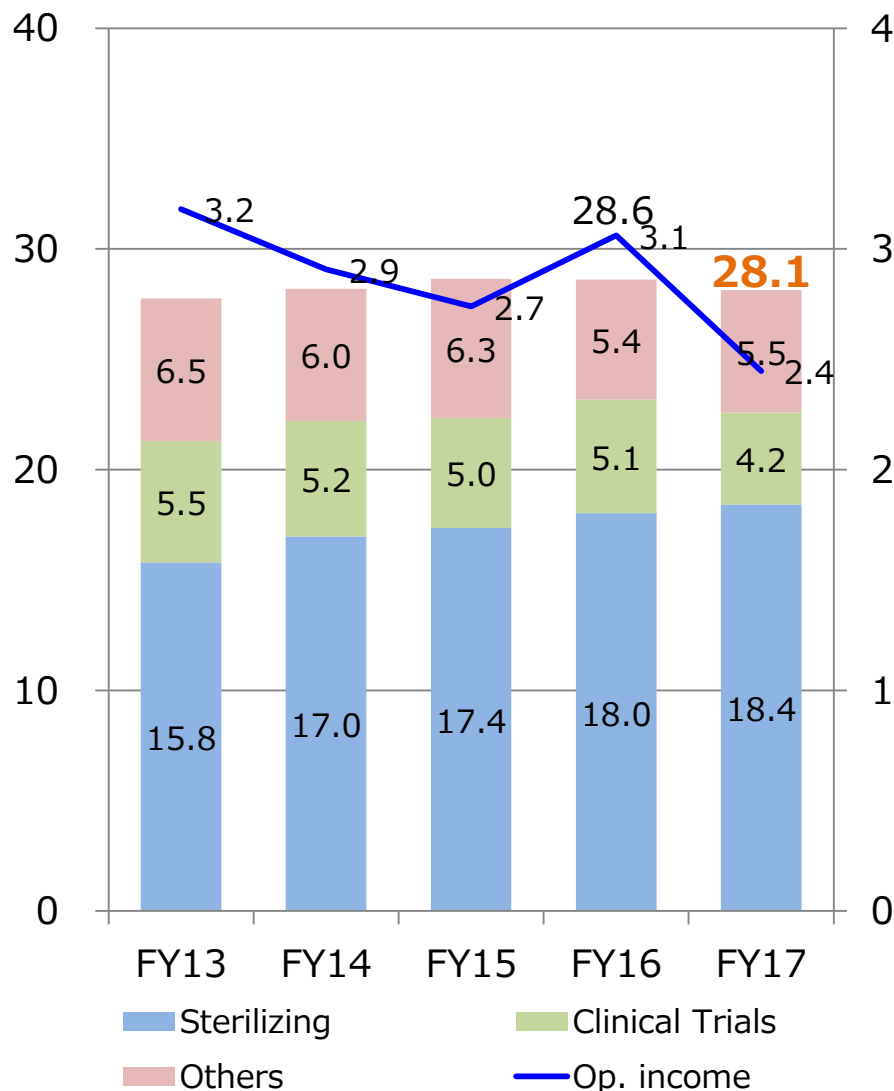
◆ Up-front expenses

- ◆ Sales/marketing expenses, R&D

Net sales
(¥ billion)

Op. income
(¥ billion)

(¥ billion)



Net sales : - 0.5

Op. income : - 0.6

◆ Sterilizing

Net sales: +0.40, Op. income: -0.58

- Sales growth achieved through acquisition of new accounts and equipment sales
- Increase in labor costs

◆ Clinical Trials

Net sales: -0.98, Op. income: -0.09

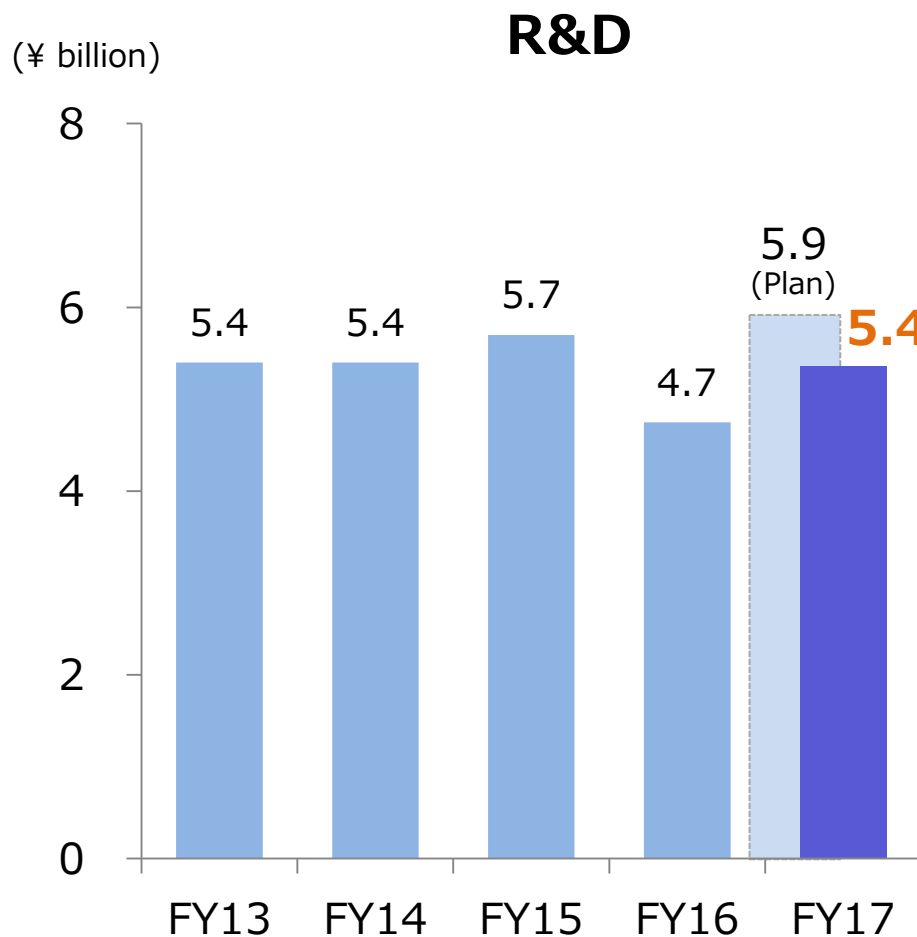
- Period between receiving orders and sales contribution become longer

◆ Others

Net sales: +0.10, Op. income : +0.06

- OP increase by disposal of some parts of provision

Transition of R&D Expenses



R&D expenses increased compared to FY2016

- Establishment of Miraca Research Institute
- Slight delay from initial forecast

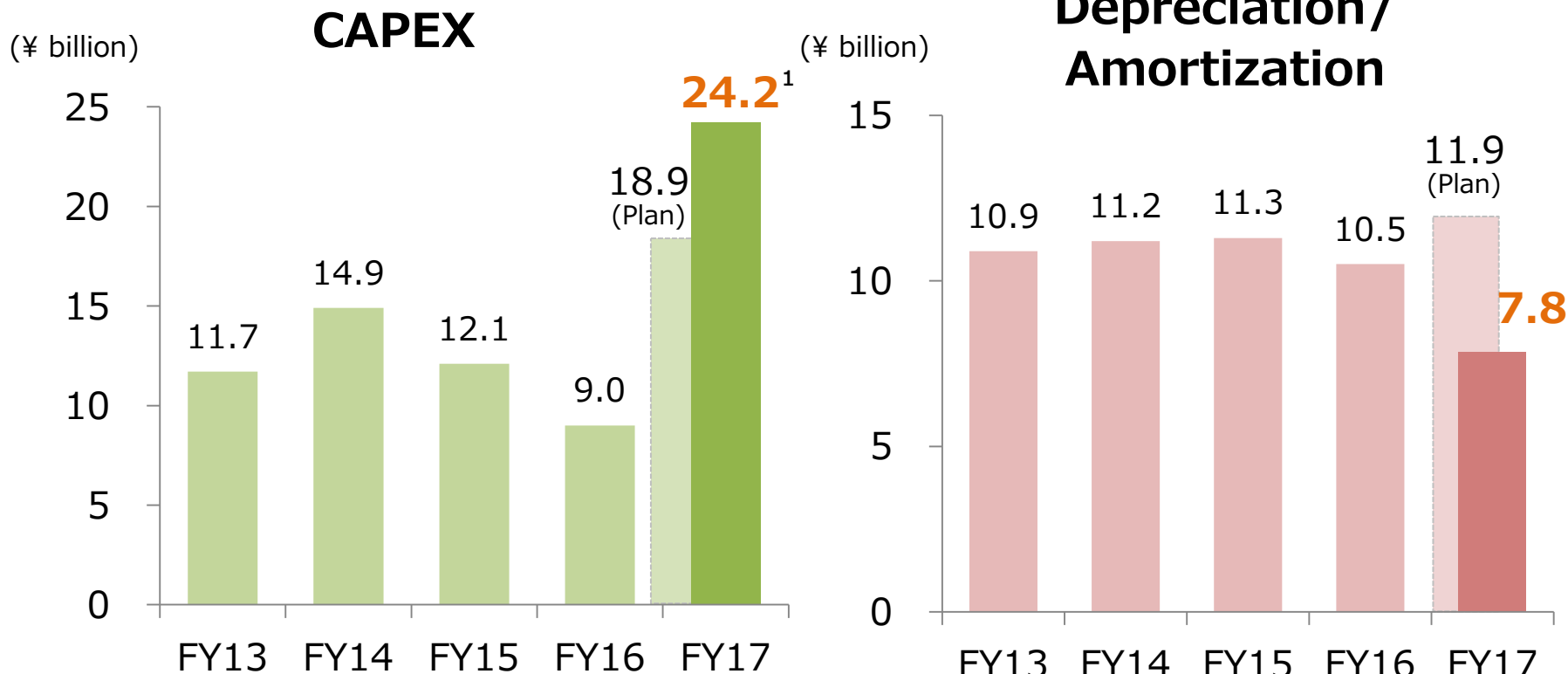
Transition of CAPEX and D&A

【CAPEX expenditure】

- Increased by maintenance and optimization of business foundation

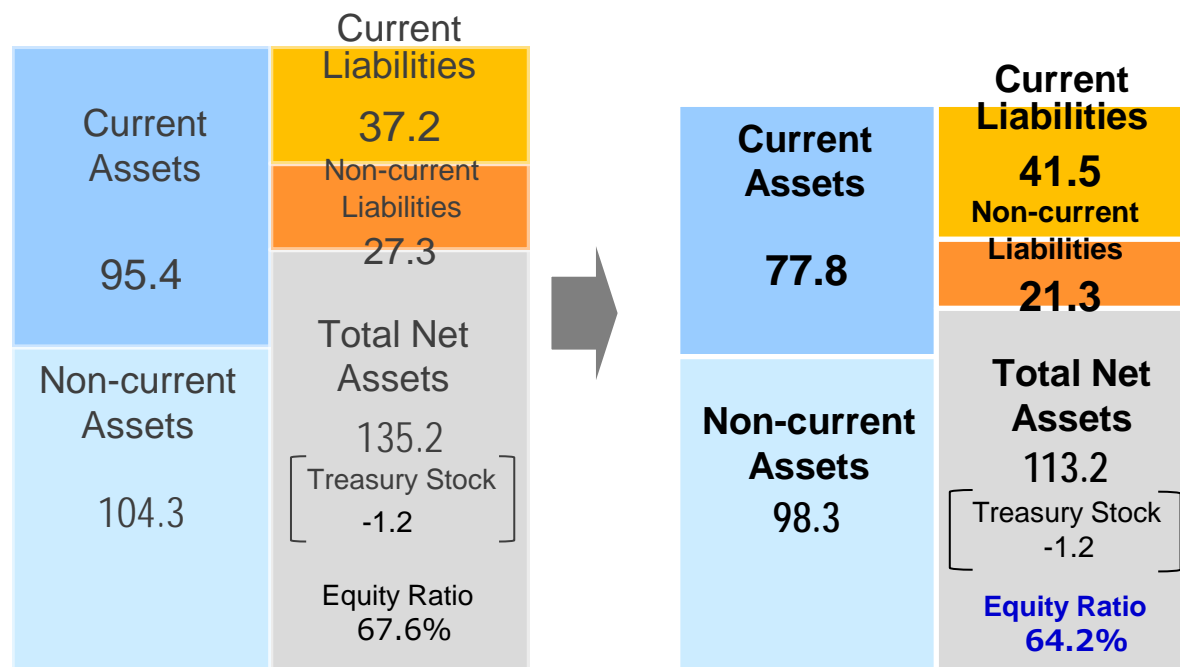
【Depreciation and Amortization】

- Limited occurrence due to delay of investment
- Decrease by divestment of CDxHD (MLS)
- Depreciation method change



1. Excluding expenditure related to new CLT lab (approx. 2.0)

Consolidated Balance Sheet



End of 1H/FY2017 (Sep. 30, 2017)

End of FY2017 (Mar. 31, 2018)

Total Assets: ¥ 199.7 billion

Total Assets: ¥ 176.1 billion

(¥ -23.6 billion)

- Total assets decreased due to divestment of CDxHD (MLS)
- Fixed assets increased in CLT business

Current assets (¥ billion)

- Liquid assets -13.0

Non-current assets

- Tools, furniture and fixtures +6.2
- Customer related intangible assets -17.9

Interest-bearing liabilities decreased by ¥1.0 billion
⇒ **Net cash decreased by ¥13.7 billion to ¥16.1 billion**

【Exchange rate】 End of 1H/FY2017: 1USD = 112.74 JPY, End of FY2017: 1USD = 106.27 JPY

Consolidated Cash Flows

(¥ billion)

| | FY16 | FY17 |
|---|--------------|--------------|
| Profit/Loss before income taxes | 4.4 | -7.1 |
| Depreciation | 10.5 | 7.8 |
| Impairment losses | 3.3 | 28.1 |
| Loss on sales of shares of subsidiaries and associates | - | 12.9 |
| Provision for compensation loss | - | 6.7 |
| Loss on liquidation of projects | 14.6 | - |
| Foreign currency translation adjustments reversal gains | - | -27.5 |
| Income taxes paid | -2.2 | -7.0 |
| Other | 5.7 | 1.7 |
| Net cash provided by operating activities | 36.4 | 15.8 |
| Purchase of property, plant and equipment and intangible assets | -8.2 | -17.3 |
| Other | -0.4 | -4.3 |
| Net cash used in investment activities | -8.6 | -21.6 |
| Free cash flow | 27.8 | -5.8 |
| Net cash used in financing activities | -23.1 | -9.6 |
| Effect of exchange rate change on cash and cash equivalents | -0.9 | 0.3 |
| Net increase (decrease) in cash and cash equivalents | 3.8 | -15.1 |
| Cash and cash equivalents at the end of financial period | 35.5 | 20.4 |

Net cash provided by operating activities
: Decreased by ¥20.6 billion

Net cash used in investment activities
: Increased by ¥12.9 billion

▶ **FCF decreased by ¥33.6 billion**

Net cash used in financing activities

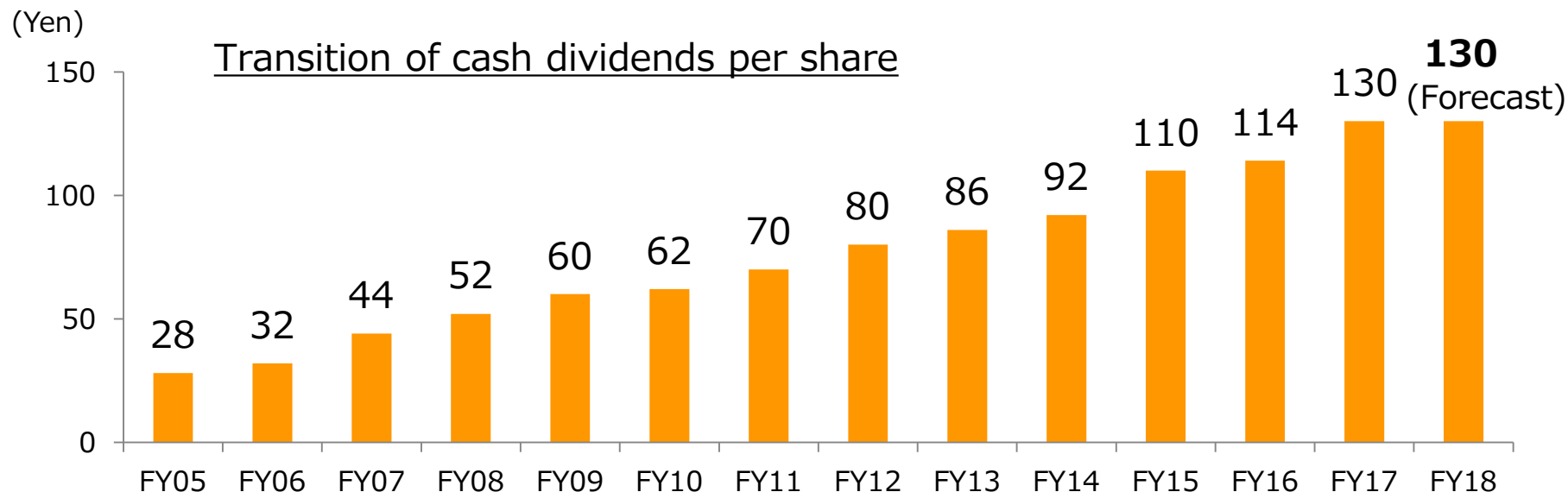
- Payment of dividends
- Repayment of long-term debt

▶ **Cash and cash equivalents decreased by ¥15.1 billion compared with FY2016**

Policy on Return to Shareholders

No change in basic policy

- ◆ Payout ratio : 50% or more
Payout ratio based on net profit excluding exceptional factors
(e.g. extraordinary income/losses)
- ◆ Dividends forecast for FY18 is ¥130
 - Payout ratio excluding exceptional factors
FY17: 79%, FY18: 67% (forecast)



Annual forecast for FY2018 Revision of Mid-term Plan

Transform! 2020

Transform! 2020

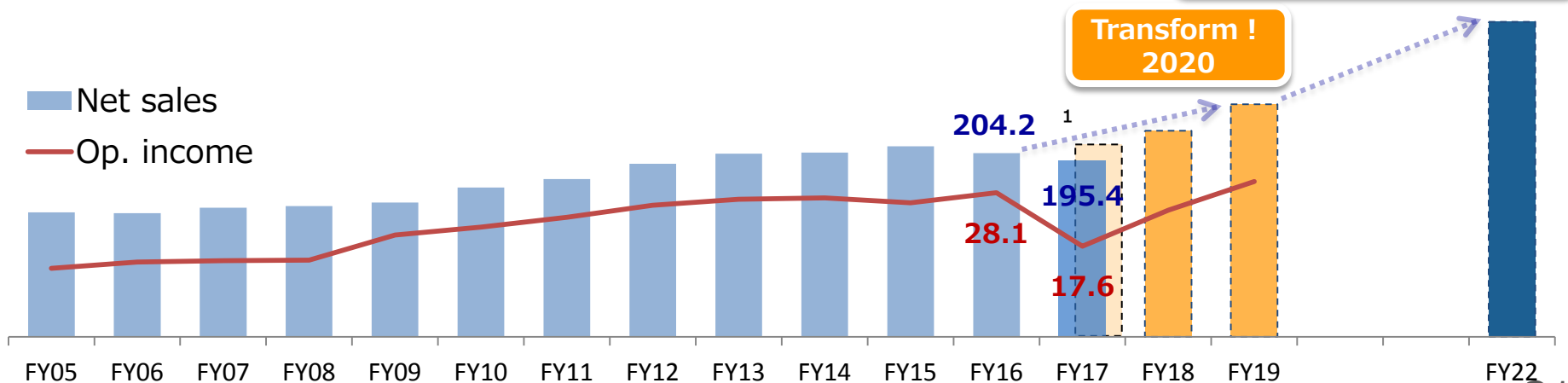
The Second Start-up

- Aggressive investment for future growth
- Limited profit growth
- Create operational base for significant and sustainable growth in/after FY2020

Priorities for FY2017

- CLT
 - Acquisition of FMS/branch-lab clients and GPs
 - Progress in alliance strategy
- IVD (Lumipulse)
 - Large-sized instruments (Japan)
 - Penetration to emerging countries (Global)

Significant/sustainable growth



1. Divestment of CDxHD (MLS)

Progress update (CLT Japan)

| | | |
|-------------------|---|------------------------------------|
| GP | <ul style="list-style-type: none">● Increase of GP clients<ul style="list-style-type: none">• Clients 11,545(2017.3) → 12,061(2018.3)• 1H: +174, 2H: +342• Launch of specialist sales organization● Promotion of measures for new acquisitions<ul style="list-style-type: none">• Establishment of satellite labs in Tokyo metropolitan area• Service aligned with Personal Healthcare Record | # of clients +516 |
| FMS Branch | <ul style="list-style-type: none">● Standardized Miraca-IVD product proposals● Client acquisition inclined to 2nd half<ul style="list-style-type: none">• 1H: +3, 2H: +12• Launch of specialist sales organization | # of clients +15 |
| Topics | <ul style="list-style-type: none">● Reinforcement of efforts in cancer-related testing● Alliance with IT vendors (image recognition/processing technology)● CLT business transfer by HP group in Kansai region● Alliance with Sapporo Clinical Laboratory Inc.● Investment in KBBM ¹ (approximately 60%) | |

1. KBBM: Kyoto Bridge of Breakthrough Medicine

Progress update (IVD)

| | | |
|-------------------------|--|---|
| Lumipulse Japan | <ul style="list-style-type: none">● Focus on large-sized instruments (L2400)● Install in group labs/client-sites● Shift from small/mid sized to large-sized instruments<ul style="list-style-type: none">• Installation number remains flat due to withdrawal of non-operating instruments | Large-sized +49 # of installations +1 |
| Lumipulse Global | <ul style="list-style-type: none">● Installation number increased● Reagent sales expansion (EU, China)● Sales region expansion● Global sales offices<ul style="list-style-type: none">• Fujirebio India, Fujirebio Asia Pacific• Branch office in Korea | # of installations +35 # of Countries 12 |
| Topics | <ul style="list-style-type: none">● Immuno & bio-chem platform (FUXION+)● Release of Alzheimer's disease reagent● Development and acquisition of new contract for companion diagnostic products for alzheimers investigational new drugs | |

Progress update (Miraca group)

Reorganize business structure

- Unify rules and culture
 - New management philosophy
 - Unify HR rules
 - Promote smooth communication between management and employees
- Consolidate back-office functions
- Business infrastructure
 - Establish IT infrastructure
 - Enhancement of human resources

Head count

+390

Group synergy

- Lumipulse installation progress in group labs and CLT client-sites
 - 1H: +7, 2H: +43
 - L2400: +39
- Increase of Lumipulse reagent intra-group transactions

In group-labs

+50

Intra-group
transaction

+0.4bn

Main point of FY2018 plan

- Uphold fundamental policy of mid-term plan
 - Continue investment for future growth
- Reinforcement effective management
 - Swift client acquisition
 - Optimization of business efficiency
- Preparation for new-CLT lab
 - Details to be disclosed in late June

Sales growth

Efforts for potential clients

FMS/Branch-lab business

- Reinforce joint proposals with Fujirebio
- Proposal to local medical associations' labs

Business expansion to GP

- Expansion of satellite labs
- Reinforce client/patient-friendly service
- Enhance sales activity through specialist sales organization

Efforts for existing clients

- Enrichment of cancer related test items
- Expansion of new/existing test items in esoteric test
- Proposal for research projects

Manage ment

- Increase sales through swift client acquisition
- Improvement of productivity and efficiency
- Workload reduction and insourcing utilizing AI/RPA¹

1. Robotic Process Automation

FY2018 plan (IVD)

| | |
|-------------------------|--|
| Sales growth | Japan |
| | <p><u>Lumipulse</u></p> <ul style="list-style-type: none">● Promotion of large-sized instrument (L2400, FUXION+)● Increase test item adoption (e.g. addition of myocardial markers)● Lumipulse/Stago installation to group labs |
| R&D | Global |
| | <p><u>Strategic expansion</u></p> <ul style="list-style-type: none">● Continue deployment of Lumipulse (existing/emerging countries)● Proposal of conventional products (Serodia etc.) through overseas branch offices established in FY2017 <p><u>OEM & Raw Material Supply</u></p> <ul style="list-style-type: none">● Expansion of OEM partners● Investment for stable operation and growth |

FY2018 performance target

| | FY2017 Result | FY2018 Forecast | Variation | |
|--|--------------------------------------|---------------------------------------|---------------|--------------|
| Net sales | 195.4 | 190.0 | - 5.4 | -2.8% |
| CLT Japan | 105.4 | 112.3 | + 6.9 | +6.6% |
| CLT global | 16.6 | - | - 16.6 | - |
| IVD | 45.3 | 47.6 | + 2.3 | +5.1% |
| HR | 28.1 | 30.1 | + 1.9 | +6.9% |
| Op. income | ¹ 17.6 9.0% | ¹ 19.0 10.0% | + 1.4 | +7.7% |
| CLT Japan | 8.4 8.0% | 9.2 8.2% | + 0.8 | +9.3% |
| CLT global | -0.9 -5.6% | - | + 0.9 | - |
| IVD | 9.8 21.7% | 9.5 20.0% | - 0.3 | -3.2% |
| HR | 2.4 8.7% | 1.6 5.5% | - 0.8 | -32.7% |
| Ord. income | 16.6 8.5% | 16.0 8.4% | - 0.6 | -3.4% |
| Profit/loss attributable to owners of parent | 0.3 0.1% | 10.5 5.5% | + 10.2 | - |
| EBITDA | 27.3 14.0% | 29.0 15.3% | + 1.7 | +6.3% |

(¥ billion)

| | FY2017 (excl. CLT global) | FY2018 Forecast | Variation | |
|-------------------|------------------------------|--------------------------|---------------|---------------|
| Net sales | 178.8 | 190.0 | + 11.2 | +6.3% |
| Op. income | 18.6 10.4% | 19.0 10.0% | + 0.4 | +2.3% |
| EBITDA | 25.7 14.4% | 29.0 15.3% | + 3.3 | +12.8% |

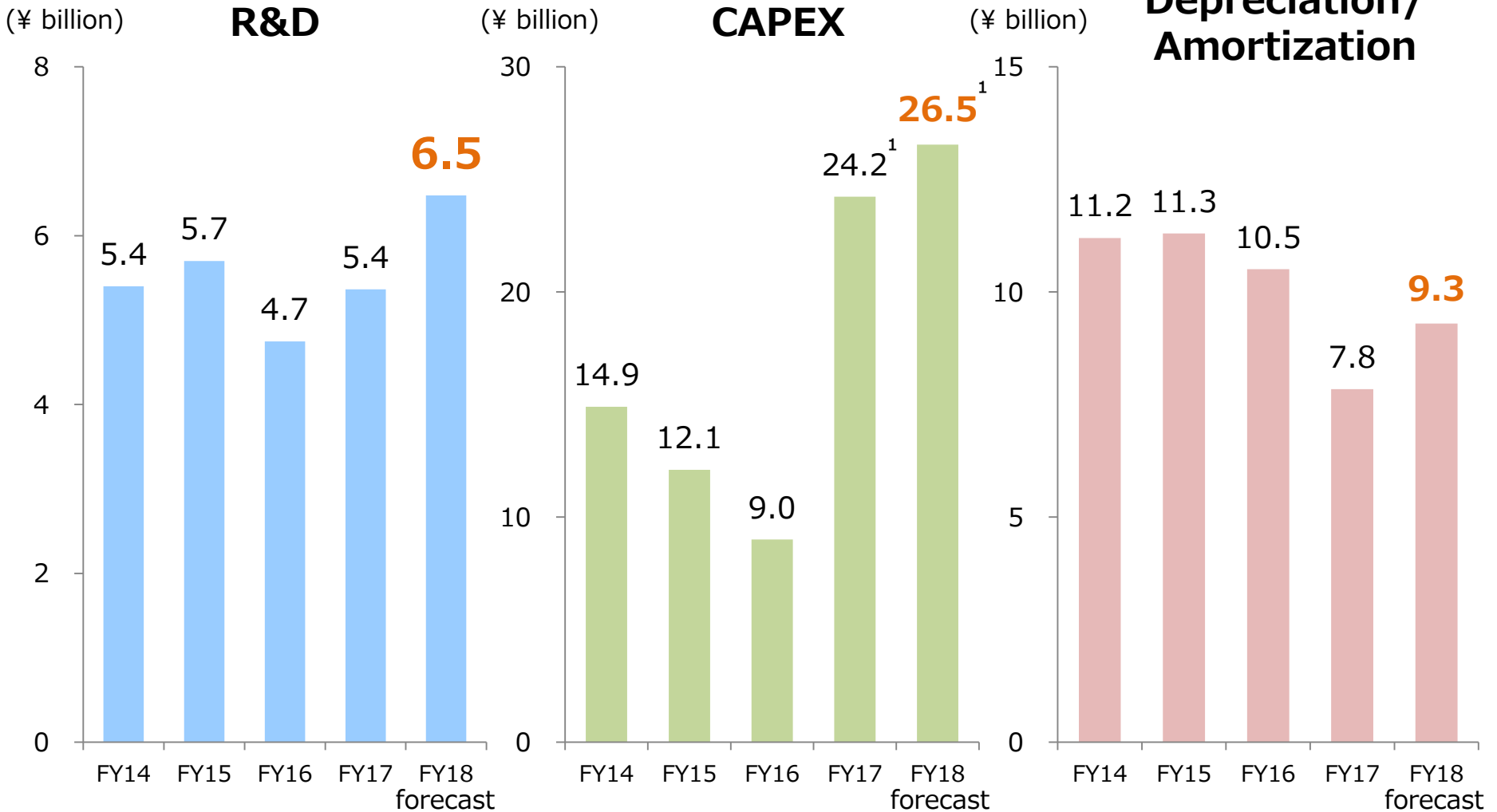
1. Op. income includes Miraca Corporate and segmentation adjustment (FY17 : -2.15、FY17 : -1.3)

FY2018 performance target (1H/2H)

(¥ billion)

| | 1H Forecast | | | | 2H Forecast | | | | FY2018 Forecast |
|---|-------------|------------|---------------|-------------|-------------|------------|--------------|--------------|------------------------------|
| | | Progress | Variation | | | Progress | Variation | | |
| Net sales | 93.8 | 49% | - 10.1 | -10% | 96.2 | 51% | + 4.7 | +5% | 190.0 |
| Op. income | 8.7 | 46% | - 4.2 | -33% | 10.3 | 54% | + 5.6 | +117% | 19.0 ^{10.0%} |
| Ord. income | 7.0 | 44% | - 5.2 | -43% | 9.0 | 56% | + 4.6 | +105% | 16.0 ^{8.4%} |
| Profit/loss attributable to owners of parent | 5.2 | 50% | + 10.3 | - | 5.3 | 50% | - 0.0 | -1% | 10.5 ^{5.5%} |

Forecast (R&D, CAPEX, D&A)



1. Excluding New-CLT lab related investments

Revision of mid-term target (FY2019)

| | Target disclosed on Nov. 2017 | Revised target | Variation |
|------------|-------------------------------|--------------------|-----------|
| Net sales | 222.0 | 207.0 | - 15.0 |
| Op. income | 29.0 | 25.0 | - 4.0 |
| EBITDA | 45.0 | 38.0 | - 7.0 |
| ROE | 10% or more | 10% or more | — |
| ROIC | 10% or more | 8% or more | - 2% |

Factors for revision

FY2017 Results

- Delay in realization of new sales
- Advanced costs for growth exceeded expectations

FY2018 Plan

- Revision of sales growth speed
- Partial continuation of advanced costs

JRC¹ Business Contract

- Expiration of the contract in FY2019

Appendix

FY2017 Results by Business Segment

(¥ billion)

| | FY2016 | | FY2017 | | Variation | |
|---|--------------------------|--------------|--------------------------|--------------------------|---------------|---------------|
| Net Sales | 204.2 | | 195.4 | | -8.84 | -4.3% |
| CLT | 132.9 | | 122.0 | | -10.98 | -8.3% |
| IVD | 42.7 | | 45.3 | | +2.61 | +6.1% |
| HR | 28.6 | | 28.1 | | -0.48 | -1.7% |
| Op. Income | ¹ 28.1 | 13.7% | ¹ 17.6 | 9.0% ₃ | -10.41 | -37.1% |
| CLT | 13.6 | 10.3% | 7.5 | 6.2% | -6.14 | -45.0% |
| IVD | 11.5 | 27.0% | 9.8 | 21.7% | -1.68 | -14.6% |
| HR | 3.1 | 10.7% | 2.4 | 8.7% | -0.61 | -20.1% |
| Ord. Income | 26.4 | 12.9% | 16.6 | 8.5% | -9.82 | -37.2% |
| Profit/loss attributable to owners of parent | 0.3 | 0.2% | 0.3 | 0.1% | -0.08 | -22.8% |
| EBITDA ² | 41.2 | 20.2% | 27.3 | 14.0% | -13.89 | -33.7% |

1. Op. income includes Miraca Corporate and segmentation adjustment (FY16 : -0.17, FY17 : -2.15)

2. EBITDA = Operating income + Depreciation + Amortization of goodwill

3. Figures shown in the upper right corner in blue are each profit margin

Segment information (CLT)

(¥ billion)

| | FY2016 | FY2017 | Variation | |
|---|--------------|--------------|---------------|--------------|
| CLT net sales by business category | 132.9 | 122.0 | -10.98 | -8.3% |
| Japan | 104.1 | 105.4 | +1.25 | +1.2% |
| Off-site Testing | 18.6 | 19.1 | +0.46 | +2.5% |
| FMS/Branch Lab | 85.5 | 86.3 | +0.79 | +0.9% |
| Overseas (USA) | 28.8 | 16.6 | -12.23 | -42.4% |

Segment information (IVD)

(¥ billion)

| | FY2016 | FY2017 | Variation | |
|--|-------------|-------------|---------------|--------------|
| IVD net sales by product category | 42.7 | 45.3 | + 2.60 | +6.1% |
| Products | 28.9 | 29.9 | + 0.94 | +3.3% |
| Automated immunoassay (Lumipulse) | 18.4 | 18.8 | + 0.41 | +2.2% |
| Non-automated immunoassay (HA·PA, EIA, etc.) | 6.6 | 6.9 | + 0.36 | +5.5% |
| Rapid assay kits (EL, POCT) | 1.5 | 1.1 | - 0.38 | -25.2% |
| Other products | 2.4 | 2.9 | + 0.55 | +23.2% |
| OEM, raw materials, partly-finished products, license, and etc. | 13.8 | 15.5 | + 1.67 | +12.1% |

(¥ billion)

| | FY2016 | FY2017 | Variation | |
|---|-------------|-------------|---------------|--------------|
| IVD net sales by sales destination | 42.7 | 45.3 | + 2.60 | +6.1% |
| Overseas | 21.3 | 23.7 | + 2.46 | +11.6% |
| Americas | 10.2 | 11.9 | + 1.73 | +16.9% |
| Europe | 8.6 | 9.2 | + 0.68 | +8.0% |
| Asia/Pacific | 2.5 | 2.6 | + 0.05 | +2.0% |
| Japan | 21.4 | 21.6 | + 0.14 | +0.7% |

R&D, CAPEX, D&A

(¥ million)

| | FY2016 | FY2017 | Variation | |
|--------------------------------------|---------------|---------------------------|----------------|----------------|
| R&D Expenses | 4,748 | 5,365 | +617 | +13.0% |
| CLT | 297 | 251 | -46 | -15.3% |
| IVD | 4,450 | 4,740 | +290 | +6.5% |
| HR | 0 | 0 | - | - |
| MHD | 0 | 373 | +373 | - |
| Capital Expenditure | 9,017 | 24,233¹ | +15,216 | +168.7% |
| CLT | 4,986 | 15,587 | +10,601 | +212.6% |
| IVD | 2,747 | 4,801 | +2,054 | +74.7% |
| HR | 1,048 | 2,162 | +1,114 | +106.2% |
| MHD | 234 | 1,681 | +1,447 | +617.3% |
| Depreciation and Amortization | 10,499 | 7,842 | -2,657 | -25.3% |
| CLT | 6,434 | 4,088 | -2,346 | -36.5% |
| IVD | 2,637 | 2,320 | -317 | -12.0% |
| HR | 1,283 | 1,234 | -50 | -3.9% |
| MHD | 143 | 200 | +56 | +39.1% |

1. Excluding expenditure related to land acquisition for new CLT lab (approx. 2.0 bn)

Number of Employees at the end of term

| | End of Mar. 2017 | | End of Mar. 2018 | | Variation | |
|-----------------|------------------|--------------|------------------|--------------|-------------|--------------|
| | Regular | Contractor | Regular | Contractor | Regular | Contractor |
| Total | 6,116 | 6,786 | 5,541 | 6,600 | -575 | - 186 |
| CLT | 3,619 | 3,337 | 2,741 | 3,173 | -878 | - 164 |
| CLT Japan | 2,529 | 3,275 | 2,741 | 3,173 | +212 | - 102 |
| CLT Global | 1,090 | 62 | 0 | 0 | -1,090 | - 62 |
| IVD | 1,008 | 142 | 1,059 | 129 | +51 | - 13 |
| HR | 1,363 | 3,270 | 1,417 | 3,280 | +54 | + 10 |
| Sterilizing | 1,031 | 3,162 | 1,096 | 3,185 | +65 | + 23 |
| Clinical Trials | 179 | 8 | 156 | 4 | -23 | - 4 |
| Others | 153 | 100 | 165 | 91 | +12 | - 9 |
| MHD | 126 | 37 | 324 | 18 | +198 | - 19 |

Regular : refers to a permanent, fully-fledged employee with no end date to their employment

Contract: refers to part-time, temporary or employees with a limited contract

【Contact information】

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Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.