Miraca Holdings Inc.
FY2016 Business Results and Future Outlook

May 11, 2017

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.

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:
  IVD: In Vitro Diagnostics (business)  
  CLT: Clinical Laboratory Testing (business)  
  HR: Healthcare Related (business)  
  Op. income: Operating income  
  Or. income: Ordinary income

※ Exchange rate:
FY2015: 1USD = 120.15JPY, 1EURO = 132.58JPY
FY2016: 1USD = 108.40JPY, 1EURO = 118.83JPY
FY2017(forecast): 1USD = 110.00JPY, 1EURO = 120.00JPY
Summary of FY2016 Results

Transition of Consolidated Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>192.2</td>
</tr>
<tr>
<td>FY2013</td>
<td>203.4</td>
</tr>
<tr>
<td>FY2014</td>
<td>204.7</td>
</tr>
<tr>
<td>FY2015</td>
<td>211.7</td>
</tr>
<tr>
<td>FY2016</td>
<td>204.2</td>
</tr>
</tbody>
</table>
Consolidated Sales (vs. FY2015)

Net sales excluding exchange impact decreased by 2.3 bn yen

Transition of Consolidated Op. Income

Op. income reached a record high
Consolidated Op. Income (vs. FY2015)

Op. income excluding exchange impact increased by 2.8 bn yen

Transition of Consolidated Ord. Income

Major item of non-operating losses

<table>
<thead>
<tr>
<th>[FY2015]</th>
<th>[FY2016]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of loss of entities accounted for using equity method</td>
<td>-¥1.4bn</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>-¥0.6bn</td>
</tr>
</tbody>
</table>
Transition of Consolidated Net Profit

Net profit became profitable despite of extraordinary losses in a row

[Bar chart showing net profit from FY2012 to FY2016]
- FY2012: 14.9 (¥ billion)
- FY2013: 15.3 (¥ billion)
- FY2014: 16.0 (¥ billion)
- FY2015: 0.3 (¥ billion)
- FY2016: -5.1 (¥ billion)

Major item of extraordinary losses

【FY2015】
- Impairment loss of goodwill (MLS) -¥22.1bn
- Loss on liquidation of project -¥14.6bn

【FY2016】
- Impairment loss of goodwill (MLS) -¥3.3bn
- Extraordinary losses related to MLS -¥2.7bn

FY2016 Results by Business Segment

<table>
<thead>
<tr>
<th></th>
<th>FY2015 (¥ billion)</th>
<th>FY2016 (¥ billion)</th>
<th>Y/Y variation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>211.7</td>
<td>204.2</td>
<td>-7.5 -3.5%</td>
</tr>
<tr>
<td>CLT</td>
<td>137.3</td>
<td>132.9</td>
<td>-4.4 -3.2%</td>
</tr>
<tr>
<td>IVD</td>
<td>45.8</td>
<td>42.7</td>
<td>-3.1 -6.7%</td>
</tr>
<tr>
<td>HR</td>
<td>28.6</td>
<td>28.6</td>
<td>-0.0 -0.1%</td>
</tr>
<tr>
<td><strong>Op. income</strong></td>
<td></td>
<td></td>
<td>+2.0 7.7%</td>
</tr>
<tr>
<td>CLT</td>
<td>12.0</td>
<td>13.6</td>
<td>+1.7 13.9%</td>
</tr>
<tr>
<td>IVD</td>
<td>11.0</td>
<td>11.5</td>
<td>+0.5 4.8%</td>
</tr>
<tr>
<td>HR</td>
<td>2.7</td>
<td>3.1</td>
<td>+0.3 11.7%</td>
</tr>
<tr>
<td><strong>Ord. Income</strong></td>
<td>23.8</td>
<td>26.4</td>
<td>+2.6 10.9%</td>
</tr>
<tr>
<td>Profit/loss attrib.</td>
<td></td>
<td></td>
<td>+5.4 -</td>
</tr>
<tr>
<td>EBITDA</td>
<td>41.0</td>
<td>41.2</td>
<td>+0.1 0.3%</td>
</tr>
</tbody>
</table>

※1 Op. income includes Miraca Corporate (FY15: +0.3, FY16: -0.2)
※2 EBITDA = Operating income + Depreciation + Amortization of goodwill
※3 Figures shown in the upper right corner in blue are each profit margin
### CLT Business

**Net sales**: -4.4
**Op. income**: +1.7

- **Japan**
  - **Net sales**: -1.8
  - **Op. income**: same level
    - Impact of test volume decline
    - Decrease in raw material cost
    - Slight increase in depreciation related to Navi-Lab despite project termination

- **Global**
  - **Net sales**: -2.6
  - **Op. income**: +1.6
    - Currency exchange impact (-3.1)
    - Decrease in amortization of goodwill (+1.0)

**MLS (before goodwill amortization, J-GAAP)**
- **Net sales**: +$5M
- **Op. income**: +$7M

---

### IVD Business

**Net sales**: -3.1
**Op. income**: +0.5

**Net sales**
- **Currency exchange impact**: -2.1
  - **Lumipulse**
    - **Japan**: Same level as FY2015
    - **Global**: Decreased due to high instruments sales in FY2015
  - **OEM & Raw Material Supply**
    - Stable growth on a local currency basis
  - **Other**
    - Decreased by strategic termination

**Op. income**
- Profitability improved by product mix change
- Decrease in SG&A
HR Business

Net sales : remained flat
Op. income : +0.3

- Sterilizing
  - Net sales: +0.7, Op. income :+0.1
    - Sales growth achieved through development of new accounts

- Clinical Trials
  - Net sales: +0.2, Op. income :+0.3
    - Short term sales realization
    - Effect of cost structure change

- Others
  - Net sales: -0.9, Op. income :flat
    - Withdrawal of infection prevention products
    - Absence of one-time sales increase in FY2015

* Pharmaceutical and Cosmetics Analysis business has been transferred to CLT segment. The past results are adjusted accordingly.

Transition of R&D Expenses

- Integration of Lumipulse development function to Japan
- Delay in progress associated with R&D strategy review
Transition of CAPEX and D&A

[Capital expenditure]
- CAPEX decreased due to termination of Navi-Lab project

[Depreciation and Amortization]
- Slight increase in depreciation related to Navi-Lab despite project termination
- Decrease in D&A as a whole due to suppression of CAPEX other than Navi-Lab

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX (¥ billion)</th>
<th>D&amp;A (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>7.7</td>
<td>11.0</td>
</tr>
<tr>
<td>FY13</td>
<td>11.7</td>
<td>10.9</td>
</tr>
<tr>
<td>FY14</td>
<td>14.9</td>
<td>11.2</td>
</tr>
<tr>
<td>FY15</td>
<td>12.1</td>
<td>11.3</td>
</tr>
<tr>
<td>FY16</td>
<td>9.0</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>98.5 (¥ 219.7 billion)</td>
<td>92.8 (¥ 213.9 billion)</td>
<td>Interest-bearing liabilities decreased by ¥12.9 billion ⇒ Net cash improved by ¥9.3 billion to ¥29.2 billion</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>121.2</td>
<td>121.2</td>
<td>Drastic improvement in equity ratio due to decrease in current liabilities</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>138.1</td>
<td>148.1</td>
<td></td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>62.7%</td>
<td>69.1%</td>
<td></td>
</tr>
</tbody>
</table>

[Exchange rate] End of 1H/FY2016: 1USD = 101.12 JPY, End of FY2016: 1USD = 112.20 JPY
Consolidated Cash Flows

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>3.6</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>11.3</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>23.0</td>
</tr>
<tr>
<td>Loss on liquidation of project</td>
<td>-</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>-9.8</td>
</tr>
<tr>
<td>Other</td>
<td>1.3</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>29.3</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>-12.3</td>
</tr>
<tr>
<td>Other</td>
<td>0.3</td>
</tr>
<tr>
<td>Net cash used in investment activities</td>
<td>-12.0</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>17.4</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>-12.1</td>
</tr>
<tr>
<td>Effect of exchange rate change on cash and cash equivalents</td>
<td>-0.8</td>
</tr>
<tr>
<td>Net increase/decrease in cash and cash equivalents</td>
<td>4.5</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of financial period</td>
<td>31.7</td>
</tr>
</tbody>
</table>

Medium-term Plan (2017.4-2020.3) “Transform! 2020”
Position of “Transform! 2020”

The Second Start-up
- Renewal of Management Philosophy, launch of Miraca Statement
- Create operational base for significant and sustainable growth in/after FY2020

Miraca Group Management Philosophy

Mission
We will create new value in healthcare and contribute to the health of people all over the world.

Vision
We will contribute to enhancing trust and development of healthcare through innovative clinical diagnostic technologies and services.

Bridging People to Healthcare
Pillars of “Transform! 2020”

**Existing business**
- Aggressive investment for significant and sustainable growth

**R&D focus**
- Aggressive investment in R&D for mid/long term growth

**Group Synergy**
- Group unification
- Business foundation for growth

**Global expansion**
- Expand business area to emerging countries in addition to advanced countries

**Alliance strategy**
- One of the driver for future business growth

R&D Focus

Miraca Research Institute (establishment planned in Jul/17)
- Centralize and focus basic research function of group companies
- Strengthen in-group research
- Proceed alliance with group companies (BMGL, etc.) and external institutions
- Commercialize the seeds of research (potential mid-term growth driver)
Group Synergy

Promote group unification and build foundation for growth

- Consolidate back-office function
  - Cost-cut through optimization of back-office function
  - Scale merit through group purchasing
  - Streamlining/strengthening of IT function

- Unify system and rules
  - Unify personnel system, corporate rules, etc.
  - Create/penetrate new management philosophy

- Deliver brand message
  - Strengthen PR/media relations

- Build IT system
  - Smooth in-group communication
  - Unify internal communication platform

- Enhancement of human resource
  - Training and educating of executive-level employees
  - Strengthen recruiting

Medium-term Plan (2017.4-2020.3)
Action Plan of “Transform! 2020” per Segment
Growth in CLT Business

CLT (Domestic)

- Enhancement of FMS/Branch-lab business
- Further expansion of esoteric testing
- Acquisition of GP/medical-checkup market

※Consideration of strategic option regarding Global CLT business (MLS)

Environment and Activities in CLT

Environment

- GP/medical-checkup market expansion
- Severe hospital business environment
- Medical & information technology progress

“Transform! 2020” Activities

- Establishment of satellite-labs at the metropolitan area
- GP acquisition utilizing group know-how
- Enhancement of FMS/Branch-lab business
- Further expansion of esoteric testing
- Test development and introduction depending on technological progress
- Utilization of Miraca Research
- Open innovation and alliance promotion

2020-

- Acceleration of GP acquisition through new central lab
- Rollout of new test items
Activities in Domestic CLT

**Aggressive investment for FMS/Branch lab business**

- Cost competitiveness improvement
  - Standard package proposal utilizing Miraca-IVD products as an axis

Strengthen cost competitiveness by group synergy

- Off-site testing expansion
  - Off-site testing increase triggered by FMS/Branch-lab business commencement

**Acquisition of GP/medical-checkup market**

- Establishment of satellite-labs at the metropolitan area
  - Shorter TAT

- In-group know-how
  - Share know-how owned by subsidiaries that have strength in GP market

- Medical-checkup market acquisition
  - Association with corporate health insurance society

※ Acceleration of GP market acquisition after central lab establishment (next mid-term plan)

Growth in IVD Business

**Lumipulse business**

- Japan
  - Sales force reinforcement
  - Product line-up improvement

- Global
  - Enter into emerging countries

**OEM & Raw Materials Supply**

- Stable growth according to global market expansion
Environment and Activities in IVD

Environment

Reagent item development & improvement
Immuno & bio-chem platform utilization
Sales force reinforcement

Global market expansion

Deployment business in US and emerging countries addition to Europe and China
Consideration of global Blood Bank business

Medical & information technology progress

Next generation platform development
Utilization of Miraca Research
Open innovation and alliance promotion

Activities in IVD

Domestic Lumipulse business
Back to strong growth

Installation promotion
- Focus on mid/long term growth
- Increase sales staff and offices

Item development acceleration
- R&D reinforcement including regulatory application

L2400 improvement for better competitiveness

Global Lumipulse business
Regional expansion

Growth in region launched
- Re-establish sales channel through alliance
- Increase item line-up corresponding to market needs

Penetration to emerging countries
- Swift penetration utilizing relatively easier application regulatory approval
- Aim at high-level growth taking market growth

Consideration of global Blood Bank business (mainly in Asia)
Growth in HR Business

- Sterilization
  - Re-establishment of business structure for sustainable growth
  - Automation & optimization of on-site sterilization
  - Promote off-site sterilization business

- Clinical Trials
  - Business structure conversion to clinical research support focus as a future growth driver

Medium-term Plan (2017.4-2020.3)
“Transform! 2020” Financial Forecast
Implementation of Aggressive Investment

- Aggressive investment on each segment for existing business growth
  - **MHD**: Business foundation reinforcement (investment for IT etc.)
  - **CLT**: Aggressive investment for FMS/Branch-lab business
  - **IVD**: Instrument installation acceleration
  - **HR**: Off-site sterilization business promotion

- Investment regarding new central lab establishment will be disclosed when the forecast becomes visible (mid-term plan may be revised if required)

Reinforcement of R&D

Aggressive activities in both basic research and development

- **Basic research**
  - Foundation of Miraca Research Institute and integration of basic research
  - Rollout of next generation products/services

- **Product development**
  - Reagent item development & improvement
  - Regulatory application for global expansion
  - Next generation platform development
Performance Target

**Management target (FY2019)** (¥ billion)

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Results</th>
<th>FY2019 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>204.2</td>
<td>258.0</td>
</tr>
<tr>
<td>Op. income</td>
<td>28.1</td>
<td>30.0</td>
</tr>
</tbody>
</table>

(CAGR: approx. 8%)

(CAGR: approx. 3%)

Net sales: 258.0  EBITDA: 50.0  
Op. income: 30.0  ROE: Over 10% 
ROIC: Over 10%

* ROIC = Net operating profit after tax (NOPAT) / Invested capital  
  NOPAT: Operating income - Estimated effective income tax  
  Invested capital: Yearly average of [Net assets + Interest-bearing liabilities (incl. lease obligation) + other fixed liabilities]

FY2017 Performance Target

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Result</th>
<th>FY2017 Forecast</th>
<th>Y/Y variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>204.2</td>
<td>211.5</td>
<td>7.3</td>
</tr>
<tr>
<td>CLT</td>
<td>132.9</td>
<td>136.8</td>
<td>3.9</td>
</tr>
<tr>
<td>IVD</td>
<td>42.7</td>
<td>44.9</td>
<td>2.2</td>
</tr>
<tr>
<td>HR</td>
<td>28.6</td>
<td>29.6</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Op. income

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Result</th>
<th>FY2017 Forecast</th>
<th>Y/Y variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLT</td>
<td>13.6</td>
<td>13.6</td>
<td>3.9</td>
</tr>
<tr>
<td>IVD</td>
<td>11.5</td>
<td>9.7</td>
<td>7.1%</td>
</tr>
<tr>
<td>HR</td>
<td>3.1</td>
<td>2.4</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Ord. income

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Result</th>
<th>FY2017 Forecast</th>
<th>Y/Y variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/loss attr.</td>
<td>0.3</td>
<td>0.2%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Profit/loss attributable to owners of parent

*1 Total amounts of net sales include net sales of Miraca Corporate (FY17: +0.2)  
*2 Total amounts of operating income include operating income of Miraca Corporate (FY16: -0.2, FY17: -0.8)  
*3 Figures shown in the upper right corner in blue are each profit margin
### FY2017 Performance Target (1H/2H)

<table>
<thead>
<tr>
<th></th>
<th>1H Forecast</th>
<th></th>
<th>2H Forecast</th>
<th></th>
<th>FY2017 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Progress</td>
<td>Y/Y variation</td>
<td>Progress</td>
<td>Y/Y variation</td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>105.5</td>
<td>50% + 2.8 3%</td>
<td>106.0</td>
<td>50% + 4.4 4%</td>
<td>211.5</td>
</tr>
<tr>
<td><strong>Op. income</strong></td>
<td>11.1</td>
<td>52% - 3.6 -25%</td>
<td>10.2</td>
<td>48% - 3.1 -24%</td>
<td>21.3 10.1%</td>
</tr>
<tr>
<td><strong>Ord. income</strong></td>
<td>10.6</td>
<td>52% - 2.6 -20%</td>
<td>9.6</td>
<td>48% - 3.5 -27%</td>
<td>20.2 9.6%</td>
</tr>
<tr>
<td><strong>Profit/loss attributable to owners of parent</strong></td>
<td>6.7</td>
<td>67% + 11.8 -</td>
<td>3.3</td>
<td>33% - 2.1 -39%</td>
<td>10.0 4.7%</td>
</tr>
</tbody>
</table>

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

**R&D**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Forecast)</td>
<td>5.4</td>
<td>5.4</td>
<td>5.7</td>
<td>4.7</td>
<td>5.9</td>
</tr>
</tbody>
</table>

**CAPEX**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Forecast)</td>
<td>11.7</td>
<td>14.9</td>
<td>12.1</td>
<td>9.0</td>
<td>18.9</td>
</tr>
</tbody>
</table>

**D&A**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Forecast)</td>
<td>10.9</td>
<td>11.2</td>
<td>11.3</td>
<td>10.5</td>
<td>11.9</td>
</tr>
</tbody>
</table>
Basic policy

- Payout ratio: over 50%
  - Payout ratio based on net profit excluding exceptional factors (e.g. extraordinary income/losses)

- First priority during “Transform! 2020”: investment for mid/long term growth

Transition of cash dividends per share

Equivalent to 53% payout ratio

【Contact information】

Miraca Holdings Inc.
Investor and Public Relations Department
Email: mhd.ir@miraca.com