



EPS Holdings, Inc.

**Financial Results Overview
for Second Quarter Ended March 31, 2019**

**May 20, 2019
EPS Holdings, Inc.
Representative
Director and President
Hisashi Tanaka**

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1 | FY2019/2Q Financial Results Overview

FY2019/2Q : EPS Group Business Areas

*as of May 2019

Domestic Business	CRO	EPS , EPS Associate, AC MEDICAL
	SMO	EP-SOGO
	CSO	EP-PharmaLine , ES-Link, AC MEDICAL
	CPO	EP-CRSU , EPI Yamanashi EP-Techno 3 Chinese data service companies
Overseas Business	Global Research	EPS International Holdings etc. Other oversea operating companies Chinese CRO
	China	EPS EKISHIN, EPS (China) etc. Other Chinese operating companies (excluding Chinese CRO)
	Others	EPBiz (Shared Services)

Notes:

1. From March 2019, AC MEDICAL has been included in the CRO and CSO segments due to an M&A deal.
2. From FY2019, e-Trial has been reclassified from the CRO to the NRO segment, and was renamed as EP-Techno upon absorbing All Right Technology in April 2019.

FY2019/2Q Consolidated Financial Results



(¥ million)

	FY2018/2Q Results	FY2019/2Q Initial Forecast	FY2019/2Q Results	Change vs Plan	Percent Change vs Plan	Percent Change YoY
Net Sales	32,666	33,996	33,501	-495	-1.5%	2.6%
Operating Income (Ratio)	3,828 (11.7%)	3,069 (9.0%)	3,179 (9.5%)	110	3.6%	-17.0%
Recurring Profit (Ratio)	3,891 (11.9%)	3,145 (9.3%)	3,275 (9.8%)	130	4.1%	-15.8%
Profit Attributable to Owners of Parent (Ratio)	2,495 (7.6%)	2,265 (6.7%)	2,065 (6.2%)	-200	-8.8%	-17.2%

FY2019/2Q Financial Results by Business Segment

(¥ million)

			2019/9 Forecast	2019/9 Results	Change vs Initial Forecast	Percent Change vs Plan	Percent Change YoY
Domestic	CRO	Net Sales	14,769	14,043	-726	-4.9%	-2.2%
		Operating Income(%)	2,726 (18.5%)	2,595 (18.5%)	-131	-4.8%	-23.5%
	SMO	Net Sales	6,850	7,123	273	4.0%	1.3%
		Operating Income(%)	670 (9.8%)	815 (11.4%)	145	21.6%	62.0%
	CSO	Net Sales	3,715	4,070	355	9.6%	4.3%
		Operating Income(%)	118 (3.2%)	168 (4.1%)	50	42.4%	-5.1%
	NRO	Net Sales	2,936	3,029	93	3.2%	96.1%
		Operating Income(%)	203 (6.9%)	355 (11.7%)	152	74.9%	16.4%
Overseas	GR	Net Sales	2,335	2,002	-333	-14.3%	-24.7%
		Operating Income(%)	96 (4.1%)	- 96 (-)	-192	-	-
	China	Net Sales	5,330	5,785	455	8.5%	11.6%
		Operating Income(%)	- 35	140 (2.4%)	175	-	-

* 1. The CRO segment in the earnings report (kessan tanshin) includes the NRO segment.

2. The calculation of segment operating income:

(1) Does not include management advisory fees for the holding company

(2) Includes amortization of goodwill and outsourcing expenses for shared services

Overview of Financial Results

Net sales

- Net sales fell short of forecast due to a downturn in CRO and GR
- Net sales increased year on year, as growth in EKISHIN (China) Business, CSO and SMO outweighed the downturn in CRO and GR

Operating income

- Operating income exceeded forecast, as the downturn in CRO and GR was outweighed by contributions from other segments
- Operating income decreased year on year, as increases in SMO and EKISHIN (China) Business were unable to offset decreases in CRO and GR

CRO

Sales and operating income fell short of forecasts

- Impact of the loss of a major project, cancellation and suspension of prospective projects, and delays in starting projects in monitoring services
- Sluggish orders received for new projects
- Opportunities lost due to a shortage of resources for contract-based clinical research associates (CRAs)

SMO

Sales and operating income exceeded forecasts

- Positive contribution from the early inclusion of large projects
- Solid proposal-based sales activities
- Enhanced productivity through resource optimization in each region and other means

CSO

Sales and operating income exceeded forecasts

- Call Center Division saw growth in business performance
- Academic materials production and BPO performed steadily
- Increase in bid projects (such as programs to encourage people to receive checkups)

NRO

Sales and operating income surpassed forecasts

- Additional contract-based services in support of clinical research techniques
- Maintained capacity utilization rates due to steady orders received for investigator-initiated clinical trials
- Firm external sales of electronic data capture (EDC) systems such as e-Catch

GR

Sales and operating income fell short of forecasts

- Intensified competition with global CROs
- Loss of large projects and delays in development, as well as difficulties with modified orders
- Uphill struggle faced by CROs in China

China

Sales and operating income surpassed forecasts

- Continuously deepened existing markets and cultivated new markets in the pharmaceutical business
- Concentrated management resources on sales of medical devices

M&A

CRO and CSO Acquisition of AC MEDICAL INC.

(concluded on February 28, 2019)

- For the purpose of expanding the Group's customer base, enhancing resources, and sharing technological knowledge
- Acquisition of AC MEDICAL as a company that provides services with high added value with the blending of human resources and IT

M&A

NRO Acquisition of All Right Technology Inc.

(concluded on November 1, 2018)

Integrated specialized clinical research services and medical IT services to build a platform to support next-generation pharmaceutical development

Collaboration

GR Strategic partnership with George Clinical Pty Ltd (Australia)

(April 2019)

Concluded a strategic partnership with George Clinical Pty Ltd to pursue strengthened supply capability and to expand orders in the Asia-Pacific region

FY2019/2Q Topics

Organization

Expanded reorganization of companies within the Group

C R O Integration of EPS Corporation and EPMate Co., Ltd.

N R O Integration of EP-CRSU and Sogo Rinsho Médéfi

Integration of e-Trial and All Right Technology (renamed as EP-Techno)

China Split off EPS EKISHIN's LSG business and established EP Trading

CSR

Obtained certification for special subsidiary

Special subsidiary obtained certification for the purpose of promoting employment of persons with disabilities and launch of agricultural business

Businesses

Received the 2019 Best Practices Award

Received the Asia-Pacific CRO Customer Service Leadership Award from Frost & Sullivan, a major consulting firm in the United States (headquartered in California)



2 | FY2019 Full-Year Targets

FY2019 Full-Year Targets Overview (Released November 2018)



(¥ million)

	2018/9 Results	2019/9 Forecast	Change YoY	Percent Change YoY
Net Sales	65,769	72,000	6,231	9.5%
Operating Income (Ratio)	7, 193 (10.9%)	7,200 (10.0%)	7	0.1%
Recurring Profit (Ratio)	7,436 (11.3%)	7,350 (10.2%)	- 86	-1.2%
Profit Attributable to Owners of Parent (Ratio)	4,388 (6.7%)	4,700 (6.5%)	312	7.1%

FY2019 Targets by Segment (Released November 2018)



(¥ million)

			2018/9 Results	2019/9 計画	Change YoY	Percent Change YoY
Domestic	CRO	Net Sales	28,817	31,650	2,833	9.8%
		Operating Income(%)	6,338 (22.0%)	6,300 (19.9%)	-38	-0.6%
	SMO	Net Sales	14,297	14,300	3	0.0%
		Operating Income(%)	1,269 (8.9%)	1,450 (10.1%)	181	14.3%
	CSO	Net Sales	7,813	8,500	687	8.8%
		Operating Income(%)	384 (4.9%)	406 (4.8%)	22	5.7%
	NRO	Net Sales	2,675	6,000	3,325	124.3%
		Operating Income(%)	303 (11.3%)	355 (5.9%)	52	17.2%
Overseas	GR	Net Sales	4,942	4,500	-442	-8.9%
		Operating Income(%)	13 (0.3%)	10 (0.2%)	-3	-23.0%
	China	Net Sales	11,093	11,280	187	1.7%
		Operating Income(%)	121 (1.1%)	130 (1.2%)	9	7.4%

* 1. The CRO segment in the earnings report (kessan tanshin) includes the NRO segment.

2. The calculation of segment operating income:

(1) Does not include management advisory fees for the holding company

(2) Includes amortization of goodwill and outsourcing expenses for shared services

FY2019 Full-Year Targets Overview

(Released November 2018)



1. Outline of Annual Budget

Net sales :

Create new added value and pursue further M&As, while strengthening the management structure and existing businesses

Net sales are projected to increase by 9.5% year on year, led by CRO and CSO

Operating income :

Introduce efficient business methodologies and rigorously control costs, while making upfront investments to expand business

Operating income is projected to increase year on year on a consolidated basis,

despite slightly lower operating income in CRO and GR

2. Outline by Segment

CRO

Accelerate new services that will drive sustained growth, with existing businesses as key pillars

SMO

Realize further core growth, leveraging the largest business scale in the industry

CSO

Advance multi-channel detailing services by integrating unique services

NRO

Target next-generation pharmaceutical development by integrating specialized services and pharmaceutical IT services

GR

Build a solid platform spanning Japan, Asia and China

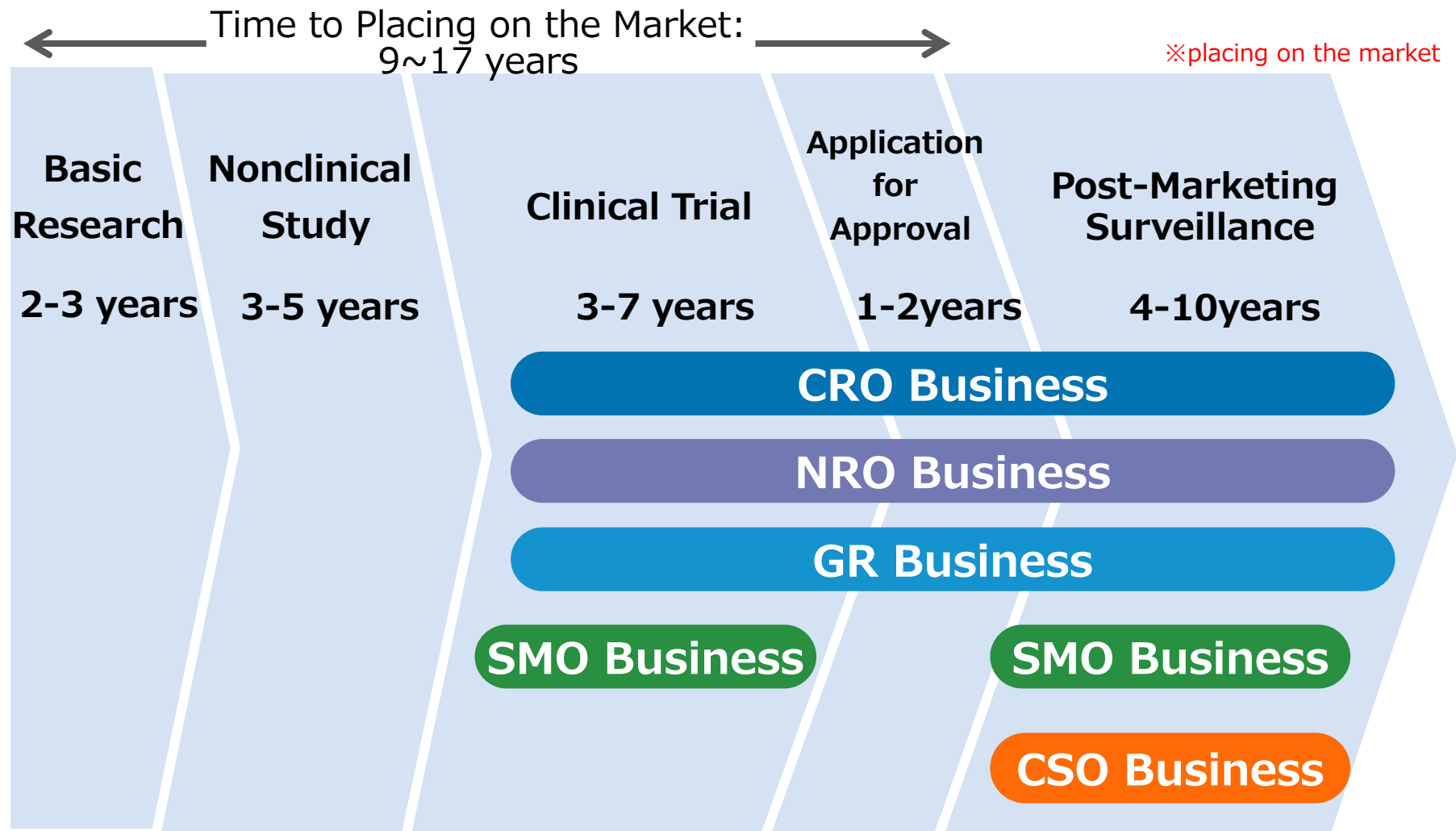
China

Upgrade and expand the business platform for the products business and the specialized services business

4 | Initiatives in the Second Half

- 1. Evolve to autonomous business management for sustaining businesses (CRO, SMO, CSO, NRO)**
- 2. Strategically promote expanding businesses (GR, China)**
- 3. Promote the development of new products**
 - Improve products at the frontlines
 - Build a framework for promoting product development activities
 - Develop strategic new products
- 4. Promote the development of new businesses**
 - Realignment of existing businesses (business models)
 - Push ahead with M&A activity
 - Promote investment and related management system
- 5. Build a group management structure**
 - Cultivation of human resources

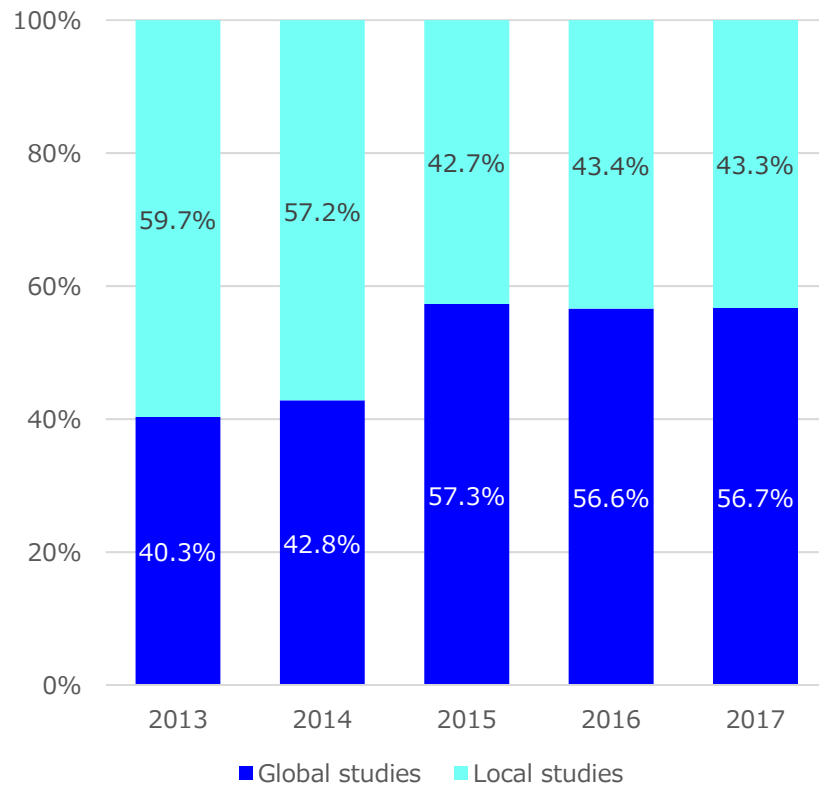
Drug & Medical Device Development of EPS Group



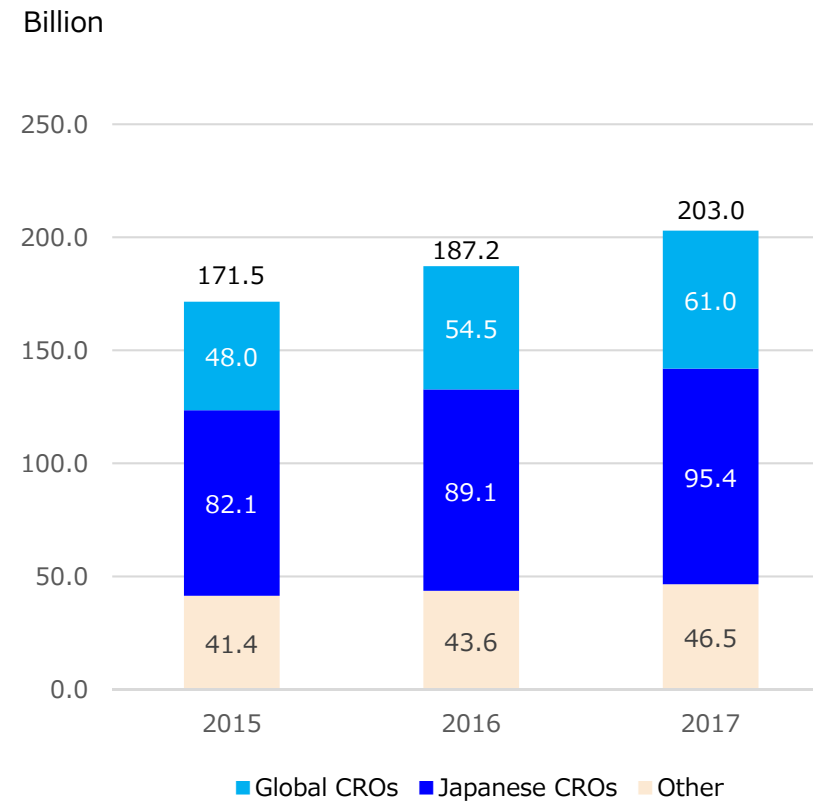
Business Conditions in the CRO Market



Proportion of global studies in the pharmaceutical field of the CRO market

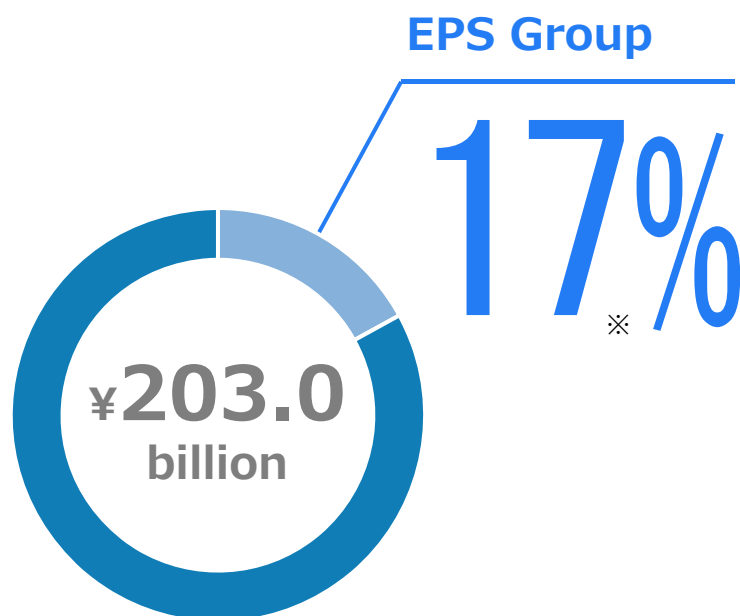


Proportion of Japanese CROs and global CROs in Japan



*Source: Materials published by MIC Research Institute Ltd. (2017)

Market & Share



*Source: Estimated by EPS Holdings based on materials published by MIC Research Institute Ltd. (2017) and the Japan CRO Association

*Including the NRO Business

Expert Staff

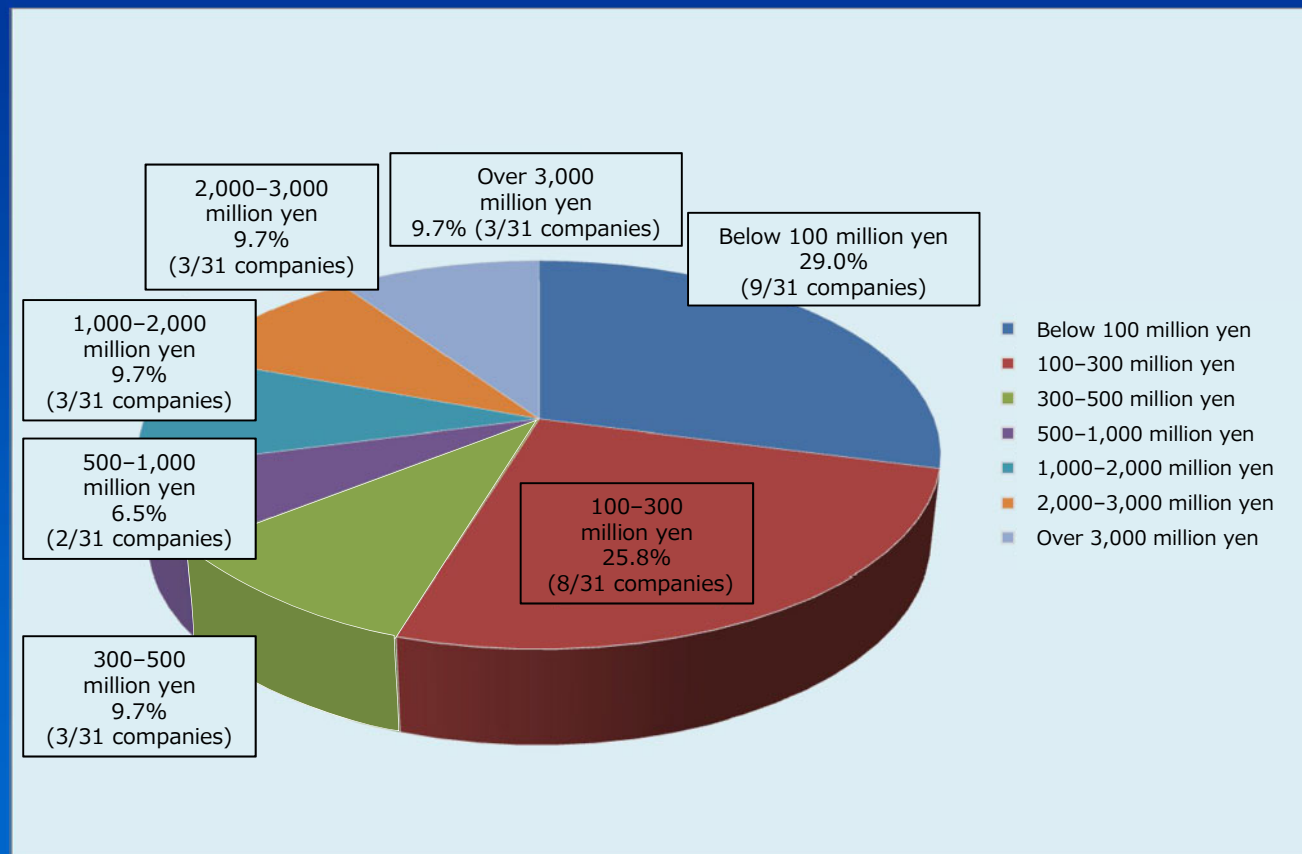
CRA
(Clinical Research Associates) **Approx. 1,020**

Key Initiatives

- 1. Expand orders with bolstered sales capabilities**
 - Expand orders with strengthened operations (GR partnership)
 - Collaborate with global CROs
 - Cultivate new customers with biotech ventures, etc.
- 2. Expand orders for new services**
 - Research and surveys for medical information databases
 - Risk Management Plan (RMP)
 - PMS monitors (SUZUKEN CO., LTD. collaborative model)
- 3. RPA (Robotic Process Automation)**
Enhance productivity with RPA

Status of the SMO Market

Net Sales by Scale (SMO Business only) 31 companies



Number of companies affiliated with JASMO

2007
61
companies

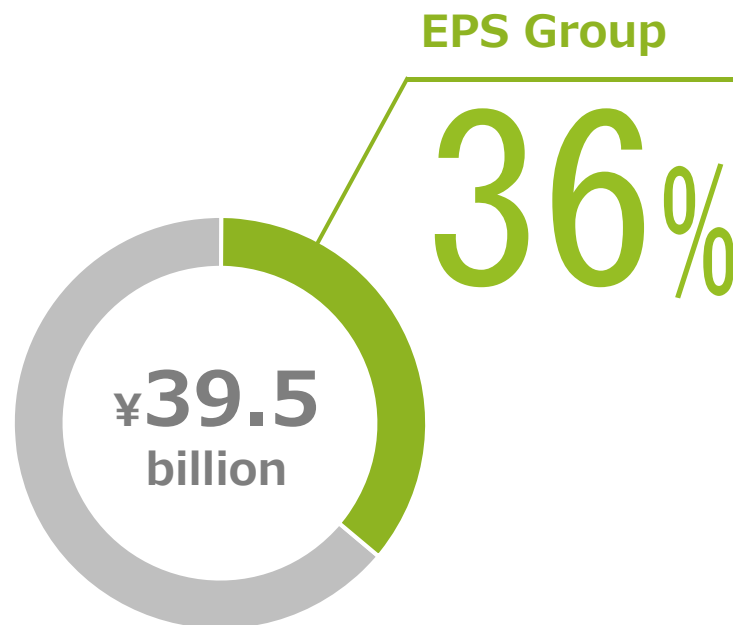


2018
31
companies

(-30 companies)

Source: Japan Association of Site Management Organizations data for 2017 (implemented April 2018)

Market & Share



Source: Estimated by EPS Holdings based on materials from the Japan Association of Site Management Organizations

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CRC
(Clinical Research Coordinator) **Approx. 1,000**

Key Initiatives

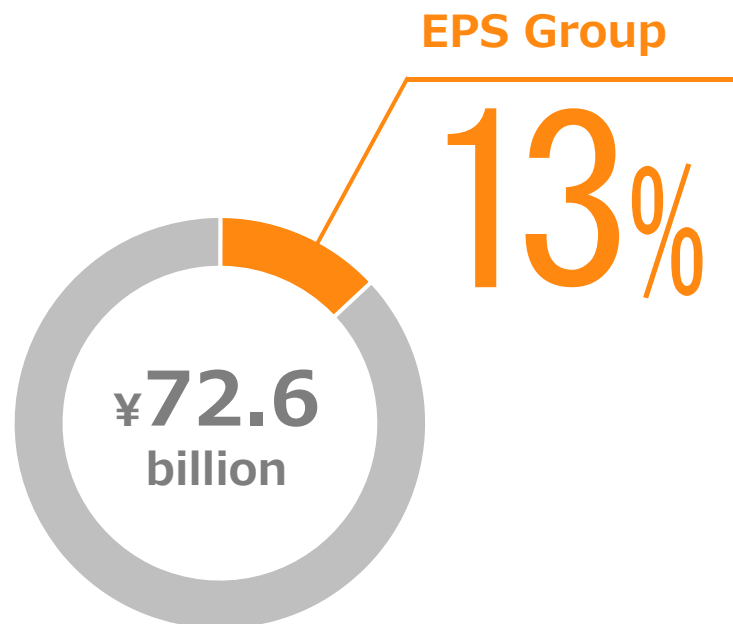
1. Expand orders with bolstered sales capabilities

- Promote partnership contracts with clients
- Develop strengths in many different fields, such as dermatology, etc., in addition to oncology fields

2. Expand orders for new services

- Cultivate Hybrid-CRC
- Pioneer psychological assessment services for new activity fields
- Search for a new approach to IT and new business

Market & Share



*Source: Estimated by EPS Holdings based on materials published by MIC Research Institute Ltd. (2017)

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CMR Approx. **420**
Pharmacists Approx. **500**

Key Initiatives

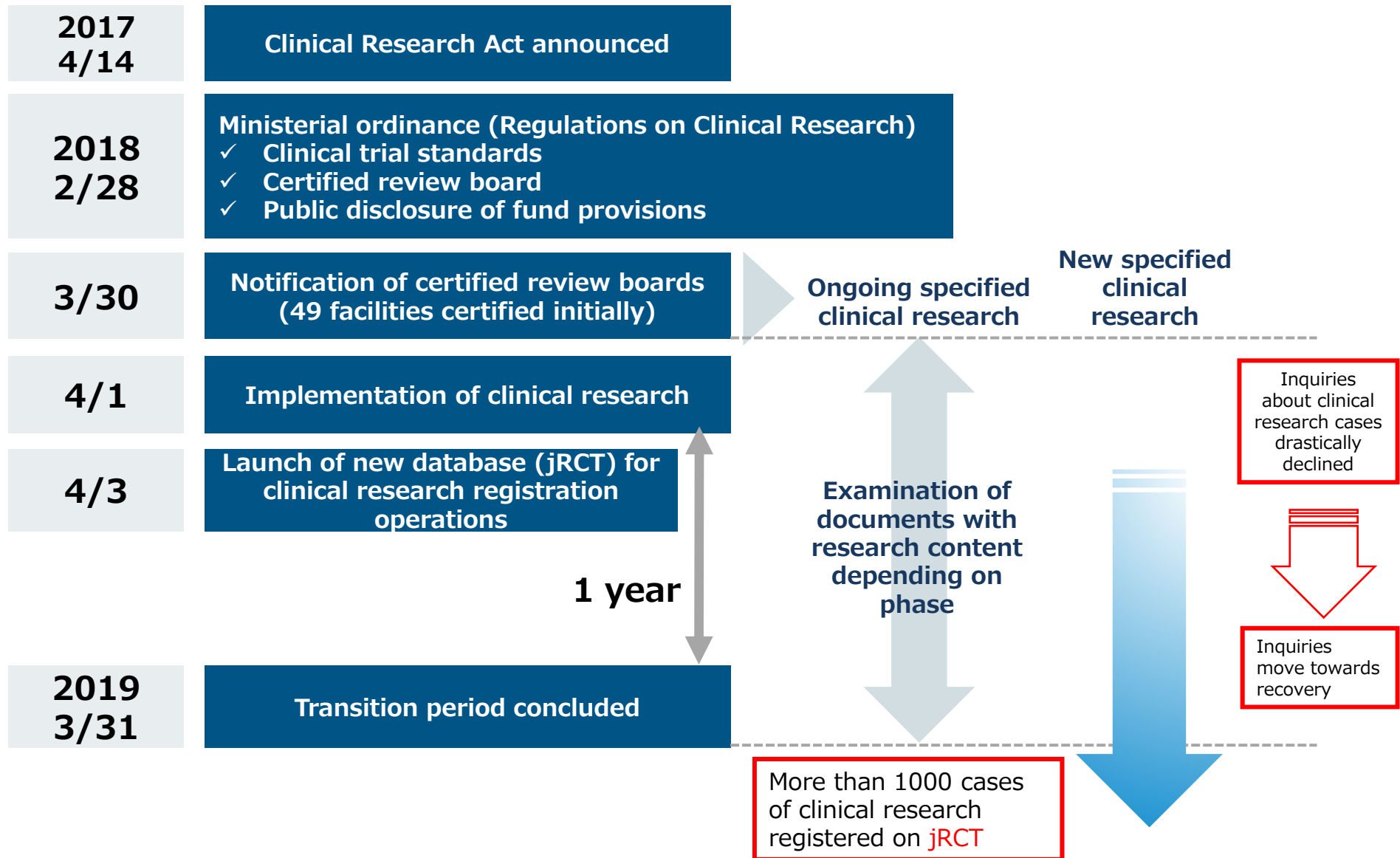
1. Expand orders that utilize new services and product development

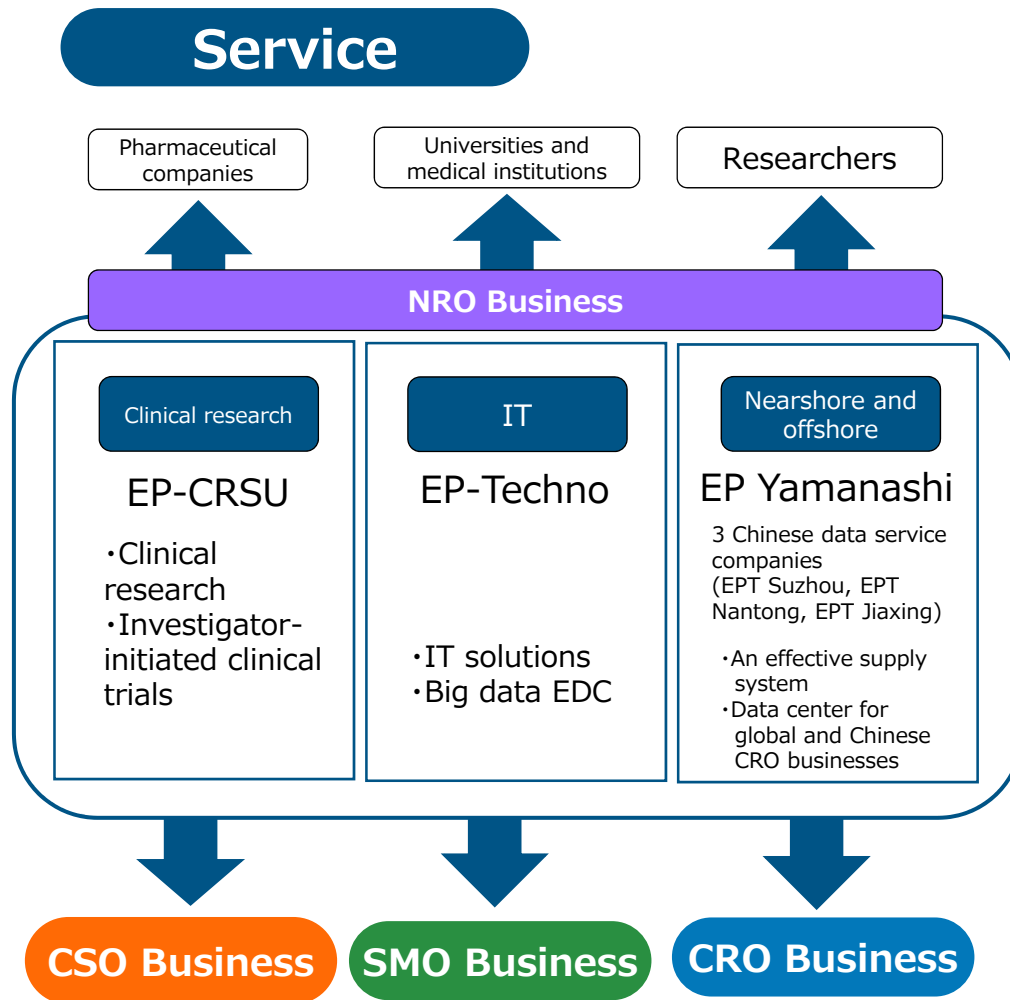
- Multichannel detailing centered on ES Navi
- Expand services
- Develop services for field engineers
- Enhance the product lineup related to compliance

2. Further improve productivity

- Move towards full outsourcing system for the call center business

Market Conditions for the NRO Business: Impact of the Clinical Research Act





Key Initiatives

1. Reform structure and organization

- Complete integration of 2 clinical research companies and 2 IT companies

2. Evolve and integrate specialized and pharmaceutical IT services

- Development towards utilization of e-Catch PMS and big data
- Investigate next-generation technological research, such as AI, RPA, etc., and its commercialization
- Support maintenance for research bases for medical institutions and research groups

3. Collaborate with academia to strengthen the clinical research business

Key Initiatives

- 1. Strengthen the management structure and brush up the organization**
 - Establish a regional management structure (Japan, Asia and China) to implement global clinical trials
 - Strengthen system that manages quality control
 - Improve structure of Chinese CRO

- 2. Aim to be a leading CRO company in the Asia-Pacific region**
 - Strive to win contracts in Asia-Pacific by strengthening sales activities
 - Supply the high-quality products (services) required by global clinical trials
 - Further strengthen foundation through partnership with George Clinical Pty Ltd

- 3. Create new added value**
 - Create businesses by strategically approaching the Chinese pipeline
 - Create services in the CRO, NRO, and EKISHIN (China) businesses through collaboration
 - Create new services through business alliances

Strategic Partnership in the Asia-Pacific Region



News Release



April 24, 2019

For immediate release

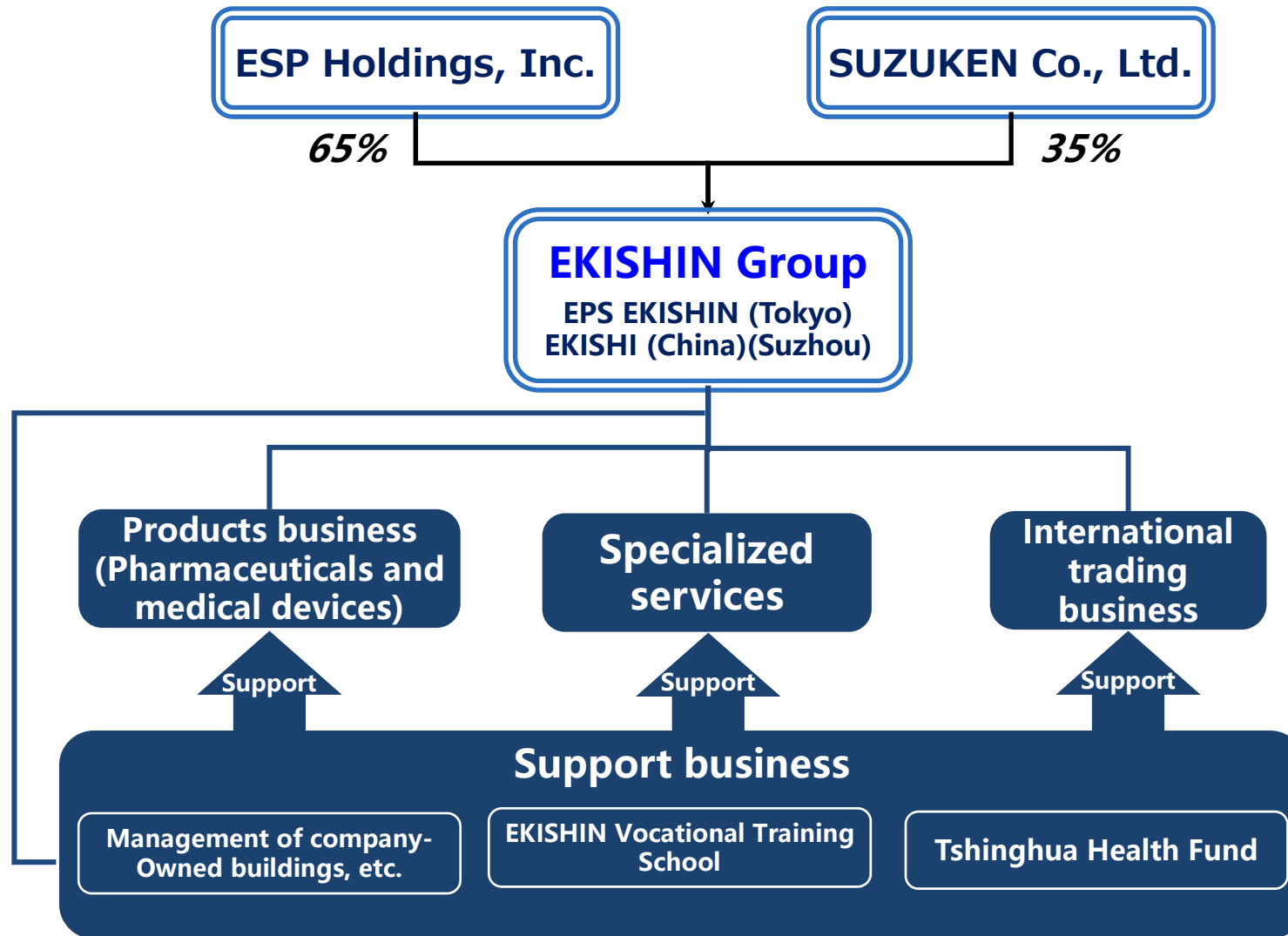
EPS International Holdings Co., Ltd.
George Clinical Pty Ltd

EPS International and George Clinical Form Strategic Partnership for the Asia-Pacific Region

EPS International Holdings Co., Ltd. (HQ: Tokyo, Japan; Representative Director and President: Hisashi Tanaka; "EPSI" hereafter) and George Clinical Pty Ltd (HQ: Sydney, Australia; Executive Chairman: Glenn Kerkhof; "George Clinical" hereafter) announced today that they have reached an agreement on a strategic partnership that will enhance their combined service offerings in Asia-Pacific, the world's most populous region, as well as worldwide for their respective clients.

"EPSI aims to become the best partner for global expansion of pharmaceutical or medical device development focused on Asia-Pacific," Dr. Hisashi Tanaka, Representative Director and CEO of EPS International said. "I am so excited with this strategic partnership between George Clinical and EPSI since it enables EPSI to provide our clients with further value-added services. We will create more robust capabilities when it comes to quality service provision in Asia-Pacific countries as we leverage George Clinical's excellent scientific leadership and extensive global investigator networks."

China business Business composition



Key Initiatives

1. Strengthen the management structure and brush up the organization

- Advance the Matrix Management Structure (vertical and horizontal dimensions)Strengthen system that manages quality control
- Create a corporate culture through a fusion of Japanese and Chinese cultures
- Improve Identify and nurture the next generation of human resources

2. Bolster and expand existing business platforms

- Conduct stable management of the existing products business (Interferons, X-ray film)
- Improve core businesses (products, specialized services, international trade)

3. Create new added value

- Develop business primarily through the introduction of new products, harnessing resources within the Group and partner companies
- Establish a collaborative R&D center
- M&A

4 | Progress on the Mid-Term Business Plan

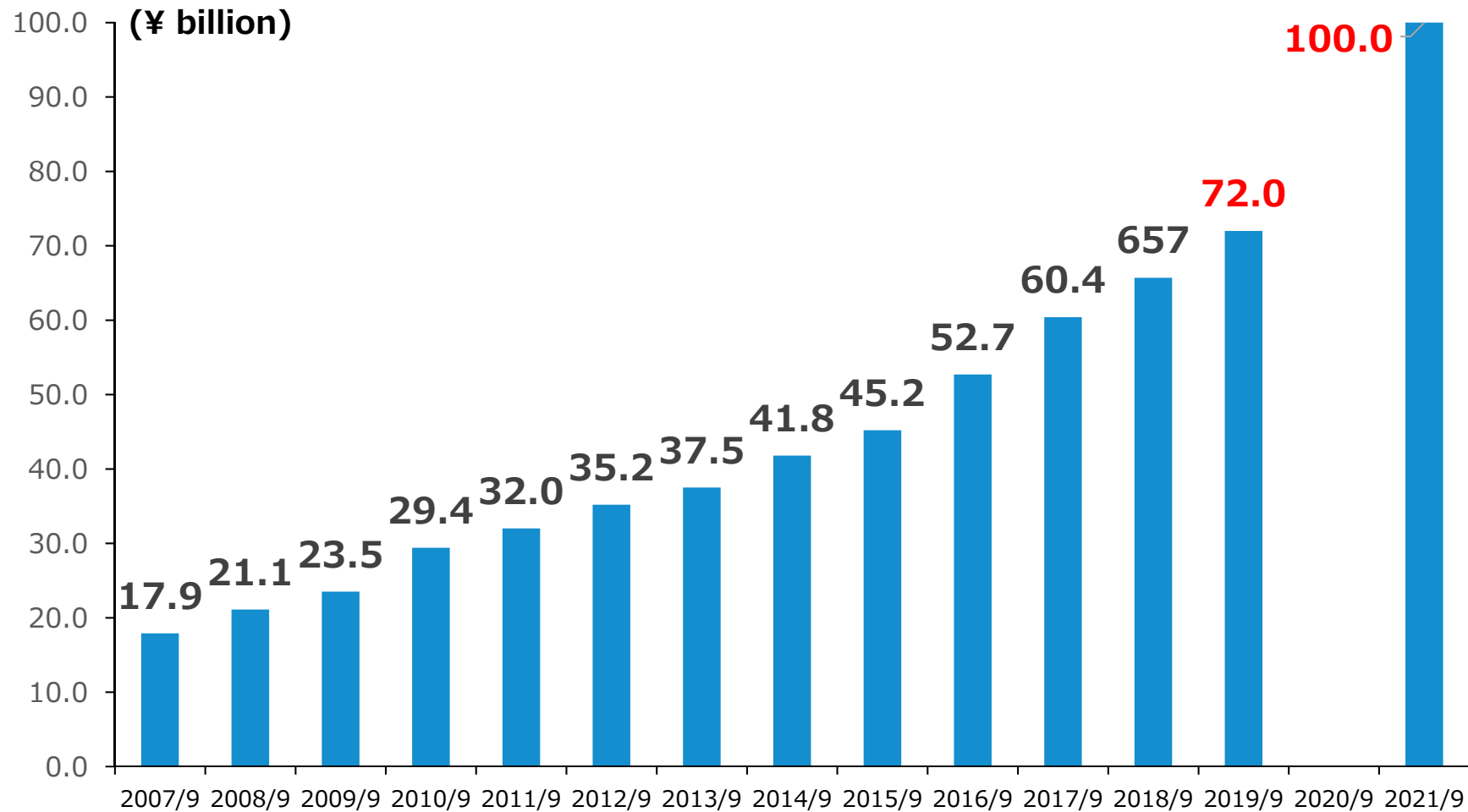
Mid-Term Business Plan—Progress



(¥ million)

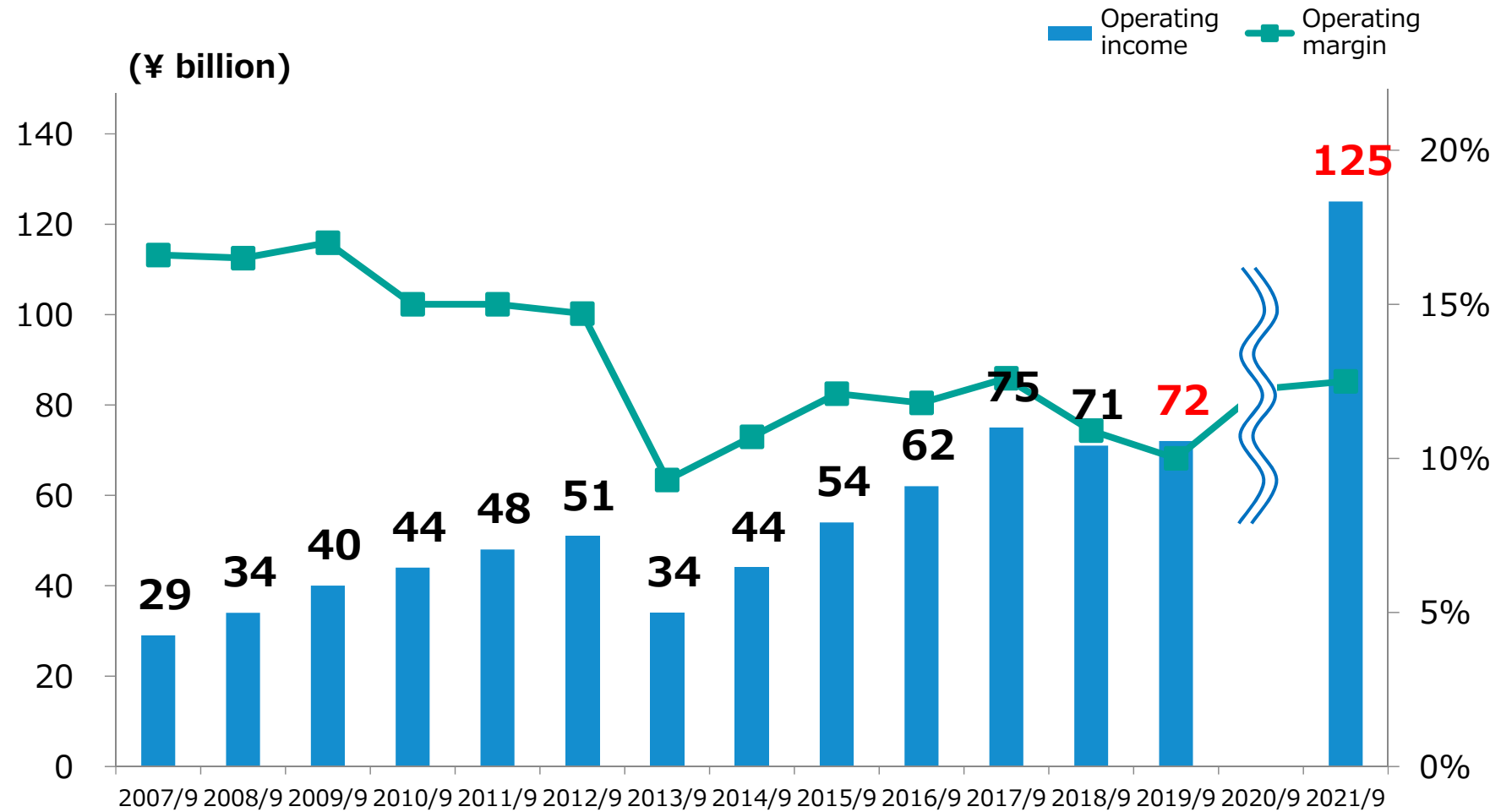
	First year	Second year	Third year	Fifth year
	FY2017	FY2018	FY2019	FY2021
	Results	Results	Forecast for 2019/9	Initial forecast
Net sale	60,482	65,769	72,000	100,000
Operating income	7,591	7,193	7,200	12,500
Operating Margin	12.6%	10.9%	10.0%	12.5%

Trend in Net Sales (from FY2007 to FY2021)



Trend in Operating Income and Operating Margin

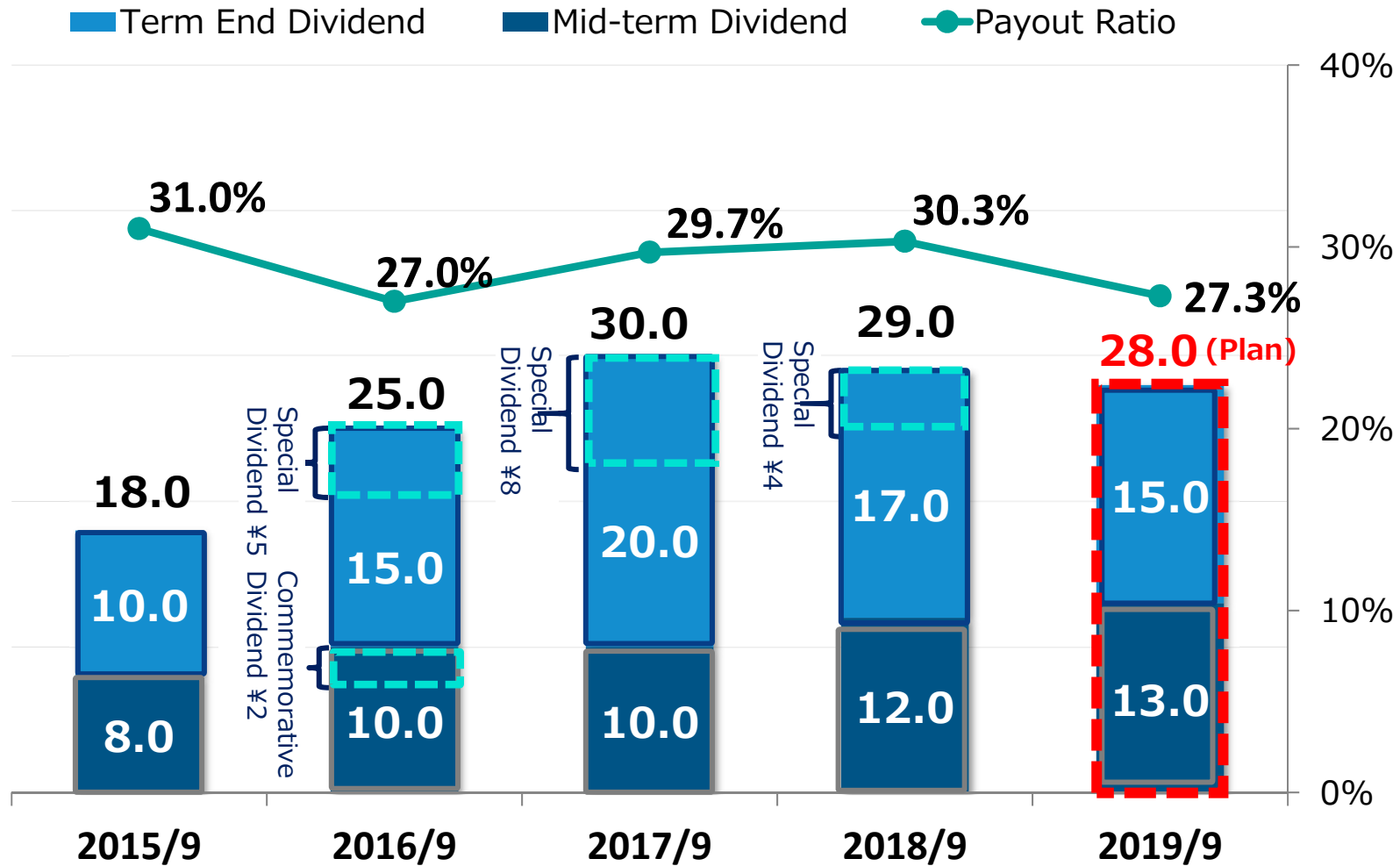
(from FY2007 to FY2021)



- 1. Establish a position as a Solutions Provider in the Healthcare Industry** (Solutions provided as infrastructure)
- 2. Build up business scale to compete effectively with the major global players and strengthen global business expansion**
- 3. Extend independent and autonomous business management and promote Group management**
- 4. Make the EPS Way transparent and instill it in the organization(build a corporate culture)**
- 5. Nurture the next generation of management leaders**

5 | Stock Information

Dividend Per Share



Thank you for your attention.

**Please direct inquiries to Investor Relations, Corporate Communication
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EPS Holdings, Inc.

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We have approached the creation of this document with caution, to ensure correctness. However, it is not a guarantee of completeness. Our company cannot be held liable for any problems or damages arising as a result of the information in this document. We appreciate your understanding.

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