



May 8, 2020

For Immediate Release

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Notice of Revision to Earnings Forecast and Dividend Forecast

EPS Holdings, Inc. (the “Company”) hereby announces that based on its recent performance, the consolidated earnings forecast and dividend forecast for the fiscal year ending September 30, 2020 (October 1, 2019 to September 30, 2020), originally announced on November 7, 2019, have been revised. Details are as follows.

I. Revision to earnings forecast

1. Revision to consolidated earnings forecast for the fiscal year ending September 30, 2020 (October 1, 2019 to September 30, 2020) (Figures indicated in millions of yen, unless stated otherwise)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Basic net income per share (yen)
Previous forecast (A)	72,500	6,170	6,320	3,540	77.39
Revised forecast (B)	62,000 - 65,000	1,000 - 2,000	1,200 - 2,200	900 - 1,500	19.72 - 32.86
Change (B - A)	(10,500) – (7,500)	(5,170) – (4,170)	(5,120) – (4,120)	(2,640) – (2,040)	
Change (%)	(14.5) – (10.3)	(83.8) – (67.6)	(81.0) – (65.2)	(74.6) – (57.6)	
(Reference) Consolidated results for the fiscal year ended September 30, 2019	69,009	6,279	6,271	3,633	81.02

2. Reason for revision

Performance for the first six months of the fiscal year ending September 30, 2020 is progressing in accordance with the Company’s plan. However, amid the COVID-19 coronavirus pandemic, the Company is experiencing a significant impact on its operating performance, such as voluntary restraint on visits to certain medical institutions, suspension of the development of new clinical trials and decreases in trial subjects’ hospital visits. On the other hand, support for clinical trials regarding the coronavirus is imperative. Based on revisions to China’s Drug Administration Law promulgated in August 2019, simultaneous inspections and investigations of existing manufacturers were conducted. Accordingly, operation of the manufacturing lines for the Company’s



pharmaceutical manufacturing and sales operations was temporarily suspended in the first quarter of the fiscal year under review. Subsequently, it is important to return the supply system to the originally planned level.

The impact from the coronavirus on the Company's operating performance for the fiscal year ending September 30, 2020 is currently unknown and it is difficult to determine earnings for the fiscal year. Under the assumption that the state of emergency declared by the Japanese government will be lifted at the end of May 2020 and clinical trials will gradually start to normalize in June 2020, the Company expects consolidated net sales of 65,000 million yen and consolidated operating income of 2,000 million yen due to a decline in sales. In the case where the spread of the coronavirus is not contained, the state of emergency in Japan is maintained in June and thereafter, and it takes time to normalize clinical trials, consolidated net sales are assumed to be 62,000 million yen, while consolidated operating income will likely be 1,000 million yen, reflecting a decline in sales.

3. Future initiatives

The Company considers the safety of employees, trial subjects, professionals associated with medical institutions and clients requesting trials as the first priority when conducting its business. In order to secure its business performance, the Company shall strengthen its commitment to (i) pursuing cost reduction, (ii) revitalizing the organization and promoting cost structure reform, and (iii) creating a new structure after the containment of the coronavirus.

(Note) The above forecasts were prepared based on information available as of the release of this report. Actual results of operations may differ from the forecasts depending on a variety of factors.

II. Revision to dividend forecast

1. Details of revision

Record date	Dividend per share (yen)		
	End of the first six months	Year end	Full year
Previous forecast (announced on November 7, 2019)	13.00	15.00	28.00
Revised forecast		To be determined	—
Actual results	10.00		
(Reference) Actual results of the previous fiscal year ended September 30, 2019	13.00	15.00	28.00

2. Details of revision to dividend forecast

Regarding the distribution of profits, the Company has made it a fundamental policy to secure necessary internal reserves for strengthening its business structure in light of future business development and profitability improvement and to maintain and enhance shareholder returns.

With respect to the year-end dividend, the Company is currently withholding its year-end dividend forecast, in view of the uncertainties in assumptions that are the basis for such forecasts, as described in "Revision to earnings forecast" above. The dividend forecast will be disclosed as soon as the earnings forecast can be made. The Company appreciates the understanding and support of shareholders.