

**Financial Results Overview
for the Fiscal Year Ended
September 30, 2020 (FY2020)**

November 19, 2020

EPS Holdings, Inc.

Chairman & CEO

Yan Hao

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1 | Overview for FY2020 Financial Results

Domestic Business	CRO	EPS	EP Mediate (medical device development support)
	SMO	EP-SOGO	
	CSO	EP-PharmaLine	EP-Force (provision of pharmaceutical information) ES-Link
	NRO	EP-CRSU, EP-Techno	EP Yamanashi Chinese data service companies
Overseas Business	Global Research	EPS International Holdings	Chinese CRO operating companies Other overseas operating companies
	EKISHIN	EPS EKISHIN, EPS (China)	Shanghai Hua Xin ET MEDICAL TECHNOLOGY (SUZHOU) EP Trading Other Chinese operating companies
	Others	EPBiz (shared services & peripheral business)	TTC (health-function food in CRO)

Notes:

1. AC MEDICAL has been included in EPS (continuing CRO business) and EP-Force (continuing CSO business)
2. EP Mediate Co., Ltd. split off from EPS in April
3. TTC was made a subsidiary in January

FY2020 Consolidated Financial Results



(¥million)	FY2019 Results	FY2020 Initial Forecast	FY2020 Revised Plan (Announced on August 4; range)	FY2020 Results	Percent Change vs Initial Forecast	Percent Change YoY	Percent Change vs Revised Plan
Net Sales	69,009	72,500	62,000 ~ 65,000	66,689	-8.0%	-3.4%	7.6% ~ 2.6%
Operating Income (Ratio)	6,279 (9.1%)	6,170 (8.5%)	2,500 ~ 3,500	4,553 (6.8%)	-26.2%	-27.5%	82.1% ~ 30.1%
Recurring Profit (Ratio)	6,271 (9.1%)	6,320 (8.7%)	2,500 ~ 3,500	4,978 (7.5%)	-21.2%	-20.6%	99.1% ~ 42.2%
Profit Attributable to Owners of Parent (Ratio)	3,633 (5.3%)	3,540 (4.9%)	1,000 ~ 1,500	1,995 (3.0%)	-43.6%	-45.1%	99.5% ~ 33.0%

FY2020 Financial Results by Business Segment

		(¥million)	FY2019 Results	FY2020 Initial Forecast	FY2020 Revised Plan (Range)	FY2020 Results	Percent Change vs Initial Forecast	Percent Change YoY	Percent Change vs Revised Plan
Domestic	CRO	Net Sales	27,719	28,600	Net Sales 25,000	27,231	-4.8%	-1.8%	8.9%
		Operating Income (Ratio)	4,769 (17.2%)	5,168 (18.1%)	~ 26,000	4,293 (15.8%)	-16.9%	-10.0%	~ 4.5%
	SMO	Net Sales	14,339	15,000	Net Sales 12,000	13,220	-11.9%	-7.8%	10.2%
		Operating Income (Ratio)	1,679 (11.7%)	1,757 (11.7%)	~ 13,000	1,541 (11.7%)	-12.3%	-8.2%	~ 1.7%
	CSO	Net Sales	9,399	10,800	Net Sales 10,400	11,424	5.8%	21.5%	9.8%
		Operating Income (Ratio)	489 (5.2%)	641 (5.9%)	~ 10,800	849 (7.4%)	32.4%	73.6%	~ 5.5%
	NRO	Net Sales	5,829	6,500	Net Sales 5,400	5,673	-12.7%	-2.7%	5.1%
		Operating Income (Ratio)	428 (7.3%)	450 (6.9%)	~ 5,800	64 (1.1%)	-85.8%	-85.0%	~ -2.2%
Overseas	GR	Net Sales	4,848	5,100	Net Sales 3,400	3,540	-30.6%	-27.0%	4.1%
		Operating Income (Ratio)	258 (5.3%)	50 (1.0%)	~ 3,500	41 (1.2%)	-18.0%	-84.1%	~ 1.1%
	EKISHIN	Net Sales	11,543	12,000	Net Sales 8,500	8,613	-28.2%	-25.4%	1.3%
		Operating Income (Ratio)	381 (3.3%)	150 (1.3%)	~ 9,000	-210 (—)	—	—	~ -4.5%

Notes: 1. The CRO segment in the earnings report (kessantanshin) includes the NRO segment.

2. The calculation of segment operating income

(1) Does not include management advisory fees for the holding company, and
(2) Includes amortization of goodwill and outsourcing expenses for shared services.

3. EPS Associates, which was included in CRO in the previous fiscal year, has moved to GR.

Assumptions for the Plan

- Due to the spread of COVID-19, limited visits to medical facilities and a decrease in the number of patients visiting hospitals, among other factors, will cause delays in and discontinuations of clinical trials and the postponement of new clinical trials.
- In China, due to pharmaceutical lines in the manufacturing business for pharmaceuticals being temporarily halted, and the impact of COVID-19

Upper limit range: If the State of Emergency is lifted in by end of May 2020 and thereafter restrictions eased on visits to medical facilities in large cities in particular, and implementation system put in place in hospitals.

Lower limit range: If the COVID-19 pandemic does not end and restrictions continue from June onward on visits to medical facilities in large cities in particular, and difficult to conduct clinical trials in hospitals.

Results

- The effects of limited visits to medical facilities and delays in and postponements of clinical trials were smaller than expected.
- Clinical trials continued while steps were taken to control COVID-19 infections.
- The number of patients visiting hospital continued to fall in both Japan and China.

Vs. Initial Plan

Net sales vs. initial plan **-8.0%**

- Net sales in CRO and SMO fell short of the plan due to COVID-19. Net sales in CSO exceeded the plan.
- Net sales in GR were less than the plan due to sluggish new contracts.
- Net sales in EKISHIN Business fell short of the plan chiefly due to the suspension of production lines.

Operating income vs. initial plan **-26.2%**

- Operating income fell short of the plan chiefly due to the lower-than-expected net sales.

Vs. Revised Plan

Net sales vs. revised plan **2.6%–7.6%**

- The impact of the discontinuation and suspension of clinical trials was limited.
- Clinical trials continued while steps were taken to control COVID-19 infections.

Operating income vs. revised plan **30.1%–82.1%**

- Net sales exceeded the revised budget.
- Costs were cut thoroughly.

Year on Year

Net sales year on year **-3.4%**

- Net sales in CSO increased year on year due to the strong performance of DI service.
- Net sales were adversely affected by the abovementioned factors.

Operating income year on year **-27.5%**

- Operating income was affected by a decrease in net sales.

CRO

- In monitoring services, orders, which were weak in the first half, rebounded owing to new alliances.
- Business other than monitoring services progressed nearly as planned.
- Pharmacovigilance (PV) improved low-earning projects.

SMO

- Orders received struggled following a rebound from a strong performance in the previous fiscal year, but this was covered by sales focusing on existing clinical trials.
- Trial subjects decreased and new orders were halted or postponed due to COVID-19.
- Secured operating income through appropriate allocation of CRC and tightened controls of costs and SG&A expenses.

CSO

- Medical call center business growth due in part to responding to urgent product recalls
- Slumping demand for MRs in the pharmaceutical industry ended, CMR maintained results
- Steady performance in support for producing academic materials through the full application of the Drug Sales Promotion Guidelines

NRO

- In clinical research services, the impact of restriction on visits to facilities was limited.
- Orders received increased due to steady inquiries about clinical research, etc.
- Orders for EDC (clinical trial information gathering system), including e-Catch, fell in clinical IT.

GR

- Japan: New orders were weak due to intensifying competition with global CROs.
- China: Due to the expansion of the market, inquiries were strong, and profitability improved.
- Asia (excluding China): Costs and SG&A expenses were controlled.

EKISHIN

- Pharmaceutical business undersupplied due to the impact of a temporary halt in manufacturing lines.
- Sales activities, demand and logistics were sluggish in China due to the impact of COVID-19.
- In research materials, sales of main products grew due to progress in developing the market.

1. Participated in joint development of DNA vaccine for COVID-19

The inoculation of all subjects was completed in a Phase 1/2 clinical trial in the joint development of DNA vaccine for COVID-19 with Osaka University and AnGes, Inc.

2. Joint research with National Cancer Center Japan started.

New joint cancer research using genomic analysis, CIRCULATE-Japan, started. Creating a large database of genome information for the research and development of new cancer diagnosis and cancer drugs

3. Development with MedPeer, Inc. of new service for pharmaceutical companies started.

A new service provides information and enables the collection of information, including information for raising recognition of drugs and follow-up services after the prescription of drugs, online in a timely fashion, using MedPeer provided by MedPeer, Inc.

4. Entry into the undeveloped health-function food clinical trial market, etc.

Made a CRO for health-function food (TTC) a subsidiary.

Entered a non-pharmaceutical market, taking advantage of Group synergy, which the Group developed in clinical trials.

5. Formed an alliance with Genova Group, which has biopharmaceutical manufacturing facilities

A biopharmaceutical plant in Japan that has one of the world's largest recombinant drugs manufacturing facilities

Building a new service model that supports a value chain from the clinical development of biopharmaceutical products to the manufacturing, sale and distribution of them



2 | **FY2021 Full-Year Plan**

Domestic Business

CRO

EPS

EP-CRSU (clinical IT has been brought in)
EP Mediate + TTC
(medical devices + health-function food)
EP Yamanashi

SMO

EP-SOGO

CSO

EP-PharmaLine

EP-Force (provision of pharmaceutical information)
ES-Link

Overseas Business

Global Research

EPS International Holdings

Chinese CRO operating companies
Other overseas operating companies

EKISHIN

**EPS EKISHIN,
EPS (China)**

Shanghai Hua Xin
ET MEDICAL TECHNOLOGY (SUZHOU)
EP Trading
Other Chinese operating companies

Others

EPS Digital-Share (IT, promotion of shared services)

EPBiz (creation of peripheral business)



(¥million)

	FY2020 Results	FY2021 Forecast	Change YoY	Percent Change YoY
Net Sales	66,689	69,800	3,110	4.7%
Operating Income (Ratio)	4,553 (6.8%)	4,800 (6.9%)	246	5.4%
Recurring Profit (Ratio)	4,978 (7.5%)	5,000 (7.2%)	21	0.4%
Profit Attributable to Owners of Parent (Ratio)	1,995 (3.0%)	2,600 (3.7%)	604	30.3%

FY2021 Annual Budget by Segment



(¥million)

			FY2020 Results	FY2021 Forecast	Change YoY	Percent Change YoY
Domestic	CRO	Net Sales	30,504	31,400	896	2.9%
		Operating Income (Ratio)	4,360 (14.3%)	4,760 (15.2%)	400	9.2%
	SMO	Net Sales	13,220	13,900	680	5.1%
		Operating Income (Ratio)	1,541 (11.7%)	1,300 (9.4%)	-241	-15.6%
	CSO	Net Sales	11,424	11,600	176	1.5%
		Operating Income (Ratio)	849 (7.4%)	740 (6.4%)	-109	-12.8%
Overseas	GR	Net Sales	3,540	2,900	-640	-18.1%
		Operating Income (Ratio)	41 (1.2%)	20 (0.7%)	-21	-51.2%
	EKISHIN	Net Sales	8,613	8,800	187	2.2%
		Operating Income (Ratio)	-210 (—)	-200 (—)	10	—

Notes: 1. The calculation of segment operating income

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

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

2. CRO and NRO have been consolidated, and the numbers for the previous fiscal year have been recalculated.

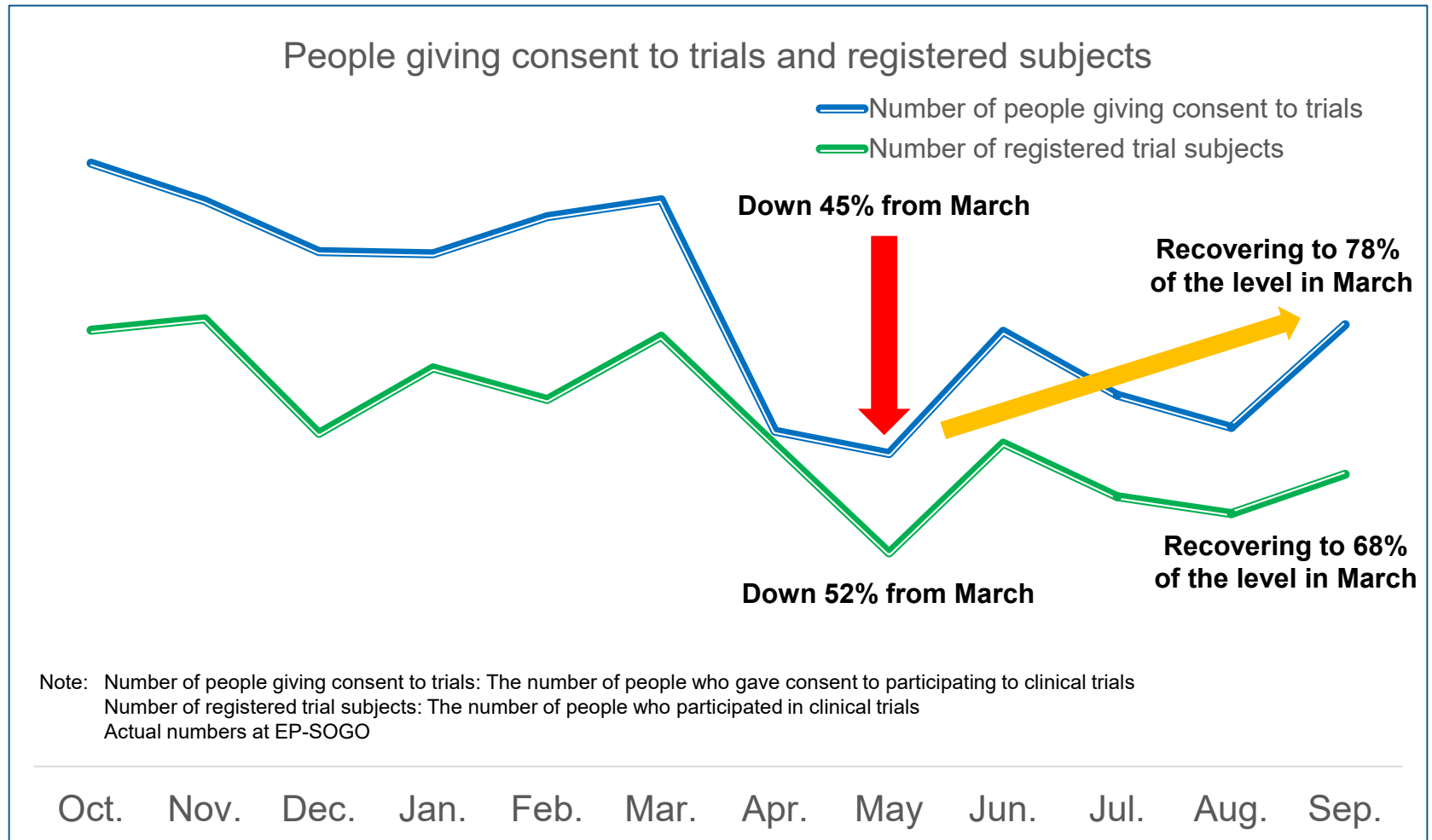
Overview of the Plan

Regarding the impact of the new coronavirus, it is assumed that the situation in the fourth quarter of the previous fiscal year will continue.

Net Sales: Net sales will increase, particularly in domestic segments.
Net sales in GR will fall due to intensifying competition with global CROs.

Operating Income: Cost restructuring will continue to be promoted.
The management structure will be strengthened, and the necessary upfront investments will be made.
Operating income will be on a par with the year-ago level.

Number of Clinical Trial Subjects Visiting Hospitals Recovering



3 | FY2021 Key Initiatives

FY2021 Business Management Structure (Vertical Dimension)

EPS Holdings

Management, Support and Planning
by Business Division (CBO)

CRO

(Segment CEO)
(Segment
Vice CEO)

Sasa
Sakuma*
Shimada*
Jike

SMO

Yamamoto
Washio*

CSO

Ogasawara*
Ikeda*
Goto

**Global
Research**

Hayakawa*

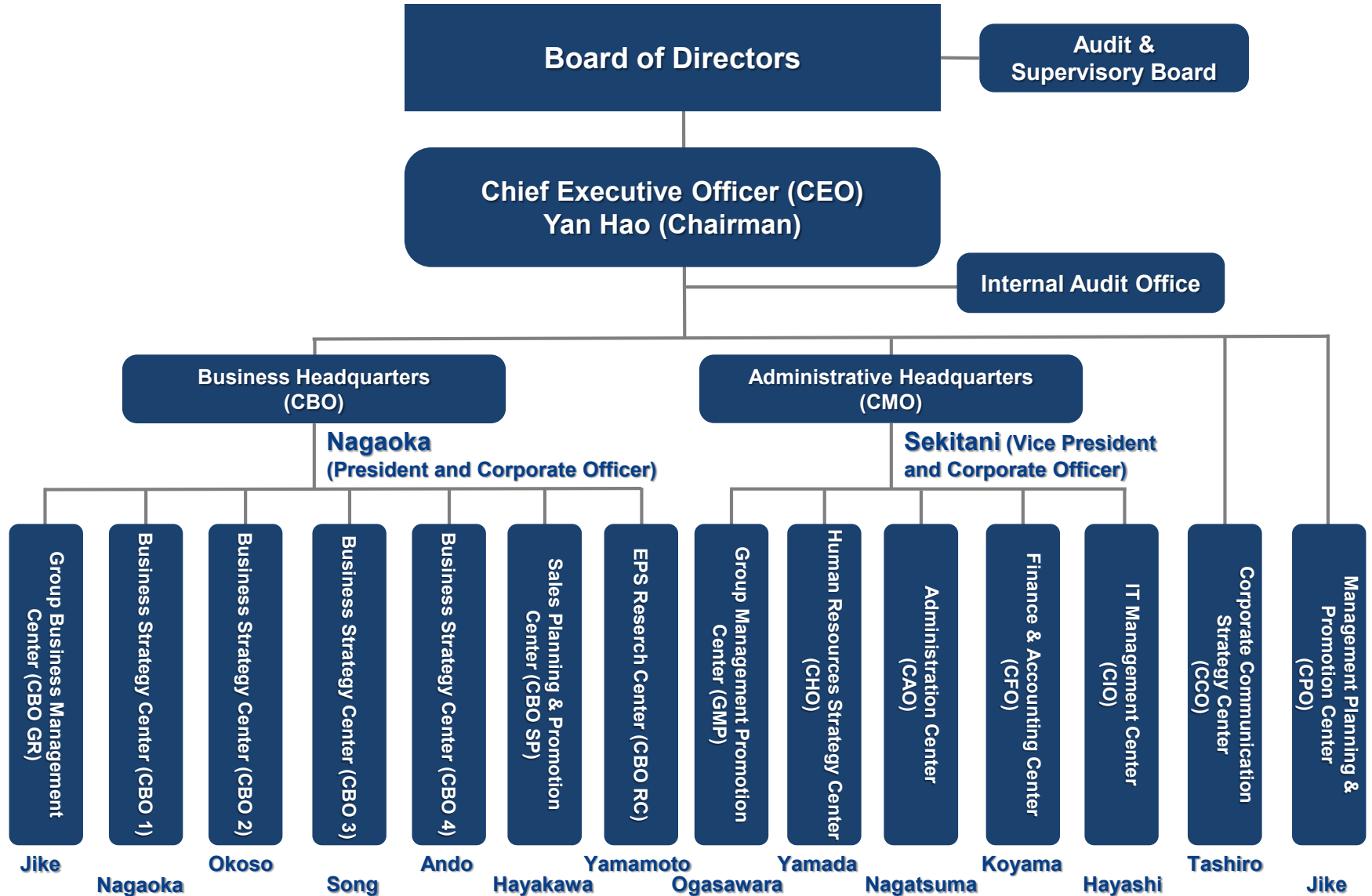
EKISHIN

Yan
Tashiro

* Appointed in October.

- Next-generation members (including women) have been promoted to senior management at the segment level.
- The Business Division (CBO) is positioned as a headquarters function for four segments.

FY2021 Business Management Structure (Horizontal Dimension)



Business Activation ~Product Innovation~

1. **Combining existing products flexibly to develop new products** (e.g. hybrid CRC/CRA)
2. **Strengthening development strategy planning capabilities**
3. **Promoting virtual clinical trials and using AI and big data**
4. **Promoting one stop service** (service ranging from development to sales at a high level of expertise)
5. **Expanding into new fields, including devices and health-function food**

Business Activation ~Business Structure Innovation~

- 1. Restructuring operations for which needs are falling and operations where profitability is low**
- 2. Strengthening relationships with partners in markets in Europe and the United States**
- 3. Reorganizing the CRO business in China and Asia**
- 4. Searching for new business models for academia and drug development ventures**
(e.g. incentive fee model)
- 5. Moving the EKISHIN business to the next stage**

Organization Activation

- 1. Changing the personnel system, including trials for new ways of working**
 - Building work systems for a variety of ways of working
 - Increasing the mobility of human resources and creating personnel systems for assigning the right person in the right place
 - Changing the personnel system to accelerate changes in businesses and organizations
- 2. Promoting digitization and shared service**
 - Improving operational efficiency using IT
 - Promoting concentration of Group management operations (improving efficiency in shared service)
- 3. Promoting efficient and effective use of offices**
- 4. Creating Group management patterns**
 - Establishing matrix management
 - Creating management patterns by repeatedly thinking and practicing
 - Making management patterns permeate the Group and establishing them, using training systems

30th anniversary project

1. 30th anniversary ceremonies and symposiums (communication with customers and employees)
2. CI, company history (rebuilding identity)
3. Enlargement and revision of EPSWAY (penetration and establishment of management)

Formulating a new business plan



Tsukudo project

Business environment

- The domestic CRO market (clinical trials) is in the mature phase.
- Research on the medical database and operations related to medical devices are growing.
- The use of ICT technologies, including virtual clinical trials, is accelerating.
- Alliance agreements with major CROs are established among major pharmaceutical companies.
- The clinical research (led by doctors) has recovered and is expanding.

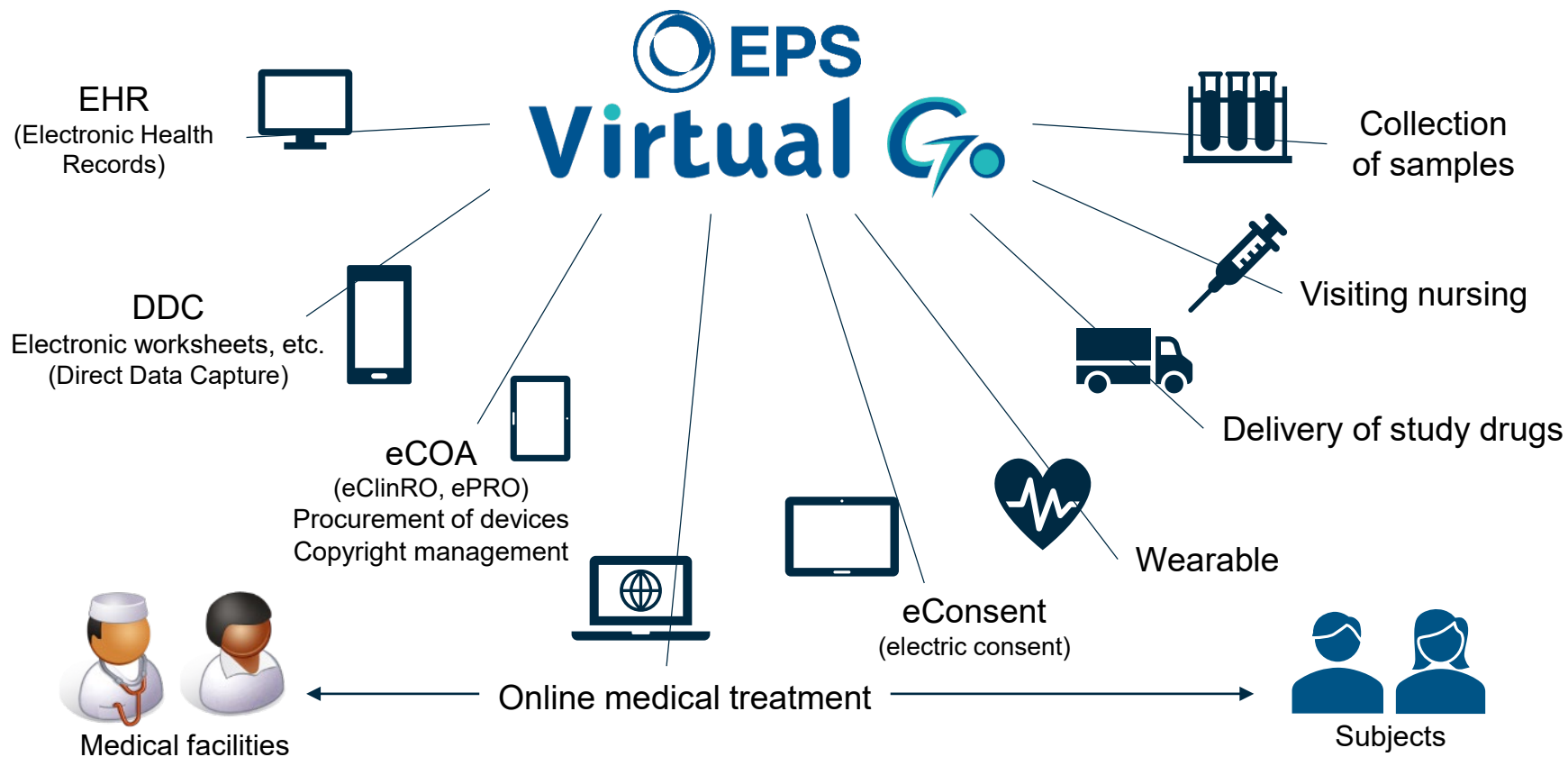
EPS's initiatives

- Alliance agreements are increasing, and inquiries are increasing.
- Accelerating digitization and new technologies to meet customer needs (Virtual Go)
- Strengthening systems and sales activities in response to diversifying clinical research
- Expanding the business related to medical devices, health-function food business and diagnostic agents business

Monitors do not need to visit facilities.
Virtualization
Improving efficiency in monitoring
and reducing workload



Subjects do not need to visit hospitals.
Virtualization
Improving the convenience and
satisfaction of subjects



Business environment

- The market shrank temporarily due to COVID-19.
- The number of subjects visiting hospitals is recovering gradually.
- There are contracts for COVID-19 clinical trials.
- CRCs are requested to give special handling in response to limits to visits to medical facilities by pharmaceutical companies and CROs.

EPS's initiatives

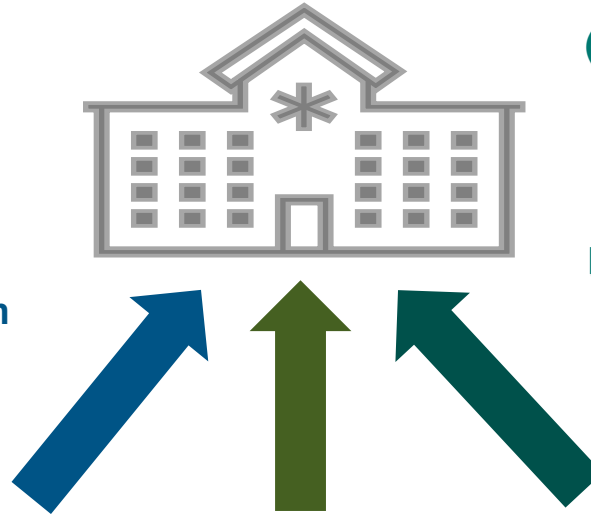
- Strengthening the ability to receive orders and marketing capability, thereby increasing market share (promoting alliances)
- Cultivating hybrid CRCs
- Assigning SDMs (Site Data Managers) to medical facilities
- Digitizing documents related to clinical trials and selling clinical trial progress management systems for medical facilities

Promoting digitization at medical facilities

Reducing the total cost of clinical trials

DDworks21/Trial Site
(digitizing documents
related to clinical trials)

TOMA-s
(progress management system
for medical facilities)



Frontier
(support for part of work
before clinical trials)

Remote SDV

Remote checking of processes

EDC entry

Handling queries

SMA
(Site management
associates)



CRC



SDM*
(Hybrid CRC)



* Site Data Manager

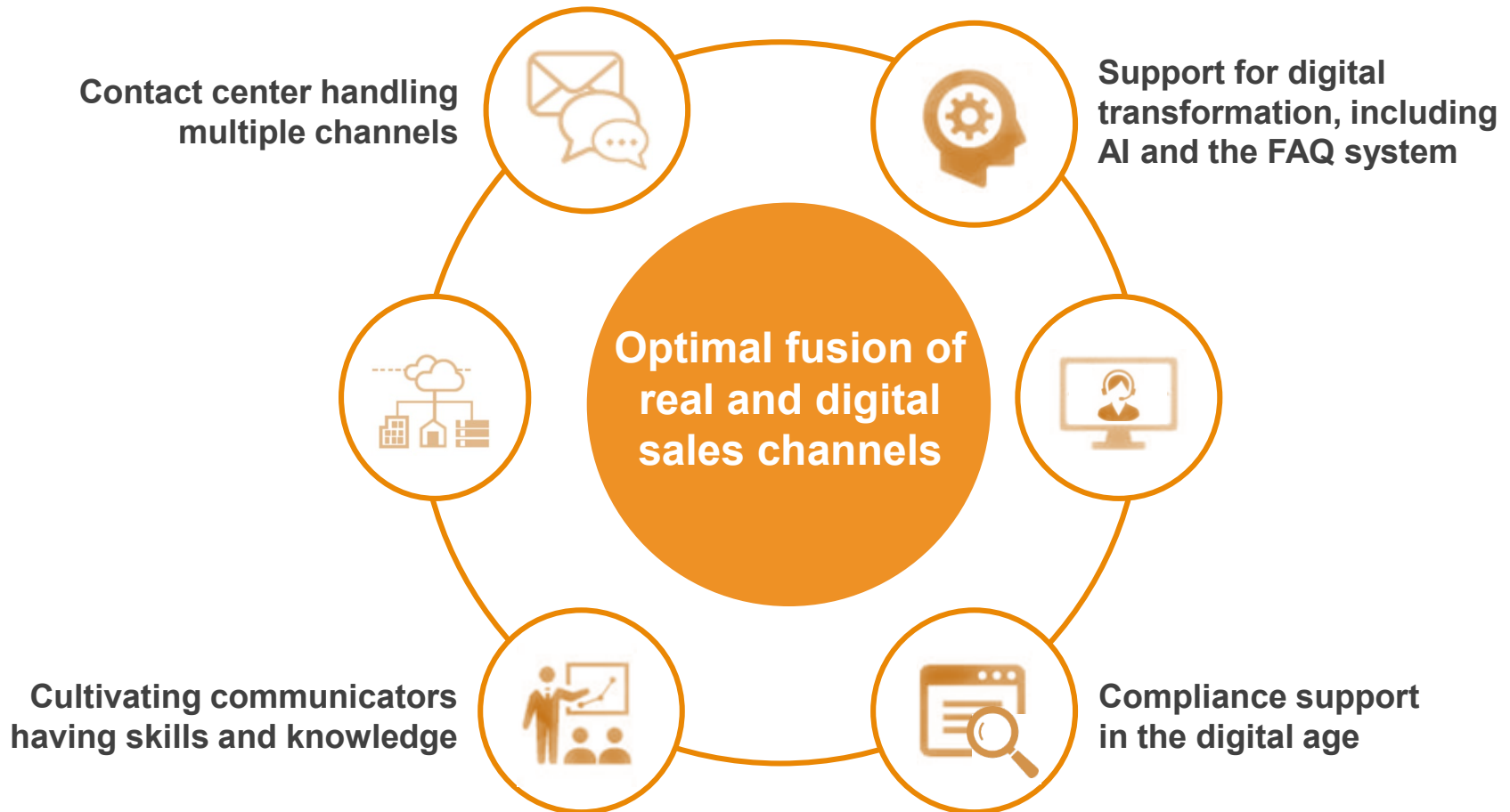
Business environment

- A decline in demand for CMRs caused by reductions in MRs in the pharmaceutical industry has slowed, and outsourcing is making progress.
- Discontinuation of dispatching CMRs and CSs due to COVID-19 is limited.
- There are needs in areas that cannot be covered by pharmaceutical companies and demands for new types of promotion targeting doctors.
- Creation of academic materials, including slide reviews, is changing from the physical approach to the virtual approach.

EPS's initiatives

- Changing from dispatching CMRs to a variety of promotion through the fusion of physical and digital approaches
- Promoting activities to conclude contracts with companies that provide DI service by themselves
- Digitizing DI service, commercializing DX, promoting AI
- Accelerating the cultivation of communicators having high levels of skill and knowledge (won an innovation award)

Becoming a unique business partner that meets diversifying needs through real and digital sales channels



Business environment

- As the development bases of pharmaceutical companies are concentrated in Europe and the United States, competition with global CROs is intensifying.
- Inbound projects from overseas and outbound projects to China from Japan are increasing.
- Needs for clinical research and PMS projects from overseas customers are growing.

EPS's initiatives

- Strengthening sales of inbound projects from Europe, the United States and China and outbound projects to China
- Strengthening the management system at overseas bases chiefly in South Korea and Taiwan
- Restructuring the business scheme for international joint clinical trials originating from academia

Business environment

- COVID-19 has localized effects, and the number of patients visiting hospitals remains smaller.
- In the manufacturing business, regulations in China have been tightened, reflecting international standardization.
- In sales of X-ray films, competition between overseas products, including Japanese products, and Chinese products has been intensifying.

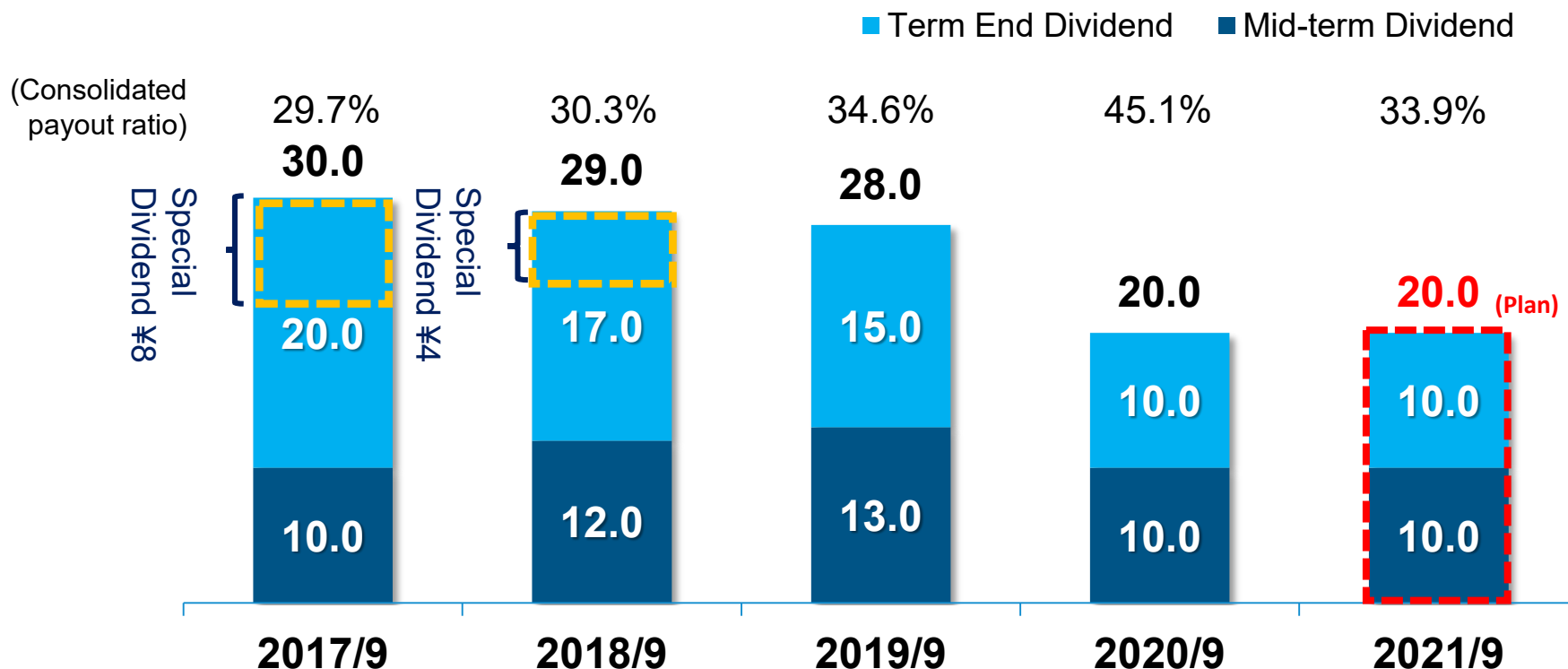
EPS's initiatives

- Promoting development, expanding pipelines
- In manufacturing and sales (interferon), increasing profitability by selecting sales channels
- Advancing changes to move to the next stage, based on existing business resources and forming alliances with new partners

4 | Shareholder Returns

Basic Dividend Policy

Secure the necessary retained earnings to strengthen the business structure for future business development and improved earning capability
Continue to enhance shareholder returns



Thank you for your attention.

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EPS Holdings, Inc.

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