

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Earnings Report for the First Six Months of Fiscal 2021 [Japanese GAAP]

May 7, 2021

Company Name:	EPS Holdings, Inc.
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	4282
URL:	http://www.eps-holdings.co.jp
Representative Director:	Yan Hao, Chairman & CEO
Inquiries:	Kazuki Sekitani, Board Member, Vice President and Corporate Officer
Tel:	+81-3-5684-7873
Filing of Quarterly Securities Report:	May 15, 2021
Scheduled Payment of Dividends:	June 8, 2021
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes (for institutional investors and analysts)

(¥ millions are rounded down)

1. Consolidated Results for the First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(¥ millions; percentage figures represent year-on-year changes)

First Six Months	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2021	35,390	5.1%	3,807	(41.9)%	4,326	(53.2)%	2,617	36.5%
Fiscal 2020	33,663	0.5%	2,684	(15.6)%	2,823	(13.8)%	1,917	(7.2)%

Note: Comprehensive income: March 31, 2021: ¥3,580 million [204.6%], March 31, 2020: ¥1,175 million [(54.6)%]

First Six Months	Profit per share (¥)	Profit per share (diluted) (¥)
Fiscal 2021	59.29	—
Fiscal 2020	42.39	—

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)
March 31, 2021	71,170	49,381	65.2
September 30, 2020	70,458	46,939	62.6

Note: Equity: March 31, 2021: ¥45,774 million, September 30, 2020: ¥44,106 million

2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2020	—	10.00	—	10.00	20.00
Fiscal 2021	—	12.50			
Fiscal 2021 (forecast)			—	10.00	22.50

Note: Revisions to recent dividend forecasts: yes

The dividend forecast is to be determined. For details, please refer to “Notice of Revision of Earnings Forecasts and Dividends of Surplus (30th Anniversary Commemorative Dividend)” released today (May 7, 2021).

3. Forecast of Consolidated Results for Fiscal 2021 (October 1, 2020 to September 30, 2021)

(¥ millions; percentage figures represent year-on-year changes)

(¥ millions; percentage figures represent year-on-year changes)									
	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Profit per share (¥)
Full year	75,000	12.5%	5,500	20.8%	5,900	18.5%	3,300	65.4%	74.67

Note: Revisions to recent consolidated results forecasts: Yes

Regarding the consolidated earnings forecast, please refer to “Notice of Revision of Earnings Forecasts and Dividends of Surplus (30th Anniversary Commemorative Dividend)” released today (May 7, 2021).

*Notes

(1) Changes to important subsidiaries during the first six months changes in specified subsidiaries resulting in revised scope of consolidation: None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates and restatements

a. Changes in accounting policies in conjunction with revisions to accounting standards: None

b. Other changes: None

c. Changes in accounting estimates: None

d. Restatements: None

(4) Number of shares issued (common stock)

a. Number of shares issued at end of period (including treasury stock):

Fiscal 2021, 2Q end	46,311,389	Fiscal 2020 end	46,311,389
---------------------	------------	-----------------	------------

b. Number of treasury stock at end of period:

Fiscal 2021, 2Q end	2,116,823	Fiscal 2020 end	2,212,221
---------------------	-----------	-----------------	-----------

c. Average number of stock during the period:

Fiscal 2021, 2Q	44,146,888	Fiscal 2020, 2Q	45,229,182
-----------------	------------	-----------------	------------

Note: The number of treasury shares at end of period includes 93,090 shares of the Company held by EPS EKISHIN Co., Ltd.

* This financial report is outside the scope of the quarterly audit reviews performed by certified public accountants or auditing firms.

* Explanation concerning the appropriate use of financial forecasts and other notable matters.

Earnings forecasts and other forward-looking statements in this report are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may differ materially from these statements for various reasons.

Table of Contents of Supplementary Materials

1. Qualitative Information Concerning Quarterly Financial Statements	2
(1) Explanation Regarding Consolidated Operating Results	2
(2) Explanation Concerning Forward-Looking Statements such as Consolidated Financial Forecasts	4
2. Quarterly Consolidated Financial Statements and Main Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income	
(The six months ended March 31, 2021)	7
Quarterly Consolidated Comprehensive Income	
(The six months ended March 31, 2021)	8
(3) Notes Concerning Quarterly Consolidated Financial Statements	9
(Note Concerning the Going Concern Assumption)	9
(Note Concerning Significant Changes in the Amount of Shareholders' Equity)	9
(Segment Information)	9
(Important Subsequent Events)	10
3. Supplementary Information	11
(1) Main Data Related to Consolidated Cash Flows	11
(2) Orders Received	11

1. Qualitative Information Concerning Quarterly Financial Statements

(1) Explanation Regarding Consolidated Operating Results

Overview of Operating Results for the Six Months Ended March 31, 2021

(¥ millions)

	The First Six Months of Fiscal 2020		The First Six Months of Fiscal 2021		Change	
	Amount	%	Amount	%	Amount	%
Net sales	33,663	100.0	35,390	100.0	1,726	5.1
Operating income	2,684	8.0	3,807	10.8	1,123	41.9
Recurring profit	2,823	8.4	4,326	12.2	1,503	53.2
Profit attributable to owners of parent	1,917	5.7	2,617	7.4	700	36.5

Forward-looking statements contained in this document are based on the judgment of operating results as of March 31, 2021.

In the six months ended March 31, 2021, both consolidated net sales and consolidated operating income for the entire Group were solid, and COVID-19 had only a slight impact on each business.

The Domestic Business reported year-on-year increases in sales and income in the Contract Research Organization (CRO) Business, where utilization rates improved especially for monitoring, and in the Contract Sales Organization (CSO) Business, where every service made steady progress especially contract medical representative (MR) and drug information (DI) services* for pharmaceutical companies. The Site Management Organization (SMO) Business posted a decline in sales due in part to the limitation of patients, particularly for medical institutions outside major metropolitan areas, and examinees visiting hospitals as a result of COVID-19, but posted an increase in profit thanks largely to reduced expenses.

In the Overseas Business, the Global Research Business reported lower sales and income, reflecting the fiercely competitive environment for winning orders. The EKISHIN (China) Business temporarily suspended the operation of manufacturing lines in China in the first quarter of the previous fiscal year. The segment subsequently achieved sales growth following the resumption of operations, but incurred expenses for responding to the tightening of regulations in China.

As a result, consolidated net sales were ¥35,390 million, up 5.1% year on year.

Consolidated operating income rose 41.9% year on year, to ¥3,807 million, reflecting profit growth from increased net sales and the effect of reduced administrative expenses through cost structure reforms.

Operational segments are outlined as follows.

*Drug Information (DI) services: Call center services making the latest drug information available to health care professionals

Segment Overview

The Group primarily operates businesses in the following five segments (three domestic segments and two overseas segments).

(¥ millions)

			The First Six Months of Fiscal 2020	The First Six Months of Fiscal 2021	Change
Domestic Business	CRO	Net sales	15,595	16,717	1,121
		Operating income	2,438	3,566	1,128
	SMO	Net sales	6,917	6,700	(216)
		Operating income	911	940	29
	CSO	Net sales	5,633	6,336	672
		Operating income	399	807	407
Overseas Business	Global Research	Net sales	1,889	1,583	(306)
		Operating income	99	17	(81)
	EKISHIN (China) Business	Net sales	4,084	4,331	247
		Operating income (loss)	(257)	(181)	76

1) CRO Business

The CRO Business is conducted mainly by EPS Corporation, EP-CRSU Co., Ltd., and EP Mediate Co., Ltd. In this business, the Group aims to build an EPS platform which provides total solutions, and is engaged in a range of

initiatives including the establishment of new services such as the creation of a virtual clinical trial framework (Virtual Go) and the acquisition of new knowledge through joint research with academia.

Net sales in this segment came to ¥16,717 million, an increase of ¥1,121 million, or 7.2%, year on year, and segment operating income was ¥3,566 million, rising ¥1,128 million, or 46.3%, year on year.

Performance in the CRO Business by service is as follows.

Clinical trials and post-marketing surveillance (PMS) services

Factors including a high volume of orders received through alliances with multiple partners going beyond expectations, continuously high utilization rates of monitoring and data science services, and higher efficiency of low-profitability projects in data science operation resulted in growth in both sales and income.

Clinical research services

The Group is focusing on strengthening its service framework in face of increasingly diverse clinical research as well as on enhancing support services from upstream to downstream processes and strengthening sales. Clinical research services showed gains in sales and income, reflecting brisk inquiries centered on academic projects including investigator-initiated clinical trials, high utilization rates in clinical research monitoring services, and the effects of cost reductions.

Medical device and other services

The Group is seeking to integrate medical device services and CRO for health-functional food services to strengthen the non-pharmaceutical CRO business. Compared with the same period of the previous year, medical device services achieved steady sales expansion in line with market growth. While sales and income from health-functional food services decreased year on year, many new inquiries about functional foods were received.

2) SMO Business

The SMO Business is undertaken by EP-SOGO Co., Ltd.

In this business, the Group is striving to secure orders through proposal-based sales activities for existing and new services targeting clinical trial sponsors and through alliance contracts, and actively executing regional strategies such as concentrating resources on preferred facilities with good patient recruitment rates, among others.

Net sales in this segment were ¥6,700 million, a decrease of ¥216 million, or 3.1%, year on year. Segment operating income was ¥940 million, rising ¥29 million, or 3.2%, year on year.

In terms of operations, the Group is seeking to increase the efficiency of clinical trials and improve productivity by promoting the remote review system of the Institutional Review Board (IRB) through the digitalization of clinical trial related documentation including essential documents. In addition, the Group is deploying a new business model to alleviate the workload of clinical research coordinators (CRCs) through the central management of clinical trial data by Site Data Managers (SDMs) assigned to medical institutions, and to rapidly recruiting clinical trial patients and reduce clinical trial costs. Inquiries increased from the same period of the previous year and a number of projects are in operation. Sales fell slightly due in part to the limitation of patients, particularly for medical institutions outside major metropolitan areas, and examinees visiting hospitals as a result of COVID-19, but posted an increase in profit to the appropriate allocation of personnel, reduction of management expenses, and other measures taken.

*Site Data Manager (SDM): To enable CRCs to focus on dealing with clinical trial patients and medical staff and recruiting clinical trial participants, the Group assigns a Clinical Research Associate (CRA) to a medical institution as an SDM who is exclusively in charge of carefully assessing data and inputting data into the system.

3) CSO Business

The CSO Business is undertaken by EP-PharmaLine Co., Ltd., EP-Force Co., Ltd., and ES-Link Co., Ltd.

Net sales in this segment were ¥6,336 million, an increase of ¥672 million, or 11.9%, year on year. Segment operating income was ¥807 million, an increase of ¥407 million, or 102.1%, year on year.

Performance in the CRO Business by service is as follows.

DI services

DI services registered higher sales, reflecting an increase in new clients who had not outsourced DI operations previously and the Group's ability to offer pharmaceutical companies services related to COVID-19. Profit remained at the level of the previous year as a result of a decrease in high-profitability spot projects from the same period of the previous year when a multiple number of such projects were operated.

Contract MR (CMR) services

Decline in demand for CMRs spurred by the pharmaceutical industry's ongoing MR reductions in recent years came to an end and inquiries are also on a recovery trajectory. The Group made steady progress with the allocation of personnel to new projects and utilization rates increased. As a result, CMR services registered gains in sales. Profit grew substantially owing to high utilization rates and promotion of remote activities.

Other services

Contracts for the preparation of academic materials increased due to an increase in web seminars. Steady progress in services such as support for post-marketing surveillance and pharmaceutical distribution management resulted in growth in both sales and income.

4) Global Research Business

The Global Research Business comprises EPS International Holdings Co., Ltd. and its overseas group companies, which conduct the CRO business in Japan, China and the Asia-Pacific region.

Net sales in this business were ¥1,583 million, a decrease of ¥306 million, or 16.2%, year on year. Operating income came to ¥17 million, a decrease of ¥81 million, or 82.2%, year on year.

New orders from overseas for trials within Japan were weak due to intensified competition with global CROs.

In the CRO business in China, inquiries increased in tandem with market expansion, especially at Beijing Global Pharmaceutical Research Co., Ltd. (G&P), a Chinese CRO acquired in the previous fiscal year. However, the business was affected by delay in some clinical trials.

In the Asia-Pacific region, the Group focused on winning orders for projects in each country and continued to build a business base.

5) EKISHIN (China) Business

The EKISHIN (China) Business comprises the two regional holding companies EPS EKISHIN Co., Ltd. and EPS (China) Co., Ltd., and related overseas Group companies.

In this business, under a solid capital and business partnership with SUZUKEN Co., Ltd., the Group provides product-related services centered on pharmaceuticals and medical devices, international trade related services and peripheral support services and is working to further expand earnings.

Net sales in this business were ¥4,331 million, an increase of ¥247 million, or 6.1%, year on year, and operating losses were ¥181 million (¥257 million in operating losses posted in the same period of the previous fiscal year).

In the EKISHIN (China) Business, earnings are driven by pharmaceutical manufacturing and sales, and efforts are also being made to strengthen profitability through the careful selection of sales channels. Looking at sales and income, during the first quarter of the previous fiscal year, the temporary suspension of manufacturing lines had a negative impact. However, manufacturing operations have since resumed and, as a result, sales increased. In China, too, however, the number of patients visiting medical institutions has decreased since the outbreak of the COVID-19 pandemic and the negative impact on sales remains. In addition, various expenses were incurred to make improvements in response to the tightening of regulations on pharmaceutical manufacturing in China.

(2) Explanation Concerning Forward-Looking Statements such as Consolidated Financial Forecasts

Based on its recent performance, the Company has revised its earnings forecast for the fiscal year ending September 30, 2021, announced on November 5, 2020. For details, please refer to "Notice of Revision of Earnings Forecasts and Dividends of Surplus (30th Anniversary Commemorative Dividend)" released today (May 7, 2021).

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	As of September 30, 2020 (Previous Fiscal Year-End)	As of March 31, 2021 (End of the First Six Months)
Assets		
Current assets		
Cash and time deposits	22,127	20,124
Notes and accounts receivable - trade	16,313	17,626
Marketable securities	1,378	1,179
Merchandise and finished goods	1,002	1,411
Work in process	1,752	1,972
Other current assets	3,494	3,224
Less: Allowance for doubtful accounts	(159)	(177)
Total current assets	45,909	45,361
Fixed assets		
Property, plant and equipment	7,244	8,359
Intangible fixed assets		
Goodwill	5,984	5,454
Other intangible fixed assets	1,438	1,423
Total intangible fixed assets	7,422	6,877
Investments and other assets		
Investment securities	3,690	4,727
Lease and guarantee deposits	1,984	2,109
Other investments and other assets	4,206	3,735
Total investments and other assets	9,880	10,572
Total fixed assets	24,548	25,809
Total assets	70,458	71,170
Liabilities		
Current liabilities		
Accounts payable - trade	753	1,228
Short-term loans	3,465	2,784
Current portion of long-term loans payable	209	159
Income taxes payable	2,104	1,530
Allowance for employees' bonuses	3,554	2,759
Provision for loss on order received	296	242
Other current liabilities	9,835	9,056
Total current liabilities	20,219	17,760
Non-current liabilities		
Long-term debt	204	850
Allowance for directors' and corporate auditors' retirement benefits	110	52
Net defined benefit liability	1,767	1,696
Asset retirement obligations	580	574
Other non-current liabilities	636	854
Total non-current liabilities	3,299	4,028
Total liabilities	23,518	21,789

	(¥ million)	
	As of September 30, 2020 (Previous Fiscal Year-End)	As of March 31, 2021 (End of the First Six Months)
Net assets		
Shareholders' equity		
Capital stock	3,888	3,888
Additional paid-in capital	13,382	12,828
Retained earnings	29,007	31,183
Treasury common stock, at cost	(2,802)	(2,682)
Total shareholders' equity	43,475	45,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164	455
Foreign currency translation adjustment	559	830
Remeasurements of defined benefit plans	(93)	(71)
Total accumulated other comprehensive income	630	1,213
Non-controlling interests	2,833	2,949
Total net assets	46,939	49,381
Total liabilities and net assets	70,458	71,170

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(The six months ended March 31, 2021)

	(¥ millions)	
	First Six Months of Fiscal 2020 (October 1, 2019 to March 31, 2020)	First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)
Net sales	33,633	35,390
Cost of sales	22,982	23,321
Gross profit	10,681	12,068
Selling, general and administrative expenses	7,996	8,261
Operating income	2,684	3,807
Non-operating income:		
Interest income	62	51
Dividend income	30	27
Foreign exchange gains	—	224
Gain on insurance cancellation	47	106
Other non-operating income	69	139
Total non-operating income	209	550
Non-operating expenses:		
Interest expenses	7	9
Foreign exchange losses	25	—
Commission fees	—	20
Other non-operating expenses	36	2
Total non-operating expenses	69	31
Recurring profit	2,823	4,326
Extraordinary gains:		
Surrender value of insurance	637	—
Total extraordinary gains	637	—
Extraordinary losses:		
Business reorganization losses	274	—
Total extraordinary loss	274	—
Profit before income taxes	3,186	4,326
Income taxes	1,117	1,399
Income tax adjustment	306	168
Total income taxes	1,423	1,568
Profit	1,762	2,758
Profit (loss) attributable to non-controlling interests	(154)	141
Profit attributable to owners of parent	1,917	2,617

Quarterly Consolidated Comprehensive Income
(The six months ended March 31, 2021)

(¥ millions)

	First Six Months of Fiscal 2020 (October 1, 2019 to March 31, 2020)	First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)
Profit	1,762	2,758
Other comprehensive income:		
Valuation difference on available-for-sale securities	(690)	290
Foreign currency translation adjustment	44	509
Remeasurements of defined benefit plans	58	21
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(587)	821
Comprehensive income	1,175	3,580
(Breakdown)		
Comprehensive income attributable to owners of parent	1,322	3,200
Comprehensive income attributable to non-controlling interests	(147)	379

(3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Concerning the Going Concern Assumption)

None

(Note Concerning Significant Changes in the Amount of Shareholders' Equity)

None

(Segment Information)

I. The First Six Months of Fiscal 2020 (October 1, 2019 to March 31, 2020)

1. Information Concerning Net Sales and Operating Income for Each Segment

	CRO	SMO	CSO	Global Research Business	EKISHIN (China) Business	Others	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements
Net sales									
Sales to outside customers	14,770	6,903	5,614	1,782	4,075	517	33,663	—	33,663
Inter-segment sales and transfers	825	14	49	107	8	948	1,952	(1,952)	—
Total	15,595	6,917	5,663	1,889	4,084	1,466	35,616	(1,952)	33,663
Segment operating income	2,438	911	399	99	(257)	73	3,664	(980)	2,684

(¥ millions)

Notes: 1. Adjustment of ¥(980) million for segment operating income includes inter-segment transactions of ¥8 million and corporate expenses not allocated to each reportable segment of ¥(988) million. The main corporate expenses comprise expenses related to the Company (the holding company).

2. EPS Associates Co., Ltd. and EPS International Holdings Co., Ltd. merged on October 1, 2019. EPS Associates Co., Ltd. was the surviving company in the merger by absorption upon which its name was changed to EPS International Holdings Co., Ltd. Accompanying this, it was moved from the CRO Business to the Global Research Business segment. Segment information for the six months ended March 31, 2019 is disclosed based on the reporting segments for the six months ended March 31, 2020.

II. The First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)

1. Information Concerning Net Sales and Operating Income for Each Segment

	CRO	SMO	CSO	Global Research Business	EKISHIN (China) Business	Others	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements
Net sales									
Sales to outside customers	16,476	6,689	6,325	1,423	4,319	154	35,390	—	35,390
Inter-segment sales and transfers	240	10	11	160	11	1,572	2,007	(2,007)	—
Total	16,717	6,700	6,336	1,583	4,331	1,727	37,397	(2,007)	35,390
Segment operating income	3,566	940	807	17	(181)	(46)	5,104	(1,296)	3,807

(¥ millions)

Notes: Adjustment of ¥(1,296) million for segment operating income includes inter-segment transactions of ¥3 million and corporate expenses not allocated to each reportable segment of ¥(1,300) million. The main corporate expenses comprise expenses related to the Company (the holding company).

Important Subsequent Events

(Purchase of Speed Apparel Holding Limited through share acquisition)

At a meeting of the Board of Directors held on April 26, 2021, the Company passed a resolution to acquire 75% of the shares outstanding of Speed Apparel Holding Limited (“SPEED”) and acquired said shares on April 27, 2021.

1. Outline of business combination

(1) Name of the acquired company and its business

Name of the acquired company: Speed Apparel Holding Limited

* Subject to resolution at an extraordinary general meeting of shareholders, Speed Apparel Holding Limited will change its name to EPS Creative Health Technology Group Ltd.

Business: Supply chain management services

(2) Main reasons for the business combination

To establish a business unlike any held by the Group before by consolidating SPEED, which has expertise in apparel product design, distribution, and other operations, into the Group and combining it with the Group’s knowledge of healthcare services and to diversify the Group’s businesses by adding drug development, which has been operated in the Chinese business in the past, to the product business between China and Japan led by SPEED.

(3) Percentage share of voting rights acquired:

75%

(4) Main reason for the decision to acquire the company

Availability to the Company of the method of share acquisition in exchange for cash

2. Acquisition cost for the acquired enterprise and the breakdown by type of consideration

Consideration for acquisition	Cash 370.5 million Hong Kong dollars
-------------------------------	--------------------------------------

Acquisition cost	370.5 million Hong Kong dollars
------------------	---------------------------------

(Purchase of CAC Croit Corporation through share acquisition)

At a meeting of the Board of Directors held on April 27, 2021, the Company passed a resolution for EPS Corporation, a wholly owned subsidiary of the Company, to acquire all shares of CAC Croit Corporation on June 30, 2021, and make it a consolidated subsidiary (a second-tier subsidiary of the Company).

1. Outline of business combination

(1) Name of the acquired company and its business

Name of the acquired company: CAC Croit Corporation

Business: Contracted operations in the development of pharmaceuticals and medical instruments and related IT services

(2) Main reasons for the business combination

To build a system capable of serving wide-ranging customers from clinical trials to manufacturing and selling by combining CAC Croit’s expertise in operation management and customer services and to provide support for extensive safety operations by making comprehensive use of knowledge in safety management support and skills in system development

(3) Percentage share of voting rights acquired:

100%

(4) Main reason for the decision to acquire the company

Availability to EPS Corporation, the Company’s consolidated subsidiary, of the method of share acquisition in exchange for cash

2. Acquisition cost for the acquired enterprise and the breakdown by type of consideration

Consideration for acquisition	Cash ¥3,000 million
-------------------------------	---------------------

Acquisition cost	¥3,000 million
------------------	----------------

3. Supplementary Information

(1) Main Data related to Consolidated Cash Flows

(¥ millions)

	First Six Months of Fiscal 2020 (October 1, 2019 to March 31, 2020)	First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)
I Cash flows from operating activities	1,567	344
II Cash flows from investing activities	(1,359)	(1,791)
III Cash flows from financing activities	958	(1,291)
IV Effect of exchange rate change on cash and cash equivalents	31	393
V. Net increase (decrease) in cash and cash equivalents	1,197	(2,345)
VI Cash and cash equivalents at beginning of period	19,141	22,833
VII Increase in cash and cash equivalents due to share exchange	20,339	20,488
VIII Cash and cash equivalents at end of period	20,339	20,488
Depreciation	403	509
Amortization of goodwill	621	582

(2) Orders Received

(¥ millions)

Segment	The First Six Months of Fiscal 2021 (October 1, 2020 to March 31, 2021)			
	New orders	YoY (%)	Backlog	YoY (%)
CRO Business	24,307	215.0	52,196	132.0
SMO Business	8,204	119.9	23,346	110.3
CSO Business	6,013	98.8	10,226	96.9
Global Research Business	978	—	5,366	87.5
EKISHIN (China) Business	4,385	118.4	224	333.4
Others	147	50.1	23	3.9
Total	44,037	160.7	91,384	117.1

Notes: 1. In the Global Research Business, there were order cancellations associated with project suspensions, and those amounts are included in new orders.

2. Figures represent sales prices.

3. The above figures do not include consumption taxes.