

Summarized Translation

# Financial Results Overview (September 2015)

November 22nd, 2015  
EPS Holdings, Inc.

# Disclaimer

The earnings estimates and future predictions described in this document are made by our company based on the available information at the time of the creation of the document, and contain potential risks and uncertainties. Therefore, due to various factors such as change in business environment, it is possible that actual earnings results may differ greatly from the future outlook mentioned or described herein.

We prepared 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.

- For inquiries about this document  
EPS Holdings, Inc.  
Corporate Planning Office  
e-mail : [ir@eps.co.jp](mailto:ir@eps.co.jp)

# Contents

- 1. Financial Results Overview (September 2015)**
- 2. Fiscal Year September 2016 Earnings Estimates**
- 3. Future Business Strategies**
  - Management Integration with Sogo Rinsho Holdings Co., Ltd.**
  - Strengthening of the Clinical Research Business**

# Contents

- 1. Financial Results Overview (September 2015)**
2. Fiscal Year September 2016 Earnings Estimates
3. Future Business Strategies
  - Management Integration of Sogo Rinsho Holdings Co., Ltd.
  - Strengthening of the Clinical Research Business

# 2015/9 Business Segment of EPS group



※1 : CRO : Contract Research Organization  
 ※2 : SMO : Site Management Organization  
 ※3 : CSO : Contract Sales Organization  
 ※4 : EKISHIN : China Business  
 ※5 : BPO : Business Process Outsourcing

## 2015/9 Earnings Results (Consolidated)

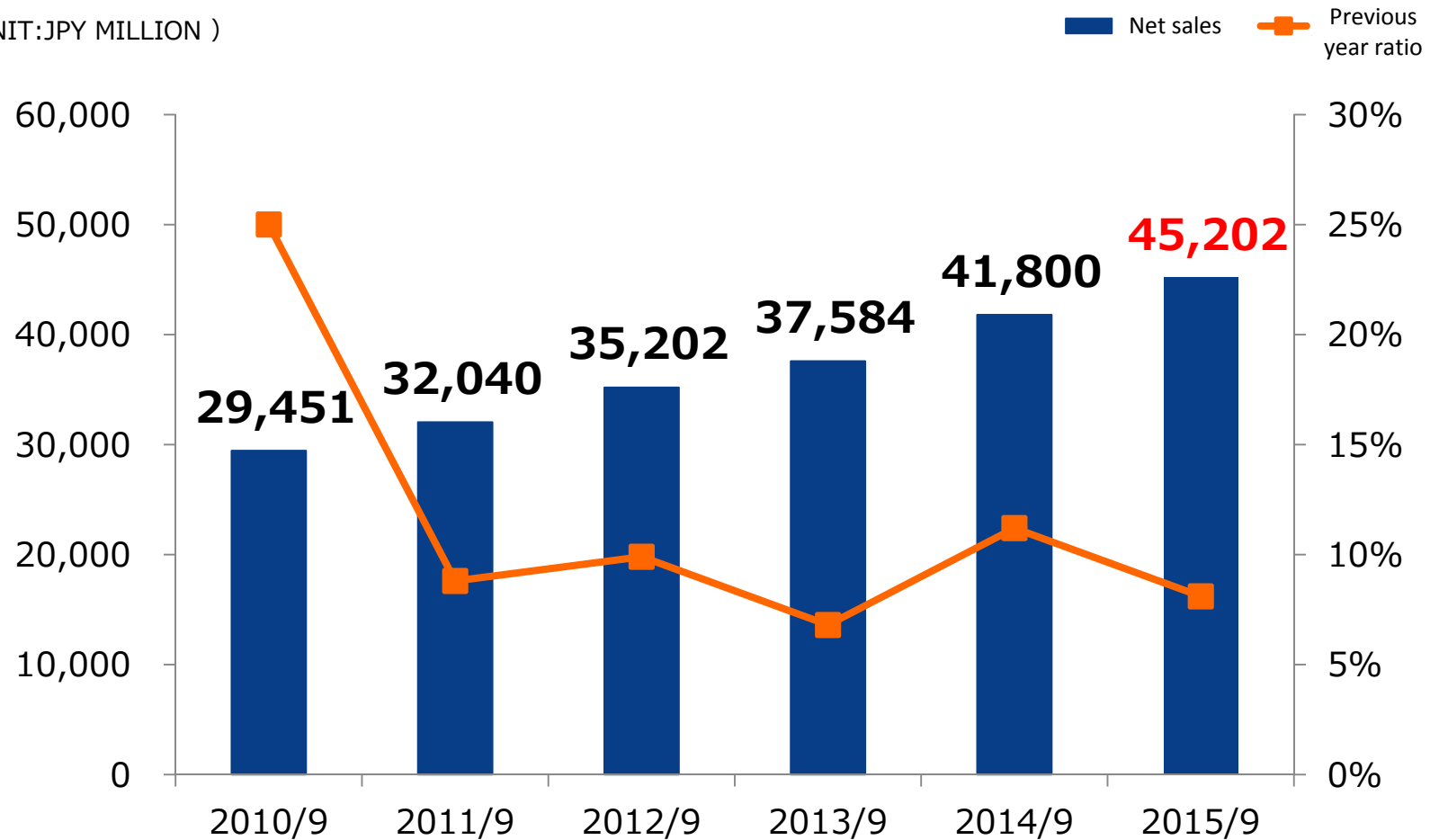
( UNIT:JPY MILLION )

	2014/9 Results	2015/9 Budget	2015/9 Results	Ratio for Budget	Y o Y Change	Y o Y (%)
Net Sales	41,800	44,120	<b>45,202</b>	102.5%	3,402	108.1%
Operating Income (%)	4,491 (10.7%)	4,625 (10.5%)	<b>5,482</b> (12.1%)	118.5%	991	122.1%
Ordinary Income (%)	4,242 (10.1%)	4,327 (9.8%)	<b>5,362</b> (11.9%)	123.9%	1,120	126.4%
Net Income (%)	1,828 (4.4%)	1,937 (4.4%)	<b>2,163</b> (4.8%)	111.7%	335	118.3%

- Sales of all four segments (CRO Business (Japan), CSO Business (Japan), GR, and EKISHIN) exceeded budget, and total sales rose by 8.1% year-on-year.
- CRO Business (Japan) contributed operating income to rise by 22.1% year-on-year, and to exceed budget by 18.5%.
- Ordinary income also rose by a large margin of 26.4% year-on-year and exceeded budget by 23.9%.

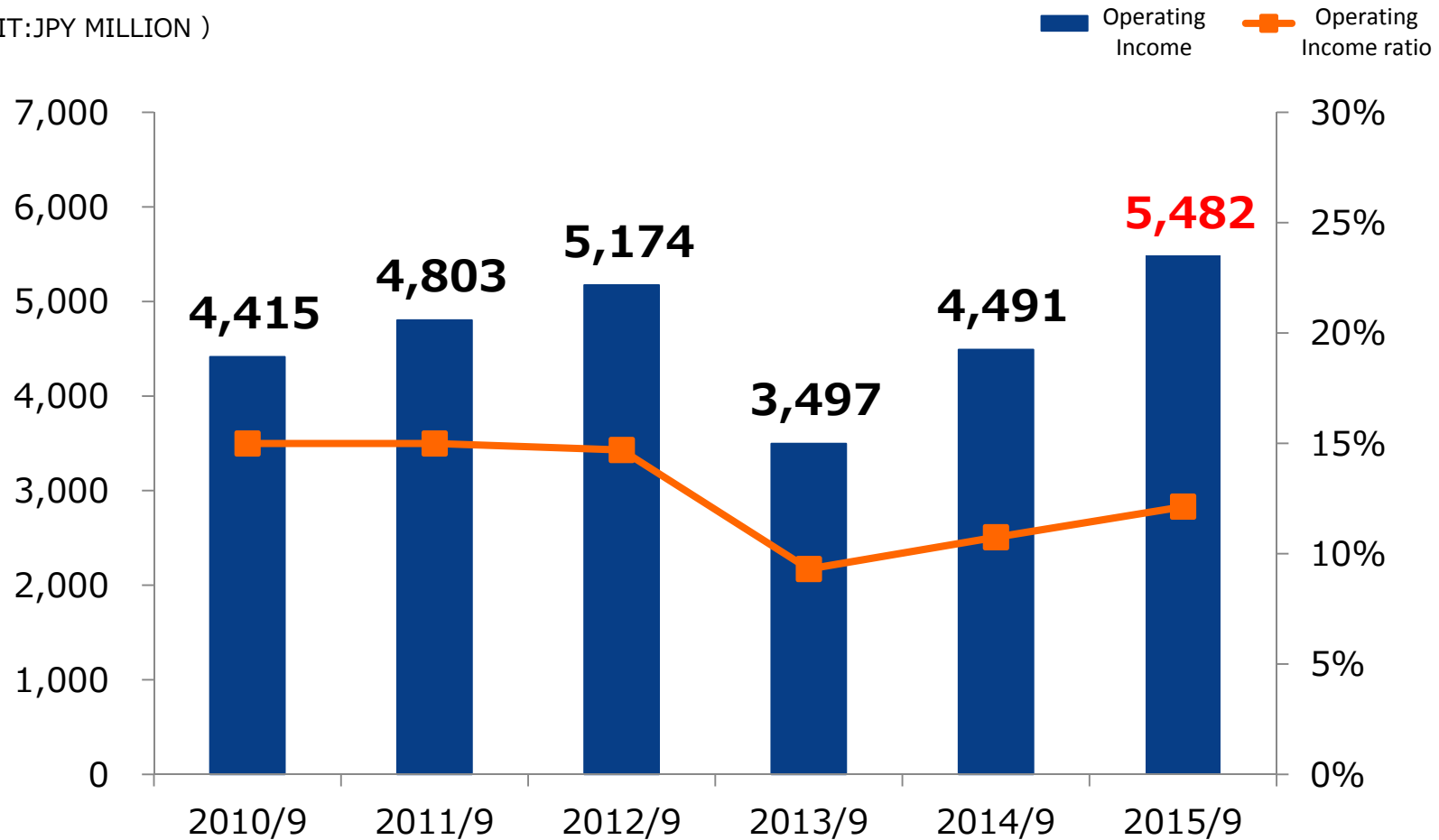
# Sales Trend, Year-On-Year Change

( UNIT:JPY MILLION )



# Operating Income, Operating Margin Trend

( UNIT:JPY MILLION )





## 2015/9 Net Sales by Business Segment

( UNIT:JPY MILLION )

		2014/9 Results	2015/9 Budget	2015/9 Results	Ratio for Budget	Y o Y Change	Y o Y (%)
Japan Business	CRO	24,190	24,833	<b>25,219</b>	101.6%	1,029	104.3%
	SMO	6,287	6,800	<b>6,486</b>	95.4%	199	103.2%
	CSO	5,974	6,500	<b>6,788</b>	104.4%	814	113.6%
Overseas Business	GR	2,192	2,226	<b>2,773</b>	124.6%	581	126.5%
	EKISHIN (China)	3,507	4,050	<b>4,274</b>	105.5%	767	121.9%

# 2015/9 Operating Income by Business Segment

( UNIT:JPY MILLION )

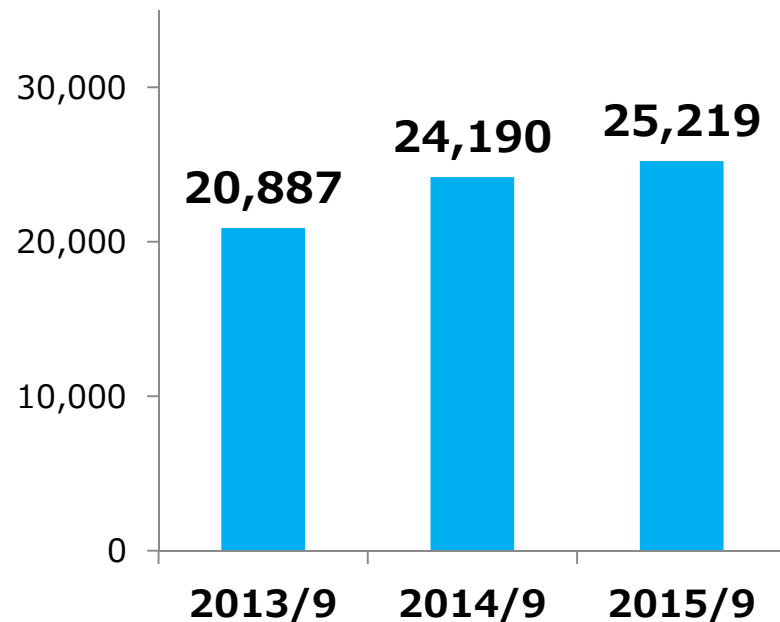
		2014/9 Results	2015/9 Budget	2015/9 Results	Operating Income ratio	Ratio for Budget	Y o Y Change	Y o Y (%)
Japan Business	CRO	3,803	4,612	<b>5,491</b>	<b>21.8%</b>	119.1%	-	- ※
	SMO	900	950	<b>691</b>	<b>10.7%</b>	72.7%	△ 209	76.8%
	CSO	259	350	<b>383</b>	<b>5.6%</b>	109.4%	124	147.9%
Overseas Business	GR	-250	-50	<b>-31</b>	-	-	219	-
	EKISHIN (China)	-117	0	<b>30</b>	<b>0.7%</b>	-	147	-

※ The EPS Group implemented a holding company structure from January 1, 2015. In terms of operating income above, expenses associated with the holding company, which are not allocated to each segment, are disclosed. Because the previous term's earnings data for CRO Business (Japan) contained an equivalent amount of expenses that were associated with the holding company, we do not disclose year-on-year changes for this data.

# CRO Business (Japan)

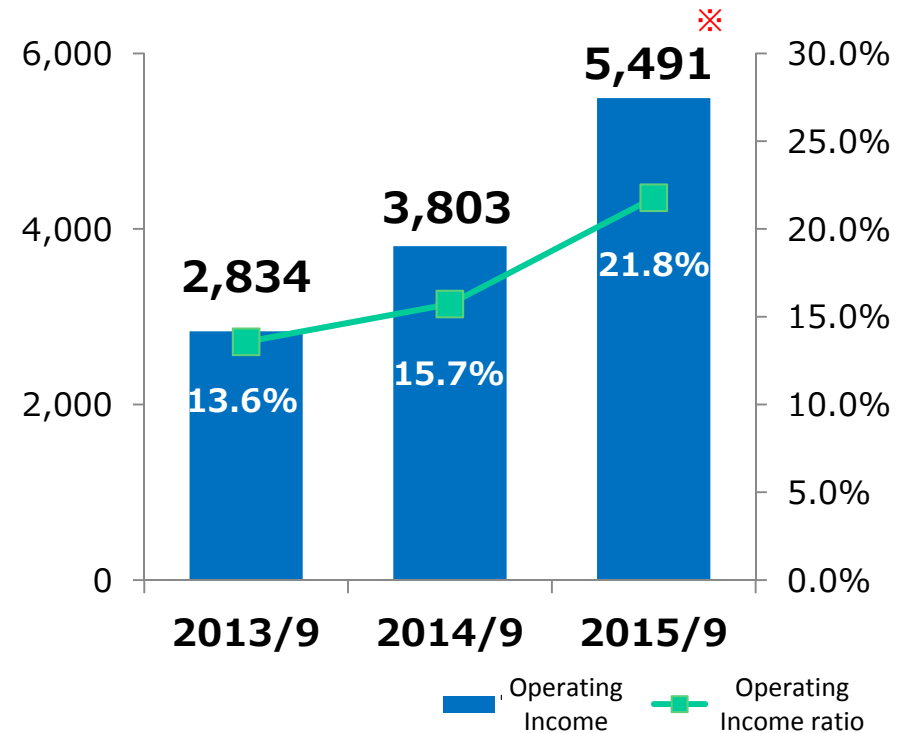
( UNIT:JPY MILLION )

< Net Sales >



( UNIT:JPY MILLION )

< Operating Income >

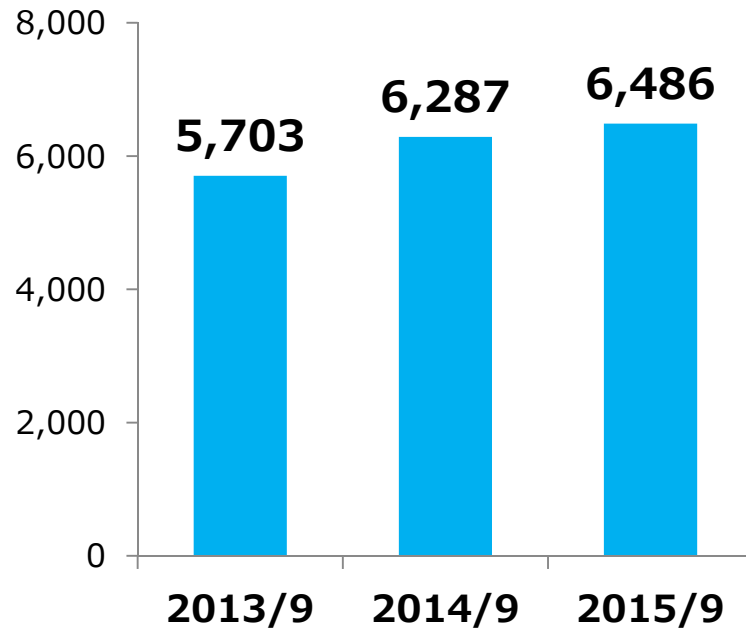


- Aggressive marketing for monitoring services, and winning new projects, increased orders for data management services contributed to growth in both sales and operating income.
- EPS Associates Co., Ltd., which was acquired in 2014, contributed to strong growth in operating income through strengthening of its marketing force.

# SMO Business (Japan)

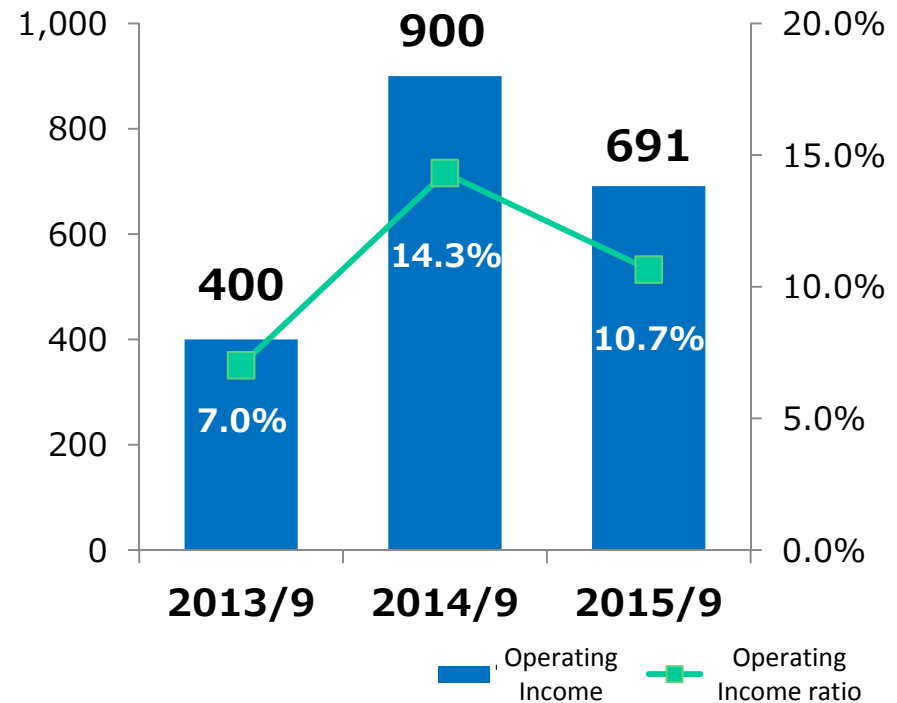
( UNIT:JPY MILLION )

< Net Sales >



( UNIT:JPY MILLION )

< Operating Income >

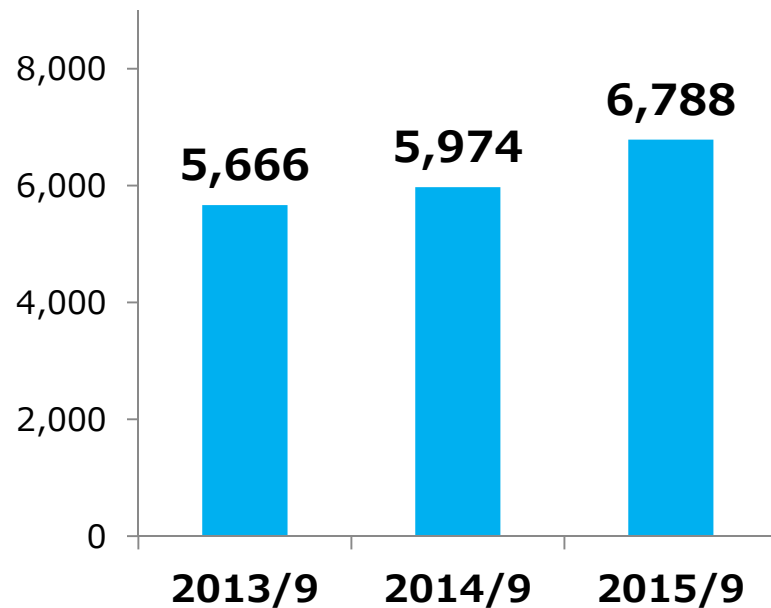


- While orders trended in line with expectations, delayed start of some large projects caused sales to fall shy of budget.
- Though operational efficiency were improved, expenses for staff hiring and relocation of the headquarters caused operating income to decline.

# CSO Business (Japan)

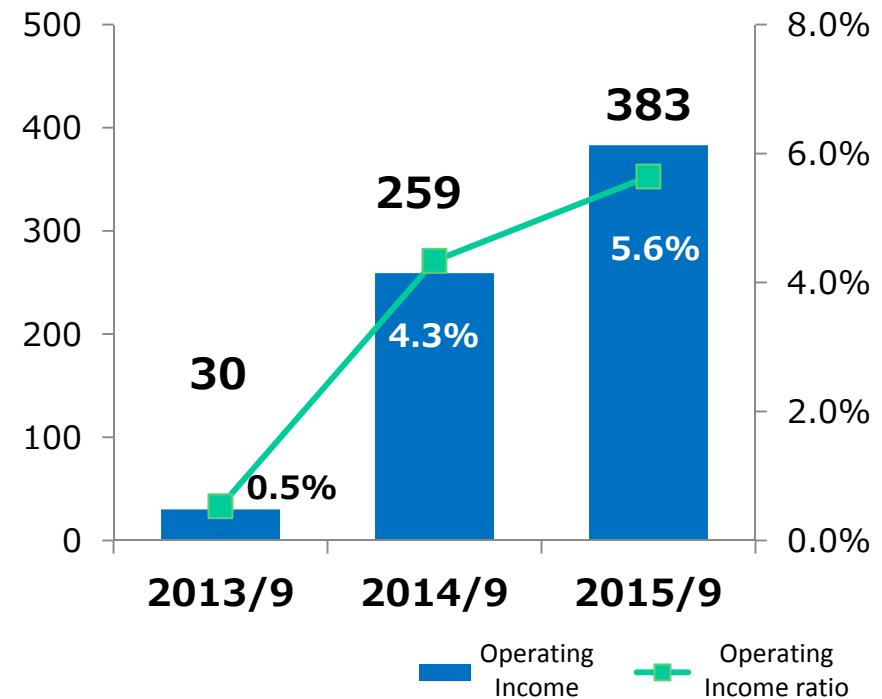
( UNIT:JPY MILLION )

< Net Sales >



( UNIT:JPY MILLION )

< Operating Income >

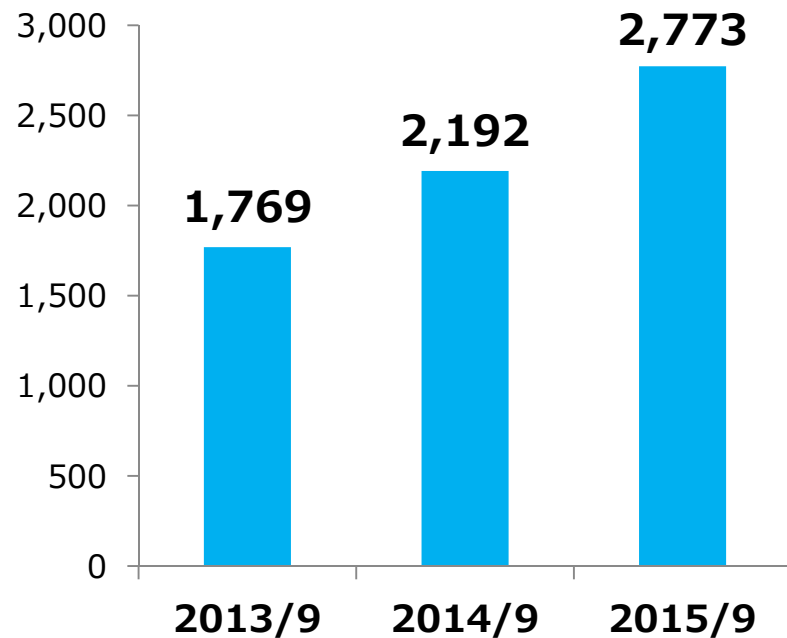


- Medical application call center services trended favorably due to aggressive hiring of Contract Medical Representatives (CMRs), allowing both sales and operating income to grow.
- Consigned projects in PMS (Post market survey) division grew strongly and order backlog remained at high levels in the current term.

# Global Research Business

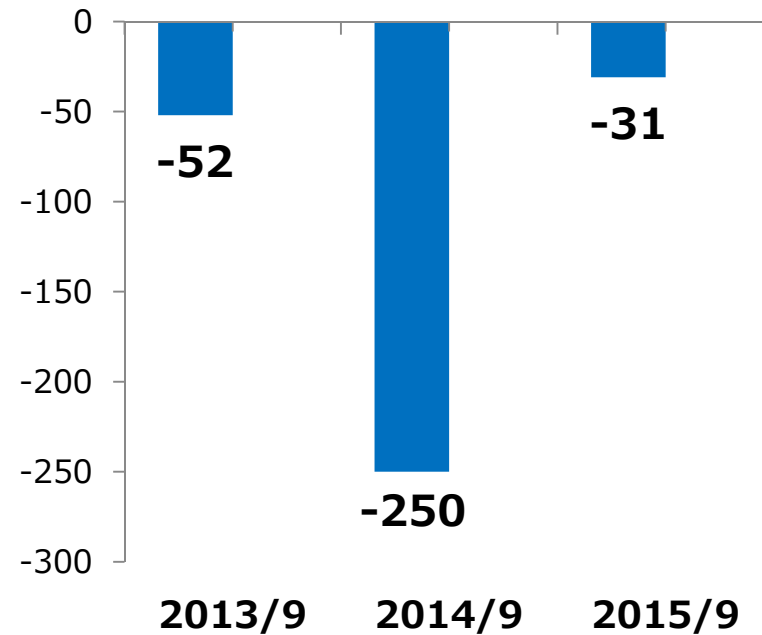
( UNIT:JPY MILLION )

< Net Sales >



( UNIT:JPY MILLION )

< Operating Income >

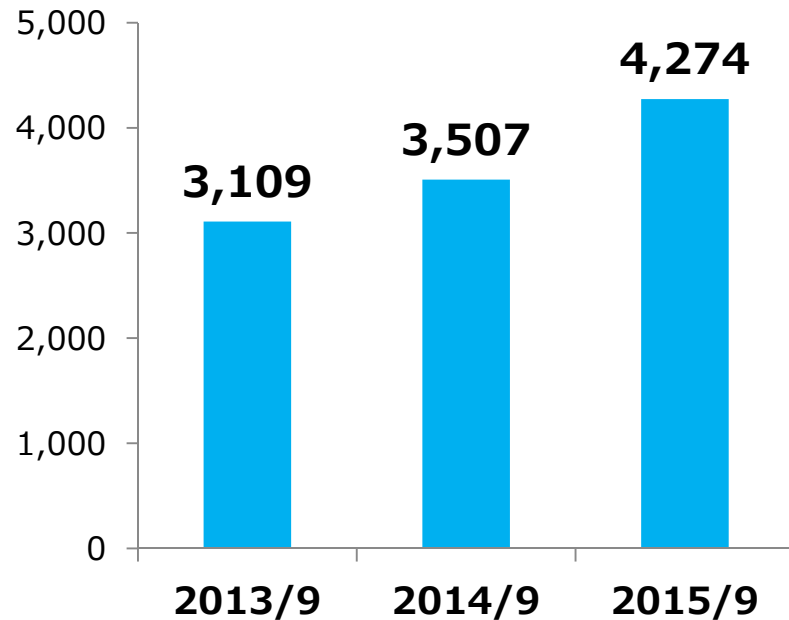


- Sales of Global Research (GR) exceeded estimates by a large margin, with winning large projects in Japan and Asia. Projects made steady progress.
- Ongoing efforts of cost reduction and reform on the earnings structure have contributed to a large contraction in operating loss.

# EKISHIN (China) Business

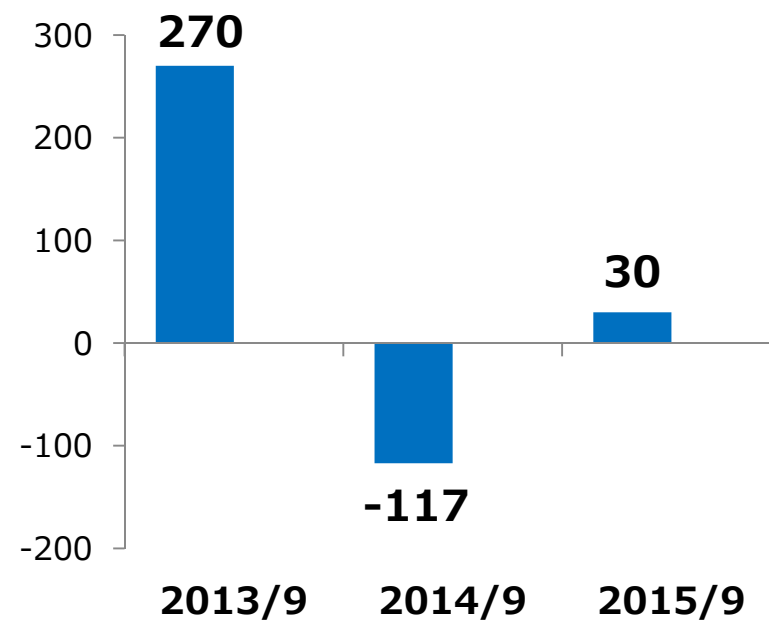
( UNIT:JPY MILLION )

< Net Sales >



( UNIT:JPY MILLION )

< Operating Income >



- Strong sales of the medical device business allowed sales to rise by a large margin.
- Ekishin sold development rights of drug, that made profits on investments and helped the pharmaceutical product division to turn profitable.

## 2015/9 New Orders, Backlog

( UNIT:JPY MILLION )

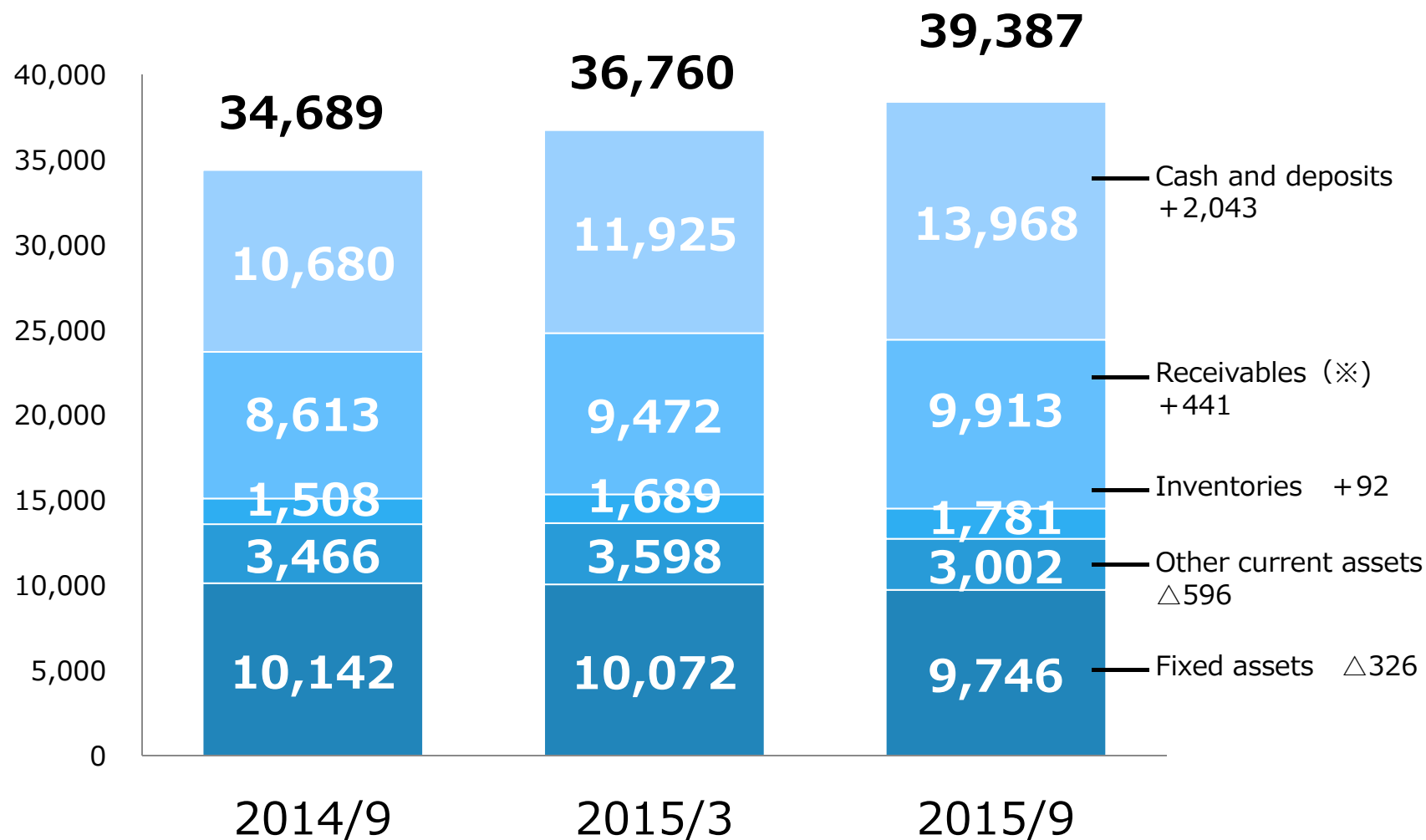
	New Order	Y o Y (%)	Backlog	Y o Y (%)
<b>CRO Business (Japan)</b>	27,424	107.9%	37,254	108.3%
Monitoring	14,577	108.0%	19,166	107.5%
Data Management	9,884	103.9%	15,614	109.4%
CRO Others	2,962	122.9%	2,474	108.1%
<b>SMO Business (Japan)</b>	7,713	118.1%	9,306	115.7%
<b>CSO Business (Japan)</b>	8,632	131.5%	6,665	139.9%
<b>Global Research Business</b>	4,462	154.0%	5,664	144.3%
<b>EKISHIN(China) Business</b>	4,242	123.7%	40	78.8%
<b>Others</b>	923	62.0%	117	87.8%
<b>Total</b>	<b>53,399</b>	<b>115.3%</b>	<b>59,050</b>	<b>115.1%</b>

- While the ability to secure resources is an issue for CRO Business (Japan), new orders and order backlog rose by 7.9% and 8.3% year-on-year respectively
- SMO Business (Japan) strengthened marketing, including proposal based marketing, the orders grew by 18.1% year-on-year
- CSO Business (Japan), recorded strong growth in both new orders and order backlog of 31.5% and 39.9% year-on-year respectively on the back of successful companywide marketing efforts
- The GR business won large projects in Japan and Asia, that led new orders and order backlog in to rise by 54.0% and 44.3% year-on-year respectively
- Because of the short time from orders to booking of sales in our EKISHIN (China) Business, we only provide data for the sake of reference



# Balance Sheets ( ASSETS )

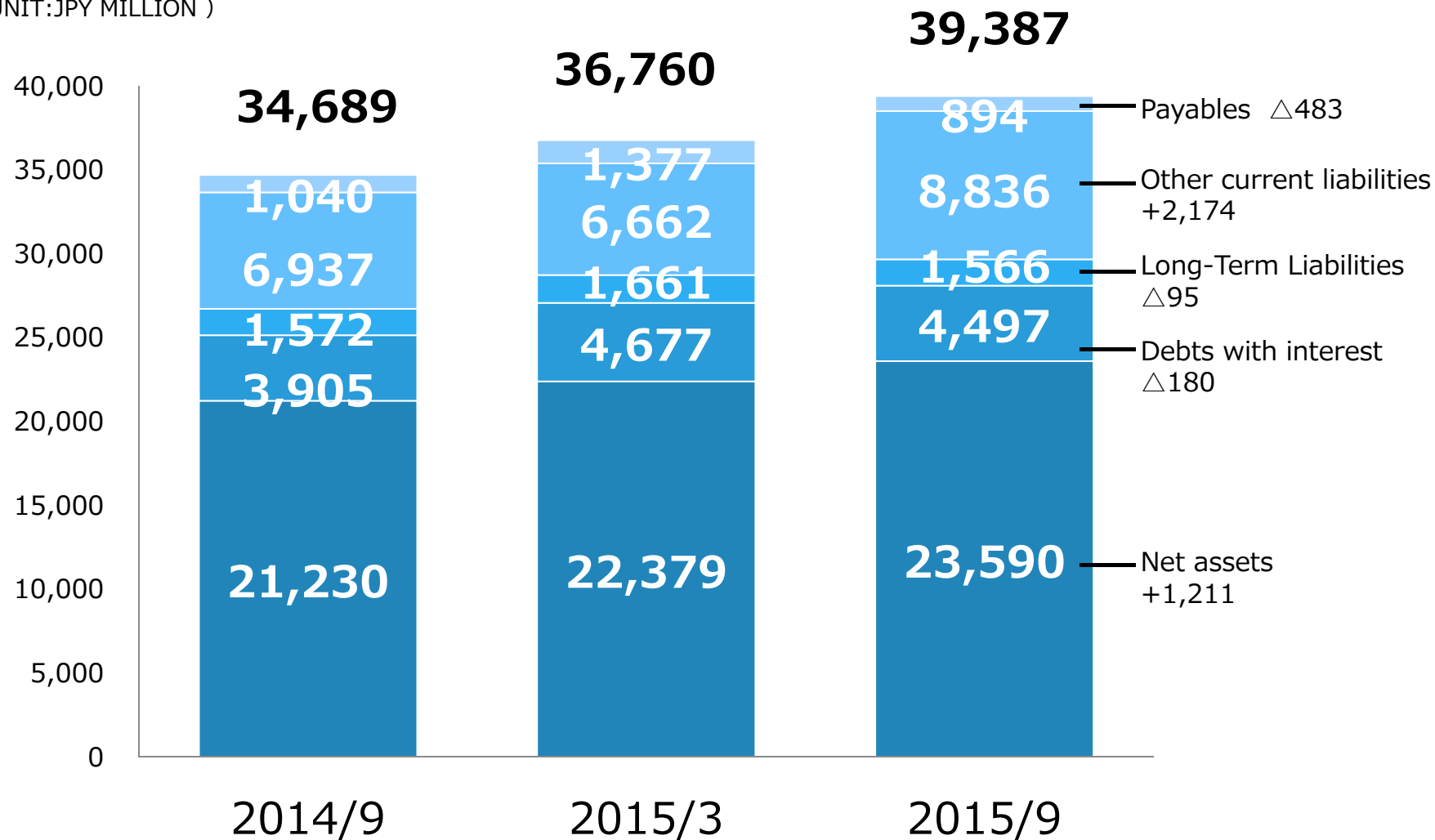
( UNIT:JPY MILLION )



※Receivables include only notes and accounts receivable.

# Balance Sheets ( LIABILITIES/NET ASSETS )

( UNIT:JPY MILLION )



# Cash Flows

( UNIT:JPY MILLION )

	2014/9 Results	2015/9 Results	Changes
Operating Activities	4,431	<b>4,186</b>	△ 244
Investing Activities	△ 3,051	△ <b>1,276</b>	1,775
Financing Activities	△ 624	△ <b>83</b>	541
Effect Of Exchange Rate Change On Cash & Cash Equivalents	308	<b>172</b>	△ 136
Net Increase (Decrease) In Cash And Cash Equivalents	1,063	<b>2,999</b>	1,936
Beginning Of Balance, Cash And Cash Equivalents	10,629	<b>11,692</b>	1,063
Ending Of Balance, Cash And Cash Equivalents	11,692	<b>14,692</b>	2,999

# Contents

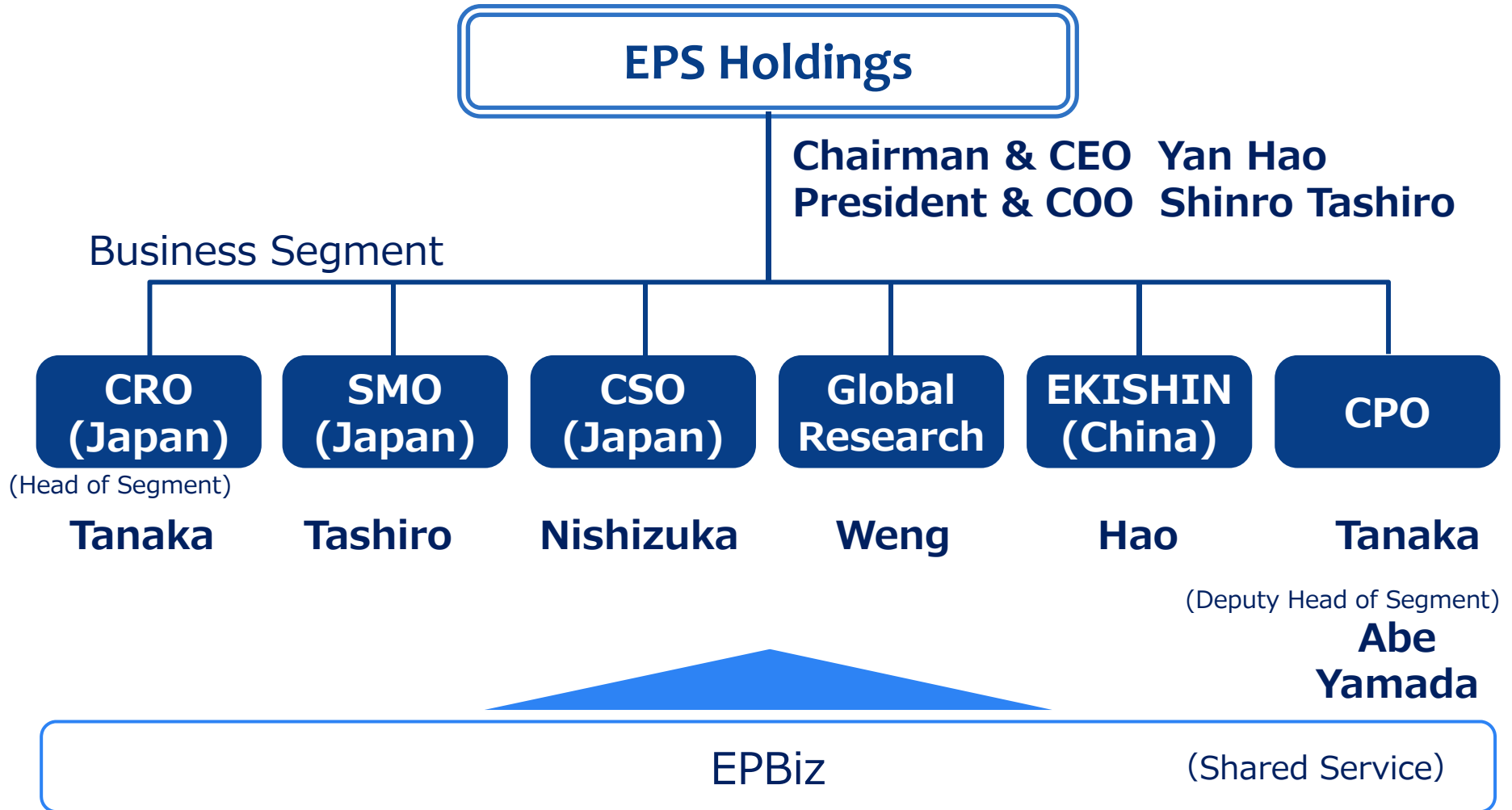
1. Financial Results Overview (September 2015)
2. **Fiscal Year September 2016 Earnings Estimates**
3. Future Business Strategies
  - Management Integration of Sogo Rinsho Holdings Co., Ltd.
  - Strengthening of the Clinical Research Business

# 2016/9 Business Segment of EPS group



※CPO : Clinical Process Outsourcing

# 2016/9 EPS group Management System



## 2016/9 Full Year Earning Estimates (consolidated)

( UNIT:JPY MILLION )

	2015/9 Results	2016/9 Estimates	Y o Y (%)
Net Sales	45,202	<b>47,800</b>	105.7%
Operating Income (%)	5,482 (12.1%)	<b>4,730</b> (9.9%)	86.3%
Ordinary Income (%)	5,362 (11.9%)	<b>4,650</b> (9.7%)	86.7%
Net Income (%)	2,163 (4.8%)	<b>2,270</b> (4.7%)	104.9%

- Stable sales growth is expected to be derived from efforts to leverage the group holding structure, independence of individual business segments, and integrated management of the group.
- On the other hand, aggressive anticipatory investments will be made to promote profit growth over the medium term.

※ The influence upon earnings of the scheduled integration of Sogo Rinsho Holdings Co., Ltd. on January 1, 2016 is not included

## 2016/9 Full Year Segment Earning Estimates

### Net Sales by Business Segment

( UNIT:JPY MILLION )

		2015/9 Results	2016/9 Estimates	Y o Y Change	Y o Y (%)
Japan Business	CRO	25,219	<b>27,000</b>	1,781	107.1%
	SMO	6,486	<b>6,800</b>	314	104.8%
	CSO	6,788	<b>7,300</b>	512	107.5%
Overseas Business	GR	2,773	<b>3,000</b>	227	108.2%
	EKISHIN (China)	4,274	<b>4,350</b>	76	101.8%



# 2016/9 Full Year Segment Earning Estimates

## Operating Income by Business Segment

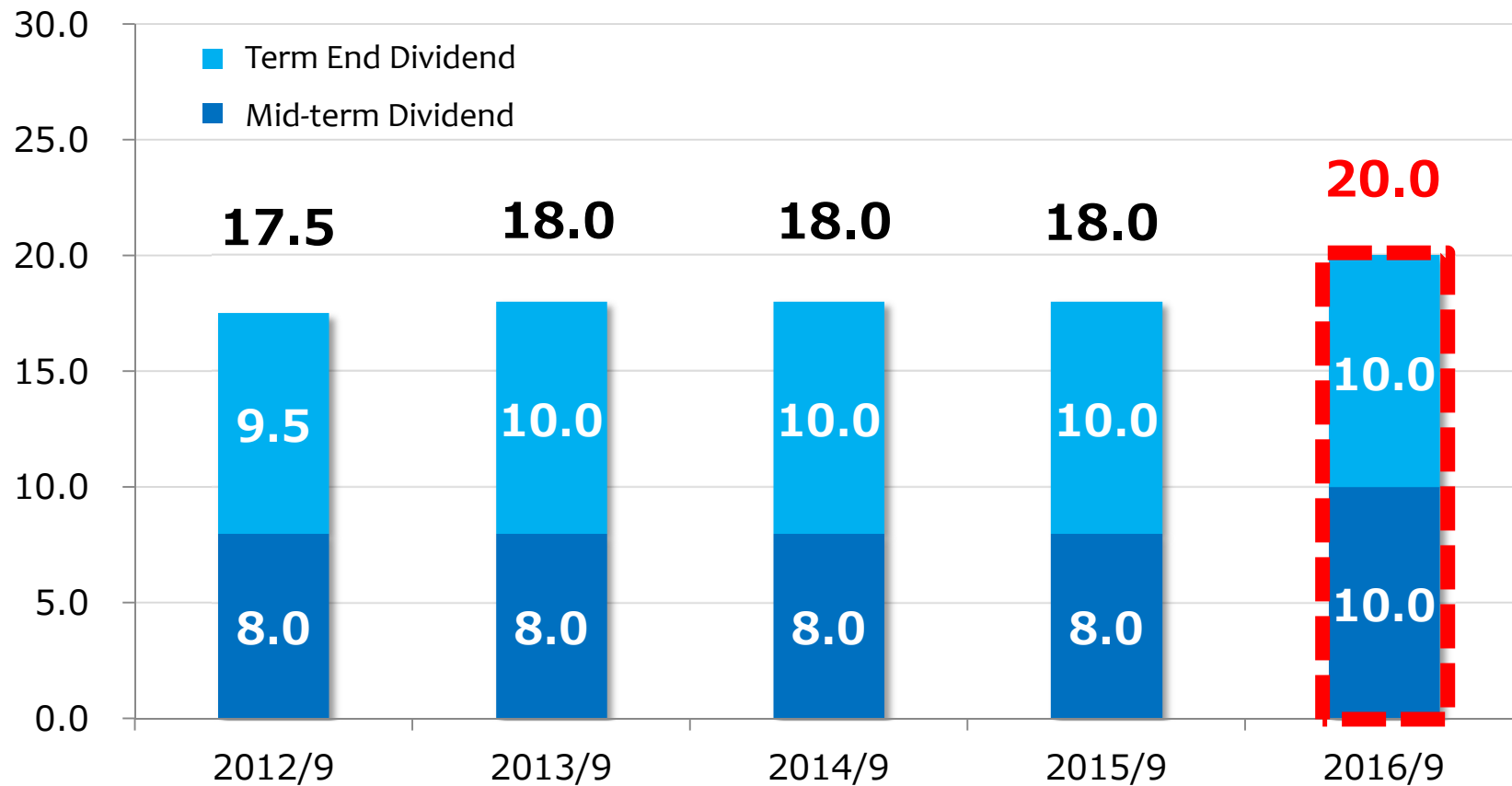
( UNIT:JPY MILLION )

		2015/9 Results	2016/9 Estimates	Operating Income ratio(%)	Y o Y (%)
Japan Business	CRO	5,491	<b>4,950</b>	18.3%	90.1%
	SMO	691	<b>700</b>	10.3%	101.3%
	CSO	383	<b>420</b>	5.8%	109.7%
Overseas Business	GR	-31	<b>0</b>	-	-
	EKISHIN (China)	30	△ <b>100</b>	-	-

# Dividend Per Share Trends

A commemorative dividend of ¥2 per share celebrating the 25<sup>th</sup> year of operations anticipated in fiscal year September 2016

( UNIT:JPY )



※The dividend conditions shown in the above graph reflects retroactive revised data that takes into considering the effect of a stock split.

## Business Strategy – CRO (Japan)

### CRO Business (Japan)

- Strict control of cost and obtaining new clients.
- Strengthen cooperation among group companies.
- Promote unique development strategies for each important disease area to strengthen specialization, competitiveness.
- Expand synergies between EPS and EPS Associates.
- Aggressive implementation and securing of consignment projects.
- Anticipatory investments including securing of human resources specialized in CRA and expansion of offices.

# Business Strategy – SMO and CSO (Japan)

## SMO Business (Japan)

- Business expansion through management integration with Sogo Rinsho Holdings effective from January 1, 2016.
- Improve productivity of CRC through optimized human resources allocation.
- Expand facilities and educate CRCs with experience in the oncology area.

## CSO Business (Japan)

- Train medical CMR with expertise, differentiate with others.
- Aggressive outbound proposal and win new projects in the medical call center division.
- Steady operations and staff trainings in PMS division.

# Business Strategy – GR and EKISHIN (Overseas)

## GR Business

- Further winning and implementation of global trials in Asia and other regions.
  - ✓ Strengthen marketing in Japan, Asia Pacific regions
  - ✓ Efficiently leverage regional coverage of over 10 countries
- Create a structure that can respond to high level customer requests.

## EKISHIN (China) Business

- Medical equipment sales is core business, in addition, earnings from investment activities, non-clinical fundamental research use material will expand sales
- Strengthen integrated operations of overall business of EPS EKISHIN and EKISHIN (China).
- Implement effective investment management to maximize asset value.

# Contents

1. Financial Results Overview (September 2015)
2. Fiscal Year September 2016 Earnings Estimates
3. **Future Business Strategies**
  - **Management Integration of Sogo Rinsho Holdings Co., Ltd.**
  - Strengthening of the Clinical Research Business

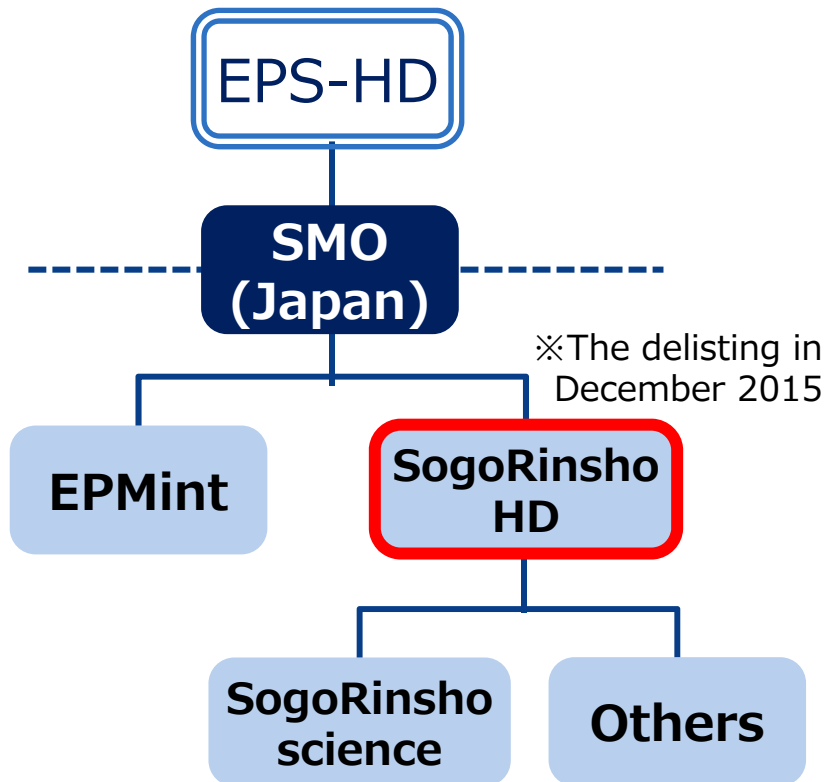
# Management Integration with Sogo Rinsho Holdings

## Securing an Overwhelming Position as the “Number One SMO Company in Japan”

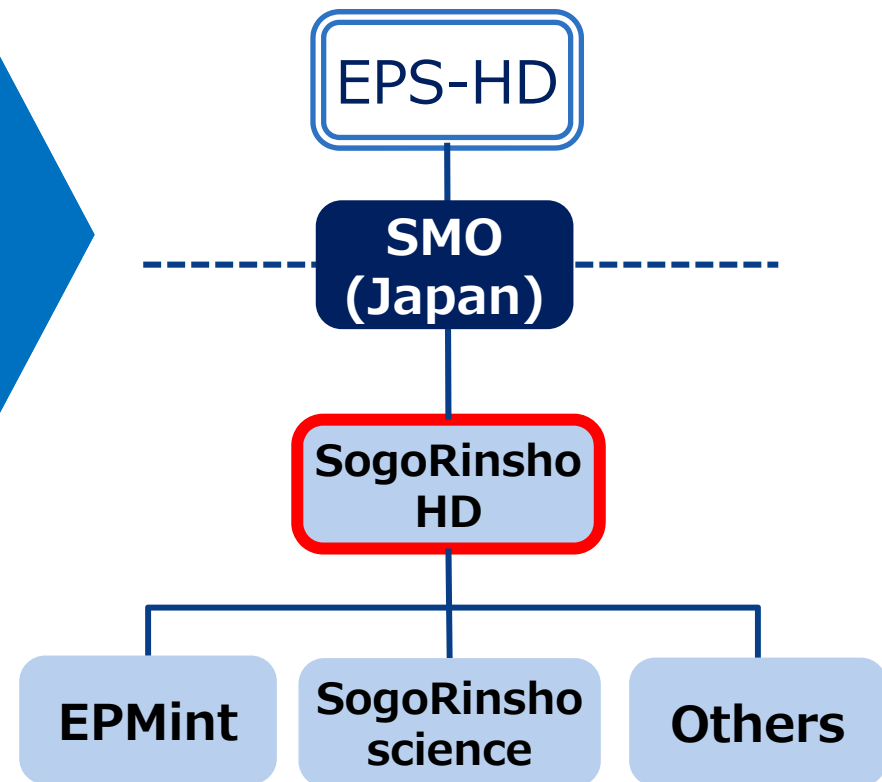
- Realize scale merit to ensure high competitiveness
  - Market share, CRC numbers
  - Complementary relationship between oncology area and primary area facilities
  - Realize synergies between SMO and CRO
  
- Realize leadership to exert influence over the entire market
  - Invigorate matured markets

# Organizational Structure Post Management Integration of Sogo Rinsho Holdings Co., Ltd.

As of January 1, 2016



Structural reorganization after integration

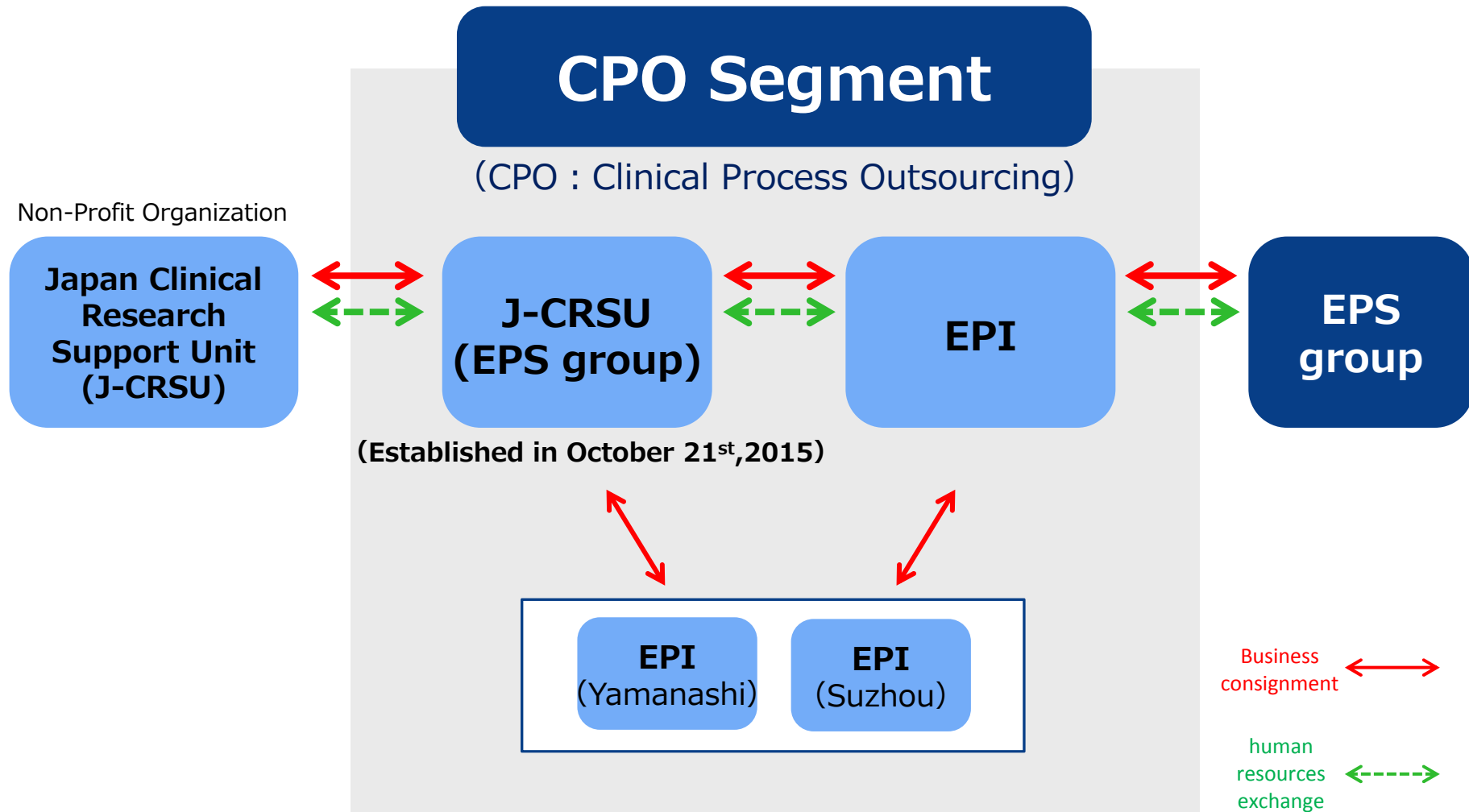




# Contents

1. Financial Results Overview (September 2015)
2. Fiscal Year September 2016 Earnings Estimates
3. **Future Business Strategies**
  - Management Integration of Sogo Rinsho Holdings Co., Ltd.
  - **Strengthening of the Clinical Research Business**

# Strengthening of clinical research business



# Introduction of J-CRSU services, performance

## Introduction of services

Planning, proposal, implementation support, information gathering, processing and provision, consulting for persons involved with medical research

- Clinical research related consultation
- Patient Registration / Enrollment services
- Data Management and Statistical Analysis
- Research office function
- Medical writing support

## Introduction of performance

“EPS group” clinical research implementation examples

### MEGA Study

Received consignment of independent data center, trial office function. Large scale clinical trial of statin-related hyperlipidemia treatment (approximately 8,000 cases over 10 years at 1,000 facilities). The study was selected as the first topic ever from Japan by the American Heart Association (AHA) Annual Convention Late Breaking Clinical Trials sessions. Numerous dissertations carried in “The Lancet” and other publications. Contributed to the guidelines on the treatment of dyslipidemia for Japanese patients.

### N·SAS Trials

Received consignment of independent data center, trial office function. Clinical trials to scientifically validate the efficacy of breast, colon, and stomach cancer UFT adjuvant therapies (a total of 1,339 cases over 7 years). Objective case registrations, IC acquisition through detailed explanation to patients using written documents, SDV, pathologist participation, independent data center, IDMC implementation, and other trials that became the forerunners of GCP, standards for clinical trials in Japan. Presentation at ASCO, and dissertations published in the Journal of Clinical Oncology.

# Thank you

<Contact> E-Mail ; [ir@eps.co.jp](mailto:ir@eps.co.jp)