

*Please note that this translation is to be used solely as reference.

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FY 2022 Financial Results Briefing

Monday, May 23, 2022

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President and CEO
Linical Co.,Ltd.

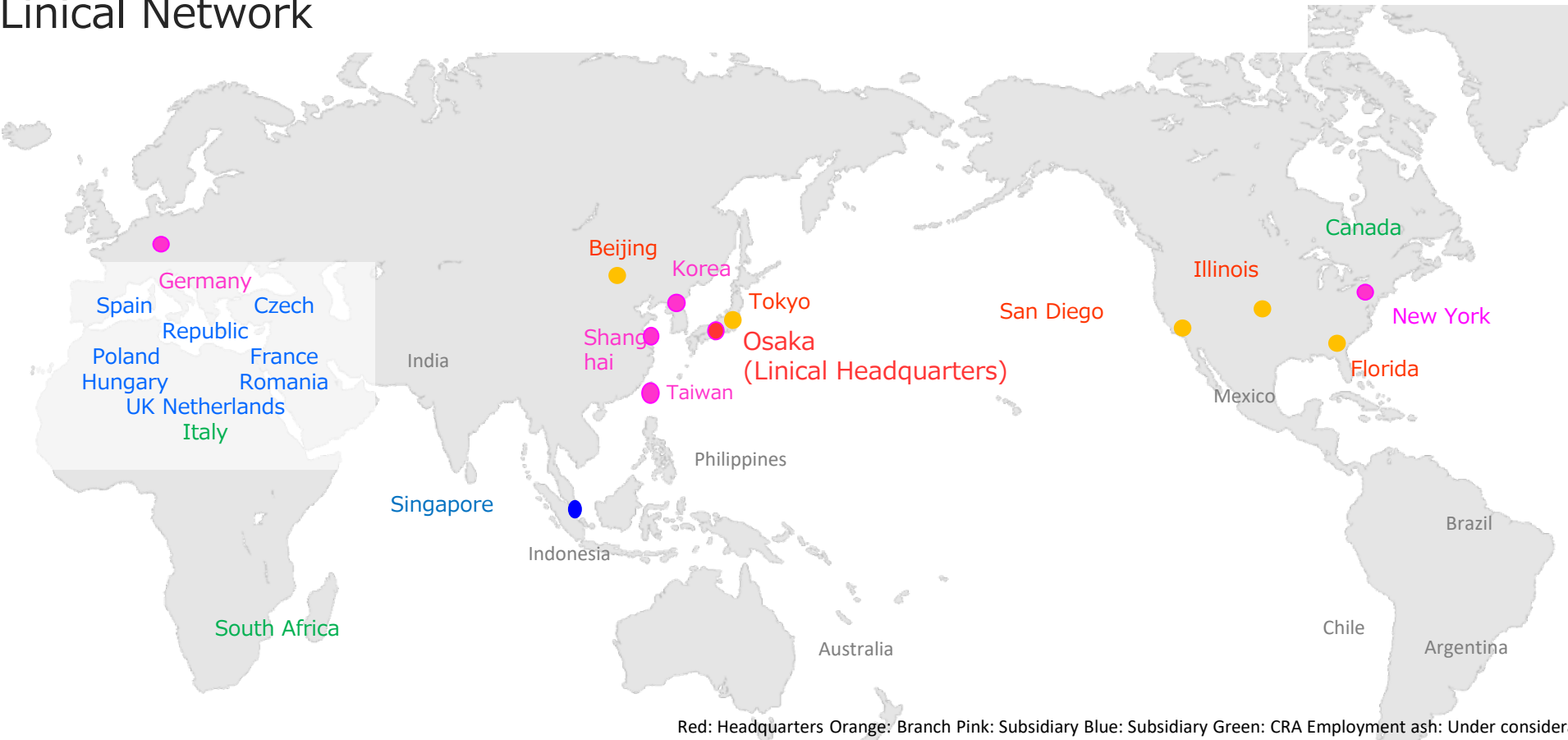
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1. Business Overview

Global CRO from Japan

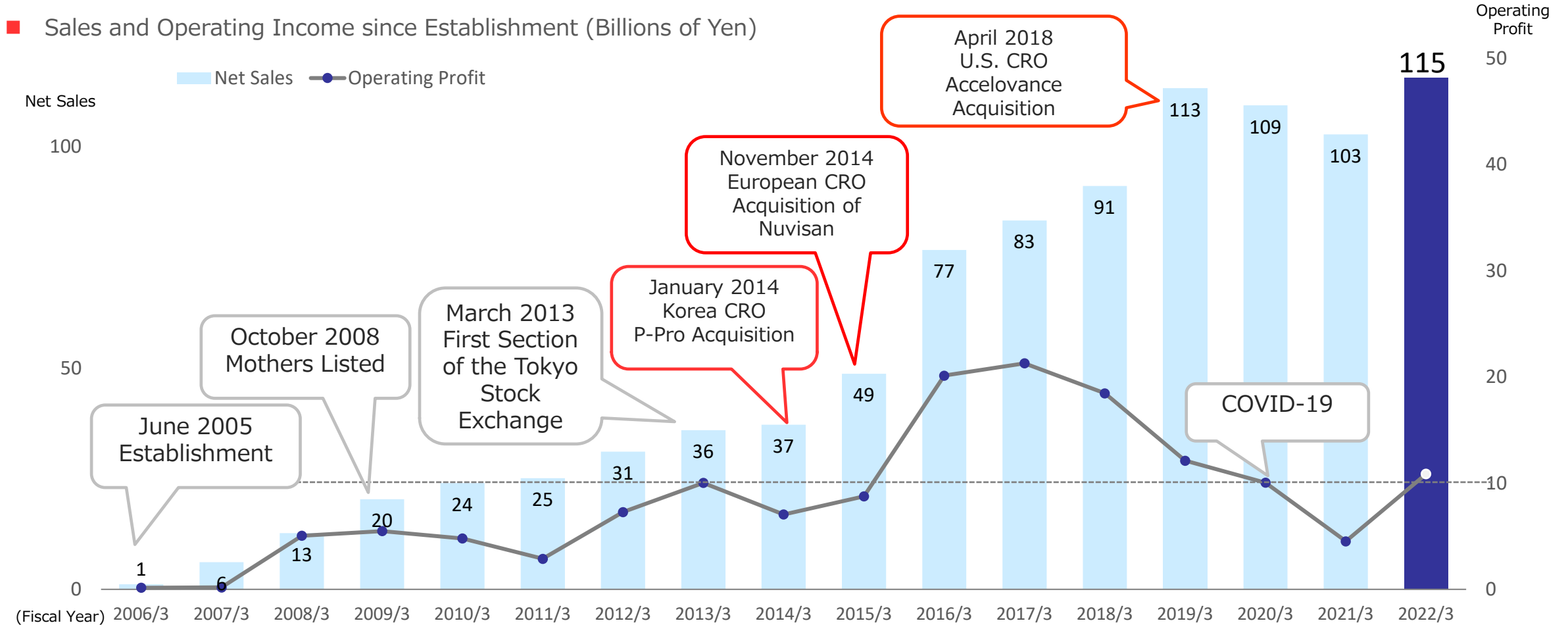
■ Global Linical Network



Linical aims to be a **global CRO originating in Japan** and contributes to new drug development as a drug development professional

We currently operate in 18 countries and regions, and can provide services in more than 20 countries and regions worldwide

Trends in Sales and Operating Income since Establishment



We achieved our highest ever sales while the impacts of COVID-19 remained in each region
Operating profit has also recovered to pre-COVID-19 levels

2. Financial Results for FY ended March 2022

Consolidated results

- In addition to the resurgence of business in Japan, business in Europe and the United States recovered to its normal pre-COVID-19 growth path, and both sales and profit increased significantly against the previous year.
- **Sales are the highest ever and operating profit has also recovered to the level of the fiscal year ended March 2020.** We achieved, ahead of schedule, the management plan for the fiscal year ending March 2023 within the medium-term management plan for the fiscal year ending March 2025.

Highlights by region

- Japan: The impact of restrictions on activities due to COVID-19 continued until the fourth quarter, and although sales decreased compared to the previous year, profit increased as we suppressed the generation of costs and implemented lean operations.
- Europe: We acquired multiple large-scale global projects by strengthening sales division, and achieved significant increases in both sales and profit by improving operating rates. The region recorded its highest ever sales and operating income.
- United States:
Both sales and profit increased significantly following the steady progress of existing and new orders. The region recorded its highest ever sales and operating profit.

Consolidated Financial Results

Units: Millions of yen	FY ended March 2021		FY ended March 2022		
	Amount	% per Sales	Amount	% per Sales	Rate of Change (Year-on-Year)
Net Sales	10,279	-	11,555	-	12.4%
Cost of Sales	7,511	73.1%	7,943	68.7%	5.7%
SG & A Expenses	2,314	22.5%	2,525	21.9%	9.1%
Operating Profit	453	4.4%	1,085	9.4%	139.5%
Ordinary Profit	588	5.7%	1,183	10.2%	101.1%
Net Profit	539	5.3%	790	6.8%	46.4%

Financial Results by Region

Units: Millions of yen	FY ended March 2021			FY ended March 31, 2022					
	Net Sales	Operating Profit	Ordinary Profit	Net Sales	Rate of Change	Operating Profit	Rate of Change	Ordinary Profit	Rate of Change
Japan	6,483	281	404	6,294	-2.9	506	80.1	685	69.6
United States	1,970	305	407	2,378	20.7	399	30.9	372	-8.6
Europe	2,355	40	0.2	3,136	33.2	359	797.5	352	-
Korea	472	48	22	723	53.2	127	164.6	121	450
Taiwan	169	-44.0	-53.0	117	-30.8	-90	-	-95	-
China *	280	66	63	369	31.7	41	-38.5	23	-62.9
Consolidation * *	-1,450	-243	-255	-1,462	-	-257	-	-275	-
Total	10,279	453	588	11,555	12.4	1,085	139.5	1,183	101.1

*Including the Chinese business of Accelovance (now Linical Accelovance America (LAA)), which it acquired in 2018.4.

** Amortization of goodwill is included in consolidation adjustments.

Balance of Goodwill and Remaining Amortization Period (As of March 2022)

Units: Millions of yen	Amount	Remaining Amortization Period	Annual Amortization * 4
KOREA	Termination of depreciation in FY 2019		
EUROPE ※1※2	1,349	11 – 12	120
USA ※1※3	2,056	12	171

*1 Goodwill generated by the acquisition of Linical Accelovance America, Inc. (hereinafter LAA) has been apportioned pro rata to its European subsidiary EURORE.

*2 Aside from goodwill, intangible assets recognized by purchase price allocation had a balance of 84 million yen at the end of the fiscal year ended March 2022.

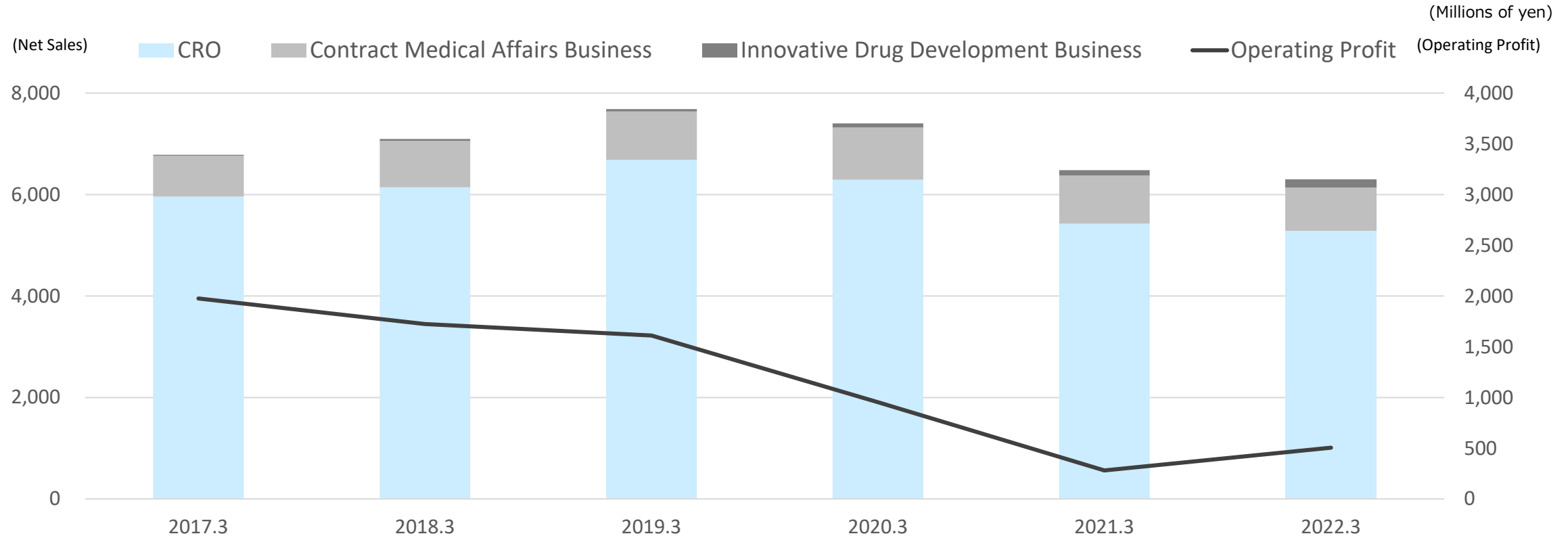
Their remaining periods for amortization range from five to nine years.

*3 Aside from goodwill, intangible assets recognized by purchase price allocation had a balance of 46 million yen at the end of the fiscal year ended March 2022.

Their remaining period for amortization is five years.


*4 Figures have been converted at the exchange rate as of the end of the fiscal year ended March 2022.

Financial Results by Region: Japan



- Since the fiscal year ended March 2020, the securing of orders has not advanced and sales have decreased. Business has been impacted by ordered projects not progressing due to restrictions on visits to medical institutions because of the spread of COVID-19 infections, and revisions to the development plans of pharmaceutical companies, including the narrowing-down of development projects.
- Profit increased in the fiscal year ended March 2022 as we controlled costs and implemented lean management.

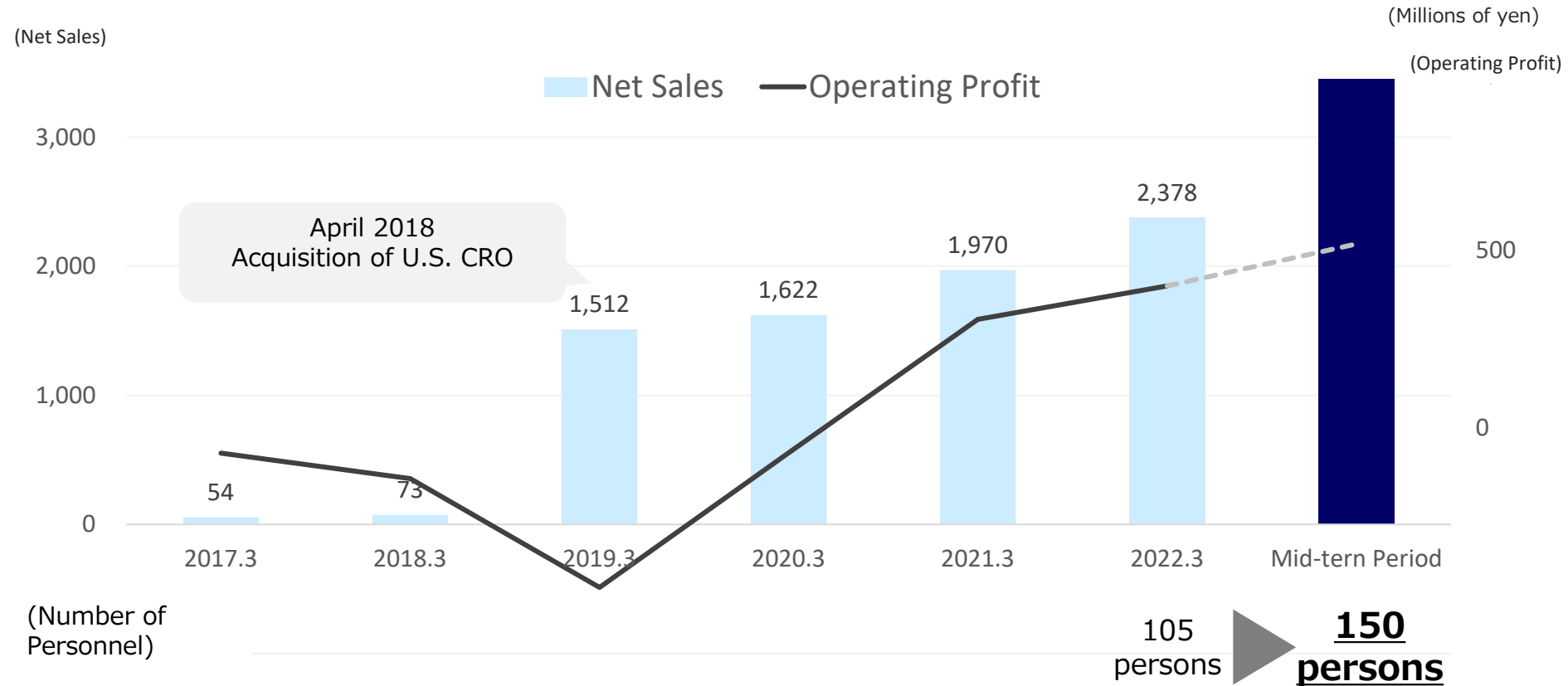
Japan: Business Strategy

Customer	Disease area	Services
Large pharmaceutical companies in Japan	Oncology	Monitoring
	Neuology	
	Immunology	
		
Large pharmaceutical companies in Japan	Oncology	Monitoring
Large pharmaceutical companies overseas	Neuology (CNS)	Project management
Bio-ventures in Japan and overseas	Immunology	Quality Control/Audit
	Ophthalmology	Data management
	Dermatology	Medical writing
	Regenerative medicine	Pharmacovigilance etc.

We will aim for medium to long-term growth and improvement in profitability by evolving business models from the customer, disease area and services aspects.

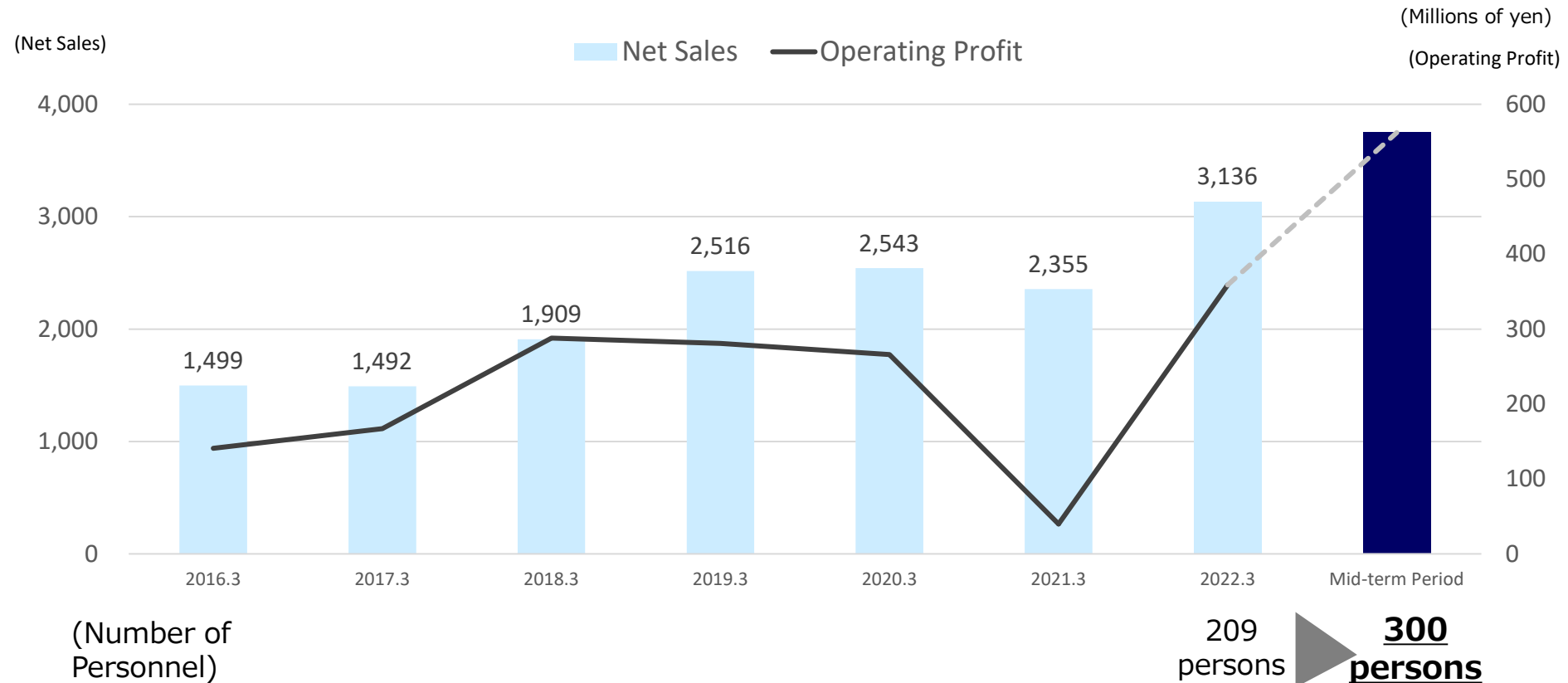
We will pioneer work on the latest therapies expected to expand in the future, such as regenerative medicine and treatment apps.

Financial Results by Region: US



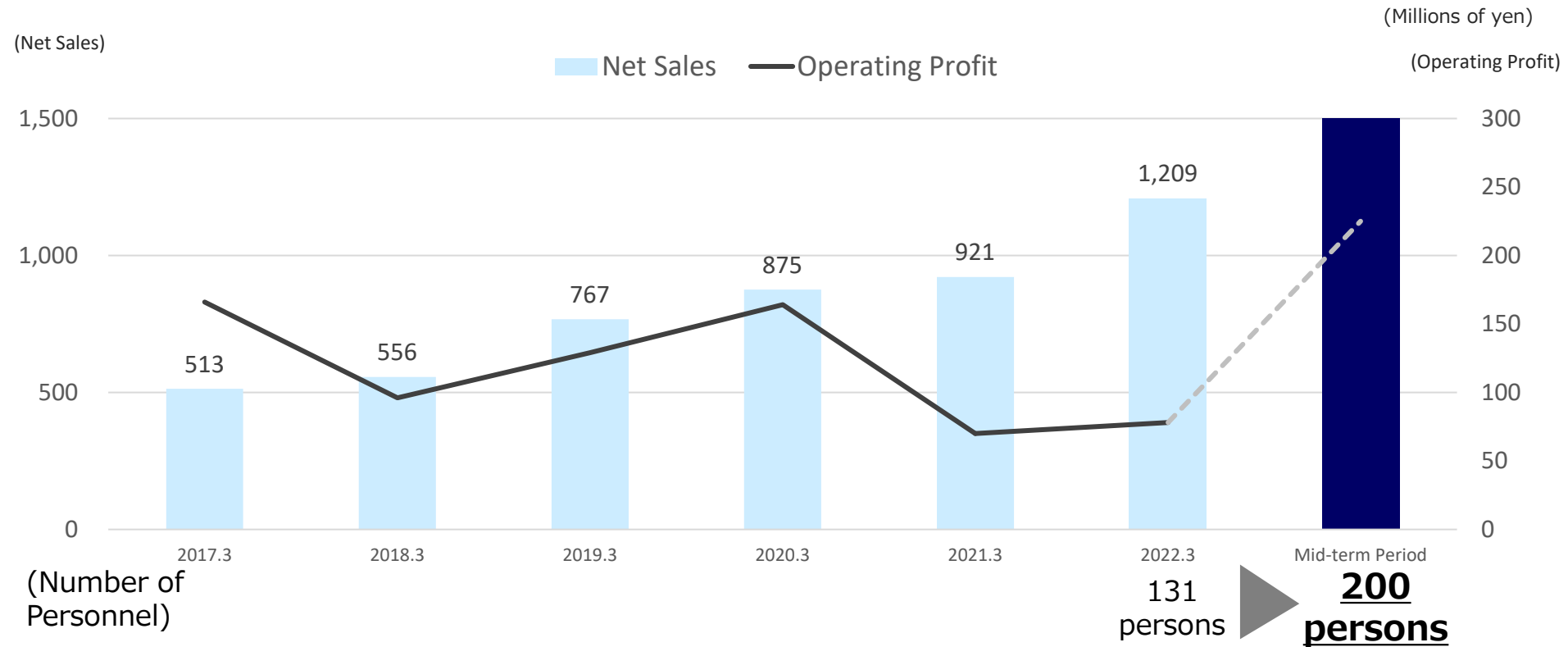
- We acquired Accelovance (USA) in April 2018, returned to profitability the following fiscal year and grew steadily even during the COVID-19 pandemic.
- Results targets: Sales USD 30 million, operating profit margin 15%
- Personnel strategy: **We will aim for a 400-person framework in the long term.** We will consider the use of M&A
- Customer strategy: We will target biotech companies like the next Gilead

Financial Results by Region: Europe



- Orders increased in the fiscal year ended March 2022 as a result of strengthening sales division, and we achieved significant increases in both sales and profit by improving operating rates.
- Results targets: Sales EUR 30 million, operating profit margin 15%
- Personnel strategy: We will consider internal development or use of M&A for a **400-person framework in the long term.**
- Expansion strategy: We are planning to expand in the UK and establish a base in Italy.

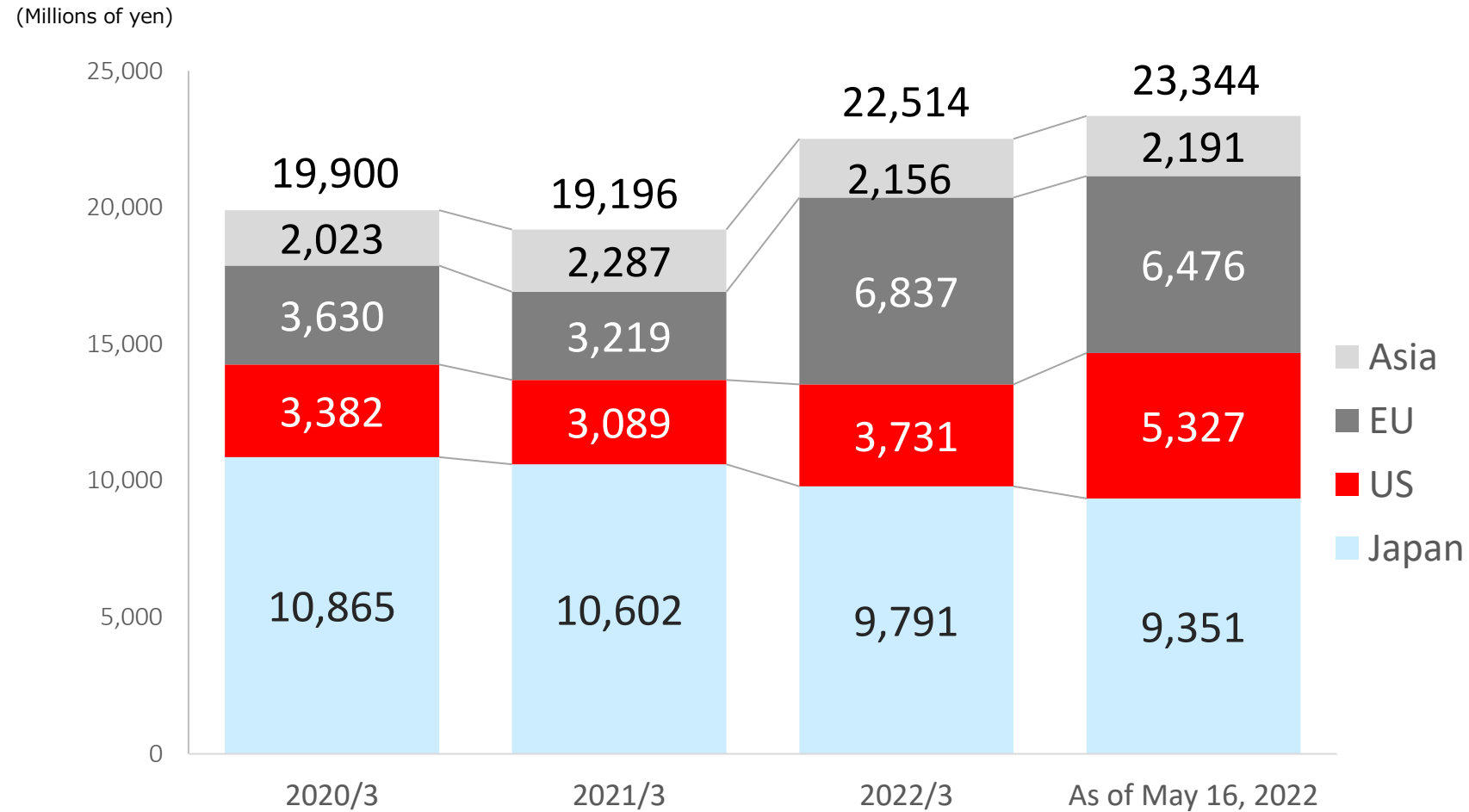
Financial Results by Region: Asia



- Both sales and profit increased in South Korea and the region recorded its highest ever sales and operating profit in the fiscal year ended March 2022. Sales also increased in China, but operating income decreased due to advance investments in human resources, etc.
- Results targets: Sales 1.5 billion yen, operating profit margin 15%
- Personnel strategy: We will consider expansion through internal development for a **400-person framework** in the long term.
- Expansion strategy: We will advance development of the Chinese market.

*Operating income from the FY ended March 2017 to the FY ended March 2019 is the amount before amortization of goodwill borne by the Korean business. Goodwill arising from the acquisition of a subsidiary in Korea was fully amortized in fiscal 2019.3.

Hard Backlog by Region



Contracting of global studies in Europe and the United States increased greatly

3. Forecasts of FY ending March 2023

Consolidated results

- Because the acquisition of orders for large-scale global projects is advancing steadily in Europe and the United States, we are planning for an increase in sales compared to the previous fiscal year.
- Although investments in human resources and IT will occur in association with the expansion of business in Europe and the United States, we expect a significant increase in profit compared to the previous fiscal year because we are controlling costs strictly, centered on business in Japan.

Business environment

- Japan: Demand for new drug development has not recovered as much as in markets in Europe and the United States due to differences in the handling of COVID-19 infections. We will continue to dig up new projects based on persistent sales activities.
- Europe: Inquiries about new projects have increased greatly recently and demand for the development of new drugs is vigorous.
We will aim to acquire global projects by demonstrating global synergies in sales within the group.
- North America:
New drug development in the United States market is vigorous and inquiries about new projects have increased greatly recently.
We will achieve sustainable growth by continuing to focus on deep plowing of the United States market.

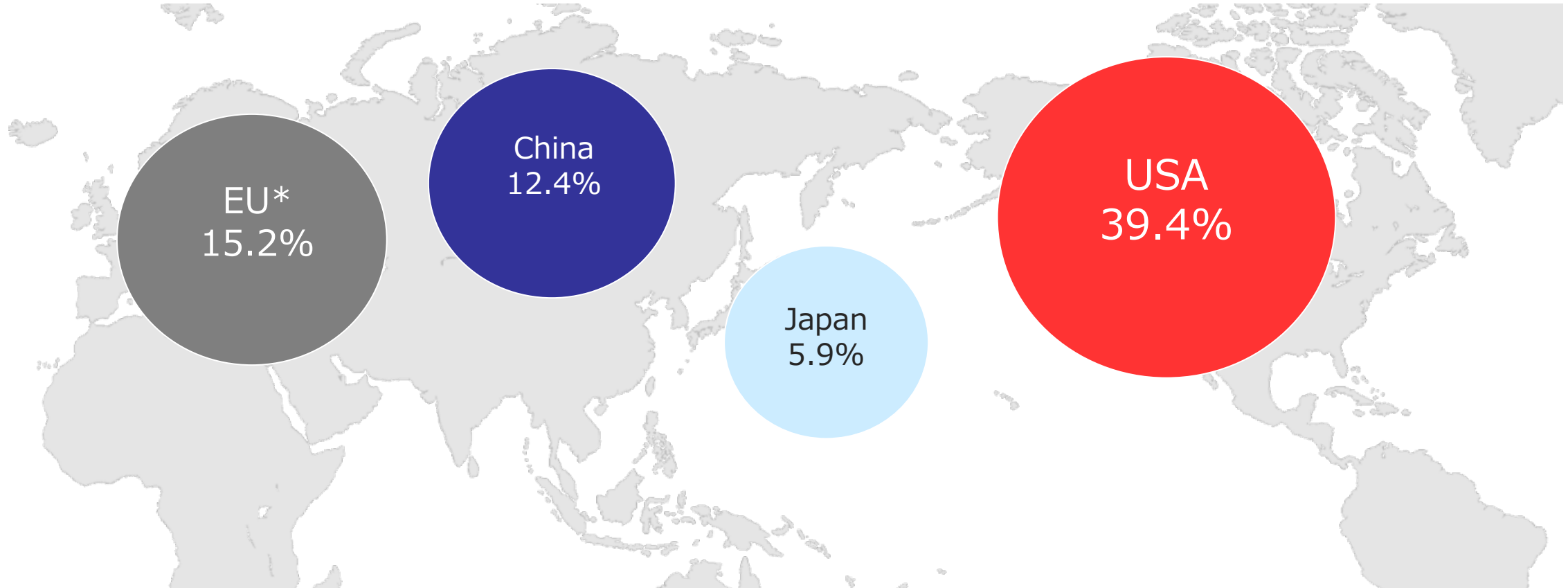
Forecasts for the Current Fiscal Year

Units: Millions of yen	FY ended March 2022 Results		FY ending March 2023 Forecasts		
	Amount	Sales Ratio	Amount	Sales Ratio	Rate of Change
Net Sales	11,555	-	12,440	-	7.7%
Operating Profit	1,085	9.4%	1,224	9.8%	12.7%
Ordinary Profit	1,183	10.2%	1,204	9.7%	1.7%
Net Income	790	6.8%	871	7.0%	10.2%
	Amount (yen)	Payout Ratio (%)	Amount (yen)	Payout Ratio (%)	
Dividend per Share	14	40.0	14	36.3	

- Because the acquisition of orders for large-scale global projects is advancing steadily in Europe and the United States, sales will increase compared to the previous fiscal year.
- Although investments in human resources and IT will occur in association with the expansion of business in Europe and the United States, we expect a significant increase in profit compared to the previous fiscal year because we are controlling costs strictly, centered on business in Japan.

4. Management Strategy

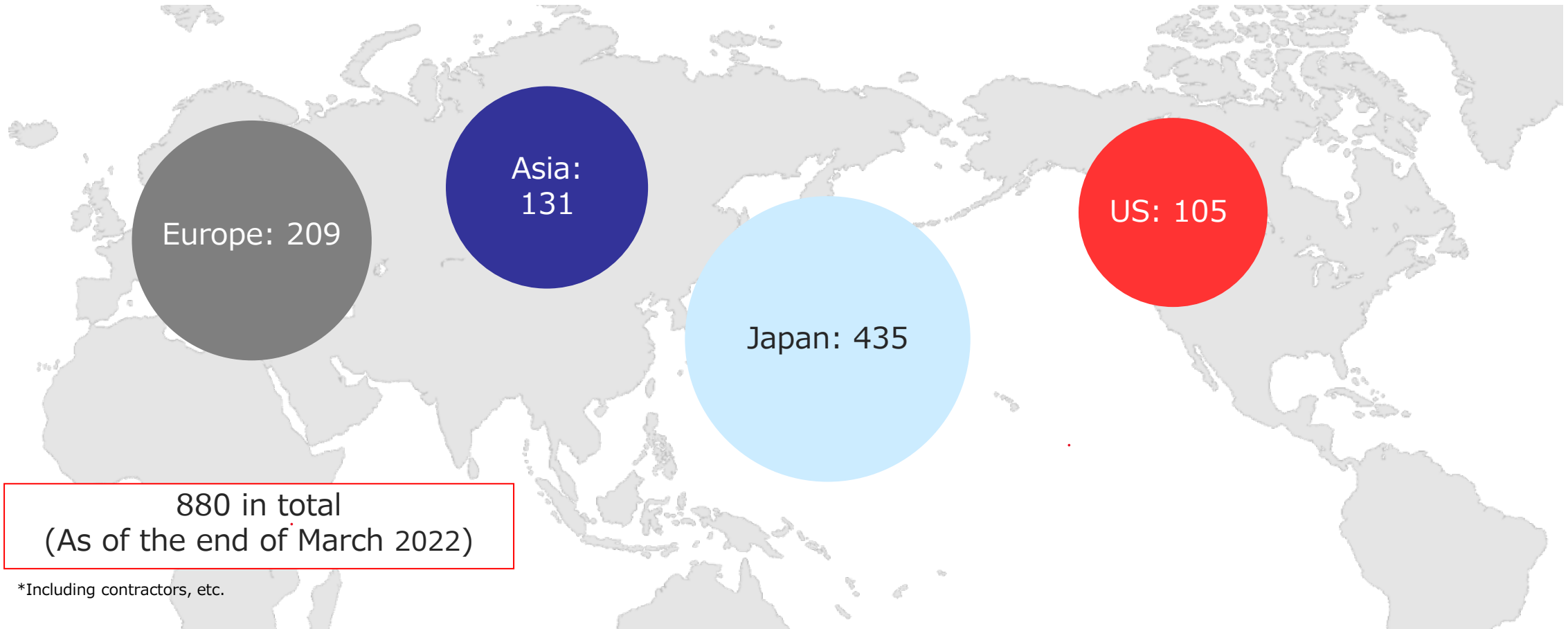
Global Pharmaceutical Market Size (2025 Forecasts)



The global pharmaceutical market is expected to grow to 176 trillion yen in 2025. The CRO market is also expected to grow in association with the expansion of the pharmaceutical market.

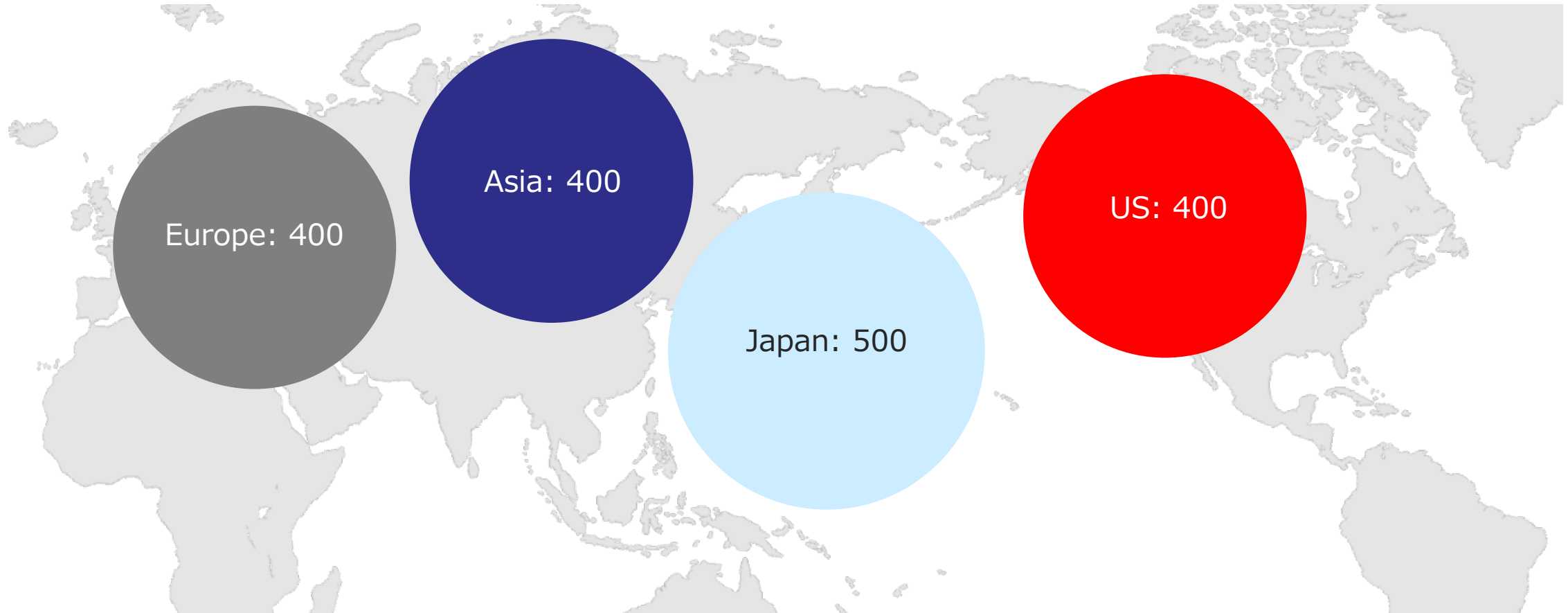
Business expansion in **the United States, the largest market**, is essential.

Expansion of Our Business (1st targets)



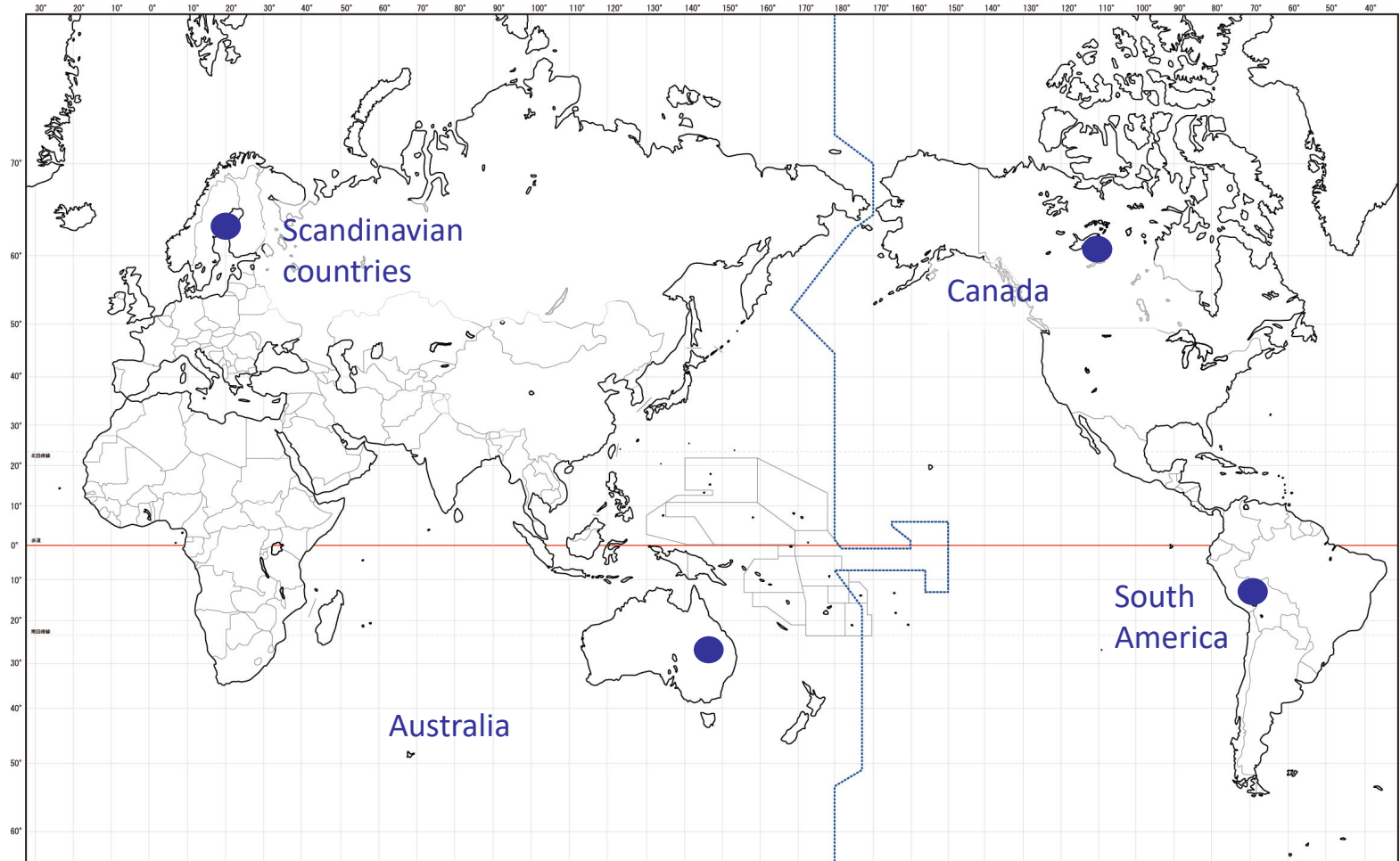
- 1st targets
 - [1] Establishment of bases in Japan, Asia, Europe and the United States, and building of a 1,000-person framework
 - [2] Profitability in each region
 - [3] Expansion into about 20 countries worldwide

Expansion of Our Business (2nd targets)



- 2nd targets
 - [1] 500 people in Japan, 400 people in Asia, 400 people in Europe, 400 people in the United States
=> **Building of a framework with more than 1,500 people**
 - [2] Maintenance of profitability and improvement of profit margins while investing in growth (including M&A) in each region
 - [3] Expansion into about 60 countries worldwide

Potential Area for the Further Expansion



We will consider expansion of the areas we cover in Japan, the United States and Europe, taking time differences into account.

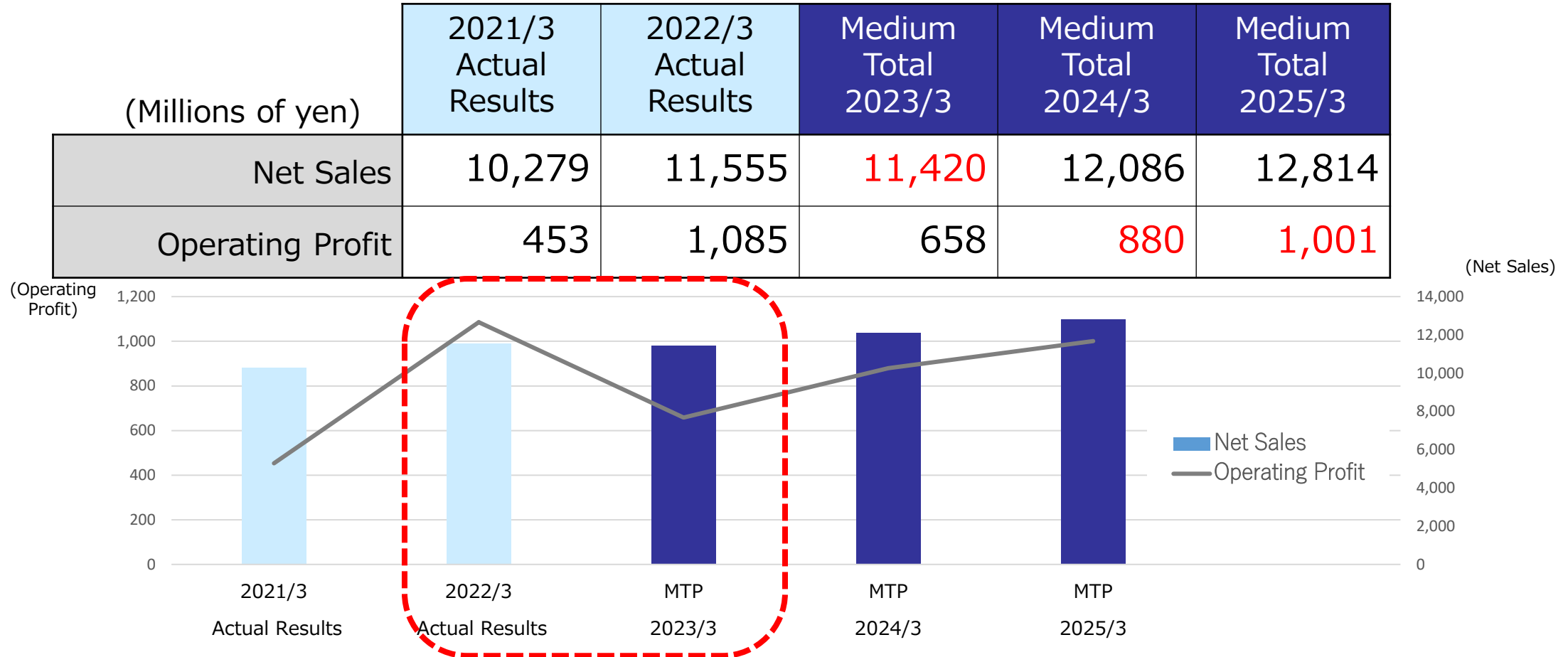
Further, by having a base in the southern hemisphere, we would be able to implement clinical trials on seasonal diseases throughout the year.

Aiming for the Strongest CRO

To be the “strongest” CRO

We are aiming to be the strongest CRO, not the biggest. To be the strongest CRO, we need to be knowledge-intensive rather than labor-intensive, and to achieve the highest profitability in the industry. To realize this, each team member will aim to outperform the competition in terms of revenue per person.

Med-Term Business Plan and Current Performance

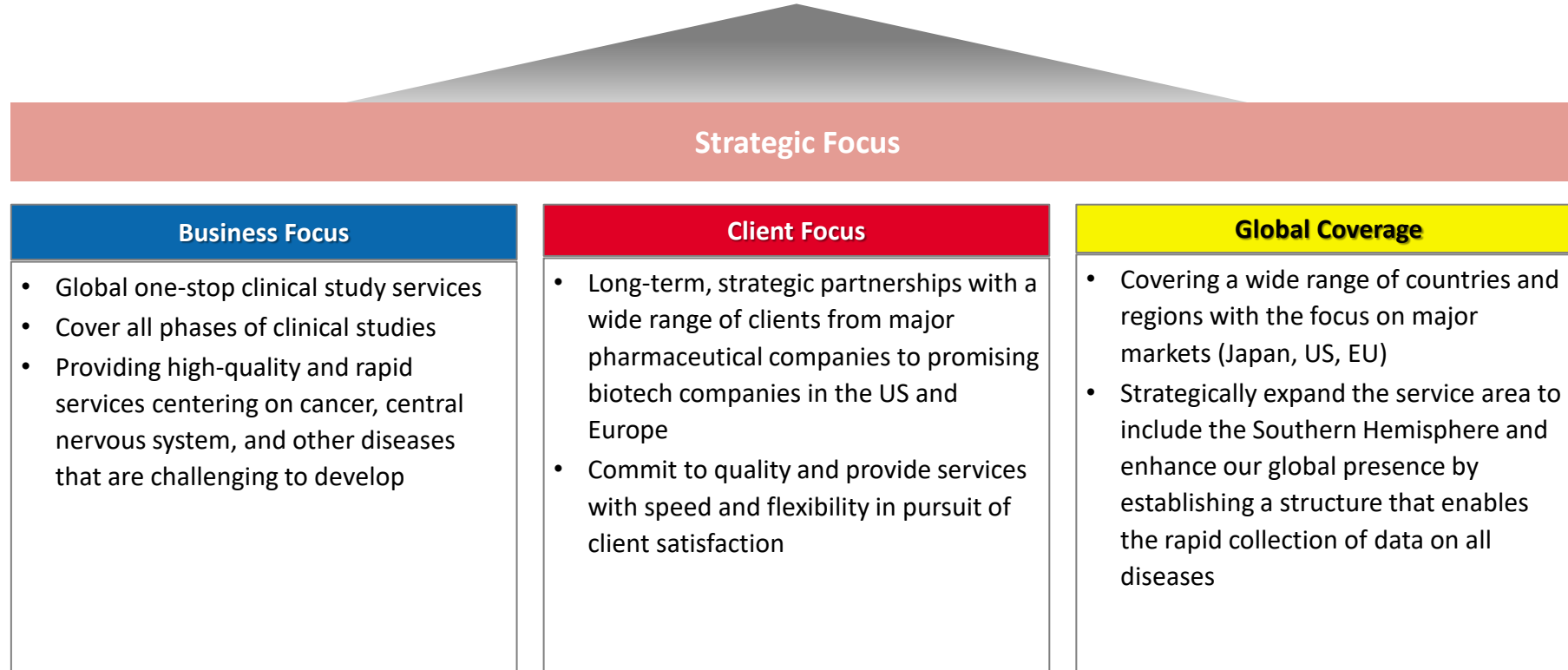


We achieved the medium-term management plan targets for sales for the fiscal year ending March 2023 and operating profit for the fiscal year ending March 2025 ahead of schedule in the fiscal year ended March 2022. We will review the plan and aim for improvements in corporate value over the medium to long-term based on sustainable growth and the improvement of profitability

Midterm Management Vision/Goals for Complying with Listing Criteria

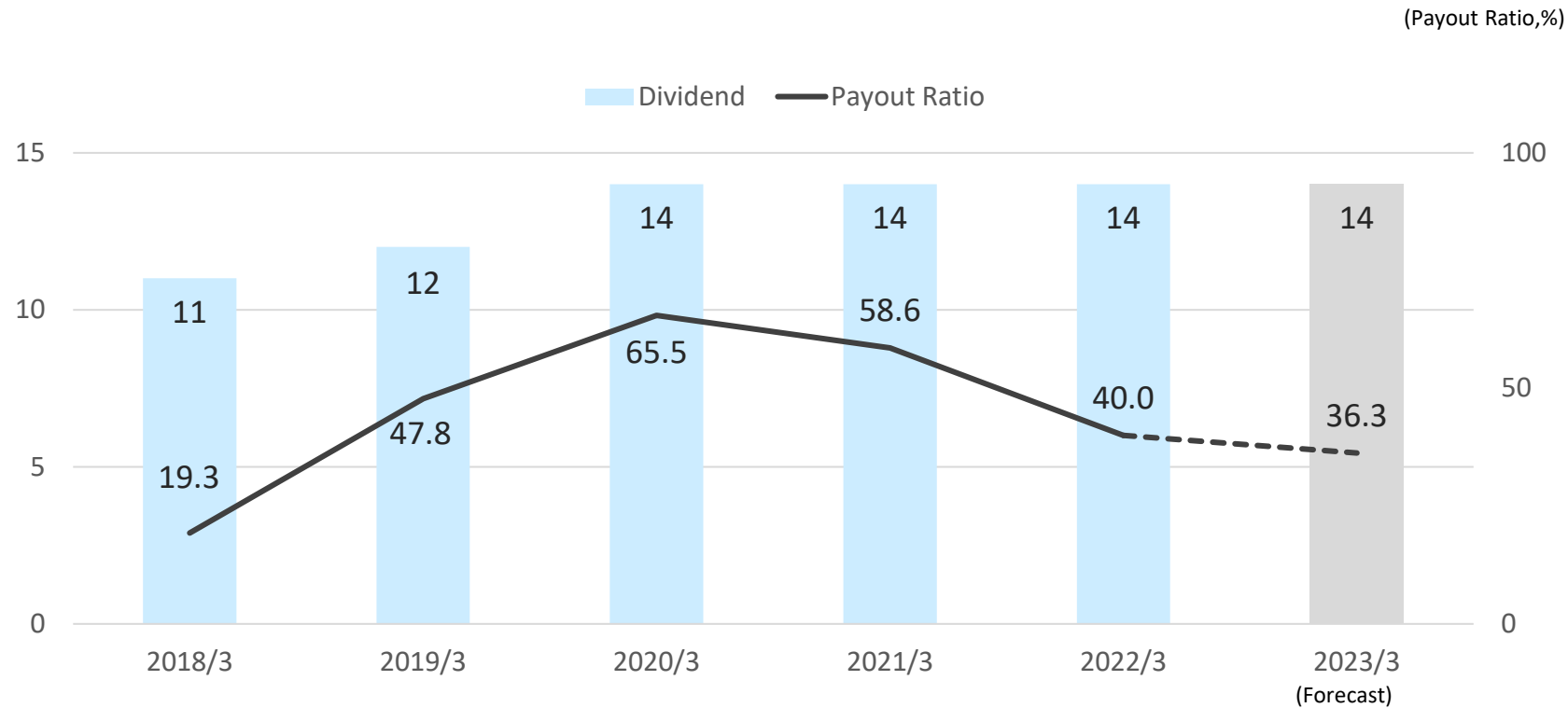
To be the global-leading CRO originating in Japan & a strategic partner for our global clients

Become Japan's first strategic partner as a global CRO



Shareholder Return

■ Trends in Dividends and Payout Ratio



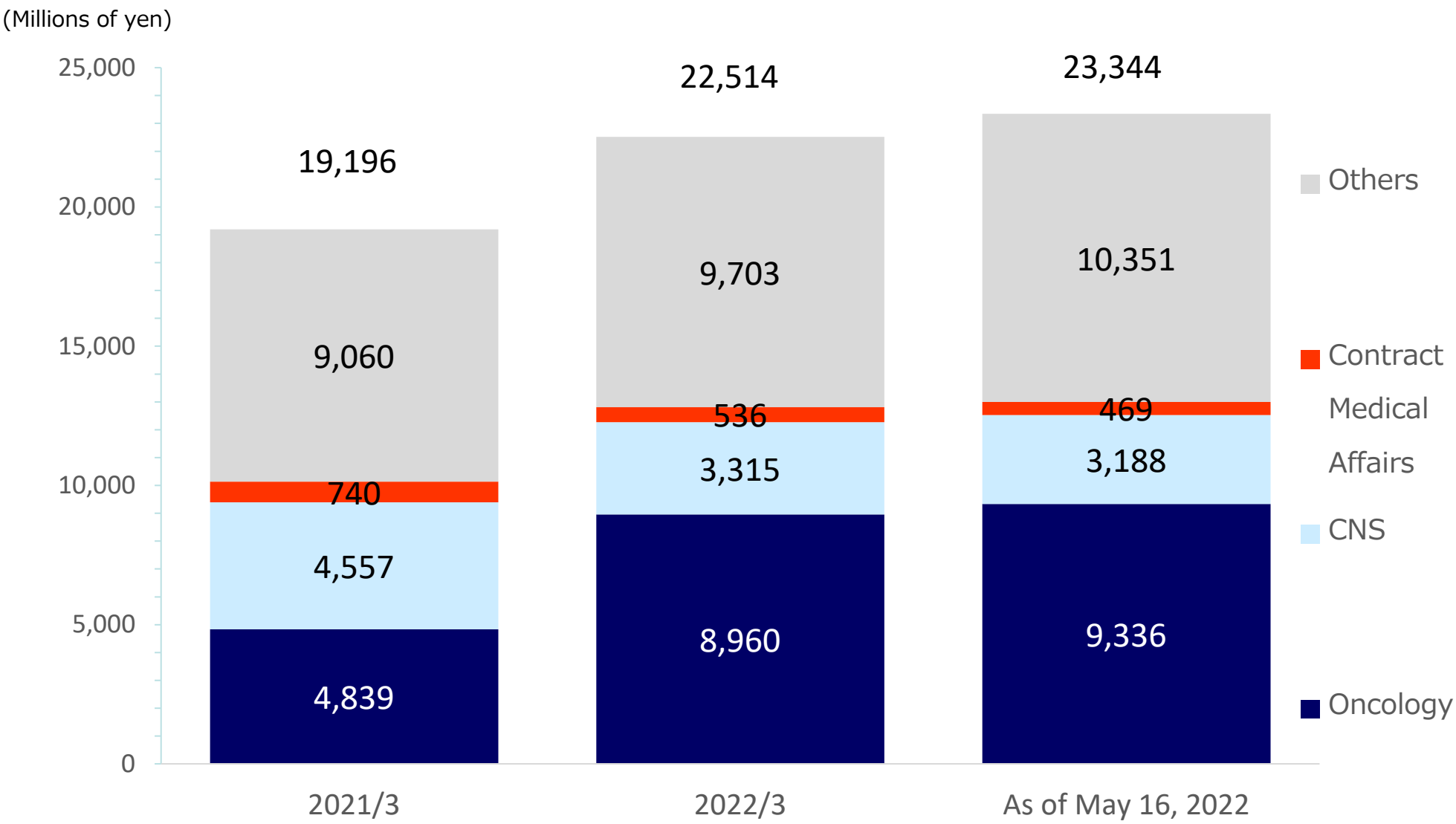
- We will aim for improvements in corporate value over the medium to long-term using retained earnings as a source of growth, including hiring employees and establishing overseas bases.
- We will implement the stable return of profits.

Those plans, forecasts, strategies, etc., stated in this document that are not historical facts are forecasts concerning future results. These are forecasts that have been determined by the company based on information currently available so please do not place undue reliance on them.

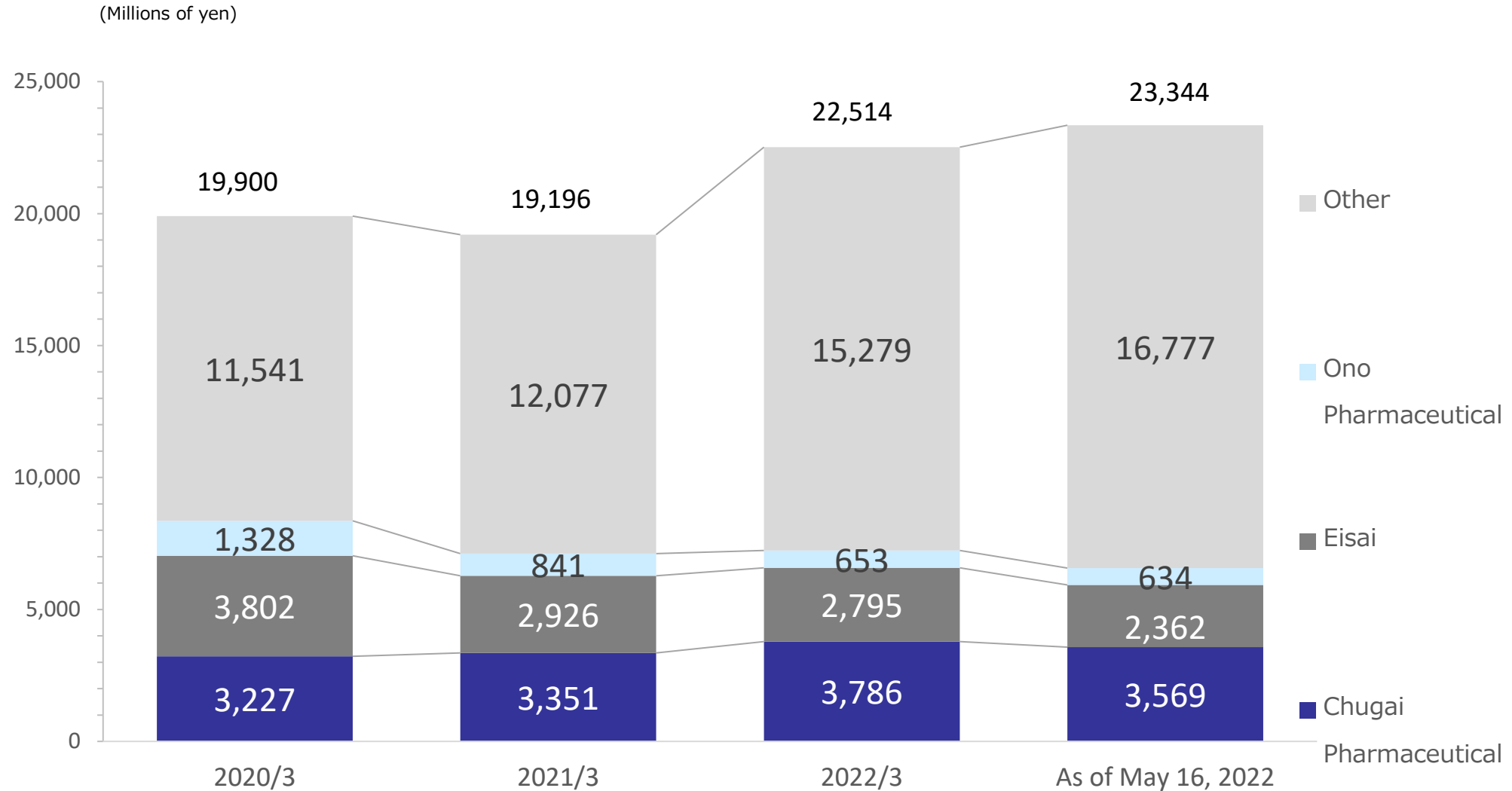
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Appendix

Hard Backlog by Therapeutic Focus



Hard Backlog by Clients



Corporate Profile

■ Company name	Linical Co.,Ltd. (TSE Prime 2183)
■ Head Office	1 -6 -1 Miyahara, Yodogawa-ward, Osaka
■ Establishment	June 7, 2005
■ Representative	Kazuhiro Hatano, President and CEO
■ Capital Stock	214 million yen
■ Business Description	Clinical Research & Development (CRO) business and Contract Medical Affairs Business
■ Number of Employees	843 (417 in Japan and 416 overseas) * As of March 31, 2022
■ Number of Consolidated Subsidiaries	19 companies (all overseas)

Linical aims to be a **global CRO originating in Japan** and contributes to new drug development as a drug development professional

Business Segment

