



December 9, 2024

Kusurinomadoguchi, Inc.

Kouji Tsutsumi, President and Representative Director

(TSE Growth:5592)

## **Transcript of Financial Results Briefing for the Second Quarter of Fiscal Year Ending March 31, 2025**

### **1. Notes on Transcript**

This transcript, including earnings forecasts, has been prepared based on the accuracy of the information available to the Company at the time of publication and certain assumptions that the Company deems reasonable, and actual results may differ due to various risks and uncertainties, such as changes in economic conditions, changes in customer needs, and changes in laws and regulations, and we do not promise to achieve them.

This documentation has been prepared in the Japanese with the English translation. In the event that there arise any doubts or controversies between Japanese and English expression, the Japanese version shall prevail.

### **2. Definition**

**Shot Sales** : Sales earned as initial cost income when various services are introduced

**Gross “Shot” Profit** : "Shot Sales" minus costs related to such sales

**Stock Sales** : Defined as sales that can be earned continuously in the future based on a monthly subscription fee or contract

**Gross “Stock” Profit** : “Stock Sales” minus the cost of maintaining and providing the service.

### **3. Transcript of Financial Results Briefing for the Second Quarter of Fiscal Year Ending March 31, 2025**

I am Kouji Tsutsumi of Kusurinomadoguchi, Inc.

I would like to begin the financial results briefing for the second quarter of the fiscal year ending March 31, 2025.

Regarding the sales and operating profit, the media business and the core system business performed well due to the progress of DX at dispensing pharmacies.

Sales increased by 28% year-on-year, reaching 5 billion 440 million yen, and operating profit increased by 13% to 940 million yen.

For each business, considering that we are a single segment company, we aim to grow in Stock Sales and Gross “Stock” Profit rather than operating profit.

For the media business, the continued success in “Rich Plan” and “Pharmacy Support” from the first quarter has led to significant growth in both net sales and Gross “Stock” Profit.

As for the “Everyone's Medicine Box Service”, as mentioned in the first quarter's financial explanation, the adjustment with pharmaceutical wholesalers led to a decrease in acquisitions of new clients, resulting in a reduction in sales. We have finally secured a path to a restart and will explain this on the next slide.

Regarding the core system business, our subsidiary MOINET SYSTEM, CO. has made progress in sales of subsidy-eligible functions for existing customers, significantly increasing sales.

Moreover, acquisitions of new clients are steadily increasing, as is the Gross “Stock” Profit.

Now I will talk about a business alliance announced today.

After much time, we have established a business alliance with E-BOND Holdings, which operates 507 dispensing pharmacy stores nationwide, as a new partner to replace I&H.

By providing high-value-added products and services to pharmaceutical wholesalers and contracted facilities, we will aim to maximize both the number of contracted facilities and GMV.

During the third quarter, we plan to fully reopen, allowing us to expand the scope of DX again, enabling upselling in each business, and expecting improved sales.

Here is the transitional sales trend per quarter.

On a year-on-year basis, both Shot Sales and Stock Sales have increased.

On a quarter-on-quarter basis, acquisitions of new clients for “Everyone’s Medicine Box Service” were sluggish, resulting in a decrease in Stock Sales.

However, as mentioned earlier, we have secured a path to reopening, and we expect to see steady growth in the future.

Operating profit has grown significantly due to the good performance of the media and core system businesses.

Regarding sales and administrative expenses and employee numbers, the rationalization of the acquired businesses and existing businesses is progressing smoothly and is showing a declining trend.

We will continue to further rationalize and improve productivity.

Here is the consolidated income statement. As written, it is as described.

Next is the balance sheet. It is as written here, but as loans for the joint purchase became unnecessary, cash and equivalents decreased, and current liabilities also decreased compared to the previous period.

First, the media business.

In this business model, commissions from online reservation for prescription drug pick-up from EPARK Kusurinomadoguchi, one of the largest portal sites for dispensing pharmacies in Japan, and EPARK Medication Notebook App, one of the largest medication notebooks in Japan, are a major source of revenue for Stock Sales.

Additionally, the monthly fees for the top-ranking search results plan named “Rich Plan”, and the monthly fees for plans named Pharmacy Support that encourage repeat patient visits are included in Stock Sales.

Regarding Shot Sales, revenue sources include site construction fees for “Rich Plan” and initial setup fees for “Pharmacy Support”.

From the first quarter onwards, the upselling of “Rich Plan” and “Pharmacy Support” progressed favorably, and Shot Sales increased.

Also, there are plans to release new products in the future, which are expected to further improve results.

Regarding Stock Sales, the number of online reservations for prescription drug pick-up is trending steadily, and

improvements are expected to continue.

Although the number of online reservations for prescription drug pick-up has increased, due to the release of new products in the second quarter, the Gross “Stock” Profit shows a decrease in figures.

However, as sales of the products are anticipated in the future, Gross “Stock” Profit is also expected to improve.

Key Performance Indicators (KPI) for the media business.

The number of online reservations for prescription drug pick-up increased by 221,000 cases compared to the previous period.

The number of downloads of the Medication Notebook App reached 5.49 million downloads.

The number of contracted facilities increased steadily to 22,008 stores.

Although it is number one in scale domestically, the share of online reservations for prescription drug pick-up is still low. Various measures are planned to be implemented in the future to expand it.

Topics of the media business.

By using AI and OCR technology to digitize all images of prescription, we are undertaking various initiatives.

This is an example of the number of cancellations of online reservations for prescription drug pick-up occurring in a certain region.

You can obtain information about which medicines are canceled at which dispensing pharmacies, which pharmacies have stocks of those medicines nearby, as well as their drug prices.

This allows us to visually confirm the distribution of medications that were previously unclear. We recognize this as a first-of-its-kind initiative in Japan.

Based on the data explained earlier, we have started providing a product called “AI stock function”. This product has strong demand from chain dispensing pharmacies.

This product has three advantages:

Firstly, it allows visualizing and guiding towards stores with stock within one's own group of dispensing pharmacies to prevent missed opportunities.

Secondly, it enables real-time notifications of its own dispensing pharmacy's stock to patients eligible for cancellation within the trade area.

Thirdly, it displays one's dispensing pharmacy stock information when patients search for medicines by geographical area or location search.

As a result, it is possible to avoid previously invisible opportunity misses and to review adopted products based on canceled data in the trade area.

Next, “The Everyone's Medicine Box Business”.

This business model supports the part related to the purchase of medical institutions, and the main sources of revenue are purchasing support, which receives a part of the price as a commission, and the monthly usage fee for e-Order, an AI-based inventory management and automatic ordering system that is basically introduced at the same time.

Next, the commission of “The Everyone's Medicine Box Service”, which matches pharmacies that want to sell surplus

medicines without prescription with pharmacies that want to buy medicines at a low price on the Internet, and receives a commission, is also a component of Stock Sales.

The initial cost for introducing e-Order goes into Shot Sales, which forms part of this business model.

In terms of net sales in the second quarter, Stock Sales increased compared to the previous fiscal year due to an improvement in sales of “e-Order” and “The Everyone’s Medicine Box Service”. However, due to temporary adjustments made through joint purchase support, acquisitions of new clients have decreased, resulting in a decline in Shot Sales.

There are prospects for restarting as “Purchase service” in the third quarter, and improvements are expected from there. The transition of Gross “Stock” Profit is also expected to improve along with Stock Sales.

Key Performance Indicators of “Everyone's Medicine Box Business”.

Regarding GMV, it represents a decrease of 1.1 billion yen compared to the previous period.

The number of contracted facilities increased by 2,721 stores as a result of the smooth growth of major dispensing chains in “Everyone's Medicine Box Business Service”.

Now onto the topics of “Everyone's Medicine Box Business”.

To briefly explain the current scheme, previously, customers of contracted facilities dealt directly with pharmaceutical wholesalers, but moving forward, transactions will be conducted with Weeds, a subsidiary of E-BOND Holdings.

Therefore, we believe that we will be able to contribute by striving to improve distribution more than ever before, and by being able to provide optimal purchasing support to customers of contracted facilities.

Now, shifting to the core system business.

We equip lineups of key systems such as Receipt computer for dispensing pharmacies, electronic drug history system, Dispensing inspection system, Electronic Care Records for Nursing Home/Facility, Bed Sensors, Billing Systems for hospitals and clinics, ICT solutions for hospitals, Electronic medical records for hospitals and clinics and AI Phone Reception.

The business model is in the form of receiving a monthly fee for the use of the software, which is Stock Sales.

The necessary costs when initially replacing the computers contribute to Shot Sales.

Regarding the quarterly sales of the core system, in the second quarter, there was a significant increase in Shot Sales due to the upselling of subsidy-eligible functions from MOINET SYSTEM.

In addition, the sales of High Bridge, Co.Ltd., which we acquired in the previous fiscal year, have been increasing since the second quarter, and we are expecting acquisitions of new clients in the future.

Gross “Stock” Profit has also been steadily increasing due to business improvements at Highbridge, which was acquired in the previous fiscal year.

Key Performance Indicators for the core system.

The number of the core systems owned increased by 3,416 compared to the previous fiscal year.

As various initiatives will begin in the future, we aim to quickly surpass 10,000 facilities.

Since the first quarter, the medication follow-up link with the E-PARK Medication notebook has been strong, and the number of new contracted facilities is expanding.

In addition, “The Smart Guide Service”, which we acquired last year, has been decided to be introduced to Kurashiki Central Hospital, and inquiries are increasing.

Here are topics on new businesses.

As part of our pre-symptomatic disease prevention business, we currently have contracts with about 40 health insurance associations. We are not yet on a scale where we can announce our results, but we are steadily seeing results.

In addition, although we have not been able to make an announcement this time, we are also working on a business for pharmaceutical manufacturers, so I would like to introduce it at the next financial results announcement.

This is the outlook for the fiscal year ending March 2025.

Based on the results up to the second quarter, the achievement of full-year results is highly likely. However, we will conservatively maintain our plans and announce them as they are this time.

Here is the medium-term management plan.

Our company prioritizes maximizing stable Stock Sales that continue to increase rather than Shot Sales.

The plan aims to achieve Stock Sales of 20 billion yen and an operating profit of 5 billion yen by March 2030.

In addition, we aim to have 100,000 facilities in our customer base by 2030. We plan to continue to actively engage in M&A in the future.

Our mission is to provide new value to the healthcare sector and contribute to the resolution of social issues through our business.

We would appreciate your continued support.

This concludes my explanation.

Thank you very much.