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Kusurinomadoguchi, Inc.
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(TSE Growth:5592)

Transcript of Financial Results Briefing for the Fiscal Year Ended 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 Fiscal Year Ended March 31,2025

I am Kouji Tsutsumi of Kusurinomadoguchi,Inc.
Thank you for watching.
I would like to begin the financial results briefing for the fiscal year ended March 31, 2025.
First, I will give you an overview of our consolidated financial results.

First, I will give you an overview of our consolidated financial results.
Regarding consolidated sales and consolidated operating profit, the media business and core systems business performed well during the fiscal year under review due to measures to promote digital transformation following the revision of dispensing fees in fiscal 2024.
Consolidated sales increased 28% year on year to 11.19 billion yen, and consolidated operating profit increased 43% year on year to 1.95 billion yen.

As we operate as a single segment, we measure the growth of each business in terms of sales and gross stock profit.

In the Media business, the strong acquisition of Rich Plan and Pharmacy Support, which includes medication guidance that meets the additional requirements of the 2024 revision of dispensing fees, as well as an increase in the number of online prescription reception and the unit price, also contributed to performance.

Regarding the Everyone's Medicine Box Business, due to adjustments with some pharmaceutical wholesalers, new acquisitions were affected and sales decreased for the fiscal year ended March 2025 only.
Gross stock profit has slowed compared to previous years but has increased compared to the previous period. However, in the fiscal year ending March 2026, transactions with pharmaceutical wholesalers have already returned to normal due to a business alliance with our new partner, E-BOND Holdings.

In the core systems business, our subsidiary MOINET SYSTEM, CO., has made progress in acquiring new functions for its electronic prescription management service, which is eligible for subsidies to existing customers, and sales have increased significantly.
Additionally, new customer acquisition progressed smoothly, resulting in an increase in gross stock profit.

This is consolidated sales.
Shot sales increased 40% year on year to 3.95 billion yen. This was due to a significant increase in the introduction of services subject to the revision of dispensing fees in fiscal 2024 in the media business and core systems business.

On the other hand, stock sales increased 23% year on year to 7.24 billion yen, partly due to adjustments with pharmaceutical wholesalers in the Everyone's Medicine Box Business.
Consolidated sales increased 28% year on year to 11.19 billion yen.

Next is the overall gross stock profit.
This was up 37% year on year to 2.87 billion yen.
Gross stock profit is the profit that can be expected when the costs required to maintain existing customers and selling and general administrative expenses (stock costs) are subtracted from stock sales. It is a stable source of operating profit and is steadily accumulating.

Consolidated operating profit increased 43% to 1.95 billion yen, due to high levels of shot sales resulting from the introduction of new services at dispensing pharmacies in the Media Business and Core Systems Business.

Selling and general and administrative expenses for the fiscal year ended March 2025 are expected to increase 27% year on year to 4.52 billion yen.
The increase is due to the acquisition of three subsidiaries in the second half of the fiscal year ended March 2024, which resulted in an increase in personnel expenses for the full fiscal year ended March 2025, and upfront investments for the future. The number of employees has decreased since the end of the previous fiscal year due to rationalization.

This is a consolidated income statement.
As shown on the slide, as a result of the absorption-type merger of our wholly owned subsidiary in November 2024, we inherited the subsidiary's carried-forward losses, and as a result, net income attributable to parent company shareholders increased 134% year-on-year to 2,034 million yen.

Next is the consolidated income statement for the fourth quarter.
Due to a slight decrease in the shot sales of the media business and the core system business, which had been performing

at a high level, consolidated sales amounted to 2.77 billion yen, a 7% decrease compared to the previous quarter. Accordingly, profits at each stage also decreased compared to the previous quarter.

Next is the balance sheet.
As stated, starting from this period, there is no longer a need for spot borrowing from financial institutions, and due to changes in the billing collection scheme for purchasing support services, cash and current liabilities have significantly decreased. At the end of this period, short-term borrowings are at zero, and net cash stands at 2.09 billion yen.

Next, we will look at consolidated cash flow.
There has been a significant decrease in operating cash flow, which is mainly due to a change in the billing collection scheme for purchasing support services.
Until now, we have mainly collected pharmaceutical payments from pharmacies within 53 or 83 days and made payments to pharmaceutical wholesalers within 90 days.
Due to a change in business partners, the pharmaceutical cost collected on the 53rd was paid on the 60th, and the cost collected on the 83rd was changed to payment on the 90th.

As a result, accounts payable decreased by 7.6 billion yen, resulting in a decrease in retained funds.
Excluding the 7.6 billion yen decrease in accounts payable, operating cash flow was a positive 2.3 billion yen.

Next, let's compare the plan for the fiscal year ended March 2025 with the actual results.
Sales and profit at each stage have improved significantly from the initial plan, and the final dividend per share was 27 yen.

I will now explain each business segment, starting with its business model.
First, the media business.

In this business model, the major sources of revenue from stock sales come from fees charged on online prescription applications from EPARK Kusurinomadoguchi, one of Japan's largest portal sites for dispensing pharmacies, and EPARK Medication Notebook App, one of Japan's largest medicine notebooks.

In addition, the monthly listing fee for Rich Plan, which ranks highly on the site, and the system fee for Pharmacy Support, a system that encourages users to visit again, are included in stock sales.

In addition, the main source of revenue for shot sales is the initial implementation costs for Rich Plan and Pharmacy Support.

This is sales for the media business.
Upselling of Rich Plan and Pharmacy Support, which includes Medication guidance that meet the additional requirements of the FY2024 revision of dispensing fees, progressed well, and shot sales remained at a high level, but peaked and began to moderate in the fourth quarter.

In addition, regarding online prescription receptions, the increase in the number of online prescription receptions and the unit price was a factor, and as a result, stock sales have grown significantly.

Looking ahead, we are releasing new services, such as the AI stock feature, and we expect the service to continue to improve.

Next is gross stock profit.
Gross stock profit decreased compared to the third quarter of the fiscal year ending March 2025 due to an increase in costs caused by advance investments for the future (listings, etc.).

In the fiscal year ending March 2026, we expect the number of users of our online prescription reception service to continue to increase, and gross stock profit to increase due to the introduction of new services and upselling.

This will be the KPI for the media business.
The number of online prescription receptions increased by 968,000 compared to the fiscal year ended March 2024.
As a result, stock sales are steadily increasing.

Next, the number of downloads of EPARK Medication Notebook App has reached 6.16 million, surpassing the milestone of 6 million. We will continue to enhance the added value of the medication notebook and increase the number of downloads.

The number of contracted facilities is also steadily increasing, reaching 22,368.

Although we have the largest market share in Japan for online prescription reception, there are still issues with raising awareness of the service and our share is still low, so we plan to implement various measures to expand in the future.

Next, I would like to talk about topics related to media business.
Rich Plan provides high rankings on websites and enriches the information on the pharmacy pages. In addition, it also enables Dosing follow-up, and by capturing the needs of pharmacies looking to attract new patients, we have seen a significant increase in acquisition.

AI Stock is a service that prevents patients who use the online prescription reception system from losing opportunities due to not having the medication in stock.
The system is linked to the inventory systems of each store in our group and shares inventory status, which prevents patients with appointments in our group from canceling them. It also has a mechanism to approach patients within our trade area about canceling their appointments. As a result, we have received strong inquiries from drug stores and dispensing pharmacies with multiple store locations, and as of the end of April 2025, we have received applications from more than 1,500 stores.

Next is Everyone's Medicine Box Business.
The main sources of revenue for this business model are purchasing support, in which we support medical institutions

in their purchasing needs and receive a commission as a portion of the price, as well as a monthly fee for Order, an inventory management system that utilizes AI and is basically introduced at the same time.

Next, we match dispensing pharmacies that want to sell unused pharmaceuticals with dispensing pharmacies that want to buy pharmaceuticals cheaply online, and we receive commission from both parties for our B2B marketplace of inactive medication inventory service, which also constitutes our stock sales.

Additionally, the main source of revenue from shot sales is the initial setup costs incurred when introducing e-order.

Next is the sales figures for Everyone's Medicine Box business.
Compared to the fiscal year ended March 2024, stock sales have seen a decrease in the GMV of purchasing support services and a slowdown in the growth of commissions. However, as the number of companies introducing e-orders has increased, monthly usage fees have increased, and the GMV of B2B marketplace of inactive medication inventory has also increased, leading to an increase in commissions, which has led to an increase in stock sales for the entire business.

Shot sales decreased due to adjustments made with pharmaceutical wholesalers in the purchasing support service.

We expect to increase new customer acquisition and improve our performance in the fiscal year ending March 2026.

Next is the gross stock profit of Everyone's Medicine Box business.
Compared to the fourth quarter of the fiscal year ended March 2024, gross stock profit has decreased due to increased development costs related to B2B marketplace of inactive medication inventory and increased maintenance costs for purchasing support service.

The business environment for purchasing support services is returning to normal in the fiscal year ending March 2026, so stock gross profit is expected to increase going forward.

This will be the KPI for Everyone's Medicine Box business.
Regarding GMV, for purchasing support service, due to the withdrawal of some major companies, the GMV decreased by 8.4 billion yen compared to the fiscal year ended March 2024. However, as we have been saying, the business environment for purchasing support services has normalized, and we expect the GMV to increase in the future.

The total number of contracted facilities was 17,901, due in part to an increase in the number of contracted facilities of B2B marketplace of inactive medication inventory.

Next are the topics.
As for B2B marketplace of inactive medication inventory, the amount of B2B marketplace of inactive medication inventory being traded and the associated fees are increasing due to the introduction of medium-sized and large companies. We are also receiving more inquiries from other medium-sized and large companies.

We also plan to provide upgrades to current functions for mid-sized and large companies and will continue to expand in the fiscal year ending March 2026.

Regarding purchasing support service, we have completed the adjustment with the pharmaceutical wholesaler and the transfer of customers through our business partnership with the E-BOND Group, and the situation is returning to normal. From the fiscal year ending March 2026, we will strengthen our acquisition efforts and aim to maximize the distribution amount.

Next, I would like to talk about our core systems business.
The core system business is for pharmacies, including receipt computer systems, medication history data, and dispensing inspection systems.
For nursing care facilities, we have receipt computer systems, record systems, bed sensors,
For hospitals and clinics, we provide billing systems, reception systems, electronic medical records, AI telephone reception, etc.
We have a lineup of core systems business in each field and have established a sales system.

Our business model is to charge a monthly fee for using the software, which constitutes recurring revenue.

On the other hand, costs incurred when building a system environment, such as replacing computers when introducing a system, are considered shot sales.

This is sales from the core systems business.
In the core system business, the upselling of MOINET SYSTEM, CO. to acquire new functions of the electronic prescription management service, which is the target of the subsidy for dispensing pharmacy, started to increase sharply from the second quarter, and shot sales remained at a high level. In addition, sales at Highbridge, which were acquired in the previous fiscal year, also increased.

Shot sales slowed in the fourth quarter but remained at a high level.
As a result, stock sales have been steadily increasing.

This is gross stock profit for the core systems business.
Recurring gross stock profit decreased due to the recording of partial costs of software assets in the third quarter. However, recurring sales increased in the fourth quarter, and the profit increased both year-on-year and quarter-on-quarter.

This will be the KPI for the core systems business.
The number of contracted facilities covered by the core system has increased by 579 compared to the fiscal year ending March 2024 to 8,048.
We would like to provide a variety of solutions in the future and quickly surpass 10,000 facilities.

Topics on core systems.
By linking the MOINET SYSTEM, CO.'s systems with Hi-Bridge Inc.'s medication history Data, receipt computer systems and the EPARK medication notebook, we can provide dosing follow-up and online medication guidance, which has led to an increase in new clients.

In the fiscal year ending March 2026, we will further strengthen our acquisition efforts, aiming to increase the number of pharmacies operated by our core systems business by a net of 1,000 facilities.

Topics on new business ventures.
Until now, we have reported the pre-disease prevention business as part of our new business. However, as we expect the business to expand from the fiscal year ending March 2026, we will disclose details about it as our fourth pillar business from the fiscal year ending March 2026.

Our plan for the fiscal year ending March 2026 is to achieve sales of 12.3 billion yen and operating profit of 2.2 billion yen.
In the fiscal year ended March 2025, new functions for electronic prescription management service, which was eligible for special subsidies and saw special demand, contributed greatly to MOINET SYSTEM, CO.'s performance.
For your reference, we have also included the growth rates if there was no special demand. In that case, the growth rate of sales would be 15% and the growth rate of operating profit would be 33%.

In addition, the dividend for this fiscal year will be 27 yen, but we plan to increase the dividend to 30 yen for the fiscal year ending March 2026.
We will also invest in new businesses while seeking to increase shareholder returns.

Our medium-term management plan aims for stock sales of 20 billion yen and operating profit of more than 5 billion yen.
The past five years, including the current fiscal year, the average annual growth rate has been 32% for stock sales and 42% for consolidated operating profit.

On the other hand, we expect that the average annual growth rate of the targets for the fiscal year ending March 2030 will be 23% for stock sales and 21% for consolidated operating profit, which are both steady compared to the actual results.

Regarding our customer base, we aim to have 100,000 facilities by the end of the fiscal year ending March 2030.
Although we did not undertake any M&A activities in the fiscal year ending March 2025, we plan to continue to actively pursue M&A.

Our mission is to "provide new values in the healthcare field and contribute to solving social issues through our business."

We appreciate your continued support.

That is all for my presentation. Thank you very much.