

Business Results for the Second Quarter of the Fiscal Year Ending March 31, 2025



QoI Holdings Co.,Ltd.

November 6, 2024

The Prime Section of the Tokyo Stock Exchange
3034



Changes in reporting segments



Reporting segment changed from First Quarter of the Fiscal Year Ending March 31, 2025, due to the expansion of the Pharmaceutical Manufacturing Business through the consolidation of DAIICHI SANKYO ESPHA

<Major Points of Change>

- (i) **Change segment name** to more appropriately represent the actual status of business activities.
- (ii) **Establishment of the "Pharmaceutical Manufacturing Business"** to expand information disclosure.
(Transferred the Pharmaceutical Manufacturing Business, which was previously classified in the "Medical-Related Business", to the "Pharmaceutical Manufacturing Business")

Former reporting segment

Pharmacy Business
Medical-Related Business



New reporting segment

Pharmacy Business	• Management of pharmacies
BPO Contracting Businesses	• CSO Business ※CSO: Contract Sales Organization • CRO Business ※CRO: Contract Research Organization • Placement/dispatches of medical personnel • Medical-related publishing
Pharmaceutical Manufacturing Business	• Operation of pharmaceutical manufacturing and sales

I

Review



HIGHER SALES AND PROFITS: Record high sales and operating profit, ordinary profit

Consolidated Financial Results

- Profit increased. However, because DAIICHI SANKYO ESPHA stock owned 51%, profit attributable to owners of parent declined.
- Temporary expense was recorded.

Pharmacy Business

- Increase in sales but decrease in profit
- The number of prescriptions increased due to M&A, new store openings, and the promotion of the Home/Facility Dispensing Business.
- The technical fee unit price rose due to the revision of dispensing fees in June.
- Operating costs such as purchasing and personnel expenses increased.

BPO Contracting Businesses

- Higher sales and profits
- The scale of the core CSO Business and Professional Referral Dispatch Business expanded.
- Efforts to divide the work flow of sales among other efforts resulted in a particularly large increase in the number of pharmacist referral contracts concluded.

Pharmaceutical Manufacturing Business

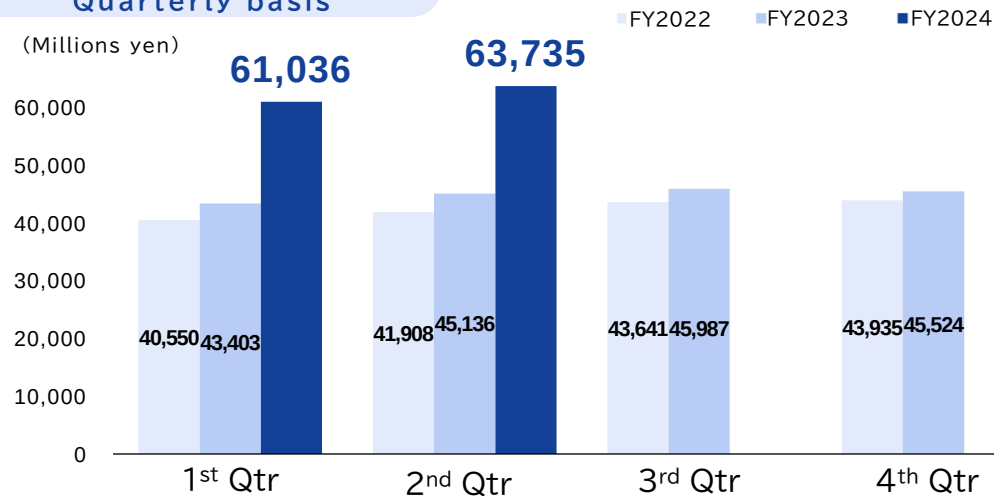
- Excess of plan
- DAIICHI SANKYO ESPHA became a consolidated subsidiary in the first quarter of the fiscal year ending March 31, 2025. (Shareholding ratio 51%)
- Our mainstay lineup is AG products, for which supply conditions are stable.

Consolidated Performance Highlights

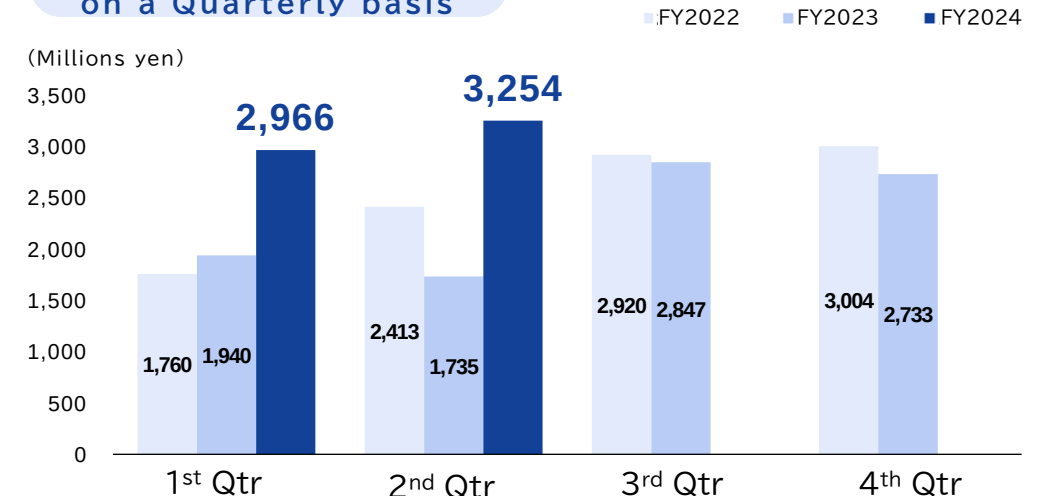


(unit: Millions yen)	FY2022 2nd Qtr Results	FY2023 2nd Qtr Results	FY2024 2nd Qtr Results	Variance	Variance(%)
Net sales	82,459	88,540	124,771	36,231	40.9%
Operating profit	4,022	3,559	6,096	2,537	71.3%
Ordinary profit	4,174	3,675	6,220	2,544	69.2%
Profit attributable to owners of parent	2,366	1,888	1,211	(676)	(35.8%)
Net Income per Share (yen)	64.11	50.80	32.43	(18.37)	(36.2%)

Trend in Net Sales on a Quarterly basis



Trend in Ordinary Profit on a Quarterly basis



(unit: Millions yen)	FY2023 2nd Qtr Forecast	FY2024 2nd Qtr Results	Achievement rate	FY2024 Forecast	Progress rate
Net sales	124,000	124,771	100.6%	270,000	46.2%
Operating profit	5,400	6,096	112.9%	15,000	40.6%
Ordinary profit	5,500	6,220	113.1%	15,200	40.9%
Profit Attributable to Owners of Parent	2,000	1,211	60.6%	5,000	24.2%
Net Income per Share (yen)	53.57	32.43	60.5%	133.79	24.2%

※ We announced Revision of Consolidated Financial Forecast in November 1, 2024

Consolidated Statements of Income



(unit: Millions yen)	FY2023 2nd Qtr Results	FY2024 2nd Qtr Results	Variance	Variance(%)
Net sales	88,540	124,771	36,231	40.9%
Cost of sales	77,508	105,722	28,213	36.4%
Gross profit	11,031	19,049	8,017	72.7%
Selling general and administrative expenses	7,472	12,953	5,480	73.3%
Operating profit	3,559	6,096	2,537	71.3%
% of Net Sales	4.0%	4.9%	—	—
Ordinary profit	3,675	6,220	2,544	69.2%
% of Net Sales	4.2%	5.0%	—	—
Profit attributable to owners of parent	1,888	1,211	(676)	(35.8%)
% of Net Sales	2.1%	1.0%	—	—

Consolidated Balance Sheets



(unit: Millions yen)	March 31, 2024	September 30, 2024	Variance
Current assets	52,690	54,399	1,709
Cash and deposits	27,282	21,843	(5,439)
Non-current assets	65,089	82,887	17,798
Property, plant and equipment	16,281	16,791	510
Intangible assets	33,136	55,663	22,526
Investments and other assets	15,670	10,431	(5,238)
Total assets	117,779	137,286	19,507
Current liabilities	38,823	55,496	16,673
Non-current liabilities	26,118	23,832	(2,286)
Total liabilities	64,941	79,328	14,387
Interest-bearing debt	31,882	27,416	(4,466)
Net assets	52,837	57,957	5,120
Shareholders' equity	52,789	53,892	1,102
Total liabilities and net assets	117,779	137,286	19,507

(unit: Millions yen)

Current assets +1,709

Notes and accounts receivable - +5,136
trade, and contract assets

Cash and deposits (5,439)

Non-current assets +17,798

Business Right +12,950

Goodwill +9,413

Shares of subsidiaries and (7,714)
associates

Current liabilities +16,673

Accounts payable - trade +5,720

Refund liability +6,694

Non-current liabilities (2,286)

Long-term borrowings (3,907)

Net assets +5,120

Non-controlling interests +4,017

Retained earnings +646

Cash Flow Statement



(unit: Millions yen)

(unit: Millions yen)	FY2023 2nd Qtr Results	FY2024 2nd Qtr Results
Cash flows from operating activities	6,391	477
Cash flows from investing activities	(9,905)	265
Free cash flow	(3,513)	742
Cash flows from financing activities	2,170	(6,196)
Dividends paid	(640)	(1,359)
Net increase (decrease) in cash and cash equivalents	(1,343)	(5,453)
Cash and cash equivalents at beginning of period	18,596	26,944
Cash and cash equivalents at end of period	17,253	21,490

Cash flows from operating activities (5,913)

Profit before income taxes + 1,389

Increase (decrease) in refund liabilities (1,182)

Decrease (increase) in trade receivables (2,482)

Increase (decrease) in trade payables (3,250)

Cash flows from investing activities +10,170

Purchase of shares of subsidiaries and associates +7,500

Accompany a change in the scope of consolidation +3,972

Proceeds from purchase of investments in subsidiaries (1,609)

Cash flows from financing activities (8,366)

Net increase (decrease) in short-term borrowings (7,587)

Segment Overview



(unit: Millions yen)	FY2023 2nd Qtr Results	FY2024 2nd Qtr Results	YoY Change
Pharmacy Business Net sales	80,966	84,080	3.8%
Segment profit	4,714	4,232	(10.2%)
% of Net Sales	5.8%	5.0%	
BPO Contracting Businesses Net Sales	6,675	6,755	1.2%
Segment profit	801	928	15.9%
% of Net Sales	12.0%	13.7%	
Pharmaceutical Manufacturing Business Net Sales	897	33,936	—
Segment profit	(142)	2,742	—
% of Net Sales	(15.9%)	8.1%	

※ Reporting segments have been changed from the first quarter of the fiscal year ending March 31, 2025. Segment information for the six months ended September 30, 2024 is prepared based on the new segmentation. Segment information for the six months ended September 30, 2024 does not include DAIICHI SANKYO ESPHA CO., LTD., which became a consolidated subsidiary in the first quarter of the fiscal year ending March 31, 2025.

II

Pharmacy Business



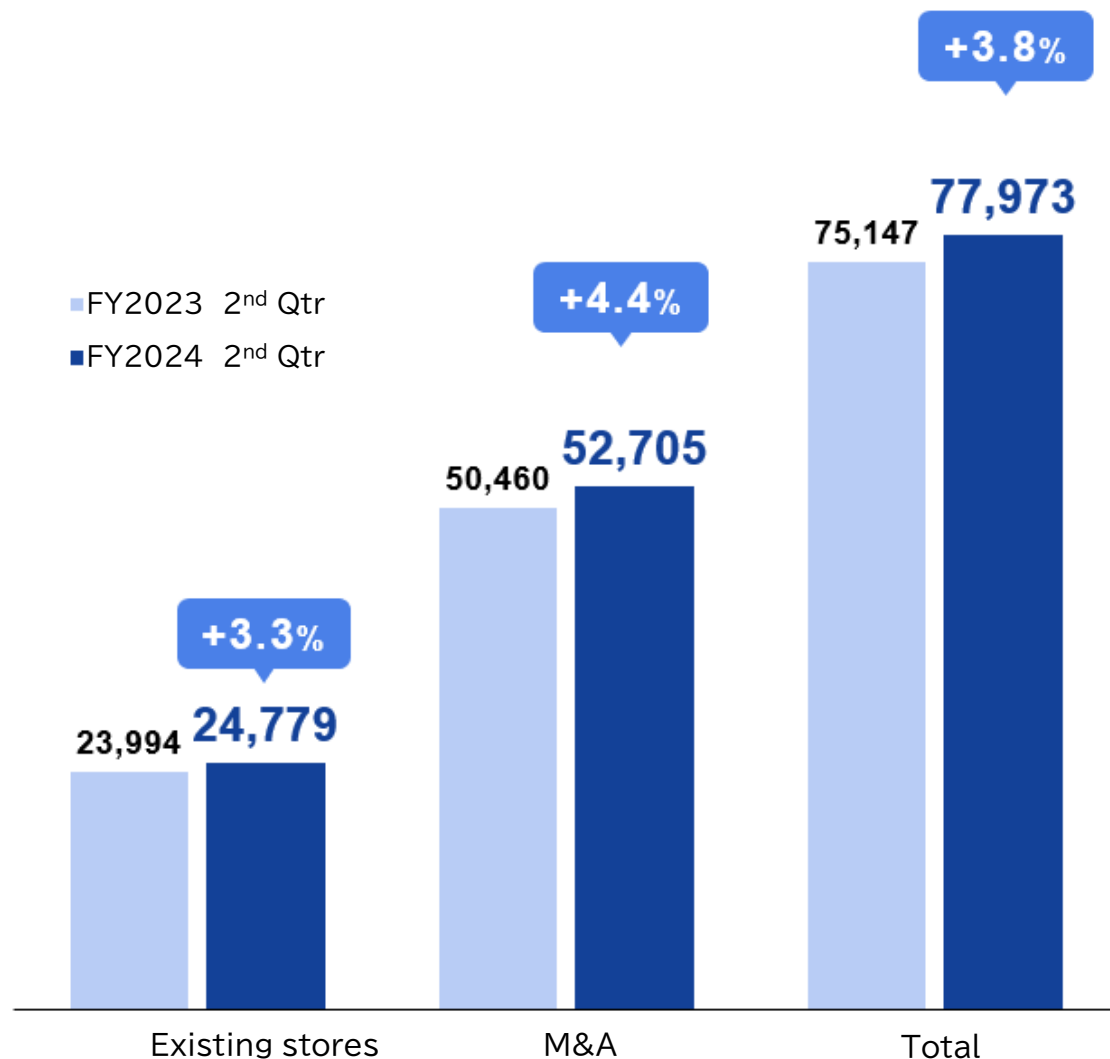
Net Sales of receiving prescriptions (millions yen)

$$\text{Sales of receiving prescriptions} = \text{Number of receiving prescriptions} \times \text{Average price of prescription}$$

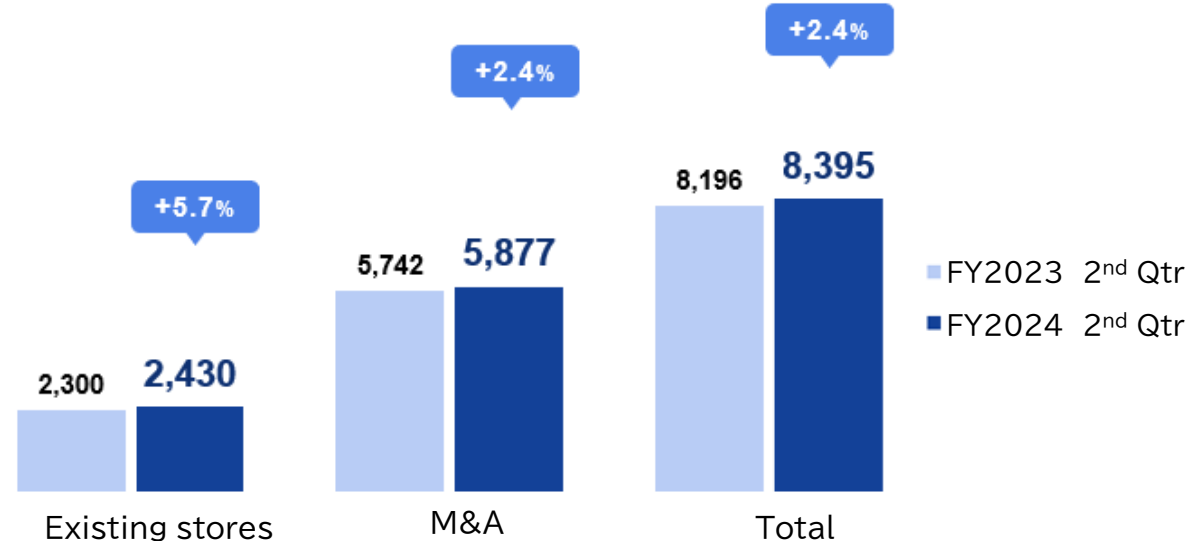
Number of receiving prescriptions (thousand unit)

■ FY2023 2nd Qtr

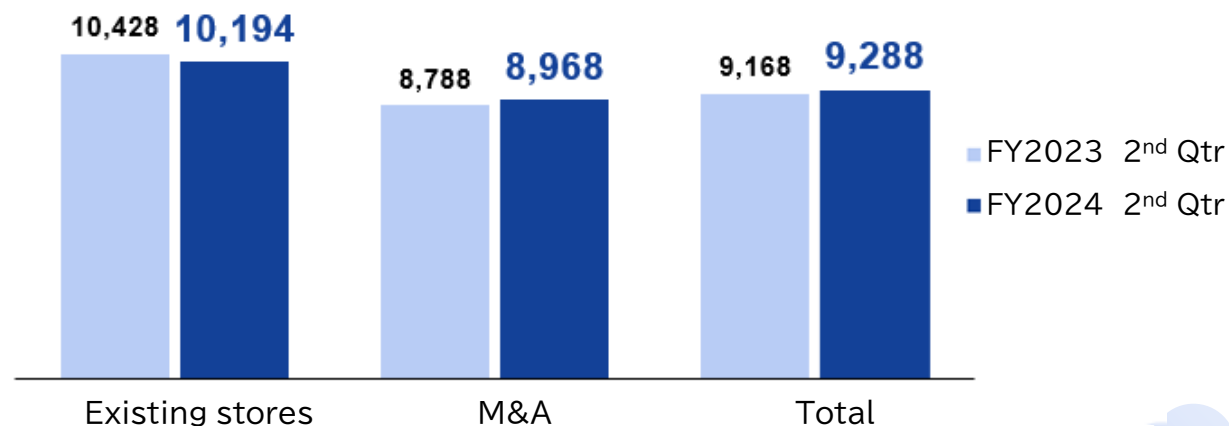
■ FY2024 2nd Qtr

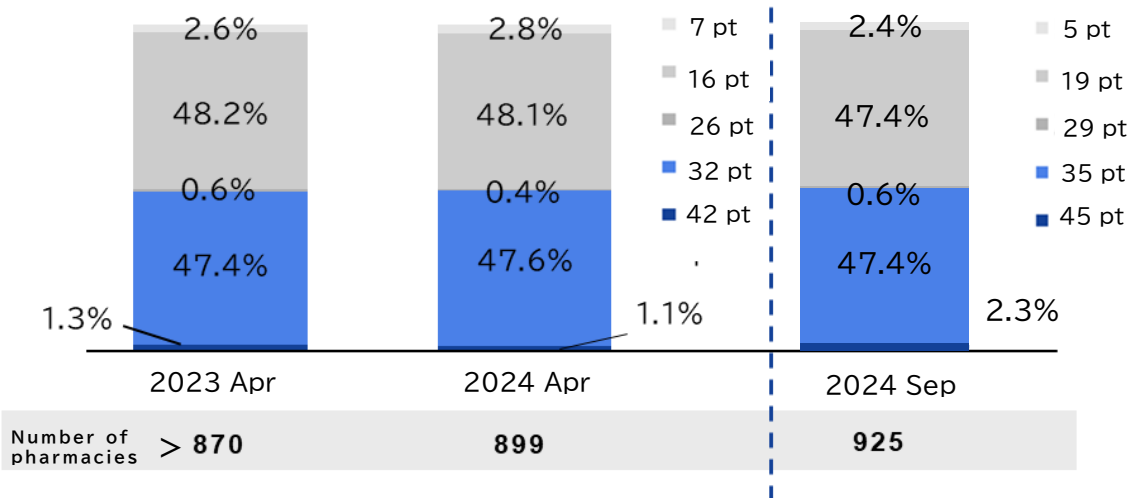
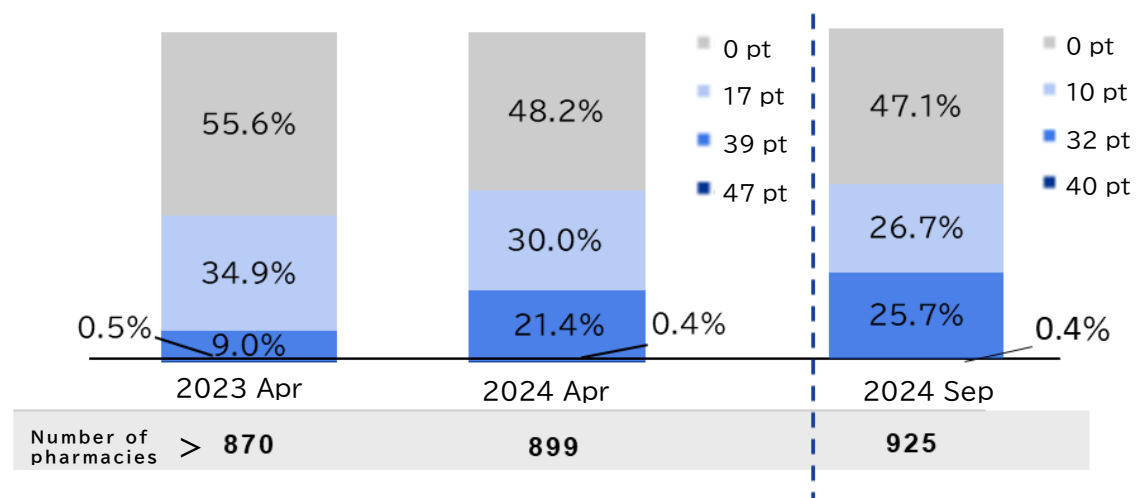
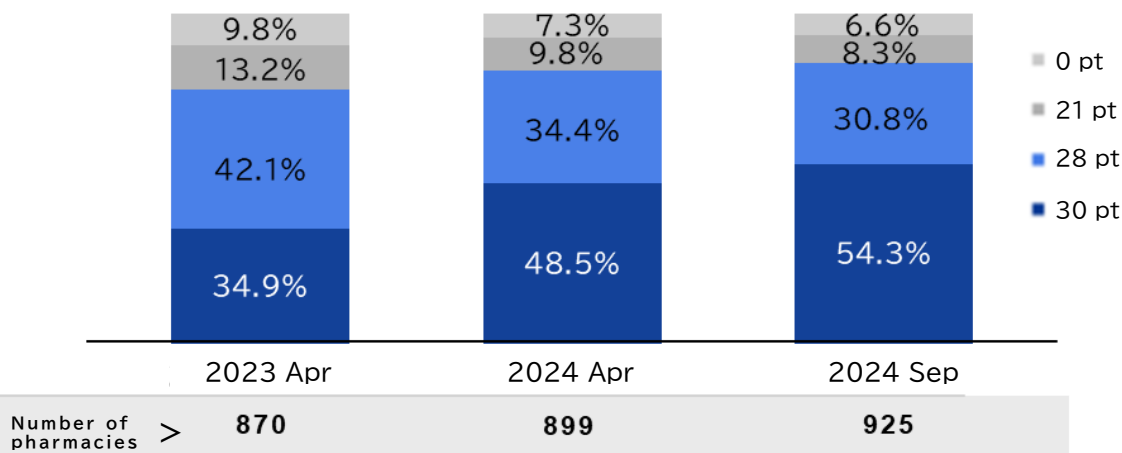


Number of receiving prescriptions (thousand unit)



Average price of prescription (yen)



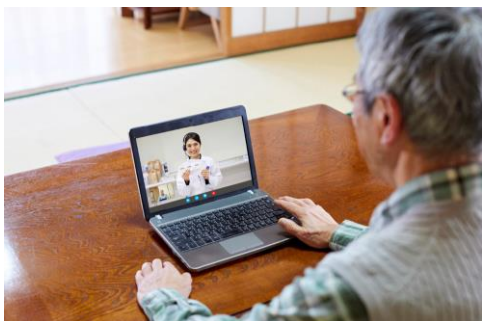
Basic Dispensing Fee
(percentage of store type)Community Support System Premium
(percentage of store type)Consolidated
baseGeneric Drug Dispensing System Premium
(percentage of store type)Generic Drug Switch Rate
(Quantity base)
87.7%
(2024 September)

Qol Dokodemo Pharmacy Opened



Tomorrow, Together
KDDI

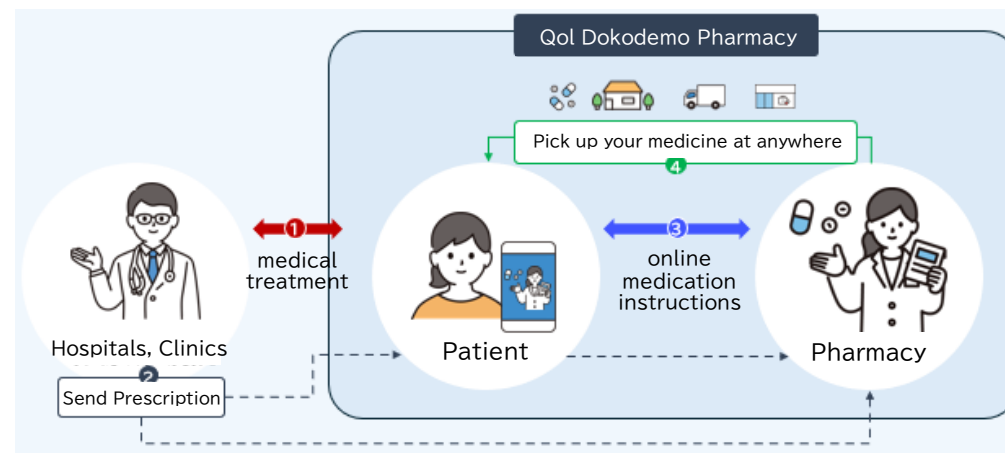
Pharmacy Business



Communications
Business



Schematic diagram of online medication instructions

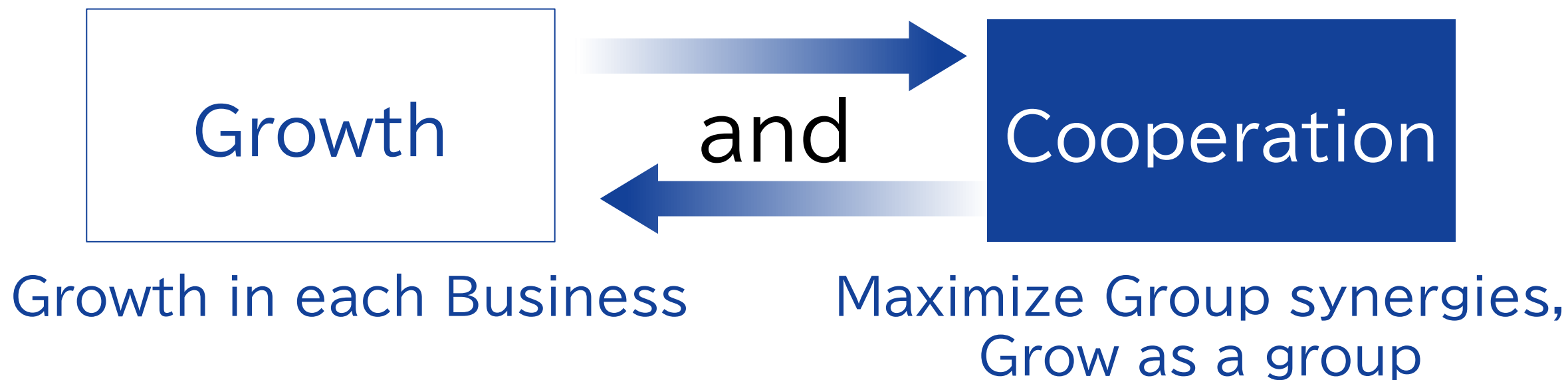




Growth Strategy



Basic Policies of the Three-Year Medium-Term Plan



Basic Policy: Build a system that can be realized through "Cooperation"

System with a high degree of achievement

Within the Group

Between divisions 

Between companies 

Between segments 



Outside the Group

Wholesale

Manufacturer

Partner Company

Medical institutions

etc.

Cooperation

Strengthen collaboration both inside and outside the Group, including personnel exchanges



We will establish a system with a high ability to achieve our medium-term targets.

Qol Group's Three-year performance targets



FY2026

Net sales

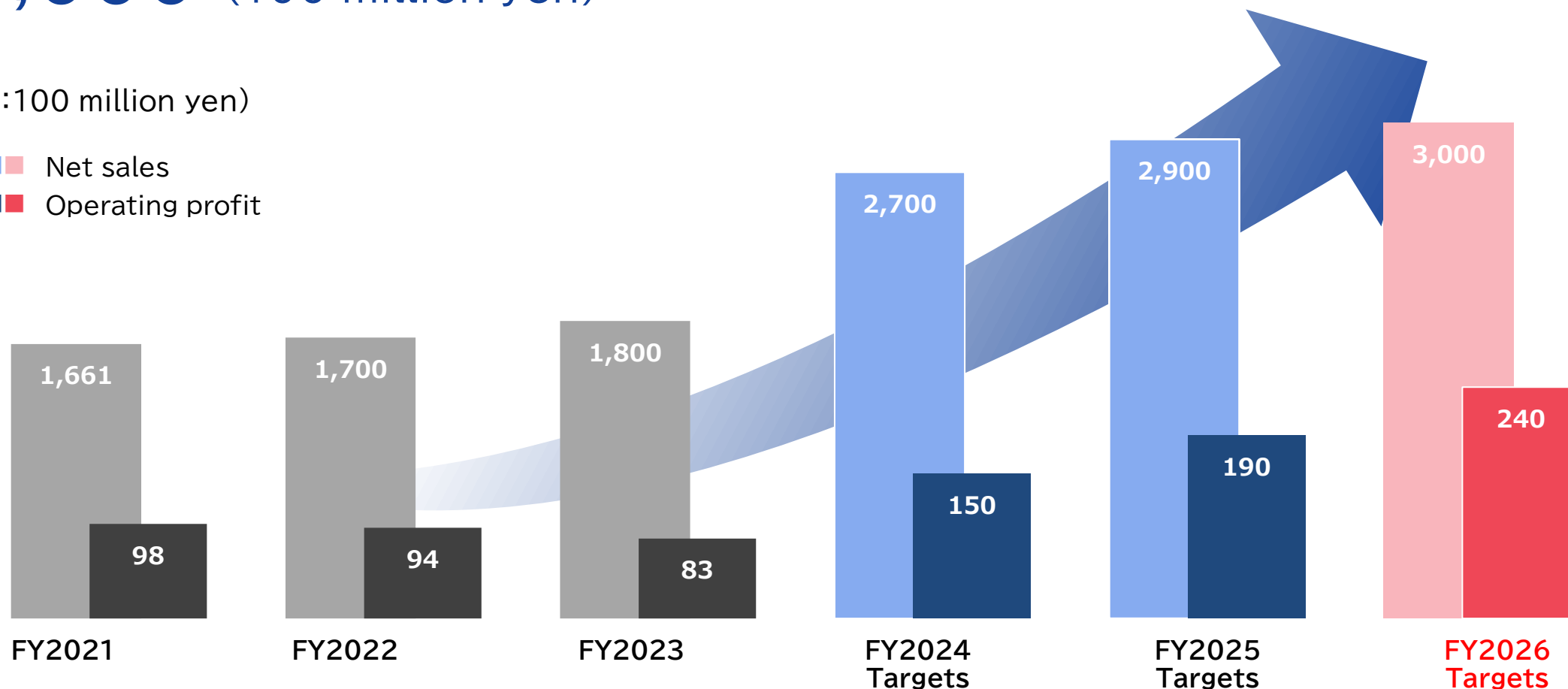
3,000 (100 million yen)

Operating profit

240 (100 million yen)

(Unit:100 million yen)

■ ■ ■ Net sales
■ ■ ■ Operating profit



Growth Strategies for Achievement of FY2026

Three-Year Targets: Numerical Targets

Numerical targets for the three growth strategies have been set

Pharmacy	improve quality	Net sales CAGR (Compound annual growth rate) Pre-COVID-19 growth rate or higher +4% or higher	Profitability improvement Targeting of balance between technical fees and costs Improvement of 7% or higher
BPO Contracting Businesses	scale expansion	Organic growth Annual growth rate +10%	Achieve expansion in scale through investment FY2023 investment to net sales ratio (including organic growth) 150%
Pharmaceutical Manufacturing	further growth	Operating Profit target (DAIICHI SANKYO ESPHA) Operating profit recovered to the level in FY2022 12.0 billion yen	% of Net Sales (DAIICHI SANKYO ESPHA) Enable the flagging profit margin to recover 12% or higher

Growth Strategies for Achievement of FY2026 Three-Year Targets: Numerical Targets for Each Business



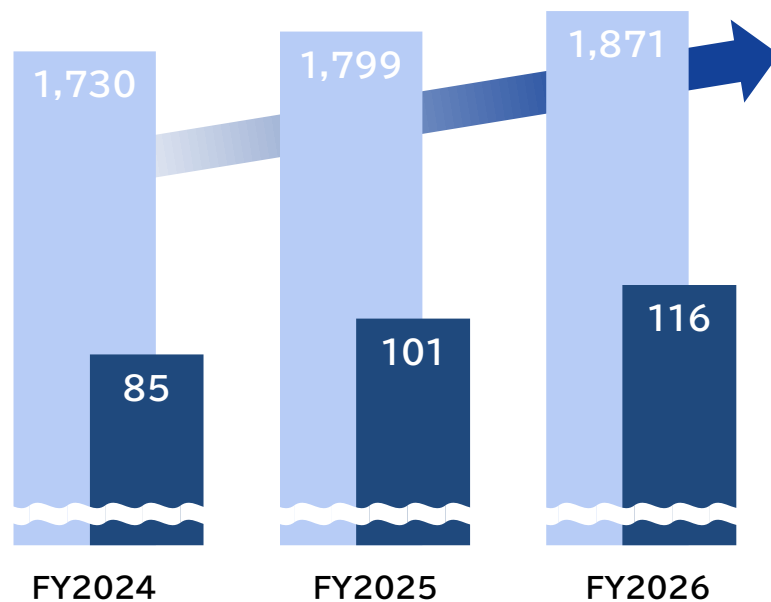
Pharmacy Business

Policy 1 Net Sales CAGR +4%

Policy 2 Productivity +7%

(Unit:100 million yen)

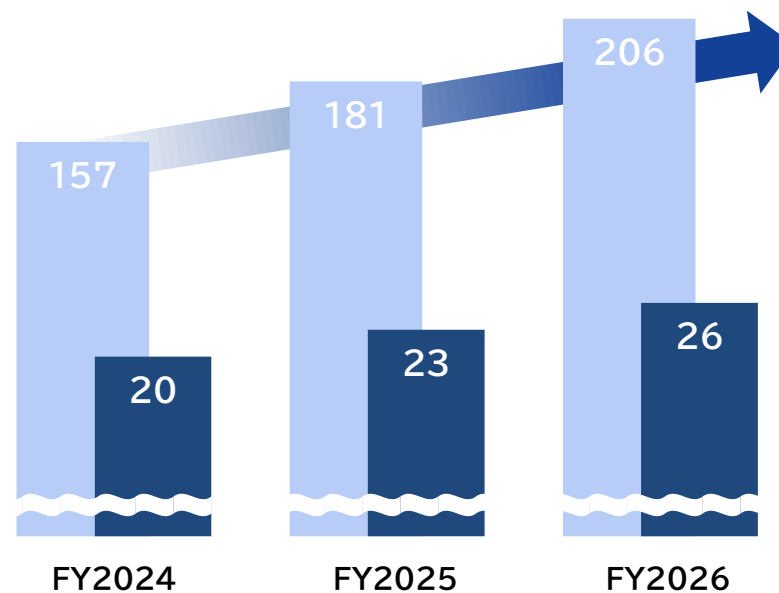
■ Net sales
■ Operating profit



BPO Contracting Businesses

Policy 1 Net Sales CAGR +10% (Organic)

Policy 2 Net Sales compared to
FY2023 150%(1+M&A)

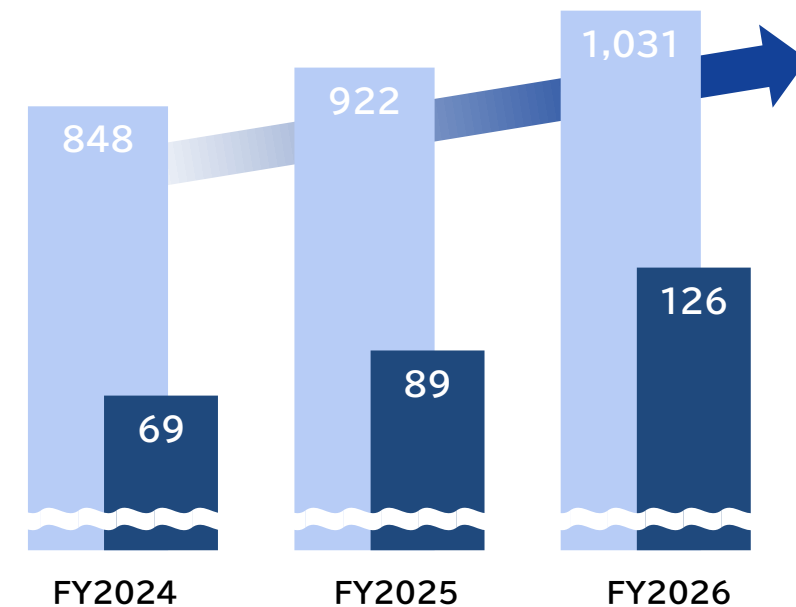


Pharmaceutical Manufacturing Business

(DAIICHI SANKYO ESPHA)

Policy 1 Operating profit recovered
to the level in FY2022

Policy 2 Enable the flagging profit
margin to recover

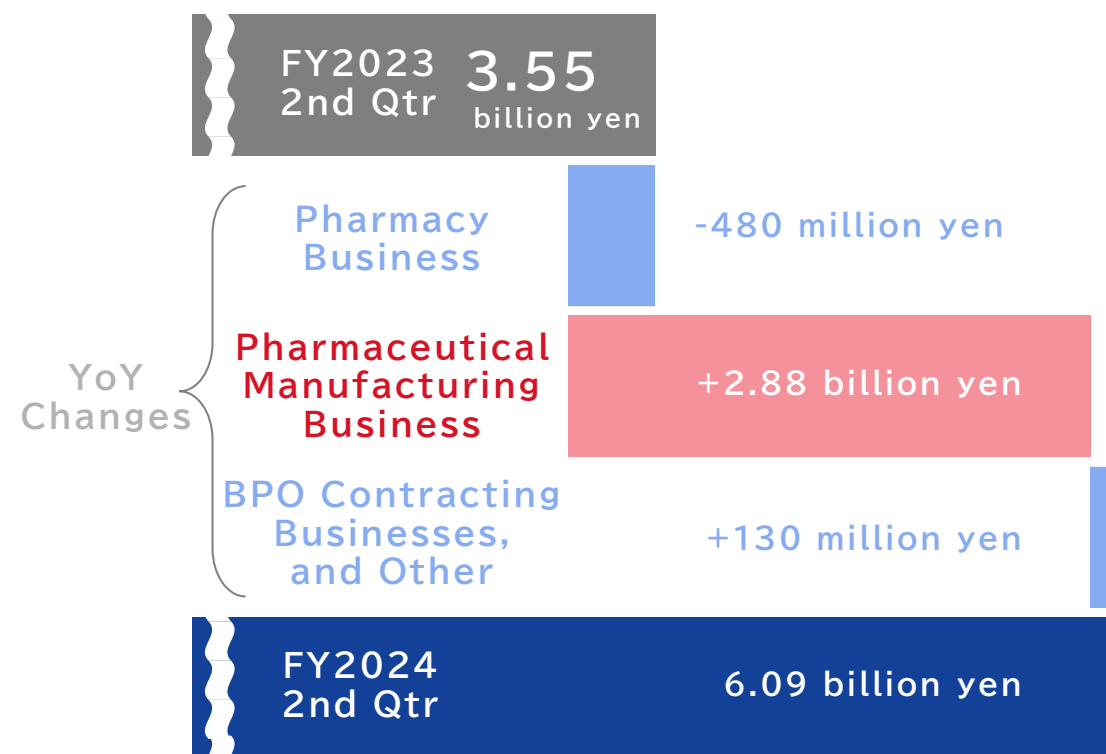


Factors for YoY change in operating profit for the six months ended September 30, 2024 and future growth strategy



Consolidated Operating Income: Factors for Year-on-year change

Pharmaceutical Manufacturing Business made a significant contribution to the increase in profit at Qol Holdings.



Qol Holdings' growth strategy

Pharmacy Business	To establish a stable management base, we implement large-scale profit structure reforming
Pharmaceutical Manufacturing Business	Concentrate investment of resources as the Group's main growth driver
BPO Contracting Businesses	Continue measures to expand scale

Pharmaceutical Manufacturing Business:
Numerical Targets for Growth Strategies

Growth Strategy:
Further growth

Operating Profit target

(DAIICHI SANKYO ESPHA)
Operating profit recovered to
the level in FY2022

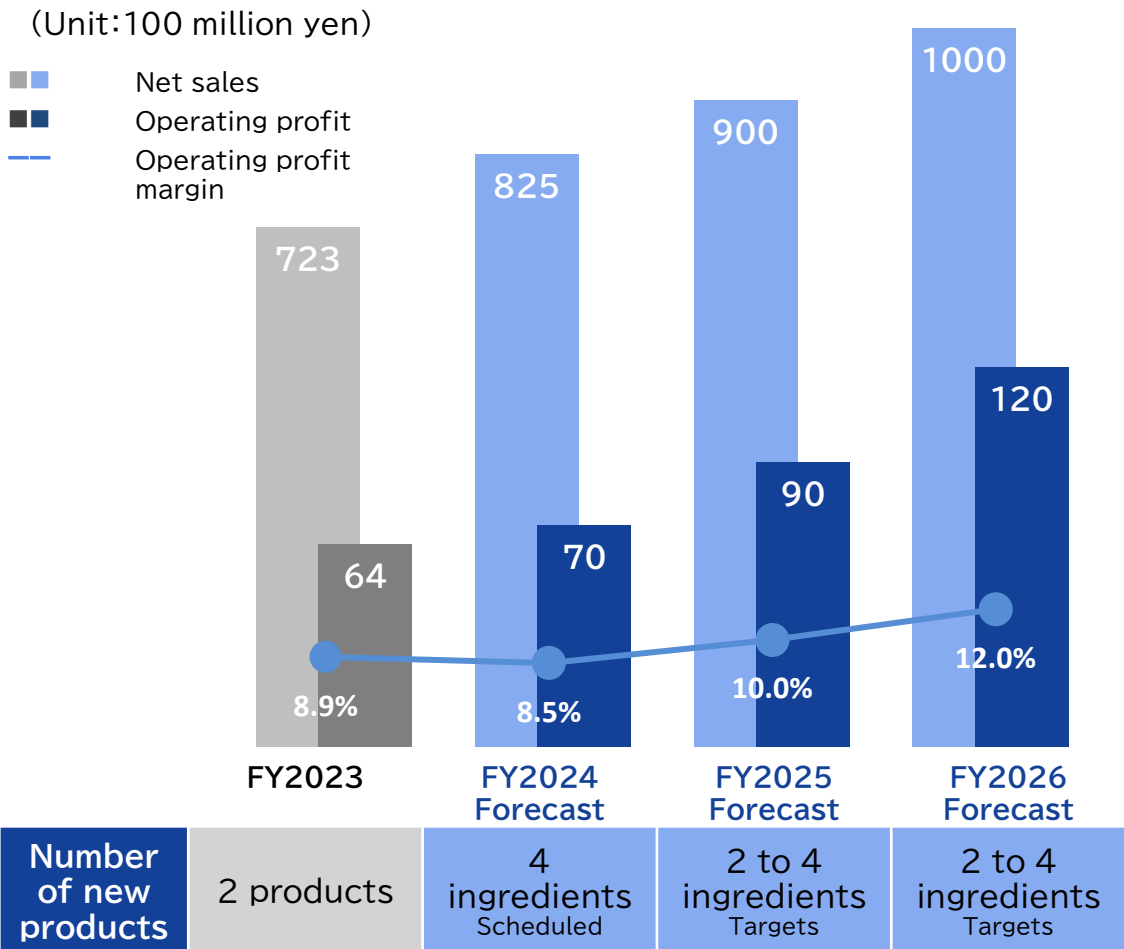
12.0 billion yen

% of Net Sales

(DAIICHI SANKYO ESPHA)
Enable the flagging profit
margin to recover

12% or higher

DAIICHI SANKYO ESPHA CO., LTD.
Performance Targets



Specific measures for the next three years



- ✓ Launch new AG products with two to four ingredients every year
- ✓ Maintain the current AG's growth trend with the sales force
- ✓ New products (repositioning with new technologies, introduction of unapproved drugs, joint development)



- ✓ Revision of price policies for each product
- ✓ Negotiation with partner companies
- ✓ Revision of wholesale policies and distribution costs



- ✓ De novo review of all costs
- ✓ Negotiation of volume discounts on expenditures across the Group

[Sales expansion measures] Growth in existing AG



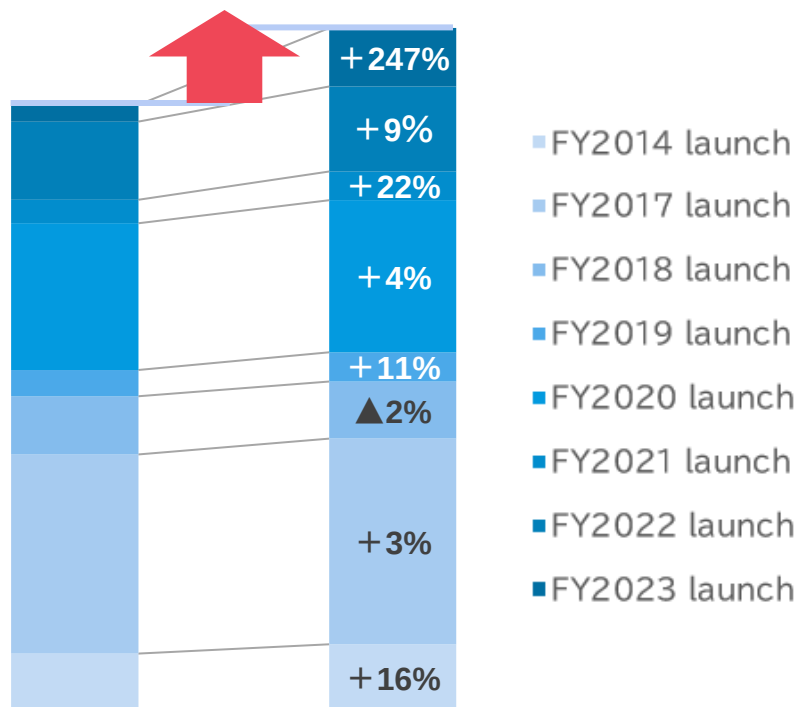
Sales※ of existing AG products grew steadily
(up 13% year on year)

Wide range of products

AG Existing Products Sales※ Trends

※ Sales of medical institutions (hospitals and pharmacies)
(based on FY2024 drug prices)

+13%



FY2023 2nd Qtr FY2024 2nd Qtr

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Year of launch	Generic name	Main purpose
FY2014	Levofloxacin	Antibacterial agent
FY2017	Telmisartan Telmisartan/Amlodipine Telmisartan/Hydrochlorothiazide Olmesartan Rosuvastatin	Hypertension treatment Hypertension treatment Hypertension treatment Hypertension treatment Hypercholesterolemia treatment
FY2018	Levofloxacin(Injection) Silodosin Gefitinib	Antibacterial agent Urinary disorder Anti-cancer agents
FY2019	Bicalutamide Anastrozole Tamoxifen	Anti-cancer agents Anti-cancer agents Anti-cancer agents
FY2020	Memantine Hydrochloride Ezetimibe	Dementia Hypercholesterolemia treatment
FY2021	Bortezomib Carvedilol Pilsicainide hydrochloride hydrate	Anti-cancer agents Chronic heart failure treatment Arrhythmia
FY2022	Azocemide Febuxostat	Diuretic Hyperuricemia treatment
FY2023	Bisoprolol fumarate	Hypertension treatment

3 ingredients 7 AG products are scheduled for launch in December 2024

Brand name	Product name	Product	Effect	Number of GE approved companies※
XARELTO® · OD Tablets 10mg/15mg	Rivaroxaban·OD Tablets 10mg/50mg [Bayer]		Selective direct effect Factor Xa inhibitor (Oral anticoagulant)	7 companies
LOXONIN® Tapes 50mg/100mg	Loxoprofen Sodium Tapes 50mg/100mg [DSEP]		Transdermal analgesia Anti-Inflammatory agent	20 companies
PLAQUENIL® Tablets 200mg	Hydroxychloroquine Sulfate Tablets 200mg [DSEP]		Immune adjusters	2 companies

IV

Key Strategy



Overview of Group Growth Strategy



Comprehensive Healthcare Company

R&D



Manu-
facture



Sales



Medical
institutions
Dispensing
pharmacies



Patients



DAIICHI SANKYO ESPHA CO., LTD.



Fujinaga pharm Co., Ltd.

APO PLUS STATION



Medical Qol Co., Ltd.

APO PLUS STATION



Apoplus Career



Qol Co., Ltd.

Pharmacy
Business

Sales growth
Stable sales and profit

Pharmaceutical
Manufacturing
Business

Sales grows and high profit



BPO Contracting
Businesses

High Profit

Steady increase in number of stores in both new stores and M&A

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 2nd Qtr
New stores	20	17	18	16	15	21	16	12
M&A	14	50	39	18	15	48	17	26
Retail store	1	0	3	0	1	1	2	1

- In July 2024, 6 stores of Gyotoku Pharmacy Co., Ltd. and 2 stores of Bottom Heart Co., Ltd. joined the Group.

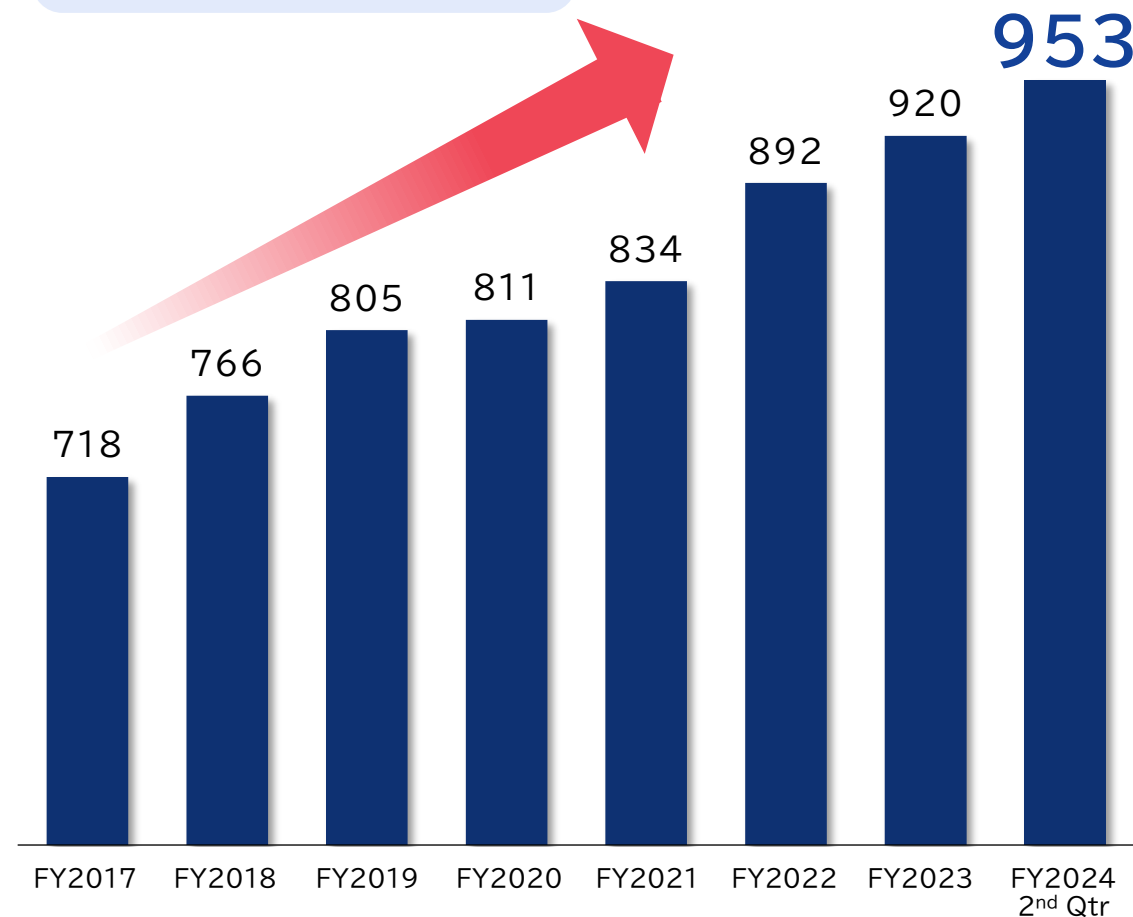


(QOL Pharmacy Akita Ushijima Nishi Store)



(QOL Pharmacy Nakagahara Store)

Trend in Number of Stores



Improved quality of medical care

- Provision of better medical care
→ Community-Support-System Premium
- Promotion of primary pharmacies
- Medical care DX



Increase number of customers dealt with at existing stores

- Strengthening Home & Facility Dispensing Business
- Qol Okusuribin service
(Prior transmission of prescriptions and online medication instruction via LINE)



Expansion of revenue other than receiving prescriptions

- Expansion of the health business in collaboration with other companies
(Suntory Wellness Limited)
- Switch OTC



New AG
Products



DAIICHI SANKYO ESPHA CO., LTD.



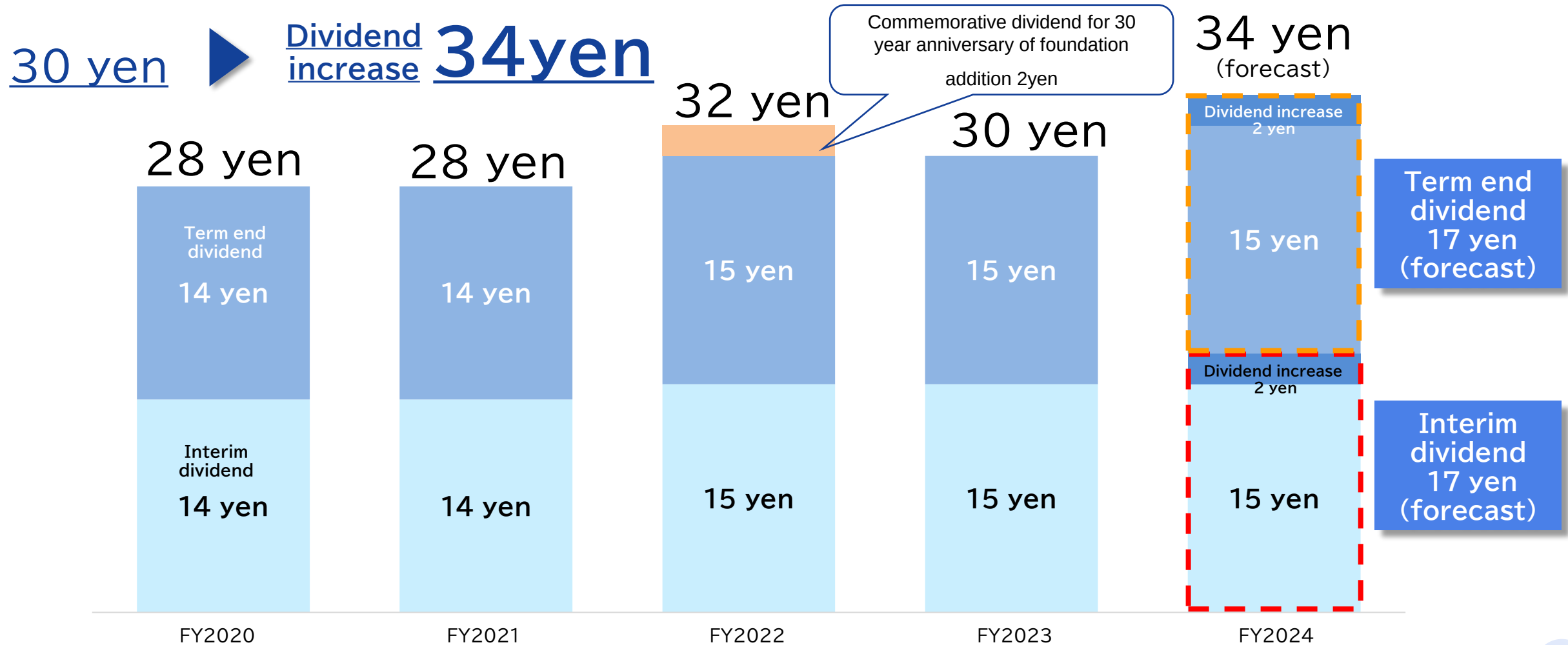
Fabless operations without factories



Dividend Forecast



Ordinary dividend will increase 4 yen in FY2024; full-year dividend will be 34 yen(forecast).



[IR inquiry]

Public Relations Department, Qol Holdings Co., Ltd.

TEL:+81-(0)3-6430-9060

FAX:+81-(0)3-5405-9012

E-mail: ir@qol-net.co.jp

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Always there to care