

HYUGA PRIMARY CARE

A hand is shown holding a stylized house icon. The house icon is white with a grid of windows. It is surrounded by a circular line and several decorative starburst shapes. The background is a dark blue gradient.

Financial Results for the Second Quarter of the
Fiscal Year Ending March 2025

HYUGA PRIMARY CARE Co.,Ltd.
7133 TSE Growth Market
November 14, 2024

This is an unofficial translation. In case of any difference in meaning between the original Japanese text and the English translation, Japanese text shall prevail

- 01 Company Profile, Business Profile, Summary
- 02 Summary of Financial Results (FY 2025 2Q)
- 03 Earnings guidance (FY 2025)
- 04 Topics/Medium-Term Growth Plan
- 05 Sustainability Management/Appendix

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Summary of the Second Quarter of the Fiscal Year Ending March 2025

Financial Highlights

Sales increased 21% year on year and operating profit expanded 2.2 times.
 Primary care home business contributed significantly to both sales and profit.

Business Highlights

Home-visit Pharmacy Business

- Profit decreased year on year. However, 2Q recovered significantly from 1Q.
 - 1Q was affected by opening new stores and hiring expenses.
- On the other hand, 2Q generated operating profit recovered significantly to near record highs.

Kirari Prime Business

- In addition to an increase in the number of affiliated stores and ARPU, revenue and profit increased significantly due to the acquisition of Region Prime Service projects
- Operating profit exceeded expectations due to the effects of Region Prime projects

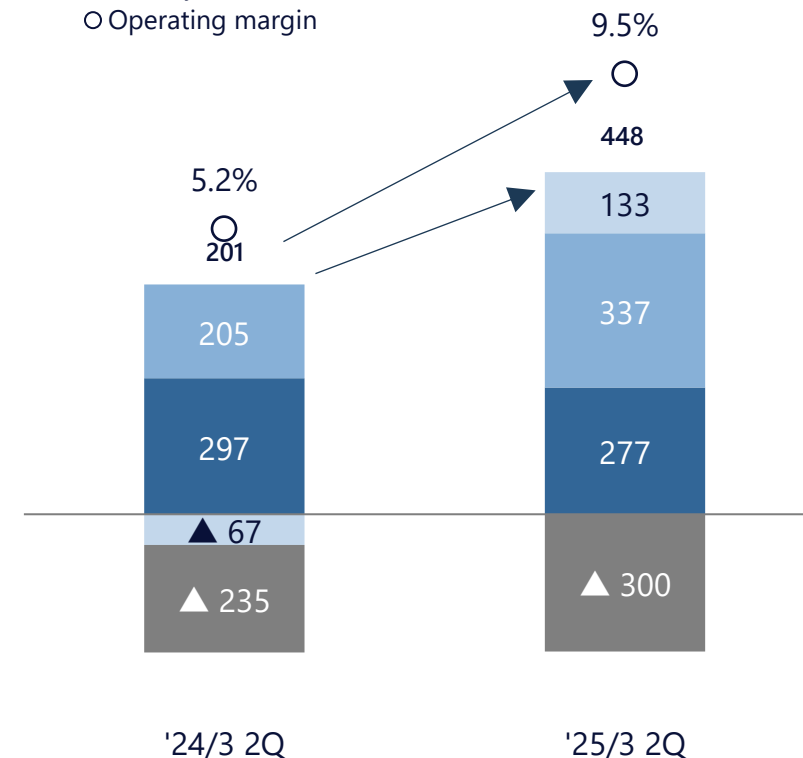
Primary Care Home Business

- Turning profitable compared to the same period last year due to increases in occupancy rate and unit price
- As of the end of October, occupancy rate of the two facilities in operation was over 95%
- Cost to open the third facility is expected to be incurred in the third quarter

Operating Income

(millions of yen)

- Home visit pharmacy
- Kirari Prime
- Primary Care Home
- Others
- Operating margin



Dividends will be paid from the end of the fiscal year ending March 2025

*To be submitted to the 18 Ordinary General Meeting of Shareholders to be held in June 2025

•Shareholder Returns

Although our company is in the phase of prioritizing business growth, we have been positively considering shareholder returns. As our company's business performance in the first half of the fiscal year has been favorable, and the 3 main businesses, especially the home visit pharmacy business, have recovered and business stability has increased, we have disclosed a **revised dividend forecast for the current fiscal year (20 yen for year-end dividend)**.

Going forward, our basic policy will be to implement shareholder return measures in line with profit growth while taking into account business performance and financial soundness.

Aim to commence dividend payments and approach to future funding needs

- ✓ To appropriately control the accumulation of shareholders' equity and aim for management with high ROE in mind
- ✓ As for the source of business growth, we will proactively consider various means of procurement in consideration of WACC

Company Profile/Vision

COMPANY

Company Profile

| | | |
|--------------------------------|--|--|
| Company Name | HYUGA PRIMARY CARE Co., Ltd. (HYUGA PRIMARY CARE Co.,Ltd.) | |
| Representative | President/Pharmacist Tetsuji Kurogi | |
| Establishment | November 2007 | |
| Head Office | 2-2-1 Kasugahara Kitamachi, Kasuga-city, Fukuoka | |
| Composition of Officers | President and Representative Director Director COO Director CFO Director Director (outside) Director (outside) Full-time Corporate Auditor (outside) Corporate Auditor (outside) Corporate Auditor (outside) | Tetsuji Kurogi Takei Yamasaki Tomoaki Onishi Kohei Shiroo Shinjirou Ogawa Kyoko Saeki Hirotaka Minamitani Kota Takei Nobuharu Kumamoto |
| Business Profile * | <ul style="list-style-type: none">• Home-Visit Pharmacy Business (Kirari Pharmacy)• Kirari Prime Business• Primary Care Home Business (Primary Care Home Operation/Care Plan Service/Welfare Equipment Lending Service)• Other Business (TAISAPO Service/ICT) | |
| Number of Employees | 606 (as of September 30, 2024, not including temporary employees) | |

VISION

Vision

We'll create
a social infrastructure
which means
patients can recuperate
at home in peace
24hours a day,
365days a year.



As Platformer that adapts to the age of home medical care and provides the operation and mechanism of comprehensive community care, We'll aim to build an **important infrastructure** for these two types of care.

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Summary of Financial Results

- Net sales increased 21% year on year. The primary care home business grew 2.6 times year on year, driven by full-scale occupancy at new facilities.
- Operating income expanded 2.2 times year on year. In addition to the primary care home business becoming profitable, the Kirari Prime business also benefited from new measures.
- Both sales and profit exceeded the previous forecast. In particular, the profit increase in the Kirari Prime business contributed.

| (millions of yen) | 2024/3 2Q | 2025/3 2Q | | Year-on-Year ** | | Initial assumptions Difference | Full-year Outlook Progress Rate |
|------------------------------|---------------------------|----------------------------------|------------------------|-----------------|-------------------------|--------------------------------|---------------------------------|
| | Actual (Non-consolidated) | First Half Plan (Consolidated) * | Results (Consolidated) | Change | Change | | |
| Net sales | 3,899 | 4,532 | 4,719 | +820 | +21.0% | +187 | 49.9% |
| Home visit pharmacy business | 3,218 | 3,273 | 3,416 | +197 | +6.1% | +142 | 50.7% |
| Kirari Prime Business | 377 | 463 | 543 | +166 | +44.2% | +80 | 51.8% |
| Primary care home business | 287 | 781 | 758 | +471 | 2.6 times | - 22 | 46.6% |
| Other businesses | 16 | 13 | 0 | - 15 | - 97.4% | - 13 | 1.1% |
| Operating income | 201 | 397 | 448 | +247 | 2.2 times | +50 | 48.2% |
| Home visit pharmacy business | 297 | 298 | 277 | - 20 | -6.9% | - 21 | 40.4% |
| Kirari Prime Business | 205 | 231 | 337 | +131 | +64.1% | +105 | 63.8% |
| Primary care home business | - 67 | 107 | 133 | +201 | Turnover | +26 | 79.6% |
| Other businesses | - 5 | - 5 | - 3 | +1 | - 30.1% | +1 | - |
| Adjustments | - 229 | - 234 | - 296 | - 66 | Increase in adjustments | - 61 | 65.4% |
| Ordinary income | 199 | 381 | 435 | +235 | 2.2 times | +54 | 48.9% |
| Net income | 134 | 263 | 291 | +156 | 2.2 times | +27 | 47.1% |

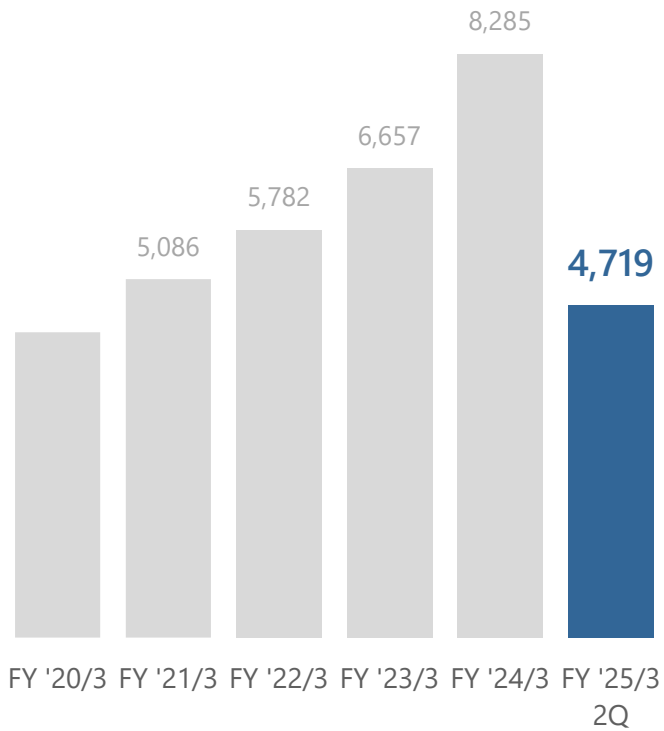
Earnings forecast announced on May 14, 2024
 ** Comparison with the previous fiscal year

Performance/Net Sales Breakdown

- There is no change in the sales expansion trend. As a percentage of sales, the weight of the primary care home business increased by 5.4 percentage points year-on-year.
- Ordinary profit margin increased to 9.2% as the primary care home business became profitable and the Kirari Prime business improved its profit margin.

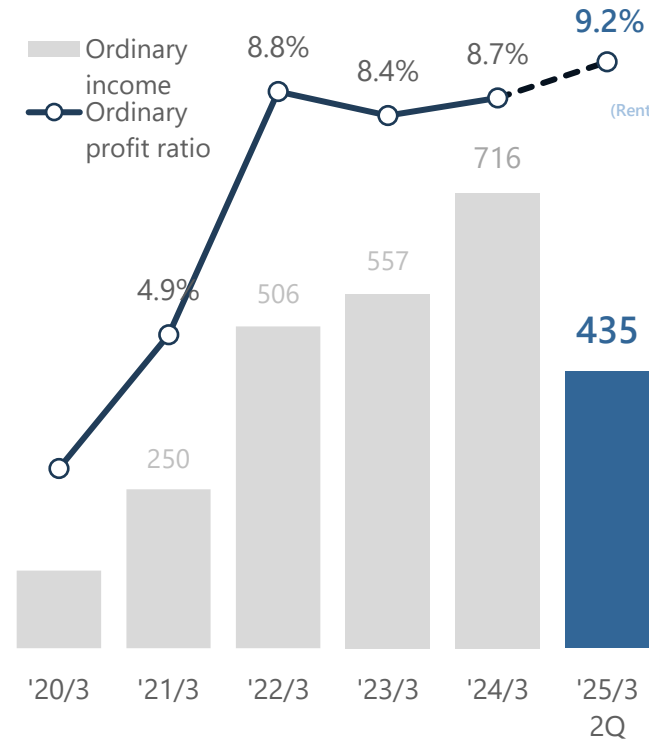
Sales

(millions of yen)



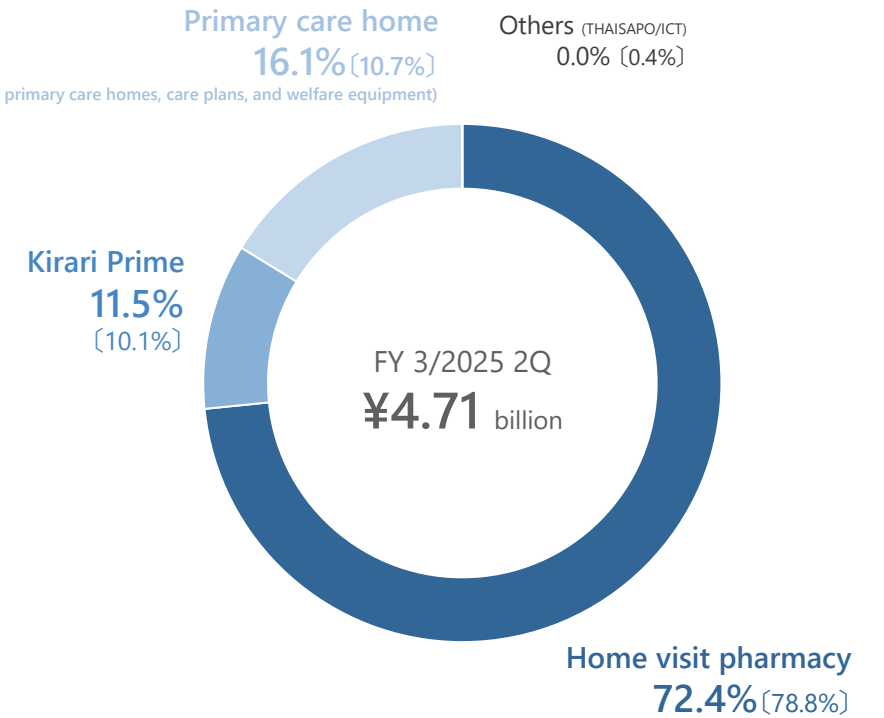
Ordinary profit/Ordinary profit ratio

(millions of yen) (%)



Percentage of sales

(%) [] is compared to the previous fiscal year *

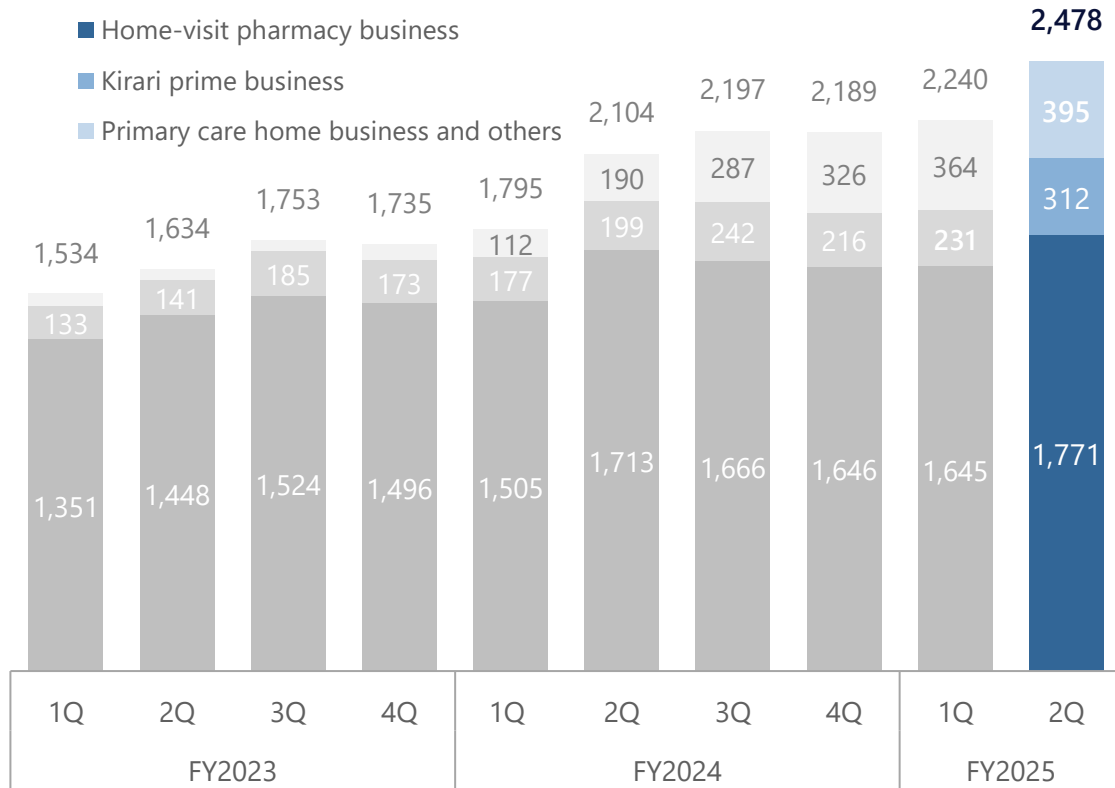


Quarterly Financial Results (1)

- 2Q Net sales increased from 1Q to new quarterly record. No change in quarterly revenue growth trend
- Gross profit and operating profit also increased from 1Q and profit margin recovered. The operating profit margin of 12.2% in 2Q was the highest ever on a quarterly basis.

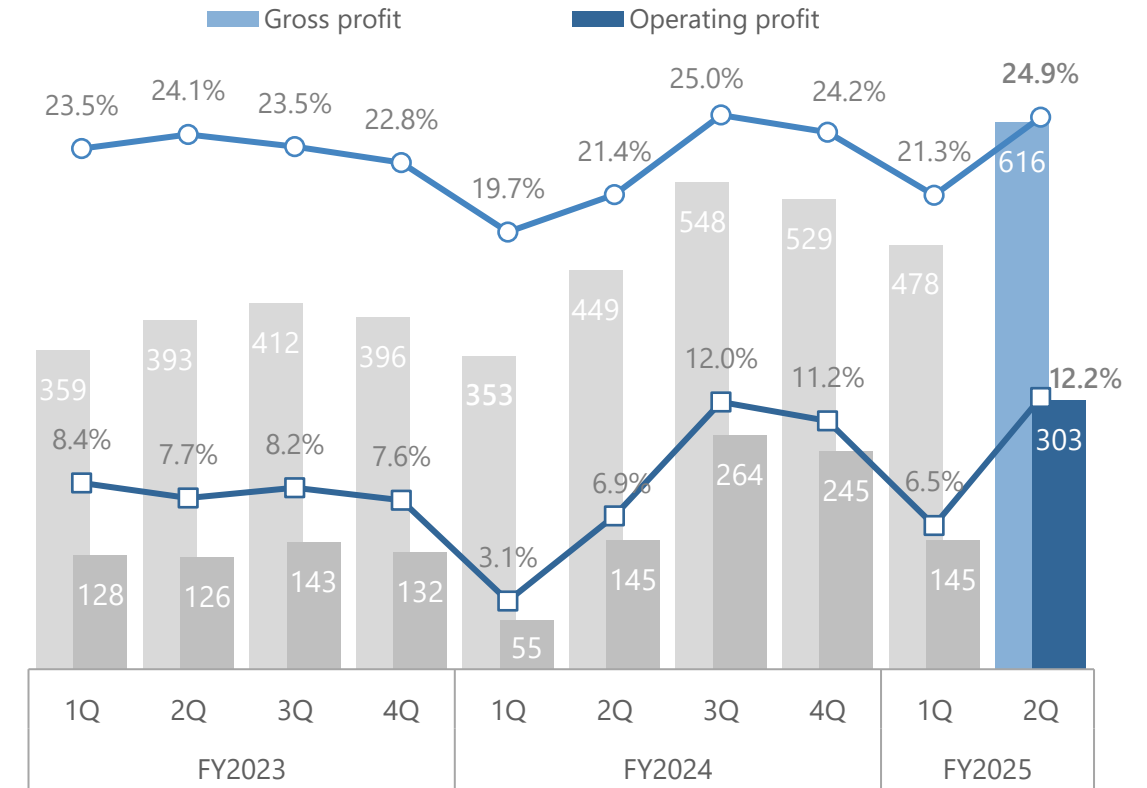
Breakdown of sales

(millions of yen)



Gross profit and operating profit

(millions of yen) (%)



Quarterly Financial Results (2) Segment

- Home-visit pharmacy business: Sales increased 7.7% from the first quarter due to the opening of new stores and an increase in patients. Segment profit also recovered significantly while increasing hiring costs for opening new stores. Results were close to quarterly record highs.
- Kirari Prime business: Sales and profit increased from the first quarter. Both sales and profit set new quarterly record highs. Profit margin also increased due to the effect of the acquisition of Region Prime serves projects.
- Primary care home business: The second facility is developing smoothly. Profit and loss also continued to be profitable for four consecutive quarters.

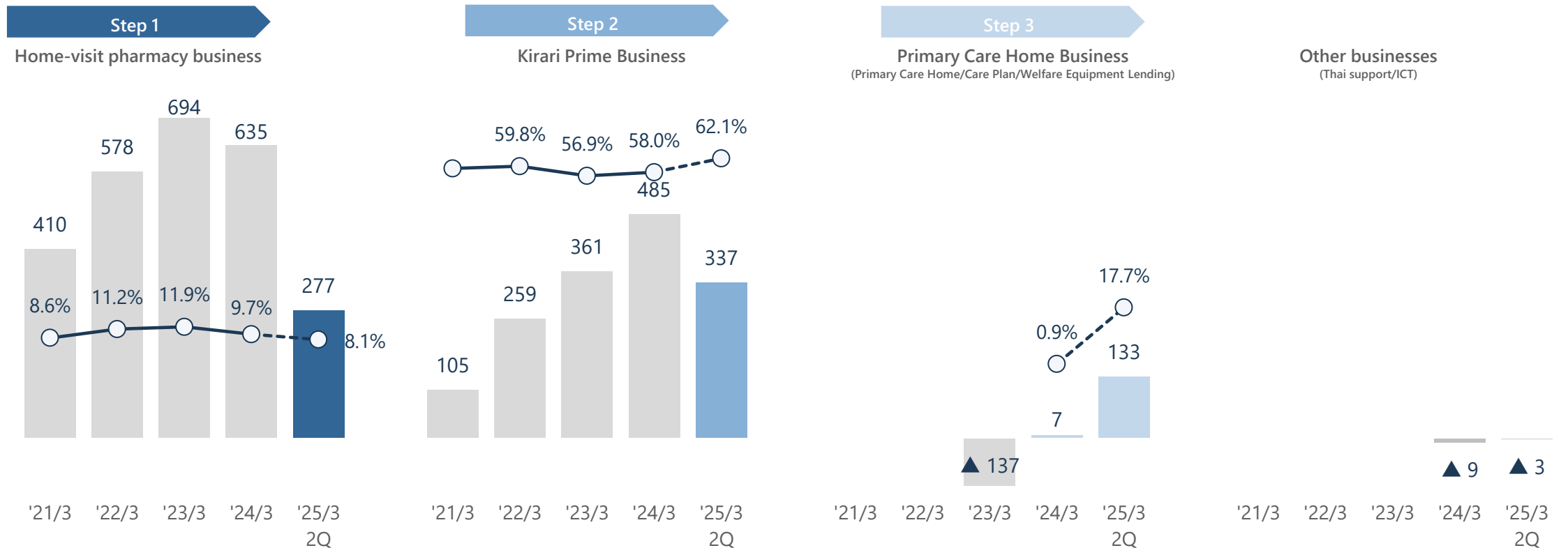
| (millions of yen) | 2024/3 | | | | 2025/3 (Consolidated) | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-------------------|-----------------------|-------|
| | 1Q (Non-consolidated) | 2Q (Non-consolidated) | 3Q (Non-consolidated) | 4Q (Consolidated) | 1Q | 2Q |
| Sales | 1,795 | 2,104 | 2,197 | 2,189 | 2,240 | 2,478 |
| Home visit pharmacy business | 1,505 | 1,713 | 1,666 | 1,646 | 1,645 | 1,771 |
| Kirari Prime Business | 177 | 199 | 242 | 216 | 231 | 312 |
| Primary care home business | 106 | 181 | 276 | 319 | 364 | 394 |
| Other businesses | 6 | 9 | 11 | 7 | 0 | 0 |
| Operating income | 55 | 145 | 264 | 245 | 145 | 303 |
| Home visiting pharmacy business | 124 | 173 | 172 | 164 | 94 | 182 |
| Kirari Prime business | 90 | 115 | 154 | 124 | 132 | 205 |
| Primary care home business | - 38 | - 28 | 27 | 47 | 67 | 66 |
| Other businesses | - 3 | - 1 | - 0 | - 3 | - 2 | - 1 |
| Adjustments | - 116 | - 113 | - 90 | - 88 | - 146 | - 149 |
| Ordinary profit | 55 | 144 | 266 | 250 | 141 | 293 |
| Net income | 36 | 98 | 182 | 124 | 94 | 196 |

Operating Profit by Segment

- In the home-visit pharmacy business, which is the first step of growth, the profit margin was 5.7% in Q1 due to the impact of the drug price revision and hiring reinforcement. However, the profit margin recovered to 10.3% in Q2 due to the positive impact of the prescription fee revision.
- The Kirari Prime business, which is the second step, performed well. The sales growth rate also exceeded the previous level. Although the region prime serves was a special factor, it was an opportunity to accelerate again.
- The primary care home business, which is the third step, became profitable year on year and the profit margin increased to 17.7%. The cost of opening the third building is expected to be incurred in the third quarter.

Segment profit and segment profit margin

(millions of yen) (%)

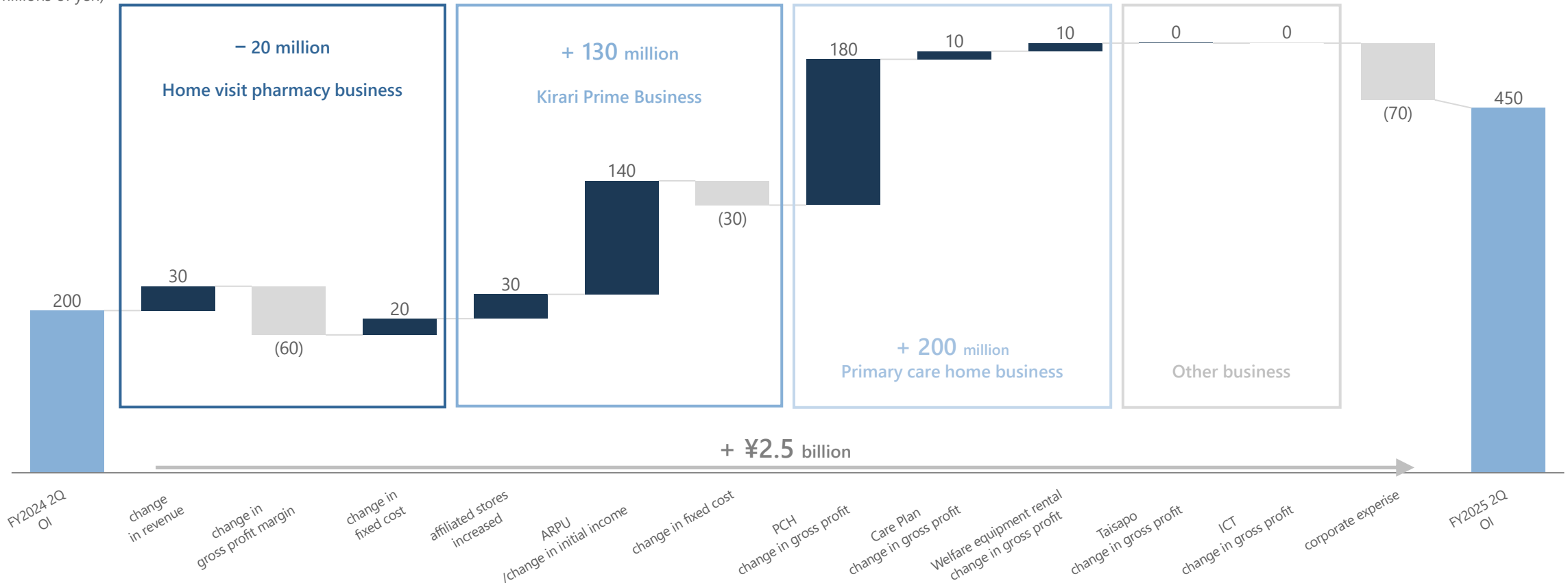


Factor Analysis of Assumed Operating Income

- Kirari Prime Business and Primary Care Home Business led the overall increase in profit. Kirari Prime Business contributed to the increase in ARPU and the acquisition of Region Prime projects. Primary Care Home Business also turned a profit due to an increase in facility occupancy rate
- On the other hand, in the home visit pharmacy business, profit decreased due to a decline in profit margin, although there was an increase in revenue due to an increase in store openings and recruitment costs. However, when broken down into quarters, operating profit doubled in 2Q compared to 1Q.

Factors contributing to changes in operating income

(millions of yen)

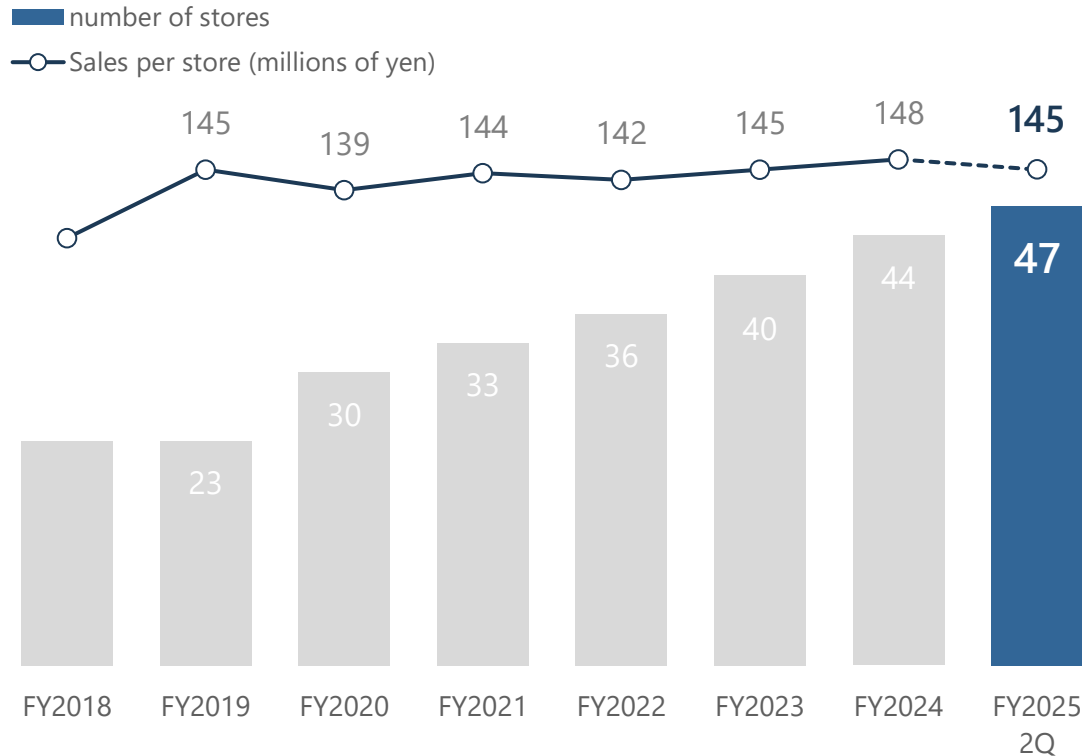


*Primary care home (PCH)

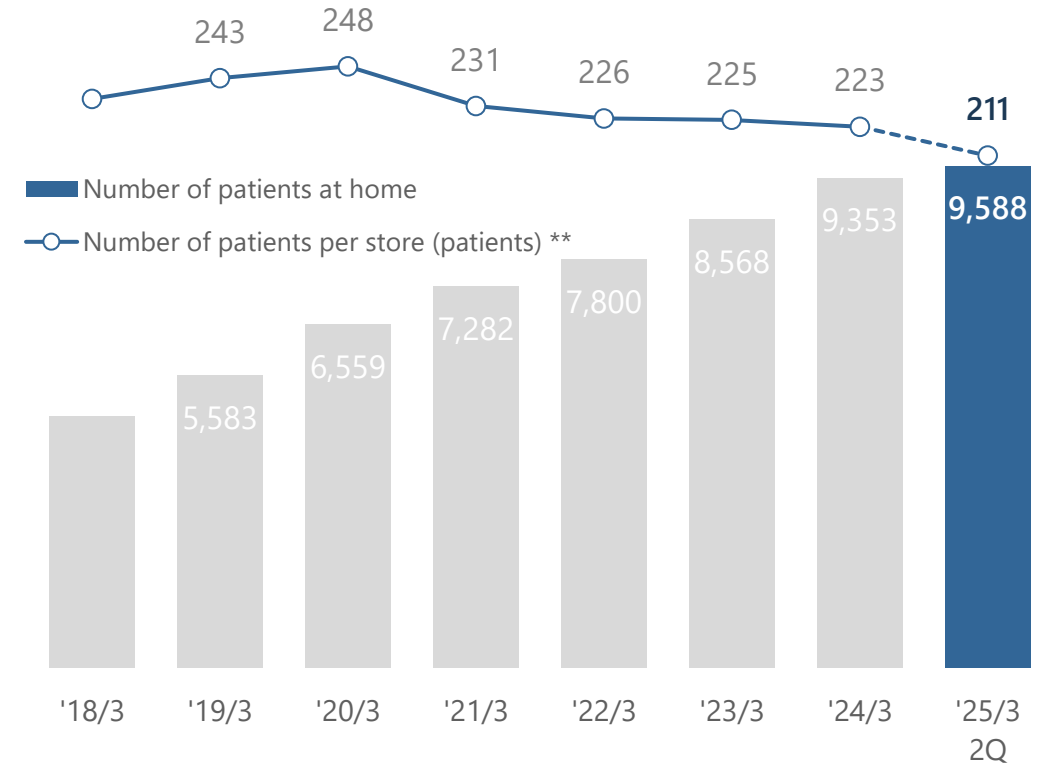
Home-Visit Pharmacy Business KPI

- The number of stores increased by 3 from the end of the previous fiscal year to 47 sales per store remain flat
- The number of home visiting patients increased by 235 to 9,588 due to the increase in stores. The number of patients per store was reduced to a little less than 211 due to the reduction in field load. However, the reason for the slight decrease in sales per store is the increase in sales per patient. This was due to an increase in unit prices for home pharmacies, including additions to the comprehensive home pharmacy system due to revisions to dispensing fees.

Sales and number of stores



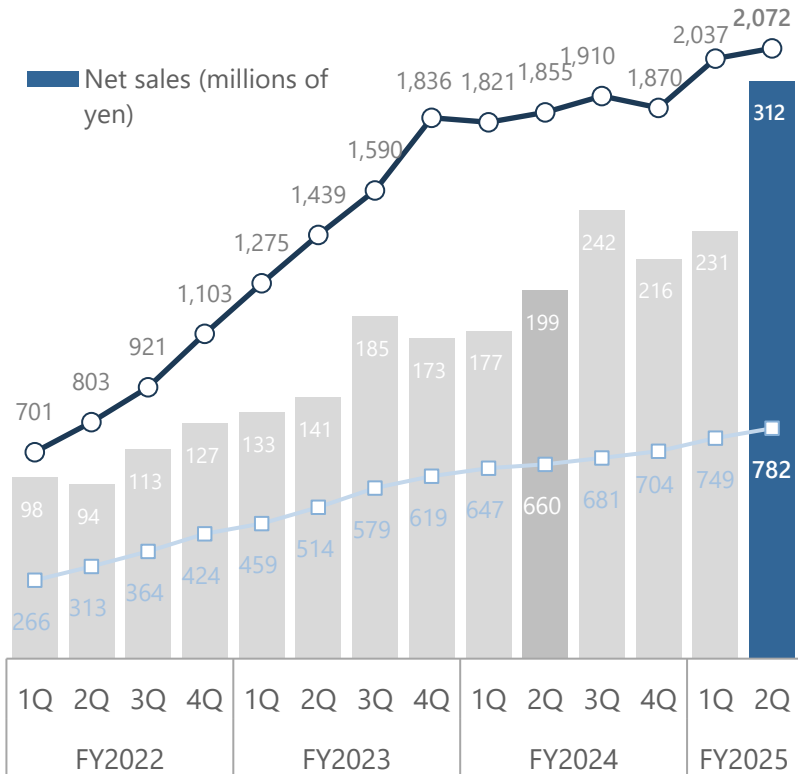
Number of home visiting patients



Kirari Prime Business KPI

- Sales in Q2 were up 50% year on year. This was due to the acquisition of newly launched Region Prime projects.
- In addition, our company Service was boosted by the mandatory participation of certain training courses in association with the revision of dispensing fees. The number of affiliated companies increased by 78 from Q4, and the number of affiliated stores increased by 202 to 2,072.
- ARPU continued to be strong with the increase in the number of affiliated stores.

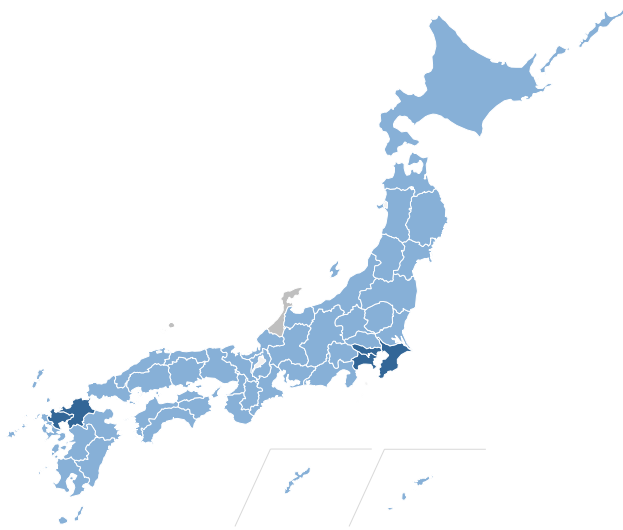
Net sales, number of member stores, and number of companies



Developments

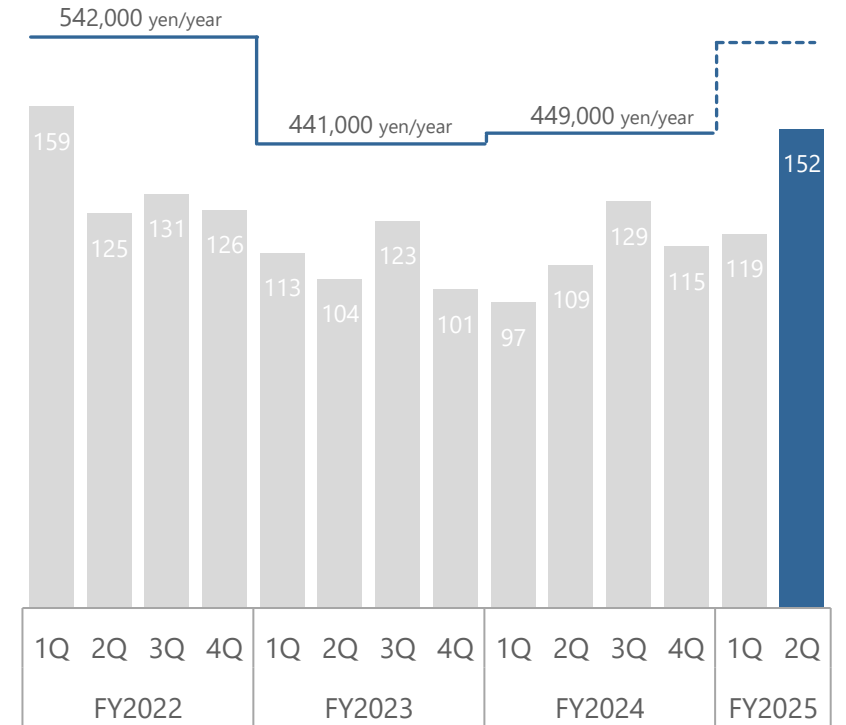
| | | |
|-----------------------|----------------|--------------|
| Kirari Pharmacy | 5 prefectures | 47 stores |
| Affiliated pharmacies | 46 prefectures | 2,072 stores |

(as of September 30, 2024)



Kirari Prime ARPU**

(thousand of yen/quarter)

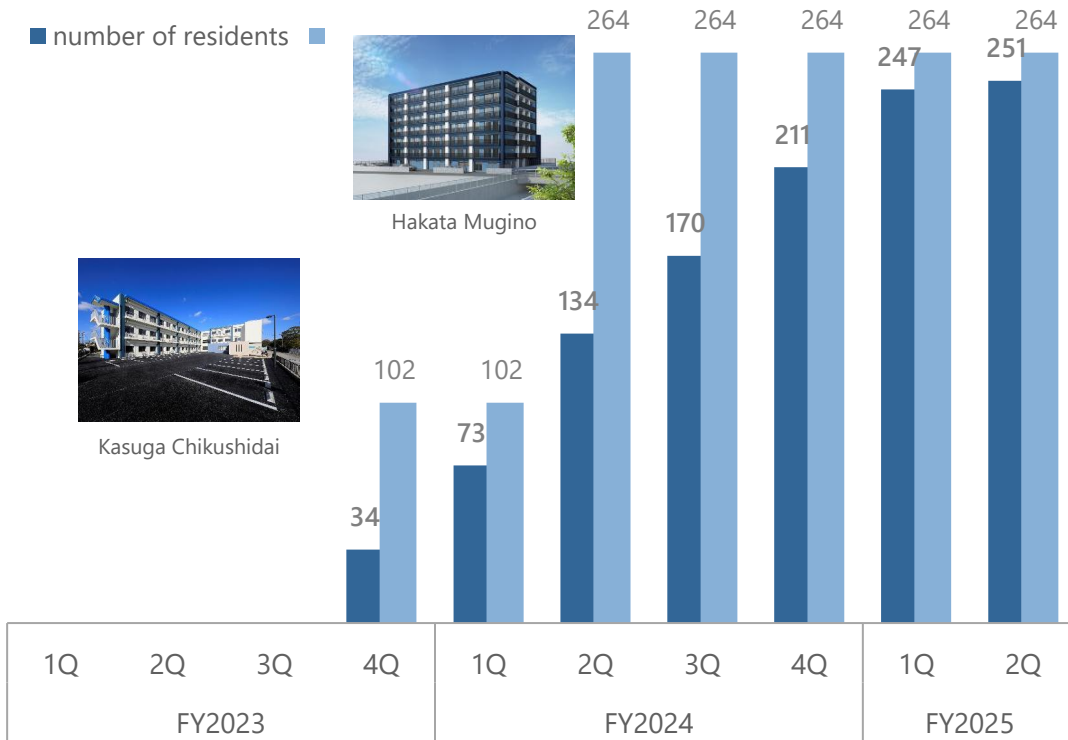


**ARPU= Kirari Prime sales (including initial revenue) ÷ Average number of stores at beginning and end of the period

Primary care home business KPI

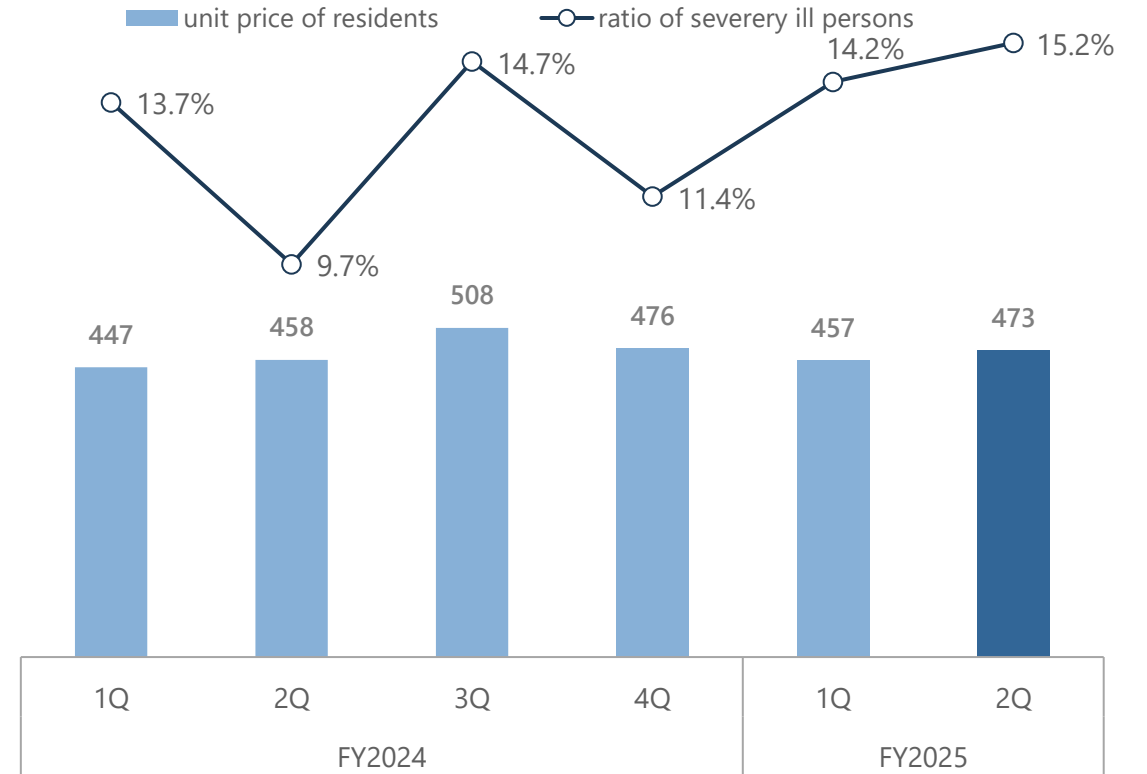
- Occupancy rate as of the end of October 2024 was 95%. The facility has been operating at almost full capacity since Q1. Kumamoto Hamasen, which is scheduled to open in December 2024, is also accepting reservations.
- Average monthly unit price for residents in Q2 was approximately 470,000 yen.

Capacity/Number of residents



Ratio of severely ill persons /Unit price for residents *

(thousand of yen/month)



*Quarterly average monthly unit price

Progress of Action Plan for Fiscal Year Ending March 2025

Home visit pharmacy business

- Efforts to secure human resources**
 Increased training for new employees at headquarters to reduce the burden of training stores. Introduced regular interviews with the human resources department to curb turnover within one year of joining the company. Since the first quarter, the turnover rate has been declining significantly.
- Expansion of stores specializing in home visits**
 Established the stores specializing in home visits to enable more detailed dominant development. Directly linked to higher delivery efficiency. The company planned to open five stores during the fiscal year, but plans to increase the number to eight including those outside existing areas.
- Central Pharmacy Initiative**
 To lift the ban on outsourcing dispensing operations, we are considering a central kitchen system for home visit pharmacies. In the future, we will build a virtual dominant system that includes Kirari Prime members.
- Expanding into new areas**
 We plan to expand into Kumamoto and Kagoshima prefectures for the first time this fiscal year.
October 2024 Opening of Kirari Pharmacy Matsumoto Store in Kagoshima Prefecture

Kirari Prime Business

- Dispatch of Home Pharmacists**
 Direct consulting services (dispatch of home pharmacists) for the full-fledged era of home health care
Small start with 3 pharmacists
- Automatic linkage with electronic drug history system**
 Started business tie-up to link electronic drug history software "CARADA Electronic Drug History Solamichi" provided by Solamichi Systems with our company home support system "FamCare." Promotion of RPA for report preparation using generated AI.
Started introduction of report RPA in stores in November 2024
- Hands-on service for business succession pharmacies**
 As small and medium-sized pharmacies with no successors and financial difficulties are increasing, our company started consulting services to increase value and complete business succession

Region Prime

- Support for construction and operation of facilities for the elderly**
 We provide consulting services related to construction and operation of facilities for the elderly to companies operating pharmacies. We also offer a set of pharmacies and facilities for the elderly nationwide.
The first project was awarded

Primary care home business

- Facility expansion system**
 Development of a system capable of developing two or more buildings per year
- Preparation for expansion into Kumamoto City**
 In order to expand into Kumamoto City, which does not have a directly-managed store, mass marketing will be developed for promotion and early recognition will be considered

Strengthening Positioning as a Platform Company for Primary Care

Balance Sheet

- Equity ratio for the second quarter of the fiscal year ended 2025/3 increased by 2.1 percentage points to 28.0%
- Total assets increased by 9%. Increase in working capital due to business expansion in addition to the effect of taking care home business assets under management

| (millions of yen) | End of 2023/3 (non-consolidated) | End of 2024/3 (non-consolidated) (consolidated) | FY 2025/3 2Q (Consolidated) | Increase/decrease from the end of the previous fiscal year | |
|-----------------------------------|-------------------------------------|---|--------------------------------|--|--------------------------------|
| Current assets | 1,959 | 2,444 | 2,894 | +449 | Holding large amounts of cash |
| Cash and Bank | 567 | 688 | 888 | +200 | Impact of business expansion |
| Accrued revenue | 1,152 | 1,498 | 1,657 | +159 | |
| Non-current assets | 955 | 3,910 | 4,005 | +95 | Impact of opening new stores |
| Tangible fixed assets | 276 | 2,997 | 3,043 | +46 | |
| Intangible fixed assets | 440 | 364 | 363 | - 1 | |
| Total assets | 2,914 | 6,354 | 6,900 | +545 | |
| Liabilities | 1,431 | 4,711 | 4,965 | +253 | Impact of business expansion |
| A/P trade | 669 | 751 | 844 | +92 | Procurement of working capital |
| Interest-bearing debt * | 193 | 2,629 | 2,847 | +217 | |
| Lease liability (short-and long) | 57 | 168 | 198 | +29 | |
| Net assets | 1,483 | 1,643 | 1,934 | +291 | |
| Liabilities and net assets | 2,914 | 6,354 | 6,900 | +545 | |
| Equity ratio | 50.9% | 25.9% | 28.0% | +2.1 | |
| ROE | 30.0% | 26.8% | - | - | |
| ROA | 14.1% | 11.3% | - | - | |
| total asset turnover | 2.4 | 1.3 | - | - | |

*Interest-bearing debt = Short-term borrowings + Repayments within 1 year Long-term borrowings + Long-term borrowings + Corporate bonds * Lease obligations are included

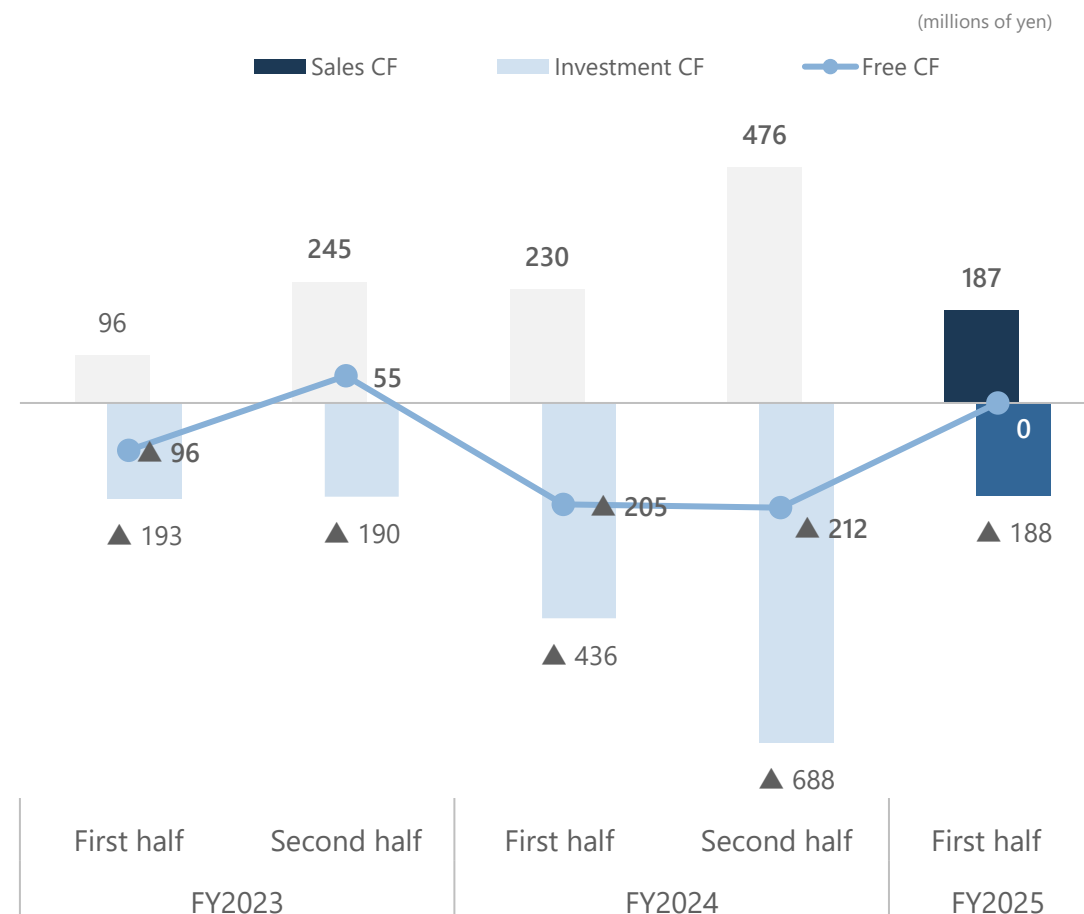
Cash flow

- FCF in the first half of FY 2025/3 was approximately balanced at minus 400,000 yen. Due to a decrease in investment CF payments due to the opening of new stores, the trend of excessive FCF payments came to a halt. Operating CF remained at a slightly low level due to an increase in income tax payments despite strong business performance.
- We will continue to invest for growth. We will maintain a certain level of financial stability so that we can respond to funds flexibly.

Cash Flow Trends

| (millions of yen) | 2024/3 | | 2025/3 | Year-on-Year |
|------------------------------------|--------------|-------------|------------|--------------|
| | First Half * | Second Half | First Half | |
| Operating CF | 230 | 476 | 187 | -42 |
| Income before income taxes | 199 | 455 | 435 | +235 |
| Depreciation and amortization | 69 | 104 | 128 | +59 |
| Amortization of goodwill | 7 | 8 | 4 | -3 |
| Change in receivables and payables | -40 | -222 | -66 | -25 |
| Investment CF | -436 | -688 | -188 | +248 |
| Capital Expenditures, etc. | -172 | -105 | -133 | +38 |
| Free CF | -205 | -212 | -0 | +205 |
| Financial CF | 491 | 46 | 201 | -290 |
| Increase (decrease) in borrowings | 541 | 301 | 217 | -323 |
| Issuance of new shares | 2 | 16 | 0 | -2 |
| cash at end of period | 853 | 688 | 888 | +35 |

*Non-consolidated Financial Results



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Forecast (Consolidated)

- No change from the initial forecast for the fiscal year under review. For the 2025/3 fiscal year, we expect revenue to rise 14.1% and operating profit to rise 30.9%. Operating profit is close to 1 billion yen. Ordinary profit is also expected to reach a record high in a row.
- On a semi-annual basis, there is no change in the focus on the second half, but the full-year expected progress rate reached about 50% in the first half, lowering the bar for the second half. Compared to the first half, profit is expected to reach the initial expectation due to a slight increase in profit.
- By segment, profits in the pharmacy business surged in the second half due to the penetration of the effect of the revision of dispensing fees and the effect of staff retention. On the other hand, Kirari Prime does not expect additional region prime projects, and profits in the second half decreased due to higher costs. Primary care homes are also expected to incur initial costs in the second half on a year-on-year basis due to the opening of new bases.

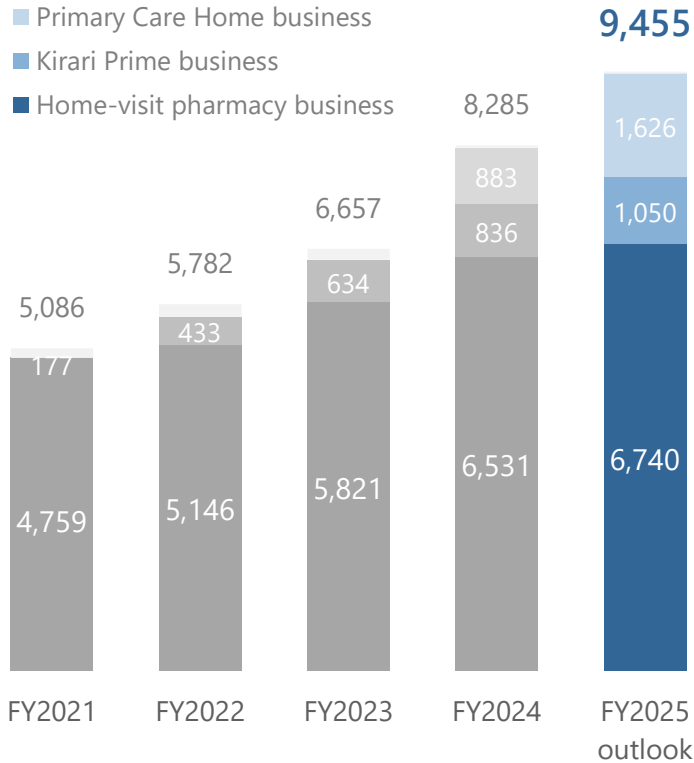
| (millions of yen) | Results for fiscal year 2024/3 | | | Fiscal year 2025/3 | | | Year-on-Year Difference | | | Full year |
|------------------------------|--------------------------------|-------------|-----------|--------------------|-------------------------|-----------|-------------------------|-------------|-----------|-----------|
| | First half * | Second half | Full year | First Half Results | Second Half Assumptions | Full Year | First Half | Second Half | Full Year | Change |
| Net Sales | 3,899 | 4,386 | 8,285 | 4,719 | 4,735 | 9,455 | +820 | +349 | +1,169 | +14.1% |
| Home visit pharmacy business | 3,218 | 3,312 | 6,531 | 3,416 | 3,324 | 6,740 | +197 | +11 | +209 | +3.2% |
| Kirari Prime Business | 377 | 459 | 836 | 543 | 506 | 1,050 | +166 | +46 | +213 | +25.5% |
| Primary care home business | 287 | 595 | 883 | 758 | 867 | 1,626 | +471 | +272 | +743 | +84.2% |
| Other Business | 16 | 18 | 34 | 0 | 36 | 37 | - 15 | +17 | +2 | +6.7% |
| Operating income | 201 | 509 | 710 | 448 | 481 | 929 | +247 | - 28 | +219 | +30.9% |
| Home visit pharmacy business | 297 | 337 | 635 | 277 | 408 | 685 | - 20 | +70 | +50 | +7.9% |
| Kirari Prime Business | 205 | 279 | 485 | 337 | 191 | 529 | +131 | - 87 | +44 | +9.1% |
| Primary care home business | - 67 | 74 | 7 | 133 | 34 | 168 | +201 | -40 | +160 | 21 times |
| Other businesses | - 5 | - 3 | - 9 | - 3 | 3 | -0 | +1 | +6 | +8 | - |
| Adjustments | - 229 | - 178 | - 408 | - 296 | - 156 | - 452 | - 66 | +22 | -44 | - |
| Ordinary profit | 199 | 517 | 716 | 435 | 454 | 889 | +235 | - 62 | +172 | +24.1% |
| Net Income ** | 134 | 306 | 441 | 291 | 326 | 618 | +156 | +20 | +177 | +40.2% |

KPI Assumptions

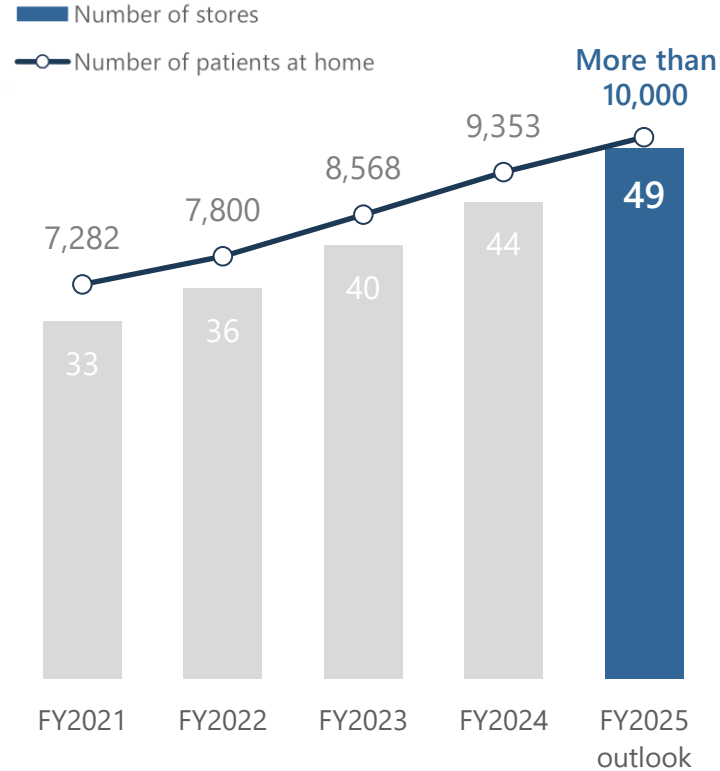
- In terms of sales, the Primary Care Home business grew significantly. This business is expected to surpass Kirari Prime and become the second largest company in terms of sales.
- In the Home-visit pharmacy business, we maintained the same pace of store openings as in previous years..The number of patients at home is expected to exceed 10,000.
- In the Kirari Prime business, we will increase ARPU by expanding “Packaged Plans”. We will continue to accelerate investment in response to the shortage of staff and the increase in churn at the affiliated stores.

sales outlook

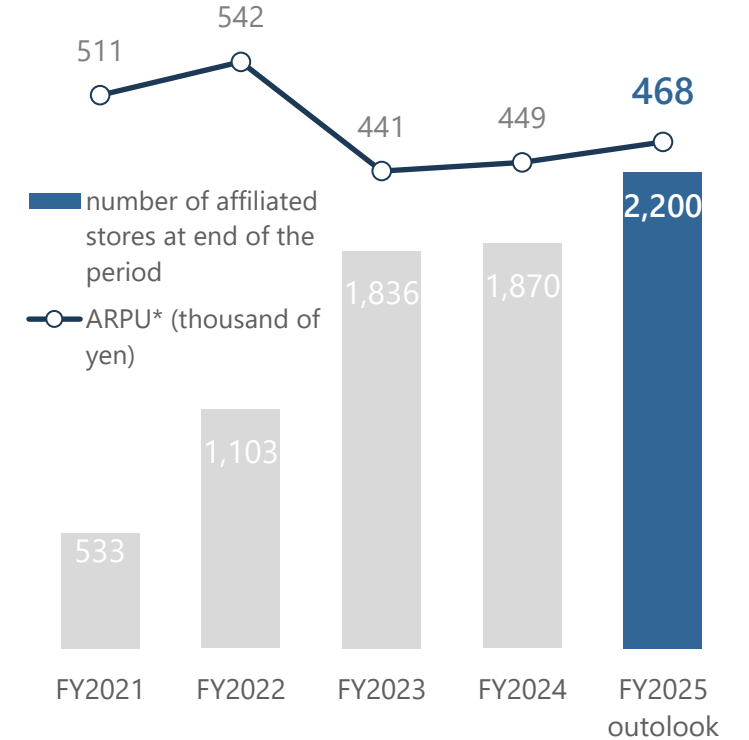
(millions of yen)



Home Visit Pharmacy Business KPI Assumption



Kirari Prime Business KPI Assumption



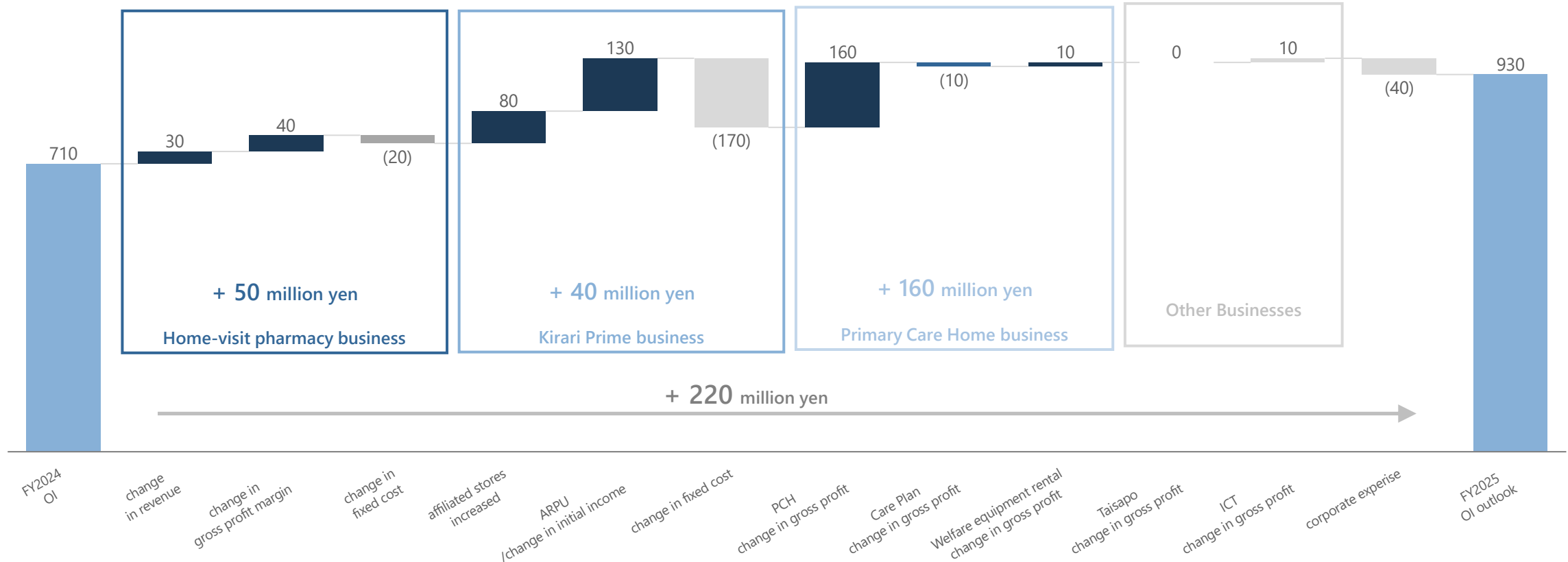
*ARPU= Kirari Prime Sales (including initial revenue) ÷ Average number of franchisees at the beginning and end of the period

Factor Analysis of Assumed Operating Income

- The Primary Care Home business is expected to contribute significantly to the increase in profit due to the increase in occupancy rate
- The Home-visit pharmacy business will increase in profit due to the easing of labor shortage and normalization of cost ratio. Revision of dispensing fees is also expected to contribute to profit
- In the Kirari Prime business, costs are expected to increase due to personnel reinforcement, but an increase in ARPU due to the expansion of the service lineup is expected to contribute.

Operating Income Factors

(millions of yen)



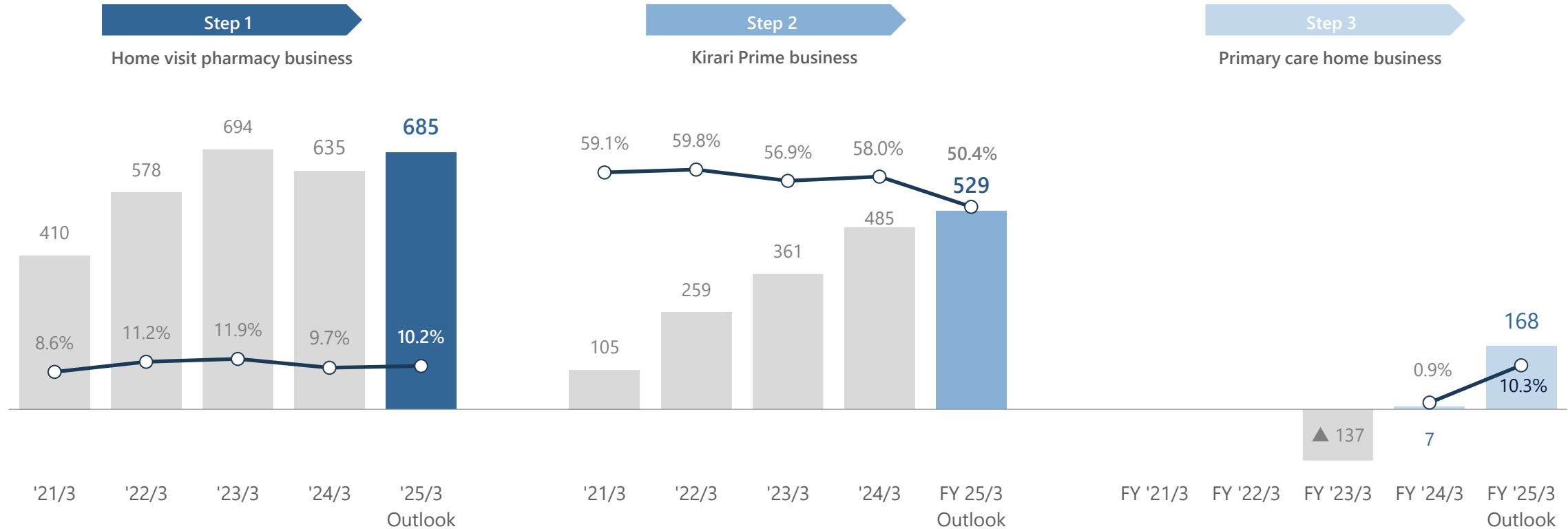
· PCH (Primary Care Home)

Earnings Forecast by Segment

- The first step home visit pharmacy business is set for the first year of reacceleration. In addition to increasing the number of stores and hiring personnel, we are promoting drastic efficiency improvement in operations. Profit margin will improve from the second half
- In the second step Kirari Prime business, profit is expected to increase, but the profit margin is expected to decrease due to increased costs due to hiring and training of pharmacists. No additional region prime projects are expected in the second half
- In the third step primary care home business, existing facilities remain profitable. However, we plan to open new facilities in the second half of the year, so profits will be weighted toward the first half.

Segment profit and segment profit margin

(millions of yen) (%)



Home-Visit Pharmacy Business: Direction of Operation Reform

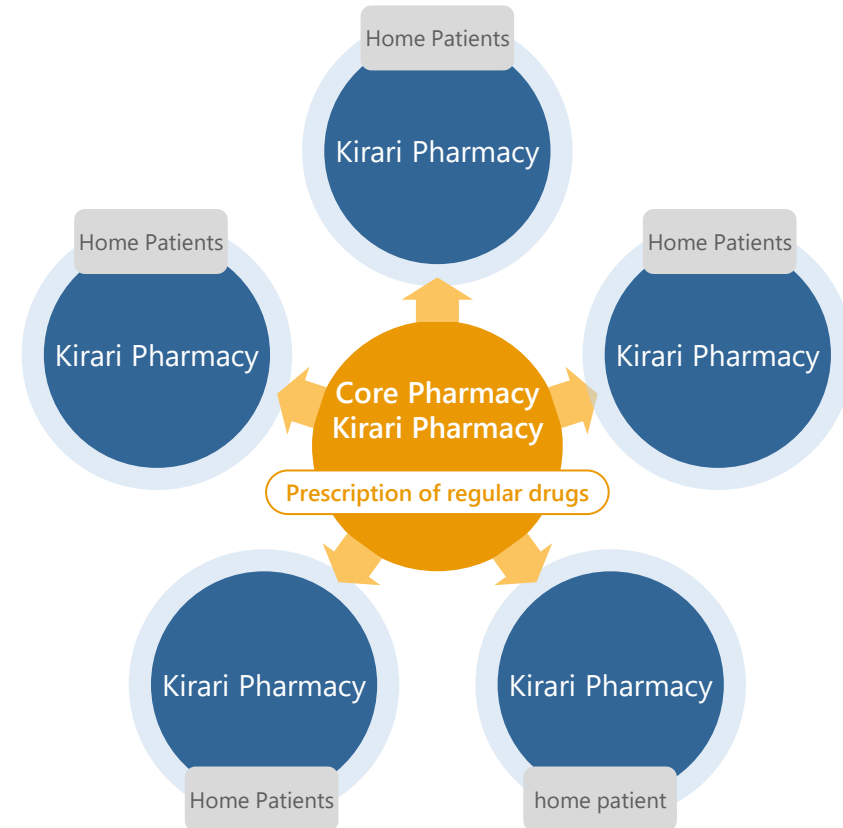
Previous Operation System

- Each Kirari Pharmacy Takes Unique and Consistent Action for Each Customer
- There are examples of neighboring Kirari Pharmacies taking part in support, but they are basically managed in a simplified manner.



Operation Reform: Central Pharmacy System

- Establishment of a core automated pharmacy that operates 24 hours a day, mainly dispensing drugs (regular drugs) for long-term use by patients
- Delivery of dispensed drugs to nearby Kirari pharmacies and administration of drugs from the store in charge to patients at home
- By having core pharmacies handle part of the operations of Kirari pharmacies in each region, the burden on the site is reduced, and they concentrate on value-added operations such as dealing with acute symptoms.



2024 Remuneration Revision Impact

Trends in this spring's compensation revision

Remuneration was revised just before 2025, when the baby-boomer generation will become over 75 years old and the aging society will accelerate rapidly. The **importance of home health care and nursing care was further improved as a whole**. This content clarifies the flow of strengthening the **"community comprehensive care system" that allows people to live in the community and face their final moments**.

Impact in each business

Home-visit pharmacy business

- Based on the evaluation of home visits, the unit cost of home prescriptions is expected to rise by 350 yen. an annual increase of about 60 million yen in compensation
- A generous additional evaluation is provided for the treatment of patients who require advanced medical care (knowledge, experience, and devices), such as medical narcotics use (especially injectables) and medical-care children. A basic system has been established to cope with these problems, and the dispensing operation that can focus more on interpersonal services is streamlined.

Kirari Prime business

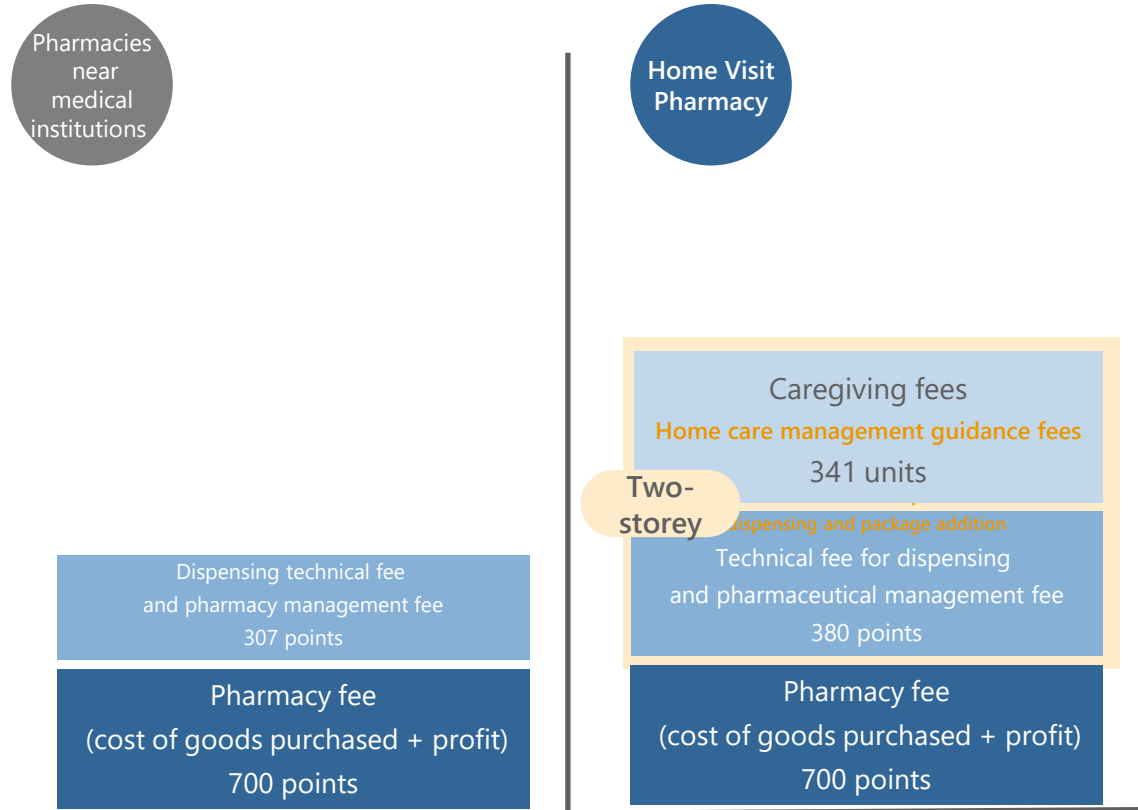
- Based on the evaluation of home visits, dispensaries are polarized into "home focused" or not. Therefore, it is predicted that Prime member stores will change to a more "home focused" configuration.
- Member stores: ARPU may increase due to increased use of home focused services, while pharmacies that do not focus on home may leave.
- Regardless of the growth of new franchisees, ARPU is expected to increase due to the expansion of service usage opportunities.

Primary Care Home business

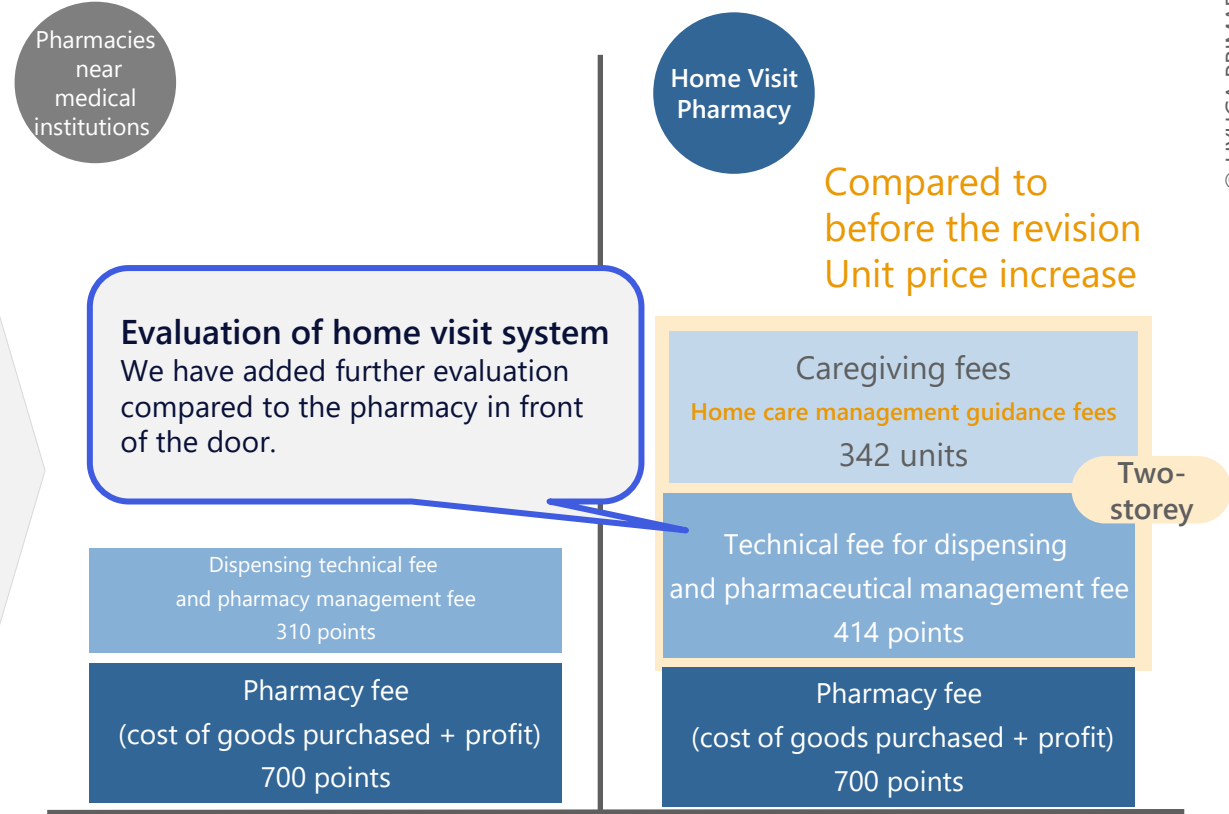
- In the case of home care nursing, the remuneration decreased by 1%. However, the result is expected to be positive due to the acceptance of residents with high medical dependency.
- Received favorable evaluations for end-of-life care at home (including care for terminally ill cancer patients) .The addition of home care in medical insurance is expected in the future.

Comparative changes in the number of dispensing-related compensation points

Before revision



After revision



"Comparative example per prescription for 14 days of oral medication"

(Dispensing fee points: 1 point = 10 yen, nursing care fee unit: 1 unit = 10 yen)

Home-Visit Pharmacy Business: Impact of 2024 Dispensing Fee Revision

- A certain number of home pharmacy management records are required for the "community support system addition," which is a pillar of the profits of dispensing pharmacies and evaluates their performance and systems in contributing to community medical care. The era has changed to one in which dispensing pharmacies across the country are required to make home visits.
- There is a generous evaluation addition for dealing with patients who require advanced medical care (knowledge, experience, and devices) such as medical narcotics use (especially injection drugs) and medical-care children. We can deal with and accept all kinds of patients based on our long history of home case experience. We speculate that there will be more home patients with higher unit costs.
- We will streamline our dispensing operations so that we can take care of home patients with high medical dependency and cooperate with visiting physicians and care managers.

◆ Kirari Pharmacy Average Model: 450 home prescriptions out of 850 prescriptions per month

| Items affected by the revision (excerpt) | | Before | → | After | |
|--|---|---------|----------------------------------|----------------|--------------------|
| basic fee for dispensing | *include regional support system addition, enhanced linkage addition | 910 yen | (10) | 900 yen | |
| drug adjustment fee | Home Patient Dispensing Addition | 150 yen | (150) | - | addition abolition |
| pharmacy management fee | Addition of comprehensive home pharmacy system *Limited to home prescriptions | - | | 500 yen | addition new |
| Home Medical Care Management Guidance Expenses <small>* Home Prescription (Nursing care insurance applicable)</small> | | | Uniform price increase of 10 yen | | |



Home prescriptions increased by 350 yen per prescription

Although the unit cost of outpatient prescriptions decreased,

- online medication instruction
- Addition to medical narcotics continuous injection
- Addition to home parenteral nutrition therapy
- Addition to medical DX promotion system

Expected to increase remuneration by about 60 million yen for the entire division

Facility operation status



Building 1 'Primary care home Hyuga Kasuga Chickushidai'

- Opened on January 13, 2023
- Address: 5-132 -1, Chikushidai, Kasuga City, Fukuoka Prefecture, Japan
- Number of seats: 102



Building 2 'Primary care home Hyuga Hakata Mugino'

- Opened on August 1, 2023
- Address: 2-22-20, Mugino, Hakata Ward, Fukuoka City, Fukuoka Prefecture, Japan
- Number of seats: 162



Building 3 'Primary care home Hyuga Kumamoto Hamasen'

- Scheduled to open in December 2024
- Address: 3-120, Tamukae, Minami Ward, Kumamoto City, Kumamoto Prefecture, Japan
- Number of seats: 168



Building 4 'Primary care home Hyuga Kurume in front of St. Mary's Hospital Station' (tentative name)

- Scheduled to open in April 2025
- Address: 600-7 Tsufuku Honmachi, Kurume City, Fukuoka Prefecture, Japan
- Number of seats: 150



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Entry into Pharmacy Services by Major Online Distributors

Q: Will this affect Home-visit Pharmacies?  A: No

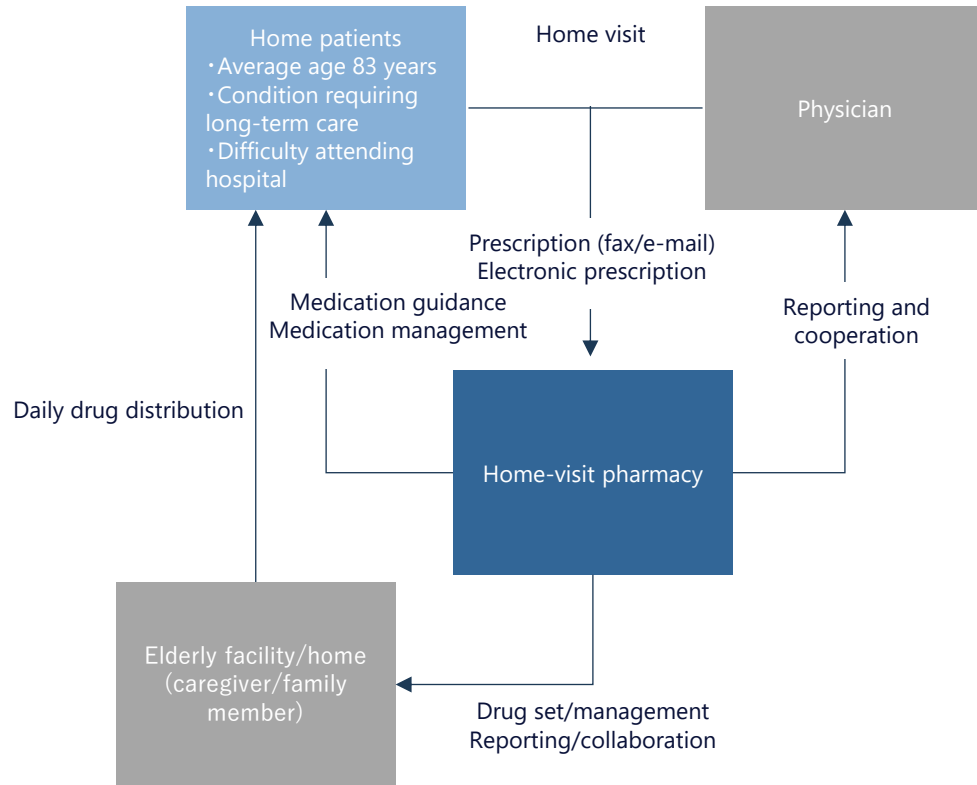
Differences with The Company

| | Our Company (Home-visit Pharmacy) | Major Distributors |
|-------------------------|--|---|
| Target Audience | <ul style="list-style-type: none"> •Elderly •Conditions requiring long-term care •Difficulty attending hospital •Need help managing medication | <ul style="list-style-type: none"> •Highly IT literate •Emphasis on convenience •Ability to manage medication by oneself |
| Conditions of use | Patients who are recuperating at home and have been diagnosed by a doctor as having difficulty visiting the hospital | Electronic prescriptions and online medication instructions are essential |
| Medication management | Visiting pharmacists, facility staff and supporters | By oneself |
| The patient's condition | Share information with doctors, care managers, and other collaborating professionals, including medication status, as needed | Basically no sharing of medication status |

Differences in pharmacy services provided by home-visit pharmacies and major online distributors

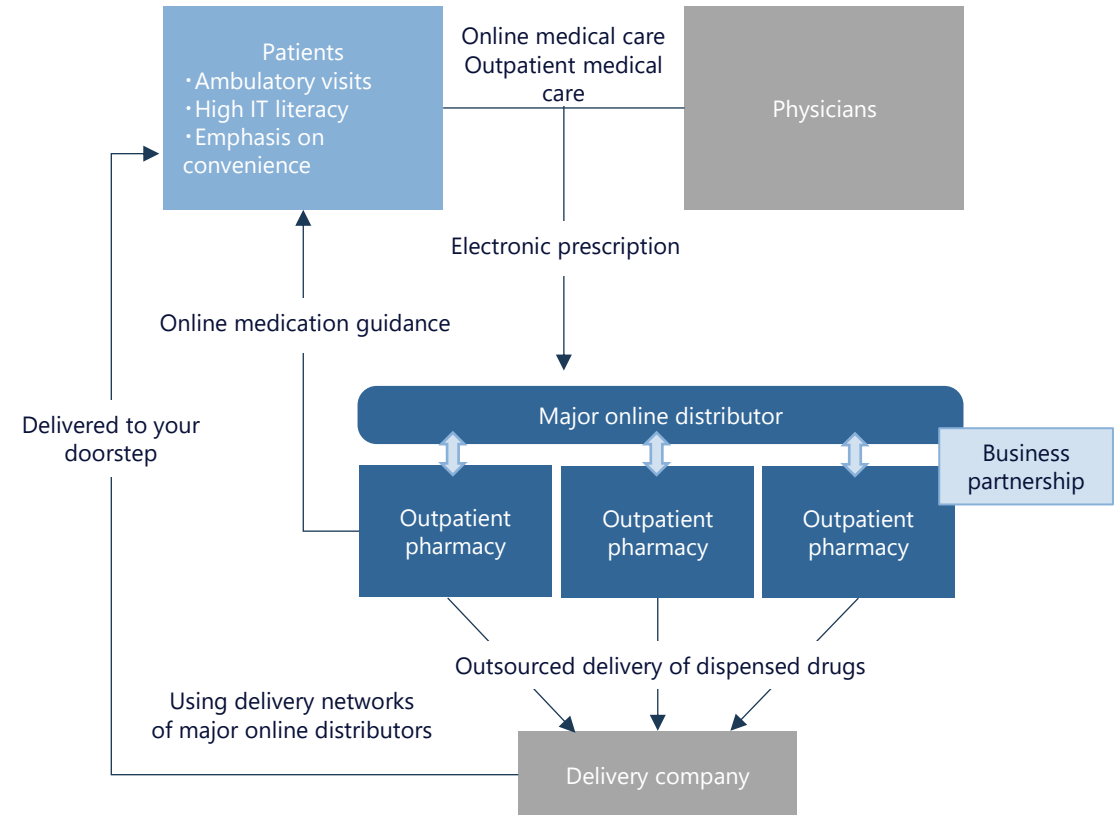
Home-visit Pharmacy

- Supporters are not always able to stand by and support nursing care
- Supporters are not specialists in medicine in most cases, making it difficult to respond to irregular situations such as unusual events
- Formulate and distribute medicines according to the patient's physical condition, level of understanding, support status, and living environment. Delivery of medicine alone does not lead to taking the medicine.

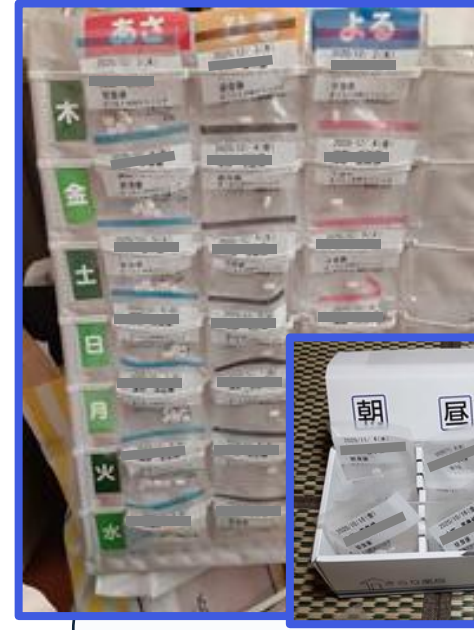
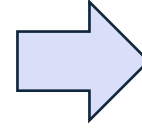
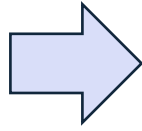


Pharmacy service provided by a major online distributor

- In the future, patients who value speed and convenience may switch to online medication advice.
- The number of medical institutions that accept electronic prescriptions is approximately 3,000 (1.7% of the total) *



For patients at home, drug delivery alone does not lead to medication administration



- Discharge prescription given to patient
- If it's only packaged in one package

It's hard to lead to correct dosing

- Date entry, color line added
- Separate bag of drugs also held together
- Confirmation of use with prescribed drugs from other medical institutions

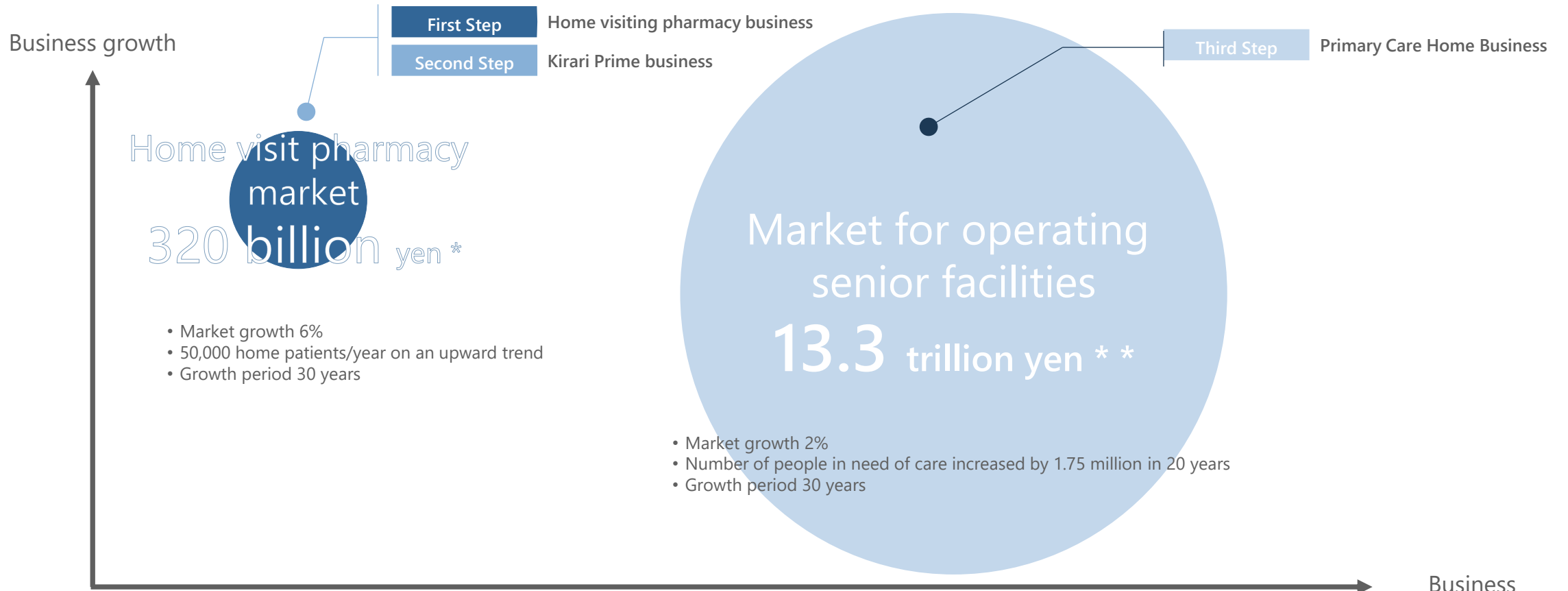
- Proposal of how to manage drugs according to the patient's situation
- Continuous management of dosing conditions
- Sharing information with doctors and care managers

Even if drug delivery is outsourced due to advances in online medical treatment and medication guidance, the superiority of home-based pharmacies that respond to patients' needs remains
Home pharmacies remain superior in meeting patient needs

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market analysis

- Recognizing that both the home-visiting pharmacy market and the senior citizens' facility operations market will expand over the long term due to an aging population and an increase in the number of home patients
- Developing a strategy that combines the large and profitable primary care home business (the third step of growth) with the high-growth home-visiting pharmacy business and the Kirari Prime business (the first and second steps of growth)



*Home visiting pharmacy TAM: 900,000 patients at home (Nikkei Medical June 2021 Social Medical Practice Survey Analysis) x average sales per patient of 360,000 yen (our company results) = 320 billion yen

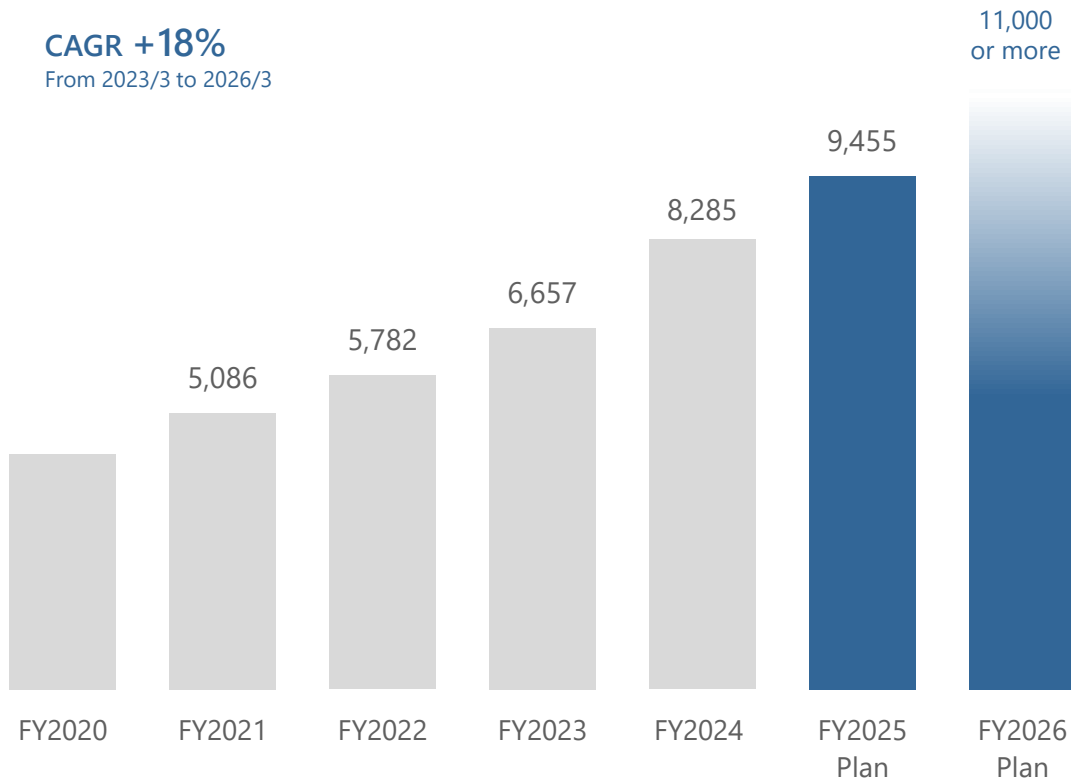
** Primary care home business TAM : 6.89 million people requiring long-term care (the Ministry of Health, Labour and Welfare Report on the Status of Long-Term Care Insurance Business, February 2022) x rate of utilization of in-home services (calculated from the 2021 Survey on Long-term Care Benefit Expenses, etc.) 38.6% x average sales per patient of 5 million yen (actual results in our company) = 13.3 trillion yen

medium-term growth plan

- The plan was partially revised in May 2023 due to the launch of the primary care home business (Sales target revised up, profit target revised down due to increase in facility opening cost).
- The company aims to achieve sales of 9.2 billion yen or more and an ordinary profit margin of 10% or more in the 2025/3 fiscal year. No change in strategy to further accelerate growth
- Growth was driven by three businesses, including the home-visit pharmacy business, Kirari Prime business and the primary care home business. The primary care home business, which is positioned as the third step of growth for long-term expansion, will be put on a growth path as soon as possible.

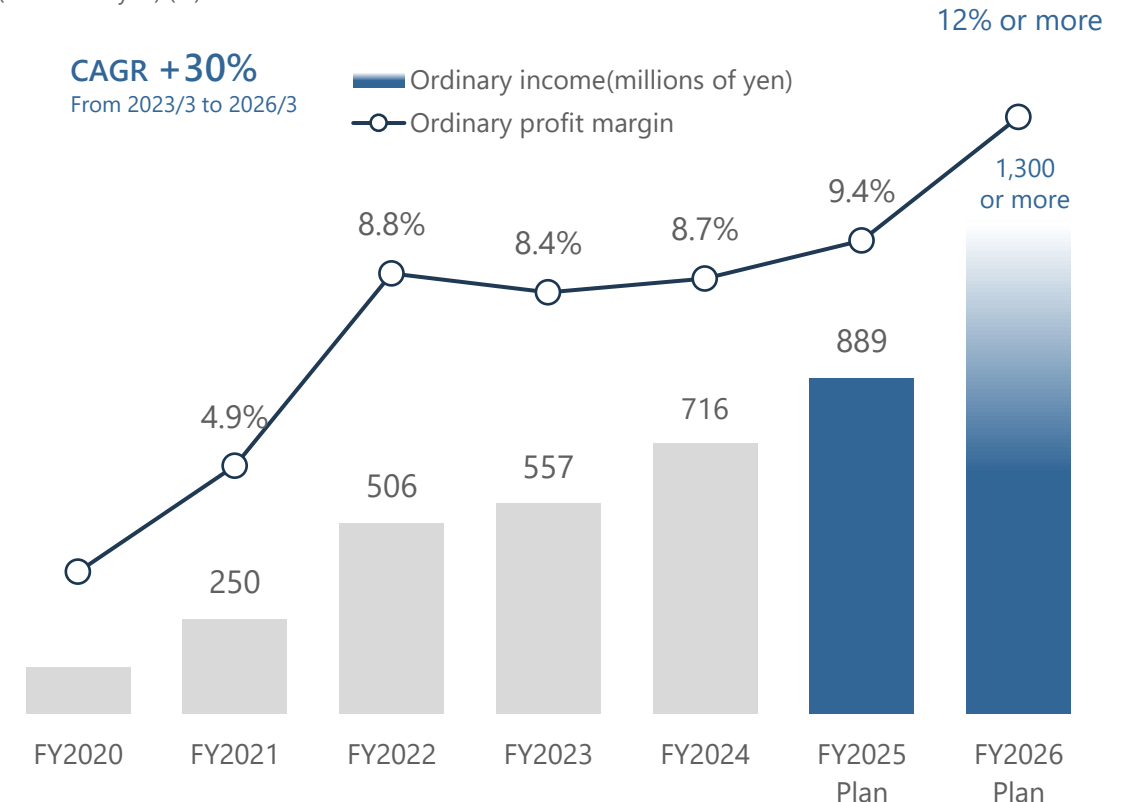
Net Sales

(millions of yen)



Ordinary Income/Ordinary Income Ratio

(millions of yen) (%)



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<https://www.hyuga-primary.care/ja/ir/library/sustainabilityreport.html>

HYUGA PRIMARY CARE Co., Ltd.

Sustainability Report

"Creating a social infrastructure that allows patients and users to recuperate at home 24 hours a day, 365 days a year"

is our business philosophy.

In order to realize this business philosophy, our company

- I. Contributing to the enhancement and development of community health care
- II. Providing safe and secure medicines
- III. Environmental Protection and Load Reduction
- IV. Supporting the Development and Active Performance of Human Resources and the Revitalization of Medical and Nursing Care Situations
- V. Strengthening Governance

We will move forward on the above.

The image displays several key sections from the Sustainability Report:

- トップメッセージ (Top Message):** A portrait of a man in a suit, likely a representative, with a text box explaining the company's mission since 2007: "Our company has been established with the goal of 'allowing patients (users) to recuperate at home 24 hours a day, 365 days a year, with peace of mind' as a social infrastructure." It mentions the company's focus on home medical care and nursing services.
- ESG経営方針の全体像 (1) 中長期ビジョンとSDGsへの考え方 (Overall ESG Management Policy (1) Mid-to-long-term Vision and Thinking on SDGs):** This section outlines the company's vision and its approach to SDGs. It states that the company aims to create a social infrastructure that allows patients to recuperate at home 24 hours a day, 365 days a year, with peace of mind. It also mentions the company's commitment to contributing to the realization of SDGs through its business activities.
- マテリアリティマッピング (Materiality Mapping):** A diagram showing the relationship between the company's business and the SDGs. It identifies key areas of focus such as "Improvement of service quality" and "Contribution to the revitalization of the local community." It also lists specific initiatives like "Digital transformation" and "Human resource development."
- マテリアリティとSDGs17の目標への貢献 (Contribution of Materiality to SDG 17 Goals):** A table showing the contribution of the company's materiality to the 17 SDG goals. The table lists various initiatives and their corresponding SDG goals.
- 重点課題グループとSDGs17の目標への貢献 (Contribution of Key Issue Groups to SDG 17 Goals):** A table showing the contribution of the company's key issue groups to the 17 SDG goals. The table lists various initiatives and their corresponding SDG goals.

Organizing Materiality

Our company organizes matters considered important in five areas

| Key Issues Group | Materiality |
|--|--|
| I Contributing to the enhancement and development of community health care as a platformer of a community comprehensive care system | <ol style="list-style-type: none"> 1. Contribution to community health care as a family pharmacy and pharmacist 2. Strengthen pharmacy functions by enhancing community medical care, including cancer alleviation 3. Promotion of online medicine using DX and IT tools 4. Providing health education, medical and nursing care information to local communities 5. Contributing to social security by promoting proper use of pharmaceuticals 6. Implementation of a bridge and community comprehensive care system in both the medical and nursing care fields through the spread of home health care 7. Contributing to the enhancement of community health care using the network established by the Kirari Prime Business |
| II Safe and secure pharmaceutical supply as social infrastructure | <ol style="list-style-type: none"> 8. Ensuring the quality and safety of the pharmaceutical products to be provided and appropriate management 9. Enhancing resilience to disasters and pandemics to ensure stable and sustainable pharmacy operations 10. Ensuring procurement stability by strengthening supply chain management |
| III Measures to protect the environment and reduce environmental impact | <ol style="list-style-type: none"> 11. Reducing waste, including pharmaceuticals, and improving the efficiency of resource use 12. Reducing CO2 Emissions by Making Energy Use More Efficient and Using Renewable Energy |
| IV Supporting the development and performance of diverse human resources and the revitalization of medical and nursing care sites | <ol style="list-style-type: none"> 13. Promote work-life balance through the realization of diverse work styles 14. Providing places of activity and managing working hours according to the way you work 15. Establishing a work environment that promotes employee health and job satisfaction 16. Respect for Human Rights and Promote Diversity (Promote Elderly Employment/Promote Women's Participation/Support LGBTQ Understanding) 17. Securing human resources to support company growth 18. Establishing a personnel system to promote growth 19. Effective utilization of human resources through promotion of DX |
| V Strengthening governance | <ol style="list-style-type: none"> 20. Sustained Strengthening of Corporate Governance 21. Highly transparent disclosure 22. Enhancing Information Security 23. Compliance |

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01 In addition to an increase in the **Population aged 75 and over** and elderly single households, **Number of persons certified as requiring long-term care** is expected to maintain high levels

- There is an urgent need to establish a new social system and medical infrastructure: a comprehensive community care system and regular measures to control social security costs by revising medical fees and drug prices

02 Demand for home medical care is expected to increase significantly due to **Aging population** and **Functional differentiation and collaboration of hospital beds due to regional medical care plans.**

- In response to the expected increase in the number of patients at home, Urgent need to create functions that seamlessly link nursing care and medical care and networks capable of providing essential home dispensing
- In order to provide safe, secure, high-quality, effective and efficient medical and nursing care services, it is also effective in the pharmacotherapy of patients. Need to ensure continuous access to safe drug therapy

Increase in the number of people aged 75 and over and elderly single households

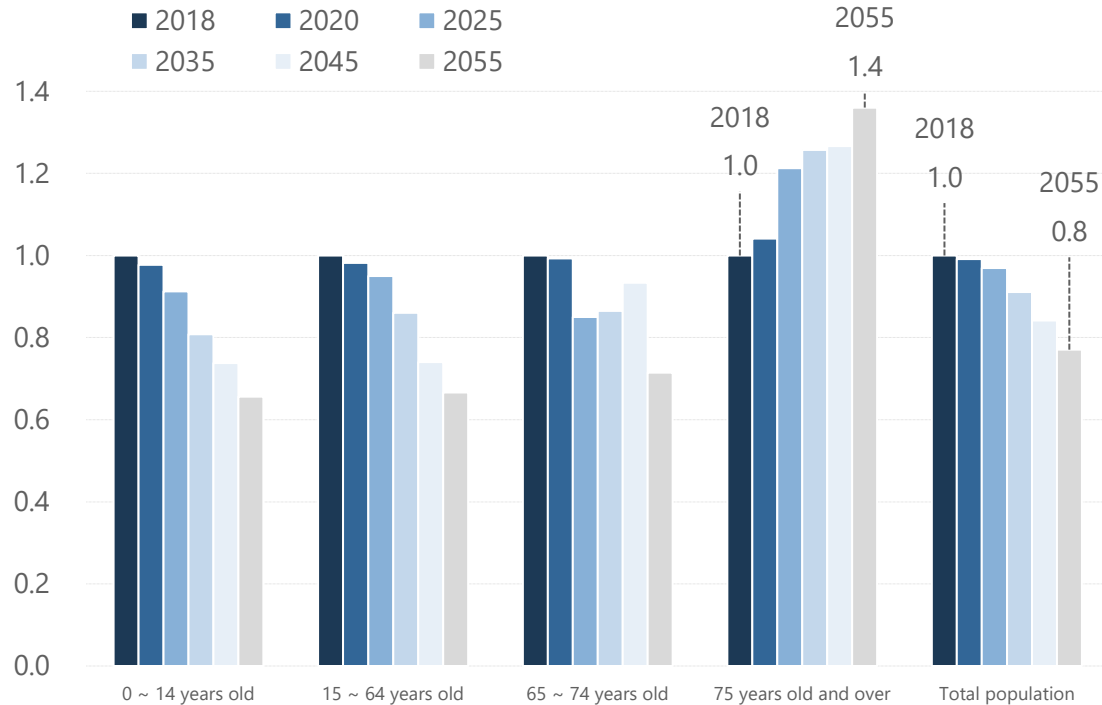
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 fold increase in 2040 compared to 2015.
- Who is going to care for you and where is going to care for you could become a bigger problem in the future.

Changes in population by age group

(2018 years = 1)

Population aged 75 and over

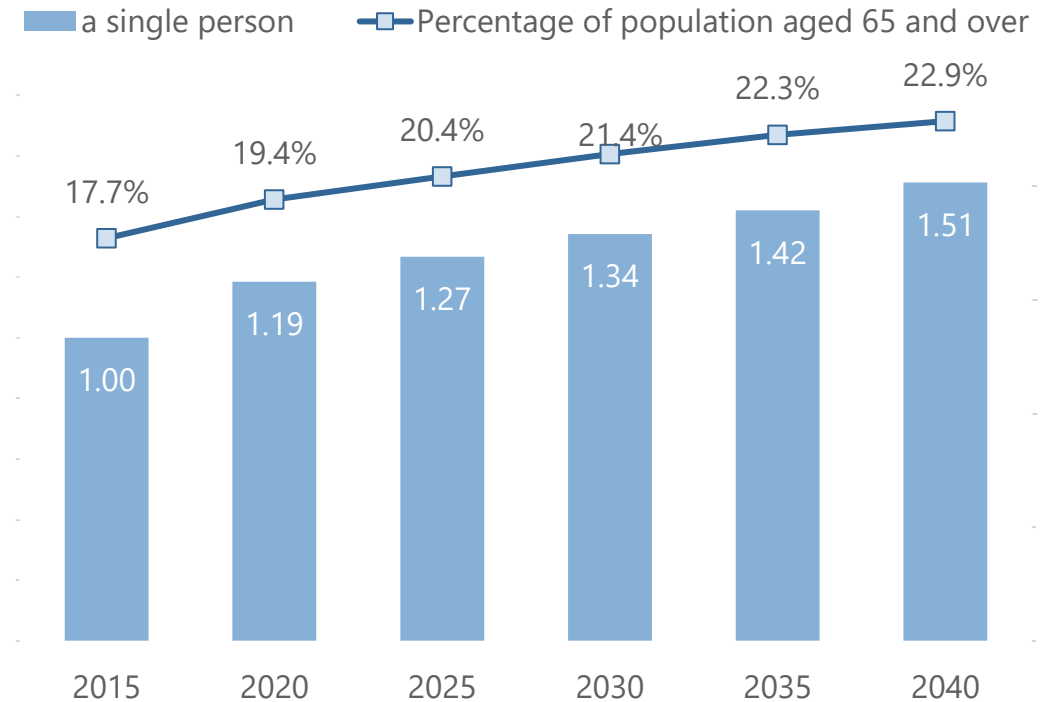
17.98 million (2018) → **24.46 million** (2055)



Number of single elderly households *

Families aged 65 and older living alone (2015 = 1)

5.93 million households (2015) → **8.96 million households** (2040)



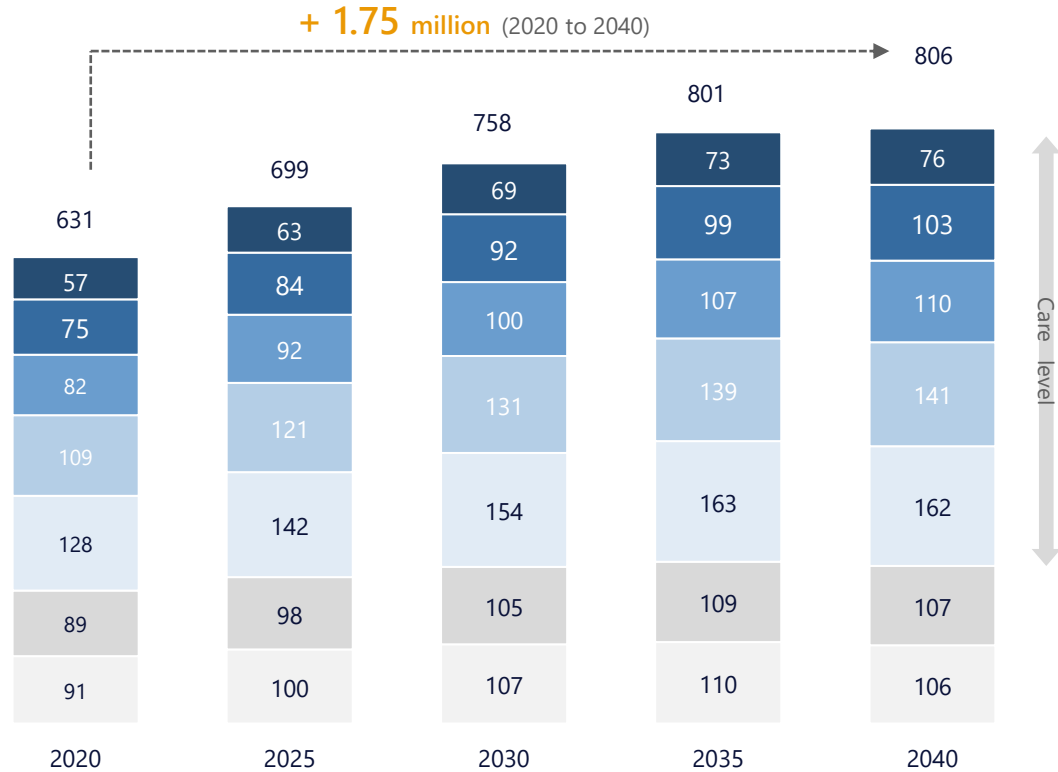
Source: Cabinet Office's "White Paper on Aging Society in Reiwa 2"

Business environment Number of people certified as needing long-term care

- The number of persons certified as requiring long-term care support or care is expected to exceed 8 million in 2035 and reach 8.06 million in 2040, an increase of 28% (compared to 2020)
- In particular, the number of people who are certified as requiring nursing care level 3 ~ 5 has increased by more than 30%, making it even more important to develop a nursing care support system.

Prospects for the number of persons certified as requiring long-term care

(10k persons)



Rate of increase and number of increase by certified category

(from 2020 to 2040)

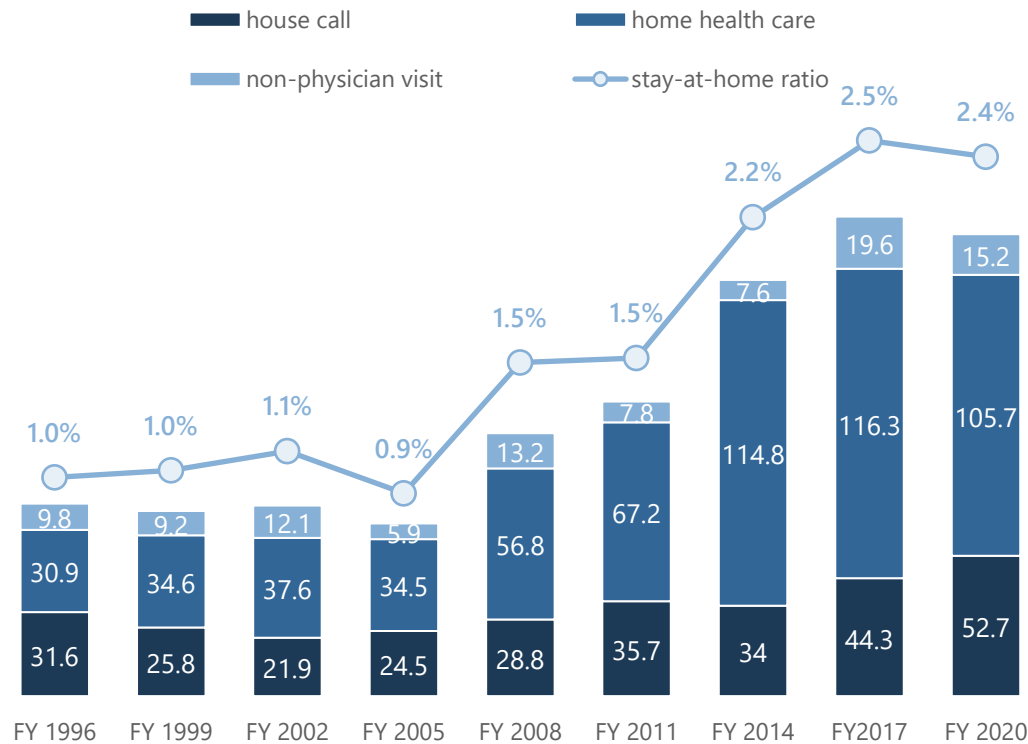
| | rate of increase | number of increase |
|------------------|------------------|----------------------------|
| Care-Needed 5 | 33 % | 190,000 people |
| Care-Needed 4 | 37 % | 280,000 people |
| Care-Needed 3 | 34 % | 280,000 people |
| Care Needed 2 | 29 % | 320,000 people |
| Care Needed 1 | 27 % | 340,000 people |
| Needed Support 2 | 20 % | 180,000 people |
| Needed Support 1 | 16 % | 150,000 people |
| Total | 28 % | 1.75 million people |

Business Environment Home Patient and Home Pharmacy

- The number of patients eligible for home health care has been on the rise. The number of elderly patients has increased rapidly since around 2008, reaching 173000 per day in 2020.
- The ratio of home patients to the total number of patients has also accelerated in tandem with the promotion of a comprehensive care system. Rising to 2.4% in 2020

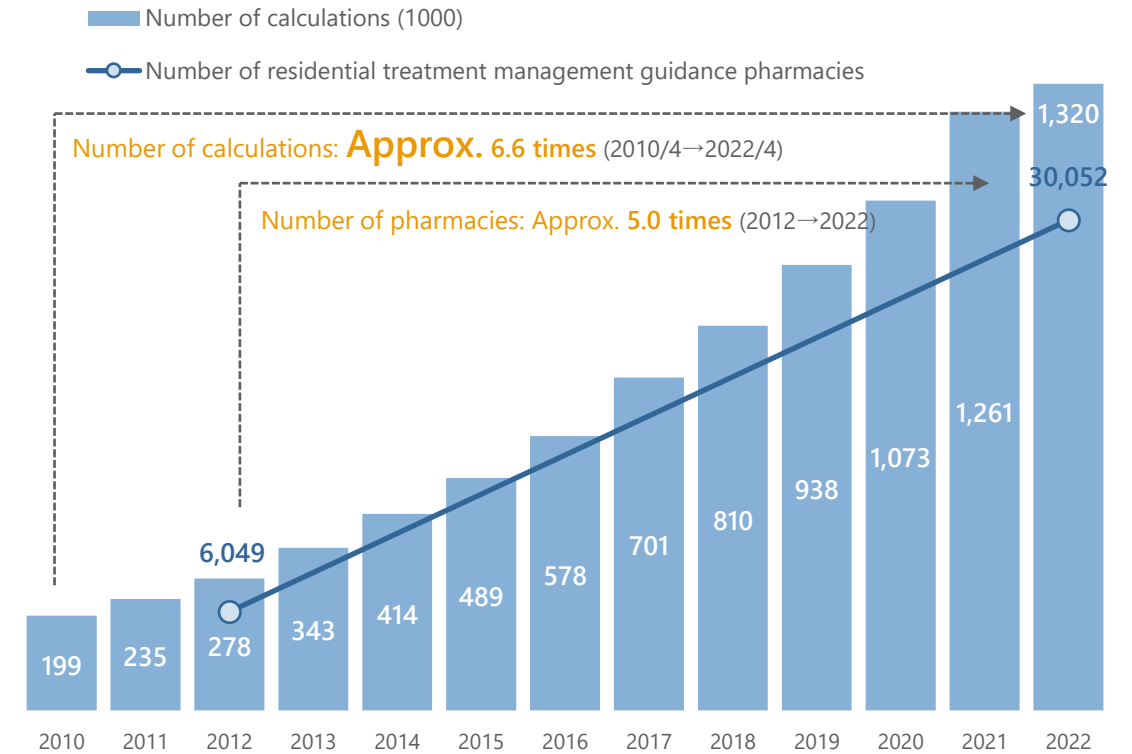
Number of patients at home Ratio of patients at home to all patients

(1000 patients/day)



Number of pharmacies providing in-home medical care management guidance (contract with patients) Number of calculated residential treatment management guidance expenses for pharmacies

(stores) · (1000 times in April each year)



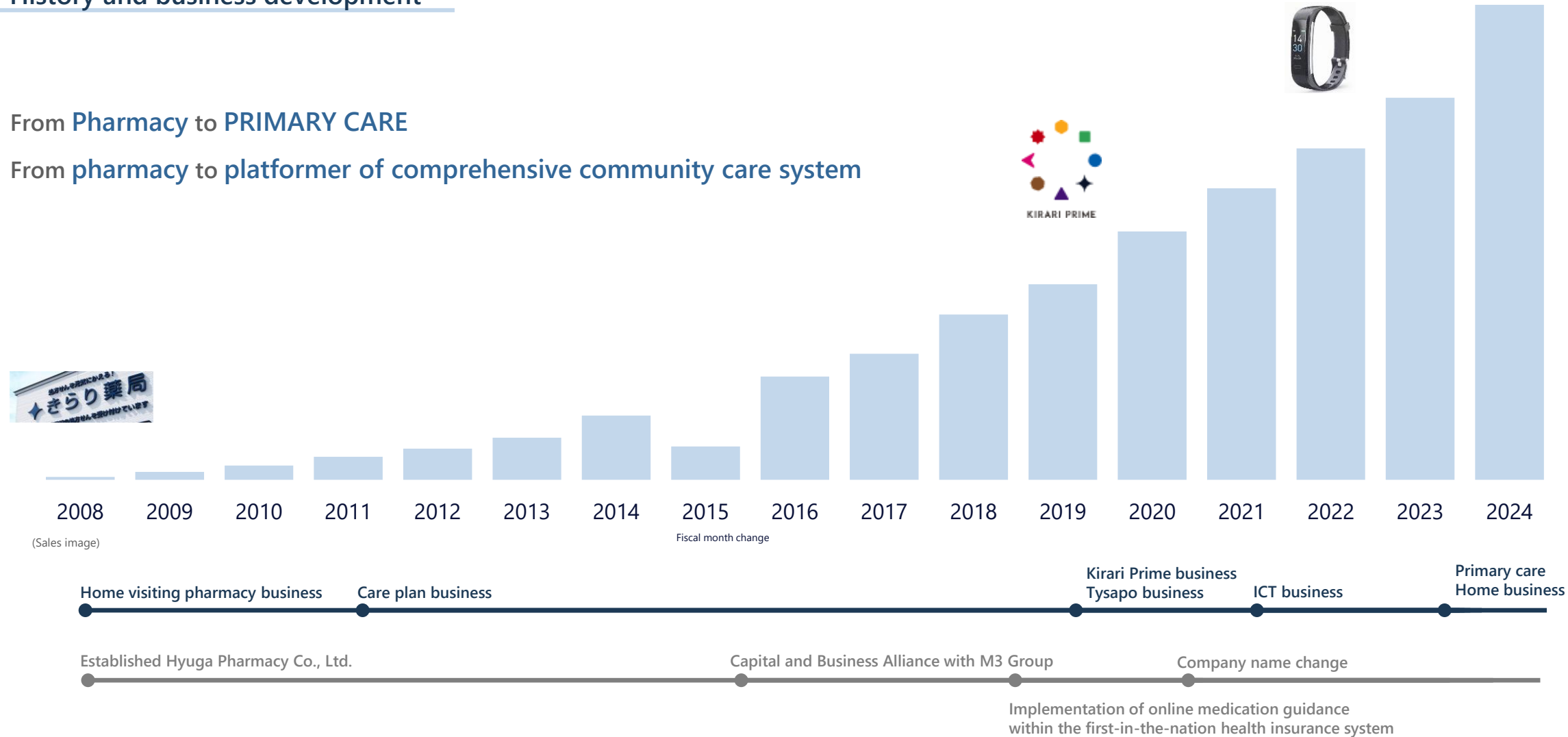
Source: the Ministry of Health, Labour and Welfare "Summary of Patient Survey"/"Monthly Statistics Report on Long-Term Care Benefit Expenditures, etc."

HYUGA PRIMARY CARE Company Profile

History and business development

From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system



Financial Highlights *

| | | 11 th term | 12 th term | 13 th term | 14 th term | 15 th term | 16 th term | 17 th term |
|---|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Year ended | | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
| Sales | (thousands of yen) | 2,884,128 | 3,410,342 | 4,331,638 | 5,086,031 | 5,782,604 | 6,657,448 | 8,285,853 |
| Ordinary profit | (thousands of yen) | 58,882 | 64,181 | 122,368 | 250,720 | 506,182 | 557,751 | 716,880 |
| Net income attributable to owners of the parent | (thousands of yen) | 13,273 | 14,197 | 32,903 | 97,140 | 328,454 | 382,876 | 441,027 |
| Capital | (thousands of yen) | 100,000 | 100,000 | 100,000 | 104,742 | 171,915 | 185,912 | 195,382 |
| Total number of shares outstanding | (share) | 11,074 | 11,074 | 11,074 | 11,369 | 3,499,100 | 3,572,000* | 7,246,000 |
| Net assets | (thousands of yen) | 455,737 | 469,935 | 502,838 | 609,463 | 1,072,264 | 1,483,134 | 1,643,125 |
| Total assets | (thousands of yen) | 1,472,458 | 1,658,986 | 1,771,859 | 2,015,029 | 2,531,605 | 2,914,911 | 6,354,996 |
| Net assets per share | (Yen) | 137.18 | 141.45 | 151.36 | 178.69 | 153.22 | 207.61** | 231.46 |
| Net income per share | (Yen) | 4 | 4.27 | 9.9 | 28.99 | 47.90 | 53.92** | 62.05 |
| Capital ratio | (%) | 31.0 | 28.3 | 28.4 | 30.2 | 42.4 | 50.9 | 25.9 |
| return on equity | (%) | 3.0 | 3.1 | 6.8 | 17.5 | 39.1 | 30.0 | 26.8 |
| Operating cash flow | (thousands of yen) | - | - | 34,733 | 351,821 | 484,597 | 342,252 | 706,642 |
| Invested Cash Flow | (thousands of yen) | - | - | -165,236 | -77,591 | -320,255 | -383,393 | -1,125,097 |
| Financial cash flows | (thousands of yen) | - | - | -6,259 | 36,641 | 16,927 | -110,728 | 538,778 |
| Cash and cash equivalents at end of year | (thousands of yen) | - | - | 227,416 | 538,288 | 719,557 | 567,688 | 688,010 |
| Number of employees (Average number of other temporary employees) | (persons) | 190 (59) | 226 (68) | 283 (93) | 312 (96) | 329 (102) | 442 (100) | 544(113) |

* The Company conducted a stock split at the ratio of 2 shares to 1 share of common stock as of April 1, 2023. The total number of issued shares after the split was 7,144,000 shares.

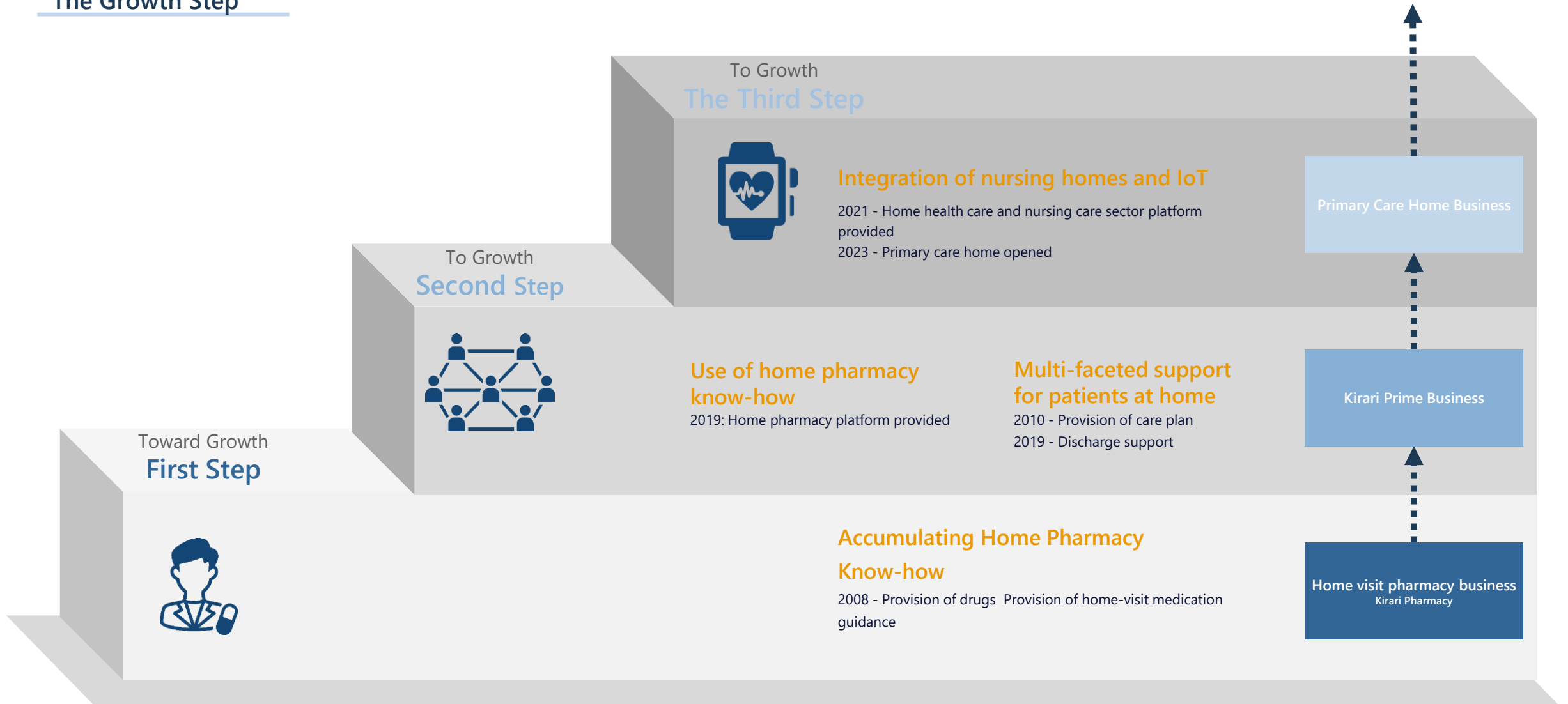
** The Company conducted a stock split at the rate of 2 shares per common share on April 1, 2023. Assuming that the stock split was conducted at the beginning of the 16 fiscal year, net assets per share and net income per share are calculated.

*Financial highlights are presented using the calculation method used in the annual securities report.

Strengthening the Third Step to Growth

The Growth Step

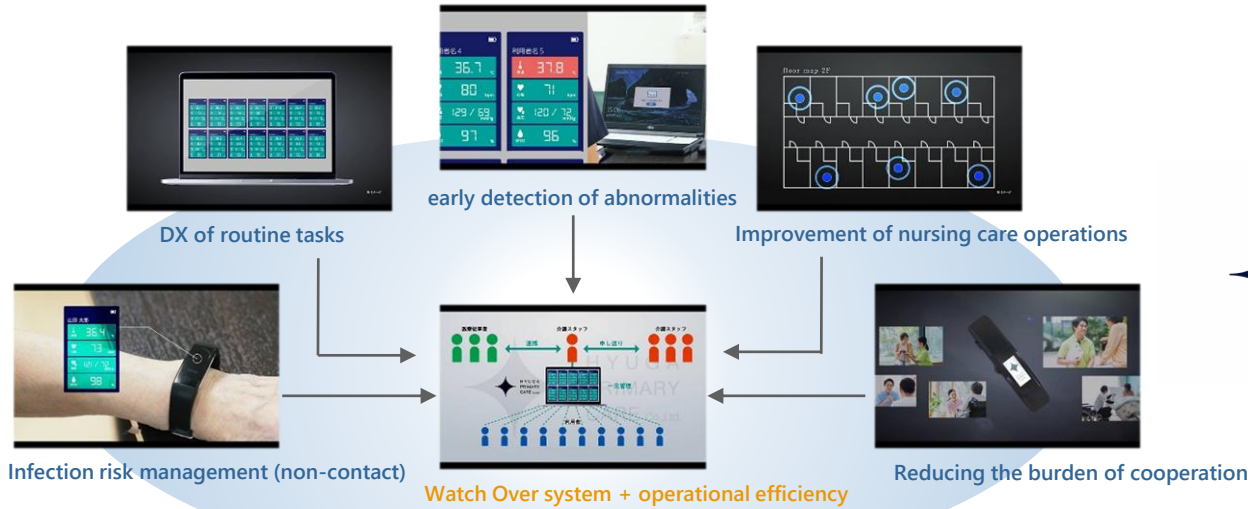
Expanding the Platform for Community Comprehensive Care Systems



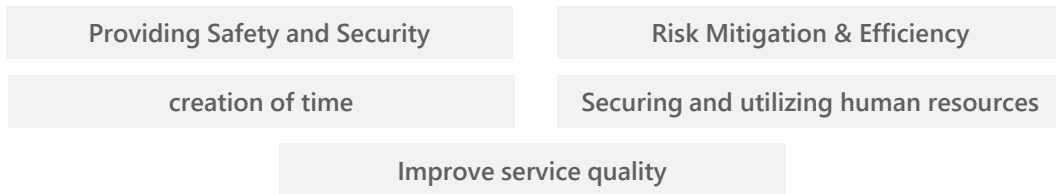
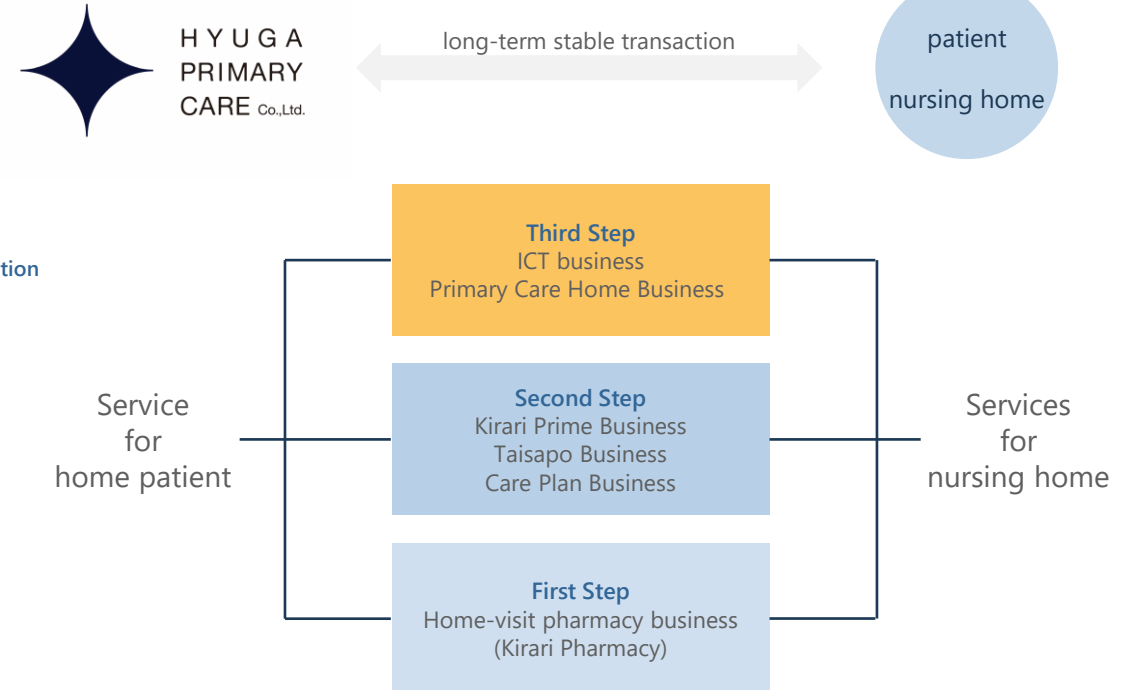
Strengthening the Third Step toward Growth ICT Business

Primary Care Robot®

Watch Over system



to automate the process of measuring multiple times a day
Contribute to labor saving



Improvement of patient QOL and Construction of sustainable care system

Strengthening the Third Step for Growth Primary Care Home business

- We started the Primary Care Home business from January 2023.
- Home nursing care services for the elderly are provided through the operation of facilities for the elderly. These businesses have a high affinity for sharing know-how with home-visit pharmacy businesses.

New Business Overview *

Facility Management for the Elderly (Home Care - Regular and On-demand)

◇ Facility Concept

① Upsizing & Utilization of ICT

- Scale up to 100 beds and increase the number of rooms to reduce the burden on individuals
- Reduce workload with in-house developed ICT equipment

② Providing Home Care - Regular and On-demand

- 24 hours a day, 365 days a year, medical and nursing care are available

③ Less expense for patients

- Individual burden amount set according to the level of care

*About "Home Care - Regular and On-demand"

A combination of regular visiting services provided on a regular basis based on a home-visit nursing care plan for each user and as-needed visiting services provided as needed. Patients can receive nursing care services 24 hours a day, 365 days a year, and can perform medical procedures under the direction of a physician.

Affinity with home-visit pharmacy business

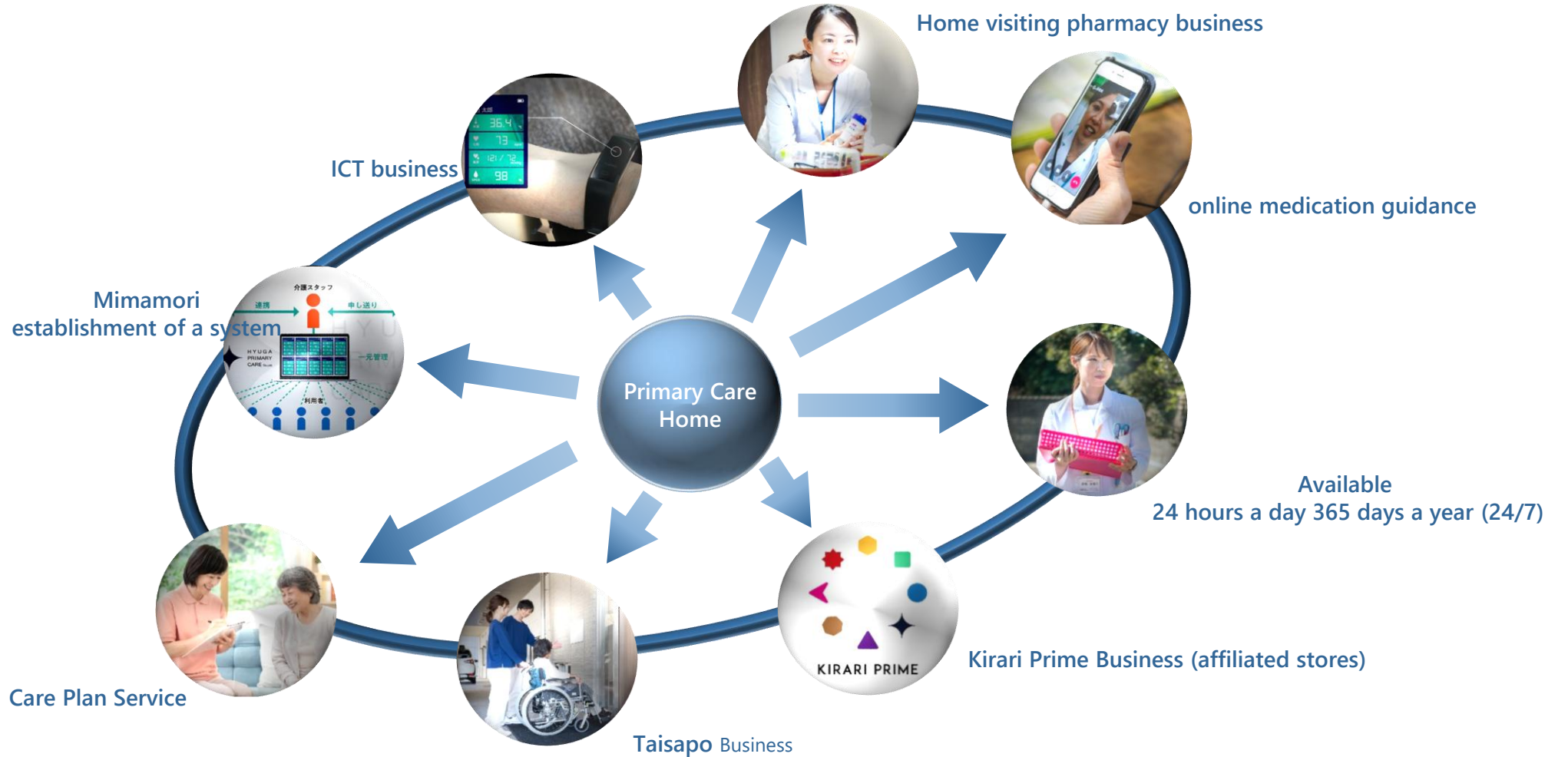
| | Our nursing care services "Home Care - Regular and On-demand" | Home-Visit Pharmacy Business |
|------------------|--|---|
| Periodic patrol | 10 to 15 minutes at a time offered multiple times a day | Periodic home visits to provide medication instructions |
| Responding | Required services are arranged 24 hours a day, 365 days a year | 24 Hours 365 Days (24/7) On-Call System |
| Occasional visit | Visiting service 24 hours a day, 365 days a year | Available 24 hours a day, 365 days a year (24/7) |
| home nursing | Medical treatment under the direction of a physician | Reporting to physicians and cooperation with medical institutions |

*Announced on March 15, 2022 https://www.hyuga-primary.care/ja/ir/news/auto_20220315505670/pdfFile.pdf

Strengthening the third step for growth

Establishing a cross-cell structure centered on facility management

- The facilities for the elderly operated in the third step will be the starting point of cross-selling with the Home-Visit Pharmacy Business, Kirari Prime Business, Taisapo Business, and Care Plan Business.
- Maximize business opportunities in our company by generating synergies among businesses
- At the same time, improve the QOL of users and patients by improving services through cooperation between businesses.



First step

Home-visit pharmacy business

Home visit pharmacy business

About the Home-Visit Pharmacy Business

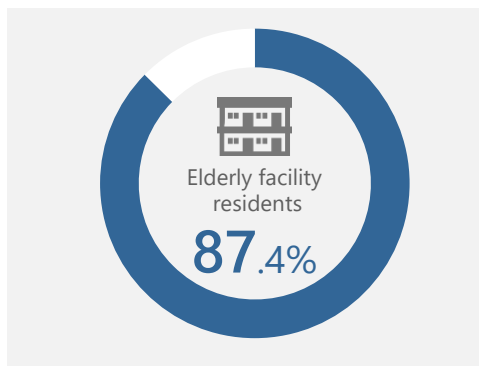
One of the social infrastructures that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

Main business

- ① Pharmacists regularly visit patients at home
- ② The pharmacist reports the results of the visit to the prescribing physician/care manager.
- ③ New medication proposals were made to prescribing physicians according to the patient's condition

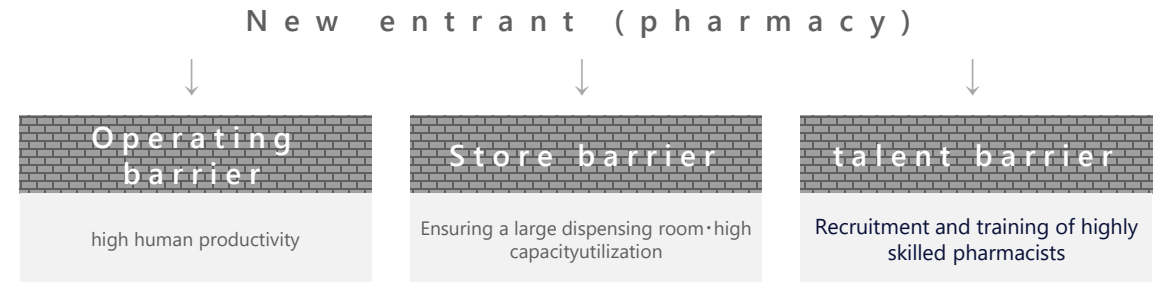
patient attributes

(as of the end of March 2022)

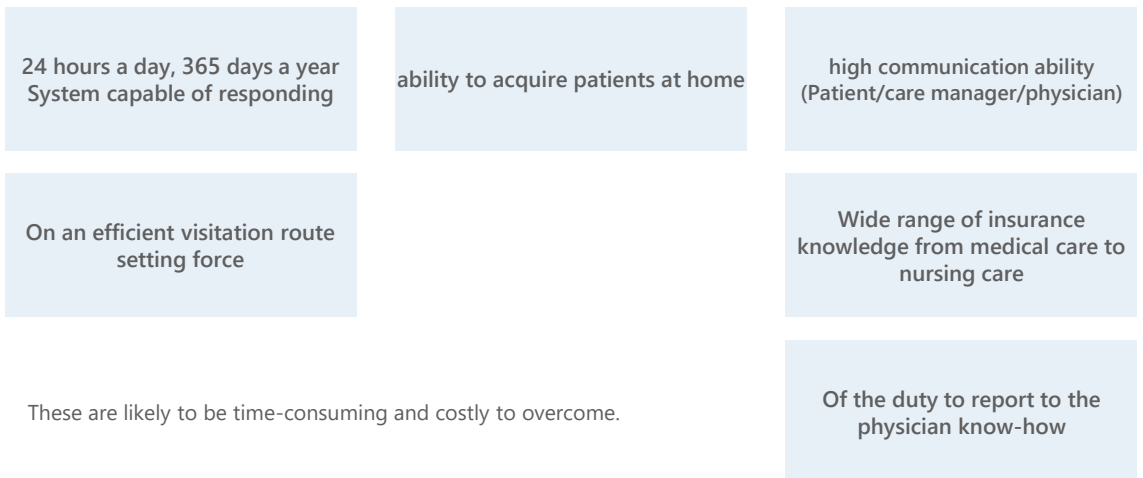


high entry barriers

Conventional pharmacies entering the home pharmacy business



Know-how accumulated through extensive experience in home-visit pharmacies

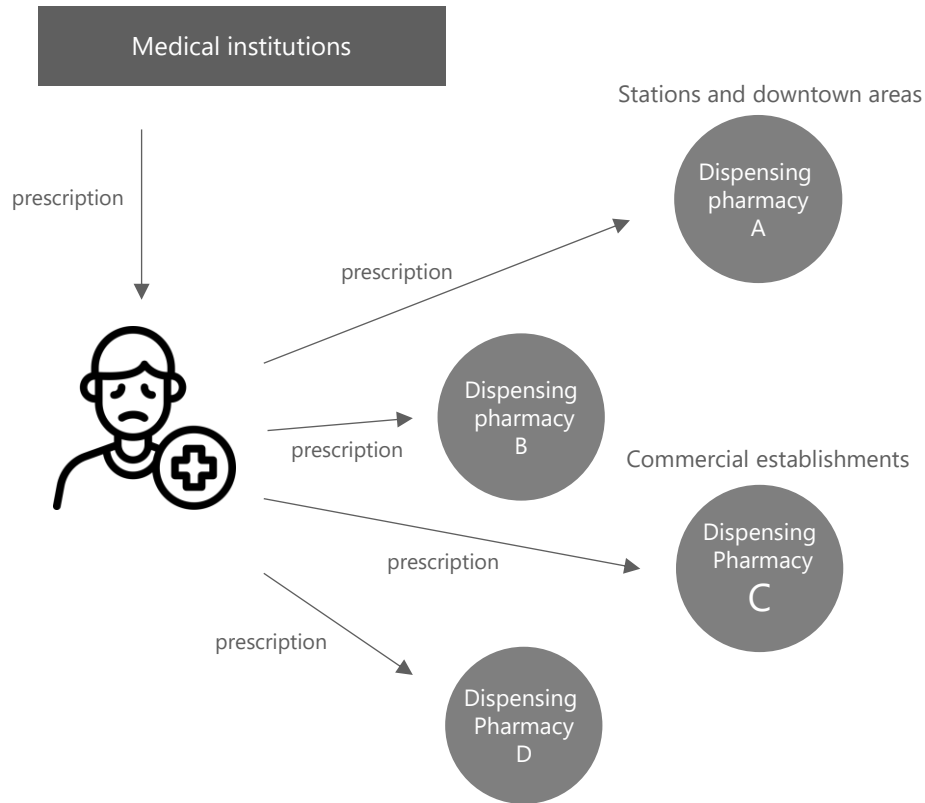


Home visiting pharmacy business (2) Aim and location of new stores

Pharmacies near medical institutions

"Outpatients themselves visit pharmacies"

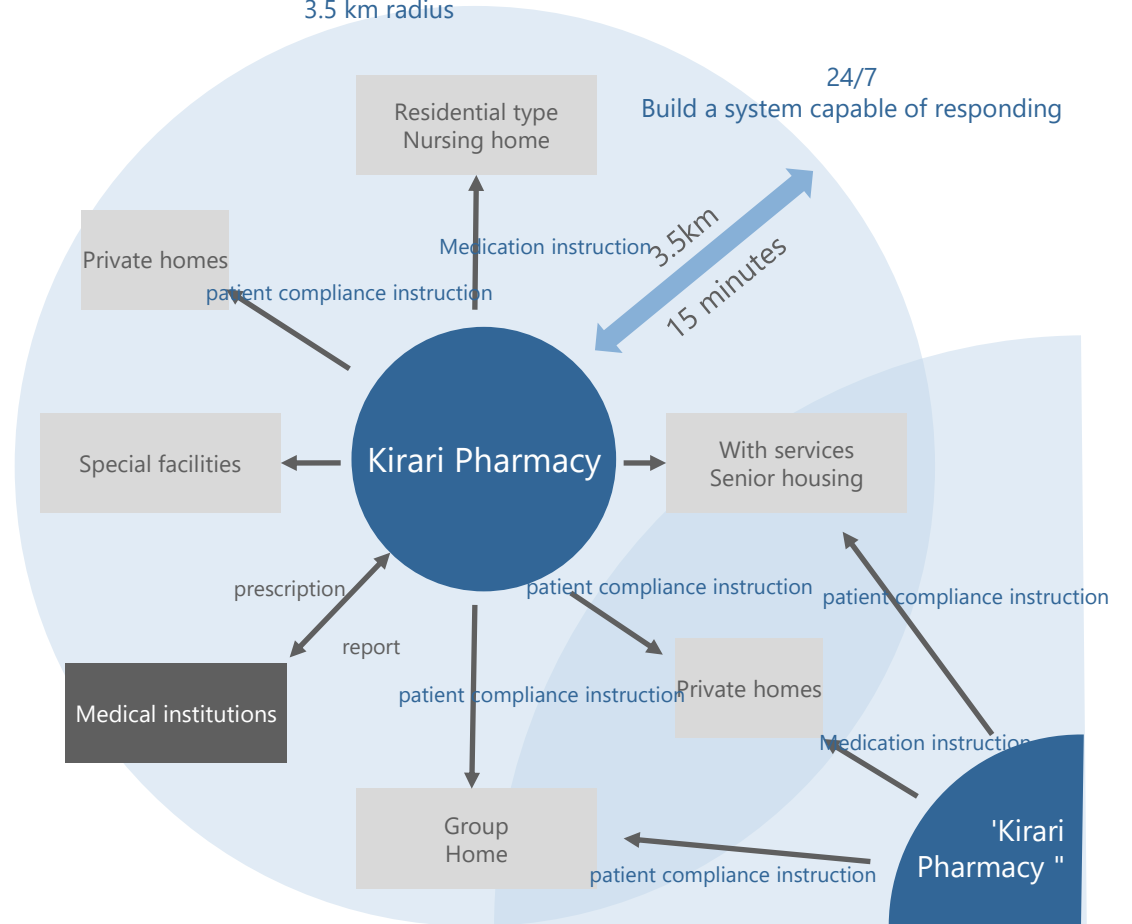
- Open stores near medical institutions where outpatient visits are expected
- Therefore, there are many cases where the store is located close to competing pharmacies
- The cost of opening a store tends to be higher because location is important



Home visit Pharmacy

"Pharmacist visits after signing contract with patient"

- No specific requirements for opening stores
- **Ability to form long-term partnerships with residents of senior living facilities who have difficulty visiting hospitals**
- Improve visiting efficiency by pursuing a dominant approach with a 3.5 km radius

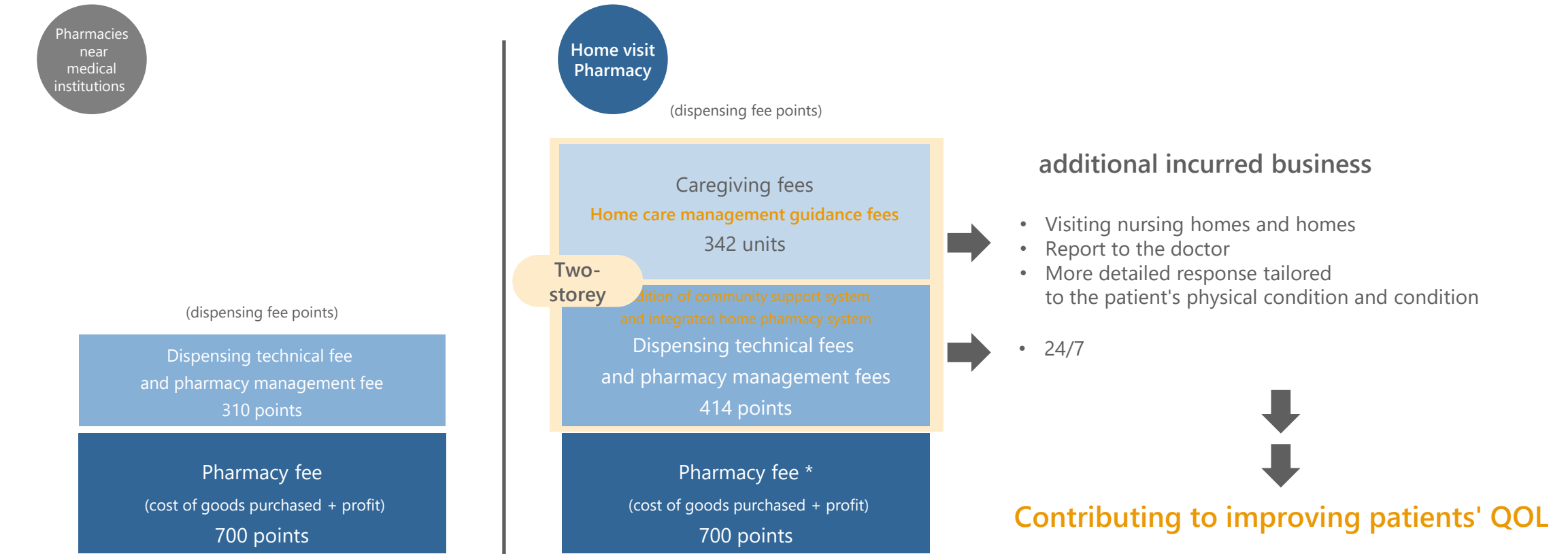


Home visiting pharmacy business (3) Number of dispensing fees

Comparison of dispensing fee points

Home-based dispensing has about double the number of reward points compared to conventional dispensing methods. That means more work, but more business opportunities

On the other hand, the human connection with the patient is stronger, and the possibility of signing a long-term contract is higher. Collaborating with doctors, etc. can also contribute to improving the QOL of patients



Two-storey addition of community support system and integrated home pharmacy system

*There are more types of medications to be prescribed than for outpatients, and drug prices per prescription tend to be higher.

Comparative example per prescription for 14 days of oral medication

Home-visit pharmacy business “Online medication instruction for nursing homes”

- Online medication instruction for nursing homes was deregulated in April 2022.
- After the online medication instruction, the office staff provides door-to-door delivery of medications. By separating the “guidance” and “door-to-door delivery” that pharmacists used to do, and entrusting the latter to the office staff, we can improve operational efficiency.

「規制改革実施計画」（令和3年6月18日閣議決定）（抄）

オンライン診療・オンライン服薬指導の特例措置の恒久化

a オンライン診療・服薬指導については、新型コロナウイルス感染症が収束するまでの間、現在の時限的措置を着実に実施する【a:新型コロナウイルス感染症が収束するまでの間、継続的に措置】

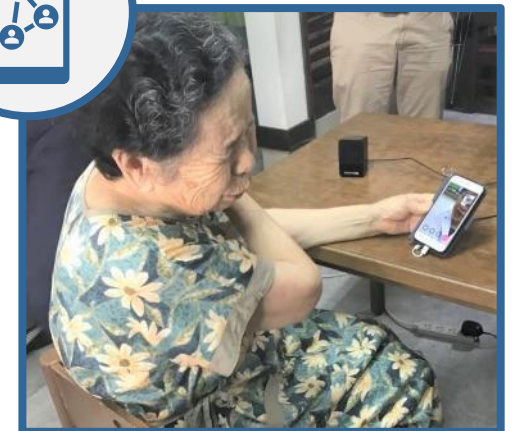
b 医療提供体制におけるオンライン診療の果たす役割を明確にし、オンライン診療の適正な実施、国民の医療へのアクセスの向上等を図るとともに、国民、医療関係者双方のオンライン診療への理解が進み、地域において、オンライン診療が幅広く適正に実施されるよう、オンライン診療の更なる活用に向けた基本方針を策定し、地域の医療関係者や関係学会の協力を得て、オンライン診療活用の好事例の展開を進める

c 情報通信機器を用いたオンライン診療については、初診からの実施は原則、かかりつけ医による実施（かかりつけ医以外の医師が、あらかじめ診療録、診療情報提供書、地域医療ネットワーク、健康診断結果等の情報により患者の状況が把握できる場合を含む。）とする
健康な勤労世代等かかりつけ医がいない患者や、かかりつけ医がオンライン診療を行わない患者で上記の情報を有さない患者については、医師が、初回のオンライン診療に先立って、別に設定した患者本人とのオンラインでのやりとりの中でこれまでの患者の医療履歴や基礎疾患、現在の状況等につき、適切な情報が把握でき、医師・患者双方がオンラインでの診療が可能であると判断し、相互に合意した場合にはオンライン診療を認める方向で一定の要件を含む具体案を検討する。その上で、対面診療との関係を考慮し、診療報酬上の取扱いも含めて実施に向けた取組を進める

d オンライン服薬指導については、患者がオンライン診療又は訪問診療を受診した場合に限定しない。また、薬剤師の判断により初回からオンライン服薬指導することも可能とする。介護施設等に居住する患者への実施に係る制約は撤廃する。これらを踏まえ、オンライン服薬指導の診療報酬について検討する

e オンライン資格確認等システムを基盤とした電子処方箋システムの運用を開始するとともに、薬剤の配送における品質保持等に係る考え方を明らかにし、一気通貫のオンライン医療の実現に向けて取り組む

【b～e:令和3年度から検討開始、令和4年度から順次実施（電子処方箋システムの運用については令和4年夏目途措置）】



High barrier to entry in the home-visit pharmacy business

"A pharmacy that can efficiently handle a large volume of dispensing operations"



Kirari Pharmacy Onjo

- The size of the dispensary is 65m², and there are approximately 5 full-time equivalent pharmacists.
- More than 3 times the size of the standard 18.9m² dispensary facility for 5 pharmacists.
- Responsible for dispensing approximately 720 * visiting patients

Compared to ambulatory pharmacies, home pharmacies require sufficient space to do the work due to the large number of dispensing processes

High barrier to entry in the home-visit pharmacy business "personalized treatment tailored to patients and facilities and ingenuity to eliminate erroneous drugs"



Same patient's medicine set for one week
Change the color of the line every time you take it to make it easier to understand



A set of medicines taken by patients on the same floor of the facility at the time of taking them.
The facility staff gave it the best reviews. (It also takes the most time and effort)



Many calendar sets for patients in private homes
Reading QR code reveals drug information inside



After the patient's medicine is packed in one package by the packer, color line drawing and stapling of the medicine that can not be packed is done manually.



Setting work scene. Outpatient pharmacy type dispensaries are difficult to work in because they do not have such space.



Name, date, time of administration, name of prescribing hospital, etc. are printed on the medicine package.
Many are prescribed by multiple hospitals, including internal medicine, psychiatry, and orthopedics, and pharmacists make final confirmation of the combination.

High barrier to entry in the home-visit pharmacy business

“Pharmacists in home-visit pharmacies that don't just deliver drugs”



User (patient)

Pharmacists

Check your physical condition and side effects from casual conversations and facial expressions with patients.



Caregiver

Pharmacist

Depending on the type of nursing home, staffing and residents' dependence on medical care also vary. Understand it and communicate with it



Nurse

Pharmacist

Sharing information with facility staff about medications is mandatory
Not only verbally, but also through the company's at-home medication support system



Pharmacist

Doctor

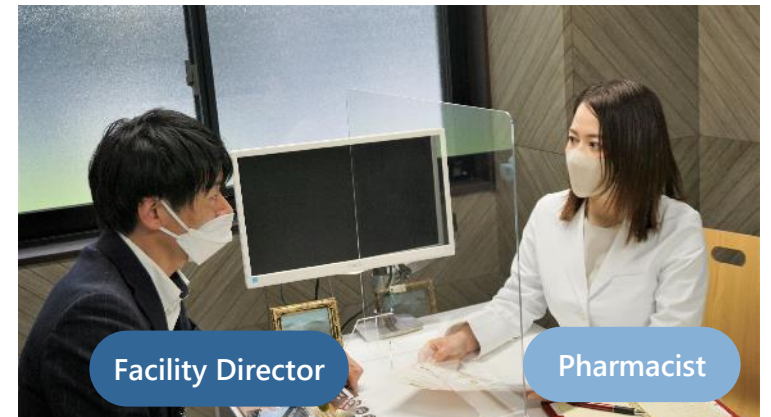
Consultation with doctors to suggest changes to the most appropriate medication according to the patient's situation. Also involved in prescription design



Care Manager

Pharmacist

Communicate drug side effects to other care providers through a care manager and suggest medication assistance



Facility Director

Pharmacist

Discussions with care providers occur as needed, such as when starting new business. Negotiation and sales skills are required while listening to other parties' requests.

Second step

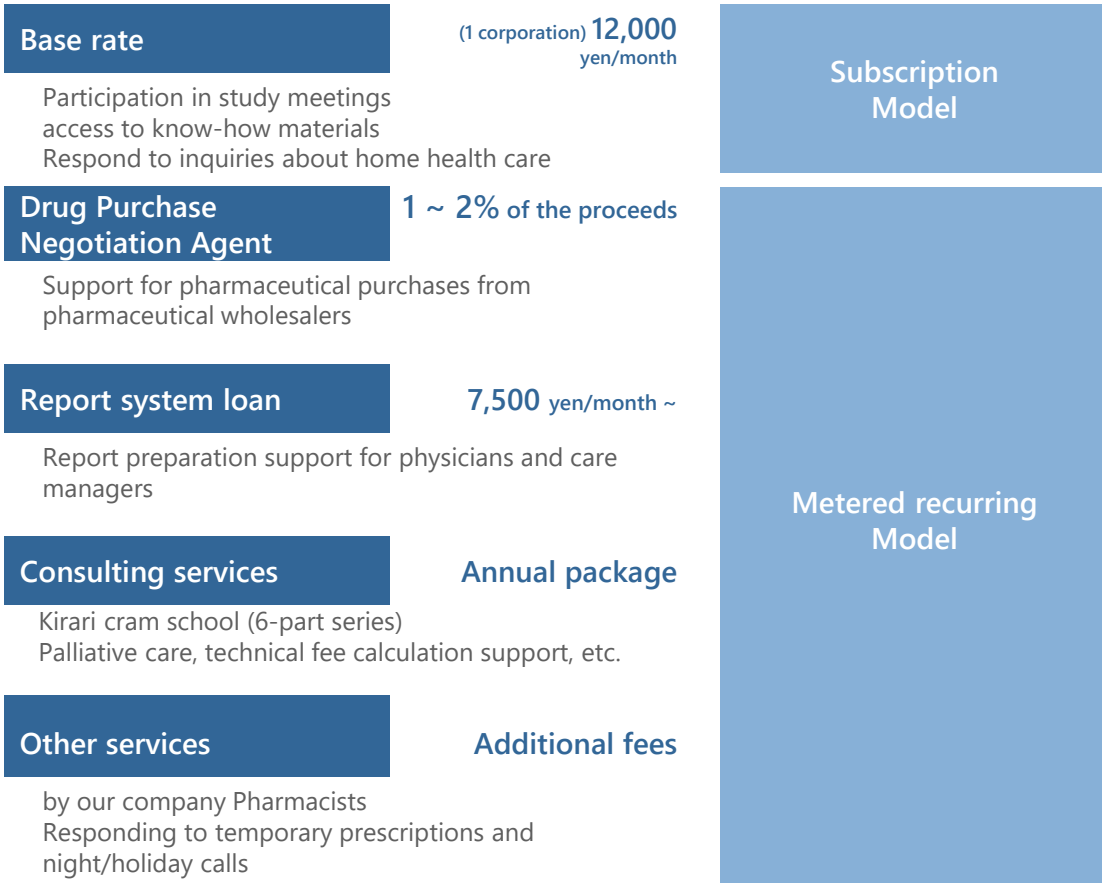
Kirari Prime Business

Business model and pricing system

Share of Kirari Prime Business Sales

Subscription Recurring Sales Ratio 90%

(Fiscal year ended March 2022)

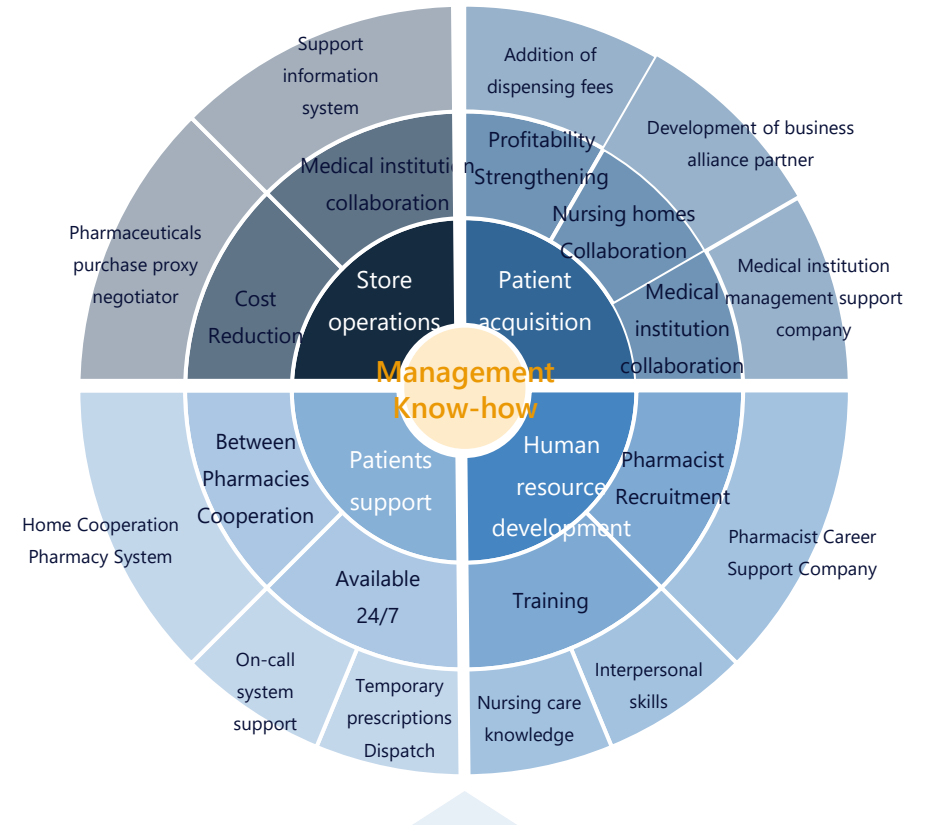


Competitiveness, Policy and Environment

the Ministry of Health, Labour and Welfare's Pharmacy Vision for Patients

Pharmacies near medical institutions → Home Visit Pharmacy/

Expansion of comprehensive community care



Impact of drug price lowering/Expansion of major dispensing pharmacy stores

Survival as a dispensing pharmacy by small and medium sized pharmacy store

Third step

Primary care home business

Facility Overview & Positioning of Elderly care facilities operated by our company

Facility concept and features

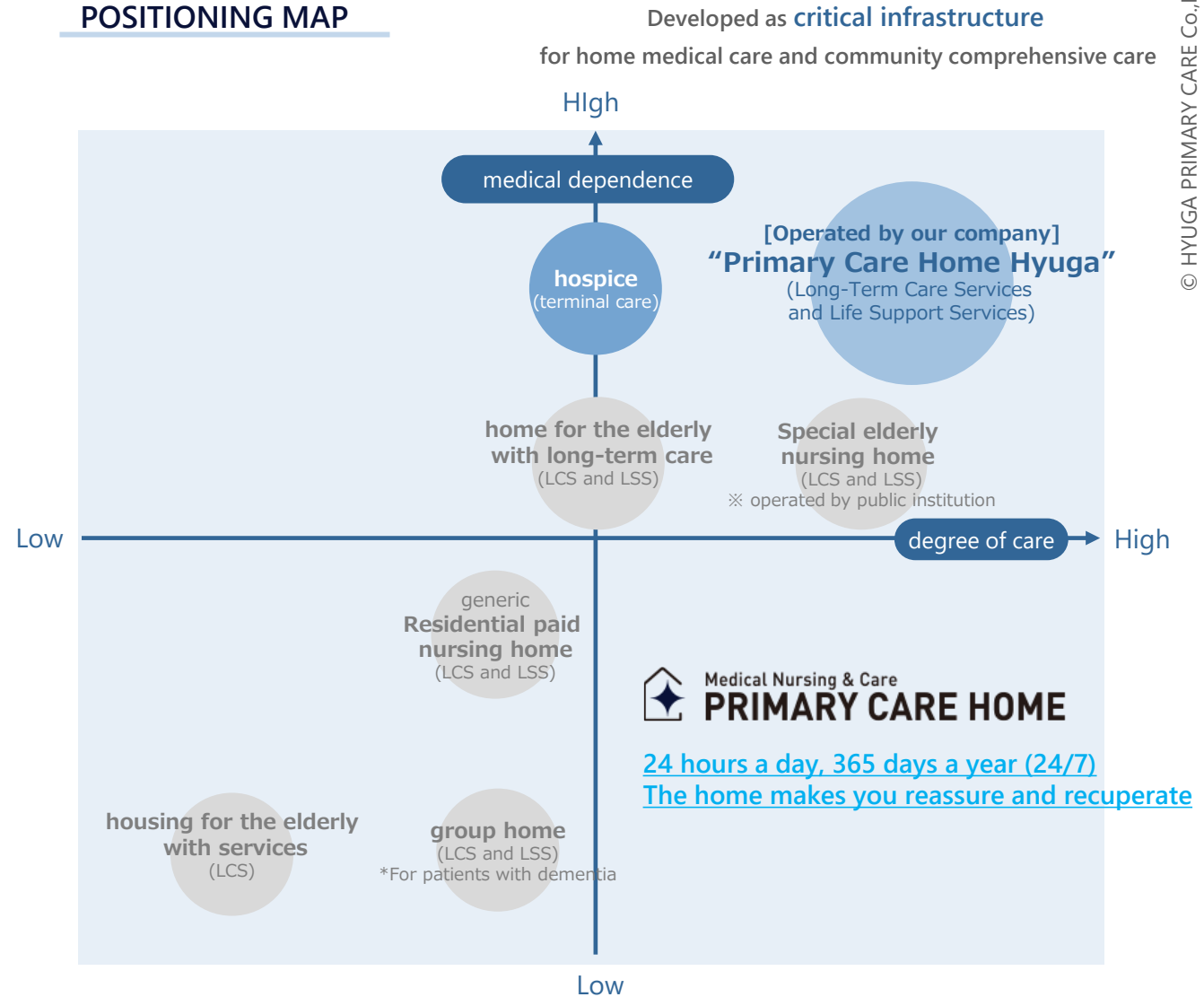
- Our company leases large elderly facilities
- Our company provides “Home Care - Regular and On-demand” for facility residents
- 24 hours a day, 365 days a year medical, nursing and nursing care can be provided in cooperation with cooperating medical institutions
- Contributing to improving the quality of life of users and patients by improving services through inter-business cooperation in our company's home-visit pharmacy business, care plan service, ICT, Tysapo and Kirari Prime business
- Setting a cost system that is friendly to residents so that they can live to the end of their lives in a familiar facility even if their nursing care level increases
- Installing solar power and electric vehicle charging facilities, aiming for local production and local consumption of meals in the facility, and considering ESG



services that support the lives of the elderly

- **LSS : Life Support Services (not covered by long-term care insurance)**
 Services that can be used by people requiring support and people aged 65 and over, such as safety confirmation, life counseling, housework assistance, support for going out, and promotion of social participation
- **LCS : Long-Term Care Service (Long-Term Care Insurance System)**
 A physical care service (Mainly provided as home, facility, and community-based services) that can be used by people who need nursing care for the elderly and the disabled who have been certified as requiring long-term care

POSITIONING MAP



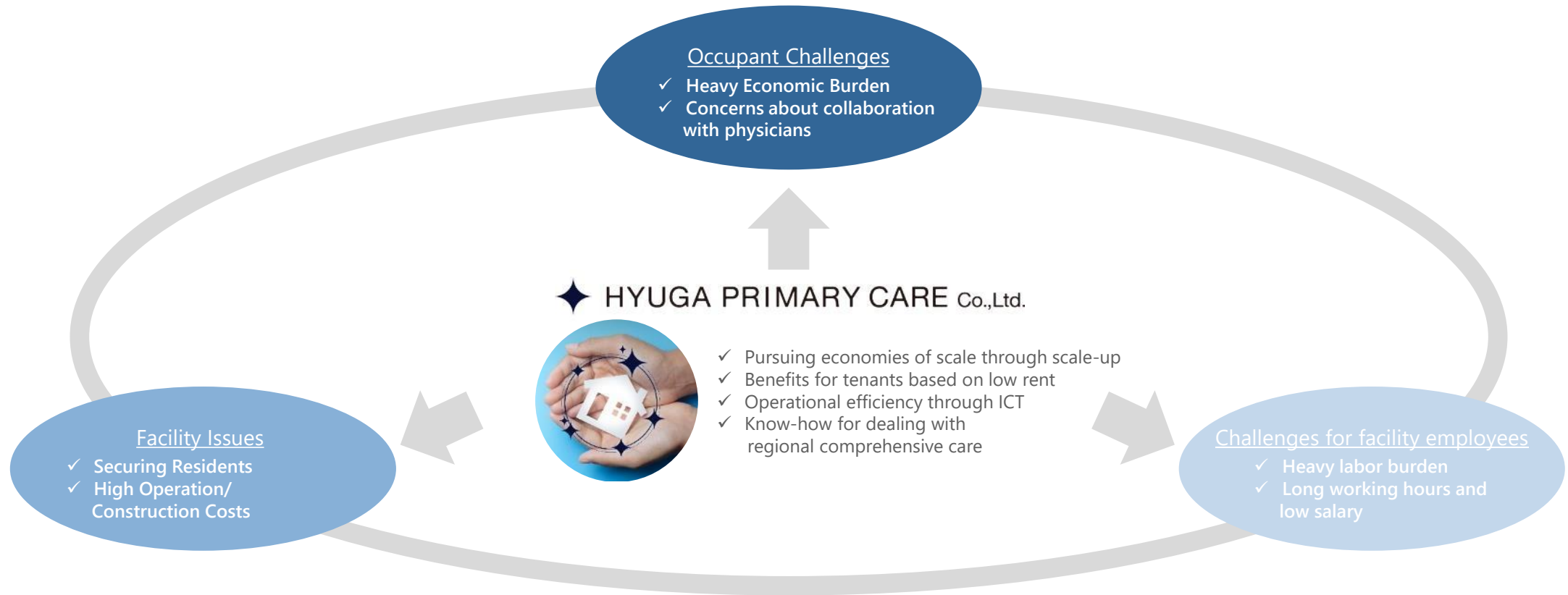
Comparison with similar nursing homes

| | Primary Care Home HYUGA | General fee-based nursing homes / serviced senior housing | Medical Specialized Nursing Home (Hospice Houses, etc.) |
|---|--|--|---|
| Characteristics | <ul style="list-style-type: none"> Staff ratio: 70% for nursing care and 30% for nursing care Operates its own home care nursing system that provides regular patrolling and timely care Conversion to DX by ICT and efficient personnel structure at large-scale facilities Setting that the total cost does not change even if the degree of nursing care changes Even those who are highly dependent on medical care can move in at low prices, which helps solve social problems. | <ul style="list-style-type: none"> We basically make money only on hotel costs. When the level of medical dependency and nursing care is high, it is difficult to deal with it unless the facility has a full staff of specialists. Some facilities have 24 hour nursing staff (at least 1 full-time equivalent), but most have only a few. | <ul style="list-style-type: none"> Large proportion of staff is nurses In-house home nursing and home care services Actual costs for nursing care and nursing care that exceed the public share Most of the residents do not have to pay medical expenses or have low medical expenses, so there is no actual charge. |
| user target audience | Those with high levels of medical dependency and nursing care (Market size: 2 million +) | Health care dependency and nursing care Low to moderate | Those who are highly dependent on medical care *The degree of nursing care is irrelevant. |
| Number of occupants per facility | About 100 people | About 30~60 people | About 30~60 people |
| move-in cost | 120,000 yen | 0~10 million yen or more | 0~ 200,000 yen |
| hotel cost (Including meals) | Approx. 104000 yen *In the case of Long-Term Care Requiring 5: 76000 yen | About 200,000 yen to 600,000 yen | Approx. 100,000 ~ 180,000 yen |
| burden of nursing care costs (Cases of Needed Long-Term Care 5) *Does not include medical expenses | (Public Burden of Long-Term Care) Approximately 36,000 yen + Basic 0 yen "Regular patrolling and occasional Home-visit nursing care" with in the public burden. Those with high medical dependency use a combination of home care with medical insurance. | (Public Burden of Long-Term Care) Approximately 36,000 yen + Approx. 50,000 ~ 100,000 yen "Home nursing" and "Home nursing care" are used. If the degree of medical dependency or nursing care is high, frequent use will occur and the actual cost will be borne. | (Public Burden of Long-Term Care) Approximately 36,000 yen + Approx. 50,000 ~ 100,000 yen "Home-visit nursing care."are used. If the nursing care level is high, frequent use will occur and the actual cost will be borne. Home nursing is covered by medical insurance. |
| ARPU*per month | Approx. 440,000 ~ 470,000 yen | Approx. 700,000 ~1 million yen *Variation depending on medical dependency and nursing care level | Approx. 800,000 ~ 1.3 million yen *Variation depending on medical dependency and nursing care level |

Realize solution of trilemma structures

- Our facility management style can improve the problems faced by residents, facility management, and facility employees at the same time. We aim to establish a sustainable social infrastructure in an aging society by utilizing economies of scale, our company ICT business, and the home-visit pharmacy business.
- These can be the core hub functions of the community comprehensive care system. In the future, we may use this facility operation as a starting point for its business.

Trilemma structure of facility management



Differences from existing nursing homes

Benefits of moving in

Even if the level of nursing care increases, people can live until their last moments

- As their level of nursing care increases, their cost burden increases accordingly.
- However, by reducing the cost (hotel cost) burden associated with moving in, the total cost does not change significantly.

Cooperating with cooperating medical institutions: 24 hours a day, 365 days a year Medical and nursing care is available.

- We've worked with many medical institutions for many years. We can treat any diseases and symptoms. We can also refer you to a specialist.
- We can provide total support by collaborating with our pharmacists and care managers.

Responding to medical needs

- Dementia (moderate to severe)
- Gastrostomy
- tube feeding
- decubitus
- insulin administration
- phlegm aspiration

Medical insurance home nursing

- Total parenteral nutrition (IVH)
- Colostomy
- Home oxygen
- tracheostomy
- ventilator
- balloon catheter
- dialysis
- End-stage malignancy
- Amyotrophic lateral sclerosis (ALS)
- Parkinson's disease
- spinocerebellar degeneration
- myasthenia gravis
- multiple sclerosis
- terminal care

etc.



| Degree of nursing care | Monthly amount |
|------------------------|----------------|
| Care Level 1 | 154,000 yen |
| Care Level 2 | 144,000 yen |
| Care Level 3 | 102,000 yen |
| Care Level 4 | 96,000 yen |
| Care Level 5 | 89,000 yen |

Expenses associated with moving in: Monthly image of personal burden
*There is a separate medical and long-term care cost burden

- 24/7 support "Home Care - Regular and On-demand"
- Improving operational efficiency through ICT



Although it was difficult for conventional fee-based nursing homes

We have made it possible to respond to all medical needs.

Comparison with medical care beds and public nursing homes

- Primary care home Hyuga has the same number of staff as the staffing standard for medical care beds.
- The facility's large size, ICT utilization, and home-based know-how cultivated in other businesses provide high profitability while guaranteeing staff wages.

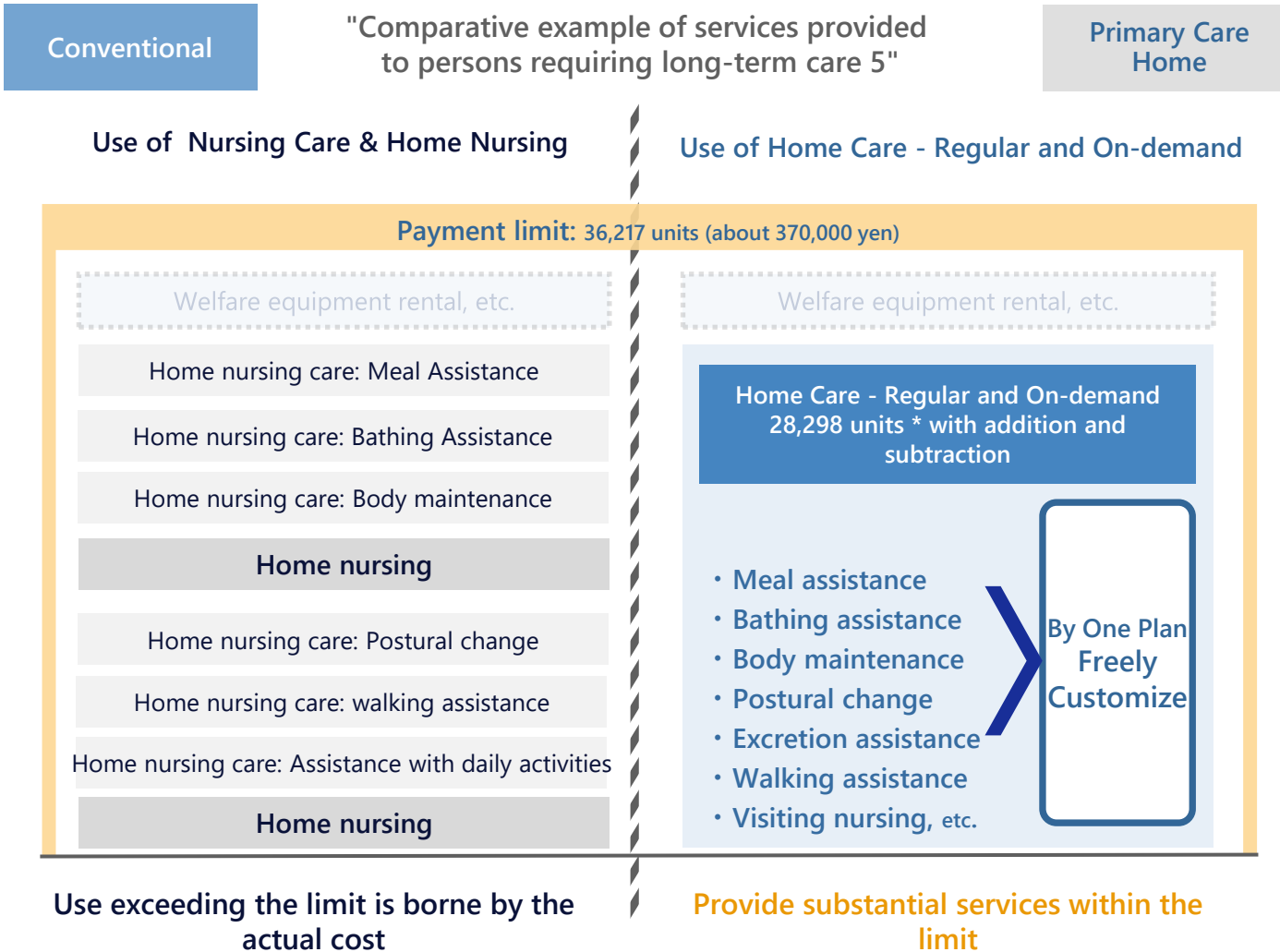
| | | Primary Care Home HYUGA | medical care bed | | Nursing Care Hospital (Former: Nursing Care Medical Bed) | nursing home for the elderly | special care nursing home | |
|--|---------------|--|--|------------|--|---|--|--|
| | | | 20 to 1 | 25 to 1 | | | | |
| overview | | A living facility that can provide nursing care under medical supervision and necessary medical care to those in need of long-term care. | Beds in hospitals and clinics that admit mainly patients requiring long-term care *There are 20 to 1 and 25 to 1 standards for nursing staff (based on medical fees). | | Long-term care and living facilities for elderly people requiring long-term care | a facility that provides rehabilitation and other services to persons in need of long-term care and aims to return to their homes Limited length of stay | Living facilities for persons in need of care | |
| Number of beds | | Number of paid nursing homes 540,000 beds | 144000 beds | 72000 beds | 48000 beds | 368000 beds Nursing care type: Approximately 9000 beds | 567000 beds | |
| establishment basis | | Act on Welfare of the Elderly (Apartment Buildings for the Elderly) | Medical Care Law (Hospitals and Clinics) | | Long-Term Care Insurance Act Type I Type II | Long-Term Care Insurance Act (Long-Term Care Health Facilities for the Elderly) | Act on Welfare of the Elderly (Welfare Facilities for the Elderly) | |
| t a f f i n | physician | *Home doctors provide home visits | 48 to 1 (3 or more) | | 48 to 1 (3 or more) | 100 to 1 (One or more persons) | 100 to 1 (1 or more full-time employees) | Number of expenses for health care and medical care guidance |
| | nursing staff | *7.2 to 1 | 4 to 1 | 2 to 1 | 6 to 1 | 6 to 1 | 3 to 1 About 2/7 of them are nursing staff. | 3 to 1 |
| | care worker | *2.7 to 1 | 4 to 1 | 2 to 1 | 5 to 1 | 6 to 1 | | |
| Monthly sales per bed ** (Major Breakdown) | | Approx. 440,000 ~ 470,000 yen (Medical care: 90,000 ~ 120,000 yen, nursing care: 248,000 yen Rent and food expenses: 100,000 yen) | 720,000 yen (Medical: 700,000 yen) | | 490,000 yen (Nursing care: 430,000 yen) | 420,000 yen (Nursing care: 350,000 yen) | 380,000 yen (Nursing care: 300,000 yen) | |
| facility rate of return | | 20% or more | 4.4% | | 4.0% | 3.6% | 1.8% | |

*Staffing at our facilities. Staffing standards for residential paid nursing homes stipulate that only nursing care staff are required.

** Monthly sales per bed = hotel cost (rent/hospitalization/admission) + food cost + nursing care insurance usage cost + medical insurance usage cost (Medical examination, drugs, etc.)

Visiting services provided: Home Care - Regular and On-demand

- Frequent visits are made possible to provide residents with enhanced services when they need them, within the classified payment limits of long-term care insurance.
- Users can continue their lives without changing their location even if their level of nursing care changes because the amount of burden is reduced.



Home NursingCare

- Performance fee (pay-as-you-go)
- Service is mainly provided during the day
- Emergency response (as needed): Not possible
- Not frequent users ⇒ cheap
- Frequent users ⇒ If the payment limit is exceeded, the handling cost will be incurred.

[Home Care - Regular and On-demand]

- **comprehensive payment (subscription service)**
- 24/7 system
- Emergency response available : No additional charge
- flat rate system with no time constraints
- Even if you use it frequently, you can be assured about the cost.

Financial Results for the Second Quarter of the Fiscal
Year Ending March 2025

HYUGA PRIMARY CARE Co.,Ltd.

November 2024