

HYUGA PRIMARY CARE

A hand is shown holding a stylized house icon. The house icon is white with a grid pattern on the roof. It is surrounded by a circular graphic with four stars. The background is a dark blue gradient.

Financial Results for the Third Quarter of the Fiscal Year
Ending March 2023

HYUGA PRIMARY CARE Co., Ltd.

7133 TSE Growth Market
February 10, 2023

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
- 02 Financial Summary (FY 2023 Q3)
- 03 Earnings Forecast
- 04 Medium-Term Growth Plan/
Sustainability Management
- 05 Topic/Appendix

01 Company Profile/Business Profile

02 Financial Summary (FY 2023 Q3)

03 Earnings Forecast

04 Medium-Term Growth Plan/
Sustainability Management

05 Topic/Appendix

Corporate Profile/Vision

COMPANY

Corporate Profile

Company name

HYUGA PRIMARY CARE Co., Ltd.

representative

President and CEO/Pharmacist Tetsuji Kurogi

Establishment

November 2007

Head Office

2-2-1 Kasugahara Kitamachi, Kasuga-city, Fukuoka

composition of
the board of
directors

President and CEO

Director

Director

Director(CFO)

Director (Outside)

Audit & Supervisory Board Member

Corporate Auditor (outside)

Corporate Auditor (outside)

Tetsuji Kurogi

Kōhei Shiroo

Takeo Yamazaki

Tomoaki Ōnishi

Shinjiro Ogawa

Setsuo Matsui

Kōta Takei

Nobuharu Kumamoto

Business
Description

Home-Visit Pharmacy Business (Kirari Pharmacy)

Kirari Prime Business

Care Plan Business

Taisapo Business

ICT business

Elderly care facility management business

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.

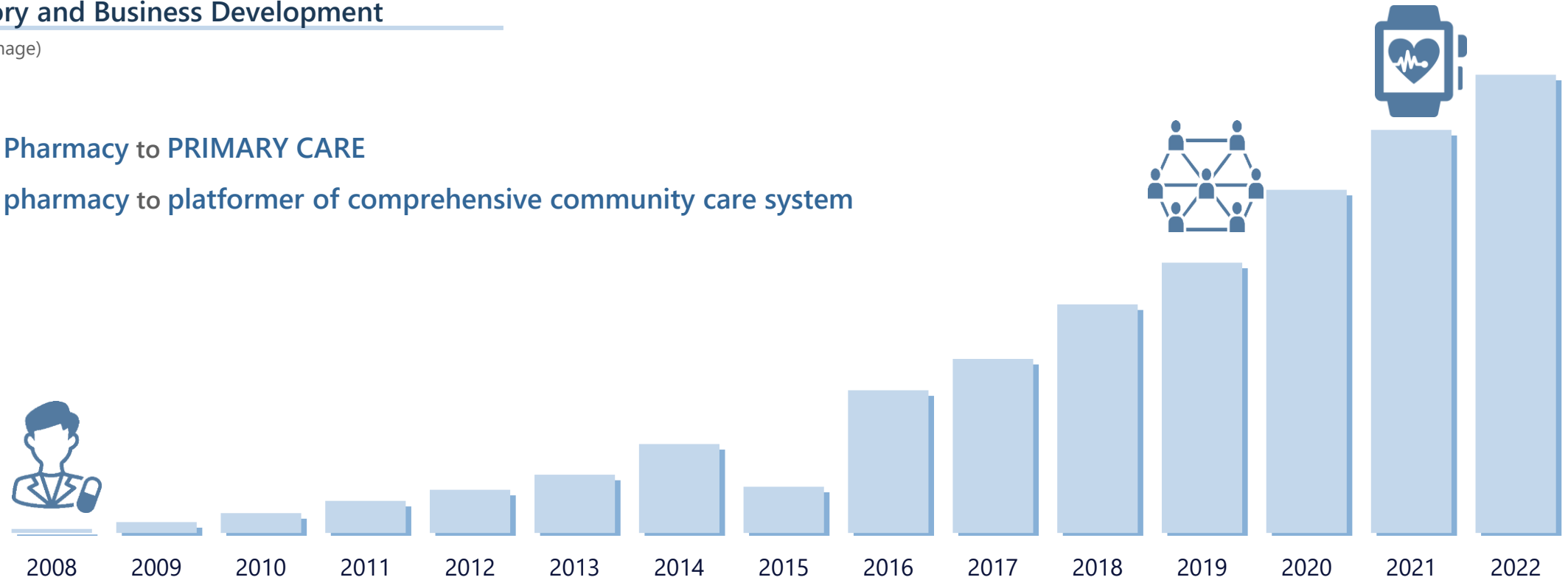
History

History and Business Development

(Sales Image)

From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system



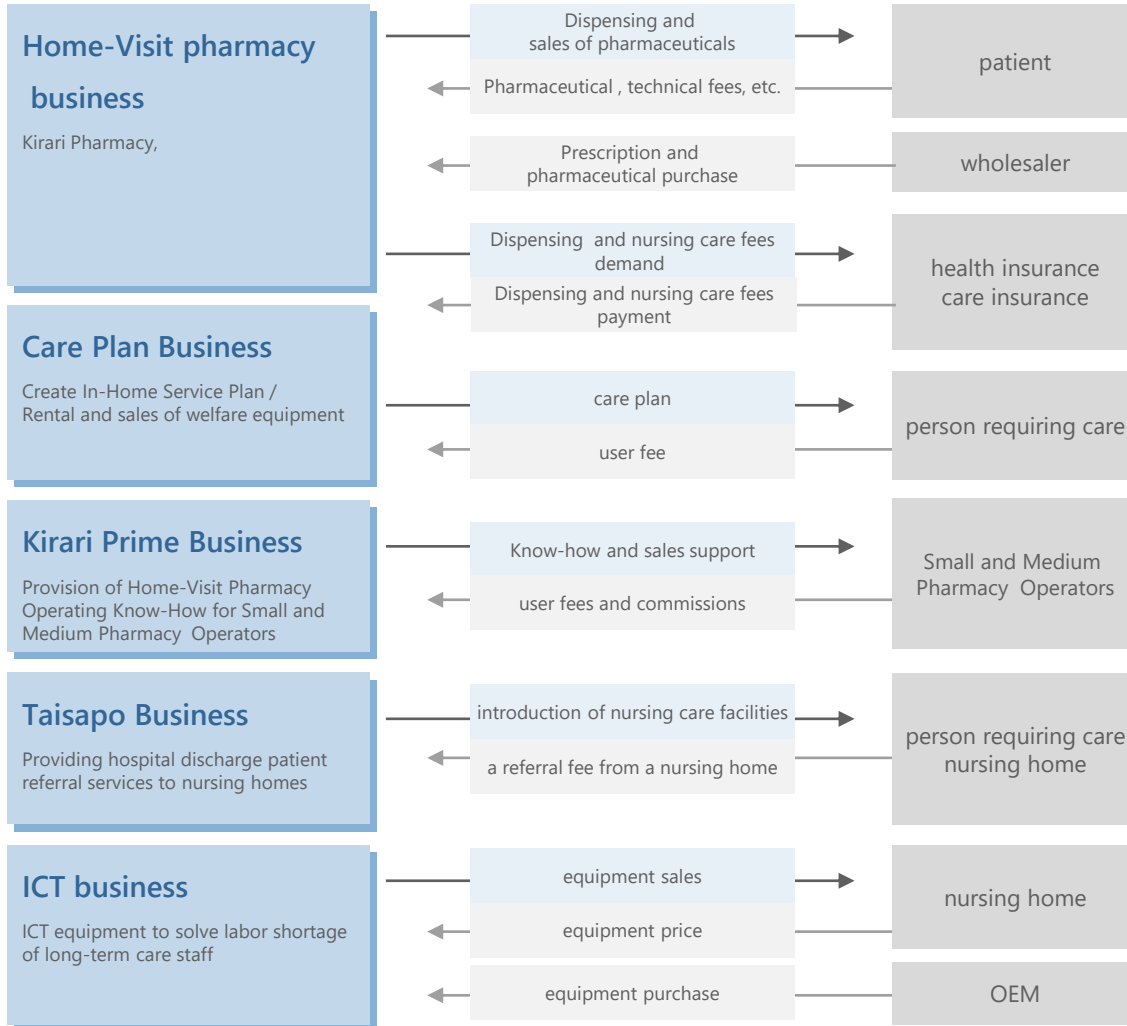
(Sales Image)

change of accounting month



Business Flow/Comprehensive Community Care System Platform

Business development and business flow

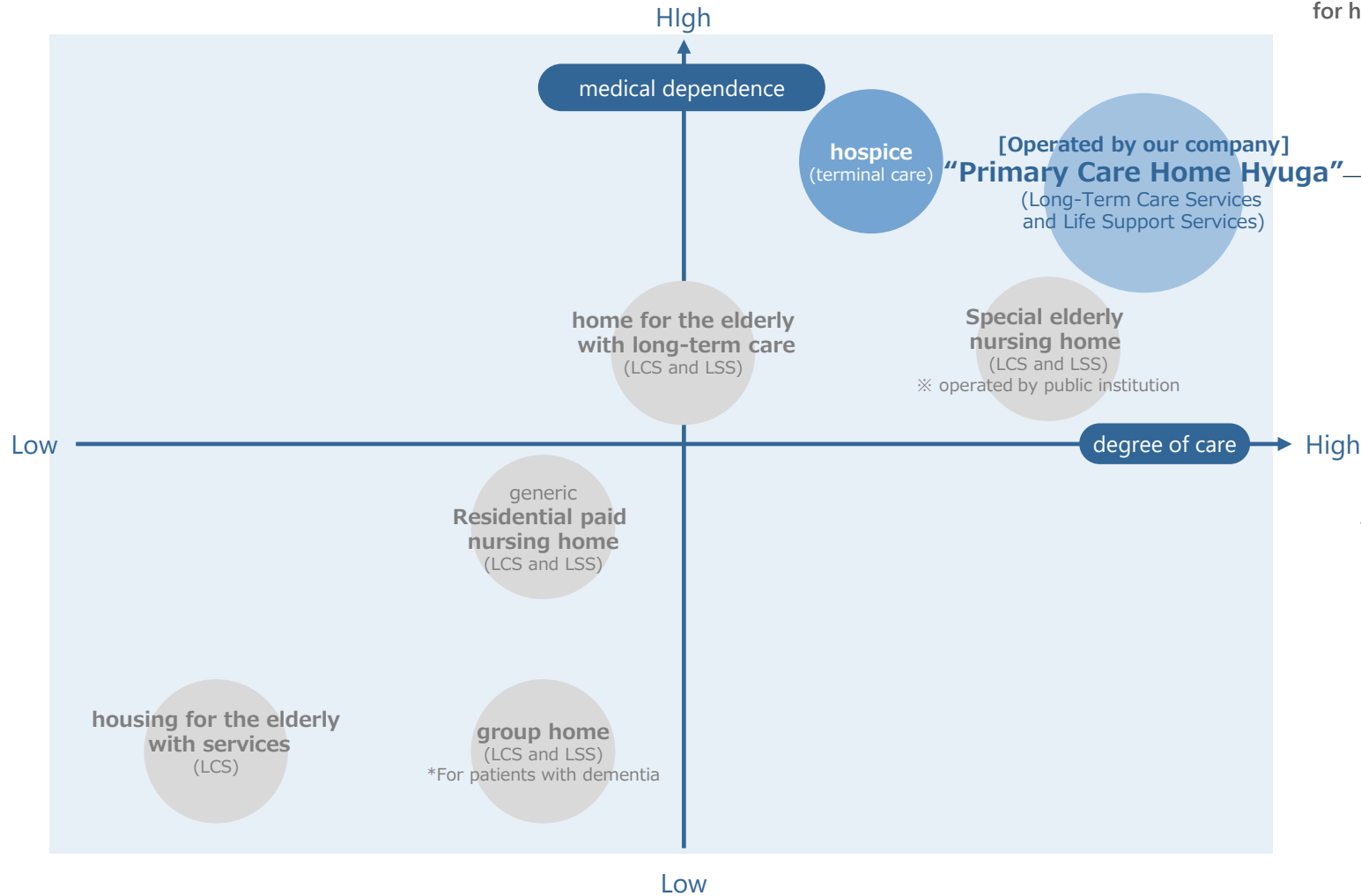


As a platform for comprehensive community care systems
Providing one-stop services to patients and customers

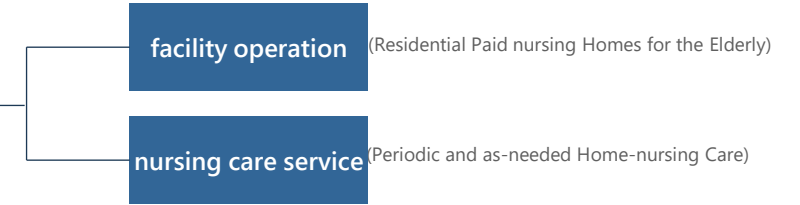


Positioning of Elderly care facilities operated by our company

POSITIONING MAP



Developed as **critical infrastructure**
for home medical care and community comprehensive care



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

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.

- 01 Company Profile/Business Profile
- 02 Financial Summary (FY 2023 Q3)**
- 03 Earnings Forecast
- 04 Medium-Term Growth Plan/
Sustainability Management
- 05 Topic/Appendix

Financial Summary

- Sales increased 15.2% year on year. Home visiting pharmacy business and Kirari Prime business growth contributed.
- Home visit pharmacy business and Kirari Prime business also contributed to operating profit. Year-on-year profit growth of 10.5%. Operating profit margin of Kirari Prime business was approximately 61%
- Progress rate against full-year forecast was 78% for sales and 67% for operating profit. Upfront costs incurred due to strengthening of corporate human resources to operate even larger facilities for the elderly

(millions of yen)	Results for the 2022/3 period		Results for the 2023/3 period		Year-on-Year		Planned Progress rate
	3Q	Full year	3Q results	Full-year forecast *	Change	Percent Change	
Sales	4,274	5,782	4,921	6,316	+647	+15.2%	77.9%
Home-visit pharmacy business	3,812	5,146	4,324	5,291	+511	+13.4%	81.7%
Kirari Prime business	305	433	461	661	+155	+50.9%	69.8%
Care Plan Business	91	122	99	133	+7	+8.1%	74.5%
Taisapo Business	57	66	32	93	▲ 24	▲ 43.1%	35.0%
Others (Management of ICT and facilities for the elderly)	7	14	5	135	▲ 2	▲ 34.0%	3.7%
Operating profit	360	519	398	591	+37	+10.5%	67.4%
Home-visit pharmacy business	418	578	498	594	+79	+19.0%	83.9%
Kirari Prime Business	181	259	282	356	+101	+55.9%	79.5%
Care Plan Business	▲ 4	▲ 7	15	20	+19	-	75.5%
Taisapo Business	21	17	▲ 15	35	▲ 36	-	-
Others (Management of ICT and facilities for the elderly)	▲ 14	▲ 14	▲ 73	▲ 108	▲ 59	-	-
Adjustments	▲ 242	▲ 314	▲ 308	▲ 307	▲ 66	-	-
Ordinary profit	345	506	406	590	+61	+17.7%	68.9%
Net income	231	328	260	446	+28	+12.4%	58.3%

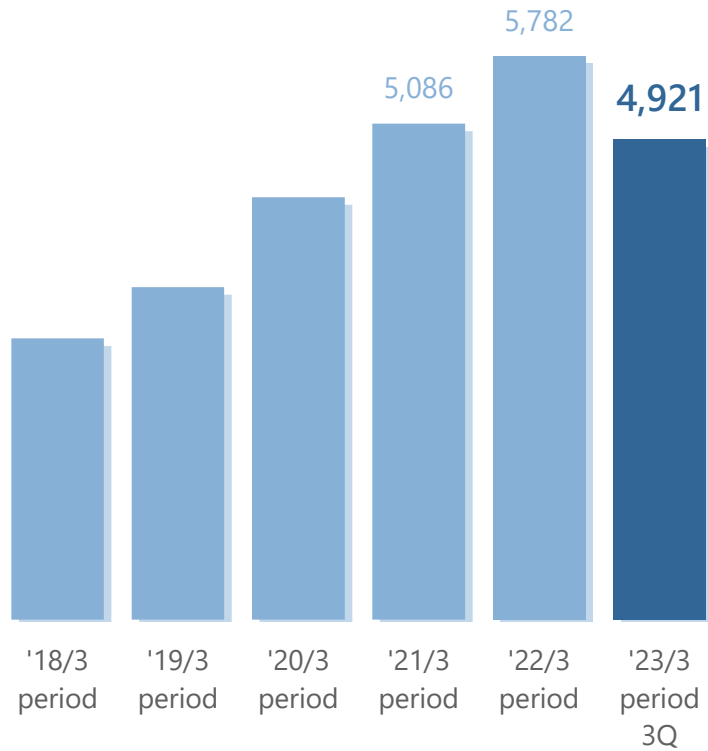
*Earnings forecast announced May 12, 2022

Performance/Sales Composition

- Sales were on pace to increase year on year. In the sales breakdown, the weight of the Kirari Prime business increased further. The percentage of sales increased by 1.9 percentage points from the previous year to 9.4%.
- Ordinary profit ratio decreased slightly to 8.3%. Profit ratio of each business did not change, rather sales composition improved, but initial costs related to ICT and operation of senior facilities affected.
- Other business remained almost flat

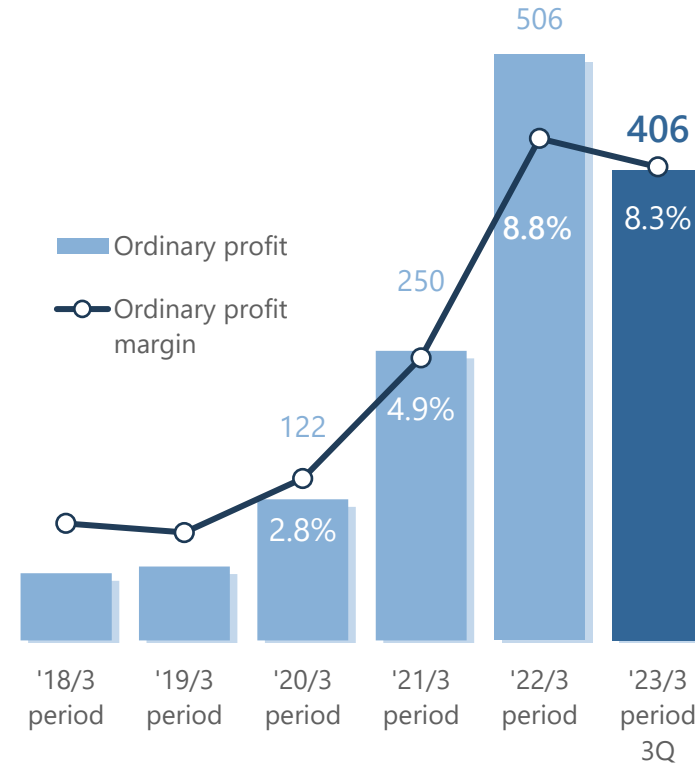
Sales

(millions of yen)



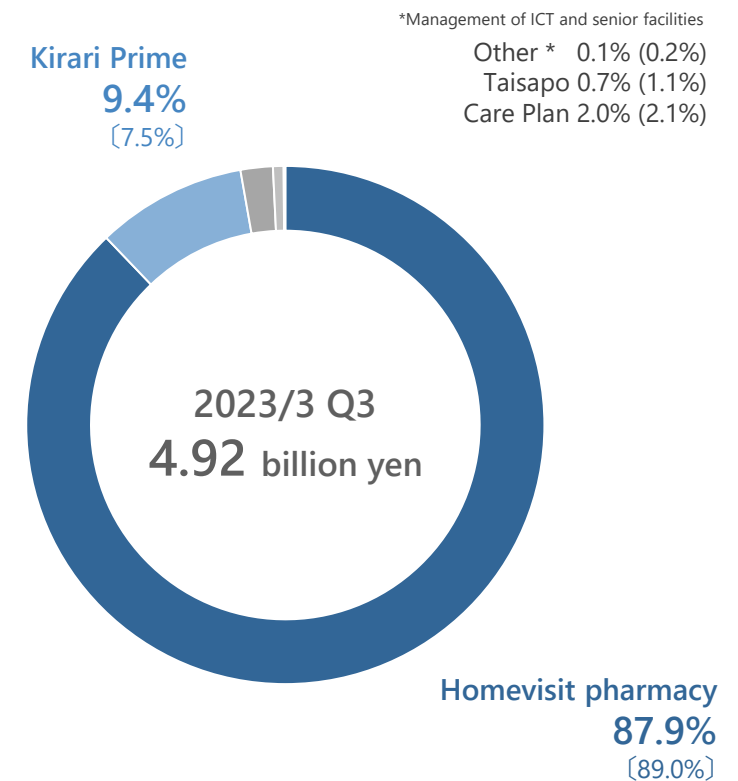
Ordinary profit/Ordinary profit margin

(millions of yen) (%)



Percentage of net sales

Percentage of total sales for the previous fiscal year (%)

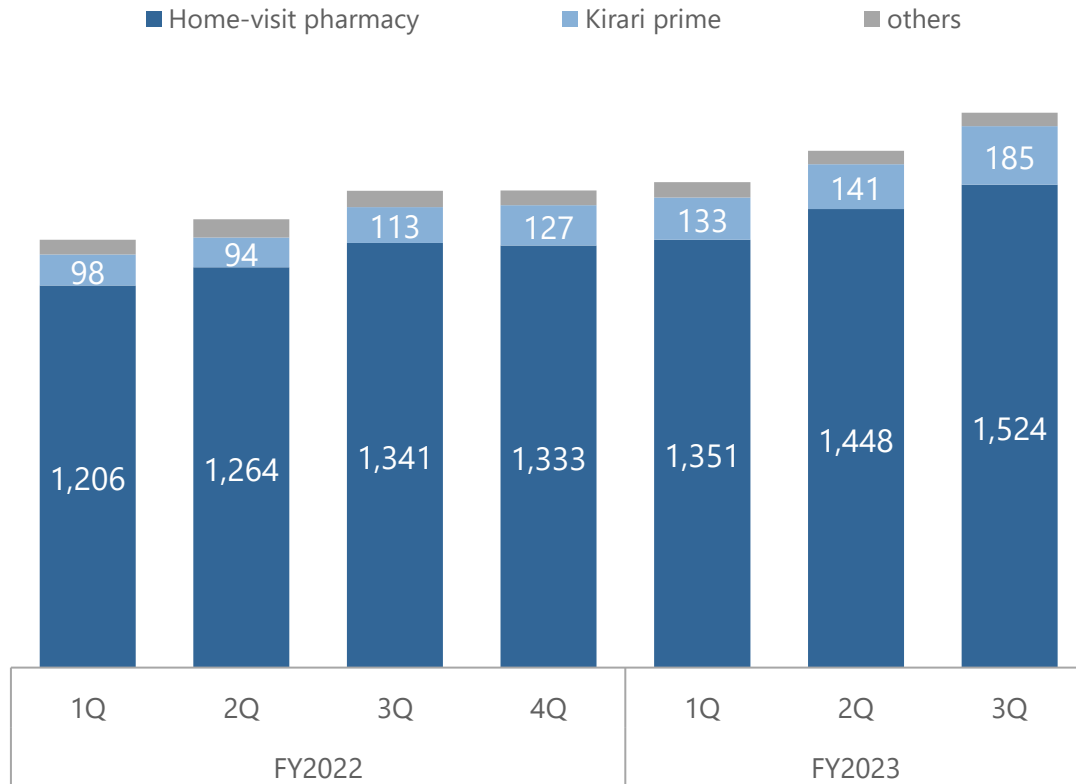


Quarterly Financial Results (1)

- Sales have been above the previous quarter for six consecutive quarters since the 2022/3 fiscal period. No change in sequential expansion trend
- Gross profit margin was slightly lower than the previous quarter, but gross profit grew steadily thanks to improved sales mix and improved productivity.
- However, operating profit margin has been sluggish recently due to continued investment in new businesses. We are laying the groundwork for future growth precisely because our existing businesses are doing well

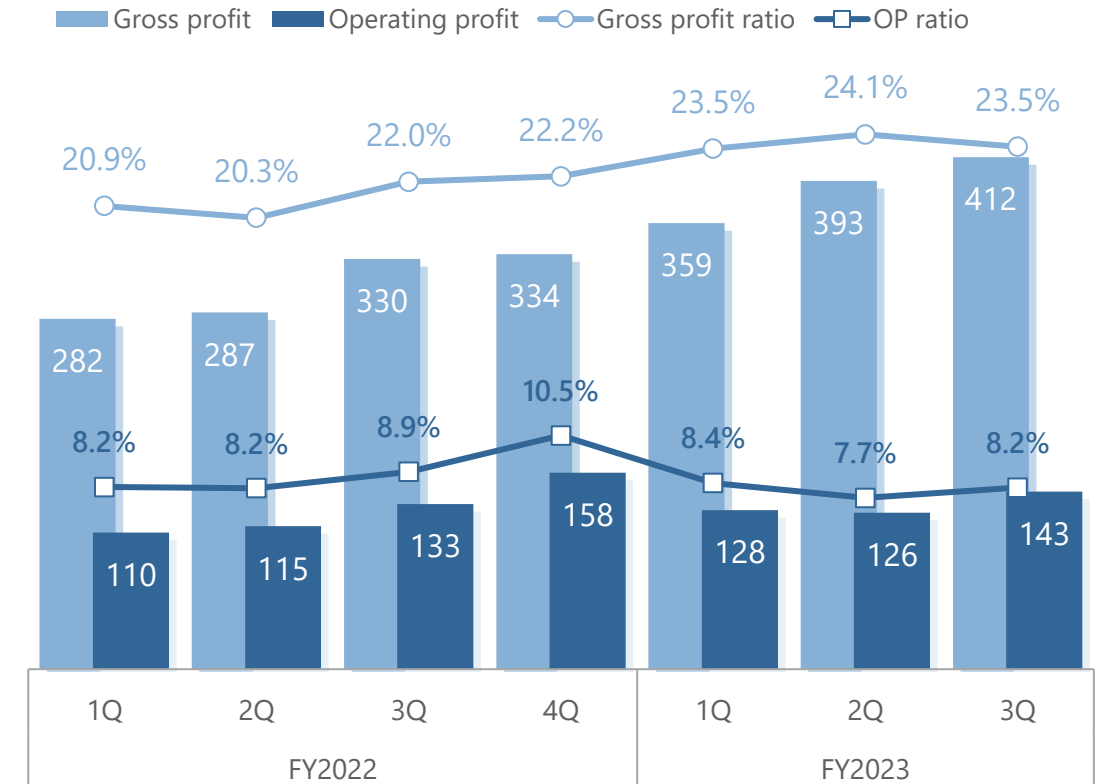
Composition of net sales

(millions of yen)



Gross profit and operating profit

(millions of yen) (%)



Quarterly Financial Results (2)

- By segment, sales of the home visiting pharmacy business grew significantly, but the profit margin trended downward due to the increased availability of drugs (antivirals) with low price margins due to the impact of the eighth wave of the coronavirus outbreak
- In the Kirari Prime business, sales and profits increased significantly from the previous quarter due to spot deals, but apart from this, the growth pitch remained unchanged. Prioritize acquisition of new franchisees for the time being
New stores tend to start with limited services, and a temporary decline in ARPU is inevitable

(millions of yen)	2022/3				2023/3		
	1Q*	2Q*	3Q	4Q	1Q	2Q	3Q
Net sales	1,351	1,415	1,506	1,508	1,534	1,634	1,753
Home visit pharmacy business	1,206	1,264	1,341	1,333	1,351	1,448	1,524
Kirari Prime Business	98	94	113	127	133	141	185
Care Plan Business	30	31	29	31	32	32	33
Taisapo Business	16	20	20	9	15	9	7
Others (Management of ICT and facilities for the elderly)	-	5	1	6	1	1	1
Operating profit	110	115	133	158	128	126	143
Home visit pharmacy business	130	131	157	159	147	181	169
Kirari Prime Business	56	57	68	77	79	80	123
Care Plan Business	0	▲ 1	▲ 3	▲ 3	5	5	3
Taisapo Business	6	7	7	▲ 3	▲ 2	▲ 5	▲ 7
Others (Management of ICT and facilities for the elderly)	-	▲ 8	▲ 6	▲ 0	▲ 12	▲ 25	▲ 35
Adjustments	▲ 81	▲ 71	▲ 88	▲ 72	▲ 88	▲ 110	▲ 110
Ordinary profit	110	112	122	160	137	125	142
Net income	74	70	86	97	91	87	81

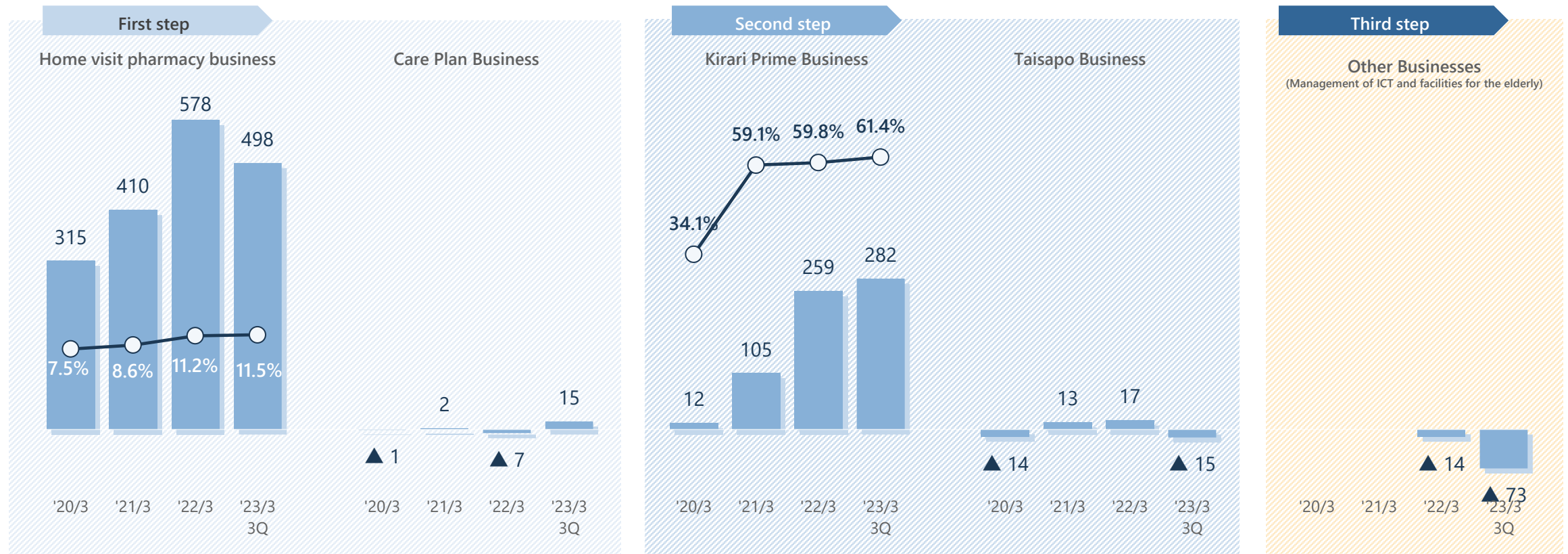
*Reference value due to unaudited

Operating Income by Segment

- The home-visit pharmacy business, which represents the first step of growth, performed well. With new store operations on track, growth has accelerated since the 2022/3 fiscal period
- The Kirari Prime business, which is taking the second step, is also doing well. It recently clarified its policy of prioritizing expansion of the number of affiliated stores over increasing ARPU.
- Other businesses, which are responsible for the third step, are still positioned as upfront investments. We will continue to invest to contribute to our business performance in the next fiscal year and beyond.

Segment profit and segment profit margin

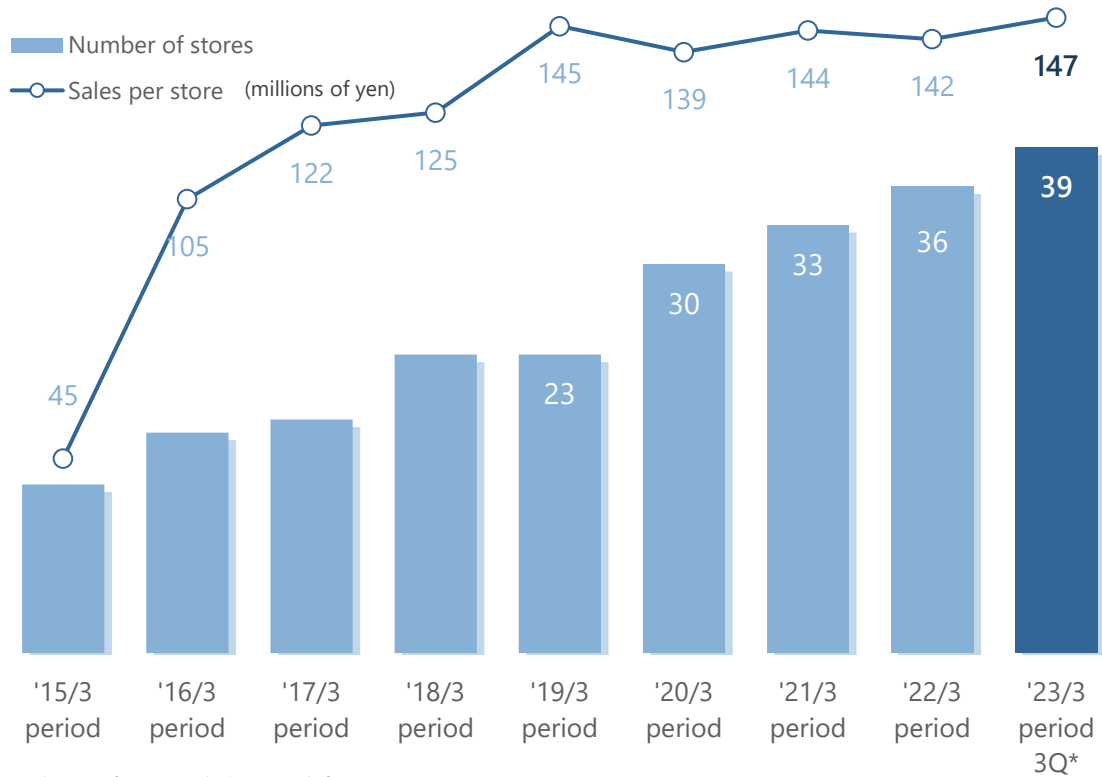
(millions of yen) (%)



Home visit pharmacy business KPIs

- The number of stores increased by 3 from the end of the previous fiscal year to 39, with new stores opening in Fukuoka and northern Kyushu in April and in Funabashi in October. Sales per store hit new record high
- The number of home visiting patients also grew steadily due to an increase in the number of stores. As a result of the pursuit of optimization to maintain the quality of home visiting services, the number of patients per store has remained at a level where it can operate efficiently.

Home-visit pharmacy sales and number of stores

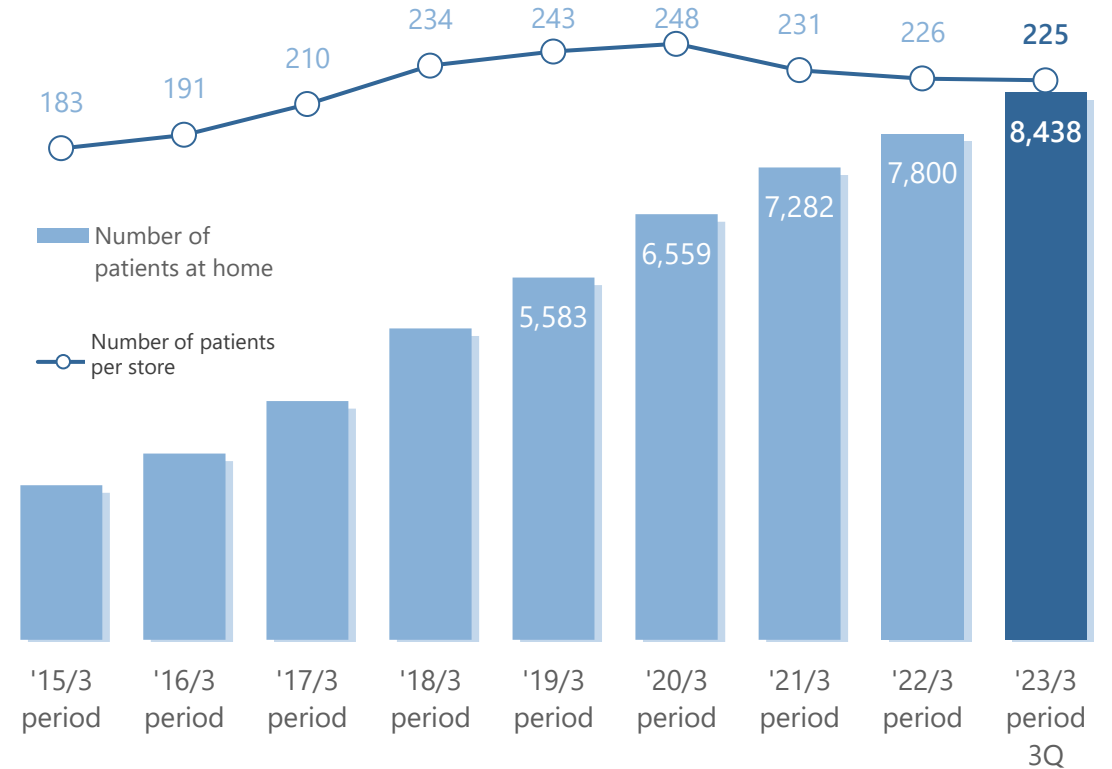


(Change of account closing month from 2015)

* 3Q revenue per store is annualized

Number of home visiting patients

(persons)

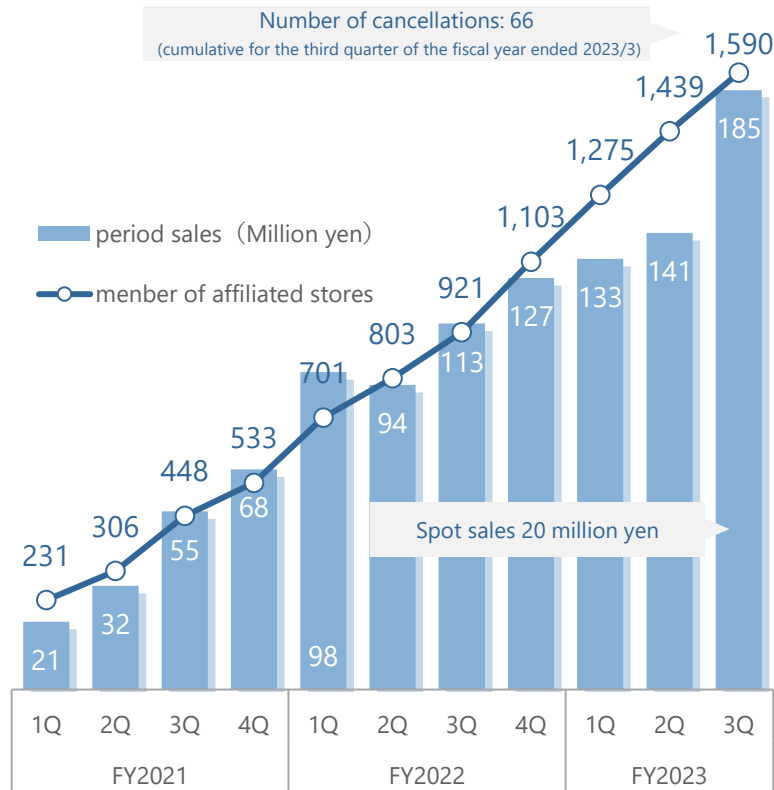


· February 1, 2023 New opening of Kirari Pharmacy Futajima Store (Kita-Kyushu, Fukuoka)

Kirari Prime Business KPI

- 3Q Revenue was boosted by spot deals, but except for this, sales remained at cruising speed
- The number of affiliated stores expanded steadily over the quarter, surpassing 1,500. Withdrawals due to the closure of medical institutions and cancellations due to business sales occurred. The total number of cancellations in 3 Q was 66.
- Although ARPU temporarily increased in 3 Q, there was no change in the downward trend. Priority given to acquiring franchisees and within the expected range

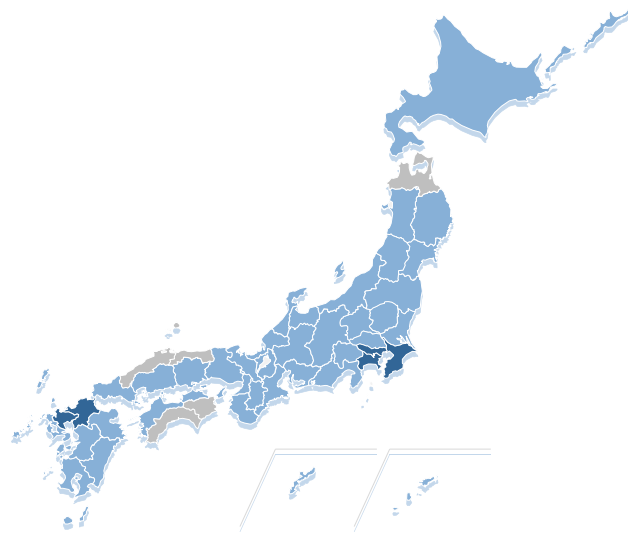
Kirari Prime sales and number of franchisees



Development

Kirari Pharmacy	5 prefectures	39 stores *
Member pharmacies	42 prefectures	1,590 stores

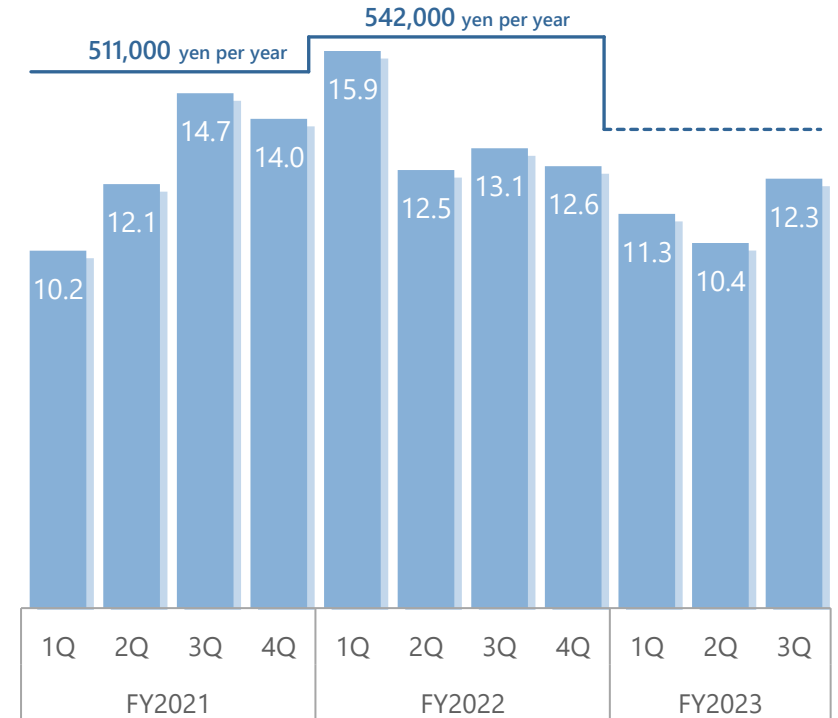
(As of the end of December 2022)



*October 1, 2022 New opening of Kirari Pharmacy Magemizawa Store in Funabashi, Chiba

Kirari Prime ARPU **

(10 thousands of yen per quarter)



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

balance sheet

- The equity ratio at the end of 3Q of the 2023/3 fiscal period was 45.2%. Continue virtually debt-free management
- No change in trend of accounts receivable increasing with expansion of home-visit pharmacy business
- Increase in fixed assets due to expansion of investment in Fam Care (home visit support information system) and operation of facilities for the elderly

(millions of yen)	End of 2021/3	End of 2022/3	End of 2023/3 End of 3Q	Year-End Ratio Change	
Current Assets	1,561	1,896	2,142	+246	
Cash and deposits	538	719	668	▲ 51	
Accounts receivable	832	996	1,170	+174	Impact of business expansion (opening new stores)
Fixed assets	453	635	868	+233	Impact of business expansion (operation of facilities for the elderly)
Intangible assets	170	295	402	+107	Increased software investment (femcare)
Total assets	2,015	2,531	3,011	+479	
Liabilities	1,405	1,459	1,651	+191	
Accounts payable	537	632	767	+134	Increase in short-term loans payable and repayment of long-term loans payable
interest-bearing debt	447	330	328	▲ 1	
Net assets	609	1,072	1,360	+288	
Liabilities and assets	2,015	2,531	3,011	+479	
Capital ratio	30.2%	42.4%	45.2%	+2.8pt	
ROE	17.5%	39.1%	-	-	
ROA	5.1%	14.5%	-	-	
total asset turnover	2.6 times	2.5 times	-	-	

01 Company Profile/Business Profile

02 Financial Summary (FY 2023 Q3)

03 Earnings Forecast

04 Medium-Term Growth Plan/
Sustainability Management

05 Topic/Appendix

earnings forecast

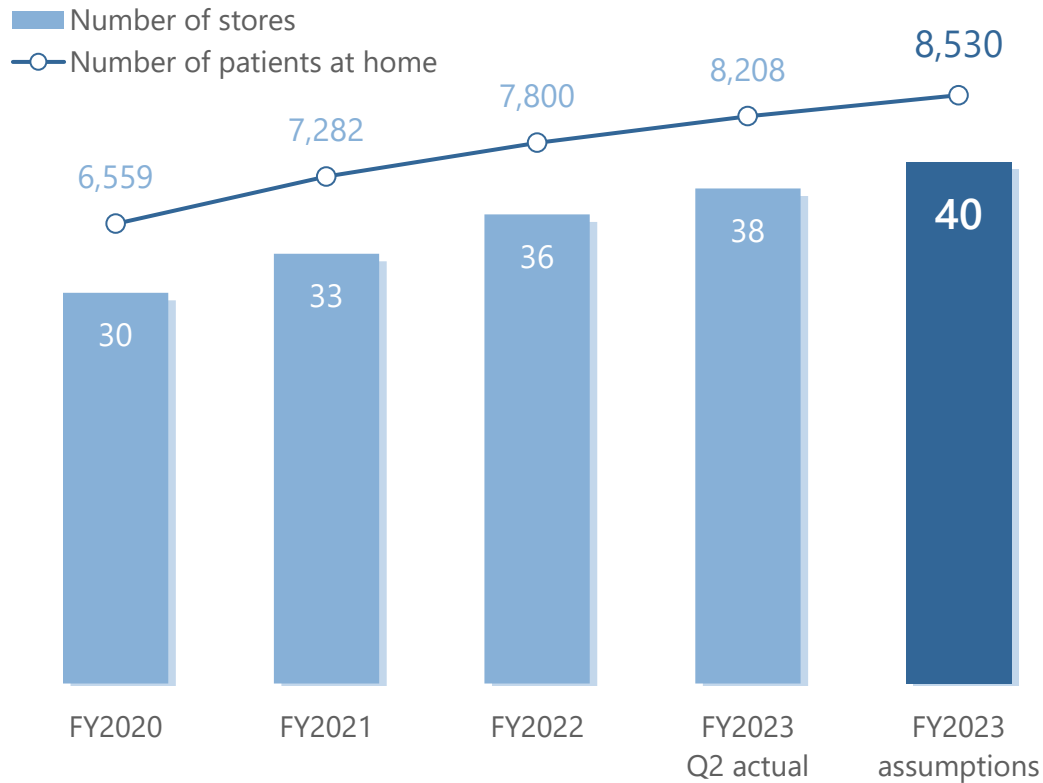
- The full-year forecast for the 2023/3 fiscal year remains unchanged. Although the burden on new businesses will increase, the Kirari Prime business will play a key role in driving revenue and profit growth, with an increase in franchisees. Home visiting pharmacy business also remains strong
- On a half-year basis, sales in the second half are expected to be at the same level as the first half. However, this is expected to be quite conservative given the accumulation of new customers. In particular, the home-visit pharmacy business, which grew in the first half, is likely to continue to grow. Empirically, the Kirari Prime business tends to have more franchisees after October, when drug prices are revised

(millions of yen)	2022/3 period			2023/3 Period		Full Year Outlook Compared with the Previous Year	
	First Half	Second Half	Full Year	First Half Results	Full Year Outlook	Variance	Variance
Sales	2,767	3,014	5,782	3,168	6,316	533	+9.2%
Home-visit pharmacy business	2,470	2,675	5,146	2,799	5,291	144	+2.8%
Kirari Prime business	192	240	433	275	661	227	+52.6%
Care Plan Business	62	60	122	65	133	10	+8.4%
Operation of facilities for the elderly	-	-	-	-	116	116	-
Taisapo Business	36	29	66	25	93	26	+40.2%
Other businesses (ICT)	5	8	14	3	19	4	+33.7%
Operating income	226	292	519	254	591	71	+13.8%
Home-visit pharmacy business	261	317	578	329	594	15	+2.7%
Kirari Prime Business	113	145	259	159	356	96	+37.4%
Care Plan Business	▲ 0	▲ 6	▲ 7	11	20	27	-
Operation of facilities for the elderly	-	-	-	▲ 36	▲ 108	▲ 108	-
Taisapo business	14	3	17	▲ 8	35	17	+97.1%
Other businesses (ICT)	▲ 8	▲ 6	▲ 14	▲ 2	0	14	-
(Adjustment)	▲ 153	▲ 160	▲ 314	▲ 198	▲ 307	7	-
Ordinary profit	223	282	506	263	590	83	+16.6%
Net income	145	183	328	178	446	117	+35.8%

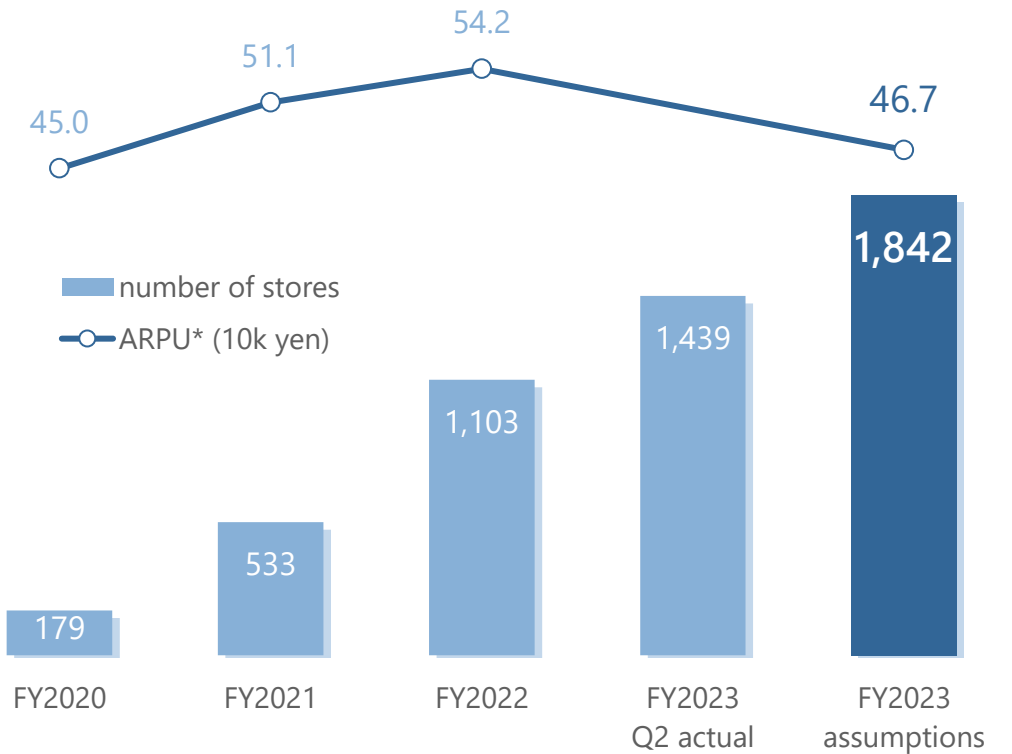
KPI assumptions

- The home-visit pharmacy business plans to open stores as usual. Aggressively absorbing the growing demand for home health care, expecting a nearly 10% increase in the number of patients at home compared to the previous year
- In the fast-growing Kirari Prime business, the company aims to raise its profile and increase the number of affiliated stores by 70%. We expect a temporary decline in ARPU as we focus on acquiring merchants. We will also continue to invest in human resources to enhance support for our franchisees.

Home visit pharmacy business KPI assumptions



Kirari Prime Business KPI Assumption



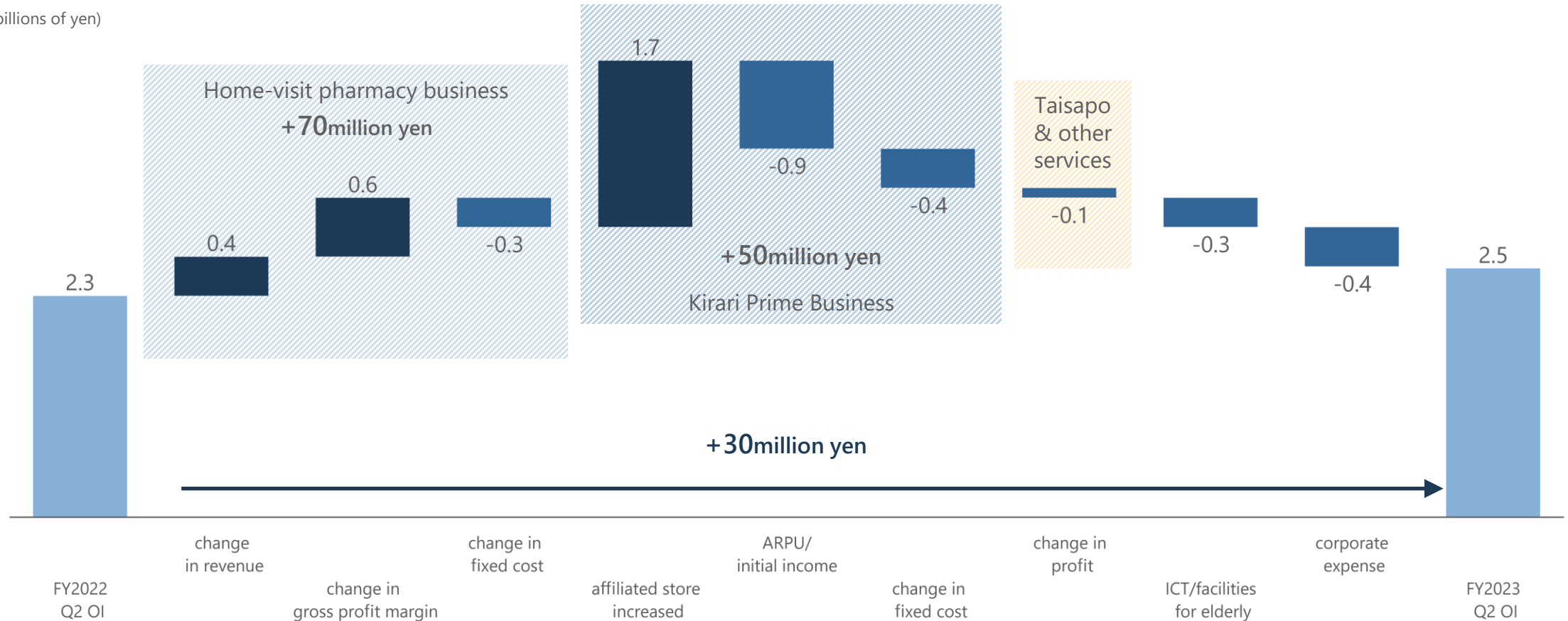
*ARPU = Kirari Prime sales (including initial revenue)/average number of stores at beginning and end of period

Analysis of Factors Affecting Operating Income

- The increase in operating income was driven by the expansion of Kirari Prime franchise stores. This was combined with improved profit margins due to operational efficiency in the home-visit pharmacy business, thereby absorbing the increase in fixed costs associated with business expansion.
- In the home visiting pharmacy business, which is the main business, efficiency improvement has contributed more than sales growth. In the Kirari Prime business, on the other hand, management resources are allocated intensively to accelerate growth, and the expansion of franchisees leads to top-line growth.

Factors affecting operating income

(0.1 billions of yen)

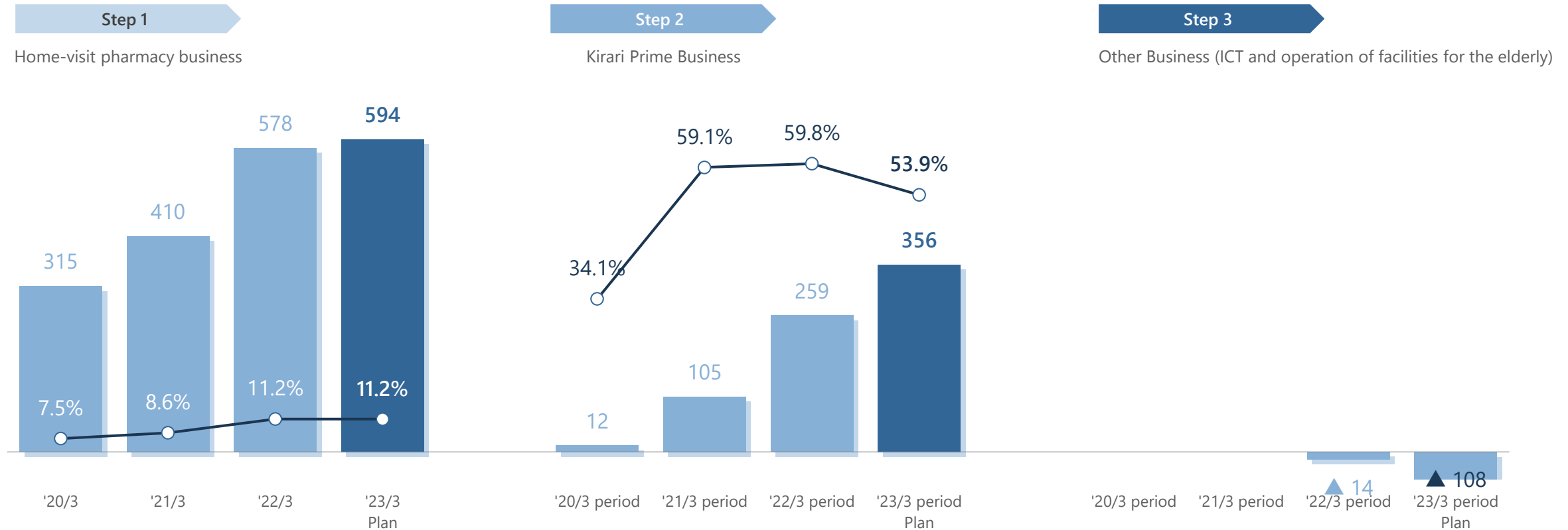


Performance forecast by segment

- The home-visit pharmacy business continued to increase sales while maintaining profit margins through stable store openings.
- The Kirari Prime business increased profits by 37% despite lower profit margins due to prioritizing merchant acquisition and merchant support.
- Other business expected to contribute to results in the 2024/3 fiscal period and beyond

Segment profit and segment profit margin

(millions of yen) (%)



Action Plan for Fiscal FY2023

Home-visit pharmacy business

Good

- Steady expansion of the number of stores to continue the expansion of the dominant strategy. New stores continue pace of expansion
- Establish a more efficient operation model for home-visit pharmacies and promote cross-deployment to Kirari Prime member stores
- Actively respond to deregulation of online medication instruction for elderly facilities (see Topic)(7,520 for the first half of fiscal 2023)

In progress

Kirari Prime Business

- ◆ Focus on accelerating the growth of franchise stores

active
Focused

- ① The Kirari Prime Business was reorganized into a business headquarters. Strengthen sales structure by increasing personnel
- ② Cultivate partner companies to connect small- and medium-sized pharmacies as potential franchisees to expand pipeline
- ③ Full-fledged efforts to attract customers through web advertising

new business

Good

- Operation of nursing home for the elderly and regular visiting and casual nursing care services started in January 2023
- Coupled with ICT business, routine nursing care service enables expansion of in-home patient support services



Strengthen positioning as a primary care platform company

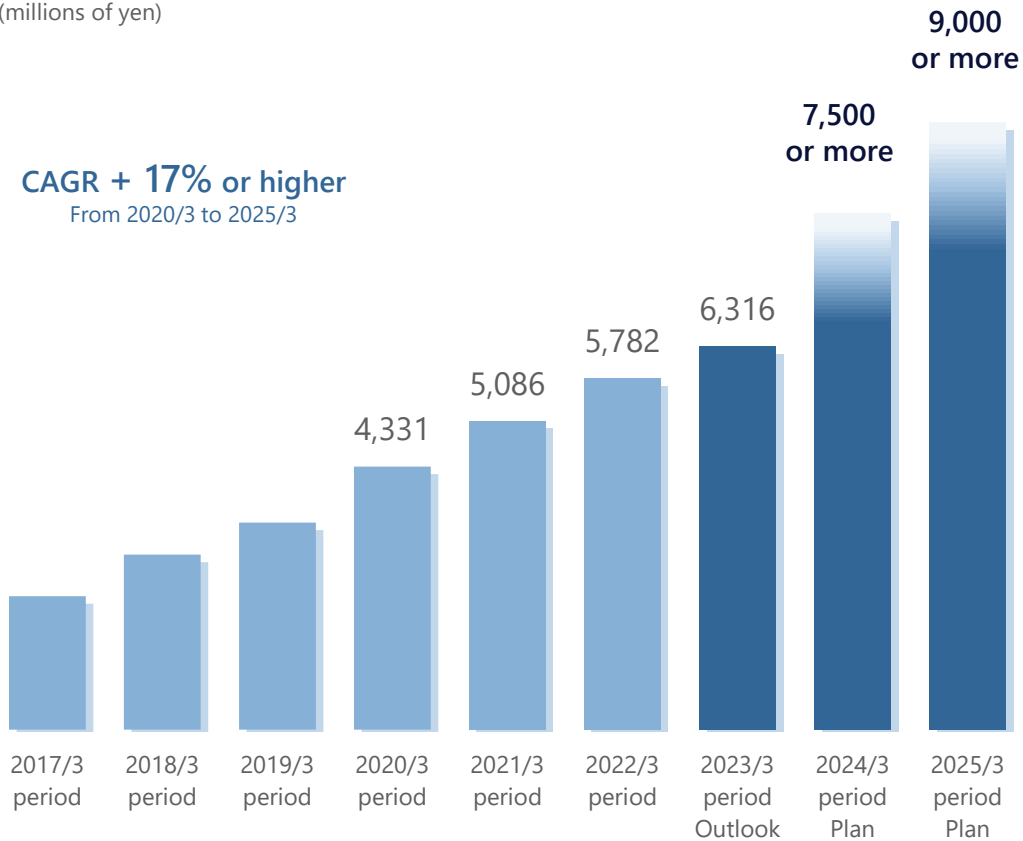
- 01 Company Profile/Business Profile
- 02 Financial Summary (FY 2023 Q3)
- 03 Earnings Forecast
- 04 Medium-Term Growth Plan/
Sustainability Management**
- 05 Topic/Appendix

medium-term growth plan

- In fiscal 2025/3, the company aims to achieve sales of 9 billion yen or more and a recurring profit margin of 13% or more. Develop strategies to further accelerate growth
- Growth will be driven by businesses in the second step of growth, such as Kirari Prime. In addition, we will develop ICT business and facilities for the elderly management business, which are positioned as the third step for long-term growth.

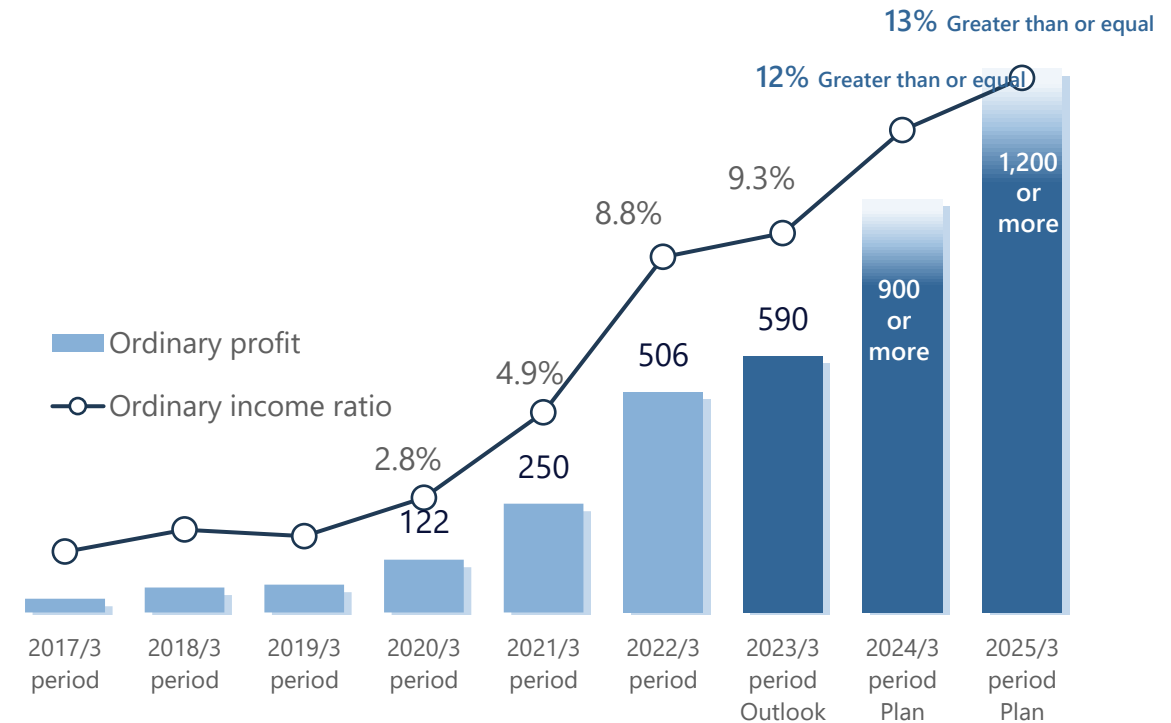
Net sales

(millions of yen)



Ordinary Income/Ordinary Income Ratio

(millions of yen) (%)

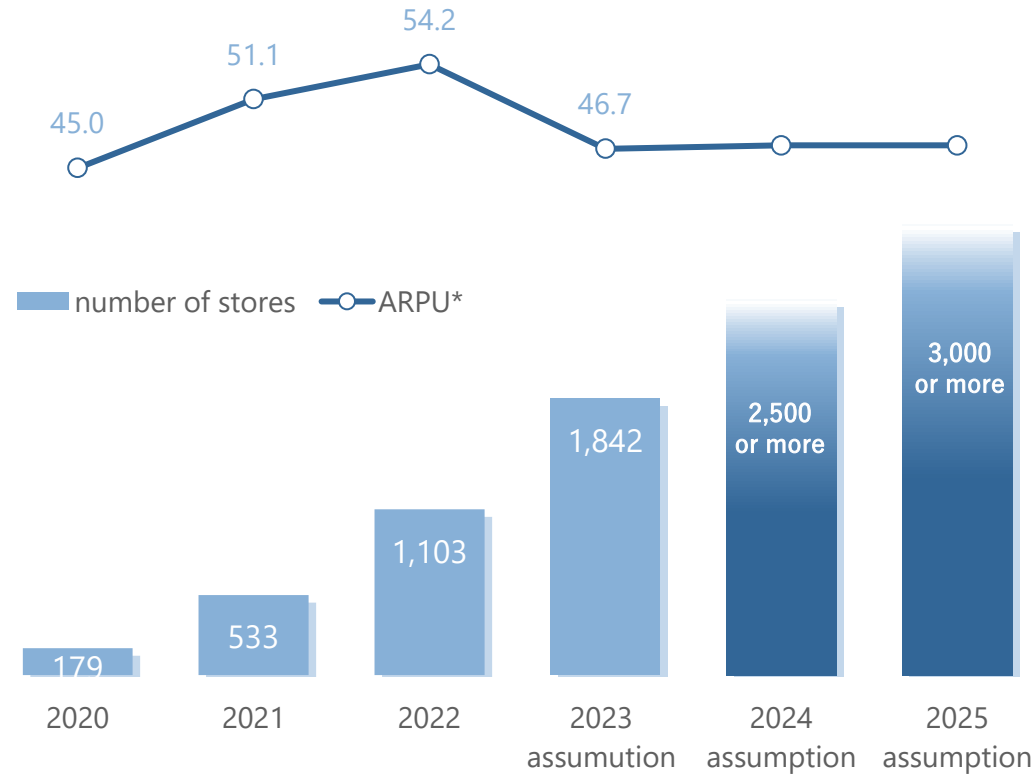


Kirari Prime Business Strategy

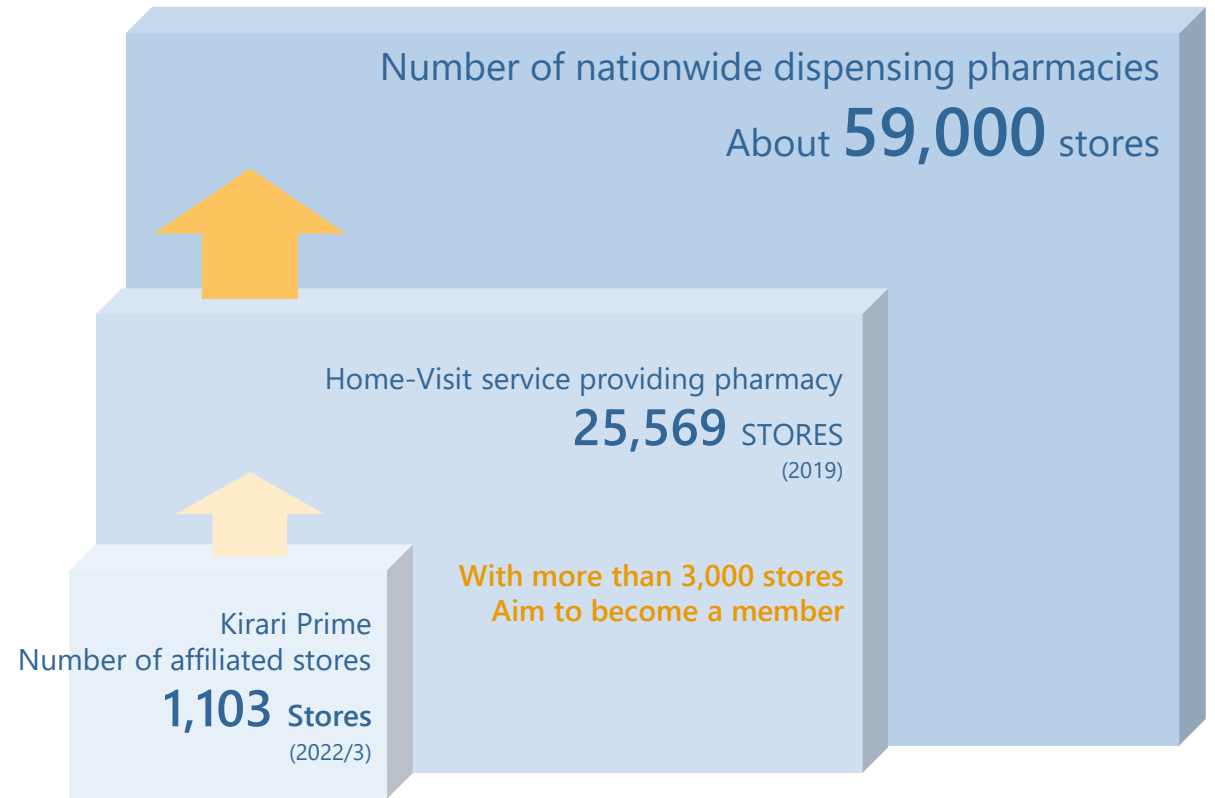
- The number of affiliated stores will increase to more than 3,000 by fiscal 2025/3. The target is about 26,000 pharmacies that conduct home visits. plans to take in more than 10% of the total
- Provide know-how and infrastructure services to member pharmacies. Improve the efficiency of pharmacy operations by introducing the report support system FamCare. Promote sales activities to pharmacies that wish to strengthen home-visit pharmacy business in an aging society.

Kirari Prime Business KPI Assumption

(10k yen/year) (stores)



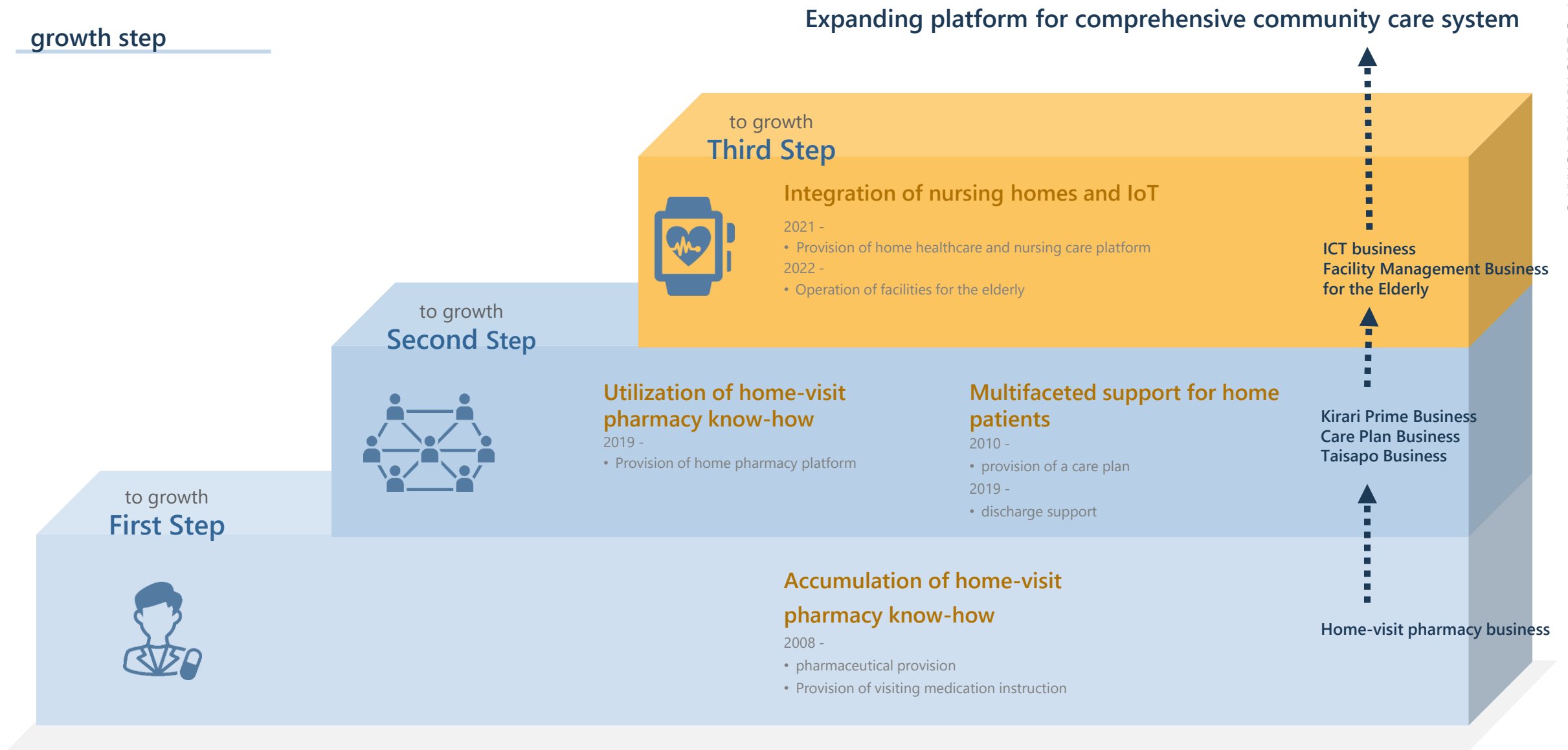
Kirari Prime Market Size



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

Strengthening the Third Step to Growth (1)

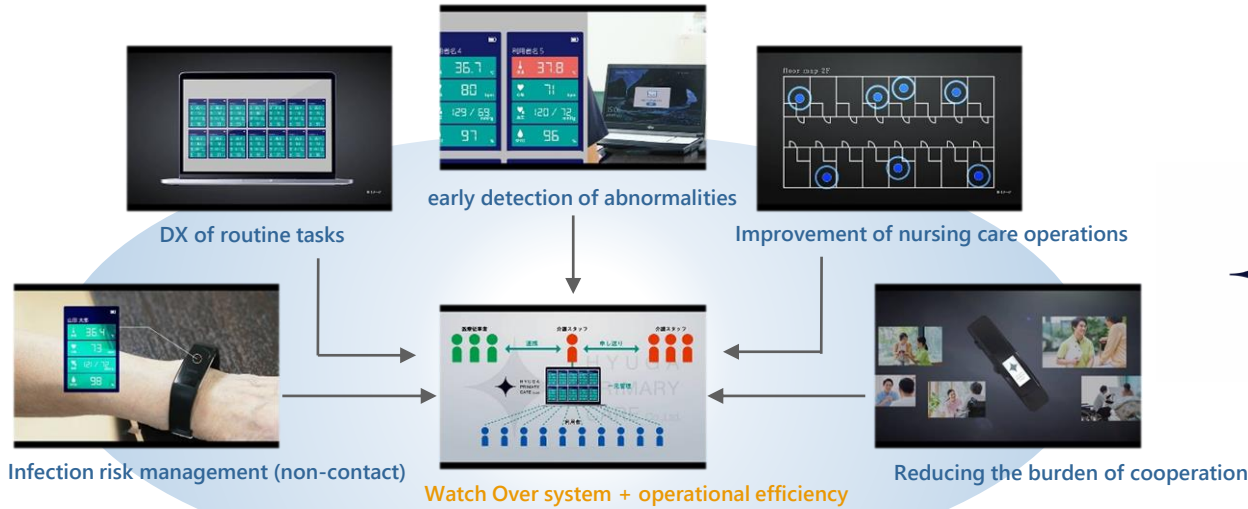
growth step



Strengthening the Third Step toward Growth (2) ICT Business

Primary Care Robot®

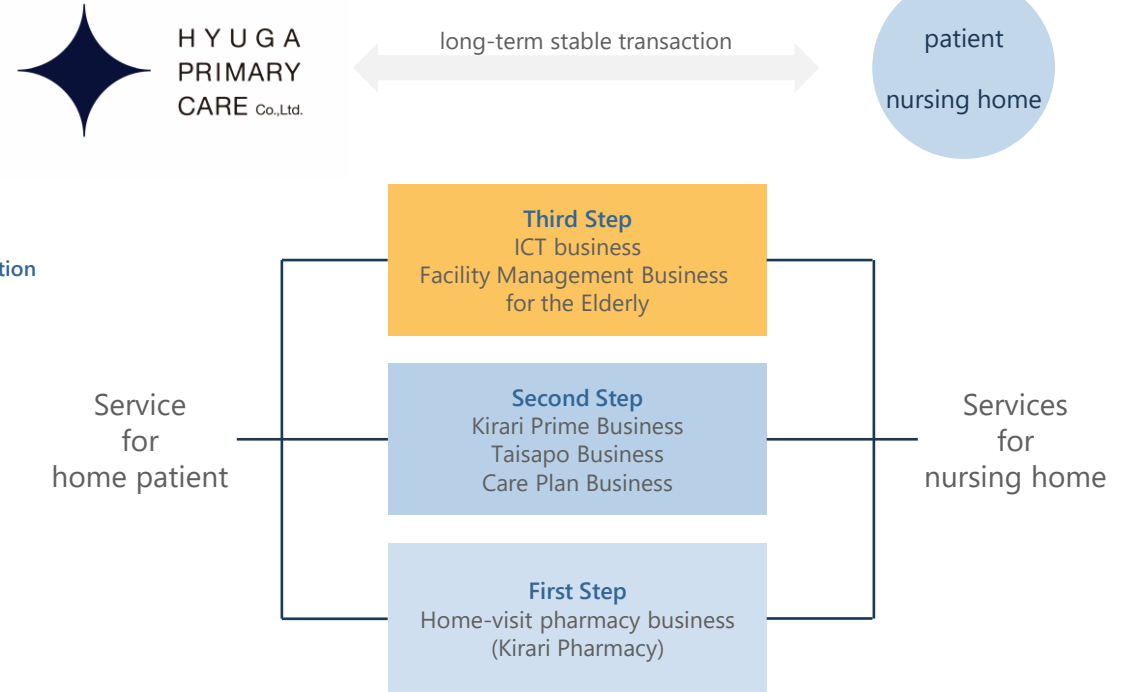
Watch Over system



Improve service quality

Improvement of patient QOL and Construction of sustainable care system

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



Strengthening the Third Step for Growth (3) Facility Management for the Elderly (1)

- We started the elderly facility management 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

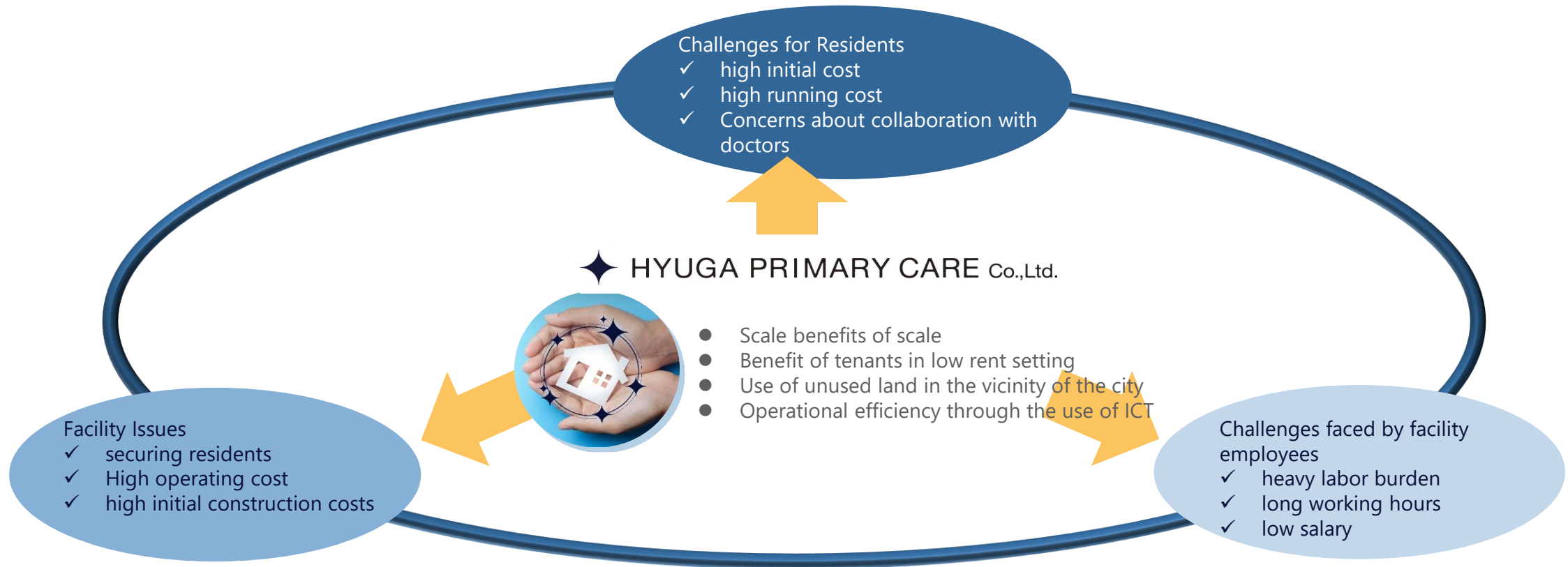
	Our nursing care services "Home Care - Regular and On-demand"	Home-Visit Pharmacy Business
Periodic patrol	10 to 15 minutes at a time offered multiple times a day	Periodic home visits to provide medication instructions
Responding	Required services are arranged 24 hours a day, 365 days a year	24 Hours 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 (4) Facility Management for the Elderly (2)

- Facility management in our company will simultaneously and comprehensively mitigate and resolve the problems faced by residents, facility management, and facility employees suffering from the trilemma structure. Establish a sustainable social infrastructure in an aging society by utilizing economies of scale, our company ICT business, and home-visit pharmacy business
- These can be the core hub functions of comprehensive community care system. Become the starting point for future business in our company

trilemma structure of facility management



Strengthening the third step for growth (5) 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.



Our company's approach to sustainability management

HYUGA PRIMARY CARE Co., Ltd.

"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.

Sustainability Report

The screenshot displays the 'Sustainability Report' page. It features a 'トップメッセージ' (Top Message) with a photo of a man and text about the company's mission since 2007. Below this is the '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-term Vision and Thinking on SDGs). This section includes '中長期ビジョン' (Mid-term Vision) and 'SDGsへの考え方' (Thinking on SDGs). A 'マテリアリティマッピング' (Materiality Mapping) diagram shows the relationship between business priorities and SDGs. At the bottom, a table titled '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) maps five key issue groups to specific SDG goals.

重点課題グループ	SDGs 17の目標
I 地域包括ケアシステムのプラットフォームとしての地域医療の充実・発展への貢献	3, 4, 5, 9, 11, 12, 17
II 社会インフラとしての安全安心な医薬品供給	9, 11, 12, 13, 17
III 環境保護・負荷軽減への対応	7, 12, 13
IV 多様な人材の育成・活躍と医療・介護現場の活性化支援	4, 5, 8, 9, 10
V ガバナンス強化	16

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

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

- 01 Company Profile/Business Profile
- 02 Financial Summary (FY 2023 Q3)
- 03 Earnings Forecast
- 04 Medium-Term Growth Plan/
Sustainability Management
- 05 Topic/Appendix**

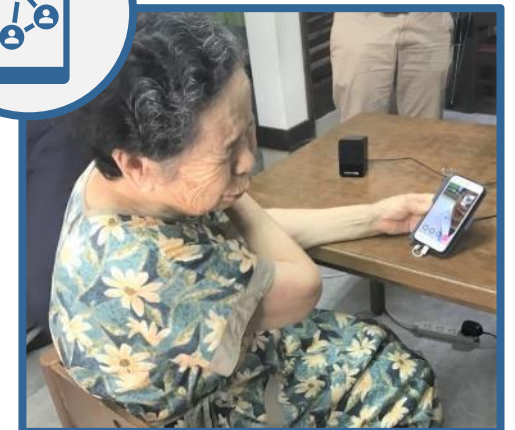
Home-visit pharmacy business “Online medication instruction for nursing homes”

- 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）】



1) "Primary Care Home Hyuga Kasuga Chikushidai" opened in January 2023 *

- Opened January 13, 2023
- 132 -1, Chikushidai 5-chome, Kasuga, Fukuoka 816 0822, Japan
- We lease and operate a large facility for elderly with a capacity of 102 people.
- The facility is equipped with solar power and electric vehicle charging facilities. Meals in the facility are locally produced for local consumption and are ESG-friendly.
- For residents of the facility, we provide "Home Care - Regular and On-demand"
- We can provide medical, and nursing care 24 hours a day, 365 days a year in cooperation with cooperating medical institutions.
- In our company's home-visit pharmacy, care plan, ICT, Taisapo and Kirari Prime businesses, we will contribute to improving the QOL of patients by improving services through inter-business cooperation.
- We have established a system that minimizes the burden on residents so that they can live until the end in the facility where they are accustomed to ,even if the level of care is high.

24 hours a day, 365 days a year (24/7)
The home makes you reassure and recuperate



2) "Primary care home Hyuga Hakata Mugino" scheduled to open in August 2023 **

- Address: Mugino, Hakata-ku, Fukuoka-shi, Fukuoka 812 0882
- A large elderly facility with a capacity of 162 is leased and operated by our company on a lump sum basis.
- As with Kasuga Chikuzidai, we offer " Home Care - Regular and On-demand " and collaborate with cooperating medical institutions
We provide medical and nursing care 24 hours a day, 365 days a year.



- 01 Company Profile/Business Profile
- 02 Financial Summary (FY 2023 Q3)
- 03 Earnings Forecast
- 04 Medium-Term Growth Plan/
Sustainability Management
- 05 Topic/Appendix**

Financial Highlights

Year ended		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
		March 2017	March 2018	March 2019	March 2020	March 2021	March 2022
Sales	(thousands of yen)	2,197,243	2,884,128	3,410,342	4,331,638	5,086,031	5,782,604
Ordinary profit	(thousands of yen)	32,896	58,882	64,181	122,368	250,720	506,182
Net income attributable to owners of the parent	(thousands of yen)	28,668	13,273	14,197	32,903	97,140	328,454
Capital stock	(thousands of yen)	100,000	100,000	100,000	100,000	104,742	171,915
Total number of shares outstanding	(share)	10,900	11,074	11,074	11,074	11,369	3,499,100
Net assets	(thousands of yen)	422,454	455,737	469,935	502,838	609,463	1,072,264
Total assets	(thousands of yen)	1,246,403	1,472,458	1,658,986	1,771,859	2,015,029	2,531,605
Net assets per share	(Yen)	129.19	137.18	141.45	151.36	178.69	306.44
Net income per share	(Yen)	8.77	4	4.27	9.9	28.99	95.8
Capital ratio	(%)	33.9	31.0	28.3	28.4	30.2	42.4
return on equity	(%)	7.0	3.0	3.1	6.8	17.5	39.1
Operating cash flow	(thousands of yen)	-	-	-	34,733	351,821	484,597
Invested Cash Flow	(thousands of yen)	-	-	-	▲165,236	▲77,591	▲320,255
Financial Cash Flow	(thousands of yen)	-	-	-	▲6,259	36,641	16,927
Cash and cash equivalents at end of year	(thousands of yen)	-	-	-	227,416	538,288	719,557
Number of employees (Average number of other temporary employees)	(persons)	150 (58)	190 (59)	226 (68)	283 (93)	312 (96)	329 (102)

Home visit pharmacy business

About the Home-Visit Pharmacy Business

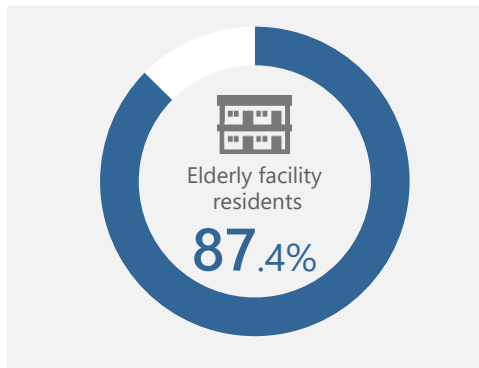
One of the social infrastructures that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

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

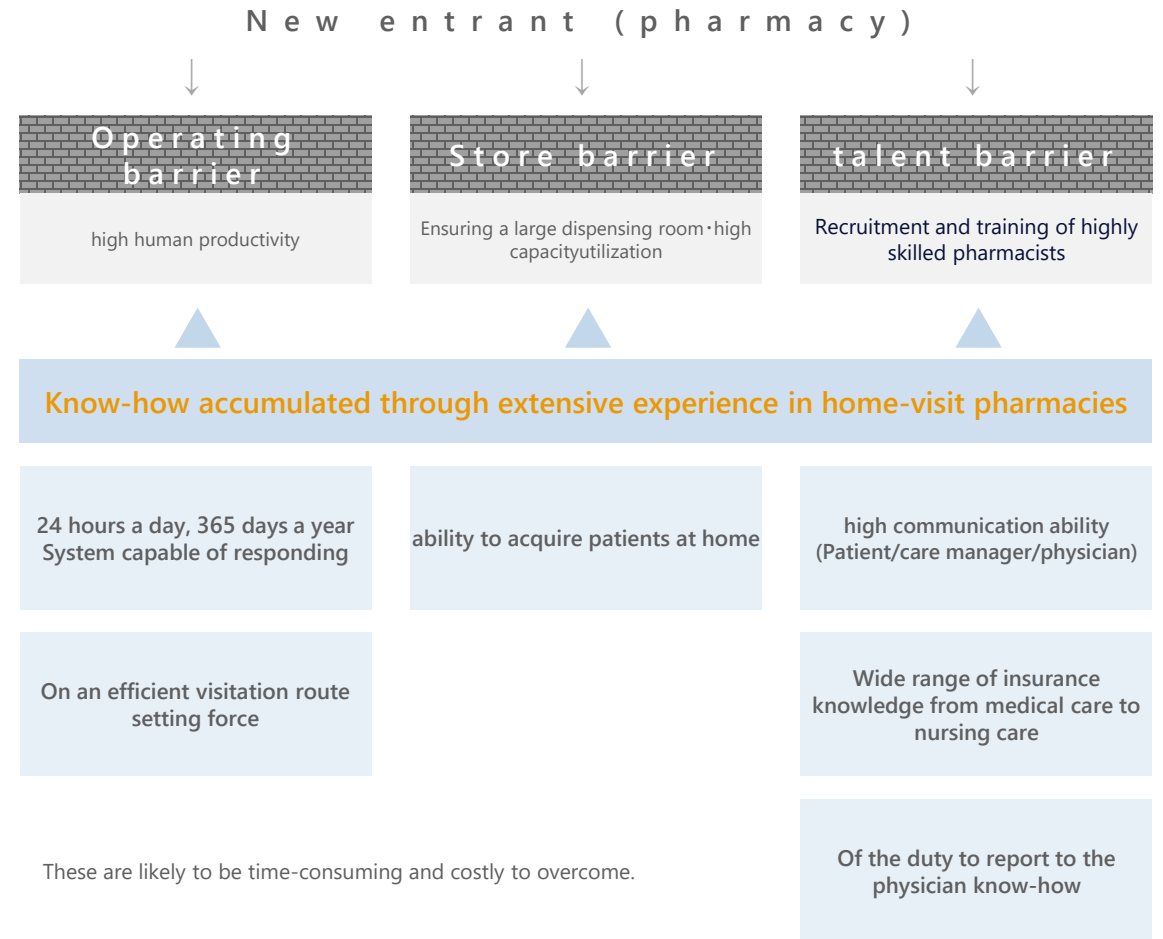
patient attributes

(as of the end of March 2022)



high entry barriers

Conventional pharmacies entering the home pharmacy business



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

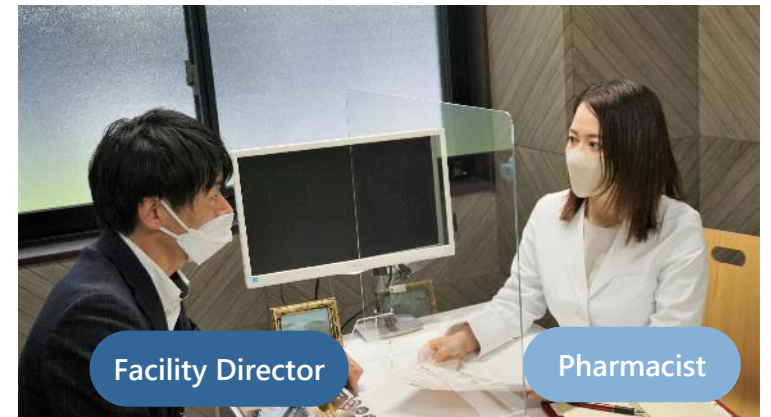
Consultation with doctors to suggest changes to the most appropriate medication according to the patient's situation. Also involved in prescription design



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.

Business model and fee system

Share in Kirari Prime Sales

Subscription Recalling Sales Ratio 90%

(Year ended March 2022)

Base rate

12,000 yen/month

Participation in study meetings
access to know-how materials
Respond to inquiries about home health care

Drug Purchase Negotiation Agent

1 ~ 2% of the proceeds

Support for the purchase of pharmaceuticals from pharmaceutical wholesalers

Report system loan

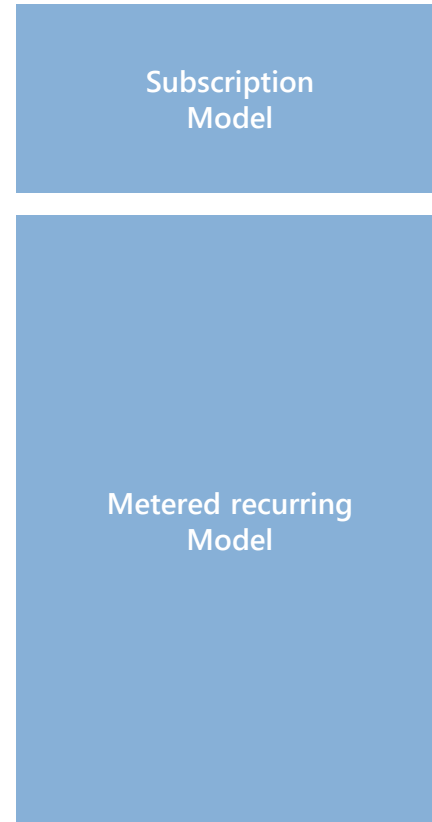
7,500 yen / month

Report preparation support for physicians and care managers

Other Services

Additional charge

by our company Pharmacists
Responding to temporary prescriptions and night/holiday calls



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

Taisapo business (discharge support)

Support for moving into a nursing home

Services to support discharge from hospital (nursing home). Started operations in 2019
Referral fees from residents generate revenue, and patients are free to use the services

- Referral fee approx. 150,000 yen/case
- Number of tenants: 324 (fiscal year ended March 2022)
- Number of referral facilities: 368 (Total for FY 2019 to FY 2022)
・145 facilities as of March 2022

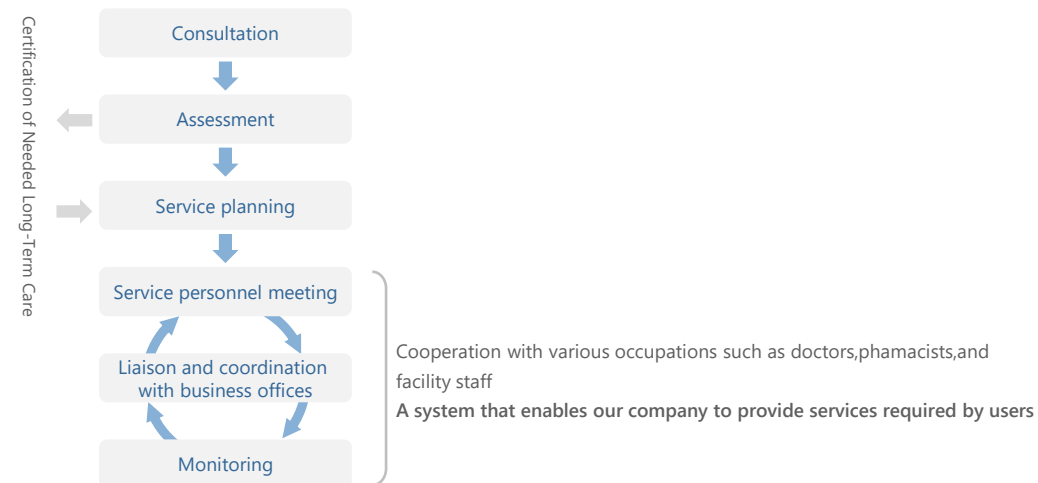
Care plan business

Coordinating care services

Started in 2010. In-home care assistants (care managers) coordinate care services, share information among stakeholders, and provide services needed by users in our company
Operating as Care Plan Services Hyuga

- Care plan prepared: **about 18000 yen/case**
- Number of care plans **6,647** (total for the year ended March 2022)
 - Onojo 1,964 cases/Kurume 1,208 cases/Meinohama 1,759 cases/Kamatori 1,793 cases/Okurayama 423 cases
- Number of consultations * 2,876 cases (FY ended March 2021)

*Number of consultations from social workers and care managers



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

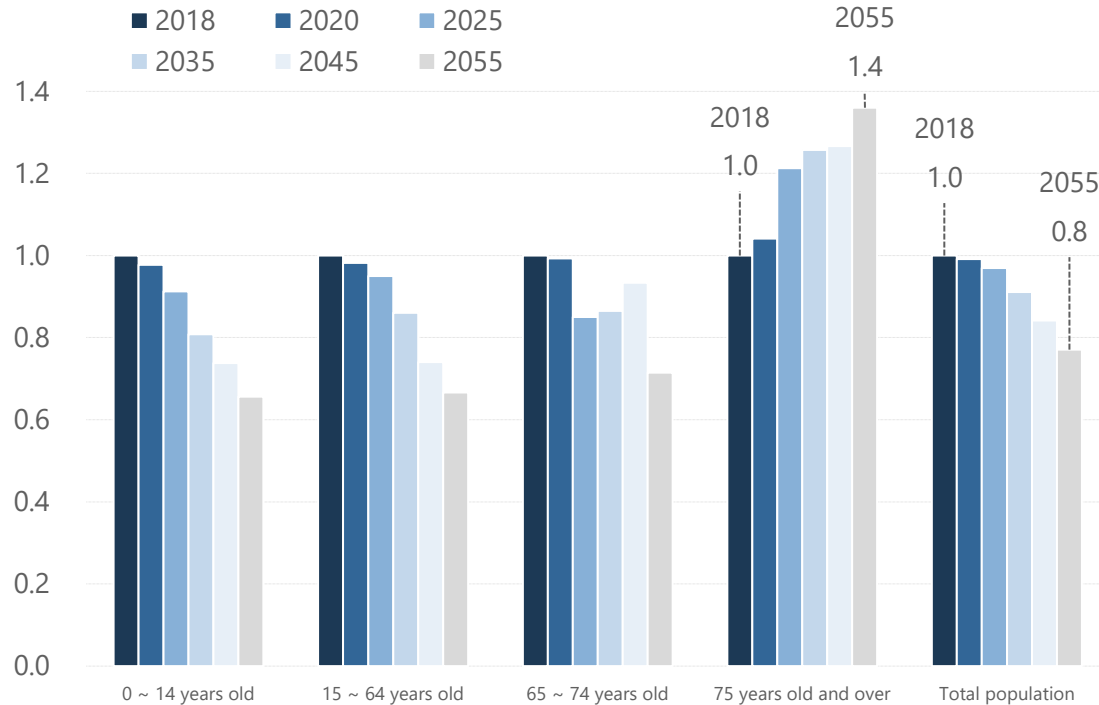
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 fold 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

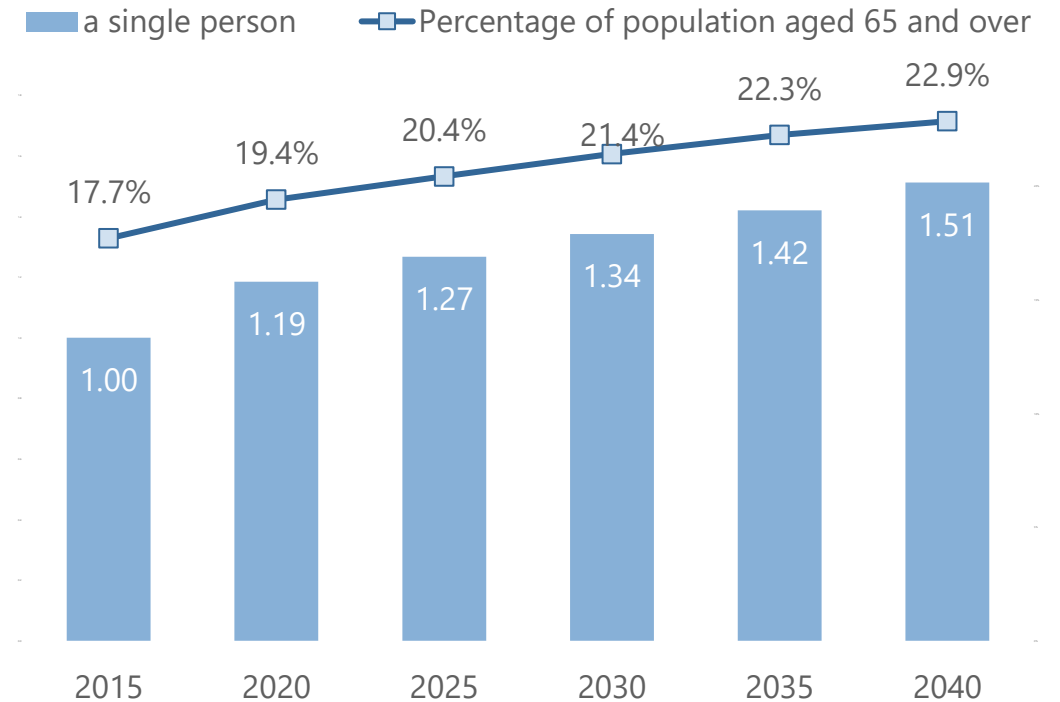
17.98 million (2018) → **24.46 million** (2055)



Number of single elderly households *

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

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



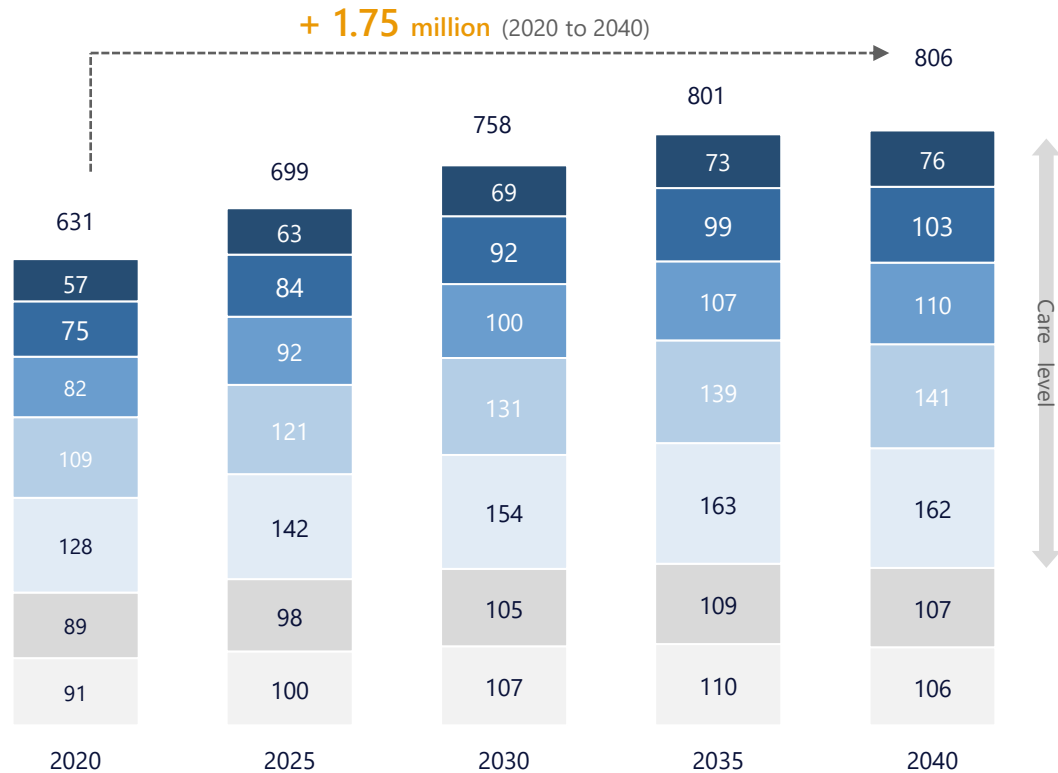
Source: Cabinet Office's "White Paper on Aging Society in Reiwa 2"

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)

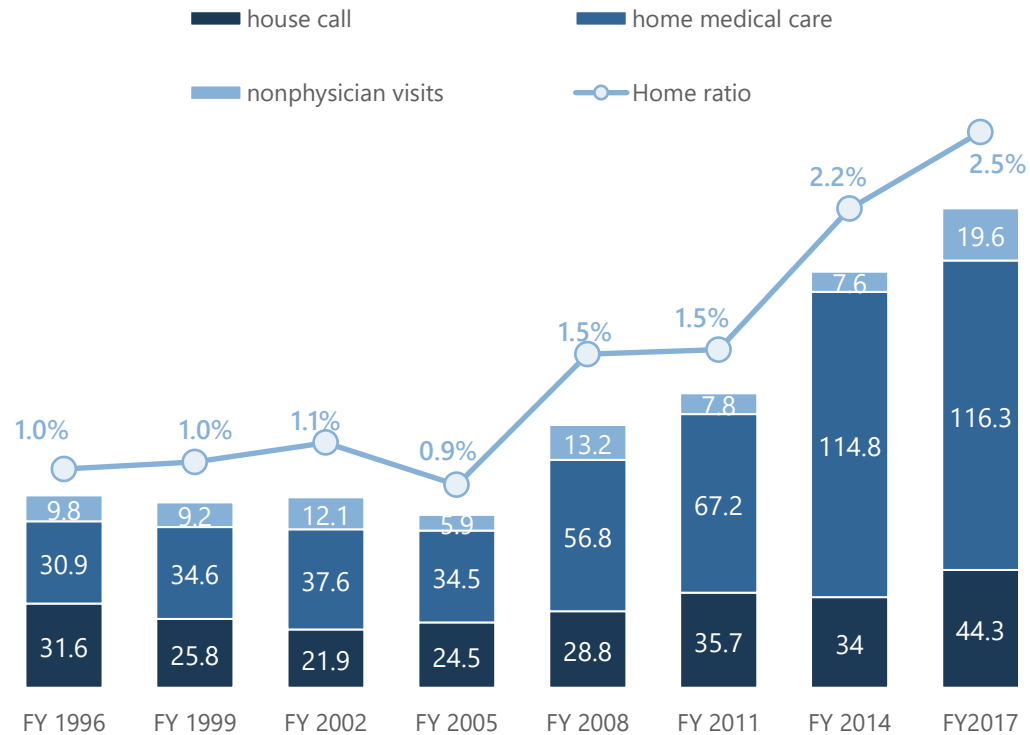
	rate of increase	number of increase
Care-requiring 5	33 %	190,000 people
Care-requiring 4	37 %	280,000 people
Care-requiring 3	34 %	280,000 people
Care Needed 2	29 %	320,000 people
Care Needed 1	27 %	340,000 people
Needed Support 2	20 %	180,000 people
Needed Support 1	16 %	150,000 people
Total	28 %	1.75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

Business Environment Home Patients and Home Pharmacies

- The number of patients receiving home care has been increasing remarkably. The number of elderly people has increased rapidly since around 2008, reaching 180,000 per day in 2017.
- The proportion of home patients to the total number of patients also accelerated with the promotion of comprehensive care systems. Up to 2.5% in 2017

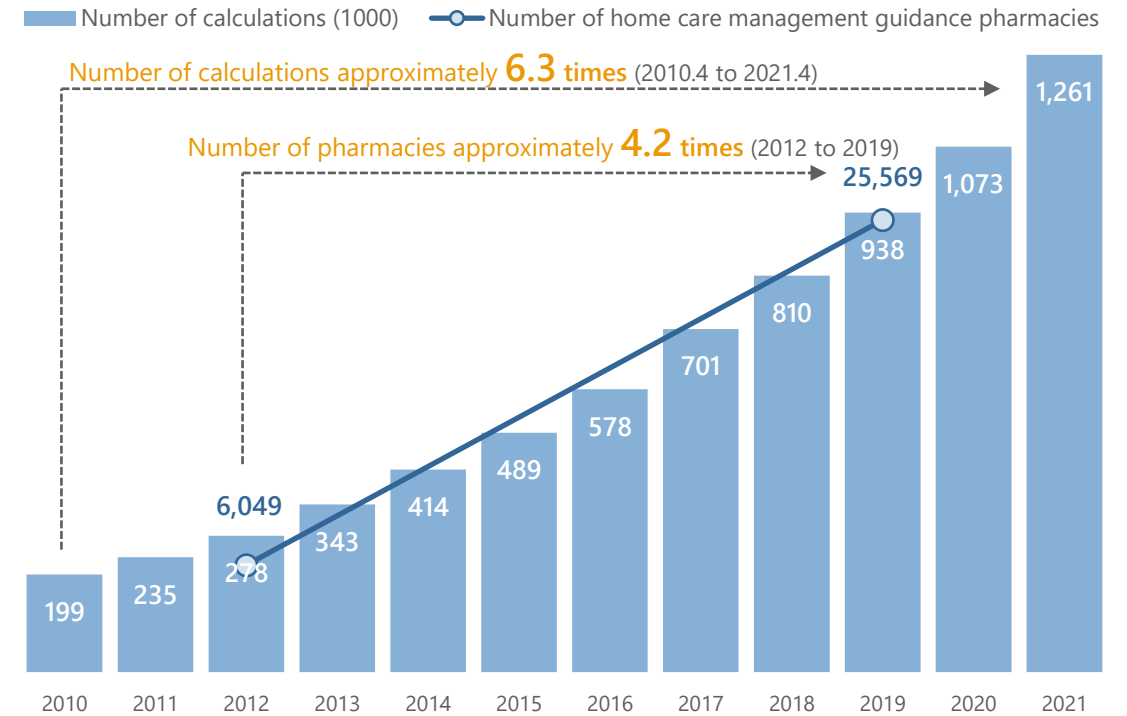
Number of patients at home Ratio of home patients to all patients

(1000 patients/day)



Number of pharmacies that provide in-home medical treatment management guidance (a contract with a patient with a pharmacy) Number of Calculated Expenses for Management and Guidance of In-Home Medical Treatment at Pharmacies

(stores)/(1000 times/April each year)



Handling of this material

This material has been prepared by our company for informational purposes only.

The forward-looking statements contained in this document are based on our company's beliefs and assumptions and on information currently available to our company.

Forward-looking statements include, but are not limited to, our company's business plans, market size, competitive landscape, industry information and growth potential.

As a result, these forward-looking statements are subject to a variety of risks and uncertainties that may cause actual results to differ materially from those expressed or implied by the forward-looking statements.

This material contains information on areas outside of our company such as the competitive environment in our company and changes in the general social structure.

Our company does not warrant the accuracy, reasonableness or appropriateness of such information.

