

# HYUGA PRIMARY CARE

A hand is shown holding a white house icon. The house icon has a chimney and a window with a grid pattern. The hand is surrounded by a circular graphic with four dark blue stars. The background is a dark blue gradient.

Financial Results for the Fiscal Year Ended March 2023

HYUGA PRIMARY CARE Co., Ltd.

7133 TSE Growth Market  
May 12, 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 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix

- 01** Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/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  
Kohei Shiroo  
Takeo Yamazaki  
Tomoaki Onishi  
Shinjiro Ogawa  
Setsuo Matsui  
Kota Takei  
Nobuharu Kumamoto

Business  
Description

Home-Visit Pharmacy Business (Kirari Pharmacy)  
Kirari Prime Business  
Care Plan Business  
Taisapo Business  
ICT business  
Primary Care Home business

Number of  
employees

442 people (exclude temporary employees, as of March31,2023)

## VISION

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

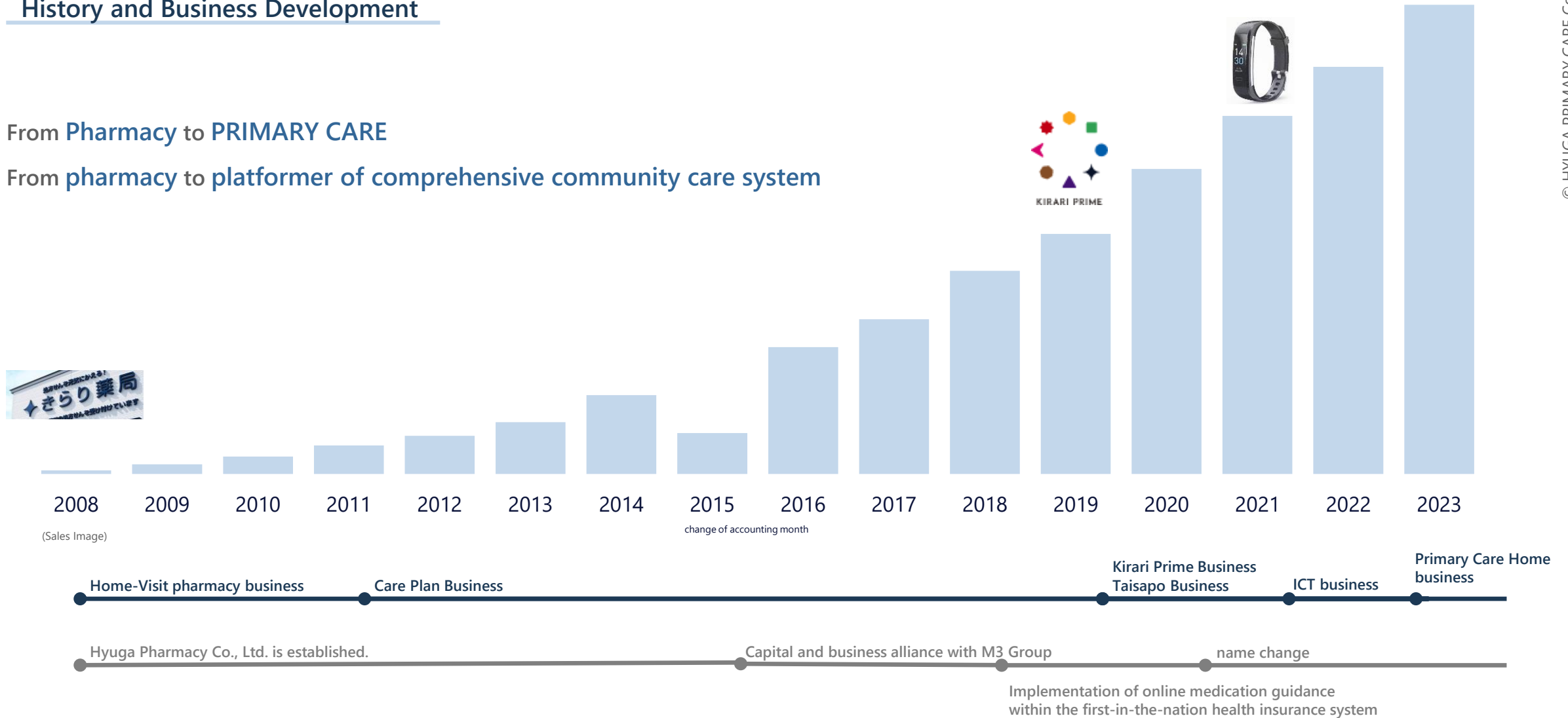


As Platformer that adapts to the age of home medical care and  
provides the operation and mechanism of comprehensive community care,  
We'll aim to build an **important infrastructure** for these two types of care.

## History and Business Development

From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system



- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview**
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix

## 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



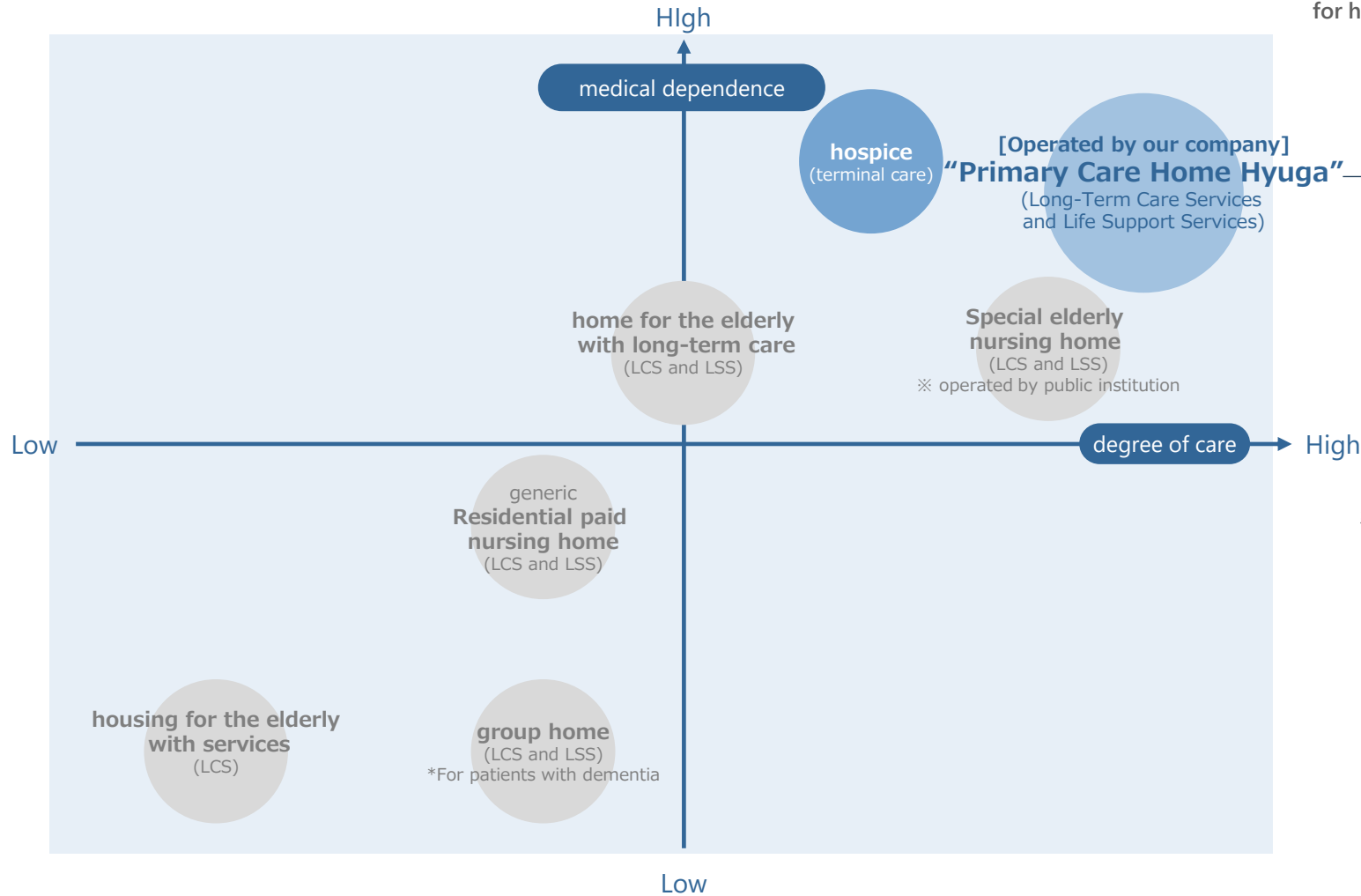
## 2) "Primary care home Hyuga Hakata Mugino" scheduled to open in August 2023 \*\*

- 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.



# 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



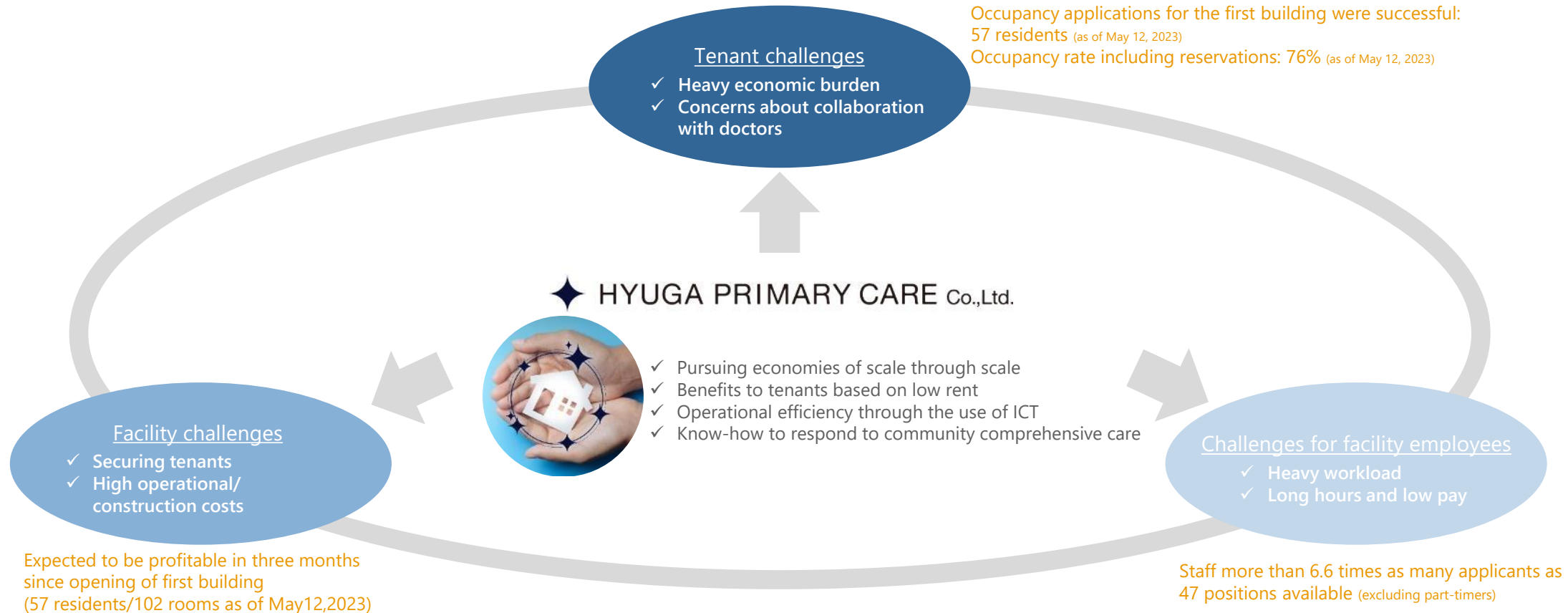
Although it was difficult for conventional fee-based nursing homes

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

# Realize relaxation/resolution of trilemma structure

- Facility management in our company is positioned to simultaneously and comprehensively alleviate/resolve the problems of residents, facility management and facility employees who are struggling with the trilemma structure. Aiming to establish a sustainable social infrastructure in an aging society by using economies of scale, our company ICT business and home-visit pharmacy business
- These can be the core hub functions of a community comprehensive care system. It may be positioned as the starting point of our company business in the future

## Trilemma structure of facility operation



## Primary care home business (Elderly care facility management business)

- Primary care home Hyuga Kasuga Chikushidai, the first operation of a facility for the elderly opened in January 2023, started well. The number of residents, including reservations, was 78 with an occupancy rate of 76% (As of May12, 2023. 57 people have already moved in.). We can meet the needs of home patients who need medical care and nursing care.
- The second facility, Primary Care Home Hyuga Hakata Mugino, scheduled to open in August 2023, is planned to have 162 beds, larger than the first building. Work to strengthen sales structure
- In the future, we will work to select new locations in a wide range of areas other than Fukuoka

As of May12 2023

	The first building *	The second building * *
Facility name	Primary care home Hyuga Kasuga Chikushidai	Primary care home Hyuga Hakata Mugino
Location	Chikushidai, Kasuga City, Fukuoka Prefecture	Mugino, Hakata-ku, Fukuoka City
Opening date	January 13, 2023	Scheduled for August 2023
Capacity	102 people	162 people expected
Number of residents (including reservations)/occupancy rate	78 / 76%	-
Care Need Level (average for residents)	3.7	-
Severe Illness Rate	20%	-
Unit cost per resident (per person)	To be published	-

- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)**
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix

# Financial Summary

- Sales increased 15% year on year and operating profit increased 2.2% year on year. Home-based pharmacy business and Kirari Prime business continue strong, but investments in operations of facilities for the elderly and other factors weigh on profits
- Sales will exceed the previous forecast, but operating profit will fall short of expectations. Upfront costs have exceeded initial expectations as the company rushes to strengthen its corporate human resources for future growth, including operations of facilities for the elderly

(millions of yen)	2022/3	2023/3		Year-on-Year		VS forecast
	Actual	Previous forecast *	Actual	Change	Percent Change	
<b>Sales</b>	5,782	6,316	6,657	+874	+15.1%	+341
Home-visit pharmacy business	5,146	5,291	5,821	+674	+13.1%	+530
Kirari Prime Business	433	661	634	+200	+46.4%	▲ 26
Care Plan Business	122	133	131	+8	+7.2%	▲ 1
Tai Sapo Business	66	93	40	▲ 26	▲ 39.5%	▲ 52
Others (Management of ICT and facilities for the elderly)	14	135	30	+16	+114.9%	▲ 104
<b>Operating profit</b>	519	591	530	+11	+2.2%	▲ 60
Home-visit pharmacy business	578	594	665	+87	+15.1%	+71
Kirari Prime Business	259	356	390	+130	+50.5%	+34
Care Plan Business	▲ 7	20	▲ 9	▲ 2	-	▲ 10
Tai Sapo Business	17	35	▲ 23	▲ 40	-	▲ 58
Others (ICT and senior facilities management)	▲ 14	▲ 108	▲ 104	▲ 90	-	+3
Adjustments	▲ 314	▲ 307	▲ 388	▲ 73	-	▲ 81
<b>Ordinary profit</b>	506	590	557	+51	+10.2%	▲ 32
<b>Net income</b>	328	446	382	+54	+16.6%	▲ 63

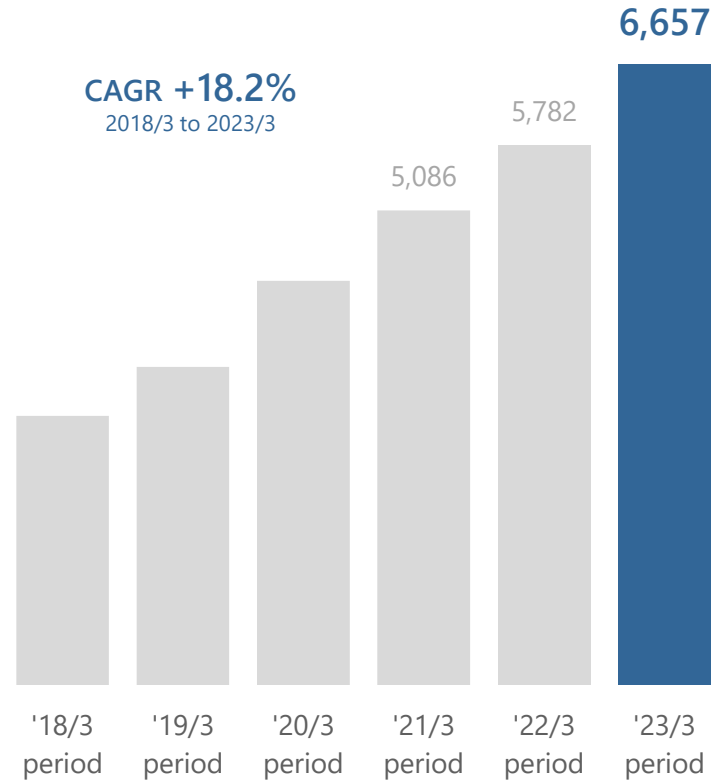
\*Earnings forecast announced May 12, 2022

# Performance/Sales Composition

- Sales were on pace to increase year on year. In the breakdown of sales, the weight of the Kirari Prime business increased further, and the sales composition ratio rose 2.0 percentage points from the previous year to 9.5%.
- The ordinary profit ratio decreased slightly to 8.4%. Although the sales mix will improve, such as the growth of the Kirari Prime business, the initial costs related to ICT and the operation of facilities for the elderly will have an impact.
- The rest of the business remained almost flat.

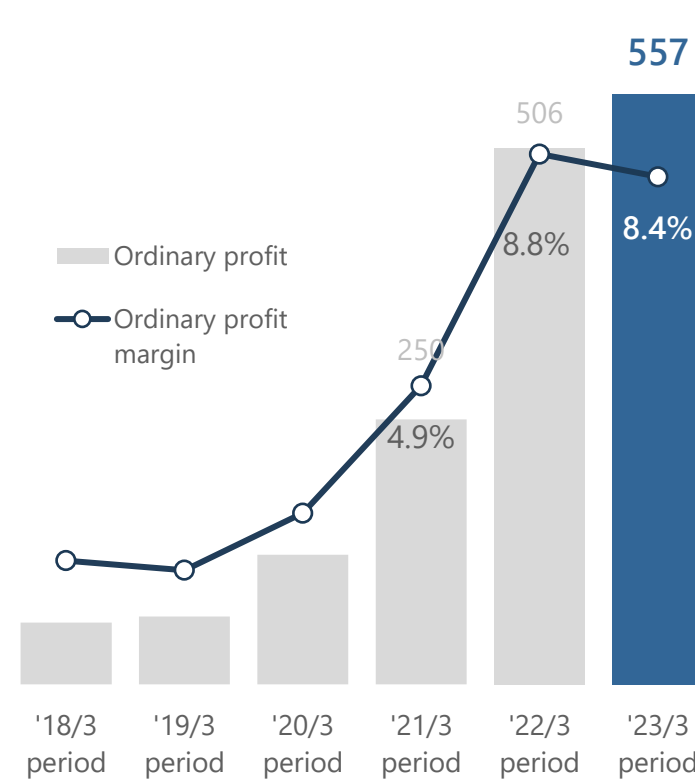
## Sales

(millions of yen)



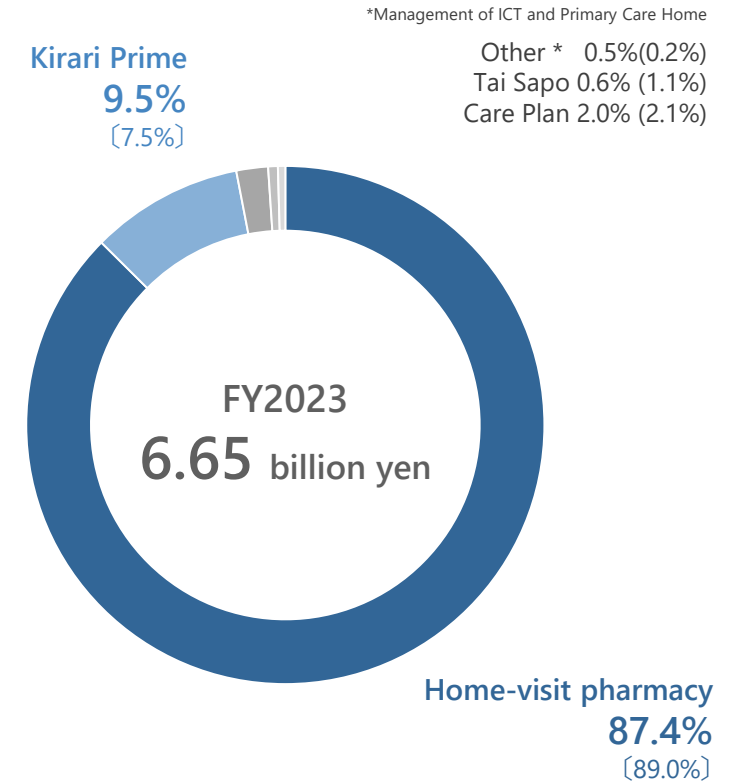
## Ordinary profit/Ordinary profit margin

(millions of yen) (%)



## Percentage of sales

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

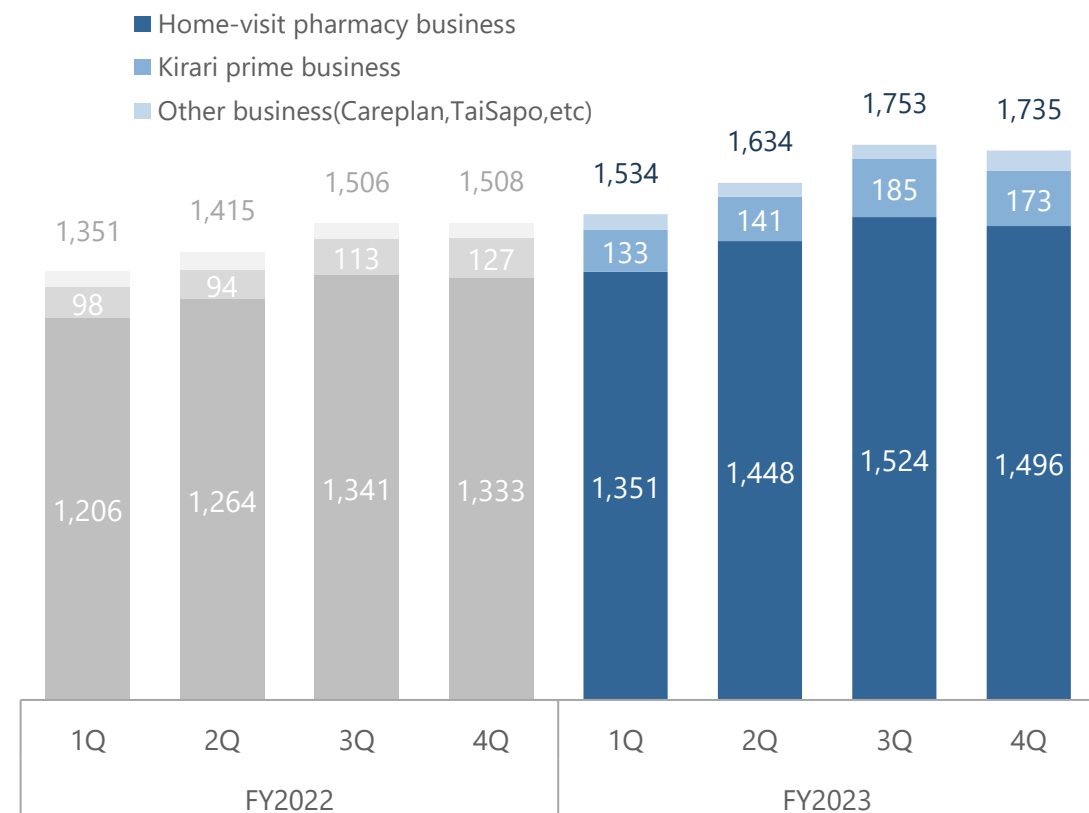


# Quarterly Financial Results (1)

- 4Q revenue slightly decreased versus 3Q. Sales continued to increase versus the previous quarter from 1Q of the 2022/3 fiscal period, but this time it was affected by a reaction to spot deals booked in 3Q. No change in expansion trend
- Gross profit declined from the previous quarter for the second consecutive quarter due to higher labor costs for new businesses, such as the operation of facilities for the elderly. However, the level itself remains high
- Operating profit margins have also 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

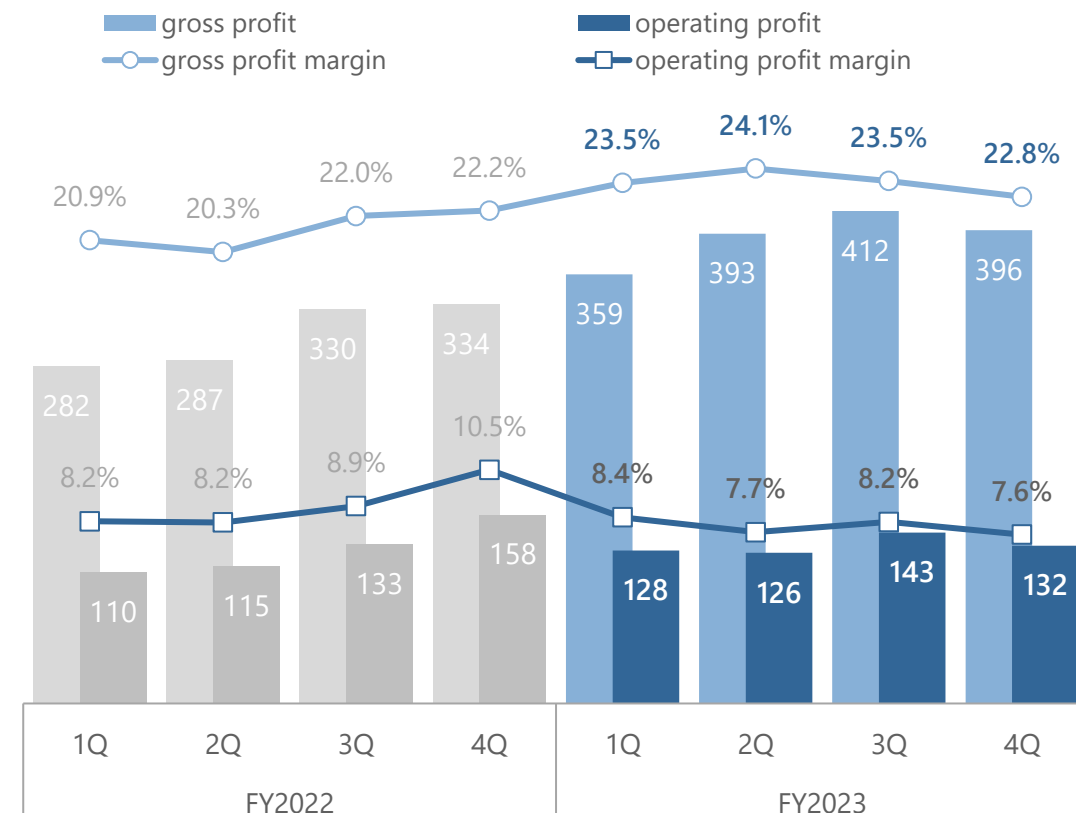
## Sales Composition

(millions of yen)



## Gross profit and operating profit

(millions of yen) (%)



## Quarterly Financial Results by Segment (2)

- By segment, sales of new growth businesses, such as nursing home operations, began recording in the fourth quarter. On the other hand, sales of the existing home-visit pharmacy business, which is the mainstay business, remained strong due in part to the effect of opening new stores. However, during the eighth wave of the pandemic, profit margins remained subdued due to an increase in the provision of drugs with low price margins (antiviral drugs).
- With the exception of the impact of spot deals that contributed to the third quarter, the Kirari Prime business continued to show no change in its growth pitch in the fourth quarter. ARPU temporarily declined due to the priority of acquiring new merchants, which will start with limited services for the time being.

(millions of yen)	2022/3				2023/3			
	1Q*	2Q*	3Q	4Q	1Q	2Q	3Q	4Q
<b>Sales</b>	1,351	1,415	1,506	1,508	1,534	1,634	1,753	<b>1,735</b>
Home-visit pharmacy business	1,206	1,264	1,341	1,333	1,351	1,448	1,524	<b>1,496</b>
Kirari Prime Business	98	94	113	127	133	141	185	<b>173</b>
Care Plan Business	30	31	29	31	32	32	33	<b>32</b>
Tai Sapo Business	16	20	20	9	15	9	7	<b>7</b>
Others (ICT and Primary Care Home)	-	5	1	6	1	1	1	<b>25</b>
<b>Operating profit</b>	110	115	133	158	128	126	143	<b>132</b>
Home-visit pharmacy business	130	131	157	159	147	181	169	<b>167</b>
Kirari Prime Business	56	57	68	77	79	80	123	<b>107</b>
Care Plan Business	0	▲ 1	▲ 3	▲ 3	5	5	3	<b>▲ 24</b>
Tai Sapo Business	6	7	7	▲ 3	▲ 2	▲ 5	▲ 7	<b>▲ 7</b>
Others (ICT and Primary Care Home)	-	▲ 8	▲ 6	▲ 0	▲ 12	▲ 25	▲ 35	<b>▲ 31</b>
Adjustments	▲ 81	▲ 71	▲ 88	▲ 72	▲ 88	▲ 110	▲ 110	<b>▲ 79</b>
<b>Ordinary profit</b>	110	112	122	160	137	125	142	<b>151</b>
<b>Net income</b>	74	70	86	97	91	87	81	<b>122</b>

\*Reference value due to unaudited

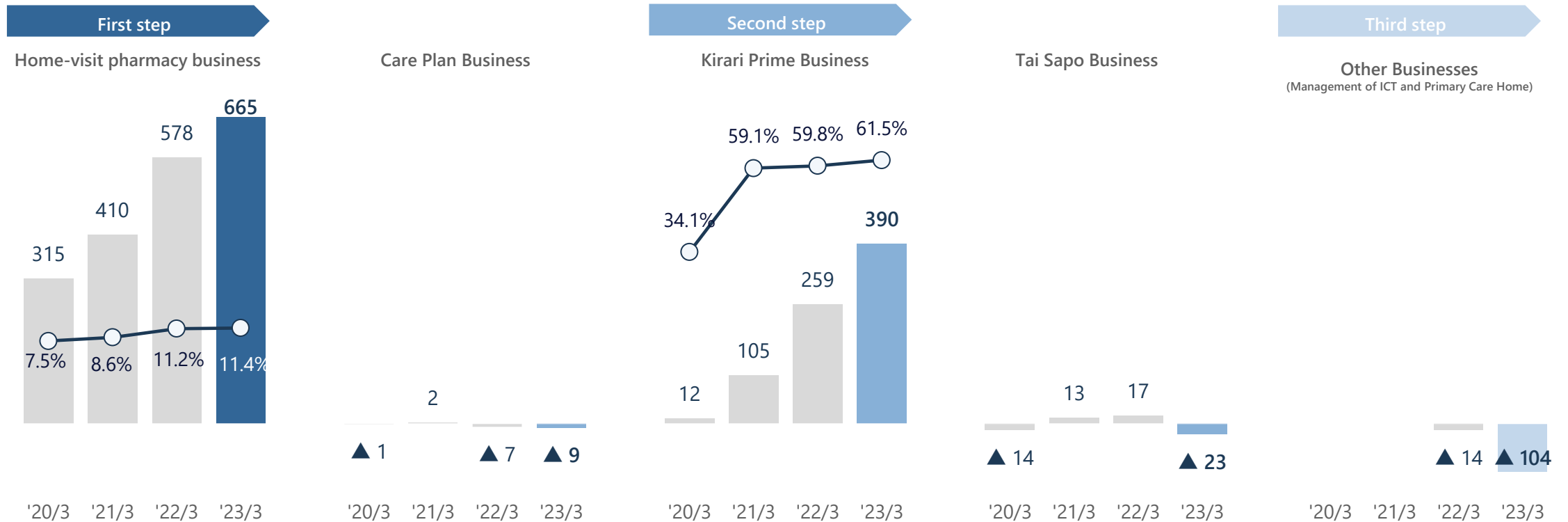


# Operating Income by Segment

- 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. The operations of facilities for the elderly started, but investments will continue to be made to contribute to the performance of the next fiscal year and beyond.

## Segment profit and segment profit margin

(millions of yen) (%)

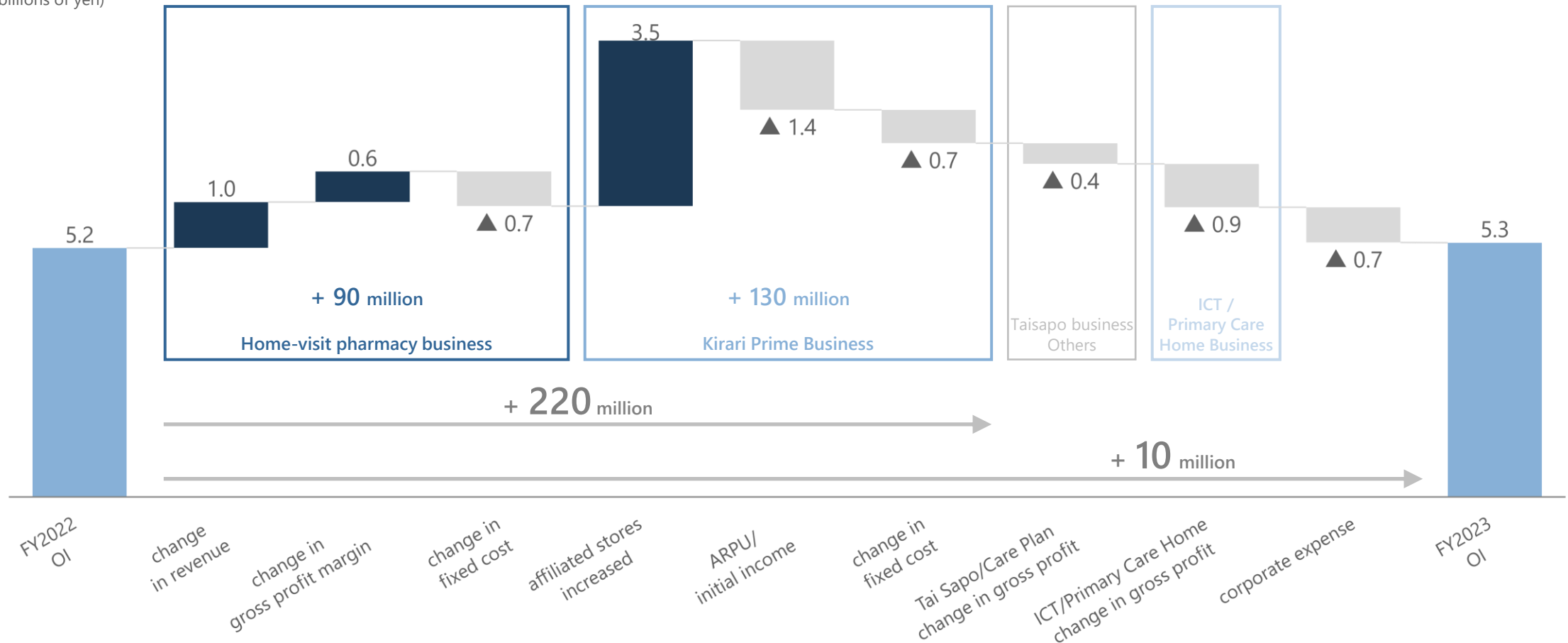


# Analysis of Factors Affecting Operating Income

- Both the home-visiting pharmacy and Kirari Prime businesses performed well. In addition to the increase in sales, the home-visiting pharmacy business also benefited from improved gross margin. Kirari Prime also absorbed the decrease in ARPU and increase in fixed costs by increasing the number of affiliated stores, and generated an impact of over 200 million yen in operating profit in these 2 businesses.
- On the other hand, start-up costs were recorded in advance in businesses that will support the next stage of growth, such as the increase in head office expenses due to business expansion and the operation of ICT/senior facilities. The impact of higher profits in the two core businesses was significantly reduced by these growth investments.

## Factors affecting operating income

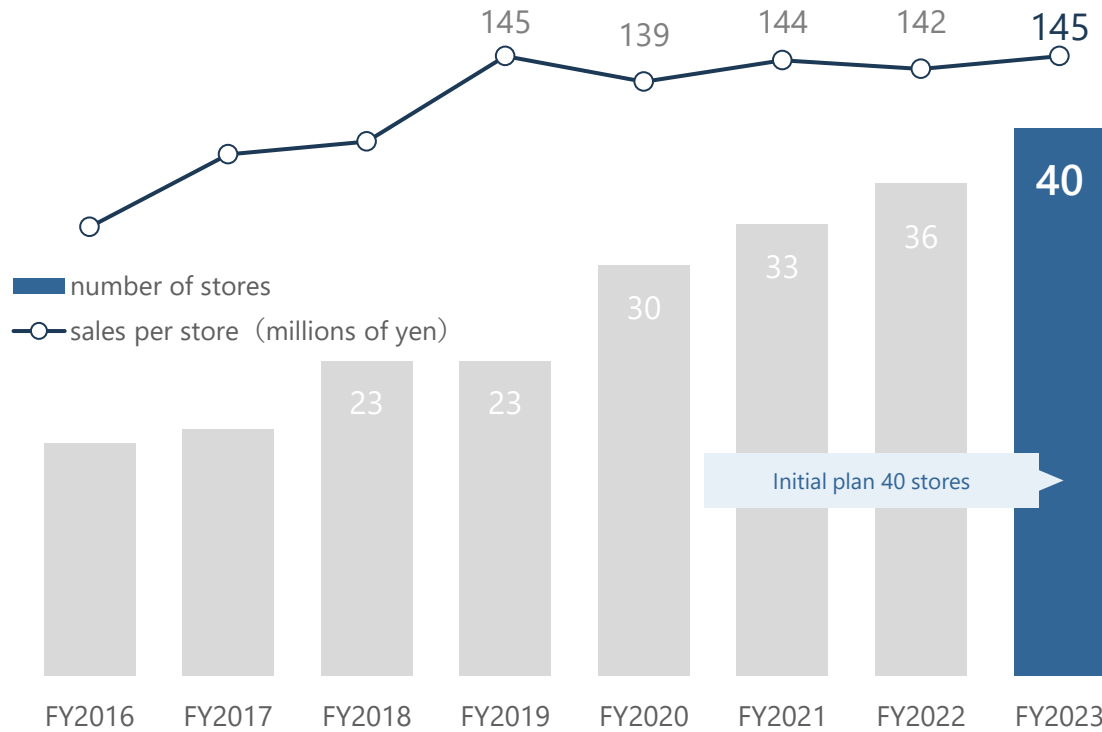
(0.1 billions of yen)



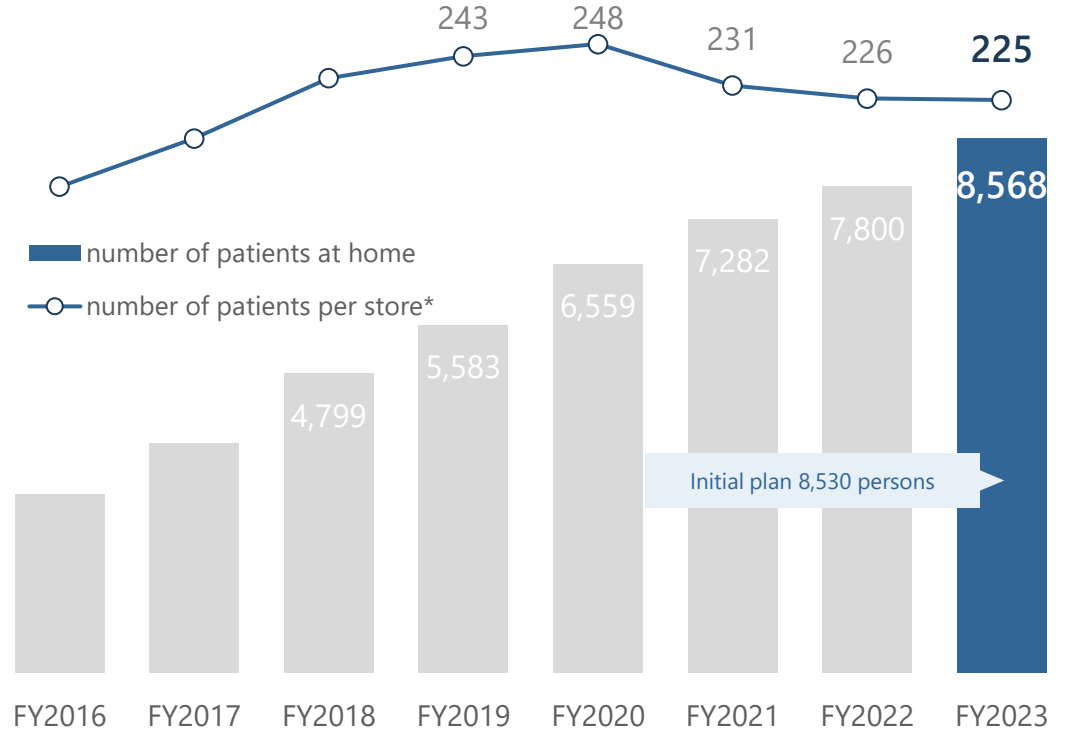
# Home visit pharmacy business KPIs

- The number of stores increased by 4 from the end of the previous fiscal year to 40, with new stores in Fukuoka, Kita-Kyushu (2 stores) and Funabashi. Sales per store increased to 145 million yen
- The number of home visiting patients also grew steadily due to an increase in the number of stores, up 10% from the end of the previous fiscal year. As a result of the pursuit of optimization to maintain the quality of home visiting services, the number of patients per store has been maintained at a level where it can operate efficiently.

Sales of home visiting pharmacies and number of stores



Number of home visiting patients

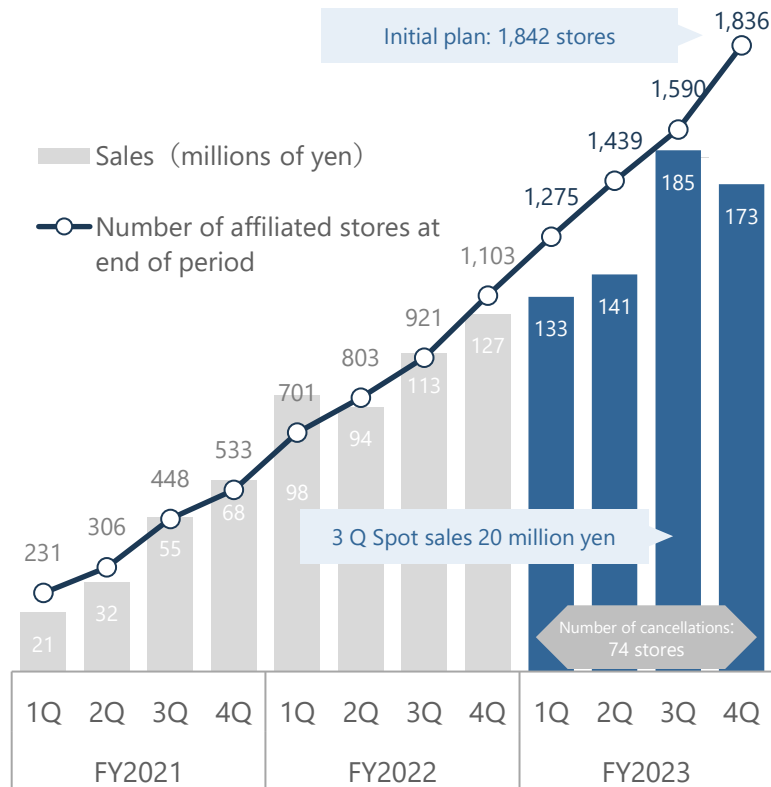


\*Number of patients per store = Number of patients at home at end of period/Average number of stores at end of period

# Kirari Prime Business KPI

- Excluding the impact of spot deals in 3Q, the business continued at cruising speed. 4Q revenue was up 36% from a year ago. The number of franchisees grew steadily over the quarter, surpassing 1,800
- However, there were withdrawals due to the closure of medical institutions and cancellations due to business sales. There were 74 cancellations during the period. New contracts may be absorbed, but impact of industry restructuring remains to be seen
- ARPU has not increased, but is within the expected range, as many contracts are based only on the basic rate, giving priority to acquiring merchants.

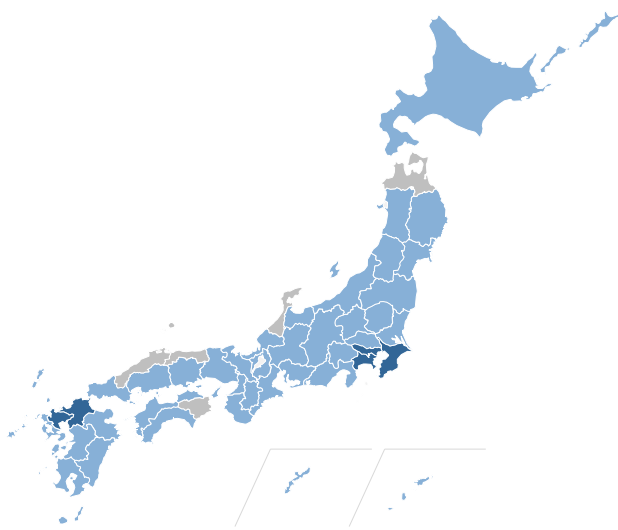
## Kirari Prime Sales and Number of Merchants



## Development Status

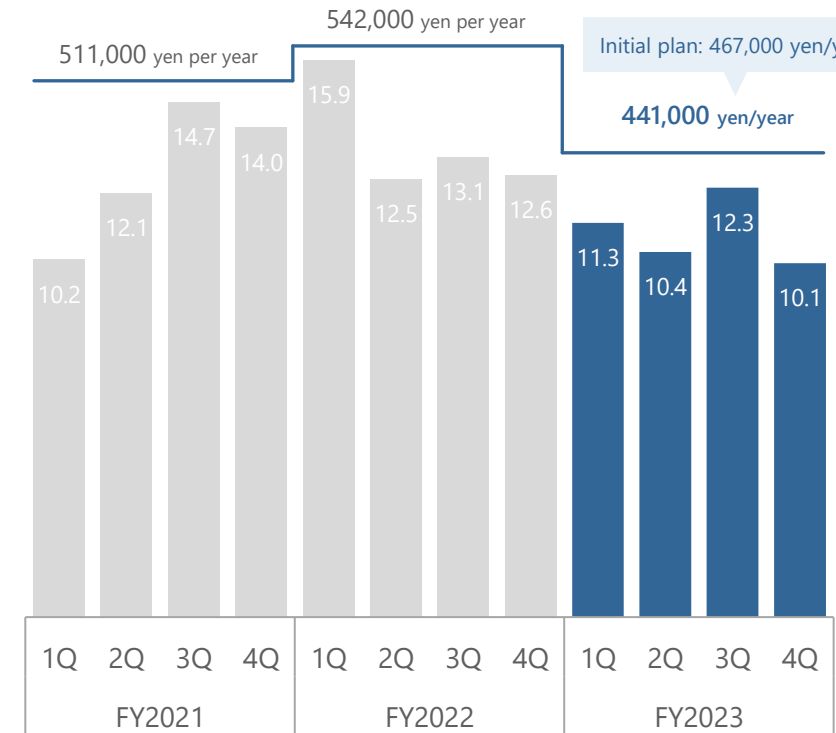
Kirari Pharmacy	5 prefectures	40 stores
Member pharmacies	42 prefectures	1,836 stores

(As of March 31, 2023)



## Kirari Prime ARPU \*\*

(10K of yen per quarter)



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

# Progress of Action Plan for FY2023

Home-visit pharmacy business	
<ul style="list-style-type: none"> <li>Steady expansion of the number of stores to continue the expansion of the dominant strategy. New store openings continue the pace of expansion</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Establish a more efficient operating model for home-visit pharmacies and promote cross-deployment to Kirari Prime member stores</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Proactively respond to deregulation of online medication instruction for elderly facilities (FY2023 total 10,203 cases)</li> </ul>	In progress

Kirari Prime Business	
<ul style="list-style-type: none"> <li>The Kirari Prime Business was reorganized into a business headquarters. Strengthen sales structure by increasing headcount</li> </ul>	In progress
<ul style="list-style-type: none"> <li>Cultivate partner companies to connect small- and medium-sized pharmacies as potential franchisees to expand pipeline</li> </ul>	Active focus
<ul style="list-style-type: none"> <li>Full-scale customer attraction through web advertising</li> </ul>	In progress

New business (Primary Care Home)	
<ul style="list-style-type: none"> <li>Primary Care Home and Home Care services - Regular and On-demand started in January 2023</li> </ul>	Started
<ul style="list-style-type: none"> <li>Regular nursing care services combined with ICT business to expand in-home patient support services</li> </ul>	In progress



Strengthening our position as a platform company for primary care

# balance sheet

- The equity ratio at the end of the 2023/3 period was 50.9%. Continued 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 Primary Care Home (operation of facilities for the elderly)

(millions of yen)	End of 2021/3	End of 2022/3	End of 2023/3	End of previous period Change
<b>Current Assets</b>	1,561	1,896	1,959	+63
Cash and deposits	538	719	567	▲ 151
Accounts receivable	832	996	1,152	+156
<b>Fixed assets</b>	453	635	955	+320
Intangible assets	170	295	440	+144
<b>Total assets</b>	2,015	2,531	2,914	+383
<b>Liabilities</b>	1,405	1,459	1,431	▲ 27
Accounts payable	537	632	669	+36
interest-bearing debt	330	330	193	▲ 136
lease obligation (short/long)	0	0	57	+57
<b>Net assets</b>	609	1,072	1,483	+410
<b>Liabilities and assets</b>	2,015	2,531	2,914	+383
<b>Capital ratio</b>	30.2%	42.4%	50.9%	+8.5pt
<b>ROE</b>	17.5%	39.1%	30.0%	▲9.1pt
<b>ROA</b>	5.1%	14.4%	14.1%	▲0.4pt
<b>total asset turnover</b>	2.6 times	2.5 times	2.4 times	▲0.1 times

Impact of business expansion (opening new stores)

Impact of business expansion (Primary Care Home)

Increased software investment (femcare)

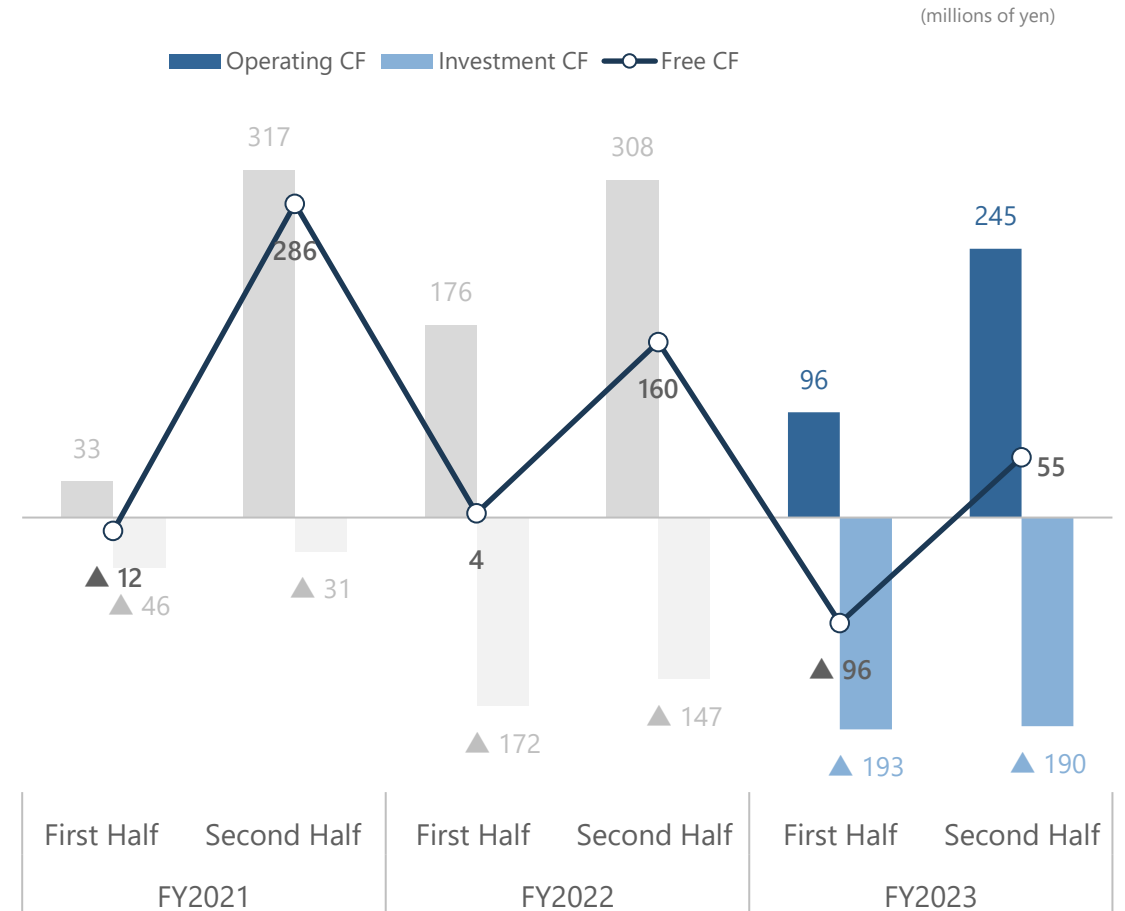
Impact of business expansion (Primary Care Home )

# cash flow

- FCF recovered to a surplus of 50 million yen in the second half of the 2023/3 fiscal year. Increase current financial stability by using cash on hand to repay loans
- In the 2023/3 fiscal period, we made growth investments in new store openings, fam-care, and Primary Care Home. Second half investment CF payments of 190 million yen tied with first half at record high level
- Policy to continue investment for growth. Attention to ensure a certain level of financial stability so that funds can be handled flexibly

## Cash flow trends

(millions of yen)	2022/3		2023/3 Period		Year-on-Year
	First Half	Second Half	First Half	Second Half	
<b>Operating CF</b>	176	308	96	245	▲ 62
Pretax profit	220	266	263	270	+3
Depreciation	31	36	36	44	+7
Amortization of goodwill	4	6	5	5	▲ 0
Increase (decrease) in receivables and payables	39	▲ 98	▲ 34	▲ 80	+18
<b>Investment CF</b>	▲ 172	▲ 147	▲ 193	▲ 190	▲ 42
Capital investment, etc.	▲ 169	▲ 137	▲ 130	▲ 135	+1
<b>Free CF</b>	4	160	▲ 96	55	▲ 105
<b>Financial CF</b>	18	▲ 1	56	▲ 167	▲ 165
Increase (decrease) in loans	18	▲ 135	30	▲ 166	▲ 30
Issuance of new shares	-	134	26	1	▲ 132
<b>Cash and deposits at the end of the period</b>	560	719	679	567	▲ 151



- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)**
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix



# earnings outlook

- In the 2024/3 fiscal year, in addition to growth in the Home-visit pharmacy business and the Kirari Prime business, the Primary care home business also made a substantial contribution to sales. Anticipated 20% companywide sales increase
- Operating profit is expected to increase by 36%. Profit contribution will continue to be mainly from the home-visit pharmacy business and the Kirari Prime business. The Primary care home business on track to be profitable

(millions of yen)	2023/3 period			2024/3 period forecast			Year-on-Year Change			Full Year
	First Half	Second Half	Full Year	First Half	Second Half	Full Year	First Half	Second Half	Full Year	Change
<b>Sales</b>	3,168	3,488	6,657	3,606	4,353	7,959	+437	+864	+1,302	+19.6%
Home-visit pharmacy business	2,799	3,021	5,821	2,938	3,279	6,217	+138	+258	+396	+6.8%
Kirari Prime Business	275	358	634	351	512	864	+76	+153	+230	+36.3%
Primary care home business	-	29	29	230	447	677	+230	+417	+647	22.7 times
Care Plan Business	65	66	131	65	73	139	+0	+6	+7	+5.7%
Tai Sapo Business	25	15	40	18	23	41	▲ 6	+8	+1	+3.4%
Other businesses (ICT)	3	▲ 2	0	2	17	19	▲ 1	+20	+19	31.4 times
<b>Operating income</b>	254	275	530	206	515	721	▲ 48	+239	+191	+36.1%
Home-visit pharmacy business	329	336	665	312	376	688	▲ 17	+40	+23	+3.4%
Kirari Prime Business	159	230	390	180	321	502	+20	+91	+112	+28.7%
Primary care home business	▲ 36	▲ 59	▲ 95	▲ 36	32	▲ 4	▲ 0	+91	+91	-
Care Plan Business	11	▲ 20	▲ 9	11	6	18	+0	+27	+27	-
Tai Sapo Business	▲ 8	▲ 14	▲ 23	▲ 13	▲ 9	▲ 23	▲ 5	+5	▲ 0	-
Other businesses (ICT)	▲ 2	▲ 7	▲ 9	▲ 20	▲ 8	▲ 28	▲ 18	▲ 1	▲ 18	-
(Adjustment)	▲ 198	▲ 189	▲ 388	▲ 226	▲ 204	▲ 431	▲ 28	▲ 14	▲ 42	-
<b>Ordinary profit</b>	263	294	557	205	514	720	▲ 57	+220	+163	+29.2%
<b>Net income</b>	178	204	382	141	354	496	▲ 37	+150	+113	+29.7%

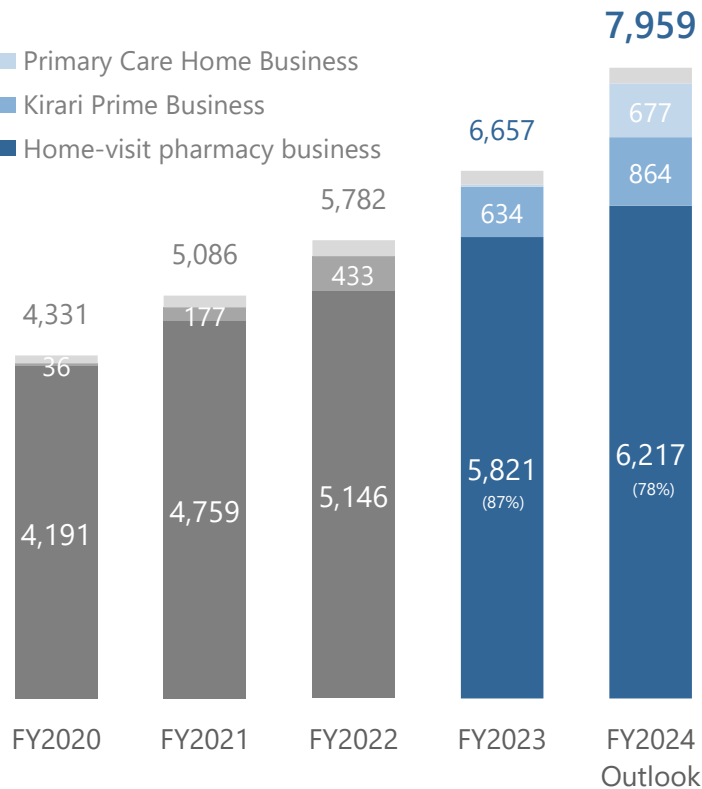
# KPI assumptions

- Net sales are expected to increase by 1.3 billion yen from the previous fiscal year, with the home-visit pharmacy business increasing by 400 million yen, the Kirari Prime business increasing by 230 million yen and the primary care home business increasing by 670 million yen.
- The home-visit pharmacy business is planning to open more stores than usual. Aggressively absorb growing needs at home, and the number of patients at home is expected to increase by more than 10% compared to the previous year
- In the Kirari Prime business, the number of affiliated stores is expected to increase by 40%. ARPU is expected to decline due to the emphasis on acquiring affiliated stores, and we will continue to invest to address the shortage of franchise support staff and the increase in churn.

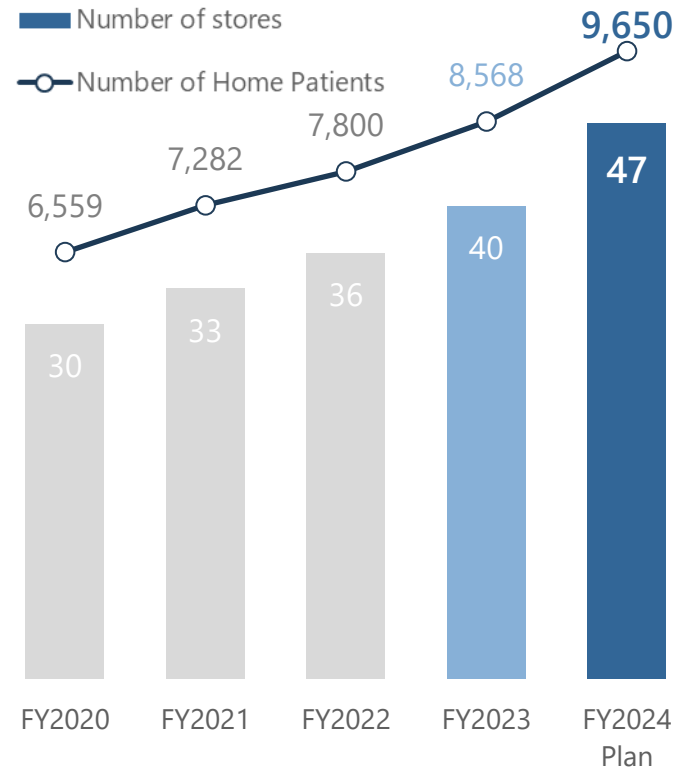
## Sales outlook

(millions of yen)

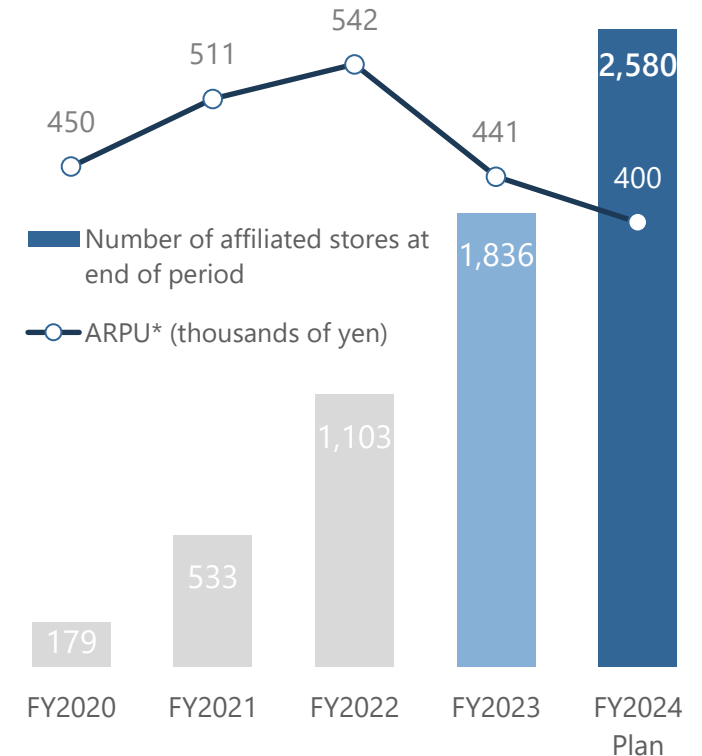
- Primary Care Home Business
- Kirari Prime Business
- Home-visit pharmacy business



## Home visit pharmacy business KPI assumptions



## Kirari Prime business KPI assumptions

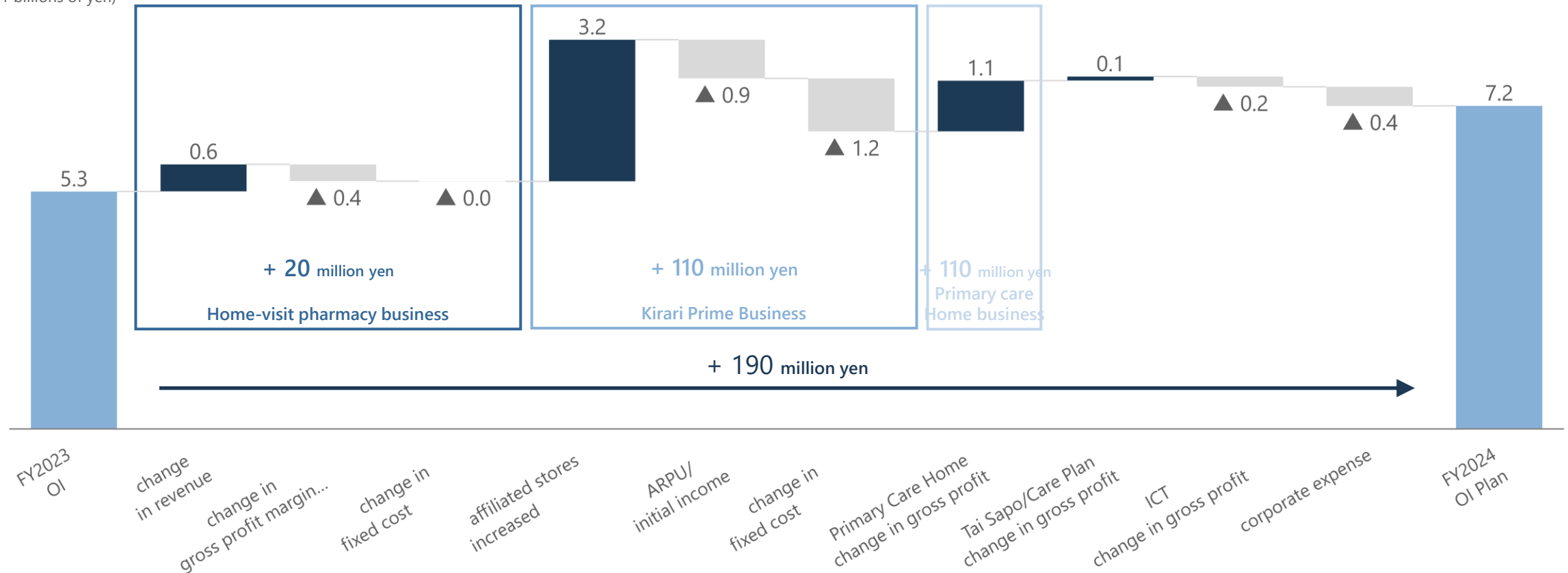


# Analysis of Factors Affecting Estimated Changes in Operating Income

- The Kirari Prime and Primary Care Home businesses will be driving companywide profit growth. The Kirari Prime business will benefit from the increase in franchise stores. It is expected to absorb the decline in average quarterly ARPU and the increase in administrative expenses. The primary care home business, for which upfront expenses were a major factor in the previous fiscal year, is also expected to improve its profitability significantly in line with the improvement in facility occupancy rates. Expected to generate more than companywide profit gains in both businesses
- Home-visit pharmacies are expected to see an increase in sales resulting from an increase in store openings, but gross margins are expected to decline due to factors such as the end of the Covid-19 pandemic. Expected to have limited impact on earnings growth due to increased fixed costs

## Factors Affecting Changes in Operating Income

(0.1 billions of yen)

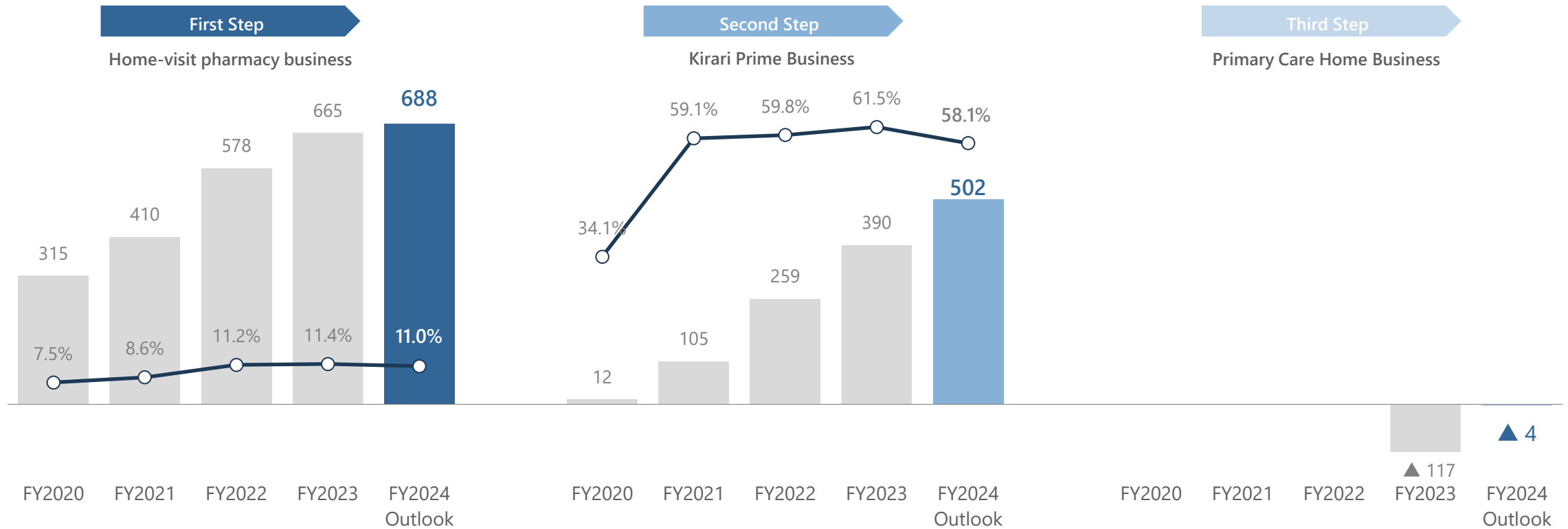


# Performance forecast by segment

- We expect stable growth to continue in the home-visit pharmacy business, which is our first step. We are steadily opening new stores and maintaining profit margins while maintaining the trend of higher sales.
- Kirari Prime, our second step, is expected to increase profits by 28%, but ARPU and profit margins are expected to decline as we prioritize merchant acquisition and merchant support
- Primary care home business, our third step, starts contributing to sales. Profitability is expected to be in sight. Full-scale contribution to earnings will start in FY 2025

## Segment profit and segment profit margin

(millions of yen) (%)



# Action Plan for the FY2024

Home-visit pharmacy business
<ul style="list-style-type: none"><li>Steady increase in number of stores to continue expansion of dominant strategy, opening new stores at higher pace than the previous year</li></ul>
<ul style="list-style-type: none"><li>We plan to take over the business from a Kirari Prime member store and open a new store. This is the first attempt. This will reduce the number of business closures due to the aging of owners and contribute to reducing the churn rate for Kirari Prime.</li></ul>
<ul style="list-style-type: none"><li>Actively responds to deregulation of online medication instruction for facilities for the elderly</li></ul>

Kirari Prime Business
<ul style="list-style-type: none"><li>Expansion of service menu and revision of rate plan Provides a set of systems to support sales activities, train staff and increase operational efficiency, which are barriers to entry for home-visit pharmacies</li></ul>
<ul style="list-style-type: none"><li>Strengthens sales structure and collaborations with major partner companies Strengthens consulting capabilities for franchisees by increasing store acquisition and continuing to recruit and train sales staff through collaborations with major national companies</li></ul>
<ul style="list-style-type: none"><li>Launches debt stock trading system Runs the system developed in partnership with Falmo to solve the problem of home-visit pharmacies, whose stockpile inventory tends to increase</li></ul>

Primary care home business
<ul style="list-style-type: none"><li>Early monetization of Kasuga Chikushidai and Hakata Mugino At Kasuga Chikushidai, there was a problem in securing the number of residents in the first month of operation due to the expansion of COVID19. At Hakata Mugino, we will secure the number of residents in the first month of operation through a room tour one month before opening.</li></ul>
<ul style="list-style-type: none"><li>Building a facility development system Collect information regardless of metropolitan area. Examine whether expanding own-owned facilities can increase profitability and speed up opening</li></ul>
<ul style="list-style-type: none"><li>Start of rental and sale of ICT equipment applied to long-term care insurance</li><li>Development of excretion (diaper sensor) management devices</li></ul>

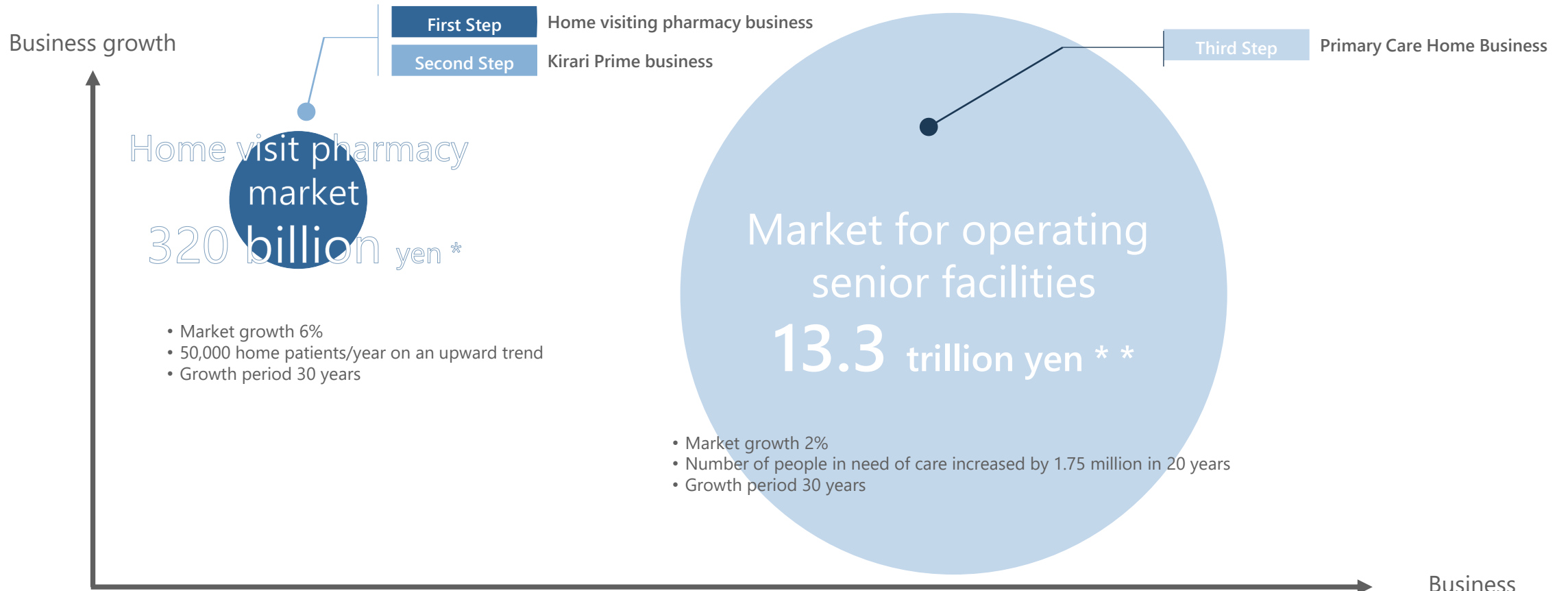


## Strengthen Positioning as a Platform Company for Primary Care

- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan**
- 06 Sustainability Management/Appendix

# 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

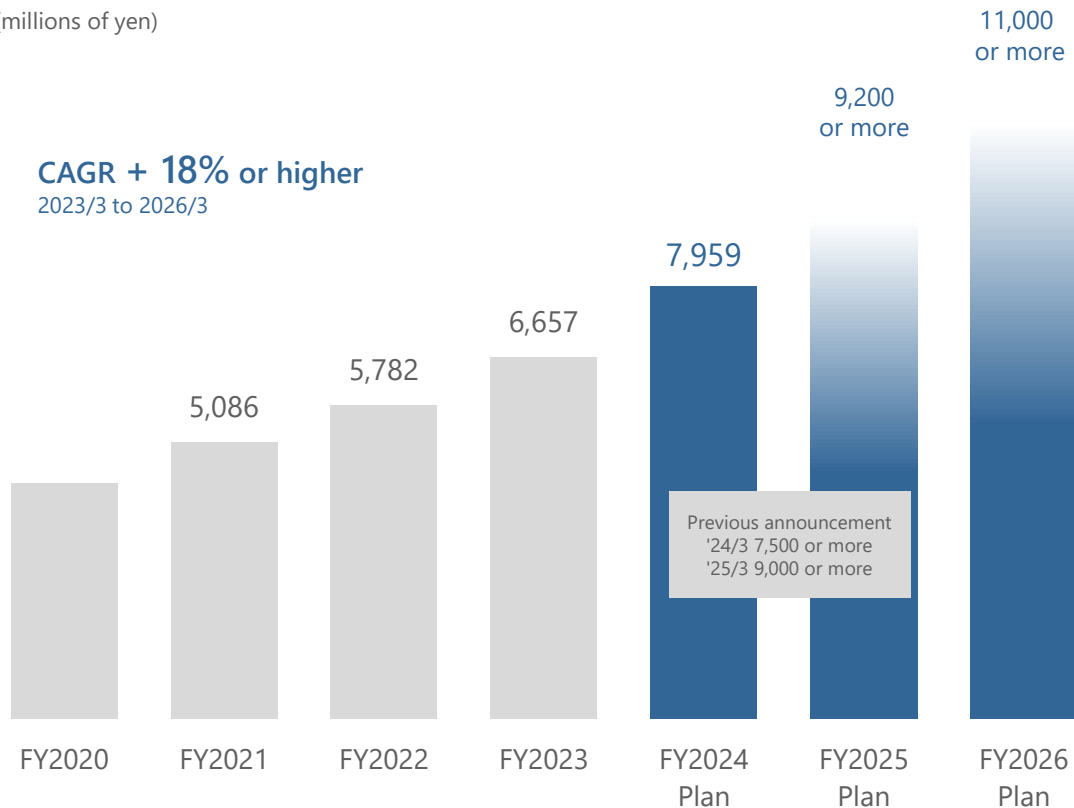
\*\* Primary care home business TAM : 6.89 million people requiring long-term care (the Ministry of Health, Labour and Welfare Report on the Status of Long-Term Care Insurance Business, February 2022) x rate of utilization of in-home services (calculated from the 2021 Survey on Long-term Care Benefit 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

- Some revisions from the plan announced in May 2022. Sales target revised upward due to launch of the Primary Care Home business, profit target revised downward due to expected increase in facility opening costs
- The immediate targets are sales of at least 9.2 billion yen and an ordinary profit margin of at least 10% for the 2025/3 fiscal year. No change in strategy to further accelerate growth
- The growth was driven by three businesses, including the home-visit pharmacy business and the Kirari Prime business plus the Primary Care Home business. The policy is to quickly put the Primary Care Home business, which is positioned as the third step of growth for long-term expansion, on a growth path.

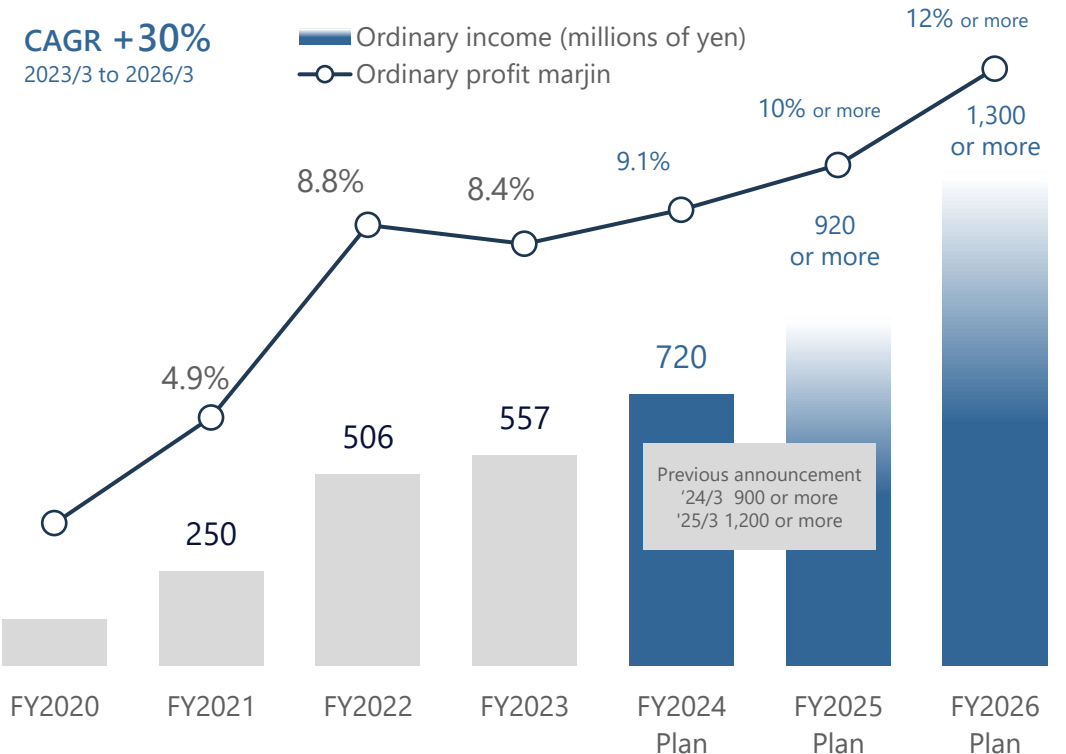
## Net sales

(millions of yen)



## Ordinary Profit/Ordinary Profit Ratio

(millions of yen) (%)

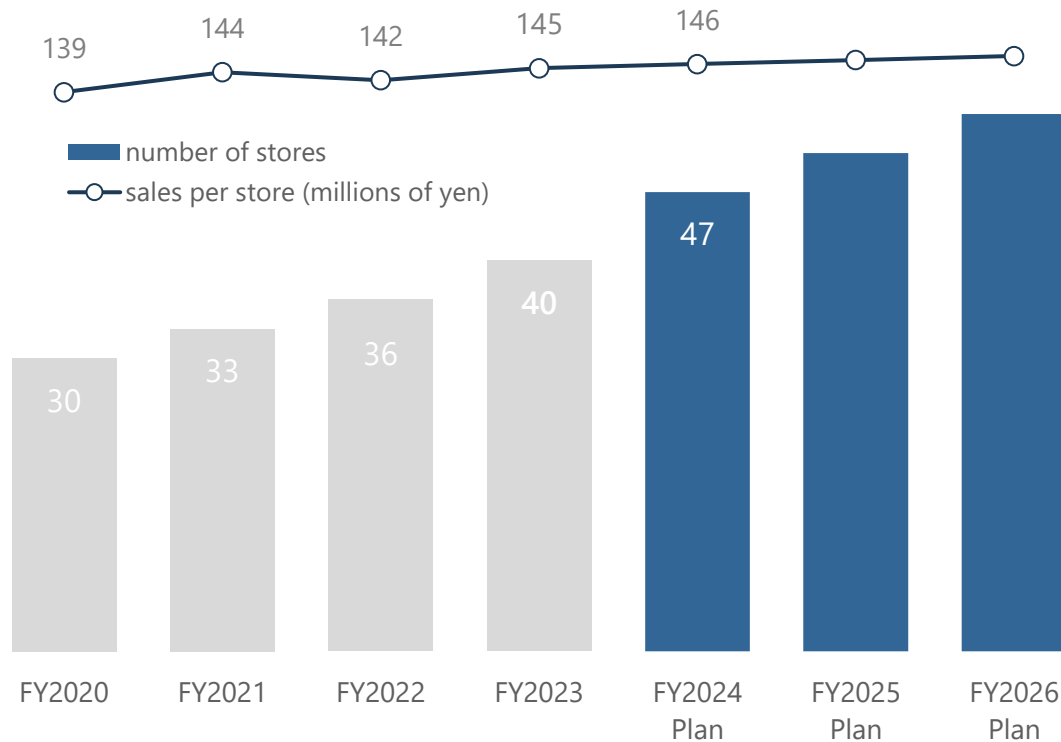




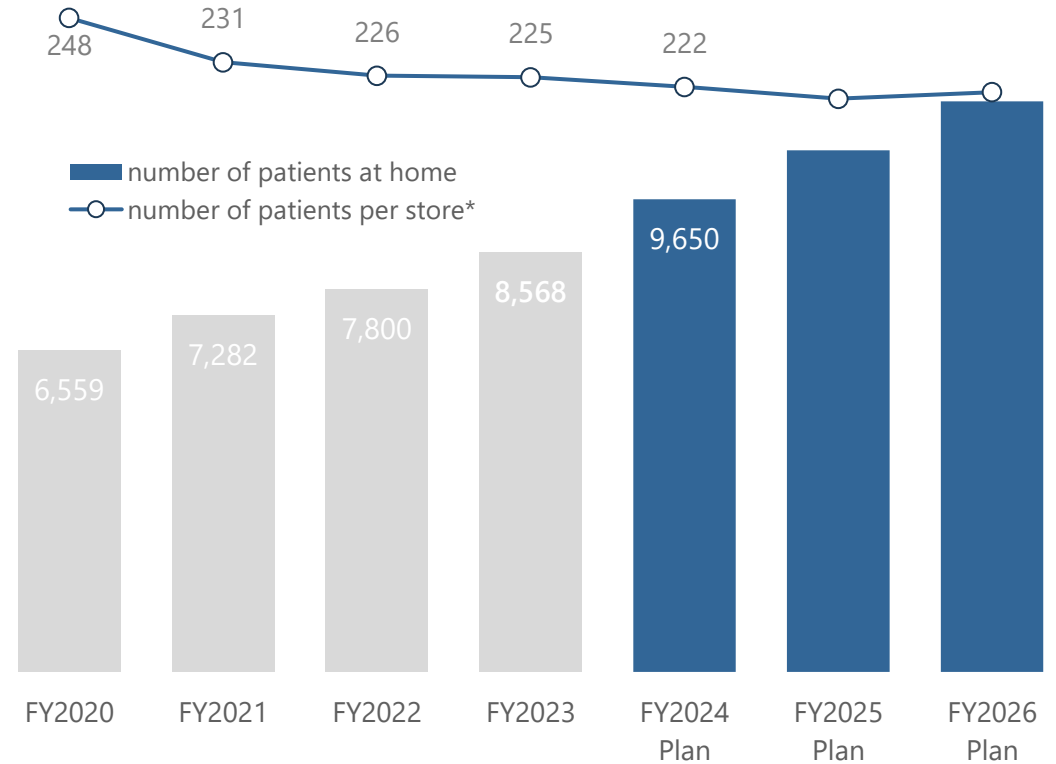
# Home visiting pharmacy business strategy

- Directly managed home-visit pharmacy plans to increase sales by 40% from 2023/3 by 2026/3 while maintaining per-store sales
- The number of home visiting patients will also increase by about 40% by 2026/3 in line with store expansion. The number of patients per store will remain at the current level for operational efficiency
- While the increase in the number of elderly people and those in need of care and the expansion of the government's home care program will be a tailwind, we will carefully and proactively expand our operations while carefully assessing where we will open stores.

## Plan for number of pharmacies at home



## Plan for number of patients at home

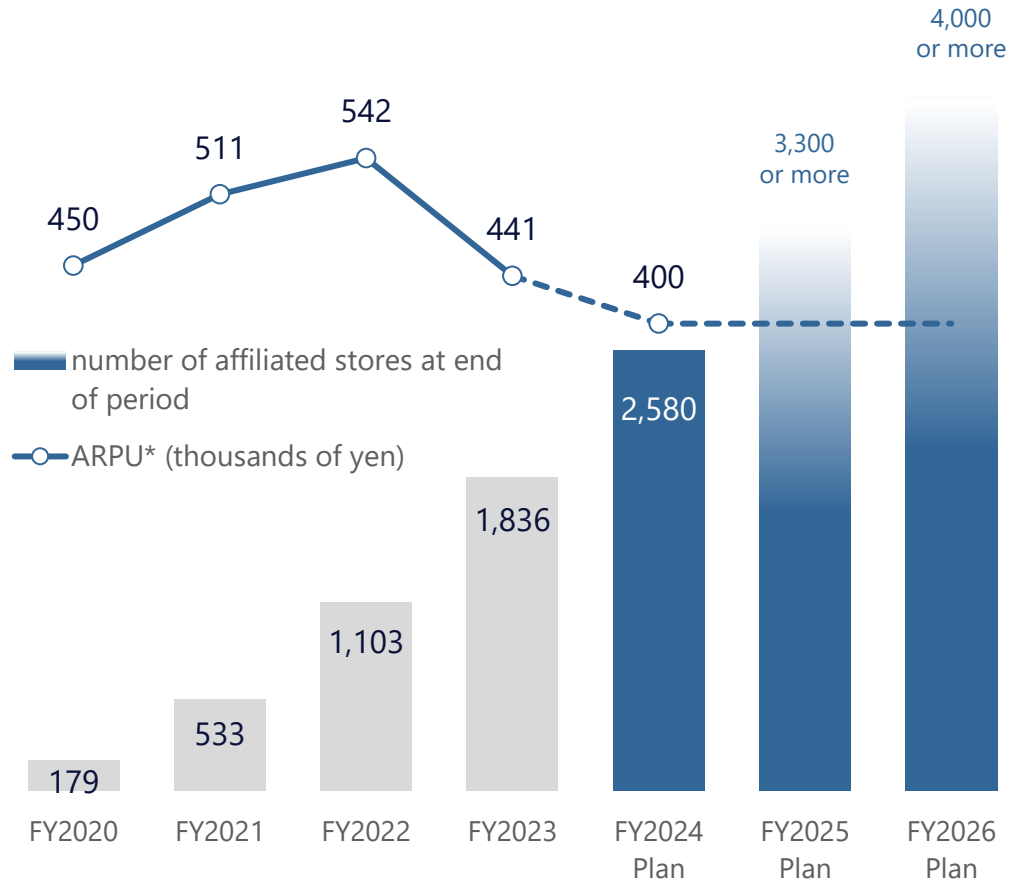


\*Number of patients per store = Number of patients at home at end of period / Average number of stores at end of period

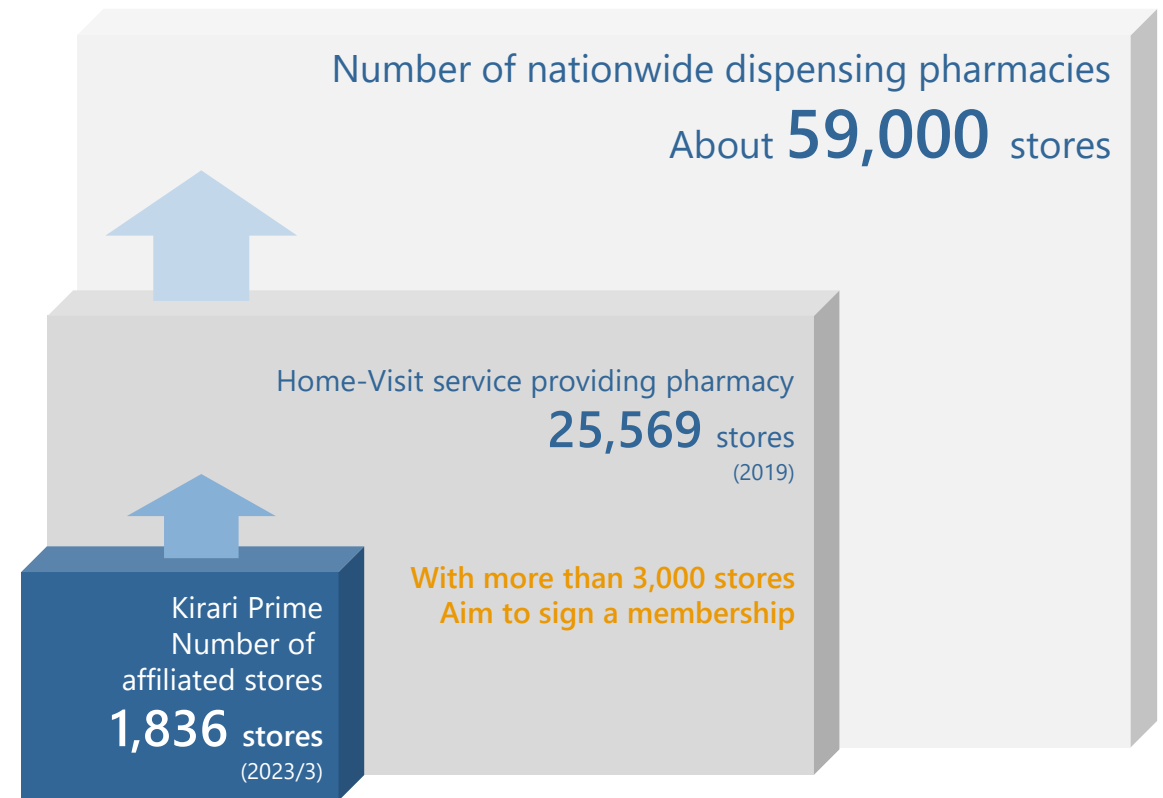
# Kirari Prime Business Strategy

- The number of affiliated stores will increase to more than 3,000 by fiscal year 2025/3. Target is about 26,000 stores with a track record of home visits. Of these, plans to capture more than 10%
- Promote the provision of more convenient know-how and infrastructure services to member pharmacies. The active introduction of Fam Care will also accelerate the reduction of the human burden on pharmacies. We will continue to appeal to pharmacies that believe it is inevitable to strengthen the home-visit business in an aging society, as well as to small and medium-sized pharmacies in difficult business conditions.

## Kirari Prime Business Plan



## Kirari Prime Market Size



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

- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix**

## 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 with the following sections:

- トップメッセージ**: A message from the representative director, stating the company's mission since its founding in 2007 to create a social infrastructure for home care.
- ESG経営方針の全体像 (1) 中長期ビジョンとSDGsへの考え方**:
  - 中長期ビジョン**: The company's vision is to create a social infrastructure for home care, 24/7, 365 days a year.
  - SDGsへの考え方**: The company aims to contribute to the achievement of SDGs through its business activities.
- マテリアリティマッピング**: A matrix mapping materiality to SDGs. It identifies key areas such as 'Improvement of home care services' and 'Support for medical and nursing care'.
- マテリアリティとSDGs17の目標への貢献**: A table showing the contribution of each materiality to the 17 SDGs.
- 重点課題グループとSDGs17の目標への貢献**: A table showing the contribution of key issue groups to the 17 SDGs.

At the bottom, there is a URL field with the following link:

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

- 01 Company Profile/Business Profile
- 02 Primary Care Home Business Overview
- 03 Financial Summary (FY2023)
- 04 Financial Forecasts (FY2024)
- 05 Medium-Term Growth Plan
- 06 Sustainability Management/Appendix

# Financial Highlights

		10 fiscal year	11 fiscal year	12 fiscal year	13 fiscal year	14 fiscal year	15 fiscal year	16 fiscal year
Year ended		March 2017	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023
Sales	(thousands of yen)	2,197,243	2,884,128	3,410,342	4,331,638	5,086,031	5,782,604	6,657,448
Ordinary profit	(thousands of yen)	32,896	58,882	64,181	122,368	250,720	506,182	557,751
Net income attributable to owners of the parent	(thousands of yen)	28,668	13,273	14,197	32,903	97,140	328,454	382,876
Capital	(thousands of yen)	100,000	100,000	100,000	100,000	104,742	171,915	185,912
Total number of shares outstanding	(share)	10,900	11,074	11,074	11,074	11,369	3,499,100	3,572,000*
Net assets	(thousands of yen)	422,454	455,737	469,935	502,838	609,463	1,072,264	1,483,134
Total assets	(thousands of yen)	1,246,403	1,472,458	1,658,986	1,771,859	2,015,029	2,531,605	2,914,911
Net assets per share	(Yen)	129.19	137.18	141.45	151.36	178.69	306.44	207.61**
Net income per share	(Yen)	8.77	4	4.27	9.9	28.99	95.8	53.92**
Capital ratio	(%)	33.9	31.0	28.3	28.4	30.2	42.4	50.9
return on equity	(%)	7.0	3.0	3.1	6.8	17.5	39.1	30.0
Operating cash flow	(thousands of yen)	-	-	-	34,733	351,821	484,597	342,252
Invested Cash Flow	(thousands of yen)	-	-	-	▲165,236	▲77,591	▲320,255	▲383,393
Financial cash flows	(thousands of yen)	-	-	-	▲6,259	36,641	16,927	▲110,728
Cash and cash equivalents at end of year	(thousands of yen)	-	-	-	227,416	538,288	719,557	567,688
Number of employees (Average number of other temporary employees)	(persons)	150 (58)	190 (59)	226 (68)	283 (93)	312 (96)	329 (102)	442 (100)

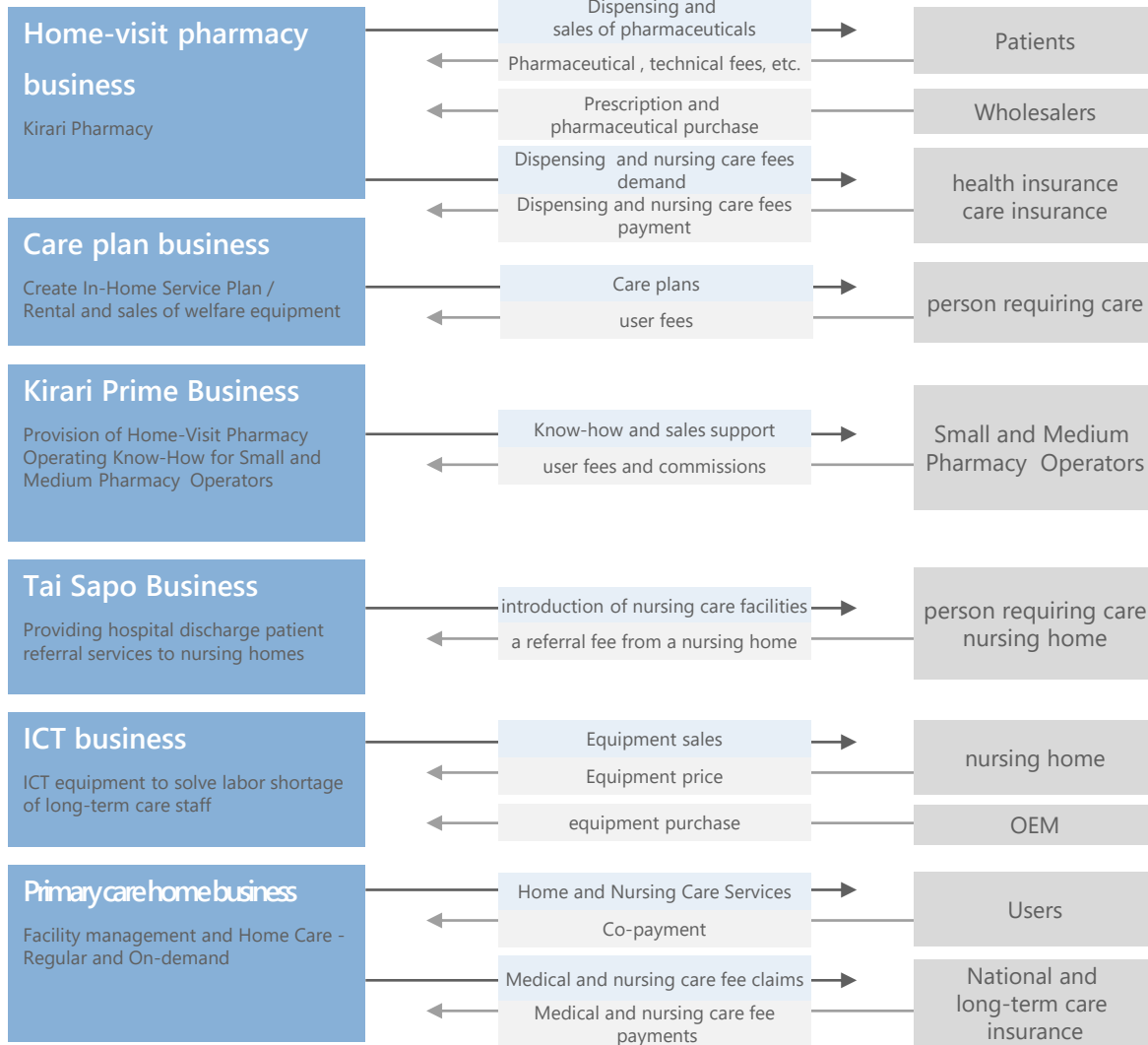
\*On April 1, 2023, our company executed a two-for-one stock split of its common stock. The total number of issued shares after the split is 7,144,000 shares

\*\*On April 1, 2023, our company executed a two-for-one stock split of its common stock. Net assets per share and net income per share are calculated assuming that the stock split took place at the beginning of the 16 fiscal year.

# Integrated business flow/community comprehensive care system platform

## Business development and business flow

Business genealogy



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

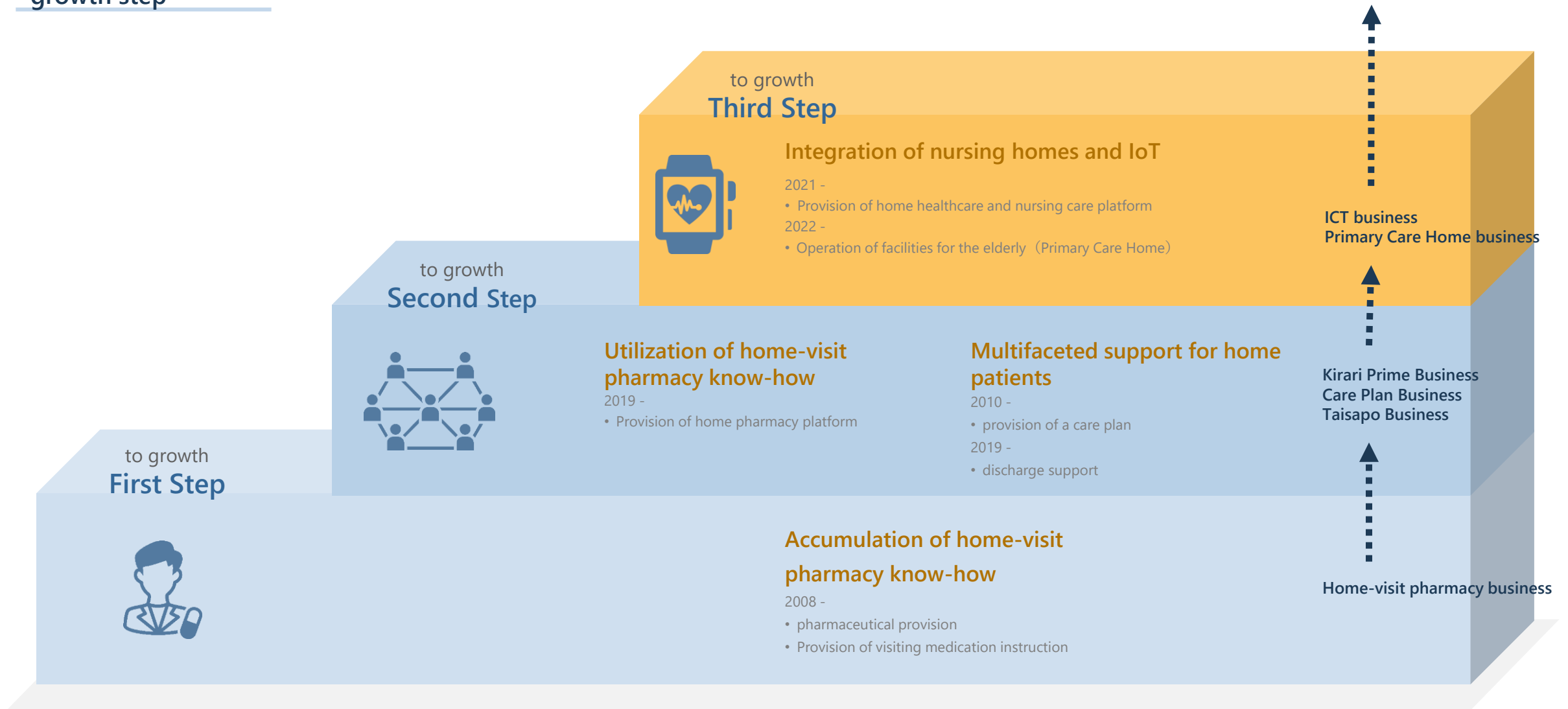




# Strengthening the Third Step to Growth

growth step

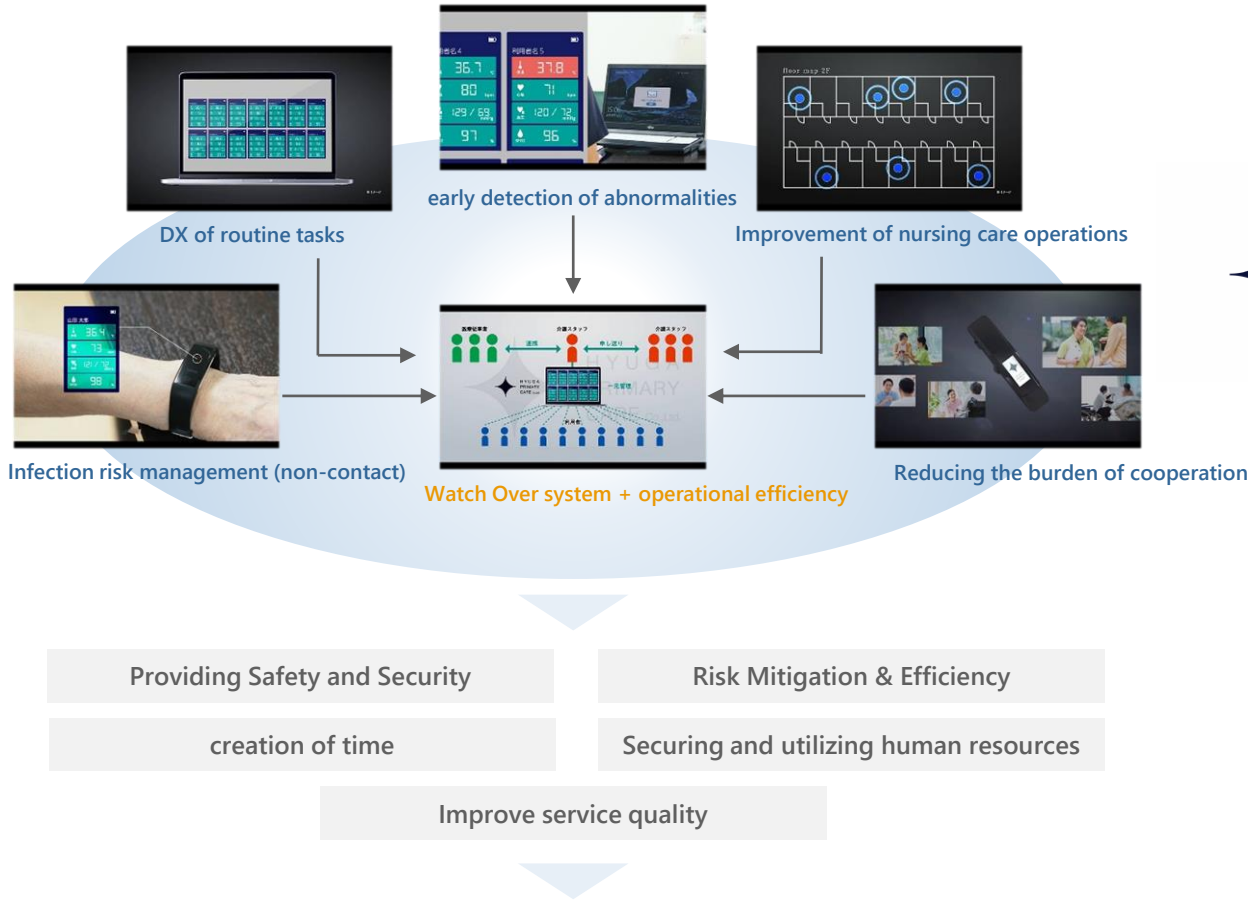
## Expanding platform for comprehensive community care system



# Strengthening the Third Step toward Growth ICT Business

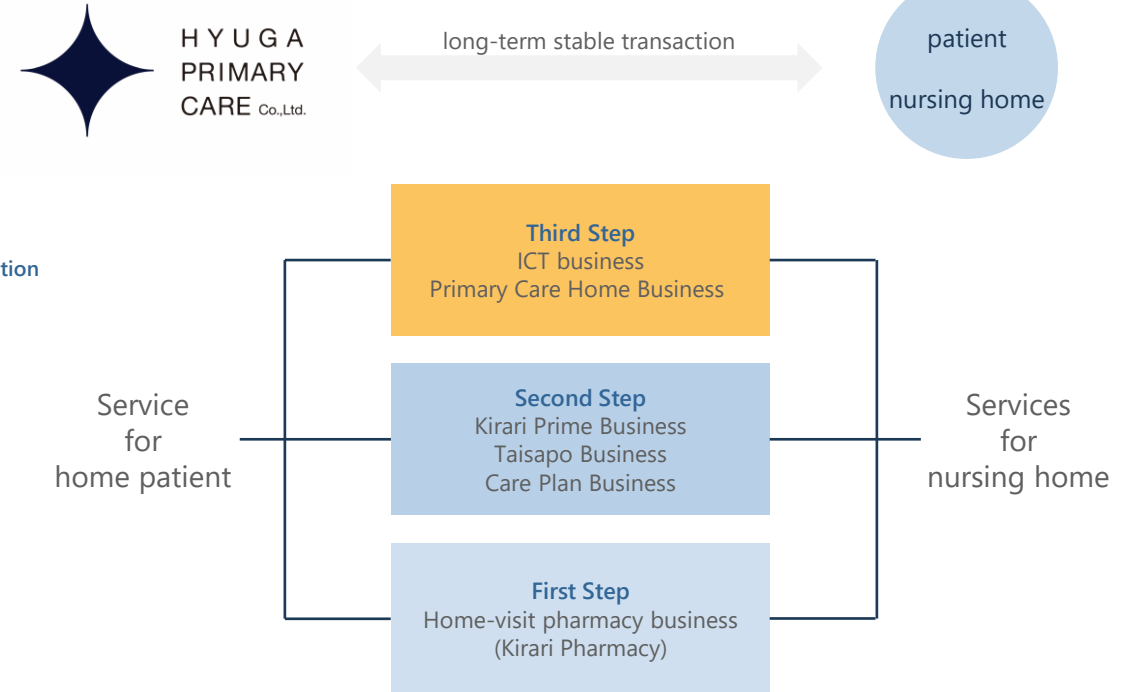
## Primary Care Robot®

Watch Over system



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 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

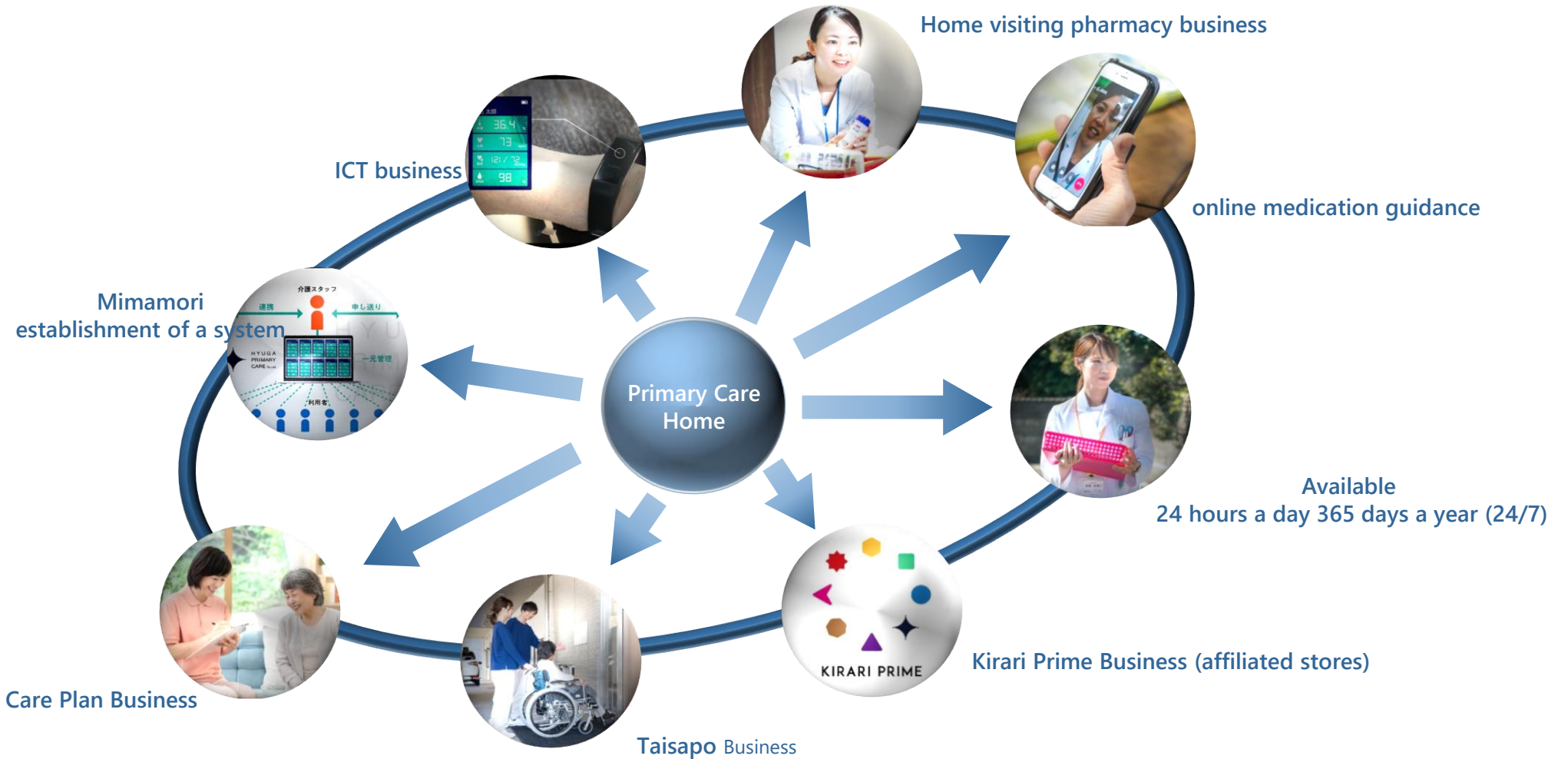
Reporting to physicians and cooperation with medical institutions

\*Announced on March 15, 2022 [https://www.hyuga-primary.care/ja/ir/news/auto\\_20220315505670/pdfFile.pdf](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.



# Home visit pharmacy business

## About the Home-Visit Pharmacy Business

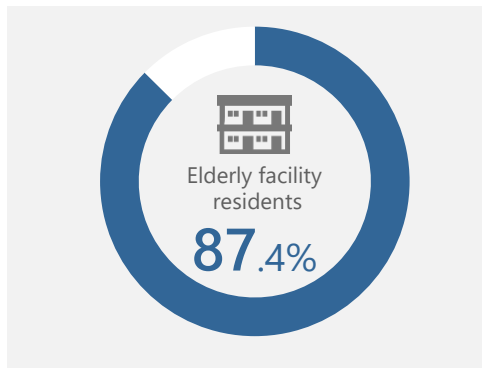
One of the social infrastructures that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

### 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

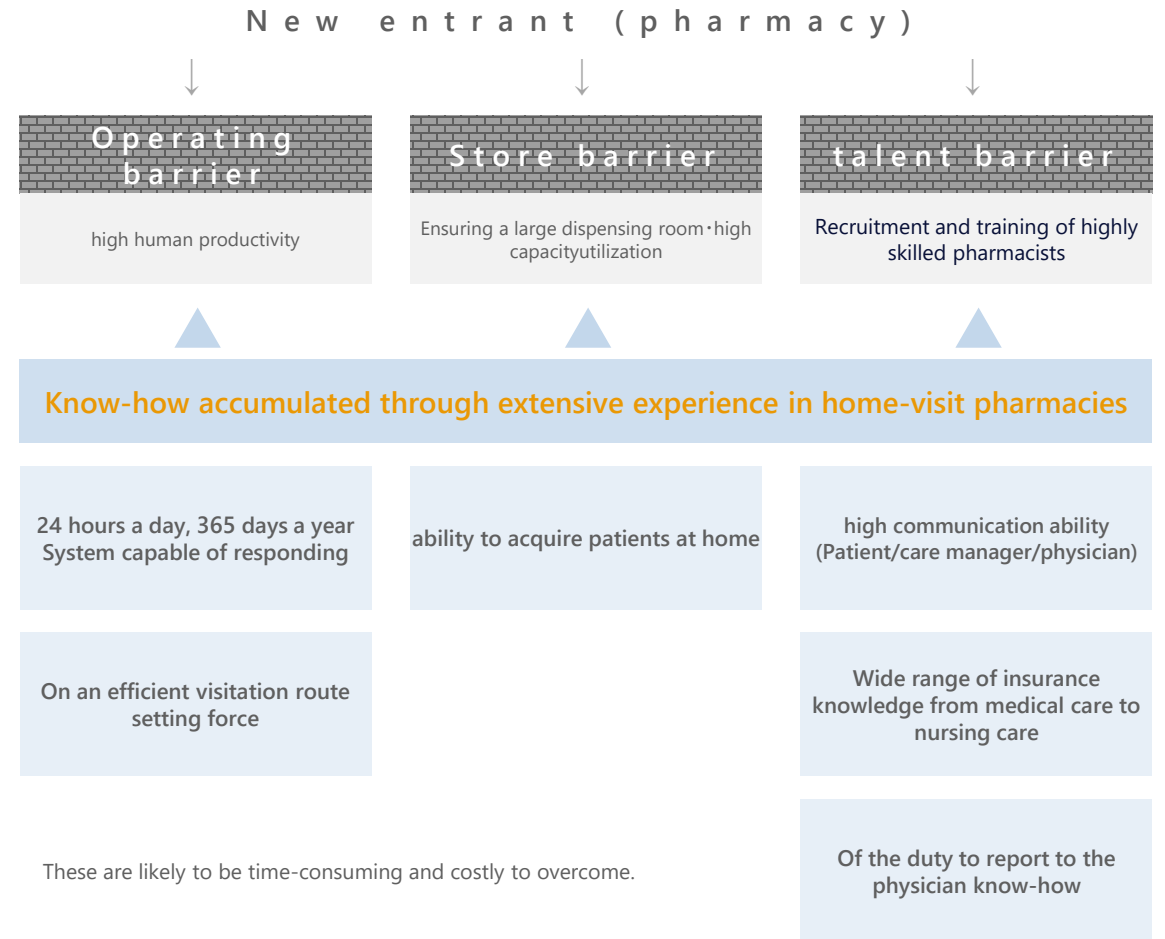
## patient attributes

(as of the end of March 2022)



## high entry barriers

Conventional pharmacies entering the home pharmacy business

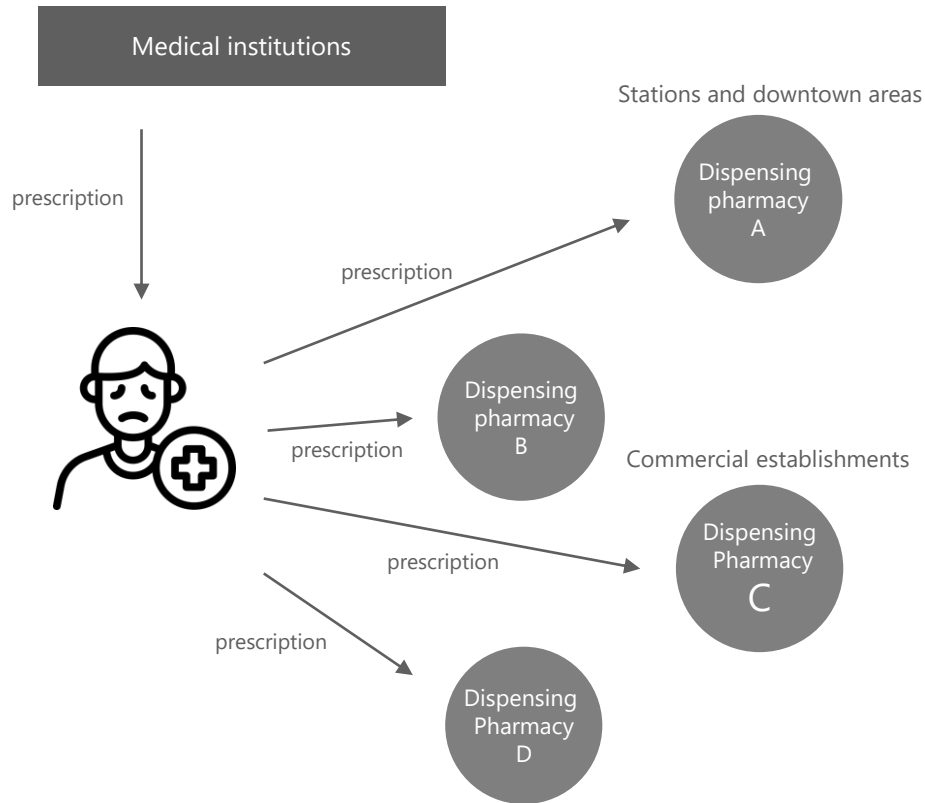


# Home visiting pharmacy business (2) Aim and location of new stores

Pharmacies near medical institutions

## "Outpatients themselves visit pharmacies"

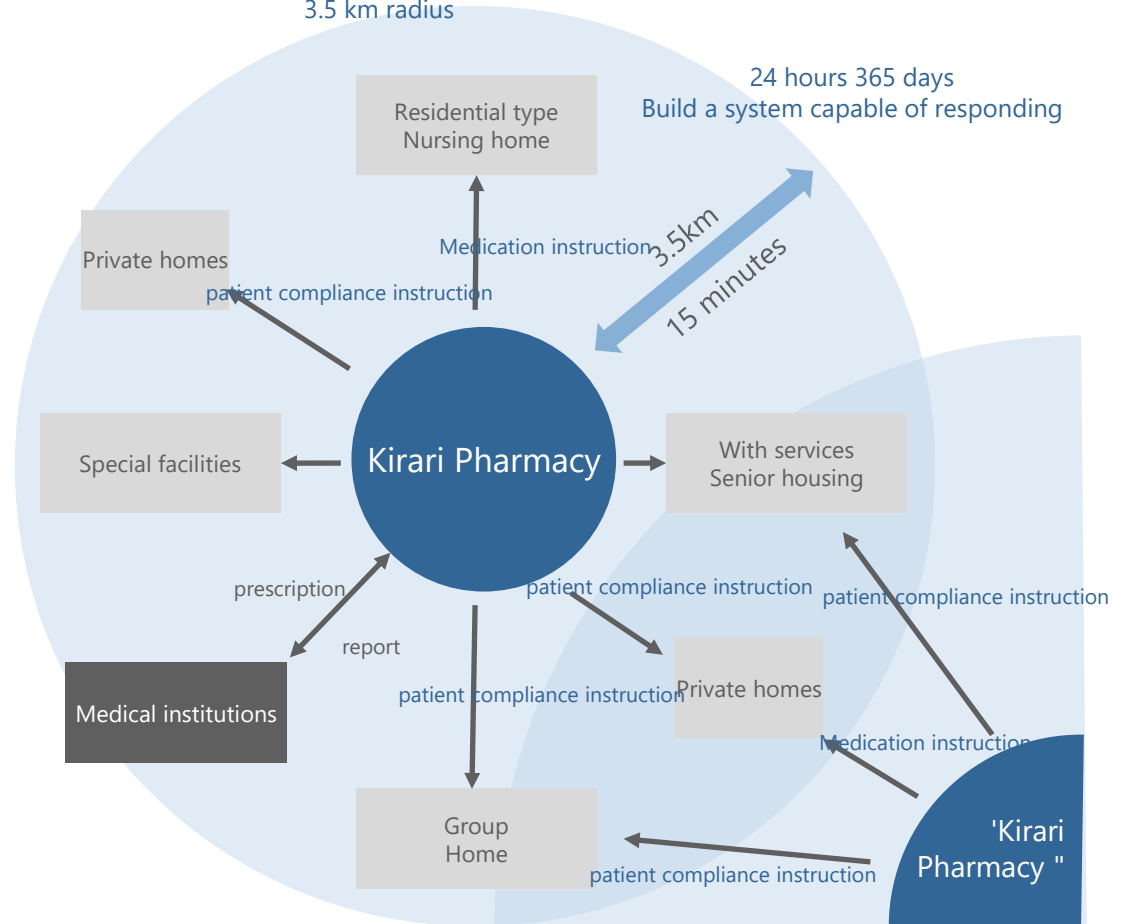
- Open stores near medical institutions where outpatient visits are expected
- Therefore, there are many cases where the store is located close to competing pharmacies
- The cost of opening a store tends to be higher because location is important



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

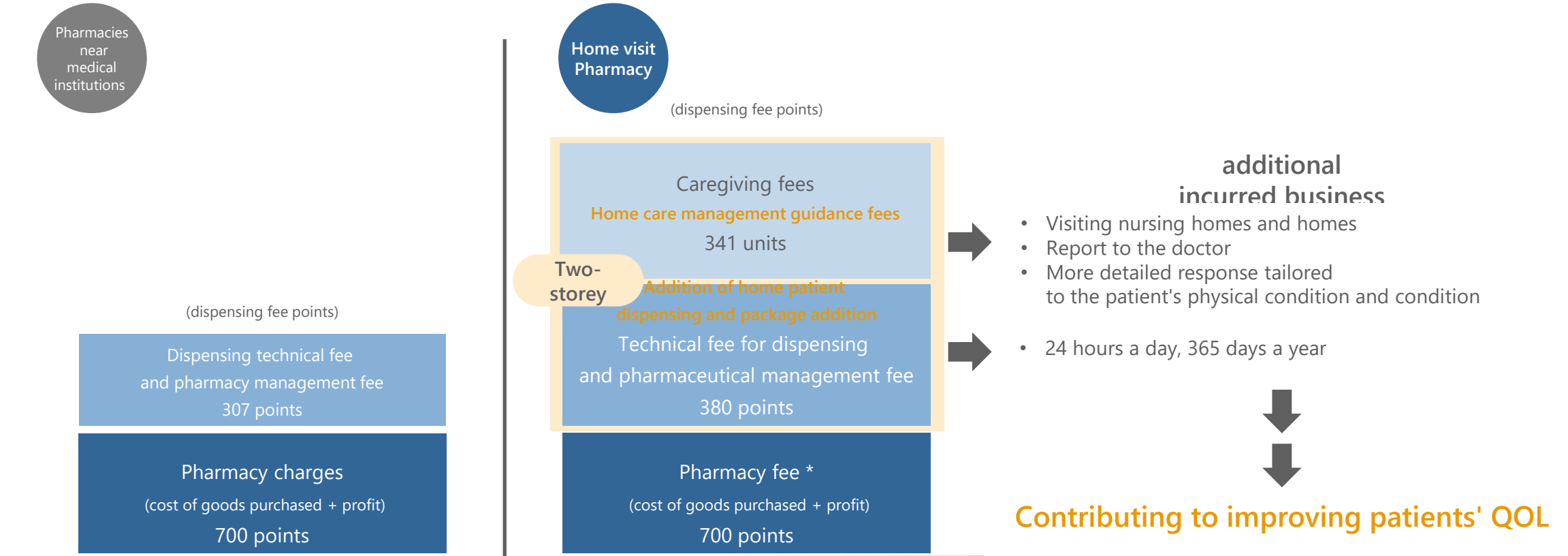


# Home visiting pharmacy business (3) Number of dispensing fees

## 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



\*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

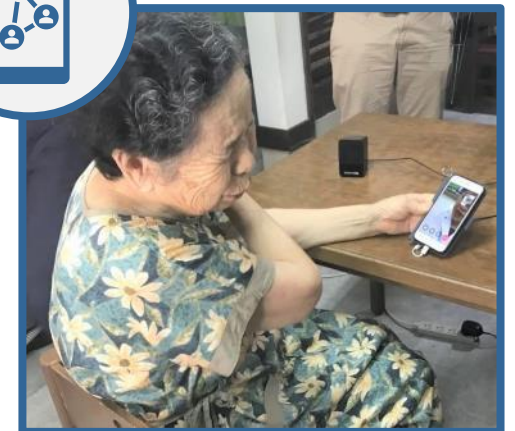
c 情報通信機器を用いたオンライン診療については、初診からの実施は原則、かかりつけ医による実施（かかりつけ医以外の医師が、あらかじめ診療録、診療情報提供書、地域医療ネットワーク、健康診断結果等の情報により患者の状況が把握できる場合を含む。）とする

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 Onojo

- The size of the dispensary is 65m<sup>2</sup>, and there are approximately 5 full-time equivalent pharmacists.
- More than 3 times the size of the standard 18.9m<sup>2</sup> 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

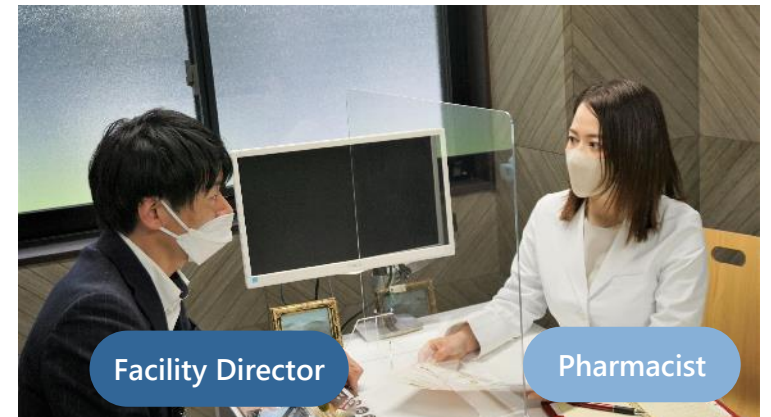
Consultation with doctors to suggest changes to the most appropriate medication according to the patient's situation. Also involved in prescription design



Care Manager

Pharmacist

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



Facility Director

Pharmacist

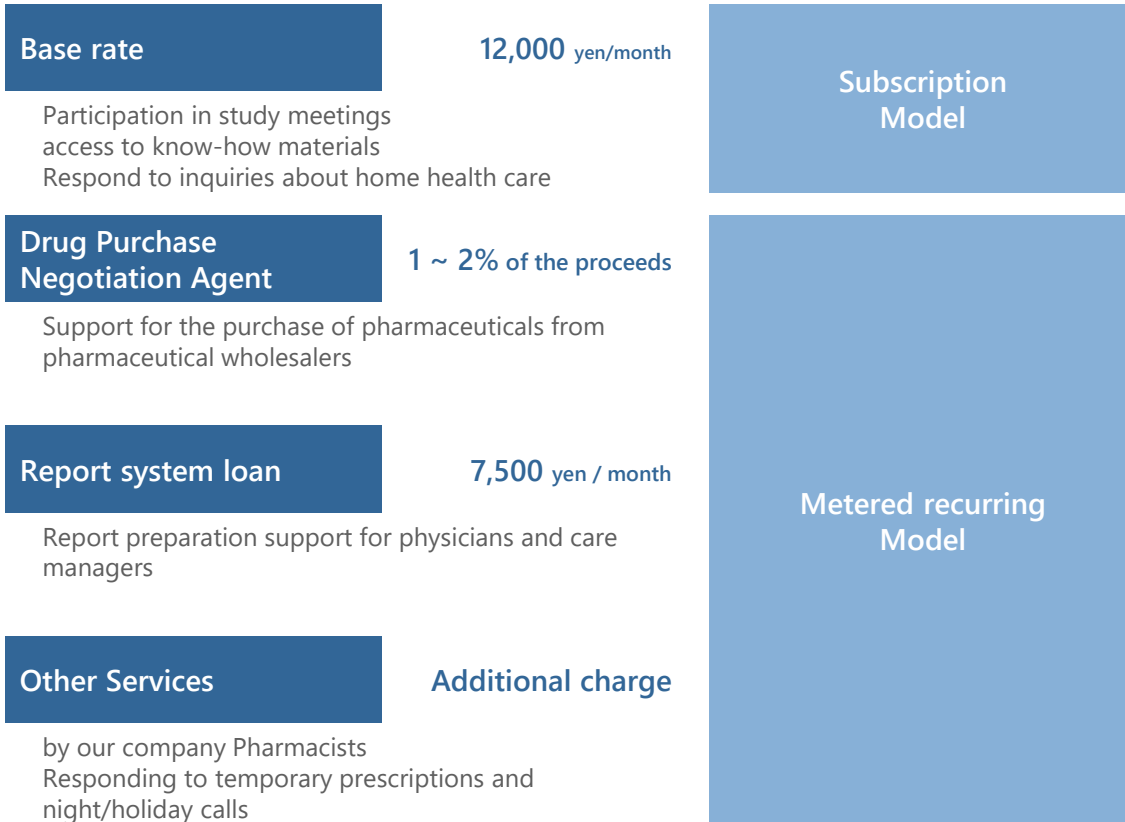
Discussions with care providers occur as needed, such as when starting new business. Negotiation and sales skills are required while listening to other parties' requests.

## Business model and fee system

Share in Kirari Prime Sales

**Subscription Recalling Sales Ratio 90%**

(Year ended March 2022)

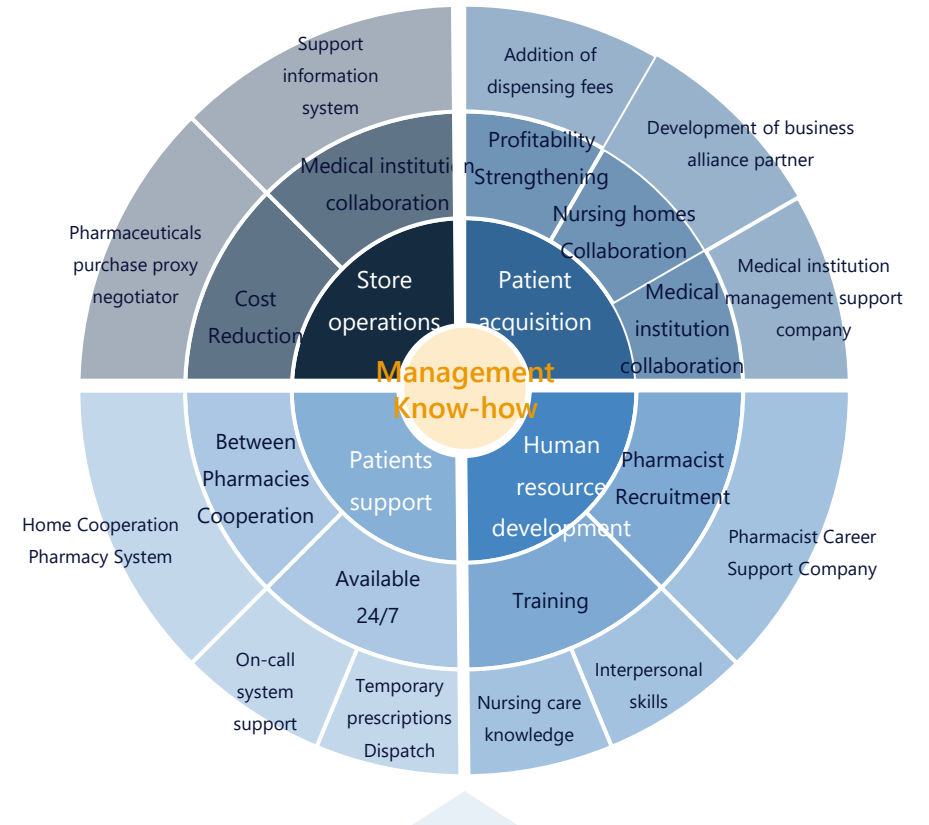


## Competitiveness, policy and environment

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

## 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

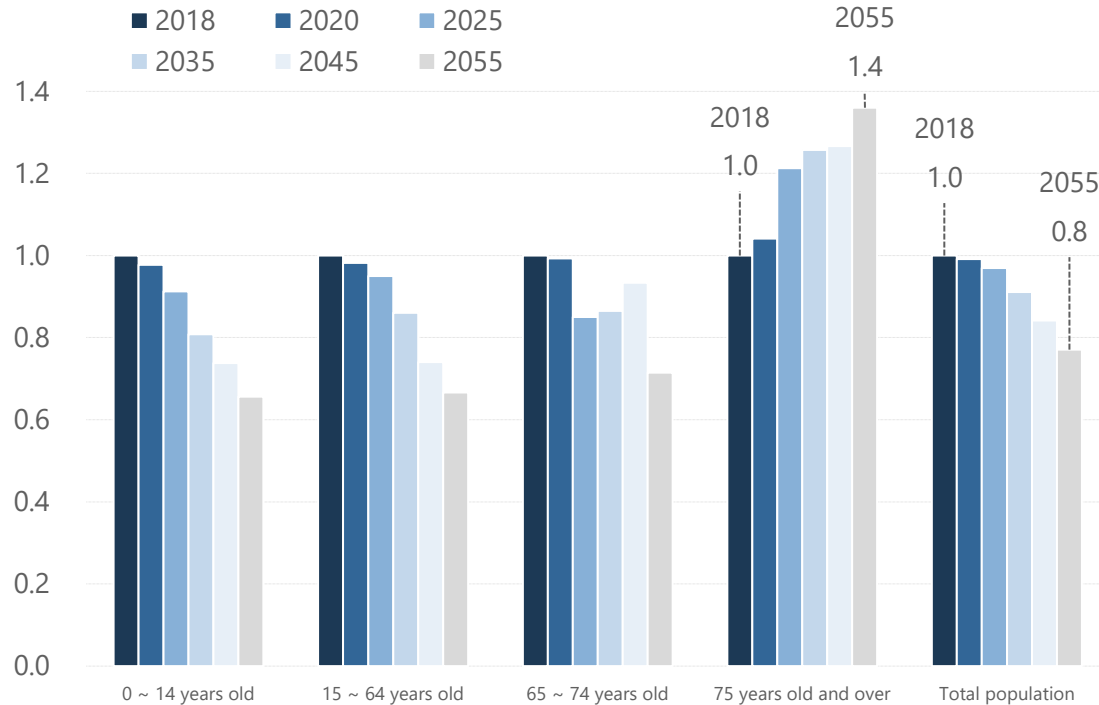
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 fold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

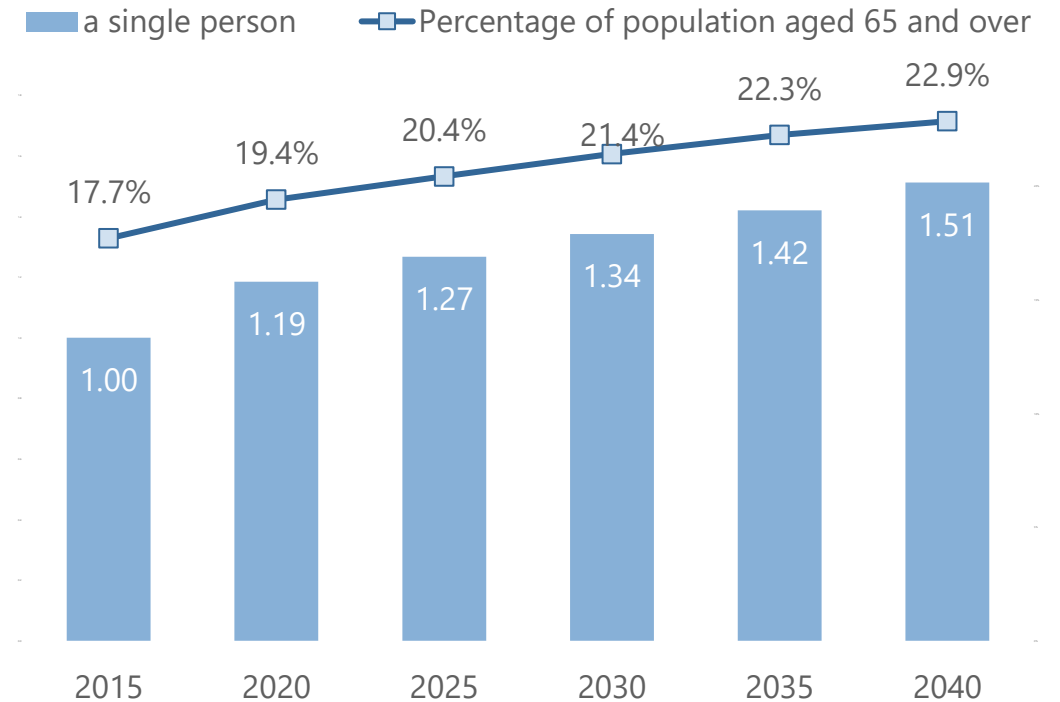
17.98 million (2018) → **24.46 million** (2055)



## Number of single elderly households \*

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

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



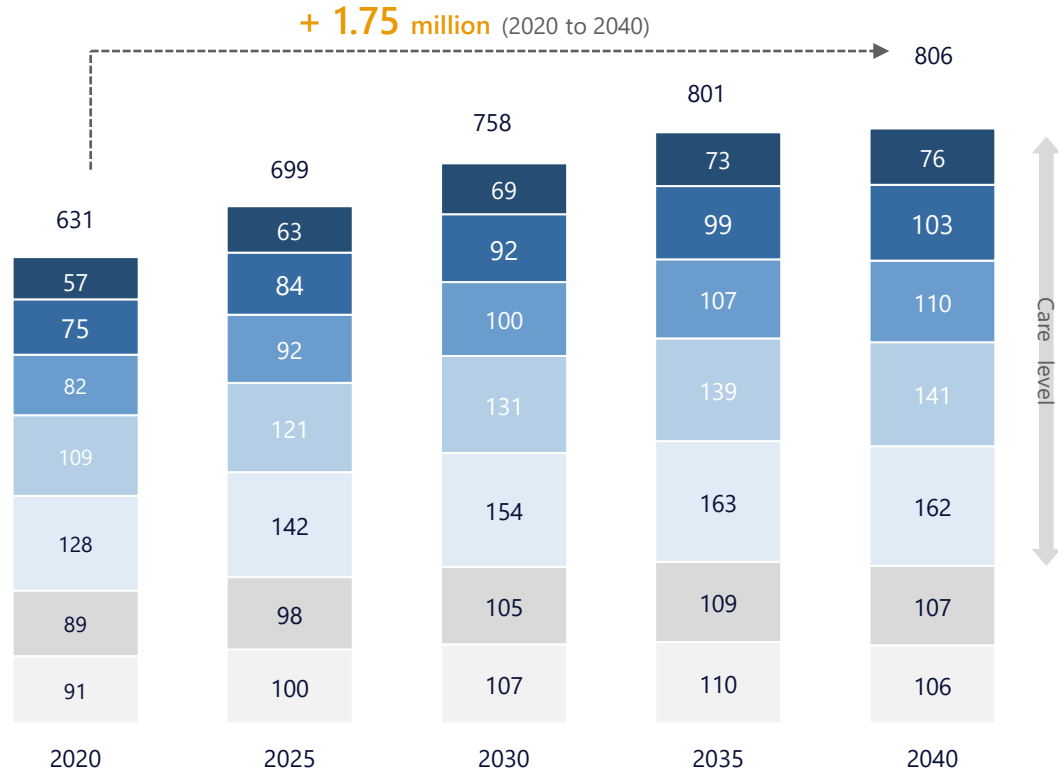
Source: Cabinet Office's "White Paper on Aging Society in Reiwa 2"

# 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)

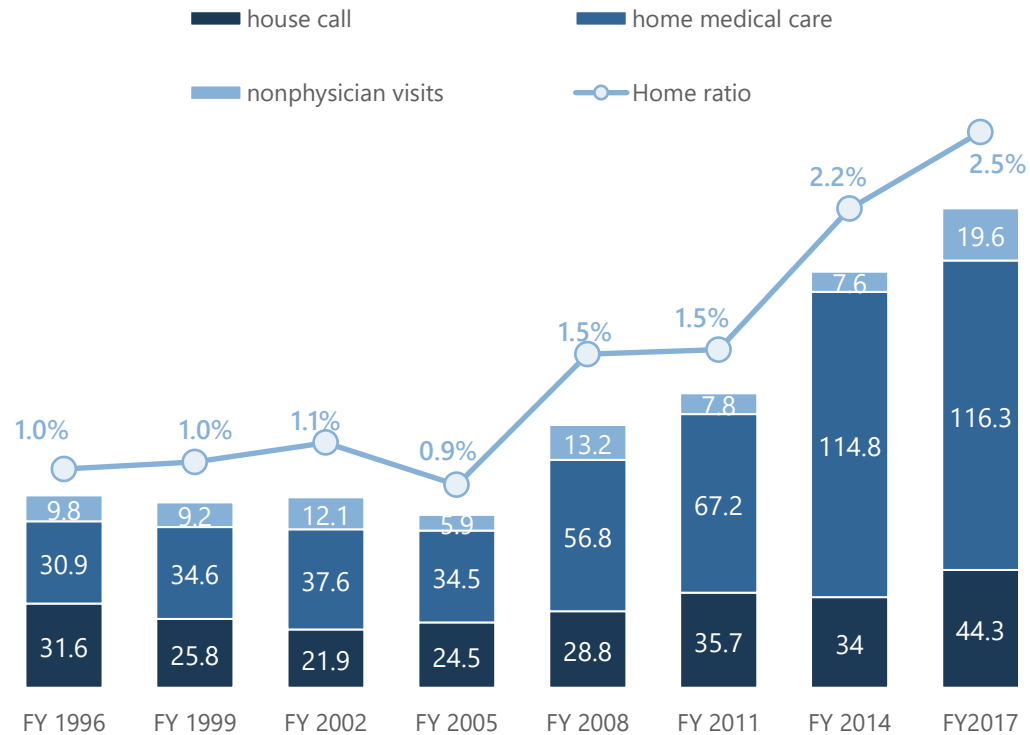
	rate of increase	number of increase
Care-requiring 5	<b>33 %</b>	190,000 people
Care-requiring 4	<b>37 %</b>	280,000 people
Care-requiring 3	<b>34 %</b>	280,000 people
Care Needed 2	29 %	320,000 people
Care Needed 1	27 %	340,000 people
Needed Support 2	20 %	180,000 people
Needed Support 1	16 %	150,000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

# 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

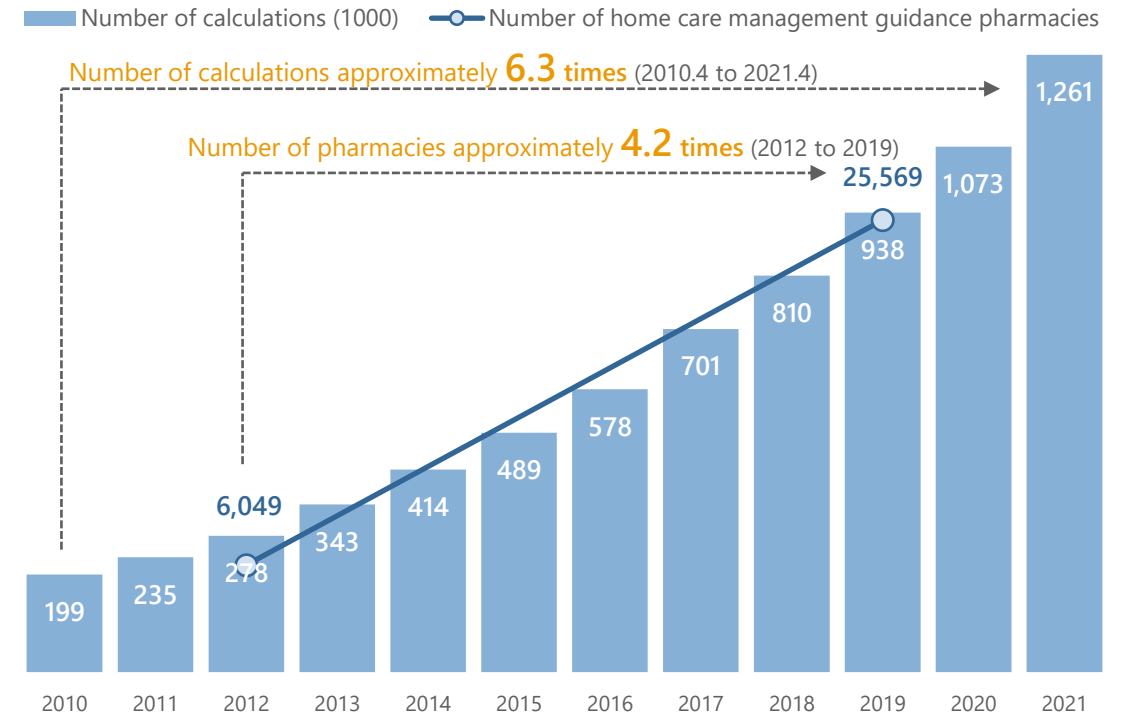
## Number of patients at home Ratio of home patients to all patients

(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.

