

# HYUGA PRIMARY CARE

A pair of hands is shown holding a stylized house icon. The house icon is white with a grid pattern on the roof. It is surrounded by several dark blue stars and a circular graphic with a double-line border. The background is a dark blue gradient.

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

HYUGA PRIMARY CARE Co., Ltd.  
7133 TSE Growth Market  
November, 2022

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

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# 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

## 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.

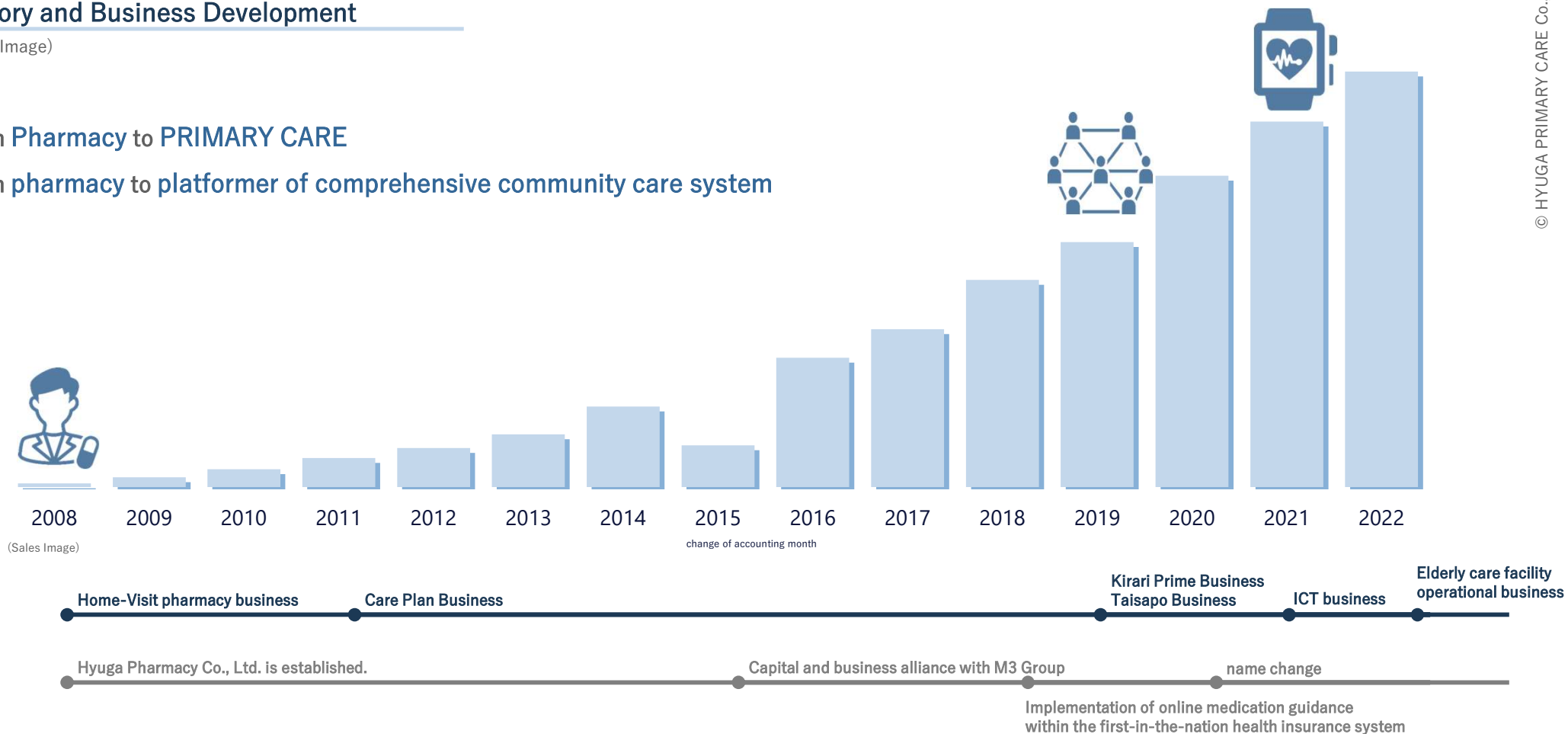
# History

## History and Business Development

(Sales Image)

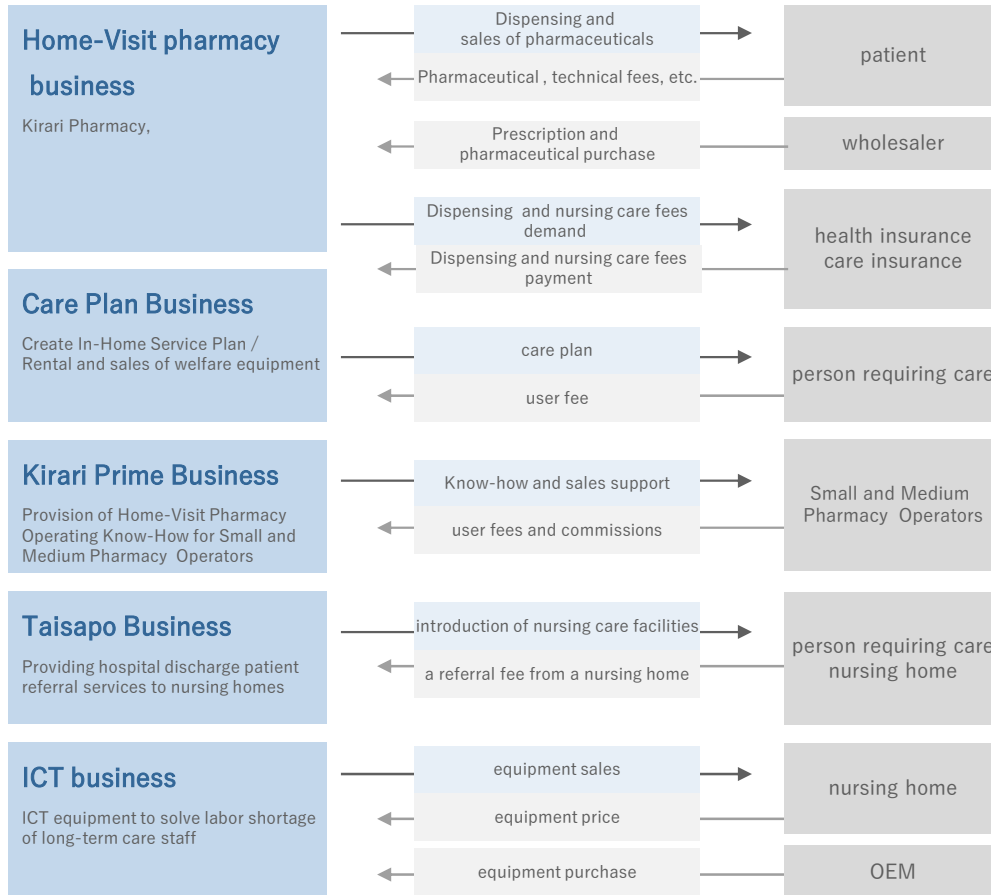
From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system



# Business Flow/Comprehensive Community Care System Platform

## Business development and business flow

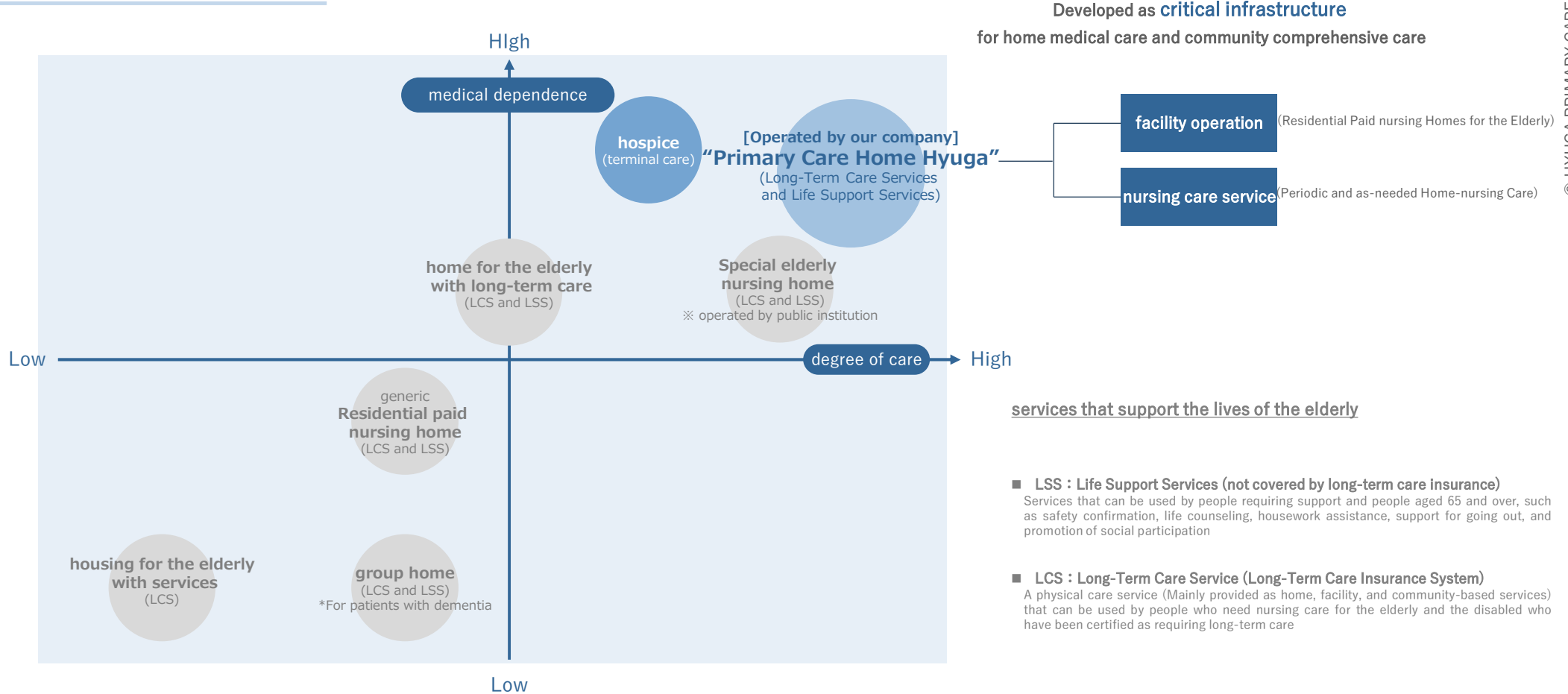


As a platform for comprehensive community care systems  
 Providing one-stop services to patients and customers



# Positioning of Elderly care facilities operated by our company

## POSITIONING MAP



01 Company Profile and Business Profile

02 **Financial Summary** (FY 2023 Q2)

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## Financial Summary

- Sales increased 14.5% year over year. Growth of Home-Visit Pharmacy Business and Kirari Prime Business contributed.
- Operating profit also benefited from the home-visit pharmacy and Kirari Prime businesses. Year-on-year profit growth of 12.6%. Kirari Prime has an operating margin of about 58%
- Progress of more than 50% in sales and over 40% in operating income against full-year forecast. Accumulated stock sales generally progress as planned

(millions yen)	Results for the 2022/3 period		2023/3 Period		Year-on-Year		Planned ratio Progress rate
	2Q	Full Year	2Q Results	Full Year Outlook *	Change	percent change	
<b>Net sales</b>	2,767	5,782	<b>3,168</b>	6,316	+401	+14.5%	50.2%
Home-visit pharmacy business	2,470	5,146	<b>2,799</b>	5,291	+329	+13.3%	52.9%
Kirari Prime Business	192	433	<b>275</b>	661	+83	+43.2%	41.7%
Care Plan Business	62	122	<b>65</b>	133	+2	+4.7%	49.0%
Tai Sapo Business	36	66	<b>25</b>	93	▲ 11	▲ 31.9%	26.9%
Others (Management of ICT and facilities for the elderly)	5	14	<b>3</b>	135	▲ 2	▲ 42.5%	2.5%
<b>Operating profit</b>	226	519	<b>254</b>	591	+28	+12.6%	43.1%
Home-visit pharmacy business	261	578	<b>329</b>	594	+67	+25.9%	55.4%
Kirari Prime Business	113	259	<b>159</b>	356	+46	+40.9%	44.9%
Care Plan Business	▲0	▲7	<b>11</b>	20	+12	-	56.2%
Tai Sapo Business	14	17	<b>▲ 8</b>	35	▲ 22	-	-
Others (Management of ICT and facilities for the elderly)	▲8	▲14	<b>▲ 38</b>	▲ 108	▲ 30	-	-
Adjustments	▲ 153	▲314	<b>▲198</b>	▲ 307	▲ 44	-	-
<b>Ordinary profit</b>	223	506	<b>263</b>	590	+40	+18.0%	44.7%
<b>Net income</b>	145	328	<b>178</b>	446	+33	+23.0%	40.1%

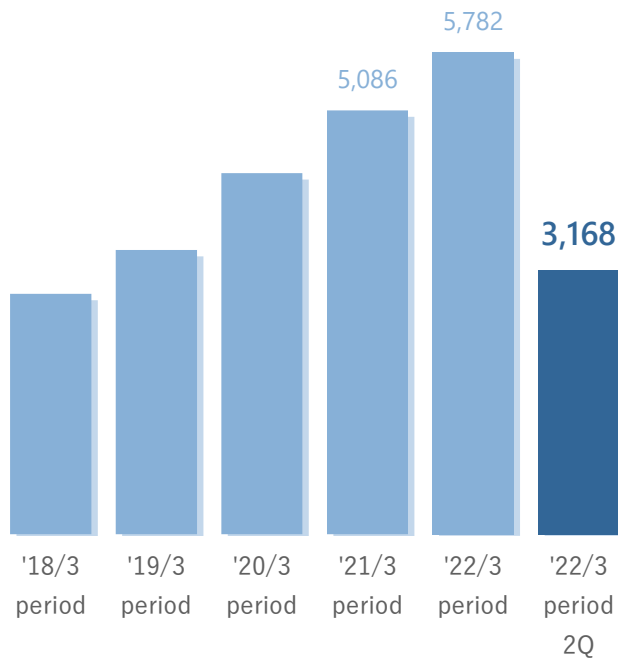
\*Earnings forecast announced May 12, 2022

# Performance/Sales Composition

- Sales increased at a faster pace than the previous fiscal year. In the sales breakdown, the weight of the Kirari Prime business increased further. Sales as a percentage of total sales increased by 1.2 percentage points from the previous year to 8.7%
- Ordinary profit margin was 8.3%, down slightly from the previous quarter. The profit margin of each business is unchanged, and the sales mix is improving, but the initial costs related to the ICT business and the operation of facilities for the elderly are affected.

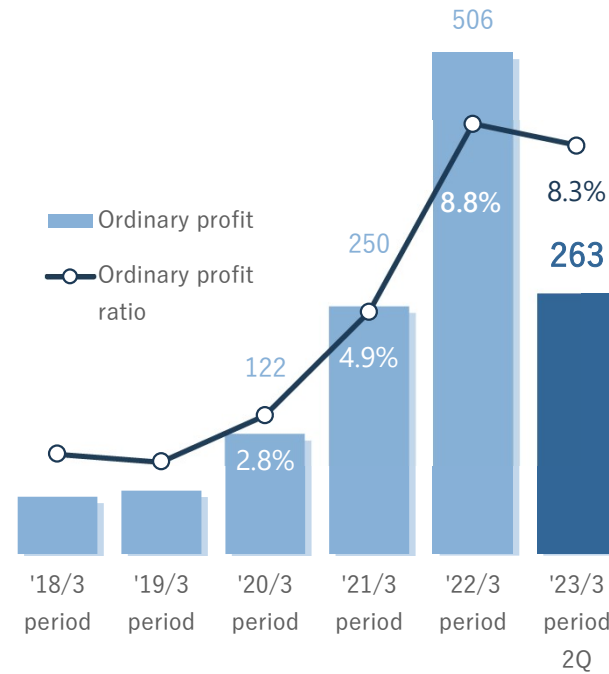
## Net sales

(million yen)



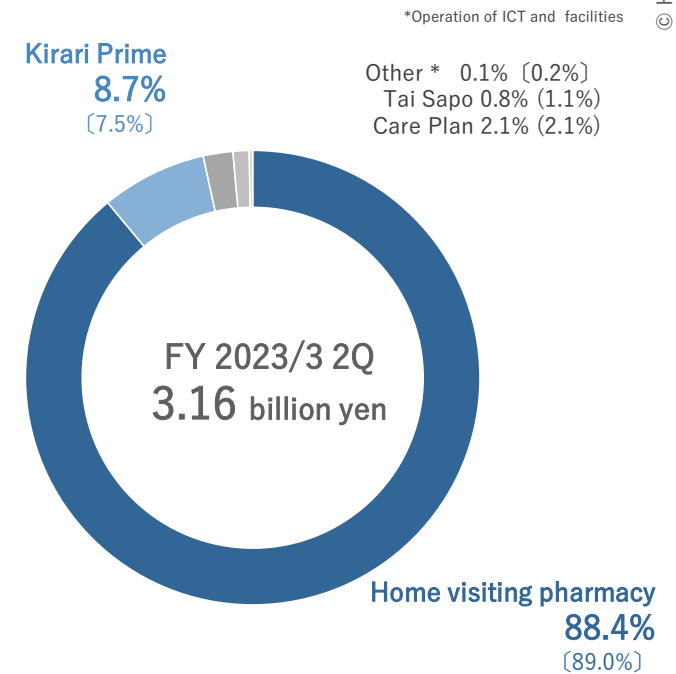
## Ordinary Profit/Ordinary Profit Ratio

(million yen) (%)



## Percentage of sales

Percentage of total for the previous fiscal year (%)



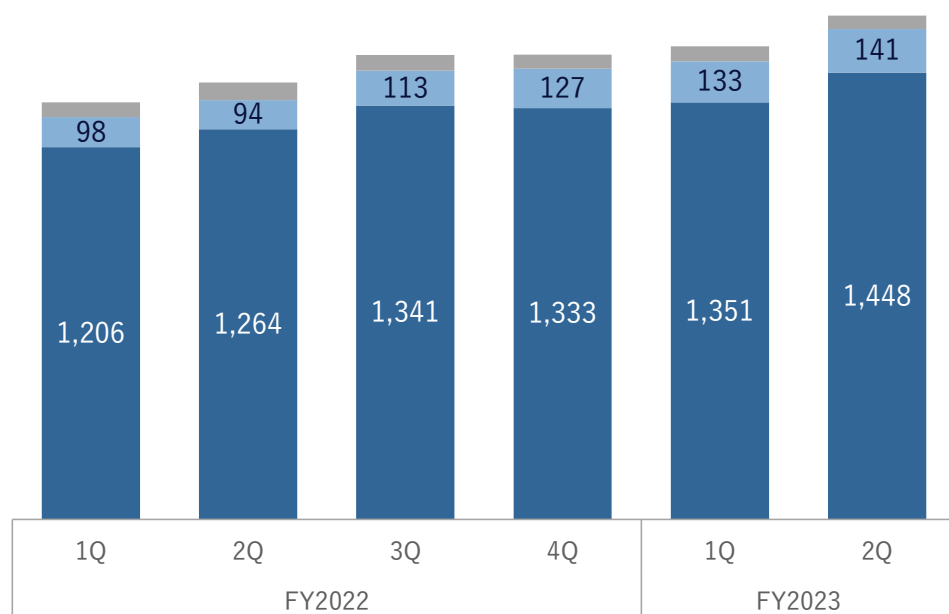
# Quarterly Financial Results (1)

- Sales were up for the fifth consecutive quarter. the expansionary trend continues
- Gross profit also grew steadily. Gross margin has been gradually increasing, and improvements in sales mix and productivity have contributed to the increase.
- Operating profit margin has been sluggish recently due to continued investment in new businesses. Aggressively invest in future growth due to strong performance of existing businesses

## Sales Composition

(million yen)

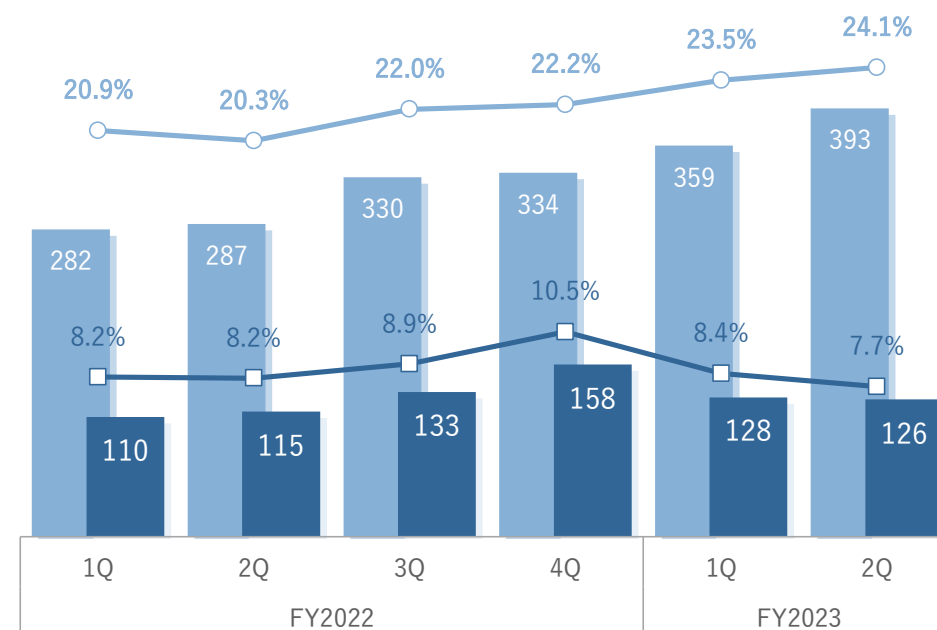
■ Home visiting pharmacy business   ■ kirari Prime Business   ■ other



## Gross profit and operating profit

(million yen) (%)

■ Gross Profit   ■ Operating Profit   ○ Gross Profit ratio   □ OI ratio



## Quarterly Financial Results (2)

- By segment, the home visiting pharmacy business grew significantly in 2Q. Impact of store expansion and revised dispensing fees contributed to higher sales levels
- On the other hand, profit growth in the Kirari Prime business slowed slightly. While there has been no change in its position to drive future growth, the company is prioritizing the acquisition of new franchisees for the time being. New stores tend to start with basic services, and a temporary decline in ARPU is inevitable.

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

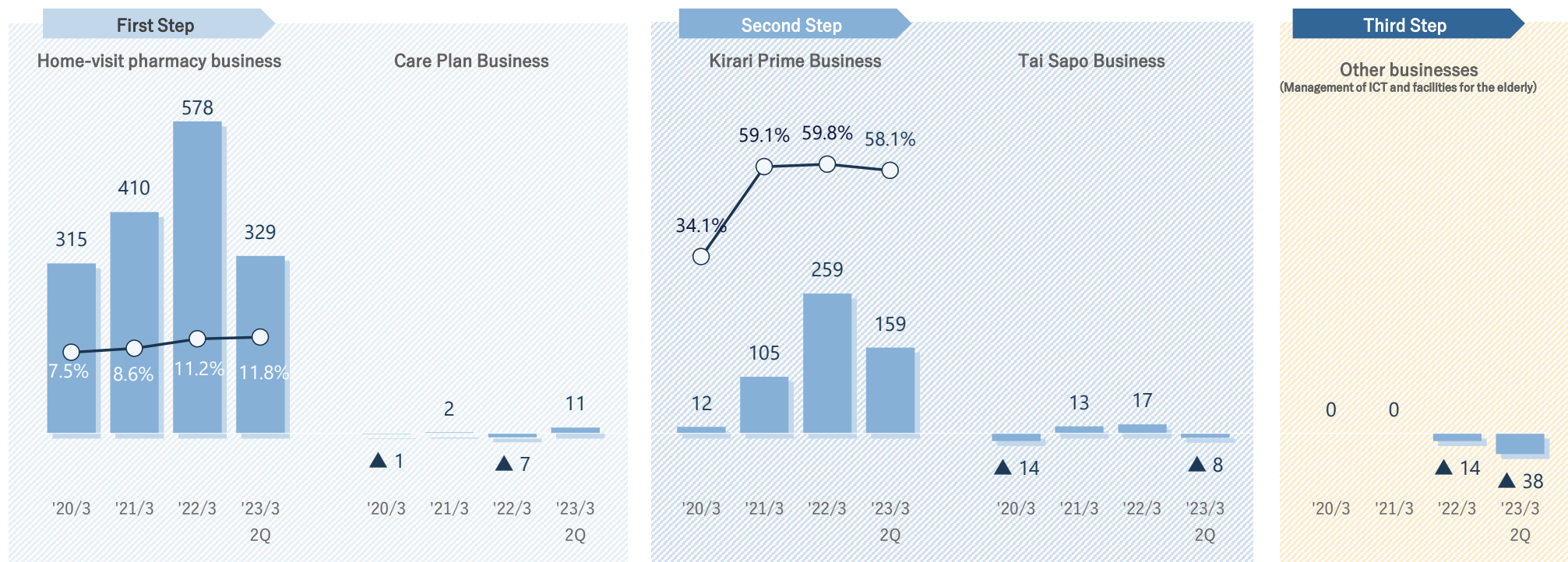
\*Reference value due to unaudited

# Operating Income by Segment

- The home-visit pharmacy business, which represents the first step in growth, performed well. Sales of new stores are on track, and growth has been accelerating since the 2022/3 fiscal period.
- Kirari Prime, which is taking the second step, is also doing well. It has recently made it clear that it will prioritize increasing the number of affiliated stores over increasing ARPU.
- Other businesses in charge of the third step are still positioned as upfront investments. We continue to invest to contribute to our performance in the next fiscal year and beyond.

## Segment Profit Segment Profit Margin

(million yen) (%)

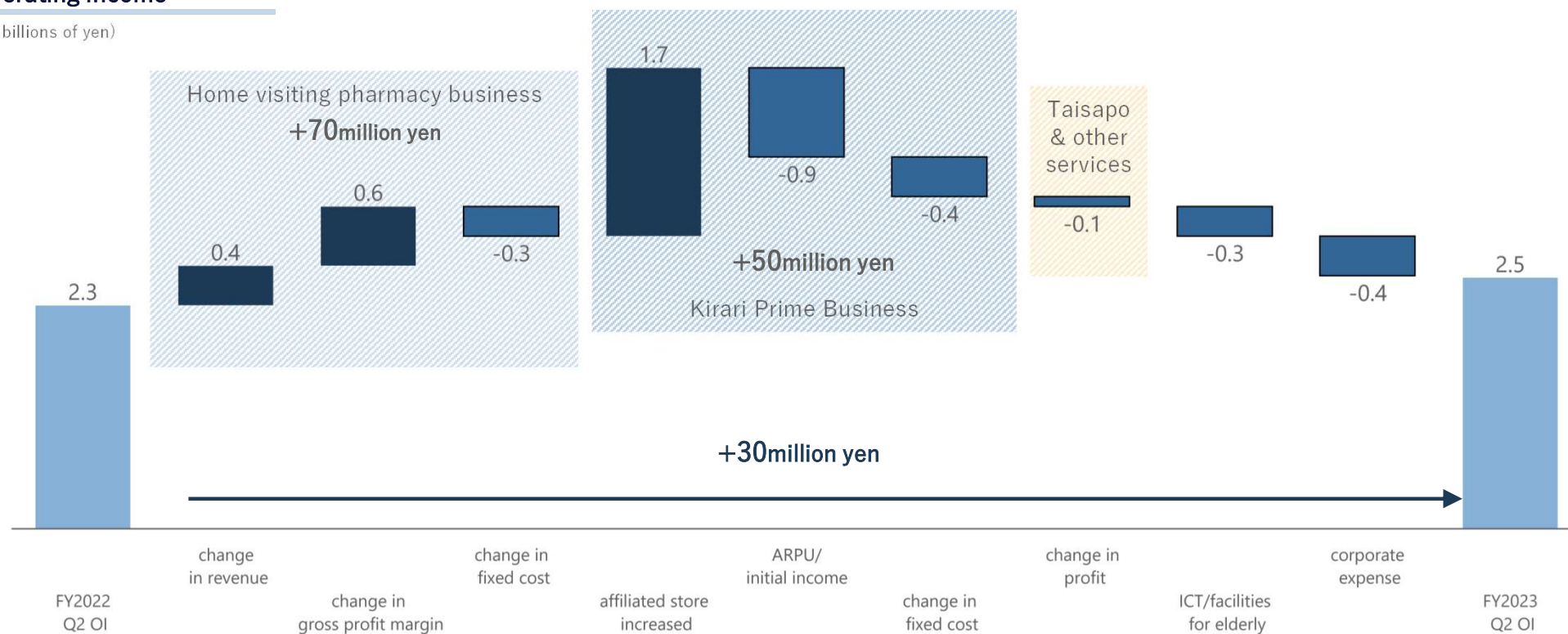


# Analysis of Factors Affecting Operating Income

- 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

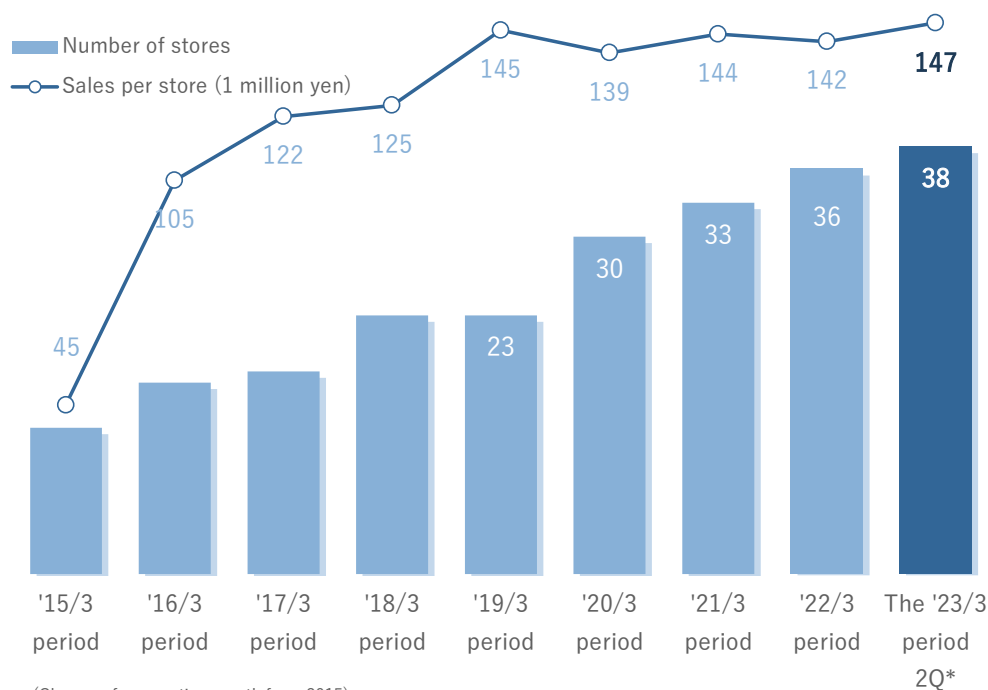
(0.1 billions of yen)



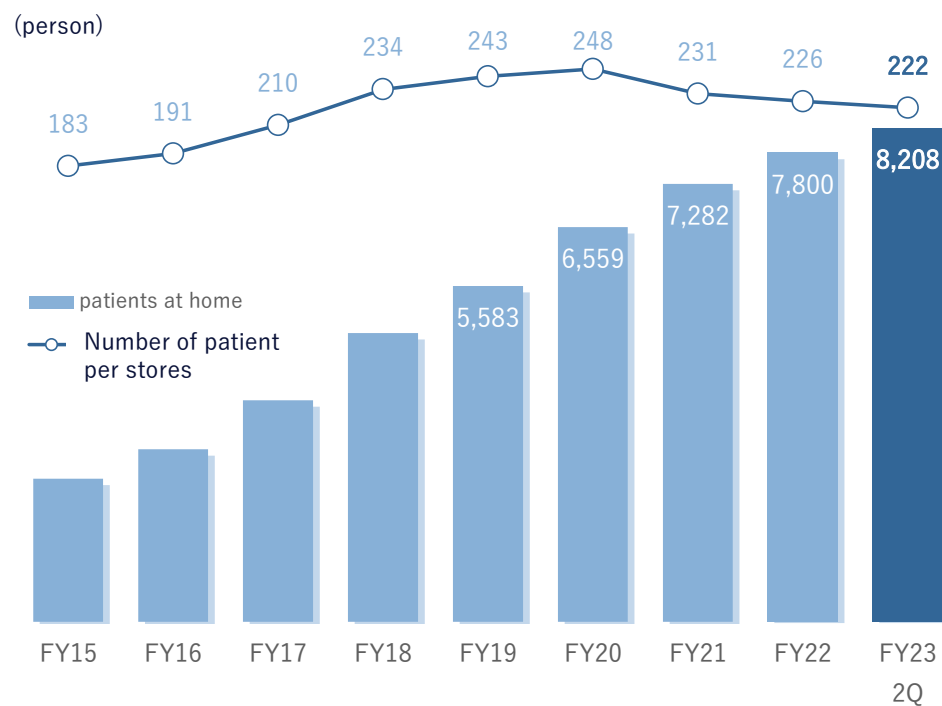
# Home visit pharmacy business KPIs

- The company opened new stores in April in the cities of Fukuoka and Kita-Kyushu, with a total of 38 stores, up 2 stores from the end of the previous fiscal year. Sales per store hit a new record high, thanks in part to revised dispensing fees.
- 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-visit pharmacies, the number of patients per store has remained almost at the upper limit.

## Home visiting pharmacy sales and number of stores



## Number of home visiting patients



(Change of accounting month from 2015)

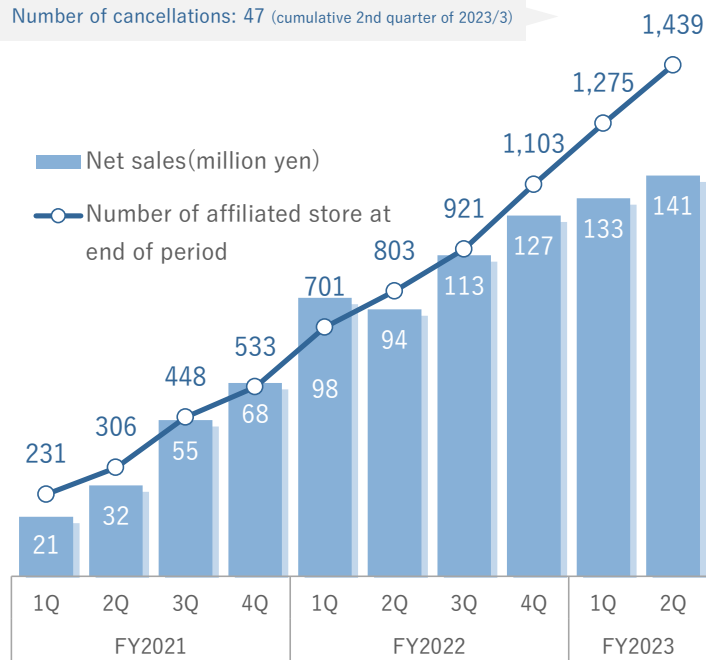
\* 2Q revenue per store annualized

\*October 1, 2022: Kirari Pharmacy Magemizawa Store (Funabashi City, Chiba Prefecture) opened.

# Kirari Prime Business KPI

- The number of affiliated stores steadily increased to over 1,400. Maintaining the pace of increase, we expanded to 42 prefectures as of the end of September 2022.
- There are also cancellations resulting from the closure of nearby medical institutions and business sales. 47 cancellations in total for the second quarter of the 2023/3 fiscal year
- ARPU tends to decline. This is the result of our focus on acquiring stores and is within our expectations. The increase in new stores with low ARPU is putting pressure on overall ARPU levels to decrease, and this trend will continue for the time being.

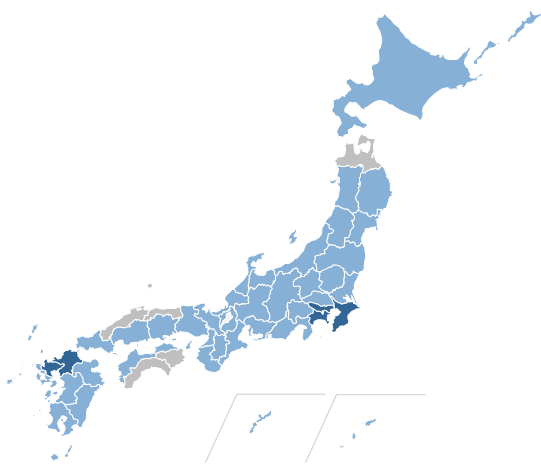
## Kirari Prime sales and affiliated stores



## Developments

<b>Kirari Pharmacy</b>	<b>5 prefectures</b>	<b>38 stores *</b>
<b>member pharmacy</b>	<b>42 prefectures</b>	<b>1,439 stores</b>

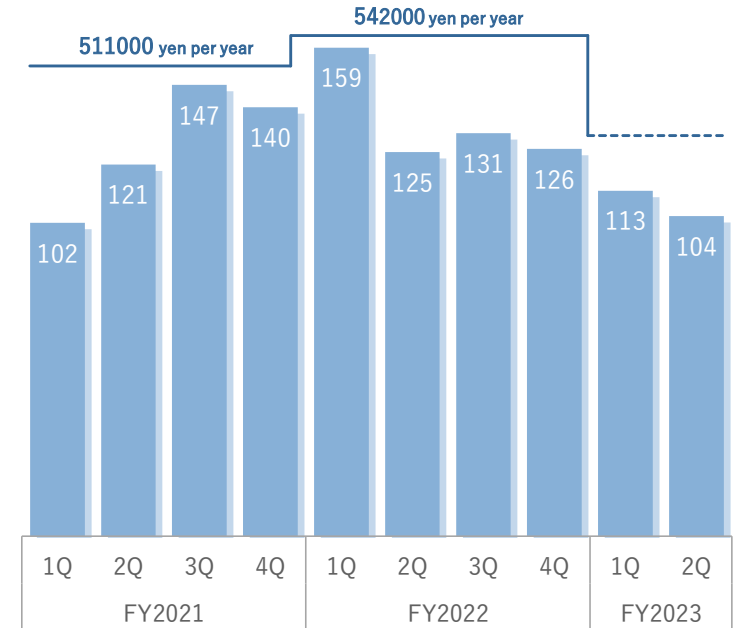
(As of the end of September 2022)



\*October 1, 2022: Kirari Pharmacy Magemizawa Store (Funabashi City, Chiba Prefecture) opened.

## Kirari Prime ARPU \*\*

(thousands of yen)



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



## balance sheet

- At the end of the second quarter of the 2023/3 fiscal period, the capital adequacy ratio was 46.4%, and the company's financial health has improved.
- A trend in which accounts receivable increase with the expansion of the home-visiting pharmacy business.
- Fixed assets also expanded through the development of an information system to support home visits and increased investment in the operation of facilities for the elderly.

(million yen)	End of 2021/3	End of 2022/3	2023/3 Period End of 2Q	Year-End Ratio Change
<b>current assets</b>	1,561	1,896	1,955	+59
Cash and deposits	538	719	679	▲ 39
Accounts receivable	832	996	1,049	+52
<b>Fixed assets</b>	453	635	795	+160
Intangible assets	170	295	365	+69
<b>Total assets</b>	2,015	2,531	2,751	+219
<b>Liabilities</b>	1,405	1,459	1,473	+14
Accounts payable	537	632	651	+18
interest-bearing debt	447	330	360	+30
<b>Net assets</b>	609	1,072	1,277	+205
<b>Liabilities and assets</b>	2,015	2,531	2,751	+219
<b>Capital ratio</b>	30.2%	42.4%	46.4%	+4.1pt
<b>ROE</b>	17.5%	39.1%	-	-
<b>ROA</b>	5.1%	14.5%	-	-
<b>total asset turnover</b>	2.6 times	2.5 times	-	-

Impact of business expansion (new store openings)

Impact of business expansion  
(operation of facilities for the elderly)

Increased software investment (famcare)

Short-term debt increased, Repayment of long-term debt

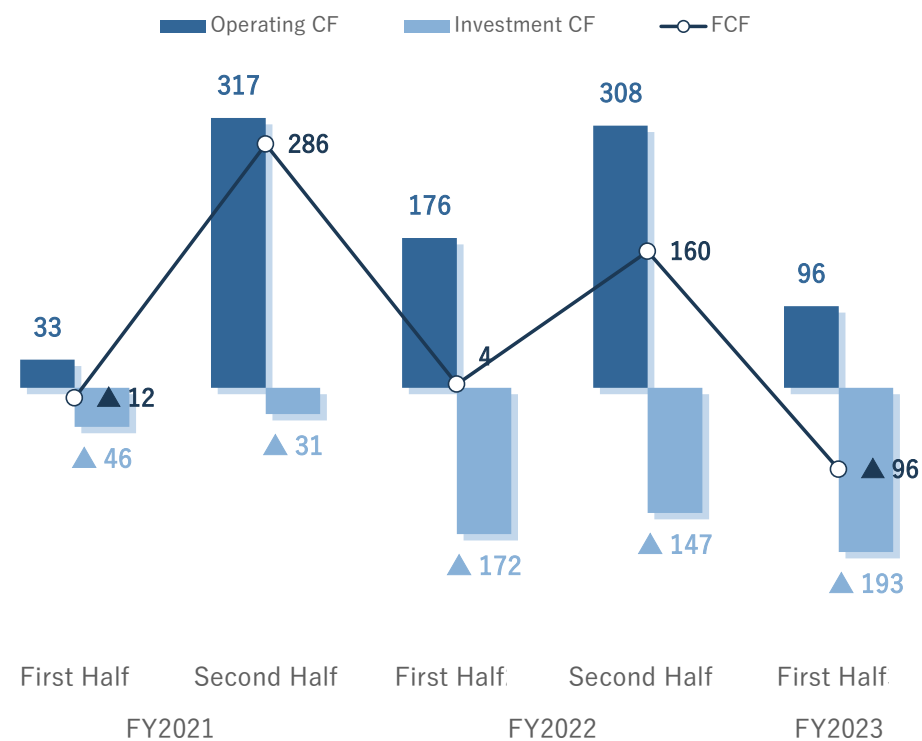
## cash flow

- The FCF for the first half of the 2023/3 fiscal year was a deficit of just under 100 million yen. Borrowings and cash on hand.
- In the 2023/3 fiscal period, the company plans to expand investment in growth such as opening new stores, family care, and operating facilities for the elderly. First-half investment CF payments of 190 million yen hit record high

### Cash Flow Trends

(million yen)	2022/3 Period		2023/3 Period first half	Year-on-Year
	first half	second half		
<b>Operating CF</b>	176	308	96	▲ 79
Income before income taxes	220	266	263	42
Depreciation and amortization	31	36	36	4
Amortization of goodwill	4	6	5	0
Increase (decrease) in receivables and payables	39	▲ 98	▲ 34	▲ 73
<b>Investment CF</b>	▲ 172	▲ 147	▲ 193	▲ 20
Capital investment, etc.	▲ 169	▲ 137	▲ 130	39
<b>FCF</b>	4	160	▲ 96	▲ 100
<b>Financial CF</b>	18	▲ 1	56	38
Increase (decrease) in loans	18	▲ 135	30	11
issue of new shares	-	134	26	26

\*Free CF = Operating CF + Investment CF



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Ending March 2023)
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## earnings outlook

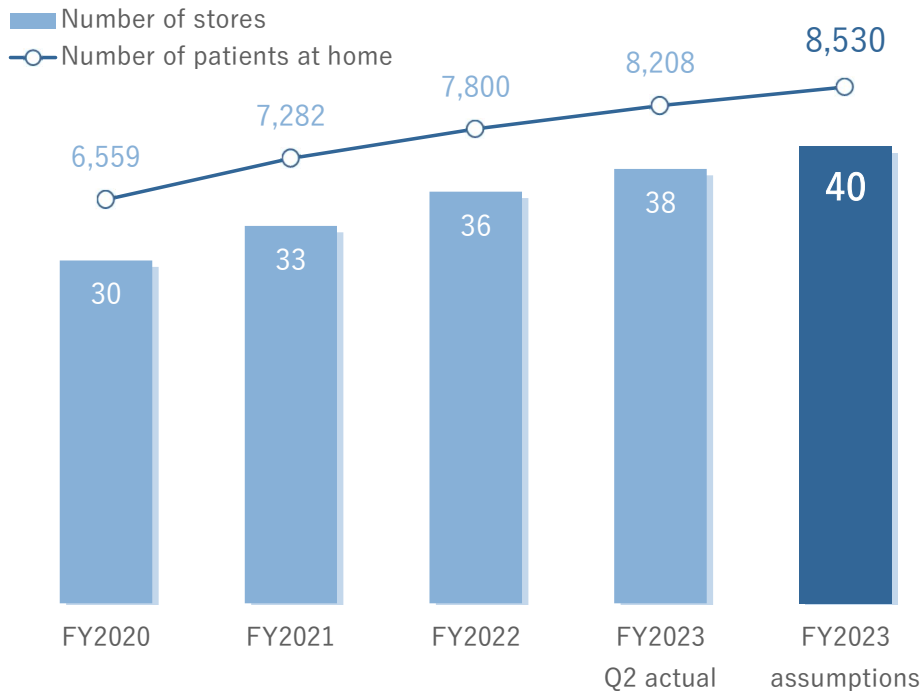
- The full-year forecast for the 2023/3 fiscal year remains unchanged. While the new business burden will increase, the Kirari Prime business will be the driving force behind the increase in sales and profits due to the increase in the number of franchisees. Home visit pharmacy business is strong
- The home-visit pharmacy business, which grew in the first half, is expected to continue to grow. The Kirari Prime business is expected to see an increase in the number of franchisees from October.

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

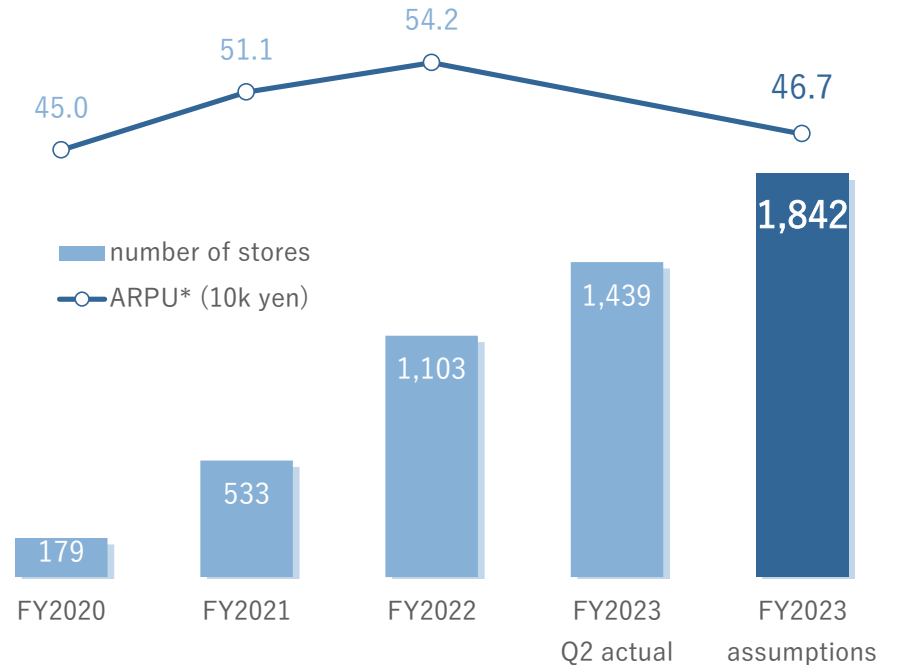
# KPI assumptions

- The home-visiting 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



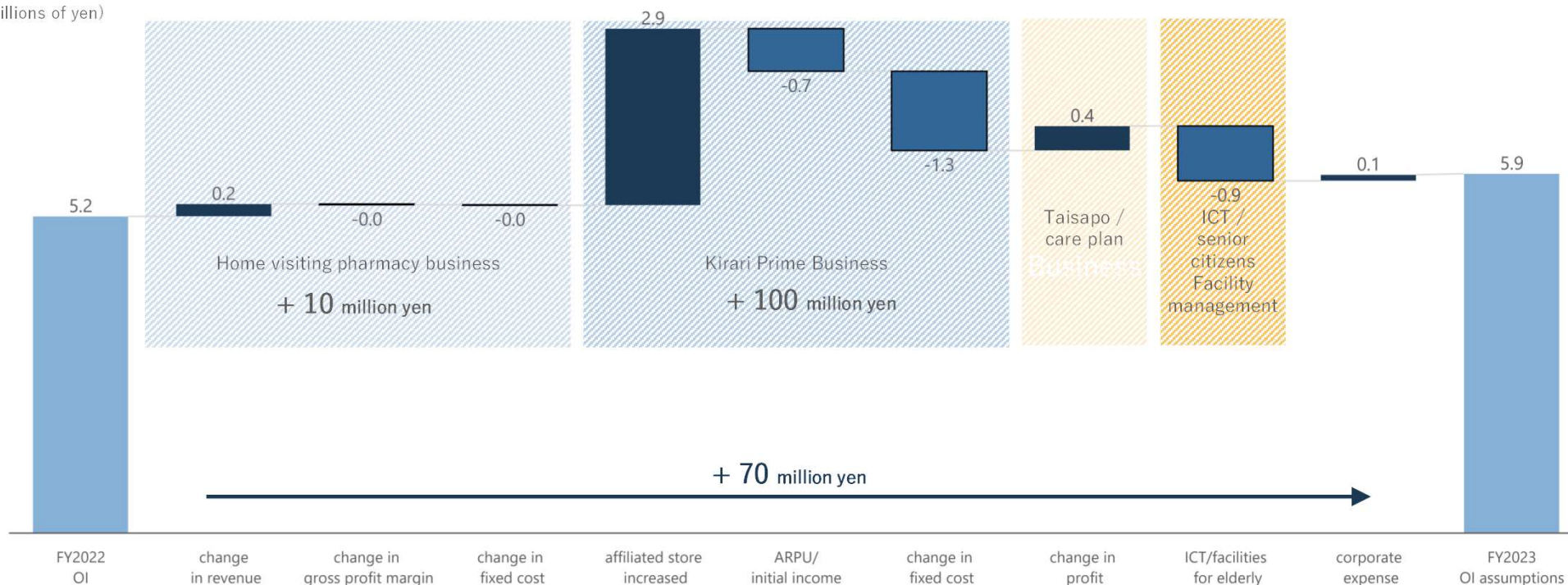
\*ARPU = Kirari Prime sales (including initial revenue)/average number of stores at beginning and end of period

# Analysis of Factors Affecting Estimated Changes in Operating Income

- assumption that the investment burden for growth will temporarily slow the profit growth pitch
- The home-visit pharmacy business is expected to be affected by changes in purchase prices due to the revision of drug prices, but is expected to secure higher profits than the previous fiscal year. Sales promotion costs for acquiring and supporting franchisees in the Kirari Prime business and initial start-up costs in new businesses are expected to slow profit growth

## Factors affecting operating income

(0.1 billions of yen)

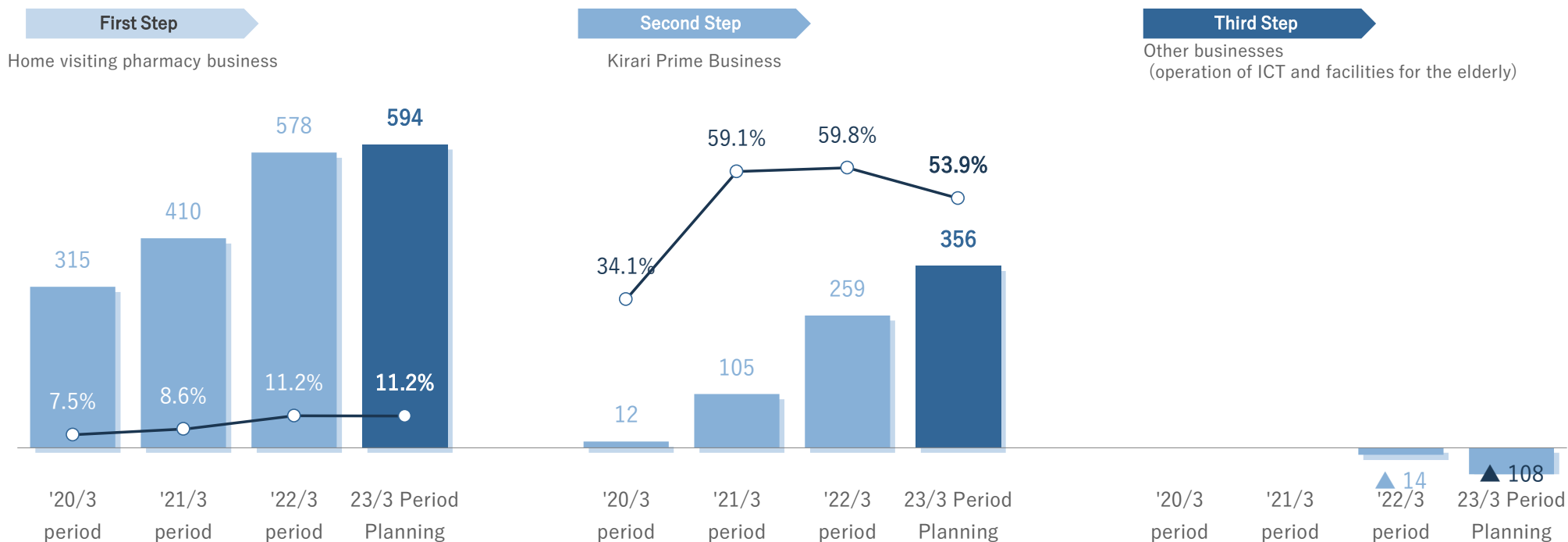


# Performance forecast by segment

- In the home-visit pharmacy business, we will continue to increase sales while maintaining profit margins through stable store openings.
- The Kirari Prime business saw a 37% increase in profits despite lower profit margins due to prioritizing merchant acquisition and merchant support
- Other business expected to contribute to results after FY2024

## Segment Profit Segment Profit Margin

(million yen) (%)



# Action Plan for Fiscal FY2023

## Home visiting 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

In progress

- Actively respond to deregulation of online medication instruction for elderly facilities (see Topic)( 7,520 for the first half of fiscal 2023)

## 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

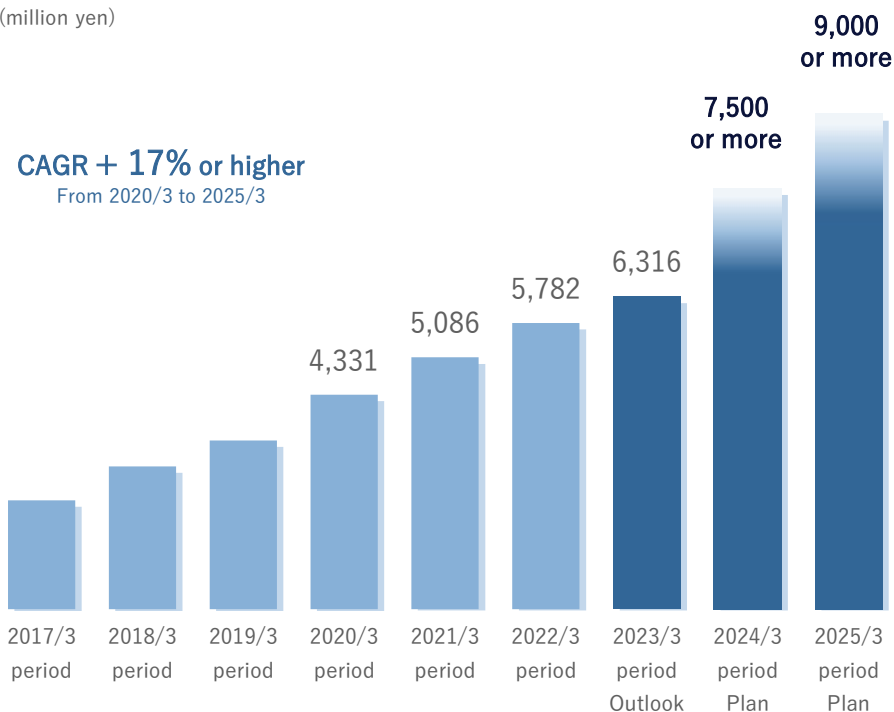


## medium-term growth plan

- 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.

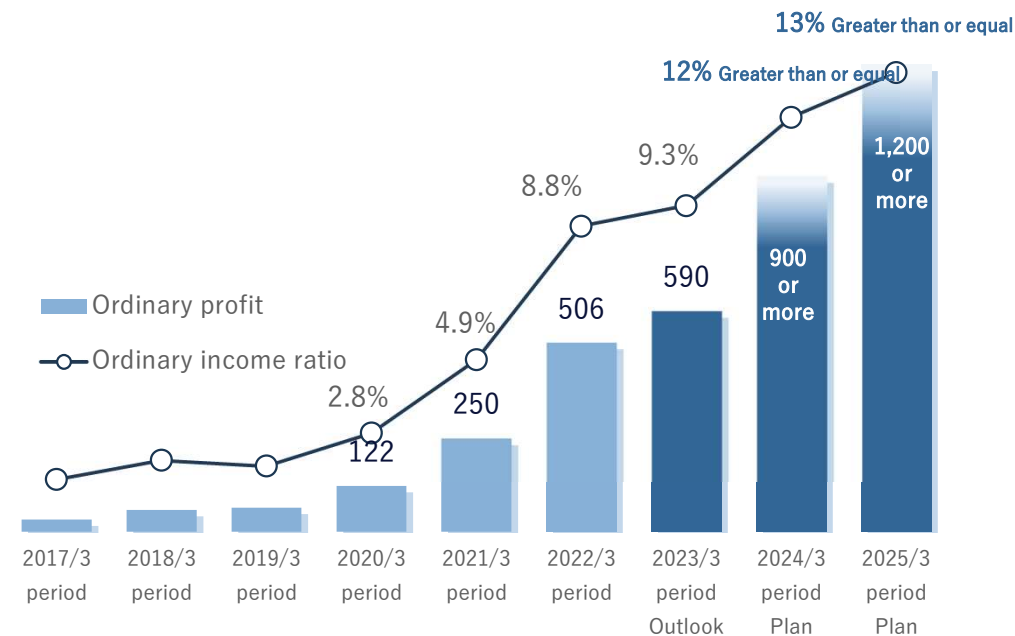
### Net sales

(million yen)



### Ordinary Income/Ordinary Income Ratio

(million yen) (%)

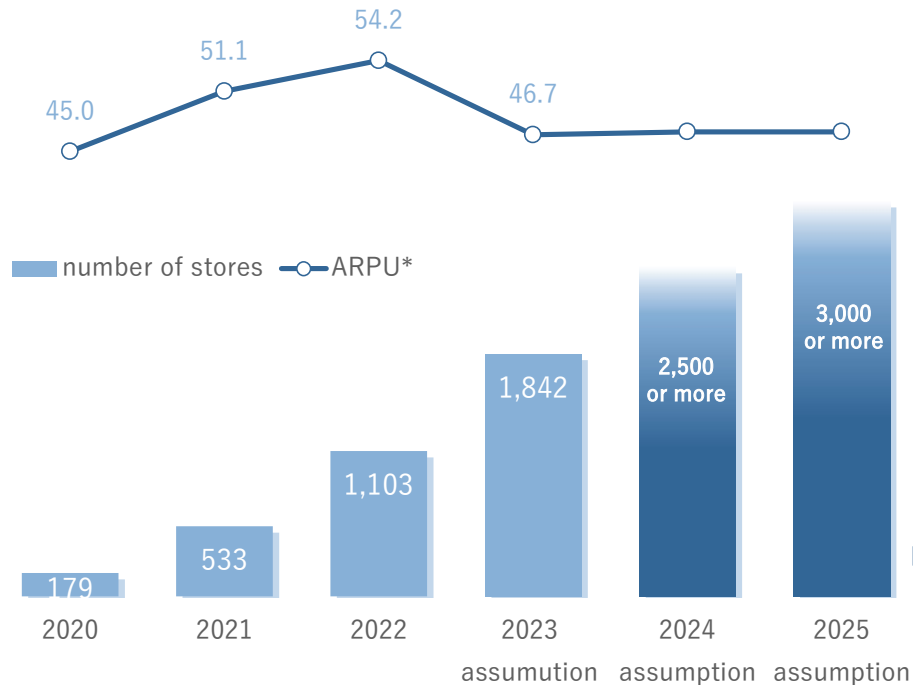


# Kirari Prime Business Strategy

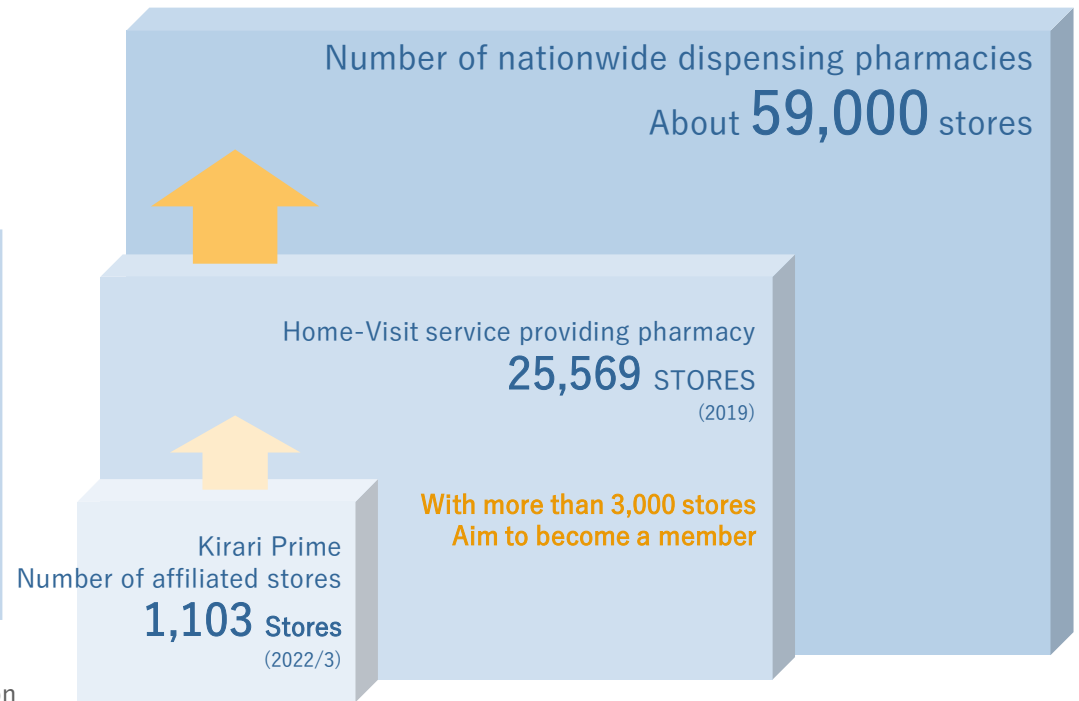
- The number of affiliated stores will increase to more than 3,000 by fiscal 2025/3. The target is about 26,000 pharmacies that conduct home visits. plans to take in more than 10% of the total
- Provide know-how and infrastructure services to member pharmacies. Improve the efficiency of pharmacy operations 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

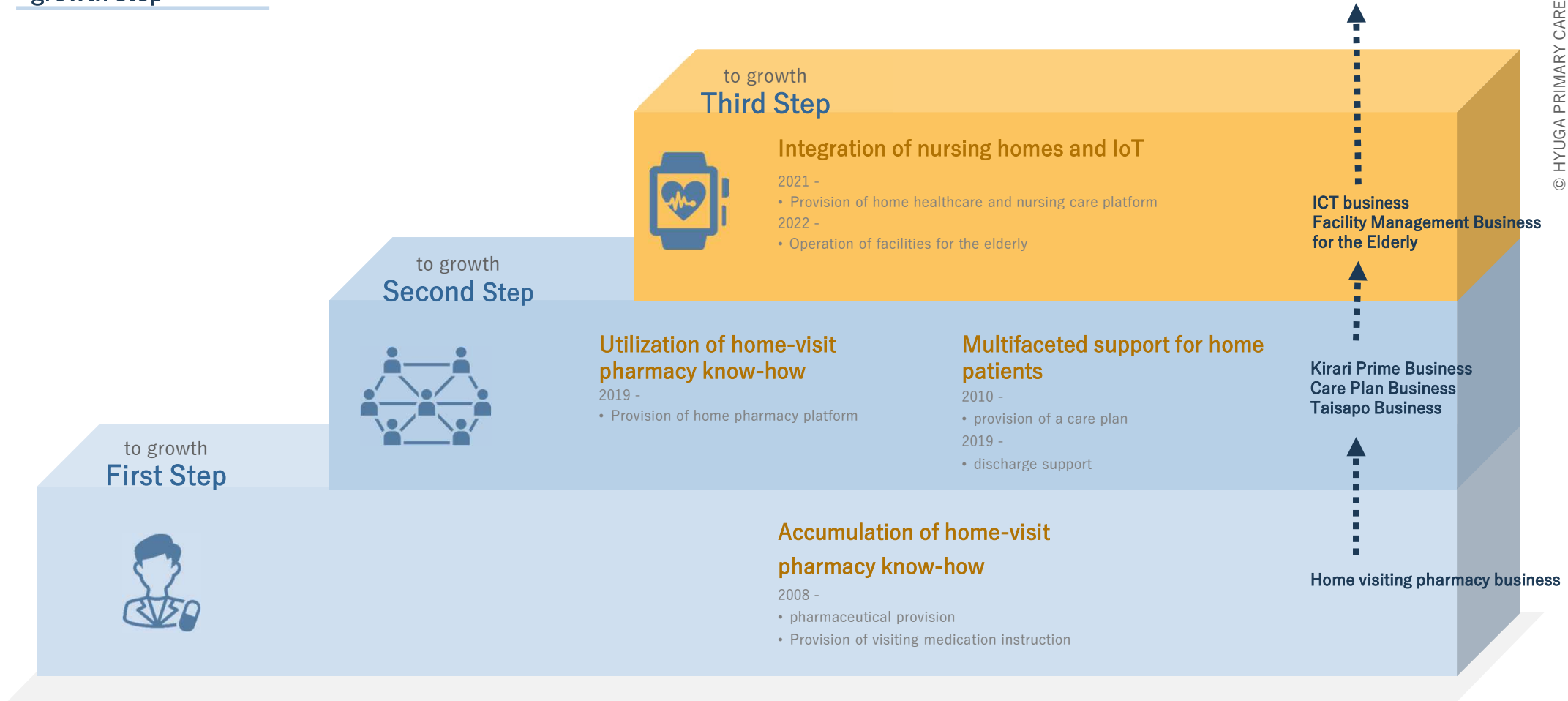


\*ARPU = Kirari Prime net sales (including initial revenue)/average number of stores at the beginning and end of the period

# Strengthening the Third Step to Growth (1)

growth step

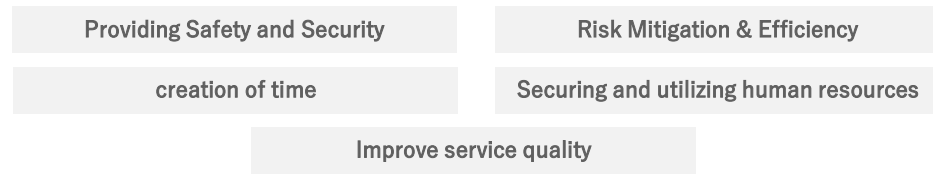
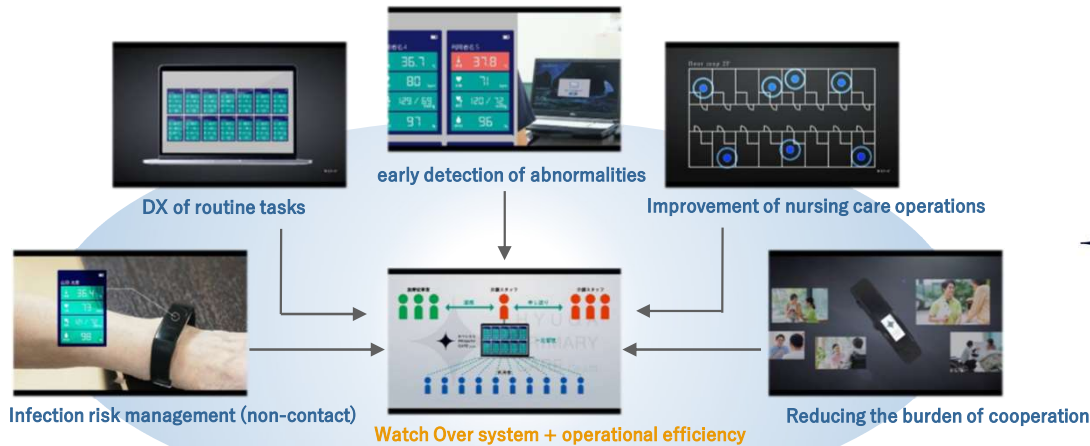
Expanding platform for comprehensive community care system



# Strengthening the Third Step toward Growth (2) ICT Business

## Primary Care Robot®

Watch Over system



Improvement of patient QOL    Construction of sustainable care system

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



HYUGA  
PRIMARY  
CARE Co.,Ltd.

long-term stable transaction

patient  
nursing home



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

- Started operation of facilities for the elderly. The facility is scheduled to open in December 2022 (recruitment of residents will start in August).
- 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

- Scheduled to open in December 2022 (tenant recruitment scheduled to start in August)
- Location: Kasuga City, Fukuoka Prefecture
- Borrowed a large facility for the elderly with a capacity of 100 people
- Installation of solar power generation and electric vehicle charging facilities
- Aiming for local production and consumption of meals in facilities
- Providing regular and as-needed home-visit nursing care services \*** for facility residents

\*About Home-Visit Nursing Services for Periodic and as-needed Nursing Care: ...

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

Users 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

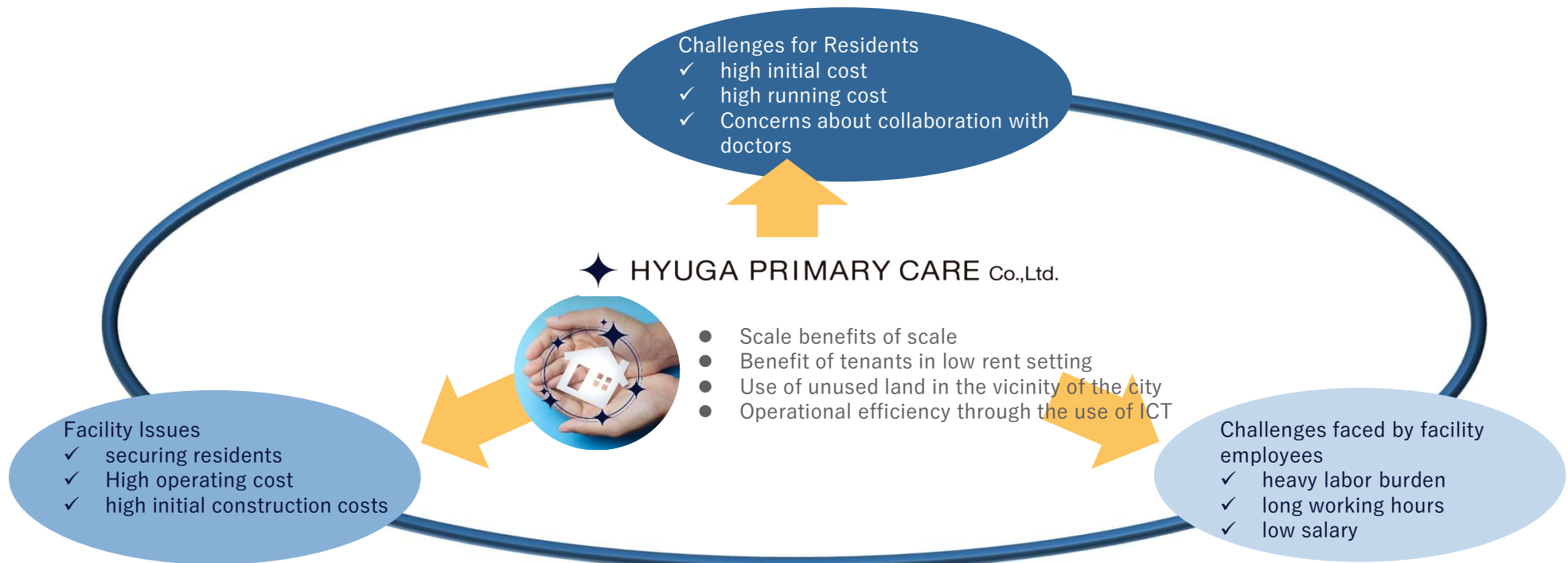
	Our nursing care services	Home-Visit Pharmacy Business
<b>Periodic patrol</b>	10 to 15 minutes at a time offered multiple times a day	<b>Periodic home visits</b> to provide medication instructions
<b>Responding</b>	Required services are <b>arranged 24 hours a day, 365 days a year</b>	<b>24 Hours 365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

\*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 (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.



# Sustainability management

## Our company's approach to sustainability management

HYUGA PRIMARY CARE Co., Ltd.

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

In order to realize this management philosophy, our company

- I. Contributing to the enhancement and development of community health care
- II Provision of 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 with these and other initiatives.

Going forward, we plan to review the plan and publish a Sustainability Report on our company's philosophy and initiatives.

In the second quarter of the fiscal year ending March 2023, we report on the status of the current materiality review  
(see next page).



# 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 platform 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>

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# 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 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

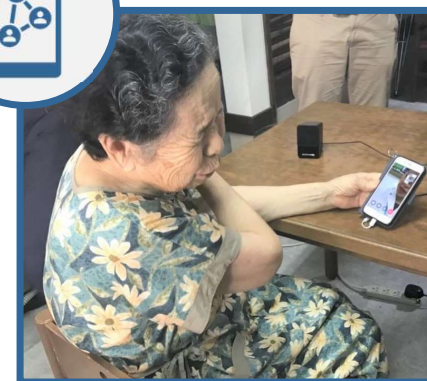
c 情報通信機器を用いたオンライン診療については、初診からの実施は原則、かかりつけ医による実施（かかりつけ医以外の医師が、あらかじめ診療録、診療情報提供書、地域医療ネットワーク、健康診断結果等の情報により患者の状態が把握できる場合を含む。）とする

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）】



# Began accepting applications for the operation of facilities for the elderly

## Applications for admission to "Primary Care Home Hyuga Kasuga Chikushidai" open \*

- Expected to open in January 2023 (occupancy will begin after opening)
- 132 1, Chikushidai 5-chome, Kasuga, Fukuoka 816 0822, Japan
- A large senior citizen facility with a capacity of 102 is leased and operated by our company on a lump sum basis.
- The facility will be equipped with solar power and electric vehicle charging facilities, and meals will be prepared for local consumption with consideration for ESG.
- Our company provides home nursing care services for residents of nursing homes on regular visits and as needed.
- We can provide medical, nursing and nursing care 24 hours a day, 365 days a year in collaboration with cooperating medical institutions.
- Contributes to the improvement of QOL of users and patients in our company's home visiting pharmacy, care plan, ICT, Tai Sapo and Kirari Prime businesses by improving services through inter-business collaboration.
- We have set up a cost structure that is friendly to residents so that even if the level of care increases, they can still live in the facilities they are accustomed to until the end of their lives.



区分	1室	2室	3室	4室
定額	46,000円	43,000円	35,000円	13,000円
定額	46,000円	43,000円	35,000円	142,000円
定額	46,000円	43,000円	35,000円	102,000円
定額	46,000円	43,000円	7,000円	92,000円
定額	46,000円	43,000円	0円	83,000円

\*<https://www.hyuga-primary.care/ja/news/news-20220831pch.html>

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## Financial Highlights

		Period 10	Period 11	Period 12	Period 13	Period 14	Period 15
year of settlement		March 2017	March 2018	March 2019	March 2020	March 2021	March 2022
Net 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
Profit attributable to owners of 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 issued shares	(share)	10,900	11,074	11,074	11,074	11,369	3,499,100
Total 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	4.00	4.27	9.90	28.99	95.8
Capital adequacy 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 Flows	(thousands of yen)	-	-	-	34,733	351,821	484,597
Cash flows from investing activities	(thousands of yen)	-	-	-	▲165,236	▲77,591	▲320,255
Cash flows from financing activities	(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 temporary employees)	(Person)	150 (58)	190 (59)	226 (68)	283 (93)	312 (96)	329 (102)

# Home visit pharmacy business

## About the Home-Visit Pharmacy Business

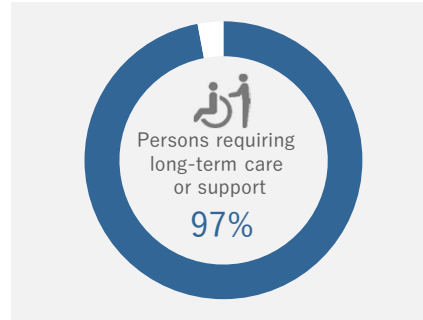
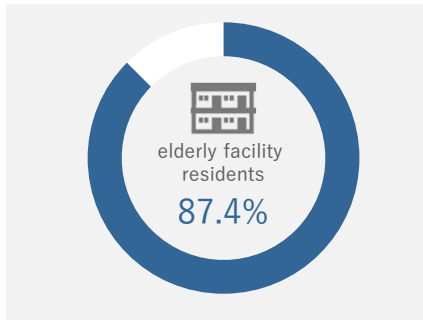
One of the social infrastructures that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

### 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

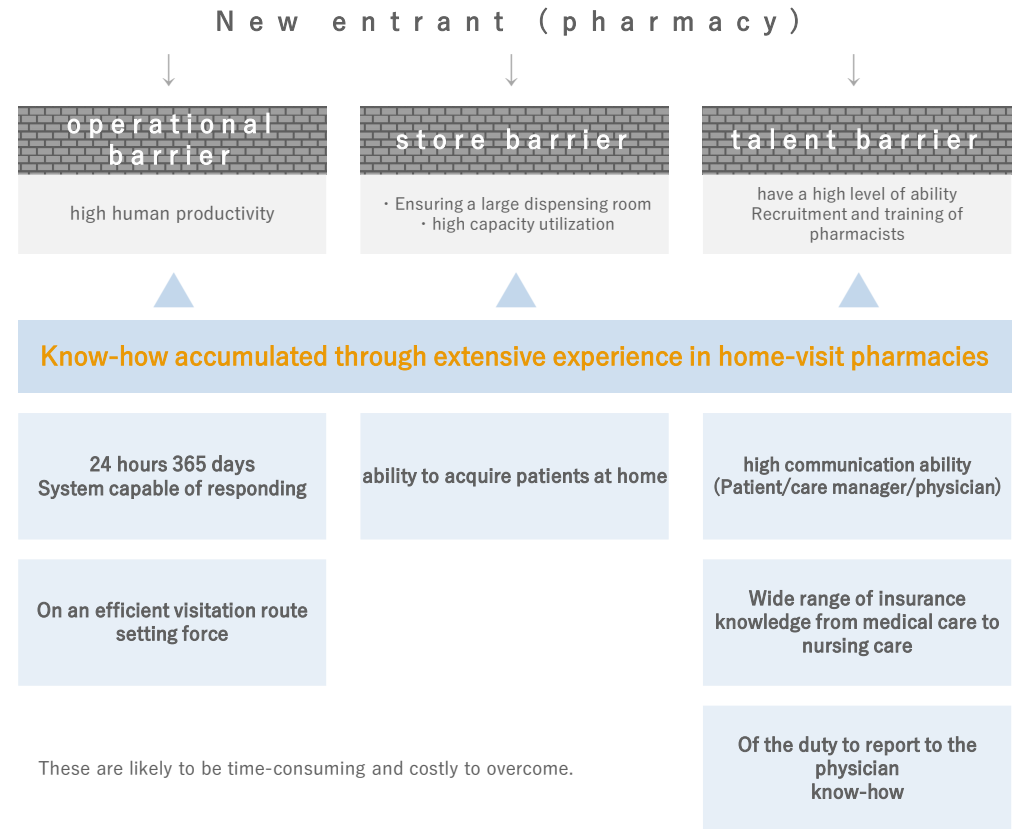
## patient attribute

(As of March 31, 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 Onojo

- The size of the dispensary is 65 m<sup>2</sup> (approximately 20 tsubo), and there are approximately 5 full-time equivalent pharmacists.
- More than 3 times the size of the standard 18.9 m<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.



A 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"



patients

Pharmacist

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  
Leverage not only oral but also in-house home medication support system



Pharmacist

Doctor

Consult with doctors to suggest changes to the best drug for each patient's situation. Also involved in prescription design



care manager

Pharmacist

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



Director of Facilities

Pharmacist

Meetings with the nursing home side take place as needed, including when new business is launched. Negotiation and sales skills are required while listening to the other party's needs.

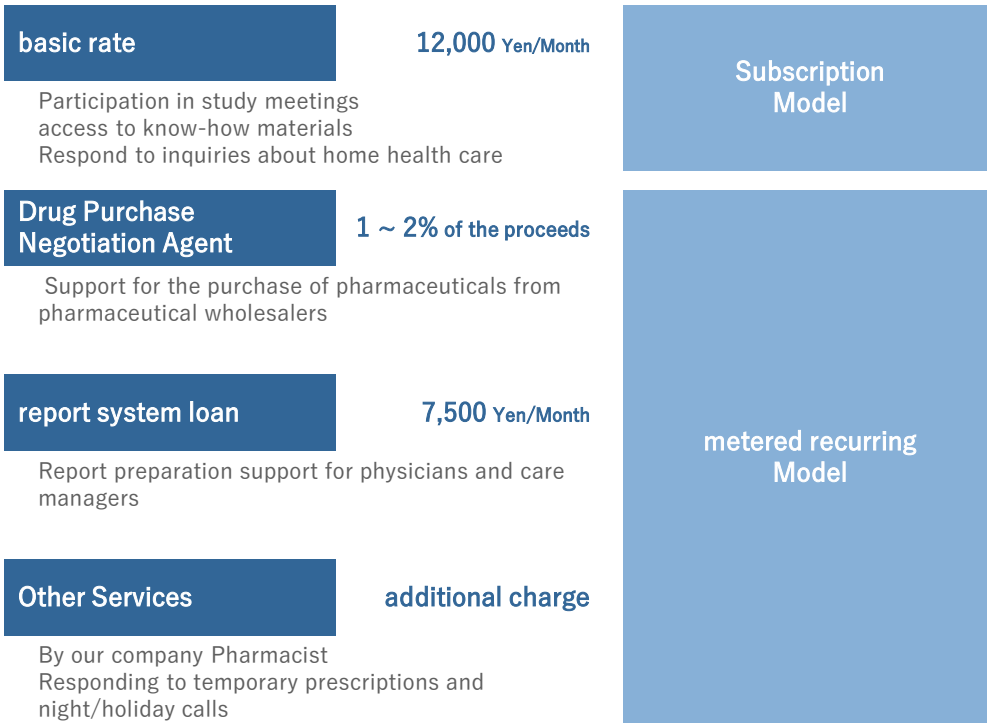
# Kirari Prime Business

## Business model and fee system

Share in Kirari Prime sales

**Subscription Recalling Sales Ratio 90%**

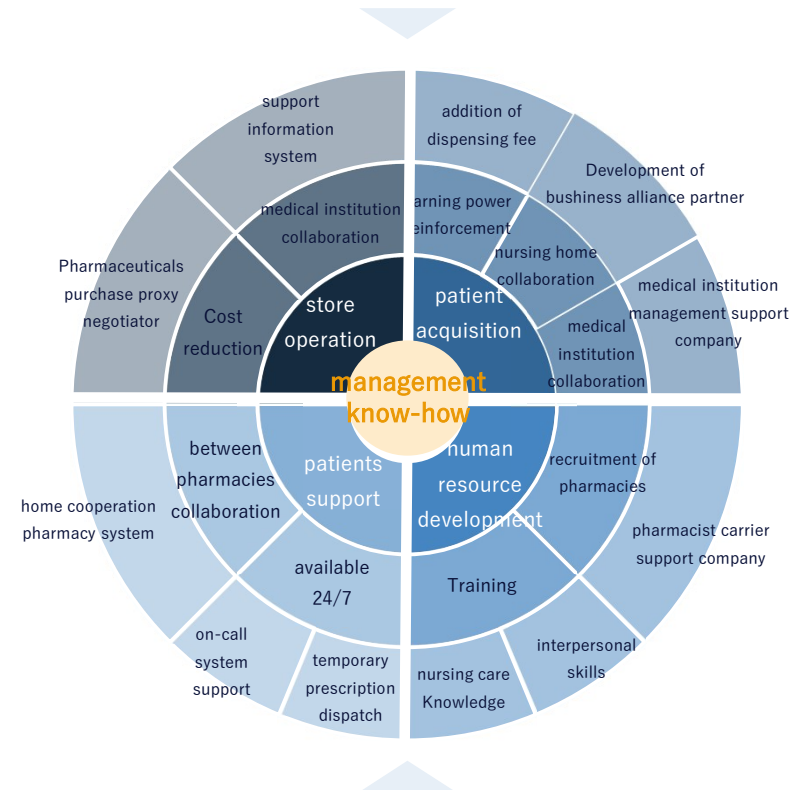
(Year ended March 2022)



## Competitiveness, Policy and Environment

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

Pharmacies near medical institutions → Home-visiting pharmacies / 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 pharmacies

# Taisapo Business/Care Plan Business

## Taisapo Business (Discharge Support)

Support for moving into a nursing home

Services to support discharge from hospital (nursing home). Started business in 2019  
Referral fees from resident facilities generate revenue, and patients are free of charge for services.

- Introduction 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



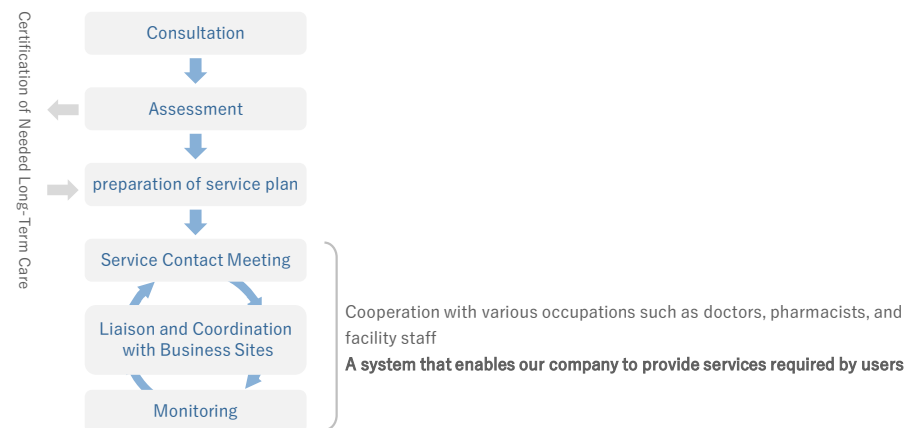
## Care Plan Business

coordination of care services

Started business in 2010. care managers coordinate care services, share information with related parties, and provide services needed by users in our company  
Under development as Care Plan Service Hyuga

- Care plan **approximately 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** and (actual results for the fiscal year ended March 2021)

\*Number of consultations from social workers and care managers



# Business Environment Summary

## 01 In addition to the 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 or older and elderly single households

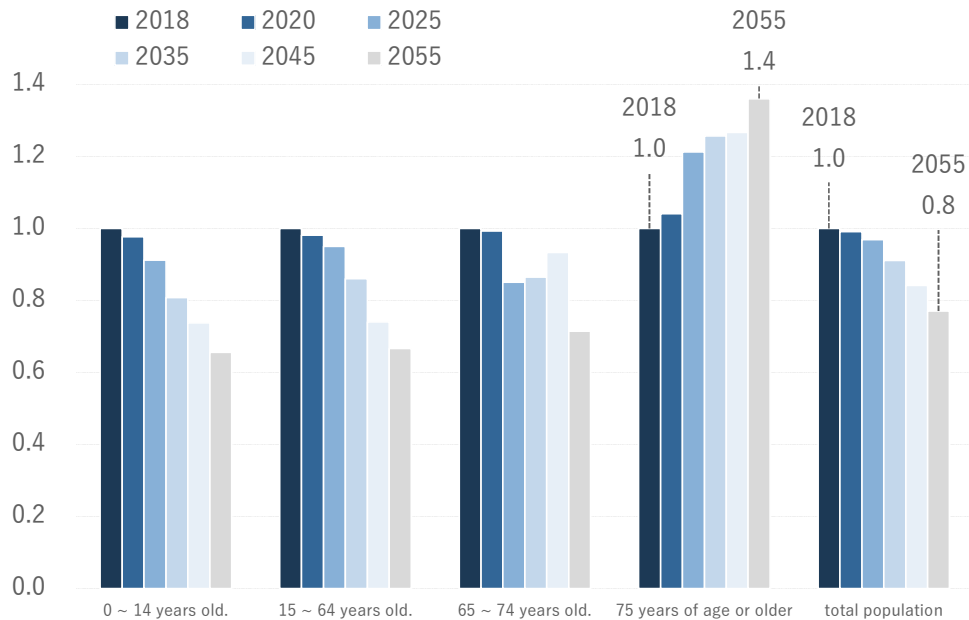
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period).  
The number of single households aged 65 and over is expected to increase, with a 1.5 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 = 1)

### Population aged 75 and over

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



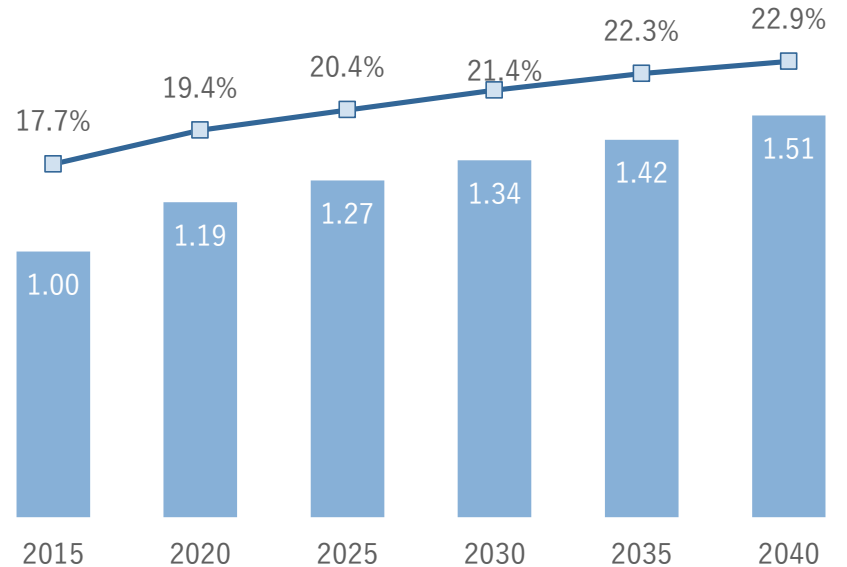
## Number of elderly single-member households \*

Households aged 65 or older and living alone (2015 = 1)

single elderly household

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

■ single living ■ Percentage of population aged 65 and over



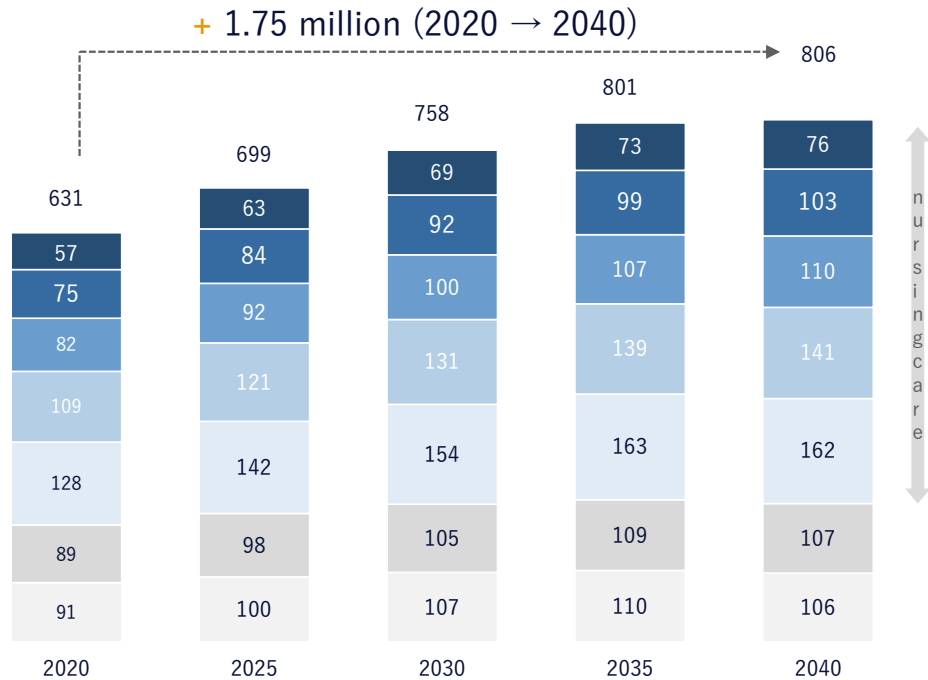
Source: Cabinet Office, Reiwa 2 White Paper on the Aging Society

# 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

(ten thousand)



## Rate of increase and number of increase by certified category

(From 2020 to 2040)

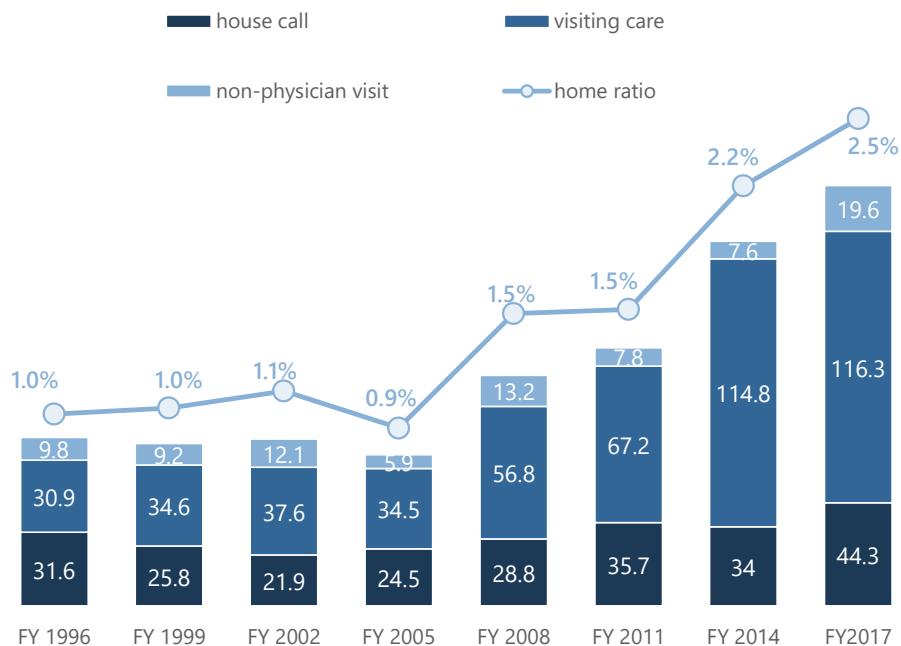
Category	rate of increase	increasing number
Care-requiring 5	33 %	190,000 people
Care-requiring 4	37 %	280,000 people
Care-requiring 3	34 %	280,000 people
Care-requiring 2	29 %	320,000 people
Care-requiring 1	27 %	340,000 people
Needed Support 2	20 %	180,000 people
Support Required 1	16 %	150,000 people
<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

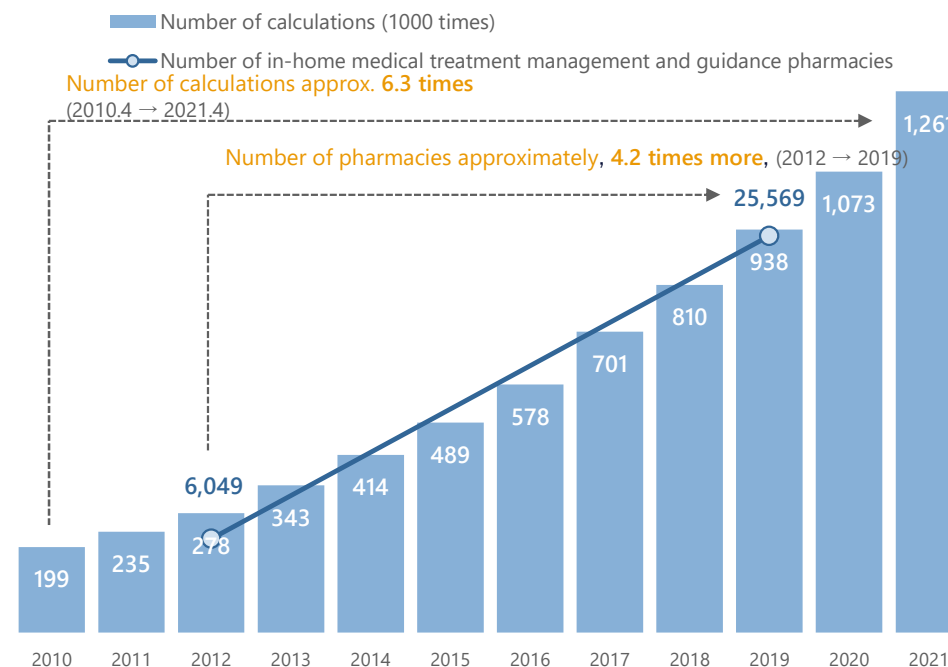
**Number of patients at home**  
**Ratio of home patients to all patients**

(1000/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 document

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.

Financial Results for the Fiscal Year Ended March 2023  
Second Quarter

HYUGA PRIMARY CARE Co., Ltd.

November 2022