

HYUGA PRIMARY CARE

Financial Results for the Fiscal Year Ended March 2024

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

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

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Summary for the Fiscal Year Ending March 2024

FY 2024 Results

Full-year operating profit increased 34%. Operating profit generated in the 4Q was 1.8 times year-on-year. Landing almost as expected

- Home-visit pharmacy business : Profit decreased due to persistently high cost ratio and labor shortage
  Impact on reduction of in-home patient intake and increase in personnel hiring costs
- Kirari Prime Business : Profits increased due to an increase in the number of affiliates and an increase in ARPU.
- Primary Care Home Business : Achieved full year profit due to close to full capacity.

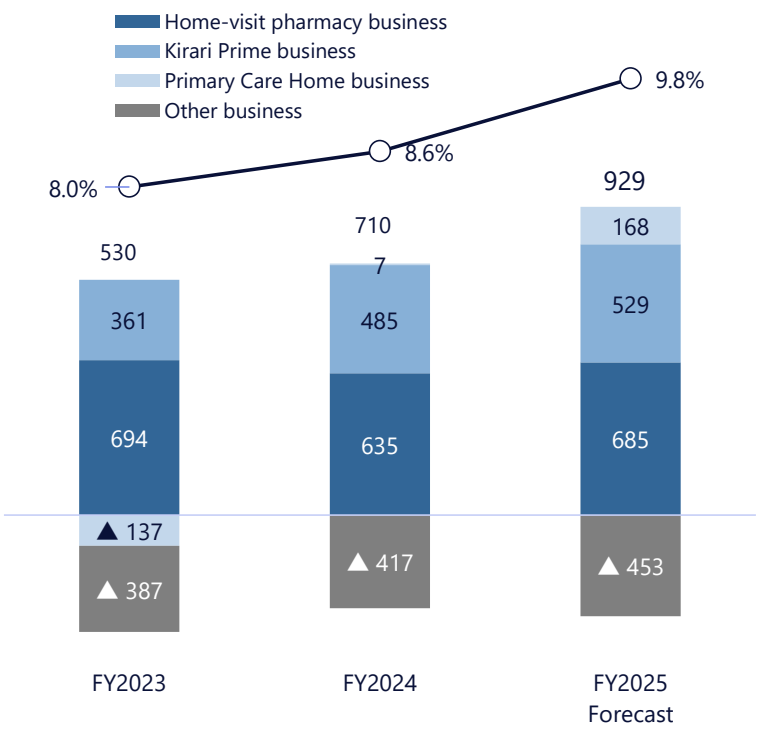
FY 2025 Forecast

Sales and operating income are expected to increase by 14.1% and 30.9%, respectively

- Home-visit pharmacy business : Relief of labor shortage, revision of dispensing fees,Reversal of profit increase due to normalization of cost ratio.
- Kirari Prime Business : Expect an increase in ARPU through the expansion of the service lineup.
- Primary care home business : Full contribution to full bed capacity led to company-wide profit increase.

Changes in operating income

(millions of yen)



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Company Profile/Vision

COMPANY

Company Profile

Company Name	HYUGA PRIMARY CARE Co., Ltd. (HYUGA PRIMARY CARE Co.,Ltd.)
Representative	President/Pharmacist Tetsuji Kurogi
Establishment	November 2007
Head Office	2-2-1 Kasugahara Kitamachi, Kasuga-city, Fukuoka
Composition of Officers	President and Representative Director — Tetsuji Kurogi Director — Kohei Shiroo Director — Takei Yamasaki Director, Chief Financial Officer — Tomoaki Onishi Director (Outside) — Shinjirou Ogawa Director (Outside) — Kyoko Saeki Full-time Corporate Auditor — Setsuo Matsui Corporate Auditor (outside) — Kota Takei Corporate Auditor (outside) — Nobuharu Kumamoto
Business Profile *	• Home-Visit Pharmacy Business (Kirari Pharmacy) • Kirari Prime Business • Primary Care Home Business (Primary Care Home Operation/Care Plan Service/Welfare Equipment Lending Service) • Other Business (TAISAPO Service/ICT)
Number of Employees	544 (as of March 31, 2024, not including temporary employees)

*Segment Change from March 2024

VISION

Vision



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

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Summary of Financial Results

- Net sales increased 24.5% year on year. Although growth in the home visit pharmacy business slowed due to limited human utilization, the Kirari Prime business and the primary care home business performed well.
- Operating income increased 34% year-on-year. Profit in primary care homes contributed
- almost as expected. By segment, while home-visit pharmacy business did not meet the initial non-consolidated expectations, Primary Care Home business was more than expected and adjustments were less than expected

(millions of yen)	FY2023	FY2024			Compared with the previous fiscal year ***		Forecast Difference (Consolidated)
	Actual (Non-consolidated)	Initial Assumptions (Non-consolidated)	Conventional assumption (Consolidated) *	**Results (Consolidated)**	Amount of Change	Rate of Change	
Sales	6,657	7,959	8,317	8,285	+1,628	+24.5%	- 32
Home-visit pharmacy business	5,821	6,217	-	6,531	+710	+12.2%	-
Kirari Prime business	634	864	-	836	+202	+31.9%	-
Primary Care Home business **	156	816	-	883	+726	5.6 x	-
Other business **	45	61	-	34	- 10	- 23.9%	-
Operating income	530	721	735	710	+180	+34.0%	- 25
Home-visit pharmacy business	694	762	-	635	- 59	- 8.5%	-
Kirari Prime business	361	481	-	485	+124	+34.4%	-
Primary Care Home business **	- 137	- 32	-	7	+145	Return to profitability	-
Other businesses **	0	0	-	- 9	- 9	-	-
Adjustments	- 388	- 489	-	- 408	- 20	increase in adjustment	-
Ordinary profit	557	720	730	716	+159	28.5%	- 14
Net income	382	496	587	441	+58	15.2%	- 146

*Earnings forecast announced on February 13, 2024
** Segment changes are applied retrospectively, and figures for the previous fiscal year and year-on-year changes are reclassified to the revised segment classification method.
*** Comparison with the previous fiscal year

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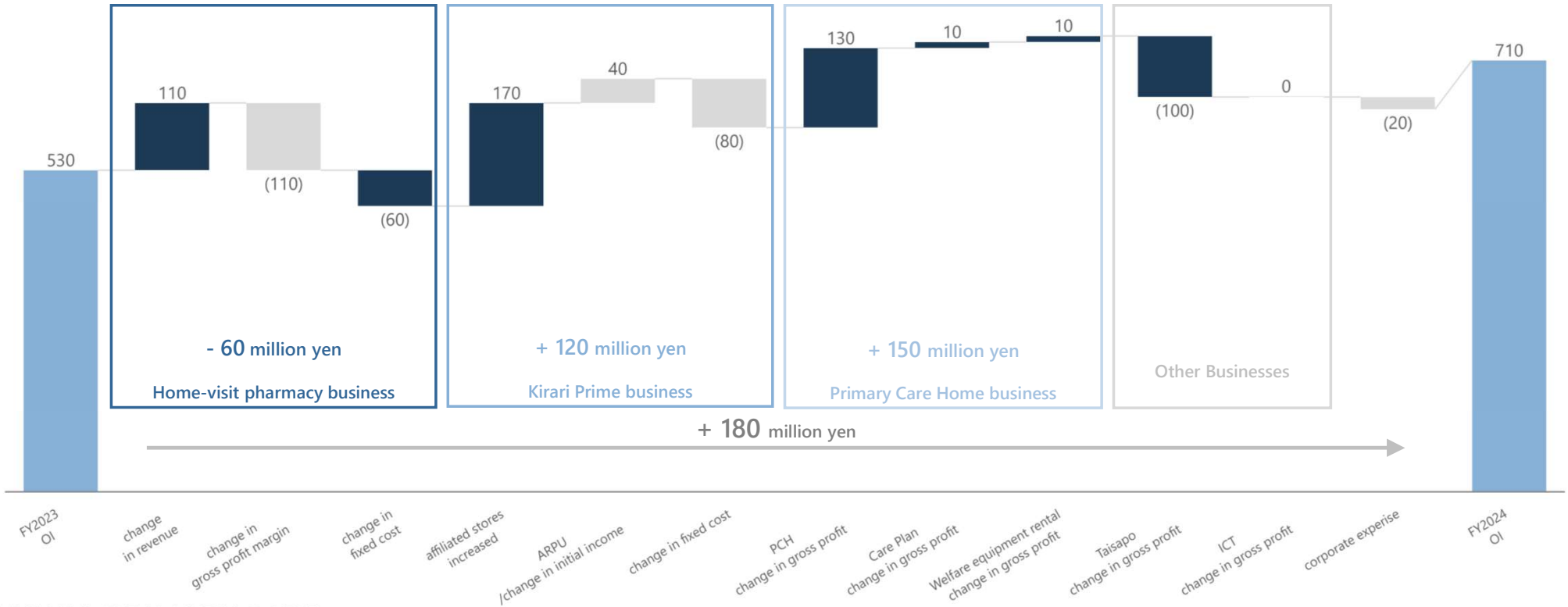
Analysis of operating income growth factors

- The Kirari Prime business and the Primary Care Home business led the company's earnings growth. The Kirari Prime Business contributed to the increase in the number of members. From the second half onward, the increase in ARPU was also effective, absorbing the increase in management costs. The primary care home business, whose upfront costs were a burden in the previous fiscal year, became profitable for the full year due to an increase in facility occupancy rates.
- On the other hand, the Home-visit pharmacy business posted an increase in revenue due to an increase in store openings, but profit declined due to an increase in the volume of oral medications for COVID-19. The cost of hirrng new empoyee was also heavy.

Operating Income Factors

(millions of yen)



・PCH (Primary Care Home)

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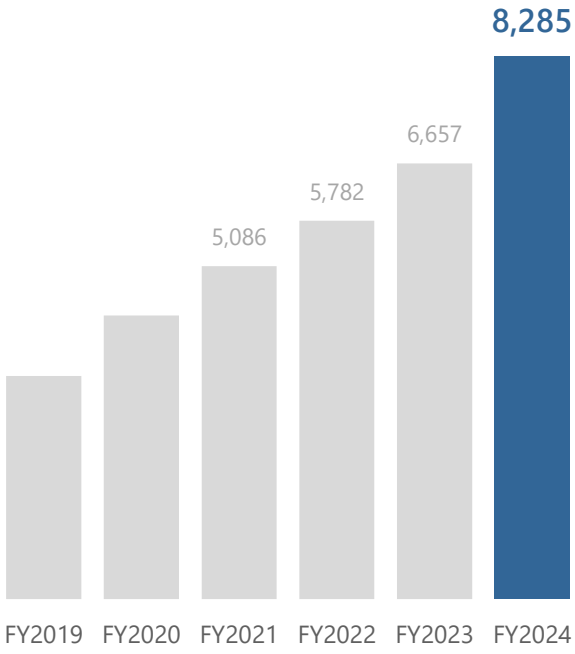
Performance/Sales Structure

- Sales increased steadily. In terms of revenue, the Primary Care Home business gained 8.3 points. The Kirari Prime business also steadily increased.
- Although the ordinary profit margin recovered from the previous fiscal year, it was affected by an increase in the cost of hiring personnel in the Home-visit pharmacy business and a decline in profit margin due to continued distribution of COVID-19 oral drugs.

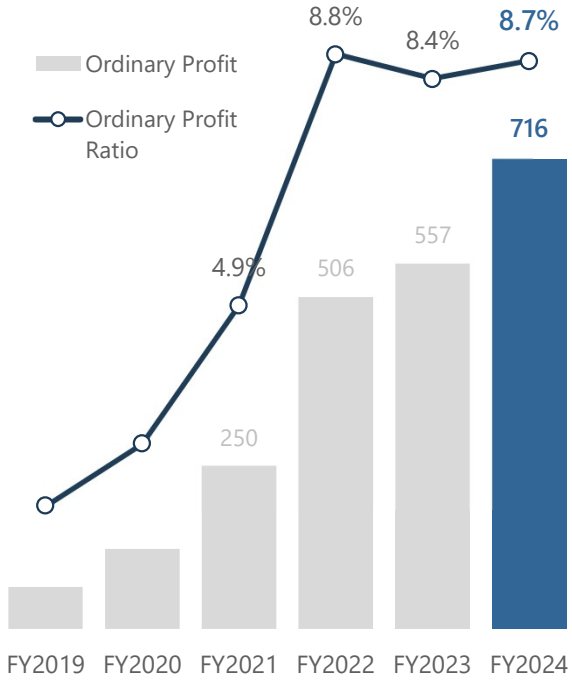
Sales

(millions of yen)



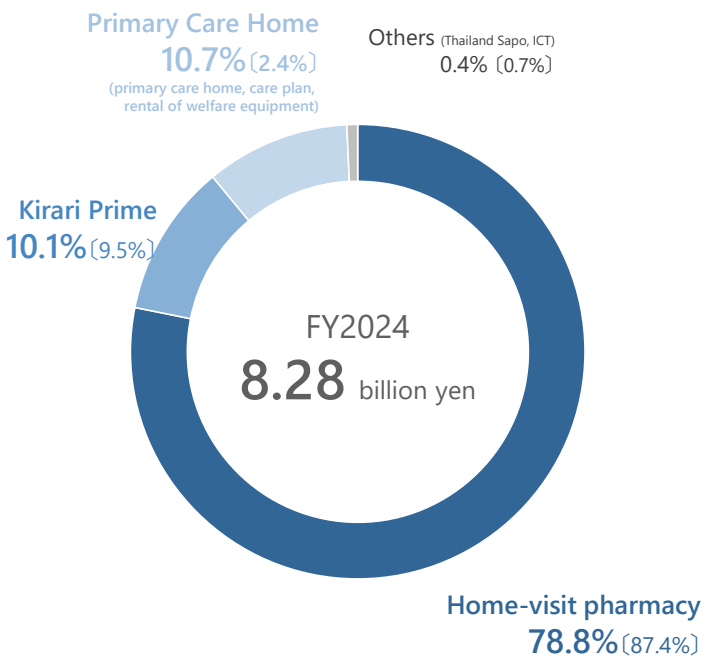
Ordinary Profit/Ordinary Profit Ratio

(millions of yen) (%)



Net Sales Ratio

(%) [] is year-on-year *



*The segment changes were applied retrospectively, and the figures for the previous fiscal year and the previous fiscal year are reclassified to the segment classification method after the change.

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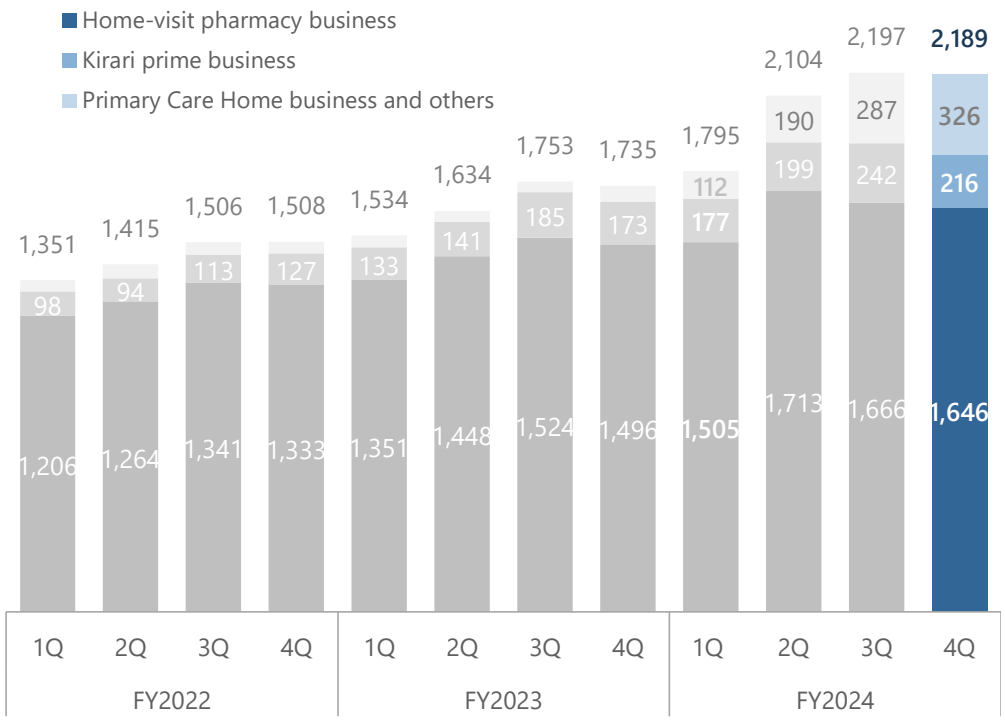
Quarterly Financial Results (1)

- 4Q sales decreased slightly from 3Q. Restrained intake of the Home-visit pharmacy business and reduced number of spot deals in the Kirari Prime business
- Gross profit and operating profit also decreased year-on-year. The impact was mainly due to an increase in hiring costs for the home-visit pharmacy business.

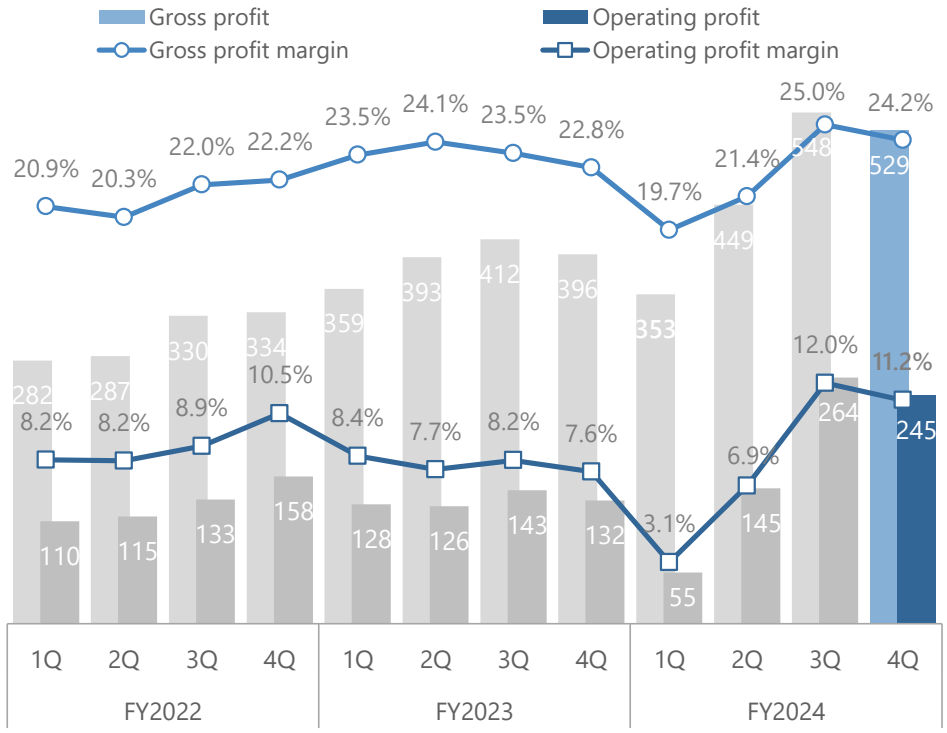
Composition of net sales

(millions of yen)



Gross profit and operating profit

(millions of yen) (%)



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Quarterly Financial Results (2) By Segment

- By segment, home visit pharmacy business and Kirari Prime business saw a decline in revenue and profit from 3Q.
- In the primary care home business, sales increased as occupancy of the second building progressed steadily. Segment profit increased 1.7 times from 3Q

(millions of yen)	2023/3				2024/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	1,534	1,634	1,753	1,735	1,795	2,104	2,197	2,189
Home-visit pharmacy business	1,351	1,448	1,524	1,496	1,505	1,713	1,666	1,646
Kirari Prime business	133	141	185	173	177	199	242	216
Primary Care Home business	32	32	33	57	106	181	276	319
Other Businesses	17	11	9	8	6	9	11	7
Operating income	128	126	143	132	55	145	264	245
Home-visit pharmacy business	153	185	171	184	124	173	172	164
Kirari Prime business	70	73	115	101	90	115	154	124
Primary Care Home business	- 14	- 26	- 37	- 60	- 38	- 28	27	47
Other Businesses	4	-0	- 1	- 2	- 3	- 1	- 0	- 3
Adjustments	- 85	- 106	- 104	- 91	- 116	- 113	- 90	- 88
Ordinary profit	137	125	142	151	55	144	266	250
Net income	91	87	81	122	36	98	182	124

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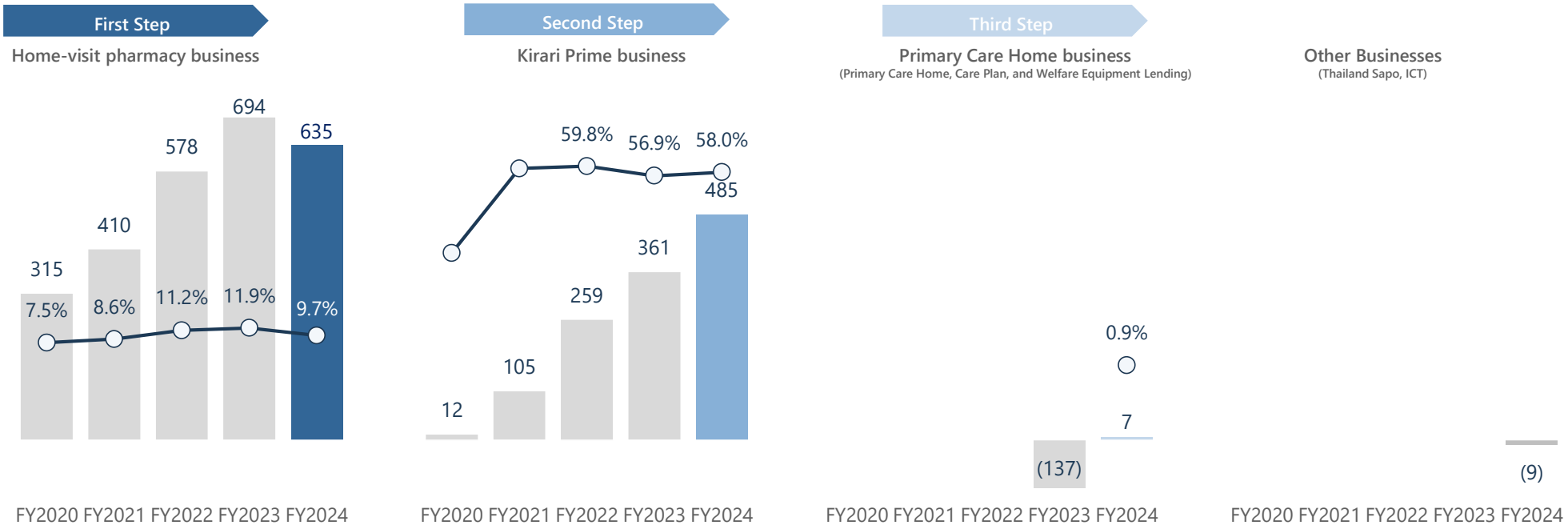
Operating Income by Segment

- The home-visit pharmacy business, which is the first step in growth, saw a decline in profit due to an increase in the volume of oral medication handled by COVID-19, an increase in recruitment costs, and a reduction in the number of home patients.
- The Kirari Prime business, which is the second step, is doing well. Profit margins also increased due to an increase in the number of members and ARPU.
- The Primary Care Home business, which is the third step, achieved profitability for the full year. Investment will continue.

Segment profit and profit margin

(millions of yen) (%)



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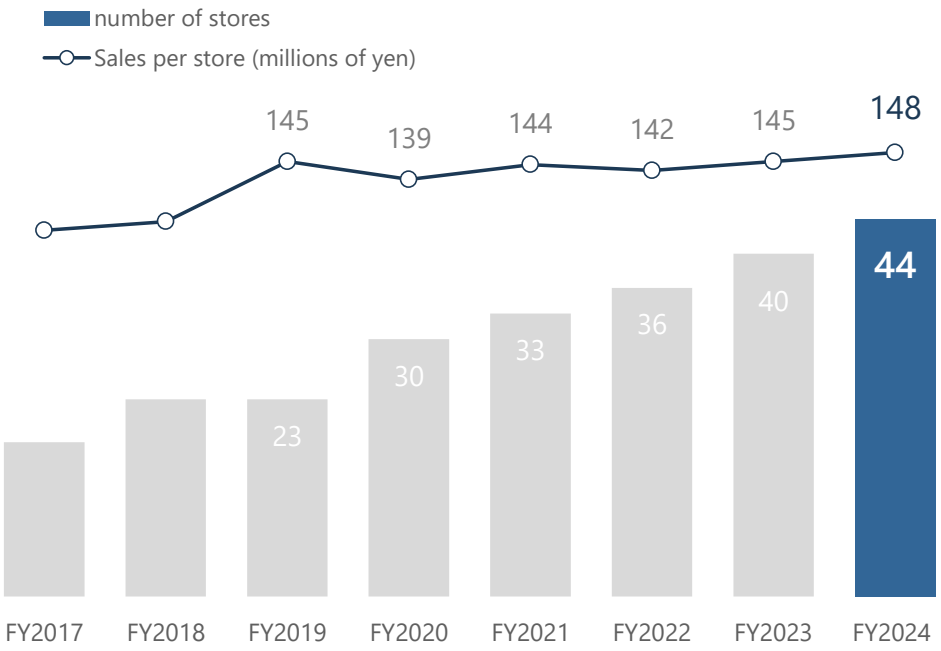
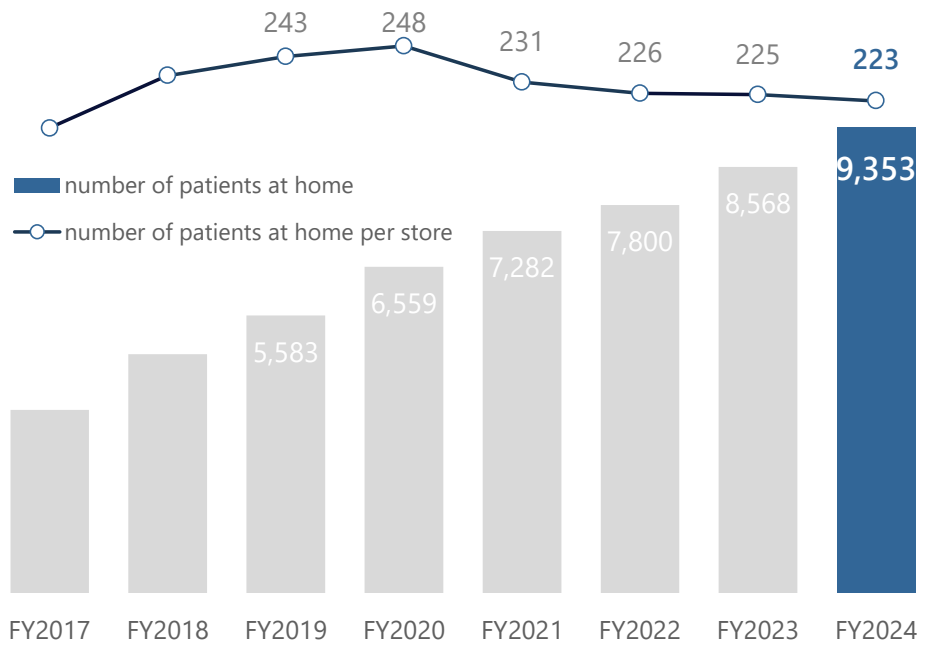
Home Visit Pharmacy Business KPI

- Store count: 44 stores, up 4 from the end of the previous fiscal year. Sales per store rose to 150 million yen, urgent need to reduce on-site load
- The number of home visitors increased by 785 to nearly 9,400 due to the increase in stores. However, considering the on-site load, the number of patients per store will be gradually reduced from about 220 to about 200.

Sales and number of stores



Number of patients visiting at home



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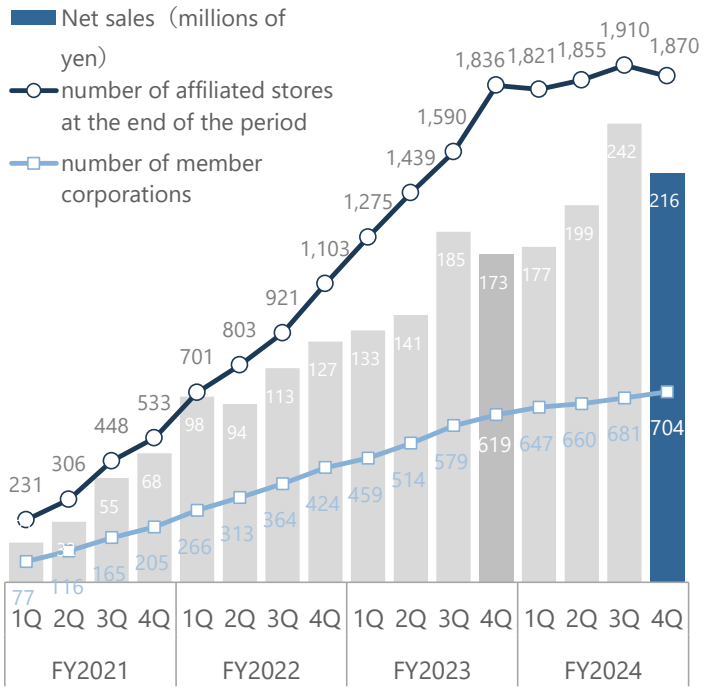
*Sales per store (1 million yen) = Sales ÷ Number of stores at the end of the period/** Number of patients per store (number of patients) = Number of patients at home at the end of the period ÷ Average number of stores at the end of the period

Kirari Prime Business KPI

- Net sales remained at cruising speed excluding the impact of the 3Q Spot project. 4Q net sales increased 25% year on year, and the number of affiliates increased steadily. The number of affiliates decreased compared to 3Q, but the impact on sales was limited because only the basic membership fee was applied to stores.
- ARPU increased by 14,000 yen in 4Q compared to the same period last year. ARPU of new franchisees increased 2.2 times to 130,000 yen from 58,000 yen in the same period last year.

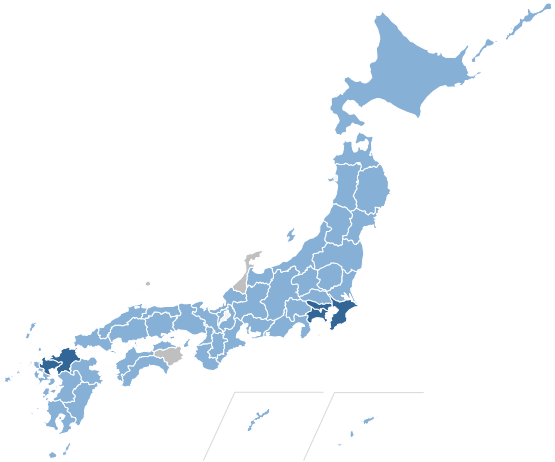
Sales, number of affiliated stores, and number of member corporations



Development

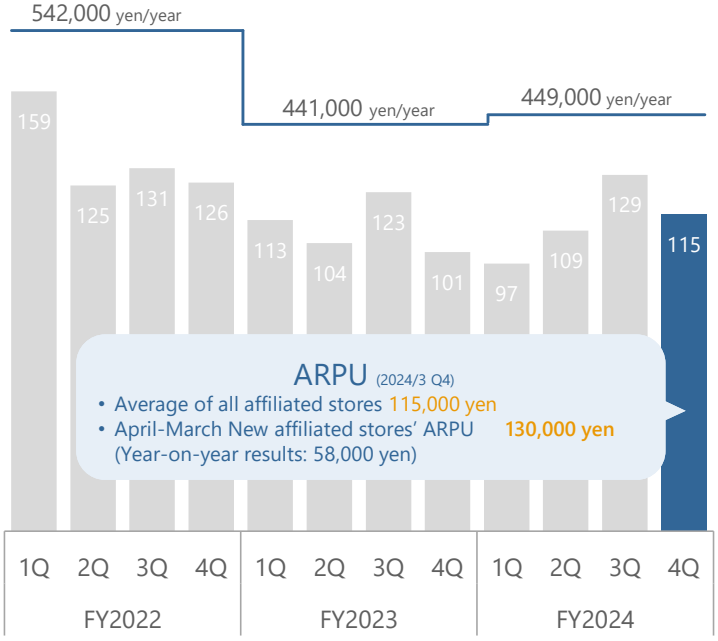
Kirari Pharmacy	5 prefectures	44 stores
Affiliated pharmacies	45 prefectures	1,870 stores

(As of March 31, 2024)



Kirari Prime ARPU**

(thousand of yen/quarter)



**ARPU= Kirari Prime Sales (including initial revenue)/Average number of stores at the end of the period

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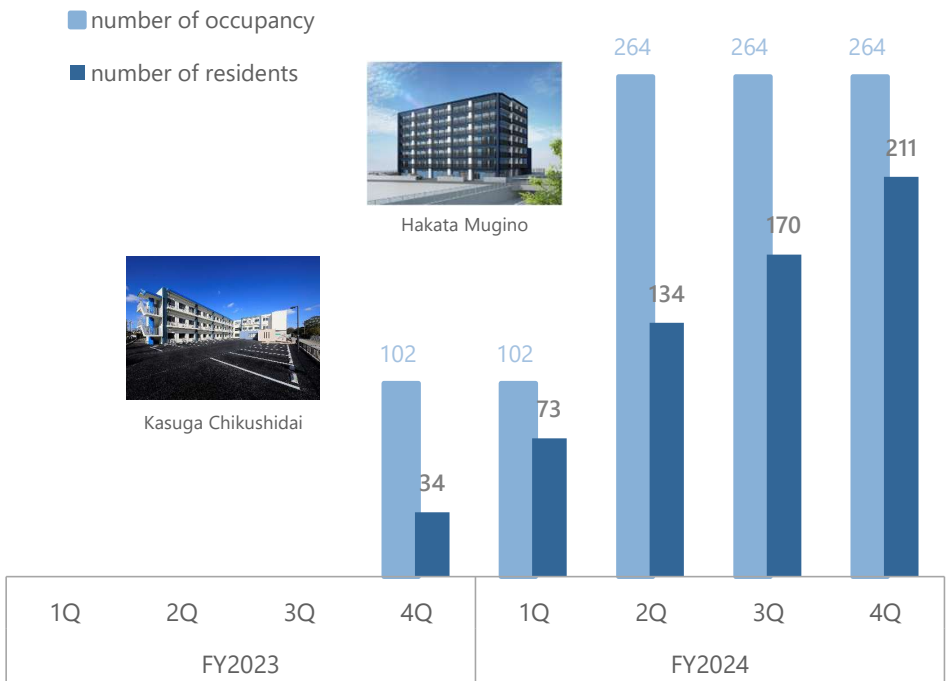
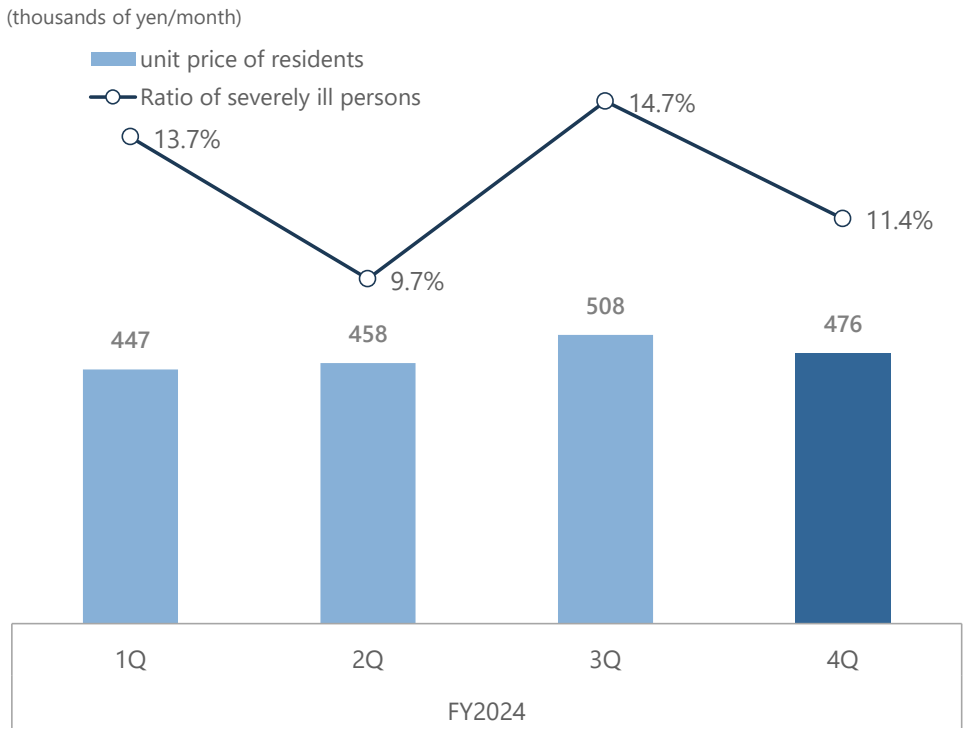
Primary Care Home Business KPI

- The facility occupancy rate as of the end of the fourth quarter was 80%. The situation is nealy full capacity.
- The average monthly unit price for residents in the 4Q is about 476,000 yen. Up until the 3Q, the amount of home-visit nursing care service decreased due to the implementation of measures against infectious diseases in the facilities, although the increase was steady due to the increase in added value caused by the progress in addressing the needs of residents. Unit prices temporarily declined.

Number of residents and occupancy



Ratio of severely ill persons and unit price of residents *



*Quarterly average monthly unit price

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Status of Action Plan Initiatives for Fiscal 2024

Home-visit pharmacy business

- **Continued expansion of dominant strategy**
  Increased number of stores and new store openings continue at a higher pace than ever before

2 stores opened in April and May 2024. Therefore, 4 stores will open during the period as usual.

- **This was our first business succession type store opening.**
  We are considering a business succession type store opening from Kirari Prime member stores. We expect to contribute to curbing business closures due to aging management and reducing the churn rate of Kirari Prime business.

Launched two stores as business succession type stores. Established as a new type of store opening.

- **Online medication instruction**
  Active Deregulation of Online Medication Instruction for Elderly Facilities

4,324 cases of online medication instruction implemented annually

Kirari Prime business

- **Expansion of service menu and revision of price plan**
  Provision of sales activity support, staff education, and operational efficiency improvement system as a set, which are barriers to entry for home visiting pharmacies

A steady increase in package plans, a new service. Significant contribution to the increase in ARPU

- **Cooperation with major partner companies and enhancement of sales structure**
  Increase store acquisition and continue recruitment and training of sales staff through cooperation with major companies operating nationwide, and strengthen consulting capabilities for affiliated stores

Hold 47 seminars a year with major partner companies nationwide

- **Launch of debt stock trading system**
  Launch of the system developed in partnership with Falmo to solve the problem of home visiting pharmacies with a strong tendency to increase stockpiles

It is now possible to link directly managed stores with directly managed stores and directly managed stores with affiliated stores. Coordinating between affiliated stores and affiliated stores

Primary Care Home business

- **Early Monetization of Kasuga Chikushidai and Hakata Mugino**
  Kasuga Chikushidai faced challenges in securing the number of residents in the first month of operation due to the eighth wave of coronavirus. Hakata Mugino secured residents in the first month of operation through a room tour one month before the opening.

Both Kasuga Chikushidai and Hakata Mugino are now in full view and have achieved a return to profitability. About half of the tenants were acquired through in-house business.

- **Establishment of a facility development system**
  Information collection regardless of metropolitan area. Verification of whether the development of in-house owned facilities can increase profitability and speed of establishment

Decided to open in a region (Kumamoto City, Kumamoto Prefecture) where there is no first-time directly-managed store

- **ICT equipment covered by long-term care insurance**
  Start of rental and sale of ICT equipment. Development of excretion (diaper sensor) management devices

Rental of ICT equipment started at directly managed facilities. Accumulate utilization results. Diaper sensor prototype completed. Demonstration experiment underway

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balance sheet

- 2024/3 The capital adequacy ratio at the end of the fiscal year was 26.0%. Increase in interest-bearing debt due to incorporation of Medical Mind (currently PRIMARY ASSET ONE)
- Increase in property, plant and equipment due to acquisition of shares of Medical Mind to own primary care home facilities
- Both debts and receivables increased due to expansion of home-visit pharmacy business.

(millions of yen)	FY2022	FY2023	FY2024	Increase (decrease) from the previous year-end	
Current assets	1,896	1,959	2,444	+485	
Cash and Bank	719	567	688	+120	
Accrued revenue	996	1,152	1,498	+345	Impact of business expansion
Non-current assets	635	955	3,910	+2,954	
Tangible fixed assets	209	276	2,997	+2,720	Impact of Ownership of Primary Care Home Facilities
Intangible fixed assets	295	440	364	- 76	
Total assets	2,531	2,914	6,354	+3,440	
Liabilities	1,459	1,431	4,711	+3,280	
A/P trade	632	669	751	+82	Impact of business expansion
Interest-bearing debt *	330	193	2,629	+2,436	Increase due to Medical Mind becoming a subsidiary
Lease liability (short-and long)	-	57	168	+110	
Net assets	1,072	1,483	1,643	+159	Share buyback 299 million yen
Liabilities and net assets	2,531	2,914	6,354	+3,440	
Equity ratio	42.4%	50.9%	25.9%	- 25.0pt	
ROE	39.1%	30.0%	26.8%	- 3.1pt	
ROA	14.4%	14.1%	6.9%	- 7.1pt	
total asset turnover	2.5 times	2.4 times	1.3 times	-1.1 times	

*Interest-bearing debt = Short-term loans payable + Long-term loans payable within one year + Long-term loans payable + Corporate bonds * Not including lease obligations
* *ROE, ROA and total asset turnover ratio are calculated based on capital and total assets at the end of the period, respectively, for the first year of consolidation.

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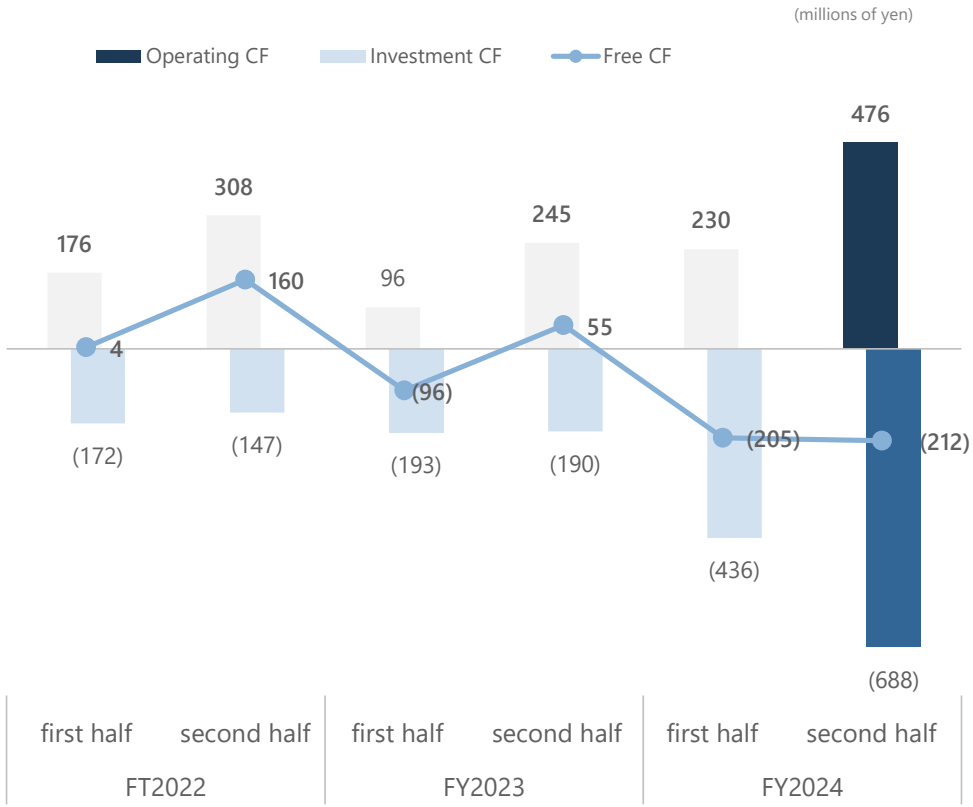
cash flow

- FCF for the second half of the 2024/3 fiscal year was - 210 million yen. Impact of record investment CF payments of 690 million yen due to acquisition of shares of Medical Mind, etc.
- The company plans to continue investing for growth. Attention is paid to ensuring a certain level of financial stability so that funds can be handled flexibly

Cash Flows

(millions of yen)	FY2023		FY2024		Year-on-Year
	first half	second half	first half	second half *	
Operating CF	96	245	230	476	+230
profit before tax	263	270	199	455	+184
Depreciation and amortization	36	44	69	104	+59
Amortization of goodwill	5	5	7	8	+2
Change in receivables and payables	- 34	- 85	- 40	- 222	-137
Investment CF	- 193	- 190	- 436	- 688	- 498
Capital investment	- 130	- 135	- 172	- 105	+29
Free CF	- 96	55	- 205	- 212	- 267
Financial CF	56	- 167	491	46	+214
Change in borrowings	30	- 166	541	301	+467
Issuance of new shares	26	1	2	16	+15
cash at end of period	679	567	853	688	+120

*Consolidated Financial Results



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Earnings Outlook (Consolidated)

- For the 2025/3 fiscal year, we expect 14.1% increase and 30.9% increase in operating income. Since our founding, we have experienced continuous increases in sales and profits * that we have seen an increase in sales and profit, and operating income is just shy of 1 billion yen. Ordinary income is also expected to reach record highs.
- On a semi-annual basis, there is no change in the structure of the second half. However, due to the opening of a new primary care home base, the initial cost burden is expected to be incurred in the second half on a year-on-year basis.

(millions of yen)	FY2024 Results			FY2025 Outlook			YoY Change			Full Year
	1st Half **	2nd Half	Full Year	First Half	Second Half	Full Year	first half	second half	Full year	Change
Sales	3,899	4,386	8,285	4,532	4,922	9,455	+633	+536	+1,169	+14.1%
Home-visit pharmacy business	3,218	3,312	6,531	3,273	3,467	6,740	+55	+154	+209	+3.2%
Kirari Prime business	377	459	836	463	586	1,050	+86	+127	+213	+25.5%
Primary Care Home business	287	595	883	781	844	1,626	+494	+249	+743	+84.2%
Other Businesses	16	18	34	13	23	37	- 2	+4	+2	+6.7%
Operating income	201	509	710	397	532	929	+196	+22	+219	+30.9%
Home-visit pharmacy business	297	337	635	298	387	685	+0	+49	+50	+7.9%
Kirari Prime business	205	279	485	231	297	529	+25	+18	+44	+9.1%
Primary Care Home business	- 67	74	7	107	60	168	Return to profitability	-13	+160	20 times
Other businesses	- 5	- 3	- 9	- 5	4	-0	+0	return to profitability	+8	-
Adjustments	- 229	- 178	- 408	- 234	- 218	- 452	- 5	-39	-44	-
Ordinary profit	199	517	716	381	508	889	+181	- 8	+172	+24.1%
Net Income * **	134	306	441	263	354	618	+128	+48	+177	+40.2%

*Excluding changes in the fiscal year-end
** Non-consolidated financial results
*** Net income attributable to owners of the parent for consolidated financial results for the second half of the 2024/3 fiscal year and thereafter

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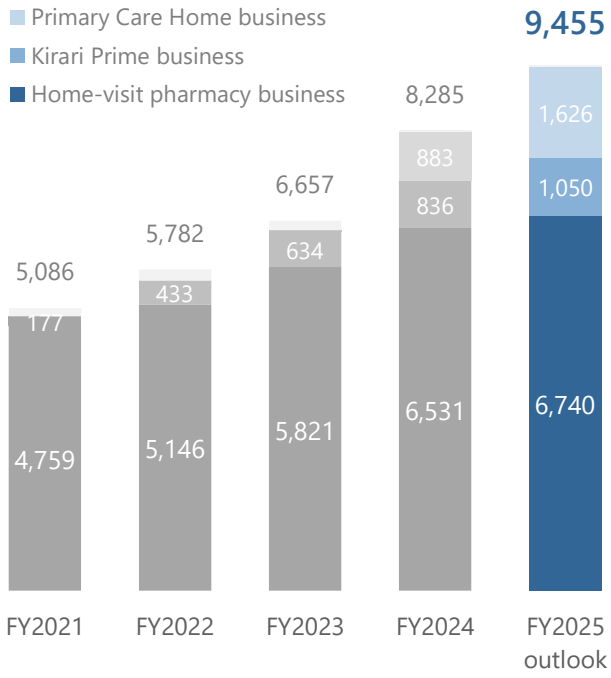
KPI Assumptions

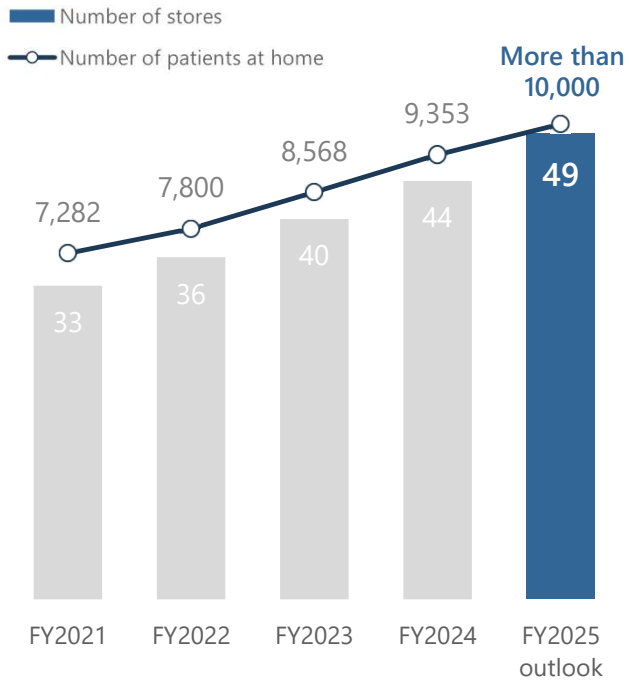
- In terms of sales, the Primary Care Home business grew significantly. This business is expected to surpass Kirari Prime and become the second largest company in terms of sales.
- In the Home-visit pharmacy business, we maintained the same pace of store openings as in previous years..The number of patients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

sales outlook

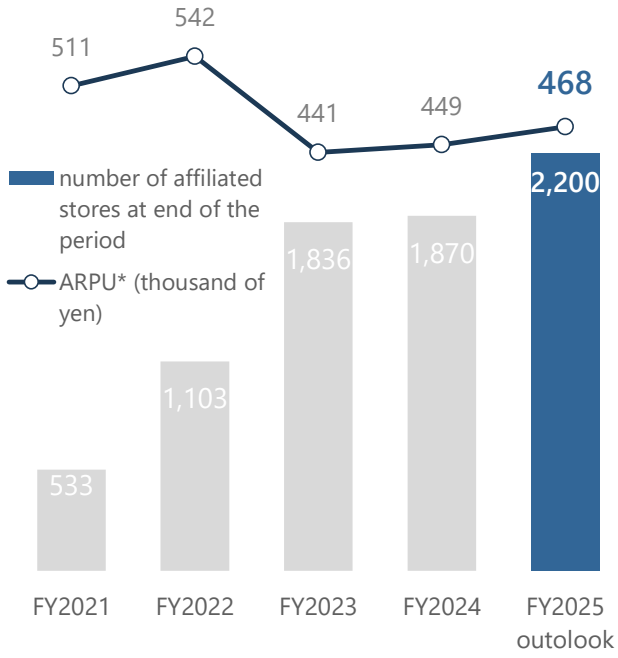
(millions of yen)



Home Visit Pharmacy Business KPI Assumption



Kirari Prime Business KPI Assumption



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

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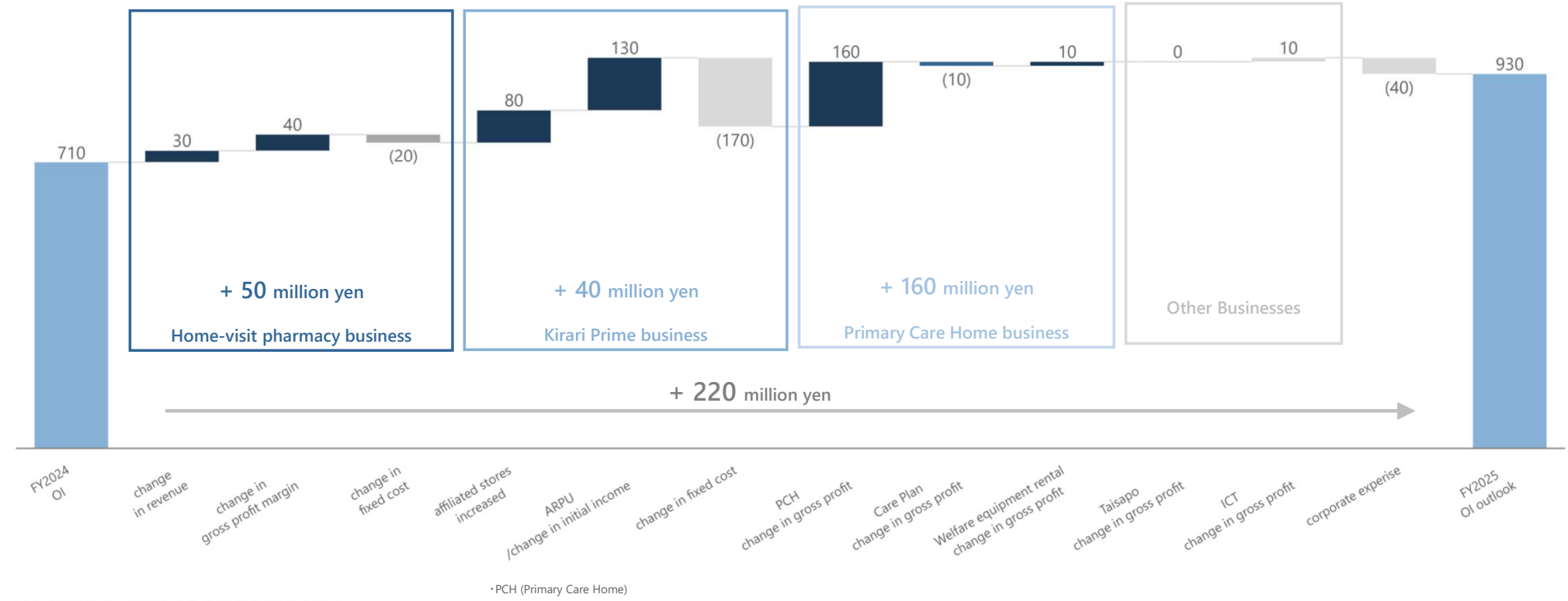
Factor Analysis of Assumed Operating Income

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

Operating Income Factors

(millionss of yen)



・PCH (Primary Care Home)

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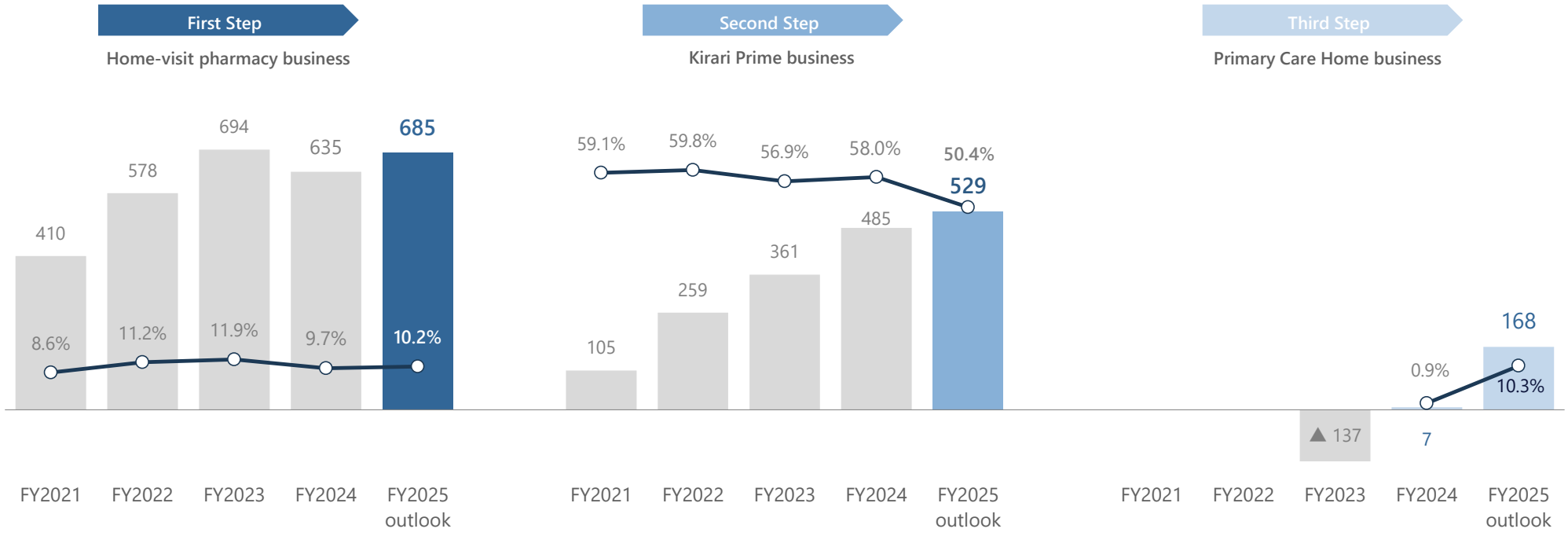
Earnings Forecast by Segment

- In the Home-visit pharmacy of the first step, business was contributed by an increase in store openings, a stronger workforce, and an improvement in purchasing cost ratios. Profit margins are also expected to improve.
- In the Kirari Prime business of the second step, profit is expected to increase due to an increase in ARPU, but profit margins are expected to decrease due to an increase in costs due to hiring and training of pharmacist consultants.
- In the Primary Care Home business of the third step, profit contribution has started. As new facilities are scheduled to be opened in the second half of the year, profit is skewed in the first half.

Segment profit and profit margin

(millions of yen) (%)



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Action Plan for Fiscal 2025

Home visit pharmacy business

- **Efforts to secure human resources**
  Increased onboarding training for new employees at Headquarters in order to reduce the development load at stores. Introduced regular interviews in the human resources department to reduce turnover after less than one year of employment.
- **Home-based specialty stores**
  Home-based specialty stores are arranged to enable more precise development of dominants. Direct to increase delivery efficiency. Plan to open 5 stores during the fiscal year
- **Central Kitchen System**
  To lift the ban on outsourcing dispensing services, the central kitchen system for home visiting pharmacies is being studied. In the future, it will become a virtual dominant including Kirari Prime member stores.
- **Expanding into New Areas**
  Started considering expansion into areas other than Fukuoka, Kanagawa, Tokyo, and Chiba.The company aims to open stores within this fiscal year at the earliest.

Kirari Prime business

- **Dispatch of home pharmacists**
  Direct consulting services (dispatch of home pharmacists) for the era of full-fledged home health care
- **Automatic linkage with electronic drug history system**
  Initiated automatic linkage between other companies' electronic drug history systems and our home support system (FamCare)
- **Hands-on service for business succession pharmacy**
  Due to the increasing number of small and medium-sized pharmacies with no successors and financial difficulties, we have started a service that increases value and establish business succession through our consulting.

Region Prime (tentative)

- **support services for the construction and operation of facilities for the elderly**
  Provides consulting services for pharmacy operators on the construction and operation of facilities for the elderly. Launches a set of pharmacies and facilities for the elderly nationwide outside of direct operations

Primary care home business

- **Facilities Expansion System**
  Establishment of a system capable of developing two or more buildings per year
- **Preparation for expansion into Kumamoto City**
  In order to expand into Kumamoto City, where there are no directly-managed stores, we will conduct mass marketing promotion and consider gaining early recognition.

Strengthen our positioning as a primary care platform company

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2024 Remuneration Revision Impact

Trends in this spring's compensation revision

Remuneration was revised just before 2025, when the baby-boomer generation will become over75years old and the aging society will accelerate rapidly. The importance of home health care and nursing care was further improved as a whole. This content clarifies the flow of strengthening the "community comprehensive care system" that allows people to live in the community and face their final moments.

Impact in each business

Home-visit pharmacy business	• Based on the evaluation of home visits, the unit cost of home prescriptions is expected to rise by 350 yen. an annual increase of about 60 million yen in compensation • A generous additional evaluation is provided for the treatment of patients who require advanced medical care (knowledge, experience, and devices), such as medical narcotics use (especially injectables) and medical-care children. A basic system has been established to cope with these problems, and the dispensing operation that can focus more on interpersonal services is streamlined.
Kirari Prime business	• Based on the evaluation of home visits, dispensaries are polarized into "home focused" or not. Therefore, it is predicted that Prime member stores will change to a more "home focused" configuration. • Member stores: ARPU may increase due to increased use of home focused services, while pharmacies that do not focus on home may leave. • Regardless of the growth of new franchisees, ARPU is expected to increase due to the expansion of service usage opportunities.
Primary Care Home business	• In the case of home care nursing, the remuneration decreased by 1%. However, the result is expected to be positive due to the acceptance of residents with high medical dependency. • Received favorable evaluations for end-of-life care at home (including care for terminally ill cancer patients) .The addition of home care in medical insurance is expected in the future.

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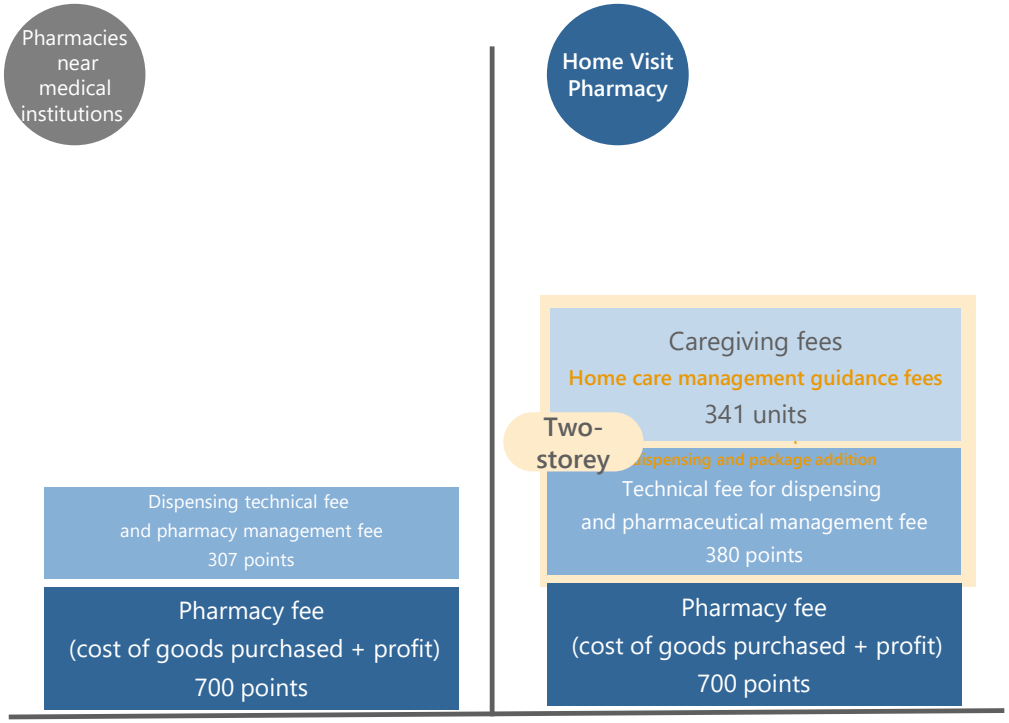
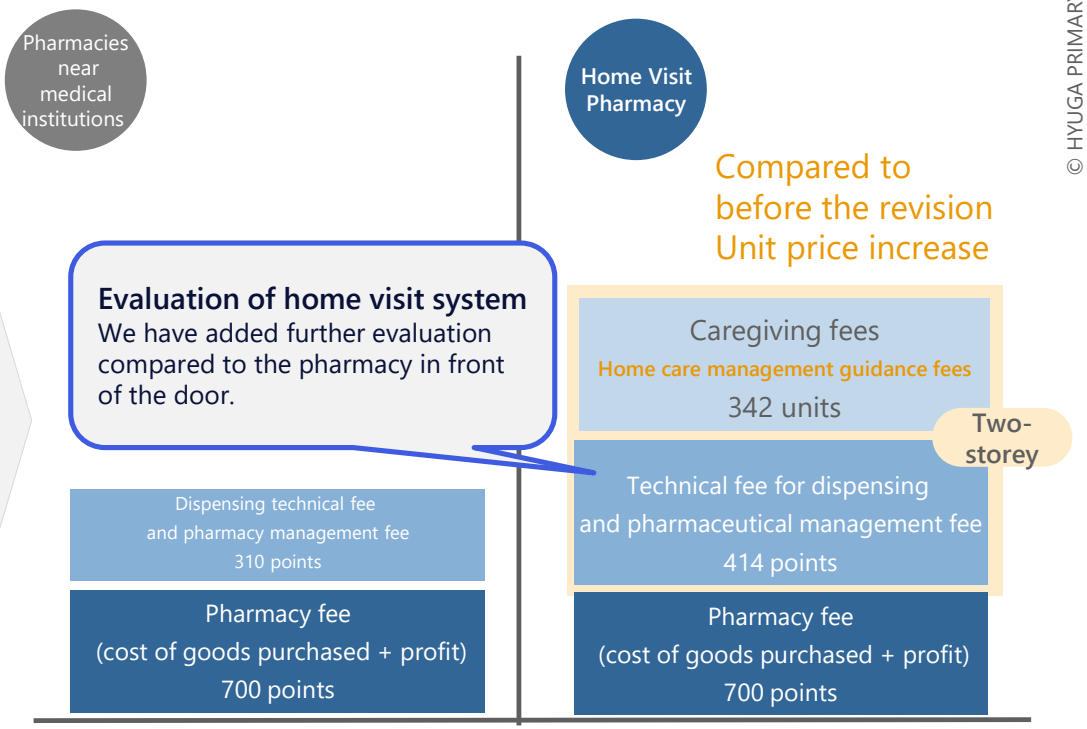
Comparative changes in the number of dispensing-related compensation points

Before revision



After revision



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

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

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

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

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

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

Home prescriptions increased by 350 yen per prescription

Although the unit cost of outpatient prescriptions decreased,

・online medication instruction

・Addition to medical narcotics continuous injection

・Addition to home parenteral nutrition therapy

・Addition to medical DX promotion system

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

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Home-Visit Pharmacy Business: Direction of Operation Reform

Previous Operation System

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



Operation Reform: Central Pharmacy System

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



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*In the "Outsourcing of a Part of Dispensing Services to Strengthen Pharmacists' Interpersonal Work" announced by the Ministry of Health, Labour and Welfare on December 25, 2023, it is assumed that outsourcing of a part of dispensing services is being considered and that the development of the system, including the revision of laws and regulations, will progress. Future discussions may change the direction of our operational reform.

Facility operation status



Building 1 'Primary care home Hyuga Kasuga Chickushidai' *

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





Building 2 'Primary care home Hyuga Hakata Mugino' **

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



Medical Nursing & Care PRIMARY CARE HOME

Building 3 'Primary care home Hyuga Kumamoto Hamasen' (tentative name) ***

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



Medical Nursing & Care PRIMARY CARE HOME

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

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

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04 Topix/Medium-Term Growth Plan

05 Sustainability Management/Appendix

Primary Care Home Business: Acquisition of shares of “Medical Mind co.,Ltd”

January 2024 Acquisition of shares of Medical Mind to become a 100% subsidiary as PRIMARY ASSET ONE

Purpose of stock acquisition	: Strengthening the primary care home business
Amount of shares repurchased	: 500 million yen
Background of stock acquisition	: Medical Mind owns two primary care homes operated by the Company (The Company entered into a lease agreement with Medical Mind for the buildings)
Advantages of Subsidiaries	: Achieve flexible and efficient business operations by integrating facility management and facility ownership Loss of rent payment burden (increase in depreciation burden is assumed to be less than the rent benefit)

Overview of Medical Mind

Address:	Teriha, Higashi-ward, Fukuoka-city, Fukuoka
Project Description:	Real Estate Leasing
Capital:	500 million yen
Establishment	September 2021

<2023/8 Results >

Total assets:	1,596 million yen
Net assets:	△97 million yen
Sales:	17 million yen
Ordinary income:	△79 million yen

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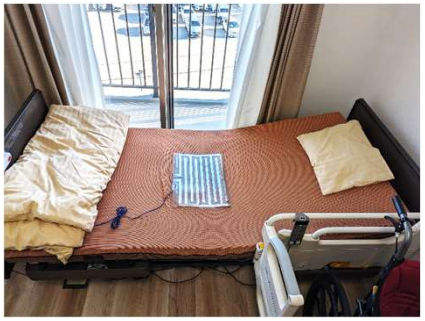
Diaper sensor development and implementation testing initiated

Features

- Installation is possible simply by laying a special sensor on the bed.
- It senses urination and excretion in the diaper and notifies the caregiver when the set amount is reached.
- It notifies the computer and mobile-phone by voice and pop-up.
- It is possible to set the excretion amount about every 100cc, and it is possible to properly assist the excretion according to the diaper used and the user.
- Since the sensor does not touch the body directly, it can be used without causing discomfort to the user.

Diaper sensor



Can be checked
on a computer or mobile-phone



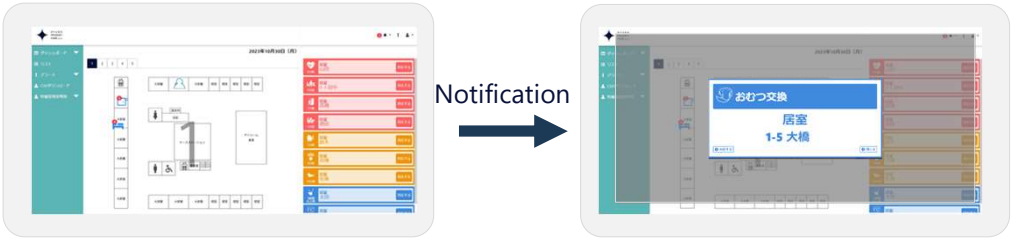
Effect of introduction

1. **Improvement of user comfort**
   "No excretion" at the time of replacement and "diaper leakage" due to delayed replacement are greatly reduced, reducing user stress and leading to a good quality of sleep and comfortable life.

2. **Reduced workload for caregivers**
   This eliminates the need for unnecessary patrols and excretion checks, greatly reducing the burden on caregivers.

3. **Reduces occupancy costs**
   It reduces the amount of pats and diapers used by providing excretion assistance at appropriate times

Audio and pop-up notification when replacement is required



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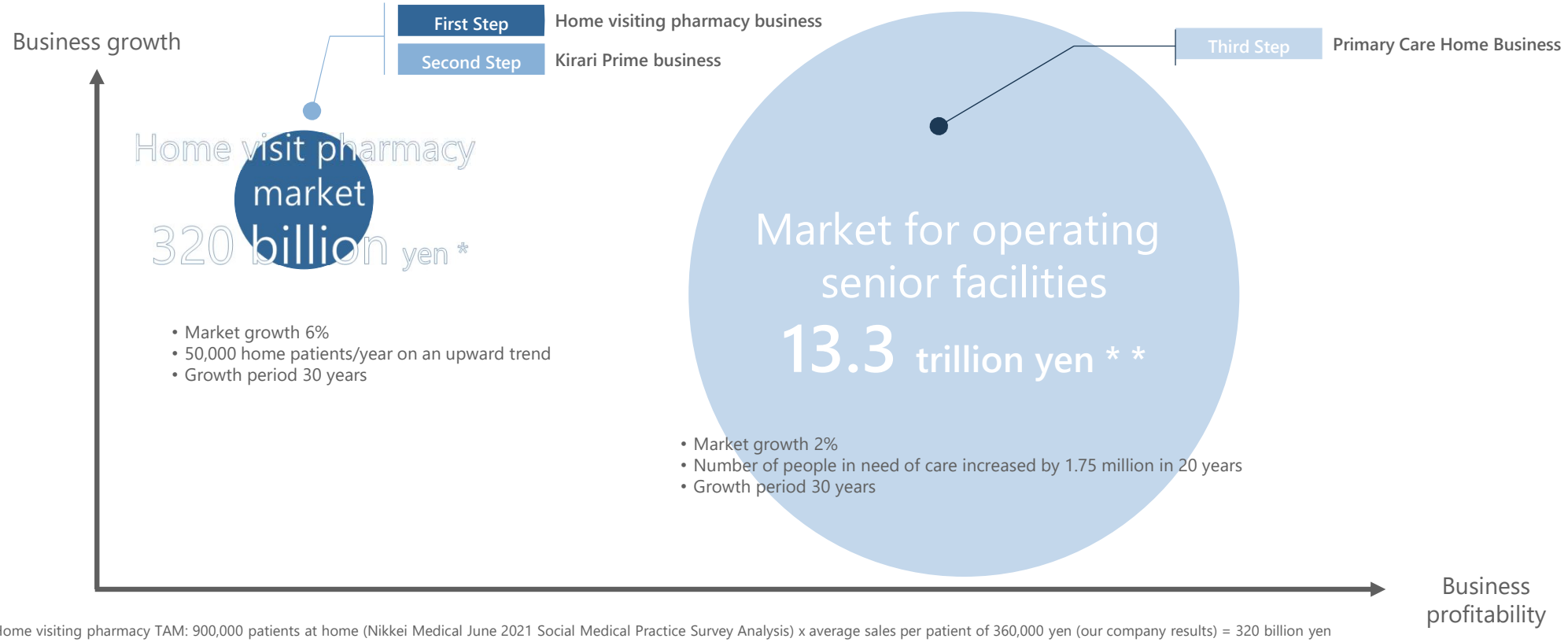
market analysis

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



*Home visiting pharmacy TAM: 900,000 patients at home (Nikkei Medical June 2021 Social Medical Practice Survey Analysis) x average sales per patient of 360,000 yen (our company results) = 320 billion yen
** Primary care home business TAM : 6.89 million people requiring long-term care (the Ministry of Health, Labour and Welfare Report on the Status of Long-Term Care Insurance Business, February 2022) x rate of utilization of in-home services (calculated from the 2021 Survey on Long-term Care Benefit Expenses, etc.) 38.6% x average sales per patient of 5 million yen (actual results in our company) = 13.3 trillion yen

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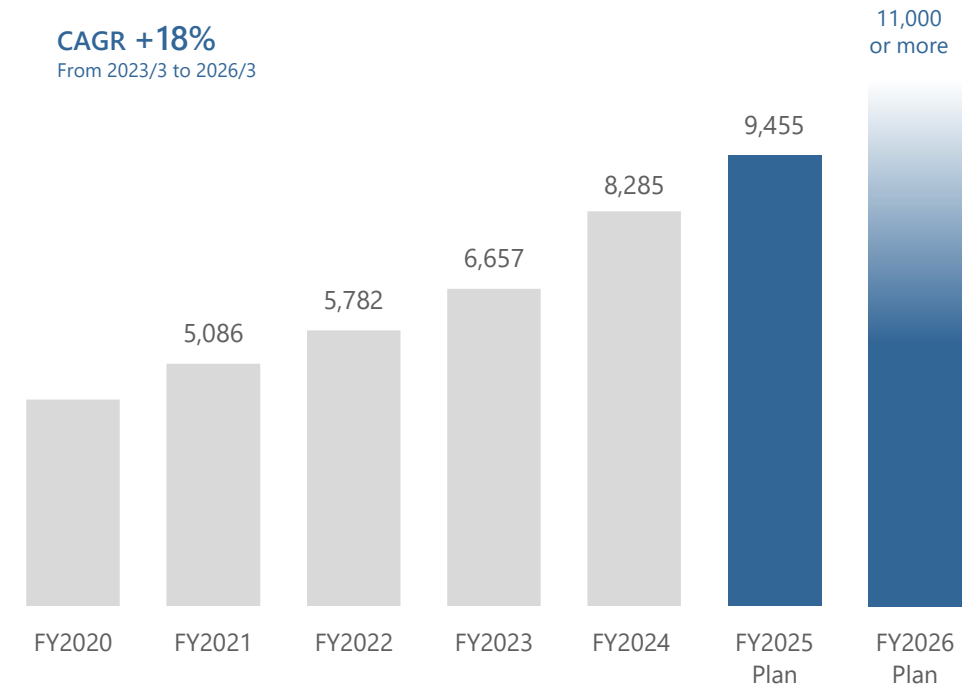
medium-term growth plan

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

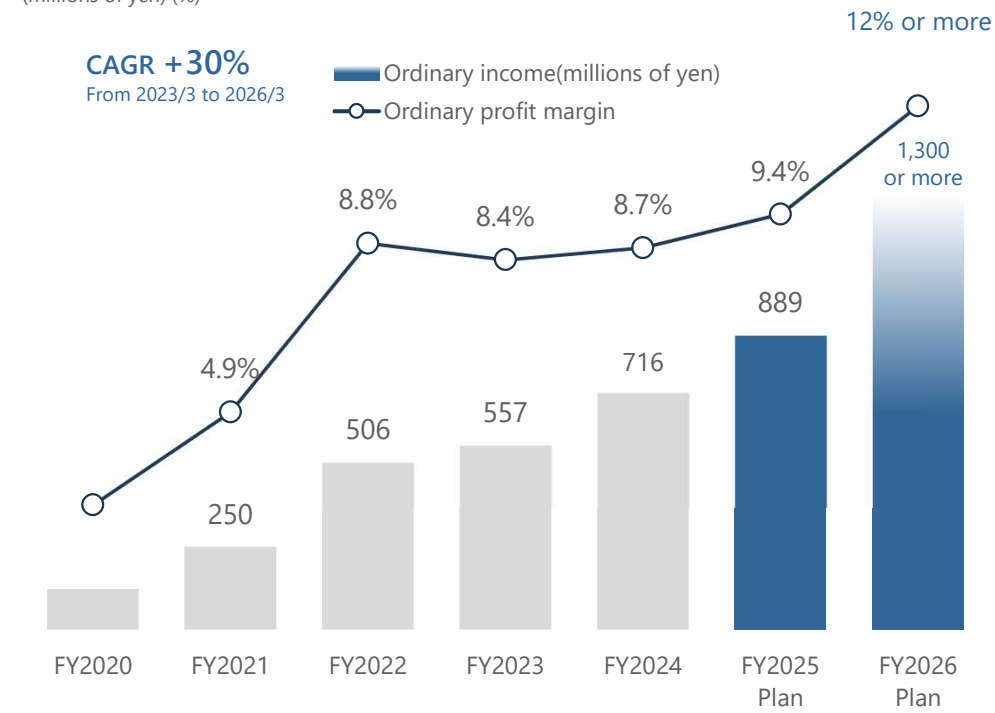
Net Sales

(millions of yen)



Ordinary Income/Ordinary Income Ratio

(millions of yen) (%)



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Sustainability Management

Our company's approach to sustainability management

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

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



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Organizing Materiality

Our company organizes matters considered important in five areas

Key Issues Group		Materiality
I	Contributing to the enhancement and development of community health care as a platformer of a community comprehensive care system	1. Contribution to community health care as a family pharmacy and pharmacist 2. Strengthen pharmacy functions by enhancing community medical care, including cancer alleviation 3. Promotion of online medicine using DX and IT tools 4. Providing health education, medical and nursing care information to local communities 5. Contributing to social security by promoting proper use of pharmaceuticals 6. Implementation of a bridge and community comprehensive care system in both the medical and nursing care fields through the spread of home health care 7. Contributing to the enhancement of community health care using the network established by the Kirari Prime Business
II	Safe and secure pharmaceutical supply as social infrastructure	8. Ensuring the quality and safety of the pharmaceutical products to be provided and appropriate management 9. Enhancing resilience to disasters and pandemics to ensure stable and sustainable pharmacy operations 10. Ensuring procurement stability by strengthening supply chain management
III	Measures to protect the environment and reduce environmental impact	11. Reducing waste, including pharmaceuticals, and improving the efficiency of resource use 12. Reducing CO2 Emissions by Making Energy Use More Efficient and Using Renewable Energy
IV	Supporting the development and performance of diverse human resources and the revitalization of medical and nursing care sites	13. Promote work-life balance through the realization of diverse work styles 14. Providing places of activity and managing working hours according to the way you work 15. Establishing a work environment that promotes employee health and job satisfaction 16. Respect for Human Rights and Promote Diversity (Promote Elderly Employment/Promote Women's Participation/Support LGBTQ Understanding) 17. Securing human resources to support company growth 18. Establishing a personnel system to promote growth 19. Effective utilization of human resources through promotion of DX
V	Strengthening governance	20. Sustained Strengthening of Corporate Governance 21. Highly transparent disclosure 22. Enhancing Information Security 23. Compliance

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Business Environment Summary

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 dispending
- 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

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

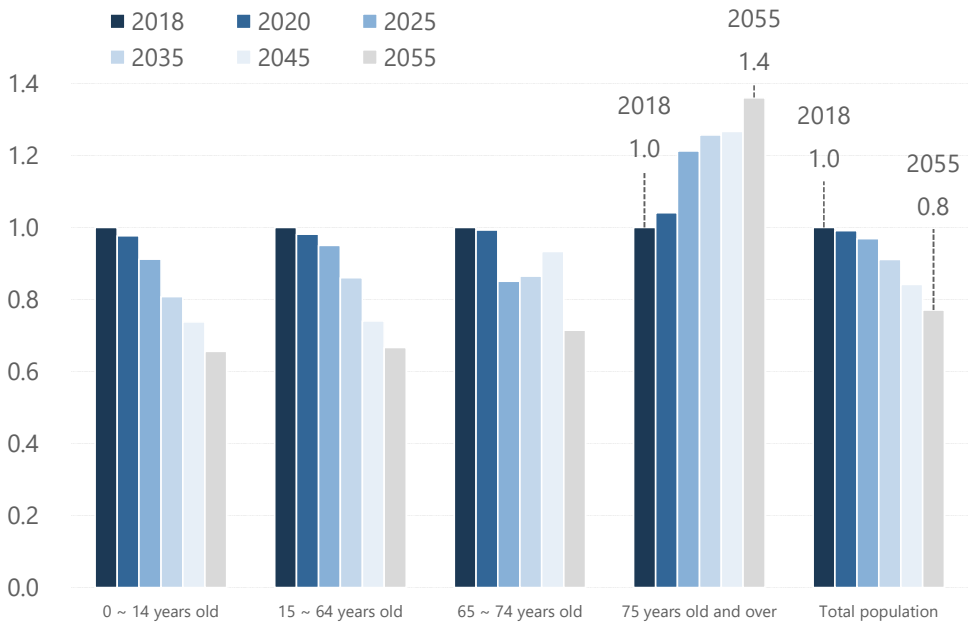
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 foldincrease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

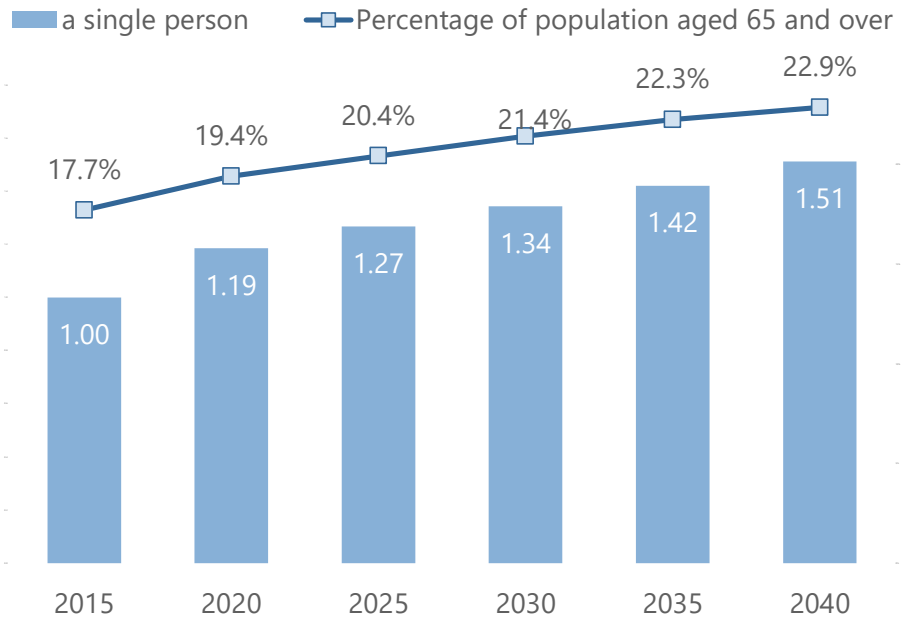


Number of single elderly households *

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

elderly single household

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



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

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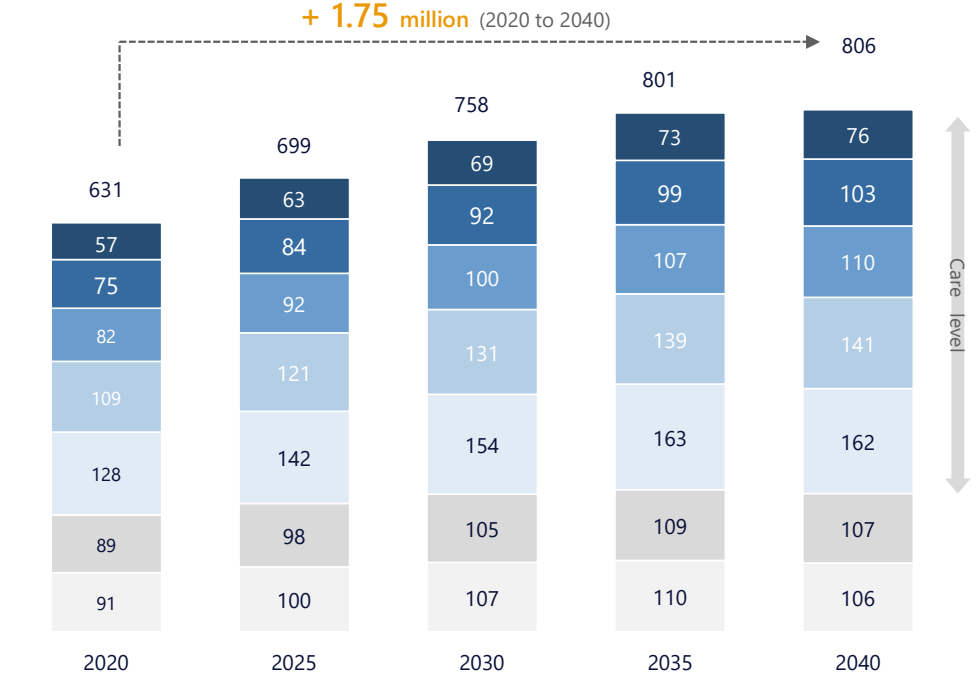
Business environment Number of people certified as needing long-term care

- 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

(10k persons)



Rate of increase and number of increase by certified category

(from 2020 to 2040)

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

Sources: "Population Estimates (October 30)" (the Ministry of Internal Affairs and Communications), "Long-Term Care Insurance Business Status Report (October 30)" (the Ministry of Health, Labour and Welfare), "Japan's Future Population Estimates (April 29) (Mid-Birth (Mid-Death) Estimates)" (the National Institute of Population and Social Security Research)

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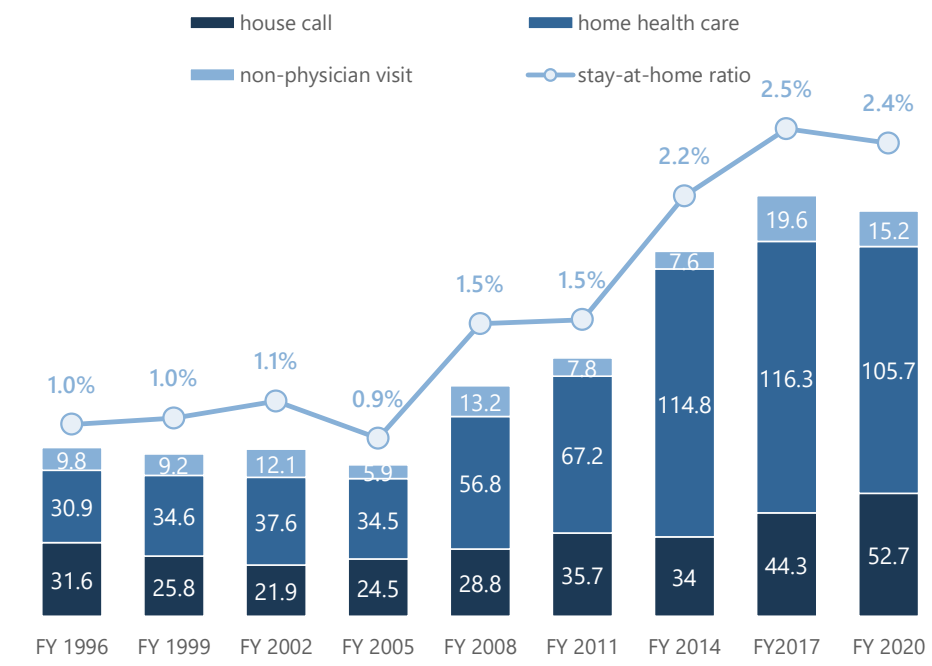
Business Environment Home Patient and Home Pharmacy

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

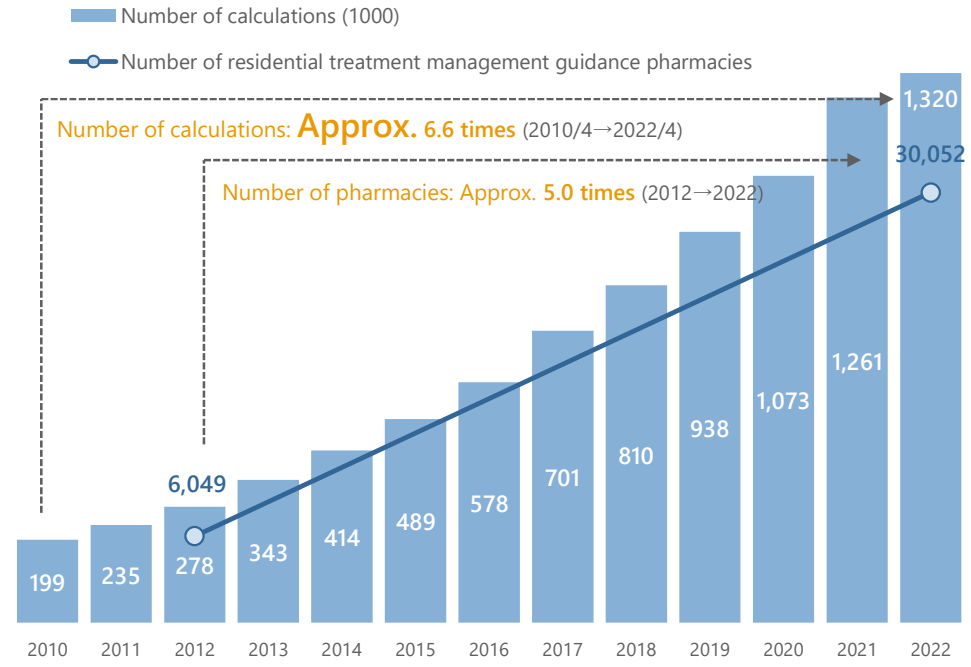
Number of patients at home
Ratio of patients at home to all patients

(1000 patients/day)



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

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



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

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HYUGA PRIMARY CARE　Company Profile

History

Medical Nursing & Care
PRIMARY CARE HOME

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History and business development

From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system







Home visiting pharmacy business
Care plan business
Kirari Prime business
Tysapo business
ICT business
Primary care
Home business

Established Hyuga Pharmacy Co., Ltd.
Capital and Business Alliance with M3 Group
Company name change
Implementation of online medication guidance
within the first-in-the-nation health insurance system

Financial Highlights *

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

* The Company conducted a stock split at the ratio of 2 shares to 1 share of common stock as of April 1, 2023. The total number of issued shares after the split was 7,144,000 shares.
** The Company conducted a stock split at the rate of 2 shares per common share on April 1, 2023. Assuming that the stock split was conducted at the beginning of the 16 fiscal year,
net assets per share and net income per share are calculated.
*Financial highlights are presented using the calculation method used in the annual securities report.

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Change Segment

- Due to the start of the primary care home business, the internal organization and business management categories will be reviewed from this fiscal year. The “Primary Care Home Business” will become a reportable segment, and the “Care Plan Business” will be transferred to this segment. In addition, the “Taisapo Business", which is considered to be less important as segment disclosure information, will be transferred to the "Other Business" segment. At the same time, we changed the allocation method for each reportable segment. (Previous year's figures have been reclassified according to the segment classification method and allocation method after the change)
- Aiming to become a platform company for primary care from the "Home Visit Pharmacy Business," "Kirari Prime Business" and "Primary Care Home Business" segments.

FY2023 Segment and Business

Home-Visit Pharmacy Business
- Operation of Kirari Pharmacy

Kirari Prime Business
- Providing Home Visit Pharmacy Management Know-How for Small and Medium-Sized Pharmacy Businesses

Care Plan Business
- Creating In-Home Service Plans/Renting and Selling Welfare Equipment

Taisapo Business
- Providing nursing homes with referral services for patients discharged from hospitals

Other businesses (ICT business)
- Development of ICT equipment to solve labor shortages of nursing care workers

Other businesses (primary care home business)
- Facility management and provision of regular patrolling and timely home nursing care services

FY2024 Segment and Business

Home-Visit Pharmacy Business
- Operation of Kirari Pharmacy

Kirari Prime Business
- Providing Home Visit Pharmacy Management Know-How for Small and Medium-Sized Pharmacy Businesses

Primary Care Home Business
- Facility management and providing“Home Care - Regular and On-demand" (primary care home management)
- Preparation of home service plan (care plan service)
- Rental and sale of welfare equipment (welfare equipment rental service)

Other business (Taisapo)
- Providing nursing homes with referral services for patients discharged from hospitals

Other businesses (ICT)
- Development of ICT equipment to solve labor shortages of nursing care workers

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Strengthening the Third Step to Growth

The Growth Step

Expanding the Platform for Community Comprehensive Care Systems

To Growth
The Third Step



Integration of nursing homes and IoT

2021 - Home health care and nursing care sector platform provided
2023 - Primary care home opened

Primary Care Home Business

To Growth
Second Step



Use of home pharmacy know-how

2019: Home pharmacy platform provided

Multi-faceted support for patients at home

2010 - Provision of care plan
2019 - Discharge support

Kirari Prime Business

Toward Growth
First Step



Accumulating Home Pharmacy Know-how

2008 - Provision of drugs Provision of home-visit medication guidance

Home visit pharmacy business
Kirari Pharmacy

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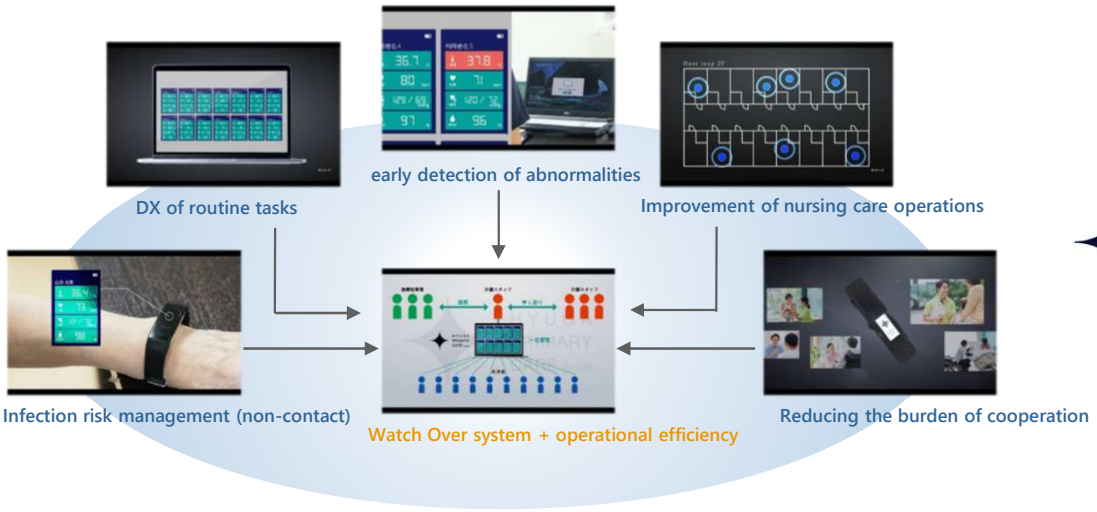
Strengthening the Third Step toward Growth　ICT Business

Primary Care Robot®

Watch Over system



Providing Safety and Security　Risk Mitigation & Efficiency

creation of time　Securing and utilizing human resources

Improve service quality

Improvement of patient QOL and Construction of sustainable care system

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

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long-term stable transaction

patient
nursing home

Service for home patient

Third Step
ICT business
Primary Care Home Business

Second Step
Kirari Prime Business
Taisapo Business
Care Plan Business

First Step
Home-visit pharmacy business
(Kirari Pharmacy)

Services for nursing home

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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

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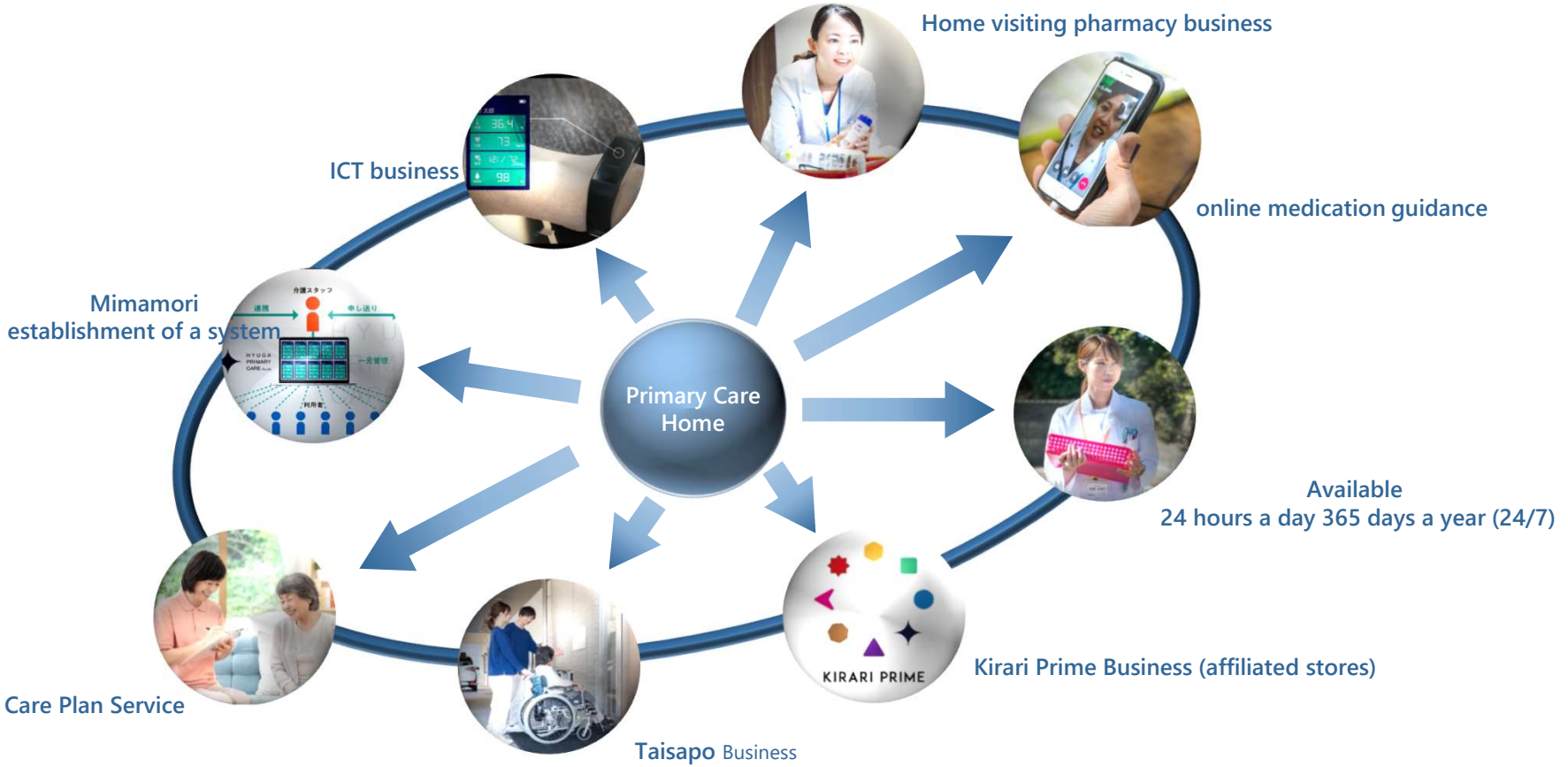
Strengthening the third step for growth
Establishing a cross-cell structure centered on facility management

- 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.



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First step **Home-visit pharmacy business**

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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

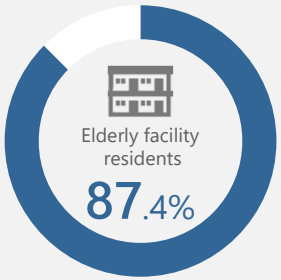
① Pharmacists regularly visit patients at home

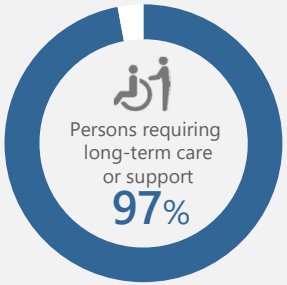
② The pharmacist reports the results of the visit to the prescribing physician/care manager.

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

New entrant (pharmacy)

Operating barrier	Store barrier	talent barrier
high human productivity	Ensuring a large dispensing room・high capacityutilization	Recruitment and training of highly skilled pharmacists

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

24 hours a day, 365 days a year System capable of responding	ability to acquire patients at home	high communication ability (Patient/care manager/physician)
On an efficient visitation route setting force		Wide range of insurance knowledge from medical care to nursing care
		Of the duty to report to the physician know-how

These are likely to be time-consuming and costly to overcome.

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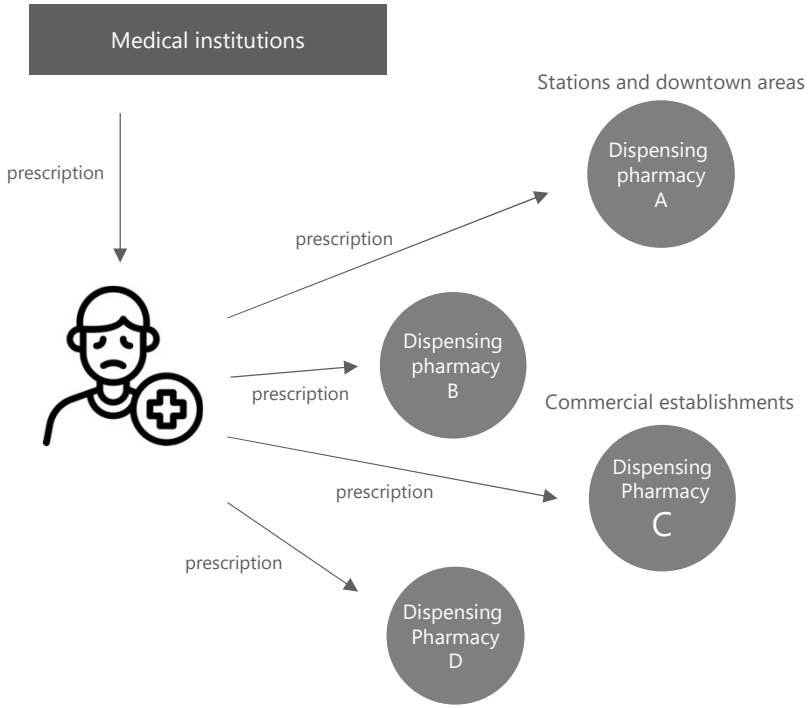
Home visiting pharmacy business (2) Aim and location of new stores

Pharmacies near medical institutions

"Outpatients themselves visit pharmacies"

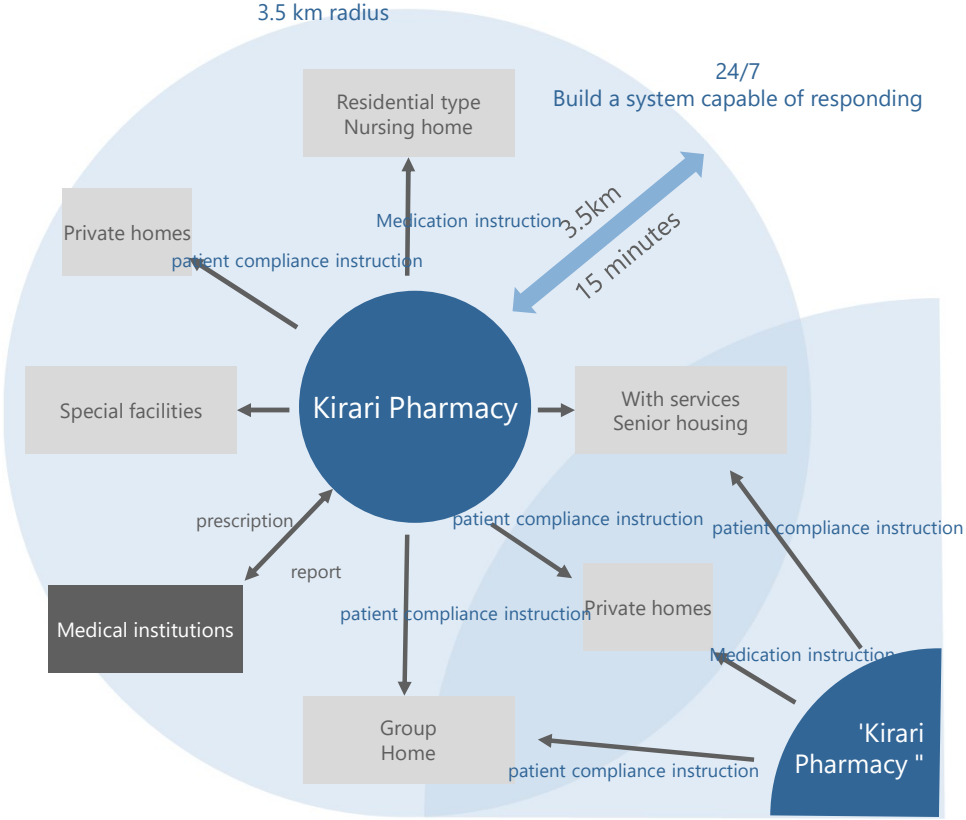
- Open stores near medical institutions where outpatient visits are expected
- Therefore, there are many cases where the store is located close to competing pharmacies
- The cost of opening a store tends to be higher because location is important



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



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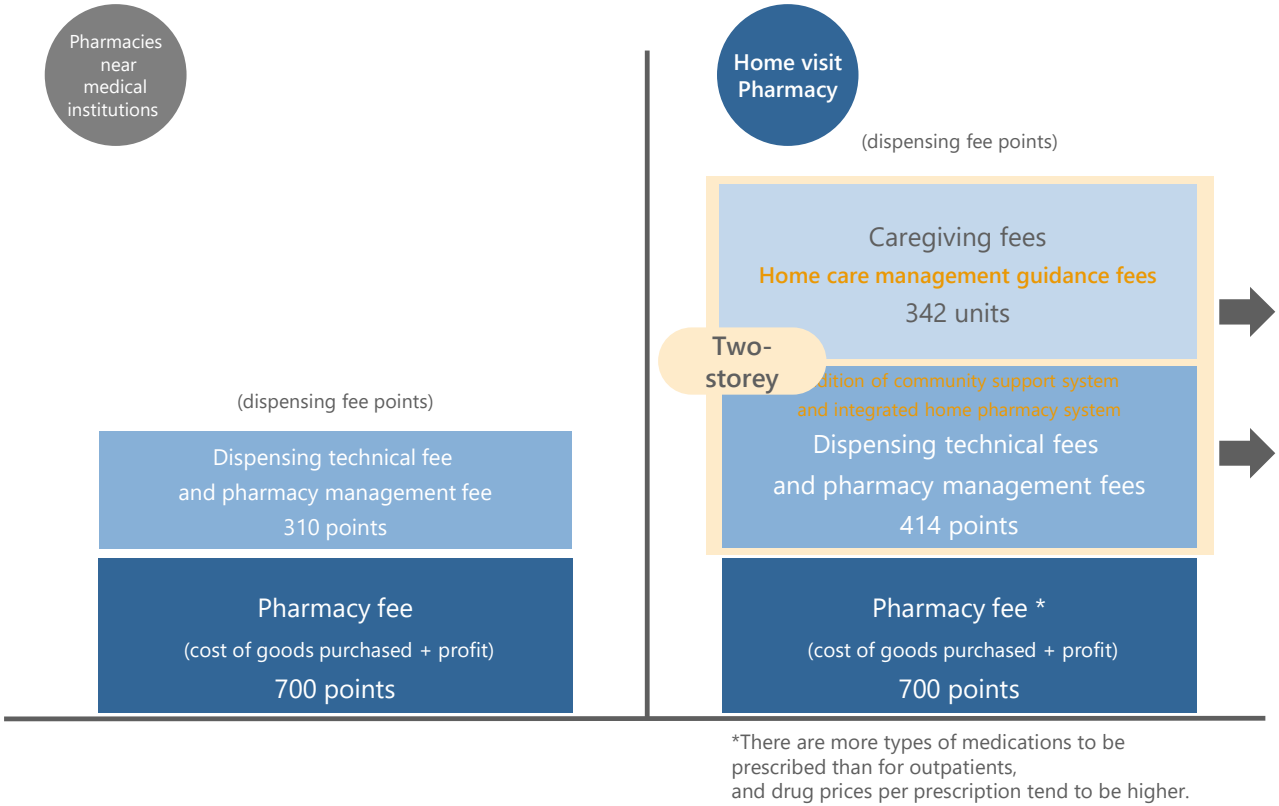
Home visiting pharmacy business (3) Number of dispensing fees

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.

additional incurred business

- Visiting nursing homes and homes
- Report to the doctor
- More detailed response tailored to the patient's physical condition and condition
- 24/7

Contributing to improving patients' QOL

Comparative example per prescription for 14 days of oral medication

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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 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）】



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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㎡, and there are approximately 5 full-time equivalent pharmacists.
- More than 3 times the size of the standard 18.9㎡ 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

*As of the end of September 2022

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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.

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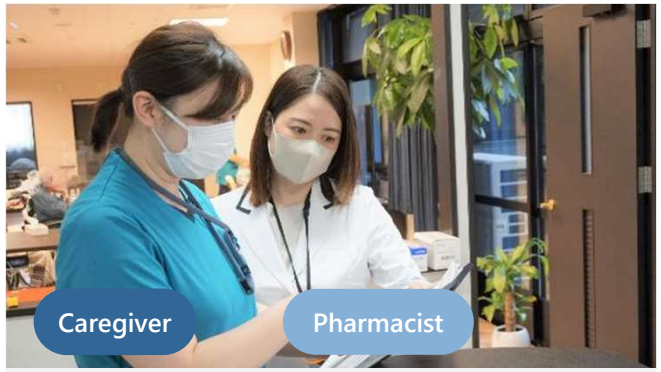
High barrier to entry in the home-visit pharmacy business
“Pharmacists in home-visit pharmacies that don't just deliver drugs”



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



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



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



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



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



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.

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Second step Kirari Prime Business

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Kirari Prime Business

Business model and pricing system

Share of Kirari Prime Business Sales

Subscription Recurring Sales Ratio 90%

(Fiscal year ended March 2022)

Base rate — (1 corporation) 12,000 yen/month

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

Drug Purchase Negotiation Agent — 1 ~ 2% of the proceeds

Support for pharmaceutical purchases from pharmaceutical wholesalers

Report system loan — 7,500 yen/month ~

Report preparation support for physicians and care managers

Consulting services — Annual package

Kirari cram school (6-part series)
Palliative care, technical fee calculation support, etc.

Other services — Additional fees

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

Subscription Model

Metered recurring Model

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

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Third step

Primary care home business

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Overview of Primary Care Home Business

- Primary Care Home Hyuga Kasuga Chikushidai, the first facility for the elderly, opened in January 2023, has **96 residents** and an occupancy rate of **94.1%.** This facility alone is profitable every manth. Including reservations and applications for occupancy, the number of residents at this facility will be 94, making it fully operational as expected. The rate of return on the facility itself is expected to remain above 20%.
- Primary Care Home Hyuga Hakata Mugino, the second facility for the elderly, opened in August 2023, has 162 beds and is larger than the first facility. It has **157 residents (including reservations) and an occupancy rate** of **96.9%**, and is profitable every month.
- In addition to Fukuoka Prefecture, we are developing several potential sites for new openings in a wide range of areas for the fiscal years ending March 2025 and 2026.

As of April 30, 2024

			Building 1			Building 2		
Name of the facility			Primary Care Home Hyuga Kasuga Chikushidai			Primary Care Home Hyuga Hakata Mugino		
Location			Chikushidai, Kasuga-city, Fukuoka			Mugino, Hakata-ward, Fukuoka-city, Fukuoka		
Opening date			January 13, 2023			August 1, 2023		
Number of seats	Number of tenants	occupancy rate	102	96	94.1%	162	157 *	96.9%*
Nursing care level (average of residents)		Severe illness rate	3.64		7%	3.57		13%
Unit price per occupant			About 440,000 ~ 470,000 yen			About 440,000 ~ 470,000 yen		

*Including reservation

User fee (Kasuga Chikushidai/Hakata Mugino)

Degree of nursing care requirement	Rent	Food expenses	Common expenses for management	Monthly
Care Needed 1	46,000 yen	43,000 yen	65,000 yen	154,000 yen
Care Needed 2	46,000 yen	43,000 yen	55,000 yen	144,000 yen
Care Needed 3	46,000 yen	43,000 yen	13,000 yen	102,000 yen
Care Needed 4	46,000 yen	43,000 yen	7,000 yen	96,000 yen
Care Needed 5	46,000 yen	43,000 yen	0 yen	89,000 yen

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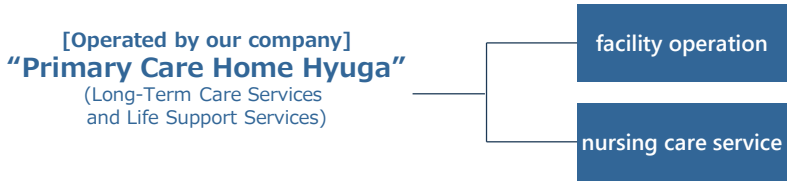
Facility Overview & Positioning of Elderly care facilities operated by our company

Facility concept and features

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



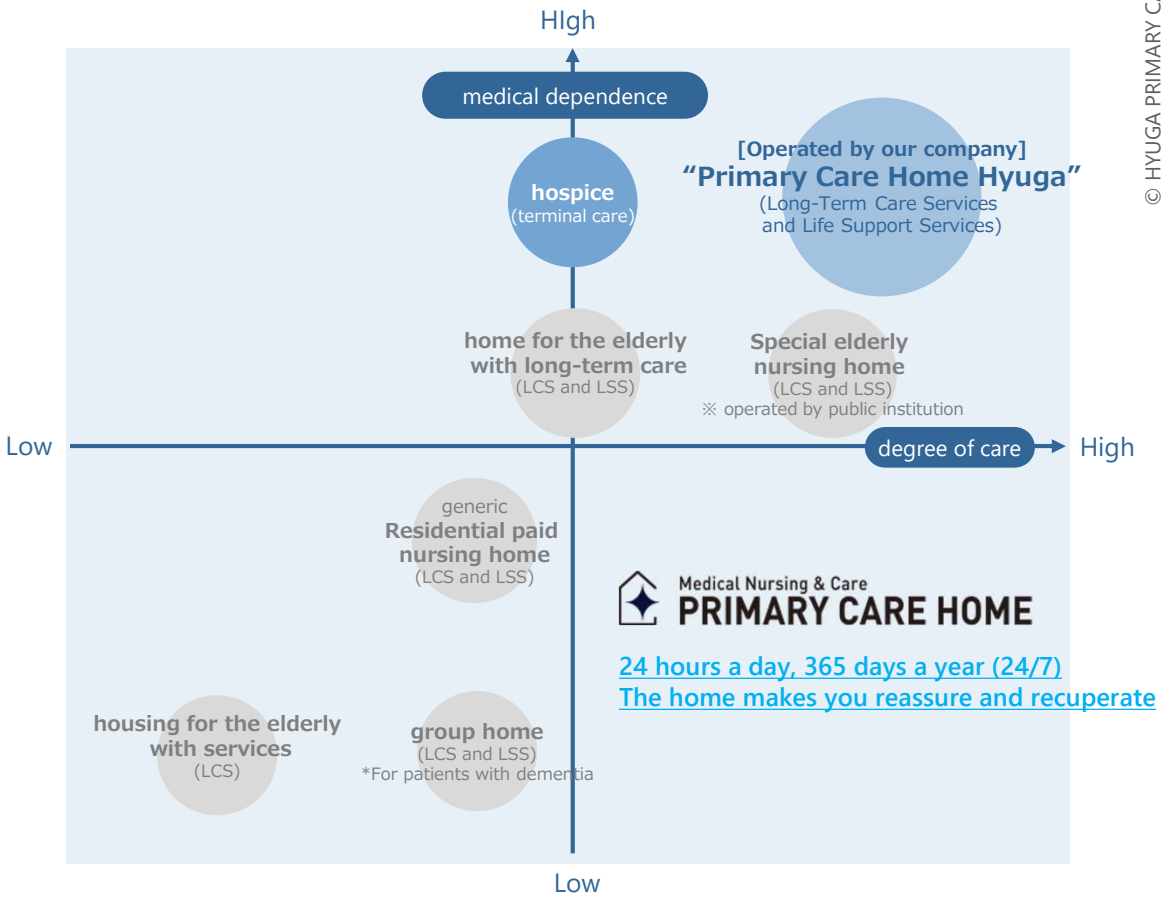
services that support the lives of the elderly

■ LSS：Life Support Services (not covered by long-term care insurance)
Services that can be used by people requiring support and people aged 65 and over, such as safety confirmation, life counseling, housework assistance, support for going out, and promotion of social participation

■ LCS：Long-Term Care Service (Long-Term Care Insurance System)
A physical care service (Mainly provided as home, facility, and community-based services) that can be used by people who need nursing care for the elderly and the disabled who have been certified as requiring long-term care

POSITIONING MAP

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



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Comparison with similar nursing homes

	Primary Care Home HYUGA	General fee-based nursing homes / serviced senior housing	Medical Specialized Nursing Home (Hospice Houses, etc.)
Characteristics	・Staff ratio: 70% for nursing care and 30% for nursing care ・Operates its own home care nursing system that provides regular patrolling and timely care ・Conversion to DX by ICT and efficient personnel structure at large-scale facilities ・Setting that the total cost does not change even if the degree of nursing care changes ・Even those who are highly dependent on medical care can move in at low prices, which helps solve social problems.	・We basically make money only on hotel costs. ・When the level of medical dependency and nursing care is high, it is difficult to deal with it unless the facility has a full staff of specialists. ・Some facilities have 24 hour nursing staff (at least 1 full-time equivalent), but most have only a few.	・Large proportion of staff is nurses ・In-house home nursing and home care services ・Actual costs for nursing care and nursing care that exceed the public share ・Most of the residents do not have to pay medical expenses or have low medical expenses, so there is no actual charge.
user target audience	Those with high levels of medical dependency and nursing care (Market size: 2 million +)	Health care dependency and nursing care Low to moderate	Those who are highly dependent on medical care *The degree of nursing care is irrelevant.
Number of occupants per facility	About 100 people	About 30~60 people	About 30~60 people
move-in cost	120,000 yen	0~10 million yen or more	0~ 200,000 yen
hotel cost (Including meals)	Approx. 104000 yen *In the case of Long-Term Care Requiring 5: 76000 yen	About 200,000 yen to 600,000 yen	Approx. 100,000 ~ 180,000 yen
burden of nursing care costs (Cases of Needed Long-Term Care 5) *Does not include medical expenses	(Public Burden of Long-Term Care) Approximately 36,000 yen + Basic 0 yen "Regular patrolling and occasional Home-visit nursing care" within the public burden. Those with high medical dependency use a combination of home care with medical insurance.	(Public Burden of Long-Term Care) Approximately 36,000 yen + Approx. 50,000 ~ 100,000 yen "Home nursing" and "Home nursing care" are used. If the degree of medical dependency or nursing care is high, frequent use will occur and the actual cost will be borne.	(Public Burden of Long-Term Care) Approximately 36,000 yen + Approx. 50,000 ~ 100,000 yen "Home-visit nursing care."are used. If the nursing care level is high, frequent use will occur and the actual cost will be borne. Home nursing is covered by medical insurance.
ARPU*per month	Approx. 440,000 ~ 470,000 yen	Approx. 700,000 ~1 million yen *Variation depending on medical dependency and nursing care level	Approx. 800,000 ~ 1.3 million yen *Variation depending on medical dependency and nursing care level

*Monthly ARPU= hotel cost (rent) + food cost + long-term care insurance usage cost + medical insurance usage cost (Medical examination, drugs, etc.)

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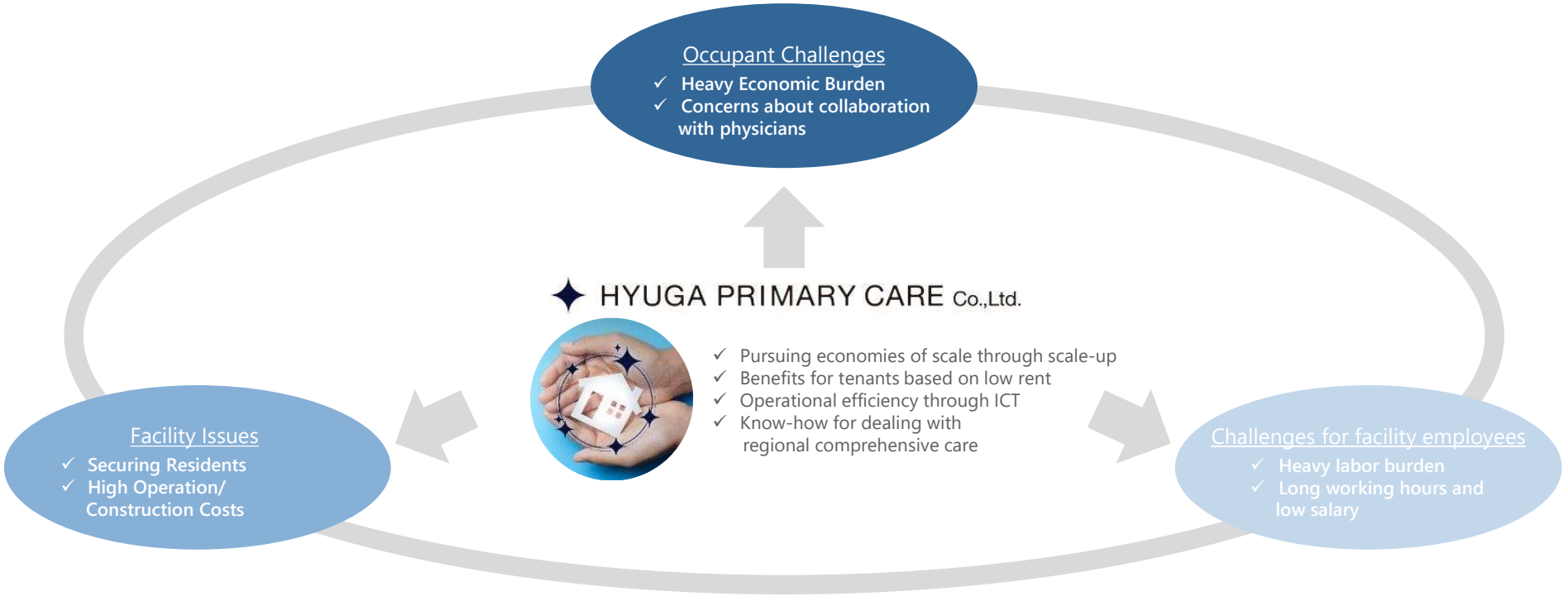
Realize solution of trilemma structures

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

Trilemma structure of facility management



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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.

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

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
- iInsulin 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.



- 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.

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Comparison with medical care beds and public nursing homes

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

		Primary Care Home HYUGA	medical care bed		Nursing Care Hospital (Former: Nursing Care Medical Bed)		nursing home for the elderly	special care nursing home
			20 to 1	25 to 1				
overview		A living facility that can provide nursing care under medical supervision and necessary medical care to those in need of long-term care.	Beds in hospitals and clinics that admit mainly patients requiring long-term care *There are 20 to 1 and 25 to 1 standards for nursing staff (based on medical fees).		Long-term care and living facilities for elderly people requiring long-term care		a facility that provides rehabilitation and other services to persons in need of long-term care and aims to return to their homes Limited length of stay	Living facilities for persons in need of care
Number of beds		Number of paid nursing homes 540,000 beds	144000 beds	72000 beds	48000 beds		368000 beds Nursing care type: Approximately 9000 beds	567000 beds
establishment basis		Act on Welfare of the Elderly (Apartment Buildings for the Elderly)	Medical Care Law (Hospitals and Clinics)		Long-Term Care Insurance Act		Long-Term Care Insurance Act (Long-Term Care Health Facilities for the Elderly)	Act on Welfare of the Elderly (Welfare Facilities for the Elderly)
					Type I	Type II		
staffin	physician	*Home doctors provide home visits	48 to 1 (3 or more)		48 to 1 (3 or more)	100 to 1 (One or more persons)	100 to 1 (1 or more full-time employees)	Number of expenses for health care and medical care guidance
	nursing staff	*7.2 to 1	4 to 1	2 to 1	6 to 1	6 to 1	3 to 1 About 2/7 of them are nursing staff.	3 to 1
	care worker	*2.7 to 1	4 to 1		5 to 1	6 to 1		
Monthly sales per bed ** (Major Breakdown)		Approx. 440,000 ~ 470,000 yen Medical care: 90,000 ~ 120,000 yen, nursing care: 248000 yen Rent and food expenses: 100,000 yen	720,000 yen (Medical: 700,000 yen)		490,000 yen (Nursing care: 430,000 yen)		420,000 yen (Nursing care: 350,000 yen)	380,000 yen (Nursing care: 300,000 yen)
facility rate of return		20% or more	4.4%		4.0%		3.6%	1.8%

*Staffing at our facilities. Staffing standards for residential paid nursing homes stipulate that only nursing care staff are required.
** Monthly sales per bed = hotel cost (rent/hospitalization/admission) + food cost + nursing care insurance usage cost + medical insurance usage cost (Medical examination, drugs, etc.)

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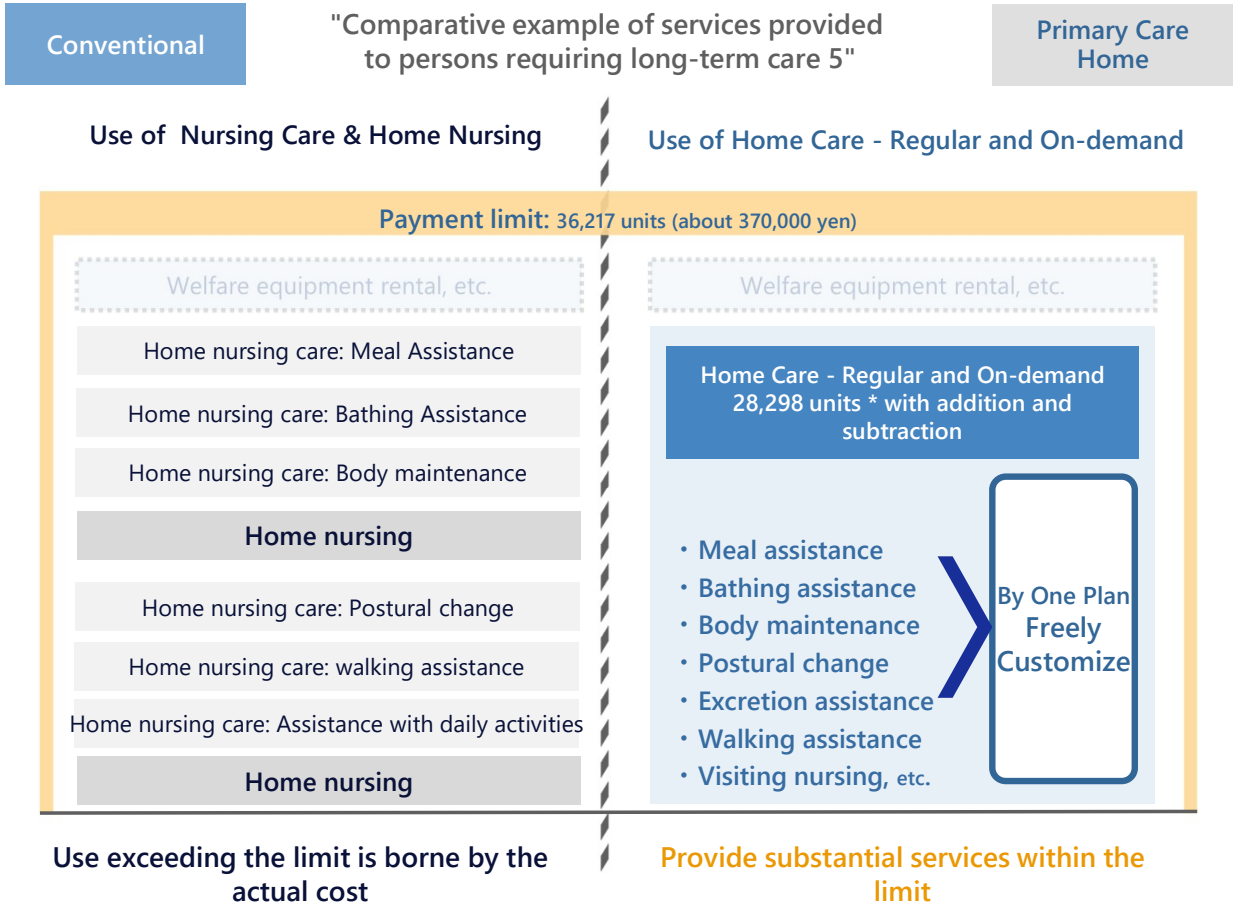
Visiting services provided: Home Care - Regular and On-demand

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



Home NursingCare

・Performance fee (pay-as-you-go)

・Service is mainly provided during the day

・Emergency response (as needed): Not possible

・Not frequent users ⇒ cheap

・Frequent users ⇒ If the payment limit is exceeded, the handling cost will be incurred.

[Home Care - Regular and On-demand]

・**comprehensive payment (subscription service)**

・24/7 system

・Emergency response available : No additional charge

・flat rate system with no time constraints

・Even if you use it frequently, you can be assured about the cost.

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Financial Results for the Fiscal Year Ended March 2024

HYUGA PRIMARY CARE Co., Ltd.

May 2024